



LEA 02	Disclosures Monetary	Reason for Interaction	Principle PRI 1,2,3
<p>By identifying specific risks and opportunities, investors can understand the impact of their investments on the environment, social and governance (ESG) factors, and the potential for material risks and opportunities to their investments.</p> <p>Investors should consider the impact of their investments on the environment, social and governance (ESG) factors, and the potential for material risks and opportunities to their investments.</p>	<p>Type of engagement</p> <p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p><input checked="" type="checkbox"/> To support investment decision-making in & company reports</p> <p><input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input checked="" type="checkbox"/> To engage internal ESG advisors</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> <p><input type="checkbox"/> To support investment decision-making in & company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> <p><input type="checkbox"/> To support investment decision-making in & company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p> <p><input type="checkbox"/> To support investment decision-making in & company reports</p> <p><input type="checkbox"/> To influence corporate transition or identify the need for additional or</p> <p><input type="checkbox"/> Other: specify</p> <p><input type="checkbox"/> We do not engage internal staff</p>	

RI TRANSPARENCY REPORT

2016

Ratos AB

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Public							✓
OO 10	Additional information about organisation	✓	Public							✓
OO 11	RI activities for listed equities	🔒	n/a							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	n/a							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	✓	Public							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Private							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Private	✓						
SG 12	Long term investment risks and opportunity	✓	Private	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 14	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 15	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Private							✓
SG 18	Internal and external review and assurance of responses	✓	Private							✓

Direct – Private Equity				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PE 01	Breakdown of investments by strategy	✓	Public							✓
PE 02	Typical level of ownership	✓	Public							✓
PE 03	Description of approach to RI	✓	Public	✓						✓
PE 04	Investment guidelines and RI	✓	Public		✓					
PE 05	Fund placement documents and RI	🔒	n/a	✓			✓		✓	
PE 06	Formal commitments to RI	🔒	n/a				✓			
PE 07	Incorporating ESG issues when selecting investments	✓	Public	✓						
PE 08	ESG advice and research when selecting investments	✓	Private	✓						
PE 09	ESG issues in investment selection process	✓	Public	✓		✓				
PE 10	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PE 11	Encouraging improvements in investees	✓	Private	✓	✓					
PE 12	ESG issues impact in selection process	✓	Private	✓						
PE 13	Proportion of companies monitored on their ESG performance	✓	Public		✓					
PE 14	Proportion of portfolio companies with sustainability policy	✓	Public		✓					
PE 15	Actions taken by portfolio companies to incorporate ESG issues into operations	✓	Public		✓					
PE 16	Type and frequency of reports received from portfolio companies	✓	Public		✓	✓				
PE 17	Disclosure of ESG issues in pre-exit	✓	Private		✓					
PE 18	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PE 19	Examples of ESG issues that affected your PE investments	-	n/a	✓	✓					
PE 20	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓
PE 21	Approach to disclosing ESG incidents	🔒	n/a							✓

Ratos AB

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the category which best represents your primary activity.

- Non-corporate pension or superannuation or retirement or provident fund or plan
- Corporate pension or superannuation or retirement or provident fund or plan
- Insurance company
- Foundation
- Endowment
- Development finance institution
- Reserve - sovereign or government controlled fund
- Family office
- Other, specify

Ratos is an investment company listed on Nasdaq Stockholm.

OO 01.2

Additional information. [Optional]

Ratos is one of the largest investment companies in Europe. Ratos shares are listed on Nasdaq Stockholm, Large Cap. Ratos is to generate the highest possible return by actively exercising its ownership to realise the potential of a number of selected companies and investment situations. Added value is created in connection with acquisition, development and divestment of companies. In this, Ratos provides stock market players with a unique investment opportunity.

