PASSION *for* SERVICE

Annual and Sustainability Report 2020

Coor Service Management Holding AB

COOR

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This annual report covers the activities of Coor Service Management Holding AB, corp. ID no. 556742-0806.

A VISION THAT SHOWS THE WAY

Coor creates the happiest, healthiest and most prosperous workplace environments in the Nordic region. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

COOR'S FLEXIBLE CUSTOMER MODEL SHOWS ITS STRENGTH

Key performance indicators	**2020**	**2019**
Net sales, SEK million	9,591	10,313
Organic growth, %	*–7*	*5*
Acquired growth, %	*2*	*2*
FX effects, %	*–2*	*1*
Adjusted EBITA, SEK million	556	549
Adjusted EBITA margin, %	5.8	5.3
EBIT, SEK million	318	299
Profit after tax, SEK million	191	169
Operating cash flow, SEK million	643	591
Earnings per share, SEK	2.0	1.8
Number of employees (FTE) at year-end	9,029	9,296
Dividend, SEK	4.40 [1]	0.00

[1] The dividend is subject to approval by the Annual General Meeting on 26 April 2021.

9,591
Net sales, SEK million

556
Adjusted EBITA, SEK million

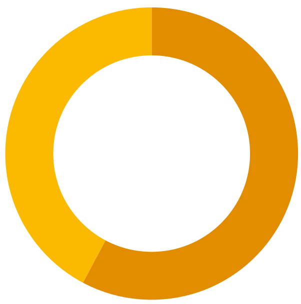
9,029
Number of employees (FTE) at year-end

643
Operating cash flow, SEK million

Net sales by country

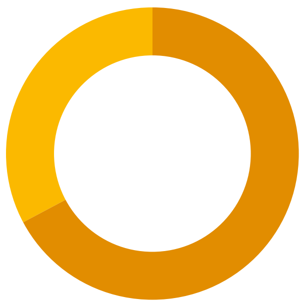
- Sweden 51%
- Norway 22%
- Denmark 20%
- Finland 7%

Net sales by type of contract



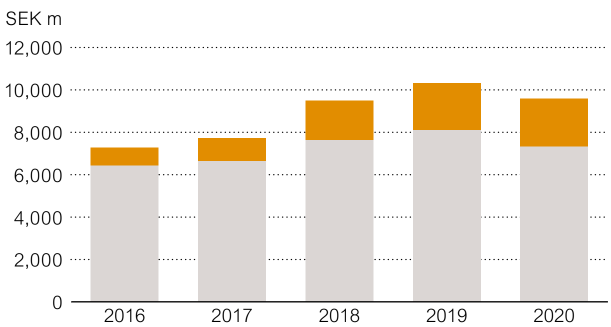
- Integrated FM (IFM) 58%
- FM services 42%

Net sales by service category



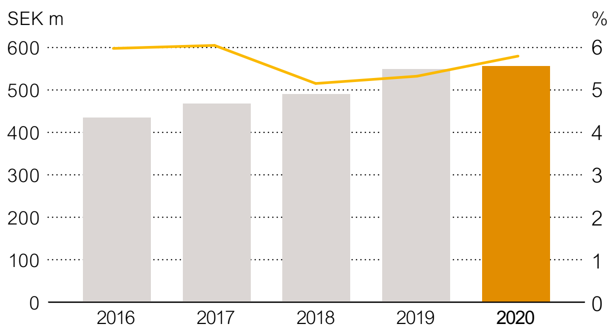
- Workplace services 67%
- Property services 33%

Annual sales



Public sector   Private sector

Annual operating profit and margin



Adjusted EBITA   Margin

> *Much has changed in our world, but Coor's strategy remains the same. We will continue to develop our company by offering customised solutions, we will continue to be the Nordic market leader and we will continue to grow, both organically and through strategically important acquisitions.*

AnnaCarin Grandin, President and CEO

AN EVENTFUL YEAR

2020 was an eventful year that was overshadowed by COVID-19 but also a year marked by new and extended contracts and a continued focus on creating safe and secure work environments. Other highlights of the year were that Coor received IFMA's Innovation Award and was named one of the most gender-equal companies in Sweden, that our customers and employees were more satisfied than ever, and that Coor recruited a new President and CEO, AnnaCarin Gradin.

Q1 Borealis and Vasakronan contracts extended

On 24 January 2020, it is announced that Coor has extended its IFM contract with Borealis for a further five years. The contract is worth around SEK 100 million annually. On 20 March 2020, it is announced that Coor will be extending its IFM contract with Vasakronan. Coor's business relationship with Vasakronan generates annual sales of around SEK 200 million.

Q1 Equinor contract extended

On 31 March 2020, it is announced that Coor will be extending its offshore contract with Equinor. Coor has been providing facility management services to five of Equinor's oil platforms since 2015. The contract is worth just under SEK 200 million annually.

Q1 The spread of COVID-19

Towards the end of the first quarter of 2020, the spread of COVID-19 in the Nordic region escalates, creating uncertainty that affects Coor as a company as well as our customers. Coor immediately initiates the Group's business continuity plan through its national and Group crisis management teams. Coor's first priority is the health and safety of our employees and our customers' employees.

Q2 Contract with Telia Company extended

On 24 June 2020, it is announced that Coor will be extending its IFM contract with Telia Company in Sweden and Norway. The extended contract with Telia Company, with which Coor has been working for over ten years in the Nordic region, is a five-year vested outsourcing contract and is worth over SEK 100 million annually.

Q2 The Board withdraws its dividend proposal

On 7 April 2020, Coor announces that the Board has proposed to the AGM that no dividend be paid. The Board has also resolved to withdraw its proposed new long-term management incentive programme for 2020. In connection therewith, and in a change from its previous proposal, Coor's Nomination Committee announces that it intends to propose that Directors' fees remain unchanged for 2020. On 28 April 2020, the Annual General Meeting adopts the proposals of the Board and Nomination Committee.

Q2 AnnaCarin Grandin new President and CEO

On 3 May 2020, Coor announces that Mikael Stöhr will be stepping down from his role as President and CEO to take up a new position outside the company. On 22 June 2020, it is announced that AnnaCarin Grandin will take over as President and CEO on 1 August 2020. Prior to taking up her new role, AnnaCarin Grandin was CEO of Coor's Swedish business.

Q3 New HR Director

On 17 August 2020, Helena Söderberg takes up the position of HR Director and joins Coor's executive management team. She was previously HR Director at JM.

Q3 New CEO of Coor in Sweden

On 7 July 2020, Coor announces that Magnus Wikström will take over as acting CEO of Coor's Swedish business on 1 August 2020 and will join Coor's executive management team from the same date. The role will be filled on a permanent basis in the fourth quarter, when Magnus Wikström takes over as regular CEO of Coor's Swedish business.

Q4 Two Coor restaurants in Denmark Nordic Swan-certified

Two of Coor's restaurants in Denmark are certified under the Nordic Swan Ecolabel scheme: Coor's restaurant in Herlev and the canteen at Portland Towers in Nordhavn. The goal is to reduce the restaurant's overall environmental impact, primarily in the form of food waste and CO_2 emissions.

Q4 Coor ranked fourth in SHE Index

Coor Sweden is ranked number four in the *SHE Index powered by EY*, a tool for mapping the promotion of gender equality in the business sector. The index also evaluates businesses' active efforts to promote inclusion.

Q4 Satisfied employees and customers despite the pandemic

The 2020 customer and employee surveys showed increases in terms of both results and participation rate, despite the challenging environment created by COVID-19. The 2020 employee survey showed a very high employee motivation score (Employee Motivation Index) of 78, which is an increase for the sixth year running. Coor's Customer Satisfaction Index (CSI) score increased to 70, which is a very good and stable result.

Q4 Coor tops brand ranking

Coor climbs up to first place in a ranking of Sweden's largest B2B brands conducted by research firm Graviz Labs. The survey assesses interest in and attitudes toward the brand and how rapidly interest in the brand is growing. Coor is top of the list, ahead of large, well-known Swedish companies such as Atlas Copco, Elekta and SKF.

Q4 Focus on safety at Coor

Coor continues its efforts to promote health and safety throughout the Nordic region, working towards the vision of achieving zero work-related injuries. To further strengthen this focus, special initiatives are carried out under the *I Care (Jag bryr mig)* campaign.

WE DID IT – TOGETHER

The past year has been a challenge for everyone. At Coor, we got through the pandemic together – by adapting rapidly and with support from each other, our customers, our suppliers and society at large. This has resulted in deeper relationships, even greater confidence in our knowledge and ability, and invaluable lessons for the future.

2020 was not a normal year that we can easily put behind us, but a year in which the entire world faced difficult and serious challenges. It was a year in which the Coor culture – flexibility and the ability to find new solutions – really was put to the test.

I took up the reins as President and CEO of Coor in August 2020 and was repeatedly asked, "What does it feel like to be appointed CEO in the middle of a pandemic?" I can honestly say that it has certainly been challenging, but after nearly 20 years at the company I know the business well and I know the tremendous strength that exists in our organisation. A strength that we achieve by working together – with each other and with our customers.

AN IMPORTANT CONTRIBUTION TO SOCIETY

I am deeply impressed by the courage and fighting spirit that Coor's employees throughout the Nordic region have shown in the fight against the unpredictable COVID-19 pandemic. In many places, our employees have worked round the clock, shoulder to shoulder with healthcare staff, cleaning and disinfecting intensive care units for COVID patients. We also helped to set up the field hospital outside Stockholm that was kept in readiness in case it became impossible to provide the necessary care at the normal wards. In Denmark, we worked on disinfecting schools so that children could be taught in a safe environment. We also took part in managing the logistics for distributing personal protective equipment (PPE) to all regions of Sweden. These are just a few examples of everything we have done during the pandemic. I am so proud that Coor was asked to handle these tasks and that we, as a private-sector player, can be there to help when society needs us.

RECORD-HIGH EMPLOYEE SATISFACTION

2020 was a year that truly put us to the test, yet despite that we scored higher than ever before in our annual employee survey. I see this as a testament to our strong culture, where we work together with strong, coaching leaders and fantastic employees with an unwavering sense of responsibility. During the year, we got to experience wonderful moments of joy and laughter in the midst of all the worries.

STRENGTHENED CUSTOMER RELATIONSHIPS

In 2020, Coor's customer-centric business model with decentralized responsibility and close customer dialogues showed its strength. We also achieved new highs in our annual customer survey. Crises such as this often bring matters to a head and strengthen existing relationships. I am immensely proud, but not surprised, that we at Coor are proof of this. Our relationships with our customers have become even better and closer as a result of the pandemic; we have found solutions for them and they for us. As offices have closed and regular office cleaning has not been needed, we have instead carried major cleans, rearranged our planned property projects, shortened the opening hours of staff restaurants and cut down menus, to mention a few examples. Both our customers and employees have been quick-footed and solution-oriented, and this enabled us to deliver a strong financial result for 2020.

DIVERSITY BUILDS COOR

Coor's 11,000-strong workforce is a reflection of society at large, in terms of culture, background, age and gender. I am convinced that all these differences strengthen us as a company. I am also proud that Coor can serve as an engine for integration. As a facility management firm, we are in a very good position to give people their first job in a new country. A job that becomes a path for integrating into society.

A FRONT RUNNER IN SUSTAINABILITY

Sustainability is a fundamental value for Coor. For us, the concept includes business, social as well as environmental dimensions.

The harsh reality is that we as individuals have overexploited our planet and that each and every one of us now needs to use whatever means we have to ensure that we pass on a healthier planet to the coming generations. Coor has a long-term ambition in environmental sustainability and we are at the forefront of these issues in the facility management industry. Over the past few years, we have set clear and measurable goals for both social and environmental sustainability, just as we have always done for our business activities. In order to give a global context to our goals, we have chosen to link them to eight of the UN's 17 Sustainable Development Goals (SDGs) where we have the biggest potential to make a difference.

Coor's 11,000-strong workforce is a reflection of society at large, in terms of culture, background, age and gender. I am convinced that all these differences strengthen us as a company.

THE ROAD AHEAD

I am very optimistic about the coming years. Much has changed in our world, but Coor's strategy remains the same. We will continue to develop our company by offering customised solutions, we will continue to be the Nordic market leader and we will continue to grow, both organically and through strategically important acquisitions.

We are currently engaged in many productive discussions with existing and potential customers who want help creating efficiencies, finding new solutions, and adapting and developing their business in the wake of COVID-19. I am grateful that we are being entrusted to help our customers move into a new future. As I see it, the pandemic has made Coor's mission and vision even clearer: through our committed employees and customised service solutions, we will create the happiest, healthiest and most prosperous workplace environments in the Nordic region, so that our customers can focus on what they do best.

AnnaCarin Grandin
President and CEO
March 2021


COOR
8

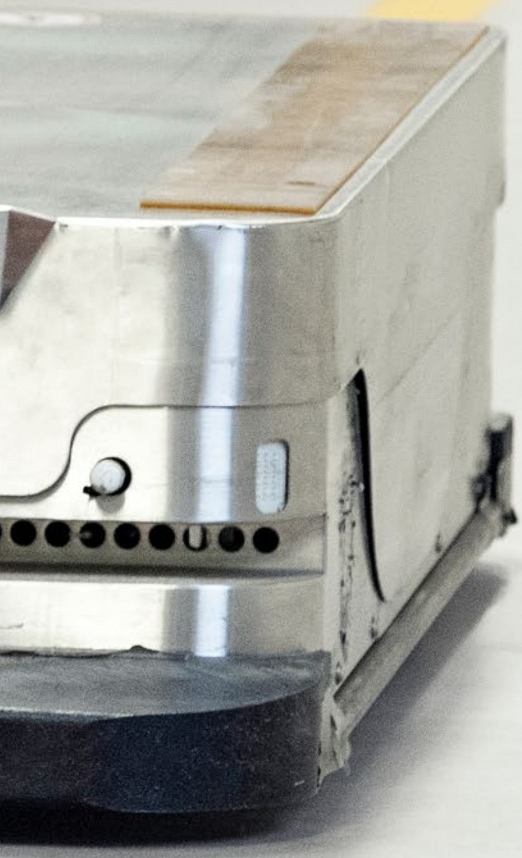
TRENDS THAT ARE SHAPING THE INDUSTRY

The COVID-19 crisis has redrawn the map, a fact that is also evident in the facility management industry. Our customers know more about FM, expect more and are thinking more and more about the future after the crisis. At Coor, we like to say that change is in our dna, and that is precisely what we are now benefiting from as we and our customers work together to find solutions for the new normal.

In 2020, Coor identified four strong trends that are affecting its industry: outsourcing is growing, technological advances are accelerating, demand for cleaning services is increasing and the office is moving into a new future. Coor works continuously to identify and analyse trends, so that we are able to take advantage of opportunities and address risks in a constantly changing world.

OUTSOURCING IS GROWING IN THE WAKE OF THE CRISIS

The outsourcing trend is ongoing, and crises of different kinds have historically created a favourable environment for big new IFM deals. Both private businesses and the public sector are expected to look for ways to create efficiencies, and efficiency is Coor's core business. The Nordic FM market remains strong and is currently estimated at SEK 400 billion, of which SEK 200 billion is outsourced to third parties. Of this SEK 200 billion, outsourced IFM services account for only a minor share of around SEK 15 billion, but this segment is growing faster than the FM market as a whole, at around 5 per cent annually.



ACCELERATING TECHNOLOGICAL ADVANCES

The need for high-tech, digital and touch-free solutions is increasing. Technology is important for working from home, which is growing rapidly, and for creating a virus-free workplace. Solutions include sensors which measure how closely employees are sitting and air purifiers for a better indoor climate. Coor has a major advantage in this regard as we are at the forefront in terms of technological and touch-free solutions such as automatic doors and hands-free soap dispensers, and have a strong platform for innovation.

INCREASED DEMAND FOR CLEANING

Demand for professional cleaning services is increasing as a result of COVID-19, and this demand is expected to persist beyond the crisis. Today, many customers want to have a cleaner, known as a "hygiene host", on site on a daily basis to ensure that all surfaces are always kept clean. This increased demand is highly favourable for Coor as cleaning is our main service area, accounting for around 30 per cent of net sales.

THE OFFICE – THE FUTURE IS BRIGHT

The office will remain important for building culture, for innovative and creative meetings and for attracting talent, even though working from home is expected to increase. The watchword is flexibility through customised solutions for different types of businesses and employees. The office is expected to become an attractive destination where customer experience and service take pride of place. This is where facility management enters the picture as a key element – to meet the need for both safety and security and to ensure an increased service level.

> *Demand for professional cleaning services is increasing as a result of COVID-19.*

SIGHTS SET ON THE FUTURE: WILL THE OFFICE SURVIVE THE PANDEMIC?

Will we be travelling to an office in the future or will we continue to work from home and only meet our colleagues digitally? Coor Advisory's workplace strategists are confident that the office will continue to play an important role in the future – as an attractive meeting place for innovation and relationship building.

Josefine Mordenfeld, Head of Coor Advisory.

To be or not to be – that is the question that many are now asking about the office. But the answer is not black or white, according to Josefine Mordenfeld, who heads Coor Advisory, Coor's consulting business focusing on the development of tomorrow's workplaces.

"The office will continue to be there in future, but the reason for going there will change somewhat. Employees will come to the office because they want to and need to, not because they have to or because it is something they normally do. The watchword will be flexibility, and most people will work both from home and from an office or some other place to varying degrees."

Josefine Mordenfeld and her team have been monitoring developments closely during the pandemic.

"Initially, most people felt that working from home was fine; there was an expectation that the pandemic would soon be over. But when the pandemic had been going on for more than half a year, the home office was no longer perceived to be as functional," Josefine Mordenfeld says.

Working from home is best for people who have access to their own workroom with good equipment and digital tools, according to a study by Leesman from 2020.

"Many people have also experienced an improved work-life balance with more time for their family and hobbies. Those who live in metropolitan areas save an average of one to two hours a day in travel time."

For others, working from home has been much more challenging.

"People for whom the workplace has been an important social platform have missed going to the office. Another issue, of course, is the type of work environment you have at home. Young people who have just started working and live in a tight space find working from home most challenging."

What have people generally missed about the office?

"The energy that is created in meetings with other people. In the future, we believe it will remain necessary to have a physical workplace where people meet in order to promote collaboration and to build and maintain the corporate culture. Companies need to invest in creating an attractive office that employees want to come to. Otherwise there is a risk that their sense of well-being, commitment and cohesion will decrease."

According to Josefine Mordenfeld, the workplace is most vital for new recruits and those who have recently entered the labour market. Studies show that knowledge transfer is most effective when we meet in person.

So what does tomorrow's office look like?

"Tomorrow's office is an omni-experience – a seamless and integrated experience that covers both digital work methods and the physical office. It needs to feel familiar and you need to have the same experience and impression of your workplace regardless of whether you are logging in to your computer or going to the office."

Those employers who are still offering cellular offices may need to reconsider and switch to a more flexible way of working in order to meet their employees' expectations, according to Josefine Mordenfeld.

"We also believe in the physical workplace as a service, experience and mediator of culture. It is likely that we will see businesses invest more resources and energy in creating precisely this going forward."

But Josefine Mordenfeld and her team stress that there is no one-size-fits-all solution.

"It depends completely on the type of organisation and the employees. A company with many new recruits will not get much out of working only digitally. They may need to apply a 30/70 breakdown between home and office working, with the emphasis on the office. For a highly digital company, it may be better to do the opposite, and do most of the work from home."

How to create tomorrow's office

Before you rearrange your office, you need to do a careful analysis of your organisation's and employees' needs – use facts and measurements rather than trying to guess! The most important thing is not necessarily a cool environment, but an attractive, sustainable and functional workplace that encourages well-being, creativity, meetings and innovation. A place that the employee longs for and WANTS to go to.

WORKPLACE TRENDS FOR TOMORROW'S OFFICE

Health and well-being
Security, a well-balanced life and opportunities to recover have now moved even higher up the agenda in our working lives. This needs to be taken into account in designing tomorrow's workplace and its range of services.

Digital leadership
Tomorrow's leaders need to be able to create a sense of togetherness and build a culture remotely. This will involve new ways of leading, with less focus on methods and more on goals and results.

Flexibility
Flexibility will become the new normal, with regard to the employees' working hours, working methods and where they do their work but also in terms of how the office is designed and what services are available there.

Data and technology
Businesses and organisations will invest more in IT solutions and IT security, smart solutions that make life and work easier for the employee.

Climate awareness
Now that we have got used to new, greener ways of working, such as digital meetings instead of business trips by air or car, more people will expect workplaces to meet higher standards of sustainability.

Experience
The office as a service
A growing number of companies are investing in first-rate environments with even higher service levels that their employees want to go to in order to fulfil social as well as practical needs.

The office as an experience
The physical office will become a creative arena for innovation and relationship building with workspaces and environments that are conducive to this.

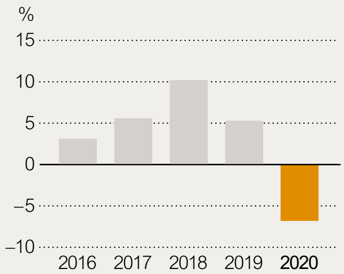
The office as a mediator of culture
The physical office needs to influence the culture as well as the brand in order to attract and retain talent.

Companies need to invest in creating an attractive office that employees want to come to. Otherwise there is a risk that their sense of well-being, commitment and cohesion will decrease.

GOALS AND RESULTS

Organic growth

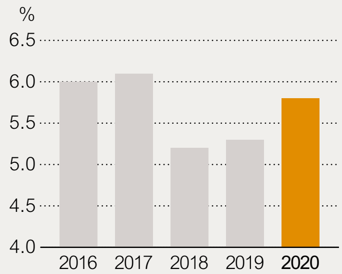
GOAL 5%
Annual organic growth of 4–5 per cent over the course of a business cycle.



RESULT -7%
Coor's subscription volumes remain strong, although the pandemic has had a negative impact on the company's variable volumes.

Adjusted EBITA margin

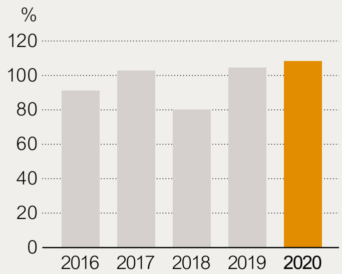
GOAL ~5.5%
An adjusted EBITA margin of around 5.5 per cent in the medium term.



RESULT 5.8%
An improved EBITA margin through strong cost consciousness and a focus on efficiencies.

Cash conversion

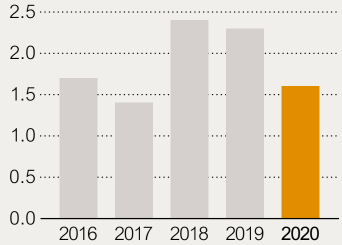
GOAL >90%
A cash conversion rate in excess of 90 per cent in the medium term.



RESULT 108%
Structured cash flow management leads to improved working capital and a balanced investment level, resulting in a high cash conversion rate.

Capital structure

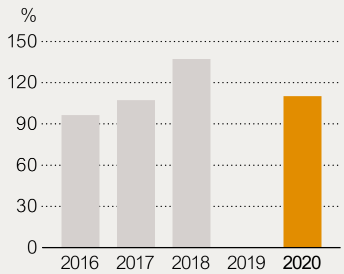
GOAL <3.0x
Net debt of less than 3.0 times adjusted EBITDA in the medium term.



RESULT 1.6x
With a strong cash flow and no dividend payment for 2019, we have been able to reduce our leverage.

Dividend

GOAL ~50%
The goal is to distribute around 50 per cent of the company's adjusted net profit for the period (before amortisation and impairment of intangible assets) in ordinary dividends to the shareholders.

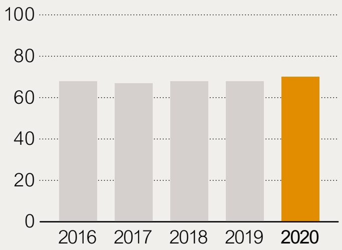


RESULT 110%
In view of the company's strong earnings, cash flow and low debt level, the Board proposes a dividend for 2020 of SEK 4.40 per share (of which SEK 2.00 per share in ordinary dividends and SEK 2.40 per share in extra dividends). Subject to the AGM's approval, the total dividend amounts to 110 per cent of the company's adjusted net profit for the period (before amortization and write-downs of intangible assets).

High customer satisfaction

GOAL ≥70
The goal is to maintain a high level of customer satisfaction over time (customer satisfaction score) ≥70.

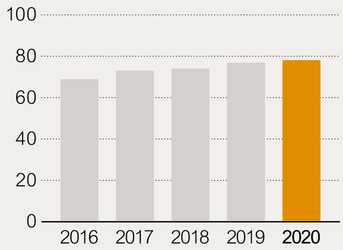
RESULT 70
Coor's score increased to 70, which is a very good and stable result, and we have continued to develop our customer offering.



Committed and motivated employees

GOAL ≥70
The goal is to maintain a high level of employee motivation (employee motivation score) ≥70.

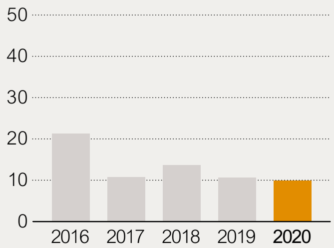
RESULT 78
In the annual employee survey, Coor achieved its highest employee motivation score to date, despite a challenging environment. The participation rate also reached a new high.



No injuries and long-term sick leave

GOAL ≥3.5
The goal is to reduce the company's TRIFR (total recorded injury frequency rate) to ≤3.5 by 2025.

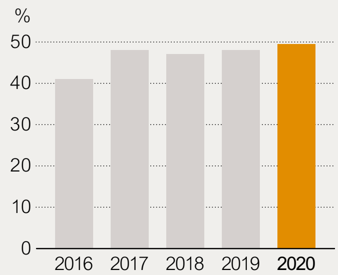
RESULT 9.9
Injuries are down in many parts of the business, but we have not yet reached our goal.



Equal opportunities

GOAL 50%
The goal is a 50/50 gender balance at management level.

RESULT 49.5%
The proportion of women in managerial positions is 49.5 per cent across the company as a whole, which is well in line with the company's goal.



Reduced emissions

GOAL 50%
Coor is working to reduce its emissions of greenhouse gases. Our goal is to reduce our Scope 1 and 2 emissions under the global Greenhouse Gas Protocol framework by 50 per cent by 2025 compared with our newly established baseline.

RESULT
To be able to monitor our emissions in accordance with the Greenhouse Gas Protocol, robust reporting principles are being prepared in 2020–2021 to ensure transparency, traceability and year-to-year comparability. A strategic plan for reducing emissions is also being prepared. Coor's long-term goal is to phase out fossil fuels, and already in 2020 we made progress in this area.

OUR STRATEGY

Coor's strategic platform consists of four areas which define the direction for all our activities. These areas provide guidance on priorities and decisions, and help Coor to achieve its vision of creating the Nordic region's best work environments. All to ensure that our customers are able to focus on their core business.

VISION

Coor creates the happiest, healthiest and most prosperous workplace environments in the Nordic region. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

BUSINESS CONCEPT

Coor's business concept is to take over, manage and develop services in offices, at properties and production facilities, and in the public sector. We aim to run our business in an effective and sustainable manner that creates long-term value for our customers, employees and investors as well as society at large and the environment.

STRATEGY

- Nordic specialist
- Growth in IFM
- Growth in single services
- Operational efficiency

RESPONSIBLE BUSINESS

- Business responsibility
- Social responsibility
- Environmental responsibility

FOUR STRATEGIC AREAS

Much of 2020 was overshadowed by the spread of COVID-19 in the Nordic region, which of course had an impact on Coor in many ways. Our strategic platform remains the same, however. We will continue to focus on the Nordic region, on achieving growth in IFM as well as single services, and on operational efficiency.

CUSTOMER-ORIENTED SOLUTIONS

The Nordic countries are Coor's home market. Coor's proximity to its customers and its knowledge of local conditions enable us to offer customised and flexible solutions. We are attentive to our customers' needs and work continuously to strike the right balance between economies of scale in the delivery of services and customer adaptations. Coor has some of the largest IFM contracts in the Nordic region, including contracts with Equinor, Aibel, Ericsson, Volvo and ICA as well as the Danish Police, Prosecution Authority and Prison and Probation Service, which consolidate the company's Nordic market leadership.

GROWTH IN IFM

Coor is the Nordic market leader in delivering IFM services to large organisations with complex requirements. Coor sees continued growth opportunities in the IFM segment, which is growing faster than the FM market as a whole. A growing number of customers are choosing to purchase the majority of their facility management services from a major service provider with the resources to invest in development and innovation. An IFM provider such as Coor is also able to create synergies between services by using the same personnel for multiple services and thus reducing the overall cost for the customer.

GROWTH IN SINGLE SERVICES

As a major player, Coor is able to offer high-quality separate services at market prices. The service areas that Coor has chosen to focus on are property services, cleaning, and food & beverages, and these services are included in most customer contracts. Coor experienced healthy growth in smaller deals in 2020 and aims to continue to capture market shares in this area.

OPERATIONAL EFFICIENCY

Coor has a strong improvement and efficiency focus and strives to be the best in the industry at delivering services which increase customer value. Continuous operational improvements are an important part of working life for Coor's personnel. Innovations which increase our customers' efficiency and reduce the use of resources also help to promote sustainable development.

WE ARE COOR

Our navigator – We Are Coor – describes Coor and reflects the key elements that make us what we are. We Are Coor shows who we are in a simple way, expresses our soul, and describes our dna and how everything fits together, from our vision to our most important element – our people.

COOR VISION

Coor aims to create the happiest, healthiest and most prosperous workplace environments in the Nordic region. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

PASSION FOR SERVICE

We create value for our customers with our passion for service. Coor is the leading supplier of facility management in the Nordics. Our major service areas are food and beverage, cleaning and property. We provide our customers with expertise, experience, innovation, development and strategic advice covering more than 100 different service deliveries for workplaces and properties

SERVICE WITH IQ

Coor offers a broad range of FM services to private companies in many sectors and industries, as well as the public sector. By understanding our customers and through innovation, Coor provides the sector's leading and smartest offering. We call it service with IQ.

GUIDING STAR

Coor's guiding principles, our common values, provide a framework for the daily activities of all employees.

WE SEE FURTHER
We stay one step ahead in order to solve problems before they actually arise.

WE LISTEN
We are open to views and ideas on how we can develop or improve ourselves and our work methods.

WE CREATE SUCCESS
Generating success is about drive and the desire to improve.

TRULY SUSTAINABLE

Coor creates value in three dimensions: financially, socially and environmentally. The overall objective is to ensure that the business is successful and generates the highest possible economic return, without compromising on respect for human beings and the environment. Our social and environmental goals are as essential as our business goals.

Business Sustainability
Environmental Sustainability
Social Sustainability

PASSION FOR PEOPLE

For Coor, people are what matter most. We would be nothing without our motivated and competent employees supporting our customers' needs. Coor's decentralized organization with local managers that have extensive responsibility and far-reaching mandates is a key asset. The strong local leadership allows us to be fast, flexible and adapt to individual customer needs.

RESPONSIBLE BUSINESS

Delivering on Coor's strategy and developing our business in line with our vision requires a long-term approach to sustainability. Coor strives to conduct its business in a responsible manner. This means that we create value in three dimensions: financially, socially and environmentally.

The overall objective is to ensure that the business is successful and generates the highest possible economic return, without compromising on respect for human beings and the environment.

For each dimension, we have defined our principal standpoints along with objectives for how we should conduct our business. These are based on internal and external dialogues, the principles of the UN Global Compact and the UN Sustainable Development Goals (SDGs).

The negative impact of Coor's business on the climate and the environment is called its footprint. A new concept in Coor's sustainability is its handprint. Our handprint is a tool that is more centred on actions and solutions and describes the positive environmental impact that Coor's sustainability activities has for our customers.

THE UN SDGs

The UN is addressing today's biggest challenges through its 17 SDGs. Coor wants to help advance the ambitious agenda that has been adopted by all countries in the world: to abolish extreme poverty, reduce inequality and injustice in the world, promote peace and fairness, and solve the climate crisis by 2030. Coor has chosen to focus on eight of the SDGs where the company has the greatest potential to contribute from a global perspective.

Good health and well-being
Ensure healthy lives and promote well-being for all at all ages.

Gender equality
Achieve gender equality and empower all women and girls.

Decent work and economic growth
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Reduced inequalities
Reduce inequality within and among countries.

Responsible consumption and production
Ensure sustainable consumption and production patterns.

Climate action
Take urgent action to combat climate change and its impacts.

Life below water
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

Partnerships for the goals
Strengthen the means of implementation and revitalise the global partnership for sustainable development.


COOR
COOR

BUSINESS RESPONSIBILITY

Coor aims to ensure a stable financial performance and to deliver a high level of customer satisfaction by:

- Ensuring sustained growth and profitability over time while following good business practice.
- Delivering value-creating and innovative solutions based on its customers' requirements for functionality, efficiency and security.
- Providing reliable and relevant information in a secure manner.
- Helping its customers achieve their goals.

Examples of activities

- A customer-oriented business model and customer-specific solutions that stand the test of time. Learn more about our customers MAN Energy (see page 24), Karolinska University Hospital in Solna (page 25), Aibel (page 26) and Varma (page 27).
- A major information campaign about the pandemic aimed at customers and employees describing the activities Coor has initiated in connection therewith (see page 36).

SOCIAL RESPONSIBILITY

Coor aims to have committed and motivated employees and zero work-related injuries or long-term sick leave and to promote equal opportunities by:

- Actively promoting the well-being of its employees as well as a safe work environment.
- Promoting diversity and equality by ensuring that each employee is treated respectfully and fairly regardless of their gender, ethnicity or other characteristics.
- Developing and engaging the company's employees.
- Contributing to social development through local initiatives that help build a better society.

Examples of activities

- Campaign weeks for a safer work culture (see page 36).
- Webinars on remote leadership (see page 114).
- Coor Society Program helps to simplify the integration of new employees (see page 36).
- Language courses for Coor's employees (see page 32).
- We Are Coor meetings to strengthen employee engagement and participation (see page 32).

ENVIRONMENTAL RESPONSIBILITY

Coor aims to promote responsible consumption and reduced emissions by:

- Actively helping to minimise its customers' environmental impact.
- Engaging in structured and proactive internal environmental management activities.
- Working actively with strategic and tactical suppliers.
- Halving Coor's carbon footprint by 2025.

Examples of activities

- Circular business models for sustainability at all stages and reuse wherever possible (see page 29).
- Chemical-free cleaning is becoming increasingly common in Coor's customer contracts (see page 29).
- Coor supports research on sustainability and food (see page 30).
- SmartEnergy, a system for measuring and optimising energy use (see page 31).

EVERYTHING WORKS WITH COOR

Coor offers around a hundred different services in various service areas, ranging from individual cleaning services to complex IFM deliveries. Regardless of which services are provided, we always strive to create the happiest, healthiest and most prosperous workplace environments in the Nordic region. We strive tirelessly to build the teams and full-service solutions that enable our customers to do what they do best.

PROPERTY SERVICES

Coor is an expert at property services – some 15 million square metres of floor space across the Nordic region are maintained by Coor. Coor is a professional partner that always ensures it finds a good mix of corrective and planned maintenance over time, with the aim of optimising the cost for the property over its lifecycle.

CLEANING

Coor's strength lies in its ability to combine the professionalism of a large cleaning services company with the commitment of a local player. Coor has the resources, methods and expertise that are required to provide a wide variety of cleaning services: from office cleaning to more advanced services such as cleaning of hospital environments and cleanrooms. In connection with the pandemic, demand for more advanced cleaning services with a focus on disease control has increased.

FOOD & BEVERAGES

Coor runs a large number of restaurants in Sweden, Norway and Denmark. The key to success in this business is to adapt to local conditions, as no two countries or regions are alike. That's why the menus for Coor's restaurants are based on local produce and adapted to local preferences. All restaurants have a focus on sustainability and reduced food waste.

CONFERENCE SERVICES

Meetings, both digital and physical, are an important part of working life. Our conference business includes Coor's own conference facilities as well as conference services that are provided on site at the customer premises. We ensure that our customers have a good experience throughout their meeting and are happy to assist with special requests.

OFFICE SERVICES

Coor's goal is to create a workplace where our customers, their employees and guests are happy. This means giving them a warm welcome at reception, good-quality coffee, fruit baskets that are continually replenished, a smooth and efficient mail and freight handling service and functioning photocopiers as well as ensuring that office supplies are always available and that light bulbs are replaced. These are small but crucial details for ensuring a well-functioning workplace. Here, Coor can easily apply its smart solutions for increased customer satisfaction, for example in the form of sensors that measure the indoor climate and detect whether conference rooms are being used. Together with the Swedish clean tech firm LightAir, Coor has developed an offer to create a safer indoor climate through virus control and indoor air filtration.

SECURITY

Coor has long experience of providing security solutions for businesses with high security requirements. Security guards, security technology, access control and fire safety are a few examples of Coor's security services.

OUTDOOR ENVIRONMENTS

The outdoor environment is what our customers and their employees encounter first upon arriving at work in the morning. Coor ensures that bushes, lawns and flower beds always look their best. In the winter, car parks and roads are ploughed and maintained – all to create an appealing and safe outdoor environment.

ANN-CATHRIN ÖSTMAN

Age: 55
Works as: IT Service Manager

Could you tell us about your work?
"I am in charge of IT Education Service, which is aimed at those who need help to create new training concepts. Our latest addition is *Coor My Learning*, a gamification product. *Coor My Learning* allows us to use methods from the gaming world to develop people's knowledge and help them learn new behaviours, in health and safety for example."

What do you like most about your job?
"What I enjoy most is supporting my colleagues in creating training programmes. Working together gives me energy. I like to say that 'I have the best job at Coor, but don't tell anyone...'"

Is there something special that sets Coor apart as an employer?
"I have worked in many different roles here since 2001, and Coor is an 'if you want to you can' company. If you have the desire and the will to develop you will have a chance to do so."

How has COVID-19 affected your work?
"There has been a lot more demand for my help. We talk a lot about being innovative and about digitising our services. My impression is that this process has accelerated now that many of us – those who can – are working remotely."

MAX BJÖRKMAN

Age: 31
Works as: Goods staff/caretaker

Tell us what you do at Coor?
"I work at the goods reception department at our head office in Kista outside Stockholm, where our customers are Coor and other companies with offices in the same building. I receive packages, help with dispatches and go around delivering mail. I also belong to the caretaking department and we help out with various services in the building, such as mounting TV screens, repairing office furniture and putting up shelves. If we can't do what the customer needs, we hire a workman who can. We want to be a one-stop shop for meeting the customer's needs – they shouldn't have to look for the right person."

What is the best thing about your job?
"The variety, without a doubt! One day I get to put up paintings and the next I repair furniture. With such a wide variety of tasks I never get bored, and I get to use my creativity to solve the customer's problems."

Has COVID-19 affected your work?
"We have of course not been able to work from home but here at the office most things have continued like usual, although it's been a bit empty. This has given us time to devote to other things, such as organising the storeroom."

VERONICA ANDERSSON

Age: 40
Works as: Pantry chef

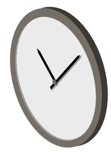
What does a typical day look like for you?
"In the morning, we prepare everything for the café, such as bread rolls, wraps and smoothies. Then we prepare cold side dishes and salads for the bistro and then for the restaurant buffet. Every Friday we bake and that is also my responsibility. After lunch we begin the preparations for the next day. Our schedule is very full!"

What does good service mean to you?
"Always focusing on the guests and offering that extra something. When I manage to do that I feel content when I leave work to go home."

What is the best thing about your job?
"The freedom! My managers and colleagues have great confidence in me and I am a team player in everything we do. Because of that I have a lot of freedom to do what I feel is right. And my colleagues of course – they are my family!"

How has COVID-19 affected your work?
"It has affected us a lot, not least because the number of guests has varied sharply over the course of the year. We have been forced to find new ways of working, for example by keeping a safe distance from our guests and replacing our tools regularly. It's been tough and I expect that COVID-19 will affect us for a long time to come."

YAOWARET SATHIANBUN



Age: 58
Works as: Cleaner at a hospital

What does good service mean to you?
"I make sure everything is nice and clean everywhere, in the wards, staff rooms and offices. For me, good service is about putting 110 per cent into what I am doing so that both the customers and the patients are happy."

In what way do you work sustainably?
"We use single-use materials only if it is really necessary. And we do our cleaning almost entirely without chemicals."

What is it like working at Coor?
"I am very happy with my job at Coor. Coor is an employer that keeps things in order. Compared with my previous workplaces, my current job is more challenging and I learn new things every day. I also meet lots and lots of people, both health workers and patients. I like that and I've made new friends at work."

How did COVID-19 affect your work during the year?
"I was given PPE (Personal protective equipment) and instructions so that I know how to behave in order to avoid the risk of getting infected or of infecting others. You just need to be careful and wash and disinfect your hands frequently; I'm not worried."

SEBASTIAN TORKKEL

Age: 31
Works as: Maintenance technician at a hospital

Tell us what you do during the day?
"We start at seven with a morning meeting for our team where we discuss what happened during the night and whether there is anything urgent that we need to attend to. I work almost exclusively with medical gas, that is, medical-grade gases and compressed air that are distributed directly to the patients through inhalation or other treatments. We check compressors and gas control panels every day, handle fault reports on an ongoing basis and also do planned maintenance when we have access to premises at the hospital that can be difficult to access otherwise, such as operating theatres."

What is the best thing about your job?
"I really like my duties. Working with gas is an exciting and varied job, and there are a lot of things happening all the time, so every day is different. I also get a lot of people asking me things out of curiosity when I'm in the wards and meet the health workers there. And I've got just the best colleagues who I really get along with!"

How has COVID-19 affected your work?
"It was stressful at first when we didn't know what was happening, but Coor is really concerned about our safety and health. We have received training and now know the ropes about PPE (Personal protective equipment) and other things."

SAMINA LINDBLAD

Age: 22
Works as: Hostess at Coor's head office

What does a typical day look like for you?
"As a hostess, I'm involved in everything and in charge of both the social and practical sides. I greet visitors and make sure everything always looks nice in our office – our conference rooms, the lounge and the kitchen. I order goods, answer calls and e-mails, and sort the mail. Making the day go by is no problem."

What do you like most about your job?
"There are a lot of things I like! I like helping the people in the building, both the visitors and the employees. Another thing that I really like is that there are so many of us working here, so there is usually a lot going on. I look forward to coming to work every day!"

How has COVID-19 affected your work?
"As we have had fewer visitors, my colleague and I have found time to deal with things that we normally struggle to find time for. We've also put a lot of work into preventing the spread of infection at the office and have helped those who work from home to gain access to equipment. Our aim has been to provide the best possible service, but in a different way."

FLEXIBILITY CREATES VALUE FOR MAN ENERGY SOLUTIONS

At MAN Energy Solutions in Denmark, Coor has created a complete overview of all technical installations. This makes it easy to maintain and plan replacements and investments.

17 PARTNERSHIPS FOR THE GOALS

When Coor initiated its FM contract with MAN Energy Solutions in 2018, the main task was to create an overview of all technical installations. And that was the reason why Coor specifically was chosen as the company's service provider. The aim was to create a better structure for operations, service, maintenance and replacement of installations.

After a review of the technical installations in the buildings, a clear annual schedule was produced, specifying all the service information for each installation. This provides a good overview and allows you to produce precise investment plans for how it can pay off to replace and update the installations, explains Tommy Andreasen, CFO at MAN Energy Solutions.

A professional overview of the installations

"Previously, this knowledge about the installations and their service requirements was available only to individual people. Now our overview and knowledge is available to everyone. This puts us in a much better position for planning future investments in the technical facilities. We would never have been able to complete that journey without Coor."

