

Stockholm March 2017

Communication on Progress 2016

Ratos signed the UN Global Compact in 2013. As part of our commitment to this initiative, I am pleased to report on our activities and progress in our Communication on Progress for 2016 and to reconfirm our support for the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. This report covers the fiscal year 2016, and consists of this letter and an extract from our annual report 2016, including an index with page references to the GC principles (and GRI indicators). In the extract, we outline our approach to integrating the principles into our active ownership and give examples or actions and activities taken by us and our portfolio companies during the year to progress our work.

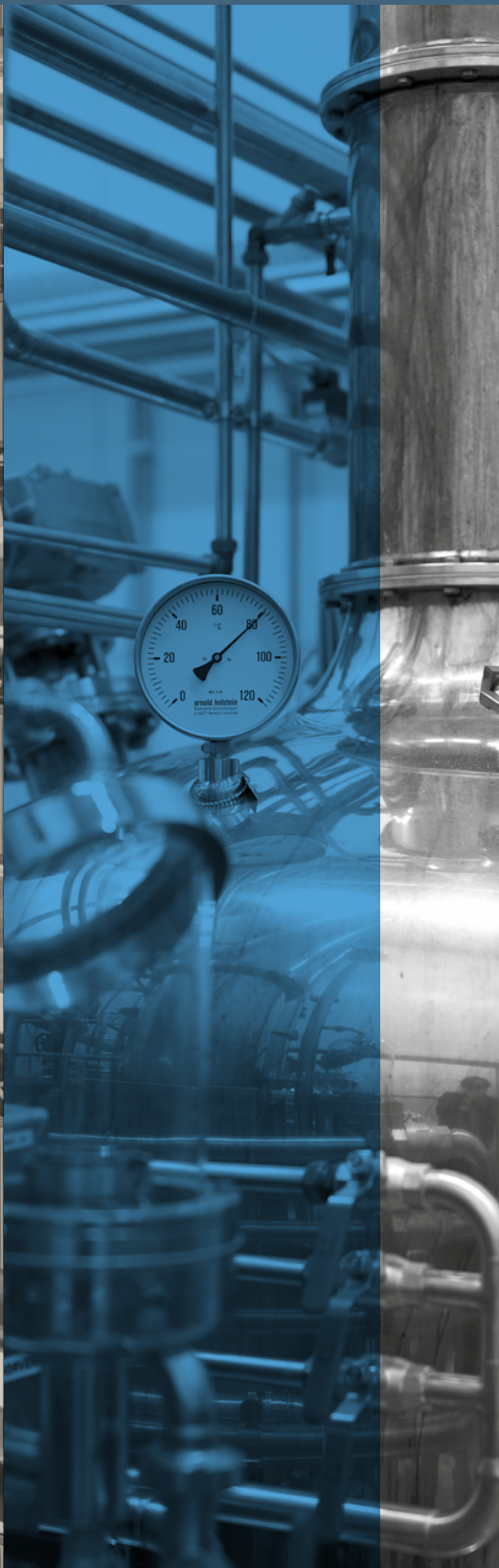
With this communication, we want to emphasize our ambition to continue to integrate the Global Compact principles into our business: into the strategy, culture and day-to-day operations of our company.

Best regards


Magnus Agervald
CEO, Ratos

SUSTAINABILITY AND RESPONSIBLE OWNERSHIP

– EXTRACTS FROM THE ANNUAL REPORT 2016



This is Ratos

Ratos is an investment company that acquires, develops and divests primarily unlisted Nordic companies. The common denominator for the companies that Ratos acquires is a clear development potential with focus on growth and profitability.

VISION

Ratos will be the best at developing companies in the Nordic region

INVESTMENT STRATEGY

Ratos invests mainly in unlisted medium-sized Nordic companies with clear development potential. The enterprises should have an established business model through

which Ratos and the companies can together identify and then realise a potential. Ratos's investment interval spans from SEK 250m up to SEK 5 billion in equity.

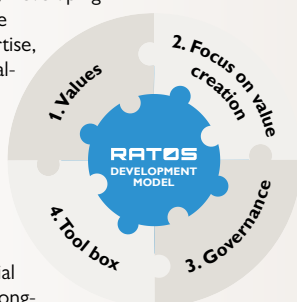
RATOS'S BUSINESS MODEL

ACQUISITIONS

Medium-sized companies with clear potential for development, tested business models and employees with strong drive are interesting investment opportunities for Ratos. Ratos primarily invests in unlisted companies in the Nordic countries and ideally in partnerships with entrepreneurs and other stakeholders who see the advance of our flexible ownership horizon and active ownership model.

DEVELOPMENT

Ratos's goal is to generate value by developing successful companies. We lend the innovativeness, experience, expertise, contacts and capital needed to realise the potential of the companies in which we invest. Our primary focus is to work together with the companies' executive management to increase growth and improve profitability. That the companies develop in terms of environmental, climate and social sustainability is a prerequisite for long-term economic value creation.



DIVESTMENT

Ratos has a flexible ownership horizon and stays on as owner as long as we contribute to the development of the company and meet our return target. We endeavour to combine long-term sustainable growth with the highest possible return.

FINANCIAL TARGETS

Company-specific return target (IRR) of a minimum 15%

RATOS'S VALUES



Entrepreneurial since we encourage original approaches, curiosity and harness opportunities, conduct business and build companies.



Committed and dedicated in our businesses, companies and the people who lead and work at Ratos and its companies.



Responsible since we have high demands on business ethics and weigh in the consequences of the decisions we are involved in for people and the environment.

Ratos's portfolio

Ratos's portfolio consists of 18 medium-sized Nordic companies and the largest segments in terms of sales are Consumer goods/Commerce, Construction and Energy. A detailed description of each company is presented on ► pages 26-44 in Ratos's Annual Report 2016.

SALES BREAKDOWN BY SEGMENT

34%		– CONSUMER GOODS/COMMERCE –	
		Plantagen	The Nordic region's leading chain for sales of plants and gardening accessories with more than 120 stores in Norway, Sweden and Finland and a primary focus on consumers.
		Arcus	A leading supplier of wine and spirits in the Nordic region through its own brands and well-known agency brands.
		Gudrun Sjöden Group	International design company with a unique, colourful style and clear sustainability profile.
		Jøtul	One of Europe's largest manufacturers of stoves and fireplaces with global distribution through its own sales organisations and via distributors.
		HL Display	An international supplier of products and solutions for in-store communication and merchandising.
25%		– CONSTRUCTION –	
		HENT	A construction company that focuses on newbuild of public and commercial real estate in the Nordic countries.
14%		airteam	Supplier of high-quality, effective ventilation solutions in Denmark.
		– ENERGY –	
12%		Aibel	Norwegian supplier of maintenance and modification services as well as new construction projects in oil, gas and renewable energy.
		– TECHNOLOGY, MEDIA, TELECOM –	
		Bisnode	A leading European data and analytics company. By transforming data into insight, Bisnode helps decision makers to make smart decisions.
10%		KVD	Sweden's largest independent online marketplace offering broker services for second-hand vehicles and related services.
		Nebula	A provider of cloud-based services, IT infrastructure and network services to small and medium-sized enterprises in Finland.
		– INDUSTRIALS –	
2%		Diab	A global company that manufactures and develops core material for sandwich composite structures including blades for wind turbines.
		Ledil	A leading global supplier of high-quality secondary optics for LED lighting.
		GS-Hydro	Global supplier of non-welded piping solutions. The products are used in the marine and offshore industries, among others.
2%		– CORPORATE SERVICES –	
2%		Speed Group	Supplier of logistics, staffing and production services, with complementary services in recruitment and training.
1%		– HEALTH CARE –	
		TFS	A global service company that performs clinical trials on behalf of pharmaceutical, biotechnology and medical device industries.
1%		– REAL ESTATE –	
		Serena Properties	A commercial retail properties in Finland with tenants in grocery and discount retail.

Adjusted for the size of Ratos's holding.

An eventful and transaction-intensive anniversary year

2016 was an unusually eventful year for Ratos. The year marked the celebration of Ratos's 150th anniversary, and its long, noteworthy history of operational development and community involvement. In addition, a new chairman and new CEO joined Ratos. The Annual General Meeting elected Jonas Wiström Chairman and I, Magnus Agervald, assumed my position as CEO for Ratos in November.

The year was also one of the most transaction-intensive ever in the company's history. Ratos concluded a total of five new acquisitions, signed agreements to divest four companies, in full or in part, and conducted an IPO of one company. Exciting growth companies with great potential for development rank among our newly acquired companies, which we warmly welcome to the Ratos family. In addition to our new acquisitions, we also continued our development projects during the year in our portfolio of companies and in our central organisation at Ratos.

