

Stockholm March 2018

Communication on Progress 2017

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 2017 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 2017, and consists of this letter and an extract from our annual report 2017, 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



Jonas Wiström
CEO
Ratos AB

SUSTAINABILITY AND RESPONSIBLE OWNERSHIP

– EXTRACTS FROM THE ANNUAL REPORT 2017



This is Ratos

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

VISION

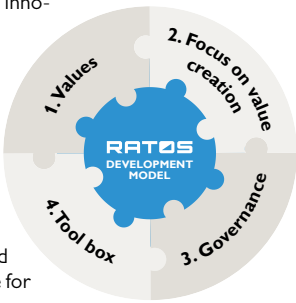
Ratos is to be the first choice
as a partner for developing companies

INVESTMENT STRATEGY

Ratos invests in unlisted medium-sized Nordic companies. The enterprise should have an established business model, in which Ratos recognises clear development potential. The goal for new acquisitions is that the

company in question must have a minimum growth potential of SEK 0.5 billion in equity value over the next five years. The upper investment interval is SEK 2 billion in equity value.

RATOS'S BUSINESS MODEL

ACQUISITIONS	DEVELOPMENT	DIVESTMENT
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 advantage of our flexible ownership horizon and active ownership model.	<p>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. The development of the companies in terms of environmental, climate and social sustainability is a prerequisite for long-term economic value creation.</p> 	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 of 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 14 medium-sized Nordic companies, with the largest segments in terms of sales being Industrials, Construction and Consumer goods/Commerce. A detailed description of each company is presented on ► pages 28-43 in Ratos's Annual Report 2017.

SALES BREAKDOWN BY SEGMENT

– INDUSTRIALS –



Aibel

A leading Norwegian supplier of maintenance and modification services as well as newbuild projects in oil, gas and renewable energy.

Diab

A global company that manufactures and develops core material for sandwich composite structures including blades for wind turbines.

HL Display

An international supplier of products and solutions for in-store communication and merchandising.

LEDiL

A leading global supplier of high-quality secondary optics for LED lighting.

– CONSTRUCTION –



HENT

A Norwegian construction company that focuses on new construction of public and commercial real estate.

airteam

airteam offers high-quality, effective ventilation solutions in Denmark.

– CONSUMER GOODS/COMMERCE –



Plantasjen

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.

Gudrun Sjødén Group

International design company with a unique, colourful style and clear sustainability profile.

Jøtul

One of Europe's largest manufacturers of cast-iron stoves and fireplaces with global distribution through its own sales organisations and via distributors.

Oase Outdoors

Danish company that designs, produces and sells high-quality camping and outdoor equipment.

– TECHNOLOGY, MEDIA, TELECOM –



Bisnode

One of Europe's leading providers of decision-support solutions. By transforming data into insight, Bisnode helps decision makers to make smart decisions.

Kvdbil

Sweden's largest independent online marketplace offering broker services for second-hand vehicles.

– CORPORATE SERVICES –



Speed Group

A Swedish service provider in staffing, warehousing and logistics management with supplementary services in production, recruitment and training.

– HEALTH CARE –



TFS

A global service company that performs clinical trials on behalf of pharmaceutical, biotechnology and medical device industries.

Adjusted for the size of Ratos's holding.

The year in brief

2017 was an eventful year for Ratos, which launched an updated strategic agenda, completed the divestment of Nebula, Serena Properties and Sophion Bioscience (part of Biolin Scientific), and sold its remaining holding in Arcus, which was listed in 2016. In addition to this, important activities were conducted in our portfolio companies. A redemption of the outstanding preference shares was made at a total redemption amount of SEK 1,300m.

During the year, impairment losses totalling SEK 550m were posted on the book values of Diab and HL Display.

In December, Jonas Wiström was appointed as new CEO and Per-Olof Söderberg as new Chairman of the Board.

Read more about this eventful year on ► pages 4-5.

14 companies with
SEK 32 billion in sales,
SEK 1.6 billion in EBITA,
13,200 employees and
4¹ company divestments



¹ Includes divestment of Nebula, Serena Properties, parts of Biolin Scientific and sale of the remaining shares in Arcus. In 2016, an agreement was signed for the divestment of AH Industries. The sale was completed in March 2017.

Dividend*	Return (IRR)	Exit gains	Profit
2.0	12%	596	658
per Class A and B share	average in the past five years	SEK m from companies	SEK m before tax

* Proposed dividend for 2017

Earnings trend, SEKm

	2017	2016	2015	2014	2013
Profit/loss before tax	658	-890	892	1,367	1,083
of which, Profit/share of profits from companies	679	295	664	392	602
of which, Exit gains portfolio companies	596	1,672	1,101	1,390	895
of which, Impairment portfolio companies	-550	-1,895*	-565	-250	-308
Earnings per share after dilution	0.72	-1.79	1.29	3.22	2.13
Equity (attributable to owners of the parent)	9,660	11,283	12,882	14,027	13,778

* Attributable to owners of the parent.

Committed and active partner

Ratos's goal is to develop successful companies. 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. We support the companies' executive management in cultivating the conditions for increased growth and better profitability. Ratos has a flexible ownership horizon, which is most often five to ten years.

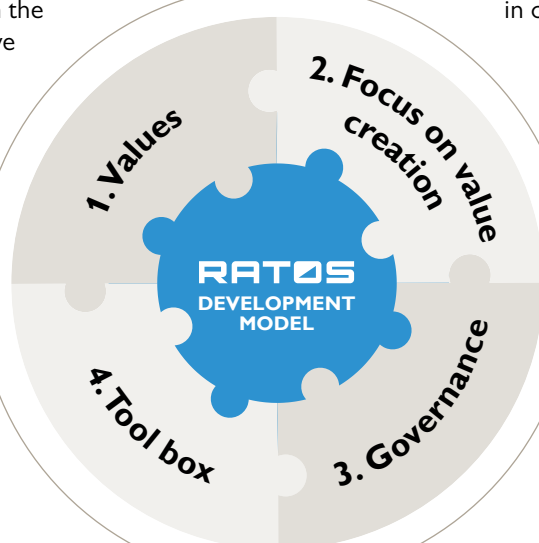
We strive for long-term, lasting effects in our work with the companies and take part in driving sustainability development in the companies in which we are active.

4. Tool box

Through its organisation and industrial networks, Ratos contributes experience of operational development and also capital to its 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 such areas as strategy processes, business analysis, acquiring and divesting companies, financing, accounting, communication and purchasing/sourcing, which 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.



Determined approach based on Ratos's position of strength will yield results

2017 was characterized by a weak performance in the company portfolio, company divestments, the presentation of an updated strategy and reduced costs in Ratos AB. I, Jonas Wiström, took over as CEO of Ratos in December. I am delighted and feel a great sense of commitment having returned to an operational role.