Coor also introduced an automatic troubleshooting system. Previously, error reporting was done manually on paper. Now the reports are submitted automatically in a system and the documentation is easy to access through a common SharePoint site. This makes it easy to assess and solve tasks in the company's daily work.

Coor shows its flexibility during the COVID-19 crisis

MAN Energy Solutions' collaboration with Coor is marked by a high degree of flexibility and proactivity, Tommy Andreasen says. Coor takes part in daily whiteboard sessions with the production team in order to remain one step ahead and meet MAN Energy Solutions' needs.

In the COVID-19 situation especially, it has become clear that there is a strong will to adapt to the new reality on the part of both Coor and MAN Energy Solutions, Tommy Andreasen explains:

"Coor has been proactive and quick to suggest changes, for example with regard to investments. Naturally, it has not been possible to implement all the initiatives we were planning before the pandemic, but Coor was very understanding and had a strong willingness to change, which is something we were very pleased with."

About MAN Energy Solutions

MAN Energy Solutions is a market-leading developer of propulsion engines for large vessels. In Denmark, the company has around 2,000 employees at sites in Copenhagen, Ishøj, Frederikshavn and Holeby. The technical maritime museum Diesel-House in Copenhagen is a part of MAN Energy Solutions.

The contract is an IFM contract. In terms of property services, it covers caretaking, technical maintenance, building maintenance and waste management. It also includes garden maintenance, snow removal, cleaning and restaurant services as well as mail, reception and service desk services. The contract covers six sites: Teglholmsgade 41, Teglholmsgade 35, Dieselhouse, Frederikshavn, Holeby and Ishøj.

A GOOD MEAL WITH THE PATIENT'S BEST INTERESTS IN MIND

"Hospital food" has always had a bad name. In late 2018, Coor therefore took up the challenge of shaping an entirely new concept for Karolinska University Hospital in Solna where the primary concern is the patient and the dining experience. "The food looks good, smells nice and tastes good" are some of the comments Coor has received.

3 GOOD HEALTH AND WELL-BEING

What we eat has a big impact on our well-being and is an important part of the recovery process. The dining experience also strongly affects the patients' perception of their stay at the hospital.

"The food looks good and tastes good," says Birgitta Andersson, FM Controller at Karolinska University Hospital. "The primary focus really is on the patient; they get to choose food from a wide menu, decide when they want to eat and have a pleasant dining experience. The food is quite advanced and it is clear that those who prepare it take pride in doing so. For the patients, it makes a big difference being able to influence their meals."

Every day, Signatur by Coor prepares and delivers 500 portions of food and other groceries to the 24 ward kitchens at Karolinska University Hospital in Solna. The assignment also includes meal hosts who heat up and serve up the food – every day, all year round. All portions served are nutritionally calculated and Coor has an administrative dietitian on site.

"I think the food is of high quality and tastes incredibly good," Anette af Geijerstam, dietitian at Karolinska University Hospital, says. "Many patients are surprised the food at the hospital is so good. It is important for patients to eat well in order to get better."

A common cause behind the poor quality of hospital food is insufficient collaboration between the meal delivery team and the wards.

"I feel that Signatur has a strong desire to do things in collaboration," Anette af Geijerstam continues. "Karolinska University Hospital has extensive experience of what patients want and the Signatur staff are good at taking on board our knowledge. We design the menu together so that it suits the patients."

Signatur by Coor is an entirely new concept for food in the public sector. The emphasis is on service and the actual dining experience – good, nutritious food combined with a high level of service. The food is prepared from scratch using fresh, largely Swedish and organic ingredients. Minimising the climate impact of the food is a requirement that Karolinska University Hospital was particularly clear about in its procurement.

"The fact that Signatur by Coor uses up to 50 per cent organic ingredients in the commercial kitchen is impressive. There is also a strong desire to reduce food waste," Anette af Geijerstam says.

Each year, a major survey is conducted among patients about what they think of the food and meals at the hospital.

"I've looked at the responses to this year's patient survey and was extremely happy when I saw them," Birgitta Andersson says. "The results accurately reflect my own experience."

"I think Signatur by Coor has really grown in its role," Anette af Geijerstam concludes. "We enjoy working with Coor and our partnership is rewarding for all parties. I am proud of the work we are doing!"

About Karolinska University Hospital in Solna

Karolinska University Hospital in Solna is one of Europe's largest hospitals. By offering safe, high-quality healthcare based on the best expertise, treatment methods and nursing, they ensure that patients receive personal attention and translate research, education and development into care. Here the focus is always on the patient.

Coor's assignment

Signatur by Coor meets the hospital's need for patient meals in Solna based on a comprehensive solution covering preparation, delivery and meal hosts. The focus is on creating a good dining experience based on the patients' needs and as a means of helping them to recover.

LONG-STANDING PARTNERSHIP SAVES THE DAY IN A TIME OF CRISIS

A strong partnership based on trust makes it easier for both parties to feel confident that the implemented infection control measures and adaptations are the right ones in an uncertain time. This was the experience of Aibel when the COVID-19 crisis hit.

"At Aibel, we have a partner with solid knowledge and an organisation with the necessary resources for handling a pandemic. Coor's specialists were consulted on difficult issues and have presented good solutions. Coor has always been one step ahead," Hans-Jakob Berge, FM Officer at Aibel in Norway, says, looking back at a year that was marked by states of emergency.

The partnership between Aibel and Coor is based on mutual trust that has been built up since the collaboration first began in 2014. The collaboration got off to a difficult start due to the downturn in the Norwegian oil and gas sector but the two parties emerged from the crisis with increased confidence in each other. And the lessons are the same now as then:

"We ask ourselves, 'What does the customer need?' Aibel knows that we are not trying to sell them more than they need. That inspires confidence. We do not come up with suggestions for things we don't think are necessary," says Gry Thu, Coor's Contract Manager for the Aibel contract.

According to Gry Thu, the fact that both parties realised the gravity of the crisis at an early stage was an important factor in the partnership between Aibel and Coor during the pandemic. Coor's Soft FM Manager for the Aibel contract was quickly appointed "COVID-19 Coordinator". Aibel sent a question to Coor already in February: "What is Coor's view? What do we need to prepare for?" By working together, Aibel and Coor succeeded in creating some room for manoeuvre before Norway was locked down and had time to take several preparatory measures.

"In the midst of managing the crisis, we also succeeded in maintaining a degree of normality. We kept our sense of humour and continued to hold our planned innovation and strategy meetings.

We completed an entirely new restaurant concept, for example," Gry Thu says.

Aibel's largest facility is in Haugesund, where the company runs a shipyard with around 5,000 employees. When the shipyard is operating there can be more than 3,000 visitors. Coor therefore needs to be very flexible and be prepared to adapt to the customer's planned activities.

"It is essential to ensure that our employees feel safe so that as many as possible can meet at work without worrying about infection. One challenge has followed another when it comes to reducing infection while at the same time keeping things up and running. I think Coor has been very successful in keeping things up and running together with Aibel's FM team. Coor is both flexible and willing to change," Hans-Jakob Berge says.

About Aibel AS

Aibel AS is a leading oil, gas and renewable energy services company. Since 2014, Coor has provided IFM services to all of Aibel's facilities in Norway, through around 60 Coor employees who perform services for 3,700 employees at Aibel.

TRUST CRUCIAL WHEN COOR IS YOUR FACE TO THE WORLD

The long-standing partnership between Coor and pension company Varma is built on mutual trust and understanding, as Coor represents Varma in all meetings with the company's service users.

Coor has been Varma's service partner and has been in charge of the company's property services and cleaning since 2008. Coor is responsible for property services and cleaning in Varma's commercial properties, which cover large floor areas and receive thousands of visitors every year.

To successfully complete its assignment, Coor needs to be able to see things from the property owner's perspective:

"Trust is crucial when the service provider is the owner's face to those who visit the property. Cost-effective, smart thinking and constant development are other key factors," Toni Pekonen, Commercial Property Director at Varma, says.

Apart from the day-to-day running of the properties, Varma's properties also undergo major renovations and conversions, making the role of caretaker all the more important. Coor participates in these projects but also needs to ensure that both the tenants and service users are happy.

"Coor's role is crucial. They need to be able to respond to comments and handle any complaints that may arise," Toni Pekonen says.

The pace of technological development at Varma is very fast.

"Running properties in a responsible and sustainable manner will be even more important in the future. Our properties are becoming even more technical, so the service provider needs to have a lot of knowledge in this area. In addition to its current work, Coor will in future be responsible for managing this network of digital development partners," Toni Pekonen concludes.

About Varma

Varma provides pension insurance for Finnish work and is a pioneer in work ability management. They are also a responsible and solvent investor. As a property investor, Varma's focus is on providing high-quality commercial premises and apartment buildings across Finland.

Coor's assignment

Coor provides property services and cleaning at two large properties: Arabia135, an iconic area of Helsinki known for its industrial design that is now a dynamic meeting place for the city's residents, visitors and tourists, and Rajalla in Torneå, one of the largest shopping centres in Lapland.


COOR

INITIATIVES FOR THE ENVIRONMENT

For Coor, environmental responsibility is about actively reducing our environmental impact, mainly in our own but also in our customers' businesses.

20,000 plastic bags replaced by cloth bags

At the psychiatric ward at the hospital in Vejle, Coor is constantly trying to think of new sustainable ways of working. One of these initiatives is that the cleaners now reuse cloth bags for dirty rags and mops, instead of the plastic bags that were previously used. In just one year, Coor's cleaners have prevented 20,000 plastic bags from ending up in nature.

Circular business model creates sustainability at all stages

It is becoming increasingly common for Coor's innovation team to operate based on a circular business model – one example is Coor's collaboration with Naava. Together with Naava, which produces green walls for indoor environments, Coor has developed a well-functioning circular work method.

In a more traditional business model, responsibility for service and product life rests with the customer and the products often end up at the dump after use. In a circular business model, this responsibility rests with the supplier, which is a solution that is both sustainable and simple for customers.

Naava takes a circular approach at all stages of its sales and production process. The products are manufactured in Estonia and Holland and the product materials are recyclable as far as possible.

Coor sells Naava's green walls as a subscription service, which is another element of the circular business model. If a product is sold, there is a risk that the customer will discard the product after using it. By only offering subscription solutions, Coor can ensure that the product is reused.

Chemical-free cleaning on the rise

In several of Coor's contracts in Sweden, cleaning is done almost entirely without chemicals. The method is based on electrolysis of common salt and water and the cleaning agent is produced by Coor on site at the customer premises. The chemical-free cleaning agent is a mild alkali that also contains a substance with disinfectant properties. The emissions to nature are minimal, as the agent turns back into common salt and water again after use and can thus be reused.

The solution can be used for both manual and mechanical cleaning and the result is just as good as when chemicals are used.

Coor has several customers who regularly use the chemical-free cleaning agent, including Pembroke, the Swedish Transport Administration and Karolinska University Hospital in Solna.

Chef Daniel Töyrä at the Ericofood restaurant presents a completely plastic-free delivery of fruit and vegetables.

Coor cuts back on many miles of plastic

In Coor's restaurants, the ambition is to reduce the use of plastic. One example is that through a simple solution such as dispensing with the plastic around the cage trolleys in which fruit and vegetables are delivered it is possible to cut back on many miles of plastic every year.

Previously, when Coor received deliveries of produce the cage trolleys were wrapped in yards and yards of plastic to keep everything in place. To save the environment, Ann-Charlott Sjöqvist, Sustainability Change Leader at Coor Sweden, contacted the fruit and vegetable suppliers Grönsakshallen Sorunda and Coor's main wholesaler Martin & Servera. A joint project was initiated, and since June 2020 trolleys from Grönsakshallen Sorunda and Martin & Servera's warehouses have been rolling out to all Coor restaurants in Sweden with no plastic.

Coor has run several joint projects with Martin & Servera, including projects on sustainable production, reduced waste and optimised transports.

Coor supports research project on sustainable food

Norwegian consumers have little knowledge of the connection between climate challenges, sustainability and food, according to two surveys from Opinion and Ipsos/Orkla. Eight out of ten Norwegians say they want to live more sustainably, but almost 70 per cent have difficulty choosing sustainable food.

Together with Nofima and Orkla, among others, Coor has received a grant of NOK 12 million from the Research Council of Norway for the sustainability project Food (R)evolution. Coor will have main responsibility for the project, which runs until 2024.

As just over one million lunches are eaten in staff canteens in Norway every day and many diners are willing to try new products, the staff canteen is a suitable arena for serving new and improved lunches that are also good for the environment. Coor's staff restaurants in Norway will be used to try out new, sustainable products in order to learn more about how the products will be received before they are released in the market. The goal is to get more sustainable products into food stores and canteens.

"This is a very exciting opportunity for Coor, where we can help to improve access to sustainable food for Norwegian consumers. It is also valuable for us to be able to serve even more sustainable products in our restaurants," says Henrik Fonahn, Head of Sustainability at Coor Norway.

Mattias Wahlgren of Coor and Joakim Hansson of LightAir receive IFMA's Innovation Award.

Coor wins innovation award

For the second year running, Coor has won the FM industry's Innovation Award, this time with *Smart Climate powered by LightAir*, a solution for clean and virus-free air in office environments.

Together with LightAir, a Swedish clean tech firm, Coor has developed an offer to create a safer indoor climate through virus control and indoor air filtration. LightAir seeks out and neutralises airborne viruses already in the air and is 97 per cent effective. It also filters the indoor air with great precision, removing 99.99 per cent of all viruses, bacteria and ultrafine particles. The technology behind LightAir has been tested by researchers at the Karolinska Institute and their conclusions have been published in the scientific journal Nature Scientific Reports.

"This is a solution that reduces the spread of infection, increases well-being and provides a better and safer environment at our workplaces. The solution is really well-timed and many companies have shown great interest in our products," says Mattias Wahlgren, Group Innovation Manager at Coor.

The award for best FM innovation was instituted by the International Facility Management Association (IFMA) as part of an effort to promote and disseminate innovations that develop and improve the FM industry.

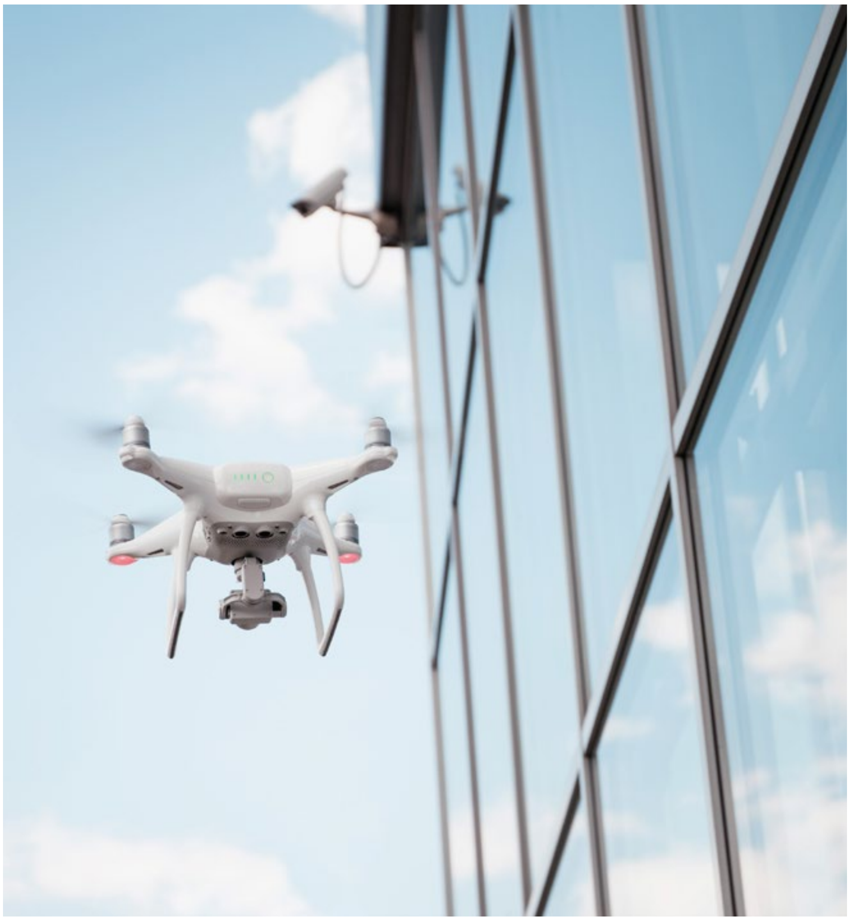
Collaboration and innovative solutions for the property industry

During the year, Coor Denmark initiated a collaboration with Proptech Denmark, an organisation with a mission to promote innovation, technological development and digital transformation in the property industry.

Proptech Denmark brings together start-up businesses and innovators in the property industry to develop sustainable, digital solutions for property maintenance that result in lower CO_2 emissions as well as innovative solutions that drive both sustainability and efficiency.

"Things are moving very fast and we want to remain at the forefront, so it makes sense for us to enter into a partnership with Proptech Denmark, which is the leading innovator in the property industry," says Thomas Fog, Business Unit President of IFM & Property at Coor Denmark.

As part of its collaboration, Coor will have access to the solutions developed in Proptech Denmark, solutions that can be scaled up to meet the needs of Coor's customers.



Coor supports research on plant-based proteins

To achieve the Agenda 2030 SDGs, a shift from animal to plant-based proteins is essential. Today, however, not much research is being done on food processing, consumption and the health benefits of plant-based proteins. PAN Sweden, a research centre, is aiming to remedy the situation.

Coor is one of the private companies and organisations which, together with several universities, are supporting the research centre in its effort to study the entire chain from food production to human health and well-being. The collaboration makes it possible to follow the entire chain and test consumer behaviour in different environments, such as school canteens, subsidised lunches for the elderly and workplace restaurants.

The research centre brings together experts from a range of disciplines with the aim of improving our understanding of plant-based proteins and building a scientific foundation for developing good and healthy foods that consumers want to eat.

"Participating in this research project is a fantastic opportunity for us to be involved in and help drive the development of tomorrow's sustainable and healthy foods," Jonas Winkelmann, Contract Manager Food & Beverage at Coor, says.

SmartEnergy saves energy and money for Saab

SmartEnergy is a new system for measuring energy use at a production plant, in order to optimise the use of energy. Energy efficiency achieved through SmartEnergy leads to cost savings as well as a reduction of greenhouse gases. SmartEnergy can also increase the lifespan of equipment such as lighting, which needs replacing less frequently because it is used less.

At Saab's site in Huskvarna, Coor has used SmartEnergy to help Saab reduce its annual energy use by 9.3 per cent, which at the Huskvarna plant equates to 452 MWh. This has cut costs by around SEK 350,000 annually. SmartEnergy also contributed to a major reduction in CO_2 at the plant.

The plan is now to apply SmartEnergy at several of Saab's production plants, in order to achieve further cost and energy savings.

OUR EMPLOYEES GROW WITH COOR

Respect for the equal value and rights of all people is fundamental to Coor. We are convinced that a diversity of personalities, experiences and knowledge is enriching and that each employee should be treated respectfully and fairly regardless of gender, background or identity. It is also essential to ensure that all employees continuously have opportunities for development – to grow within Coor.

EMPLOYEES WITH A STRONG DRIVE

Coor's employees have a strong drive to continually improve our service delivery to the customer. To leverage the full potential of our employees, it is essential that everyone knows that they are seen, that they matter and that they make a difference for Coor. At Coor, we refer to our efforts to build employee engagement as *Passion for People*. During the year, we carried out several activities to strengthen employee engagement and participation. A large number of employees took part in *We Are Coor* workplace gatherings, in many cases digitally, in order to highlight the positive energy that exists in the workforce as a whole. These gatherings will continue to be held in 2021.

DIVERSITY MAKES COOR A BETTER COMPANY

For us, diversity is much more than just a word in a governing document. Among our employees, we see a great ethnic and cultural diversity, which we are very proud of. Our ambition is that Coor's employees should reflect both our customers and society as a whole. We see diversity as enriching – with more perspectives we become better, more profitable and more responsive.

The fact that Coor's employees come from different backgrounds is a definite asset; it increases our creativity and innovative power. The FM industry is in a better position than many others to employ new arrivals and those who are currently outside the labour market. A person's first job in a new country is so much more than just a workplace; it provides a context and a community. Coor has an inclusive culture – all our 11,000 employees should feel that they can be themselves and that they will be respected. Coor equips and helps its employees to enter society in various ways, for example through internal language courses or training programmes. And the company receives a return on its investment; diversity management is important for Coor's brand as an employer, for current as well as potential employees. People want to work at a company where they can be proud of the culture.

LANGUAGE TRAINING IS AN INVESTMENT IN THE FUTURE – FOR EVERYONE

Coor employs many people with different backgrounds, from different countries and cultures. To help employees integrate, create a work environment where everyone is treated equally and support its employees' professional development, Coor provides language courses for employees at several locations.

In Finland, a language course for cleaning staff has been completed with good results. Language training plays an important role in helping employees to integrate, in the labour market and in society. For Coor, language training is an investment in the future because language skills have an impact on employees' commitment and well-being at work. Knowing the language also increases the employees' opportunities to develop professionally and a common language also promotes safety in the workplace.

Coor in Norway arranges regular language training for its employees. In autumn 2020, more than 60 Coor employees took part in a language course which, as the rate of infection increased, went digital. Our Norwegian Coor colleagues are highly motivated to learn better Norwegian, and it is not just learning the language that is valuable but also being together with colleagues and the sense of belonging that you get from the course.

Tarik Benali

Lives in: Oslo, Norway
Age: 36
Employed at Coor since: 2013
Works as: Group Leader Cleaning at Equinor Fornebu.

Tarik was named Employee of the Year at the Coor Awards: "I was very surprised, happy and proud"

As group leader for cleaning at Equinor Fornebu, one of Tarik Benali's most important duties is to create a good work environment for Equinor's employees by ensuring that their work environment is clean and pleasant. But he is also responsible for making sure that the 11 people in his own group are happy and enjoy their work, and in that regard he certainly succeeds, so well, in fact, that he was named Employee of the Year.

In the words of the jury, Tarik "always shows dedication to his work and creates a wonderful atmosphere wherever he is."

"Being named Employee of the Year was really thrilling. Imagine that someone noticed what I do, who I am. I was very surprised, happy and proud," Tarik says.

Why do you think they decided to give the award to you?
"That's hard for me to answer, but my colleagues say that I am always there for them, ready to help, and have a cheerful spirit."

It is just over 12 years since Tarik moved from his native Morocco to Norway for love. He joined Coor in 2013, and worked at Equinor Fornebu even then. He started at Office Support and then moved on to cleaning, and today he is a group leader.

What is the most important aspect of your job?
"Everything is important, I think. My colleagues and the tasks to be done. I enjoy working with my colleagues and I want everyone to feel that we are a team."

2020 turned out to be a remarkable year. Equinor Fornebu's office was closed, but Tarik and his team continued to clean and tidy the building on a regular basis. Now the office has opened again, but there is naturally still some concern about what the future holds.

Tarik is wondering how his job situation and his family will be affected, and what the long-term consequences will be.

"Because of COVID-19, it is somewhat of a challenge to think about the future, what it will mean for us as a company and for our customers. I hope that we are now returning to normal life, slowly but surely. It would be exciting if cleaning becomes more robotised in the future, and if Coor and our clients take part in that journey," he says.

Iwona Andersen Størm

Lives in: Brejning, outside Vejle in Denmark
Age: 39
Employed at Coor since: 2018
Works as: Supervisor at the psychiatric ward at the hospital in Vejle.

In less than three years, Iwona Andersen Størm has gone from being an hourly employee to a team leader.

Sometimes everything feels just right from the word go. That's how it was for Iwona Andersen Størm when she started working at Coor. Since then, not even three years have passed, but much has happened in Iwona's professional life.

"Even in the first few days, I felt this was the right place for me. The work environment felt really good, and when I met my boss I knew from the first moment that we would work well together. I was impressed, and then inspired, by how she tackled challenges, how she exercised leadership, supported and believed in her employees."

When Iwona started at Coor, she was an hourly employee at the psychiatric ward at the hospital in Vejle but after just a few months she advanced to supervisor. Since then, Iwona has attended various training courses, first to become a cleaning technician and then to advance to instructor.

"A lot of good things have happened during my career at Coor, and I've had a lot of fun too. I have fond memories from the courses I have attended, where I got to know many new colleagues with whom I am still in touch."

The opportunity to develop, on both a personal and professional level, is a core priority for Coor. Each employee is required, together with their manager, to draw up a plan, which can include anything from training to new ways of working. Iwona feels that she has grown through her courses and her increased responsibility.

"I have developed, grown and become more confident as I have had to make important and quick decisions in my daily work."

Today, Iwona is a supervisor, which means that she oversees and is in charge of 27 colleagues, a task she feels well equipped for.

"I have no problem relating to my colleagues' situation and that gives me the strength to support them. My ambition is to become a better leader, so that I can bring out the best in all my colleagues."

Iwona's best tips for how to develop yourself:

- Draw up a plan, set clear goals and stick to your plan.
- Be focused and open-minded.
- Have fun, and use humour at work.

Khaled asked if he could clean at the ICU

3 GOOD HEALTH AND WELL-BEING

Khaled Sabaane, a cleaner at Coor, is one of the health-care heroes who rarely get noticed. Khaled himself asked to be transferred to the intensive care unit at Gävle Hospital during the first wave of the pandemic because he knows how important his job is.

Working at the ICU requires great care – everything from the PPE (Personal protective equipment) worn by the doctors and nurses to the patients' rooms, every millimetre needed to be disinfected. Khaled thus played an important role in reducing the spread of infection and ensuring that the health workers did not catch COVID-19.

"We disinfect everything with alcohol and disinfectants. I am proud of what I do; it is very important to protect the doctors and nurses," he says.

Meeting seriously ill people who are hovering between life and death on a daily basis does not deter him; on the contrary.

"We need to do this for the sake of the elderly. These are the people who built the country; now it's my turn to help them," Khaled says.

Khaled has been hailed as a hero in various contexts, including in a news report about him on Swedish TV. It is an epithet that he rejects.

"Every day, there are lots of people who make great sacrifices for their neighbours. But the appreciation I have received, in the form of flowers and thank you cards, has meant a lot to me," Khaled acknowledges.

COOR'S GUIDING PRINCIPLES – COMMON VALUES

Coor's corporate culture is built on the company's values – its guiding principles.
The three guiding principles provide a framework for the daily activities of all employees.

We see further. Seeing further means paying attention and knowing how to prioritize. We must stay one step ahead in order to solve problems before they actually arise. It's necessary to think carefully in advance.

We listen. Being responsive is all about openness and communication. We must be open to views and ideas on how we can develop or improve ourselves and our work methods. We must ensure that we interpret messages correctly. It also means ensuring that others can understand any verbal or written information provided by us.

We create success. Generating success is about drive and the desire to improve. Quite simply, we get things done. We are creative and find solutions that are smarter and more economical – for us and our customers. Thus, we both benefit.

COOR AWARDS

The Coor Awards is a Group-wide event that takes place annually. The aim is to showcase and award employees who have made significant contributions for colleagues and customers during the year based on Coor's values. Anyone can nominate and be nominated. The categories for the Coor Awards are: Employee of the Year, Manager of the Year, Improvement of the Year, Sales of the Year and Guardian Angel of the Year. In each country, winners in all categories are announced and celebrated locally. These country winners then participate in the prestigious Group final where the winners are announced. Interest in the Coor Awards has grown over time, and there is a genuine enthusiasm about the competition and a strong will to showcase the people who are making a contribution to Coor's success. The Coor Awards are a testament to – and add to – the pride that we feel in being a part of Coor.

HEALTH AND SAFETY

Coor has a vision to achieve zero work-related injuries, and it goes without saying that all employees should have a safe work environment. Managers and employees need to take responsibility for preventing and avoiding injuries. During the year, Norway and Sweden organised campaign weeks with the theme of a safer work culture. Finland and Denmark also focused on safety.

Coor's health and safety activities are based on identified risks as well as general legal requirements and cover risks linked to the physical as well as psychosocial work environment. The risk environment at the various workplaces varies, and preventive activities are adapted to local conditions.

LOCAL SOCIAL COMMITMENT

At Coor, we believe in giving something back to the societies in which we operate. Coor Society Program helps to promote sustainable development by simplifying the integration of new employees, and helping those who need assistance and support. To realise this objective, each country runs its own initiatives through local networks. Some of the ongoing projects include: language courses for employees, opportunities for Coor employees to participate in further education courses alongside their work, mentorship for entrepreneurs in suburban areas, help to join the labour force for the long-term unemployed and help with homework for children and young people in deprived neighbourhoods.

WHISTLEBLOWER PORTAL

Coor has a whistleblower portal where employees, suppliers and customers can anonymously report suspected irregularities at the company. It is an explicit goal for Coor to ensure that all people who are affected by the company's activities are well treated and feel safe and secure. The portal is available in the ten most widely used languages at Coor and guarantees full anonymity to anyone who wants to report an irregularity. During the year, a communication initiative was carried out to remind employees of the portal's existence.

SATISFIED EMPLOYEES DESPITE CHALLENGING TIMES

8 DECENT WORK AND ECONOMIC GROWTH

Each year, Coor carries out a comprehensive employee survey with the help of an external research firm. The survey is an important tool and gives employees an opportunity to anonymously express their views on what it is like to work at Coor. The results of the 2020 employee survey were outstanding, in terms of both the score and the number of respondents, despite the impact of the pandemic.

An overwhelming majority of employees were also very satisfied with the information and activities initiated in response to the pandemic. This year, the survey was answered by 85 (80) per cent of all employees. The 2020 survey showed an employee motivation score (Employee Motivation Index) of 78 (77), which is an increase for the sixth year running. We also saw a strong increase in our Leadership Index, with a score of 81 (80). Coor also measures employee engagement through an Engagement Index, which provides important guidance on the evaluation of the company's People Engagement activities. This year, our Engagement Index score was 80 (79), which is an indication that our initiatives really are making a difference.

81 (80)
Leadership Index

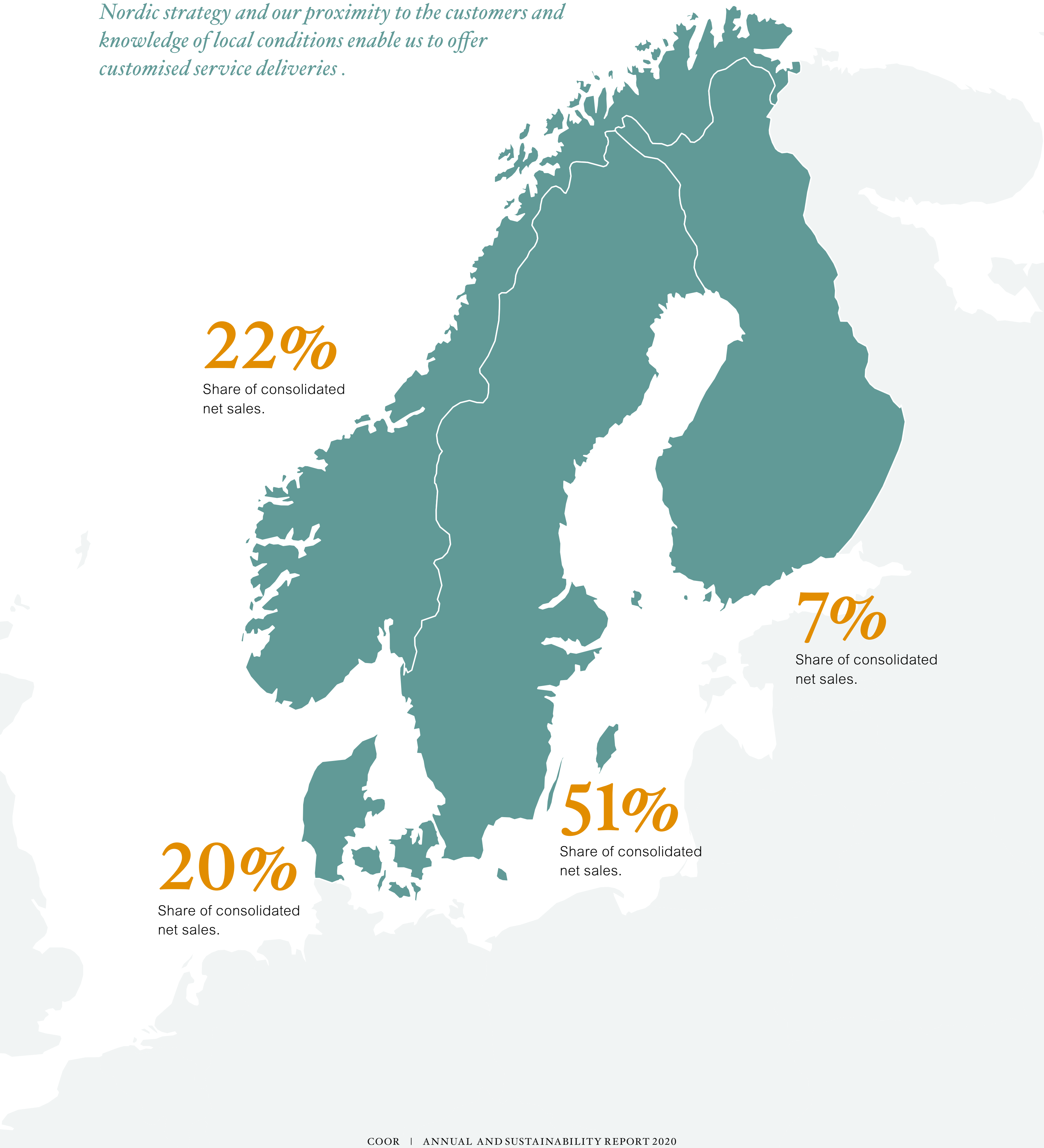
80 (79)
Engagement Index

78 (77)
Employee Motivation Index


COOR
coor.se

NORDIC SPECIALIST

The Nordic countries are Coor's home market. Coor operates in Sweden, Norway, Denmark and Finland. Our explicitly Nordic strategy and our proximity to the customers and knowledge of local conditions enable us to offer customised service deliveries .



STRATEGIC CUSTOMER DIALOGUES AND RAPID ADJUSTMENTS

In 2020, Coor in Sweden had a strong focus on ensuring long-term business sustainability together with its customers. By keeping its ears to the ground and responding quickly to changes, the company is standing strong.

HELPING CUSTOMERS ADJUST

During the year, Coor worked actively to adapt its own operations in response to COVID-19. Part of this work has involved helping our customers adjust to the new situation by listening, engaging in dialogue and taking quick action in the line organisation.

CHANGING DEMAND

One consequence of the ongoing pandemic has been a change in demand for Coor's services. As more customers have introduced remote working, demand for restaurant services has decreased. Cleaning, on the other hand, has become more important and has grown as a service area. Coor has expanded its deliveries to many customers, including Kalmar Hospital, Region Gävleborg and Karolinska University Hospital in Solna. Coor has also signed new cleaning contracts with Region Västra Götaland and Kraftringen Energi.

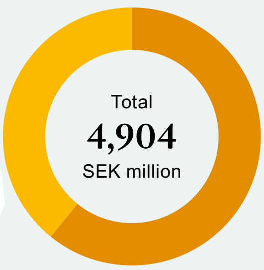
NEW PRESIDENT

Magnus Wikström took over as President of Coor in Sweden after AnnaCarin Grandin in November after serving as acting CEO since August. He has nearly 20 years' experience from various senior positions at Coor and knows the Swedish business very well.

NEW AND EXTENDED CUSTOMER CONTRACTS

Despite an uncertain market, Coor has continued to build strong customer relationships. Coor entered into a new vested outsourcing contract with Telia Company. Coor also extended its contracts with Ellevio, Coop, GKN, Akelius and Hemsö. Coor's contracts with Vasakronan and Borealis were renegotiated and renewed.

Net sales by type of contract



- Integrated FM (IFM) 61%
- FM services 39%

76 Employee Motivation Index

71 Customer Satisfaction Index

Coor Sweden, key performance indicators

	2020	2019
Net sales	4,904	5,138
Adjusted EBITA	479	462
Adjusted EBITA margin, %	9.8	9.0
Number of employees, FTE	4,452	4,591

Top five customers

- AB Volvo
- Ericsson
- Karolinska University Hospital in Solna
- SAAB
- Volvo Cars

MAGNUS WIKSTRÖM
President of Coor in Sweden

What were you most proud of in 2020?
"I am proud of our leadership and all our fantastic employees who have done everything they could to help our customers during the crisis. By responding quickly to what was happening in society and to the challenges faced by our customers, we have secured jobs for our employees as well as our profitability."

What were the highlights of the year?
"The work we did to support the healthcare sector during the pandemic is a highlight. For example, we quickly adjusted our operations at Arlanda Airport to help Region Stockholm with logistics and testing of PPE for health workers."

What is most important in your new role as President of Coor in Sweden?
"My mission is not to change but rather to refine and push our strategic agenda forward. Coor's business is based on our employees and for me a key priority will be to continue the work we are doing in *Passion for People* – to develop, retain and attract employees. This year, we launched the *#jagbryrmig* (#icare) concept to further increase our focus on health and safety in our workplaces."

2020 – A YEAR TO REMEMBER

Despite a difficult year, Coor in Norway succeeded in implementing a number of planned projects in sustainability and digitisation. The company also gained new customers and extended existing customer contracts.

DIGITISING THE BUSINESS

In 2020, Coor in Norway stepped up the pace of its digital transition by introducing digital systems and training tools. One example is *Coor My Learning*, a gamification-based training course in health, environment and safety.

SUSTAINABILITY INITIATIVES

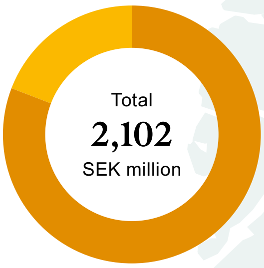
During the year, Coor in Norway continued working on *Matfloken*, an initiative aimed at promoting better and more sustainable eating habits in Norway. Coor is also participating in the *Food (R)evolution* and *Food Alliance* projects. The latter is now being advanced by the UN Global Compact with the aim of defining best practice guidelines for sustainable food distribution and consumption.

NEW AND OLD CUSTOMERS

Several contracts were entered into or extended during the year. Coor's offshore contract with Equinor was extended by three years in February and the contract with DNV Eiendom was extended by five years in October, continuing a 15-year partnership.

In February, Coor in Norway began delivering cleaning services to 42 of Olav Thon Group's shopping centres. In November, the company expanded its collaboration with OBOS through a new contract for facility management services at OBOS' new landmark building, which is scheduled for completion in summer 2021.

Net sales by type of contract



- Integrated FM (IFM) 81%
- FM services 19%

74 Employee Motivation Index

69 Customer Satisfaction Index

Coor Norway, key performance indicators

	2020	2019
Net sales	2,102	2,546
Adjusted EBITA	124	161
Adjusted EBITA margin, %	5.9	6.3
Number of employees, FTE	1,460	1,483

Top five customers

- ABB
- Aibel
- Aker Solutions
- Equinor
- Storebrand

NIKOLAI UTHEIM
President of Coor in Norway

What were you most proud of in 2020?
"I am most proud of the organisation's ability to adjust in response to the pandemic. All the hard work put in by so many of my colleagues during this period makes me feel both humble and grateful. We have responded quickly to the needs of our partners and customers, who have also gone through a challenging time. Together we have found good solutions!"

How has Coor in Norway addressed safety issues during the pandemic?
"We set up a crisis management team at the end of February and have since worked systematically to guarantee safety in all our services. For natural reasons, there was a strong emphasis on cleaning during the period. We were quick to introduce training in disinfection for our cleaners."

How has COVID-19 affected the company?
"The COVID-19 crisis has had a big impact on our level of activity. While our cleaning staff have had more to do, the level of activity for many other employees decreased sharply during the period, especially in our restaurant business. As a result, many employees have been furloughed. This has made us even more conscious of how important it is to take care of each other. These difficult times have highlighted the importance of Coor's culture – a culture where we care about and support each other."

THE CRISIS STRENGTHENED OUR PARTNERSHIPS

Despite COVID-19, Coor in Denmark experienced a unique relationship with its customers and suppliers. The year was also marked by new contracts and an emphasis on sustainability.

NEW CONTRACTS AND STRENGTHENED RELATIONSHIPS

Coor's Danish operation managed to maintain its business volume during the year. This was mainly due to the fact that Coor in Denmark was busy helping its customers with other things than the usual tasks, such as extra cleaning as a result of COVID-19.

But not everything has centred on the pandemic; new contracts have also been signed. Coor in Denmark entered into an interim agreement with PostNord regarding cleaning and coffee services. And for FOOD by Coor, the year brought new contracts with companies such as Portland Towers, DADES, IBM and CPH HighLine.

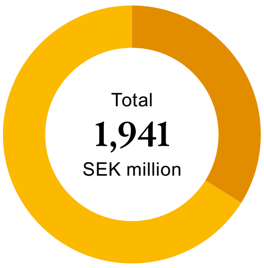
EVEN MORE SUSTAINABILITY

In addition, Coor in Denmark further strengthened its focus on sustainability. FOOD by Coor has sought to help its small, local suppliers who provide high-quality seasonal produce.

DIGITISATION – GOOD FOR THE CUSTOMER, GOOD FOR THE ENVIRONMENT

In property services, Coor in Denmark initiated a collaboration with Proptech Denmark, where many small start-ups are creating new solutions for the property industry. Through technology such as AI and end-to-end digitisation, it is hoped that it will be possible to reduce CO_2 emissions from the customers' buildings.

Net sales by type of contract



- Integrated FM (IFM) 34%
- FM services 66%

83 Employee Motivation Index

69 Customer Satisfaction Index

Coor Denmark, key performance indicators

	2020	2019
Net sales	1,941	1,924
Adjusted EBITA	83	74
Adjusted EBITA margin, %	4.3	3.9
Number of employees, FTE	2,098	2,163

Top five customers

- Aarhus University Hospital
- Novozymes
- Danish Police, Prison and Probation Service and Prosecution Authority
- Hospital of Southern Jutland
- Velux

JØRGEN UTZON
President of Coor in Denmark

Which initiatives during the COVID-19 crisis are you most proud of?

"All of them! Everyone – all our employees and managers – have done their bit and adjusted to the new situation. We have, for example, increased the amount of cleaning we do at Danish schools to protect the children. And at the hospitals, our competent employees have helped to ensure the safety of patients in the COVID-19 wards. There are also many employees who, at short notice, have taken on other tasks to solve customer needs during a difficult time."

What will you remember from 2020?

"That's easy: COVID-19. What it has shown is that our partner model has only got stronger from the crisis. We have a solid and close collaboration with our customers, who time and again have placed their trust in us and asked us for advice in this challenging situation. This suggests to me that there is demand for what Coor does best: creating the happiest, healthiest and most prosperous workplace environments in the Nordic region."

How has Coor in Denmark addressed sustainability management?

"In Denmark, sustainability is integrated into everything we do. Many of the initiatives come from creative and committed employees who are passionate about taking responsibility for Coor and for the planet."

IMPROVED PROFITABILITY DESPITE THE PANDEMIC

Coor's Finnish business developed in a positive direction in 2020. Its customer and employee satisfaction scores were both up on the year before.

NEW IFM CONTRACT AND IMPROVED PROFITABILITY

Coor in Finland improved its profitability thanks to a number of strategic measures. During the year, a new IFM contract was initiated with a Finnish customer in the banking sector. Coor's contract for property services at Attendo was also developed.

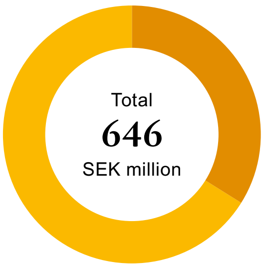
POSITIVE TREND IN HEALTH AND SAFETY

The total recordable injury frequency (TRIFR) rate improved and sick leave was down. Coor in Finland has continued to work on raising managers' and employees' safety awareness. First Line Manager training and continuous business development were other focus areas in 2020. Despite the global pandemic and the new safety challenges it has created, Coor's employees feel safer than ever, according to the annual employee survey.