Ratos – a tradition of development

Our 150-year history is proof of the capacity, will and skills of generations of the Söderberg family to constantly create something new and to keep on developing in step with an increasingly changing world. It is important for me to learn from the past in order to create the best conditions for the future. Ratos stands on a solid foundation and, as we move forward, we will do our best to create long-term shareholder value. A key part of value creation lies in ensuring that our companies steadily evolve and progress. I am personally driven by building companies; developing operations and people. Together with the management teams and boards, I look forward to supporting our companies in their journey towards long-term and sustainable operational development.

During the year, Ratos's organisation continued its work and I am impressed by the efforts of our employees. The continued development work of our portfolio of companies, and Ratos as a whole, has created a strong foundation and platform for tomorrow. I am convinced that changes are positive and necessary, and will contribute to increased value. During the year, we implemented streamlining measures within the central organisation, resulting in a reduction in staff and office space as well as lower operational management costs going forward.

Value-creating transactions

The transaction market remained strong during the year. Ratos acquired a number of entrepreneur-headed growth companies: airteam, Oase Outdoors and Gudrun Sjödén Group. During the year, an important add-on acquisition was conducted in airteam. In Oase Outdoors, we are now driving development with focus on growth initiatives and product development. In Gudrun Sjödén

Group, we are mainly focusing on global expansion and development of e-commerce. At the start of the year, we also concluded the acquisition of Serena Properties and in November, the acquisition of Plantagen. In the latter, work has just begun with the management and board.

We realised significant values during the year, in accordance with our strategy to invest in attractive companies, develop operations and then sell companies at the right time. An outstanding example of this is Arcus, where we completed an IPO in December after having owned it since 2005 and developing the company from a local Norwegian spirits producer into one of the Nordic region's leading suppliers of wines and spirits. Mobile Climate Control is also an excellent example of how Ratos works with operational development, where, during our time as owner, the company has doubled its sales, expanded internationally and carried out significant add-on acquisitions and new investments. Combined, the companies generated an exit gain of approximately SEK 1.7 billion and a cash-flow effect of SEK 2.5 billion, providing a healthy premise for new, exciting acquisitions.

We also divested Euromaint and signed an agreement for the divestment of AH Industries and most of Biolin Scientific, companies that have not developed according to plan but which, through the measures we have implemented, stand on stable ground.

Long-term and sustainable operational development

Bisnode, airteam and TFS have concluded add-on acquisitions during the year, an important part of value-creation in the companies. Several of our companies are making progress both operationally and strategically. Restructuring and layoffs to boost competitiveness have been in



focus for GS-Hydro and Aibel, both of which face a tough climate in the Norwegian offshore market. Bisnode is implementing an extensive change programme to exploit the growing demand in data and analysis. HENT has established a presence in the Swedish market and continues to show very strong sales growth. KVD is investing considerable amounts in upgrading its technical platform to be able to build out its customer offering.

As owner, Ratos wants to help companies to develop their sustainability agendas. We are certain that this contributes to long-term value creation. By integrating responsible entrepreneurship into every company's strategy, we can create credibility and opportunities for new, sustainable business.

In 2016, we refinanced two of our largest companies, Aibel and Bisnode. We also supported GS-Hydro and KVD by providing capital. During the year, we contributed a total of about SEK 700m, corresponding to our holding. Refinancing has strengthened the companies' capital structures, providing a long-term, stable platform for continued development.

Many companies are performing well, but performance was unsatisfactory for the portfolio as a whole. We are working diligently to address this together with the companies, their management teams and boards. For the year, the portfolio displayed positive sales growth of +13%, but a weak adjusted EBITA trend of -2% and a reported EBITA

trend of -19%, adjusted for the size of Ratos's holding. The decline in earnings compared with the year-earlier period is primarily attributable to the weak offshore market trend that affects both Aibel and GS-Hydro.

To reflect the companies' market situation, we adjusted our book values during the year. We made considerable impairments of book values attributable to the portfolio companies of Aibel, AH Industries, Biolin Scientific, Euro-maint, Jøtul and GS-Hydro. In total, the impairments of investments in associates and goodwill attributable to the owners of the parent amounted to SEK 1.9 billion.

Focus on continued development

In terms of the development of the company portfolio, we will continue our intensive efforts aimed at creating even better companies and in this way increase value for the employees, society and all our shareholders. In addition, we are also carrying out a review of Ratos's strategy.

I, together with all of our fantastic co-workers, look forward to further building on Ratos's strengths, while also taking on new challenges, all with a focus on providing the best foundation for the coming 150 years.

Magnus Agervald
Magnus Agervald
CEO

Committed and active owner

Ratos's goal is to develop successful companies. As a committed and active owner, we invest in Nordic, primarily unlisted enterprises. Each investment situation is unique, and even if the companies operate strategically, operationally and financially independent of each other, there is a common denominator for our activities. Ratos's focus is to contribute to long-term and sustainable operational development based on common values. Our ownership model is based on four cornerstones:

1. Values

Ratos's actions are based on the core values of entrepreneurial, committed and responsible.

Entrepreneurial because we in our companies want to stimulate curiosity, original approaches, change and reinforce the will to exploit opportunities.

Committed since we want to work closely with key people in the companies, develop ideas and act together.

Responsible since we have high demands on business ethics and always weigh the consequences of the decisions we are involved in for people and the environment. Those with whom we do business will be able to trust us, want to choose us and return to us.

2. Focus on value creation

When we invest in a new company, a thorough and ambitious strategy and business plan is prepared, with clear business targets for development and financial effects. Together with the companies' executive management, we cultivate conditions for more growth and better profitability.

Ratos has a flexible ownership horizon, which is often between five and ten years. We strive for long-term, lasting effects in our work with the companies and take part in driving sustainability development in the companies in which we are active.

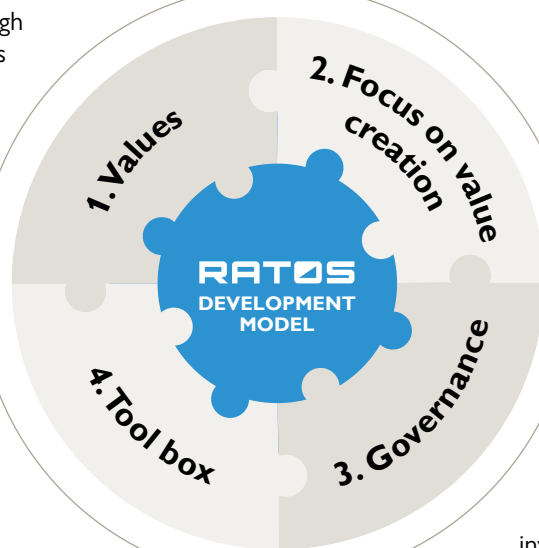
4. Tool box

Ratos lends expertise, experience, contacts and capital to our companies.

This is done in part via board work, in part through daily contacts between key people in the companies and Ratos's employees, as well as in forums organised by Ratos in which employees from different companies meet and exchange best practices. Ratos's organisation contains experience accumulated in strategy processes, business analysis, transactions, financing, accounting, sustainability and brand issues that contribute to the companies' development.

3. Governance

A distinct and transparent structure for corporate governance is always introduced in companies in which we invest. A board is appointed consisting of people who bring strategic expertise and industrial experience. The chairman of the board is recruited externally. Management has clear and complete operational mandate and responsibility. In parallel with a formal corporate governance, we want to create a close collaboration and common agenda for the company's development. We do so through our troikas (CEO, chairman of the board and Ratos's company executive) which efficiently prepare key issues and can serve as a sounding board for the CEO.



Active ownership contributes to Sustainable business development



As a responsible owner, Ratos creates value by establishing companies with a structured sustainability agenda. Ratos sees that a strategically anchored agenda involving significant sustainability issues is value generating. Moreover, sustainable development is a prerequisite for a better world, in line with the UN's 17 Sustainable Development Goals adopted in 2016 (Agenda 2030). As responsible investor and owner, Ratos conducts structured sustainability initiatives with demands and support to each individual company.

In 2013, Ratos became a signatory to the UN Global Compact's ten principles for responsible business operations as well as the UN Principles for Responsible Investment, PRI. These principles provide a basis for our sustainability efforts. This year's report adheres to the GRI Standards (see ► the reference index on pages 16-17).

Significant sustainability issues and our stakeholders

Ratos's most significant sustainability issues are identified through intelligence gathering, industry analysis and a process that weighs in the different stakeholders' priorities and highly relevant issues for the operations and value creation. In 2016, structured interviews with the stakeholders have been held to ensure the correct focus. Discussions have also been conducted in Ratos's management group. Priorities are set based on this mapping of relevant issues.

