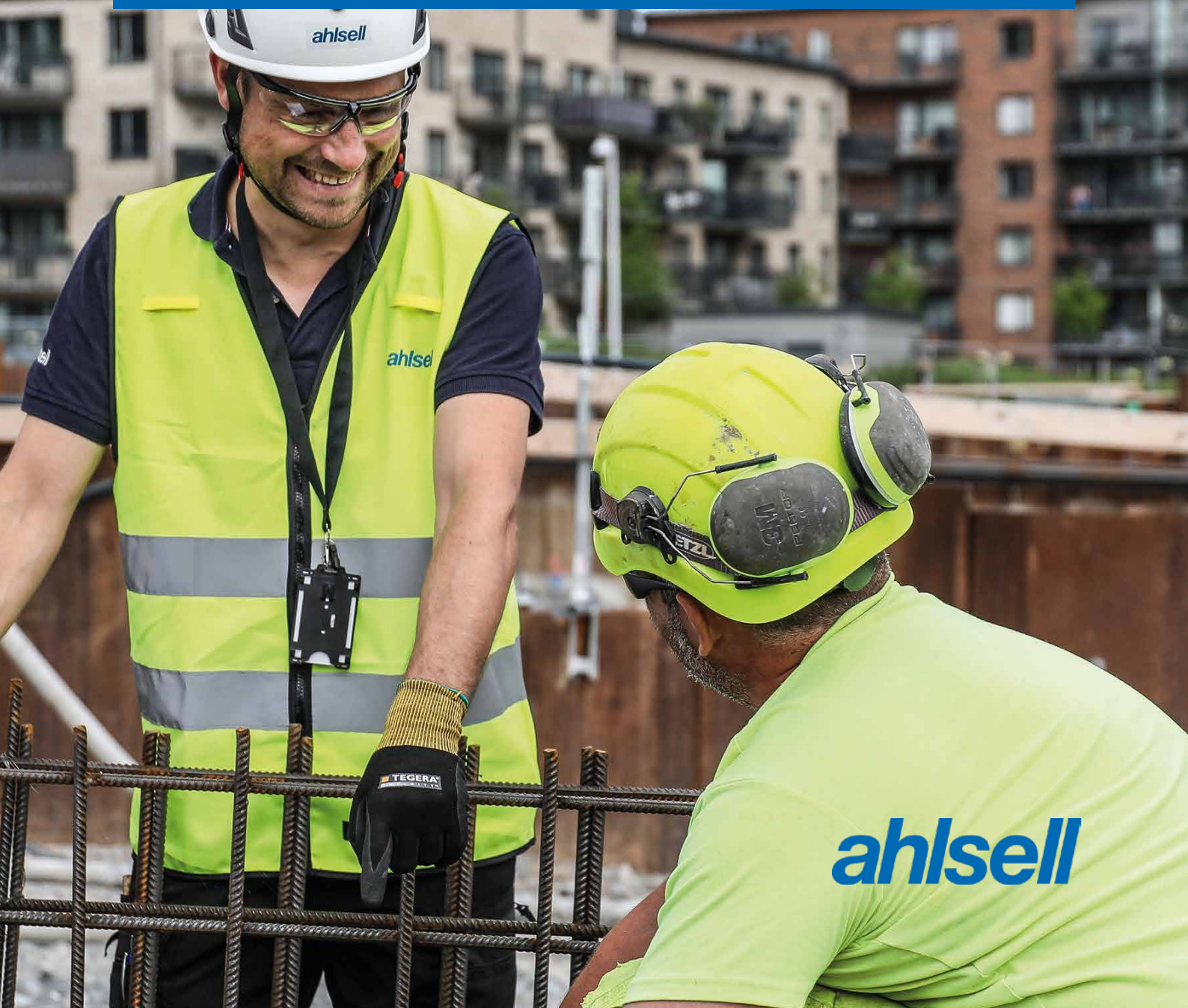


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# Sustainability Report 2021

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**Ahlsell is present  
where people reside,  
work and live their lives.**



Quimper Group Holdings AB (the Parent Company) and its subsidiaries (together referred to as the Group) are, with the Ahlsell trademark, the Nordic region's leading distributor of technical installations and drive development within manufacturing, installation, construction, property management and maintenance professionals.

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**Our new company vision  
"Building a more sustainable  
society" clearly describes  
the purpose of Ahlsell's activities  
and offering.**

**Claes Seldeby, President and CEO**

# We are now stepping up our pace for a more sustainable society



Ahlsell has seen positive business development during the year and continues to operate at a fast pace. Customer focus, committed employees and solid climate and sustainability efforts have been a recipe for success. I look forward to joining our customers and employees in taking Ahlsell into 2022 with the same energy – hopefully with more face-to-face meetings.

## Another year of the pandemic

2021 was another year marked by the coronavirus pandemic, which continued to affect everyone's lives and business operations. Ahlsell has nevertheless continued to work well overall. We have avoided significant spread of infection and continued to run and further develop business operations without major obstacles. Like many other companies, we have been hit by raw material price increases and challenges in our transport and supply chains as a result of the pandemic. The spread of infection in ports and closed borders have affected the supply of raw materials, and customer demand has in some places been more unpredictable. Extra work and more transports have been necessary to manage the supply of goods to Ahlsell and distribution to our customers. I would like to extend my heartfelt thanks and appreciation to all employees who took responsibility for ensuring their own health and that of others while maintaining our business and level of service.

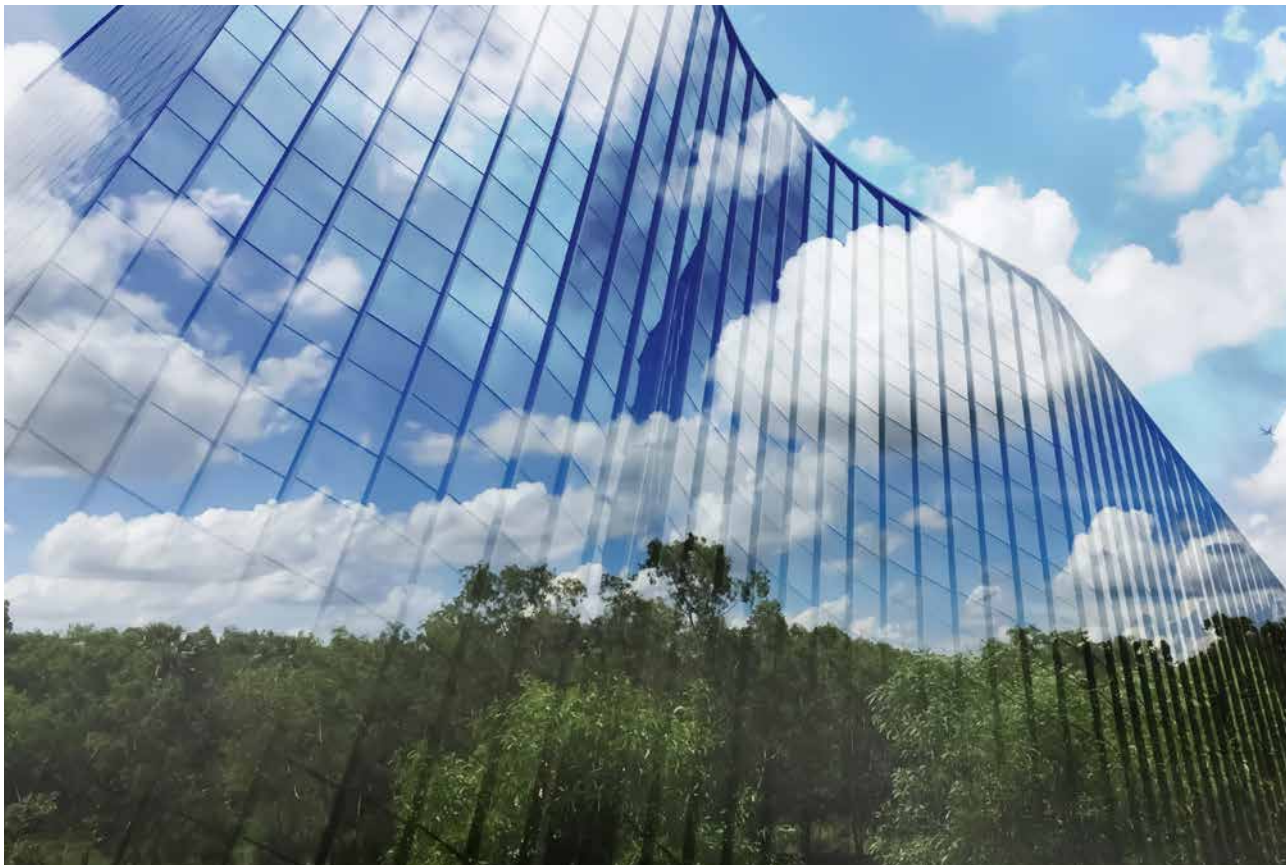
## A good financial year

Financially, Ahlsell experienced positive development in 2021. Net sales amounted to SEK 36.9 (32.8) billion, equivalent to growth of 12 (1) per cent, of which 11 per cent was organic. The profit trend has been impressive with an EBITA of SEK 3.9 billion, an increase of almost 30 per cent.

During the year, our markets have shown a rapid recovery as society has opened up. High underlying demand in the wake of the pandemic has resulted in high activity and strong growth, as well as major price increases. It is pleasing that we have managed to cope well with both the pandemic and subsequent market recovery in all our geographic areas, with great commitment and flexibility within our organisation and in keeping the customer in focus at all times. This is also the basis for our excellent financial performance. In Sweden and Norway, our growth has been particularly strong and during the year we increased our operating profit and profitability in all our geographical segments. It is especially pleasing to see the development in Norway, where over the past two years we have more than tripled our profit, and in Sweden, where we have continuously improved our market position through our own initiatives and acquisitions.

During the year, we also made a number of acquisitions in line with our strategy for sustainable growth. In 2021, the main focus was on supplementary acquisitions that strengthen our existing offering.

A couple of examples are Vent Group Nordic AB, a Swedish ventilation specialist for professional installers and Ducatel



AS, a Norwegian distributor of fibre and telecom solutions. While we are working on integrating the acquired companies and realising our synergies, we continue to have a high level of ambition to make further acquisitions and consolidate our market position.

### Stronger focus on sustainable development

2021 will also be seen as a year in which climate and environmental issues have been allotted more space in the political debate and in developing instruments for industry and investors. With the EU's new taxonomy, for example, there is a clearer framework for defining environmental sustainability, which both affects and guides us as a company.

At Ahlsell, we have actively applied sustainability is a holistic perspective for several years. It's time to step up our level of ambition even further based on what the world is demanding from us and on the role we can and want to take. My view is that large companies have both the opportunity and the responsibility to influence. Where policies and formal instruments provide the foundation for sustainable development, it is often companies that have the means and ability to create rapid change in the short term.

One of my first decisions as newly appointed CEO was to upgrade and clarify our vision, a task that was done during the autumn. Our new company vision "Building a more sustainable society" better describes the purpose of Ahlsell's activities and offering. This, together with our developed strategic framework, now offers a comprehensive roadmap

for how we can and will work for sustainable growth and value creation throughout. During the year, we also recruited a sustainability director who is responsible for coordinating and catalysing these efforts and who will be part of Group Management.

### Customers the driving force

We are seeing increased interest in environmental and social responsibility from our customers, which now play a key role in evaluations. It is no longer enough to adhere to a general climate ambition: what is required now are tangible targets and results in carbon dioxide emission figures and guidance on contributing to reducing the customer's climate impact.

### Progress on the climate and environment front

We have an overall climate goal to halve the climate impact of our operations in 2016–2030. The journey to achieve this entails day-to-day improvement work and long-term transition efforts. We are working throughout the entire value chain and strive to lead the way for others. We already have world-class logistics and a goal-oriented approach to energy efficiency and transition to renewable energy to be proud of. During the year, we made several strides, including the use of biofuel and electric vehicles in Swedish and Norwegian transports. The new purchasing system we implemented during the year also provides improved conditions for warehouse planning and purchasing flows, thereby enabling more efficient transport flows.

That being said, we have a long journey still ahead to achieving a climate-neutral value chain with resource-efficient, circular flows of materials and products. Here, we need to continue to develop our innovative partnerships with customers and suppliers, and define measurable milestones going forward.

### **With a focus on people**

Sustainable business is largely about people. One of our most important focus areas entails being an attractive, responsible employer who ensures the well-being of our employees.

We will continue to invest in efforts to ensure a safe working environment and to promote health and well-being.

This should also have an impact on our relationships with customers and suppliers. During the year, we organised Sweden's largest padel tournament with 2,000 participants, were proud sponsors of Vasaloppet and conducted a number of activities with our employees in focus. We have also further developed our customer offering in the field of safety. With our expertise, we can help customers evaluate their workplace and check their safety equipment, thereby helping to prevent and reduce health and safety risks.

Another prioritised area for Ahlsell, which I am personally dedicated to in our still very traditional industry, is diversity and equality. For us, this is a key to true success.

More gender-equal and diverse teams and workplaces perform better. When we take an inclusive approach, we increase the resource base for recruitment and skills provision. We have come a long way through active work on leadership and by focusing on diversity criteria such as age, gender and background. One thing we strive for is to open ourselves up to new skills and values that can be obtained from other industries. Challenges remain at Ahlsell, but the objective is clear: Everyone should be able to expect Ahlsell to treat them equal and professional.

### **Continued focus on sustainable sourcing and products**

Ahlsell is characterised by carefully selected brands, products and suppliers and can now boast making industry-leading efforts on requirements, follow-up and traceability in our supply chains. Having achieved the Gold rating in EcoVadis' evaluation is proof of this. However, ethical, social and environmental risks remain, not least in connection with products and raw materials from China and other high-risk countries. Together with our suppliers, we need to continue working with quality assurance and making conscious choices about where we source our products.

We need to raise the debate that quality and sustainability come at a cost. We welcome tougher requirements from customers and a transparent sustainability evaluation of the performance of products and look forward to working together with the value chain to prepare more people to pay more for a sustainable offering.

### **In closing...**

At the time of writing, we are optimistic that the coronavirus pandemic will release its grip on us and we see a positive 2022 ahead of us.

Sustainability is a high priority for our owners, the Board of Directors and, not least, our customers and employees. With a clear ambition of taking a leading role in the industry, we will work together with our partners to advance our positions, both in terms of our own and our customers' sustainability goals, and our joint contribution to a more sustainable society.



Claes Seldeby, President and CEO



# This is Ahlsell

Ahlsell is the Nordic region's leading distributor of installation products, tools and supplies for installation, construction, real estate management, industrial and power companies and the public sector. With some 5,900 employees, more than 240 stores, e-commerce and three central warehouses, we deliver on our promise to our customers, every day: Ahlsell makes it easier to be professional.

**AHLSSELL'S HISTORY DATES** back to 1877. At that time, John Bernström & Co was founded, which sold threshers and pumps to mechanical workshops, sawmills and other industries. More than 140 years of growth, business development and acquisitions later, Ahlsell is a modern, international trading company with a wide range of HVAC & plumbing, electrical, tools, water & sanitation and construction products and services.

## Objectives and business idea

Ahlsell's overall goal is to strengthen our customers' competitiveness and to be an attractive partner to our suppliers. We must develop our offering continuously in order to fulfil

our customers' requirements and exceed their expectations. We must achieve profitable growth through a combination of organic growth and acquisitions, and by making operational improvements. Ahlsell's goal is to be the leading distributor within the respective product segments in our primary markets.

### Vision

*Building a more sustainable society.*

### Customer promise

*Ahlsell makes it easier to be professional.*

### Sustainable development

*For us, sustainability is everything from satisfied customers, suppliers and employees and profitable growth and value creation for our stakeholders, to a company that, over time, is sustainable in economic, environmental and social aspects.*

### Financial targets

*Ahlsell's financial targets include growth, profitability, stable cash flows and financial strength. Our goal is to grow faster than the market through strategic growth initiatives, acquisitions and increased efficiency.*

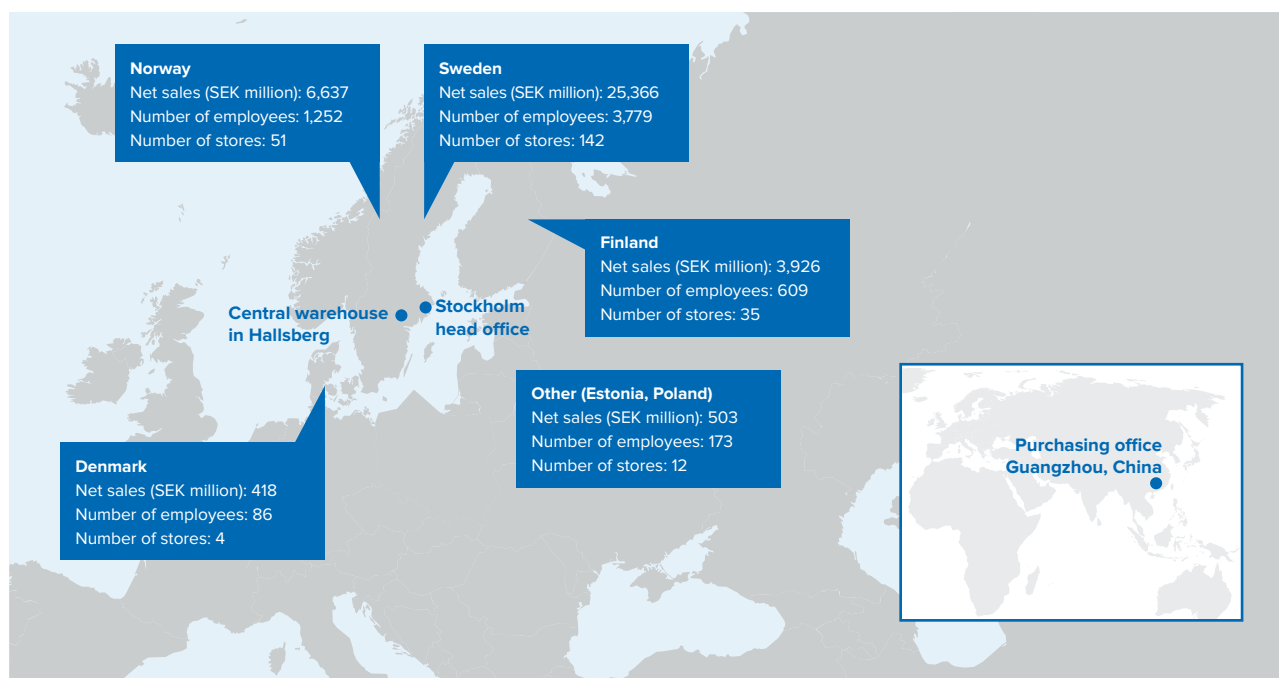
### Core values

*Accountability – Openness – Simplicity*

## AHLSSELL IN FIGURES 2021

**5,900 employees**  
**1 million items**  
**3,500 suppliers**  
**244 stores**  
**100,000 business customers**  
**SEK 37 billion in sales**  
**SEK 3,928 million in operating profit (adjusted EBITA)**  
**Head office in Stockholm**  
**Owner CVC Capital Partners**

## GEOGRAPHIC PRESENCE



### Profitable Growth Strategy

Ahlsell has an active profitable growth strategy. We are investing in both organic growth and growth via acquisitions. Ten or so companies were acquired in 2021. The largest and most strategic acquisitions are Eurofan AB and Ducatel AS, which strengthen us as a fibre expansion supplier, and Vent Group Nordic AB, which is a good addition in the area of HVAC & plumbing. We also divested ATV Oy (Anikaisten Tapetti ja Väri) as the company's business area does not support Ahlsell's strategy.

### Organisation

Ahlsell strives for a market-oriented, decentralised organisation with a developed local entrepreneurship. The Group includes several independent subsidiaries that are operated under their own brands. A list of all Group companies and a definition of those covered by this report can be found in Note 1 on page 52.

### Our locations

Ahlsell's main operations are conducted in Sweden, Norway and Finland. Overall, these three countries account for over 97 per cent of the Group's sales. We also have a presence in Denmark, Estonia and Poland, and a local purchasing office in China.

