

Supplier Due Diligence Process

A practical guide to achieve supply chain sustainability in Coor Procurement



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Supplier Due Diligence Process

The content in this document is a summary of the supplier due diligence process. It can be used to distribute internally or externally in the purpose to inform regarding our way of working with supply chain due diligence. The supplier due diligence is integrated in the overall procurement process. The supplier due diligence process describes how Coor works with suppliers in the purpose to develop a sustainable supply chain. The process is based on the OECD Due diligence guidance for responsible business conduct and UN's Guiding Principles on business and human rights.

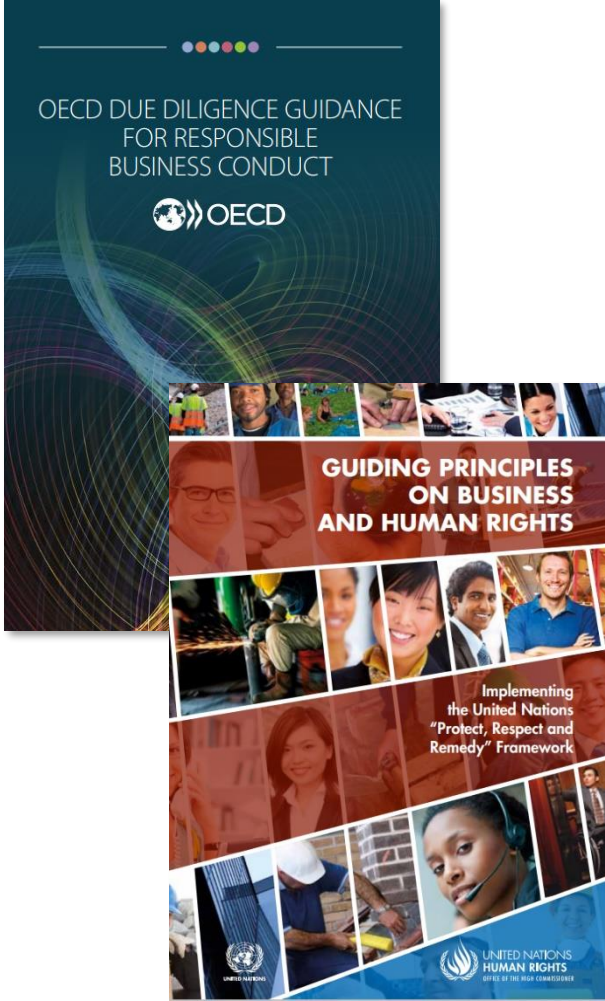
Mission, vision & strategy

Coor's overall ambition is to develop sustainable relationships with our suppliers. Coor's vision and long-term ambition has a methodology based on the triple bottom line, i.e., business responsibility, social responsibility, and environmental responsibility. Coor's sustainability strategy is targeted and measured according to Triple bottom line and followed up on a Quarterly / Annually basis.

