This is Consilium’s first sustainability report and applies to the 2017 financial year. The report has been prepared in accordance with the provisions of the Swedish Annual Accounts Act and submitted by the Board in connection with the signature of the annual report.

Introduction

Sustainability is about always making things that bit better. It is also a guiding principle for all our activities. Helping our customers succeed is part of our culture in the same way as the ambition to work on continuous improvements. Our long-term vision is to be a leading company in sustainability in our sector. The road to that vision is long and paved with challenges, and we are dependent on both our own and our stakeholders’ rate of development. Our daily work is therefore about both our own improvement and the development of those around us. We have regular talks and meetings with our stakeholders, both inside and outside our value chain, and sustainability is becoming an increasingly important topic.

Consilium is currently implementing a major restructuring initiative to focus our business on safety products and systems, and a programme to reduce costs and increase efficiency. Financial sustainability is fundamental to enabling other sustainability.

Historically, our decentralised governance of subsidiaries has been one of our success factors and we have nurtured the emerging entrepreneurship by giving our employees in the organisation their own responsibility. This is a model we have no reason to turn away from and it also increases the challenges of pursuing Group-wide issues.

We currently have 64 offices in 27 countries. Some operations are large and others are small. They are all equally important, but from a materiality perspective they contribute to a sustainable Consilium in varying degrees. In 2017, we have taken measures in our sustainability work. We are now reviewing our operations section by section, conducting risk analyses, establishing policies and creating routines and processes for a future where sustainability is an integral part of our business development.

Nacka, April 2018
Owe Hansson, President and CEO

Consilium’s contribution to society

Consilium offers products and systems designed to protect people, the environment and material values from fire and its effects. By delivering reliable, high-quality solutions to customers that place an emphasis on safety, Consilium contributes to sustainability in a broader dimension than the impact the Company has through its own operations. This is in all respects the most important role Consilium has as a player in the world market, without involving any restrictions on other responsibilities.
In the area of the environment, Consilium has decided to initiate an analysis of its CO2 emissions and energy consumption, with the Group’s philosophy of continuous improvement as its starting-point. This is despite having little direct impact and few risks, due to the Company’s lack of own production. The goal is to determine quantifiable outcome-based targets in order to achieve increased efficiency and reduced impact over time. Sustainability risks in the supply chain, which are currently managed through responsible purchasing processes, are included with other potential sustainability risks as a natural part of the Group’s risk management and analysis work.

**Consilium’s responsibility**

Consilium has a number of governing documents that define the sustainability framework. The foundation of the sustainability work is the Group’s Code of Conduct, which covers corporate responsibility throughout the value chain. The Code is complemented by a number of policies. Consilium’s common values, leadership, management systems and the Group’s overall goals and strategies.

As a niche premium supplier in the area of safety, the Company and its employees have to meet high standards. Consilium has not identified any significant risks in the area of the sustainability with long-term impacts that are unique to the Group or its operations; in fact, the Company is subject to the same risks as other companies. Consilium’s global spread, with many markets and different business cultures, may present increased sustainability risks in areas such as anti-corruption and human rights. It is Consilium’s assessment that risks are not so much created by an individual part of the value chain as by geographies. From a materiality perspective, Consilium’s suppliers are mainly found in the Nordic region, which limits the risks and Consilium also has financial interests (e.g. as a partner) in some of its strategic suppliers. Implementation of the Group’s Code of Conduct is another way of managing and preventing the emergence of risks.

Consilium’s Code of Conduct and other governing documents are based on a vision of zero tolerance regarding established rules, which ensures Group-wide risk minimisation.

Consilium is currently active with 64 offices in 27 countries around the world. Through its global operations, Consilium is active in all time zones, 24 hours a day, 7 days a week, and has a great deal of diversity, with employees from a wide variety of countries, with different nationalities, languages and cultures.

With a base in Sweden, the Group has gradually grown through expansion into new markets. The Group’s business organisation is structured according to the principle of decentralised responsibility and authority. Leadership is largely decentralised and sustainability issues are managed locally in accordance with this philosophy. The subsidiaries have a number of policies and instructions that govern operations in areas such as the environment, quality, ethics and work environment, and there are also many local initiatives and activities. For the Group’s product companies, which from a materiality perspective are mainly found in Sweden, this is complemented by environmental issues mainly related to transport and travel. It is Consilium’s aim to revise relevant policies and produce a Group-wide sustainability policy during 2018.

