

Centiro Group AB Communication on Progress 2020

2020-02-07
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REVISIONS

The following table shows the changes for each revision of this document. Other than editorial changes, this document has been revised as listed in Table 1 below.

Table 1: Document Revision List

VERSION	CHANGE DESCRIPTION	RESPONSIBLE	DATE
1.0	Document created	Sofia Malteby	2020-02-06

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STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

2020-02-06

To our stakeholders,

I am pleased to confirm that Centiro Group AB reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labor, environment, and anti-corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Niklas Hedin, CEO

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HUMAN RIGHTS PRINCIPLES

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.

2.1 Assessment, Policy, and Goals

Centiro is committed to influence our employees and business partners to respect the Universal Declaration of Human Rights. In our code of ethics, we make our position in the matter clear to all suppliers, employees, and partners and address the specific human rights issues and risks relevant to the company group.

Centiro policies, such as the code of ethics, the procurement policy, and the speak-up policy, set the direction to, wherever we operate, ensure people are provided safe, suitable, and sanitary work facilities, protection from workplace harassment, including physical, verbal, sexual, or psychological harassment, abuse or threats, and take measures to eliminate components that could harm or threaten human life and health during manufacturing, usage, or disposal in products used in our business.

Employees shall have the right to freely associate, organize, and bargain collectively in accordance with the laws of the countries in which they are employed. In the Centiro spirit, open communication and direct engagement between employees and management are encouraged.

The aims of Centiro's procurement policy are to ensure that the procurement process is secure and systematic, suppliers are aware of Centiro's sustainability goals, and Centiro examines products and services not only from price, but also from information security, sustainability, ethics, and CSR aspects.

2.2 Implementation

Centiro has taken the following measures to prevent human rights violations in its work locations:

- Training and awareness on Centiro's code of ethics is part of the onboarding program for employees, consultants, and service suppliers applicable as identified in the company group risk and vendor assessments.
- A speaking-up mechanism is implemented, enabling employees to submit complaints and grievances anonymously for immediate handling and board attention.
- Systematic audits and improvement. We work systematically for continuity and continual improvement. We are annually audited by external auditors and certified to the ISO 45001 standard and EcoVadis rated on gold level. We systematically perform activities such as equality and diversity assessment and plan, yearly review of our work environment management, and physical safety inspections.

2.3 Measurement of Outcomes

Centiro has below measurements and monitoring in the area to be able to continually follow up, monitor, and take appropriate action. The results are at least annually reviewed by the board or top management, as applicable.

- Breaches of our code of ethics. We have a zero tolerance regarding breaches of our code of ethics.
- High set occupational health and safety and physical work environment goals. In our global operations, we strive for the goals of zero employees with longer sickness leave due to work-related stress symptoms, zero employees that terminate their job based on an unhealthy work environment, and zero confirmed discriminations to anyone.
- Company group covering onboarding training in the code of ethics. 100 percent of employees globally are to have signed the code of ethics during recruitment process.
- Company group covering awareness training in harassment and discrimination. 100 percent of employees globally are to have participated in the training on harassment and discrimination.
- Company group covering HR education. 100 percent of employees globally are to have performed the HR training, including but not limited to, information on equality and diversity, discrimination, benefits, labor practices, and our human rights commitment.
- Monitoring of indicators to measure outcomes. We have various indicators to keep track of, for example, staff turnover, the percentage of employee sickness leave, the distribution percentage of men and women, the number of reported work accidents and near accidents, and the number of full-time employees covered by private medical- and travel insurance.
- Partner and supplier evaluation. We regularly audit and evaluate all partners and suppliers against defined principles, policies, and guidelines.
- Monitoring of applicable laws and legislation. We commit to following laws and regulations in all the jurisdictions in which we operate. we strive for the goals of zero significant fines and non-monetary sanctions for non-compliance with socioeconomic laws and regulations.

3 LABOR PRINCIPLES

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labor;
- **Principle 5:** the effective abolition of child labor; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

3.1 Assessment, Policy, and Goals

In Centiro's code of ethics, we make clear to all suppliers, employees, and partners globally where we stand in the labor practices issues. Centiro does not tolerate any form of child labor or exploitation. We do not support or use any form of forced, compulsory, or illegal labor. We comply with applicable laws and industry standards on working hours. Our employees have the right to freely associate, organize, and bargain collectively in accordance with the laws of the countries in which they are employed. In the Centiro spirit, open communication and direct engagement between employees and management are encouraged. Employees are to be informed of their employment conditions, including rights and obligations, in the employees' native language or a language they understand, for example in a written labor contract.

We comply, at a minimum, with all laws and regulations relating to wages, including minimum wages, overtime wages, and other elements of compensation, and provide legally mandated benefits, including social insurance.