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Sweden

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

48

OO 02.4 Additional information. [Optional]

The Ratos Group has some 15,500 employees worldwide who work for one of the 18 companies that make up Ratos's portfolio of companies or in Ratos's organisation. In Ratos's parent company, approximately 50 individuals are currently employed, 25 of whom work in the investment organisation responsible for development of the companies and finding new investment opportunities. In addition, 15 Industrial Advisors are associated with the operations.

OO 03 **Mandatory** **Descriptive** **General**

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 **Mandatory** **Gateway/Peering** **General**

OO 04.1 Indicate the year end date for your reporting year.

31/12/2015

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		17	563	000	000
Currency	SEK				
Assets in USD		2	061	795	840

OO 04.5 Additional information. [Optional]

Total AUM has been defined as the market capitalization of Ratos AB at 31/12/2015. At this date, Ratos had a cash and bank balance, which is short-term and earmarked for investments.

OO 06 **Mandatory** **Descriptive** **General**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown
- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)

Listed equity	0	0
Fixed income	0	0
Private equity	>50%	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

OO 06.2

Publish our asset class mix as per attached image [Optional].

OO 09

Mandatory to Report Voluntary to Disclose

Peering

General

OO 09.1

Indicate the breakdown of your organisation's AUM by market.

Market breakdown	% of AUM
Developed Markets	<input type="radio"/> 0%
	<input type="radio"/> <10%
	<input type="radio"/> 10-50%
	<input checked="" type="radio"/> >50 %
Emerging, Frontier and Other Markets	<input checked="" type="radio"/> 0%
	<input type="radio"/> <10%
	<input type="radio"/> 10-50%
	<input type="radio"/> >50 %

OO 10	Voluntary	Descriptive	General
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OO 10.1	Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.
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Ratos has a long tradition of active ownership. The business originated in the steel wholesaler Söderberg& Haak, which was founded in 1866. Ratos was listed on the stock exchange in 1954. Today, Ratos is an active owner creating value by developing successful and sustainable companies in the Nordic market.

Ratos's focus and goal as an active owner is to contribute to long-term and sustainable operational development in our companies, and to implement value-creating transactions. Ratos invests in Nordic companies with development potential where our core expertise as an active and responsible owner creates good value growth over time. Added value is created in connection with acquisition, development and divestment of these primarily unlisted companies.

Gateway asset class implementation indicators

OO 12	Mandatory	Gateway	General
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OO 12.1	Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)
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- Private equity
- Cash
- None of the above

OO 12.3	Additional information. [Optional]
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Ratos actively manages private equity investments as directly owned companies. Ratos' cash and bank balance is short-term and earmarked for new and add-on investments.

Ratos AB

Reported Information

Public version

Strategy and Governance

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Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate what norms have you used to develop your RI policy.

- UN Global Compact Principles
- UN Guiding Principles on Business and Human Rights
- Universal Declaration of Human Rights
- International Bill of Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)
- None of the above

SG 01.4

Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].

1) Ratos works to develop the companies in which we invest, among other things, in order to build long-term, sustainable companies, which benefits many different stakeholder groups. We 2) include sustainability-related issues in our work, including our investment analyses and decision processes, 3) set clear demands and expectations for employees and business partners regarding the environment, ethics and social responsibility (described in our Code of Conduct), 4) pursue an active ownership approach and include sustainability issues in our Owner Policy and corporate governance, meaning we endeavour to ensure that our holdings conduct their business in a responsible and sustainable manner; 5) apply a transparent governance structure that meets national and international standards for corporate governance and business management; 6) provide transparent, accurate, continuous, and timely information of the highest quality and report on our corporate responsibility activities and how we work with sustainability issues as well as provide relevant and appropriate sustainability information about the companies in which we invest. 7) Ratos is open to dialogue and cooperation with relevant stakeholders, meaning organisations and individuals directly or indirectly impacted by Ratos's operations. 8) We promote the acceptance and implementation of sustainability issues in our industry.

No

SG 01.5

Additional information [Optional].