**Consilium’s Code of Conduct**

Consilium’s Code of Conduct describes the ethical guidelines that underpin the Group’s operations, what is expected of all employees and how Consilium deals with its partners. The Code acts as support for managers and employees in their daily work in all Consilium’s operations across the world and is implemented, where appropriate, in all management and quality systems. The Code of Conduct in brief:

**Work environment**

Consilium’s work environment shall be characterised by equality, openness and tolerance. All people shall be given equal value and other cultures and customs shall be respected. Forced labour and child labour are prohibited, and all activities shall respect human rights as defined in the UN’s Universal Declaration on Human Rights and Convention on the Rights of the Child. Employees’ conditions shall be characterised by equal opportunities and fairness, and all forms of discrimination are strictly prohibited.

**Core values**

Manager-employee and customer relationships must be based on Consilium’s core values:

- **We are one global team.**
- **We take responsibility.**
- **We deliver.**

**Integrity and anti-corruption**

Consilium’s employees shall not at any time seek to create personal advantages that may harm Consilium’s reputation or interests. Monetary gifts or other inappropriate benefits may not be offered to or received from anyone in order to create business advantages. Travel, accommodation and training shall normally be paid for by Consilium and not by suppliers or other stakeholders.

**Environment and social conditions**

Consilium’s operations shall not at any time cause harm to persons, the environment or material values. In terms of the environment, Consilium shall act in accordance with the requirements and wishes that apply in society in its goal to reduce the Group’s environmental impact. Consilium shall be recognised for its continuous improvement work on health, safety and environment through the organisation.

*No violations of the Code of Conduct were reported in 2017.*
Consilium develops, manufactures and markets products and systems in the area of fire safety. Operations are conducted in two business areas – Marine & Safety and Safety Engineering. Consilium has more than 850 employees at 64 offices in 27 countries and almost 90 percent of sales are outside Sweden. Consilium has a world-leading position in several niches.

Consilium’s overall goal is to create value for shareholders. Consilium’s qualitative goal is to offer the best customer value on the market, meaning that Consilium’s offering must be characterised by high quality, good functionality, a high delivery performance, and global service and support.

Consilium’s overall strategies are to stand for quality and reliability, to be an innovative supplier at the forefront of technical development, to constantly strive to improve the Company’s processes, productivity and efficiency, and to further develop and expand the global presence. Consilium will also be an active part of structural changes in the market and evaluate both acquisitions and value-creating alliances and partnerships, in order to integrate the business both forward and backward in the value chain.

Quality work

Consilium sets high standards for its production and has conducted extensive quality work for many years. The goal of maintaining a world class level within each niche area requires a quality approach in all operations and processes – from management to individual employee, from preliminary study for a development project to customer delivery and service. Quality control, measurement and verification form an important part of production and safeguarding takes place in every part of the production process. Constant improvement is the golden rule.

Consilium has over 600 product certificates and is subject to almost 25 external audits every year. All product companies and manufacturing units are certified under ISO 9000 and some also under ISO 14001. Quality management systems include processes such as development, production, customer and supplier relationships, and advanced improvement work and decision support systems.

In 2017, Lloyd’s Register Quality Assurance conducted an audit of operations in the Marine & Safety business area that resulted in certification under the new ISO 9001:2015 quality standard. In addition to quality management systems, it is Consilium’s long-term goal for all product companies and production units to have environmental management systems according to ISO 14000.
Environment

Consilium has little production from a daily perspective and estimates that the Company’s environmental impact associated with production is limited. In general, Consilium aims to ensure that the Group’s operations, products and processes have as low a negative environmental impact as possible, while meeting national and international laws and environmental requirements. The Company’s products must be manufactured from materials and with production processes that have the lowest possible environment impacts, and residual and waste products that arise must be disposed of in an environmentally friendly way. Consilium follows a number of international regulations such as CPR (Construction Product Register), MED (Marine Equipment Directive), and RoHS2 (Restriction of Hazardous Substances in Electrical and Electronic Equipment).

Consilium estimates that the Group’s largest environmental impact comes from emissions of greenhouse gases associated with energy consumption, business travel and transportation of goods. The main reason is that a large proportion of Consilium’s deliveries consists of replacement products and spare parts shipped from Sweden for installation on ships that are in constant employment on the world’s oceans.

Consilium has initiated a review of its direct impact through the use of energy and other resources. This includes measuring energy consumption from electricity and heating, and greenhouse gas emissions from transport and business travel, with 2017 as the base year. The measured values for Consilium’s Swedish operations are shown above, which represent 35 percent of the Group’s total number of employees, but from a materiality perspective they have a significantly greater impact as they constitute the majority of the Group’s product companies.