The past year

2017 was a year when the company portfolio as a whole performed below expectations, particularly during the second half of the year, despite a good macroeconomic situation in most markets. However, several companies did perform well, such as Bisnode, airteam and Gudrun Sjödén Group. Aibel, a company that is active in an extremely tough market, improved its earnings through successful project deliveries. Our portfolio company GS-Hydro declared bankruptcy in 2017. Over the course of many years, the company's competitive position and profitability had steadily weakened, the outlook was dire and Ratos had provided considerable capital contributions for several years. Taking all this into account, Ratos's management and the Board deemed it irresponsible to make further capital contributions in the company.

In 2017, several steps were taken to create a stronger Ratos looking ahead. In June, we presented an updated strategic agenda that means we will concentrate our holdings to fewer sectors, and retain certain companies longer with lower debt over time. In future, dividends on the Ratos share will be based on stable cash flows from the portfolio companies instead of on exit gains. We have streamlined the organisation, thereby lowering central administration costs, and redeemed all outstanding preference shares.

In line with our concentration on fewer sectors, we sold the real estate company Serena Properties. We also sold the cloud service supplier Nebula. Both Serena Properties and Nebula were investments that surpassed our return target.

Ratos – a continuously changing company

Ratos is a company that has a fantastic history. It has played, and will continue to play, a prominent role in Nordic business and community development.

Throughout its long past, dedicated owners have walked alongside the company. The Ratos brand is strong and we have attracted considerable interest from our operating environment.

There are many solid examples of instances when Ratos has generated substantial value as an owner by working effectively with its holdings. The most recent example that made an impression on me is Nebula, which we sold in 2017 as a company that was significantly stronger than when we acquired it.

As an owner, we also help our companies develop their sustainability agendas, thereby contributing to long-term value creation. This year, all of our companies will prepare a sustainability report and most of these are in accordance with the GRI standards. Sustainability consists of three key components: environmental sustainability, social sustainability and economic sustainability. I have seldom seen any conflict among these. On the contrary, they are prerequisites for each other. We bring this to the table in our company development.

Returning to the role of CEO

I feel a strong drive and commitment to being back behind the wheel and working operationally again. It has been less than one year since I stepped down from an operational CEO role. I did not accept the job out of a sense of duty but because I believe in Ratos and feel passionately about the development of companies.

To start, I will focus on learning more about Ratos, our portfolio companies and their respective markets. I want to get to know our company management teams and how we exercise corporate governance at Ratos. My experience as corporate director has taught me the importance of first understanding in order to make oneself understood, and that the answers are often to be found within the company. During this period, Ratos's complete focus will be on our current portfolio of companies.

Leadership and profitability

The definition of a good leader is one who gets good results and does so persistently. I believe that to do so one must be surrounded by a team that represents different skills and expertise as well as different perspectives and personalities. In short, a heterogeneous team of



employees who have the courage to say what they believe but who also have the conviction to carry out decisions that may not have been what they themselves proposed. An open culture of this sort makes us better at solving challenges together. This, in turn, means that we can develop as individuals and have fun at work. That's also important.

All long-term value creation is fundamentally built on a relationship of trust. This applies both to the stock market in relation to Ratos, but also to the trust between a company executive and the management/board of the portfolio company. Trust is established over time, but can erode quickly.

I believe that our single most important task is to ensure that we have the right people in place in the portfolio companies' management teams. Nothing is more critical to the success of a company than its management – even if the sector in which the company is active is important. To quote Warren Buffett, “When a management with a reputation for brilliance tackles a business with a reputation for bad economics, it is the reputation of the business that remains intact.”

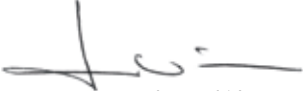
We need to become even better at understanding the market conditions under which our portfolio companies operate.

Ratos moving forward

Ratos has been in business for more than 150 years. It is inevitable that we will face challenges and obstacles. It has happened before and there is every chance it will happen again. Steering Ratos into the future will take a lot of work.

It is my opinion that we have, in the past, sold several good companies too early and held on to lesser companies for too long. It is vital that we do not confuse long term with protracted. In fact, we need to accelerate. Today's markets and business environments change very fast. I therefore firmly believe that execution is far more important than long-term strategy plans. My task is clear: to increase shareholder value.

Ratos has everything it needs to reverse this profitability trend. From many perspectives, we have a strong brand, are financially strong, have long-term principal owners and talented people working for us. A concerted effort that leverages our actual positions of strength will produce results in the long term. Of this I am certain.


Jonas Wiström
CEO

Sustainable value creation

Ratos generates value by driving positive development in its companies. We are convinced that there is a strong connection between sustainability and long-term value creation. As a responsible investor and owner, it is Ratos's ambition to promote sustainable development and awareness related to sustainability issues in the company's own organisation as well as in the portfolio companies.

For Ratos, responsible ownership means active ownership that includes sustainability issues. This work is based on the Global Compact's ten principles for sustainable business and the UN Principles for Responsible Investment (PRI), which Ratos signed in 2013. Since 2015, Ratos has been reporting in accordance with GRI and this year's report follows the GRI Standards (see ► page 16-17 for reference index).

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 stakeholders and discussions in Ratos's management group were held to ensure the correct focus. This mapping forms the basis for Ratos's prioritisation of key issues. The materiality analysis is still deemed relevant, which was confirmed by informal stakeholder meetings during 2017.

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.

Stakeholders	Method of interaction
Employees at Ratos	<ul style="list-style-type: none"> Interviews with representatives in connection with stakeholder dialogues in 2016 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 in 2016 Meetings within Ratos's annual functional forum (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 in 2016 Group-wide assessment of the work of the board
Owners and investors (see page 25 for Ratos's largest owners)	<ul style="list-style-type: none"> Interviews with representatives in connection with stakeholder dialogues in 2016 Active in surveys from or dialogues with organisations such as CDP, RobecoSAM, Vigeo and Sustainalytics General meetings Dialogues and individual meetingz
Other	<ul style="list-style-type: none"> No proactive dialogue, available for discussions as needed

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

For Ratos, sustainability means *sustainable development through active responsible ownership*. Based on the dialogue with stakeholder and the materiality analysis (see Ratos's

website for a presentation of the materiality analysis), the following sustainability aspects have the highest priority for Ratos:

- 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's work as a responsible investor and owner has top priority. At the same time, 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's ability to conduct its operations and develop companies. Refer to the financial reports for more details.

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 representatives from both the investment organisation and business support. Each investment manager is responsible for ensuring that sustainability is included on each company's management and board agendas.