Ratos as responsible owner

Ratos's ambition as owner includes driving the sustainability agenda in our companies. Sustainability is an integrated part of the exercise of our ownership role throughout the holding period - from decision processes ahead of an acquisition to a responsible exit. Integration of sustainability in our portfolio of companies is carried out in the acquisition process and through ongoing development work.

Ratos approach to active responsible ownership

In autumn 2013, Ratos became a signatory to the UN Global Compact and Principles for Responsible Investment, PRI, principles for responsible business operations and responsible investments. These undertakings, together with Ratos's CR framework which describes our expectations and demands relating to sustainability work in the holdings, provide the base for Ratos's CR work. PRI's principles relating to the environment, social responsibility and corporate governance are an integrated part of the exercise of our ownership role throughout the holding period - from decision processes ahead of an acquisition to a responsible divestment.

Acquisition

Before making new investments, as part of the due diligence process, Ratos performs a sustainability assessment. The assessment includes an evaluation of long-term sustainability, sustainability-related risks (social and environmental issues, and business ethics including corruption risks) coupled with the company's maturity, culture and values. Ratos's investment teams are responsible for this evaluation, supported by Ratos's Head of Sustainability and external advisors for specific issues. Only in exceptional cases does this analysis result in us rejecting an investment. Rather it forms the basis for the CR plan that is drawn up to develop sustainability work during the period of Ratos's ownership.

Ratos also has a number of exclusion criteria as guidance. We cannot invest in companies that operate in the arms industry, contribute to severe environmental damage, produce or actively provide pornography or manufacture tobacco products. Further, our responsible investment policy includes specific statements regarding breaches of international conventions and climate considerations.

Development

As a responsible owner, Ratos clearly articulate expectations and demands on the holdings relating to sustainability. Ratos is a sector generalist, which means that our holdings are affected by many different issues. We therefore have both common requirements for the entire portfolio and company-specific efforts to ensure focus on sustainability issues relevant to each company. Our demands emanate from relevant legislation and the Global Compact's principles. Since 2011, Ratos's demands and expectations on its companies are clarified in our Corporate Responsibility (CR) framework. It has a basic level that applies to all subsidiaries, and a number of additional modules with requirements for specific companies based on their operations and market presence. In addition, Ratos encourages own initiatives which strengthen the company's sustainability work and sustainable business development.

The base for each company's sustainability work should constitute a well-defined strategy and set targets, anchored in the company's board, including a plan for how the CR framework will be implemented and complied within operations. The management of each holding is responsible for drafting a plan for how the CR framework will be

implemented and complied with in operations. The holdings' boards have overall responsibility for strategy and setting goals and are expected to receive a report about and discuss how the company's sustainability work is developing at least once a year. We have an ongoing dialogue with each company's management and sustainability manager to bolster each company's sustainability efforts during our ownership. We also lend concrete support. Ratos's annual CR Forum creates networks and opportunities to share inspiration and best practice between the companies. Practical tools are provided to facilitate implementation, including Ratos's CR Handbook, the whistleblowing and climate reporting systems, and more.

Divestment

Ratos will carry out responsible divestments, in accordance with our business model, where we combine long-term good development with the highest possible returns.

SG 02	Mandatory	Core Assessed	PRI 6
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SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.
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- Policy setting out your overall approach

URL

http://www.ratos.se/Global/03_CR/policyer/Ratos%20policy%20for%20CR%20and%20Responsible%20Investments.pdf?epslanguage=en

- Formalised guidelines on environmental factors
- Formalised guidelines on social factors
- Formalised guidelines on corporate governance factors
- Screening / exclusions policy

URL

http://www.ratos.se/Global/03_CR/policyer/Ratos%20policy%20for%20CR%20and%20Responsible%20Investments.pdf?epslanguage=en

- We do not publicly disclose our investment policy documents

SG 03	Mandatory	Core Assessed	General
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SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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- Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
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Statement from the Ratos Code of Conduct, of which all employees are informed and understanding is confirmed regularly:

Conflicts of interest are avoided. Ratos's employees shall always work in Ratos's best interests and avoid all acts that might be perceived as favouring a company, organisations, individuals or other stakeholders at Ratos's expense. Employees shall avoid all types of activity that violate the company's interests or have a negative effect on the employee's judgement and integrity. Agreements with or other forms of assignment to related parties should be avoided, and always be notified to and approved by the immediate supervisor or group management.