**Ahlsell's main operations are conducted in Sweden, Norway and Finland. Overall, these three countries account for over 97 per cent of the Group's sales.**



## Our offer: We make it easier to be professional

Ahlsell is the Nordic region's leading distributor of technical installations and is driving development with manufacturing, installation, construction, repairing and maintenance professionals. We have a wide range of more than one million items and also offer associated services. We keep more than 200,000 items in stock, available for delivery within 24 hours. More than 100,000 business customers in many different industries choose Ahlsell.

### Comprehensive range

We strive to be a "one-stop-shop" where our customers can buy everything they need. Our range includes the following categories of items:

- **HVAC & PLUMBING** – installation materials for heating, ventilation and refrigeration, and water, sanitation and drains.
- **ELECTRICAL** – cables and installation materials, lighting and accessories, automation, data, telephony and security products, and other electrical products, such as measurement instruments.
- **TOOLS & SUPPLIES** – tools, machines, personal protective equipment, construction products.

We sell products from a large number of well-known supplier brands and have over 20,000 quality-assured private label products. We also offer services such as customised delivery, storage solutions, construction site logistics, training courses, administrative tools and profile printing to support and save time for our customers.

### Availability via stores and e-commerce

We strive to be close to our customers and can be reached through several channels, such as physical stores, e-commerce, personal meetings, email and telephone. We have more than 240 stores across the Nordic region and our online store is one of the largest in the Nordic B2B region. Our channels interact. As all our channels interact, customers can for example make purchases in the webshop and then pick their goods up at a physical store.

### Local stores with competent staff

Our physical stores are a meeting place for customers, where competent, professional employees promptly assist in finding the right solutions and products. More than 3,000 of our employees work in sales, most of which are in Ahlsell's stores. The stores carry locally adapted ranges of products and are located in easily accessible industrial or commercial areas. We also have several on-site solutions and temporary pop-up stores.

### World-class logistics and delivery quality

Ahlsell is a competent and reliable trading partner that delivers the right products at the right time to the right place.

We have world-class logistics, which is one of the most important things for our customers when choosing a supplier. Efficient, safe transport is an important part of this. Thanks to our broad product range, Ahlsell has a high degree of utilisation in transport to customers, meaning fewer deliveries, saving time, money and the environment.

#### One of the Nordic region's largest logistics centres

Ahlsell's logistics centre in Hallsberg is one of the largest in Europe and is also one of the Nordic region's most important transport hubs. The facility is about 90,000 square metres under roof. Around 1,000 people work here to receive, pack and ship products around the clock. Around 180 lorries pass through our central warehouse every day. Every year, around 7 million parcels are delivered to distribution points around the country.

Ahlsell has a customised information system to handle large volumes, which gives us great precision in our logistics work. In 2021, we continued to invest in our organisation to adapt to continued growth and new processes in the business. The initiative includes skills development, new and clearer managerial roles, etc. We have also made tangible investments in, among other things, forklifts, sorting conveyors, lifting machines, pallet racks and various load carriers that support our operational processes. To improve ergonomics, we have invested in noise reduction and lifting aids.

## More than 100,000 corporate customers from different sectors choose Ahlsell.

#### Our customers

Ahlsell's customer base is large with different customer categories and purchasing patterns. Our customers come from the fields of installation, industry, construction, property management and similar services. Altogether, more than 100,000 corporate customers from various sectors choose Ahlsell.

In addition, many large customers also make decentralised purchases meaning several smaller purchases from a number of product categories, which makes the distributor's role particularly important. Overall, small and medium-sized enterprises account for just under half of the Group's net sales, and our ten largest customers account for around six per cent.





## Our supplier offering: Unique Nordic presence

Having a market-leading position in the Nordic region, high local availability, a professional sales organisation and a loyal customer base, makes Ahlsell an attractive partner for our suppliers and their brands.

We collaborate with a large number of suppliers, over 3,500, the ten largest of which account for approximately one quarter of the Group's total goods purchases measured in value. We focus on quality and well-known brands when choosing suppliers and set clear requirements on competence, innovation, sustainability and more.

### Continuous development work

Together with our suppliers, Ahlsell makes continuous improvement efforts to ensure innovation and improved, more sustainable products and services. Our size means that we can guarantee sufficient volumes at times when suppliers are required to make investments to meet the demand for more sustainable products, for example.

**OUR TEN LARGEST SUPPLIERS TOGETHER ACCOUNT FOR ABOUT A QUARTER OF OUR TOTAL PURCHASE VALUE.**



LK Systems

FM Mattsson

Nexans



# Our value creation and benefit to society

Ahlsell is present where people reside, work and live their lives. As a leading distributor, we drive development together with professionals in manufacturing, installation, construction, property management and maintenance. The following are examples from 2021 of how Ahlsell has made a positive impact on society.

## New technology in the development of Stockholm's wastewater treatment

Henriksdal WWTP in Stockholm is being developed to handle the treatment of an increasing amount of water. The work is taking place 30 metres underground while the facility is in full operation. Ahlsell's specialist sales staff are providing expertise and equipment, including a new concrete sensor to measure the strength of the concrete.

## Gigantic pipelines protect Karlstad from flooding

In the wake of climate change, the surface water system in central Karlstad, Sweden needs to be redimensioned. Ahlsell is supplying gigantic pipelines and two large wells for a shaft from the city's central areas to Lake Vänern. The water will run from the wells via submarine conduits 60 metres out into Lake Vänern.

## Charging boxes for climate-adapted transport of the future

The Uddared III association in Värnamo, Sweden, has installed 246 wall boxes in its garages. In addition to the charging boxes themselves, Ahlsell has been responsible for

providing installation materials such as cables, boxes and attachments for the new distribution boxes.

## Energy and water optimisation of buildings

Swedish municipality-owned Finnvedsbostäder has 2,700 apartments. In close dialogue and with long-term collaboration, Ahlsell has drawn up product proposals that are in line with requirements for improved energy and water optimisation. The selected products from Divallo offer a consumption savings potential of up to 60 percent, and improved water comfort in the form of more even pressure and temperature.

## Protection barrier for seabed plant and animal life

Grønnestad's road project in Norway is one of the projects for which Ahlsell has supplied marine geotextile fabric for the seabed. The fabric prevents contaminated water from spreading and reduces the risk of adverse effects on flora and fauna. Ahlsell also has good processes and procedures for reuse of chains and floating hoses. The fabric itself is classified and treated as special waste after use.

# Business model, strategy and governance



Ahlsell’s goal is to be the leading distributor within the respective product segments in our primary markets. To get there, we need to be an attractive partner for customers and suppliers. Sustainable development in business and society is a common thread running through our business model, strategy and governance.

## Ahlsell’s framework

Ahlsell’s strategic house constitutes the direction, framework and focus for developing our business. The foundation is built on our core values, Responsibility, Openness and Simplicity. On this foundation rest our People, Sustainability, Customer Satisfaction and Digitalisation pillars. These two blocks form the basis of our business towards our Vision – Building a more

sustainable society. This, together with our suppliers, customers and employees, under the promise of making it easier to be professional.

We call the way we do this One Ahlsell. It describes our business model, our culture, how we drive profitable growth and how we work with continuous improvements.



## The Ahlsell Model

For more than 140 years, we have worked according to the same fundamental customer satisfaction model. Our four fundamental success factors contributing to customer satisfaction are:

**Scale** – A strong market position and large volumes give scale benefits through procurement, sales, logistics and business support.

**Breadth** – A broad range and offering reduces customers' total costs and increases customer loyalty. Our effective matrix organisation offers expertise and depth in each range. At the same time, our breadth enables economies of scale and cost synergies for customers as well as Ahlsell.

**Local presence** – Having a local presence allows for close customer relations and gives the brand exposure. With a seamless transition between stores, the sales force and e-commerce, we can meet customers on their terms.

**Value-based offering** – Relevant services, advice, availability and product delivery precision are what we offer our customers. This combination exceeds the value of dealing purely in products.

## The Ahlsell Way

The Ahlsell Way is about how we work in our organisation. The strategy includes creating employee engagement, shared core values, leadership, our Code of Conduct and our successful model for leading the business.

### Our core values

Our core values describe how we work and how we relate to customers, suppliers, society and, not least, each other. Leadership and employeeship in Ahlsell's culture are defined by strong business acumen and an entrepreneurial spirit. This requires initiative and individual development, and the aim is to reach high levels of motivation in all employees. Our core values are Accountability, Openness and Simplicity.

### Code of Conduct

Our code of conduct describes how the company must be run on an ethically, socially and environmentally sustainable basis. We expect everyone in the organisation to observe the Code, and we make the same demands of our suppliers and partners.

### Market-oriented organisation

Ahlsell strives for a market-oriented and decentralised organisation with developed local entrepreneurship to efficiently create value for our customers. Shared corporate principles and models set a clear structure for follow-up, management and business development.

### Improvement

We are a decentralised and learning organisation, which enables us to quickly adapt to changes in demand and customer requirements. Improvement is partly about strategic planning and follow-up, and partly about always striving to identify and harness opportunities for improvement in all parts of the organisation.

### Profitable growth

#### Organic growth

Growing faster than the market requires innovation, creativity and additional actions such as large- and small-scale strategic initiatives. Ahlsell works proactively to develop new business with new and existing customers and to expand our customer offer.

#### Acquisitions

Ahlsell is strengthening its market position through large and small acquisitions. Acquisitions can take place in existing markets within established product categories, and also within obvious niches in which clear synergies exist. Acquisitions contribute increased product breadth, new customer segments and markets, and new expertise and new employees.

**Our core values, Accountability, Openness and Simplicity, describe how we work and how we relate to customers, suppliers, society and, not least, each other.**



# Sustainability in everything we do

The expression “Sustainability in everything we do” means that sustainability is a natural part of our business and that we place great emphasis on exerting a positive influence.

**FOR OUR CUSTOMERS,** we make it easier to make sustainable product choices by having the right range and by pointing out the best products for a specific situation. Customers have made sustainability a purchasing criterion and many times we win contracts thanks to our systematic climate, environment and social responsibility efforts.

For our suppliers, we are a driving purchaser who makes demands and gives feedback and suggestions for

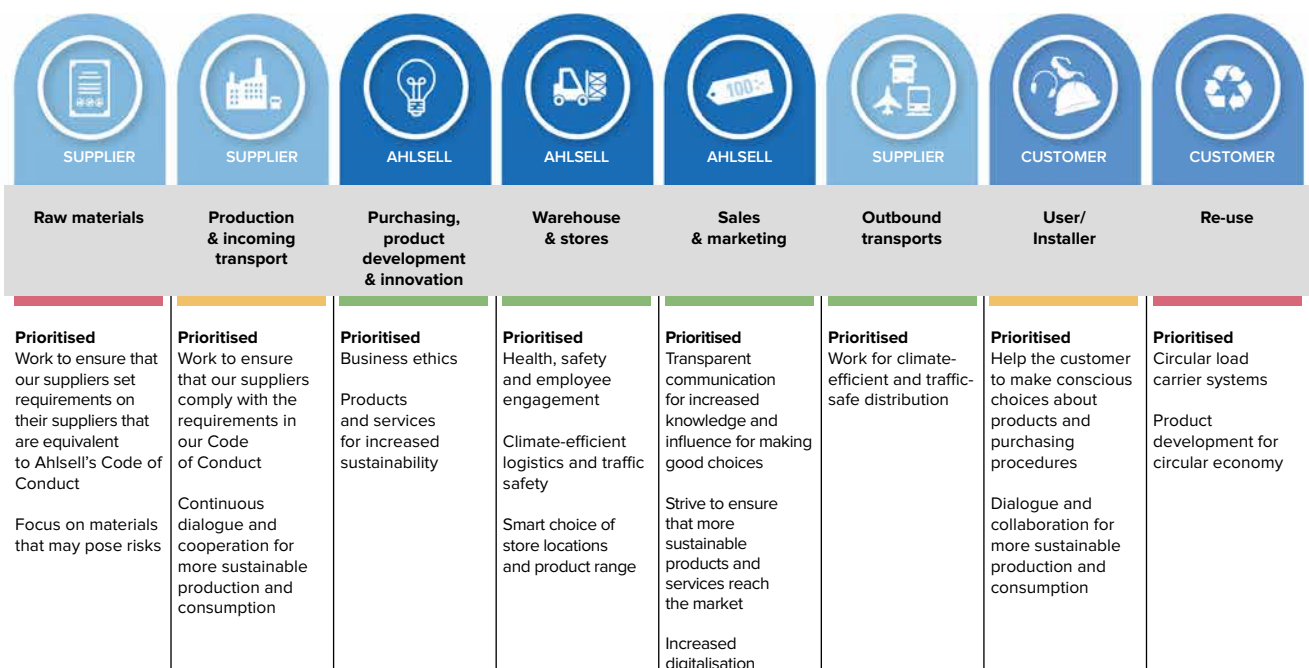
improvement. As purchasers of transport, we place high demands on environmental performance and safe driving. We are proud to be a player that leads the way in sustainability.

### A sustainable value chain

The illustration shows Ahlsell's and our products' value chain, with an overview of prioritised areas, activities and the degree of Ahlsell's influence on sustainable development.

## AHLSSELL'S VALUE CHAIN IS BASED ON CUSTOMER NEEDS

■ Low influence ■ Medium influence ■ High influence



### Good business ethics

Ahlsell's actions must be characterised by respect for customers, suppliers, other business partners and the local communities in which we operate. The goal is to develop long-term, stable business relationships in which Ahlsell is considered a responsible and professional partner. We do not tolerate corruption and unethical business conduct. Neither Ahlsell nor anyone acting on behalf of Ahlsell may grant, offer or promote payments, gifts or other benefits that may affect or be perceived as influencing the objectivity of a business or government decision. Similarly, neither Ahlsell nor anyone acting on behalf of Ahlsell may accept, receive or request gifts or other benefits.

### Code of Conduct for Ahlsell and all business partners

Ahlsell has signed the UN Global Compact, which entails a commitment to implementing principles for responsible business dealings with regards to human rights, labour rights, the environment and anti-corruption. Our Code of Conduct describes the expected behaviour of all parties concerned and is based on the UN Global Compact, the UN Universal Declaration of Human Rights and associated UN conventions, the ILO Core Conventions and the OECD Guidelines for International Enterprises.

The Code of Conduct applies to all employees within the Ahlsell Group, the Board of Directors and our business partners. We hold internal training courses on the Code of Conduct regularly. We also conduct supplier audits and require the Code of Conduct to be part of our agreements with significant business partners. How we work with suppliers is explained in more detail on page 25 under Responsible Sourcing.

The Code of Conduct is reviewed and approved annually by the Board of Directors together with other Group policies. Groups Management is responsible for ensuring compliance with the Code of Conduct and that this is followed up on an ongoing basis.

[Ahlsell's Code of Conduct \(ahlsell.se\)](https://ahlsell.se)

### Business management with support and certified management systems

In addition to the Code of Conduct, we manage our operations with the support of a number of Group-wide policies, including a quality and environment policy. Ahlsell's operations in Sweden, Norway and Finland are quality and environmentally certified in accordance with ISO 9001 and 14001. Ahlsell Norway also holds work environment certification in accordance with ISO 45001. Our purchasing office in Guangzhou, China is ISO 9001 certified.

### Organisation for sustainability

Work on sustainable business and its development is integrated into regular operations and decision-making processes, and each manager and employee is obliged to contribute within the framework of his/her role and mandate. At Group level, there is a joint specialist function tasked with coordinating work and guiding and supporting the business in sustainability issues. During the year, a new Director of Sustainability was recruited with the aim of further strengthening these efforts. A new sustainability manager for the Norwegian operations has also been appointed during the year. The Sustainability Director will be part of Group Management and will take up their position in March 2022.



#### Gold in EcoVadis' assessment

Ahlsell's sustainability work was evaluated in 2021 for the sixth consecutive year by assessment company EcoVadis. The assessment is based on 21 criteria in the areas of environment, health and safety and working conditions, including employee rights, ethics and sustainable purchasing. Ahlsell's results rose this year from 56 to 68 out of 100 possible points, which was rewarded with the Gold level.



Ahlsell has signed the UN Global Compact. This entails a commitment to support ten principles for human rights, working conditions, the environment and anti-corruption, and to actively implement them in our business.



## In dialogue with our stakeholders

Ahlsell's value creation and development takes place in collaboration with customers, suppliers, employees and other stakeholders. In order to stay up-to-date and take advantage of the potential in trends and changes, we have an ongoing dialogue with the stakeholders who influence and are affected by our business.

**HAVING CLOSE** contact with our stakeholders and hearing their requirements and expectations makes it easier to plan and prioritise for the future. In our efforts to be one of the industry's leading sustainable companies, we are also involved in driving important issues by being active in various organisations. Some examples of this year's focal issues include: common industry databases, stricter legal requirements, and environmental and sustainability product-data.

### Increased interest in sustainable development

In recent years, our collective stakeholder dialogues (employee surveys, customer dialogues, supplier audits, etc.) have shown that sustainability issues have grown in scope and significance. Expectations of Ahlsell to be a committed actor in sustainable social development have also expanded, keeping pace with the growth in insights and knowledge on issues regarding climate change, the circular economy, human rights and anti-corruption.

The analysis of stakeholder dialogues from 2021 highlights areas where our sustainability strategy needs to be further developed in order to be aligned with expectations: more ambitious and clear goals for health, the environment, and circularity for our products; improved information about

environmental and sustainability declarations; and increased focus on sustainable employeeship and inclusive culture.

### Our stakeholders and forms of dialogue

We have defined our key stakeholders as the groups most affected by and/or who impact our business. These include customers, suppliers, employees, industry organisations, the local community and our owners.

#### Customers

Each customer is assigned a salesperson who is responsible for ensuring that their needs are met in the best possible way, and actively seeks out common and improved solutions. Our ongoing discussions regarding offers and agreements provide information on areas of improvement, as well as insight into the customer's future needs. Additionally, we continuously answer customer surveys, and are available for interviews and audits.

#### Suppliers

Having good, long-term relations with our suppliers is the foundation of everything we do. Continuous development meetings, follow-ups and audits are held in order to expand our product flows and range, as well as to improve our collaborations. Due to COVID-19, this year's work has largely been carried out via digital means.

**Employees**

Employee appraisal interviews are conducted annually between managers and employees. This is when goals are set and followed up on, which is a prerequisite for good performance. During the year, activities are followed up in brief follow-up dialogues where employees and managers give each other feedback.

**Industry organisations**

To nudge the industry in a sustainable direction, Ahlsell is taking an active role in industry organisations. These organisations enable ongoing external analysis and monitoring of new laws and regulations. Our memberships also show our commitment to observing ethical rules which promote good business practice and sustainable development in the market.

**Local community**

Ahlsell's operations create clear values in the communities in which we operate. In addition to paying salaries, employer fees and tax, we attach great importance to smoothly cooperating with the local municipalities in which we operate.

**Owners**

Our main owner, CVC Capital Partners, plays an important role in Ahlsell's direction and focus. They convey a clear focus on sustainability, not only within the framework of the Board's work, but also through the continuous exchange of knowledge and expertise concerning sustainability processes and initiatives.

**A new routine and model for stakeholder dialogue**

During 2021, we developed a new method for guiding our systematic work on stakeholder analysis, dialogue and materiality analysis. A new, overall, stakeholder dialogue has been conducted, wherein customers, owners, suppliers and employees have been asked to prioritise the issues and areas they consider to be of most importance for Ahlsell's operations and sustainable development. The survey was conducted digitally through online questionnaires with a total of 200 respondents. To get a transparent depiction of stakeholder perceptions, we used predetermined topics based on EcoVadis, GRI SRS and Global Compact's ten principles. Ahlsell's Group and country management teams have also evaluated the topics on a four-point scale.

**The expectations on Ahlsell to be a committed actor in sustainable social development have increased.**

## Materiality Analysis

**AHLSSELL'S WORK REGARDING** sustainable development covers many different areas. We place the greatest focus on the areas where we may have significant actual or potential impact, as well as on areas that are most important to our stakeholders. Together with the annual analysis of risks and opportunities, stakeholder analysis, as well as the evaluation of significant environmental considerations, the stakeholder dialogue constitutes the basis for Ahlsell's materiality analysis.