Ratos's key stakeholder groups are prioritised according to their influence on Ratos's financial, environmental and social aspects and are described in the table below.

Ratos's sustainability issues have been prioritised based on stakeholder dialogues and materiality analysis

Stakeholders	Method of interaction
Employees at Ratos	<ul style="list-style-type: none"> Interviews with representatives in connection with stakeholder dialogues Staff meetings, performance reviews Structured discussion groups focusing on Ratos's values, corporate culture, processes and future development
Employees of Ratos's companies	<ul style="list-style-type: none"> Interviews with representatives in connection with stakeholder dialogues Meeting forums at Ratos (CEO, CFO, HR, Sustainability, etc.)
The companies' management groups and board members	<ul style="list-style-type: none"> Interviews with representatives in connection with stakeholder dialogues Clear and structured corporate governance and dialogue Group-wide assessment of the work of the board
Owners and investors	<ul style="list-style-type: none"> Interviews with representatives in connection with stakeholder dialogues Active in surveys from or dialogues with organisations such as Hållbart Värdeskapande, RobecoSAM, Vigeo, Sustainalytics, CDP and Regi IR Nordic General meetings Dialogues and individual meetings
Other	<ul style="list-style-type: none"> No proactive dialogue, available for discussions as needed

NB: Companies refers to subsidiaries. In our associated companies, Ratos can exert influence to a different extent, which is why demands and processes can vary.

(for a presentation of the materiality analysis, go to Ratos's website). For Ratos, sustainability means *sustainable development through active responsible ownership*, giving top priority to the following issues:

- Do business with good business ethics, including anti-corruption
- Ensure sound corporate governance and transparency
- Develop and involve our employees
- Drive corporate responsibility in the companies, including managing ESG risks and opportunities

Ratos's direct impact is slight in relation to the portfolio companies' impact, which is why Ratos' work as responsible investor and owner has top priority. The owner company's (parent company's) own sustainability agenda is a prerequisite for its ability to act as a responsible owner and drive the sustainability agenda in Ratos's companies, where financial strength and resilience are critical cornerstones for Ratos to conduct its operations and develop companies. Refer to the financial reports for more details.

Ratos as responsible owner

Ratos's ambition as owner is that our companies will establish a good standard for sustainability, continuously improve their sustainable agenda and ensure a sustainable strategy. Sustainability is an integrated part of the exercise of our ownership role throughout the holding period – from decision processes ahead of an acquisition to a responsible exit. To govern these efforts, we have drafted a number of relevant policies and guidelines (see the Code of Conduct, the Policy for Sustainability and Responsible Investments and the Environmental Policy on Ratos's website).

Acquisitions

The assessment of a potential acquisition includes evaluating the company and the sector in relation to Ratos's exclusion criteria. The next phase includes evaluating the position, i.e. the company's exposure to long-term trends such as switching to renewable energy, recycled materials, sharing economy, etc. Simultaneously, the level of risks is mapped, meaning sustainability-related risks in the company's operations or value chain (in relation to human rights, labour conditions, other social issues, environmental issues and business ethics including corruption risks) and practices, i.e.

SUSTAINABILITY IS INTEGRATED INTO RATOS'S OPERATIONS



the company's policies, processes, activities and follow-up in relation to these risks. The company's values and culture are also assessed. A compiled due diligence is part of Ratos's final decision material ahead of the investment decision and constitutes a recommendation to the future ownership process.

Ratos's exclusion criteria:

Ratos does not invest in companies that

- operate in the arms industry
- cause serious environmental damage
- produce or are actively involved in the supply of pornography
- produce tobacco products

Ratos's policy:

The following policy guides Ratos in the assessment of new investments and in work with existing holdings.

- breaches of international conventions
- Ratos's exercising climate considerations

During the year, Ratos has used negative screening, i.e. assessed investment possibilities in relation to Ratos's exclusion criteria. In 2016, Ratos made five acquisitions, and in all acquisitions (100%), an assessment of the sustainability-related risks was performed as an integral part of the due diligence. The risk assessment resulted in a recommendation to proceed with each acquisition and recommendations for Ratos's ownership agenda.

Development

Ratos invests across several industries. Consequently, our companies are affected by many different issues. We therefore have both common requirements for the entire portfolio and company-specific efforts to ensure focus on sustainability issues relevant to each company. Demands emanate from relevant legislation and the Global Compact's principles. Since 2011, Ratos's demands and expectations on its companies are clarified in our Corporate Responsibility (CR) framework. It has a basic level that applies to all subsidiaries, and a few additional modules with requirements for specific companies based on their operations and market presence. Moreover, Ratos encourages own initiatives which strengthen the company's sustainability work and sustainable business development. The base for the companies' sustainability work should constitute identifying significant sustainability issues, a strategy and process for the work together with set targets, anchored in the company's board, including a plan for how the CR framework will be implemented and complied with in operations.

On the acquisition date, many of Ratos's companies have no established infrastructure for structured sustainability efforts. Subsequently, focus is initially on putting this in place and defining spheres of responsibility, mandate, resources, tools and processes. We have an ongoing dialogue with and provide concrete support to the company's management and sustainability manager to bolster each company's sustainability efforts during our ownership. Ratos's annual Sustainability Forum creates networks and opportunities to share best practices. Practical tools are provided to facilitate efforts, including Ratos's CR Handbook, the whistleblowing framework agreement and climate reporting systems. Of the 18 companies included in Ratos's portfolio at the start of 2016, Ratos has interacted with all companies (100%) on the matter of sustainability.

Divestment

Ratos is not a perpetual owner. When divesting a company, we want to ensure good survival for the company in question.

Responsibility, governance and follow-up

Ratos's active ownership necessitates a clear division of responsibility and follow-up. Ratos's CEO has the overall responsibility for Ratos's sustainability strategy and initiatives. Ratos's operational sustainability efforts are defined and coordinated by the Sustainability Committee and representation from both the investment organisation and business support. The Sustainability Committee defines and coordinates requirements, guidelines and follow-up of Ratos's and the companies' sustainability work. One of Ratos's Industrial Advisors assists the Sustainability Committee, Ratos's company team and, on request, the companies regarding strategic sustainability issues. In each company, the CEO and company management has the operational responsibility for its sustainability efforts and each board is ultimately responsible for ensuring that the company complies with current requirements, policies and guidelines. Each company has an established process that enables the board to regularly follow up sustainability efforts and as of 2014, all companies that Ratos has owned for more than one year present an annual sustainability report.

Key activities in 2016

- Structured stakeholder dialogues conducted to verify focus on material sustainability issues for Ratos AB
- Ratos's Sustainability Day for the companies' sustainability managers

- Launch of instructions for Ratos's companies governing sustainability, compliance and risk initiatives
- Launch of Ratos's policy governing tax
- Planning for implementation of GRI reporting among Ratos's companies to fulfil new laws regulating sustainability reporting.

Parent company's sustainability efforts

Responsible exercise of ownership requires that Ratos does business with good business ethics, ensures good corporate governance and develops and involves the employees. Furthermore, Ratos wants to be a good role model for the companies, for example in terms of environmental and climate efforts.

Do business with good business ethics and culture

Ratos's reputation and the opportunity to do sound business rests on good business ethics. Ratos works actively to ensure that the company's values and ethical rules permeate all operations and that all employees understand and comply with the Code of Conduct adopted by Ratos's Board of Directors. Ratos's internal ethics policies and process coupled with regulatory compliance guarantee high quality and long-term confidence from the market. Ratos's employees receive training in business ethics, our Code of Conduct and other related policies. In 2016, Ratos had zero incidents of violations of the Code of Conduct and zero whistleblowing reports. Ratos has not been fined or received any other sanctions due to violations of laws or regulations.

Ensure sound corporate governance and transparency

Sound corporate governance creates value and is a prerequisite for Ratos's ownership process. Ratos aims for high transparency in our operations. We continuously improve our corporate governance and communication to safeguard high quality and the market's long-term confidence.

Develop and involve our employees

Ratos places great importance on strategic talent development and supply, better equal opportunities and diversity, and a sound occupational environment and health, including work-life balance. See ► pages 10-13 for more information about Ratos's employees and how Ratos addresses these issues.

Climate impact

To be able to make demands and influence our companies, Ratos strives to lead by example. Climate issues concern everyone and Ratos wants to contribute to a better environment and less climate impact. We do so by measuring and reducing/limiting our consumption of energy and consumables and by optimising business travel.

Ratos has an environmental policy and plan for its internal environmental work that aims to constantly reduce Ratos's environmental impact. Ratos's CEO is responsible for follow-up. Ratos's parent company is not subject to any specific environmental legislation.

