

Sustainability Report
2020

**The future is built
every day. We deliver.**

ahlsell

A low-angle, upward-looking photograph of a construction site. A large, rectangular concrete panel is being hoisted by a crane using several thick chains. The panel is positioned in the center-right of the frame. Below it, two construction workers are visible on a wooden scaffolding or formwork. One worker, wearing a white hard hat and a dark t-shirt with 'STARK' and 'GOLF TRY' printed on it, is leaning forward. Another worker is partially visible behind him. The sun is shining brightly through the opening of the concrete panel, creating a strong lens flare and silhouetting the workers. The sky is a clear, bright blue with some wispy clouds. The crane's arm and cables are visible in the upper left and right corners.

**We make it easier
to be professional**

Quimper Group Holdings AB (parent company) and its subsidiaries (together referred to as the Group) are, with the Ahlsell trademark, the Nordic region's leading distributor of installation products, tools and supplies for installation companies, construction companies, real estate management companies, industrial and power companies and the public sector.

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Sustainability – a prerequisite for growth and profitability

The year 2020 was certainly an exceptional year with the coronavirus pandemic affecting everyone's lives and operations. Many have suffered serious illness, have had reason to mourn or have lost income. As Ahlsell operates in an industry in the Nordic region where demand remained moderately good, the company was relatively unscathed. Everyone was quick to adapt to public health restrictions, digital working methods, working from home and increasing social distance in the workplace. From a people point of view, we have managed the crisis well so far with no serious outbreaks and a strong end result for Ahlsell.

Despite the coronavirus pandemic, Ahlsell experienced positive development in 2020. Following a turbulent spring in Norway and Finland, the situation in all our markets stabilised after the summer. Net sales amounted to SEK 33 billion, corresponding to one percent growth. In early November, we acquired the Norwegian company Weels Betong & Plast AS. Weels is a recognised supplier of water and wastewater systems that is in line with Ahlsell Norway's water and sanitation initiative. Since 2016, Ahlsell has acquired almost 30 companies. Acquisitions will continue to be an important part of Ahlsell's strategy and a building block for achieving our objective of profitable growth.

However, as a result of the pandemic, we have not been able to make acquisitions to the extent we planned. Much of the work started at the beginning of the year was interrupted, which means that we have many exciting discussions waiting to be resumed.

Fossil free by 2045

Sustainability is an area that is prioritised by our owners, the Board and not least by our customers. We will halve our CO₂ footprint from 2016 to 2030, with a clear aim of being fossil free by 2045. To achieve this, we will need a large number of activities. We have therefore drawn up a list of priorities based on the activities' positive effect and feasibility for the near future. The list includes:

- providing our carriers with incentives to invest in a more climate-efficient fleet of vehicles.
- developing an improved forecasting tool for purchasing to reduce air freight.
- installing LED lighting in our branches and central warehouses as well as solar energy in selected branches and central warehouses.
- enhancing technology, systems and know-how for travel-free meetings and training courses.

Investing in a system that is better at forecasting our purchasing needs will make us more efficient in planning warehousing and purchasing flows. It will also enable timely placement of orders to

reduce air freight and to choose less climate-impacting alternatives, such as sea and rail freight.

More efficient and automated product flows

Over the past five years, we have invested almost MSEK 700, primarily in our Swedish central warehouse in Hallsberg, of which MSEK 75 in 2020. The purpose of these investments has been to increase capacity and make better use of warehouse space, while creating more efficient, automated production flows. This year, a new, larger facility has been added to the existing small goods automation plant, which means that almost 45 percent of all goods are now automatically picked. Smarter packing and packaging are an important part of our sustainability work. An exciting project is currently underway in Hallsberg that entails reusing cartons that we would otherwise discard.

Digitalisation supports and improves operations

In 2020, we continued to build up an organisation for our digitalisation efforts. The focus is on creating solutions that effectively support and improve the business and, above all, make everyday life easier for our customers, suppliers and employees.