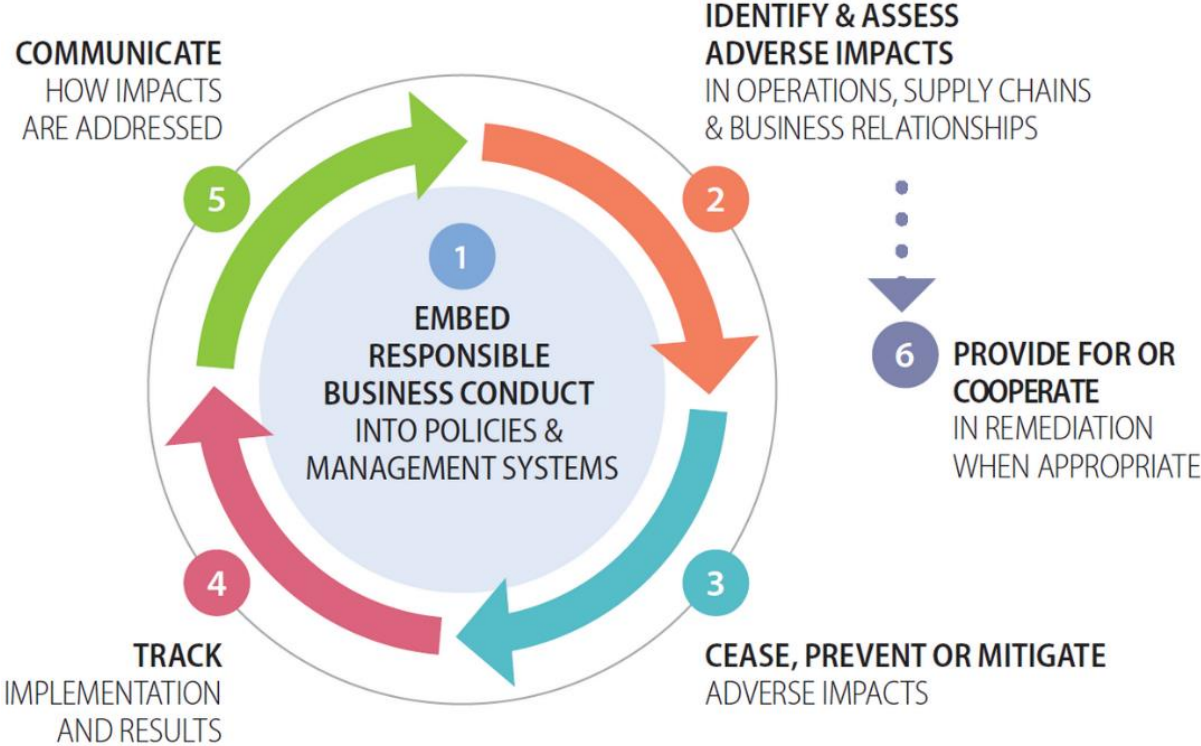
Guidelines and processes regarding human rights, labour rights, environmental and anti-corruption

The process implemented at Coor is built upon the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises and it helps us to identify, prevent, mitigate and account for how we address these actual and potential adverse impacts in our operations, supply chain and other business relationships. The purpose of due diligence is first and foremost to avoid causing or contributing to adverse impacts on

people, the environment and society, and to seek to prevent adverse impacts directly linked to operations, products, or services through business relationships. When involvement in adverse impacts cannot be avoided, the due diligence process should enable us to mitigate them, prevent their recurrence and, where relevant, remediate them.



Below, our approach to each step is described how Coor manages due diligence in supply chain.



1. Embed responsible business conduct

Governance

The Procurement organization is an integral part of our business operations by delivering value throughout our supply chain. Coor strives to develop our supply chain and work with sustainability throughout the procurement process. We work according to our sustainability policy and have integrated this in our procurement strategy as part of our daily business. In support of this, Coor has developed policies and governing documents: Sustainable Procurement policy, Code of conduct for suppliers, Sustainability requirements for suppliers, Information Security requirements for suppliers and General terms and conditions.

Responsible Procurement process

Purchases should contribute to Coor’s long-term profitability through a range of sustainable products and services in both the short and long term. Coor expects a high standard at all stages of the value chain and strives to ensure that it operates in accordance with sound business ethics in its relations with suppliers. Coor is a signatory to the UN Global Compact and contributes to the achievement of its goals by taking a clear position in its procurement policy and Responsible procurement process, which are inspired by the UN Global Compact Management Model and its six steps: commit, assess, define, implement, measure, communicate, as illustrated below:



The model sets a good foundation for continuously working to improve our supply chain practices in accordance with UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

2. Identify and assess adverse impacts

Negative impact and salient risks in supply chain

Coor performs risk-based due diligence by regularly and systematically identifying and assessing risks and consequences linked to human rights, labour rights, the environment and business ethics in its value chain and uses this information to avoid, mitigate or remedy the effects to ensure that the company conducts its business in a responsible manner.