In 2016, Ratos completed its third climate report (scope 1, scope 2 and parts of scope 3 according to the Greenhouse Gas Protocol). Ratos's greatest climate impact stems from business flights. Face-to-face meetings and networking are fundamental to our ability to do business, and Ratos will continue to prioritise critical business trips. Consequently, we make climate compensation for all air travel as of 2014. As of 2016, Ratos uses only electricity labelled good environmental choice. Ratos's total emissions from the parent company amounted to 46 tonnes CO₂e for 2016.

Total emissions, tonne CO ₂ e/yr	2016	2015	2014
Business trips	254	248	294
of which, air travel	230	207	274
Head office (the building)	20	27	210
of which, electricity consumption	3	3	187
Other	2	4	2
Total before climate compensation	276	279	506
Total after climate compensation	46	72	232

GENERAL TARGETS FOR RATOS'S RESPONSIBLE OWNERSHIP EFFORTS

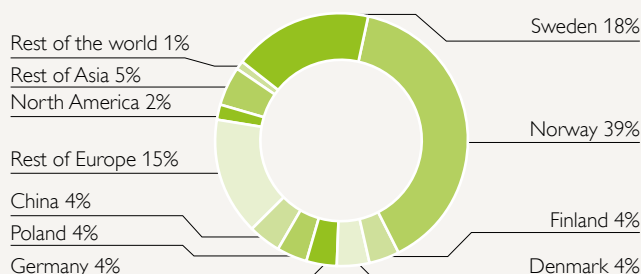
General targets

General targets	Status	Comments/focus 2016–2017
Ratos and the companies are considered attractive employers in each target group ■ Dedicated, motivated employees ■ Safe workplace	●	Efforts to establish concrete goals and measurement methods continues in 2017.
Before acquisition, all new investments are subject to a sustainability or ESG screening.	●	This screening was performed for all five acquisitions completed in 2016.
All the companies we sell have an established sustainability plan (refers to companies that Ratos has owned > x years) ■ Sustainability agenda with top issues and activities (company > 1 year) ■ Short- and long-term sustainability goals established and followed-up (company > 2 years) ■ Sustainability agenda with top issues and activities (company > 1 year)	●	All companies (> 1 year) submitted a status report concerning sustainability 2016. The work of improving reporting is under way, with a greater focus in 2017 with reference to the new sustainability reporting law. In 2016, a programme was launched to clarify the companies' sustainability goals. This has taken longer than expected and will continue in 2017.
The board is ultimately responsible and involved: all company boards have defined the sustainability goals and follow-up initiatives at least once a year.	●	In 100% of the companies we owned > 1 year, the Board has presented and discussed the company's sustainability efforts during the year.
Reduce the climate impact and energy consumption per SEK of sales during the holding period for each company. Milestone: all companies (> 2 years) will implement systems or methods for CO ₂ measuring and reporting (scope 1, 2 and possibly parts of 3).	●	Implementation of climate reporting systems completed or ongoing in 7 of 14 concerned companies (> 2 years). It has not been possible to prioritise the programme in certain companies due to other major projects. Implementation will continue in 2017.

Employees, human rights and working conditions

Implementation of Ratos's development plans in each company cannot be done without talented, dedicated and healthy employees. Most (89%) of the Group's 14,500 employees work in the Nordic countries and the rest of Europe, and 8% work in Asia, China mainly. Several of the companies have operations that put employees at a greater risk of personal injury.

Group employees per geographic area 2016



A good, safe work environment, employee dedication and talent development are therefore top-priority issues. Respect for human rights, reasonable working conditions and freedom of association are other key aspects. Several of the companies have suppliers and partners in other countries where there is an elevated risk of violations of human rights or employee rights, which is why these issues have a prioritised position in the companies' supply chains.

As owner, Ratos makes it clear that international conventions, human rights, and employee rights and conditions must be respected, which is stipulated in Ratos's Code of Conduct. The companies are to implement a code of conduct in line with Ratos's Code. Based on a risk analysis, the same will also be implemented in the value chain in a suitable manner.

In the sustainability reports that the companies are asked to compile every year, morbidity and the share of women in senior positions is reported as the same standard.

Responsibility for environmental and climate impact

Our companies are the source of Ratos's greatest environmental impact. All companies will implement an environmental policy or an environmental plan based on an analysis that identifies the drivers of the company's greatest environmental impact. Each company has a delegated responsibility to comply with relevant environmental legislation/standards, ensure that environmental permits exist, and so on.

For Ratos, as for other investors, climate impact and a transition to a climate-neutral world is an important issue. As owner, we can support our companies to develop sustainable and "climate smart" products and services, and to advocate more focus on energy efficiency and reducing greenhouse gas emissions through sector and company-specific initiatives. We also have a responsibility to ensure that the companies develop sustainable strategies that embrace and support the transition that the business world will go through – such as companies that are exposed to oil and gas cultivating operations aimed at renewable energy – while simultaneously conducting traditional operations as responsibly and ecologically as possible.

The companies' sustainability reports contain a compilation of energy consumption (kWh) and relative energy consumption. For companies that have their own production, expectations are higher and involve among other things, waste management and water consumption. In 2016, Ratos introduced mandatory CO₂ footprint reporting in line with the GHG Protocol for all Ratos's companies. 54% of the companies that Ratos owned > 2 years had on 31 December implemented or were in the process of implementing a system.

Share of companies (>2 year) that have a CO₂-report:

54%

Share of companies (>1 year) that have environmental certification (ISO14001):

54%

Business ethics, anti-corruption and losses

For an investment company like Ratos, credibility, sound ethical values and regulatory compliance are essential for our ability to do business. Corruption is a widespread problem in the world, leading to ineffective markets and major costs for companies as well as significant losses for many countries in the form of limited progress.

An important aspect of Ratos's active ownership involves mapping corruption risks. A detailed corruption analysis was performed in 2014 for all companies and is reviewed on a regular basis. Of Ratos's companies, 10 are considered to have an elevated risk of corruption. The risk assessment was done using a tool devised for Ratos's investment organisation and the companies. The Code of Conduct that Ratos's companies implement contains written business ethics and anti-corruption instructions. All companies will perform corruption risk analyses as part of the comprehensive risk mapping and management, and have preventive routines and processes that are risk-specific, such as guidelines for employees and training programmes for people who have high-risk jobs.

Ratos's CR Handbook, which has guidelines, support and best practices for all companies, contains principles for the companies' anti-corruption initiatives and development of its anti-corruption programme. Companies that have an elevated risk of corruption or irregularities have more requirements regarding preventive efforts in their own operations and with business partners. As part of Ratos's preventive efforts, Ratos launched in 2016 instructions related to sustainability, compliance and risk in Ratos's subsidiaries aimed at providing guidelines and support to the Boards of Ratos's subsidiaries in their sustainability-related work and focusing on anticorruption. Ratos has also strengthened its follow-up processes concerning the companies' compliance to laws, including anticorruption efforts.

As of 2016, Ratos's general rule is that all companies will have implemented an externally run whistleblowing system to guarantee anonymity and full integrity. 38% of the companies that Ratos owned > 1 years had on 31 December implemented or were in the process of implementing such a system.

Aibel – consistent group-wide safety programme

Aibel, a leading Norwegian supplier of maintenance and modification services for oil and gas production platforms as well as field development within oil, gas and renewable energy, has operations along the entire Norwegian coast and in Asia. Aibel has a strong safety culture and focus on good working conditions.

For a long time, Aibel has given strong focus to health and safety, driven by laws and industry guidelines as well as a strong safety culture that takes all employees into account. The same focus and routines apply throughout Aibel's operations, including Aibel's yard in Laem Chabang, Thailand. In 2016, further investments were made at this yard with the construction of a state-of-the-art safety centre to enhance training in the field, a key step in efforts to realise Aibel's long-term goal of zero injuries and incidents. The safety centre, a premises measuring around 600 m² with seven discipline-specific classrooms, is designed for hands-on demonstrations, thereby offering a less

theoretical and more interesting training programme than before. All yard employees receive regular training at the centre, which can accommodate up to 300 people weekly.



Diab – lower customer weight means lower climate emissions

Diab is a global provider of sandwich composite materials that contribute favourably to the transition to a climate-neutral world by facilitating growth in renewable energy, reducing weight and, consequently, users' fuel consumption and climate footprint.

Diab's materials promote advances in renewable energy. For instance, the low weight allows for larger wind turbine blades and thereby higher efficiency.