The materiality analysis is evaluated annually and forms the basis of our sustainability strategy and its subsequent priorities, goals and activities. For more information on the implementation and results of the materiality analysis, see page 52 Note 1.

The areas identified as essential for us to work with have been collected under the following headings: *Reduced environmental impact, Responsible sourcing, Health and safety, Innovation and collaboration, and Employeeship.*

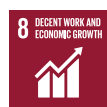
# Our contribution to Agenda 2030



Agenda 2030 and the Sustainable Development Goals, adopted by 193 countries, paves the way for the future we want to realise. Public organisations, as well as businesses and companies, have a responsibility to contribute. Ahlsell supports Agenda 2030 in its entirety and has identified which goals and sub-goals we believe our business contributes to, as well as those that present challenges for our business.

## AHLSSELL AND THE SUSTAINABLE DEVELOPMENT GOALS

### Our contribution



Users/  
Customers

Ahlsell's own  
operations

Suppliers

### Our challenges



Ahlsell's contribution



**Sustainable cities and communities**

This is our main goal. Our job is to enable and simplify the creation of tomorrow's society, and we are well aware that it must be done sustainably. The aim is to contribute as much as possible with as little negative impact as possible.



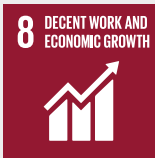
**Clean water and sanitation for all**

In the Nordic region, clean water and sanitation are part of our business. We are enabling new water and sanitation solutions throughout the Nordic region. We supply houses and apartment buildings with sewage systems and wastewater treatment plants. We are also a major supplier of hygiene and sanitation products.



**Sustainable energy for all**

Tomorrow's energy needs demand that we streamline the use of energy and substantially expand the existing grid. Ahlsell supplies cables, solar cells and charging points throughout the Nordic region. In addition, we are experts in everything from lighting to network hardware.



**Decent working conditions and economic growth**

A safe and secure workplace is a right. We work continuously to improve the health and safety of our employees. Ahlsell has made an effort during the year to help our customers make their workplaces even safer.



**Sustainable industry, innovations and infrastructure**

Industry and infrastructure are two of Ahlsell's most important customer segments. Through our logistics solutions and our focus on having a local presence, these projects can be run in both rural and urban areas.

Ahlsell's challenges



**Gender equality**

Ahlsell operates in an industry that has traditionally been - and still is - very male-dominated, which is a challenge. We therefore work actively to promote increased equality – both in the company and in the industry.



**Decent working conditions and economic growth**

Although decent working conditions are a given in the Nordic region, we must be vigilant and set requirements for this in our supply chain. The industry's raw material extraction and production often takes place in countries with fewer controls in place, but there are also risks in the Nordic region. Often, but not exclusively, these are linked to foreign subcontractors and contract workers who do not enjoy the same job security.



**Sustainable consumption and production**

Responsible extraction and recycling are major challenges in the industry. We need to increase our focus on circular processes and reward circularity. This presupposes a gradual phase-out of hazardous substances and substances that cannot be circulated.



**Climate action**

The climate is the fateful issue of our time. Conducting business in the future will require that it is done with a minimal carbon footprint. Ahlsell will halve its CO<sub>2</sub> emissions from 2016 to 2030 and be fossil-free by 2045.

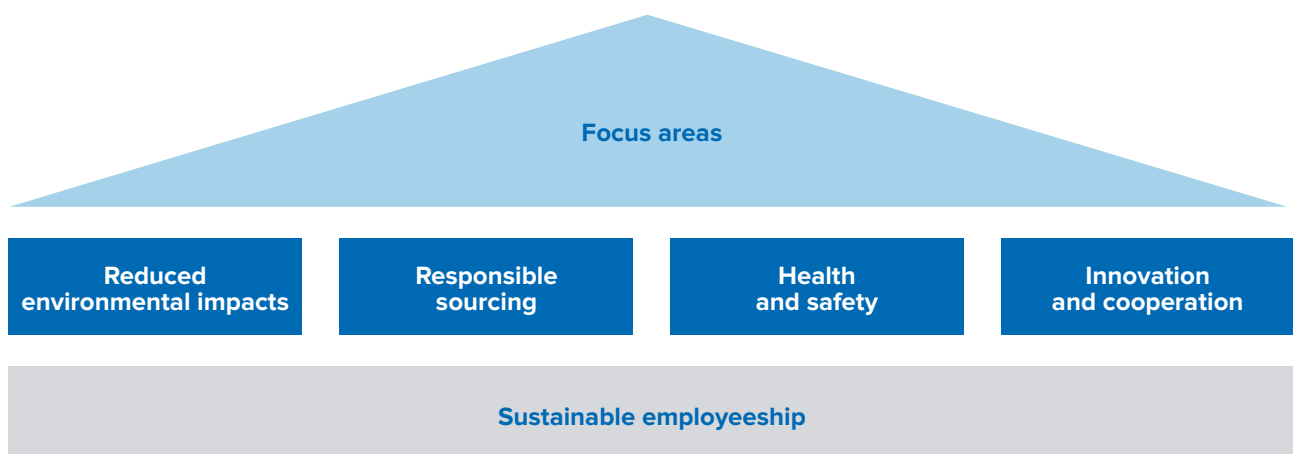


# Focus areas, goals and outcomes

Ahlsell's sustainability strategy is based on our materiality analysis. The sustainability strategy is divided into four focus areas with our employees as a common stable foundation. They are the ones who bear our sustainability work every day and drive it forward. "Sustainability in everything we do" means exactly that, and together we work to deliver on our customer promise, while becoming a little more sustainable every day.

## AHLSSELL'S SUSTAINABILITY STRATEGY

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## Reduced environmental impacts



**Key issues** Climate impact, circular economy

**Target** Halve the carbon footprint by 2030 compared with 2016, measured as tonnes of CO<sub>2</sub>e/MSEK turnover Be fossil-free by 2045

Material recycling rate by 2025, measured as waste sorting rate:  
Stores **80%**, Logistics Centres **90%**

**Outcome 2021** **0.69** (0.81) tonnes CO<sub>2</sub>e/MSEK sales, which was a **50%** decrease from 2016

Material recovery rate:  
Stores **52%** (52), Logistics Centres **90%** (90)

## Responsible sourcing



**Key issues** Sustainable supply chain, human rights, local presence

**Target** Number of high risks in the supply chain 2025: **0**

Proportion of suppliers who have adopted Ahlsell's Code of Conduct: **100%**

Evaluated suppliers in % of purchase value: **50%**

**Outcome 2021** Number of high risks in the supply chain: **NA\*** (NA)

Proportion of suppliers who have adopted Ahlsell's Code of Conduct: **81%** (82)

Evaluated suppliers in % of purchase value: **52%** (50)

\*Measurement tools are under development, to be reported from 2022.

## Health and safety



**Key issues** Safe workplace, injuries and sick leave, Safe products

**Target** Number of work-related accidents: Zero accident vision

Sick leave: max **4%**

**Outcome 2021** Work-related accidents involving sick leave: **30** (37)

Sick leave: **4.4%** (4.6)

## Innovation and cooperation



**Key issues** Sustainable products

**Target** **Ten** new products and services for increased sustainability to be launched per year

Employees must develop their skills in Innovation Processes

**Outcome 2021** **13** (12) new products and services for increased sustainability launched

**73** (104) employees have developed their Innovation Process skills

## Sustainable employeeship

### Key issues

Skills development  
Employee well-being  
Gender equality & diversity

### Target

Percentage of employees who have completed "The Code": **100%**  
Proportion of women in managerial positions: **30%** 2030  
Percentage of employees who have had employee appraisals: **100%**

### Outcome 2021

Percentage of employees who have completed "The Code": **84%** (51)  
Proportion of women in managerial positions: **22%** (20)  
Percentage of employees who have had employee appraisals: **95%** (85)



Ahlsell reports data deemed to be significant, which means that we report sustainability data for our three key markets: Sweden, Norway and Finland, which together represent 97% of our net sales.



# Reduced environmental impacts

The climate is the fateful issue of our time: The climate crisis, resource scarcity and the depletion of the Earth's ecosystem. Ahlsell has committed to halving its carbon footprint by 2030 and becoming fossil-free by 2045. Another important goal is to gradually provide more sustainable and circular products.

**RUNNING THE BUSINESS** within the limits of the planet and contributing to the transition required is a long-term vision that requires not only tangible, step-by-step measures but also innovative solutions. In the long term, the objective and requirement for sustainability is to achieve completely climate-neutral and circular business models and material flows. This is also Ahlsell's ambition, though the journey has only just begun.

### Focus on three areas

In terms of the entire value chain, a great Proportion of our climate and environmental impact stems from the supply chain and the manufacturing of the products we sell. Ahlsell's environmental work covers the entire chain, with concrete governance and measures for the areas where we have the greatest scope and opportunity to influence. At present, Ahlsell addresses environmental challenges primarily through three main areas, all of which are closely linked to our own core business:

- Efficient logistics
- Improved recycling
- Reduced energy consumption

In addition to this, we strive to work to a greater extent with environmental issues from a broader value chain perspective together with our customers and suppliers through various collaboration projects. Going forward, we see a need to more

clearly formulate goals and strategies for sustainable products, material choices, product-specific climate and sustainability data, etc.

### Systematic environmental work supported by ISO 14001

We have taken systematic efforts in our three main markets, which together account for 97 percent of our sales, in accordance with an ISO 14001 certified process in which we continuously monitor our results. Objectives and metrics have been established for identified significant environmental aspects.

**Ahlsell's environmental work covers the entire chain, with concrete governance and measures for the areas where we have the greatest scope and opportunity to influence.**

During the year, several processes and procedures within the framework of the environmental management system were updated and reinforced:

- Guideline for supplier assessment with a clearer guide to corrective actions
- Guidelines and new procedures for recycling waste
- Criteria and value model for sustainable innovations

### Efficient logistics

Logistics is an essential part of our core business. Imports, warehousing and transport to customer sites are all considerable items in our total carbon footprint. In 2021, we invested in a new purchasing system, Relex, which will increase our availability and service to our customers. This gives us the opportunity to better plan and manage key KPIs for stock optimisation going forward. Transport to customers is handled by our professional logistics partners, where we set clear environmental requirements for them and the vehicles. Through our main partner DB Schenker's collective transport, a large Proportion of customers' goods are packed together with other goods that are going in the same direction.

We also maintain an ongoing dialogue with both carriers and customers in order to avoid unnecessary transports and strive for an increased load efficiency. We discuss with our largest customers how we can reduce the need for last-minute transport through better planning. Our "Efficient Project Logistics" service improves our customers' opportunities to reduce their major construction project emissions. We work continuously to optimise transport to our stores in order to reduce our emissions. In our central warehouse in Sweden, all machinery is now run on electricity or renewable HVO100.

### Sorting for recycling

Waste management systems in the Nordic region are well developed. Ahlsell engages professional contractors to handle our sorted waste, primarily different types of packaging materials. This means large amounts of corrugated cardboard, wood waste and plastic, but also a high sorting rate for the waste we send in. In 2021, the average value was 90 percent in our central warehouses and 52 percent in our stores. The small proportion of hazardous waste that arises from operations is handled in accordance with established procedures.

Despite having a relatively high sorting rate, we are constantly striving to reduce our consumption of packaging material and to improve our recycling and reuse performance. Among other things, we are working to reduce packaging sizes and switch to plastic films made of renewable material, and we are running projects together with our suppliers to identify and phase out unnecessary packaging throughout the value chain.

### Reduced energy consumption

By reducing energy consumption and increasing the proportion of renewable energy, we will reduce our environmental footprint. The energy supply in our logistics

centres and most of our stores is from renewable energy sources, through central agreements with energy suppliers and with property owners. Special environmental requirements have been introduced into all new rental contracts.

In 2021, an energy survey, in accordance with the Law on Energy Audits in Large Enterprises, was conducted in Sweden.

Efforts to improve energy efficiency are continuously being made based on action plans in each country. The following measures were implemented during the year: switching to LED lighting in several stores, switching to renewable HVO fuel or electric operation in forklift trucks, as well as clarifying environmental requirements for transporters.

In Finland, a major investment is planned for the installation of solar panels on store roofs, to be implemented in 2022.

### Environmental focus in product development and offering

We see the need for and potential in collaborating with our customers for increased circularity and resource efficiency in offerings and product development. At present, circular business models are rather remote in our industry, customers still choose to a large extent on the basis of traditional parameters. An understanding of circular economy needs to increase and there is often a lack of sufficient commercial arguments to prompt circulation of materials and products. However, developments and trends are moving at a rapid pace and we are striving to stay one step ahead.

During the year, we formulated a goal to develop three new climate concepts per year to help customers with climate adaptation and climate change. We have also developed a new procedure to promote sustainable innovation (see section on Innovation and Collaboration).

### Climate goals in line with the Paris Agreement

Ahlsell's overall climate goal is to halve its carbon footprint by 2030 compared with 2016 and to be fossil-free by 2045. Our measurable climate target is currently limited to scopes 1 and 2 of the GHG protocol, as well as travel and transport in scope 3. In terms of the entire value chain, our products and the supply chain account for a large part of the total carbon footprint.

In 2021, we started the process of formulating more comprehensive measurable climate targets in line with the Paris Agreement, known as science based targets.

## New collaboration for more sustainable transport

**IN 2021, AHLSELL** entered into a partnership with the Swedish tech company Einride, taking one step closer to electrified and, eventually, automated freight. We see this as an important part of more climate-friendly transport. The agreement initially covers Sweden and electric lorries for the regular routes between the central warehouse in Hallsberg and Mariestad. Electric transport started in June 2021 and is estimated to save about 40 tonnes of carbon dioxide emissions per year.

Einride develops more sustainable freight solutions using electric and autonomous vehicles and today has Europe's largest electric lorry fleet with several multinational customers.

"Ahlseil must be a leader in the industry and a driving force for climate transition. For us, the first step is to become completely fossil-free. The collaboration with Einride is very exciting and an important part of the journey ahead, both in terms of moving towards electrical and, eventually, autonomous transport," says Claes Seldeby, President and CEO of Ahlseil.



Jonas Hernlund, Commercial Director at Einride, and Claes Seldeby, President and CEO of Ahlseil. Photo Einride.

## Ahlseil Norway converts to fossil-free transport

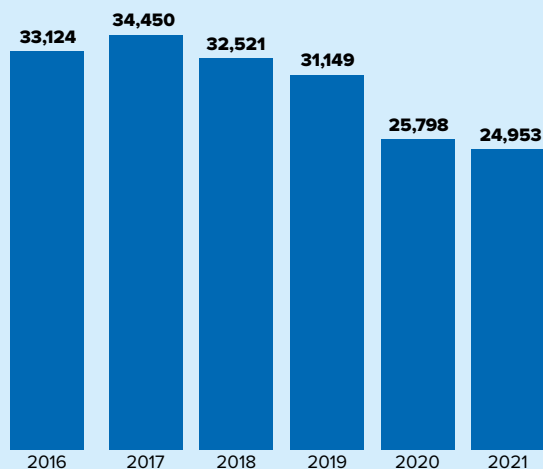
**IN 2021, AHLSELL NORWAY** embarked on a climate journey that will transition our freight transports to customers to be fossil-free, in stages. In addition to phasing out fossil diesel in favour of HVO100\*, more vehicles will be electric-powered or run on biogas. The proportion of rail deliveries will also increase significantly.

The measures implemented in 2021 will not come into full effect until 2022. According to our calculations, they will result in almost 70% lower greenhouse gas emissions.

\* HVO100 is a fossil-free diesel fuel that is mainly produced from abattoir waste and forestry residues.

## GOALS AND KPIS

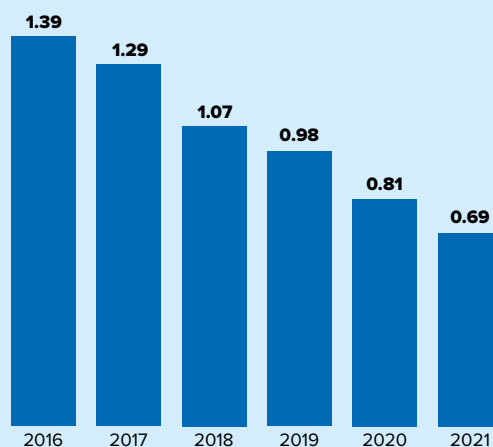
### Carbon footprint in absolute terms, tonnes CO<sub>2</sub>e\*



In 2021, our total carbon footprint calculated for Scopes 1, 2 and 3 (purchased freight transport and business travel) amounted to 24,953 tonnes of carbon dioxide equivalents. This is a 3% reduction compared to 2020.

\* Previously reported figures for 2016–2020 have been recalculated retroactively according to a common updated calculation basis. See also Note 3 Reduced environmental impact, page 52.

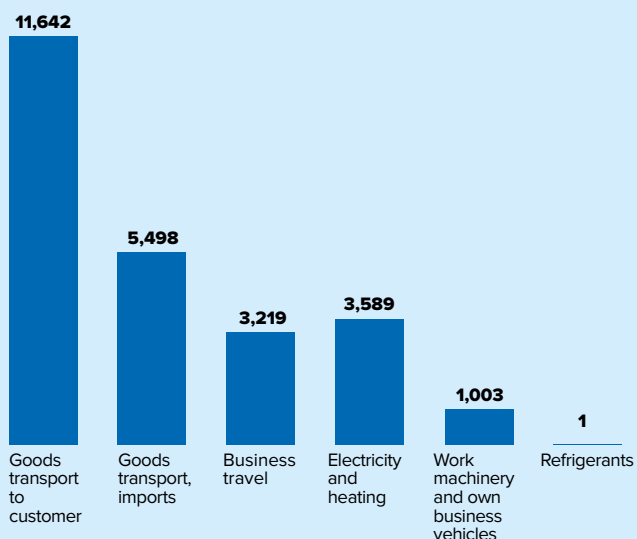
### CO<sub>2</sub> emissions in relation to turnover, tonnes CO<sub>2</sub>e/MSEK\*



One of our climate goals is to halve our carbon footprint by 2030 compared with 2016 and to be fossil-free by 2045. We have chosen to follow up this climate target with the "Total carbon dioxide emissions (scopes 1, 2 and 3) in tonnes CO<sub>2</sub>e/MSEK" KPI, with 2016 as the base year. The improvement in 2021 was 50% (compared with the base year) mainly due to the fact that we choose renewable diesel and electricity, have more energy-efficient stores, optimised logistics and synergies due to increased sales.

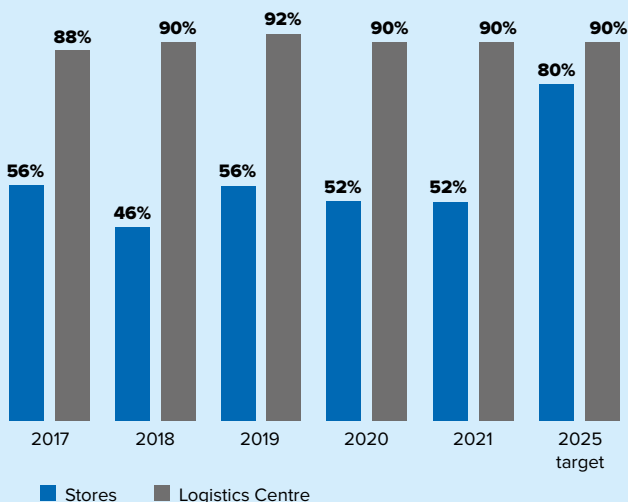
\* Previously reported figures for 2016–2020 have been recalculated retroactively according to a common updated calculation basis. See also Note 3 Reduced environmental impact, page 52.

### Ahlsell's climate impact, tonnes of CO<sub>2</sub>e



Ahlsell's climate impact originates primarily from freight transports to customers and from imports, business travel and energy use in our facilities. The diagram represents Ahlsell's total climate impact measured in tonnes of carbon dioxide equivalents.

### Material recovery rate, sorting rate waste



We aim to sort as much of the waste that arises in our operations as possible to enable materials to be recycled. In 2021, the sorting rate was 70% in total measured by weight, 52% in our stores and 90% at our logistics centres. This corresponds to a total of 0.31 tonnes of waste per MSEK in sales.