3.2 Implementation

Centiro has taken the following measures to implement labor policies, reduce labor risks, and respond to labor violations in our global operation:

- Training and awareness on Centiro's code of ethics, which includes our labor principles, is part of the onboarding program for employees, consultants, and service suppliers applicable as identified in the company group risk and vendor assessments.
- As part of the company group's onboarding program, all new employees globally are offered the HR training that includes information on equality and diversity, discrimination, benefits, labor practices, among other topics.
- A speaking-up mechanism is implemented, enabling employees to submit complaints and grievances anonymously for immediate handling and board attention.
- We work systematically with occupational health and safety for continuity and continual improvement. We are annually audited by external auditors and certified to the ISO 45001 standard and EcoVadis rated on gold level.

- We regularly and systematically perform work environment activities such as equality and diversity assessment and plan, yearly review of our work environment management, and physical safety inspections.
- We continually work with the psychosocial work environment to ensure health and safety of all employees, promoting health and preventing stress. This is for example to prevent longer sickness leave due to work-related stress symptoms, which is considered one of our highest risks.
- All full-time employees are covered by medical- and travel insurances.
- Centiro does not tolerate discrimination and makes this clear in everything from top policy to company culture. All employees are made aware of our zero discriminations policy in a company group covering awareness training in harassment and discrimination.
- We ensure all Centiro employees comparable pay for comparable work. All employees get a yearly salary review and revision. In between, salary adjustments are performed as part of skills development revisions. We perform an annual salary survey and review statistics, looking at benchmarks in the industry as well as gender equality.
- Centiro is rated a great place to work by Great Place to Work® Institute, with top five rating in Sweden for nine consecutive years.

3.3 Measurement of Outcomes

Centiro has below measurements and monitoring in the area to be able to continually follow up, monitor, and take appropriate action. The results are at least annually reviewed by the board or top management, as applicable.

- Breaches of our code of ethics. We have a zero tolerance regarding breaches of our code of ethics.
- High set occupational health and safety and physical work environment goals. In our global operations, we strive for the goals of zero employees with longer sickness leave due to work-related stress symptoms, zero employees terminate their job based on an unhealthy work environment, and zero confirmed discriminations to anyone.
- Company group covering onboarding training in the code of ethics. 100 percent of employees globally are to have signed the code of ethics during recruitment process.
- Company group covering awareness training in harassment and discrimination. 100 percent of employees globally are to have participated in the training on harassment and discrimination.
- Company group covering HR education. 100 percent of employees globally are to have performed the HR training, including but not limited to, information on equality and diversity, discrimination, benefits, labor practices, and our human rights commitment.
- Monitoring of indicators to measure outcomes. We have various indicators to keep track of, for example, staff turnover, the percentage of employee sickness leave, the distribution percentage of men and women, the number of reported work accidents and near

accidents, and the number of full-time employees covered by private medical- and travel insurance.

- Equality and diversity plan. We yearly create an equality and diversity plan where we look at current numbers and plan measures as appropriate.
- Monitoring of applicable laws and legislation. We commit to following laws and regulations in all the jurisdictions in which we operate. we strive for the goals of zero significant fines and non-monetary sanctions for non-compliance with socioeconomic laws and regulations.
- Systematic audits and improvement. We work systematically for continuity and continual improvement. We are annually audited by external auditors and certified to the ISO 45001 standard and EcoVadis rated on gold level.

4 ENVIRONMENTAL PRINCIPLES

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies

4.1 Assessment, Policy, and Goals

We think it is self-evident that our services and operations should have the lowest possible adverse impact on the environment. We even want to take this one step further – we want to, with our services, reduce the negative impacts of the entire transportation industry on the environment.

Environmental care has been a corporate core value for Centiro since the company was founded in 1998, and it is an integrated part of daily business throughout the value chain. We strive to design our processes and products in such a way that energy, natural resources, and raw material are used efficiently. We aim to avoid materials and methods posing environmental and health risks.

Centiro's environmental and energy stance is outlined in our sustainability policy and on a more granular level in our environment and energy policy.

4.2 Implementation

Centiro has taken the following measures to enhance ecological awareness and minimize the adverse environmental impact in its operation:

- Training and awareness on Centiro's code of ethics is part of the onboarding program for employees, consultants, and service suppliers applicable as identified in the company group risk and vendor assessments.
- Our services create efficient transportation. With our services, positive environmental impact comes from that transportation flows are optimized, consolidated, and controlled so that optimal loads are achieved, optimal routes are chosen, less transports are needed, and goods are correctly delivered and invoiced, to name a selection.
- Green building. Creating and maintaining safe, healthy, and functional workspace and data center buildings is part of Centiro's sustainability idea. For example, we aim to use energy, water, and other resources efficiently, protecting occupant health and improving employee productivity, and reducing waste, pollution, and environmental degradation.
- Green culture. All Centiro employees can with the right mindset help protect the environment by following environmentally sustainable work practices to reduce harm on the environment and reduce wastage of resources. Examples of work practices we employ are:

reduce waste, recycle, sustainable purchases, awareness, environmental risk and business impact assessments.