In the transport sector, the company's materials are used in traditional vehicles, i.e. driven with fossil-based fuels which helps to lower weight and reduce fuel consumption. Lightweight composites are a prerequisite for the transition to electric vehicles. Tests show that a ferry made of composite material reduces fuel consumption by some 40% compared with a ferry made of aluminium. Diab's material facilitate a transition to electricity-driven vehicles and vessels.

Stockholm City uses a commuter ferry in the Stockholm archipelago that combines a hull made of lightweight material from Diab, ultra-modern batteries and airbag technology.

The boat has a speed three times higher than previous electric ferries. Because the ferry can replace boats that use traditional fuel, CO₂ emission levels are slashed to a fraction while the high speed makes it possible for more people to choose to commute on the water instead of the roads.



TFS – safe and ethical clinical trials

TFS performs clinical trials on behalf of pharmaceutical and medical device industries. The industry and the company have a strong focus on business ethics, manifested in high-quality, safe and ethically performed trials.

TFS gives priority to an ethical approach to clinical research, which is reflected in the company's core values. TFS's operations are strictly regulated by both national legislation and international regulations and directives where ICH E6 "Good Clinical Practice" and the Declaration of Helsinki developed by the World Medical Association serve as cornerstones. The latter underscores that the purpose and goals of medical research never takes precedence over the rights and interests of the patients. Clinical trials must always be performed in an ethical manner using methods and processes that guarantee high patient safety, high quality and correct handling of data and outcomes. All participation in research trials must be voluntary and requires the consent of the patient. Before a trial can begin, it must be approved by a research ethics committee.

All internal process that serve as guidelines for how TFS will perform clinical trials are based on applicable international laws. All staff, including management, receive regular training about these processes, guidelines and standards. Compliance is followed up and monitored by TFS's quality department. External reviews are performed by ethics committees and pharmaceutical committees in each country, which review and approve all trials.



People make the difference

In all business operations, value is created by people. Attracting, developing and retaining skilled employees and talent is imperative to Ratos and our companies' ability to deliver and realise long-term success. Therefore, a major priority for us is that we and our companies are attractive employers. In 2016, we reinforced our organisation with a Strategic HR Manager to direct even more focus on these important issues.

The Ratos Group has about 14,500 employees worldwide who work for one of the 18 companies that make up Ratos's portfolio of companies or in Ratos's own organisation. In the parent company, 34 individuals were employed at the beginning of 2017, 19 of whom work in the investment organisation responsible for development of the companies and finding new investment opportunities. In addition, 16 Industrial Advisors are associated with the operations. Ratos's CEO and management group are responsible for the employees' work situation, talent development and initiatives related to equal opportunities and diversity.

In harmony with Ratos's changing circumstances and needs as a company, change initiatives began during the year that have generated organisational changes and streamlining of operations, resulting in fewer employees at Ratos.

Focus on the right skills

The investment organisation is staffed with people who have extensive experience in development of enterprises and strategic analysis, people who often have a background as management consultants or from operative roles. They are continuously involved in investment processes, and lead the work in Ratos's companies together with each company's board and management. Ratos's organisation also includes people with expertise in communication, strategic HR, sustainability initiatives, financing and accounting.

During the year, the investment organisation continued the project that started toward working in a more sector-oriented organisation. Among other things, the sector division will lead to a more structured approach in acquisition activities and comprises eight different sectors, namely consumer goods/commerce, construction, industrials, energy, technology/telecom/media, corporate services, healthcare and real estate.

The power of teamwork

Each company has a dedicated team which normally consists of two Ratos employees, one of whom is company executive, with one or more as a member of the company's board. The composition of the team and its team spirit is key. Together with the companies' management and boards we draft ambitious business plans to create growth and profitability, and to realise our return target.

Network with Nordic business experience

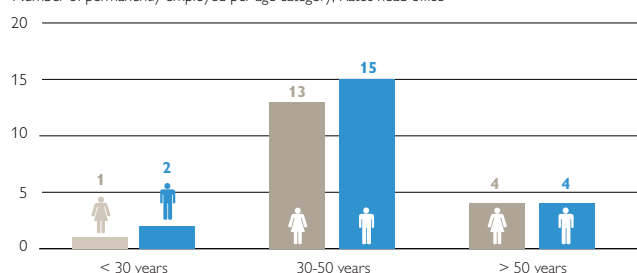
Our Industrial Advisors act as advisors in investment processes and during operational development of the companies, and are often board members in the companies as well as members of our Advisory Boards. Furthermore, we work with an extended network of qualified advisors who have long-standing business experience from all the Nordic countries. To further broaden and improve our Nordic contact base, we have Advisory Boards in Denmark, Finland and Norway made up of people with many years of business experience. They act as Ratos's representatives and share their knowledge of local business life and contacts in their individual networks since the Nordic countries differ in several respects, including corporate structure, sector distribution and business culture.

Strategic HR with value-creating activities

We at Ratos are convinced that business success comes from those individuals working at Ratos, in our portfolio companies and via our strong network of Industrial Advisors. Our aim is to work strategically to ensure that we have the right person with the right competence in the right place at the right time. This has received greater focus since we established a new role at Ratos that focuses on strategic HR.

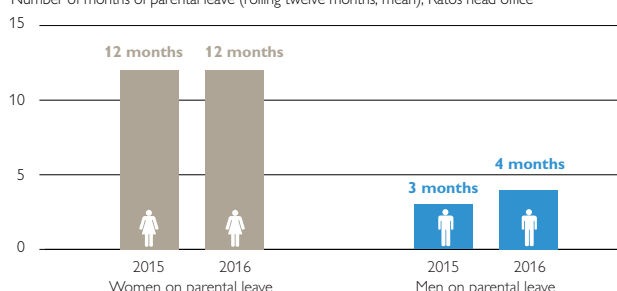
Age distribution 2016

Number of permanently employed per age category, Ratos head office



Average parental leave 2016

Number of months of parental leave (rolling twelve months, mean), Ratos head office



Ratos's values



Entrepreneurial since we encourage original approaches, curiosity and harness opportunities, conduct business and build companies.



Committed and dedicated in our businesses, companies and the people who lead and work at Ratos and its companies.



Responsible since we have high demands on business ethics and weigh in the consequences of the decisions we are involved in for people and the environment.

Employees, type and function at Ratos's head office

Number and proportion based on the type of employment in relation to gender

	Women	%	Men	%	<30 years	30–50 years	>50 years
Permanent employment	18	46	21	54	3	28	8
Fixed-term contract	1	50	1	50	2	0	0
Management group	1	20	4	80	0	3	2
Investment organisation	7	35	13	65	2	17	1
Business support	10	71	4	29	1	8	5
Total*	19		22		5	28	8
Ratos's Board of Directors	3	43	4	57	0	0	7
Boards in the companies, excluding Ratos's investment organisation	23	30	53	70			
Employees who have resigned	10		3		0	8	5
New employees	4		2		2	4	0

* At the start of 2017, six more people resigned.



My role as Investment Director is multifaceted and varied. We work in teams, which affords me the opportunity to work together with highly knowledgeable colleagues to both develop the companies we already own, for which I am responsible for Arcus, Bisnode and TFS, and identify new acquisition opportunities. It is largely about interaction between people as those of us in the companies work actively through boards and management. Becoming a good active owner takes time and requires collecting good practices. Analysis, governance and leadership are parts of the interrelated whole. When I worked as management consultant before joining Ratos, I met different private equity actors and their portfolio companies and saw enormous differences. Most particularly in perspectives, values and processes, all factors that are important for me in terms of job satisfaction. I also came upon Ratos in these contexts and appreciated both the people I met and Ratos's perspective on ownership.

Mikael Norlander
Investment Director



Ratos is characterised by people with a genuine drive to do good things together. I work with consolidated financial statements and financial reporting, which lets me actively help to develop accounting and reporting processes. I'm also involved in many interesting Group-level issues. I like working in an inquisitive environment where new, exciting ideas are combined with long-term sustainability. I believe these are the best alternatives for the future.

Nina Grönberg
Group Accounting



As Industrial Advisor to Ratos, I employ my experience mainly in building relationships to find suitable acquisition candidates and assist Ratos's investment organisation in sorting out potential acquisition candidates. An important part of my role is to find the people who can help Ratos with its value-creating agenda during the acquisition process itself and the holding period. For me, Ratos is a company that stands and operates on sound values with a human image. It is a privilege for me to work with so many talented colleagues with whom I hope to be able to share my experience.

Peter Carrick
Industrial Advisor

The Ratos spirit

Ratos's actions are based on our core values – to be entrepreneurial, committed and responsible. Through good business ethics, we ensure that those with whom we do business will be able to trust us, want to choose us and return to us. These values define how we work and interact with each other and our stakeholders.