The CEO and management of each company have operational responsibility for the company's sustainability work through direct delegation from Ratos's management. An instruction regarding the companies' work with sustainability, risk and compliance describes Ratos's expectations. Each company board is ultimately responsible for ensuring the company complies with applicable laws, guidelines and policies. Each company has an established process that enables the board to 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 2017

- Training for the companies' sustainability managers in sustainability reporting and GRI
- Launch of Ratos's guidelines for sustainability reporting in the companies

- Ratos's Sustainability Day for the companies' sustainability managers
- Training and support for compliance managers regarding GDPR
- Analysis of the companies' work on sustainability, compliance and risk initiatives (questionnaire)

Ratos as responsible owner

Integrating sustainability factors into the investment process and ownership results in better understanding of all the risks and opportunities to which a company is exposed. A broadened perspective provides insights regarding the company's strategic and operative risks, such as in terms of exposure to assets that risk becoming obsolete, potentially disruptive industrial change, etc. Understanding and analysing various sustainability aspects can also generate greater confidence in a company's strategic possibilities, for example, through a presence in sectors that can be expected to have positive momentum and benefit from sustainability trends. For the companies in which Ratos invests, the ambition is that, over time, they will establish a good standard for sustainability, continuously improve their sustainable agenda and ensure a sustainable strategy.

Sustainability is an integrated part of the investment process and exercise of our ownership role. This work is based on a number of relevant policies and guidelines established by Ratos's Board of Directors (see the Code of Conduct, the Policy for Sustainability and Responsible Investments and the Environmental Policy on Ratos's website).

Acquisitions

Ratos always conducts an evaluation of potential acquisitions in relation to its established exclusion criteria. The assessment of a potential investment includes an analysis of the company's position in terms of the transition to a sustainable economy, meaning the company's exposure to long-term trends, such as the change to renewable energy, the sharing economy, electric vehicles, new materials, increased requirements on transparency, etc. The company's risks and activities relating to key sustainability areas are investigated, which entails an identification of risks in the company's operations or value chain connected with environmental and climate impact, employees, social responsibility, respect for human rights and business

ethics, and counteracting bribery and corruption. An assessment is made of the company's current efforts to address these risks, during which the company's policies, processes and activities are evaluated. Since maturity in sustainability issues among medium-sized companies is generally low, the assessment of the company's values, culture and management is very important. A compiled due diligence is part of Ratos's final decision material ahead of the investment decision and constitutes a recommendation for 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:

As guidance in the assessment of new investments and in work with existing companies, Ratos has policies for

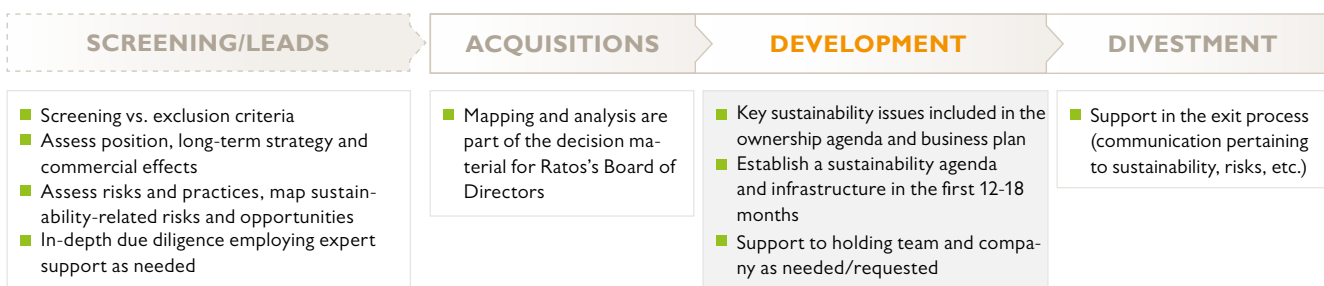
- breaches of international conventions
- how Ratos is to exercise climate consideration

During the year, Ratos used negative screening, meaning it assessed investment possibilities in relation to Ratos's exclusion criteria. Ahead of all final bids in 2017, an assessment of risks related to sustainability was made as part of due diligence, which resulted in a recommendation to proceed with the acquisition. However, no acquisitions were made in 2017.

Development

Ratos invests in several industries and our companies are affected by many different risks and opportunities related to sustainability. We therefore have common requirements for the portfolio as well as focusing on material issues for each company. Ratos's expectations are based on relevant legislation, respect for international conventions and the principles of the Global Compact. 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. All Ratos companies submit a sustainability report annually to their respective board of directors and Ratos. As part of the effort to further

SUSTAINABILITY IS INTEGRATED INTO RATOS'S OPERATIONS



GENERAL TARGETS FOR RATOS'S RESPONSIBLE OWNERSHIP EFFORTS

General targets	Status and activities 2017-2018
Ratos and the companies are to be considered attractive employers in each target group	Ratos works to ensure that all companies follow up and prioritise this.
<ul style="list-style-type: none"> ■ Dedicated, motivated employees ■ Safe workplace 	Employee surveys were conducted at Ratos in 2017.
Before acquisition, all new investments are subject to sustainability or ESG screening.	Established processes and tools exist. No acquisitions made in 2017.
All Ratos companies have an established sustainability plan (pertains to companies Ratos has owned for at least the number of years stated)	
<ul style="list-style-type: none"> ■ Sustainability agenda established with top issues and activities (company > 1 year) ■ Sustainability goals established and followed up (company > 2 years) ■ Annual sustainability report (company > 1 year) ■ Sustainability report in accordance with GRI (majority-owned large companies) 	<ul style="list-style-type: none"> ► Of the companies Ratos has owned > 1 year, 93% have an established sustainability agenda ► Of the companies Ratos has owned > 2 years, 90% have sustainability goals ► Of Ratos's companies, 100% had a sustainability report for 2017 ► Of Ratos's majority-owned large companies, 100% reported in accordance with GRI
The board is ultimately responsible and involved: all company boards have defined the sustainability goals and follow up on the initiatives at least once a year.	In 100% of the companies we owned > 1 year, the board presented and discussed the company's sustainability efforts during the year.
For each company: reduce the climate impact and energy consumption per SEK of sales during the holding period.	Implementation of climate reporting in progress or will start in all companies that meet the size requirement stipulated in legislation. This is included in GRI, since it is deemed relevant for the individual portfolio company in the GRI analysis.

develop the companies' work in line with the EU directive and Swedish legislation on sustainability reporting, Ratos introduced a requirement in 2017 on sustainability reporting in accordance with GRI for all large majority-owned companies (see table above).

