

# SUSTAINABILITY REPORT 2018

Consilium's sustainability report covers the 2018 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 taking responsibility. Our most recently conducted stakeholder survey shows that our employees are unanimous in the opinion that that responsibility lies largely with companies and industry. This means that, with 678 employees in 55 offices spread across 27 countries, Consilium has an important role to play in both a global and a local perspective.

Our company has a long history and Consilium is a world leader in several of our niche areas. Our sustainability journey has recently begun and we acknowledge with humility that we face a number of challenges and have much work ahead of us. We also live in a changing world where new opportunities mean that our work sometimes takes a new direction. We have achieved some of the goals we set for 2018, but not all. The reason is that during our journey we have chosen to focus on other areas than those we first saw ahead of us. This is how our company works in general, and it is therefore only natural for our sustainability work to show the same development – even though, at first glance, it may appear that we are not succeeding in taking on tasks we listed in a sustainability report.

In 2018, Consilium's Board decided to sign up the Company to the UN Global Compact this year. This is a large and important step for us in our sustainability development. The decision means that we support the UN's 10 principles on human rights, labour, environment and anti-corruption, and that we will work to implement them in our business strategy and our daily work. As a first step, we have already integrated the principles into our Code of Conduct during our 2018 review of the Code.

Our assessment is that Consilium's direct environmental impact is limited. However, this does not prevent us from taking responsibility and working on improvements. We also revised our policies on company cars and car allowances in 2018, and during this year, we will consider ways of improving our transport efficiency and changing our travel in order to reduce our environmental impact. No-one can do everything, but everyone can do a little. Continuous improvement is a key concept for Consilium – it also applies to our sustainability work.

Nacka, May 2019

*Ove Hansson, President and CEO*



## Consilium's contribution to society

Consilium offers products and systems designed to protect lives, the environment and material values from fire and its consequences. 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.



## 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, governing documents, leadership, management systems and the Group's overall goals and strategies.

In 2018, Consilium revised its Code of Conduct, while also ensuring that it is in line with the UN's ten principles on human rights, labour, environment and anti-corruption, namely the UN Global Compact. This approach reflects the decision that Consilium will join the initiative in 2019.

Based in Sweden, Consilium has gradually grown through expansion into new markets and is currently operating from 55 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.

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 account for the largest part of the Group's environmental impact, this is complemented by environmental issues mainly related to transport and travel.

In the area of the environment, Consilium, has decided to initiate an analysis of its CO<sub>2</sub> 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.

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. 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 several 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'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.

Consilium's Code of Conduct is based on the Group's core values

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

In 2018, the Code was revised on the basis of the UN's ten principles within the framework of the UN Global Compact. The principles are as follows:

### HUMAN RIGHTS

- Respect internationally proclaimed human rights.
- Make sure that the Company is not complicit in human rights abuses.

### LABOUR

- Uphold the freedom of association and the effective recognition of the right to collective bargaining.
- The elimination of all forms of forced and compulsory labour.
- The effective abolition of child labour.
- The elimination of discrimination in respect of employment and occupation.

### ENVIRONMENT

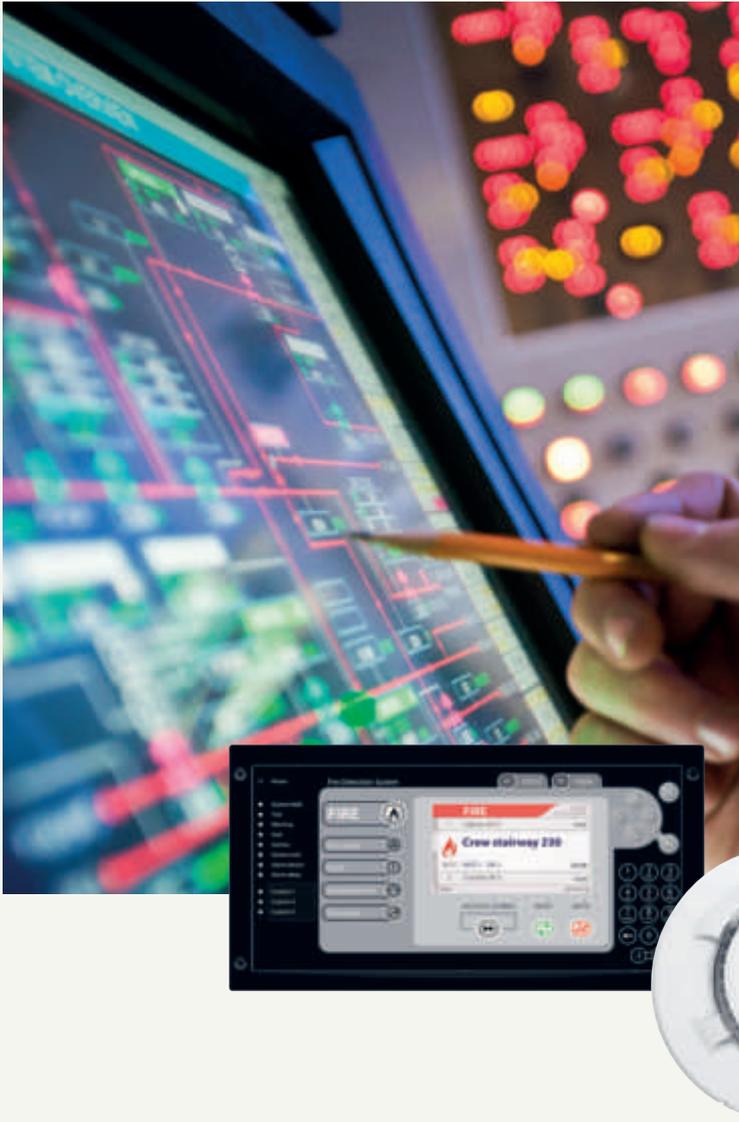
- Support a precautionary approach to environmental risks.
- Undertake initiatives to promote greater environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies.