In the end of 2022 Coor performed its first formally comprehensive Human Rights Impact Assessment (HRIA) to set a process that creates a clear overview of our human rights related risks. In the HRIA two procurement categories were prioritized and assessed, Food & Beverage and Clothes & Footwear.

During 2023 and beginning of 2024 Procurement have done an extensive risk assessment that covers all purchased goods and services, to fully understand the supply chain risks and opportunities. The risk assessment is harmonized on Nordic level and the same process applies to all Coor companies. The risks indicators identified and assessed were:

Environmental

- Climate impact
- Biodiversity and deforestation
- Water use and availability
- Air pollution
- Soil and groundwater pollution

Human rights

- Right to not be subject to slavery and forced labour, including the right to freedom of movement
- Right to liberty and security
- Protection of property

- Right to freedom from discrimination, harassment, and sexual harassment
- Right to an adequate or satisfactory standard of living
- Right to life and health
- Right to work
- Right to protection of the child
- Indigenous peoples' rights to their lands, territories, and resources, as recognized in the UN Declaration on the Rights of Indigenous Peoples

Labour rights

- Elimination of all forms of forced or compulsory labour
- Effective abolition of child labour
- Anti-discrimination in respect of employment and occupation
- Freedom of association and collective bargaining including non-discrimination of union members
- Working conditions (e.g., wages, working hours, safe and hygienic work environment)

Anti-corruption

- Procurement
- Sales
- Import and export of goods
- Government interaction
- Political support
- Security Protocols
- Social Programs
- Charitable contributions and sponsorships
- Corruption risks in Specific countries
- Corruption risks in specific industry

Coor have a comprehensive risk register covering all purchased goods and services. Read more about the salient risks in the appendix.

3. Cease, prevent or mitigate

Managing risks in supply chain

The most salient risks identified in the risk assessment are prioritized to actively manage and work with activities and other initiatives to mitigate the identified risk. Coor has established Supplier Due Diligence processes that cover the entire life cycle of procured goods and services.

Requirements to become a new supplier to Coor

To ensure a sustainable supply chain, Coor has developed contract templates that support Coor's long-term ambitions to become truly sustainable. This includes setting clear requirements for Coor's supply chain with regards to the Code of Conduct, the Supplier Code of Conduct, Sustainability requirements and information security requirements. To ensure that our requirements are met, Coor places a strong emphasis on compliance with our Code of Conduct and with contract terms. The supplier must be able to demonstrate sound sustainability practices for design, manufacture, and delivery. Negative social and environmental consequences throughout the life cycle must be reduced and factors such as energy consumption, material use, and final disposal must be considered.

Supplier Code of Conduct

Coor's goal is to become a truly sustainable company. This means that Coor strives to act as a good corporate citizen that not only takes responsibility for its own development but also for its impact on all people, the environment and society. The basis for corporate responsibility, and for Coor's sustainability management, is determined by the UN through its "Protect, Respect and Remedy"

framework and the accompanying Guiding Principles on Business and Human Rights. Since 2014, Coor has been working actively on a Supplier Code of Conduct, which suppliers are required to accept before a contract is signed. A breach of the Code is treated as a breach of contract and can lead to the termination of Coor's relationship with the supplier. Among other requirements, the Code requires that all Coor's suppliers comply with the principles of the UN Global Compact, the UN international human rights framework, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Anti-Bribery Convention. In 2022, we updated our Supplier Code of Conduct and further clarified our requirements regarding the SDGs, human rights, working conditions, climate, modern slavery, and child labour.