No

Objectives and strategies

SG 04	Mandatory	Gateway/Core Assessed	General
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SG 04.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05	Voluntary	Descriptive	General
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SG 05.1 List the main responsible investment objectives that your organisation set for the reporting year.

Responsible investment processes

- Provide training on ESG incorporation

Key performance indicator

Number of training sessions conducted for the investment organisation during the year

Progress achieved

Training conducted regularly, with two larger sessions during the year.

- Provide training on ESG engagement
- Improved communication of ESG activities within the organisation
- Improved engagement to encourage change with regards to management of ESG issues
- Improved ESG incorporation into investment decision making processes
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

Financial performance of investments

- Increase portfolio performance by consideration of ESG factors
- Other, specify (1)
- Other, specify (2)
- Other, specify (3)

ESG characteristics of investments

- Over or underweight companies based on ESG characteristics
- Improve ESG ratings of portfolio
- Setting carbon targets for portfolio
- Other, specify (1)

Other description (1)

Objectives for responsible investment and ownership established

Key performance indicator

1. Before acquisition, all new investments are subject to a sustainability or ESG screening.

Progress achieved

100% achieved (three acquisitions made during the year)

- Other, specify (2)

Other description (2)

2. All the companies we sell have an established sustainability plan

Key performance indicator

- a) Sustainability agenda with top issues and activities
- b) Short- and long-term sustainability goals established and followed-up
- c) Yearly sustainability reports from holdings

Progress achieved

Progress made on all objectives. All companies (> 1 year) submitted a status report for sustainability. The quality needs to be strengthened, however (focus 2015-16). The companies' sustainability goals will be clarified during 2016.

- Other, specify (3)

Other description (3)

Climate related objective

Key performance indicator

3. For each company: reduce the climate impact and energy consumption per SEK of sales during the holding period.

Progress achieved

Objective established during 2015. During 2016, all companies to establish baseline and system for reporting emissions.

Other activities

- Joining and/or participation in RI initiatives
- Encouraging others to join a RI initiative
- Documentation of best practice case studies
- Using case studies to demonstrate engagement and ESG incorporation to clients
- Other, specify (1)

other description (1)

Sustainability governance

Key performance indicator

4. The board is ultimately responsible and involved: all company boards have defined the sustainability goals and follow-up initiatives at least once a year.

Progress achieved

In 100% of the companies we owned > 1 year, the Board has presented and discussed the company's sustainability efforts during the year.

- Other, specify (2)
- Other, specify (3)

Governance and human resources

SG 06	Mandatory	Core Assessed	General
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SG 06.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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Roles present in your organisation

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
Deputy CEO and Investment Director
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
- Investment analysts
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Investor relations
- Other role, specify
Investment Directors/Senior Managers/Managers

Other description (1)

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify

SG 06.3

Indicate the number of dedicated responsible investment staff your organisation has.

Number

1

SG 06.4

Additional information. [Optional]

Ratos's active ownership necessitates a clear division of responsibility and follow-up. Ratos's CEO and Head of Sustainability share the overall responsibility for Ratos's sustainability strategy and initiatives. The Head of Sustainability defines and coordinates requirements, guidelines and follow-up of the companies' sustainability work and assists Ratos's company teams and the companies themselves when necessary. The CEO and management of each company have operational responsibility for the company's CR work. Each company board is ultimately responsible for ensuring the company complies with Ratos's and the company's policies and guidelines. Each company has an established process that enables the board to regularly follow-up sustainability efforts and that stipulates that the board is expected to receive a report about and discuss the progress of sustainability efforts at least once a year. Each company's board ensures that the company meets Ratos's sustainability requirements and performs an annual review of work on these issues.