Ratos primarily invests in medium-sized companies, which generally have a lower level of maturity regarding sustainability and limited infrastructure for structured sustainability work. Accordingly, the focus of development work after acquisition is to identify significant sustainability issues and to establish steering documents, areas of responsibility, resources, processes and tools. To bolster each company's sustainability efforts during Ratos's ownership, each holding team and board of directors has an ongoing dialogue with the management team and sustainability managers in the companies and specific support is provided for certain matters. Every year, Ratos organises network meetings for various functional groups, during which the Sustainability Forum serves as a platform for sharing knowledge and experience. To facilitate the companies' work, there are, for example, framework agreements for whistleblowing systems and climate reporting systems. Of the 18 companies included in Ratos's portfolio at the start of 2017, Ratos interacted with all companies (100%) on the matter of sustainability, with the exception of AH Industries, which was divested in the first quarter of 2017.

Divestment

Ratos has an active exit strategy, which means that we are not a permanent owner. When divesting a company, we want to ensure good survival for the company in question. In 2017, the Board of Directors of the Ratos subsidiary GS-Hydro filed for bankruptcy, something that had never previously happened in Ratos's history. This was a difficult decision that was carefully considered, but was based on Ratos's responsibility to its shareholders and, following thorough evaluation of the situation, the conclusion was that it would have been irresponsible to continue investing capital in the company.

Parent company's sustainability efforts

At Ratos, we want to practice what we preach and further advance our positive reputation in the market, which requires that we conduct business using good business ethics, ensure good corporate governance and develop and engage our employees. In environmental and climate matters, Ratos wants to be a positive role model for its companies, even though its direct impact is limited.

Do business with good business ethics and culture

Ratos's reputation and the opportunity to do sound business rests on good business ethics. Ratos's internal policies, such as the Code of Conduct and guidelines for share transactions, and processes for ethics and regulatory compliance, are basic requirements for long-term confidence from the market. Active efforts are required 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. When they are hired, new employees are trained in Ratos's Code of Conduct and other related policies. Other employees participate in training as required, for example, in conjunction with changes to the law or regulations. Ratos had no incidences of the Code of Conduct being breached and has not been fined or received any other sanctions due to violations of laws or regulations. During the year, three whistleblowing reports were received, which were managed in accordance with Ratos's whistleblowing process.

Ensure sound corporate governance and transparency

Ratos values and aims for a high level of transparency. We also believe that sound corporate governance creates value and is a requirement for good ownership work. Ratos's corporate governance and communications are continuously developed to ensure high quality and far-reaching confidence from the market. See ► pages 51-59 for more information about Ratos's corporate governance.

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

The adjustment to a climate-neutral world, in line with the Paris Agreement, is a matter that affects everyone. In addition to operating the companies in its portfolio, Ratos endeavours to assume responsibility for reducing its own climate impact, which primarily comprises emissions from business flights. The internal environmental work is based on Ratos's Environmental Policy and environmental plan. Ratos's parent company is not subject to any specific environmental legislation. Ratos's CEO is responsible for follow-up.

Ratos reports its climate impact according to the Greenhouse Gas protocol (GHG). By measuring and

following up on our emissions, an awareness is generated as well as the possibility to reduce our consumption of energy and consumables and optimise business travel. Face-to-face meetings and networking are fundamental to our ability to do business, which is why critical business trips will continue to be prioritised. Climate compensation has been paid for all air travel since 2014 and, since 2016, Ratos only uses electricity labelled as a good environmental choice. Ratos's total emissions from the parent company amounted to 0 tonnes (46) of CO₂e in 2017 after climate compensation.

Total emissions, tonne CO ₂ e/yr	2017	2016	2015
Business trips	232	254	248
of which, air travel	216	230	207
Head office (the building)	16	20	27
of which, electricity consumption	3	3	3
Other (incl. annual report calculated from a general LCA perspective)	6	2	4
Total before climate compensation	255	276	279
Total after climate compensation	0	46	72



HL Display – future-proof product offering



Partnerships enable the development of environmentally compatible and more sustainable products.

HL Display is an international supplier of products and solutions for in-store communication and merchandising, and its customers include grocery retailers and brand manufacturers. HL's main input good is plastic, in particular, PVC. Given that oil is a raw material used in plastic and this can have a significant environmental impact, HL has initiated several strategically important development projects related to raw materials. The projects are operated in cooperation with expert organizations and are aimed at creating more sustainable and climate-adapted products for HL customers.

To identify how existing products can be improved from a sustainability perspective, HL, in cooperation with the IVL Swedish Environmental Research Institute, conducted a life-cycle analysis to map out the environmental and climate impact of HL's products from cradle to grave. Having a clear view of the current situation makes it easier to ensure that the company's development choices, such as the use of recycled

material or the development of entirely new materials, lead to the desired improvements from a sustainability perspective.

In cooperation with the Royal Institute of Technology (KTH) in Stockholm, new materials with a lower environmental impact are being developed for use in the company's products. Eight new materials have been identified for further testing and production is expected to be scaled up in 2019. HL also has a strong partnership with the Mid Sweden University in Sundsvall. Joint research is being conducted into new, more sustainable materials based on cellulose.

"In our work to develop completely new materials and products, it is invaluable to have access to the expertise that exists at, for example, KTH and IVL. As a company today, it is difficult to have specialist knowledge in a wide range of fields, which means cooperation is becoming increasingly important. Together, we can find new solutions faster, while also contributing to a more sustainable world," says Peder Clason, Group Marketing Director and head of sustainability issues in HL's management group.

Responsibility for environmental and climate impact

Climate change is one of the greatest challenges of our time and essentially impacts all countries, industries and companies. Climate change will have an increasing effect on the value of various assets and companies' possibilities to grow and be profitable in the long term. Reducing climate impact is a requirement for stable future economic development.

As an owner, we can support our companies in developing sustainable and "climate smart" products and services, and advocate for a greater focus on energy efficiency and reducing greenhouse gas emissions. 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.

A number of Ratos's companies have risks relating to environmental and climate issues by having, for example, operations in areas with a rising frequency of extreme weather (such as flooding) or operations aimed at customers in the field of fossil fuel extraction. See ► page 30-43 for comments on each company's significant sustainability issues and risks and the management of these.

All of Ratos's companies are to identify their respective environmental impact and implement an Environmental

Policy/environmental plan. Each company has a delegated responsibility to comply with relevant environmental legislation/standards, ensure that environmental permits exist, and so on, and ensure adequate processes and activities to address the identified risks and negative impact.

The companies' sustainability reports contain a compilation of energy consumption (kWh), relative energy consumption, waste management and water consumption. Measurement and follow-up of greenhouse gas emissions is a key tool for reducing climate impact. On 31 December, 40% of the companies that Ratos owned >2 years had implemented or were in the process of implementing a system for reporting their carbon footprint in accordance with the GHG protocol.

