

PanLink AB

Corporate Social Responsibility

Group Policy

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PanLink AB - Corporate Social Responsibility – Group Policy

We believe that our society needs a change from unsustainable to sustainable, and that we all, as individuals and as organizations have the responsibility to do our part in making this become a reality. This document outlines the ways in which PanLink AB as a responsible company aims to contribute to this change.

PanLink AB has chosen to build its *CSR (Corporate Social Responsibility) work for sustainable development* according to the *ESG (environmental, social and governance) backbone* and globally accepted principles, like the ten principles of *UN Global Compact*, the *ETI Base Code* and *PRI (Principles of Responsible Investments)*. Please refer to the Glossary in the Appendix for further descriptions.

The ESG structure of our work is mirrored in this document, which in turn will help us to keep our principles alive and to include ESG considerations in all our business decisions. The principles in this document serve as a foundation for our business behavior as employees and are applicable to all businesses within our sphere of influence; portfolio companies and business partners.

Our opinion is that it makes sense from a business perspective to take sustainability into account when developing our portfolio, as it will enhance value creation to the benefit of our stakeholders. We are convinced that companies that address ESG issues can achieve better growth, cost savings and profitability, while strengthening stakeholder relations as well as improving their brand and reputation.

Living our core values and principles in accordance with this CSR Policy, so that they always guide our decisions, is key to our success in creating long-term sustainable value for our shareholders and other stakeholders such as our employees, business partners and the society in general. The CEO / Managing Director in each portfolio company is responsible for communicating and integrating this CSR Policy within the organization and to make sure that our values and principles are understood and applied.

The principles in this policy constitute minimum and not maximum standards, and this policy should not be used to prevent companies from exceeding these standards. All companies shall as soon as possible and in accordance with their own ability comply with these minimum standards. All companies are expected to comply with national and other applicable law and, where the provisions of law and this policy address the same subject, to apply that provision which affords the greater protection. This document should be read in conjunction with PanLink AB's Anti Bribery & Corruption – Group Policy.

This CSR Policy will be reviewed and updated if needed every second year.

Environmental Principles

All companies within PanLink AB shall strive to have environmental management systems in place, where material aspects of the environmental impact from activities and products are controlled and minimized throughout the life cycle according to legal demands and the principles stated below.

Businesses should support a precautionary approach to environmental challenges.

(UN Global Compact Principle 7)

All companies within PanLink AB shall work systematically with risk assessments and risk management in connection with any change that potentially could lead to environmental impact. The precautionary approach means focusing on prevention rather than remediation. It is more cost-effective to take early action to ensure that environmental damage does not occur.

Businesses should undertake initiatives to promote greater environmental responsibility.

(UN Global Compact Principle 8)

All companies within PanLink AB shall strive to gain and uphold legitimacy in society through meeting the increasing demands for refined environmentally sustainable practices.

Depending on what products or services the company provides, initiatives to promote greater environmental responsibility could be to make use of life cycle assessments, initiate programs with clear objectives to improve environmental performance beyond legal compliance and/or work with product design and co-operate with suppliers to improve the environmental performance throughout the value chain.

Businesses should encourage the development and diffusion of environmentally friendly technologies

(UN Global Compact Principle 9)

All companies within PanLink AB shall strive towards cleaner production processes, less contaminants, less residues and wastes, less use of raw materials and more reuse and recycling. This includes well monitored and managed processes with know-how and well maintained equipment.

Using '*best available technique*' is beneficial both for the environment and the competitiveness as it reduces costs and minimizes the risk of environmental disasters and business disruptions.

Social Principles

All companies within PanLink AB shall include human rights and labor rights aspects into their management systems and evaluate risks and performance on a regular basis.

In some countries social aspects are covered in the national legislation and no significant further activities need to be taken. Even so, as many companies have subsidiaries, suppliers or business partners on a global market with a variety in legislation, degree of implementation and culture, documented risk assessments shall be updated regularly on operations and supply chain and serve as the basis for action plans.

Businesses should support and respect the protection of internationally proclaimed human rights.

(UN Global Compact Principle 1)

All companies within PanLink AB must comply with all applicable laws and respect internationally recognized human rights, wherever they operate.

The corporate responsibility to respect human rights exists independently of States' human rights duties. This means that companies have a responsibility to respect human rights also if they are operating in an area of weak governance.

Businesses should make sure that they are not complicit in human rights abuses.

(UN Global Compact Principle 2)

Complicity means being implicated in human rights abuse caused by another company, government, individual or other group. A company could for example, indirectly become part of human rights abuses via a supplier who violates human rights. All companies within PanLink AB shall strive to have a system in place to evaluate the performance of their supply chain and other business partners in connection to human rights.

Businesses should uphold the freedom of association and the right to collective bargaining.

(UN Global Compact Principle 3)

All companies within PanLink AB shall respect the right of all workers to form and join a trade union of their choice without fear of intimidation or reprisal. All companies within PanLink AB shall also have in place non-discriminatory policies and procedures with respect to trade union organization, union membership and activities in connection to collective bargaining. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and for bargaining.

Businesses should uphold the elimination of all forms of forced and compulsory labor.