Attractive employer

In all enterprise, value is created by people, which is why it is a major priority for us that we, and our companies, are attractive employers. We actively work to build networks of individuals with complementary and exciting skills and make sure that we find the right person for the right job.

Ratos has a structured approach for attracting, developing and retaining skilled employees and talent as it is imperative to Ratos and our companies' ability to deliver and realise long-term success. We offer attractive opportunities for personal growth and development through interesting and diverse tasks, as well as the opportunity to create value and do business.

Talent and leadership development programmes are regularly offered when a need is identified. In 2016, this included training in board work, compliance issues, diversity, management, lean processes and personal development. All employees (100%) have annual formal performance reviews.

Sick leave is generally low
and in 2016 was:

1.5%

Ratos endeavours to provide a good work-life balance. Most of Ratos's employees work full time, but other alternatives are available and are determined by employee preference. The option to structure working hours to achieve a work-family life balance does exist along with more possibilities to work from home. Ratos encourages parental leave for both men and women, and actively works to make the return to work after parental leave smooth and straightforward. As of 2015, statistics

concerning to what extent parental leave is taken are compiled and monitored. In 2016, of those on parental leave, women were on leave for an average of 12 months and men for 4 months.

To gain access to and harness the skills of a deep pool of talent, Ratos advocates equal opportunities and diversity. Ratos is relatively equal when it comes to the total number of employees and, in the investment organisation which is traditionally a male-dominated sector, 35% were women.

While there is normally no risk for serious physical injury at Ratos's office, there is a risk for stress-related illnesses. Ratos takes a preventive approach by encouraging health-promoting activities, for example, by offering fitness subsidies, medical and health insurance and preventive health exams.

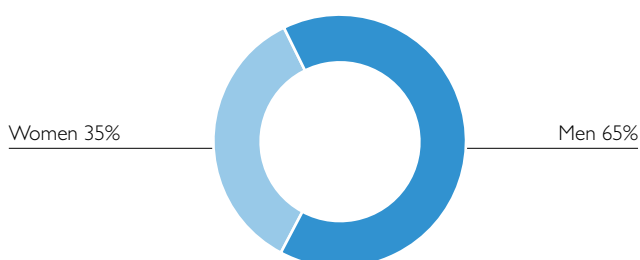
Sharing best practices

Every year Ratos conducts a number of initiatives to stimulate the transfer of knowledge and exchange of best practice between different companies, sectors and employees through, for example Network Days, Chairman Forum, CEO Summit, CFO Summit, CR Forum, HR Forum and Ratos Talent Award.

Involved in community development

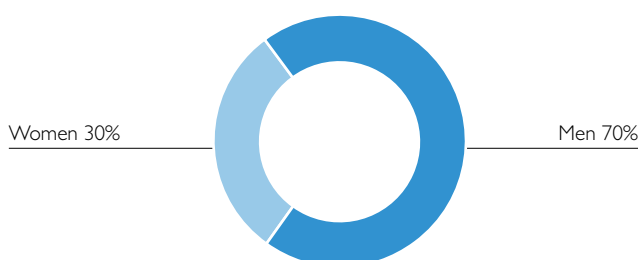
Ratos's community involvement is founded in our 150-year history where long-term responsibility is a natural part of our operations. Ratos strives to contribute to a world where people have the opportunity to make a difference by changing and developing companies, sectors and society. By merging hearts and heads in our day-to-day work, our employees lend their time and expertise in operational development and entrepreneurship to contribute to various public activities and projects with which Ratos has an established collaboration. Two of the organisations that Ratos has collaborated with in 2016 are Inkludera Invest, which by backing social entrepreneurs takes social innovations to market and Mentor Sweden, which works to give young people a strong self-image and brighter outlook on the future by offering various mentorship programmes.

Distribution, Investment organisation 2016



Distribution, the company's boards 2016

(excluding Ratos employees and employee representatives)





Ratos Talent Award

Five years ago, Ratos established the Ratos Talent Award as a way of recognising the many talented individuals working at our companies. The ability to implement ambitious plans in our companies hinges on having the experience, expertise and commitment. Therefore, HR and talent development are prioritised issues for us as owners.

Entrepreneurial, Committed and Responsible comprise Ratos's core values – values that we believe are critical in our efforts to be the best at developing companies in the Nordic region. We are confident that there are many employees in our companies who are good role models when it comes to these qualities, which is why they were the criteria for this year's Ratos Talent Award.

The year's winners are:

Lise Gustavsen in the category **Entrepreneurial**
Project manager, HENT

Her creativity and innovative thinking have made Lise instrumental in leading and managing large complex construction projects. She repeatedly delivers the best financial results and has completed buildings that impress the customers. Lise is a true entrepreneur who takes greater responsibility than expected. Her courage and her curiosity urge Lise to always look for constant improvements that generate strong results for both the customers and HENT.

Tania Nadal in the category **Committed**
Executive Director Clinical Monitoring, TFS

With a combination of great customer focus, hard work and employee dedication, after 15 years at TFS Tania continues to amaze with her strong commitment. Her tireless work to shape the future of the function and the company does not only improve quality and deliverables but cultivates a high level of engagement in her team, which positively affects the business outcome for her business function and TFS as a whole.

Laura Lajmanovich & Jörgen Dahlström in the category **Responsible**
VP China & Project Manager/Group Process Engineer, Diab

With great integrity and dedication to following Diab's Code of Conduct and the UN's Global Compact initiative, Laura and Jörgen have been a driving force in implementing a new plant in China in a very impressive and resolute way. With the entire team, Laura and Jörgen have been pushing for improved safety and better environment. Without their big hearts and determination to stand up for our Nordic values in a location where authorities are fighting corruption, the project had not been as successfully implemented.

HENT – an employee-focused company

HENT

HENT, a Norwegian construction company, adopts a strategy to encourage as many employees as possible to identify new opportunities for growth within the organisation. This may involve employees developing within their present role, broadening their skills by changing departments or pursuing a career in their current field.

"If we are to achieve our business targets, it is imperative that we are successful in this. We apply HENT's training initiative that includes leadership training. We offer courses in various subjects and on-the-job training in construction projects where experienced employees provide support. Another important initiative for the company is ensuring that besides a traditional career involving a management role, it is also possible to have a career as a specialist with comparable salary and good future opportunities in the company," says HENT's HR Director Terje Hugubakken.

The strategy is to, through the company's philosophy and culture, cultivate as many leaders and talents as possible, in an attempt to always fill vacancies at HENT internally. Performance reviews are used to collect and identify career plans and to ensure that the individual's career goals are identified.

"We feel that our systematic approach in this field is one of the most important initiatives we can take to develop and retain motivated employees within HENT. That we as employer

promote and give prominence to the individual is clearly a prominent task for us as leaders," continued Terje.

Talent Management is an ongoing project, firmly rooted at management group level. CEO Jan Jahren is personally involved in the project through management meetings and weekly reports with the HR department where management supply and talent development are always on the agenda. In 2017, Jan will gather all the younger and future project managers at a meeting where the theme will be culture, innovation and career.

An employee satisfaction survey is performed annually and the results are presented per department and region within the organisation. The aim of the survey is to secure anonymous and concrete feedback from all employees regarding management, organisation, training, culture and work satisfaction in order to create a platform from which to drive improvements. HENT also wants the survey to serve as an extra channel for the individual to personally suggest concrete improvement measures.

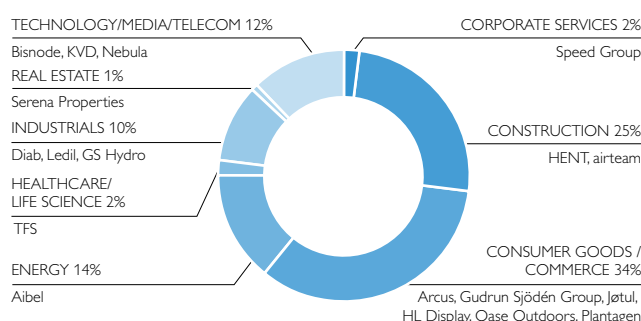
"The employee satisfaction survey takes the temperature of the entire organisation and gives us valuable information and feedback that we can convert into concrete measures for every department and the company as a whole," said Terje in conclusion.

Companies overview

Ratos's portfolio of companies is made up of 18 companies that together employ some 14,500 employees with combined sales of approximately SEK 38 billion and an adjusted EBITA of approximately SEK 2.3 billion on an annual basis. The companies are active in different sectors, and operate strategically, operationally and financially independent of each other. The common denominator for these companies is the existence of an apparent company-specific growth potential that is realised by focus on long-term value creation. Information about the companies' operations, market position, financial key figures and growth potential can be found on ► pages 28-44 in Ratos's Annual Report 2016.