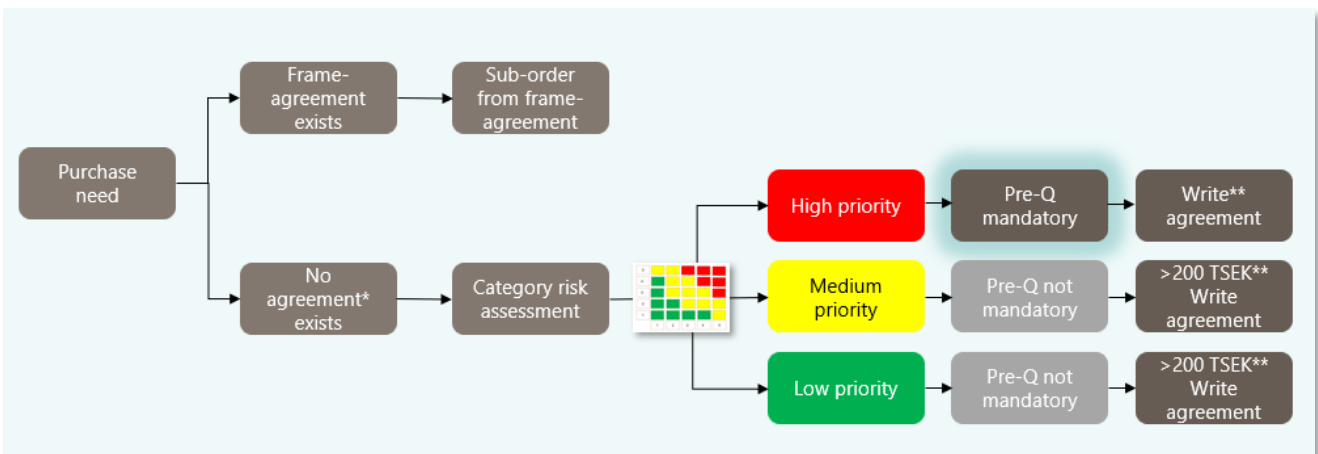


Mitigate salient impacts

The most effective tool to mitigate the risk is before entering an agreement and use leverage to influence the supply chain. The Pre-Qualification is a mandatory process for all suppliers to go through before they are approved to start delivering to Coor.

When to pre-qualify a new supplier

All suppliers within procurement categories that are classified as high priority must be pre-qualified before an agreement is signed. Within medium and low priority procurement categories it is not mandatory to perform a pre-qualification, but an agreement should always be signed when the purchase value exceeds 200 TSEK. See Appendix: salient supply chain risks, for all categories assessed as High priority.



Pre-Qualification process, Supplier Due Diligence process.

4. Track

Monitoring of supply chain risks

Coor actively monitors compliance with the company's Supplier Code of Conduct. Every year, a plan for supplier monitoring is formulated based on the risk assessment for our supply chain, this states which suppliers need to be evaluated and audited.