(UN Global Compact Principle 4)

Labor should be freely given. Workers should not be required to lodge "deposits" or their identity papers with their employer and employees should be free to leave their employer after reasonable notice in accordance with established rules.

All companies within PanLink AB shall make sure that they do not directly or indirectly through their business partners make use of any form of forced or compulsory labor.

Businesses should uphold the effective abolition of child labor.

(UN Global Compact Principle 5, ETI Base Code 4)

Child labor is damaging to a child's physical, social and mental development because it deprives children of their childhood and their dignity. They are deprived of an education and may be separated from their families.

All companies within PanLink AB need to have sufficient knowledge about countries, regions and sectors, economic activities in which there are greater likelihood of child labor and have policies and procedures in place to enable the determination of whether or not child labor is a problem within the business as well as the means to act properly when child labor is discovered. This includes to exercise influence on subcontractors, suppliers and other business affiliates to combat child labor.

ILO conventions¹ provide the framework for national law to prescribe a minimum age for employment that must not be less than the age for completing compulsory schooling, and in any case not less than the age of 15 years. Young persons under the age of 18 shall not be employed during night hours or in hazardous conditions

Businesses should uphold the elimination of discrimination in respect of employment and occupation.

(UN Global Compact Principle 6, ETI Base Code 7)

Discrimination in employment and occupation means treating people differently or less favorably because of characteristics that are not related to the requirements of the job. These characteristics could be: race, color, gender, religion, political opinion, national extraction, social origin, age, disability, HIV/AIDS status, trade union membership and sexual orientation.

All companies within PanLink AB shall have assigned responsibility for equal employment issues at a high level and have systems and policies in place to make sure that qualifications, skill and experience are the basis for the recruitment, placement, training and advancement of staff at all levels. Records shall be kept on these activities.

Businesses shall provide safe and hygienic working conditions

(ETI Base Code 3)

All companies within PanLink AB shall provide a safe and hygienic working environment. There shall be a system in place to prevent accidents and injury to health by minimizing hazards, so far as is reasonably practicable, and by providing regular and recorded health and safety training to all employees. This includes fire safety, chemical safety and hazardous waste safety procedures.

The responsibility for health and safety shall be assigned to a senior management representative.

Businesses shall see to that living wages are paid as a minimum

(ETI Base Code 5)

All companies within PanLink AB shall have a system in place to monitor and record that wages and benefits paid for a standard working week, at a minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs and to provide some discretionary income.

All employees shall have written agreements describing the employment conditions, receive specified pay slips and be insured by the employer during working hours. Deductions from wages as a disciplinary measure shall not be permitted.

¹ [Minimum Age Convention No. 138](#) and the [Worst Forms of Child Labor Convention No. 182](#)

Businesses shall see to that working hours are not excessive

(ETI Base Code 6)

Working hours must comply with national laws, collective agreements and be based on international labor standards. Overtime shall be according to national law, agreements between employer or employer's organization and labor's organization and compensated according to valid agreements or according to agreements between the employer and the employee.

Businesses shall provide regular employment

(ETI Base Code 8)

All companies within PanLink AB shall to every extent possible make sure that work performed, both in their own operations and in the operations of their suppliers, is on the basis of recognized employment relationship established through national law and practice.

Labor-only contracting, sub-contracting, home-working arrangements, or apprenticeship schemes shall not be used to avoid obligations towards employees arising from labor and social security legislation, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Businesses shall not allow harsh or inhumane treatment

(ETI Base Code 9)

Physical abuse or discipline, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. All companies within PanLink AB shall have clear guidelines to prevent and act upon all forms of inhumane treatment.

Governance and Business Ethics

Corporate governance which supports our principles is central to PanLink AB's CSR strategy. The requirements on our portfolio companies ensure that the companies have the necessary structures in place to support sustainability as an integrated part of all business processes.

We expect all portfolio companies to strive towards these basic requirements:

- A management system must be in place to enable compliance to our CSR policy.
- Sufficient resources must be allocated to be able to follow-up and improve the adherence to the principles in our CSR policy.
- A person who is responsible for CSR/sustainability issues in management or reporting directly to the CEO shall be nominated.
- Risk assessments identifying the company's major environmental and social risks must be carried out and updated at least annually.
- A system to evaluate and improve the performance in the supply chain and other business partners' compliance towards international conventions on environment, human rights and labour law, shall strived to be in place.
- Companies shall develop sustainability targets and indicators based on materiality assessments. The companies' sustainability initiatives must be communicated clearly.
- ESG performance shall be reported to PanLink AB on a regular basis according to instructions
- Procedures for reporting grievances and whistle-blowing shall be implemented and incidents and accidents shall be reported transparently.

Businesses should work against corruption in all its forms, including extortion and bribery.

(UN Global Compact Principle 10)

Businesses face high ethical and business risks and potential costs when they fail to effectively combat corruption in all its forms.

All companies within PanLink AB shall have implemented PanLink AB's Anti Bribery & Corruption - Group Policy, including training of employees and procedures to report incidents and actions.

Employees' behavior shall be underpinned and guided by our core values in all situations.