The Ratos Group's net sales for 2016 according to IFRS were SEK 25,228m (24,480), an increase of +3%, and operating loss was SEK -235m (1,411). To facilitate a comparison between periods and enable follow-up of the ongoing performance of Ratos's company portfolio, the companies overview includes certain financial information that is not defined in accordance with IFRS. For a reconciliation of the alternative performance measures used in this report with the most directly reconcilable IFRS measures, refer to www.ratos.se.

Sales breakdown by segment

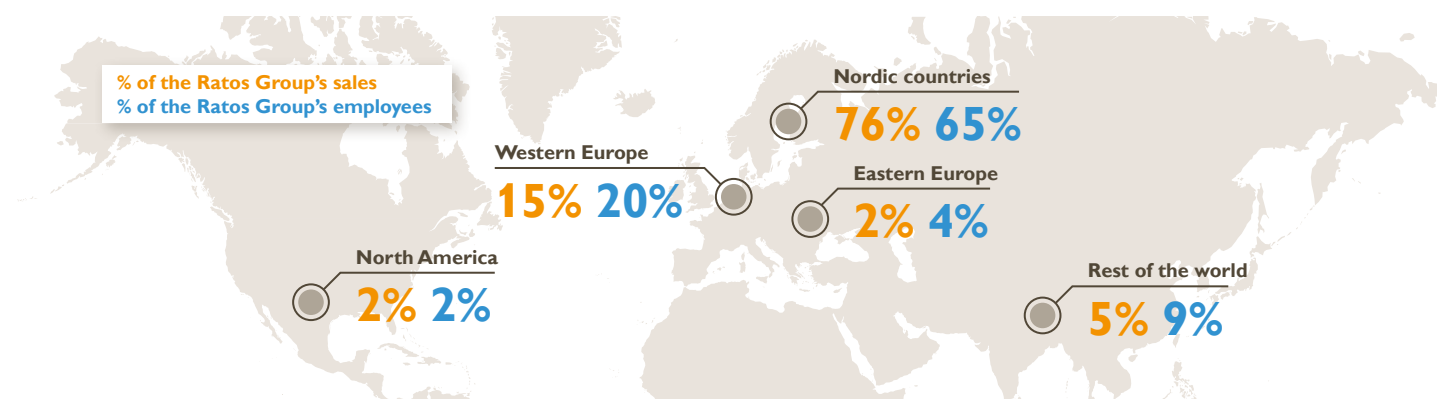


Summary of Ratos's companies

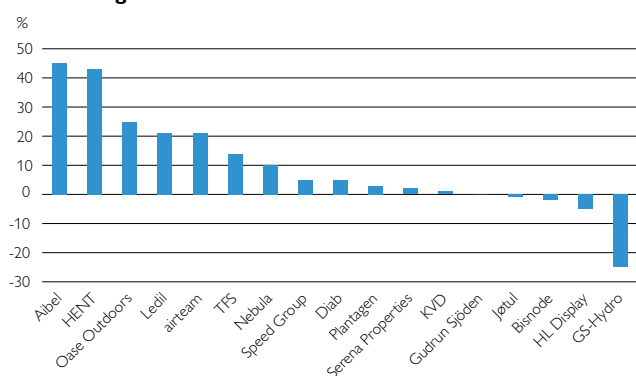
SEKm	Net sales in the portfolio		EBITA in the portfolio		Adjusted EBITA in the portfolio ⁶⁾		Interest-bearing net debt in the portfolio	Consolidated value	Ratos's holding
	2016	2015	2016	2015	2016	2015	2016-12-31	2016-12-31	2016-12-31
Aibel	10,892	7,728	46	279	314	480	2,585	587	32
airteam ¹⁾	768	629	47	94	74	94	197	356	70
Bisnode	3,458	3,535	228	275	358	328	1,745	1,606	70
Diab	1,516	1,450	109	154	114	146	890	770	96
GS-Hydro	887	1,175	-149	12	-102	26	368	0	100
Gudrun Sjöden Group ²⁾	712	711	70	74	70	74	-6	166	30
HENT	7,991	5,716	239	189	239	190	-733	298	73
HL Display	1,417	1,488	67	8	85	66	569	840	99
Jøtul	898	930	0	0	7	6	534	4	93
KVD	321	317	37	29	48	38	143	356	100
Ledil	365	297	105	95	105	95	123	530	66
Nebula	332	299	101	87	107	90	440	283	73
Oase Outdoors ³⁾	422	333	46	37	72	40	284	137	79
Plantagen ⁴⁾	3,696	3,681	233	258	299	242	2,384	1,303	99
Serena Properties ⁵⁾	171	167	129	133	129	133	1,094	398	56
Speed Group	562	536	34	25	41	42	-50	296	70
TFS	793	689	63	45	66	45	4	168	60
Total companies in their entirety	35,200	29,679	1,406	1,795	2,027	2,136	10,571		
Change	19%		-22%		-5%				
Total adjusted for Ratos's holding	22,794	20,164	1,005	1,233	1,384	1,414			
Change	13%		-19%		-2%				

All figures in the above table relate to 100% of each company, except consolidated values, which are based on Ratos's holding. In order to facilitate comparisons between years and provide a comparable structure, where appropriate some holdings are reported pro forma. Pro formas for 2016 are presented in the note on the right. As a listed company, Arcus is no longer included in the table above.

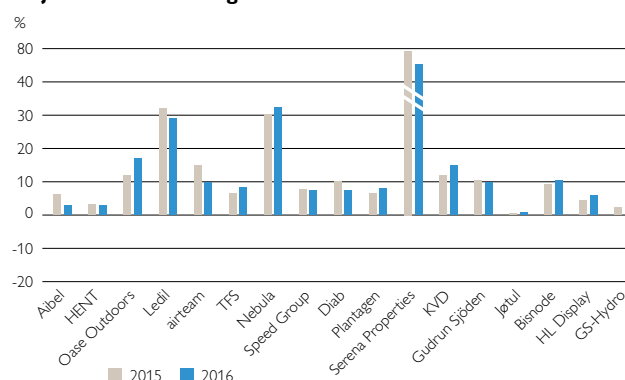
Sales breakdown and employees by geographic market



Net sales growth



Adjusted EBITA margin



Sustainability indicators⁹⁾

	Average number of employees	Share of women on the Board ⁷⁾	Share of production units with ISO 14001	CO ₂ -reporting	Code of conduct in line with Ratos's	External whistleblowing system
	4,073	0%	100%	no	yes	yes
	186	25%	nc	nc	nc	nc
	2,209	33%	0%	yes	yes	yes
	1,242	20%	57%	yes	yes	yes
	596	25%	36%	yes	yes	yes
	328	60%	nc	nc	nc	nc
	773	33%	100%	yes ⁸⁾	yes	no
	982	33%	75%	yes ⁸⁾	yes	yes
	580	25%	0%	no	yes	no
	162	25%	0%	yes	yes	no
	95	20%	100%	no	yes	no
	137	25%	0%	yes ⁸⁾	yes	no
	78	0%	nc	nc	nc	nc
	1,168	33%	nc	nc	nc	nc
	0	67%	0%	no	yes	no
	752	20%	50%	no	yes ⁸⁾	no
	729	33%	0%	no	yes	no

¹⁾ airteam's earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.

²⁾ Gudrun Sjöden Group's earnings for 2016 and 2015 are pro forma taking into account Ratos's acquisition. The German operation was included in its entirety for the period in 2015.

³⁾ Oase Outdoors' earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.

⁴⁾ Plantagen's earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.

⁵⁾ Serena Properties' earnings for 2016 and 2015 are pro forma in terms of Ratos's acquisition and for new financing and Group structure.

⁶⁾ EBITA, excluding items affecting comparability.

⁷⁾ Of external board members

⁸⁾ Under implementation

⁹⁾ Companies acquired in 2016 are included as of 2017.

GRI Index

Ratos's sustainability reporting refers to calendar year 2016 and is prepared in accordance with the Global Reporting Initiatives (GRI) guidelines for sustainability reporting, version Standards at the Core level. Ratos has used relevant sections of GRI Sector Disclosures, Financial Services. This is Ratos's second sustainability reporting according to GRI and Ratos intends to report annually.

In line with the Global Compact (GC) commitment, Ratos submits a Communication on Progress (COP), that presents the task of

implementing GC's principles. This index describes where the GRI and COP information can be found in Ratos's Annual Report 2016.