EFFECTS OF THE PANDEMIC

While the company has been affected by the global pandemic, Coor's business has remained relatively stable, thanks to changes in cost structure, reduced travel and vehicle costs, and continuous internal communication. By engaging in dialogue with its customers, the company also managed to find new flexible working methods and procedures in its contracts. Customer satisfaction also increased on the previous year.

Net sales by type of contract



- Integrated FM (IFM) 34%
- FM services 66%

Coor Finland, key performance indicators

	2020	2019
Net sales	646	706
Adjusted EBITA	24	13
Adjusted EBITA margin, %	3.8	1.8
Number of employees, FTE	905	945

Top five customers

- ABB
- Attendo
- Finnish customer in the banking sector
- Senate Properties
- Varma

MARCUS KARSTEN
President of Coor in Finland

What were your focus areas in 2020?

"I have to say first that we should be very happy with the past year. We succeeded in improving our profitability through a number of strategic measures. We had the courage to abandon contracts with lower profitability. The pandemic has had a major impact on sales, and some customers have had a difficult time, but on the whole the year went surprisingly well."

How has COVID-19 affected the business?

"COVID-19 has of course affected us in many ways. Continuous communication has been the key in this crisis situation. Our focus has been on communication in order to support our own organisation as well as to inform our customers. We also initiated discussions with our customers at a very early stage. Coor's flexibility has played an important role, and we have been able to find customer-specific solutions."

Which initiatives during the COVID-19 situation are you most proud of?

"I am most proud that we – despite these difficult times – have managed to keep our business relatively stable and also improve our profitability. I am also very proud of our employees – everyone has shown commitment and that they care about their own, their colleagues' and our customers' safety."

"COOR'S CUSTOMER-ORIENTED BUSINESS MODEL IS THE KEY TO SUCCESS"

Coor's customer-oriented business model has proven to be a winner even during the COVID-19 crisis. An investment in Coor is an investment in a market-leading service company with a strong history of growth, increased profits, strong cash conversion and a historically high dividend yield, according to Klas Elmberg, Coor's CFO.

How does Coor create growth?

"Coor sells efficiency and does so by offering high-quality services. That's why our customer retention rate is so high, and we also know how to take advantage of local economies of scale."

As CFO, what were your main focus areas in the past year?

"My primary focus was to secure our cash flow, keep costs down and protect our earnings. The key reason why we remained so stable during the year is our business model, where 70–75 per cent of our revenue comes from fixed subscriptions that are partly invoiced in advance. Coor has a good customer base, with stable customers who value their partnership with Coor."

What strategy has Coor had for dealing with the COVID-19 crisis?

"Most important, of course, has been to ensure the health and safety of our employees and customers. We have always operated based on a customer-oriented business model and that has also been a strength during this crisis. We look at each customer contract individually and identify customer-specific solutions that stand the test of time. Coor's decentralised organisation based on local contract managers with broad responsibilities and mandates has been a crucial asset during the pandemic. It enabled us to quickly manage the crisis in our line organisation, with support from management of course and from the crisis management teams that were established in each country. Thanks to our strong local leadership, we have been both flexible and fast."

What effect has the pandemic had on Coor's business areas?

"The pandemic has affected them in very different ways. Food & beverages has suffered the biggest loss of revenue, while our property services business area has been relatively stable, though not completely unaffected. Demand for cleaning services, on the other hand, has increased so far, and we expect this demand to be sustained after the crisis. In 2020, cleaning evolved from a commodity to a craft. People now realise that it is not possible to run a business without a systematic approach to hygiene and safety, and most people want to work with large professional companies such as Coor."

Is sustainability still high on the agenda?

"Absolutely. Sustainability is a key issue for us at Coor and for our customers and investors. Coor is doing well in this area and is taking a focused approach to sustainability."

What do you see happening in Coor's future?

"We expect that our customers will continue to need efficient facility management solutions in the future, and with our customer-oriented business model we are well positioned to be the right partner for both the private and the public sector. Coor is also seeing strong demand in the market and attractive business opportunities throughout the Nordic region. We believe our prospects of achieving growth, profitability and cash flow in line with our targets over time are very good."

We have always operated based on a customer-oriented business model and that has also been a strength during this crisis.

Klas Elmberg, CFO

COOR AS AN INVESTMENT

STRONG PROSPECTS

Coor's leading position in the IFM segment, which accounts for around 60 per cent of the company's business, is creating good prospects for continued growth, as the IFM market is growing significantly faster than GDP and the FM market as a whole. In the short term, growth may vary somewhat, as it is affected by the volume of major IFM contracts coming into the market in any particular period as well as by major unexpected events such as the pandemic.

Coor has a strong position in the Nordic market, where the company is a front runner in terms of innovation and digitisation. Under Coor's business model, a large part of the company's revenue is relatively stable in the form of subscriptions, which account for over 70 per cent total revenue.

The company's services are also in demand regardless of the economic climate. In a strong economy, the volume of FM services in the company's existing contracts increases, but due to the significant savings potential which Coor offers its customers the company also remains an important partner in times of slower economic growth. Historically, periods of weaker economic growth have led to new outsourcing deals reaching the market.

STABLE PROFITABILITY

As Coor's business is largely about delivering efficiencies, the company has a strong focus on efficiency improvements and cost savings. The combination of strong local management in customer contracts and increased use of synergies within the Group provides a good foundation for maintaining stable profitability.

The company also has a relatively flexible cost base, as was shown during the pandemic. This means that fluctuations in sales normally have a limited impact on the operating margin.

STRONG CASH CONVERSION

Due to its very limited need for capital expenditure and working capital, Coor's cash conversion is strong, which means that a large portion of its operating profit is converted into cash flow.

A HIGH DIVIDEND YIELD

Available cash can be used for further acquisitions, repayment of debt or dividends. Any acquisitions are expected to be relatively minor, however, and net debt is below the company's target. This means that Coor should be able to offer a high and stable dividend yield to its shareholders over time. The objective of the Board and management is not to accumulate cash in the company but to return any surplus to the shareholders.

92%

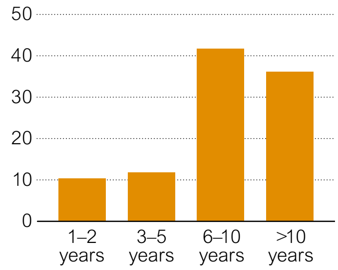
Retention rate in 2020

LONG-TERM CUSTOMER RELATIONSHIPS

Coor has historically had a high success rate in terms of renewing and extending customer contracts and works continuously to maintain and develop its customer relationships. The goal is to have satisfied customers who want to renew their contracts.

In 2020, a number of large contracts were renegotiated, including those with Coop, Hemsö, Equinor offshore, DNV Eiendom and Akelius. The portfolio encompasses companies from all industries. The retention rate for the year was 92 per cent. Coor's retention rate for the past three years is 92 per cent.

Long-term customer relationships, %



THREE REASONS TO OWN SHARES IN COOR

1

Coor is a market leader in a stable market with good growth opportunities.

2

Coor is relatively immune to the economic cycle with stable profitability.

3

Coor has high cash conversion, creating scope for a high dividend payout.

SHARE INFORMATION

SHARE PERFORMANCE

Coor's share price declined in 2020. The closing price on 30 December 2020 was SEK 72.4, a decline of 12 per cent over the year.

Over the same period, the OMXSPI (Stockholm All Share) index gained 11 per cent. The highest closing price in 2020 was SEK 93.00 on 20 February and the lowest SEK 38.65 on 23 March.

SHARE TURNOVER

In 2020, 66,080,179 shares were traded, representing a total value of SEK 4,069,217,422.82 (SEK 4.1 billion). On average, 130,689 shares changed hands each day.

SHAREHOLDERS

On 31 December 2020, Coor had 7,170 shareholders. At the same date, the ten largest shareholders controlled 47.93 per cent of the capital and voting rights. The three largest shareholders were Nordea Fonder, the First Swedish National Pension Fund and Didner & Gerge Fonder. Foreign owners held 56.3 per cent of the capital and voting rights.

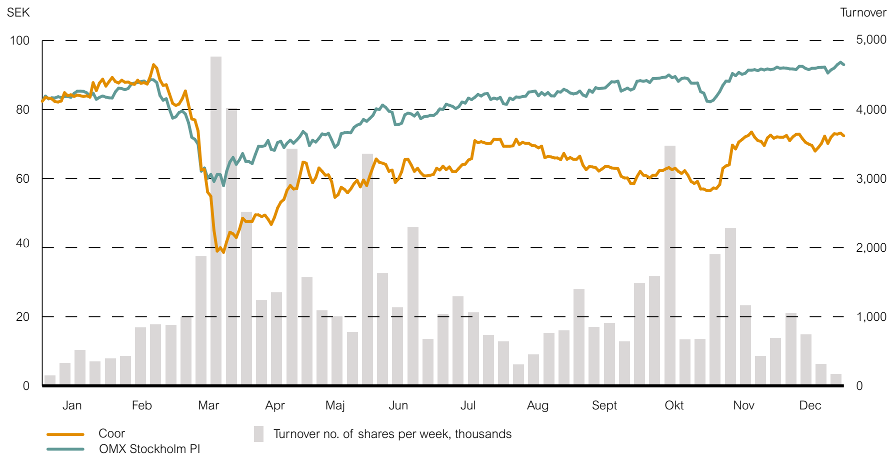
SHARE CAPITAL

At 31 December 2020, Coor had a share capital of SEK 383 million. The number of shares was 95,812,022, representing a quotient value per share of SEK 4. Under the Articles of Association, the share capital must be at least SEK 200 million and no more than SEK 800 million, represented by at least 50,000,000 shares and no more than 200,000,000 shares. The free float – the portion of shares available for trading – was 100 per cent at year-end.

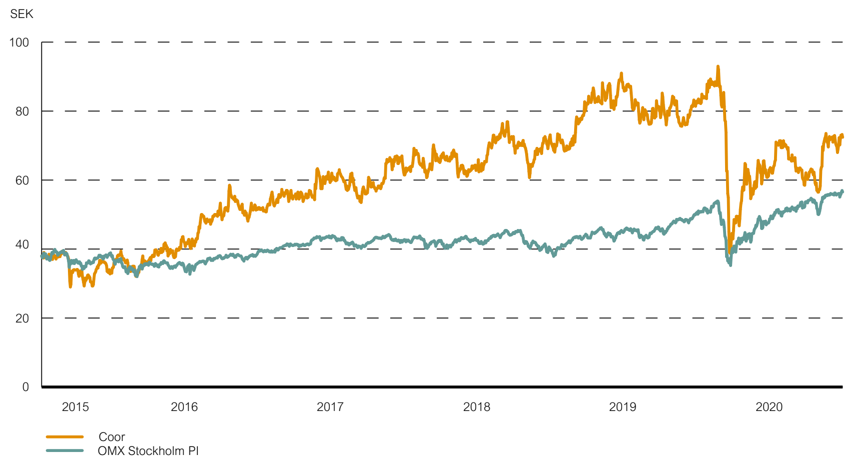
DIVIDEND

The Board of Directors proposes a dividend for 2020 of SEK 4.40 (0.00) per share, comprising a regular dividend of SEK 2.00 (0.00) and an extraordinary dividend of SEK 2.40 (0.00) to be distributed in two payments of SEK 2.00 and SEK 2.40 per share, respectively. This represents to a total distribution of SEK 422 million.

Share performance, 1 January–31 December 2020



Share performance, 2015–2020



The ten largest owners

Shareholder	Votes, %	Holding, %	Total number of shares
Nordea Fonder	7.5	7.5	7,175,762
First Swedish National Pension Fund (AP1)	5.8	5.8	5,590,748
Didner & Gerge Fonder	5.7	5.7	5,414,528
Capital Group	5.0	5.0	4,744,630
Second Swedish National Pension Fund (AP2)	4.8	4.8	4,621,319
Spiltan Fonder	4.4	4.4	4,258,343
SEB-Stiftelsen	4.2	4.2	4,000,000
Swedbank Robur Fonder	3.9	3.9	3,764,823
Taiga Fund Management AS	3.4	3.4	3,257,291
Crux Asset Management Limited	3.2	3.2	3,097,050
Total, ten largest shareholders	**47.9**	**47.9**	**45,924,494**
Other shareholders	52.1	52.1	49,887,528
TOTAL	**100.0**	**100.0**	**95,812,022**
Shares owned by Coor Service Management Holding	0.4	0.4	340,000

Ownership structure

Size classes	Number of known shareholders	Number of shares	Holding, %	Votes, %	Share of known shareholders
1–500	5,624	744,491	0.8	0.8	78.4
501–1,000	718	575,258	0.6	0.6	10.0
1,001–5,000	562	1,246,909	1.3	1.3	7.8
5,001–10,000	93	723,763	0.8	0.8	1.3
10,001–15,000	29	372,459	0.4	0.4	0.4
15,001–20,000	15	285,060	0.3	0.3	0.2
20,001–	129	81,026,361	84.6	84.6	1.8
Anonymous ownership		10,837,721	11.3	11.3	–
TOTAL	**7,170**	**95,812,022**	**100.0**	**100.0**	**100.0**

Liquidity, 1 January–31 December 2020	
Lowest, SEK	37.60
Highest, SEK	94.70
Volume-weighted average price, SEK	61.58
Number of shares traded	66,080,179
Average per day	262,223
Number of transactions	170,197
Average number of transactions per day	675.00
Average value per transaction, SEK	23,000
Average daily volume, SEK million	16
Daily volume as a percentage of market value	0.3
Traded on Nasdaq (regular trading), %	66.1
Block transactions, %	33.2
Dark pools (Nasdaq), %	0.7

IR ACTIVITIES

Investor relations activities in 2020 focused on continuing to strengthen Coor's position in capital markets, and more meetings were held than in previous years. Management took part in a number of conferences, was available for questions and held a large number of digital meetings on both the buy and sell sides to ensure that there is a wide familiarity with the company in the market. Prior to the outbreak of the pandemic, in connection with its first-quarter interim report, Coor visited Copenhagen, Helsinki, London and Paris, in addition to Stockholm. Since then, all meetings have been held digitally.

ANALYSTS

Coor is followed by Carnegie, DNB, Nordea and Analysguiden.

Source: Monitor by Modular Finance AB and Fidessa.

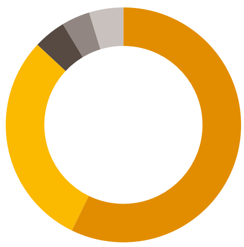
Distribution of ownership by category

- Swedish institutional owners 37.2%
- Foreign institutional owners 36.9%
- Other owners 9.1%
- Swedish private individuals 5.4%
- Treasury shares 0.4%
- Anonymous ownership 11.3%

Distribution of ownership by country

- Sweden 43.7%
- Finland 14.9%
- USA 9.4%
- Norway 7.2%
- UK 4.3%
- Other 20.5%

Trading platforms



- Nasdaq OMX 57.5%
- Cboe Global Markets 29.8%
- Aquis 4.2%
- LSE Group 4.0%
- Other 4.6%

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The Board of Directors and Chief Executive Officer of Coor Service Management Holding AB (corp. ID no. 556742-0806) hereby present the following annual accounts and consolidated financial statements for the financial year 1 January 2020 to 31 December 2020.

DIRECTORS' REPORT

All amounts are expressed in millions of Swedish kronor unless otherwise indicated. Due to rounding, some totals may differ from the sum of the individual items. For definitions, objectives and information on the calculation of alternative performance measures, see the sections Selected KPIs and Definitions on pages 124–127.

The full year 2020 was marked by the pandemic and its impact on Coor and our customers. Throughout the year, Coor worked closely with its customers to quickly find solutions based on each customer's needs. In 2020, Coor's customer-centric business model with decentralized responsibility and close customer dialogues showed its strength. Coor delivered strong full-year results with net sales of SEK 9,591 million and operating profit of SEK 556 million, corresponding to an operating margin of 5.8 per cent.

SIGNIFICANT EVENTS DURING THE YEAR

A year overshadowed by a pandemic

In the Nordic region, much of the year was marked by COVID-19. Coor's first priority is the health and safety of our employees and our customers' employees. Through the delivery of our services, Coor has helped to maintain important societal functions, not least in healthcare, infrastructure and policing. Coor's efforts to reduce the spread of infection have been carried out in accordance with the recommendations of the authorities in each country. Initially, this work was led by the national crisis management teams. The Group crisis management team coordinated the Group-wide efforts and ensured knowledge sharing among the countries. Already in the second quarter, the Group's crisis management organisation for COVID-19 could be discontinued and the management of COVID-19 and its impact has since been handled entirely through the ordinary management structure in each country.

Coor initiated measures early on to minimise the financial effects by cutting costs and securing the company's cash flow, which remained a high priority throughout the year.

Coor notes that it is still difficult to fully grasp the long-term consequences of the pandemic and the decisions being taken in each nation to limit the health effects and economic fallout.

Changes in the contract portfolio

In 2020, the Group saw a net inflow of new contracts with a combined annual volume of SEK +159 (+210) million. The new contract volumes include the Olav Thon Group and OBOS Eiendom in Norway, IBM and PostNord in Denmark, and Region Västra Götaland in Sweden. Nine minor contracts were terminated during the year. Contracts worth approximately SEK 1.5 (2.0) billion were renegotiated in 2020 and the retention rate for the year was 92 (93) per cent. In the past three years, Coor has had an overall retention rate of 92 per cent.

Management changes

On 31 July 2020, Mikael Stöhr stepped down from his role as President and CEO of Coor. He was succeeded by AnnaCarin Grandin, who was previously CEO of Coor's Swedish business. In autumn 2020, Magnus Wikström succeeded AnnaCarin Grandin as CEO of Coor's Swedish business and also joined the executive management team. On 17 August 2020, Helena Söderberg assumed the position as HR Director and became member of the executive management team.

	2020		2019	
CHANGES IN THE CONTRACT PORTFOLIO	Number of contracts	Annual sales	Number of contracts	Annual sales
New contracts during the period	15	257	14	430
Contracts terminated during the period	–9	–98	–13	–220
Net change in portfolio	**6**	**159**	**1**	**210**

Changes in the contract portfolio comprise all contracts with annual sales of over SEK 5 million. For new contracts concluded during the period, the contracted or estimated annual sales volume is indicated. For contracts that were completed during the period, the sales volume for the last 12-month period in which the full volume of services was provided is indicated.

COOR IN BRIEF

Coor is one of the Nordic region's leading facility management providers, with specialist expertise in over a hundred services that help to ensure the smooth and efficient operation of properties and workplaces. Coor is the market-leading provider of complex, integrated FM services but also offers single FM services to large and small customers in the private and public sectors. The company is organised in four geographic areas – Sweden, Norway, Denmark and Finland, but also has some operations in Belgium and Estonia.

Coor's vision is to be the service provider, employer and investment of choice in the service sector for customers, employees and investors. The company's strength, and what sets Coor apart from its competitors, is its ability to continuously develop its business and service delivery. Coor's ambition is to offer the market's most developed and smartest service solutions – service with IQ.

Established in 1998, Coor has been listed on the Nasdaq Stockholm exchange since June 2015. All operations are certified under the international ISO 14001, ISO 9001 and ISO 45001 environmental and quality management standards. In addition, Coor has also obtained a number of local, service-specific environmental and quality certifications. Read more about the company at www.coor.com

PERFORMANCE IN 2020

FINANCIAL SUMMARY	2020	2019
Net sales	9,591	10,313
Organic growth, %	*–7*	*5*
Acquired growth, %	*2*	*2*
FX effects, %	*–2*	*1*
Adjusted EBITA	556	549
Adjusted EBITA margin, %	5.8	5.3
EBIT	318	299
EBIT margin, %	3.3	2.9
Profit after tax	191	169
Operating cash flow	643	591
Number of employees (FTE)	9,029	9,296

Net sales and operating profit

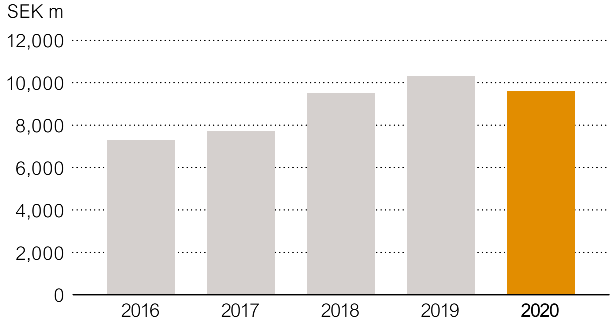
Net sales decreased by 7 per cent in 2020, to SEK 9,591 (10,313) million. Organic growth was –7 (5) per cent and growth from acquisitions 2 (2) per cent while FX effects had an impact of –2 (1) per cent.

The negative organic growth was mainly due to the effects of COVID-19 in the form of lower variable volumes in food & beverages and in property-related projects. COVID-19 also led to increased contract volumes in cleaning in all countries. The new and expanded contracts that were initiated in November last year, mainly in Sweden and Denmark, also had a positive impact. Coor's acquired growth is entirely attributable to the acquisition of the Swedish cleaning company Norrlands Miljövård AB in November 2019.

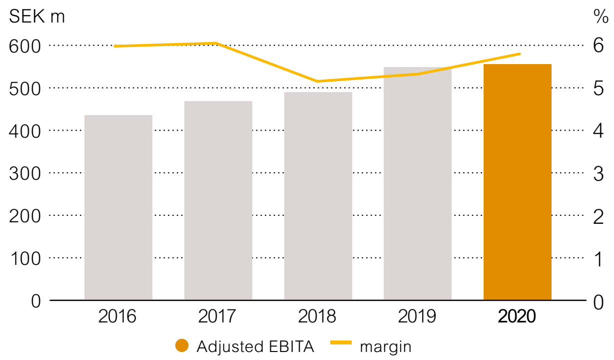
Coor's subscription volumes are not automatically impacted by reductions in customers' operations as a result of government decisions. In the standard contract with Coor, a pandemic is not regarded as a force majeure event. Coor's operations are primarily conducted at our customers' locations. This means that Coor's operations are adjusted in close dialogue with our customers and we work in partnership to identify short and long-term sustainable solutions.

Operating profit (adjusted EBITA) amounted to SEK 556 (549) million and the operating margin increased to 5.8 (5.3) per cent. The improvement in operating profit was driven by cost reductions, efficiency improvements and profitability-enhancing measures across the organisation as well as positive volume-mix effects. To minimise the financial effects of COVID-19, Coor initially implemented cost reductions by furloughing staff based on the rules and support available in each country. In the fourth quarter, the furlough support decreased and Coor instead chose to replace subcontractors with in-house staff and announced redundancies. In Sweden, Coor left the furlough programme at the end of the third quarter.

Annual net sales



Operating profit (adjusted EBITA) and margin



Net sales and earnings by segment

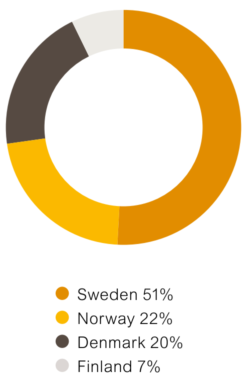
Sweden	2020	2019
Net sales	4,904	5,138
Organic growth, %	*–9*	*6*
Acquired growth, %	*4*	*1*
FX effects, %	*0*	*0*
Adjusted EBITA	479	462
Adjusted EBITA margin, %	9.8	9.0
Number of employees, full-time equivalents	4,452	4,591

Norway	2020	2019
Net sales	2,102	2,546
Organic growth, %	*–9*	*4*
Acquired growth, %	*0*	*3*
FX effects, %	*–8*	*1*
Adjusted EBITA	124	161
Adjusted EBITA margin, %	5.9	6.3
Number of employees, full-time equivalents	1,460	1,483

Finland	2020	2019
Net sales	646	706
Organic growth, %	*–8*	*–1*
Acquired growth, %	*0*	*0*
FX effects, %	*–1*	*3*
Adjusted EBITA	24	13
Adjusted EBITA margin, %	3.8	1.8
Number of employees, full-time equivalents	905	945

Denmark	2020	2019
Net sales	1,941	1,924
Organic growth, %	*2*	*6*
Acquired growth, %	*0*	*7*
FX effects, %	*–1*	*3*
Adjusted EBITA	83	74
Adjusted EBITA margin, %	4.3	3.9
Number of employees, full-time equivalents	2,098	2,163

Net sales by country



Net sales by type of contract

EBIT for the full year amounted to SEK 318 (299) million. In addition to the increase in adjusted EBITA, items affecting comparability decreased, driven by lower integration costs linked to major acquisitions, while amortisation of customer contracts and trademarks was slightly higher than in the preceding year.

Net financial income/expense and tax

	2020	2019
Net interest expense, excl. leases	–46	–45
Interest, leases	–10	–11
Borrowing costs	–4	–4
Other	–5	–5
Net financial expense excl. foreign exchange rate differences	**–65**	**–65**
Foreign exchange differences	–2	–6
Total net financial expense	**–66**	**–71**
Profit before tax	252	228
Tax	–61	–59
Profit after tax	**191**	**169**

The net financial expense for the full year 2020 decreased by SEK 5 million year on year, mainly due to the exchange rate difference that arose in the first quarter of 2019 when the loans under the previous financing agreement were repaid.

The tax expense for full-year 2020 was SEK –61 (–59) million, which represents 24 (26) per cent of earnings before tax. Profit after tax was SEK 191 (169) million.

Cash flow

Cash flow – summary	2020	2019
Adjusted EBITA	556	549
Depreciation and amortisation	199	199
Net investments	–70	–68
Change in net working capital	133	101
Cash flow for calculation of cash conversion	**818**	**781**
Cash conversion, %	*108*	*104*
Items affecting comparability	–46	–65
Lease-related payments	–137	–140
Other	8	15
Operating cash flow	**643**	**591**
Lease-related payments	137	140
Net financial expense	–64	–74
Income tax paid	–46	–45
Cash flow from operating activities including net investments	**671**	**613**
Acquisition of subsidiaries	**–12**	**–152**
Change in borrowings	–550	109
Repayment, lease liabilities	–127	–130
Dividend	0	–380
Other	–19	–14
Cash flow from financing activities	**–696**	**–415**
CASH FLOW FOR THE YEAR	**–37**	**46**
Cash and cash equivalents at the beginning of the year	497	435
Foreign exchange difference in cash and cash equivalents	–63	16
Cash and cash equivalents at the end of the year	**396**	**497**

Operating cash flow

Operating cash flow for full-year 2020 was SEK 643 (591) million. Net working capital decreased by SEK 133 (101) million in 2020, which is an improvement in working capital performance compared with 2019. The strong cash flow was attributable to focused working capital management across the entire organisation and a certain positive calendar effect from more and consecutive working days in the last week of the year compared with the year-earlier period. Lower volumes in property-related projects also reduced the amount of cash tied up in working capital.

Coor always works proactively to secure its cash flow, from both a working capital and an investment perspective. Customer payments are monitored on a daily basis and at a detailed level. Coor did not observe any significant changes in customers' payment patterns during the year, despite the fact that it was a difficult year for many companies due to the effects of COVID-19.

The most important external KPI for cash flow is cash conversion, which is defined as the ratio of a simplified measure of operating cash flow to adjusted EBITDA. Cash conversion for full-year 2020 was 108 (104) per cent.

Acquisition of subsidiaries

No new acquisitions were made in 2020. The cash flow effect of SEK –12 (–152) million refers to the final settlement of the acquisition of Norrlands Miljövård from 2019.

Financing activities

Net financial payments in 2020 were down on the previous year, totalling SEK –64 (–74) million. The decrease is mainly due to the fact that Coor paid financing costs in the previous year in connection with the entry into force of the new financing agreement in January 2019. External loans were reduced by SEK –550 (109) million as a result of Coor not paying any dividends to the shareholders during the year due to COVID-19.

Financial position

Assets	2020	2019
Intangible assets	3,687	3,954
Property, plant and equipment	417	473
Financial assets	164	192
Total non-current assets	**4,268**	**4,619**
Accounts receivable	1,144	1,310
Other current assets	257	438
Cash and cash equivalents	396	497
Total current assets	**1,796**	**2,246**
TOTAL ASSETS	**6,064**	**6,864**

Equity and liabilities	2020	2019
Equity	**2,079**	**1,980**
Borrowing, incl. leases	1,500	2,133
Other non-current liabilities	36	55
Total non-current liabilities	**1,536**	**2,188**
Borrowing, incl. leases	103	117
Accounts payable	607	978
Other current liabilities	1,738	1,601
Total current liabilities	**2,449**	**2,697**
TOTAL EQUITY AND LIABILITIES	**6,064**	**6,864**

Key performance indicators	2020	2019
Net working capital	–881	–774
Net working capital/net sales, %	–9.2	–7.5
Equity/assets ratio, %	34	29
Leverage, times	1.6	2.3
Net debt		
Liabilities to credit institutions	241	791
Bonds	1,000	1,000
Leases, net	328	379
Other	33	68
	1,603	**2,238**
Cash and cash equivalents	–396	–497
Net debt	**1,207**	**1,741**

Financial position

The Group has intangible assets, consisting mainly of goodwill, of SEK 3,125 (3,191) million and customer contracts worth SEK 392 (591) million. Goodwill is not amortised, but is tested annually for impairment. Customer contracts are amortised on a straight-line basis over the estimated useful life and are tested for impairment if there are indications of impairment. For further information on intangible assets, see *Note 11 Intangible assets*. The Group has negative net working capital of SEK –881 (–774) million.

Consolidated net debt at 31 December 2020 was SEK 1,207 (1,741) million. The decrease compared with the previous year was mainly due to a strong operating cash flow during the year and the fact that the Group, due to COVID-19, did not pay any dividends to the shareholders. The leverage, defined as net debt to adjusted EBITDA, was 1.6 (2.3) at the end of the year, which is well in line with the Group's target of a leverage below 3.0. Therefore, Coor has preparedness and financial capacity for new business opportunities, dividends and business acquisitions.

Equity at the end of the year was SEK 2,079 (1,980) million. The Group's equity/assets ratio was 34 (29) per cent. Equity increased during the year, with comprehensive income for the year totalling SEK 74 (216) million. The change in equity also includes an effect of SEK 25 million related to the Group's long-term incentive programme.

Cash and cash equivalents at the end of the year amounted to SEK 396 (497) million. At the same date, the Group had undrawn credit lines of SEK 1,250 (700) million.

ORGANISATION AND EMPLOYEES

The number of employees at 31 December 2020 was 11,230 (11,395), or 9,029 (9,296) on a full-time equivalent basis. For more information on Coor's employees and on Coor's health and safety activities, and management and employee development activities, see the section *Our employees*. For information on employee benefit expenses, see *Note 6 Employees and employee benefit expenses*.

Distribution of employees (full-time equivalents) at 31 December 2020

REMUNERATION OF SENIOR EXECUTIVES

The guidelines for remuneration of senior executives adopted at the AGM on 28 April 2020, which now apply, are presented below. See also *Note 7 Remuneration of senior executives*.

Guidelines for remuneration of senior executives

The executives covered by the guidelines are the CEO and the other members of the executive management team. The guidelines also cover any remuneration of Directors in addition to Directors' fees. Following their adoption by the 2020 AGM, the guidelines apply to new remuneration contracts as well as changes to existing contracts. The guidelines do not cover remuneration that is approved by the general meeting of shareholders. For employment relationships subject to other rules than Swedish rules, necessary adaptations may be made in respect of retirement benefits and other benefits to ensure compliance with mandatory rules or established local practice, provided that the general purpose of the guidelines is adhered to as far as possible.

Promotion of the company's business strategy, long-term interests and sustainability

Simply put, Coor's business strategy is to take over, manage and develop services in offices, at properties and production facilities, and in the public sector (facility management). We aim to run our business in an effective and sustainable manner that creates long-term value for our customers, employees and investors as well as society at large and the environment. Coor's overall strategies are:

- Growth in integrated facility management.
- Growth in single FM services.
- Customised and flexible delivery model.
- Focus on operational efficiency.
- Nordic focus, with some flexibility to branch out into Europe.

For further information on Coor's business strategy, see Coor's website: https://www.coor.com/about-coor/Business-vision/strategies.

To successfully implement its business strategy and further the company's long-term interests, including its sustainability, Coor needs to be able to recruit and retain qualified personnel. To do this, Coor needs to be able to offer a competitive total remuneration package, which these guidelines allow the company to do. The total remuneration is to be competitive, in line with market levels and reflect the individual's performance and responsibility and, with regard to any long-term variable remuneration, the appreciation of Coor's shares that accrues to the shareholders. Variable cash remuneration that is covered by these guidelines must be aimed at promoting the company's business strategy and long-term interests, including its sustainability.

In 2018 and 2019, the company introduced long-term share-based incentive programmes in which the CEO and other senior executives were offered the opportunity to participate. The outcomes of these programmes are not pensionable for the participants. These programmes were approved by the respective AGMs and are therefore not subject to these guidelines. For the same reason, any future share-based incentive programmes adopted by the general meeting of shareholders will not be subject to the guidelines. For more information on performance requirements, conditions and costs for these programmes, see the complete texts of the Board of Directors' proposals to the respective AGMs on Coor's website: https://www.coor.com/about-coor/corporate-governance/annual-general-meeting.

Forms of remuneration, etc.

The remuneration of senior executives is to consist of a fixed salary, any variable remuneration, pension and other benefits. In addition, the general meeting of shareholders may, irrespective of these guidelines, resolve to approve share- and share price-based remuneration.

Fixed salary

The fixed salary is to comprise a cash salary. The fixed salary is revised annually for all members of the executive management team. The fixed salary is to be in line with market levels and be determined on the basis of factors such as position, skills, experience and performance.

Variable salary

Any variable salary is to comprise an annual variable cash salary. Variable cash remuneration is to be contingent on the achievement of defined and measurable goals and be capped at 75 per cent of the fixed annual salary. Fulfilment of criteria for disbursement of any annual variable cash salary is to be measured over a period of one year.

The variable cash salary is to be linked to one or several defined and measurable targets, such as consolidated EBITA, increase in net sales in respect of new deals (through organic growth or acquisitions) or cash flow. The targets may to some extent also comprise individual quantitative or qualitative criteria. The weight of each target for variable pay is to be adapted individually for each executive, but EBITA, the increase in net sales in respect of new deals or cash flow must represent at least 70 per cent of the weight for all targets. By linking the senior executives' remuneration to growth, profitability measures and cash conversion, the targets promote the implementation of the company's business strategy and long-term interests, including its sustainability, as well as executives' long-term development.

When the measurement period for fulfilment of the criteria for payment of variable cash salary has ended, an assessment is to be made of the extent to which the criteria have been fulfilled. In respect of variable cash salary of the CEO, the assessment is to be made by the Remuneration Committee. In respect of variable cash salary of other senior executives, the assessment is to be made by the CEO. In respect of financial targets, the assessment is to be based on the most recent financial information published by the company.

The terms for variable remuneration are to be formulated so that the Board, in the event of exceptional circumstances, is able to limit or refrain from paying variable remuneration if such action is deemed reasonable.

In specific instances, agreements on variable non-recurring remuneration may be concluded, provided that such remuneration does not exceed 25 per cent of the fixed annual salary and is not paid more than once a year to the same individual. Such remuneration is not to be pensionable unless otherwise provided for in mandatory provisions of applicable collective bargaining agreements. Decisions on such remuneration are to be made by the Board of Directors based on a proposal submitted by the Remuneration Committee.

No other variable cash remuneration is to be paid.

Pension

For the CEO, retirement benefits are to be regulated by a collective bargaining agreement. Retirement benefits for the portion of an executive's salary that exceeds the maximum limit specified in the collective bargaining agreement are to take the form of defined contribution benefits and may not exceed 30 per cent of the fixed annual salary. Variable salary is not to be pensionable.

For other senior executives, retirement benefits are to take the form of defined contribution benefits unless the executive is covered by a defined benefit pension plan under mandatory provisions of a collective bargaining agreement. Variable salary is to be pensionable. Defined contribution retirement benefits may not exceed 30 per cent of the fixed annual salary.

Other benefits

Other benefits may include benefits such as health insurance and car benefits. The total amount of premiums and other costs incurred for such benefits may not exceed 5 per cent of the fixed annual salary.

Payment of consulting fees to Directors

In specific cases, Coor's AGM-elected Directors may, for a limited period of time, be remunerated for services in their respective areas of expertise that do not constitute Board work. For such services (including services rendered through an entity wholly owned by a Director), a market-based fee is to be paid, provided that such services contribute to the realisation of Coor's business strategy and further Coor's long-term interests, including its sustainability. For each Director, such consulting fees may never exceed two annual Directors' fees per year.

Termination of employment

Severance pay is normally paid in case of termination by the company. The contracts of the members of the executive management team are to be terminable on no more than six months' notice and provide for severance pay of no more than 18 months' fixed salary. No severance pay is to be paid in case of termination by the employee.

Salary and employment terms for employees

In preparing these proposed remuneration guidelines, the Board of Directors has taken account of salaries and employment terms of the company's employees by including information on employees' total remuneration, the components of the remuneration and its increase and rate of increase over time in the decision basis used by the Remuneration Committee in assessing the reasonableness of the guidelines and the limitations arising therefrom.

The decision-making process for determining, reviewing and implementing the guidelines

The Board of Directors has established a Remuneration Committee. The duties of the committee include preparing the Board's proposed resolutions on guidelines for remuneration of senior executives. The Board is to prepare proposed new guidelines at least every fourth year and submit its proposal for adoption by the AGM. The guidelines are to apply until new guidelines are adopted by the general meeting of shareholders. The Remuneration Committee is also to monitor and evaluate the variable remuneration programme for management, the application of guidelines for remuneration of senior executives and the applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and management. During the preparation of and decisions on remuneration-related matters by the Board, the CEO or other members of the executive management team are not to be present, insofar as they are affected by the matters concerned.

Deviation from the guidelines

The Board may decide temporarily to deviate, wholly or partially, from the guidelines adopted by the general meeting of shareholders if in an individual case there are special reasons for doing so and such deviation is necessary to safeguard the long-term interests of the company, including its sustainability, or to ensure the company's financial sustainability. As stated above, it is part of the duties of the Remuneration Committee to prepare the Board's resolutions on remuneration matters, which includes resolutions on deviations from the guidelines.

SHAREHOLDERS AND SHARE INFORMATION

Coor was listed on the Nasdaq Stockholm exchange on 16 June 2015. The number of shares is 95,812,022. At year-end, the three largest shareholders were Nordea Fonder with 7.5 per cent of the share capital and voting rights, the First Swedish National Pension Fund (AP1) with 5.8 per cent and Didner & Gerge Fonder with 5.7 per cent.

For more share information, see the sections *Coor as an investment* and *Share information*, and *Note 16 Share capital and data per share*.

PARENT COMPANY

The Group's parent company, Coor Service Management Holding AB, provides management services to its wholly owned subsidiary Coor Service Management Group AB. The parent company also manages shares in subsidiaries. The parent company reported an after-tax loss of SEK –10 (581) million. At year-end, the parent company had total assets of SEK 7,913 (7,922) million. Equity in the parent company at year-end was SEK 5,509 (5,494) million.

SUSTAINABILITY REPORT

Coor has prepared a Sustainability Report in accordance with the GRI Standards, GRI-referenced option. The Sustainability Report has been prepared in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act and can be found on *pages 12–19, 24–37, 56–57, 99* and *112–123* of this document.

PROPOSED DIVIDEND

The Board of Directors proposes a dividend for 2020 of SEK 4.40 (0.00) per share, comprising a regular dividend of SEK 2.00 (0.00) and a special dividend of SEK 2.40 (0.00) to be distributed in two payments of SEK 2.00 and SEK 2.40 per share, respectively. This corresponds to a total distribution of SEK 422 million.

Proposed record date for dividend

The proposed record date is Wednesday 28 April 2021 for the first payment and Monday 4 October 2021 for the second payment. Subject to the approval of this proposal by the general meeting of shareholders, it is expected that the first payment will be made on Monday 3 May 2021 and the second on Thursday 7 October 2021.

OUTLOOK

Coor is a market-leading service company operating in a growing market. Coor is generally experiencing strong interest and high demand in the market, and sees interesting business opportunities throughout the Nordic region.

Of course, the effects of COVID-19 have created uncertainty that is affecting both the market and Coor as a company. Coor notes that it is still difficult to fully grasp the long-term consequences of the pandemic and the decisions being taken in each nation to limit the health effects and economic fallout.

Coor looks to the future with confidence. Coor is engaged in many positive dialogues with both existing and potential customers who need new solutions to streamline, adapt and develop their businesses. Coor believes the prospects to achieve growth, profitability and cash flow in line with our targets over time are good.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- On 12 January 2021, it was announced that Coor will lose parts of its IFM contract with Equinor in Norway. Coor's contract with Equinor covers services for production sites, office sites and offshore installations. Following a procurement, Equinor has decided not to extend the office part of the contract when it expires in October 2021. The annual contract value for the office sites is approximately SEK 500 million. The production sites are not affected by this decision. In March 2020, the offshore part was extended by another three years.
- On 10 February 2021, it was announced that Coor would acquire R&K Service in Norway. The company is a well-run family company that provides cleaning and restaurant services in the Stavanger area. The company has annual sales of around NOK 80 million and is an important acquisition that will strengthen Coor's position. The consideration for the acquisition (on a cash-free, debt-free basis) is approximately SEK 65 million.

PROPOSED APPROPRIATION OF RETAINED EARNINGS

The parent company and consolidated income statements and balance sheets will be submitted for adoption at the AGM on 26 April 2021.

The AGM is asked to decide on the appropriation of the following retained earnings in the parent company:

	SEK
Retained earnings including share premium reserve	5,135,387,734
Loss for the year	–9,878,947
Total	**5,125,508,786**

The Board of Directors proposes that the above amount be appropriated as follows:

	SEK
Dividend of SEK 4.40 per share to the shareholders	421,572,897
Carried forward	4,703,935,890
Total	**5,125,508,786**

The Board of Directors proposes that the dividend of SEK 4.40 per share, comprising an ordinary dividend of SEK 2.00 per share and a special dividend SEK 2.40 per share, be divided into two payments of SEK 2.00 and SEK 2.40 per share, respectively.

The Board proposes 28 April 2021 as the record date for the first distribution. The Board proposes 4 October 2021 as the record date for the second distribution. The first dividend is expected to be paid to shareholders on Monday 3 May 2021 and the second dividend on Thursday 7 October 2021.

THE BOARD OF DIRECTORS' STATEMENT ON THE PROPOSED DIVIDEND

In reference to its proposed dividend, the Board of Directors hereby makes the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act:

The Board has proposed that the 2021 AGM approve the payment of a dividend of SEK 4.40 per share to shareholders as part of the appropriation of retained earnings. This would result in a total distribution of around SEK 422 million.

The Board has established that the company's restricted equity will be fully covered after the proposed dividend.

The Board also considers the proposed dividend to the shareholders to be justifiable in view of the factors set forth in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act (nature, scope and risks of the operations, and consolidation requirements, liquidity and financial position). In reference thereto, the Board would like to state the following.

Nature, scope and risks of the operations

In the Board's assessment, the equity of the company and of the Group after the proposed dividend will be sufficient in view of the nature, scope and risks of the operations. In making its assessment, the Board considered the historical and budgeted performance of the company and of the Group as well as the general economic situation.

Consolidation requirements

The Board has made a comprehensive assessment of the company's and the Group's financial position and of the company's and the Group's ability to fulfil its short-term and long-term obligations. The proposed dividend represents 8 per cent of the company's equity and 20 per cent of the Group's equity.