Audit and Evaluation

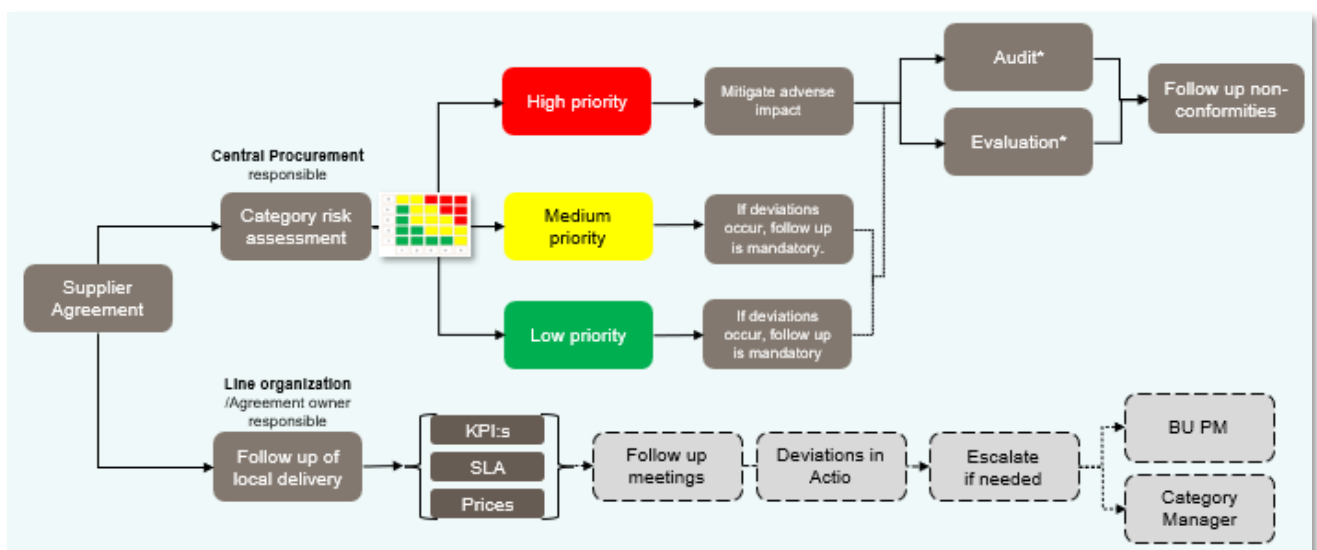
In our supplier follow-up process, we are conducting audits and evaluations. The level of follow-up is based on the risk assessment of the procurement categories. This is the minimum level of follow-up, and every country can apply a more stringent process. In a supplier evaluation, suppliers answer questions regarding compliance with Coor's Supplier Code of Conduct, quality, environment, working environment, and health and safety. The supplier audits are carried out either on site at the supplier's premises or online. The auditor monitors compliance by interviewing staff, reviewing documents and, where possible, inspecting the work environment. It is up to every country to decide if an external auditor is used or if the audit is performed with own staff from HSEQ department.

Follow up non-conformities

All non-conformities are documented, and necessary actions are planned. A report is compiled after the supplier audit has been completed. All deviations are documented in Actio when audit is performed with own staff from HSEQ. The supplier normally has 90 days to respond to deviations in the audit report. If serious deviations are discovered that Coor considers to be a breach of the agreement, we may decide to terminate the contracts on this basis.

Supplier Performance Evaluation

To continuously improve our service delivery to our customers it's important to work with performance measurement in our supply chain. On a yearly basis supplier performance is measured by line management in 5 categories: Criticality, Delivery, Cooperation, Finance and Safety. Coor Procurement monitors supplier performance and KPI's are followed up continuously to develop supplier relationship and the service delivery to our end customers.



5. Communicate

Communicating transparently on progress in supply chain

Coor communicates transparently its supply chain activities with stakeholders by publishing relevant KPI's on website, in supplier dialogue and in yearly sustainability report.

Climate targets

Coor's target for Scope 3 is for 75 per cent of emissions from purchased goods and services

as well as distribution and upstream transport to come from suppliers who have had their climate targets approved by the SBTi by 2026 at the latest.

Supplier engagement

Coor Procurement have a continuous dialogue to create supplier engagement by hosting webinars, quarterly meetings, seminars, and trainings.

“We have got so far in our efforts to promote sustainability that we will be turning down suppliers whose climate goals are not as ambitious as our own. To realise the transition that is necessary to create an environmentally sustainable service industry, all parties need to take responsibility for their part of the delivery. Only then will we be able to achieve the change required to fulfil the Paris Agreement,”

28 Responsible business | Focus on sustainability

Making Nordic workplaces more sustainable

At Coor, we integrate sustainability into everything we do. We set clear and measurable goals for our commercial operations as well as for our social and environmental sustainability management. Our vision is to become a truly sustainable company.

Coor delivers value in three dimensions: business, social and environmental. The balance between these three dimensions is central to our efforts to promote sustainability, which are integrated into all aspects of our business and all important decisions. Satisfied customers, strong employee commitment, inclusion and a reduced carbon footprint are important driving forces for us.