Share of companies (>2 year)
that have CO₂ reporting:

40%

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

36%

Assuming responsibility for employees in our companies



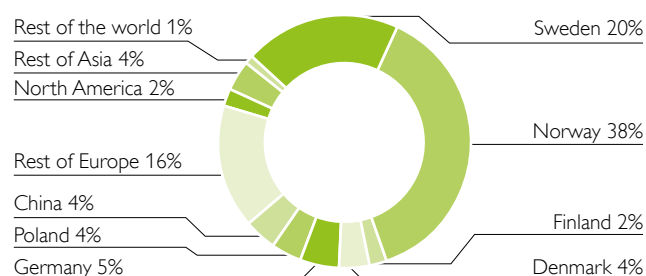
The Ratos Group has 13,200 employees, who all contribute to the implementation of Ratos's development plans in each company. Competent and committed employees in good health are a prerequisite for the implementation of Ratos's ownership agenda. Most (90%) of the employees work in the Nordic countries or elsewhere in Europe, while 7% are employed in Asia, primarily China.

Several of Ratos's companies have operations that put employees at a greater risk of personal injury. Other risks relevant to Ratos's companies comprise psychosocial health

and the risk of discriminatory behaviour. Certain companies have risks related to future talent supply. See ► page 30-43 for comments on each company's significant sustainability issues and risks and the management of these.

A positive and safe work environment, employee commitment, talent development and equality are priority issues for Ratos, as are respect for human rights and reasonable working conditions. As an 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 identified risks, the companies implement relevant guidelines and secure processes and activities for implementation, including preventive health and safety work. The annual sustainability reports contain, for example, information on sick leave and the share of women in senior positions.

Group employees per geographic area 2017



Social responsibility, including respect for human rights

Social responsibility comprises many areas, including making demands on and monitoring sub-contractors in such areas as respect for human rights, absence of forced labour and reasonable working conditions.

Several of Ratos's 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. Other risks in social responsibility related to Ratos's companies include lack of quality and safety in products or services. See ► page 30-43 for comments on each company's significant sustainability issues and risks and the management of these.

Ratos's Code of Conduct clearly stipulates that international conventions, human rights and employee rights and conditions must be respected. These principles must be reflected in the companies' own codes of conduct and in the work and demands relating to suppliers and other parties in the value chain. Ratos's Code of Conduct also includes other aspects of social responsibility. Each company has a delegated responsibility to conduct risk analyses and due diligence, establish policies, processes and activities related to significant sustainability issues and risks in its area.

Sound business ethics, counteracting bribery and corruption

Ratos is convinced that sound ethical values and regulatory compliance create the conditions for long-term survival. An assessment of the risks related to corruption and irregularities is conducted regularly as part of Ratos's annual risk mapping.

About half of Ratos's companies are considered to have an elevated risk of corruption based on their presence in geographic markets with elevated risk (according to Transparency International) or through operations in exposed industries. See ► page 30-43 for comments on each company's significant sustainability issues and risks and the management of these.

The Code of Conduct that Ratos's companies implement contains written business ethics and anti-corruption instructions. Ratos's instructions governing sustainability, compliance and risk contain principles for the companies' work on anti-corruption and the development

of anti-corruption programmes. All companies are to perform corruption risk analyses as part of their comprehensive risk mapping and management, and establish preventive routines and processes that are risk-specific. Preventive work includes guidelines for employees, training programmes for persons in positions of risk, and imposing demands and following up on business partners. During the year, Ratos also strengthened its follow-up processes concerning the companies' compliance with laws, including anti-corruption efforts.

As of 2016, Ratos's general rule is that all companies are to have an externally run whistleblowing system in place to guarantee anonymity and full integrity. On 31 December 2017, 60% of the companies that Ratos owned >1 year had implemented or were in the process of implementing such a system.

Ratos – the portfolio companies are equipped through network meetings and training

As part of its activity to drive the development of the companies' sustainability work, Ratos already imposes a requirement for sustainability reporting on the boards and owners of the companies. Most of Ratos's companies are subject to the new EU directive and Swedish legislation on company sustainability reporting, with a requirement for external sustainability reporting for companies of a certain size, which applies for the first time in the 2017 financial year.

To assist the companies and ensure a high standard of reporting, Ratos offered support and practical guidance during the year. In May, a one-day workshop on

sustainability reporting was held, with a focus on GRI, which is the most widely employed framework for sustainability reporting today. Representatives of the companies received information on the new law, how a report is compiled and what it should contain. The participants developed a plan for their companies' reporting through practical exercises and with expert support. At the network day for the companies' sustainability coordinators in September, a follow-up discussion was held, giving the companies the opportunity to share experiences and ask questions. Ratos has also compiled a written guide with examples from other companies as support.

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 to 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.

The Ratos Group has about 13,200 employees worldwide who work for one of the 14 companies that make up Ratos's portfolio of companies or in Ratos's own organisation. In the parent company, approximately 24 individuals were employed at the beginning of 2018, 13 of whom work in the investment organisation responsible for development of the companies and finding new investment opportunities. In addition, 11 Industrial Advisors are associated with the operations. Ratos's CEO and management group are responsible for the employees' work situation and talent development.

Focus on the right skills

The investment organisation is staffed with people who have extensive experience in operational development 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, legal matters, financing and accounting.

During the year, the investment organisation continued the previously initiated project aimed at 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 six different sectors, namely consumer goods/commerce, construction, industrials, energy, technology/telecom/media and healthcare.

The power of teamwork

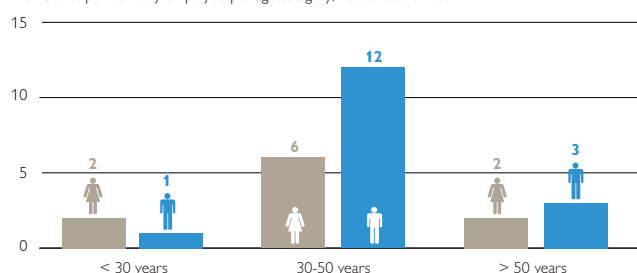
Each company has a team which normally consists of two Ratos employees, one of whom is company executive, with one or more as a member of the company's board. The composition of the team and its team spirit is key. Together with the companies' management and boards we draft ambitious business plans to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

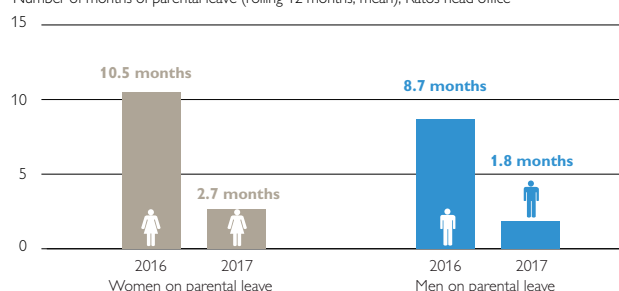
Age distribution 2017

Number of permanently employed per age category, Ratos head office



Average parental leave 2017

Number of months of parental leave (rolling 12 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 as of 31 December 2017

Number and proportion based on the type of employment in relation to gender.
The information below has been obtained from Ratos's salary system.