The coronavirus pandemic has helped accelerate digital transformation and has led to the emergence or enhancement of new digital behaviours. We have all been forced into a new reality where more people work remotely and more services are offered digitally. Development has taken a giant leap and we have increased our expertise in digital communication solutions in record time, which in many ways means a more sustainable meeting culture.

Solutions that streamline the construction process

The human aspect is important in our sustainability work as we strive to contribute to building a society that provides people with good living environments. When we look at the construction industry's challenges from a sustainability perspective, we see that Ahlsell can act as coordinators in influencing the industry towards more sustainable construction. A tangible example is our offering of construction logistics, involving carefully planning and coordinating deliveries. Through fewer and more carefully

Between 2016 and 2030 we will halve our CO₂ footprint with the aim of being fossil free by 2045.



considered transports, we reduce the climate impact of construction projects. Safety and the working environment benefit from work sites being well-organised.

Innovative partnerships for sustainable products and services

The Ahlsell approach not only views cooperation as the way to move forward, but also as being the basis for development, not least when it comes to sustainability issues. In the Sustainable Innovations collaboration project, we engage our suppliers and customers in developing and launching products and services for increased sustainability. The Sustainable Supplier of the Year award highlights a supplier that has distinguished themselves in the area of sustainability. In 2020, the award went to Ulefos, a Nordic water distribution company. They have taken several in-house measures to improve efficiency, resulting in an annual savings of several tonnes of refuse and waste.

Ahlsell has been a sponsor of Vasaloppet since 2017. In 2020 we further strengthened our cooperation by going in as the main sponsor. We have thus enhanced our Healthy Movement initiative, making it even easier for employees and partners to meet in a healthy, energy-boosting context. In Sweden, we have strengthened our long-standing partnership with the Swedish Childhood Cancer Fund, and in Norway we have supported cancer research for the fifth year with a gift to the Norwegian Cancer Society.

New business plan paves the way to the future

Five years have passed since Ahlsell jointly kicked off the coming years' development in accordance with Ahlsell 2020 and the One Ahlsell concept. It has been a strong platform that has contributed to positive development in several areas. The new Ahlsell 2025 business plan launched in 2020 continues on the same track, namely to harness synergies, streamline processes and benefit from best practice within the Group. Here, sustainability is key and will continue to permeate our operations on all levels.

I hope that the coronavirus pandemic will be defeated in 2021 and that this global crisis will have given insights into the changes and developments we need to make to have a sustainable future. For Ahlsell's future, we are now accelerating our efforts to increase sustainability in everything we do, while continuing to make it easier for our customers to be professionals.

Stockholm, March 2021

Johan Nilsson, President and CEO

Ahlsell in brief

Ahlsell's history starts in 1877 with the founding of the sales company John Bernström & Co. Among other things, the company sold machinery, pumps and threshing machines. In the past 140 years, Ahlsell has developed into a modern, market-leading company.

Our customers

- More than 100,000 business customers in installation, industry, infrastructure and construction.
- Every day, we fulfil our customer promise: **Ahlsell makes it easier to be professional.**
- About 230 branches across the Nordic region and successful e-commerce – the Nordic region's largest online store for B2B.
- One-stop-shop. We have everything our customers need. One order – one delivery – one invoice.

Our offer

- The market's broadest range. One million products in HVAC & plumbing, electrical, tools & supplies, water & sewage and construction, 200,000 of which are stocked and ready to be delivered within 24 hours.
- World-class logistics. Our motto for deliveries is: The right product, at the right time, in the right place.
- A unique range of about 23,000 quality-assured products under private labels.
- Offers services that make life easier, such as Ahlsell Office for administration and training.

Our employees

- 5,700 employees. Of these, about 65 percent work in sales – the Nordic region's largest sales force for professionals.
- Operate on the basis of the Accountability, Openness and Simplicity values.
- We work continuously to increase employee engagement and job satisfaction, as we know that this leads to continual positive development of the business.





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One Ahlsell

One Ahlsell aims to achieve a joint corporate culture and an efficient organisation. Our One Ahlsell strategy has four elements – the Ahlsell Model, the Ahlsell Way, Improvement and Profitable Growth. “Sustainability in everything we do” is a natural part of our business.