We spend a large part of our lives in our workplaces, where we want to experience a healthy, well-functioning and welcoming environment. At the same time, society is facing major environmental and climate challenges that require us to use the planet's resources more sparingly. Faced with these challenges, Coor is doing everything it can to create the best work environments in the Nordics.

We create added value for our customers by delivering experiences and services that contribute to the three sustainability dimensions and help them achieve their goals – in sustainability and for the business as a whole. Through appropriate property maintenance and needs-based cleaning, we reduce water and heat and reduce waste while at the same time creating a better work environment. We offer good food with health and the environment in mind. Together with start-ups and other players, we offer innovative solutions that save energy and reduce CO₂ emissions among other benefits.

We want to attract, hire and retain the best employees in the industry. With the right training and the right equipment, we create safe, secure and thriving workplaces. We are also an engine of integration that welcomes those who are far removed from the labour market into our context. The goal of all our efforts is to make Nordic workplaces more sustainable – businesswise, socially and environmentally.




WE SUPPORT



Coor joined the UN Global Compact in 2022 and has signed the initiative's Ten Principles for human rights, labour, environment and anti-corruption.

COOR | ANNUAL REPORT AND SUSTAINABILITY REPORT 2023




Coor creates the best workplace environments in the Nordics

ANNUAL REPORT & COOR SERVICES

Responsible business | Focus on sustainability 29

Sustainability is something that we have to work on together

Coor's overall goal is to deliver on our financial targets without compromising on respect for people and the environment. Maria Elmman, Head of Sustainability at Coor, sums up our sustainability journey in 2023.



What are you most proud of in respect of Coor's achievements in sustainability in 2023?

"I am very proud of our high level of ambition and that we are not compromising on our long-term targets, even though we see ever more pressure from society than ever. It is much easier to create sustainability during times that are not marked by political and economic instability. The fact that during a year of major global challenges we set the goal of reaching net zero emissions by 2045 says a lot about Coor as a company," says Maria Elmman, Head of Sustainability at Coor.

What were the standout developments in 2023?

"The year was marked by a continuous increase in the number of sustainability regulations, which is something we welcome. Even though it puts more pressure on us as a company, we welcome it as a positive development and see it as necessary because it makes it easier for investors, companies and consumers to make informed, sustainable choices," Maria Elmman explains.

Last year social sustainability was high on the agenda. Has that trend continued?

"Social sustainability is a core focus area for Coor and we can see that there is still a strong commitment from other companies and society at large. Coor's greatest contributions that we provide work for people and offer good terms of employment and fair working conditions, but our commitment does not end there. Our business also creates jobs for people at our suppliers, and it is just as important to ensure that they enjoy good working conditions and pay in relation to the work they do. This is particularly important at a time when mental health problems and stress-related illness are on the rise," Maria Elmman says.

What challenges do you see going forward?

"Right now there is a strong focus on the general increase in costs and it is very likely that this will continue. At the same time, I can see that this is creating great potential to advance the transition that is required to meet the climate goals in the Paris Agreement. In food and beverages, for example, a higher proportion of vegetable ingredients could also prove lighter on the wallet as they are generally cheaper. We are also seeing growing demand for devices that optimise our customers' energy use," Maria Elmman adds, adding: "Carbon footprint is still a core environmental sustainability issue and we are pleased to note that biodiversity is moving up the agenda. As biodiversity is essential to the functioning of ecosystems, we have initiated several activities that benefit our local flora and fauna."

Do you see any challenges that requires an innovative solution?

"It is nice to point to a specific issue. I see a big challenge in how we use our meeting buildings. How can we use our properties as efficiently as possible and not that all issues unnecessarily. These are issues that to some extent can be solved through innovations but which also require new ways of thinking and new behaviours. We are in a situation that requires radical changes, and the only way to achieve the necessary transition is through joint efforts. Sustainability is something that we have to work on together!" Maria Elmman concludes.