	Women	%	Men	%	<30 years	30-50 years	>50 years
Permanent employment ¹⁾	10	38%	16	62%	3	18	5
Management group	1	17%	5	83%		4	2
Investment organisation ²⁾	2	18%	9	82%	1	9	
Business support	7	78%	2	22%	2	5	3
Total	10		16				
Ratos's Board of Directors	3	43%	4	57%			7
Boards in the companies, excluding Ratos's investment organisation	18	31%	41	69%			
Employees who have resigned	10		6			12	4
New employees	2		2		1	2	1

¹⁾ All employees are full-time employees. Ratos employed four interns during the year, with temporary employment terms of approximately six months.

²⁾ At the beginning of 2018, two individuals had stepped down.



As CFO of Ratos, I have a diverse and engaging role. A wide variety of issues land on my desk: everything from financial reporting and follow-up of how our portfolio companies are performing to a multitude of specific and complex accounting questions. I am driven by working with the breadth of issues that my job entails, internally at Ratos and in relation to our portfolio companies. Accordingly, I work strategically and with a long-term approach, but also with a focus on resolving challenges on a short-term basis.

I support the holding teams through transactions and in various situations where my financial knowledge and expertise are of help. Historically, Ratos has operated under constant change and development, which means that we as a finance department have needed, and still need to be, adaptable and flexible. This places additional demands on us as a team, a challenge that makes my job particularly dynamic and exciting.

Carina Strid
CFO



As Investment Director and company executive at Ratos, I have a varied and stimulating role. Together with the boards of directors and management of the companies I am responsible for, we drive operational development. Ratos brings experience, competence, networks and capital to create increased growth and improved profitability.

Succeeding as an owner requires mutual trust between management, the board of directors and the owners. My view is that Ratos's contribution makes a huge difference to the companies in which we are involved. For our companies, we serve as an active sounding board that sets demands and ensures there is a comprehensive strategy in place, with ambitious operational goals for development. We are perceived as a reliable partner that challenges the status quo by providing new perspectives. Ratos is able to employ a flexible ownership horizon, which I believe is a prerequisite for ensuring long-term and sustainable development of a company.

Nebula is one of our most recent examples, in which Ratos has succeeded well as an owner in continuing to develop a successful entrepreneur-driven company, while at the same time creating major value for our shareholders.

Johan Rydmark
Investment Director

The Ratos spirit

Ratos's actions are based on our core values – 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 based on identified individual and collective needs. All employees (100%) have annual formal performance reviews.

Sick leave is generally low
and in 2017 was:

0.3%

Ratos endeavours to provide a good work-life balance. All of Ratos's employees work full time, but other alternatives are available and are determined by employee preference. The option exists to structure working hours to achieve a work-family life balance along with additional 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 2017, of those on parental leave, women were on leave for an average of 2.7 months and men for 1.8 months.

To gain access to and harness the skills of a deep pool of talent, Ratos advocates equal opportunities and diversity. Historically, Ratos has had a relatively equal gender balance in terms of the total number of employees as well as in the investment organisation in relation to the industry, although this comparative figure is lower this year.

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, health insurance, and preventive health exams.

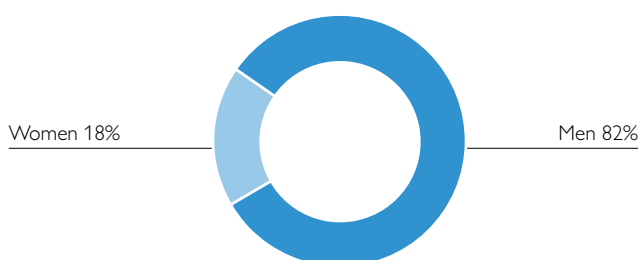
Sharing best practices

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

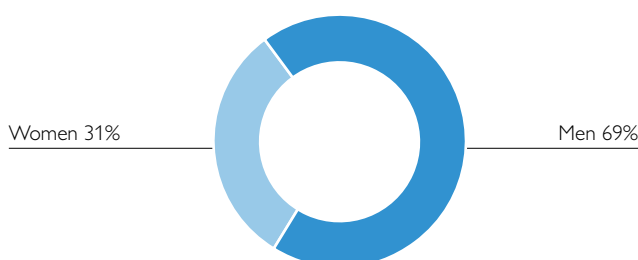
Ratos's community involvement is founded in our 150-year history where long-term responsibility is a natural part of our operations. Ratos strives to contribute to a world where people have the opportunity to make a difference by changing and developing companies, sectors and society. Through an established cooperation with Inkludera Invest, which takes social innovations to market through strong social entrepreneurs, as well as the Stockholm School of Economics and SNS, we focus our community involvement on organisations close to our business and from which we gain a mutual exchange.

Distribution, investment organisation 2017



Distribution, the companies' boards 2017

(excluding Ratos employees and employee representatives)





Ratos Talent Award

Six 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:

Nikolai Kolderup Finstad
in the category **Entrepreneurial**
Speed Group

"Already from start Niko has shown extreme commitment, skill and good business acumen. Niko was the one who was leading the Speed team to create the technical solution for Luna where Speed Group succeeded to be the first 3PL operator in the Nordics with an Autostore. The value of the contract period inclusive prolongation is estimated to a value of approx. SEK 400m which makes it to one of the largest outsourcing bids in the Nordics during 2017. Niko has also in a very short time proven to be a popular colleague that respect other individuals in a very good way and always have time to help and support other people in the organization."

Malin Höök in the category **Committed**

Bisnode

"Malin is a Bisnode knight. Through passion and dedication, she has led people all over Bisnode in our fight against our old legacy and make new clients join our new solutions. She has brought together people from Sales, Operations, Customer support and Product and made them act together - and reach results they are proud of. Especially in Sales, her never-ending love for selling and for winning with customers has been a key inspiration to new customer sales in segments where we used to have no new sales at all. Malin has consistently stepped up when others step down. She is a change agent for Bisnode's strategy and lead from the front."

Juha Röyhkiö in the category **Responsible**

LEDiL

"Juha created the application team from the beginning that now is an industry differentiator, but he has also been elemental part of building an r&d process that ensure that the products are high quality and practical to use for the customer. Juha is an inquisitive and relentless researcher of new technologies and methods to make things better, constantly gaining more know-how, learning new ways to improve, and putting his knowledge to action. He does not ask too many questions, he's too busy giving answers. Besides being a beloved co-worker, Juha is a responsible multi-tasker with deep and wide expertise, and a great mentor for those who aren't."

