



## **COOR GROUP SUSTAINABILITY POLICY**

### **Purpose**

Coor's ambition is to continuously develop and improve the operations from a broad and long-term perspective – to conduct a profitable and sound business today without compromising the opportunities to do so in the future. This means that Coor strives to serve as a good corporate citizen, which not only takes responsibility for its own development, but also its impact on all people, the environment and the society in general. The sustainability work at Coor shall support the company's strategic direction.

### **Scope**

Applies to: Coor Group

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## **1 COOR'S SUSTAINABILITY FRAMEWORK**

### **1.1 Triple bottom line**

Coor's sustainability work is conducted from a triple bottom line dimension, which considers business, social and environmental aspects:

- 1.1.1 Business dimension – Coor will achieve long-term business sustainability through stable, profitable financial development, while upholding strong business ethics and customer relations
- 1.1.2 Social dimension – Coor contributes to a better society by acting as a safe, responsible and engaging employer, and by contributing to a positive social development in the areas in which Coor operates
- 1.1.3 Environmental dimension – Coor contributes to a better environment by actively reducing the environmental impact and resource utilization that the company and its customers create

Principal standpoints and goals for how the business should be conducted are established for each dimension.



## 1.2 Focus areas and long-term ambitions

Coor's Board of Directors adopts focus areas and long-term ambitions for Coor's sustainability work. A materiality analysis is carried out annually based on internal and external developments, taking into account the interests of different stakeholders together with risks and opportunities. The analysis is used as a basis for possible changes in focus areas and long-term ambitions.

## 1.3 Operational targets

Within each sustainability dimension, Coor's Executive Management Team ("EMT") decides on operational targets and for each target at least one KPI is set to be used for follow up. The targets and KPI's are monitored continuously.

## 1.4 Risk management

1.4.1 Risk management is part of Coor's sustainability work. This means that when sustainability is mentioned in this policy, risk management should be considered part of sustainability, unless otherwise explicitly stated.

1.4.2 Coor defines risk as "any future event that threatens Coor's ability to achieve its business goals and objectives". Risk management is defined as "coordinated activities to direct and control an organization with regard to risk".

1.4.3 Coor recognises that the aim of risk management is not to eliminate risk totally (other than within working environment), but rather to provide the structural means to identify, prioritise and manage the risks involved in all our activities. It requires a balance between the cost of managing and treating risks and the anticipated benefits that will be derived.

1.4.4 The Sustainability Management Team ("SuMT") performs yearly an overall risk analysis, which is reported to, and determined, in EMT. The risk analysis consists of an inventory to identify which risks are most important for the company, together with an assessment of the



probability that they may occur and its impact on the company's objectives. The risks are divided into the following categories: strategic, operational, legal and financial risks.

- 1.4.5 The risk analysis also assesses the effectiveness of existing controls and measures to reduce the risks. The risk assessment results in a risk register which also specifies the affected stakeholders, which risks Coor currently must have an extra focus on and to what risks contingency plans should be attached. The risk register is also used for monitoring risk management. The risk register is illustrated in a risk map, which comprehensively summarizes Coors risk exposure. Based on the risk register, SuMT proposes to EMT, that decides which risks the operations should have an extra focus on during the following year. The decision will result in concrete actions for the operations to include in their work with objectives and action plans.
- 1.4.6 Corresponding risk analysis should be done in the order: business unit and country and should thereafter be reported to SuMT. Risk analysis should also be performed at contractual level, where the business unit to which the contract belongs, or the contract itself, considers it relevant. The decision to perform risk analysis at contractual level should be based on the impact a risk in the contract could have for the Coor group as a whole, if the risk would be realized. If a realized risk would have financial or reputational negative effect on the Coor group as a whole, a risk analysis on contractual level should be performed.

The risk management process is based on the principles in the ISO standard 31000 and follows an annual cycle which is described in detail in Coor's management system Our Way of Working, Risk Management.



## **2 GOVERNANCE**

**2.1** Coor is guided in its sustainability work by the following agreements, external codes and conventions and internal policies and guidelines.

