

RISKS TO THE BUSINESS

MAIN RISKS	RISK MANAGEMENT MEASURES	DEVELOPMENTS IN 2020
Strategic and operational risks		
<p>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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Coor did not lose any material contracts in 2020.
<p>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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Improved procedures, system support and information campaigns have been implemented to respond to increased external cyber threats.
<p>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.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The number of reported risk observations increased, which points to increased risk awareness and a stronger reporting culture.
<p>Unforeseen events Unforeseen events such as viruses/pandemics can affect the demand for specific services or the ability to deliver.</p>	<ul style="list-style-type: none"> Preparedness with Coor Crisis Team at Group and country level. Ensuring the Board's involvement. Strong focus on communication. 	<ul style="list-style-type: none"> 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.
<p>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.</p>	<ul style="list-style-type: none"> Compliance with tendering instructions and risk assessment process. Regular post cost-benefit analyses. 	<ul style="list-style-type: none"> Good compliance with instructions and processes.
Financial risks		
<p>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.</p>	<ul style="list-style-type: none"> Coor follows a treasury policy which sets forth guidelines for financial risk management. See also <i>Note 17 Borrowing and financial risk management</i>. 	<ul style="list-style-type: none"> No new risks arose during the year.
<p>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.</p>	<ul style="list-style-type: none"> 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 <i>Corporate Governance Report</i>. 	<ul style="list-style-type: none"> 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.
<p>Credit risk The risk of credit losses due to the failure of customers to meet their payment obligations.</p>	<ul style="list-style-type: none"> Coor has clear processes for customer credit checks and monitoring of accounts receivable. See also <i>Note 14 Accounts receivable and Note 17 Borrowing and financial risk management</i>. 	<ul style="list-style-type: none"> Very few bad debts in 2020. No significant changes in customers' payment patterns despite the pandemic.
Climate risk		
<p>Environmental impact and climate change Environmental incidents, extreme weather and climate change impacting the supply of raw materials, for example, can affect deliveries.</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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).