

**Policy for sustainability, Corporate Responsibility and Responsible Investments**

Ratos's business concept is to develop mid-sized companies headquartered in the Nordics that are or can become market leaders.

Our goal is that our core values, Simplicity, Speed in Execution and It's All About People, not only permeate how we act as owners but are also firmly established in our corporate culture. Our aim is to meet the expectations that are placed on us by our stakeholders.

**Scope**

This policy applies to Ratos AB. Guidelines for how all employees in the Ratos Group as well as representatives of Ratos are expected to act and behave in different situations are described in Ratos's Code of Conduct. This policy should be read in conjunction with Ratos's Code of Conduct, Environmental Policy and Owner Policy.

**Ratos's commitments**

In 2013, Ratos became a signatory of the UN's principles for responsible business, Global Compact, as well as the UN's Principles for Responsible Investment, PRI. These principles serve as a foundation for our guidelines for Ratos's sustainability work (Corporate Responsibility).

In line with our own Code of Conduct as well as the Global Compact and PRI guidelines, Ratos intends to act in accordance with the expectations of our stakeholders. We recognise that sustainability aspects, i.e. issues relating to the environment, ethics, social responsibility and governance, can impact our investments in various ways depending on the company, industry and market. The following guidelines provide a basis for our work:

1. Ratos works to develop the companies in which we invest, among other things, in order to build long-term, sustainable companies, which benefits many different stakeholder groups.
2. We include sustainability-related issues in our work, including our investment analyses and decision processes.
3. We set clear demands and expectations for employees and business partners regarding the environment, ethics and social responsibility. These are described in our Code of Conduct.
4. We pursue an active ownership approach and include sustainability issues in our Owner Policy and corporate governance. This means we endeavour to ensure that our subsidiaries and other holdings conduct their business in a responsible and sustainable manner.
5. Ratos applies a transparent governance structure that meets national and international standards for corporate governance and business management.
6. We provide transparent, accurate, continuous, and timely information of the highest quality. We report on our sustainability agenda as well as provide relevant and appropriate sustainability information about the companies in which we invest.
7. Ratos is open to dialogue and cooperation with relevant stakeholders, meaning organisations and individuals directly or indirectly impacted by Ratos's operations.
8. Our ambition is to promote sustainable and responsible ownership in the Nordic holding company sector.

Appendices:

1. Ratos's exclusion criteria
2. Ratos's statements regarding breaches of international conventions and climate considerations

## 1. Ratos's exclusion criteria

Ratos's core competence in active ownership is independent of industry expertise. Therefore, we have chosen to act independently of any particular industry. However, we take a stand against investing in companies as follows:

### *Companies operating in the arms industry*

Ratos does not invest in (and completely exclude) companies that manufacture, develop, or sell weapons that violate international conventions (cluster munitions, anti-personnel mines and chemical and biological weapons) or that participate in the development of nuclear weapons programs or produce nuclear weapons. This also includes products or sub-components specially developed to be included in the above-mentioned weapons. Ratos also does not invest in companies that have verified violations of international norms and conventions regarding human rights, the environment, anti-corruption or labor law and where it is not possible to read a will to rectify the problems.

### *Companies that contribute to serious environmental damage*

Serious environmental damage is defined as the emission of substances (to air, water or land) or other negative effects of such a quantity or concentration that the emission leads to serious harm to the environment, plant or animal life, or to serious adverse effects in relation to human health and well-being.

### *Companies actively involved in the production or supply of pornography*

Ratos does not invest in companies with involvement in the supply of pornography. Supply is defined as production and intermediary services that result from the companies' own active measures. Today, it is primarily media companies that are able to actively supply pornography and therefore the criteria is primarily relevant for this sector.

### *Companies that produce tobacco products*

Ratos does not invest in companies that produce tobacco products, meaning products using leaf tobacco as a raw material, due to the harmful health effects of tobacco products. Companies whose involvement in the distribution (sales) of tobacco products comprises a minor portion of the company's operations, can be investible, if this is conducted responsibly. Among other actions, the company should comply with its own or an industry code that demonstrates that the company takes responsibility for self-regulation of its operations. Any such code should follow the WHO Framework Convention on Tobacco Control, which aims to promote people's right to good health.

## 2. Statements

The following statements guide Ratos in the assessment of new investments and in work with existing holdings.

### *Statement regarding breaches of international conventions*

Ratos's position is based on our desire to support in strengthening the sustainability agenda in Nordic companies under our ownership. The fundamental principle at Ratos is to avoid investing in companies that systematically contribute to violating human rights, the fundamental rights of workers or corruption.

Our assessment of new investments charts risks and opportunities, as well as the companies' maturity in terms of sustainability. Substantial importance is assigned to the potential for us as active owners to strengthen the company in these areas and to ensure that any previous incidents in the form of inadvertent breaches of international conventions are not repeated.

### *Statement pertaining to climate considerations*

Fossil fuels contribute to climate change and, at the same time, our world is dependent on fossil energy. For a significant time to come, the world needs to work to promote a conversion to a supply of sustainable energy. Ratos takes climate considerations into account by:

- Encouraging existing portfolio companies, where relevant, to develop sustainable or "climate-smart" products and/or services;
- Promoting focus and work at our holdings on enhancing energy efficiency and reducing emissions of greenhouse gases.