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6. Remediation

Where we identify that we have caused or contributed to adverse human rights impacts, we will provide for or cooperate in the remediation through legitimate purposes. Where we identify that we have not caused or contributed to the adverse human rights impact but are directly linked to the impact by our business relationships, we will seek to use our leverage to enable remediation. In the event of deviations, we have channels and resources to follow up and take measures to correct the relationship.

Grievance mechanism & remedy in supply chain

We expect our suppliers and business partners to respect human and workers' rights and establish human rights policies which address the corporate responsibilities outlined in the

UN Guiding Principles for Business and Human Rights. If we discover that suppliers or business partners are involved in violations of human rights, we will communicate our concerns and demand that the supplier or business partner take appropriate action, e.g., through a remediation process. If corrective actions are not taken and the violations endure, an assessment shall be made of whether to end the business relationship.



Appendix: Salient supply chain risks

Coor Procurement have during the past year done an extensive risk analysis of the entire supply chain. This has resulted in a new model for assessing risk within sustainability: Environmental protection, Human rights, labour right and Anti-corruption are assessed from a global perspective taken all sub-tiers into account.

Identify salient supply chain risks & Prioritization

Scope & mapping the supply chain

The risk assessment is the foundation in Supplier Due Diligence process. To have a model that is representative for Procurement and connected to our business strategy, we have chosen to use the Procurement category structure that is an overall description of Coor's supply chain. To be able to work with actions to reduce the impact it's essential that the risk assessment has a business connection that is well established in Coor. The Procurement Category structure has several advantages in terms of further in-depth analysing; spend, emission factors, compliance, and business strategy. This makes it also very useful when it comes to Leverage and influencing the supply chain and deciding on mitigating activities. Risk assessments are carried out on Sub-category level, the suppliers delivering within a certain category faces the same legal requirement, market situation, industry challenges, customer demands and can therefore be seen as a group and be representative for the risk assessment.

Due diligence is an iterative process which Coor will revisit on a regular basis. The risk assessment will be updated when context changes, such as entering into new markets, business relationships; a sourcing market

becomes higher risk due to conflict or political changes; or when a new product/service is added to the Category tree.

The risk analysis is based on desk-top analysis with publicly available material, such as reports, geography, industry associations and other public actors. The risk analysis considers the industry risk, sector risk, product risk and geographical risk within the procurement category.

The risk analysis considers the following elements, depending on whether the category refers to a service or product: For products, the entire supply chain is taken into account, from raw materials for constituent materials, main known process steps to produce materials, manufacturing of component and product. For services, working conditions for the performance of the service are taken into account, but not the products used for the performance of the service (for example, the cleaning articles used in cleaning services). For categories that include the purchase of both product and service, the entire supply chain is taken into account, from raw materials for input materials, main known process steps to produce materials, manufacturing of component and product, as well as working conditions for performing the service. Risks linked to the usage of the products/services are not included in the risk analysis.

Risk index

Assessment of the risk are made from an ESG perspective and the four areas: Environmental protection, Human rights, Labour rights and Anti-corruption.

Each area is assessed from low risk, medium risk to high risk. A description of the identified adverse risks is provided per sub-category. The risk is also identified as actual or potential.

Prioritizing risks

To prioritize the list of impacts each risk is assessed on the basis of 'Severity' of the issue and 'Likelihood' of the risk occurring. The 'most severe and the most likely' impacts are known as 'salient impacts'. For Severity, the criteria for consideration are scale, scope and irremediability. Vulnerable groups are also taken into to account.

The prioritized risks for Coors supply chain are listed in the table below.