### ANTI-CORRUPTION

- Work against corruption in all its forms, including extortion and bribery.

In addition, Consilium's Code of Conduct contains policies on communication, processing of confidential information and inside information, management of conflicts of interest, and a description of the procedure for suspected deviations from the Code.

*No violations or contraventions of the above points or the Code of Conduct were reported in 2018.*



## Business model

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 678 employees at 55 offices in 27 countries and 85 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 9001 (ISO 9001:2015) 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 2018, Consilium initiated a preliminary study aimed at achieving the long-term goal for all product companies and production units to have environmental management systems according to ISO 14001.





#### TOTAL EMISSIONS OF GREENHOUSE GASES, CONSILIUM'S SWEDISH OPERATIONS

Total emissions (tonnes CO <sub>2</sub> e)	2018	2017
Energy consumption	229	188
Transport	1,157	1,352
Business travel	674	748
<b>Total</b>	<b>2,060</b>	<b>2,253</b>

#### EMISSIONS ASSOCIATED WITH ENERGY CONSUMPTION

Energy consumption (tonnes CO <sub>2</sub> e)	2018	2017
Electricity	198	133
Heating	31	55
<b>Total</b>	<b>229</b>	<b>188</b>

#### EMISSIONS ASSOCIATED WITH TRANSPORT

Transport (tonnes CO <sub>2</sub> e)	2018	2017
Ships	6	6
Aircraft	1,121	1 325
Trucks	30	21
<b>Total</b>	<b>1,157</b>	<b>1,352</b>

#### EMISSIONS ASSOCIATED WITH BUSINESS TRAVEL

Business travel (tonnes CO <sub>2</sub> e)	2018	2017
Aircraft <sup>1)</sup>	503	555
Cars	171	193
<b>Total</b>	<b>674</b>	<b>748</b>

1) Business travel booked through travel agency.

## Environment

Consilium does not essentially have any production and it is the Company's assessment that its 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 above shows the

measured values for Consilium's Swedish operations which, from a materiality perspective, 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, and is illustrated by the fact that aircraft account for 97 percent of greenhouse gas emissions, despite a 15-percent reduction in air transport in 2018.

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, 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. 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 4.0 (2.0) percent in 2018. In general, there are few workplace-related risks in

the Group, and a total of 4 (1) workplace accidents were 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.

## Consilium's sustainability goals 2018

1. Sign up to the UN Global Compact.
2. Complete the work on a Group-wide sustainability policy.
3. Define Consilium's sustainability goals based on the Group's sustainability policy.
4. Increase awareness of Consilium's sustainability work, both internally and externally.
5. 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 showed 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 conducted a new survey in 2018. The target group was once again employees, but the sample was considerably larger. The survey confirmed the conclusions identified in 2017, but also provided additional information in the form of an overall view that companies and industry bear considerable responsibility for sustainable development. The survey also revealed sound knowledge about sustainable development, but showed that awareness of Consilium's own work, which now is now a sustainability goal, was lower than expected.

In addition to stakeholder surveys on sustainability, Consilium conducts regular employee and customer surveys.

## 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 2018 on pages 72-77 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, 29 May 2019

Öhrlings PricewaterhouseCoopers AB

Camilla Samuelsson  
Authorized Public Accountant