The Ahlsell Model

For more than 140 years, we have worked according to the same fundamental customer satisfaction model. We call it the Ahlsell 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. Scale is a fundamental success factor for profitable distribution businesses. Having high volumes also makes Ahlsell more attractive to suppliers.

Breadth A broad range and offering reduces customers’ total costs and increases customer loyalty. Expertise and depth in each range are offered via an effective matrix organisation. At the same time, the 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. The seamless transition between branches, our sales force and e-commerce enables us to meet customers on their terms. An important competitive advantage is enabling customers to trade via several different channels. This is especially valued by small and medium-sized customers, and multi-segment buyers.

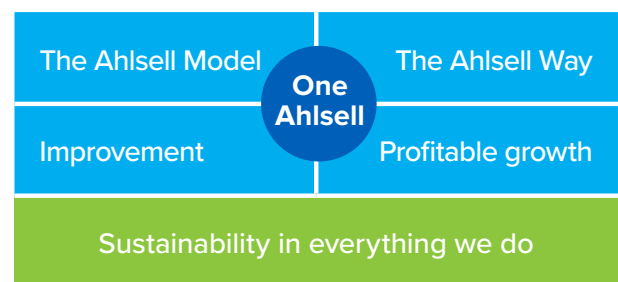
Value-based offering Relevant services, advice, convenience, availability and product delivery precision constitute our offer to customers. This combination exceeds the value of dealing purely in products.

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 values Our values permeate everything we do. They 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 helps us to run our company 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.



Market-oriented organisation Ahlsell strives for a market-oriented and decentralised organisation with developed local entrepreneurship to efficiently create value for our customers in their everyday lives. 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. To be successful in the long term, it is vital to strive for continuous development and improvement. 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. An example of a way we make this possible is by making data available for our own analysis. We can accelerate improvements by cooperating within 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. As important contributions to strengthening our organic growth, 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 to increased product breadth, new customer segments and markets, new expertise and new employees. Ahlsell has considerable experience from identifying, acquiring and integrating companies. There are considerable integration synergies from coordinating procurement, logistics, administration and sales.

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 positively influencing in areas where it has the greatest impact. 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 focus on sustainability. Toward suppliers, we are a driving buyer who makes requirements and gives feedback and suggestions for improvement.

As purchasers of transport, we place high requirements on the truck fleet. In determining driveability, we carry out random checks of both vehicles (safe load, tyre tread depth, etc.) and drivers (sobriety). As one of the biggest players, we are proud to lead the way in sustainability.



Code of Conduct for Ahlsell and all business partners

Ahlsell has signed the UN Global Compact, which means that we are committed to identifying, preventing, managing and reporting our own and our suppliers' negative impacts on human rights, environment and business ethics. Negative impacts can be, for example, inadequate working conditions, forced labour, child labour, corruption, or activities that in some way are harmful to people's health or the environment.

Ahlsell therefore has a Code of Conduct, which describes the expected behaviour of all parties concerned – employees, managers, the Board and business partners. It 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.

Ahlsell's Code of Conduct does not supersede legislation, but in several cases goes beyond existing legislation. In such cases, it is our Code of Conduct that must be followed in addition to current laws.

The Board of Directors adopts and decides on changes to the Code of Conduct. Group Management is responsible for ensuring compliance with the Code of Conduct, which is followed up continuously within the framework of day-to-day operations. Examples of such follow-up are the regular Code of Conduct training courses held for the organisation and investigations carried out in connection with cases reported to Ahlsell's Whistleblower Function.

We also conduct supplier audits and require the Code of Conduct to be part of our agreements with significant business partners.

The Code of Conduct applies to all employees within the Ahlsell Group and all our business partners. It is therefore important that both our employees and suppliers know what applies and that they comply with the Code of Conduct. How we work with suppliers is explained in more detail on page 24 under Responsible Sourcing.