The sustainability report is prepared based on GRI's principles in order to determine content and ensure quality. The report covers Ratos as an investment company, i.e. the parent company Ratos. Ratos has a significant ownership in the portfolio of companies. However, a key principle in Ratos's owner model (described in Ratos's Owner Policy) is that each company acts strategically, operationally and financially

GRI STANDARDS INDEX CORE LEVEL WITH FINANCIAL SERVICES SECTOR DISCLOSURE

Indicator/disclosure		Page in Ratos's Annual Report 2016	Comments	UNGC principles
102: GENERAL STANDARD DISCLOSURES 2016				
Organisation profile				
102-1	Name of the organisation	46		
102-2	Operations, brands, products and services	2, 3, 8, 9		
102-3	Location of headquarters	46, back side		
102-4	Countries served by the organisation	18, 27		
102-5	Nature of ownership and legal form	24-25, 112		
102-6	Markets served by the organisation	3, 18, 27		
102-7	Organisation scale	20-21, 26-27		
102-8	Information on employees and other workers	20-22	Employee data has been collected from Ratos's HR system.	
102-9	Supply chain		Ratos's purchases include services and products to office operations in Stockholm and consultancy in the acquisition and sales processes as well as development procedures. Suppliers operate primarily in the Nordic countries.	
102-10	Significant changes to the organisation and its supply chain		No significant changes during the year.	
102-11	Precautionary Principle	15-16	The precautionary principle is followed and refers to assessment and management of sustainability risks in connection with investments.	
102-12	External initiatives	15		
102-13	Membership of organisations		The Confederation of Swedish Enterprise, the Swedish Venture Capital Association and Swedish Leadership for Sustainable Development	
Strategy				
102-14	Statement from senior decision-maker	4-5		
Ethics and integrity				
102-16	Values, principles and ethical guidelines	2, 10, 15-16, 18, 21		10
Governance				
102-18	Governance	16, 54, 56-57		
Stakeholder engagement				
102-40	List of stakeholder groups	15		
102-41	Collective bargaining agreements		All employees, regardless of form of employment, in the parent company are covered by collective bargaining agreements.	3
102-42	Identification and selection of stakeholders	15		
102-43	Approach to stakeholder engagement	15		
102-44	Key topics raised through stakeholders	15		
Reporting				
102-45	Entities included in the consolidated financial statements	105, 112		
102-46	Process for defining report content and topic boundaries	15, 122-123		
102-47	List of material topics/sustainability issues	122-123 www.ratos.se/hallbarhet		
102-48	Restatements of information		This is Ratos's second sustainability report according to the GRI Standards. No significant changes have been made related to the information provided in earlier reports.	
102-49	Changes in reporting		See above.	
102-50	Reporting period	122		
102-51	Date of most recent report		2016-03-10	
102-52	Reporting cycle	122		
102-53	Contact person for the report		Magnus Agervald, CEO +46 8 700 17 00 Helene Gustafsson, Head of IR and PR +46 8 700 17 00	
102-54	Claims of reporting in accordance with the GRI Standards	122-123		
102-55	GRI content index	122-123		
102-56	External assurance		The sustainability report is not subject to external review.	

independent of each other. Furthermore, Ratos is not perpetual owner to its companies, but instead has an active exit strategy, which means that the composition of the portfolios changes every year. An active sustainability programme for Ratos's parent company is a prerequisite for Ratos's ability to develop companies and their sustainability performance during the period of ownership.

Stakeholder dialogues and materiality analysis are the basis for Ratos's sustainability issues. Ratos's direct impact is considered very slight in

relation to the portfolio companies' impact, which is why reporting Ratos' work as responsible investor and owner has top priority. "Within the organisation" refers to the parent company Ratos, "outside the organisation" refers to Ratos's companies and their operations as well as other parts of the value chain. See also index per aspect.

SIGNIFICANT ISSUES, GOVERNANCE AND TOPIC-SPECIFIC DISCLOSURES

Indicator/disclosure	Page in Ratos's Annual Report 2016	Comments	UNGC principles
404: TRAINING AND EDUCATION 2016 – BOUNDARY RATOS'S PARENT COMPANY			
103-1 - 103-3 Sustainability governance	10, 15, 18, 20-22, 123		3-6
404-3 Percentage of employees receiving regular performance and career development reviews	22		3-6
405: DIVERSITY AND EQUAL OPPORTUNITY 2016 – BOUNDARY RATOS'S PARENT COMPANY			
103-1 - 103-3 Sustainability governance	10, 15, 18, 20-22, 123		3-6
405-1 Diversity of board of directors, governance bodies and employees	21, 54		3-6
205: ANTI-CORRUPTION 2016 – BOUNDARIES RATOS'S PARENT COMPANY, HOLDINGS AND OUTSIDE THE ORGANISATION; BUSINESS PARTNERS			
103-1 - 103-3 Sustainability governance	15, 17, 18, 56-58, 123		10
205-1 Business units analysed for risks related to corruption.	18		10
419: SOCIOECONOMIC COMPLIANCE 2016 – BOUNDARY RATOS'S PARENT COMPANY			
103-1 - 103-3 Sustainability governance	15, 17, 18, 56-58, 123		10
419-1 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and rules in the social and economic area.		During the year Ratos has not been issued material fines or received any other sanctions due to violations of laws or regulations.	10

RATOS'S OWN SUSTAINABILITY ISSUES – BOUNDARY RATOS'S PARENT COMPANY

Product portfolio			
103-1 - 103-3 Sustainability governance	10-12, 15-18, 56-58, 123		1-10
FS6 Percentage of the portfolio based on the investment portfolio – region, scope, sector	26-27		1-10
Active ownership			
103-1 - 103-3 Sustainability governance	10-12, 15-18, 56-58, 123	Voting is used as an integrated part of governance of the portfolio of companies, where environmental and social issues are included.	1-10
FS10 Share of the companies that the organisation has interacted with on environmental or social issues	16		1-10

Shareholder information

Annual General Meeting 6 April 2017

The Annual General Meeting of Ratos AB (publ) will be held at 2:00 p.m. CET on Thursday, 6 April 2017 at Skandiascenen at Cirkus, Djurgårdsslätten 43-45, Stockholm.

Participation

To be entitled to participate in the business of the Meeting, shareholders must

- be recorded in the register of shareholders maintained by Euroclear Sweden AB on Friday, 31 March 2017,
- notify the company of their intention to attend no later than 31 March 2017.

Notification

Out of consideration for the environment and to become more efficient through the use of digital services, Ratos has this year chosen to not issue invitations to the Annual General Meeting by mail.

Notification of participation may be made via

- via www.ratos.se
- via phone +46 8 518 015 50 weekdays between 9.00-16.30
- in writing to the following address: Computershare AB, "Ratosstämman 2017", Box 610, 182 16 Danderyd.

When notifying participation please state name, personal/company registration number, postal address, e-mail address and daytime telephone number.

Nominee registered shares

In order to be entitled to participate in the Meeting and exercise their voting rights, shareholders whose shares are registered in the name of a nominee must temporarily re-register their shares in their own names. Such registration must be effected at Euroclear Sweden AB by Friday, 31 March 2017. Shareholders are requested to inform their nominees in good time prior to this date.

Dividend and record date

The Board proposes an ordinary dividend for the 2016 financial year of SEK 2.00 (3.25) per Class A and Class B share. The record date for the right to receive dividends is proposed as 10 April 2017 and dividends are expected to be paid from Euroclear Sweden on 13 April 2017.

The Board proposes that a dividend on outstanding Class C preference shares until the 2018 Meeting, in accordance with the Articles of Association, shall be paid quarterly in an amount of SEK 30 per Class C preference share, although a maximum amount of SEK 120.

The record dates, prior to the next annual general meeting, for quarterly dividends on outstanding Class C preference shares are proposed as 15 May 2017, 15 August 2017, 15 November 2017 and 15 February 2018. Payments from Euroclear Sweden AB are expected to be made on 18 May 2017, 18 August 2017, 20 November 2017 and 20 February 2018.

Calendar

6 April	2017 Annual General Meeting
8 May	Interim Report, January-March 2017
17 Aug	Interim Report, January-June 2017
14 Nov	Interim Report, January-September 2017

Reports can be accessed on Ratos's website directly after publication and are issued in Swedish and English. The annual report is sent by post to shareholders who have so requested.

Publications can be ordered at www.ratos.se or by

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A low-angle, upward-looking photograph of a historic stone building facade. The structure is composed of large, rectangular stone blocks. A prominent blue rectangular sign with the word "RATOS" in white, bold, sans-serif capital letters is mounted on the wall. Above the sign, there is a decorative stone balcony with three carved lion heads (telamones) supporting its edge. Further up, another balcony with ornate metal railings is visible. The building's roofline is steep and features a small flag at the peak. The sky is overcast and grey.

RATOS



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