Promoting responsible investment

SG 08

Mandatory

Core Assessed

PRI 4,5

New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 08.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

Select all that apply

Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion
- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Financial Action for the 21st Century
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

SG 09

Mandatory

Core Assessed

PRI 4

SG 09.1

Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

- Yes

SG 09.2

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
 - Provided financial support for academic or industry research on responsible investment
 - Encouraged better transparency and disclosure of responsible investment practices across the investment industry
 - Spoke publicly at events and conferences to promote responsible investment
 - Wrote and published in-house research papers on responsible investment
 - Encouraged the adoption of the PRI
 - Wrote articles on responsible investment in the media.
 - Other, specify
- No

Ratos AB

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Public version

Direct – Private Equity

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Overview

PE 01

Mandatory to Report Voluntary to Disclose

Descriptive

General

PE 01.1

Provide a breakdown of your organisation's internally managed private equity investments by investment strategy.

Investment strategy	Percentage of your internally managed private equity holdings (in terms of AUM)	
Venture capital	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Growth capital	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	
(Leveraged) buy-out	<input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%	
Distressed/Turnaround/Special Situations	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Secondaries	<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0%	
Other investment strategy, specify		<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Other investment strategy, specify		<input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0%
Total	100%	

PE 01.2

Additional information. [Optional]

Investment strategy

Ratos invests mainly in unlisted medium-sized Nordic companies with clear development potential. The enterprises should have an established business model through which Ratos and the companies can together identify and then realise a potential. Normally, Ratos is the largest owner in the companies, but we can also have a minority holding. However, our constant ambition is to be a committed owner that takes part in and can influence the companies' development. We gladly co-invest with entrepreneurs and other owners, and we have a minimum holding of 20%.

We normally invest a minimum of SEK 250m and a maximum of SEK 5bn in equity. Ratos does not invest in the early phases of companies' life cycles. Ratos invests in enterprises that are headquartered in the Nordic region. No geographic limits exist for add-on acquisitions to our companies.

PE 02	Mandatory to Report Voluntary to Disclose	Descriptive	General
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PE 02.1	Indicate the level of ownership you typically hold in your private equity investments.
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- a majority stake (>50%)
- 50% stake
- a significant minority stake (between 10-50%)
- a minority stake (<10%)
- a mix of ownership stakes

PE 02.2	Additional information. [Optional]
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Normally, Ratos is the largest owner in the companies, but we can also have a minority holding. We gladly co-invest with entrepreneurs and other owners, and we have a minimum holding of 20%.

PE 03	Voluntary	Descriptive	PRI 1-6
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PE 03.1	Provide a brief overview of your organisation's approach to responsible investment in private equity.
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Company-specific value creation through active responsible ownership

As a responsible owner, we create value by establishing companies with a pronounced sustainability agenda. Our focus on sustainability stems from a conviction that sustainable business is value-generating and necessary for continued sound development in Ratos and society. To preserve and create value, Ratos conducts structured sustainability initiatives with demands and support to each individual company.

Our approach to responsible investment in private equity is described in the previous sections on overall approach, strategy and governance. The same approach and thinking is applied in all investments.

PE 04	Mandatory	Core Assessed	PRI 2
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PE 04.1	Indicate if your organisation's investment guidelines for private equity refer to responsible investment.
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- Our investment guidelines do refer to responsible investment

PE 04.2	Describe how your organisation's investment guidelines outline your expectations on staff and portfolio companies' approach towards ESG issues [Optional].
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Please see earlier sections on overall approach and responsible investment policy.

- Our investment guidelines do not refer to responsible investment
- We do not have investment guidelines

Pre-investment (selection)

PE 07

Mandatory

Gateway

PRI 1

PE 07.1

During due-diligence indicate if your organisation typically incorporates ESG issues when selecting private equity investments.