Customer promise

We make it easier to be professional

Ahlsell is a market leader for the distribution of installation products, tools and supplies for professional customers in the Nordic region. Ahlsell's main operations are conducted in Sweden, Norway and Finland. Together, these countries account for 97 percent of the Group's sales. We offer our customers the market's widest range of HVAC, electrical, construction and tools & supplies. We provide over one million items and related services, enabling us to meet the needs of customers in many different industries.

Broad range of products saves time and money

The breadth of our range enables our customers to work more effectively, since they can save time spent on procurement, unloading and administration. Our customers can buy everything they need from one place, i.e. we are a one-stop-shop. We use our product information and specialist expertise to guide our customers to make effective choices. Our private labels, comprising carefully selected products of good quality, complement the range.

We are always close to the customer

We are always close to our customer and can be reached through several sales channels. Our customers can choose to shop with us in whatever way suits them best - online, by email or phone, at manned or unmanned branches and through personal encounters. Our physical branches collaborate with the webshop to provide our customers with a seamless end-to-end experience, regardless of channel. For example, customers can make purchases in the webshop and then pick it up at the physical branch.

Ahlsell is a reliable trading partner

Ahlsell is a competent and reliable trading partner that delivers the right products at the right time to the right place. World-class logistics enable this reliability, which is one of the most important things for our customers when choosing a supplier.

Efficient and safe transportation

Thanks to this broad product offering, Ahlsell has a high utilisation ratio for transport to the customer. This entails fewer deliveries to the customer, which is both sustainable and saves unloading time. Ahlsell also works with secure transport by performing spot checks to ensure safe loading and sober drivers, which ensures a safe journey for both people and the products ordered by the customer.

Services that make everyday life easier

In addition to products, we offer services such as customised delivery, storage solutions, construction site logistics, training courses, administrative tools and profile printing to support and save time for the customer. Our sales force works actively to find effective solutions for our customers.

Our branches are a place to meet

Our branches are a meeting place for customers, where they can quickly get help to find the right solutions for both planned and unexpected situations. The branches have locally adapted ranges and are located in easily accessible industrial or commercial areas. In addition to customary branches we also have on-site solutions and "pop-up-stores".

Supplier offering Unique Nordic presence

Ahlsell is a market leader in the Nordic region and gives suppliers cost-effective access to a loyal customer base in an attractive and geographically extensive market. Ahlsell's omni-channel model includes a fully developed e-commerce platform and about 230 branches. This ensures that the supplier's products are always close to the customer. Our approximately 3,700 salespeople represent the Nordic region's largest sales force for professionals. Together with our suppliers, Ahlsell conducts continuous improvement work to create innovation and improved and more sustainable products and services. Thanks to our size, we can guarantee sufficient volumes in cases where suppliers need to invest in order to meet the demand for more sustainable products. Our suppliers' manufacturing mainly takes place in the Nordic region and Europe.



Our ten largest suppliers account for **26 percent** of our purchases.





Continuous stakeholder dialogue

Ahlsell has thousands of different stakeholders. We have defined our key stakeholders as the groups most affected by and/or who impact our business. These are suppliers, customers, employees, organisations, owners and society. It is in collaborations, discussions and relationships with our stakeholders that we see what is most important and where we can make the greatest difference.

Customers

It is important to have an open dialogue with our customers to meet their needs and develop our offering. Each customer is assigned a salesperson who is responsible for ensuring that we meet their needs in the best possible way. This salesperson combines the needs of several customers to see whether we can find a shared and improved solution, often within sustainability and efficiency. Our ongoing tender and agreement discussions provide us with information on how we can improve and how we can gain insight into the current and future needs of our customers. We also answer questionnaires on an ongoing basis, and are available for interviews and audits.

Suppliers

Having good, long-term relations with our suppliers is the foundation of everything we do. We normally hold continuous development meetings, follow-ups and audits in order to develop our product flows and product range and to improve our collaborations. Due to Covid-19, we have mainly done this digitally. We have developed our capacity and knowledge of conducting productive, value-creating meetings and have adapted our operations to the authority guidelines. All with the aim of minimising the risk of spreading the coronavirus.