Category	Environmental protection			Human rights			Labour rights			Anti-corruption			Risk priority
	Risk-level	Scale/Scope/Irremediability	Likelihood	Risk-level	Scale/Scope/Irremediability	Likelihood	Risk-level	Scale/Scope/Irremediability	Likelihood	Risk-level	Scale/Scope/Irremediability	Likelihood	
Office Machines	medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority
Furniture & Interior	high	4/3/4	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority
Moving	Medium	3/3/3	4	High	4/3/3	4	High	4/3/3	4	High	3/4/3	4	High priority
Cleaning suppliers	Medium	3/3/3	4	High	4/3/3	4	High	4/3/3	4	High	3/4/3	4	High priority
Window cleaning	Medium	3/3/3	4	High	4/3/3	4	High	4/3/3	4	High	3/4/3	4	High priority
Hygiene material	Medium	3/3/3	4	High	4/3/3	4	High	4/3/3	4	Medium	3/3/2	3	High priority
Cleaning machines	medium	3/3/3	4	High	5/4/4	4	High	5/3/5	4	Medium	3/3/3	3	High priority
Washing machines	medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority
Vehicles	High	4/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority
Work clothes, shoes & PPE	Medium	3/3/3	3	High	5/3/4	4	High	5/3/4	4	Medium	3/3/3	3	High priority
Coffee machines	High	4/4/3	4	High	5/3/4	4	High	5/3/4	4	Medium	2/2/2	2	High priority
Workplace fruit	Medium	3/3/3	3	High	5/3/4	4	High	5/3/4	4	Medium	3/3/3	3	High priority
Food & nutrition	High	5/3/5	5	High	5/3/4	4	High	5/3/4	4	Medium	3/3/3	4	High priority
Utensils	Medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority
Kitchen equipment	Medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority

Category	Environmental protection			Human rights			Labour rights			Anti-corruption			Risk priority
	Risk-level	Scale/Scope/Irremediability	Likelihood	Risk-level	Scale/Scope/Irremediability	Likelihood	Risk-level	Scale/Scope/Irremediability	Likelihood	Risk-level	Scale/Scope/Irremediability	Likelihood	
Sub-category													Low/Medium/High
Technical security	Medium	3/3/3	3	High	5/3/4	4	High	5/3/4	4	Medium	3/3/3	3	High priority
Electrical tools & machinery	Medium	3/3/3	3	High	5/3/4	4	High	5/3/4	4	Medium	3/3/3	3	High priority
Hand tools	Medium	3/3/3	3	High	5/3/4	4	High	5/3/4	4	Medium	3/3/3	3	High priority
Lifts & scaffoldings	Medium	3/3/3	3	High	5/3/4	4	High	5/2/4	4	Medium	3/3/3	3	High priority
Trucks & Loaders	Medium	3/3/3	3	High	5/3/4	4	High	5/2/4	4	Medium	3/3/3	3	High priority
Heating, cooling & sanitation material	Medium	3/3/3	3	High	4/3/3	3	High	4/3/3	3	Medium	3/3/3	3	High priority
Electrical material	High	5/4/3	3	High	5/4/4	4	High	5/2/4	4	Medium	3/3/3	3	High priority
Lightning material	High	4/3/3	4	High	4/3/3	3	High	4/3/3	3	Medium	3/3/3	3	High priority
Construction material	High	5/4/3	4	High	5/3/4	4	High	5/3/4	4	High	3/4/4	4	High priority
Waste handling	High	4/3/4	3	Medium	3/3/3	3	High	3/3/3	3	High	4/4/3	4	High priority
Construction	Medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	High	3/4/4	4	High priority
Snow removal	Medium	3/3/3	3	High	5/3/3	3	High	3/3/3	3	Medium	3/3/3	3	High priority
IT assets	Medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority
Telephony assets	Medium	3/3/3	4	High	5/4/4	4	High	5/4/4	4	Medium	3/3/3	3	High priority

Act on negative impact

Coor is linked to the salient impacts by business connection and can use leverage to influence the supply chain. Further described in

Supplier due diligence processes: Pre-qualification and Follow-up in chapter 3 and 4 in this document.

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