# Responsible sourcing

It is important to Ahlsell that our operations and those of our suppliers are conducted responsibly. In recent years, there has also been an increasingly clear demand from our customers. At the 2019/2020 turn of the year, we made more stringent requirements on ourselves and further raised our ambition for our business by setting new goals: By 2025, we will have zero high risks in our supply chain.

**AHLSSELL'S PURCHASES** must be characterised by responsibility and respect for customers, suppliers, business partners and the local communities in which we operate, and our responsibility extends beyond our own operations. We require our suppliers and partners to comply with the same ethical and social standards as we require of ourselves.

Ahlsell's work on responsible sourcing starts with our basic requirements. The requirements set out in Ahlsell's Code of Conduct follow the guidelines set out in the UN Global Compact, the ILO's core conventions on principles for international companies and social policies, and the OECD's guidelines for international companies. Our goal is to have zero high risks in the supply chain by 2025. For us, a supplier in a geographically high-risk area or in a high-risk industry where the risks have not been managed by Ahlsell or our partners is considered a high risk.

### Code of Conduct part of the agreements

Ahlsell's Code of Conduct is part of our agreements. When signing an agreement, suppliers agree to comply with the Code.

New suppliers must also respond to a sustainability pre-qualification form, which is then assessed by the responsible product manager.

In 2021, we supplemented the Code of Conduct with a guideline document for suppliers. This is to clarify the concrete expectations we have of our suppliers' sustainability work.

### Ensuring an ethical supply chain

For us, setting requirements for our suppliers is not enough. We have a responsibility to check that the requirements are being met. This is why we have been working systematically since 2015 to follow up on our largest suppliers' sustainability work. The follow-up includes checking documentation and management systems, as well as site visits and interviews with some of the supplier's key personnel.

In 2020, we achieved our goal of having checked 50% of our purchase value from resale goods suppliers. In 2020 and 2021, the coronavirus pandemic prevented on-site follow-ups. Instead, we focused on developing new tools to assess sustainability risks remotely based on certifications, third-party audits, official data, self-assessments and increased dialogue. Going forward, the aim is to become better at identifying possible risks and focusing on follow-ups where they are most beneficial – a prerequisite for achieving our goal of zero high risks in the supply chain by 2025.

### New supplier system for better follow-up

In order to strengthen our supplier follow-up and dialogue, during the year we set requirements, procured, designed and started the implementation of a digital “Supplier Relationship Management” system. Part of the functionality is risk management. The system makes it possible to carry out and follow up on audits and self-assessments, and to share activity plans with suppliers in order to work together to eliminate risks and drive continuous improvements. The aim is to launch the functionality during the first half of 2022.

### Our three purchasing flows

Ahlsell has three main purchasing flows: 1) Purchase of goods for resale; 2) Private label products; 3) Indirect materials and services. Purchases of goods from brand suppliers and our own private label are products that we sell on to customers, while we buy indirect materials and services to keep our own operations running.

The purchasing processes for these flows are somewhat different – and thereby also the sustainability processes – but the goal is the same: Zero high risks. As part of efforts to reduce risks, we measure the Proportion of purchases made from local suppliers, who are generally in the lead with regard to legal requirements and control functions. In 2021, 91 percent of our purchase value came from suppliers in the Nordic region.

### Goods from suppliers for resale

In 2021, purchasing products for resale to our customers accounted for 88 per cent of the purchase value and is by far Ahlsell’s largest purchasing category. This includes self-assessments, regular meetings with suppliers and sustainability follow-ups on site. The focus is on following up as much of our purchasing value and our largest strategic partners as possible. Since 2015, we have conducted sustainability follow-ups equivalent to 52 per cent of the purchase value in 2021.

In 2022, we plan to resume sustainability follow-ups on site. Suppliers are prioritised primarily on the basis of risk exposure and purchase value.

A risk assessment model has been developed based on three established indexes – Transparency International’s Corruption Perceptions Index, ITUC’s Global Rights Index and Yale University’s Environmental Performance Index – together with an extended version of our pre-qualification form. This means that we have moved our follow-ups from being based on purchasing value to assessing risks based on four main categories: Ethics & Corruption, Work Environment & Human Rights, Environment and Sustainable Suppliers. Suppliers that do not meet the minimum requirements of the four main categories are classified as high risk.

### Private label products

About 12 percent of the sales value in 2021 is made up of *private label products*. The products are developed and manufactured either by our existing brand suppliers or by

dedicated manufacturers for our private labels.

The requirements for both types of suppliers are the same: Ahlsell’s private label products must maintain at least the same quality and standard as similar products in the industry, have the necessary certificates, and comply with applicable rules and standards in the country in which they are manufactured.

All private label suppliers are assessed on the basis of our risk assessment model, which is based on the aforementioned indexes. Suppliers assessed as high risk are audited by our own quality engineers or by an established third party company before an agreement is signed. As China is classified as a high-risk country and about 30 percent of our total purchasing value for our private label comes from there, we have our own ISO 9001 certified purchasing office in Guangzhou. The office visits all suppliers before an agreement is signed and regular follow-up visits are made. After inspection, suppliers are ranked according to factors such as quality, material control, risk management, work environment and management of environmental risks. If there are deviations from our requirements for sustainable production, an action plan is drawn up and corrective measures are identified. If we, together with the supplier, do not achieve the improvements we have agreed on or believe that we need to achieve, we will change suppliers.

### Indirect materials and services

The largest categories within indirect materials and services are transport, rental agreements and IT. Other important procurements are within property management, such as cleaning or surveillance services, IT, packaging and HR. Purchases are usually made on an ongoing basis by the regions or stores themselves, either with central support or with the help of centrally negotiated agreements.

In order to meet the sustainability challenges that exist in indirect materials and services, we have identified the greatest sustainability risks. These risks are now part of the decision-making documentation in central negotiations. In 2021, compliance with central agreements, what is known as contractual loyalty, was measured at 84 per cent in Sweden, 87 per cent in Norway and 92 per cent in Finland. The relatively high level of contractual loyalty is driven by the fact that the majority of purchases fall within the categories of transport, rental agreements and IT, where we have a high Proportion of centrally negotiated agreements.

**All private label suppliers are assessed on the basis of risk, and those assessed as high risk are reviewed by our own quality engineers or by an established third party company before an agreement is signed.**

# Private label products – from idea to sale

## 1. Idea

Every new private label product is based on customer and business benefits. Our breadth and expertise enable us to drive the development of new products in a number of different technical areas. Product proposals usually come from either customers or Ahlsell employees. Once the business benefit has been secured and we are ready to go from idea to action, the case is handed over to our Group-wide private label sourcing function.

**"The market is developing rapidly and this is one of the biggest challenges in my role. I'm working on products today that will be launched in maybe 1–1.5 years time and still need to be fully relevant to our customers."**

Bachir Daoud – Sourcing Manager, Electrical



## 2. Supplier selection



Ahlsell's private label sourcing managers have a broad network of contacts. New products are primarily selected from existing suppliers. If necessary, potential new suppliers are examined and risk-assessed based on the environment, health and safety, human rights, and corruption. If a supplier is located in a high-risk country, an on-site assessment is carried out by either Ahlsell's own quality engineers in China or by an established and independent, authorised agency. If the supplier satisfies all requirements and accepts Ahlsell's Code of Conduct, a collaboration is initiated.

**"In my role, I meet some of the top manufacturers in the world. My most important task is to work with them to produce top quality at all levels."**

Jerry Hultquist – Sourcing Manager

## Private label products – from idea to sale

### 3. Safe, high-quality products

Ahlsell's private labels must be characterised by safety and high quality. This is why we carry out thorough tests before the launch, and whenever possible we involve our customers. We can develop several prototypes and examine design rights before we make our choice. The private label department compiles all necessary technical documentation and preparations for import where applicable. Included in important documentation are building product assessments, safety information, assembly instructions and verifications. The private label department is also responsible for drawing up certifications and type approvals with leading test institutes to ensure that we comply with applicable legislation and industry standards. When the product is ready for the market, marketing and internal training packages are prepared if necessary.

**“Working with such a diverse and knowledgeable team means that even three years on I am still learning every day.”**

Carl Ivarsson – Head of Private Label



### 4. Continuous follow-up and improvement



Ahlsell's quality engineers continuously monitor our Chinese suppliers' quality and working environment to ensure that they are working in accordance with the ethical and quality principles that apply to Ahlsell products. Our engineers are well trained and have extensive experience in supplier evaluation. They have also been further trained in quality, auditing and SA8000.

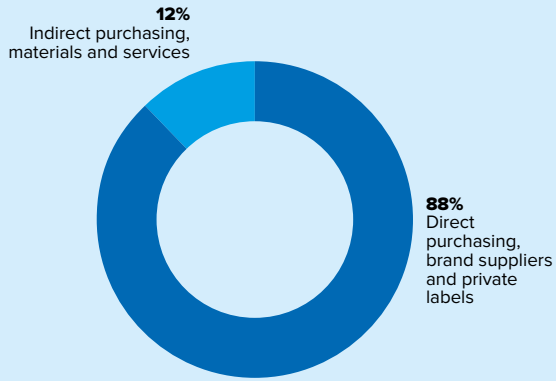
The private label department continuously follows up on any complaints or deviations in order to act quickly if any hidden faults are discovered. All feedback is evaluated and forms the basis for further improvements, stronger supplier partnerships and better products.

**"I work with broad product specifications. One of the most important aspects of my job is to get suppliers to understand and strictly follow all the requirements and standards that customers in the Nordic market expect."**

Joyce Zhong, General Manager

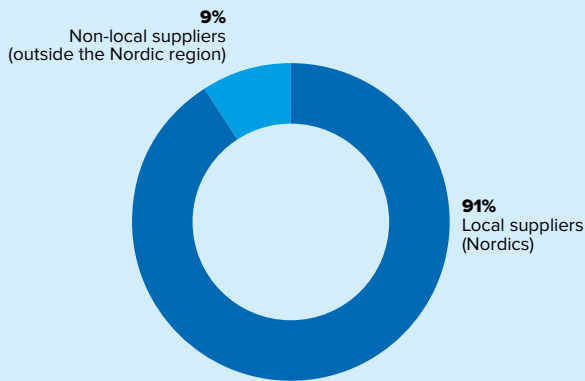
**GOALS AND KPIS**

**Distribution of purchasing flows (share of purchase value)**



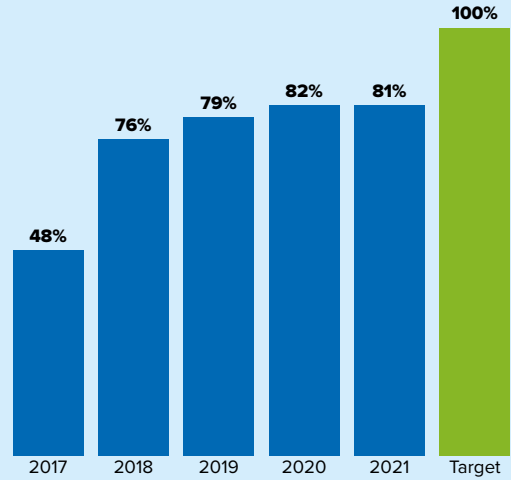
In 2021, Ahlsell's total purchases amounted to approximately SEK 28.6 billion. Of this, 88% consisted of direct purchases, i.e. the goods that are then passed on to our customers.

**Proportion of total purchases from local suppliers**



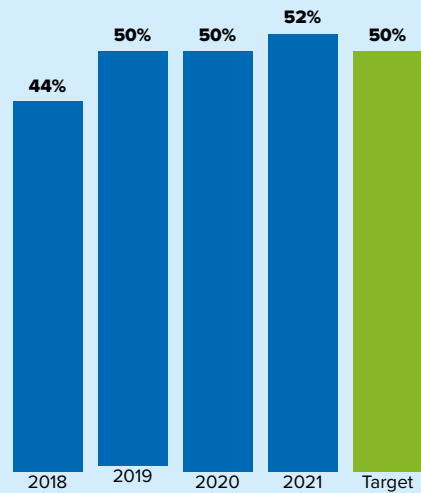
Our goal is for as large a Proportion of our purchases as possible to come from local suppliers located in Denmark, Estonia, Sweden, Norway or Finland. The outcome for 2021 is 91%, which is unchanged from 2020.

**Proportion of suppliers who have adopted Ahlsell's Code of Conduct**



The aim is for all of Ahlsell's suppliers to commit to complying with our Code of Conduct. Since 2015, this is included when signing new agreements. The key figure is calculated based on the purchase value of goods for resale. Private label products are excluded as they are checked in a separate process.

**Evaluated suppliers in % of purchase value**



In 2020, we achieved our goal of having checked 50% of our purchase value from suppliers of goods for resale. In 2021, it was not possible to conduct follow-ups on-site due to the coronavirus pandemic. However, the purchasing mix has changed with increased demand from suppliers we have already followed up.

# Health and safety



Health and safety is a continuous focus area in our operations. It is about ensuring a safe, secure working environment for our employees, helping our customers to create safe workplaces and setting clear requirements for suppliers. Last but not least, our products must naturally be safe to handle and use.

## A safe and secure working environment

Our most important responsibility to our employees is to ensure a safe workplace. We have a zero vision for work-related accidents and work actively and systematically to prevent and reduce the risk of injuries. Risk assessments, safety inspections and inspections of e.g. pallet racks, forklifts and machinery are conducted at specific intervals. Accidents and incidents that have occurred are documented and managed in a reporting system where preventive measures are decided in order to prevent recurrence.

Most of the work-related accidents that nonetheless occur happen in our logistics centres, for example in connection with operating forklifts, heavy lifting and transport work. We work continuously with preventive information and training. Examples include our induction programme for new employees, forklift training courses, and training in ergonomics, heavy lifting and first aid. We carefully follow a number of different safety rules for hot work, chemical handling, emergency preparedness and systematic fire safety work. We also have clear security procedures for our store staff for dealing with robbery and threats, but also for handling visitors who behave unpleasantly or aggressively.

A safe work environment includes organisational and social aspects. Ahlsell has zero tolerance for all types of bullying, discrimination and abuse.

## Systematic improvement work supported by ISO 45001

Our work environment management is run systematically with the support of implemented processes and procedures in all parts of the business. Since 2020, Ahlsell Norway has had a certified management system in accordance with ISO 45001. The standard provides support to focus on the most important risks, work preventively and improve continuously. In the annual audit conducted in 2021 by a third party, almost 100 employees in Ahlsell's Norwegian operations were interviewed. Overall, the auditors gave us a very good rating with only a few minor deviations.

Ahlsell Sweden, Ahlsell Finland, Proffsmagasinet, Prevox and Bekken & Ström operations also work in accordance with ISO 45001, although without external certification. During the year, several important sub-processes in work environment management, such as safety rounds, risk assessments and employee appraisals, were integrated into our overall management system and given specified process owners.

## Preparedness and measures during the coronavirus pandemic

During the outbreak of the coronavirus pandemic, a company-wide contingency organisation with a central crisis council and contingency groups in the operational areas was set up. The aim was to be able to work proactively, make quick decisions and communicate information about how different

situations are handled. Work continued in 2021 to ensure a safe work environment and to minimise the spread of infection. The intranet has served as the main means of communication during the pandemic.

### Health and wellness

Ahlsell has a well-developed, continuous collaboration with occupational health services in each country. In our three main markets, there are external partners that employees can turn to for help and advice, in a way that ensures privacy.

### Health and safety for our customers

Our vision of zero work-related accidents goes beyond our own organisation. We now also want our customers to benefit from the solid knowledge and experience we have built up in the field of health and safety. Since 2020, we have had a comprehensive offering in this area, with products, training, advice and other services. Among other things, we help with risk assessments at workplaces and safety inspections of equipment. Our specialist sales representatives for security solutions also assist customers with risk analysis, preventive measures and choice of personal protection for specific risk projects and/or risk elements.

### High demands on product quality and safety

Our customers should feel confident that the products they buy from Ahlsell are of good quality and are safe to use. Particularly high demands are placed on several parts of our range, such as tools, lighting, sprinklers, fastening and safety

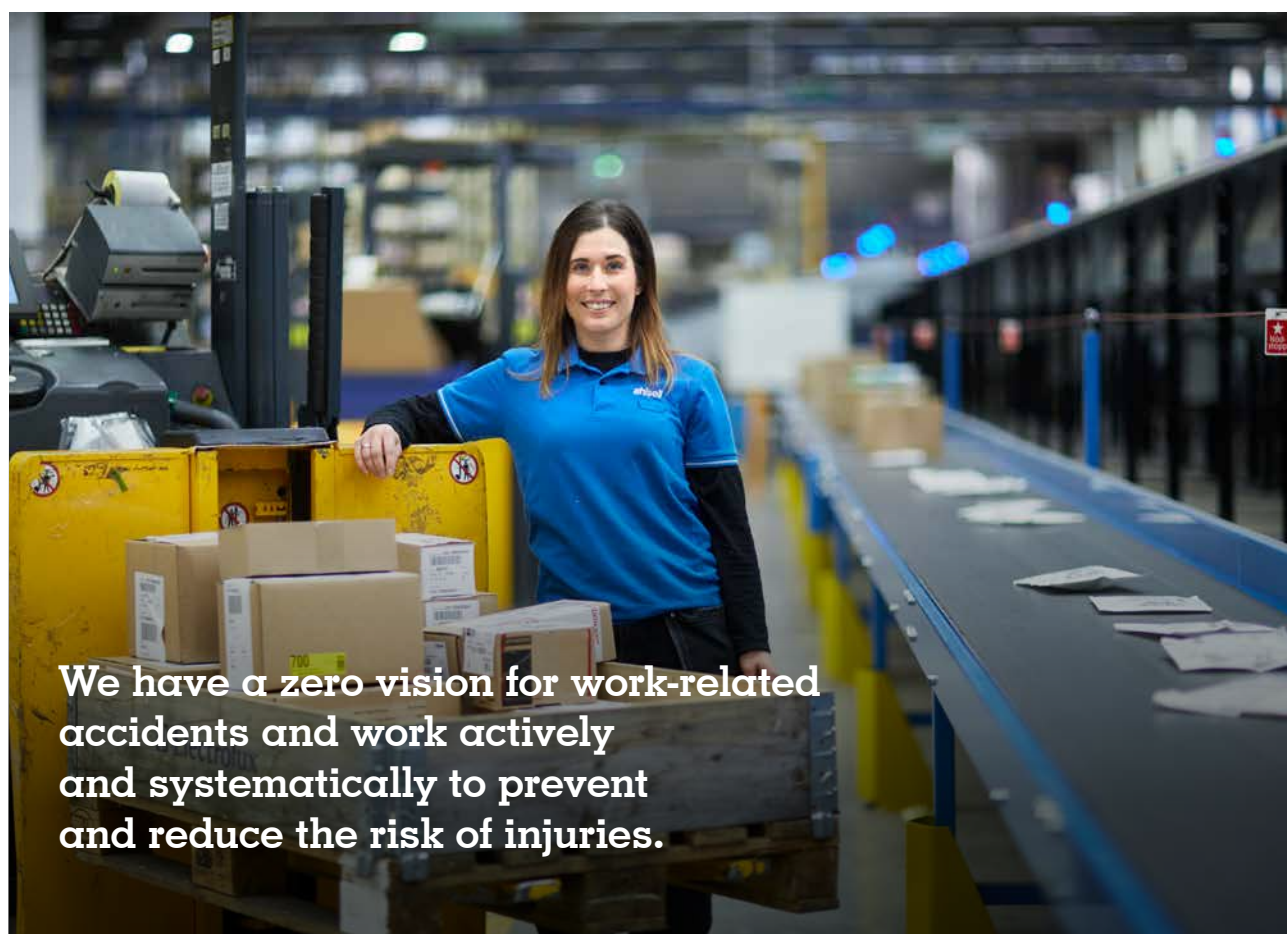
equipment, as well as chemical products. We work systematically with quality requirements and certifications to ensure compliance with both statutory and own requirements regarding function, chemical content and documentation. Operations in our three largest markets are quality certified in accordance with ISO 9001.