- Green IT. We have designed our data centers to function efficiently with minimal impact on the environment in reducing the use of hazardous materials, maximize energy efficiency during the equipment's lifetime, and promote the recyclability or biodegradability of retired equipment. Examples of initiatives are: data centers run on 100 percent renewable energy, hot aisle/cold aisle layout design, reuse of the excess heat produced by the equipment in the data center, and use of server virtualization.
- Green travel. We aim to travel with as low negative impact on the environment as possible. Centiro policy sets the guidelines for safe and cost-effective travel that considers the environmental aspects.
- Systematic audits and improvement. We work systematically for continuity and continual improvement. We are annually audited by external auditors and certified to the ISO 14001 and ISO 50001 standard and EcoVadis rated on gold level.

4.3 Measurement of Outcomes

Centiro has below measurements and monitoring in the area to be able to continually follow up, monitor, and take appropriate action. The results are at least annually reviewed by the board or management, as applicable.

- Breaches of our code of ethics. We have a zero tolerance regarding breaches of our code of ethics.
- Company group covering onboarding training in the environmental goals. 80 percent of employees globally are to have attended the internal environmental awareness education.
- Partner and supplier evaluation. We regularly audit and evaluate all partners and suppliers against defined principles, policies, and guidelines.
- Monitoring of applicable laws and legislation. We commit to following laws and regulations in all the jurisdictions in which we operate. we strive for the goals of zero significant fines and non-monetary sanctions for non-compliance with environmental laws and regulations.
- Sustainable procurement. Suppliers that cover environmental aspects in a structured way should be at least 50 percent of the suppliers that we hire.
- Promoted green commuting. The total number of environmentally friendly (alternative energy sources other than fossil fuel) company cars and company staff cars should increase compared to the previous year with a minimum of 5 percent. The environmentally friendly company cars and company staff cars should comprise at least 40 percent of all staff and company cars by 2021.
- Use of green energy. The energy consumption of the Centiro private cloud SaaS delivery in relation to the number of customer shipments should decrease with at least five percent compared to the previous year. The energy type used within Centiro global hub facilities

including the SaaS delivery data center should be 100 percent green and renewable energy.

- Green buildings. The office global hub facilities shall maintain the Swedish Green Building Council certifications (GreenBuilding and Svensk Miljöbyggnad Guld).
- Travel habits. The amount of carbon dioxide (CO₂) emission during business travel per employee and year must not be more than one metric ton per employee.

5 ANTI-CORRUPTION PRINCIPLES

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

5.1 Assessment, Policy, and Goals

Centiro has a zero tolerance for any type of corruption. We strive towards meeting the highest standards of business ethics and integrity. This is a shared responsibility of all working at Centiro and we expect our suppliers and business partners to apply similar standards for themselves as well as in relation to their partners and suppliers. Centiro's stance on anticorruption is set out in the company's code of ethics and in "Centiro Group Fair Business Practices Policy".

We comply with local laws and international anti-corruption conventions and does not engage in any form of corrupt practices. We treat each other, our clients, our partners, and our other business relations with kindness, integrity, and respect. We comply with the laws and regulations in all jurisdictions where we do business. We do not offer or accept any rewards or benefits that violate any applicable legislation or Centiro code of ethics. We do not make decisions based on personal considerations or relationships. Centiro does not tolerate any illegal contributions, directly or indirectly, to any third parties or public officials. No Centiro employee may offer or provide, directly or indirectly, any undue advantage in exchange for personal gain of any kind.

5.2 Implementation

Centiro has taken the following measures to prevent anticorruption in its operation:

- Training and awareness on Centiro's code of ethics is part of the onboarding program for employees, consultants, and service suppliers applicable as identified in the company group risk and vendor assessments.
- A speaking-up (whistleblowing) mechanism is implemented, enabling employees to submit complaints and grievances anonymously for immediate handling and board attention.
- Centiro Group Fair Business Practices Policy has been drafted in which Centiro commits to performing business according to fair business practices.

5.3 Measurement of Outcomes

Centiro has below measurements and monitoring in the anti-corruption area to be able to continually follow up, monitor, and take appropriate action. The results are at least annually reviewed by the board or management, as applicable.

- Breaches of our code of ethics. We have a zero tolerance regarding breaches of our code of ethics.

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- Company group covering onboarding training in the code of ethics. 100 percent of employees globally are to have signed the code of ethics during recruitment process.
 - Partner and supplier evaluation. We regularly audit and evaluate all partners and suppliers against defined principles, policies, and guidelines.
 - Monitoring of applicable laws and legislation. We commit to following laws and regulations in all the jurisdictions in which we operate. we strive for the goals of zero significant fines and non-monetary sanctions for non-compliance with laws and regulations.
 - Systematic audits and improvement. We work systematically for continuity and continual improvement.