After the dividend, the company's and the Group's equity/assets ratio will be 64 per cent and 29 per cent, respectively. The company's and the Group's equity/assets ratio is thus good in relation to the industry in which the Group operates. The Board believes that the company and the Group are in a position to take future business risks and also to sustain any losses. The dividend distribution will not impair the company's and the Group's ability to make further commercially motivated investments in accordance with the Board's plans.

Liquidity

It is expected that it will be possible to maintain the company's and the Group's liquidity at a continued satisfactory level. The Board's view is that the proposed dividend will not affect the company's or the Group's ability to meet its payment obligations in the short or long term. The company and the Group have good access to both short-term and long-term credit. The credit facilities can be drawn at short notice, and the Board therefore considers that the company and the Group are well prepared to manage both changes in liquidity and unexpected events.

Other financial circumstances

In addition to what has been stated above, the Board has considered other known circumstances that may be of significance for the financial position of the company and the Group. No circumstance has emerged indicating that the proposed dividend is not justifiable.

For further information on the parent company's and Group's results and financial position, see the following income statements, statements of comprehensive income, balance sheets, statements of cash flow and the notes to the financial statements.

A STRUCTURED APPROACH TO RISK

The facility management industry is widely perceived as an industry with relatively low risks. To minimise those risks that do exist, Coor engages in structured risk management activities based on mapping, analysis and control.

RISKS TO THE BUSINESS

Coor is exposed to a number of strategic, operational, financial and legal risks. The risks that Coor has identified as being most material along with brief descriptions of how they are managed and of developments in 2020 are presented in the table on the next page.

SUSTAINABILITY RISKS

From a sustainability perspective, the Nordic FM industry is perceived as an industry with a relatively low risk profile. In its risk analysis, the company has taken account of sustainability-related risks. Risks related to human rights and corruption have also been addressed but are currently not considered material enough to warrant inclusion in the detailed assessment of the Group's priority risk areas. With regard to environmental risks, it should also be noted that the Coor Group only has minor operations that are subject to environmental permit requirements.

A SOPHISTICATED RISK PROCESS

The objective of Coor's risk management activities is to secure the Group's long-term earnings performance and target achievement. Ultimate responsibility for the company's risk management rests with the Group's Board of Directors and management. These activities are guided by a central Group risk policy and risk management process and are based on an annual risk assessment covering all areas of activity. The past year's risk management activities are summarised and discussed by the executive management team and presented to the Board.

RISK ASSESSMENT

Coor's risk analysis consists of an annual survey in which the key risks are identified. The probability of the identified risks occurring and their consequences are also assessed. The analysis also includes an assessment of the effectiveness of existing controls and measures aimed at minimising and managing the risks. The results are summarised in a risk map for each operating unit, which are then aggregated to Group level.

RISKS TO THE BUSINESS

● Good management ● Satisfactory management ● Need for improvement

MAIN RISKS	IMPACT SCALE 1–5	PROBABILITY SCALE 1–5	RISK MANAGEMENT MEASURES	RISK MANAGEMENT	DEVELOPMENTS IN 2020
Strategic and operational risks					
Loss of material contracts If a delivery deviates from the agreed services or agreed quality, this can lead to loss of revenue or lost contracts.	4	2	• Structured monitoring of customer contracts at the strategic level. • A focus on HSEQ issues and people engagement to increase employee satisfaction and ultimately also customer satisfaction. • Special unit established for renegotiation of existing contracts.	Good management	• Coor did not lose any material contracts in 2020.
Information leaks, cyber threats and non-compliance with GDPR Inadequate classification of information can lead to uncertainty about how information should be protected as well as leakage of information. Cyber attacks can damage the business. The GDPR regulations from 2018 entail a risk of severe penalties in case of infringements.	4	2	• Extra monitoring of security incidents with active risk reduction. • Improved Internet security with significantly increased security for remote working. • Improved system support and information campaign regarding cyber security.	Satisfactory management	• Improved procedures, system support and information campaigns have been implemented to respond to increased external cyber threats.
Health and safety risk A poor work environment can lead to mental and physical health problems among employees or third parties. Coor's vision is to achieve zero workplace-related injuries.	2	3	• A systematic approach to preventive health and safety. • Training to increase risk awareness. • Ongoing monitoring and assessment for targeted risk prevention activities. • Coor Crisis Team activated at Group and country level in response to COVID-19. Several measures taken to protect customers' and suppliers' employees as well as Coor's own employees.	Satisfactory management	• The number of reported risk observations increased, which points to increased risk awareness and a stronger reporting culture.
Unforeseen events Unforeseen events such as viruses/pandemics can affect the demand for specific services or the ability to deliver.	3	3	• Preparedness with Coor Crisis Team at Group and country level. • Ensuring the Board's involvement. • Strong focus on communication.	Satisfactory management	• Coor Crisis Team was convened to manage COVID-19. • Commercial priorities were made and continuous measures were taken. • Planning was undertaken for the business after the crisis.
Cost-benefit analysis risk and contract risk Incorrect cost estimates, poor contract terms or business models can lead to low margins or high contractual risks.	3	3	• Compliance with tendering instructions and risk assessment process. • Regular post cost-benefit analyses.	Satisfactory management	• Good compliance with instructions and processes.
Financial risks					
Interest rate, currency and liquidity risks Changes in interest rates, exchange rates and market prices of financial instruments can have an impact on Coor's income statement and balance sheet, and on cash flow.	2	3	• Coor follows a treasury policy which sets forth guidelines for financial risk management. See also *Note 17 Borrowing and financial risk management.*	Good management	• No new risks arose during the year.
Financial reporting risks The risk of misstatements in financial reporting and the risk that reports will not be prepared in accordance with legal requirements, requirements for listed companies and applicable accounting rules.	3	2	• A clear process for managing the risk of misstatements in financial reporting. • Key controls in financial processes are monitored continually through self-assessments and internal audits. For a more detailed description, see the *Corporate Governance Report.*	Satisfactory management	• In 2020, the company distributed interim reports and an annual report. • One interim report and the annual report were examined by the company's external auditors without qualifications.
Credit risk The risk of credit losses due to the failure of customers to meet their payment obligations.	2	2	• Coor has clear processes for customer credit checks and monitoring of accounts receivable. See also *Note 14 Accounts receivable and Note 17 Borrowing and financial risk management.*	Good management	• Very few bad debts in 2020. • No significant changes in customers' payment patterns despite the pandemic.
Climate risk					
Environmental impact and climate change Environmental incidents, extreme weather and climate change impacting the supply of raw materials, for example, can affect deliveries.	2	3	• Climate goals and climate calculations for reduced emissions and responsible consumption. • Close monitoring in order to limit any effects. • Certified environmental management system (ISO 14001). • Training.	Good management	• Strong focus on the company's potential environmental impact, even though most operations are conducted at customer sites. • This area is part of the annual strategy process (identification, assessment and risk management measures). • Plan to start reporting according to the Task Force on Climate-related Financial Disclosures (TCFD).

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	2020	2019
Net sales	2, 3, 13	9,591	10,313
Cost of services sold	3, 4, 5, 6, 13	–8,595	–9,326
Gross profit		**996**	**987**
Selling expenses	3, 4, 5, 6, 7	–103	–110
Administrative expenses	3, 4, 5, 6, 7, 8	–576	–579
Operating profit		**318**	**299**
Financial income	9	1	3
Financial expenses	9	–67	–74
Net financial expense		**–66**	**–71**
Profit before tax		**252**	**228**
Income tax	10	–61	–59
PROFIT FOR THE YEAR		**191**	**169**
EARNINGS PER SHARE, SEK	16		
Earnings per share before dilution		2.00	1.77
Earnings per share after dilution		2.00	1.77
DIVIDEND PER SHARE, SEK			
Proposed ordinary dividend per share		2.00	0.00
Proposed special dividend per share		2.40	0.00
TOTAL DIVIDEND PER SHARE, SEK		**4.40**	**0.00**

The notes on pages 62–87 are an integrated part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2020	2019
PROFIT FOR THE YEAR	**191**	**169**
Other comprehensive income		
Items that will not be reclassified to profit or loss	0	0
Items that may be subsequently reclassified to profit or loss		
Translation differences in foreign operations	–106	35
Cash flow hedges	–10	12
Total	**–116**	**47**
Total comprehensive income for the year, net of tax	**–116**	**47**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**74**	**216**

CONSOLIDATED BALANCE SHEET – ASSETS

	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets	11		
Goodwill		3,125	3,191
Customer contracts		392	591
Trademarks		42	46
Other intangible assets		128	127
Property, plant and equipment			
Land and buildings	12	1	1
Plant and equipment	12	82	84
Rights of use under leases	13	334	387
Financial assets			
Other non-current receivables	17	16	16
Other financial assets	17	2	15
Deferred tax asset	10	146	161
Total non-current assets		**4,268**	**4,619**
Current assets			
Inventories		15	16
Accounts receivable	2,14,17	1,144	1,310
Other receivables		32	21
Prepaid expenses and accrued income	2.15	210	401
Cash and cash equivalents	17	396	497
Total current assets		**1,796**	**2,246**
TOTAL ASSETS		**6,064**	**6,864**

For pledged assets and contingent liabilities, see *Note 21.*
The notes on pages 62–87 are an integrated part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET – EQUITY AND LIABILITIES

	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital	16	383	383
Other contributed capital		6,627	6,630
Other reserves		–75	42
Retained earnings, including profit for the year		–4,856	–5,075
Total equity		**2,079**	**1,980**
Liabilities			
Non-current liabilities			
Borrowings	17	1,273	1,856
Lease liabilities	13.17	227	276
Deferred tax liability	10	18	35
Provisions for pensions and similar obligations	6	18	20
Other provisions	18	0	0
Total non-current liabilities		**1,536**	**2,188**
Current liabilities			
Borrowings	17	0	12
Lease liabilities	13.17	103	105
Accounts payable	17	607	978
Current tax liabilities	10	50	42
Other liabilities	19	249	242
Accrued expenses and deferred income	2.20	1,424	1,303
Other provisions	18	15	15
Total current liabilities		**2,449**	**2,697**
Total liabilities		**3,985**	**4,884**
TOTAL EQUITY AND LIABILITIES		**6,064**	**6,864**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other contri buted capital	Other reserves	Retained earnings including profit for the year	Total equity
Opening balance, 1 January 2019	**383**	**6,622**	**–5**	**–4,835**	**2,164**
Profit for the year	0	0	0	169	169
Total comprehensive income for the year	0	0	47	0	47
Share-based payments	0	8	0	0	8
Transactions with shareholders					
Share buybacks	0	0	0	–28	–28
Dividend [1]	0	0	0	–380	–380
BS Closing balance, 31 December 2019	**383**	**6,630**	**42**	**–5,075**	**1,980**
Opening balance, 1 January 2020	**383**	**6,630**	**42**	**–5,075**	**1,980**
Profit for the year	0	0	0	191	191
Total comprehensive income for the year	0	0	–116	0	–116
Share-based payments	0	25	0	0	25
BS Closing balance, 31 December 2020	**383**	**6,655**	**–75**	**–4,884**	**2,079**

[1] Total dividend of SEK 383 million after deduction of a portion of SEK 3 million accruing to the share swaps held by the Group.

The item Other reserves refers to translation differences arising on translation of foreign subsidiaries and items recognised in other comprehensive income from the application of hedge accounting. The total translation difference for 2020 was SEK -106 (35) million. The translation difference was negative for all currencies.

For information on share capital and data per share see *Note 16 Share capital and data per share*. For information on the appropriation of retained earnings for the year, see *page 55*.

The effect included in the line Share-based payments above refers to accruals of employee benefit expenses in accordance with IFRS 2. For 2020, this line also includes an effect of SEK 15 million arising from the share swap agreement entered into to secure access to shares for the Group's long-term incentive programme

§ Accounting principles

Ordinary shares are classified as equity. The dividend proposed by the Board will not reduce equity until it has been approved by the Annual General Meeting.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020	2019
Operating activities			
IS Operating profit		318	299
Adjustment for non-cash items		395	395
Interest received		1	1
Interest paid		–57	–57
Financial expenses paid		–8	–18
Income tax paid		–46	–45
Cash flow from operating activities before changes in working capital		**603**	**575**
Increase (-)/decrease(+) in inventories		1	–2
Increase (-)/decrease (+) in accounts receivable		125	77
Increase (-)/decrease(+) in other current receivables		169	43
Increase (+)/decrease(-) in accounts payable		–340	–63
Increase (+)/decrease(-) in other current operating liabilities		177	46
Cash flow from operating activities		**736**	**676**
Investing activities			
Purchases of intangible assets	3.11	–33	–49
Purchases of property, plant and equipment	3.12	–44	–26
Proceeds from sale of property, plant and equipment		11	12
Acquisition of subsidiaries	23	–12	–152
Other items		0	–1
Cash flow from investing activities		**–77**	**–215**
Financing activities	17		
Dividend		0	–380
Proceeds from borrowings	17	0	1,800
Repayment of borrowings	17	–550	–1,691
Repayment, lease liabilities	13	–127	–130
Other items		–19	–14
Cash flow from financing activities		**–696**	**–415**
Cash flow for the year		**–37**	**46**
Cash and cash equivalents at the beginning of the year		497	435
Foreign exchange difference in cash and cash equivalents		–63	16
BS Cash and cash equivalents at the end of the year		**396**	**497**

CONSOLIDATED OPERATING CASH FLOW

	Note	2020	2019
IS Operating profit		318	299
Depreciation, amortisation and impairment	11,12,13	392	385
Net investments in property, plant and equipment and intangible assets		–65	–63
Change in net working capital		133	101
Lease-related payments [1]		–137	–140
Non-cash items		3	10
Operating cash flow		**643**	**591**
Lease-related payments[1]		137	140
Adjustment for items affecting comparability	5	46	65
Other		–8	–15
Cash flow for calculation of cash conversion		**818**	**781**
Cash conversion		**108**	**104**

1) Refers to nominal payments relating to leases that are recognised in the balance sheet in accordance with IFRS 16.

NON-CASH ITEMS

	Note	2020	2019
Depreciation and amortisation	11,12,13	392	385
Change in provisions		0	7
Proceeds from sale of non-current assets		–5	–5
Other		8	8
SCF Total		**395**	**395**

SPECIFICATION OF CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and bank balances		396	497
BS Total		**396**	**497**

§ Accounting principles

The statement of cash flows has been prepared using the indirect method. The recognised cash flow only comprises transactions resulting in incoming and outgoing payments. Cash and cash equivalents include, in addition to cash and bank balances, short-term financial investments that are exposed to insignificant risk of fluctuations in value, are traded on an open market for known amounts and have a remaining maturity of less than three months from the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The consolidated financial statements of the Coor Service Management Holding AB Group have been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board, the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU.

The parent company's functional currency is the Swedish krona, which is also the reporting currency of the parent company and Group. The financial statements are therefore presented in Swedish kronor.

Unless otherwise indicated, all figures are rounded to the nearest million (SEK million). Figures in parentheses refer to the previous year. Due to rounding, some totals may differ from the sum of the individual items.

§ Accounting principles

How should the Coor Group's accounting principles be read?

General accounting principles and new financial reporting rules are presented below. Other accounting principles which Coor considers to be significant are presented under each note. Unless necessary for the understanding of the content of the note, the repetition of section references is avoided.

Amounts which are reconcilable to the balance sheet, income statement and statement of cash flows are indicated by the following symbols:

IS Income statement
BS Balance sheet
SCF Statement of cash flows

! Critical assumptions

Judgements and estimates in the financial statements

The preparation of financial statements in compliance with IFRS requires the use of critical accounting estimates and judgements. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact are presented in conjunction with the items they are considered to affect. The table shows where these descriptions are to be found:

Items which are subject to assumptions and judgements	Note
Taxes	Note 10
Measurement of goodwill and other intangible assets	Note 11
Lease liabilities and assets held under right of use agreements	Note 13
Accounts receivable and revenue	Notes 2, 14
Financial risks	Note 17

Changes to accounting principles and disclosures

a) New and amended standards applied by the Group

Standards which the Group will apply for the first time for financial years beginning on 1 January 2020 are presented below:

- *Definition of material* – amendments of IAS 1 and IAS 8
- *Definition of business/operation* – amendment to IFRS 3
- *Reference rate reform* – amendments to IFRS 9, IAS 39 and IFRS 7
- *Conceptual framework for financial reporting*

The amendments indicated above had no impact on the consolidated financial statements.

b) New standards and interpretations which have not yet been applied by the Group

A number of new standards and interpretations will become effective for financial years beginning after 1 January 2020 but have not been applied in preparing these financial statements. These new standards and interpretations are not expected to have a material impact on the consolidated financial statements.

Consolidated financial statements

Subsidiaries

The consolidated financial statements comprise Coor Service Management Holding AB and all subsidiaries in Sweden and abroad. All companies over which the Group has control are classified as subsidiaries. Control means that Coor is able to govern the subsidiary, has the right to a variable return on its investment in the company and is able to influence the return through its influence over the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from the consolidated financial statements from the date when the Group ceases to have control. All subsidiaries in the Group are 100 per cent-owned.

Intercompany transactions and balances are eliminated. Where applicable, the accounting principles for subsidiaries have been amended to guarantee a consistent application of the Group's principles.

Recognition of acquisitions

The consolidated financial statements are prepared in accordance with the purchase method. In a business combination, the acquired assets and assumed liabilities are identified and measured at fair value at the acquisition date. In the purchase price allocation, an assessment is also made of whether there exist intangible assets that have not been recognised in the acquired entity. The amount by which the consideration exceeds the fair value of the acquired assets and assumed liabilities is recognised as goodwill. Any deficit, or "negative goodwill," is recognised through profit or loss. The consideration paid for the acquisition comprises the fair value of the transferred assets, liabilities and any shares issued by the Group. Any subsequent additional consideration is classified as a liability, which is then remeasured through profit or loss. Acquisition-related costs are expensed.

Translation of foreign currency

Items included in the financial statements for the various entities of the Group are valued in the currency used in the economic environment in which each entity primarily operates (functional currency). The consolidated financial statements are prepared in Swedish kronor (SEK), which is the functional and reporting currency of the parent company. The financial statements of the Group companies are translated to the Group's reporting currency, SEK. Assets and liabilities in Group companies with a different functional currency than the parent company are translated at the closing rate. Income and expenses in Group companies which have a different functional currency than the parent company are translated at the average exchange rate. The translation difference arising on foreign currency translation is recognised in other comprehensive income. When a foreign operation is divested, such foreign exchange differences are recognised in profit or loss as part of the capital gain or loss.

Transactions in foreign currency are translated to the functional currency at the transaction date exchange rates. At the closing date, monetary assets and liabilities in foreign currency are translated to the functional currency and any currency effect is recognised in profit or loss.

NOTE 2. RECOGNITION OF REVENUE

§ Accounting principles

The Group's reported net sales mainly comprise revenue from sales of services that are provided under the terms of subscription contracts or on a fixed-price or time and materials basis. The services which the Group provides can be divided into workplace services (including cleaning, restaurant, reception, and mail and freight handling services) and property services (including property maintenance and security solutions).

The Group applies the five-step model under IFRS 15 to determine how revenue from each customer contract should be accounted for. Under the five-step model, revenue should be recognised when a customer receives control over the sold good or service and is able to use or obtains a benefit from the good or service. The Group's principal source of revenue is services in which control is transferred to the customer in connection with delivery. The customer receives and consumes the service as it is provided. The Group's revenue is thus recognised as the services are provided.

The Group does not expect to have any significant contracts where the transaction price needs to be adjusted for the effects of a significant financing component.

Revenue from subscription contracts

Subscription contract refers to a contract concluded by the Group for the regular provision of services over an extended period of time. The Group's subscription contracts include integrated FM contracts covering a broad range of services as well as contracts for the provision of a single or small number of combined FM services. To meet the definition of a contract in IFRS 15, call-off orders for subscription services for the month also need to be taken into account.

Each individual customer contract can thus cover several different services (performance obligations) to be provided by Coor. The services are provided to the customers on a daily basis over the term of the contract and the customer receives and consumes the services as they are provided. All performance obligations are satisfied over time and revenue is recognised as the services are provided.

The prices charged for the services which the Group provides under subscription contracts are generally fixed and are based on certain cost drivers, such as the number of employees or floor space. The volume, such as the number of employees or square meters of floor space, varies over time, and there is therefore a significant variable component in the total revenue from the customer. For major customer contracts, variable remuneration may be used. Variable remuneration is only included in recognised revenue to the extent that it is considered likely to accrue to Coor. Invoices are normally issued on a monthly basis in connection with the provision of the services. Exceptions are made for customer contracts under which Coor is responsible for long-term property maintenance. For these contracts, accruals need to be made for a portion of the invoiced revenue, as Coor will not have satisfied its performance obligation at the end of the period.

For major customer contracts, modifications are often made to the contract over time, resulting in changes to prices, volumes or service content. Changes to major customer contracts are made in consultation with the customer according to a defined process.

Contract revenue

In addition to the subscription contracts which it has entered into with its customers, the Group also enters into call-off arrangements/contracts for services to be provided on an ongoing basis, generally over a relatively short period of time. Such projects are normally billed on a time and materials basis, which means that Coor receives compensation for costs incurred plus an agreed margin. Costs incurred can refer to the number of hours worked and/or purchased materials/services. Invoices are issued on a monthly basis and are based on the costs incurred for the services provided.

The customer obtains control over the service as it is provided, which means that revenue is also recognised as the service is provided.

Type of contract

The Group's services are provided under customer contracts of two main types

- IFM (integrated FM contracts) covering a broad range of services and with a strong element of strategic advice.
- FM services (the provision of individual or a small number of combined FM services). The element of strategic advice is limited.

Both contract types may have subscription revenue as well as project revenue features. A breakdown of revenue by the Group's main contract types, IFM contracts and contracts for single or a small number of FM services, is presented in *Note 3 Segment information*.

The Group has one customer that accounts for more than 10 per cent of consolidated sales. Net sales to this customer in 2020 amounted to SEK 1,185 (1,408) million. This customer is a customer of the Group's Norwegian business.

The Group has its registered office in Sweden. Revenue from external customers in Sweden and the breakdown for other countries are shown in the table on the next page.

The Group's customer contracts have significant variable components that are linked to volume in the form of the number of square meters or the number of employees at the customer site, which affects revenue from the customer for coming periods. It is therefore not possible to disclose future unsatisfied performance obligations related to existing customer contracts.

Contract assets and contract liabilities

The Group recognises the following assets and liabilities in the balance sheet related to contracts with customers.

	2020	2019
Accounts receivable	1,144	1,310
Accrued income	133	284
Total contract assets	**1,276**	**1,594**
Deferred income	–270	–294
Total contract liabilities	**–270**	**–294**

Accrued income refers partly to subscription revenue under contracts for which the performance obligations have been satisfied but where the invoice is issued at the beginning of the following month and partly to revenue from ongoing projects where the performance obligation has been satisfied but the invoice has not yet been issued.

Deferred income refers partly to subscription revenue under contracts where the invoice is issued in the month before the services are provided and partly to revenue related to performance obligations for long-term property maintenance. For property maintenance, an accrual is made for a portion of the monthly subscription revenue, as Coor will not have satisfied its performance obligation at the end of the period. Revenue is recognised as Coor satisfies its performance obligation under the agreed maintenance plan.

! Critical assumptions

The Group has certain customer contracts in which a part of the Group's performance obligation consists in long-term property maintenance. This performance obligation is normally included in the monthly subscription invoice that is issued, but at the end of the period the performance obligation had not yet been fulfilled. A portion of the revenue must therefore be recognised on an accrual basis in future periods. To estimate the cost of future property maintenance, management is required to make judgements on a number of parameters. Even if management has detailed maintenance plans at its disposal as a basis for its estimates, such judgements are subject to a degree of uncertainty.

Breakdown of revenue from contracts with customers

2020	Sweden [1]	Norway	Denmark	Finland [2]	Other	Total
External revenue by segment	4,904	2,102	1,941	646	–1	9,591
Timing of revenue recognition						
At a point in time	0	0	0	0	0	0
Over time	4,904	2,102	1,941	646	–1	9,591
Total	**4,904**	**2,102**	**1,941**	**646**	**–1**	**9,591**

2019	Sweden [1]	Norway	Denmark	Finland [2]	Other	Total
External revenue by segment	5,138	2,546	1,924	706	–1	10,313
Timing of revenue recognition						
At a point in time	0	0	0	0	0	0
Over time	5,138	2,546	1,924	706	–1	10,313
Total	**5,138**	**2,546**	**1,924**	**706**	**–1**	**10,313**

[1] The figure for Sweden includes sales of SEK 247 (246) million for Belgium.
[2] The figure for Finland includes sales of SEK 19 (19) million for Estonia.

NOTE 3. SEGMENT INFORMATION

§ Accounting principles

Operating segments are accounted for in a way that is consistent with the internal reports submitted to the chief operating decision maker. The chief operating decision maker is the function that is responsible for allocating resources and assessing the results of operating segments. In Coor, this function has been identified as the executive management team.

The Group operates in Sweden, Norway, Finland and Denmark and has minor operations in Belgium and Estonia. Management mainly monitors the operations on a country by country basis. The Group's operations in Belgium are organisationally part of the Swedish business and the operations in Estonia are organisationally part of the Finnish business.

The Group's operations comprise a range of workplace and property services as well as related strategic advice. The services are provided under customer contracts of two main types: IFM and single FM services. Priority service areas for provision as single FM services are cleaning, restaurant and property services.

The operations conducted in the various countries are similar in nature but the markets differ somewhat in terms of the breakdown by contract type.

The Group's executive management team assesses the operating segments' results based on a measure called adjusted EBITA. This measure excludes the effects of items affecting comparability, such as restructuring costs, as well as amortisation and impairment charges on intangible assets arising from a business combination (primarily customer contracts and goodwill). Interest income and interest expense are not allocated to the segments, as these are affected by actions taken by the central finance function, which manages the Group's liquidity.

Group functions/other mainly refers to costs for central support functions, such as operational development, business development, the Group finance function and legal services.

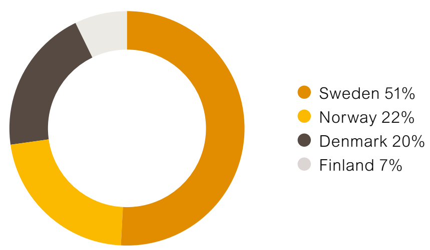
The Group's executive management team does not monitor total assets or liabilities on a segment basis. The executive management team analyses the change in net working capital for each segment in connection with its analysis of operating cash flow.

The following segment information has been provided to the executive management team:

Geographical segments

Net sales	2020	2019
Sweden	**4,904**	**5,138**
Total sales	5,072	5,279
Internal sales	–168	–140
Norway	**2,102**	**2,546**
Total sales	2,109	2,555
Internal sales	–8	–9
Finland	**646**	**706**
Total sales	646	706
Internal sales	0	0
Denmark	**1,941**	**1,924**
Total sales	1,944	1,927
Internal sales	–3	–2
Group functions/other	**–1**	**–1**
IS **Total**	**9,591**	**10,313**

Net sales by country 2020



Adjusted EBITA	2020	2019
Sweden	479	462
Norway	124	161
Finland	24	13
Denmark	83	74
Group functions/other	–154	–162
Total	**556**	**549**
Adjusted EBITA is reconciled to profit before tax as follows:		
Amortisation and impairment of customer contracts and trademarks (Note 11)	–193	–186
Items affecting comparability (Note 5)	–46	–65
IS Net financial expense	–66	–71
IS Profit before tax	**252**	**228**

Adjusted EBITA margin, %	2020	2019
Sweden	9.8	9.0
Norway	5.9	6.3
Finland	3.8	1.8
Denmark	4.3	3.9
Group functions/other	–	–
Total	**5.8**	**5.3**

Other information

Investments in non-current assets	2020	2019
Sweden	–27	–14
Norway	–6	–4
Finland	–2	–3
Denmark	–8	–5
Group functions/other	–33	–48
SCF Total	**–76**	**–74**

Non-current assets	2020	2019
Sweden	2,788	2,952
Norway	545	645
Finland	184	191
Denmark	469	528
Group functions/other	117	111
Total	**4,104**	**4,427**

Change in net working capital	2020	2019
Sweden	–3	141
Norway	45	–106
Finland	–16	31
Denmark	117	12
Group functions/other	–10	23
SCF Total	**133**	**101**

Net sales by type of contract	2020	2019
IFM	5,550	6,286
FM services	4,041	4,027
IS Total	**9,591**	**10,313**

NOTE 4. GOVERNMENT GRANTS

§ Accounting principles

Government grants are recognised at fair value, as there is reasonable assurance that the grants will be received and that the Group will meet the conditions attached to the grants. Government grants received as compensation for costs are recognised on an accrual basis in the income statement in the same periods as the costs for which the grants are intended to compensate. The assistance received is deducted from the costs to which it refers on the same line in the income statement.

Government grants in 2020

In 2020, companies in the Group benefited from some of the government support packages that each country introduced to mitigate the financial impact of the COVID-19 outbreak. Government assistance was primarily received in the form of furlough support. The amounts received are not considered significant for the Group as a whole.

NOTE 5. OPERATING EXPENSES

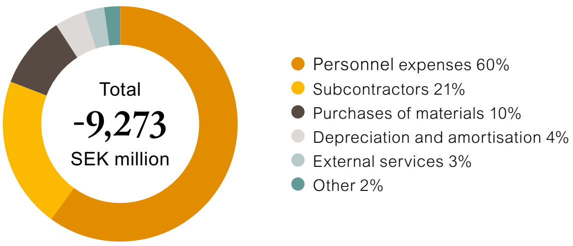
Coor has chosen to present its income statement by function, as this gives a more accurate picture of how the business is managed and monitored. A breakdown of costs by nature of expense is shown below.

Operating expenses by function	2020	2019
IS Cost of services sold	–8,595	–9,326
IS Selling expenses	–103	–110
IS Administrative expenses	–576	–579
Total	**–9,273**	**–10,014**

Costs by nature of expense

Costs by nature of expense	2020	2019
Personnel expenses	–5,557	–5,593
Subcontractors	–1,981	–2,437
Materials	–891	–1,143
External services	–299	–296
Depreciation and amortisation	–392	–385
Other operating expenses	–153	–160
Total	**–9,273**	**–10,014**

Costs by nature of expense 2020



Items affecting comparability

Items affecting comparability are excluded from the measure of operating profit, adjusted EBITA, that management regards as the most relevant metric, as it gives a more accurate picture of the underlying business.

Items affecting comparability for 2020 mainly comprise costs for integration and restructuring. Integration and restructuring refer to organic transactions as well as acquisitions. Integration refers to costs such as the cost of integrating IT systems while restructuring refers to costs related to staff reductions. Acquisition-related costs refer exclusively to transaction costs.

Reconciliation of adjusted EBITA	2020	2019
IS **Operating profit (EBIT)**	**318**	**299**
Amortisation and impairment of customer contracts and trademarks	193	186
Items affecting comparability	46	65
Adjusted EBITA	**556**	**549**

Items affecting comparability	2020	2019
Integration	–19	–40
Restructuring	–25	–24
Acquisition-related costs	0	0
Other	–1	0
Total	**–46**	**–65**

Items affecting comparability by function	2020	2019
Cost of services sold	–29	–45
Selling and administrative expenses	–17	–20
Total	**–46**	**–65**

NOTE 6. EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

§ **Accounting principles**

Termination benefits

Remuneration in case of termination is paid when an employee's employment has been terminated by the Group before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such remuneration. The Group recognises severance pay when it is demonstrably obliged either to give notice to employees under a detailed formal plan without possibility of retraction or to provide remuneration on termination as a result of an offer to encourage voluntary redundancy. Benefits expiring more than 12 months after the balance sheet date are discounted to present value.

Bonus plans

The Group recognises a liability and a cost for bonuses to employees based on the applicable contracts.

Share-based payments

Coor grants share-based payments to certain employees. These are mainly settled in the form of shares of the company and are known as equity-settled share-based payments. The cost of equity-settled share-based payments is based on the fair value of the share rights at the time when the remuneration programme was introduced. Such remuneration is recognised as an employee benefit expense, which is recognised over the vesting period along with a corresponding increase in equity. To the extent that the vesting conditions for the programme are linked to market conditions, these are taken into account in determining the fair value of the share rights. Performance-based vesting conditions and terms and conditions of service affect the employee benefit expense during the vesting period by changing the number of shares that is ultimately expected to be allocated.

Coor recognises a liability for social security contributions on an ongoing basis for all outstanding share-based payments. The liability is remeasured on an ongoing basis based on the fair value of the share-based payment at the balance sheet date as allocated over the vesting period.

Post-employment benefits

The Group has a number of pension plans in different countries. Most of the Group's pension plans are defined contribution plans, under which contributions are paid to an authority or other body which then takes over the obligations to the employees. Once the contributions have been paid, the Group has no further payment obligations. Liabilities related to defined contribution plans are expensed in the income statement as they arise. Prepaid contributions are recognised as an asset to the extent that cash repayments or reductions of future payments may accrue to the benefit of the Group.

Defined benefit pension plans are post-employment benefit plans other than defined contribution plans. The defining characteristic of a defined benefit plan is that it specifies an amount for the post-employment benefit which an employee will receive on retirement, normally based on one or several factors, such as age, length of service or salary. Only a small number of employees in the Group are covered by a defined benefit plan, for which the Group recognises a provision in the balance sheet.

Pensions insured with Alecta in Sweden as well as pensions covered by the new AFP scheme in Norway are defined as multi-employer defined benefit pension plans. However, there is insufficient data to produce reliable information concerning each company's share of the retirement benefit cost, pension obligation and plan assets, and it is therefore not possible to account for these as defined benefit plans.

Number of employees and gender distribution

	2020			2019		
Average number of employees	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Sweden	2,554	1,949	4,502	2,324	1,850	4,174
Norway	873	607	1,480	895	622	1,516
Finland	565	346	912	632	371	1,003
Denmark	1,293	792	2,085	1,478	664	2,142
Other countries	93	68	161	95	64	159
Total	**5,377**	**3,762**	**9,140**	**5,424**	**3,570**	**8,994**

Gender distribution among Directors, CEOs and senior executives

	2020			2019		
No. at balance sheet date	**Women**	**Men**	**Total**	**Women**	**Men**	**Total**
Directors	3	6	9	3	7	10
CEOs and senior executives	3	8	11	2	9	11
Total	**6**	**14**	**20**	**5**	**16**	**21**

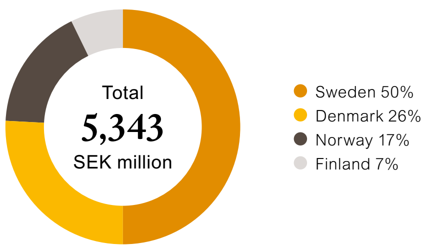
Employee benefit expenses

Salaries, other benefits and social security contributions

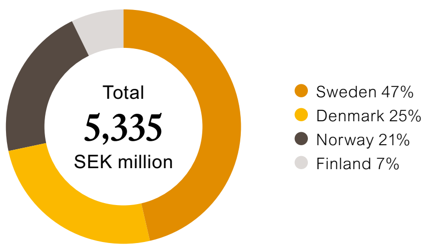
	2020					2019				
Employee benefit expenses	**Salaries and benefits[1]**	*Of which bonuses*	**Social security contributions**	*Of which retirement benefit costs*	**Total**	**Salaries and benefits[1]**	*Of which bonuses*	**Social security contributions**	*Of which retirement benefit costs*	**Total**
Directors, CEOs and VPs	30	*4*	10	*4*	41	35	*7*	13	*4*	48
Other employees	4,018	*27*	1,284	*318*	5,303	4,159	*33*	1,128	*315*	5,288
Total	**4,048**	*31*	**1,295**	*323*	**5,343**	**4,194**	*40*	**1,141**	*319*	**5,335**

[1] Salaries and termination benefits totalled SEK 11 (5) million. Of this amount, SEK 0 (0) million refers to severance pay to CEOs and other senior executives. The group Directors, CEOs and VPs includes remuneration to the Board of Coor Service Management Holding AB as well as remuneration to the Group's CEO and the CEOs and VPs of all subsidiaries of the Group.

Employee benefit expenses by country* 2020



Employee benefit expenses by country* 2019



* Employee benefit expenses for Belgium are included in the figure for Sweden, as Belgium is operationally under Sweden. Employee benefit expenses for Estonia are included in the figure for Finland, as Estonia is operationally under Finland. Employee benefit expenses for Sweden also include costs related to Group functions.

Share-based remuneration programmes

The purpose of Coor's long-term incentive programmes

Coor's long-term incentive programmes (LTIP) are designed to increase and strengthen the company's ability to recruit and retain key individuals and to encourage participants to become long-term shareholders of Coor as a means of aligning the interests of participants and other shareholders. To participate in the programmes, participants are required to invest in Coor shares. By offering an allocation of performance-based share rights that is based on the achievement of defined performance and operational goals, participants are rewarded for increasing shareholder value. The programmes also promote loyalty and long-term value growth in the Group. The Board of Directors is therefore of the opinion that the programmes will have a positive impact on the Group's future performance, thus benefiting both the company and its shareholders. The programmes are aimed at senior executives of the Coor Group: the executive management team (EMT) and top management team (TMT).

Criteria and conditions for participation in the incentive programmes

The incentive programmes cover a period of three years and require that participants acquire or already hold a certain number of Coor shares, known as investment shares. The participants are divided into three different categories, for each of which a maximum number shares has been defined beforehand. Performance shares are allocated free of charge after the vesting period. The number of shares allocated varies among the different categories of participants.

The basic criteria for allocation of performance shares are that the participant has remained an employee of the Coor Group during the vesting period (except, in limited cases, where proportional allocation has been authorised) and has continued to hold his or her Coor shares over that period. The vesting periods will end in connection with the publication of Coor's interim reports for the first quarter of 2021 (LTIP 2018) and 2022 (LTIP 2019), respectively.

In addition to the employment condition, the allocation of performance shares is based on a number of performance conditions. The allocation of share rights depends on the extent to which the defined goals and performance conditions have been met during the performance period concerned. For LTIP 2018, the measurement period ended on 31 December 2020, at which point all performance conditions had been fully met.

Description of performance conditions for the share programmes:

The performance conditions for LTIP 2018 and LTIP 2019 are the same. See below for a description of the conditions for each series.

Series A: Change in customer satisfaction index:

If Coor's average customer satisfaction score during the performance period is equal to or below the minimum level of 64, no shares will be allocated. If Coor's average customer satisfaction score is equal to or exceeds the maximum level of 68, 100 per cent of the shares will be allocated. The allocation will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

Series B: Cumulative adjusted EBITA:

If Coor's cumulative adjusted EBITA over the performance period is equal to or below the minimum level, defined as 10 per cent below the cumulative adjusted EBITA targeted in Coor's business plan for the three-year period commencing at the start of each programme, no shares will be allocated. If the percentage change in Coor's cumulative adjusted EBITA is equal to or exceeds the maximum level, defined as 10 per cent above the cumulative adjusted EBITA targeted in Coor's business plan, 100 per cent will be allocated. The allocation will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

Series C: Relative total shareholder return (TSR) growth:

The allocation of shares varies depending on Coor's TSR growth relative to the weighted average of a group of other companies (the "Benchmark Group"). If Coor's cumulative TSR growth over the performance period is equal to or below the weighted average index for the Benchmark Group (the minimum level), no shares will be allocated. If Coor's cumulative TSR growth is equal to or exceeds the weighted average index for the Benchmark Group by more than 6 percentage points (the maximum level), 100 per cent will be allocated. The allocation will be adjusted on a proportional basis if the outcome is somewhere between the minimum and maximum levels.

				Number of outstanding share rights	
Number of share rights	**Base value share price, SEK**	**Number of participants upon allocation**	**Measurement period**	**31 Dec 2020**	**31 Dec 2019**
LTIP 2018	69.3	45	1 Jan 2018–31 Dec 2020	259,075	336,314
LTIP 2019	84.2	33	1 Jan 2019–31 Dec 2021	207,505	271,338
Total number of outstanding share rights				**466,580**	**607,652**

	LTIP 2018		LTIP 2019	
Number of share rights	**Change during year**	**Accumulated**	**Change during year**	**Accumulated**
Allocated on issuance		348,724		281,338
Outstanding share rights at 1 January 2020	*336,314*		*271,338*	
Allocated compensation, dividend	0	16,340	0	0
Forfeited	–77,239	–105,989	–63,833	–73,833
Total number of outstanding share rights at 31 December 2020	**259,075**	**259,075**	**207,505**	**207,505**

No share rights were redeemable at the end of the year.

Outcome of performance conditions regarding LTIP 2018

The measurement period regarding LTIP 2018 ended on December 31, 2020. The table on the next page presents the outcome of the performance conditions. To receive allotment of shares, the participants in the program must continue to be employed and continue to hold their investment shares until the publication of the interim report for the first quarter of 2021. Allocation of shares is expected to take place shortly after the Annual General Meeting on April 26, 2021.

Outcome of performance conditions LTIP 2018	Performance conditions (linear pro-rata)	Outcome of performance conditions	Achieved vesting level
Series A – Change in customer statisfaction index	>64–68	68.7	100%
Series B – Cumulative adjusted EBITA	1,301 SEK m–1,590 SEK m	1,596 SEK m	100%
Series C – Relative total shareholder return (TSR) compared to reference group	>0%–6%	33.2%	100%

Securing of financial obligations under LTIP 2018 and 2019

To secure the Group's financial obligation under LTIP 2018, Coor has entered into a share swap agreement with Nordea. At 31 December 2020, 500,000 shares had been secured at an average cost of SEK 58.9.

To secure the Group's financial obligation under LTIP 2019, Coor repurchased 340,000 shares in 2019 for SEK 28 million at an average price of SEK 82.5 per share.

Accounting of cost linked to LTIP:

The total cost for outstanding share rights under the incentive programme is expensed over the vesting period with a corresponding increase in equity. The cost for social security contributions is recognised as a liability, as this cost will be paid in cash at the end of the programme.

The call option programme

In addition to the share programme, the Group's LTIP 2018 incentive programme also included a call option programme.

For each investment share that was allocated to LTIP 2018, participants in the call option programme were offered the opportunity to acquire 10 call options on Coor shares. Each call option entitles the holder to purchase one Coor share during three exercise periods at the end of the programme period, but no later than 31 May 2022.

A market-based premium was paid for the call options. The price per share on exercise of the call option is SEK 80.3.

The option programme was aimed at members of the executive management team (EMT) and comprises a total of 320,000 options. The call options are freely transferable and are not contingent on continued employment in Coor.

	Cost for the year before tax		Accumulated cost before tax		Liability, social security contributions at balance sheet date	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
LTIP 2018	7	7	16	9	3	2
LTIP 2019	4	3	8	3	1	1
Total	**12**	**11**	**24**	**12**	**4**	**3**

Post-employment benefits

Retirement benefit costs recognised in the income statement	2020	2019
Retirement benefits, defined benefit plans	0	1
Retirement benefits, defined contribution plans	322	318
Total	**323**	**319**

Contributions for the year to pension plans held with Alecta amounted to SEK 79 (75) million. Alecta's surplus can be distributed to the policy owners and/or insured parties. At the end of 2020, Alecta's surplus, defined as the collective funding ratio, was 148 (148) per cent. The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial assumptions, which do not comply with IAS 19.

Contributions for the year to pension plans covered by the new AFP scheme in Norway amounted to SEK 33 (37) million.

Retirement benefit costs recognised in the balance sheet	2020	2019
Endowment policies*	15	15
Retirement benefits, defined benefit plans	3	4
BS Total	**18**	**20**
Non-current receivable, endowment policies*	–12	–12
Total, net	**6**	**7**

* Coor has taken out endowment policies with a small number of employees as beneficiaries. As it is the employee that is the beneficiary, a pension provision is recognised in the balance sheet along with a non-current receivable equal to the fair value of the endowment policy. A provision has been made for special payroll tax, which will be paid to the Swedish Tax Agency in connection with the payment to the employee.