The regulations concerning products and product content are constantly changing. We work continuously to ensure that all stocked products in our range comply with applicable laws and regulations, and we systematically monitor changes with the help of a law-monitoring service.

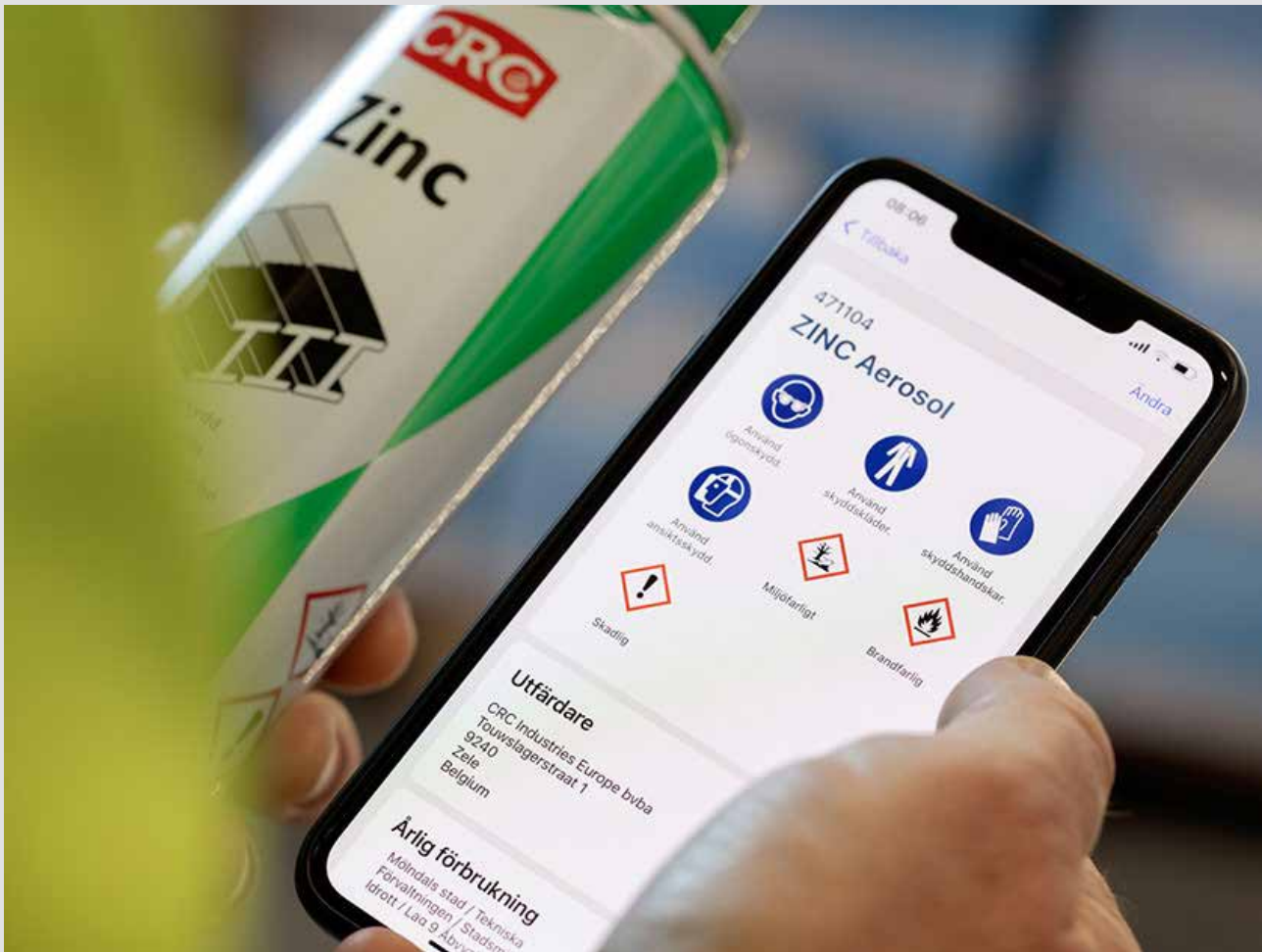
We choose our suppliers and our range with care, set requirements for both suppliers and products, and follow up on these. Read more in the section on responsible sourcing.

### Complaints and deviation management

Considering the large volume of products sold and distributed to our customers on a daily basis, we have relatively few complaints. Customer complaints are made to each store or salesperson and are then handled according to a specific procedure: Internally if it concerns our own brands, or via our partners if it concerns other branded products. All complaints are documented in order to make use of experiences, rectify deficiencies and avoid similar mistakes in the future. Complaints regarding health and safety are handled with particular care. No safety-related complaints nor recalls were made for our private label products in 2021.



**We have a zero vision for work-related accidents and work actively and systematically to prevent and reduce the risk of injuries.**



## Better overview of chemicals with a new app

**THE CHEMICALS MANAGEMENT SERVICE** offers our customers easily accessible safety data sheets and information about the chemical products used in the business. The service constitutes of an app that is linked to the Ahlsell version of Intersolia's chemicals management system iChemistry GO. The purpose of the service is to provide business support that facilitates meeting regulatory requirements, carrying out risk assessments and making smart decisions to reduce environmental impact and health and safety risks. In addition, the app saves valuable time by providing a more efficient overview and control. Customers have access to safety data sheets for all of Ahlsell's articles in the system.

"Chemistry is chemistry. Many products can be dangerous if not used properly. Ultimately, it's about sustainability – for companies, employees and our planet," explains Torbjörn Ljungqvist, Product Manager for chemical products at Ahlsell Sverige.

Daniel Labe, Unit Head at the Technical Administration in the City of Mölndal, is one of the people using the service.

"We use a number of different chemicals in all our teams. This includes everything from cleaning materials, adhesives and sealants to different types of aerosols and paints. It's a very broad spectrum that we need to deal with correctly," says Daniel.

"What we like is the functionality and intuitive interface. It's easy, the safety data sheets are updated automatically. We avoid having to keep a bunch of binders out on site and can easily take stock of all the chemicals in our operations. The system is also very affordable."

# Safety Day for Women in the Construction Industry

**MORE WOMEN ARE NEEDED** in the construction and carpentry industry, and the number of women who are choosing these professions is also increasing. However, in a traditionally male and still male-dominated industry, many women have had to settle for workwear, protection and safety equipment that were designed for men. This can have a negative effect on women's job-related self-esteem and most importantly, poses a safety risk.

At Ahlsell, we work to offer a wide range of products so that everyone in our professional groups can find a good fit. Heidi Flesvik, Safety Equipment Sales Manager at Ahlsell Norway, initiated her own industry day for health and safety specifically aimed at women.

"Not only do we want to support the recruitment of more women to the construction industry, but we also want to ensure that they can work safely and comfortably with the right equipment. We therefore want to increase our knowledge of the options available, so that they can set

requirements for better adapted work gear and protective clothing. There is an immediate safety risk if one's safety harness is too loose or if safety shoes, helmets or gas masks are the wrong size. Our ambition is to offer products for everyone, regardless of gender or body shape.

On the "tough women in tough jobs" HSE day, visitors were given the opportunity to view and try Ahlsell's range of products, and to increase their knowledge through Ahlsell's HSE specialists. Special focus was given to safety harnesses and shoes, two product groups where women often find it difficult to find good options.

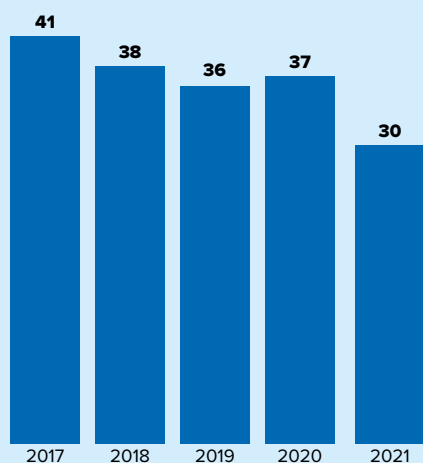
"The biggest surprise for many was when they tried hanging in a fall arrest harness – first in a 'standard harness' and then in a harness adapted in size and with adjustment options designed for women. It was a 'wow experience' for many," Heidi explains.



**We want to support the recruitment of more women to the construction industry and ensure that everyone can work safely and comfortably.**

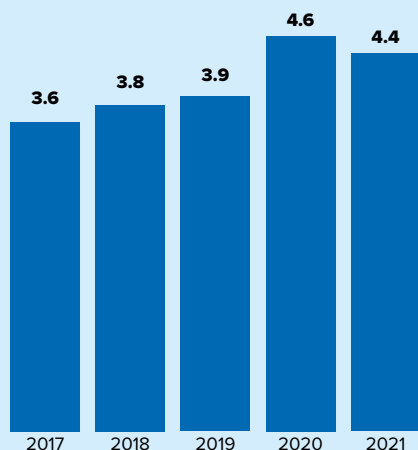
**GOALS AND KPIS**

**Number of accidents involving personal injury and at least one day's absence**



There were a total of 30 work-related accidents in our three main markets in 2021. The most common accidents involve collisions and incidents with forklifts. There have not been any fatalities or serious accidents. LTIFR, totalled 2.79 for the year. Number of lost time injuries per 1 million hours worked.

**Sick leave, % of working hours**



Sick leave among our employees in our three main markets has been stable in recent years at just under 4%, with an increase during the pandemic to around 4.5%, which corresponds to 11 days' absence for one year for a full-time employee.

**Product quality and complaints**

Customer complaints are made to each store or salesperson and are then handled internally if they concern our private labels, and via our partners if they concern other branded products. All complaints are documented and complaints regarding health and safety are handled with particular care.

No safety-related complaints nor recalls were made for our private label products in 2021.

In Sweden, the total number of complaints for private label products in 2021 was approximately 1.6 per million of sales value. There are no aggregate statistics for other markets.

# Innovation and cooperation



In order to contribute to sustainable development and meet tomorrow's customer needs, we need to be one step ahead in both working methods and offerings. A high rate of innovation and good collaboration with customers, suppliers and other partners are important.

**THREE OF OUR FOCUS AREAS** concentrate on what we want to do, while the Innovation and Collaboration focus area guides how we get there. We cannot meet our high sustainability ambitions on our own. We are dependent on new technological developments and on other stakeholders in society developing in a sustainable direction. Looking at the entire value chain, Ahlsell is usually in the latter part of the innovation process, but has an important role to play in bringing new solutions to customers. We want to drive development through collaboration and a focus on sustainable added value.

## Sustainable innovations

Our vision is to be the most natural choice of partner to launch new, more sustainable products and services. As the Nordic region's leading distributor of installation products, tools and supplies, and with the widest range on the market, we have a unique position that allows us to be a channel connecting thousands of customers and suppliers. This provides great opportunities to act as a catalyst for new innovations and collaborations.

We encourage and challenge our suppliers by actively requesting products that are better environmental choices, for example through reduced climate impact. Examples of sustainable innovation include being more resource-efficient than predecessors, contributing to a safer and better working environment, or a more circular or climate-friendly product.

## Criteria for evaluating sustainability benefits

Based on governing documents with clear criteria, Ahlsell's

sustainability team assesses the sustainability benefits in accordance with the established model. Overall, the product or service must be considerably more sustainable in terms of at least one but preferably several aspects. Examples of criteria that are considered to make a product or service more sustainable are:

- Free from substances hazardous to health and the environment*
- Circular economy*
- Energy and resource efficient*
- Good working environment and ergonomics*

## Focus on phasing out hazardous substances

Based on the results of the stakeholder dialogue, we have chosen in 2021 to focus more on circular economy and on phasing out hazardous substances (substances that put health and the environment at risk). Materials containing hazardous substances have no place in a circular economy. Ahlsell Sverige has clarified its responsibilities and roles in order to achieve more impetus and progress in its work, and the plan is that the Norwegian and Finnish businesses will also work more actively on this.

## New products with sustainable added value for 2021

In 2021, a total of 13 products and services were launched according to our criteria for sustainable innovation. They are of a different magnitude and some are more customer- or industry-specific.

### Developmental partnerships

We participate and engage in industry organisations and various sustainability initiatives, and maintain a constant dialogue with our suppliers about opportunities and expectations.

We have long been part of the Association of Swedish Building Materials Merchants, where we have driven various sustainability issues.

Within the framework of our close collaboration with Sveriges Elgrossister (SEG) and VVSinfo, the platform for technical construction product information, a sustainability reference group was created in 2021. The group includes sustainability managers for several of Sweden's largest wholesalers. Our joint goal is to find common solutions to improve quality and availability for customers, with a focus on product information regarding legal requirements, the environment and sustainability.

In 2020, we also joined the civil engineering industry's roadmap for fossil-free competitiveness and Skåne's local equivalent, LFM30. We hope that these partnerships will help shape the shift to a climate-efficient civil engineering sector.

### Innovative customers and business

Ahlsell can and wants to contribute to customers' potential to achieve their sustainability goals. Not only are we seeing an increased interest in sustainability issues, but also more demands for sustainability. We welcome the fact that customers and suppliers are propelling this and helping us

to see our role in this necessary transition. Customers in the construction and real estate sector, the public sector, agriculture and forestry, as well as manufacturing and process industries are examples of companies that are giving increasing weight to sustainability in their business with us.

Speaking with and collaborating with customers with the aim of drawing up joint sustainability plans and concrete goals that are followed up with clear key figures, ensures that we move forward.

### Digitalisation – key to efficiency, transparency and sustainability

Transparency and data are prerequisites for a company of our size to be able to conduct effective, sustainable business. At the same time, the construction industry is generally considered to be one of the least digitised. We want to change this. In 2020, we embarked on a major initiative to increase our own pace of digitalisation, including hiring people who coordinate and implement the work. We have also invested in new purchasing support systems and developed our product data management system. The aim is to increase the efficiency and profitability of our processes, to strengthen our ability to deliver relevant and business-driven product data and to better assess risks in our supply chain. By investing in a more customer-driven way of working through the development of mobile applications, we also want to develop new and better collaborations, and make it easier for customers to make more sustainable choices.



# Sustainability in focus in new agreement with LKAB

**AHLSSELL AND LKAB SIGNED A NEW COOPERATION AGREEMENT** in autumn 2021. Ahlsell will continue to be entrusted with and be responsible for the day-to-day supply of materials to LKAB's operations.

As before, Ahlsell's product breadth and specialist expertise were an important component in the procurement process. The difference this time was that LKAB focused on collaboration for both sustainability and cost-efficiency.

"In this procurement process, we really had the opportunity to harness Ahlsell's sustainable values and highlight how we and LKAB can join forces to build a more sustainable society. Our two companies have a common ambition to work on these issues on a broad front," says Gunilla Sandström, Sustainability Manager at Ahlsell Sverige.

Collaboration is important for both Ahlsell and LKAB, not least because Norrbotten is in the midst of a long-term move towards sustainable development. There are many innovative companies in the region and LKAB is one of the "green industrial wave's" most influential players.

"As a supplier to LKAB, we are expected to contribute to the value chain and together move in a more sustainable direction in a number of defined areas, including fossil-free transport and chemicals management," says Jonas Halldén, KAM Industrial and project manager for the procurement at Ahlsell.

"Ahlsell has shown that they are prepared to take their responsibility in the value chain in order to contribute to our transformation. The new agreement is a good example of where we have succeeded in integrating sustainability aspects into the business, which creates a win-win situation for both parties," says Caroline Wiss, Purchasing Manager at LKAB.



## CASE:



## Free sanitary products in the customer toilet with Period Pack

**AHSELL HAS ENTERED INTO A PARTNERSHIP** with the company Period Pack and is now installing their concept and offering free period protection in customer toilets in all our stores. With this service, Ahlsell strives to make the everyday lives of customers easier.

Period Pack is an ingenious concept that provides tampons to anyone in urgent need of period protection. As a service and security, tampons are stored in a container that is easily accessible in Ahlsell's customer toilets.

"Our stores are a central place for our customers in their everyday lives. It's important that they are able to buy the products they need or get help with solutions in the store. But it is equally important to us that all our customers are happy and feel that they are welcome. In this context, I see free period protection in our customer toilets as a matter of course," says Ahlsell's Sales Director in Sweden, Fredrik Skarp.

Ahlsell's store in the Fosie district of Malmö was the first to install Period Pack in its customer toilets. The system has been here since the spring and has been administered by store employee Johanna Jansson, who has received very positive feedback.

"The concept is simple and highly appreciated by our customers who feel that we are helping them resolve an everyday problem. Though the majority of our customers are men, this is a great way to show that we care and are attentive to all those who shop with us. It feels great that we are now offering something as natural as free period protection in our stores."

### About Period Pack

Period Pack is run by entrepreneurs Amanda Mattsson and Lova Svensson. They started their company as a Junior Achievement initiative in 2019 while in school with the vision and goal of making sanitary protection in toilets as natural as toilet paper and soap. The holder is manufactured in Sweden to reduce transport and minimise emissions.

CASE

# Laundry service extends the life of workwear

**WORKWEAR GETS WORN** and more dirty than other clothes, and is not only important from a safety and functional perspective but is also a bearer of the company brand. In collaboration with Samhall, Ahlsell Sverige is now offering a new laundry service. The service is a time- and cost-efficient way of keeping one's work wardrobe clean and functional, while also extending the garment's service life. The customer receives a customised and scalable solution with scheduled collection and delivery of clothes, where Ahlsell is not only responsible for washing the clothes but also repairing them, and where necessary, replacing garments that have torn or are worn out. Ahlsell's wide range of workwear and Samhall's nationwide network of laundries are the foundation of the offering.



CASE

# First Nordic Swan Ecolabelled injection mortar

**DURING THE YEAR, THE FIRST NORDIC SWAN ECOLABELLED INJECTION MORTAR WAS LAUNCHED** in our range. The FIS V Zero product comes from German supplier fischer. In addition to fulfilling the Nordic Ecolabelling's stringent health and environment requirements, it also meets the criteria for Byggvarubedömningen and Basta. One of the main advantages from an environmental and working environment perspective is that the product does not contain any peroxide. This means that neither warning symbols nor safety data sheets are needed, which is otherwise standard for comparable products. The area of application of the Nordic Swan Ecolabelled mortar is equivalent to that of other mortars: a very strong two-component compound used to fix, for example, railings in concrete.

nyhet!

**Nu på lager!**  
Art. nr: 764510

## FIS V Zero

- Första ankarmassan på marknaden som är Svanenmärkt.

- Godkänd enligt Svanen, Basta, BVB och Eurofins.
- Första ankarmassan helt fri från peroxid med ett nytt patenterat innehåll.
- Inga varningssymboler eller säkerhetsdatablad behövs.
- Inget behov av specialdeponi av behållare eller överbliven massa.
- Kan användas ner till -10 grader.
- ETA för de flesta tänkbara applikationer.

gör det enklare att vara proffs

**GOALS AND KPIS**

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**New products and services for increased sustainability**

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In 2021, a total of 13 new products and services that meet our criteria for sustainable innovations were launched. Some examples are highlighted in this report.

**Employees who have developed their skills in Innovation Processes**

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In 2021, a total of 73 employees were trained in innovation processes. This includes employees who have participated in an innovation training programme such as HHS Grow, employees who have participated in innovation projects with Ahlsell Lab (in workshops, prototype phases, testing or in projects) and employees who have participated in training in agile working methods to promote innovation.

**New goals for sustainable innovation, adopted in 2021**

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- One growth initiative per year, on sustainable innovation. For 2021, it was the “New Tech Electric” initiative. Work \*is in progress to establish the form of evaluation and outcome.
- Launch of three climate concepts that help customers with climate adaptation and transition. Preliminary studies are under way.



Focus

# Employeeeship

Ahlsell has around 5,900 employees. It is their knowledge, drive and commitment that enable successful and sustainable business operations. We place great emphasis on being a workplace where our employees develop and feel pride and commitment, and that attracts the skills and talents of tomorrow.

**IN COMBINATION WITH OUR ATTRACTIVE OFFERING,** it is the skills and service-mindedness of our employees that make Ahlsell a value-adding company in a changing world. Behind every satisfied customer there are the people who go the extra mile. A healthy and safe work environment, an inclusive culture and ongoing investments in leadership and skills development are important elements in ensuring that every employee can grow with us.