- (i) Legal requirements within the countries Coor operate,
- (ii) The principals in the UN's Global Compact,
- (iii) The UN's Universal Declaration of Human Rights,
- (iv) ILO's core conventions on human rights in the workplace,
- (v) The OECD's anti-bribery convention,
- (vi) The Swedish Code of Corporate Governance,
- (vii) Coor's Code of Conduct and
- (viii) Coor's guiding stars.

**2.2** The sustainability work at Coor is delegated by EMT to SuMT, which comprises of the Senior Vice President (Operations Development & Transformation), Vice President Group Sustainability, Head of Communication, Head of HR, the General Counsel and representative/s from the line organisation, e.g. country manager/s.

**2.3** SuMT shall appoint a chairman of SuMT and a risk manager. The division of responsibilities between the chairman, the Vice President Group Sustainability and the risk manager is decided by SuMT.

**2.4** On country and group staff level the sustainability work is led by Coor's HSEQ-network, consisting of representatives from each country and group. Convener and function responsible for the network is Vice President Group Sustainability.

## **3 DUTIES OF SuMT**

**3.1** The role of SuMT is to:



- 3.1.1 drive, review and monitor the development, implementation and follow up of all sustainability processes and methodologies,
- 3.1.2 drive, review and monitor the effectiveness of the sustainability work performed within Coor including the efficiency of the management system,
- 3.1.3 prepare the annual sustainability report,
- 3.1.4 prepare the annual risk management report, to be presented to Coor's board and/or audit committee, and
- 3.1.5 review the sustainability policy on an annual basis
- 3.2 SuMT shall assure that all of above are aligned with Coor's commitments;
  - 3.2.1 Coor is committed to eliminate dangerous work environment and reduce risks within the work environment
  - 3.2.2 Coor is committed to working with consultation and participation of employees and their representatives
  - 3.2.3 Coor is committed to protect the environment and enhance our environmental performance

## **4 MEETINGS**

- 4.1 SuMT shall hold at least four (4) meetings per year.
- 4.2 The chairman of SuMT is responsible for the administration of the meetings. The members shall be given reasonable notice to the meetings. The agenda for the meetings shall be submitted to the members prior to each meeting.
- 4.3 Meetings during the yearly sustainability cycle.
  - 4.3.1 The following matters are to be addressed at the first meeting (to be held during Q2).
    - (i) Review of materiality and stakeholder analysis,
    - (ii) Risk management; half year assessment,



(iii) Quarterly follow up on operational targets.

4.3.2 The following matters are to be addressed at the second meeting (to be held during Q3).

- (i) Review of Coor's focus areas and long-term ambitions,
- (ii) Review of principal standpoints and goals,
- (iii) Quarterly follow up on operational targets.

4.3.3 The following matters are to be addressed at the third meeting (to be held during Q4).

- (i) Preparation of proposal to EMT (and subsequently to be decided by the board of directors) on possible adjustments of focus areas and long-term ambitions,
- (ii) Preparation of proposal to EMT on internal operational targets or changes or adjustments of targets already set,
- (iii) Risk management; Identify risks associated with Coor's activities and strategies and advise EMT of the main risks of the company and the level of risk acceptable to Coor,
- (iv) Risk management; Finalization of risk management report to the board of directors/audit committee,
- (v) Review of the outcome of the external audit and the auditors' report,
- (vi) Quarterly follow up on operational targets.

4.3.4 The following matters are to be addressed at the fourth meeting (to be held during Q1).

- (i) Finalization of sustainability report,



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- (ii) Review of the sustainability policy,
- (iii) Risk management; possible adjustment of EMT's risk management prioritization, based on feedback from the board of directors/audit committee,
- (iv) Quarterly follow up on operational targets.

## **5 REPORTING AND MINUTES**

- 5.1 Minutes shall be kept at the meetings of SuMT. The chairman and one member of SuMT shall verify the minutes.
- 5.2 SuMT shall give regular reports to EMT in relation to its work and submit proposals on matters that require EMT's or the board of director's approval.