Change in defined benefit pension obligations	2020	2019
At the beginning of the year	**4**	**5**
Payments made	0	0
Actuarial gains/losses	0	0
Foreign exchange differences	0	0
Other changes during the year	–1	0
Total defined benefit pension obligation at the end of the year	**3**	**4**

Retirement benefit costs in the coming year

Expected contributions to post-employment benefit plans for the 2021 financial year are SEK 0 (0) million for defined benefit pension plans, SEK 82 (77) million for pension plans held with Alecta, SEK 35 (39) million for the new AFP scheme in Norway and SEK 228 (231) million for other defined contribution pension plans.

NOTE 7. REMUNERATION OF SENIOR EXECUTIVES

Remuneration of senior executives

Directors refer to members of the Board of Directors of the parent company in accordance with the resolution of the AGM. For information on the current composition of the Board of Directors, see the section *Presentation of the Board of Directors*.

Executive management team refers to the Chief Executive Officer and the other members of the executive management team. For the current composition of the executive management team, see the section *Presentation of management*.

Remuneration of the Board of Directors – Guidelines

Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the general meeting of shareholders. The following tables specify the fees that were charged to expense in 2020 for each Director. For a specification of fees approved by the AGM, see the Corporate Governance Report.

Remuneration of the Board of Directors and executive management team	2020	2019
Remuneration of the Board of Directors	3.0	2.9
Remuneration of the executive management team	52.6	57.6
Total	**55.6**	**60.4**

	Directors' fees		Fee for committee work		Total	
SEK '000	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Mats Granryd (Chairman)	785	767	150	150	935	917
Anders Ehrling	280	273	175	142	455	415
Heidi Skaaret	280	273	100	100	380	373
Kristina Schauman	280	273	250	233	530	507
Mats Jönsson	280	273	75	75	355	348
Monica Lindstedt	280	273	50	50	330	323
Other Directors	0	0	0	0	0	0
Total	**2,185**	**2,133**	**800**	**750**	**2,985**	**2,883**

Guidelines for remuneration of senior executives

The executives covered by the guidelines are the CEO and the other members of the executive management team. The guidelines also cover any remuneration of Directors in addition to Directors' fees. Following their adoption by the 2020 AGM, the guidelines apply to new remuneration contracts as well as changes to existing contracts. The guidelines do not cover remuneration that is approved by the general meeting of shareholders. For employment relationships subject to other rules than Swedish rules, necessary adaptations may be made in respect of retirement benefits and other benefits to ensure compliance with mandatory rules or established local practice, provided that the general purpose of the guidelines is adhered to as far as possible.

Promotion of the company's business strategy, long-term interests and sustainability

Simply put, Coor's business strategy is to take over, manage and develop services in offices, at properties and production facilities, and in the public sector (facility management). We aim to run our business in an effective and sustainable manner that creates long-term value for our customers, employees and investors as well as society at large and the environment. Coor's overall strategies are:

- Growth in integrated facility management.
- Growth in single FM services.
- Customised and flexible delivery model.
- Focus on operational efficiency.
- Nordic focus, with some flexibility to branch out into Europe.

For further information on Coor's business strategy, see Coor's website: https://www.coor.com/about-coor/Business-vision/strategies.

To successfully implement its business strategy and further the company's long-term interests, including its sustainability, Coor needs to be able to recruit and retain qualified personnel. To do this, Coor needs to be able to offer a competitive total remuneration package, which these guidelines allow the company to do. The total remuneration is to be competitive, in line with market levels and reflect the individual's performance and responsibility and, with regard to any long-term variable remuneration, the appreciation of Coor's shares that accrues to the shareholders. Variable cash remuneration that is covered by these guidelines must be aimed at promoting the company's business strategy and long-term interests, including its sustainability.

In 2018 and 2019, the company introduced long-term share-based incentive programmes in which the CEO and other senior executives were offered the opportunity to participate. The outcomes of these programmes are not pensionable for the participants. These programmes were approved by the respective AGMs and are therefore not subject to these guidelines. For the same reason, any future share-based incentive programmes adopted by the general meeting of shareholders are also not subject to the guidelines. For more information on performance requirements, conditions and costs for these programmes, see the complete texts of the Board of Directors' proposals to the respective AGMs on Coor's website: https://www.coor.com/about-coor/corporate-governance/annual-general-meeting.

Forms of remuneration, etc.
The remuneration of senior executives is to consist of a fixed salary, any variable remuneration, pension and other benefits. In addition, the general meeting of shareholders may, irrespective of these guidelines, resolve to approve share- and share price-based remuneration.

Fixed salary
The fixed salary is to comprise a cash salary. The fixed salary is revised annually for all members of the executive management team. The fixed salary is to be in line with market levels and be determined on the basis of factors such as position, skills, experience and performance.

Variable salary
Any variable salary is to comprise an annual variable cash salary. Variable cash remuneration is to be contingent on the achievement of defined and measurable goals and be capped at 75 per cent of the fixed annual salary. Fulfilment of criteria for disbursement of any annual variable cash salary is to be measured over a period of one year.

The variable cash salary is to be linked to one or several defined and measurable targets, such as consolidated EBITA, increase in sales in respect of new deals (through organic growth or acquisitions) or cash flow. The targets may to some extent also comprise individual quantitative or qualitative criteria. The weight of each target for variable pay is to be adapted individually for each executive, but EBITA, the increase in net sales in respect of new deals or cash flow must represent at least 70 per cent of the weight for all targets. By linking the senior executives' remuneration to growth, profitability measures and cash conversion, the targets promote the implementation of the company's business strategy and long-term interests, including its sustainability, as well as executives' long-term development.

When the measurement period for fulfilment of the criteria for payment of variable cash salary has ended, an assessment is to be made of the extent to which the criteria have been fulfilled. In respect of variable cash salary of the CEO, the assessment is to be made by the Remuneration Committee. In respect of variable cash salary of other senior executives, the assessment is to be made by the CEO. In respect of financial targets, the assessment is to be based on the most recent financial information published by the company.

The terms for variable remuneration shall be formulated so that the Board, in the event of exceptional circumstances, is able to limit or refrain from paying variable remuneration if such action is deemed reasonable.

In specific instances, agreements on variable non-recurring remuneration may be concluded, provided that such remuneration does not exceed 25 per cent of the fixed annual salary and is not paid more than once a year to the same individual. Such remuneration is not to be pensionable unless otherwise provided for in mandatory provisions of applicable collective bargaining agreements. Decisions on such remuneration are to be made by the Board of Directors based on a proposal submitted by the Remuneration Committee.

No other variable cash remuneration is to be paid.

Pension
For the CEO, retirement benefits are to be regulated by a collective bargaining agreement. Retirement benefits for the portion of an executive's salary that exceeds the maximum limit specified in the collective bargaining agreement are to take the form of defined contribution benefits and may not exceed 30 per cent of the fixed annual salary. Variable salary is not to be pensionable.

For other senior executives, retirement benefits are to take the form of defined contribution benefits unless the executive is covered by a defined benefit pension plan under mandatory provisions of a collective bargaining agreement. Variable salary is to be pensionable. Defined contribution retirement benefits may not exceed 30 per cent of the fixed annual salary.

Other benefits
Other benefits may include benefits such as health insurance and car benefits. The total amount of premiums and other costs incurred for such benefits may not exceed 5 per cent of the fixed annual salary.

Payment of consulting fees to Directors
In specific cases, Coor's AGM-elected Directors may, for a limited period of time, be remunerated for services in their respective areas of expertise that do not constitute Board work. For such services (including services rendered through an entity wholly owned by a Director), a market-based fee is to be paid, provided that such services contribute to the realisation of Coor's business strategy and further Coor's long-term interests, including its sustainability. For each Director, such consulting fees may never exceed two annual Directors' fees per year.

Termination of employment
Severance pay is normally paid in case of termination by the company. The contracts of the members of the executive management team are to be terminable on no more than six months' notice and provide for severance pay of no more than 18 months' fixed salary. No severance pay is to be paid in case of termination by the employee.

Salary and employment terms for employees
In preparing these proposed remuneration guidelines, the Board of Directors has taken account of salaries and employment terms of the company's employees by including information on employees' total remuneration, the components of the remuneration and its increase and rate of increase over time in the decision basis used by the Remuneration Committee in assessing the reasonableness of the guidelines and the limitations arising therefrom.

The decision-making process for determining, reviewing and implementing the guidelines
The Board of Directors has established a Remuneration Committee. The duties of the committee include preparing the Board's proposed resolutions on guidelines for remuneration of senior executives. The Board is to prepare proposed new guidelines at least every fourth year and submit its proposal for adoption by the AGM. The guidelines are to apply until new guidelines are adopted by the general meeting of shareholders. The Remuneration Committee is also to monitor and evaluate the variable remuneration programme for management, the application of guidelines for remuneration of senior executives and the applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and management. During the preparation of and decisions on remuneration-related matters by the Board, the CEO or other members of the executive management team are not to be present, insofar as they are affected by the matters concerned.

Deviation from the guidelines
The Board may decide temporarily to deviate, wholly or partially, from the guidelines adopted by the general meeting of shareholders if in an individual case there are special reasons for doing so and such deviation is necessary to safeguard the long-term interests of the company, including its sustainability, or to ensure the company's financial sustainability. As stated above, it is part of the duties of the Remuneration Committee to prepare the Board's resolutions on remuneration matters, which includes resolutions on deviations from the guidelines.

Remuneration of the CEO and executive management team – 2020

2020	Basic salary	Variable remune-ration	Share-based payments	Other benefits	Retirement benefit costs	Severance pay	Other remune-ration	Total
Remuneration of the CEO[1]								
Mikael Stöhr	4.5	0.0	–1.6	0.1	1.2	0.0	0.0	4.1
AnnaCarin Grandin	3.8	0.8	0.3	0.0	0.8	0.0	0.0	5.8
Remuneration of other members of the executive management team								
Rest of management team, 11 persons	24.7	4.9	6.3	0.8	5.9	0.0	0.0	42.7
Total	**33.1**	**5.7**	**5.0**	**0.9**	**7.9**	**0.0**	**0.0**	**52.6**

[1] Mikael Stöhr stepped down as President and CEO on 31 July 2020 and AnnaCarin Grandin took over as CEO on 1 August 2020. For AnnaCarin Grandin, the above amount includes only the remuneration she has received since she took over as President and CEO.

Remuneration of the CEO and executive management team – 2019

2019	Basic salary	Variable remune-ration	Share-based payments	Other benefits	Retirement benefit costs	Severance pay	Other remune-ration	Total
Remuneration of the CEO								
Mikael Stöhr	6.8	4.0	1.4	0.1	2.0	0.0	0.0	14.3
Remuneration of other members of the executive management team								
Rest of management team, 11 persons	24.5	8.7	3.4	1.1	5.6	0.0	0.0	43.3
Total	**31.3**	**12.7**	**4.9**	**1.2**	**7.5**	**0.0**	**0.0**	**57.6**

Share-based payments to the CEO and executive management team

At 31 December 2020, current CEO AnnaCarin Grandin held 28,137 (28,137) outstanding share rights under the Group's LTIP 2018 and LTIP 2019 incentive programmes. At the end of the previous year, former CEO Mikael Stöhr held 110,634 share rights, which were forfeited on his departure from Coor on 31 July 2020. The other members of the executive management team held 235,133 (261,402) outstanding share rights at 31 December 2020.

Under LTIP 2018, members of the EMT also had the option of acquiring call options. Former CEO Mikael Stöhr subscribed for 90,000 options, current CEO AnnaCarin Grandin for 27,500 options and the other members of the EMT for 202,500 options under the options part of the incentive programme.

For more information on the Group's incentive programmes, see the section Share-based payments in *Note 6*. The cost linked to LTIP for the CEO and the EMT is presented in the table above under Share-based payments.

	LTIP 2018			LTIP 2019		
Number of share rights	**Mikael Stöhr**	**AnnaCarin Grandin**	**Other senior executives**	**Mikael Stöhr**	**AnnaCarin Grandin**	**Other senior executives**
Allocated on issuance	54,000	13,750	136,250	54,000	13,750	115,000
Outstanding at 1 January 2020	**56,634**	**14,387**	**137,652**	**54,000**	**13,750**	**123,750**
Reclassification between categories	0	0	–9,475	0	0	–8,750
Forfeited	–56,634	0	–1,770	–54,000	0	–6,275
Total number of outstanding share rights at 31 December 2020	**0**	**14,387**	**126,408**	**0**	**13,750**	**108,725**

Pensions and other benefits

The CEO and all senior executives are covered by an ITP supplementary pension plan solution (or an equivalent solution in other countries). In addition to this, the CEO has the right to pension contributions of 30 per cent for that part of his salary which exceeds 30 income base amounts. In addition to the CEO, two senior executives are entitled to pension contributions of 30 per cent of that portion of their salary which exceeds 30 income base amounts and two senior executives are entitled to pension contributions of 20 per cent of that portion of their salary which exceeds 30 income base amounts, in addition to the normal ITP solution. There is no contractual retirement age for the CEO or other senior executives, which means that the retirement age is subject to the local rules which apply in each country.

NOTE 8. AUDIT FEES

Audit fees	2020	2019
PwC		
Audit engagement	6	5
Audit services in addition to the audit engagement	0	1
Tax advisory services	0	1
Other services	0	0
Total	**6**	**6**

Audit fees paid to other audit firms were SEK 0 (0) million.

Audit engagement refers to the examination of the annual accounts and accounting records and of the Board of Directors' and CEO's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the performance of such other tasks. Everything else is defined as other services.

NOTE 9. FINANCIAL INCOME AND EXPENSES

NET FINANCIAL INCOME/EXPENSE IN THE INCOME STATEMENT	2020	2019
Financial income		
Interest income	1	1
Foreign exchange differences	0	2
Other financial income	0	0
IS **Total**	**1**	**3**
Financial expenses		
Interest expense	–47	–46
Interest expense, leases	–10	–11
Foreign exchange differences	–2	–8
Other financial expenses	–8	–9
IS **Total**	**–67**	**–74**
Total net financial income/expense	**–66**	**–71**

Interest expense refers mainly to interest on bank loans and bonds as well as lease-related interest. Foreign exchange differences for 2020 refer principally to results of the revaluation of cash and cash equivalents in foreign currency. Since the new financing agreement entered into force in January 2019, the Group has only had loans in SEK. The foreign exchange difference for 2019 arose when the loans under the previous financing agreement were repaid. Other financial expenses refer mainly to borrowing costs and bank charges. The expense incurred in connection with the raising of loans is allocated over the term of the loan.

See also *Note 17 Borrowing and financial risk management* for more information on borrowing and financial risks.

NOTE 10. TAXES

§ Accounting principles

The Group's tax expense comprises current and deferred tax. Tax is recognised in profit or loss, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax is calculated on the taxable profit for the period based on the applicable tax rules in the Group's countries of operation. As taxable profit excludes non-tax-deductible expenses as well as non-taxable income, the amount differs from profit before tax in the income statement. Deferred tax also includes adjustments related to reported current tax in previous periods.

Deferred tax is calculated on temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax is also recognised for tax losses to the extent that it is probable that these can be used to offset future taxable profits. The measurement of deferred taxes is based on the nominal amounts and the tax rates that have been enacted at the balance sheet date. Deferred tax is not calculated for the initial recognition of goodwill or on the initial recognition of an asset or liability, provided that the asset or liability does not relate to an acquisition.

Tax assets and tax liabilities are offset if there is a legally enforceable right to set off the recognised amounts. A legally enforceable right of set-off has been deemed to exist when the tax assets and tax liabilities relate to taxes levied by the same taxation authority and refer either to the same taxable entity or to different taxable entities and there is an intention to settle the balances on a net basis.

! Critical assumptions

The reporting of income tax, value-added tax and other taxes is based on the applicable rules, including practice, instructions and legislation, in the Group's countries of operation. Due to the general complexity of these issues, the application, and thus also the financial reporting, is in some cases based on interpretations, and estimates and judgements of possible outcomes. On complex issues, the Group engages the assistance of external experts to assess possible outcomes based on current practice and interpretations of applicable regulations.

In the Group, significant tax losses exist in Finland and Sweden. In Sweden, there are no time limitations on the use of tax losses. In Finland, tax losses must be used within a ten-year period from when they arise. In Finland, a deferred tax asset arising from tax losses has only been recognised to the extent that it can be offset against the deferred tax liability attributable to Finland. This is due to the uncertainty that exists with regard to the possibility of using the tax losses against taxable profits within the ten-year time limit. In Sweden, it has been deemed that it will be possible to use all tax losses against future taxable profits. All tax losses have therefore been recognised as a deferred tax asset.

The assessment of how large a portion of the tax losses it will be possible to use is made in connection with the impairment test of goodwill, see *Note 11 Intangible assets* for more information.

Tax expense in the income statement

Tax expense (–), tax income (+)	2020	2019
Current tax	–58	–55
Deferred tax	–3	–4
IS Total	**–61**	**–59**

Difference between reported tax expense and tax expense based on the applicable tax rate

The difference between the reported tax expense and estimated tax expense is explained below. The estimated tax expense is based on the profit before tax in each country multiplied by the country's tax rate.

	2020	%	2019	%
IS Reported profit before tax	**252**		**228**	
IS Tax expense	**–61**	*–24*	**–59**	*–26*
Calculated tax expense	–55	*–22*	–51	*–22*
Difference	**–6**	*–2*	**–8**	*–4*
Unrecognised deferred tax on tax losses	0	*0*	0	*0*
Use of previously unrecognised tax losses	3	*1*	3	*1*
Tax effect of non-deductible expenses	–11	*–4*	–11	*–5*
Tax effect of non-taxable income	2	*1*	0	*0*
Tax effect of change of tax rate	1	*0*	0	*0*
Other effects	0	*0*	0	*0*
Total	**–6**	*–2*	**–8**	*–4*

The weighted average tax rate was 22 (22) per cent and the effective tax rate 24 (26) per cent. Since 2019, the Group has had higher non-tax-deductible expenses than previously, mainly due to the new rules limiting the deductibility of interest expenses. Tax attributable to components in other comprehensive income amounted to SEK 3 (-3) million.

Deferred tax liability and tax asset in the balance sheet

In those countries where the Group has several legal entities and it is possible to offset tax liabilities and tax assets between legal entities through the use of Group contributions, deferred tax asset and tax liability are recognised on a net basis for each country.

Deferred tax by country, net	2020	2019
Deferred tax asset		
Sweden	146	161
BS Total deferred tax asset	**146**	**161**
Deferred tax liability		
Norway	7	17
Denmark	11	17
Finland	0	0
BS Total deferred tax liability	**18**	**35**
Net deferred tax	**128**	**126**

Specification of change in deferred tax liability/tax asset

2020	Goodwill arising from asset acquisitions	Tax losses	Cash flow hedge	Customer relationships and trademarks	Other	Total
At 1 January 2020	**0**	**256**	**–3**	**–134**	**8**	**126**
Recognised in profit or loss	0	–55	0	41	11	–3
Recognised in other comprehensive income	0	0	3	0	0	3
Foreign exchange differences	0	0	0	2	0	2
At 31 December 2020	**0**	**200**	**0**	**–91**	**19**	**128**

2019	Goodwill arising from asset acquisitions	Tax losses	Cash flow hedge	Customer relationships and trademarks	Other	Total
At 1 January 2019	**6**	**296**	**0**	**–157**	**13**	**158**
Recognised in profit or loss	–5	–41	0	40	2	–4
Recognised in other comprehensive income	0	0	–3	0	0	–3
Acquired companies	0	0	0	–16	–7	–23
Foreign exchange differences	0	0	0	–1	0	–1
At 31 December 2019	**0**	**256**	**–3**	**–134**	**8**	**126**

Of the above net asset related to deferred tax, the Group estimates that SEK -37 (-42) million will be used within a 12-month period. In this amount, that portion of the Group's reported tax losses that will be used in the coming year has been excluded.

Tax losses

The Group has tax losses of SEK 224 (279) million, of which SEK 200 (256) million has been recognised in the balance sheet. All tax losses attributable to Sweden have been recognised in the balance sheet while tax losses attributable to Finland have been recognised only to the extent that there exists an equivalent deferred tax liability.

Tax losses at 31 Dec 2020	Total	Of which recognised in balance sheet
Sweden	199	199
Finland	25	2
Total	**224**	**200**

Current tax liability/tax asset

The current tax liability at 31 December 2020 was SEK 50 (42) million and the current tax asset SEK 0 (0) million.

NOTE 11. INTANGIBLE ASSETS

Accounting principles

Goodwill

Goodwill arises in connection with business combinations and consists of the amount by which the cost exceeds the fair value of the acquired net assets.

Goodwill has an indefinite useful life. It is therefore not amortised but is tested annually for impairment. Goodwill is recognised at cost less accumulated impairment and is allocated to those cash-generating units which are expected to benefit from the business combination that gave rise to the goodwill item. For Coor, the cash-generating units are the same as the Group's operating segments. This allocation constitutes the basis for the annual impairment test.

In the annual impairment test, the carrying amounts of the cash-generating units are compared with the recoverable amounts. The recoverable amount is determined by discounting future cash flows for the cash-generating unit based on the Group's business plan, which covers a three-year period. Cash flows beyond the three-year period are extrapolated based on the business plan and an assumption about future sustainable cash flow. If the carrying amount of an asset or cash-generating unit is less than the recoverable amount, the asset is written down to the recoverable amount. Impairment losses on goodwill are never reversed.

Customer contracts

Customer contracts which have been identified as intangible assets in connection with a business combination are recognised at fair value at the acquisition date by discounting the expected future after-tax cash flow. Subscription sales and additional sales are taken into account. Management also makes an estimate of the likely number of contract renewals.

The customer contracts have a determinable useful life covering the remaining term of the contract and estimated contract renewal periods. The contracts are recognised at cost less accumulated amortisation and are amortised on a straight-line basis so that the cost for the contracts is distributed over their estimated useful lives. The carrying amount is tested for impairment when there are indications that the carrying amount is less than the recoverable amount. Previously recognised impairment losses are reversed if the reasons for the impairment loss have ceased to exist.

Customer contracts that have been recognised and measured in connection with an acquisition have a remaining useful life of one to six years.

Trademarks

Trademarks that have been identified as intangible assets in connection with a business combination are recognised at fair value at the acquisition date. Trademarks which the company considers to have a lasting value and which are therefore considered to have indefinite useful lives are not amortised. Such trademarks are instead tested annually for impairment based on the same principle as for goodwill. Other trademarks are amortised over their useful life, which is estimated at three years.

Other intangible assets

Other intangible assets mainly comprise software and licences.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Development expenditure directly attributable to the development and testing of identifiable and unique software products which are controlled by the Group is accounted for as an intangible asset to the extent that the products are expected to generate economic benefits. Other development costs are expensed as incurred.

Capitalised software and licences are amortised over their useful life, which is estimated at three to five years.

Critical assumptions

Impairment testing of goodwill

In connection with the annual impairment test of goodwill, the recoverable amount is estimated. The calculation is based on the Group's three-year business plan, which constitutes management's best estimate of the future performance of the business. The business plan includes critical assumptions and judgements, of which the most significant are those relating to forecasts for organic growth and margin growth.

– Forecasts for organic growth

Growth is achieved partly through additional sales to existing customers and partly through sales to new customers. Assumptions on new sales are based on the company's historical experience and take account of ongoing and coming procurements.

The expected future sustainable cash flow beyond the planning horizon of the business plan is extrapolated using an assumed sustainable growth rate of 2 (2) per cent.

– Profit margin growth

The most significant cost components in the Group's operations are remuneration of employees and the cost of engaging subcontractors. Estimates for these cost components therefore have a material impact on the Group's margins. To achieve and maintain a satisfactory EBITDA margin, the Group is dependent on being able to implement continuous operational efficiencies with the aim of offsetting increases in cost. Estimates of future margins are based on historical experience of operational efficiencies.

– Discount rate

The discount rate used is the relevant weighted average cost of capital (WACC) for the markets in which the Group operates. WACC is calculated based on a debt structure comprising 20 per cent loans and 80 per cent equity. The after-tax discount rate for 2020 was 8.5 (7.9) per cent in all entities. The Group has not deemed that the risks differ materially among the various Nordic countries and has therefore applied the same WACC in calculating value in use. In the sensitivity analysis, management has assessed whether an increase in WACC would result in impairment.

The Group has chosen to use an after-tax WACC in the impairment tests, as the cash flow figure used in the Group's impairment tests is measured after tax and because WACC after tax is a more relevant measure for understanding the impairment test. The estimated pre-tax WACC would have been 10.2 (9.5) per cent.

– Sensitivity analysis

The following sensitivity analyses of the calculation of value in use made in connection with the impairment test have been performed, on an assumption by assumption basis:

- A general decrease of 1 per cent in the operating margin after the forecasting period
- A general increase of 1 per cent in WACC
- A general decrease of 1 per cent in future sustainable cash flow

In 2020, the recoverable amount for the Coor Group's operations exceeded the carrying amount for all segments, which means that no impairment existed. Management has also tested whether there still exists an excess based on the above changes in critical assumptions. As the excess varies from one segment in the Group to another, the segments have differing degrees of sensitivity to changes in the above assumptions.

Based on sensitivity analyses, it was concluded that no adjustments to the above assumptions would give rise to impairment in any of the cash-generating units.

Valuation of customer contracts

In connection with the acquisition of certain subsidiaries, intangible assets relating to customer contracts were identified in preparing the purchase price allocation. In many cases, no quoted prices are available for these assets. It is therefore necessary to use various measurement techniques that are based on several different assumptions. The most significant assumptions used as a basis for the valuation of customer contracts are the current WACC, the expected number of contract renewals and expected future margins for the contract.

The assessment of value in use for customer contracts is strongly influenced by renegotiations with customers, which take place on an ongoing basis. In its initial valuation of the customer contracts, the Group has based its estimate on the assumption that a certain number of contracts will be renewed at a certain volume and margin.

The Group's customer contracts are renegotiated at a weighted average interval of five years. In its assessment made as at 31 December 2020, management factored in the risk of changes to volumes or reduced margins in the most imminent renegotiations.

There is also a risk that a customer contract will be lost to a competitor in connection with a renegotiation. As at the closing date, management did not see any apparent risk that the Group will lose any of those customer contracts for which a carrying amount has been recognised in the balance sheet.

As at the closing date, there were in management's view no indications of impairment of those customer contracts for which a carrying amount has been recognised in the balance sheet.

	Goodwill		Customer contracts		Trademarks		Other intangible assets	
Intangible assets	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Opening cost	3,510	3,351	3,173	3,084	50	47	273	227
SCF Investments	0	0	0	0	0	0	33	49
Acquired businesses	0	131	0	72	0	3	0	0
Sales and disposals	0	0	–473	–2	0	0	–2	–3
Reclassifications	0	0	0	0	0	0	0	0
Translation differences for the year	–78	28	–60	20	0	0	–1	0
Closing accumulated cost	**3,433**	**3,510**	**2,640**	**3,173**	**50**	**50**	**303**	**273**
Opening amortisation and impairment	–320	–315	–2,582	–2,388	–4	–2	–146	–123
Sales and disposals	0	0	473	2	0	0	2	3
Amortisation for the year	0	0	–190	–183	–3	–3	–32	–26
Reclassifications	0	0	0	0	0	0	0	0
Translation differences for the year	12	–5	51	–14	0	0	1	0
Closing accumulated amortisation and impairment	**–308**	**–320**	**–2,248**	**–2,582**	**–8**	**–4**	**–176**	**–146**
BS Closing carrying amount	**3,125**	**3,191**	**392**	**591**	**42**	**46**	**128**	**127**
Specification of amortisation and impairment by function								
Cost of services sold	0	0	–190	–183	–3	–3	–32	–26
Administrative expenses	0	0	0	0	0	0	0	0
Total amortisation and impairment	**0**	**0**	**–190**	**–183**	**–3**	**–3**	**–32**	**–26**

The allocation of intangible assets to the Group's cash-generating units is as follows:

	Goodwill		Customer contracts		Trademarks		Other intangible assets	
Breakdown by segment	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Sweden (incl. Group functions)	2,204	2,204	277	414	42	43	126	126
Norway	448	496	47	77	0	1	0	0
Finland	123	128	8	15	0	0	1	1
Denmark	350	363	60	85	0	2	0	0
BS Total	**3,125**	**3,191**	**392**	**591**	**42**	**46**	**128**	**127**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

Accounting principles

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment. Cost does not include additional expenditure directly attributable to the acquisition of the asset. Repairs and maintenance are recognised as expenses in the income statement in the period in which they are incurred. Property, plant and equipment are depreciated systematically over the asset's estimated useful life, down to the estimated residual value. If there are indications of impairment of an item of property, plant and equipment at the closing date, the item is tested for impairment.

Estimated useful lives

Buildings	25–40 years
Plant and machinery	5–15 years
Equipment, tools, fixtures and fittings	5–10 years

	Land and buildings		Plant and equipment	
Property, plant and equipment	**2020**	**2019**	**2020**	**2019**
Opening cost	**6**	**6**	**326**	**354**
SCF Investments	0	0	44	26
Acquired businesses	0	2	0	9
Sales and disposals	0	–2	–59	–49
Reclassification	0	0	1	–17
Translation differences for the year	0	0	–9	3
Closing accumulated cost	**6**	**6**	**302**	**326**
Opening depreciation and impairment	**–5**	**–5**	**–242**	**–246**
Sales and disposals	0	2	53	42
Depreciation for the year	0	0	–38	–40
Acquired businesses	0	–1	0	–6
Reclassification	0	0	0	11
Translation differences for the year	0	0	7	–2
Closing accumulated depreciation and impairment	**–5**	**–5**	**–220**	**–242**
BS Closing carrying amount	**1**	**1**	**82**	**84**
Specification of depreciation and impairment by function				
Cost of services sold	0	0	–36	–39
Administrative expenses	0	0	–2	–2
Total depreciation and impairment	**0**	**0**	**–38**	**–40**

NOTE 13. LEASES

Accounting principles

Coor as lessee:

All assets and liabilities related to leases where Coor is a lessee are recognised in the balance sheet. Exceptions are made for low-value assets and leases with a term of less than 12 months, for which lease payments are recognised as expense on a straight-line basis over the term of the lease.

The leases are recognised as right-of-use assets with corresponding lease liabilities on the day when the leased asset is available for use by the Group. The asset and liability are measured at present value at the start of the lease.

The value of the lease liability mainly consists of fixed lease payments and variable payments that are contingent on an index or other variable. Lease payments are discounted to present value using the adopted discount rate. In many cases, the interest rate implicit in the lease is not known. The Group has therefore instead used the incremental borrowing rate for each country for different types of assets and lease terms. Each lease payment is apportioned between the finance charge and repayment of the outstanding liability. The finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The value of the asset held under a right of use agreement consists mainly of the lease liability at the start of the lease and any payments made before the start date of the lease. The right-of-use asset is depreciated on a straight-line basis from the start date of the lease over the asset's useful life or to the end of the lease term, whichever is shorter.

Depreciation periods for right-of-use assets under leases:

Commercial premises	2–7 years
Cars	3–6 years
Other assets	3–6 years

Lease payments

Coor has decided to separate lease components and non-lease components for all assets. Expenditure attributable to non-lease components is expensed as incurred and is not included in the basis for calculating the right-of-use asset and lease liability.

Certain leases, mainly for the lease of premises used for restaurant and catering activities, provide for rental fees that are commission-based. The percentage rate ranges from 4 to 10 per cent of sales. Commission-based rent is treated as variable payments and is not included in the basis for calculating the right-of-use asset and lease liability.

When an index adjustment is made to the lease payment, the value of the asset and liability is recalculated.

Lease term

The Group defines the lease term as the non-cancellable period of the lease plus any option to extend the lease term in cases where the Group considers it likely that this option will be exercised.

The Group reviews the length of the lease term when the non-cancellable lease term is changed or when something occurs that changes the Group's assessment of whether the option to extend will be exercised.

When the lease term is changed the lease liability is remeasured, with a corresponding change in the value of the associated right-of-use asset.

Coor as lessor:

When assets are leased to another party under a finance lease, the present value of the lease payments is recognised as a non-current or current receivable. Finance lease payments are apportioned between repayment of the receivable and interest income in order to apply a constant interest rate on the remaining balance of the receivable. For operating leases where Coor is the lessor, the payments are recognised as revenue on a straight-line basis over the term of the lease.

Critical assumptions

There is some uncertainty concerning the reasonably certain lease term, as the lease is based on certain assumptions made by the Group about future events. Based on existing information and knowledge at the balance sheet date, the Group is of the opinion that the estimates made give a true and fair view of the Group's obligation under existing leases.

As the interest rate implicit in the Group's leases is in most cases not known, the Group has instead used its incremental borrowing rate for each economic environment and lease term. The assessment of the incremental borrowing rate involves the use of assumptions about various parameters.

Right-of-use assets under leases

The following table shows the right-of-use assets that Coor holds under lease agreements.

	Commercial premises		Cars		Other		Total	
Right-of-use assets under leases	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Opening cost [1]	**302**	**239**	**170**	**95**	**29**	**31**	**502**	**365**
New leases during the year	15	57	49	80	2	7	66	144
New leases through business acquisitions	0	3	0	3	0	0	0	7
Increase in value of existing leases	24	4	–2	0	0	0	22	4
Leases terminated/amended during the year	–6	–4	–18	–8	–8	–5	–32	–17
Reclassification	0	0	0	0	0	–3	0	–3
Translation differences for the year	–6	2	–6	1	0	0	–13	3
Closing accumulated cost	**330**	**302**	**192**	**170**	**23**	**29**	**545**	**502**
Opening depreciation and impairment	**–59**	**0**	**–45**	**0**	**–11**	**0**	**–115**	**0**
Depreciation for the year	–65	–63	–56	–53	–9	–16	–129	–132
Leases terminated during the year	3	4	18	8	8	5	29	17
Translation differences for the year	1	0	3	0	0	0	4	1
Closing accumulated depreciation and impairment	**–119**	**–59**	**–81**	**–45**	**–11**	**–11**	**–211**	**–115**
Closing carrying amount	**211**	**243**	**112**	**125**	**12**	**19**	**334**	**387**

[1] For 2019, the amount refers to the carrying amount at the transition to IFRS 16.

Lease liabilities

The following table shows lease liabilities recognised by Coor for its leases.

	Commercial premises		Cars		Other		Total	
Lease liabilities	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Opening balance [2]	**234**	**226**	**126**	**95**	**21**	**31**	**381**	**352**
New leases during the year	15	57	49	80	3	8	67	145
New leases through acquisitions	0	3	0	3	0	0	0	7
Changes to existing leases	21	4	–2	0	0	0	19	3
Repayment for the year	–62	–59	–56	–53	–9	–18	–127	–130
Translation differences for the year	–5	2	–4	1	0	0	–9	3
Closing balance	**203**	**234**	**112**	**126**	**15**	**21**	**330**	**381**
Of which current liability	**49**	**47**	**48**	**49**	**6**	**9**	**103**	**105**

[2] For 2019, the amount refers to the carrying amount of the liability at the transition to IFRS 16.

Lease liabilities fall due as follows

	Commercial premises		Cars		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Within one year	55	54	49	50	7	9	110	113
Between one and two years	60	56	35	38	4	6	99	100
Between two and three years	49	50	19	24	3	4	71	78
Between three and four years	37	43	9	11	1	2	46	56
Between four and five years	16	35	3	4	0	1	19	39
After five years	2	18	0	1	0	0	2	19
Total future nominal payments	**218**	**255**	**114**	**128**	**15**	**22**	**347**	**405**
Future financial expenses	–15	–21	–2	–2	0	–1	–17	–24
Recognised present value of lease liabilities	**203**	**234**	**112**	**126**	**15**	**21**	**330**	**381**

The following table shows all lease-related expenses recognised in the income statement.

Amounts recognised in the income statement	**2020**	**2019**
Depreciation of right-of-use assets for the year	–129	–132
Expenditure attributable to variable lease payments not included in recognised lease liabilities	–3	–10
Expense for the year for low-value leases	–74	–65
Expense for the year for leases with a term of less than 12 months	0	0
Lease interest expense for the year	–10	–11
Total	**–217**	**–218**

The following table shows all amounts recognised in the statement of cash flows in respect of leases.

Amounts recognised in the statement of cash flows	**2020**	**2019**
Lease repayments related to leases recognised in the balance sheet	–127	–130
Lease interest related to leases recognised in the balance sheet	–10	–11
Low-value and short-term lease payments	–74	–65
Variable payments not included in the measurement of the lease liability	–3	–10
Total	**–215**	**–215**

Coor as lessor

As lessor, the Group has concluded finance leases for trucks and trailers.

The breakdown by nominal value of future minimum finance lease payments is as follows:

	2020	**2019**
Due within 1 year	1	1
Due after more than 1 year but not more than 5 years	2	1
Due after more than 5 years	0	0
Total	**2**	**2**
Unearned financial income from finance leases	0	0
Present value of finance lease receivables	**2**	**2**

Operating leases:

As lessor, the Group has entered into operating leases mainly for machinery such as trucks and trailers.

The distribution of future minimum operating lease payments is as follows:

	2020	**2019**
Due within 1 year	1	3
Due after more than 1 year but not more than 5 years	2	1
Due after more than 5 years	0	0
Total	**2**	**4**

Lease payments under operating leases for the year amounted to SEK 6 (17) million.

NOTE 14. ACCOUNTS RECEIVABLE

§ Accounting principles

Accounts receivable are amounts due from customers for goods sold or services provided in the ordinary course of business. If payment is expected within one year or earlier, accounts receivable are classified as current assets. If not, they are classified as non-current assets. Accounts receivable are stated at amortised cost less any provisions for impairment. A provision for impairment of accounts receivable is based on various assumptions as well as historical payment patterns.

! Critical assumptions

Accounts receivable have been stated at amortised cost, net of provisions for estimated and actual bad debts. The assessment of bad debts, in cases where these have not been confirmed, is a critical estimate. Further information on credit risk in accounts receivable is provided in *Note 17 Borrowing and financial risk management.*

Accounts receivable	2020	2019
Accounts receivable	1,154	1,319
Provision for impairment of accounts receivable	–10	–8
BS Total	**1,144**	**1,310**

The fair value of accounts receivable is considered to approximate the carrying amount.

Aging analysis of accounts receivable:

The Group's policy is to recognise provisions for 30 per cent of accounts receivable which are three to six months past due and provisions of 70 per cent for accounts receivable which are more than six months past due. If the provision is deemed to be insufficient due to bankruptcy, known insolvency or similar circumstances, the provision is increased to cover the full amount of estimated losses.

Aging analysis of accounts receivable	2020	2019
Accounts receivable which are neither past due nor impaired	1,036	1,134
Accounts receivable which are past due but not impaired		
0–3 months	106	171
>3 months	12	14
Accounts receivable which are past due but not impaired	**118**	**185**
Provision for impairment of accounts receivable	–10	–8
BS Total	**1,144**	**1,310**

Analysis of the change in the Group's provision for doubtful debts:

Provision for doubtful debts	2020	2019
Provision at the beginning of the year	–8	–10
Provision for expected losses	–3	2
Actual losses	1	0
Foreign exchange differences	0	0
Total	**–10**	**–8**

Accounts receivable by currency 2020

NOTE 15. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income	2020	2019
Accrued income, subscriptions	19	75
Accrued income, projects	114	209
Prepaid expenses	77	118
BS Total	**210**	**401**

NOTE 16. SHARE CAPITAL AND DATA PER SHARE

The company's share capital at 31 December 2020 comprised 95,812,022 (95,812,022) ordinary shares. The quotient value of the shares at 31 December 2020 was SEK 4.0 (4.0) per share. All shares registered at the closing date were fully paid up. The share capital at 31 December 2020 was SEK 383,248,088 (383,248,088).

Data per share	2020	2019
Share price at end of period	72.4	82.4
Number of shares at end of period	95,812,022	95,812,022
Number of treasury shares	–340,000	–340,000
Number of outstanding shares at end of year	**95,472,022**	**95,472,022**
Number of ordinary shares (weighted average)	95,472,022	95,661,302
Dividend per share, SEK [1]		
Ordinary dividend, SEK	2.00	0.00
Special dividend, SEK	2.40	0.00
Total	**4.40**	**0.00**
Earnings per share, undiluted and diluted, SEK	**2.00**	**1.77**
Equity per share, SEK	**21.78**	**20.74**

[1] For 2020, the figure refers to the proposed dividend, which is subject to adoption at the AGM on 26 April 2021.

NOTE 17. BORROWING AND FINANCIAL RISK MANAGEMENT

Accounting principles

Financial liabilities are recognised in the balance sheet on the settlement date. Liabilities are initially stated at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest method. Costs incurred in connection with the raising of new loans are capitalised as borrowing costs and allocated over the term of the loan. For note disclosures on borrowing, account is taken of market interest rates in calculating the fair value.

Financial liabilities with maturities of less than 12 months are accounted for as short-term borrowings and financial liabilities with maturities of more than 12 months are accounted for as long-term borrowings.

The Group enters into interest rate swaps to hedge a portion of its variable-rate borrowings. The effectiveness of a hedge is assessed at the inception of the hedge. Interest rate swaps must have the same critical terms as the hedged item. Critical terms may refer to the reference rate, interest rate fixing dates, payment dates and nominal amount.

Critical assumptions

As part of its current financing solution, Coor has concluded agreements which are subject to certain covenants. If Coor were to breach any of these covenants, this could lead to increased costs as well as a risk that the current financing agreement would be terminated. At 31 December 2020, Coor was complying will all covenants.

Borrowings

Borrowings	2020	2019
Long-term borrowings		
Liabilities to credit institutions	250	800
Bonds	1,000	1,000
Capitalised borrowing costs	–9	–9
Other non-current liabilities	31	66
BS Total	**1,273**	**1,856**
Short-term borrowings		
Outstanding consideration for acquisition of subsidiaries	0	12
BS Total	**0**	**12**
Total borrowings	**1,273**	**1,869**

At 31 December 2020, the Group only had liabilities to credit institutions and outstanding bonds denominated in SEK. The financing agreement comprises a revolving credit facility with a total credit limit of SEK 1,500 million and incurs interest at STIBOR plus 0.95 percentage points in the current interest rate tier. The financing agreement has an IBOR floor. STIBOR was negative in 2020, and the average interest rate on amounts drawn under the Group's revolving credit facility was 1.1 per cent.

In March 2019, Coor issued SEK 1,000 million in bonds with a maturity of five years and a variable interest rate of 3-month STIBOR plus 230 bps. The variable interest rate on the bonds has been hedged using a 0.0 per cent interest rate swap. The average interest rate in 2020 was therefore equal to the margin, 2.3 per cent.

The limit on the Group's revolving credit facility at 31 December 2020 was SEK 1,500 (1,500) million, of which SEK 250 (800) million had been drawn.

The fair values of the Group's borrowings at the balance sheet date were as follows:

	Carrying amount		Fair value	
Carrying amounts and fair values of borrowings	**2020**	**2019**	**2020**	**2019**
Bank loans (including capitalised borrowing costs)	241	791	241	791
Bonds	1,000	1,000	1,000	1,000
Lease liabilities	330	381	330	381
Other interest-bearing liabilities	31	78	31	78
Total	**1,603**	**2,250**	**1,603**	**2,250**

The existing credit margin in the Group's financing agreements is considered to be consistent with market terms, and the carrying amount therefore approximates fair value. The Group is of the opinion that the liabilities have been measured in accordance with Level 2 of the fair value hierarchy, which means that the measurement is based on observable market inputs. The Group has not provided any collateral to credit institutions for the issued loans.