#### Measures and effects of the coronavirus pandemic

2021 continued to involve adaptations and measures as a result of the coronavirus pandemic. Operations in our

approximately 240 stores and three central warehouses have been ongoing with virtually full staffing. The focus has been on ensuring compliance with the authorities' recommendations and a safe working environment for our employees, as well as finding ways to create team spirit and results, despite more remote and distant work. We also see positive effects from new forms of working and meeting which we want to continue with even after the pandemic. In some roles, there is also a continued potential for a more flexible working day with a mix of remote and office work, which many employees appreciate. We have also found effective forms for quick and targeted manager meetings via Teams/digital channels, which we will continue with.

#### Health and well-being

In addition to a strong focus on creating a safe and secure working environment, we also care about the health and well-being of our employees from a holistic perspective. For us, sustainable employeeeship is about working and developing in a way that creates job satisfaction and enables improved performance in the long-run.

Several countries provide wellness care allowances and health check ups. We also invest in various health activities for both exercise and information on recovery, continuous follow-up, and self-leadership.

#### OUR EMPLOYEES 2021

**Number of employees:**  
5,899, 74% men and 26% women

**Distribution of occupational categories:**  
Sales 3,906, Warehousing/Logistics 1,416,  
Administration 461, Purchasing 205

**Proportion of women in managerial positions: 22%**

**Staff turnover: 10%**

One example from this year is “Ahlseil Rundt”, from our Norwegian operations, an internal health campaign where all employees have been offered activities and guidance on health, sleep, food and movement. This included a team competition aimed at walking at least 10,000 steps a day, which took place in the form of a digital Norwegian adventure, with visits to Ahlseil’s shops. Various additional tasks, such as ‘Car-Free Day’ and ‘Vegetarian Dinner’, promoted good habits and rewarded teams with extra points. A total of 540 employees took part during a 16-week period.

Ahlseil Norway has also invested in the ‘Pause’ programme to prevent sedentary and ergonomic occupational injuries. A digital personal trainer, located on your screen, regularly reminds you to take short breaks and do movement exercises.

### With our core values as a guiding star

Our values, Accountability, Openness and Simplicity, provide guidance in decision-making, as well as in shaping the attitudes we have towards each other and our customers. Ahlseil’s core values are a living tool in our day-to-day work. The core values are included as part of the introduction of new employees. We also follow up on the compliance-experience in employee appraisals and employee and customer surveys.

### Employee Survey

Our employee survey, [ahlseil@work](mailto:ahlseil@work), was conducted for the fourth year in 2021. Here, we measure engagement, organisational development and leadership. 90 per cent of Ahlseil’s employees responded.

The results, compared with those of 2020, had improved within several areas: Job satisfaction has increased from 71 to 74, and the Leadership Index has increased from 76 to 80, proof that our active work on leadership issues has produced effective results. Experience of inclusive culture and potential of sexual harassment, bullying and discrimination have also seen improved results. However, we will not be satisfied with this until our zero vision for all types of abuse has been achieved.

This year’s survey also included questions on the coronavirus pandemic, its effects on working methods, the work environment, as well as the company’s approach (to the pandemic). The results indicate that our employees feel that the information and support from managers has worked well.

This positive trend within the employee survey applies to all countries. The results vary between different working groups and parts of the business. Together with their team, each manager is responsible for developing action plans based on the results of the employee survey.

### A learning organisation

Continuous skills development and supply are crucial to Ahlseil’s operation and success. There is a consistent need to build on our employees’ knowledge linked to offerings and products, as well as a need to be proactive in securing the need for skills, moving forward.

We want to be a learning organisation, one which makes the best use of the expertise and experience existing in our markets, divisions and amongst all employees. We strive to maintain a culture that encourages suggestions, the testing of new ideas, mutual feedback, and where mistakes are seen as a learning opportunity. Our approach to being a workplace that fosters the conditions for growth, both in a professional and a personal sense, also aids in attracting new employees to Ahlseil.

### Product excellence

Due to our broad offering and the constant development of both our range and our customers’ needs, we are continuously investing in the product knowledge of our salespeople and store employees. In 2021, we conducted a comprehensive survey of product knowledge in Sweden and Norway. And we will do this in Finland in 2022. The survey provides an overall picture of competence in different product areas and also provides a basis for individual competence development. The results are used to identify the areas in which training initiatives are needed and to find a method and structure for knowledge transfer within and between Ahlseil’s various teams.

### Management and leadership development

Our managers and supervisors are to lead the way in both individual and organisational development and change, both strategically and operationally. How our leadership is working is one of the important target areas that we evaluate in our employee survey. Recruitment is subject to high demands based on our managerial profile, and we have developed better support for managers, as well as clear follow-up procedures via employee dialogue and employee surveys. Together with the Stockholm School of Economics, Ahlseil Sweden implemented the GROW leadership programme in 2021. Focus is placed on innovation, leadership and business acumen. So far, approximately fifty managers have completed the training. We are now developing a Nordic framework for leadership that will answer the future challenges. Within an even more digitalised working day, there is increased pressure to both lead oneself and the organisation through change. Ahlseil wants to support its managers through this.

### Digital system support and working methods

Like many companies, Ahlseil is on a continuous digitalisation journey, wherein new technology is changing and streamlining our working methods. The system support, ‘My Toolbox’, for employee processes, which was implemented in 2020, gives managers and employees access to new, simplified processes that, among other things, provide better opportunities for ongoing goal-evaluation. My Toolbox also makes it easier to

**The Leadership Index has increased from 76 to 80, proof that our active work on leadership issues has produced results.**

produce statistics for the entire Nordic region, identify training needs, prepare succession plans and implement salary reviews and new hires. One of the modules in 'My Toolbox' is 'My Learning', a shared learning platform for digital training. The platform provides flexibility both in terms of using different formats such as e-learning courses and webinars, as well as in terms of time and location of completion.

#### Continued investment in learning and development

A new 'People Strategy' was developed in 2021, with a clear focus on learning, individual development and corporate culture. The strategy's overarching goal is 'The Best Time in Your Working Life', and consists of three parts: People Growth, Improvement and Innovation and Inclusion and Diversity. Implementation will begin in 2022.

#### Skills provision

##### We want to be an attractive employer

We recruit on an ongoing basis in several areas, primarily in sales, purchasing, logistics and in digital development. Strengthening our brand in relation to both existing and potential employees is important to Ahlsell and concerns open and active communication. Among other things, this year we continued to let our employees report on the working day at Ahlsell through our Instagram account, which has received a very positive response both internally and externally.

##### Improved onboarding for new employees

In order to welcome and shorten the induction period for new employees, we have implemented well-developed onboarding processes. A new induction-process for recent hires has been implemented in Ahlsell's Finnish and Norwegian operations. New employees have access to introductory material and internal information before they even start, via email and digital channels. The process also means that the prospective

manager is involved to a greater extent and conducts a dialogue with the employee before they begin working.

#### Inclusive culture develops the business

At Ahlsell, we believe that an inclusive corporate culture, with diversity amongst employees, provides ideal conditions for good business. This is achieved through an improved working climate, increased creativity and innovation, attractiveness throughout recruitment, and increased opportunity to reflect and understand our customer-base. We strive to increase diversity at all levels and within all areas of business.

#### Ahlsell's definition of diversity

Ahlsell's definition of diversity covers everything that makes us unique as individuals. This refers to general differences between people, and, more specifically, gender, ethnic background, religion or belief, disability, sexual orientation, gender identity or expression, age and educational background. Inclusion means creating opportunities for participation so that everyone can fully contribute to the business. We will also work towards a culture where it is easy to be yourself and reach your full potential— through openness, respect and consideration for each other.

#### Equal treatment and non-discrimination

Our employees must be treated fairly, on equal terms and with respect. Among other things, this means that we respect the right to organise, or not to organise, in trade unions and to negotiate collectively or individually in accordance with local laws. None of our employees should risk harassment or retaliation in exercising these rights. With use of the employee survey, we are able to follow up on how the core values are complied with, as well as identify any perceived violations and other deviations.





### Salary survey

With the use of salary surveys, we can ensure there are no unreasonable pay differences. In our Norwegian operations, an initial salary survey was conducted in 2021 and will be carried out every other year moving forward. Annual surveys, in accordance with legal requirements and in collaboration with the trade union organisations, have been carried for many years in Sweden. All positions have been reviewed to identify any pay gaps possibly related to gender. Ahlsell Sweden identified some unjustified differences and action plans have been produced to close the gaps. In Norway, the median wage was 6 percent lower for women than for men. The analysis showed two principle factors for this gap: difference in work experience and difference in roles and positions. Four individual adjustments have been made to the salaries, and remaining differences are objectively reasonable. Ahlsell Finland participates in an annual industry-wide survey of salary levels.

### Goals for increased equality

Ahlsell is a company within a traditionally male-dominated industry, which necessitates particular focus on achieving more gender-equal working groups and role categories. The Proportion of women within the entire Group is 26 per cent (25), the Proportion of female managers is 22 per cent (19).

Group Management consists of two women and seven men, and the Board of Directors consists of three women and seven men. We have set a target to have the Proportion of female managers be 30 percent by 2030 (at the latest).

### Skills-based recruitment

It is an important tool to have bias-free, skills-based recruitment, where fact-based assessments of qualifications and the applicant's skills are relied on rather than gut feelings and a person's name, age or gender. In Sweden, we collaborate with a recruitment company specialising in these issues.

### Collaboration with the industry

Ahlsell actively participates in the industry organisation Bygghandlarna's work on skills provision in the industry. The organisation brings together eleven major construction companies that employ a total of 21,000 people. The industry is facing a generational shift, where increased focus is being directed toward being an attractive and modern choice for tomorrow's employees.

In 2021, Ahlsell Sweden became a member of Diversity Charter, a network for companies actively working to increase inclusion and diversity.

CASE

# LEAN board improved the working environment and strengthened group dynamics

**KARL-JOHAN HÜBINETTE IS THE HEAD OF KAM** (Key Account Managers) within the Industrial division, Ahlsell Sweden. When the group's results in the employee survey showed a need for development in the areas of "work content" and "working conditions" he wanted to change the way the team approached issues of work environment. The aim was to create better conditions for employees within their everyday lives. For the team, this resulted in a LEAN board, which regularly shows workloads, continuous improvements and developmental needs. This new way of working has meant that the team is more aware of each other's working environment.



"The experienced workload is lower, and the team, as a whole, is more satisfied with their work situation. A large part of the positive result is the way in which working methods have contributed to the team teaching and developing each other based on their individual abilities and experiences," says Karl-Johan.



CASE

# Increased focus on skills provision with diversity

**AHLSSELL IS PICKING UP THE PACE** of work on diversity and inclusion. Since 2020, there has been a strategic roadmap involving more initiatives and greater collaboration. For example, a cross-functional diversity group was formed in Sweden with eleven managers from different parts of the company. They will now act as leaders of change and push the work for diversity and inclusion as an integral part of the business.

We are also collaborating with the industry for the supply of future skills, with a focus on being a modern and attractive choice of workplace. Mikael Arvered, Manager of the Construction Division at Ahlsell, sits on the council of the industry organisation 'The Building Materials Dealers', where this is a focus area.

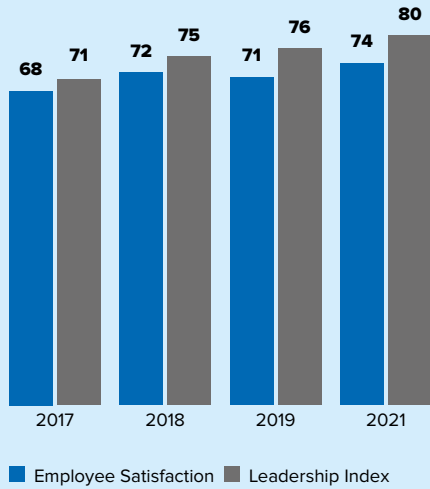
"The building materials trade is moving towards a generational shift and it is more important than ever to attract the right staff. We want to be an industry that represents the general population and assumes responsibility for any potential local, regional and global impact we may have."

Mikael Arvered's starting point is to value differences and encourage a broader approach to recruitment.

"Differences enrich, I know that from experience. With different perspectives, our decisions are better. So I challenge myself to choose what I don't have. This means that there are not only men in my group. Not just women. Not just ethnic Swedes, etc. Mixed is good. And recruiting based not only on current skills but on future potential immediately broadens the choice of a future colleague," concludes Mikael.

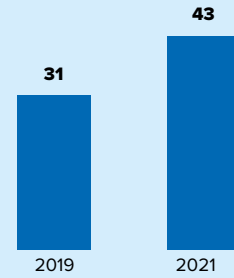
GOALS AND KPIS

Employee index (job satisfaction) and Leadership index



The Employee Satisfaction and Leadership Indexes are measured through our annual employee survey. The Leadership Index shows a positive trend for recent years with high results for 2021. The Employee Index is at a more even level, the outcome just over 70, which is considered a good result. No survey was conducted in 2020.

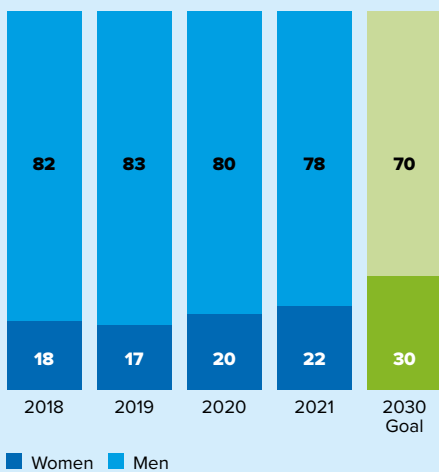
Ambassadorship (eNPS)



Ambassadorship has been measured since 2019, in the employee survey. No survey was conducted in 2020. Ambassadorship is measured as the Employee Net Promoter Score (eNPS), an established form of measurement where the scale ranges from -100 to 100. Values above 0 are considered good, values above 20 very good and values above 50 optimal.

Through use of the employee survey, we also measure the perception of Ahlsell as an inclusive company and workplace, starting in 2021. The outcome for 2021 is 78 (index where max =100).

Equality, Proportion of women in managerial positions



The portion of management positions held by women increased from 20% to 22%. Our target is to reach 30% by 2030.

Training on the Code of Conduct

We train our employees in Ahlsell's Code of Conduct with a training course called 'The Code'. This is an interactive web-based training course containing exercises on the content of the Code.

During the year, we developed two new courses, increasing accessibility. We have also led an internal campaign to increase the degree of training. By the end of the year, 84% of our employees had completed 'The Code', compared to 51% in 2020.

# Corporate governance and risk management

## Governance

Ahlsell's corporate governance aims to create sustainable value through good internal governance and control and a sound corporate culture. The framework for corporate governance consists of the Swedish Companies Act, the Swedish Annual Accounts Act and the Articles of Association.

The illustration below provides a general description of Ahlsell's\* corporate governance with a division of work between the Board and management, as well as internal and external management instruments.

### Board of Directors

The Board is Ahlsell's highest decision-making body, whose task is to be responsible for the company's organisation and managing the company's affairs. This includes setting and following up on overall goals and strategies, business plans, budgets, annual accounts and overall internal management documents. The Board monitors financial development, ensures the quality of financial reporting, and confirms the placement of appropriate systems for regulatory compliance and internal governance and control. Part of this involves establishing and following up on the company's work regarding sustainable development. The overall sustainability strategy is determined, annually, by the Board\* and specific sustainability issues are dealt with in the interim, at regular intervals. In particular, the Audit Committee also follows up on the issue of how the company satisfies sustainability-related conditions within loan financing.

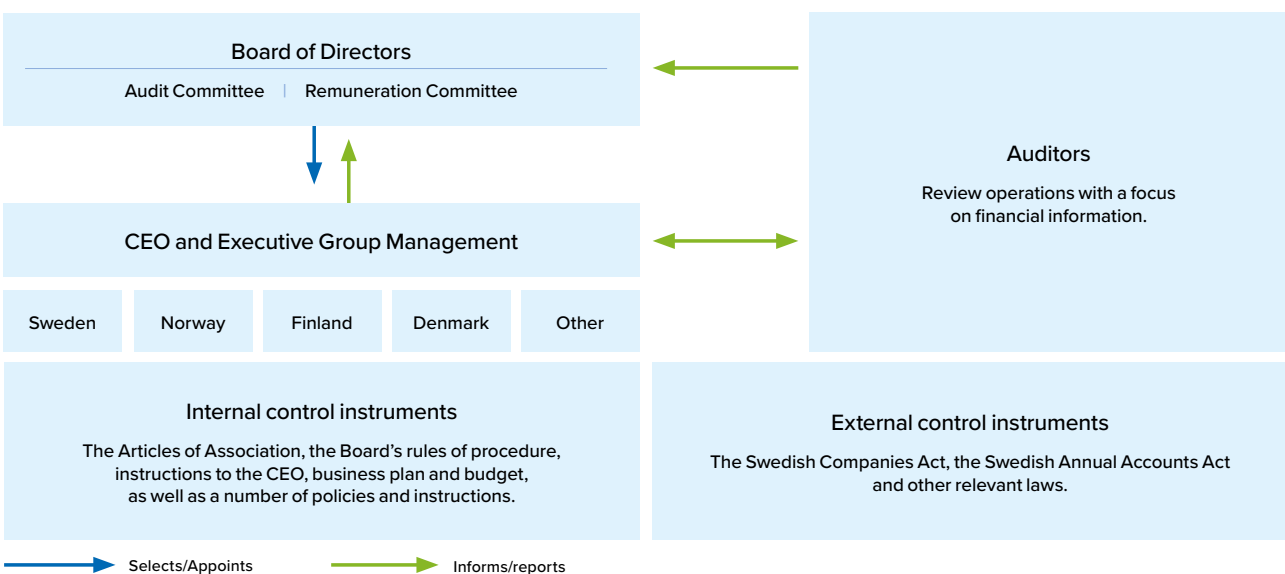
The Audit Committee and a Remuneration Committee prepare issues within each area of responsibility and submit proposals to the Board's decision. The Audit Committee is responsible for exercising supervision of procedures for accounting, financial reporting and internal control. The Remuneration Committee prepares decisions on issues relating to salaries, terms of employment, pension benefits and bonus schemes for the CEO and Group President, as well as other members of Group Management. Ten percent of The Group Management's bonus is based on the achievement of sustainability targets. For 2022, this includes further improving the results of EcoVadis' measurements.

The Board\* consists of seven (7) ordinary members and three (3) employee representatives. In addition, there are three (3) deputies to the employee representatives. The ordinary Board members, as well as the Chair, are elected annually by the Company's shareholders.

### Executive Group Management

Group Management, led by the CEO and Group President, manages the day-to-day administration in accordance with the Board's guidelines and instructions. In addition to the CEO, Group Management consists of the CFO, HR Director, Purchasing Director, Head of Business Support, Head of Digitalisation and the respective Country Managers for the three largest geographical markets. As a general rule, representatives from Group Management must be represented on each subsidiary's board of directors.

## Governance structure



\*Quimper AB Group

On 25 October 2021, Ahlsell announced the appointment of a new Director of Sustainability and Communications, who will be part of Group Management as of 1 March 2022 and report to the President and CEO. As of 1 January 2022, the Head of Logistics will be part of Group Management and the Head of Business Support will no longer be part of Group Management.

**Group Policies**

Group-wide policies and guidelines aim to guide the business and support an efficient way of working. Through established internal functions, there is ongoing training and follow-up of the company’s application of the steering documents, as well as of managing identified risks in the business. The Board of Directors\* annually establishes the applicable policies and the President and CEO and Group Management are jointly responsible for implementation in the business. Some of the company’s central governing documents are the Code of Conduct, Information Security Policy, Employee Policy, Purchasing Policy, Quality and Environmental Policy, Guidelines on Competition Law and Guidelines on Gifts and Entertainment.