Yes

PE 07.2

Describe your organisation's approach to incorporating ESG issues in private equity investment selection.

Please see earlier sections on responsible investment practices.

Before making new investments, as part of the due diligence process Ratos performs an evaluation of risks and opportunities as well as the company's maturity level and values within sustainability. Ratos's investment teams are responsible for this evaluation, supported by Ratos's Head of Sustainability and external advisors for specific issues. Only in exceptional cases does this analysis result in us rejecting an investment. Rather it forms the basis for the CR plan that is drawn up to develop sustainability work during the period of Ratos's ownership.

Ratos also has a number of exclusion criteria as guidance. We cannot invest in companies that operate in the arms industry, contribute to severe environmental damage, produce or actively provide pornography or manufacture tobacco products. Ratos also has specific statements considering international conventions and climate change.

No

PE 09

Mandatory

Core Assessed

PRI 1,3

PE 09.1

Indicate which E, S and/or G issues are typically considered by your organisation in the investment selection process and list up to three typical examples per issue.

ESG issues

Environmental

List up to three typical examples of environmental issues

Environmental liabilities and/or exposure

Constrained resources, dependence on fossile resources

Environmental policies and practices in place

Social

List up to three typical examples of social issues

Policies and practices relating to health and safety of employees

Risk assessment of operations and value chain from human rights and labour rights perspective

Labour/trade union relations

Governance

List up to three typical examples of governance issues

Corporate culture and values

Implementation of policies and practices, e.g. code of conduct, anti-corruption instructions
 Risk assessment processes

PE 09.2	Additional information. [Optional]
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Emphasis placed on corporate culture and values, especially management's approach to sustainability. We also evaluate current overall practices and resources within sustainability.

Post-investment (monitoring and active ownership)

PE 13	Mandatory	Gateway/Core Assessed	PRI 2
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PE 13.1	Indicate whether your organisation incorporates ESG issues in investment monitoring of portfolio companies.
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Yes

PE 13.2	Indicate the proportion of portfolio companies where your organisation included ESG performance in investment monitoring during the reporting year.
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- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies

(in terms of total number of portfolio companies)

PE 13.3	Indicate ESG issues for which your organisation typically sets and monitors targets (KPIs or similar) and provide examples per issue.
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ESG issues

Environmental

	List up to three example targets of environmental issues
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Energy use: total usage (kWh) and relative usage (kWh/SEKm)
 Emissions: total CO2e (scope 1, scope 2, business travel scope 3)
 Waste: total and per fraction (tonne)

Social

	List up to three example targets of social issues
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Sick leave (%)
 Proportion of women in management team (%)
 Accident frequency (#)

Governance

List up to three example targets of governance issues

KPIs linked to the company's most important ESG-issues followed (Y/N)

Code of Conduct implemented (in line with Ratos principles) (Y/N)

Externally operated whistleblowing system (Y/N)

We do not set and/or monitor against targets

No

PE 13.4 Additional information. [Optional]

We aim to set appropriate, specific and clear requirements for each holding based on their activities and material sustainability issues. In addition to the common indicators in the CR framework, each company is encouraged to develop their own objectives with targets and baseline, to enable follow-up of progress.

PE 14

Mandatory

Core Assessed

PRI 2

PE 14.1

Indicate if your organisation tracks the proportion of your portfolio companies that have an ESG/sustainability-related policy (or similar guidelines).

Yes

PE 14.2

Indicate what percentage of your portfolio companies has an ESG/sustainability policy (or similar guidelines).

- >90% of portfolio companies
- 51-90% of portfolio companies
- 10-50% of portfolio companies
- <10% of portfolio companies
- 0% of portfolio companies

(in terms of total number of portfolio companies)

No

PE 14.3 Additional information. [Optional]

Since 2014 all subsidiaries owned by Ratos for at least one year have their own code of conduct which complies with Ratos's code of conduct. New holdings are expected to implement such a code of conduct within one year.