Reconciliation of net debt

2020	Cash and cash equivalents	Lease liabilities	Liabilities to credit institutions	Bonds	Net pensions	Other	Total
Opening balance, 1 January 2020	**497**	**–381**	**–791**	**–1,000**	**–7**	**–59**	**–1,741**
Repayment of borrowings	–550	0	550	0	0	0	0
Acquisition of subsidiaries	–12	0	0	0	0	12	0
Other cash flow	525	127	–1	0	0	19	670
Foreign exchange differences	–63	9	0	0	0	0	–55
Other non-cash changes	0	–85	0	0	1	3	–81
Closing balance, 31 December 2020	**396**	**–330**	**–241**	**–1,000**	**–6**	**–25**	**–1,207**

2019	Cash and cash equivalents	Lease liabilities	Liabilities to credit institutions	Bonds	Net pensions	Other	Total
Opening balance, 1 January 2019	**435**	**–9**	**–1,686**	**0**	**–8**	**–49**	**–1,318**
Change of accounting principle	0	–343	0	0	0	0	–343
Repayment of borrowings	–1,691	0	1,691	0	0	0	0
New borrowings	1,800	0	–800	–1,000	0	0	0
Acquisition of subsidiaries	–152	0	0	0	0	0	–152
Dividend	–380	0	0	0	0	0	–380
Other cash flow	469	130	9	0	0	–13	595
Foreign exchange differences	16	–3	–5	0	0	0	7
Other non-cash changes	0	–155	0	0	0	4	–151
Closing balance, 31 December 2019	**497**	**–381**	**–791**	**–1,000**	**–7**	**–59**	**–1,741**

Financial assets and liabilities by category

The Group classifies its financial instruments as either financial assets and liabilities measured at amortised cost or financial assets and liabilities measured at fair value through other comprehensive income.

The following tables show financial assets and liabilities measured at amortised cost.

In 2019, the Group entered into interest rate swaps that are measured at fair value through other comprehensive income. At 31 December 2020, these had a value of SEK 2 (15) million.

Loans and receivables	2020	2019
Lease receivables	2	2
BS Accounts receivable	1,144	1,310
BS Cash and cash equivalents	396	497
Total	**1,542**	**1,809**

Financial liabilities measured at amortised cost	2020	2019
Bank loans including capitalised borrowing costs	241	791
Bonds	1,000	1,000
Lease liabilities	330	381
Other interest-bearing liabilities	31	78
BS Accounts payable	607	978
Total	**2,210**	**3,228**

Financial risk management

The management of the financial risks to which the Group is exposed is based on the Group's treasury policy. The treasury policy focuses on the unpredictability of financial markets and is designed to minimise potential adverse effects on the Group's financial results.

The Group is exposed to a number of financial risks, which are described in the section below.

RISK	POLICY / MEASURE
CURRENCY RISK	
Transaction exposure Transaction risk is the risk that Coor is exposed to when making purchases and sales in currencies other than the company's functional currency and when paying interest on and converting loans in currencies other than the company's functional currency.	As the Group's subsidiaries conduct their business almost exclusively in local currency, the transaction risk in the commercial flow is low. Both revenue and expenses are in the local currency of each country. Since January 2020, the Group only has borrowings in SEK, and Coor is therefore not affected by changes in exchange rates in connection with interest payments and the revaluation of borrowings.
Translation exposure Translation risk is the risk that Coor is exposed to on translation of its foreign subsidiaries' income statements and balance sheets to Swedish kronor.	In 2020, operations with a different functional currency than Swedish kronor accounted for 46 (46) per cent of operating profit (EBITA): NOK 22 (30) per cent, EUR 9 (8) per cent and DKK 15 (8) per cent. The translation difference in equity for the year was SEK -106 (35) million. In 2020, a weakening of the Swedish krona by 10 per cent against the currencies listed below would have had the following impact on consolidated profit after tax and equity:

Translation exposure (SEK million)	Profit after tax ± 2020	Equity ± 2020
DKK	4	19
EUR	3	–1
NOK	7	57
Total	**14**	**76**

RISK	POLICY / MEASURE
INTEREST RATE RISK	
Interest rate risk is the risk that changes in market interest rates will have a negative impact on net profit, cash flow or the fair values of financial assets and liabilities. For variable-rate assets and liabilities, a change in market interest rates would have a direct impact on net profit and cash flow. For fixed-rate assets and liabilities, the impact is on fair value.	The Group's debt creates an exposure to interest rate risk, as the Group borrows at variable rates. To hedge the interest rate risk related to the bonds, the Group has chosen to enter into interest rate swaps which effectively match the critical terms of the bonds. The critical terms were matched throughout the year and no ineffectiveness therefore arose. For the interest rate risk related to the revolving credit facility, the Group has chosen not to enter into any interest rate swaps. At 31 December 2020, SEK 250 (800) million of the revolving credit facility and SEK 1,000 (1,000) million of the bonds had been drawn. The Group analyses its exposure to interest rate risk by simulating the impact on earnings and cash flow from a specified change in interest rates. Based on the loan liabilities and fixed-rate terms applying at year-end, a change of 1 percentage point in the market interest rate would have an impact of SEK ±3 million on the Group's annual interest expense.

RISK	POLICY / MEASURE

CREDIT RISK

Credit risk is the risk that a counterparty to a transaction will be unable to fulfil its contractual financial obligations and that this will have a negative impact on the Group's financial position and results. The Group's credit risk refers mainly to receivables from customers, which consist partly of accounts receivable and partly of contract revenue that has been earned but not yet invoiced.

Credit risk is managed through careful assessment of each customer's creditworthiness in connection with the conclusion of customer contracts as well as close and active monitoring of overdue accounts receivable with clear procedures for reminders, demands and debt collection.

In 2020, the Group's ten largest customers accounted for 46 (48) per cent of consolidated sales. Historically, the Group has had a low level of bad debts relative to sales. The maximum credit exposure in accounts receivable at 31 December 2020 was SEK 1,154 (1,319) million. The concentration of credit risk based on the situation at 31 December 2020 is shown below. The indicated figures are based on the amount of the Group's exposure to each customer at the balance sheet date.

	2020		2019	
Concentration of credit risk	**Share of total accounts receivable**	**Percentage of portfolio**	**Share of total accounts receivable**	**Percentage of portfolio**
Exposure <SEK 15m	599	52%	807	61%
Exposure SEK 15–50m	348	30%	243	18%
Exposure >SEK 50m	206	18%	269	20%
Total	**1,154**	**100%**	**1,319**	**100%**

Provisions for doubtful debts at 31 December 2020 amounted to SEK 10 (8) million, representing 0.9 (0.6) per cent of total accounts receivable. For further information on provisions for doubtful debts, see *Note 14 Accounts receivable*.

At 31 December 2020, the Group had accrued but not yet invoiced revenue of SEK 133 (284) million. This revenue consists partly of revenue from subscription contracts under which invoices are issued in the month after the work has been performed and partly of accrued revenue from ongoing projects. The Group performs aging analyses of all accrued revenue on an ongoing basis to minimise the risk in recognised but not yet invoiced revenue.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will find it difficult to meet its financial obligations due to the unavailability of liquid assets.

To ensure adequate short-term liquidity, management analyses the Group's liquidity requirements by continuously monitoring the liquidity reserve (undrawn revolving credit facility, and cash and bank deposits). Liquidity forecasts are prepared on an ongoing basis to ensure that the Group has sufficient cash assets to meet its operational requirements.

Longer-term, the Group ensures that adequate liquidity is maintained by forecasting future cash flows and monitoring these forecasts on an ongoing basis. The Group's liquidity requirement is met through existing credit facilities.

The table below shows a breakdown of the Group's financial liabilities by time to contractual maturity at the balance sheet date. The indicated amounts are the undiscounted cash flows. The Group's revolving credit facility can be drawn as required until the maturity date in 2024.

2020 – Maturity analysis	Within 1 year	Between 1–2 years	Between 2–3 years	Between 3–4 years	Between 4–5 years	More than 5 years
Accounts payable	607	0	0	0	0	0
Lease liabilities	110	99	71	46	19	2
Revolving credit facility	0	0	0	250	0	0
Bonds	0	0	0	1,000	0	0
Interest, borrowings	26	26	26	5	0	0
Total	**743**	**124**	**96**	**1,302**	**19**	**2**

2019 – Maturity analysis	Within 1 year	Between 1–2 years	Between 2–3 years	Between 3–4 years	Between 4–5 years	More than 5 years
Accounts payable	978	0	0	0	0	0
Lease liabilities	113	100	78	56	39	19
Revolving credit facility	0	0	0	800	0	0
Bonds	0	0	0	0	1,000	0
Interest, borrowings	33	33	33	23	0	0
Total	**1,125**	**133**	**111**	**879**	**1,039**	**19**

RISK	POLICY / MEASURE
REFINANCING RISK	
Refinancing risk is the risk that financial expenses will be higher and/or that refinancing opportunities will be more limited or non-existent when the Group's liabilities fall due and need to be refinanced.	To reduce the financing risk, the Group strives to use diversified funding sources by maintaining commercial relations with at least two financial operators as well as through financing via the capital market. In January 2019, Coor entered into a new financing agreement with two credit institutions. The new financing agreement provides a credit line of SEK 1,500 million consisting of a revolving credit facility which matures in January 2024. The interest rate on the revolving credit facility is a variable interest rate defined as 3-month STIBOR with a STIBOR floor and a tiered margin based on the company's level of debt. In 2020, the margin ranged from 0.95 to 1.1 per cent. With the aim of increasing the Group's financial flexibility and extending the company's maturity profile, Coor issued SEK 1,000 million in senior unsecured bonds in March 2019. The bonds have a maturity of five years and a variable interest rate defined as 3-month STIBOR plus 230 bps. Both the revolving credit facility and the bonds are denominated in SEK and are subject to normal restrictions and financial covenants. The key ratios reported to the banks under the covenants for the financing agreement are leverage (the ratio of net interest-bearing debt to adjusted EBITDA) and interest coverage ratio (the ratio of adjusted EBITDA to net interest expense). For the current financial year, the Group has met all the requirements specified in the loan agreements.
CAPITAL RISK	
Capital risk is the risk that the Group will be unable to maintain an optimal capital structure and therefore be unable to continue to generate returns to the shareholders and other stakeholders in line with its objectives.	The Group strives to maintain an efficient capital structure that promotes the long-term development of the Group while also generating returns for its shareholders and benefits for other stakeholders. The Group's objective is to have a leverage of less than 3.0. The table below shows the Group's capitalisation and debt at 31 December 2020:

Net debt	2020	2019
Liabilities to credit institutions	241	791
Bonds	1,000	1,000
Leases, net	328	379
Other	33	68
	1,603	**2,238**
Cash and cash equivalents	–396	–497
Net debt	**1,207**	**1,741**
Leverage, times	1.6	2.3
Equity	2,079	1,980
Equity/assets ratio, %	34	29

The Group's dividend policy states that, over the course of an economic cycle, approximately 50 per cent of the Group's adjusted net profit for the period should be distributed to the shareholders.

In addition to targets for capital structure and dividends, the Group has defined quantitative financial targets for organic sales growth, adjusted EBITA margin and cash conversion.

For definitions and information on target achievement in respect of the financial targets for 2020, see the section *Goals and results on pages 12–13*.

NOTE 18. PROVISIONS

Accounting principles

Provisions are recognised when the Group has a legal or constructive obligation arising from past events, it is more probable than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably measured. The provision is measured at the present value of the amount expected to be required to settle the obligation.

Provisions for restructuring are recognised when a detailed formal plan for the restructuring measure exists and a well-founded expectation among those affected has been created. No provisions are made for future operating losses. Restructuring costs refer mainly to costs for large-scale integration projects or major organisational changes.

Specification of change in provisions:

2020	Restructuring	Other provisions	Total
At 1 January 2020	**15**	**0**	**15**
Recognised in the income statement:			
– additional provisions	20	0	20
– reversal of unused amounts	–3	0	–3
Utilised during the year	–17	0	–17
Translation difference	0	0	0
BS At 31 December 2020	**15**	**0**	**15**

2019	Restructuring	Other provisions	Total
At 1 January 2019	**7**	**1**	**8**
Recognised in the income statement:			
– additional provisions	22	0	22
– reversal of unused amounts	0	–1	–1
Utilised during the year	–14	0	–14
Translation difference	0	0	0
BS At 31 December 2019	**15**	**0**	**15**

Other provisions are distributed between non-current and current components as follows:

	2020	2019
Non-current component	0	0
Current component	15	15
BS Total	**15**	**15**

NOTE 19. OTHER LIABILITIES

Other liabilities	2020	2019
VAT liability	151	157
Employee withholding tax	72	77
Other current liabilities	26	8
BS Total	**249**	**242**

NOTE 20. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income	2020	2019
Social security contributions	184	178
Holiday pay	510	448
Other personnel-related liabilities	241	213
Accrued interest expense	1	1
Deferred income, subscriptions	269	291
Deferred income, projects	2	3
Other accrued expenses	218	170
BS Total	**1,424**	**1,303**

NOTE 21. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Accounting principles

A contingent liability is recognised when there is a possible obligation arising from past events and whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain events which are not fully within the control of Coor. A contingent liability may also be an obligation arising from past events that is not recognised as a liability or provision because it is unlikely that the obligation will be settled or that the size of the obligation can be calculated with sufficient accuracy.

Contingent liabilities	2020	2019
Performance bonds	169	181
Total	**169**	**181**

Companies in the Group have issued performance bonds to external parties to ensure that the company fulfils its commitments. Certain companies in the Group are involved in legal proceedings which have arisen in the course of their operations. Any liability in connection with such legal proceedings is not considered to materially affect the Group's operations or financial position.

Pledged assets	2020	2019
Bank guarantees	127	140
Total	**127**	**140**

Pledged assets comprise bank guarantees issued on behalf of a number of customers. The main purpose of the bank guarantees is to ensure delivery to the customers.

NOTE 22. RELATED-PARTY TRANSACTIONS

Ownership

Coor's shares were listed on Nasdaq Stockholm on 16 June 2015. For information on Coor's shares and ownership structure, see the section *Share information.*

The following transactions have been made with related parties: There were no material related-party transactions between Coor and any related parties in 2020.

For information on remuneration of senior executives, see *Note 7 Remuneration of senior executives*.

NOTE 23. BUSINESS ACQUISITIONS

§ Accounting principles

The Group applies IFRS 3 Business Combinations in connection with acquisitions. In a business combination, the acquired assets and assumed liabilities are identified and classified at fair value at the acquisition date. In preparing the purchase price allocation, an assessment is also made of whether there are intangible assets such as trademarks and customer contracts that have not been recognised in the acquired entity. In case of acquisitions where the cost exceeds the net value of the acquired assets and assumed liabilities and identified intangible assets, the difference is recognised as goodwill. Any premiums are amortised over the asset's estimated useful life. Goodwill is not amortised but is tested for impairment in the annual impairment test. Transferred payments that are contingent on future events are measured at fair value. Any change in value is recognised in profit or loss for the period. Transaction costs in connection with acquisitions are not included in cost but are expensed as incurred. Entities acquired during the period are included in the consolidated financial statements from the acquisition date.

Acquisitions during the year

The Group made no acquisitions in 2020. The cash flow effect of SEK -12 (-152) million refers to the final settlement of the acquisition of Norrlands Miljövård from November 2019.

NOTE 24. EVENTS AFTER THE BALANCE SHEET DATE

- On 12 January 2021, it was announced that Coor will lose parts of its IFM contract with Equinor in Norway. Coor's contract with Equinor covers services for production sites, office sites and offshore installations. Following a procurement, Equinor has decided not to extend the office part of the contract when it expires in October 2021. The annual contract value for the office sites is approximately SEK 500 million. The production sites are not affected by this decision. In March 2020, the offshore part was extended by another three years.
- In February 2021, it was announced that Coor would acquire R&K Service in Norway. The company is a well-run family company that provides cleaning and restaurant services in the Stavanger area. The company has annual sales of around NOK 80 million and is an important acquisition that will strengthen Coor's position. The consideration for the acquisition (on a cash-free, debt-free basis) is approximately SEK 65 million.


COOR

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

	Note	2020	2019
Net sales		4	6
Net sales		**4**	**6**
Selling and administrative expenses	26,27,28	–27	–33
Operating profit		**–22**	**–27**
Profit from shares in Group companies	29	0	600
Other interest income and similar income	29	0	1
Interest expense and similar charges	29	–45	–61
Net financial expense		**–45**	**540**
Group contributions		**64**	**76**
Profit/loss before tax		**–4**	**589**
Tax on profit/loss for the year	30	–6	–8
PROFIT/LOSS FOR THE YEAR		**–10**	**581**

No component of profit is attributable to other comprehensive income in the parent company.

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PARENT COMPANY BALANCE SHEET

	Note	2020	2019
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	33	7,789	7,789
Deferred tax asset	30	50	50
Other financial assets		2	1
Total non-current assets		**7,841**	**7,840**
Current assets			
Receivables from Group companies [1]		69	80
Other receivables		1	1
Prepaid expenses and accrued income		1	1
Total current receivables		**72**	**82**
Cash and cash equivalents*		1	0
Total current assets		**72**	**82**
TOTAL ASSETS		**7,913**	**7,922**

PARENT COMPANY BALANCE SHEET

	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital, 95,812,022 shares	16	383	383
Total restricted equity		**383**	**383**
Non-restricted equity			
Share premium reserve		6,655	6,630
Retained earnings		–1,519	–2,100
Profit/loss for the year		–10	581
Total non-restricted equity		**5,126**	**5,110**
Total equity		**5,509**	**5,494**
Liabilities			
Non-current liabilities			
Borrowings	31	1,271	1,855
Provisions for pensions		3	2
Total non-current liabilities		**1,273**	**1,856**
Current liabilities			
Accounts payable		0	0
Liabilities to Group companies[1]		1,108	553
Tax liabilities	30	13	7
Other liabilities		1	1
Accrued expenses and deferred income	32	9	12
Total current liabilities		**1,131**	**572**
Total liabilities		**2,404**	**2,428**
TOTAL EQUITY AND LIABILITIES		**7,913**	**7,922**

[1] The company is part of the Group cash pool, in which the subsidiary company Coor Service Management Group AB is the master account holder with the bank. The company's balance in the Group cash pool is accounted for as a receivable from or liability to Group companies.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Retained earnings	Profit for the year	Total equity
Opening balance, 1 January 2019	**383**	**6,622**	**–1,869**	**177**	**5,313**
Transfer of profit/loss from previous year according to resolution of AGM	0	0	177	–177	0
Profit for the year	0	0	0	581	581
Share-based remuneration programmes	0	8	0	0	8
Share buybacks	0	0	–28	0	–28
Dividend	0	0	–380	0	–380
BS Closing balance, 31 December 2019	**383**	**6,630**	**–2,100**	**581**	**5,494**
Opening balance, 1 January 2020	**383**	**6,630**	**–2,100**	**581**	**5,494**
Transfer of profit/loss from previous year according to resolution of AGM	0	0	581	–581	0
Profit for the year	0	0	0	–10	–10
Share-based remuneration programmes	0	25	0	0	25
BS Closing balance, 31 December 2020	**383**	**6,655**	**–1,519**	**–10**	**5,509**

For information on share capital, see *Note 16 Share capital and data per share*. For information on the appropriation of retained earnings for the year, see *page 55*. Share-based compensation programmes in 2020 refer to a recognised cost for LTIP 2018 and LTIP 2019 in accordance with IFRS 2 and an effect of SEK 15 million for the share swap entered into to secure access to shares for LTIP 2018.

PARENT COMPANY STATEMENT OF CASH FLOWS

	2020	2019
Operating activities		
IS Operating loss	–22	–27
Adjustment for non-cash items	10	8
Interest received	0	0
Interest paid and other financial expenses	–45	–60
Cash flow from operating activities before changes in working capital	**–57**	**–79**
Increase(+)/decrease(-) in net working capital	–6	–3
Cash flow from operating activities	**–63**	**–81**
Cash flow from investing activities	**0**	**0**
Financing activities		
Group contribution received	76	315
Dividends received from subsidiaries	0	600
Dividend	0	–380
Share-based remuneration programmes	–20	13
Share buybacks	0	–28
Proceeds from borrowings	0	1,800
Repayment of borrowings	–550	–1,691
Change in cash pool balance	557	–547
Cash flow from financing activities	**63**	**82**
CASH FLOW FOR THE YEAR	**0**	**0**
Cash and cash equivalents at the beginning of the year	0	0
Foreign exchange difference in cash and cash equivalents	0	0
BS Cash and cash equivalents at the end of the year	**1**	**0**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

NOTE 25. ACCOUNTING PRINCIPLES

§ Accounting principles

The parent company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the parent company is required to apply all EU-adopted IFRS and interpretations in the annual accounts for the legal entity insofar as this is possible under the Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exemptions and additions should be made in relation to IFRS. Differences between the Group and parent company accounting principles are described in the following.

The following accounting principles for the parent company have been applied consistently for all periods presented in the parent company's financial statements.

Related-party disclosures

The parent company has related-party relationships which include a controlling interest over its subsidiaries, see *Note 33 Shares in Group companies*. All transactions with related parties have been made on market terms.

Sales to other Group companies totalled SEK 4 (6) million in 2020. In 2020, the parent company paid interest of SEK 10 (16) million and received dividends of SEK 0 (600) million from other Group companies.

Group contributions

Group contributions paid and received are accounted for as appropriations through the income statement.

Dividend

Dividend income is recognised when the right to receive payment is deemed to be secure.

Shares in subsidiaries

The parent company recognises all investments in Group companies at cost less accumulated impairment. Shareholder contributions are converted into shares and participations insofar as no impairment loss is required.

NOTE 26. COSTS BY NATURE OF EXPENSE

Costs by nature of expense	2020	2019
External services	–3	–3
Payroll costs	–23	–29
Other operating expenses	–1	–1
IS Total	**–27**	**–33**

NOTE 27. AUDIT FEES

Audit fees	2020	2019
PwC		
Audit engagement	2	1
Audit services in addition to the audit engagement	0	0
Tax advisory services	0	0
Other services	0	0
Total	**2**	**1**

Audit engagement refers to the examination of the annual accounts and accounting records and of the Board of Directors' and CEO's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the performance of such other tasks. Everything else is defined as other services.

NOTE 28. EMPLOYEES AND EMPLOYEE BENEFIT EXPENSES

	2020				2019			
Employee benefit expenses	**Salaries and benefits**	*Of which bonuses*	**Social security contributions**	*Of which retirement benefit costs*	**Salaries and benefits**	*Of which bonuses*	**Social security contributions**	*Of which retirement benefit costs*
Directors and CEO	11	*1*	6	*2*	15	*4*	7	*2*
Other employees	3	*0*	2	*1*	4	*1*	2	*1*
Total	**14**	*1*	**8**	*3*	**20**	*5*	**9**	*3*

Average number of employees

The company had 2 (2) employees during the year, of whom 1 (2) was a man.

At the balance sheet date, the Board of Directors of the parent company, not including employee representatives, consisted of 6 (7) members, of whom 3 (4) were men. There are also 3 (3) employee representatives.

NOTE 29. FINANCIAL INCOME AND EXPENSES

	2020	2019
Financial income		
Foreign exchange differences	0	1
IS Total	**0**	**1**
Financial expenses		
Interest expense, Group companies	–10	–16
Interest expense, external	–30	–30
Foreign exchange differences	0	–9
Other financial expenses	–6	–6
IS Total	**–45**	**–61**
Total net financial expense	**–45**	**–60**

Profit from shares in Group companies of SEK 0 (600) million refers to dividends from subsidiaries.

NOTE 30. INCOME TAX

Tax expense (-), Tax income (+)	2020	2019
Current tax	–7	–7
Deferred tax	0	–2
IS Total	**–6**	**–8**

Difference between reported tax expense and tax expense based on the applicable tax rate

	2020	%	2019	%
IS Reported profit/loss before tax	–4		589	
IS Tax expense	–6	181.4	–8	–1.4
Calculated tax expense	1	–21.4	–126	–21.4
Difference	**–7**	**202.8**	**118**	**20.0**
Tax effect of non-deductible expenses	7	–202.8	9	1.5
Tax effect of non-taxable income	0	0.0	–128	–21.8
Tax effect of changed tax rate	0	0.0	2	0.3
Total	**7**	**–202.8**	**–118**	**–20.0**

Deferred tax asset	2020	2019
BS Opening balance	**50**	**52**
Deferred tax on tax losses recognised in the income statement	0	–2
BS Closing balance	**50**	**50**

At 31 December 2020, the company had a current tax liability of SEK 13 (7) million.

NOTE 31. BORROWINGS

Borrowings	2020	2019
Liabilities to credit institutions	250	800
Bonds	1,000	1,000
Capitalised borrowing costs	–9	–9
Liability related to share swap	29	64
BS Total	**1,271**	**1,855**

In January 2019, Coor entered into a new financing agreement with two credit institutions. The agreement provides a credit line of SEK 1,500 million consisting of a revolving credit facility which matures in January 2024.

In March 2019, the company issued SEK 1,000 million in senior unsecured bonds. The bonds have a maturity of five years. For further information on borrowing and financial risks, see *Note 17 Borrowing and financial risk management*.

NOTE 32. ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income	2020	2019
Social security contributions	4	4
Holiday pay	3	2
Other personnel-related liabilities	1	4
Other items	1	1
BS Total	**9**	**12**

NOTE 33. SHARES IN GROUP COMPANIES

2020	Corp. ID no.	Registered office	Share of equity	Carrying amount
Direct				
Coor Service Management Group AB	556739-7665	Stockholm	100%	7,789
Indirect				
Coor Service Management AB	556084-6783	Stockholm	100%	
Coor Service Management APS AB	556764-1328	Stockholm	100%	
Addici Security AB	556555-5314	Stockholm	100%	
Coor Service Management CTS AB	556912-0156	Stockholm	100%	
Coor Norrland Lokalvård AB	556180-2959	Stockholm	100%	
Coor Service Management LB 3 AB	556994-4506	Stockholm	100%	
Coor Service Management LB 4 AB	556994-4498	Stockholm	100%	
Coor Service Management A/S	10 68 35 48	Denmark	100%	
Coor Service Management AS	983,219,721	Norway	100%	
Coor Service Management Cleaning, Catering & Property AS	912,523,918	Norway	100%	
Coor Offshore AS	814,493,962	Norway	100%	
Coor Service Management Øst AS	815,367,952	Norway	100%	
Coor Service Management OY	1597866-9	Finland	100%	
Coor Service Management NV	0480-088-929	Belgium	100%	
Addici Security NV	0559-876-971	Belgium	100%	
Coor DOC NV	0668-588-237	Belgium	100%	
Coor Service Management sp. z.o.o [1]	350979	Poland	100%	
Coor Service Management OÜ	12169810	Estonia	100%	

[1] Companies in course of liquidation. During the year, the liquidation of Coor Service Management Kft (01-09-931476) was completed.

CHANGE DURING THE YEAR	2020	2019
Opening cost	8,489	8,489
Closing accumulated cost	**8,489**	**8,489**
Opening impairment	–700	–700
Closing accumulated impairment	**–700**	**–700**
BS **Closing carrying amount**	**7,789**	**7,789**

NOTE 34. PLEDGED ASSETS AND CONTINGENT LIABILITIES

The parent company has provided a parent company guarantee of SEK 30 (31) million covering financial obligations of the Finnish subsidiary in respect of leases and bank guarantees as well as a parent company guarantee on behalf of a subsidiary in Norway to ensure delivery to a major customer. The parent company has no other pledged assets or contingent liabilities.

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer certify that the annual accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards as well as generally accepted accounting principles, and give a true and fair view of the financial positions and results of the parent company and Group. The Directors' Report for the parent company and Group gives a true and fair view of the parent company's and Group's activities, their financial position and results, and describes significant risks and uncertainties faced by the parent company and the companies in the Group.

The consolidated statement of comprehensive income and balance sheet and the parent company statement of comprehensive income and balance sheet will be submitted for adoption at the AGM on 26 April 2021.

Stockholm, 19 March 2021

MATS GRANRYD
Chairman

ANDERS EHRLING

MATS JÖNSSON

MONICA LINDSTEDT

KRISTINA SCHAUMAN

HEIDI SKAARET

GLENN EVANS
Employee representative

LINUS JOHANSSON
Employee representative

RIKARD MILDE
Employee representative

ANNACARIN GRANDIN
President and CEO

We submitted our Auditor's Report on 19 March 2021
Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM
Authorised Public Accountant
Auditor-in-charge

AUDITOR'S REPORT

To the general meeting of shareholders of
Coor Service Management Holding AB, corp. ID no. 556742-0806

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinion

We have audited the annual accounts and consolidated financial statements of Coor Service Management Holding AB for 2020. The company's annual accounts and consolidated financial statements are included on pages 48–94 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and give a true and fair view of the state of the parent company's affairs at 31 December 2020 and of its financial results and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the state of the Group's affairs at 31 December 2020 and of its financial results and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory Directors' Report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopt the parent company and consolidated income statements and balance sheets.

Our opinion in this report on the annual accounts and consolidated accounts is consistent with the supplementary report submitted to the Audit Committee of the parent company and Group in accordance with Article 11 of the Audit Regulation (537/2014).

Basis of opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under these standards are described in the section Responsibilities of the auditor. We are independent of the parent company and the Group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards. This includes ensuring, based on our best knowledge and conviction, that no prohibited services within the meaning of Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled undertakings within the EU.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

AUDIT APPROACH

Focus and scope of the audit

We designed our audit by determining the level of materiality and assessing the risk of material misstatement in the financial statements. We paid particular attention to those areas where the Chief Executive Officer and Board of Directors have made subjective judgments, for example, in respect of critical accounting estimates based on assumptions and forecasts about future events, which are inherently uncertain. As in all our audits, we also addressed the risk that the Board of Directors and Chief Executive Officer will override internal controls, and considered whether there is any evidence of bias that has created a risk of material misstatement due to fraud.

We tailored our audit so as to be able to complete a satisfactory examination aimed at enabling us to express an opinion on the financial statements as a whole, taking account of the Group's structure, accounting processes and control procedures as well as the industry in which the Group operates.

Materiality

The scope and focus of the audit were affected by our assessment of materiality. An audit is designed to obtain reasonable assurance that the financial statements are free from material misstatement. Misstatements can arise from fraud or error. They are considered material if, individually and in aggregate, they can reasonably be expected to influence financial decisions made by users on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including thresholds for the financial statements as a whole. Based on these thresholds, as well as qualitative considerations, we determined the focus and scope of the audit and the nature, timing and scope of our audit procedures, and assessed the effect of any misstatements, both individually and in aggregate, on the financial statements as a whole.

KEY AUDIT MATTERS

Key audit matters are those matters which, in our professional judgment, were of greatest significance for the audit of the annual accounts and consolidated accounts for the period concerned. These matters were addressed in the context of the audit of, and in the preparation of our opinion on, the annual accounts and consolidated financial statements as a whole, but we do not present a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
Testing for impairment of goodwill and other acquisition-related intangible assets Refer to Note 1 for a description of significant accounting principles and to Note 11 Intangible assets for a description of critical accounting estimates and assumptions as well as information on the performed sensitivity analysis, with regard to what change in the assumptions used would result in impairment of goodwill. At 31 December 2020, Coor had goodwill and other acquisition-related assets, including contracts, of SEK 3,559 million, representing 59 per cent of total assets. The principal risk is the risk that the value of these assets will need to be written down. Each year, Coor performs a test to measure goodwill and other intangible assets in order to determine whether any impairment has occurred. The test is complex and relies on management's expectations in respect of material parameters, including future sales performance, cash flows, margins and interest rates (WACC). Coor has an established process for testing the measurement that is based on cash-generating units. The process is described in Note 11. For 2020, there were four identified cash-generating units. Acquired identifiable contracts are handled in the same manner. When contracts can be separated from a purchase price allocation, assumptions are made about the duration of the contracts, expected volumes and margins. These assumptions are tested annually. Coor's conclusion is that no impairment had occurred for the aforementioned assets in 2020.	In testing goodwill and other acquisition-related intangible assets for impairment, we performed a number of audit procedures aimed primarily at confirming the measurement and accuracy. In particular, we: • Have previously engaged PwC's experts in accounting measurement to test and assess Coor's models, methods and assumptions. • Through spot checks, tested, assessed and challenged the information used in the calculations in relation to Coor's financial plan and, where possible, external information. In doing so, we focused on assumed growth rates, margin growth rates and discount rates for each cash-generating unit. We also assessed the accuracy and inherent quality of the company's process for preparing business plans and financial plans based on historical outcomes. • Checked the sensitivity of the measurements to negative changes in all parameters which, individually or in the aggregate, could result in impairment. • Assessed whether the disclosures made in the annual report are correct based on tests of the measurements made, with a particular emphasis on disclosures on the sensitivity of the measurements. • Compared the disclosures included in the annual report with the requirements of IAS 36. Based on our examination, it is our conclusion that Coor's assumptions are within an acceptable range, and that the disclosures presented in Note 11 meet the disclosure requirements for assumptions and risks where small changes in the assumptions used result in or can result in impairment.
Recognition of revenue Refer to Note 1 for a summary of significant accounting principles and critical accounting estimates and assumptions, and to Note 2 Revenue, Note 14 Accounts receivable, Note 15 Prepaid expenses and accrued income, and Note 20 Accrued expenses and deferred income. One of the focus areas in our audit was the Group's recognition of revenue. The services provided are sometimes performed over an extended period of time. Accounting differences can therefore arise between the point in time when Coor performs a service and the point in time when revenue is recognised. Assessing whether revenue has been allocated to the correct accounting periods and whether it has been correctly measured thus constitutes a key audit matter. When revenue may be recognised depends on the wording of the contracts that have been entered into. Customer contracts vary and can be complex, which in itself constitutes an increased risk of misstatements. The revenue process involves line managers, who are in charge of compiling and assessing the data used for invoicing, as well as a central function, which issues the invoices. Revenue earned that has not been invoiced by the closing date is recognised as accrued income based on an assessment of the percentage of the services provided that can be invoiced. Revenue invoiced but not yet earned is recognised as deferred income based on an assessment of the extent to which the services have yet to be performed. Invoiced revenue that has not yet been paid is accounted for as accounts receivable based on an assessment on the portion that will be paid.	Our audit is based both on an evaluation of internal control and substantive testing of revenue and material projects, including systems-based analysis of balance sheet and income statement items. Among other audit procedures, we: • Identified the processes for revenue recognition and assessment of accrued and deferred income and accounts receivable. Through spot checks of a random sample of customers, we also tested the recognised revenue against the contracts to determine whether the correct amount has been recognised in the right period and whether the revenue has been fully accounted for. This test also covered accrued and deferred income. • Using a systems-based approach, we analysed deferred income, checking that registered revenue has been correctly transferred to the main ledger. • We assessed any bad debts based on Coor's policy for provisions and discussed any significant overdue receivables to determine whether provisions have been recognised correctly based on the estimated risk of non-payment. Nothing material was identified in this audit that it was deemed necessary to report to the Audit Committee.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated financial statements, which is found on pages 1–47 and 108–128. The information in Coor Service Management's remuneration report 2020, which is published on the company's website at the same time as this report, also constitutes other information. Responsibility for this other information rests with the Board of Directors and Chief Executive Officer.

Our opinion on the annual accounts and consolidated accounts does not cover this other information, and we do not express any assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and, in so doing, to consider whether it is materially inconsistent with the annual accounts and consolidated accounts. In this review, we also take account of other knowledge obtained in the course of our audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed in respect of this other information, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in that regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Responsibility for ensuring that the annual accounts and consolidated accounts are prepared and give a true and fair view pursuant to the Annual Accounts Act and, as regards the consolidated accounts, pursuant to the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act rests with the Board of Directors and Chief Executive Officer. The Board and CEO are also responsible for such internal control as they deem necessary for the purpose of preparing annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board and CEO are responsible for assessing the company's and Group's ability to continue as a going concern. Where applicable, they are also required to disclose circumstances which could affect the company's ability to continue as a going concern and use the going concern assumption. The going concern assumption applies unless the Board and CEO intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The Audit Committee of the Board of Directors is tasked with monitoring, without prejudice to the other responsibilities and duties of the Board, the financial reporting of the company.

RESPONSIBILITIES OF THE AUDITOR

Our objective is to obtain reasonable assurance that the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to submit an Auditor's Report containing our opinion. Reasonable assurance is a high degree of assurance but does not constitute a guarantee that an audit conducted in accordance with ISA and Swedish GAAS will always detect a material misstatement if it exists. Misstatements can arise from fraud or error and are considered material if they, individually or in the aggregate, can reasonably be expected to affect financial decisions made by users on the basis of the annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the Auditor's Report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have audited the Board of Directors' and Chief Executive Officer's management of Coor Service Management Holding AB for 2020 and the proposed appropriation of the company's profit or loss.

We recommend that the general meeting of shareholders allocate the retained earnings as proposed in the Directors' Report and grant release from liability to the Directors and Chief Executive Officer in respect of the financial year.

Basis of opinion

We conducted our audit in accordance with generally accepted auditing standards in Sweden (Swedish GAAS). Our responsibilities under these standards are described in the section Responsibilities of the auditor. We are independent of the parent company and the Group in accordance with Swedish GAAS and have otherwise fulfilled our ethical responsibilities under these standards.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

RESPONSIBILITIES OF THE AUDITOR

Our objective for the management audit, and thus for our opinion on release from liability, is to obtain audit evidence which enables us to assess with reasonable assurance whether any Director or the Chief Executive Officer has in any material respect:

- taken any action or been guilty of any neglect that could give rise to a liability to indemnify the company.
- otherwise acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.
- Our objective in respect of our audit of the proposed appropriation of the company's profit or loss, and thus for our opinion on the same, is to obtain reasonable assurance that the proposed appropriation is consistent with the Companies Act.

Reasonable assurance is a high degree of assurance but does not guarantee that an audit conducted in accordance with Swedish GAAS will always detect actions or neglect that could give rise to a liability to indemnify the company, or that the proposed appropriation of the company's profit or loss is consistent with the Companies Act.

A further description of our responsibility for the management audit is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description constitutes a part of the Auditor's Report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, were appointed to serve as auditors of Coor Service Management Holding AB by the Annual General Meeting on 28 April 2020 and have been the company's auditors since December 2004.

Stockholm, 19 March 2021
Öhrlings PricewaterhouseCoopers AB

Niklas Renström
Authorised Public Accountant

CORPORATE GOVERNANCE

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The Corporate Governance Report is a part of Coor’s Annual Report 2020, which explains why it begins on page 99. The Corporate Governance Report can be read separately but sometimes contains references to other parts of the annual report. The full annual report is available on the company’s website.

CORPORATE GOVERNANCE REPORT 2020

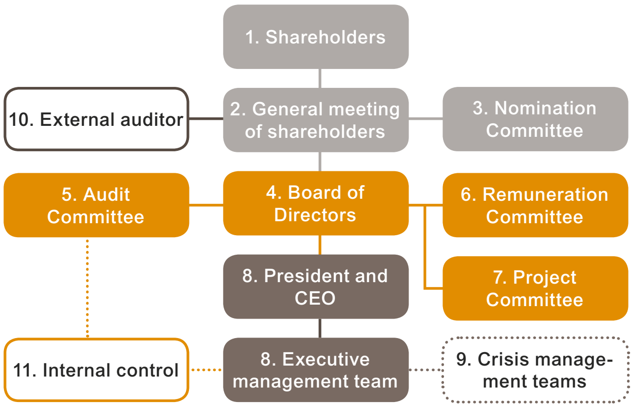
The Corporate Governance Report of Coor Service Management Holding AB (corp. ID no. 556742-0806) refers to the 2020 financial year.

STRUCTURED GOVERNANCE AND INTERNAL CONTROL

The goal of Coor's corporate governance is to ensure systematic risk management and sustained value creation for shareholders through good control and a sound corporate culture.

This Corporate Governance Report has been prepared by the Board of Directors of the Coor Group and describes Coor's corporate governance for 2020. The report has been reviewed by Coor's auditors, whose opinion is presented at the end of the report.

COOR'S CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE AT COOR

Coor is a public limited company with its registered office in Stockholm, whose shares were listed on the Nasdaq Stockholm exchange on 16 June 2015. Coor's corporate governance is based on Swedish laws and regulations and on the rules and practices which apply for companies listed on Nasdaq Stockholm. Coor also follows the Swedish Corporate Governance Code without deviating from any of its rules. In the countries where Coor operates the company follows the applicable local legislation.

In addition to the external regulations, Coor has a set of internal regulations consisting of governing documents for the Group, of which the most important are the Articles of Association, which are adopted by the shareholders' meeting, the rules of procedure for the Board of Directors and its committees, and the Board's terms of reference for the Chief Executive Officer. In addition, there are a large number of internal policies, instructions and delegation arrangements which clarify responsibilities and authorities in different areas. The most important governing documents are included in Coor's management system, which also describes the company's main processes and common work methods.

Coor's corporate governance structure is well defined and is illustrated schematically above.

SUSTAINABILITY MANAGEMENT

All companies have a big responsibility for the activities in which they are engaged, and for how these activities affect the environment and society at large, in the short and long term. Coor takes a structured, long-term approach to those sustainability aspects that are considered to have the biggest external impact. The purpose of Coor's sustainability management is to ensure that the company grows in a stable and profitable manner based on sound business ethics while minimising its environmental impact, and that the company makes a positive contribution to society. For more information on Coor's sustainability management and governance, see the information in the sustainability sections of the annual report.

Key external and internal governing documents

External regulations
- Swedish laws and regulations
- Laws and regulations in other countries of operation
- Nasdaq Stockholm's rules for issuers
- Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)

Internal governing documents
- Articles of Association
- Rules of procedure for the Board of Directors
- Rules of procedure for the Board committees
- Board of Directors' terms of reference for the CEO

Policies and instructions
- Code of Conduct [1)]
- Insider policy [1)]
- Treasury policy [1)]
- Communication policy [1)]
- Procurement policy
- Sustainability policy including risk management
- IT policy
- Information security policy
- Internal control framework
- Accounting manual
- Authorisation instruction
- Data protection policy

[1)] Policies adopted by the Board of Directors

1. SHARES AND OWNERSHIP STRUCTURE

At year-end, Coor had a share capital of SEK 383,248,088, represented by 95,812,022 shares. Each share carries one vote at general meetings. As at 31 December 2020, Coor's share register listed approximately 7,200 shareholders. Of the total share capital, approximately 56 per cent was owned by investors outside Sweden. The three largest shareholders were Nordea Fonder, with 7.5 per cent of the shares and voting rights, the First Swedish National Pension Fund (AP1) with 5.8 per cent and Didner & Gerge Fonder with 5.7 per cent. More information about Coor's shares and ownership structure is available on the company's website under About Coor/Investors and in the section Share information.

2. GENERAL MEETING OF SHAREHOLDERS

In accordance with the Swedish Companies Act, the general meeting of shareholders is the company's highest decision-making body. All shareholders are entitled to participate and vote at the annual meeting of shareholders (Annual General Meeting). At the Annual General Meeting (AGM), shareholders discuss the annual report, payment of dividends, election of Directors and auditors, fees and principles of remuneration as well as other matters. The resolutions adopted at a general meeting are announced in a press release after the meeting. More information on the convening of and participation in general meetings is available on the company's website under About Coor/ Corporate Governance.

3. THE NOMINATION COMMITTEE

The composition and activities of the Nomination Committee are governed by the terms of reference adopted by the AGM and are described on the company's website under About Coor/Corporate Governance.

Composition and activities in preparation for the 2021 AGM

Prior to the 2021 AGM, the Nomination Committee consists of Ulrika Danielson (Second Swedish National Pension Fund), Henrik Didner (Didner & Gerge Fonder), Sophie Larsén (First Swedish National Pension Fund), Jan Särlvik (Nordea Funds) and Chairman of the Board Mats Granryd.