Employees

The competence and motivation of our employees are important to us. Having the right skills and a sense of job satisfaction is a prerequisite for our business.

Employee dialogues are conducted annually between managers and employees. Here, goals are set and followed up, which is a prerequisite for good performance. During the year, activities are followed up in brief dialogues where employees and managers give each other feedback. Sustainability work is not just for a few people – all our employees contribute to this every day in their work. Our core values and Code of Conduct ensure that ethics and sustainability govern our actions.

Industry associations

Industry associations are relevant for Ahlsell. In these, we take active responsibility for steering the sector in a sustainable direction. These organisations also enable an

ongoing analysis of business intelligence which helps us and the industry comply with 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.

Society

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 owners, CVC Capital Partners, are important in our strategic sustainability work. They have a clear focus on sustainability, not only in the framework of the Board's work, but also through the continuous exchange of knowledge and expertise concerning sustainability processes and initiatives.

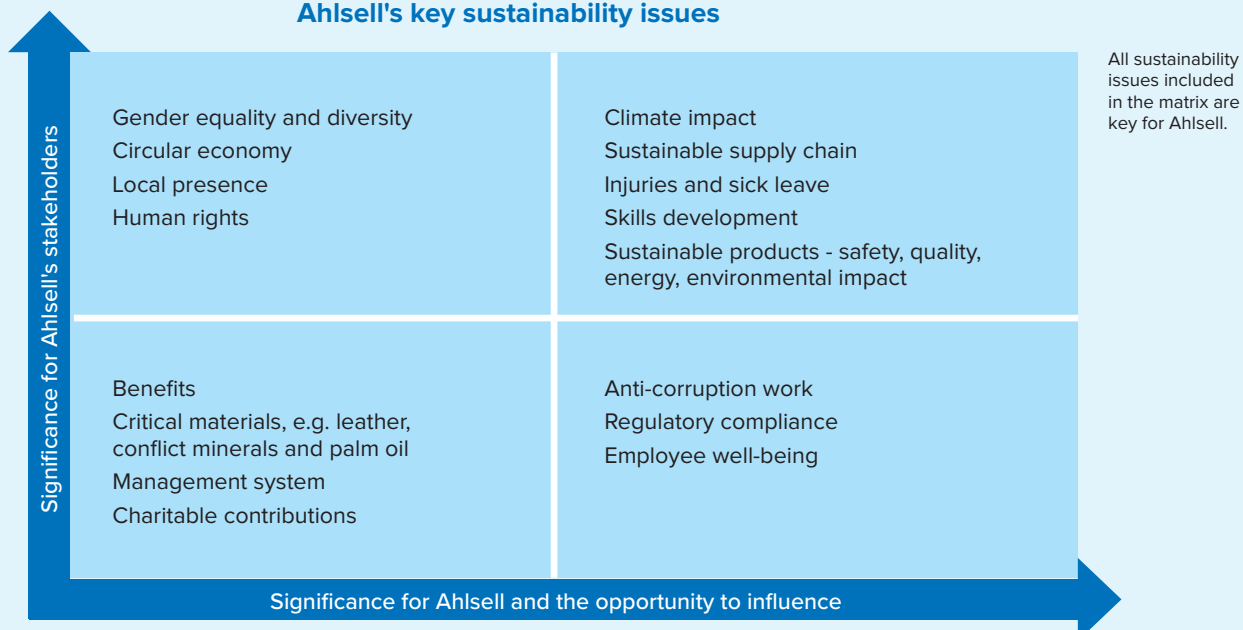
Materiality analysis

Being in close contact with our stakeholders and systematically managing their requirements and expectations makes it easier for us to plan and prioritise our activities and our focus for the future. The materiality analysis is assessed annually and is the basis for determining which sustainability areas are relevant and where Ahlsell can make the greatest positive difference.

In 2020, the stakeholder dialogue made clear that sustainability issues occupy greater space than ever before in our contacts with stakeholders. Sustainability is a natural part of the dialogue. In these, the expectations on Ahlsell to be a committed player in sustainable social development have increased significantly in recent years, just as understanding and commitment to issues such as climate change, microplastics, human rights and corruption have increased.