**Risk management**

All business activities are associated with uncertainty and risk. The Ahlsell Group manages and controls its exposure to risk through a common risk management process. Ahlsell’s risk work is led by the Head of Internal Control & Risk Management, who reports to Group Management, the Audit Committee and the Board.\* Risk management is carried out using an established risk model and system support for reporting, documentation and case management.

The risk management process includes coordinated activities to identify, evaluate and manage risks that may not allow operations to achieve the set goals and strategies.

Identified significant risks that are deemed necessary to manage are assigned to a risk owner with responsibility for implementing and following up on control activities. The management of the risks assessed as business-critical are

followed up in a particular order by Group Management, the Audit Committee and the Board.

Ahlsell’s risk universe is identified through analysis and dialogues concerning significant risks, both internally with management groups, functional managers and other key personnel, and externally with stakeholders. The risks are categorised into five main groups: market, finance, accounting and reporting, compliance and operational business risks. Sustainability risks can be found in the categories: market, compliance and operational business risks. During the year, climate and sustainability-related risks were identified in an analysis based on the Task Force on Climate-related Financial Disclosures (TCFD) framework and Agenda 2030.

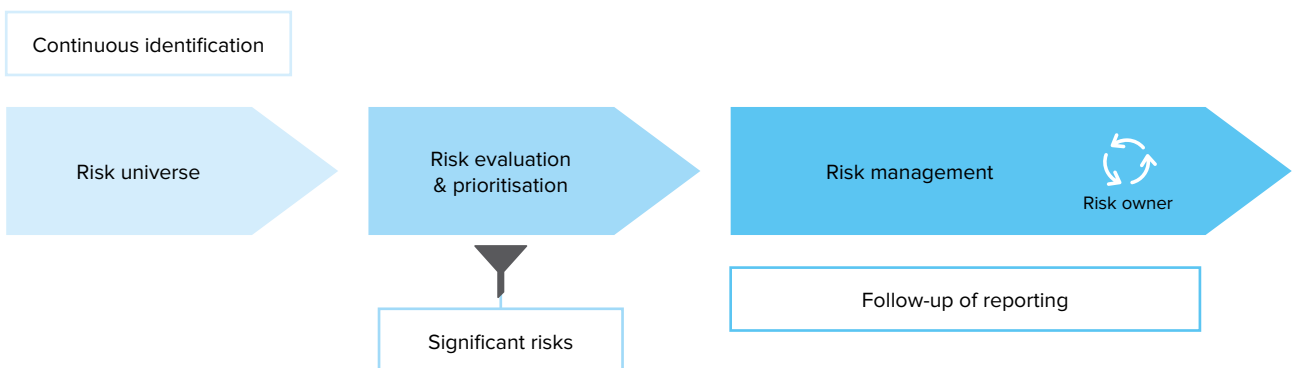
In the analysis, transition risks were particularly analysed based on a grouping of technological, regulatory, brand and acute risks. The consequences were grouped into different time horizons such as: ongoing, 1–3 years and 4–8 years. The materiality analysis aimed at charting Ahlsell’s most important sustainability issues also provides important input values for risk identification.

Ahlsell adheres to the precautionary principle, which means working preventively to minimise risks in the environmental area. In 2021, the Group-wide risk analysis conducted annually included the Parent Company, Ahlsell Sverige AB, Ahlsell Norge AS and Ahlsell Finland OY, which corresponds to 91 per cent of the company’s total sales.

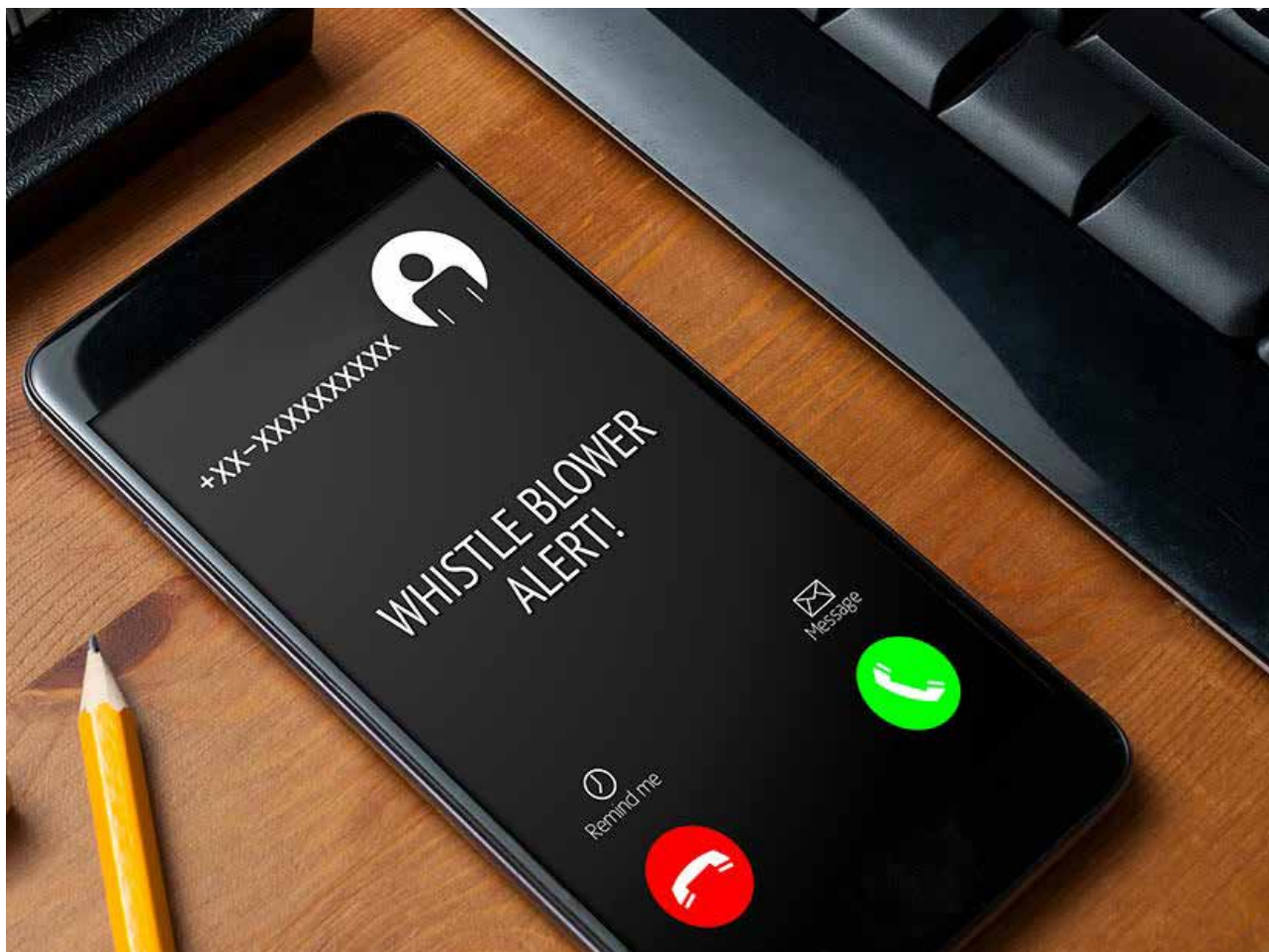
**Internal control**

At Ahlsell, the work of internal control aims to support the achievement of strategies and goals and the protection of the owner’s investment. Furthermore, it is important that the business complies with laws and regulations and that financial reporting is reliable. Each process owner and operations manager is responsible for internal control within their respective areas of responsibility. The Head of Internal Control and Risk Management is available to support development and follow-up. The design of internal controls is adapted to the degree of risk and tolerance level for different issues.

**RISK IDENTIFICATION AND MANAGEMENT**



\*Quimper AB Group



This means that for areas where we have zero tolerance, such as for violations of legislation, permits and official decisions, internal control is particularly important. During the year, a special financial reporting internal control framework was developed. The framework supports planned systematic testing of controls and reporting of its results to the Audit Committee and the Board of Directors\*.

Apart from the operations managers' regular follow-up within the framework of operational activities, national internal audits are carried out that check on the various standardised certification requirements, as well as follow-ups at the overall level through joint Group functions. The Group Function for Internal Control and Risk Management conducts internal audits.

#### **Whistleblowing**

Ahlsell always follows up on suspected unethical conduct. We also have a whistleblower function that is available to both employees and external parties to use as required. It can be accessed via our intranet, our website [www.ahlsell.com](http://www.ahlsell.com), and from the website of each country. In 2021, a total of 13 cases were registered in the whistleblower scheme. Six of the cases

related to the work environment, two of the cases related to dissatisfaction with leadership and five cases related to suspected unethical conduct. All thirteen cases have been investigated and closed. None of them had legal or serious disciplinary consequences. Ahlsell was not made aware of corruption or other similar serious business ethics violations in 2021. Nor have any disputes been brought against Ahlsell or its employees on that basis.

In 2021, in preparation for new regulations, the company established separate whistleblowing channels within the Group and initiated cooperation with an independent provider of a digital solution for reporting and case management, which will be implemented in early 2022. The collaboration also reinforces the whistleblower's anonymity protection. Once a report has been registered, it is processed by a case officer from the independent operator, who contacts Ahlsell's primary contact person based on a predetermined contact list with several names. Case investigations are conducted by a whistleblowing committee consisting of the Group HR Director, the General Counsel and the Head of Internal Control and Risk Management.

**THE AHLSELL GROUP'S BUSINESS-CRITICAL RISKS IN 2021 HAVE BEEN IDENTIFIED IN THE FOLLOWING AREAS**

Area	Risk	Description	Management
Logistics operations	Interruptions/ disruptions	The Ahlsell Group conducts world-class logistics. This is made possible by a number of warehouse facilities and distribution centres, including the central warehouses in Hallsberg (Sweden), Gardermoen (Norway) and Hyvinge (Finland). Damage to facilities or disruptions to operations could adversely affect the ability to deliver.	Ahlsell works continuously on emergency preparedness, maintenance and inspection of the central warehouses and the distribution chain to optimise efficiency and capacity utilisation. Risk management and continuity plans at the central warehouses minimise the risk of disruptions and ensure strategies for recovery in the event of disruptions.
Sales	Pricing	Correct pricing creates the conditions for profitability and growth, while at the same time ensuring satisfied customers and competitiveness. Unfavourable pricing can have a negative impact on profitability and customer relationships.	Correct pricing is ensured in the internal control environment through specific internal controls, process control and special follow-up.
Sustainability	Compliance	Ahlsell's objective is to be a leading player within the industry when it comes to environmental and social responsibility performance. Sustainability activities are a business opportunity and essential to the fulfilment of the promise to make it easier to be professional. Any shortcomings could have an adverse impact on reputation and turnover. New legislative regulations are extending companies' areas of responsibility for actual and potential negative impacts on e.g. climate and human rights throughout the value chain.	When identifying climate and sustainability-related risks, both current and additional regulations are covered. The sustainability area's risk universe covers the entire value chain. The impact of new regulatory changes on governance, control and follow-up is analysed. Internal and external business partner deviations from Ahlsell's Code of Conduct are reviewed continuously.
Purchasing	Dependency on suppliers	Ahlsell's ten largest suppliers account for 25 per cent of our purchases. If large suppliers were to choose to sell directly instead of through a distributor, this would be negative for Ahlsell. In addition, if the suppliers were to fail to deliver their products, either at all or on commercially acceptable terms, this could adversely impact Ahlsell.	Ahlsell has an established position as a leading distributor in the Nordic region and strives to offer suppliers the most cost-effective way of reaching the Nordic market. With approximately 3,500 regular suppliers of goods, the supplier base is extremely diversified.
IT	Operations	The Group's operations are dependent on its IT environment performing at optimal levels. Interruptions, errors or downtime in critical software and systems due to technical faults or unlawful intrusions may adversely affect the ability to deliver, which can have a negative impact on sales.	The Group is continuously working to streamline and digitalise its operations. Structured maintenance, review and development efforts strengthen IT and information security. Protection is tested on an ongoing basis and risk management and continuity planning requirements are made on suppliers.
IT	Security		
Fraud	External fraud	Operations may be subjected to external fraud attempts, e.g. CEO letters, false invoices, phishing emails or other means.	Skills development, controlled processes and specific internal controls minimise the risk of fraud.
Data management	Compliance	Safe management of data and effective IT security processes are important for Ahlsell. Information that is processed may be affected by unauthorised access, be inappropriately distributed or used, either by employees or outsiders, or in some other way be lost, disclosed or processed in a way that violates laws or regulations addressing security of data and privacy.	Ahlsell has a special function for information security and privacy protection with employees within the Group and subsidiaries. The purpose of the work is to protect, maintain and secure critical business data and to ensure compliance with laws and regulations (e.g. GDPR).

## NOTE 1 About the Sustainability Report: Compliance with legislation, focus and scope

Quimper Group Holdings AB's sustainability report has been prepared in accordance with GRI Standards: Core level. The sustainability report also includes Quimper Group Holdings AB's statutory sustainability report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, and has been reviewed and approved by the company's Board of Directors. Quimper Group Holdings AB is the parent company of the Ahlsell Group.

This sustainability report complies with the Swedish Annual Accounts Act and contains such information about sustainability aspects as are necessary to understand Ahlsell's development and results, material issues, risks, policies and guidelines, and the impact of operations. The aim is for this report to provide our stakeholders with a comprehensive and easily accessible overview of Ahlsell's sustainable development governance and results. The report covers the 2021 financial year unless otherwise stated.

Ahlsell strives to be a responsible and reliable member of society, which means that we comply with both industry guidelines and laws in countries where we operate. This also means that Ahlsell does not engage in aggressive tax planning, but is careful to pay tax in accordance with legislation in the countries in which it operates.

Reported sustainability data relates to Ahlsell's three main markets, Sweden, Norway and Finland, which together represent 97 per cent of the company's sales.

Companies acquired during the year are also included in this sustainability report, which can lead to year-on-year changes in reported results. Activities sold during the year are not included.

Data was collected in Position Green and the finance system, as well as manually by each information owner. Quantified information and other information has been verified in accordance with Ahlsell's internal control procedures. The respective country manager and/or company manager

is responsible for sustainability data. Previously reported values are not normally corrected retrospectively, but may be in cases where the calculation method has changed.

The sustainability report has been reviewed by KPMG AB.

## NOTE 2 Materiality analysis and stakeholder dialogue

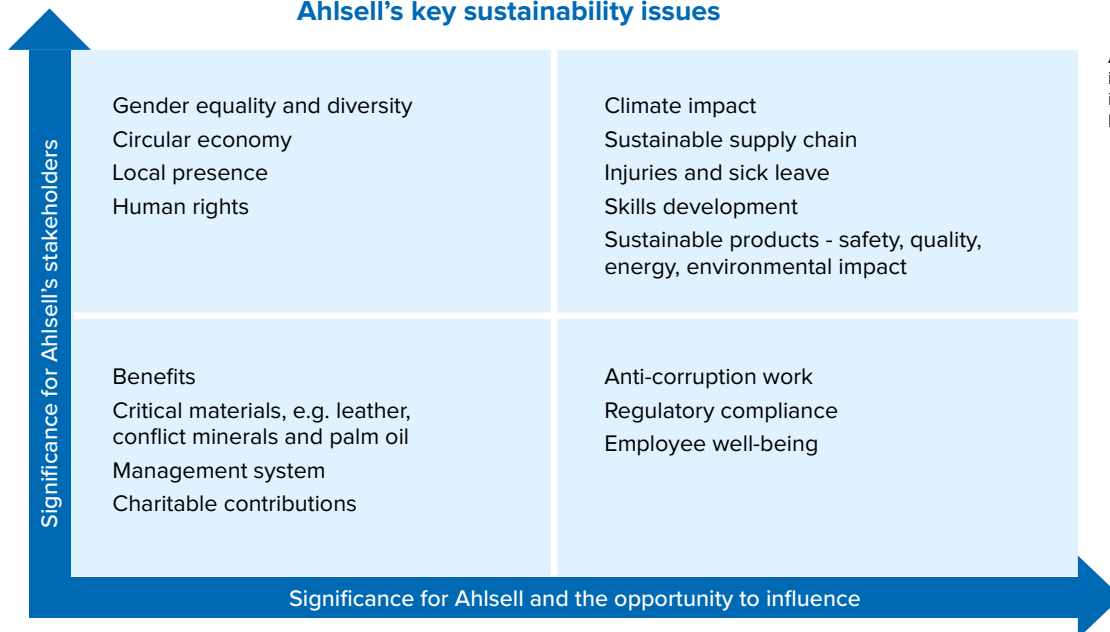
Our sustainable development work and reporting is based on our materiality analysis. Our materiality analysis helps ensure that we manage, follow up and report on our most relevant sustainability areas in order to create long-term value for our stakeholders.

We have defined our key stakeholders as the groups most affected by and/or who impact our business. These include customers, suppliers, employees, organisations, the local community and our owners.

In 2021, a new method and procedure was developed for our systematic work with stakeholder analysis, stakeholder dialogue and materiality analysis. This dictates that a new overall stakeholder dialogue and materiality analysis must be conducted every three years in between annual reviews and updates based on regular ongoing stakeholder dialogue and external analysis. The procedure is governed and managed by Environment and Sustainability and covers all companies within the Group. The stakeholder analysis is carried out within the framework of ISO 14001.

A new, overall, stakeholder dialogue has been conducted during the year, wherein customers, owners, suppliers and employees have been asked to prioritise the issues and areas they consider to be of most importance for Ahlsell's operations and sustainable development. The survey was conducted digitally through online questionnaires with a total of 200 respondents. To get a transparent depiction of stakeholder perception, predetermined topics based on EcoVadis, GRI SRS and Global Compact's ten principles have been utilised. Ahlsell's Group and country management teams have also evaluated the topics on a four-point scale.

### Ahlsell's key sustainability issues



All sustainability issues included in the matrix are key for Ahlsell.

The materiality analysis outcome is the basis of the targets and KPIs that help us monitor and manage the risks, opportunities and impacts of our operations on the parts of the value chain where they have been identified as most significant. The format of the KPIs is guided by GRI Standards and the UN's Sustainable Development Goals.

### NOTE 3 Reduced environmental impact

Environmental reporting is based on documentation from operations in our main markets Sweden, Norway, and Finland and subsidiaries with sales of more than MSEK 250 (Bekken & Ström, Proffsmagasinet and Prevox).

Greenhouse gas emissions are reported in accordance with the GHG protocol (ghgprotocol.org).

- GHG Scope 1 includes goods transport by own vehicles, work machines, refrigerants and heating with oil, gas or pellets.
- GHG Scope 2 includes district heating, cooling and electricity.
- GHG Scope 3 includes the freight transport that Ahlsell pays for and business travel (by company cars, own car and air).

Conversion factors for carbon dioxide equivalents have been taken from Svenska MiljöEmissionsData, Energiföretagen, e-on, Energimyndigheten, Energia, Stockholm Exergi, Preem, Pelletsförbundet, Statistical centralbyrå, Trafikverket and Liikennefakta. For conversion of electrical power, the 2020 Nordic residual mix was used and obtained from the Swedish Energy Markets Inspectorate.

The major freight transport carriers have used ISO 14064 or EN 16258 standard as the basis for their emission calculations and EcoTransIT as a data source. Smaller carriers in Sweden calculate the emissions of goods transport using the Swedish Association of Freight Forwarders' calculation tool Såcalc.

Starting this year, major carriers in Norway switched to the same calculation model and data source as major carriers in Sweden and Finland. As a result of this, previous years' emissions have been recalculated according to the same calculation model, i.e. in line with the year's calculation of emissions.

Waste statistics on the degree of sorting for material recycling have been retrieved from engaged waste operators. Data is reported in the fractions mixed, combustible, hazardous waste, landfill and total waste. Mixed electronic waste is included in the fraction of hazardous waste. This information is used to calculate the degree of sorting. The different waste operators' statistics for fractions differ somewhat, which means that an exact comparison of data is not possible.

The degree of sorting does not include the fraction for incineration/energy recovery.

Type of energy	Total energy consumption (MWh)	Renewable proportion (%)
Electricity	43,744	91
Self-generated solar electricity	287	100
Natural gas for heating	219	0
Oil for heating	736	0
District heating	25,499	43
District cooling	143	100
Pellets for heating	227	100
Diesel for work machinery	4,727	51
Energy from own company cars	1,483	15
Total	77,065	69

The organisation's energy consumption in MWh.