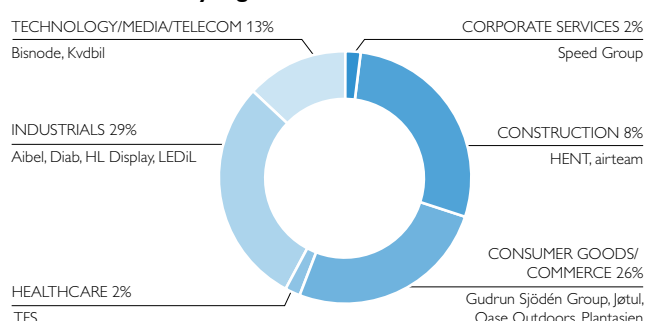
Companies overview

Ratos's portfolio of companies is made up of 14 companies that together employ some 13,200 employees with combined sales of approximately SEK 32 billion and EBITA of approximately 1.6 billion on an annual basis, not adjusted for Ratos's holding. 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 focusing on long-term value creation. Information about the companies' operations, market position, financial key figures and growth potential can be found on pages ► pages 30-43 in Ratos's Annual Report 2017.

Development of the company portfolio

For full-year 2017, sales in the company portfolio declined -2%, while EBITA increased 4% from SEK 1,008m to SEK 1,048m, pro forma and adjusted for Ratos's holdings. Bisnode and Aibel contributed the largest earnings improvement in the portfolio.

Sales breakdown by segment



Summary of Ratos's companies

SEKm	Net sales in the portfolio		EBITA in the portfolio		Cash flow from operations in the portfolio ^{A)}		Interest-bearing net debt in the portfolio	Ratos's holding
	2017	2016	2017	2016	2017-12-31	2017-12-31	2017-12-31	2017-12-31
Aibel	2,992	3,474	102	15	190	706	32	
airteam ¹⁾	571	535	54	32	79	67	70	
Bisnode	2,484	2,416	277	159	277	1,094	70	
Diab	1,382	1,456	1	105	22	743	96	
Gudrun Sjödén Group ²⁾	238	214	25	21	26	-31	30	
HENT	5,300	5,829	190	174	99	-484	73	
HL Display	1,424	1,397	42	66	48	496	99	
Jøtul	875	832	-15	0	49	436	93	
Kvdbil	346	321	30	37	20	141	100	
LEDiL ³⁾	257	242	71	70	40	242	66	
Oase Outdoors ⁴⁾	321	331	42	36	27	218	78	
Plantasjen ⁵⁾	3,960	3,650	217	230	366	2,077	99	
Speed Group	359	393	17	24	-2	-20	70	
TFS	529	475	-4	38	7	23	60	
Total adjusted for Ratos's holding	21,037	21,565	1,048	1,008	1,247	5,707		
Change	-2%		+4%					

All figures in the above table are based on Ratos's holdings. In order to facilitate comparisons between years and provide a comparable structure, where appropriate some holdings are reported pro forma. Pro formas are presented below.

^{A)} Cash flow from operations, excluding paid tax and interest, but including cash flow from investments and divestments of intangible assets and property, plant and equipment, respectively.

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

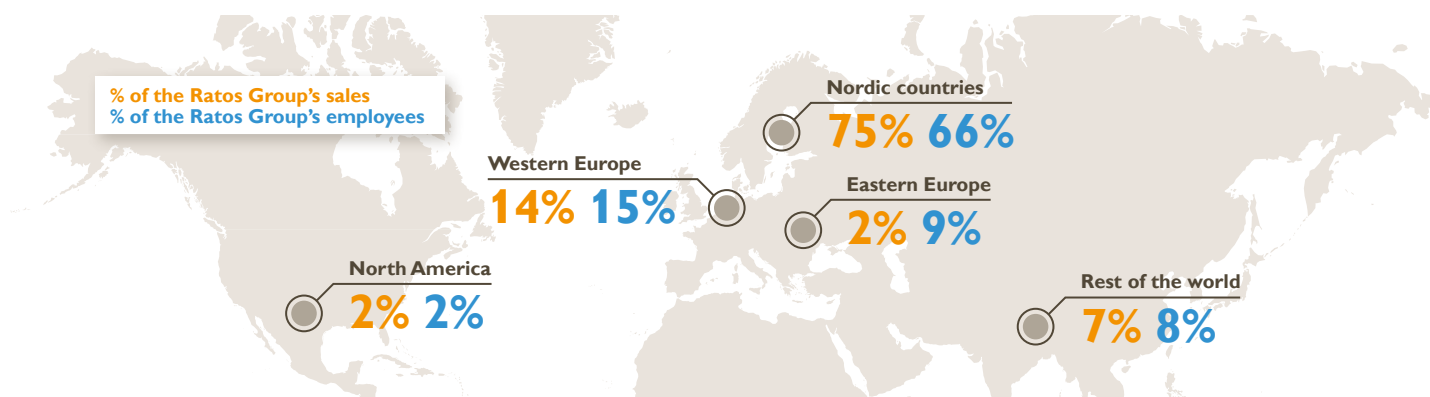
²⁾ Gudrun Sjödén Group's earnings for 2016 are pro forma in terms of Ratos's acquisition.

³⁾ LEDiL's earnings for 2017 are pro forma in terms of the changed assessment under IFRS, which has led to the capitalisation of Ledil's product tools and accordingly, an EBITA improvement of SEK 15m for 2017. No pro forma figures were calculated for 2016.

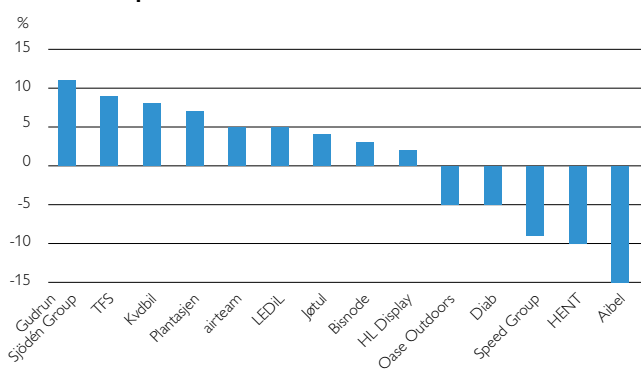
⁴⁾ Oase Outdoors' earnings for 2016 are pro forma in terms of Ratos's acquisition, and for new financing and Group structure.

