

Social and Labour Policy

Scope and Purpose of the Policy:

The purpose of the Social and Labour (S&L) policy is to outline the overall intentions and direction of how the company will relate to its effect on the society and labour-related issues. All decisions and actions taken by the organization must be consistent with, and designed to accomplish the commitments made in the Social and Labour policy.

This policy applies to all activities, employees (and contractors) and operations within Secto.

Secto's Social and Labour Aim and Objectives:

Secto's overall Social and Labour-related aim is to create value in our operations by managing our impact on Society as a whole, as well as on our employees. These practices are integrated into Secto's day-to-day activities and practices to contribute to achieving sustainable development.

To do this, Secto aims to understand what our impact to S&L-related issues and what our significant human rights issues and risks are.

To achieve the above, some key S&L-related matters have been identified as being material to Secto's sustainability and will be the focal point of this policy and of supporting policies and plans. This was assessed through assessing Secto's key activities as well as ensuring adherence to legal and constructive obligations and compliance with the Principal Adverse Impact (PAI) Indicators, the Do No Significant Harm principles, the United Nations Global Compact Principles and OECD Guidelines for Multinational Enterprises and the Principles of the ILO convention). These material matters include:

- Ensuring that our Social and Labour principles are effectively implemented and integrated into the business activities.
- Ensuring effective negotiation between workers and trade unions as well as the right to form trade unions for the protection of interests.
- Gender equality and equal pay, as well as ensuring non-discrimination in respect of employment and occupation.
- Workplace health, wellness and safety.
- Adhering to the Do No Significant Harm (DNSH) Principles.
- Upholding basic human values.

Achieving the Social and Labour-related aims and objectives:

- **Future ambition:** Stakeholder engagement enhances outcomes on human rights-related topics by incorporating a broader set of perspectives on an issue and is a key part of due diligence and risk assessment processes. Typically, this includes assessing the human rights context prior to a proposed business activity, where possible; identifying who may be affected; cataloguing the relevant standards and issues; and projecting how the proposed activity and associated business relationships could have adverse human rights impacts on those identified. In this process, Secto pays special attention to any particular impacts on individuals from groups or populations that may be at heightened risk of vulnerability or marginalization, and bear in mind the different risks that may be faced by women and men.

- Embedding our policy commitments for responsible business conduct, including the commitment to respect human rights [and labour rights], throughout our activities and business relationships.
- **Future ambition:** Tracking the effectiveness of our implementation activities to ensure that our policies and processes are being implemented optimally and to continually improve on our implementation activities.
- **Future ambition:** Monitor that collective bargaining agreements are adhered by within the organization (All personnel follow Autoalan kaupan TES). A collective bargaining agreement represents a form of joint decision-making concerning Secto's operations. Collective agreements can be at the level of the organization; at the industry level, in countries where that is the practice; or at both. The right to form and to join trade unions for the protection of his interests" is an internationally recognized human right (Article 23 of the Universal Declaration on Human Rights).
- Monitoring the ratio of male to female board members and striving to ensure that the board diversity as at a reasonable ratio.
- Promoting equal pay for work of equal value, or pay equity, is a fundamental right at work, that is enshrined in the Equal Remuneration Convention (1951 (No. 100)), among the widest ratified of ILO Conventions. Secto will monitor and report on the gender pay gap at similar levels and taking action if an unreasonable gap is identified.
- Monitoring the number of injuries that occur at work, as well as the rate of injuries and illnesses that are occurring at Secto during each year.
- Monitor any applicable DNSH principles that need to be adhered to and undertake the necessary measures to ensure compliance.
- Upholding basic workplace human values such as the elimination of all forms of forced or compulsory labour; maintaining the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

Social and Labour-related Reporting:

Tracking the effectiveness of our actions is necessary for Secto to learn if our policies and processes are being implemented optimally. It is also necessary for knowing if we have responded effectively to our impacts and to drive continuous improvement.

For a full list of all KPI's that Secto is reporting against, refer to Secto's Reporting Plan.

Social and Labour-related Risk Management

Future ambition: Secto will, on a periodic basis, identify and monitor the key S&L-related Risks and document them. We will also develop responses to these risks to make sure they are sufficiently mitigated and integrated into the business activities. Lastly, we will monitor our response to these risks to ensure that they are sufficiently managed.

Reference to other relevant policies and plans:

ESG Policy

Secto's Code of Conduct

Human Rights Policy

Environmental Policy

ESG Governance Model

ESG Reporting plan