In preparation for the 2021 AGM, the committee met on five occasions. Through the Chairman of the Board and the company's President and Chief Executive Officer, the Nomination Committee received information about the operations, development and other circumstances of the company. The Nomination Committee also interviewed individual Board Directors. It also discussed the main requirements that should be applied for Directors, including the requirement for independent Directors, and looked at the number of directorships of other companies held by the Directors. The committee placed a strong emphasis on ensuring a balanced representation of men and women, diversity and breadth.

Shareholders have been welcome to submit proposals and views to the Nomination Committee. No separate fee was paid to any of the members of the Nomination Committee.

4. THE BOARD OF DIRECTORS

The Board of Directors has ultimate responsibility for the company's organisation and operations, and continually assesses the financial situation of the company and Group.

Composition and activities in 2020

Coor's Board of Directors consists of six[1] ordinary Directors elected by the general meeting of shareholders and three employee representatives. The composition of the Board meets the requirements for independent Directors provided for in the Swedish Corporate Governance Code. Information on the independence of the Directors is presented in a table on the next page. The Board of Directors is presented at the end of the Corporate Governance Report along with information about the Directors' directorships outside the Group and their holdings of Coor shares. The Board has appointed Coor's Chief Legal Counsel to act as its secretary.

In 2020, the Board met on 12 occasions. The Board addressed strategic matters, financial performance and matters relating to customers, employees, sustainability and risk management over the course of the year. Important matters addressed in 2020 included matters relating to the impact of COVID-19 on the company, new deals and potential acquisitions. Senior executives gave presentations on specific issues to the Board on an ongoing basis.

To handle matters that need to be discussed separately, the Board has established three committees: the Remuneration Committee, the Audit Committee and the Project Committee. The committees reported on their meetings to the Board on a regular basis.

Attendance at the year's Board meetings was good. Information on Directors' attendance at meetings of the Board and its committees and on the fees paid for this work is presented in the table on the next page.

[1] Mikael Stöhr stepped down from the Board of Directors on 31 July 2020, as of which date the Board consisted of six AGM-elected Directors.

5. AUDIT COMMITTEE

Consists of three Board-appointed members: Kristina Schauman (Chairman), Anders Ehrling and Heidi Skaaret. Coor's CFO and external auditors attend all meetings. Follows up and monitors internal control, audit, risk management, accounting and financial reporting activities.

6. REMUNERATION COMMITTEE

Consists of three Board-appointed members: Mats Granryd (Chairman), Monica Lindstedt and Kristina Schauman. Submits proposals on remuneration to the Board, and monitors and evaluates remuneration structures and levels for the executive management team.

7. PROJECT COMMITTEE

Consists of three Board-appointed members: Mats Granryd (Chairman), Anders Ehrling and Mats Jönsson. Assists the Board by submitting proposals for and providing decision guidance on major customer contracts, acquisitions and other important agreements.

Diversity policy

As its diversity policy, Coor applies Rule 4.1 of the Swedish Corporate Governance Code, which means that the Board should have a composition that is appropriate in view of the company's operations, stage of development and other circumstances, and is diverse and broad with regard to the skills, experience and backgrounds of its AGM-elected members, and that a balanced representation of men and women should be aimed for.

Coor considers that the company's Board of Directors meets the requirements of its diversity policy. The Board consists of three women and three men. The members come from different sectors of industry and have varying professional backgrounds and expertise.

RESOLUTIONS ADOPTED AT THE 2020 AGM

At the 2020 AGM, the following main resolutions were adopted:

- That the Board of Directors should consist of seven Directors with no deputies.
- The election of the Chairman of the Board and Directors in accordance with the Nomination Committee's proposal:
- Mats Granryd was re-elected to the Board as a Director and as Chairman of the Board.
- The Directors Anders Ehrling, Mats Jönsson, Monica Lindstedt, Kristina Schauman, Heidi Skaaret and Mikael Stöhr were re-elected to the Board.
- To approve the payment of Directors' fees totalling SEK 2,985,000, as proposed by the Nomination Committee. The fees will be distributed as follows:
  - SEK 785,000 to the Chairman.
  - SEK 280,000 to each of the other AGM-elected Directors.
  - SEK 100,000 to Directors who are members of the Audit Committee.
  - SEK 200,000 to the Chairman of the Audit Committee.
  - SEK 50,000 to Directors who are members of the Remuneration Committee.
  - SEK 50,000 to the Chairman of the Remuneration Committee.
  - SEK 75,000 to Directors who are members of the Project Committee.
  - SEK 100,000 to the Chairman of the Project Committee.
- Resolution to withdraw the proposal for a long-term share-based incentive programme for the executive management team (EMT) and top management team (TMT).
- To authorise the repurchase and transfer of shares.
- To authorise the issuance of new shares.

The audit firm PwC notified Coor that Niklas Renström will be appointed as auditor-in-charge for the audit.

The full minutes of the AGM are available at www.coor.com.

DIRECTORS' ATTENDANCE, INDEPENDENCE AND FEES

	Meeting attendance				Independence		Fees
	Board of Directors	Audit Committee	Project Committee	Remuneration Committee	Independent of the company	Independent of major shareholders	Approved Directors' and committee fees, SEK '000 [2]
Total number of meetings	12	5	3	3			
AGM-elected Directors							
Anders Ehrling	12	5	3	–	Yes	Yes	455
Mats Granryd, Chairman	12	–	3	3	Yes	Yes	935
Mats Jönsson	12	–	3	–	Yes	Yes	355
Monica Lindstedt	12	–	–	3	Yes	Yes	330
Kristina Schauman	12	5	–	3	Yes	Yes	530
Heidi Skaaret	11	4	–	–	Yes	Yes	380
Mikael Stöhr [1]	8	–	1	2	No	Yes	–
Union-appointed employee representatives							
Glenn Evans	12	–	–	–	No	Yes	–
Linus Johansson	12	–	–	–	No	Yes	–
Rikard Milde	12	–	–	–	No	Yes	–

[1] Stepped down as President and CEO on 31 July 2020.
[2] The fees for committee work were approved by the AGM on 28 April 2020 and apply until the next AGM on 26 April 2021. For information on fees that had an impact on earnings for 2020, see *Note 7 Remuneration of senior executives* in the *statutory annual report*.

8. THE CHIEF EXECUTIVE OFFICER AND EXECUTIVE MANAGEMENT TEAM

The Board of Directors has delegated operational responsibility for the company and its management to the company's President and Chief Executive Officer (CEO), who manages the business within the limits and guidelines established by the Board. The division of responsibilities between the Board and CEO is set out in written terms of reference, which are adopted annually by the Board. On 1 August 2020, Mikael Stöhr, who had been the company's CEO since 2013, was succeeded by AnnaCarin Grandin.[1] The CEO appoints the executive management team, who together with the CEO are in charge of managing the company's day-to-day operations. This responsibility includes setting goals for the company's operational activities, allocating resources and monitoring performance as well as preparing proposals for investments, acquisitions and divestments in accordance with the Board's written instructions.

In 2020, the executive management team met 24 times in person or by video conference. Matters addressed included the impact of COVID-19 on the company, performance monitoring and forecasts, targets and target monitoring, the market situation, ongoing deals, the status of Group-wide projects, strategy work, recruitment and other important matters.

The Group also has an expanded management forum – the top management team – which consists of the executive management team and the country management teams. The Group's roughly 130 senior executives gather annually at a special forum (Management Days) to network, exchange experience, be inspired and discuss matters of common interest. It was not possible to organise this forum in 2020 due to COVID-19. Instead, various digital gatherings were arranged.

9. CRISIS MANAGEMENT TEAMS

Coor's continuity management and continuity planning are integrated into the company's regular management structure. In more extreme situations, the Group's crisis management teams (CCT, Coor Crisis Teams) are convened. The CCTs are organised as a Group crisis management team and national crisis management teams. During the past year, all crisis management teams were activated through frequent meetings during the initial phase of the pandemic. The focus has consistently been on the health and safety of Coor's employees and our customers' employees. Throughout the pandemic, commercial matters were handled in the company's regular management structure. In the second quarter of 2020, the crisis management teams were able to hand over full responsibility for COVID-19-related health and safety issues to the regular management structure.

10. EXTERNAL AUDITORS

The company's auditors are appointed by the AGM. At the 2020 AGM, Öhrlings PricewaterhouseCoopers AB (PwC), with Niklas Renström as auditor-in-charge, were re-elected to serve as the company's external auditors until the 2021 AGM. PwC have been Coor's auditors since 2004. Niklas Renström has been Coor's auditor-in-charge since 2018.

The external audit of Coor's financial statements is conducted in accordance with the Swedish Companies Act, the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The auditor is tasked with auditing the annual accounts, annual report and consolidated accounts as well as the Board of Directors' and executive management team's management of the company. The auditors also review the interim financial statements as at 30 September and the company's internal control.

[1] Mikael Stöhr stepped down as President, CEO and Director on 31 July 2020 and was succeeded as President and CEO by AnnaCarin Grandin.

ANNUAL CALENDAR 2020

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE

THE BOARD OF DIRECTORS

FEBRUARY
- Review of the Auditor's Report.
- Approval of Corporate Governance Report.
- Resolution on the proposed appropriation of retained earnings.
- Remuneration Committee's evaluation and application of the remuneration guidelines.
- Approval of year-end report.
- Review of risk assessment.
- Preparations for AGM.

MARCH
- Approval of annual report.

APRIL
- Approval of Q1 report.
- Resolution to withdraw proposed dividend and proposed LTIP 2020.
- Annual General Meeting.
- Inaugural Board meeting.

AUDIT COMMITTEE

FEBRUARY, Q4 MEETING
- Review of year-end report.
- Approval of Corporate Governance Report.
- External Auditor's Report.
- Governance, risk assessment and compliance.

APRIL, Q1 MEETING
- Review of Q1 report.
- Audit plan and fees for external auditors.
- Plan for internal control.
- Review of procedure for purchase of non-audit services.
- Review of treasury policy.
- Governance, risk assessment and compliance.

REMUNERATION COMMITTEE

MEETING IN FEBRUARY PRIOR TO FIRST BOARD MEETING OF THE YEAR
- Evaluation of remuneration guidelines and the application of the guidelines.
- Proposed LTIP 2020.

Evaluation of the Board and CEO

The annual evaluation of the Board, including the Board committees, took the form of an online questionnaire. The evaluation covered Board practices, and the composition and expertise of the Board, including the Directors' backgrounds, experience and diversity. The results of the evaluation were presented to the Nomination Committee and the Board of Directors.

The evaluation of the CEO was discussed at a Board meeting without the presence of management.

Auditors

Öhrlings PricewaterhouseCoopers AB (PwC)

Auditor-in-charge:
Niklas Renström

Other audit engagements:
Betsson AB, Note AB and Vitec Software Group AB

Environmental and quality auditors
Coor's business has been globally certified under the international ISO 45001-2018 occupational health and safety, ISO 14001-2015 environment and ISO 9001-2015 quality standards. This means that the business is audited twice a year by an independent party. Det Norske Veritas is in charge of the external audit with regard to compliance with the standards. The results of these audits are reported to the executive management team.

More information about this audit is presented in the section *Sustainability notes*.

JULY
- Approval of Q2 report.

OCTOBER
- Approval of strategy.

NOVEMBER
- Review of matters presented by the Audit Committee and of the Auditor's Report.
- Approval of Q3 report.

DECEMBER
- Approval of the budget and business plan.
- Remuneration Committee's evaluation and application of the remuneration guidelines.
- Proposed new remuneration guidelines.
- Board's evaluation of the CEO.
- Resolution on remuneration and other terms for the CEO.

JULY | AUGUST | SEPTEMBER | OCTOBER | NOVEMBER | DECEMBER

JULY, Q2 MEETING
- Review of Q2 report.

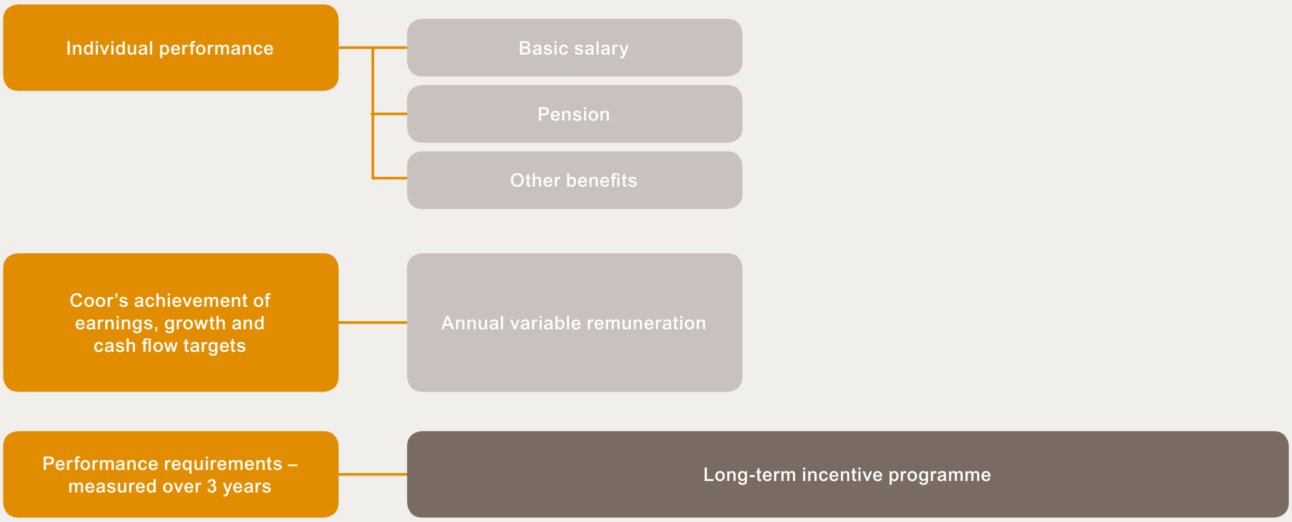
NOVEMBER, Q3 MEETING
- Review of Q3 report.
- Governance, risk assessment and compliance.
- Review of finance function.
- External Auditor's Report.
- Evaluation of external auditor.

DECEMBER
- Evaluation, monitoring and planning of internal control.
- Draft Corporate Governance Report.
- Matters relating to the annual accounts.
- Assessment and decision on the need for an internal audit function.
- Governance, risk assessment and compliance.

DECEMBER
- Evaluation of LTIP and the proposed new programme.
- Evaluation of the CEO and the proposal for remuneration and other terms for the CEO.
- Evaluation of senior executives and resolution on remuneration and other terms for senior executives.

PRINCIPLES OF REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

COOR'S REMUNERATION STRUCTURE



Directors' fees are set by the AGM based on the Nomination Committee's proposal. Additional fees are paid to the chairmen and members of Board committees.

The AGM also determines the principles of remuneration of senior executives in the Group. These guidelines state that the total remuneration must be market-based, competitive and reflect the individual's performance and responsibilities.

Matters relating to senior executives are prepared by the Board's Remuneration Committee, which also monitors and evaluates remuneration structures and levels on an ongoing basis.

For complete information on levels of remuneration and guidelines for remuneration, see *Note 7 Remuneration of senior executives* in the statutory annual report.

BASIC SALARY

Coor aims to ensure that members of the executive management team are paid a competitive market salary in the form of a fixed monthly salary. The basic salary is paid as remuneration for dedicated work performance at a high level that adds value for Coor's customers, shareholders and employees.

VARIABLE REMUNERATION

In addition to a basic salary, members of the executive management team are offered variable remuneration as well as a long-term incentive programme.

Annual variable remuneration

Annual variable remuneration is based on the achievement of Coor's targets for earnings, growth and cash flow. The remuneration is contingent on achievement of defined and measurable targets and is capped at 75 per cent of the fixed annual salary. In special cases, an agreement on non-recurring remuneration may be concluded. Such remuneration is capped at 25 per cent of the fixed annual salary.

Long-term share-based incentive programme (LTIP)

Coor's long-term incentive programmes (LTIP) are designed to increase and strengthen the company's ability to recruit and retain key individuals and to encourage participants to become long-term shareholders of Coor as a means of aligning the interests of participants and other shareholders. To participate in the programmes, participants are required to invest in Coor shares. The LTIP runs for three years and the outcome depends on the achievement of various performance requirements. Members of the executive management team also had the option, as part of LTIP 2018, to purchase call options.

For information on LTIP 2018 and 2019, see *Note 6 Employees and employee benefit expenses* and *Note 7 Remuneration of senior executives* in the *statutory annual report*. The proposed LTIP 2020 was withdrawn as a result of COVID-19.

RETIREMENT BENEFITS

Retirement benefits for senior executives must be defined contribution benefits. The CEO and other senior executives are covered by an ITP supplementary pension plan solution (or an equivalent solution in other countries). The retirement age is not specified contractually, but is governed by local rules in each country.

OTHER BENEFITS AND SEVERANCE PAY

Other benefits mainly consist of normal company car and healthcare programmes. The contracts of members of the executive management team are terminable on no more than six months' notice and provide for severance pay of no more than 18 months' fixed salary. No severance pay is paid in case of voluntary resignation.

The auditors are required to keep the Board updated on the planning, scope and content of the annual audit and to inform the Board of any services in addition to audit services that have been provided, the fees for such services and other circumstances that could affect the auditors' independence. To meet the Board's need for information and to ensure that all areas are addressed in a structured manner, Coor's auditors participate at the meetings of the Audit Committee and attend at least one Board meeting a year. On at least one occasion, the auditors meet the Board without the presence of management. The fees paid to the auditors for 2020 are presented in *Note 8 Audit fees* in the *statutory annual report*.

11. INTERNAL CONTROL AND RISK MANAGEMENT IN RESPECT OF FINANCIAL REPORTING

Coor's framework for internal control and risk management has been designed to ensure reliable financial reporting as well as compliance with laws and requirements which Coor as a listed company is required to follow.

Ultimate responsibility for internal control of financial reporting rests with Coor's Board of Directors. The Board has established an Audit Committee from among its members, which monitors issues relating to internal control of financial reporting in accordance with the committee's rules of procedure. The Audit Committee has tasked the Group finance function with developing and monitoring the company's internal control system for financial reporting.

Coor's internal control activities are based on the framework developed by COSO. Under this framework, internal control is viewed as consisting of a number of components – control environment, risk assessment, control activities, information and communication, and monitoring. These components are integrated and interact with each other to prevent and detect material misstatements in the financial statements.

The intention behind Coor's internal control framework is to create effective processes and integrate internal control in the company's day-to-day activities as far as possible.

1. Control environment

A good control environment is fundamental to the effectiveness of a company's internal control system. Coor's control environment is defined in governing documents in the form of policies, procedures and manuals, and is maintained through clearly defined and communicated lines of command, authorities and responsibilities in the organisation.

Coor has a control environment that is based on a well defined structure of responsibilities as well as regular reporting and monitoring of financial results by contract, business unit and country, from site level up to Group level.

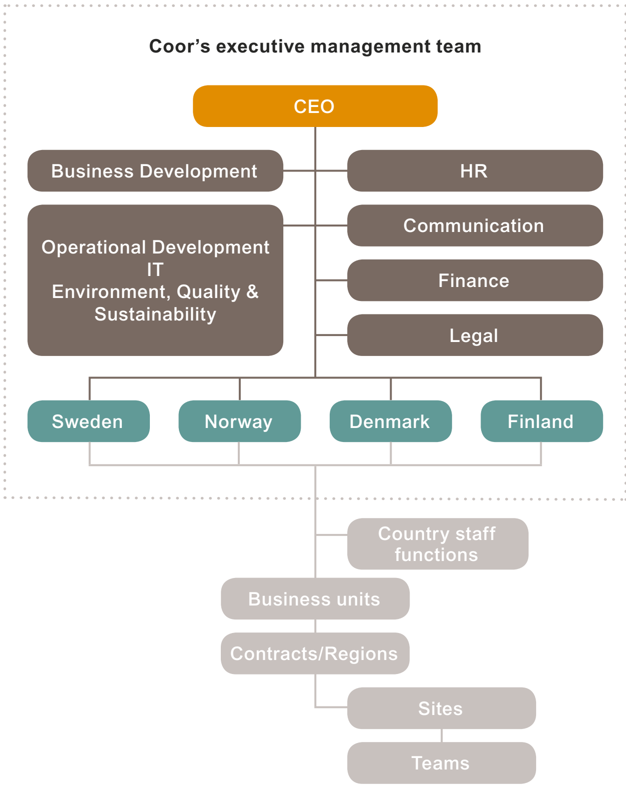
Coor has adopted a number of basic guidelines and policies which play an important role in maintaining an effective control environment. These include the Code of Conduct, guidelines for financial reporting and the authorisation instruction.

2. Risk assessment

Based on the overall risk assessment produced by the executive management team (see the section *Risks and risk management*), a detailed risk assessment of financial reporting is made to identify and evaluate material risks in the financial processes as well as the risk of irregularities and fraud.

The risk assessment of financial reporting takes account of materiality, complexity and the risk of fraud in various income statement and balance sheet items as well as the risk of misstatements in underlying processes. Clear process descriptions have been prepared for each process in which identified risks are linked to control activities. The process descriptions are subject to a thorough review once a year and are updated when new risks arise or disappear. The risk assessment is used as a basis for the control activities that are used to manage the risks. Risk assessments are carried out jointly by process owners, representatives from each country and Coor's Group finance function.

COOR'S CORPORATE GOVERNANCE STRUCTURE



3. Control activities

Based on the risks that have been identified in respect of financial reporting, control activities are designed to prevent and limit the identified risks and to help ensure correct and reliable financial reporting as well as process effectiveness.

In the various financial processes, Coor has identified a number of key controls which all large entities in the Group are required to apply. The key controls form part of the company's processes for accounting and financial reporting, and include reconciliation of balance sheet accounts, structured financial monitoring through standardised analytical controls at different levels of the organisation and automated integrated controls. All key controls are documented in a shared system, where the control activities are clearly described. The system enables clear traceability with controlled work flows for execution, approval and review of control activities.

In addition to the financial processes, IT is also included as a key area that has a significant impact on reliability in the financial processes. IT-related control activities include clear procedures for testing in connection with changes to key applications, regular monitoring of access rights to important systems as well as controls for ensuring correct transfers between pre-systems and accounting information systems.

4. Information and communication

To ensure that all employees in the organisation are able to fulfil their responsibility for internal governance and control, it is essential that they be aware of, and have access to, important internal governance instruments. A key element of internal control is therefore to ensure that important governance documents are kept up to date and are accessible to all employees on the Group's intranet, and that changes and updates are clearly communicated.

To ensure that the executive management team and the Board of Directors receive important information from the employees, Coor has established formal as well as informal information channels. These include a whistleblower function through which employees can report suspected irregularities.

For communication with external parties, there is a communication and IR policy which sets out guidelines for this communication and ensures that the Group meets the requirements for regular disclosure of correct information in the form of annual reports, interim reports, press releases and notices on the company's website, www.coor.com.

5. Monitoring

Monitoring of internal control is a part of Coor's natural improvement activities and is carried out to ensure that the Group's internal governance and control remain relevant and effective.

The Group's financial situation and financial strategies and objectives are discussed at every Board meeting. Between meetings, the Board also receives monthly reports on Coor's financial performance. The Board has tasked the Audit Committee with ensuring that the company's internal control system for financial reporting is monitored and evaluated. The Audit Committee is also charged with monitoring the quality of the Group's internal control system and ensuring that any issues and proposed measures identified in the external audit are addressed. Each year, the Group's external auditors review the Group's internal control system and report their observations in a report to management and the Audit Committee. The Audit Committee then reports to the Board at the following Board meeting.

The Audit Committee has tasked the Group finance function with developing and monitoring the company's internal control system for financial reporting. This is done proactively by continually analysing and updating the Group's internal control framework and by assessing the effectiveness of the internal control system. A key instrument for monitoring internal control is the self-assessment that is carried out annually in the Group. The purpose of the self-assessment is to ensure that all control activities have been carried out in a satisfactory manner, and to identify potential improvements in the framework. Internal control is monitored on a country and process basis. In addition to the self-assessment, the Group's finance function also reviews the Group's financial processes according to a rolling schedule. Conclusions and proposed improvements are reported to each country and process owner.

A summarised report on internal control is submitted to the Group's Audit Committee and to the Group's external auditors.

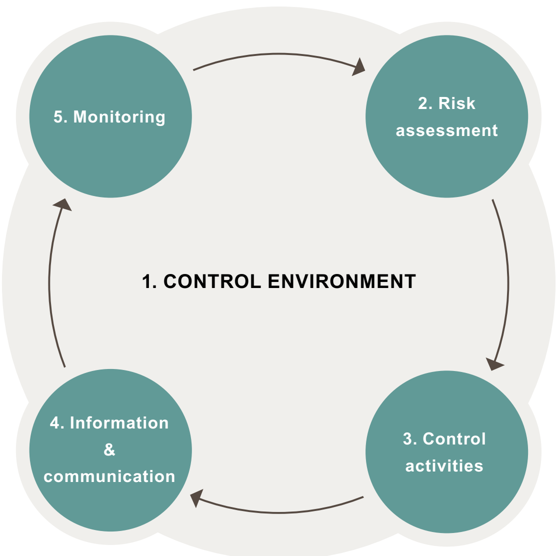
INTERNAL AUDITING

In accordance with the Swedish Corporate Governance Code, the Board of Directors has assessed the need for a separate internal audit function. In view of the size of the Group, the Board's current assessment is that there is no need to establish a separate internal audit function. The internal audit activities have been carried out as part of the Group's finance function. The need for an internal audit function is reviewed annually.

INTERNAL GOVERNANCE AND CONTROL AT COOR

Internal control is an integral part of Coor's day-to-day activities, and continuous efforts are made to improve internal control and minimise risks in financial processes. Through continuous monitoring, evaluation and updating of control activities, Coor creates an effective system of internal control. Internal control activities are conducted in the same way in all of Coor's main countries of operation.

Financial processes
- Financial close
- Tax
- Revenue and Receivables
- Purchase and Payables
- Payroll
- Investments
- IT/IT security



1. Control environment
- Governing policies, instructions and manuals.
- Defined and communicated lines of command, levels of authority and areas of responsibility.

2. Risk assessment
- Review of income statement and balance sheet items with regard to materiality, complexity and the risk of fraud.
- Process descriptions connect risks in underlying processes with control activities.

3. Control activities
- Control matrix – overview of risks and control activities for all processes.
- Structure and classification – a common system with clear traceability for the execution and monitoring of control activities.

4. Information and communication
- Updated and clearly communicated policies, instructions and manuals.
- Whistleblower function.
- Communication with external stakeholders through press releases, financial reports and other publications.

5. Monitoring
- Self-assessment – the company assesses how well it is living up to the requirements of the internal control framework.
- The Group's review of key controls in all processes according to a rolling schedule.
- Reporting of conclusions and suggested actions to process owners, management and the Audit Committee.

AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

To the shareholders' meeting of Coor Service Management Holding AB, corp. ID no. 556742-0806

Engagement and division of responsibility
Responsibility for the Corporate Governance Report for 2020 on pages 98–106 and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act rests with the Board of Directors.

Scope and focus of review
Our review has been conducted in accordance with Statement RevR 16 *The Auditor's Review of the Corporate Governance Report* issued by FAR, the professional institute for accountants in Sweden. Our review of the Corporate Governance Report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe this review gives us a sufficient basis for our opinion.

Opinion
A corporate governance report has been prepared. Disclosures pursuant to Ch. 6 § 6 second para. items 2–6 of the Annual Accounts Act and Ch. 7 § 31 second para. of the same Act are consistent with the annual report and consolidated financial statements and comply with the Annual Accounts Act.

Stockholm, 19 March 2021
Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM
Authorised Public Accountant

BOARD OF DIRECTORS

MATS GRANRYD

Director since 2016 and Chairman of the Board since 2017. Chairman of the Project Committee and Remuneration Committee. Independent of the company and management and of the company's major shareholders.

BORN: 1962

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

PROFESSIONAL EXPERIENCE:

CEO of Tele 2. Various senior positions at Ericsson.

OTHER CURRENT DIRECTORSHIPS: CEO and Director of GSMA. Director of Vattenfall.

SHAREHOLDING AT CLOSING DATE: 30,000 shares.

ANDERS EHRLING

Director since 2017 and member of the Project Committee and Audit Committee. Independent of the company and management and of the company's major shareholders.

BORN: 1959

EDUCATION: M.Sc. in Economics and Business, Stockholm School of Economics.

PROFESSIONAL EXPERIENCE: President and CEO of BRA – Braathens Regional Airlines and of Scandic Hotels. Senior positions at SAS, including CEO of SAS Sverige AB.

OTHER CURRENT DIRECTORSHIPS: Chairman of Keolis Sverige AB. Director of Systembolaget, Parks & Resorts Scandinavia AB and Dreamtroopers AB.

SHAREHOLDING AT CLOSING DATE: 10,000 shares.

MATS JÖNSSON

Director since 2000 and member of the Project Committee. Independent of the company and management and of the company's major shareholders.

BORN: 1957

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

PROFESSIONAL EXPERIENCE: President and CEO of Coor Service Management. Various positions at Skanska, including President and CEO of Skanska Services. CEO of Monberg & Thorsen A/S.

OTHER CURRENT DIRECTORSHIPS:
Chairman of Tengbomgruppen AB and Lekolar. Director of NCC AB, Bonava and Assemblin.

SHAREHOLDING AT CLOSING DATE: 329,155 shares.

MONICA LINDSTEDT

Director since 2015 and member of the Remuneration Committee. Independent of the company and management and of the company's major shareholders.

BORN: 1953

EDUCATION: M.Sc. and Ph.D. in Business Administration, Stockholm School of Economics.

PROFESSIONAL EXPERIENCE: CEO and founder of Hemfrid i Sverige AB and co-founder of Tidnings AB Metro. CEO of local newspaper Folket i Eskilstuna, Bonniers Fackpressförlag, Eductus AB and Previa AB.

OTHER CURRENT DIRECTORSHIPS: Chairman of Hemfrid i Sverige AB. Director of Apotea AB, Studieförbundet Näringsliv och Samhälle, the German-Swedish Chamber of Commerce and Sveriges Television AB.

SHAREHOLDING AT CLOSING DATE: 10,000 shares.

KRISTINA SCHAUMAN

Director since 2015. Chairman of the Audit Committee and member of the Remuneration Committee. Independent of the company and management and of the company's major shareholders.

BORN: 1965

EDUCATION: M.Sc. in Economics and Business, Stockholm School of Economics.

PROFESSIONAL EXPERIENCE: Founder of the consulting firm Calea AB. CFO of Apoteket AB, Carnegie Group and OMX AB. Group Treasurer, OMX AB. Vice President, Corporate Finance and Group Treasurer at Investor AB.

OTHER CURRENT DIRECTORSHIPS: CEO and Director of Calea AB. Director of BEWi ASA, BillerudKorsnäs AB, Diaverum AB, Nordic Entertainment Group AB and ÅF Pöyry AB.

SHAREHOLDING AT CLOSING DATE: 15,000 shares.

HEIDI SKAARET

Director since 2016 and member of the Audit Committee. Independent of the company and management and of the company's major shareholders.

BORN: 1961

EDUCATION: MBA, University of Washington, USA.

PROFESSIONAL EXPERIENCE: CEO of Lindorff AS and IKANO Bank Norge. Senior Vice President of DNB ASA. Director of Storebrand ASA.

OTHER CURRENT DIRECTORSHIPS: Chief Operating Officer of Storebrand ASA. Chairman of Storebrand Bank ASA and Storebrand Forsikring AS.

SHAREHOLDING AT CLOSING DATE: 0 shares.

EMPLOYEE REPRESENTATIVES

GLENN EVANS

Director since 2013.

BORN: 1959

Employee representative.

LINUS JOHANSSON

Director since 2018.

BORN: 1989

Employee representative.

RIKARD MILDE

Director since 2019.

BORN: 1967

Employee representative.

EXECUTIVE MANAGEMENT TEAM

ANNACARIN GRANDIN

President and CEO since 2020.

BORN: 1967

EDUCATION: M.Sc. in Economics and Business, Stockholm University/Univerity of Gävle/Sandviken.

PROFESSIONAL EXPERIENCE: Several roles at Coor, including President of Coor Sweden and Norway, Veolia (formerly Dalkia) and the Swedish Association of Local Authorities and Regions (SKL).

SHAREHOLDING AT CLOSING DATE: 34,704 shares and 27,500 call options.

KLAS ELMBERG

CFO and IR Director since 2019.

BORN: 1974

EDUCATION: M.Sc. in International Business and Trade, Gothenburg School of Business and Law.

PROFESSIONAL EXPERIENCE: Several roles at Coor, including Vice President and CFO of Coor Sweden, President of Coor Norway and Head of Business Unit at Coor Sweden. Management Consultant, Accenture. Controller, Saab Automobile.

SHAREHOLDING AT CLOSING DATE: 20,268 shares and 27,500 call options.

MARCUS KARSTEN

President of Coor in Finland since 2018.

BORN: 1966

EDUCATION: M.Sc. in Business Administration and Economics, Åbo Akademi University.

PROFESSIONAL EXPERIENCE: CEO of Bravida Finland, CEO of Lemminkäinen Talotekniikka, CEO of Tekmanni Service, Head of Business Unit Siemens.

OTHER CURRENT DIRECTORSHIPS: Director of Oy Hedengren Ab and the Finnish Handball Association.

SHAREHOLDING AT CLOSING DATE: 5,500 shares and 27,500 call options.

JENS EBBE RASMUSSEN

Senior Vice President, Business Development & Sales since 2009.

BORN: 1968

EDUCATION: M.Sc. in Business Administration and Economics, Lund University. Finance, École supérieure de commerce de Paris. Cadet, Land Warfare Centre, Skövde.

PROFESSIONAL EXPERIENCE: Management Consultant, McKinsey & Company. Fixed Income Department, Unibank Markets (Nordea). Consultant/External Advisor, Fruktbudet.

SHAREHOLDING AT CLOSING DATE: 61,213 shares.

ERIK STRÜMPEL

Chief Legal Counsel since 2006.

BORN: 1970

EDUCATION: LL.M., Lund University. IFL Executive Education, Stockholm School of Economics.

PROFESSIONAL EXPERIENCE: Solicitor, Linklaters Law Firm. Judicial Clerk, Handen District Court.

SHAREHOLDING AT CLOSING DATE: 10,750 shares and 27,500 call options.

HELENA SÖDERBERG

HR Director since 2020.

BORN: 1967

EDUCATION: B.Sc. in Human Resource Management and Working Life, Uppsala University.

PROFESSIONAL EXPERIENCE: HR Director, JM. HR Director, Alstom and various HR positions at Skanska.

SHAREHOLDING AT CLOSING DATE: 0 shares.

NIKOLAI UTHEIM

President of Coor in Norway since 2016.

BORN: 1975

EDUCATION: M.Sc. in Economics and Business with a major in Finance, Norwegian School of Management (BI) and Copenhagen Business School.

PROFESSIONAL EXPERIENCE: PwC, transaction-related work, Statoil Norge AS, Chief Controlling and Strategy Projects, Deputy CFO.

SHAREHOLDING AT CLOSING DATE: 8,000 shares and 27,500 call options.

JØRGEN UTZON

President of Coor in Denmark since 2001.

BORN: 1961

EDUCATION: M.Sc. in Business Administration, Copenhagen Business School. Executive Programme, International Institute for Management Development, Lausanne.

PROFESSIONAL EXPERIENCE: CEO, Strax Nordic, Logistics Manager and Service Director, Xerox Denmark. Various management functions, Rockwool.

OTHER CURRENT DIRECTORSHIPS: Member of the Executive Committee of the Confederation of Danish Industry (DI), Chairman of DI Service (Confederation of Danish Industry). Director of Nordomatic AB and Nordomatic A/S.

SHAREHOLDING AT CLOSING DATE: 50,000 shares.

RIKARD WANNERHOLT

Senior Vice President Operations since 2013.

BORN: 1962

EDUCATION: M.Sc. in Economics and Business, Lund University. Advanced Management Programme, Stockholm School of Economics. International Executive Programme, IESE Business School, Navarra, Barcelona.

PROFESSIONAL EXPERIENCE: CEO, Sun Microsystems Sweden. President and CEO, Addici. Executive Vice President, EDB Business Partner.

SHAREHOLDING AT CLOSING DATE: 22,746 shares and 27,500 call options.

MAGNUS WIKSTRÖM

President of Coor in Sweden since 2020.

BORN: 1965

EDUCATION: M.Sc. in Civil Engineering, KTH Royal Institute of Technology in Stockholm.

PROFESSIONAL EXPERIENCE: Several roles at Coor, including Vice President of Coor in Denmark, Skanska AB and Cap Gemini Sverige AB.

SHAREHOLDING AT CLOSING DATE: 18,696 shares.

MAGDALENA ÖHRN

Communications Director since 2018.

BORN: 1966

EDUCATION: B.Sc. in Information Science, Uppsala University, and the Poppius School of Journalism.

PROFESSIONAL EXPERIENCE: Director of Communications, Ving, Head of Department, Account Manager and other roles at Prime PR, Project Manager, Rikta kommunikation, Public Relations Manager, TV3.

SHAREHOLDING AT CLOSING DATE: 1,500 shares and 10,000 call options.

– SUSTAINABILITY NOTES –

SUSTAINABILITY NOTES

Coor's ambition is to run a sound business in a sustainable manner. This ambition extends across the whole value chain, from supplier to end customer.

SUSTAINABILITY GOVERNANCE AND MATERIALITY

Coor's framework for sustainability work consists of the Group's sustainability policy, Code of Conduct and values/guiding principles. Overall responsibility for the company's sustainability governance rests with Coor's CEO and executive management team. In the executive management team, designated individuals are responsible for the strategic development of each sustainability dimension. The CFO is in charge of the business dimension, the HR Director of the social dimension, which includes diversity and inclusion, and the Senior Vice President Operations Development, of the environmental dimension. Reporting directly to the executive management team is the Sustainability Management team (SuMT), which is in charge of managing and monitoring the company's sustainability activities. Through a central governance model and a sustainability organisation that implements the initiatives, we ensure that sustainability issues are integrated in all of Coor's activities. Coor's sustainability activities are led by the Group Head of Sustainability with support from the Sustainability/HSEQ Managers in the Nordic countries.

Coor manages health, safety and environment issues nationally, as regulations and practices differ from one country to another. The Group's sustainability network, Sustainability Council, operates cross-functionally between the company's operating units. The purpose of the network is to promote uniform practices and drive joint development activities as well as to exchange experiences between the businesses. As stated in the Corporate Governance Report, the Board of Directors regularly discusses the strategic focus for sustainability. The Board defines the framework for Coor's sustainability activities, which are directed by the executive management team and the SuMT.

MONITORING OF SUSTAINABILITY ACTIVITIES AND CERTIFICATIONS

To ensure a high-quality and environmentally friendly delivery in a safe and secure work environment, all Coor businesses have been certified under the ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 standards. The activities are monitored continually through external and internal audits. The external audits are conducted by DNV GL, which in its 2020 report summed up positive indications regarding Coor's handling of situations caused by the pandemic during the year. Business continuity and crisis management during the pandemic were handled proficiently. The audits also showed that Coor was handling interim agreements and responding to its customers' needs and expectations in a very good way. In general, Coor's systematic approach to dealing with the pandemic is effective.

The basis is the clear and strong commitment of top management and Coor's managers. Internal control and legal compliance activities are monitored regularly through internal audits and reported through the management review. Coor's management system is considered to be well implemented in the business and the company has a forward-looking attitude to business intelligence, covering areas such as technological development, stakeholder requirements, improvement work and information security.

In its management system, Coor has gathered Group policies which provide guidance on decisions in areas such as sustainability, risk management, communication, IT and purchasing. New employees are informed about Coor's sustainability policy and revisions to the policy are communicated.

SUSTAINABILITY GOVERNANCE AT COOR IN 2020

EXECUTIVE MANAGEMENT TEAM

Sustainability management team
- Head of Sustainability [1]
- Senior Vice President Operations Development
- CFO and IR Director
- Director of Communications
- HR Director
- Chief Legal Counsel and Risk Manager
- Business representative
- Sustainability Managers [1]

Employees, health and social responsibility
- HR Director
- HR Managers in the Nordic countries

Health, safety, environment and quality
- Head of Sustainability [1]
- Sustainability/HSEQ Managers [2] in the Nordic countries

[1] Not a member of the executive management team
[2] HSEQ is short for health, safety, environment and quality

EXTERNAL INITIATIVES, MEMBERSHIP OF ASSOCIATIONS

Coor's sustainability management activities are guided by the following international agreements:

- The principles of the UN Global Compact.
- The UN Universal Declaration of Human Rights.
- The ILO core conventions on labour rights.
- The OECD Anti-Bribery Convention.

In addition to these, Coor adheres to the principles of the Swedish Corporate Governance Code, including the gender equality principles set forth therein.

Coor is also active in a number of organisations:

- SWERMA
- IFMA
- SÄKU
- NMC
- Ignite Sweden
- PropTech Denmark

Information on the Sustainability Report

Coor Service Management Holding AB (corp. ID no. 556742-0806), with its registered office in Stockholm, publishes an annual Sustainability Report which describes the company's activities from a sustainability perspective. The report covers all Group companies. This report refers to the year 2020 and is published together with the annual report. The data presented follows relevant reporting and consolidation principles for financial reporting.

The Sustainability Report has been prepared in accordance with the GRI Standards guidelines (Global Reporting Initiative), GRI-referenced. This means that the content of the Sustainability Report reflects those issues which the company and its stakeholders have deemed to be most material. Coor's statutory sustainability report is submitted by the Board but does not form part of the formal annual report documents. The sustainability report prescribed by the Swedish Annual Accounts Act comprises the following pages: 12–19, 24–37, 56–57, 99 and 112–123. The report has been reviewed by Coor's auditors, whose opinion is presented at the end of the report.

COMMUNICATION WITH TARGET GROUPS

Coor's communication is marked by transparency and objectivity. The goal is to build good and trusting relationships with the company's employees, customers and owners. Other target groups for Coor's communication are suppliers, trade unions, authorities and interest groups.

Coor continuously identifies those issues that are most important in its communication with its various target groups. The most important issues in 2020 were health and safety, social responsibility, flexibility and risk management, all of which are directly linked to the pandemic. Climate impact, supplier control and control of compliance also remained high on the agenda. Personal meetings are crucial to Coor's communication, and this year these mainly took the form of digital meetings, which worked very well. Personal meetings are supplemented by a number of other channels. Coor conducts regular surveys to measure metrics such as the company's communications, the principal surveys being Coor's annual customer and employee surveys.

At Coor, responsibility for communication with a particular target group is decentralised to the person who knows most about the group, and this is clearly defined in the company's communication policy.

OPERATIONAL TARGETS

To ensure a clear link between the materiality analysis and performance, operational targets are linked to each focus area. The targets are defined by the executive management team and monitored based on Coor's process for management by objectives. Based on the business plan, internal operational targets are defined for a three-year period. Action plans for achieving the targets are followed up through Actio. Actio is the Group's mandatory system for goal-oriented activities and action plans in all sustainability related areas as well as for deviations and reporting of risk observations, incidents and workplace injuries.

IMPROVED TARGET MONITORING

Coor's Strategy 2025 states that our sustainability must be integrated in all aspects of our organisation. Coor's customers and investors demand continuous monitoring of Coor's achievement of its targets and of how Coor is helping to build a sustainable society.

In 2020, the Triple Bottom Line Follow-Up project was initiated, where we review already established follow-up processes and establish reporting principles for monitoring key performance indicators in our social and environmental focus areas with the same accuracy as for financial metrics.

The purpose of the project is to ensure transparency and traceability for the company's strategic goals and KPIs and to enable access to relevant and updated data in order to steer the business towards our vision of a truly sustainable company.