The fact that Consilium’s customers and market companies are found all over the world, with a large proportion outside Europe, means that air travel is often the only reasonable mode of transport, both for products and personnel. This is problematic from a sustainability perspective, which is illustrated by the fact that goods transported by air account for 45 percent of the total weight, but 98 percent in terms of greenhouse gas emissions.

Consilium’s environmental impact is continuously evaluated and a new audit will be an integral part of the Company’s future Group-wide sustainability policy.
Consilium’s employees

Consilium’s future is dependent on being an attractive employer and able to attract and retain qualified employees. Engaged and qualified employees are a prerequisite for profitable and long-term development of the Group.

Consilium works to ensure professional conduct and genuine commitment from its employees, as well as a common approach to continuous improvement. Employees are the most important resource in a technical knowledge company like Consilium. In addition to having a good educational background, it is also important for employees to have specific industry experience within the company’s niche areas. This requires both a careful initial selection process for recruitment and continuous training and development.

An important factor is for employees to be happy and healthy. Regular employee surveys are conducted throughout the Group to ensure that both the Group’s and employees’ goals and outcomes correlate, and the Company also works on health and well-being initiatives. A risk to Consilium, in common with all other companies, is employee sickness absence or injury at work. From a materiality perspective, the largest units reported sickness absence of 2.0 percent in 2017. In general, there are few workplace-related risks in the Group, and a total of one (1) workplace accident resulting in minor injuries was reported during the year.

As part of its ongoing personnel work, Consilium has developed a personnel policy aimed at building an organisation that utilises the individual’s ability and development potential. The purpose of the policy is to help employees further develop the skills necessary to carry out successful sustainable business operations in the future.

Each company within Consilium conducts annual or more frequent performance appraisals with all employees to map out the employees’ skills, knowledge, career goals and development needs, which are also matched to the Group’s needs. Each company also plans and carries out internal training programmes, and employees are given experience of direct market and customer contact through placement in foreign market companies.

CONSLIUM’S SUSTAINABILITY GOALS 2018

1. Revise the Group’s Code of Conduct and ensure that all staff are familiar with it in its current form.
2. Extend the Code’s reach in the value chain by encouraging all joint ventures and associates to follow it.
3. Revise relevant policies in the Group from a sustainability perspective and produce a Group-wide sustainability policy.
4. Define the Group’s sustainability goals.
5. Conduct at least one new stakeholder survey on sustainability.
6. Increase overall awareness of sustainability in all Group companies.
Stakeholder dialogue

Consilium has a large number of stakeholders around the world. Consilium has mutual dependence with a number of these stakeholders, while others are stakeholders that influence Consilium or stakeholders that Consilium wants to influence. Consilium has identified its main stakeholders as customers, employees, partners, shareholders, suppliers and society in general. Consilium has ongoing dialogue and exchanges with the majority of its stakeholders as a natural part of daily operations.

Consilium conducted its first stakeholder survey on sustainability in 2017. The survey was limited to a selection of employees in leading positions in the Consilium Group. The survey will be supplemented by further surveys in the future. The aim of the survey was to obtain an initial indication of key sustainability issues for Consilium. In brief, these were as follows:

- Consilium and the environment
- Staff and employees
- Consilium’s role in society.

An interesting conclusion was that the issues the respondents considered most important were also those that emerged as areas where Consilium often has its strengths, such as human rights, personnel, anti-corruption and other social sustainability issues. Consilium has also conducted regular employee surveys and customer surveys alongside the stakeholder survey.

Mercy Ships

Consilium participates locally in various charity activities. One of these is the Mercy Ships organisation, with which the Company has had a relationship since 2015. Mercy Ships was founded in 1978 and operates the world’s largest civilian hospital ship offering free healthcare and education in some of the world’s poorest countries. Since its establishment, the organisation has helped more than 2.5 million people in over 70 countries. Every year, about 1,000 volunteers contribute to Mercy Ships’ important work, from doctors and healthcare professionals to crew and administrative staff.

Consilium deepened its involvement in 2017 by inviting its employees to work for Mercy Ships for a month, either as volunteers on board or in different roles at home, with a number of them accepting the invitation.

AUDITOR’S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of the shareholders in Consilium AB (publ), corporate identity number 556480-3327

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2017 on pages 68-73 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 27th April 2018

Öhrlings PricewaterhouseCoopers AB

Camilla Samuelsson

Authorized Public Accountant