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

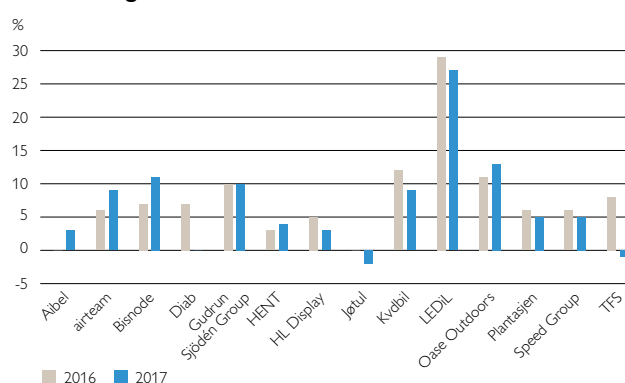
Sales breakdown and employees by geographic market



Sales development



EBITA margin



Sustainability indicators

Average number of employees	Share of women on the Board	Share of production units with ISO 14001	CO ₂ -reporting	Code of conduct in line with Ratos's	External whistleblowing system	Sustainability Report in accordance with GRI standards
3,594	0%	100%	Yes	Yes	Yes	Yes
193	25%	0%	No	No	No	Yes
2,097	20%	0%	Yes	Yes	Yes	Yes
1,373	25%	86%	Yes	Yes	Yes	Yes
329	67%	0%	Yes	Yes	No	No
877	33%	100%	Yes	Yes	No	Yes
1,006	25%	75%	No	Yes	Yes	Yes
534	33%	0%	No	Yes	Yes	Yes
173	25%	0%	Yes	Yes	Yes	No
113	20%	0%	No	Yes	No	No
87	33%	0%	No	No	No	Yes
1,368	50%	0%	No	Yes	No	Yes
707	25%	70%	No	Yes	Yes	Yes
738	33%	0%	No	Yes	Yes	Yes
13,189						

Financial performance in accordance with IFRS

The Ratos Group's net sales for 2017 according to IFRS amounted to SEK 23,059m (25,228), corresponding to a decrease of 9%, and operating profit totalled SEK 1,081m (-235). 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.

GRI Index

Ratos's sustainability reporting refers to the 2017 calendar year. This report has been prepared in accordance with the GRI Standards: Core option. Ratos has used relevant sections of GRI Sector Disclosures, Financial Services. This is Ratos's second sustainability report 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 2017 Annual Report.

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, meaning the parent company Ratos. Ratos has a significant ownership in the portfolio companies. However, a key principle in Ratos's owner model (described in Ratos's

GRI STANDARDS INDEX CORE LEVEL WITH FINANCIAL SERVICES SECTOR DISCLOSURE

Indicator/disclosure		Page in Ratos's Annual Report 2017	Comments	UNGC principles
102: GENERAL STANDARD DISCLOSURES 2017				
Organisation profile				
102-1	Name of the organisation	2		
102-2	Operations, brands, products and services	2, 3		
102-3	Location of headquarters	126, back side		
102-4	Countries served by the organisation	1		
102-5	Nature of ownership and legal form	46		
102-6	Markets served by the organisation	1, 3, 18, 28-29		
102-7	Organisation scale	18, 20-21, 28-29		
102-8	Information on employees and other workers	20-21		
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	46-47		
102-11	Precautionary principle	122	The precautionary principle is followed and refers to assessment and management of sustainability risks in connection with investments.	
102-12	External initiatives	14-15, 17, 19, 122-123		
102-13	Membership of organisations	14-15, 122	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, 14-17		
Ethics and integrity				
102-16	Values, principles and ethical guidelines	10, 14-22		10
Governance				
102-18	Governance	14, 51-58		
Stakeholder engagement				
102-40	List of stakeholder groups	14		
102-41	Collective bargaining agreements		Ratos has not entered into any collective agreements.	3
102-42	Identification and selection of stakeholders	14		
102-43	Approach to stakeholder engagement	14		
102-44	Key topics raised through stakeholders	14		
Reporting				
102-45	Entities included in the consolidated financial statements	72-73, 80-81, 112		
102-46	Process for defining report content and topic boundaries	14, 123		
102-47	List of material topics/sustainability issues	123	www.ratos.se/globalassets/global/04_hallbarhet/dokument/ratos-vasentlighetsanalys.pdf	
102-48	Restatements of information		This is Ratos's third 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		2017-03-20	
102-52	Reporting cycle	122		
102-53	Contact person for the report		Jonas Wiström, CEO +46 8 700 17 00 Helene Gustafsson, Head of IR and Press +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.	

owner policy) is that each company acts strategically, operationally and financially independent of each other. Furthermore, Ratos is not a 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's work as a 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 2017	Comments	UNGC principles
404: TRAINING AND EDUCATION 2017 – BOUNDARY RATOS'S PARENT COMPANY				
103-1 - 103-3	Sustainability governance	14, 17		3-6
404-3	Percentage of employees receiving regular performance and career development reviews	22		3-6
405: DIVERSITY AND EQUAL OPPORTUNITY 2017 – BOUNDARY RATOS'S PARENT COMPANY				
103-1 - 103-3	Sustainability governance	14, 17-18, 123		3-6
405-1	Diversity of Board of Directors, governance bodies and employees	21, 60-61		3-6
205: ANTI-CORRUPTION 2017 – BOUNDARIES RATOS'S PARENT COMPANY, HOLDINGS AND OUTSIDE THE ORGANISATION; BUSINESS PARTNERS				
103-1 - 103-3	Sustainability governance	15, 19, 56-58		10
205-1	Business units analysed for risks related to corruption	19		10
419: SOCIOECONOMIC COMPLIANCE 2017 – BOUNDARY RATOS'S PARENT COMPANY				
103-1 - 103-3	Sustainability governance	15, 19, 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	3, 14-19		1-10
FS6	Percentage of the portfolio based on the investment portfolio – region, scope, sector	3, 15-16, 18-19, 28-29		1-10
Active ownership				
103-1 - 103-3	Sustainability governance	14-19, 47	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 3 May 2018

The Annual General Meeting of Ratos AB (publ) will be held at 2:00 p.m. CET on Thursday, 3 May 2018 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 Thursday, 26 April 2018,
- notify the company of their intention to attend no later than Thursday, 26 April 2018.

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 www.ratos.se
- via phone +46 8 518 15 50 weekdays between 9.00 a.m. and 4:00 p.m.
- in writing to the following address: Computershare AB, "Ratos årsstämma 2018", Box 610, 182 16 Danderyd.

When notifying participation please state name, personal/corporate registration number, postal address, daytime telephone number and the number of assistants, if relevant.

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 no later than Thursday, 26 April 2018. 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 2017 financial year of SEK 2.00 (2.00) per Class A and Class B share. The record date for the right to receive dividends is proposed as 7 May 2018 and dividends are expected to be paid from Euroclear Sweden on 11 May 2018.

Calendar

3 May	2018 Annual General Meeting
3 May	Interim Report, January–March 2018
17 Aug	Interim Report, January–June 2018
25 Oct	Interim Report, January–September 2018

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

post: Ratos AB
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