– SUSTAINABILITY NOTES –

Stakeholder group	How we engage in dialogue	Key issues	How we address the issues
Employees	• Performance reviews • Regular workplace meetings • Training activities • Employee surveys • Management meetings • Liaison meetings • Improvement meetings (Actio)	• Work environment, health and safety • Equal treatment: diversity and safety • Corporate culture and ethics • Fair pay • Development opportunities • Motivated employees	• Training in the Code of Conduct, introduction course for new employees and skills development programmes • Certification under the ISO 45001:2018 occupational health and safety management standard • Liaison with trade union representatives, including business council meetings, liaison meetings and health and safety committee meetings • Salary reviews • Management review
Customers	• Ongoing engagement with customers through defined channels (defined for each customer) • Customer visits, customer meetings • Delivery monitoring • Customer and market surveys • Website, social media	• Work environment, health and safety • Customer insight • Environmental impact, environmental labelling, energy efficiencies, resource efficiency, chemicals use • Monitoring of compliance • Quality • Innovation/improvement • Relationship	• Individual suggestions for improvements • Delivery monitoring • Supplier control • Green advice, including energy efficiencies • Monitoring of suppliers' compliance with the Code of Conduct • Product lifecycle analyses
Potential customers	• Market dialogue • Visits, meetings • Market events • Market surveys • Website, social media • Annual, interim and sustainability reports	• Service requirements and service level • Keeping it simple • Corporate culture and ethics • Motivated employees • Health and safety • Environmental impact • Monitoring of compliance • Quality • Innovation/improvement • Relationship	• Quality reviews • Active development of management systems and certifications under ISO 9001, 14001 and 45001 • The UN Sustainable Development Goals (SDGs) as a framework
Investors and analysts	• General meetings of shareholders • Open analyst meetings in connection with interim reports • Analyst and investor meetings in smaller forums	• Integrated and strategic sustainability management • Long-term profitable growth and strong cash flows • Total return • Responsible behaviour in the value chain	• Clear Nordic strategy • Strong, local business acumen, clear financial control and a focus on efficiency • Strong customer relationships
Suppliers	• Ongoing supplier engagement • Supplier monitoring • Digital monitoring tools • Supplier controls	• Market terms • Corporate culture and business ethics • Work environment, health and safety • Equal treatment: diversity and safety • Innovation/improvement	• Monitoring of suppliers' compliance with the Code of Conduct • Audits • Risk assessment process for purchases
Trade unions	• Major trade unions are represented on the Board • Forum for meetings with major unions centrally • Local meetings with local unions	• Labour law issues in accordance with the Co-determination Act (and equivalent laws outside Sweden) • Compliance • Work environment, health and safety	• Health and safety inspections with participants from the employers' association, health and safety officers, trade union representatives • Staff training • Risk and incident reporting • Preventive measures • Monitoring of compliance • Internal and external audits
Authorities	• Structured monitoring • Specialist networks • Meetings • Internal and external audits	• Laws, regulations and rules • Compliance	• Quality reviews • Certification under the ISO 9001, 14001 and 45001 standards
Stakeholder organisations and specialist networks, e.g. SWERMA, IFMA, SÄKU, NMC	• Active membership through participation in forums and initiatives	• Relevant specialist issues • Exchange of experience • Good practical examples	• Membership and engagement in organisations

MATERIALITY

AVERAGE		HIGH
• Diversity • Social responsibility • Renewable and efficient resource management	• Risk and crisis management • Training • Supplier controls and compliance monitoring • Quality and delivery monitoring • Anti-corruption and compliance • Energy and emissions	• Health and safety • Price – quality • Customer service and customer relations • Financial performance • Employee engagement

The above table shows which sustainability areas are most important for Coor as a company based on a stakeholder dialogue and materiality analysis.

Materiality analysis

Sustainable business is about taking long-term responsibility for the activities in which you are engaged. The overall objective is to ensure that the business is successful and generates the highest possible economic return, without compromising on respect for human beings or the environment. Based on its materiality analysis, Coor annually reviews its chosen focus areas and long-term ambitions.

Coor's materiality analysis is based on stakeholders, risks and opportunities, type of business and the company's significant environmental impact. Material areas for Coor are presented as focus areas in a triple bottom line framework. A materiality analysis is performed annually in accordance with the annual plan.

BUSINESS RESPONSIBILITY

Financial performance

Coor's stakeholders must be able to feel confident that the company will grow profitably over time. A key factor for profitability is Coor's ability to attract new customers and employees, sign clear contracts and monitor its activities in a systematic manner. Maintaining customer relationships and retaining satisfied customers over time are crucial to achieving stable and profitable growth. Coor works proactively to develop its service offering and continuously proposes improvements to its customers.

In 2020, 6,490 (7,265) suggestions for improvement were made, of which 4,288 (4,838) were implemented at the customers' premises.

Customer relationships

Every year, Coor conducts a survey among its customers with the aim of monitoring its performance as a service provider. Coor's customer satisfaction has remained stable at a high level, with a score of 70 in 2020. This is an increase on the year before (68). Coor Sweden and Finland both scored 71, closely followed by Denmark and Norway with 69. In Denmark, this was an increase compared with previous years while Norway, Sweden and Finland have remained stable. The results provide valuable input for the future, with regard to the development of Coor's relationships with its customers as well as its internal development as a company.

Human rights

The equal value of all human beings is a fundamental value that governs all of Coor's activities. This value is integrated into the company's Code of Conduct and into relevant processes.

Information security

IT security and information security remained a key focus area in 2020, which saw an increased threat level and changed work habits. Building on previous years' efforts to modernise its platforms for equipment, communication and collaboration tools, Coor successfully managed the transition to remote working for large parts of its digital work while maintaining the same high level of security. Existing security solutions have been further strengthened and supplemented with new features such as network filters for malicious code.

Business sustainability	Result 2020	Result 2019	Result 2018
Net sales, SEK million	9,591	10,313	9,489
Adjusted EBITA margin, % [1]	5.8	5.3	5.2
Cash conversion, % [2]	108	104	80
Taxes paid, SEK billion [3]	3.2	3.1	2.9

[1] For the definition, see the section *Definitions*.
[2] For the definition, see the section *Definitions*.
[3] Refers to all taxes (corporate tax, VAT and employee-related taxes) paid to tax authorities in each year.

Customer satisfaction	Result 2020	Result 2019	Result 2018
Number of registered and implemented improvement initiatives [1]	6,490	7,265	7,676
Customer survey score [2]	70	68	68
Percentage of customer contracts extended [3]	92	93	91
Contractual loyalty in respect of purchases, annual average, % [4]	81	81	82

[1] Number of implemented suggestions for improvement, as registered in Coor's IT-based Actio system.
[2] Each year, Coor conducts a comprehensive customer survey with the help of an external research firm.
[3] The customer retention rate is commented on in the section *Coor as an investment* and in *the Directors' Report*.
[4] Percentage of purchases from central and local framework suppliers.

With the help of external control experts, security settings have been assessed and improved. New, additional safety assessments will also be made in 2021 and going forward, and will help us to prioritise the right measures. Blackmail attacks on other companies and authorities in 2020 have also influenced the agenda for risk minimisation for Coor in the area of information security. Information campaigns, improved surveillance, stricter e-mail rules and incident exercises are some of the actions that have been and continue to be taken.

Purchasing and supplier collaboration

Coor's main purchases consist of services and products in property services, cleaning and food & beverages. The company's efforts to promote a sustainable chain of suppliers centre on ensuring compliance with the Code of Conduct and the applicable contract terms. We have a long-term approach to building sustainable supplier relationships.

Code of Conduct for Suppliers

Since 2014, Coor has been working actively on a Code of Conduct for Suppliers, 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. Coor takes a systematic approach to risk management and applies a model for assessing risk in different purchasing categories. The categories are classified based on a risk perspective in which the commercial risk is weighed up together with the risks identified in the Code of Conduct: human rights, labour standards, working conditions, environment and anti-corruption. The higher the risk posed by a category, the more stringent the controls that are required before a contract is signed and during the contract term.

Monitoring process

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

The supplier evaluation takes the form of a questionnaire in which the supplier answers questions regarding its compliance with Coor's Code of Conduct and submits supporting documentation in the form of governing documents or other evidence. In 2020, 26 evaluations were carried out. The supplier audits are carried out either on site at the supplier's premises or digitally. The auditors monitor compliance by interviewing staff, reviewing documents and, where possible, inspecting the work environment. In 2020, we quickly had to switch to conducting most audits digitally as the pandemic put an end to travel and personal meetings. During the year, Coor conducted 23 audits with the support of the company's internal auditors or a third party.

SOCIAL RESPONSIBILITY

Coor's employees work continuously to improve the company's service delivery to customers. But for the employees to be able to do a good job, it is important that they in turn feel that they are seen and appreciated. We refer to Coor's efforts to build employee engagement as Passion for People.

Continuous skills development

Coor strives to be the most attractive employer in the Nordic FM industry, and in order to succeed in this ambition our employees need to continuously be given opportunities to develop. Employees are therefore given an individual development plan that is prepared at the annual performance review with their manager.

The past year was a challenging year as a result of COVID-19. Our managers and leaders were put under a lot of pressure to find good ways of leading remotely. To help its managers rise to the challenge, Coor conducted a number of webinars with themes linked to remote leadership, such as "Human needs in a digital world".

Models of success

Coor's success models clearly define what each employee's highest-priority tasks and goals are, depending on whether they are a service employee, specialist or leader. The models are based on Coor's goals for the business and the company's three guiding principles: We see further, We listen and We create success.

Internal training programmes

Coor has several internal training programmes, including Coor Service School for service personnel and Coor Business School for managers and specialists. During the year, we produced targeted training programmes for first-line managers to ensure that they have the best possible knowledge and skills for leading their employees and delivering the best possible service. A "First Line Manager Training – Property" course has been conducted and work is under way on producing a training course for cleaning managers.

One training programme aimed at all employees is Star-Class Service, which is about service skills and how to interact with people. In 2020, 272 (743) employees took part in Coor Service School, 66 (87) managers and specialists took part in Coor Business School and 103 (351) employees participated in Star-Class Service. The decrease in the number of people receiving training in 2020 is directly linked to the pandemic, which significantly curtailed opportunities for in-person training. In the second half of 2020, efforts were made to create the right conditions for digital training. Star-Class Service was first out with an initial round of training toward year-end. Planning is also under way to make Coor Service School available digitally. Coor Business School, Coor's training programme for managers and specialists, will resume once physical meetings are permitted again. Coor also has local and service-specific training programmes for specific categories of employees or assignments.

Code of Conduct for Employees

Coor's business ethics principles are set forth in a Code of Conduct, which provides guidance for employees in their daily work. The Code of Conduct is stricter than the applicable legislation and covers the whole of Coor. Among other matters, the Code describes how Coor and the company's employees should work to prevent corruption, conflicts of interest and discrimination. At the annual employee performance reviews, the manager is required to discuss the content of the Code. Coor also offers a web-based course on the Code of Conduct that all employees can complete. New employees take the course in connection with their introduction. The Code of Conduct is available on Coor's intranet and website.

Monitoring of compliance with the Code of Conduct	Result 2020	Result 2019	Result 2018
Number of reported and investigated cases of suspected breaches of the Code of Conduct [1]	7	9	16

[1] Cases reported through Coor's whistleblower system, where employees, suppliers and customers can anonymously report suspected breaches of Coor's Code of Conduct for suppliers and employees.

NEW CONCEPT ENSURES SUSTAINABLE CONTRACTS

During the year, Coor developed a completely new concept based on contract templates. The concept will ensure that Coor enters into good and sustainable supplier contracts that support the company's long-term ambition.

It was developed by Coor's purchasing department in collaboration with representatives from the company's legal, IT and information security, and sustainability teams. In addition to an update of the framework agreement, new general purchasing conditions were also developed, which can be adapted to the various purchasing categories. This ensures that relevant requirements are specified in each area, which can be followed up in a professional manner throughout the term of the contract.

HIGHLIGHTING SUSTAINABILITY REQUIREMENTS

There is now also a completely new appendix describing the sustainability requirements that apply to all Coor suppliers. These requirements were previously included in the contract, but separating them and creating a specific appendix setting forth the requirements and expectations is a way of emphasising them.

"The new sustainability requirements reflect our goal of becoming 'truly sustainable' as well as reflecting our customers' and suppliers' expectations," Hanna Cedervall, Group Sustainability Manager, says.

INCREASED INFORMATION SECURITY REQUIREMENTS

Over the past few years, Coor has been working intensively on information security and now an information security appendix is also included in Coor's contracts with suppliers.

The enhanced requirements are mandatory for Coor's framework agreement suppliers.

"Our customers expect ever higher standards of information security and we ourselves are also focusing on protecting our own information assets. Our suppliers' ability to meet these expectations plays a crucial role, and this is clarified in the new appendix," says Jonas Blombäck, Chief Information Security Officer.

Sections of the new contracts are published on Coor's website, such as General Purchasing Conditions, Sustainability Requirements for Suppliers and Information Security.

Read more here: https://www.coor.com/for-suppliers/

Employees 2020 (2019)	Total, Group	Group functions	Sweden	Norway	Denmark	Finland
Total number of employees, FTE [1]	9,029 (9,296)	114 (114)	4,452 (4,591)	1,460 (1,483)	2,098 (2,163)	905 (945)
Number of employees, HC	11,230 (11,395)	115 (115)	4,791 (4,941)	1,666 (1,680)	3,656 (3,610)	1,009 (1,049)
Share of managers, %	7.8 (7.8)	25 (27)	7.4 (6.9)	12.4 (11.5)	5.2 (6.8)	8.2 (7.7)
Average age, total	43 (43)	43 (44)	43 (43)	45 (44)	43 (43)	42 (40)

[1] Number of employees (FTE) refers to the number of employees on a full-time equivalent basis. The figure includes permanent and fixed-term employees. Employees without a guaranteed number of working hours are not included.

Staff turnover 2020 (2019)	Total, Group	Group functions	Sweden	Norway	Denmark	Finland
Total staff turnover, %	12.1 (14.1)	10.3 (7.9)	8.0 (11.6)	9.1 (9.6)	15.9 (16.5)	22.9 (24.3)
… of which voluntary resignation, %	11.3 (13.6)	7.8 (7.0)	7.0 (10.8)	8.1 (9.3)	15.6 (16.2)	22.1 (23.9)
… of which retirement, %	0.8 (0.5)	0.5 (0.9)	1.0 (0.8)	1.0 (0.3)	0.3 (0.3)	0.8 (0.4)

Employee surveys	Result 2020	Result 2019	Result 2018
Employee survey score [1]	78	77	74
Leadership Index [2]	81	80	76

[1] Each year, Coor conducts a comprehensive employee survey with the help of an external research firm.
[2] Coor's annual employee survey includes a number of leadership-related questions, which are summarised in a leadership index.

Training	Result 2020	Result 2019	Result 2018
Participants in Coor Business School [1]	66	87	120
Participants in Coor Service School and Star-Class Service [2]	375	1,094	1,535

[1] Coor Business School is aimed at managers and specialists. The programme was put on hold in 2020 due to COVID-19.
[2] Coor Service School and Star-Class Service are aimed at employees. The programmes were put hold due to COVID-19, and adaptations to provide digital access are under way.

Diversity and inclusion

At Coor, we believe firmly that a diversity of personalities, backgrounds, experiences and knowledge creates the right conditions for the company's continued success. Our Code of Conduct and diversity policy state clearly that every employee must be treated fairly and with respect. Efforts to achieve an equal representation of men and women at managerial level continued in 2020, and the balance has remained stable. The share of female managers is 49.5 (48) per cent.

Our employees include a large number of foreign-born people and Coor is often the first employer for new arrivals to the country. Coor's EMI score for 2020 was 78 (77). This shows that our employees feel valuable, that their expectations are being met and that they are monitored and receive feedback continuously, which is crucial to feeling included. In 2020, Coor initiated an effort to develop our strategy for diversity and inclusion.

Any form of harassment is unacceptable at Coor, and in the annual employee survey employees are specifically asked if they have experienced discrimination at work. The results for the year showed that 3 (3) per cent had experienced some form of discrimination.

Preventing risks at the workplace

All employees should be able to work in a good and safe environment, both physically and psychosocially. Coor's efforts to promote health and safety are based on identified risks and general legal requirements. This work is managed by the executive management team and is discussed on an ongoing basis. Coor has a clear vision to achieve zero workplace-related injuries. In 2020, COVID-19 restricted Coor's ability to conduct training activities and implement and monitor planned initiatives in the business to the same extent as previously. Some activities could be carried out through Teams. The focus was on the following areas:

- Collaboration with customers on safety inspections, training and supplier meetings
- Nationwide initiatives in the form of campaigns to increase the focus on risk awareness
- Operational monitoring and analysis of each injury in order to implement targeted risk prevention activities
- Internal and external audits in accordance with the ISO 45001:2018 health and safety standard
- Ensuring the availability of and correct use of personal protective equipment and other risk prevention measures in response to COVID-19

As part of the above risk management activities, the executive management team and national management teams also took part in safety inspections in a number of different areas to identify risks. This is an important and appreciated effort.

All employees are encouraged to report observed risks. Processes and procedures contain instructions for how events should be reported and investigated. Risk observations, incidents and injuries are reported directly to the relevant manager by mobile phone or computer. The reports are then followed up and the implemented risk prevention activities are assessed. The results are followed up and analysed at country and Group level on a monthly basis. Based on the results, targeted measures and training activities are carried out. Actio is used as system support.

In early 2020, Coor decided to use the US OSHA (US Occupational Safety and Health Administration) definitions and classifications as guidelines for the classification of injuries.

Reporting and control

The increased number of risk observations and reported events in 2020 reflects an increased risk awareness and willingness to report risks in the business. The most common categories of injuries reported were falls from the same height and cuts. In 2021, Coor will continue its efforts to raise risk awareness and implement preventive activities.

Health promotion activities

Coor has continued its efforts to reduce sick leave. Apart from direct activities aimed at reducing sick leave, our efforts to strengthen employee engagement and motivation are also considered to have a positive impact on sick leave. During the year, we faced a challenging situation linked to COVID-19. Despite the pandemic, sick leave remained relatively low, rising from 5.7 per cent to 6.1 per cent over the year.

At country level, Coor is engaged in various types of health promotion activities, such as ensuring that all employees have access to occupational health services and wellness benefits. In connection with the introduction of new managers and employees, Coor communicates the importance of health and safety at the workplace. Managers also take a mandatory course in health and safety.

Whistleblower portal

Coor has an online whistleblower function provided by an external supplier. Through the function, employees, suppliers and customers can anonymously report suspected irregularities at the

Gender equality 2020 (2019)	Total, Group	Group functions	Sweden	Norway	Denmark	Finland
Percentage of women, total, %	59 (60)	46 (49)	57 (56)	59 (59)	62 (69)	62 (63)
Percentage of female managers, %	50 (48)	41 (45)	53 (49)	47 (46)	42 (46)	59 (56)

Health and wellness activities	Result 2020	Result 2019	Result 2018
Sick leave, %	6.2	5.7	6.1
Number of risk observations	7,195	5,403	4,738
Number of incidents	841	914	910
Number of fatalities	0	0	0
TRIFR [1]	9.9	10.6	13.6
LTIFR [2]	7.4	5.9	9.6

[1] TRIFR (total recordable injury frequency rate) measures the total number of injuries during the period. The following formula was used to calculate TRIFR: total number of injuries x 1,000,000/number of hours worked. Injuries on the journey to and from work are excluded.

[2] LTIFR (lost time injury frequency rate) measures the total number of injuries resulting in an employee's absence from work for more than eight hours. The following formula was used to calculate LTIFR per million hours worked: number of injuries resulting in sick leave (eight hours) x 1,000,000/number of hours worked. Injuries on the journey to and from work are excluded.

company through encrypted messages. The whistleblower function is accessible via Coor's website and intranet. Dialogue with anonymous whistleblowers is enabled by allowing the whistleblower to obtain a personal code at the time of submitting a report. The whistleblower logs in using his or her personal code and can read answers from Coor's whistleblower team that is investigating the matter. The dialogue can continue for as long as desired and is entirely anonymous. Discrimination or reprisals against a person who reports a suspected irregularity in good faith will not be tolerated.

The whistleblower function is available in the ten most widely spoken languages at Coor. The number of cases is presented in the sustainability indicators table. During the year, a communication initiative was carried out to remind employees of the function's existence.

ENVIRONMENTAL RESPONSIBILITY

Sustainability advice

Green advice

Through our Coor Green Services auditing tool, we can identify and present environmental improvement measures to customers. Using the tool, Coor can assess the environmental performance of the services it provides and then make suggestions for concrete improvements to reduce the environmental impact. The environmental audit has three levels: gold, silver and platinum. In 2020, 87 customer sites were audited, of which two achieved platinum status, 48 gold status and 32 silver status. Platinum has existed for a couple of years but this year was the first time a site succeeded in achieving this high level. Several other sites have the ambition to achieve platinum in the coming years. Coor's own offices were also audited. The Swedish head office in Kista achieved platinum and the office in Gothenburg gold while Lysaker in Norway and Espoo in Finland were both awarded silver diplomas.

Energy advice

Qualified energy advice is a service that is increasingly demanded by Coor's customers. This is partly because energy auditing became mandatory for all large companies in the EU in 2016 and partly because of a desire among our customers to reduce their climate impact. Coor helps its customers to reduce their actual energy use through energy audits coupled with a systematic approach that harnesses the latest technology. Examples of Coor services linked to energy efficiency:

- Systematic energy management – Coor leads ongoing energy management activities together with the customer and the local operations staff to achieve the customer's own energy objectives.
- Energy audits – Coor carries out detailed energy audits in accordance with the Act on Energy Audits in Large Enterprises.
- Energy-efficient operation of data centres – Coor is certified to provide services in this area, which is growing fast in Sweden.
- Technical site assessments – Coor performs assessments of specific energy-saving measures or to establish whether the existing systems can cope with the customers' extensions to and redevelopment of the facilities.

Systematic environmental management and Coor's own impact

Coor's own activities have a significant environmental impact in the form of energy use, emissions from transports and the management of chemicals, waste and raw materials. To ensure systematic, high-quality environmental management throughout the company (both internally and in Coor's efforts to improve its customers' environmental management activities), the company has introduced a mandatory basic environmental training course which all employees are required to complete during their first year of employment.

Emissions

Coor calculates emissions according to the Greenhouse Gas Protocol. Coor's operations give rise to direct emissions of greenhouse gases from our vehicle fleet (Scope 1), indirect emissions from energy use in the form of electricity and heating (Scope 2) and emissions that occur in our value chain where Coor does not own the process or have direct control over production (Scope 3). These include purchases of goods and services, business trips and employees commuting to and from work.

Coor's goal is to reduce Scope 1 and 2 CO_2e emissions by 50 per cent by 2025. Coor's long-term goal is to phase out the use of fossil fuels. The company's head office runs on renewable electricity, and digital meeting tools, such as video and Teams, are used to cut down on travel.

We also want to do what we can to reduce our Scope 3 emissions. That is why we have also chosen to set goals and develop processes for monitoring some of our indirect Scope 3 emissions, starting in food & beverages.

Coor will also be driving change in property services and cleaning, with a clear ambition to reduce greenhouse gas emissions there as well. This will be achieved partly through remote monitoring and control of customers' energy systems, which reduces the need for travel to and from the customer, a switch to electric vehicles and Svanen labelled cleaning processes.

Advisory services	Result 2020	Result 2019	Result 2018
Average result after environmental audits conducted using Coor Green Services, % [1]	86.0	84.2	84.8

[1] A self-inspection in accordance with instructions from Coor Green Services is to be carried out after a discussion with the customer. In 2020, 87 sites were inspected.

Energy	Result 2020	Result 2019	Result 2018
Energy use in large Coor offices, kWh/m2 [1]	78.4	82.1	56.6

[1] In 2020, Coor continued its efforts to produce a more accurate picture of energy use with a focus on its Nordic head offices. The monitoring covers Coor's offices in Herlev, (Denmark), Espoo (Finland), Gothenburg (Sweden), Kista (Sweden) and Lysaker (Norway).

Emissions	Result 2020	Result 2019	Result 2018
Vehicle fleet: average emissions for leased service vehicles, g/km[1]	124	131	130
CO2 emissions from business travel (by train or plane) per employee[2]	0.040	0.055	0.069

[1] Average emissions from the number of service vehicles leased by Coor.
[2] The emissions figure has been calculated at a flat rate based on the number of business trips by train and plane that were booked through the Group's travel portal. Coor's guidelines state that all business trips must be ordered through the portal.

– SUSTAINABILITY NOTES –

Food ingredients

Of Coor's emissions calculated in the base year 2018, 7 per cent of greenhouse gases came directly from our operations (Scopes 1 and 2). The vast majority of Coor's greenhouse gas emissions are indirect Scope 3 emissions, arising from purchased goods and services linked to our service delivery to the customer. In addition to reducing our direct emissions, we also want to reduce those indirect emissions that we can influence. Coor's greatest opportunity to help address the global climate challenge right now is to reduce our footprint in food & beverages. Coor provides restaurant and café services across the Nordic region and serves patient meals under the Signatur by Coor brand. This makes Coor a major buyer of food. The goal is to reduce greenhouse gas emissions from purchased food by 30 per cent by 2025 compared with 2018. One issue that is close to our hearts is how to create new eating habits, such as increasing the intake of plant-based foods. Coor is addressing this issue in different ways. The company has, for example, hired change leaders who are working on sustainability in food & beverages. We are also working with chefs, suppliers and influencers to increase knowledge about and encourage greater interest in plant-based foods among diners and staff.

For several years, Coor has been working actively to increase the share of organic and locally produced ingredients, but the company has also sought to make greater use of the ingredients, using parts that have not traditionally been used. Another initiative is aimed at improving animal welfare and minimising the number of animal transports.

Chemicals management

With chemicals management remaining a key focus area, Coor has continued its efforts to replace chemicals with greener options in all countries. In 2020, the number of chemicals used in our business did not decrease, but there was a focus on substitution. Each country uses chemicals management systems that provide guidance on different products' environmental impact, safety data sheets and risk assessments.

Waste management

Coor has been sorting waste at its main offices for a number of years, and a large portion of all waste is recycled. Computers that are no longer used are handed to specialists, who ensure that they are reused or recycled in a responsible manner. For Coor, it also goes without saying that we should reduce the use of plastic products and replace single-use products with more eco-friendly options in our delivery.

For several years, Coor has been working actively to reduce food waste in both the preparation and serving stages, with good results. Targets for food waste are set and followed up on a quarterly basis. There is a high level of commitment and interest from both employees and guests in how we can work together reduce food waste. Over the period 2017–2019, Coor reduced the amount of food waste by 33 per cent. The positive trend continued into early 2020, but Coor's restaurant business was affected by COVID-19 during the year, which also had an effect on the amount of food waste. This declining trend stabilised, and the total reduction in 2020 compared with 2017 remained at 33 per cent.

Chemicals management	2020	2019	2018
Number of products registered in chemicals management systems	3,726	3,686	4,068

THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders of Coor Service Management Holding AB, corp. ID no. 556742-0806

Engagement and division of responsibility

Responsibility for the Sustainability Report for 2020 and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act rests with the Board of Directors. The Sustainability Report comprises pages 12–19, 24–37, 56–57, 99 and 112–123.

Scope and focus of review

Our review has been conducted in accordance with Recommendation RevR 12 *The Auditor's Opinion on the Statutory Sustainability Report* issued by FAR, the professional institute for accountants in Sweden. Our review of the Sustainability Report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe this review gives us a sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

Stockholm, 19 March 2021
Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM
Authorised Public Accountant

GRI INDEX 2020

The purpose of this information is to describe at an overall level Coor's approach to sustainability using GRI terminology. References are made to further information in Coor's Annual Report 2020, which includes the company's Sustainability Report and Corporate Governance Report. The Sustainability Report has been prepared in accordance with the GRI standards (Global Reporting Initiative), GRI-referenced.

GENERAL DISCLOSURES

GRI STANDARDS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENT AND/OR BOUNDARY
GRI 102: GENERAL DISCLOSURES (2016)				
Organisational profile				
	102-1	Name of the organisation	Inside cover	
	102-2	Activities, brands, products and services	16, 20–23	
	102-3	Location of headquarters	Back cover	
	102-4	Location of operations	49	
	102-5	Ownership and legal form	99	
	102-6	Markets served	16, 20, 39, 49	
	102-7	Scale of the organisation	2	
	103-9	Supply chain	116	
	102-10	Significant changes to the organisation and its supply chain	49	
	102-11	Precautionary Principle or approach	56–57	Coor's approach is based on the precautionary principle and continuous risk assessment.
	102-12	External initiatives	113	
	102-13	Membership of associations	113	
Strategy and analysis				
	102-14	Statement from senior decision-maker	6–7	
Ethics and integrity				
	102-16	Values, principles, standards, and norms of behaviour	16, 19, 32, 35–36	
Governance				
	102-18	Governance structure	99, 112	
Stakeholder engagement				
	102-40	List of stakeholder groups	114	
	102-41	Collective bargaining agreements		100 per cent in Sweden, Norway, Denmark, Finland and Belgium.
	102-42	Identifying and selecting stakeholders	113	
	102-43	Approach to stakeholder engagement	114	
	102-44	Key topics and concerns raised	114	
Reporting practice				
	102-45	Entities included in the consolidated financial statements	112	
	102-46	Defining report content and topic Boundaries	115	
	102-47	List of material topics	115	
	102-48	Restatements of information		No material changes.
	102-49	Changes in reporting		No material changes.
	102-50	Reporting period	112	
	102-51	Date of most recent report		April 2020
	102-52	Reporting cycle		Annual
	102-53	Contact point for questions regarding the report		Maria Ekman, Head of Group Sustainability, maria.ekman@coor.com
	102-54	Claims of reporting in accordance with the GRI	122	
		Standards		
	102-55	GRI content index	122–123	
	102-56	External assurance	121	

SPECIFIC DISCLOSURES

GRI STANDARDS	DISCLOSURE	DESCRIPTION	REFERENCE	COMMENT AND/OR BOUNDARY
GRI 200: Economic				
Economic Performance				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 24, 26–27, 112–116	
GRI 201: Economic Performance (2016)	201-1	Direct economic value generated and distributed	115	
	201-2	Communication and training about anti-corruption policies and procedures	116	
GRI 300: Environmental				
Emissions				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 29–30, 112–115, 120	
GRI 305: Emissions (2016)	305-3	Other indirect (Scope 3) GHG emissions	119	
Waste				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 29–30, 112–115, 120	
GRI 400: Social				
Employee health and safety				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 36, 112–115, 118–119	
GRI 403: Occupational Health and Safety (2018)	403-1	Occupational health and safety management system	118	
	403-2	Hazard identification, risk assessment and incident investigation	118–119	
	403-3	Occupational health services	118	
	403-4	Worker participation, consultation, and communication on occupational health and safety		Integrated into day-to-day activities, for example, through safety inspections, performance reviews and information for visitors.
	403-5	Worker training on occupational health and safety	118	
	403-6	Promotion of worker health	118–119	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	118–119	
GRI 403: Occupational Health and Safety (2018)	403-9	Work-related injuries	118	
Employee training and development				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 36, 112–117	
GRI 404: Training and Education (2016)	404-2	Programmes for upgrading employee skills and transition assistance programmes	116–117	
	404-3	Percentage of employees receiving regular performance and career development reviews	116	
Diversity and equal opportunity				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 32, 112–115, 118	
GRI 405: Diversity and Equal Opportunity (2016)	405-1	Diversity of governance bodies and employees	108–111, 118	Broken down by men/women, employment category and region
Supplier social assessment				
GRI 103: Management Approach (2016)	103-1, 103-2, 103-3	Management Approach	19, 29–30, 112–117	
GRI 414: Supplier social assessment (2016)	414-1	New suppliers that were screened using social criteria		In 2020, Coor signed 110 new agreements with framework suppliers. All were screened using social criteria.

FIVE-YEAR SUMMARY, KEY PERFORMANCE INDICATORS

SEK million	2020	2019	2018	2017	2016
Net sales					
Net sales	9,591	10,313	9,489	7,722	7,272
Net sales growth, %	*–7.0*	*8.7*	*22.9*	*6.2*	*2.6*
of which organic growth, %	*–6.8*	*5.3*	*10.2*	*5.6*	*3.1*
of which acquired growth, %	*2.0*	*2.4*	*9.9*	*0.0*	*0.0*
of which FX effect, %	*–2.2*	*1.0*	*2.8*	*0.6*	*–0.5*
Earnings and margins					
Operating profit (EBIT)	318	299	219	268	242
EBIT margin, %	*3.3*	*2.9*	*2.3*	*3.5*	*3.3*
EBITA	511	484	394	438	418
EBITA margin, %	*5.3*	*4.7*	*4.2*	*5.7*	*5.8*
Adjusted EBITA	556	549	490	468	435
Adjusted EBITA margin, %	*5.8*	*5.3*	*5.2*	*6.1*	*6.0*
Adjusted EBITDA	756	749	558	517	476
Adjusted EBITDA margin, %	*7.9*	*7.3*	*5.9*	*6.7*	*6.5*
Profit before tax	252	228	157	244	167
Profit after tax	191	169	104	188	123
Adjusted net profit	384	355	280	358	300
Cash flow					
Operating cash flow	643	591	354	492	414
Cash conversion, %	*108*	*104*	*80*	*103*	*91*
Capital structure					
Net working capital	–881	–774	–626	–630	–552
Net working capital/Net sales, %	*–9.2*	*–7.5*	*–6.6*	*–8.2*	*–6.5*
Net debt	1,207	1,741	1,318	699	807
Leverage, times	1.6	2.3	2.4	1.4	1.7
Equity/assets ratio, %	*34*	*29*	*33*	*40*	*44*
Dividend, SEK	4.40[1]	0.00	4.00	4.00	3.00
Other					
Number of employees (FTE) at year-end	9,029	9,296	9,082	6,695	6,108

[1] Proposed dividend that is subject to adoption at the AGM on 26 April 2021.

PURPOSE OF SELECTED KEY PERFORMANCE INDICACTORS

To give its investors and other stakeholders clearer information about the Group's operations and its underlying success factors, Coor has chosen to provide information about a number of key performance indicators. The purpose of these indicators is explained below. For definitions of terms and information on how the key performance indicators are calculated, see the section Definitions.

GROWTH

The Group considers that organic growth best reflects the underlying growth of the business, as this measure excludes the effect of acquisitions and fluctuations in exchange rates.

EARNINGS AND PROFITABILITY

To reflect the performance and profitability of the underlying business more accurately, the Group has defined key performance indicators in which earnings have been adjusted for items affecting comparability and for amortisation and impairment of goodwill, customer contracts and trademarks. The Group believes adjusted EBITA is the measure of operating profit that most clearly reflects the underlying profitability of the business. It is also on the basis of this earnings measure that the Group's segments are monitored and evaluated internally.

The earnings measure adjusted net profit excludes the non-cash items amortisation and impairment of goodwill, customer contracts and trademarks from consolidated net profit and is used as a basis for decisions on the payment of dividends to shareholders.

CASH FLOW AND WORKING CAPITAL

The Group continuously monitors operating cash flow, which includes operating profit (excluding non-cash items), net investments, changes in working capital and lease-related payments (even if the contracts are recognised in the balance sheet in accordance with IFRS 16). The Group has chosen to exclude cash flow related to financial transactions and income taxes from this measure in order to provide a clearer picture of the cash flow generated by the operations.

The Group's target is a cash conversion of at least 90 per cent on a rolling 12-month basis. To ensure that the measure provides a true and fair picture over time, the Group calculates cash conversion using measures of operating profit and operating cash flow which exclude items affecting comparability.

To achieve the defined target for cash conversion, strong emphasis is placed on minimising working capital and maintaining negative working capital. The Group therefore continuously monitors the size of working capital relative to net sales.

NET DEBT AND LEVERAGE

To ensure that the Group has an appropriate funding structure at all times and is able to fulfil its financial obligations under its loan agreement, it is relevant to analyse net debt and leverage (defined as net debt divided by adjusted EBITDA). The Group's objective is to maintain a leverage of less than 3.0 times.

Reconciliation of selected key performance indicators, SEK million	2020	2019	2018	2017	2016
Operating profit (EBIT)	**318**	**299**	**219**	**268**	**242**
Amortisation and impairment of customer contracts and trademarks (Note 11)	193	186	176	170	176
EBITA	**511**	**484**	**394**	**438**	**418**
Items affecting comparability (Note 5)	46	65	95	29	17
Adjusted EBITA	**556**	**549**	**490**	**468**	**435**
Depreciation and amortisation	199	199	68	50	41
Adjusted EBITDA	**756**	**749**	**558**	**517**	**476**
Profit for the period, continuing operations	**191**	**169**	**104**	**188**	**123**
Amortisation and impairment of customer contracts and trademarks	193	186	176	170	176
Adjusted net profit	**384**	**355**	**280**	**358**	**300**
Specification of working capital					
Inventories	15	16	14	12	11
Accounts receivable	1,144	1,310	1,343	1,159	1,080
Other receivables	32	21	123	18	12
Prepaid expenses and accrued income	210	401	352	374	395
Accounts payable	–607	–978	–1,023	–944	–790
Other liabilities	–249	–242	–249	–189	–185
Accrued expenses and deferred income	–1,424	–1,303	–1,185	–1,059	–1,018
Less discontinued operations	0	0	0	0	–52
Less interest-bearing receivables/liabilities	–1	0	–1	–1	–5
Net working capital	**–881**	**–774**	**–626**	**–630**	**–552**
Specification of net debt					
Long-term borrowings	1,273	1,856	1,744	1,399	1,401
Short-term borrowings	0	12	4	3	7
Lease liabilities	330	381	0	0	0
Provisions for pensions	18	20	20	19	19
Cash and cash equivalents	–396	–497	–435	–709	–603
Interest-bearing financial assets	–18	–31	–14	–12	–12
Interest-bearing short-term receivables	–1	–1	–1	–1	–5
Net debt	**1,207**	**1,741**	**1,318**	**699**	**807**

Operating cash flow	2020	2019	2018	2017	2016
Operating profit (EBIT)	318	299	219	268	242
Depreciation, amortisation and impairment	392	385	244	219	217
Net investments	–65	–63	–83	–74	–70
Change in net working capital	133	101	–27	89	29
Lease-related payments [1)]	–137	–140	0	0	0
Non-cash items	3	10	2	–11	–4
Operating cash flow	**643**	**591**	**354**	**492**	**414**
Cash conversion					
Adjusted EBITDA	756	749	558	517	476
Change in net working capital	133	101	–27	89	29
Net investments	–65	–63	–83	–74	–70
Other	–5	–5	–1	–2	–1
Cash flow for calculation of cash conversion	**818**	**781**	**447**	**531**	**434**
CASH CONVERSION, %	**108**	**104**	**80**	**103**	**91**

[1)] Refers to nominal payments relating to leases that are recognised in the balance sheet in accordance with IFRS 16.

DEFINITIONS

FINANCIAL CONCEPTS AND KEY PERFORMANCE INDICATORS

Cost of services sold
Costs which are directly related to the performance of the invoiced services, depreciation and impairment of machinery and equipment, and amortisation and impairment of goodwill, customer contracts and trademarks.

Items affecting comparability
Items affecting comparability mainly comprise costs for integration of contracts and acquisitions as well as more extensive restructuring programmes. Items affecting comparability are included either in cost of services sold or selling and administrative expenses.

EBITA
Operating profit before amortisation and impairment of goodwill, customer contracts and trademarks.

Adjusted EBITA
Operating profit before amortisation and impairment of goodwill, customer contracts and trademarks, excluding items affecting comparability.

Adjusted EBITDA
Operating profit before depreciation, amortisation and impairment of all property, plant and equipment and intangible assets, excluding items affecting comparability.

Adjusted net profit
Profit after tax excluding amortisation and impairment of goodwill, customer contracts and trademarks.

Operating cash flow
Cash flow from operating activities excluding interest income, interest expense and income tax paid, but including net investments in intangible assets and property, plant and equipment, and lease-related payments.

Net working capital
Non-interest-bearing current assets less non-interest-bearing current liabilities at the balance sheet date.

CALCULATION OF KEY PERFORMANCE INDICATORS

Net sales growth
Change in net sales for the period as a percentage of net sales for the same period in the previous year.

Organic growth
Change in net sales for the period as a percentage of net sales for the previous year, excluding acquisitions and FX effects.

Acquired growth
Net sales for the period attributable to acquired businesses, excluding foreign exchange effects, as a percentage of net sales for the same period in the previous year.

Operating margin (EBIT margin)
Operating profit as a percentage of net sales.

EBITA margin
EBITA as a percentage of net sales.

Adjusted EBITA margin
Adjusted EBITA as a percentage of net sales.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage of net sales.

Earnings per share
Profit for the period attributable to shareholders of the parent company divided by the average number of ordinary shares.

Equity per share
Equity at the end of the period attributable to shareholders of the parent company divided by the number of shares at the end of the period.

Cash conversion
Adjusted EBITDA less net investments and adjusted for changes in working capital, as a percentage of adjusted EBITDA.

Net working capital/net sales
Net working capital at the balance sheet date as a percentage of net sales (rolling 12 months).

Net debt
Non-current and current interest-bearing assets less non-current and current interest-bearing liabilities at the end of the period.

Leverage
Net debt at the end of the period divided by adjusted EBITDA.

Equity/assets ratio
Consolidated equity and reserves attributable to shareholders of the parent company, as a percentage of total assets at the end of the year.

GENERAL CONCEPTS

Workplace services
Can be divided into cleaning, food & beverages, security, etc. Examples of such services include the operation of staff restaurants, security guards and support services (including plant care and conference support).

Contractual loyalty (purchases)
Percentage of purchases from central and local framework suppliers.

The company
When Coor uses "the company," this refers to Coor Service Management Holding AB and all companies in the Group, including subsidiaries.

Services provided in-house
Services provided by Coor staff rather than by subcontractors.

Property services
Both interior and exterior property services, such as maintenance, repairs and work on properties.

FM and the FM market
Services in and around a property, such as property maintenance, cleaning, food & beverages and security.

Full-time equivalents
Full-time employee equivalents, or FTE for short. The number of employees on a full-time equivalent basis.

HSEQ
Short for health, safety, environment and quality.

IFM
Integrated facility management, also called TFM (total facility management) and IFS (integrated facility services). Coordinated management and control of two or more facility management services.

Nordic region
Denmark, Finland, Norway and Sweden (Iceland excluded).

Service management
Service management is defined as coordinated control and management of a number of services. The idea is to manage one or several services in a more structured and coordinated way, and to deliver what has been agreed more efficiently using established processes, and at the agreed cost and quality.

SME
Small and medium-sized enterprises.

SPECIFIC SHAREHOLDER INFORMATION

2021 AGM

Participation in the AGM

Coor's AGM will be held on 26 April 2021. Due to COVID-19, the Board has decided that the AGM will be held without the physical presence of shareholders, proxies and third parties, and that shareholders will be able to exercise their voting rights only by post prior to the meeting. Shareholders wishing to attend the AGM by postal vote must register by 23 April 2021 by casting their postal vote. Information about how to register is provided in the notice of the AGM.

Issue of notice and registration

The notice of the AGM was published on 17 March 2021. The deadline to register for the AGM is 23 April 2021.

Record date

The record date for participation in the AGM is 16 April 2021.

FINANCIAL CALENDAR

26 April 2021	Interim report January–March 2021
26 April 2021	2021 AGM
15 July 2021	Interim report January–June 2021
9 November 2021	Interim report January–September 2021
10 February 2022	Year-end report January–December 2021

A continuously updated calendar is available at coor.com/investors.

Distribution policy

All financial reports are available in English and Swedish, and are published on Coor's website under the tab coor.com/investors.

A printed version of Coor's annual report is distributed to investors who specifically request a copy by e-mail: ir@coor.com

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