We endeavor to attract, develop and retain qualified and motivated co-workers in a professional environment. We expect our employees to apply PanLink AB's core values and act with honesty and integrity in all situations and in connections to co-workers, customers, suppliers, owners, organizations, authorities and any other business partner. PanLink AB's core values are listed in Appendix.

Employees should respect property and confidentiality

Company property and resources, as well as our intellectual property, should be used for legitimate business purposes only and not be used for personal gain or for others to profit from.

Employees have the duty to protect our intellectual property, just as they have the obligation to respect that of our business partners. Employees shall keep all information provided to them in their professional role during their employment confidential.

As employees we have an obligation to respect and preserve confidential information entrusted to us at all times, unless disclosure is specifically authorized or legally required. The obligation to preserve confidential information continues even after an employment has ended.

CSR Investment Principles

PanLink AB and its subsidiaries invest responsibly by the proactive consideration of ESG factors in investment research and decision-making and we look for guidance in the six principles of PRI². We recognize that sustainability aspects will affect our investments in different ways depending on company, industry and market.

PanLink AB and its subsidiaries shall work to develop the companies in which we invest, to build long-term, sustainable companies. As owners we will work actively to ensure that our subsidiaries and other holdings conduct their business in a responsible and sustainable manner.

We choose to be active in our ownership by using both our formal rights and informal influence to encourage companies to improve their management systems, their reporting and their ESG performance. We make clear demands on employees and business partners regarding the environmental, social and ethical responsibility.

PanLink AB and its subsidiaries shall have a transparent governance structure that meets national and international standards for corporate governance and business management, taking into account aspects as equality and diversity. PanLink AB and its subsidiaries shall jointly ensure that the highest governing body in the portfolio companies i.e. the Board of Directors have the right competence to manage the sustainability aspects of the business.

We will report on how we work with sustainability issues as well as providing relevant and appropriate sustainability information about the companies in which we invest.

² PRI – Principles of Responsible Investments <http://www.unpri.org/>

Exclusion Criteria

Investments shall be evaluated in isolation against our values. In situations when there are changes in the supply chain or when our portfolio companies acquire new customers an evaluation must be undertaken to assure ourselves that we comply with the CSR policy.

Appendix:

PanLink AB's core values

To help us be true to the PanLink way and ensure that we deliver our promises, we must all behave in a way that is consistent – whatever role we have in the company. Therefore, we have a set of values to guide us.

Ambition: Our ambition is what drives us and makes us continuously strive for improvement. We are eager to exceed expectations, never get complacent and to always look forward. We have an entrepreneurial spirit and we want to grow both as an organization and as individuals.

Accountability: We take responsibility for and are devoted to deliver according to agreed frameworks. We have a clear, open communication and take ownership of our actions. When we say we'll do something, we do it.

Integrity : We care about doing the right thing and we have good business ethics. We treat people with respect and equally. All our relationships are characterized by responsiveness, humbleness, transparency, discretion and mutual respect.

Glossary

BAT	Best Available Technique, the technical solution that gives the best environmental performance in a specific process under given circumstances. For further information, see https://en.wikipedia.org/wiki/Best_available_technology
CSR	Corporate Social Responsibility is defined as a corporation's initiatives to assess and take responsibility for the company's effects on environmental and social wellbeing beyond what may be required by legislation. It is the way in which companies work to achieve sustainable development.
ESG	ESG stands for Environmental, Social and Governance. ESG has become shorthand for investment methodologies that embrace ESG or sustainability factors as a means of helping to identify companies with superior business models. http://www.unpri.org/introducing-responsible-investment/ http://www.investopedia.com/terms/e/environmental-social-and-governance-esg-criteria.asp
ETI	The Ethical Trading Initiative (ETI) is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe http://www.ethicaltrade.org/
Management System	A management system is the framework of policies, processes and procedures used to ensure that an organization can fulfil all tasks required to achieve its objectives.
Material Aspects	Those topics or issues that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders.
PRI	Principles for Responsible Investment (PRI), an international network of investors supported by United Nations, working to put the six Principles for Responsible Investment into practice. Its goal is to support signatories to incorporate sustainability into their investment decision making and ownership practices. http://www.unpri.org/
Sustainability	The ability or capacity of something to be maintained or to sustain itself. If an activity is said to be sustainable, it should be able to continue forever. In the global perspective it's about living within the planetary and societal boundaries now, so that future life on earth is not jeopardized.
Sustainable development	A development that aims towards sustainability by improving products, services and standards by taking into account factors like the limitations of the planet as well as the rights and needs of people.
UN Global Compact	A UN initiative that asks companies to take a comprehensive approach to sustainability by applying ten principles. It supports companies to address the entire range of ESG issues, believing that responsible businesses enact the same values and principles wherever they have a presence. https://www.unglobalcompact.org/what-is-gc/strategy

Prepared by:	surename and name 2017-08-21	Verified by:	Kevin Quinn 2017-08-21	Approved by:	Kevin Quinn 2017-08-21
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Alterations

Edition no	Alterations and changes within new edition	Changed by:	Issue date
1	First edition		2017-08-21
2	Procedure review and core values def update	P.Napierata	2023-12-14