ESG/sustainability policy is here interpreted as a sustainability strategy and plan. The management of each Ratos holding is responsible for drafting a plan for how Ratos CR framework and relevant sustainability work will be implemented in the business and operations. The holdings' boards have overall responsibility and are expected to receive a report about and discuss how CR work is developing at least once a year.

PE 15

Voluntary

Additional Assessed

PRI 2

PE 15.1

Indicate the types of actions taken by your portfolio companies to incorporate ESG issues into operations and what proportion of your portfolio companies have implemented these actions.

Types of actions taken by portfolio companies

- Allocate responsibility for ESG issues to board/senior management

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Composition of board ensure ESG expertise
 Consider ESG issues in risk management processes

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Define performance targets for applicable ESG issues in operations

Implemented by percentage of portfolio companies

- >90% of portfolio companies
 51-90% of portfolio companies
 10-50% of portfolio companies
 <10% of portfolio companies
 We do not track this information

(in terms of total number of portfolio companies)

- Define when engagements with stakeholders should be carried out to discuss ESG issues
 Other actions, specify
 None of the above

PE 15.2

Describe how your organisation contributes to the portfolio companies' resourcing and management of ESG issues.

Ratos's aim is to strengthen the holdings' sustainability work during the holding period. We do this through:

- Clear demands and expectations: provided among other things through Ratos's CR framework.
- Networks: experience and expertise is shared between the holdings and via the Ratos CR Forum.
- CR handbook: material and tools for the holdings within various sustainability areas.
- Resources: frame agreements and implementation support for whistleblowing system and system for emissions reporting.

- Hands on support: ongoing dialogue, sounding-board and training for the investment organisation and holdings.

PE 16	Voluntary	Descriptive	PRI 2,3
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PE 16.1	Indicate the type and frequency of reports you request and/or receive from portfolio companies covering ESG issues.
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Type of reporting

Overarching portfolio company reports (or similar) where management disclosure, financial and ESG data are integrated

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

Standalone reports highlighting targets and/or KPIs covering ESG issues

Typical reporting frequency

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

Other, specify

No reporting on ESG issues requested and/or provided by portfolio companies

PE 16.2	Additional information.
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All subsidiaries are since fiscal year 2014 required to submit a yearly status report regarding sustainability to Ratos, including a discussion of their most relevant sustainability issues, activities and targets set for these and a status report with regards to the Ratos CR framework, including selected indicators. The reporting of indicators is integrated into Ratos financial reporting system.

Communication

PE 20	Mandatory	Core Assessed	PRI 6
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PE 20.1

Indicate whether your organisation proactively discloses ESG information on your private equity investments.

Disclose publicly

provide URL

<http://www.ratos.se/en/Sustainability/>

PE 20.2

Indicate whether the type of ESG information you proactively provide to the public is the same as that you provide to your clients (LPs)/beneficiaries.

Yes

PE 20.3

Indicate the type of ESG information that your organisation proactively discloses to the public and/or your clients (LPs)/beneficiaries.

- ESG information in relation to our pre-investment activities
- ESG information in relation to our post-investment monitoring and ownership activities
- Information on our portfolio companies' ESG performance
- Other, specify

PE 20.4

Indicate your organisation's typical frequency of disclosing ESG information to the public and/or your clients(LPs)/beneficiaries.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc/when requested, specify

PE 20.7

Describe the ESG information and how your organisation proactively discloses it to the public and/or clients (LPs)/beneficiaries. [Optional]

Information is provided in our annual report, published on our website, as well as the extract from the annual report provided as our sustainability report.

- No
- Disclose to investor clients (LPs)/beneficiaries only
- No proactive disclosure to the public or to clients (LPs)/beneficiaries

PE 20.8

Additional information. [Optional]

As we are a publicly listed company, we do not have separate clients/LPs/beneficiaries.