### NOTE 4 Responsible sourcing

Ahlsell's work on responsible sourcing starts with our basic requirements. The requirements set out in Ahlsell's Code of Conduct follow the guidelines set out in the UN Global Compact, the ILO's core conventions on principles for international companies and social policies, and the OECD's guidelines for international companies.

Our goal is to have zero high risks in the supply chain by 2025. For us, a supplier in a geographically high-risk area or in a high-risk industry where the risks have not been managed by Ahlsell or our partners is considered a high risk. To achieve this a new supplier must attest to understanding the requirements made in Ahlsell's Code of Conduct and we must have assessed that they meet Ahlsell's environmental, quality and sustainability requirements with regard to both products and processes.

The definition of local supplier is based primarily on where Ahlsell operates, i.e., the Nordic countries: Sweden, Norway, Finland, Estonia and Denmark. Non-local suppliers are those in the rest of the EU and outside the EU. Data is retrieved from the House of Control system and is defined based on where the supplier is based.

### NOTE 5 Health and safety

Information about sick leave is retrieved from each respective country's payroll system. Information about work-related accidents is retrieved from the C2 Management System. The C2 system is also used for managing private label product claims.

The respective country manager and/or company manager is responsible for sustainability data.

Compliance with legislation on products includes REACH, legislation that includes both substitution and precautionary principles, CLP, RoHS, CPR, WEEE and other relevant CE directives, regulations and standards. The Notisum law monitoring tool is used to identify laws and regulations that are relevant to the companies.

### Occupational health services in our three main markets

We work with systematic health efforts: risk analyses and safety inspections, ergonomics, as well as psychosocial and organisational work. Action plans are developed locally, as well as an overall plan for each country, based on results from a central and/or local risk analysis.

The use of the occupational health service must be work-related and must always go through the employee's manager. Occupational health services are bound by confidentiality, which means that they may not disclose information about the individual employee without their consent. Occupational health services shall act proactively, consultatively and as a supplement to HR in areas such as work environment, health and rehabilitation. We continuously conduct courses for managers in the area of occupational health and safety, such as on the topics of legislation, new regulations, employer responsibility and specific rules, e.g., concerning follow-up on sick leave in Norway.

### NOTE 6 Innovation and cooperation

The HHS Grow training aims to expand understanding of innovation and digitalisation opportunities. The employees trained in innovation processes have either participated in the HHS Grow training or participated in workshops, prototype phases or testing of Innovation Lab's projects during 2020.

The target of at least ten sustainable innovations only concerns Ahlsell Sweden, but all sustainable innovations are available for sale throughout the Group. The target is followed up quarterly.

List of Ahlsell's organisations where Ahlsell has a high degree of impact as a board member or is part of working groups.

#### Ahlsell's association memberships

Sweden	SEG (Swedish electricity wholesalers)
	RGF (pipe wholesaler association)
	Svensk Ventilation
	Sprinklerfrämjandet (sprinkler association)
	Byggbranschens Elektroniska Affärsstandard (Construction Industry's Electronic Business Standard)
	Svensk Handel (Swedish Trade Federation)
VVS Info	

Norway	EFO (the Norwegian Electrical Trade Association)
	NRF (Norwegian pipe wholesaler association)

Finland	STK (Finnish Electrotechnical Trade Association)
	Talteka ry (Finnish building services industries and trade)
	Teknisen Kaupan liitto (The Association of Finnish Technical Traders)

#### NOTE 7 Sustainable employeeship

My Toolbox and each country's payroll system are used for data collection. Data is transferred to Position Green. In our employee calculations below, we have chosen not to include our purchasing function in China to enable regional collection of data, i.e. that our data covers the European region. The purchasing function in China had an average of 13 employees during the year.

#### Number of employees by category, excluding China, at year-end

	Number	%
Administration	461	8%
Sales	3,906	65%
Logistics	1,416	24%
Purchasing	205	3%
Total	5,988	100%

#### NOTE 8 Sustainability and financing

Ahlsell's financing agreement with lenders contains a clause on interest rate regulation linked to greenhouse gas emissions in Scopes 1 and 2 (GHG Scopes 1 and 2, see note 3).

Provided that emissions in relation to sales decrease by at least 10 per cent in relation to the measured value two years before the current year and are lower than the previous year, Ahlsell is entitled to a reduction of 0.075 per cent in the interest margin during the following 12-month period on the current financing. If the measurement is unchanged or higher than the previous year or the decrease is less than 10 per cent compared with the measurement two years before the current year, the interest margin is raised by 0.075 per cent for the following 12-month period.

During the 12-month period after the measurement period, Ahlsell is expected to use the amount corresponding to the entire reduced interest expense resulting from the reduction of the interest margin to make investments or take initiatives to promote reduced greenhouse gas emissions.

As can be seen in the table Key Sustainability Figures on page 56 of this 2021 Sustainability Report, the current measurement value for 2021 (carbon footprint in tonnes of carbon dioxide equivalents per MSEK sales - Scopes 1 and 2) has decreased by more than 10 per cent relative to 2019 and is lower than the value for 2020.

**Distribution of average number of employees, excluding China, by gender and age group**

	Sweden	Norway	Finland	Denmark	Other (Estonia, Poland)	Total
Total number of employees	3,779	1,252	609	86	173	5,899
Of which men	2,741	950	497	61	132	4,381
Of which women	1,038	302	112	25	41	1,518
Women, %	27%	24%	18%	29%	24%	26%

Of the total number of managers, the Proportion of women was 22% (20) at the end of the year. The calculation encompasses our main markets.

**Average number of employees, excluding China, men and women, in total in the group and by segment**

	Number of women	Number of men	Total	Proportion of women by age category	Proportion of men by age category	Proportion of women	Proportion of men
Under 30 years	305	503	808	38%	62%	20%	11%
Between 30-39 years	389	893	1,282	30%	70%	26%	20%
Between 40-49 years	366	1,125	1,491	25%	75%	24%	26%
Between 50-59 years	386	1,409	1,795	22%	78%	25%	32%
Over 60 years	72	451	523	14%	86%	5%	10%
Total	1,518	4,381	5,899	26%	74%	100%	100%

**Distribution of average number of employees, excluding China, by gender and length of service**

	Women	Men	Total	Proportion of women by length of service	Proportion of men by length of service	Proportion of women	Proportion of men
	Number of women	Number of men	Total	Proportion of women by length of service	Proportion of men by length of service	Proportion of women	Proportion of men
0-5 years	770	1,711	2,481	31%	69%	51%	39%
6-10 years	275	913	1,188	23%	77%	18%	21%
11-15 years	163	523	686	24%	76%	11%	12%
16-25 years	232	839	1,071	22%	78%	15%	19%
26 years or more	78	395	473	16%	84%	5%	9%
Total	1,518	4,381	5,899	26%	74%	100%	100%

**Distribution of average number of employees, excluding China, by permanent and temporary, and by gender**

	Number of women	Number of men	Total	Proportion of women by employment type	Proportion of men by employment type	Proportion of women	Proportion of men
Permanent	1,430	4,266	5,696	25%	75%	94%	97%
Temporary	88	115	203	43%	57%	6%	3%
Total	1,518	4,381	5,899	26%	74%	100%	100%

**Distribution of average number of employees, excluding China, by full-time and part-time and by gender**

	Number of women	Number of men	Total	Proportion of women by employment type	Proportion of men by employment type	Proportion of women	Proportion of men
Full-time	1,392	4,259	5,651	25%	75%	92%	97%
Part-time	126	122	248	51%	49%	8%	3%
Total	1,518	4,381	5,899	26%	74%	100%	100%

# Sustainability KPIs

The table provides an overview of Ahlsell's reported sustainability key figures with development over time, as well as targets where established.

General	2017	2018	2019	2020	2021	Target
Total net sales, MSEK	27,484	31,291	32,672	32,849	36,850	
EcoVadis ratings and points	Silver, 54	Silver, 58	Silver, 56*	Silver, 56	Gold, 68	Improvement compared to last year's score
Reduced environmental impacts	2017	2018	2019	2020	2021	Target
Carbon footprint in tonnes of carbon dioxide equivalents per MSEK net sales (Scopes 1, 2 and 3) ***	1.29	1.07	0.98	0.81	0.69	Halve the carbon footprint by 2030 compared with 2016 (1.39)
Carbon footprint in tonnes of carbon dioxide equivalents per MSEK net sales (Scopes 1 and 2)	N/A	0.33	0.26	0.14	0.13	
Footprint in tonnes of carbon dioxide equivalents, absolute figures ***	34,450	32,521	31,149	25,798	24,953	
Direct energy consumption, MWh (electricity, heating, work machines and own electric vehicles) ****	65,233	66,977	70,462	69,211	77,065	
Total carbon dioxide equivalents GRI Scope 1, tonnes	N/A	1,829	1,715	1,353	1,249	
Total carbon dioxide equivalents GRI Scope 2, tonnes	N/A	8,327	6,502	3,209	3,345	
Total carbon dioxide equivalents GRI Scope 3, tonnes ***	N/A	22,365	22,932	21,236	20,359	
Material recycling rate (sorting rate waste) in stores, %	56	46	56	52	52	
Material recovery rate (sorting rate waste) in central warehouse, %	88	90	92	90	90	
Number of own addresses with charging points	22	40	50	56	62	
Number of own addresses with solar panels	1	2	3	4	4	
Number of environmentally approved products	N/A	3,500	4,000	4,000	7,700	
Responsible sourcing	2017	2018	2019	2020	2021	Target
Proportion of suppliers who comply with Ahlsell's Code of Conduct, %	48	76	79	82	81	100%
Evaluated suppliers, % of purchased value	34	44	50	50	52	
Proportion of purchased value from Nordic suppliers	N/A	N/A	N/A	91	91	
Health and safety	2017	2018	2019	2020	2021	Target
Work-related accidents, number	41	38	36	37	30	Zero vision**
Absence due to illness among employees, %	4	4	4	5	4	4
Innovation and cooperation	2017	2018	2019	2020	2021	Target
Number of new sustainable products and services	>10	>10	15	12	13	At least 10 per year
Skills development innovation processes, number of people	N/A	N/A	N/A	104	73	
Sustainable employment	2017	2018	2019	2020	2021	Target
Percentage of employees who underwent The Code, %	10	37	50	51	84	100%
Total staff turnover, %	10	10	10	9	10	
Proportion of employees with collective agreements, %	99	99	99	100	100	100%
Percentage of employees who have had employee appraisals, %	77	79	83	85	95	100%
Proportion of women among employees at year-end, %	21	23	24	25	26	
Proportion of women in managerial positions, %	N/A	18	17	20	22	30% 2030
Employee survey, satisfaction	68	72	71	N/A	74	No employee survey conducted in 2020
Employee survey, loyalty	82	82	81	N/A	83	No employee survey conducted in 2020

Figures and measurements in this report refer to the Ahlsell AB (Publ.) Group.

\* The 2019 assessment refers to Ahlsell AB. In previous years, only Ahlsell Sverige AB.

\*\* We report all accidents involving personal injury, resulting in at least one day of sick leave. The values differ from those reported in Ahlsell's Sustainability Report 2019. This is due to one of the countries having reported all accidents involving personal injury in previous years – including those that did not result in sick leave.

\*\*\* Previously reported figures for 2017–2020 have been recalculated retroactively according to a common updated calculation basis. See also Note 3 Reduced environmental impact, page 52.

\*\*\*\* Reported figures 2017–2019 only include electricity and heat.

N/A = Measurement data missing.

<b>GRI 102 (2016) General information</b>			
<b>Organisational profile</b>		<b>Page reference and/or comment</b>	<b>UN Global Compact Principle</b>
<b>102-1</b>	Name of organisation	Quimper Group Holdings AB (Ahlseil)	
<b>102-2</b>	Business model, key brands, products and/or services	6–12	
<b>102-3</b>	Location of the organisation's head office	Stockholm	
<b>102-4</b>	Countries in which the organisation operates	7	
<b>102-5</b>	Ownership structure and corporate form	2, 6, 48	
<b>102-6</b>	Markets in which the organisation operates	7	
<b>102-7</b>	Size of reporting organisation	6	
<b>102-8</b>	Information about workforce and other labour, broken down by employment type, terms of employment, region and gender	6, 42, 54–56	3
<b>102-9</b>	Description of the organisation's supply chain	14–15, 26–30	
<b>102-10</b>	Significant changes to the organisation and its supply chain during the reporting period	7	
<b>102-11</b>	Description of whether and how the organisation applies the precautionary principle	53	7
<b>102-12</b>	Externally developed economic, environmental and social declarations, principles or other initiatives to which the organisation subscribes or supports	15, 52, 53	1
<b>102-13</b>	Significant membership in organisations and/or national/international lobbying organisations	17, 54	
<b>Strategy</b>			
<b>102-14</b>	Statement by senior management	3–5	
<b>Ethics and integrity</b>			
<b>102-16</b>	Description of the organisation's core values, ethical principles and rules of conduct	3–5, 12–15	1–10
<b>Governance</b>			
<b>102-18</b>	Report on the organisation's corporate governance	48–50	
<b>Communication and stakeholders</b>			
<b>102-40</b>	Stakeholder groups with which the organisation is in contact	16–17	
<b>102-41</b>	Percentage of personnel covered by collective agreements	56	3, 6
<b>102-42</b>	Description of identifying and selecting stakeholders	16–17	
<b>102-43</b>	Procedure for communicating with stakeholders	17	
<b>102-44</b>	Key topics and issues raised in the stakeholder dialogue	16–17, 52	
<b>Procedure for reporting</b>			
<b>102-45</b>	Entities included in the organisation's financial reports	52	
<b>102-46</b>	Process for defining report contents and topic boundaries	52	
<b>102-47</b>	Report on all key topics identified	52–53	
<b>102-48</b>	Explanation of the effect of changes in information provided in previous reports and the reasons for such changes	53	
<b>102-49</b>	Significant changes made to reporting since the previous reporting period		
<b>102-50</b>	Reporting period	Calendar year 2021	
<b>102-51</b>	Date of publication of the last report	6 April 2021	
<b>102-52</b>	Reporting cycle	Annual	
<b>102-53</b>	Contact point for questions regarding the report and its content	gunilla.sandstrom@ahlseil.se	
<b>102-54</b>	Reporting in accordance with GRI Standards' reporting levels	52	
<b>102-55</b>	GRI Index	57	
<b>102-56</b>	Statement of external assurance	59	

<b>Topic-specific information</b>			
For page references for topic-specific governance (information GRI 103-1–103-3), see the respective subject line.			
<b>GRI 200</b>	<b>Economic impact</b>	<b>Page reference and/or comment</b>	<b>UN Global Compact Principle</b>
<b>205 (2016)</b>	<b>Anti-corruption</b>	15, 28, 50	10
<b>205-2</b>	Communication and training on anti-corruption policies and procedures	15, 48, 51	
<b>205-3</b>	Confirmed incidents of corruption and actions taken	50	
<b>GRI 300</b>	<b>Environment</b>		
<b>302 (2016)</b>	<b>Energy</b>	22–23	8–9
<b>302-1</b>	Energy use in the organisation	53, 56	
<b>305 (2016)</b>	<b>Emissions</b>	24, 53	8–9
<b>305-1</b>	Direct greenhouse gas emissions (Scope 1)	25, 53, 56	
<b>305-2</b>	Indirect greenhouse gas emissions energy (Scope 2)	25, 53, 56	
<b>305-3</b>	Indirect greenhouse gas emissions other (Scope 3)	25, 53, 56	
<b>305-4</b>	Greenhouse gas intensity	Tonnes of CO <sub>2</sub> e in relation to turnover. 21, 25	
<b>306 (2016)</b>	<b>Waste</b>	21–23	8–9
<b>Own information</b>	Material recycling rate, sorting rate waste	23, 25, 56	
<b>308 (2016)</b>	<b>Environmental assessment of suppliers</b>	13–15, 21–23, 26–29, 36, 53	
<b>308-1</b>	New suppliers evaluated on the basis of environmental criteria	21, 30, 56	
<b>Own information</b>	Proportion of evaluated suppliers, % purchase value	21, 30, 56	
<b>GRI 400</b>	<b>Social impact</b>		
<b>403 (2018)</b>	<b>Occupational health and safety</b>	15, 31	2
<b>403-1</b>	Occupational health and safety management system	15, 31, 53	
<b>403-2</b>	Hazard identification, risk assessment and investigation of incidents	31, 53	
<b>403-3</b>	Occupational health services	31, 53	
<b>403-4</b>	Involving, consulting and communicating with workers on occupational health and safety matters	31	
<b>403-5</b>	Occupational health and safety training	31	
<b>403-6</b>	Promoting worker health	42–43	
<b>403-7</b>	Preventing and mitigating OH&S impacts directly related to business relationships	15, 27, 28	
<b>403-8</b>	Employees covered by an OH&S management system	All	
<b>403-9</b>	Occupational injury	35, 56	
<b>403-10</b>	Occupational illness	35, 56	
<b>404 (2016)</b>	<b>Skills development</b>	21, 43	
<b>404-3</b>	Proportion of employees who receive ongoing evaluation of performance and skills	21, 56	
<b>405 (2016)</b>	<b>Diversity and equal opportunity</b>	21, 44–46	2, 6
<b>405-1</b>	Gender and age distribution (and distribution into other diversity criteria, if applicable) in the Board, management and among other employee categories	45, 55–56	
<b>405-2</b>	Salary and remuneration relationship between men and women	45	
<b>414 (2016)</b>	<b>Social assessment of suppliers</b>	13, 15, 21, 26–27, 29–30, 53	1–6
<b>414-1</b>	New suppliers assessed on the basis of social criteria	21, 30, 56	

# Auditor's report

## Auditor's report on the review of Quimper Group Holdings AB's sustainability report and statement on the statutory sustainability report

To Quimper Group Holdings AB, corp. ID no. 559155–5577

### Introduction

We have been commissioned by the Board of Directors of Quimper Group Holdings AB to review Quimper Group Holdings AB's 2021 Sustainability Report.

### Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing the sustainability report, including the statutory sustainability report, in accordance with the applicable criteria and the Swedish Annual Accounts Act. The criteria are set out on page 52 of the Sustainability Report, and consist of the parts of the framework for sustainability reporting published by GRI (Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the company's own accounting and calculation principles. This responsibility also includes the internal control deemed necessary to prepare a sustainability report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on our review and to express an opinion on the statutory Sustainability Report. Our assignment is limited to the historical information that is reported and thus does not include future-oriented information.

We have conducted our review in accordance with ISAE 3000 *Assurance engagements other than audits and review of historical financial information (revised)*. A review consists of making enquiries, primarily of persons responsible for sustainability reporting, and applying analytical and other review procedures. We have conducted our review of the statutory sustainability report in accordance with FAR's recommendation RevR 12 *Auditor's statement on the statutory sustainability report*. A review takes a different direction and is substantially smaller in scope than a RevR 12 review conducted in accordance with International Standards on Auditing and generally accepted auditing practice.

The auditing company applies ISQC 1 (International Standard on Quality Control) and thus has a comprehensive quality control system which includes documented guidelines and procedures regarding compliance with ethical requirements, professional standards and applicable requirements in laws and other regulations. We are independent of Quimper Group AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The review procedures that are undertaken in a review and a RevR 12 review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The stated conclusion based on a review and a RevR 12 review therefore does not have the certainty that a stated conclusion based on an audit has.

Our review of the sustainability report is based on the criteria selected by the Board of Directors, as defined above. We believe that these criteria are appropriate for the preparation of the Sustainability Report.

We believe that the evidence we have obtained during our review is sufficient and appropriate in order to provide a basis for our opinions below.

### Statements

Based on our review, nothing has come to our attention that causes us to believe that the Sustainability Report has not, in all material respects, been prepared in accordance with the criteria specified by the Board of Directors.

A statutory sustainability report has been prepared.

Stockholm, 17 March 2022

KPMG AB

Joakim Thilstedt  
Certified Public Accountant

Torbjörn Westman  
Specialist member of FAR

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