To identify our most important focus areas, we have combined our stakeholders' prioritised areas with our ability to influence. The areas that are most important do devote our efforts to have been gathered under: health and safety, innovation and cooperation, responsible sourcing and reduced environmental impact.

Ahlsell's key sustainability issues



Ahlsell and the UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) have been signed by 193 countries and set out the future we want to build. It is therefore important that both public organisations and the business community review their activities based on these objectives. Ahlsell has identified which goals we believe our business contributes to, as well as the goals that present challenges to our business.

Ahlsell's contribution

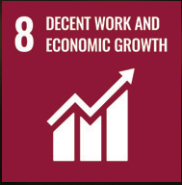
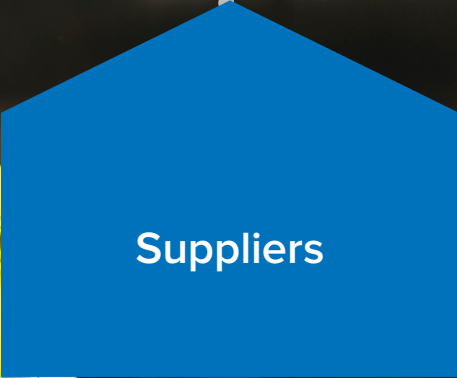
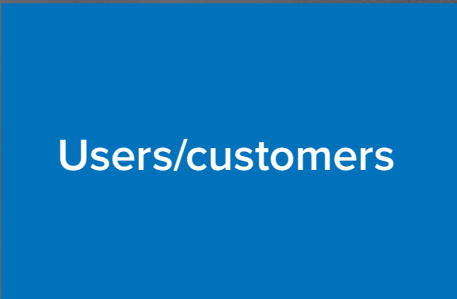
11 SUSTAINABLE CITIES AND COMMUNITIES 	Sustainable cities and communities This is our main goal. Our job is to enable and simplify the creation of tomorrow's society, and we are well aware that it must be sustainable. The aim is to contribute as much as possible with as little negative impact as possible.
6 CLEAN WATER AND SANITATION 	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, sewage systems and wastewater treatment plants. We are also a major supplier of hygiene and sanitation products.
7 AFFORDABLE AND CLEAN ENERGY 	Sustainable and clean energy for all Tomorrow's energy needs require that we streamline the use of energy and substantially expand the existing grid. Ahlsell supplies cables, solar cells and charging posts throughout the Nordic region. In addition, we are experts in everything from lighting to network hardware.
8 DECENT WORK AND ECONOMIC GROWTH 	Decent work 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.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	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

5 GENDER EQUALITY 	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 industry and in the company.
8 DECENT WORK AND ECONOMIC GROWTH 	Decent work 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 employment security.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Responsible 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.
13 CLIMATE ACTION 	Climate action The climate is the question of fate of our time. Conducting business in the future will require that it is done with a minimal carbon footprint. Ahlsell will halve its CO ₂ emissions from 2016 to 2030 and be fossil-free by 2045.

Maximise positive impact

Minimise negative impact



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

As a leading distributor, we drive development together with professionals in manufacturing, installation, building, repair and maintenance. With a wide range of sustainable products and services and our world-class specialist knowledge and logistics, we make everyday life easier for professionals. The image illustrates some examples of how Ahlsell has a positive impact on society.

Without energy, Sweden stops – maintenance and new construction of regional and local electricity networks

In the rolling Norrbotten forest landscape, Ahlsell supplies materials (on GPS points) to Lapplands Elnät as they expand and strengthen the grid to meet demand from industry and society.

Everyone has a right to clean drinking water

On Gotland, Sweden's largest island, Ahlsell and NCC have built a brackish water treatment plant to secure drinking water. The water treatment plant produces 7,500 cubic metres of water per day, which corresponds to the daily consumption of just over 53,000 inhabitants.

Flood protection, now part of everyday life

Almost every year, new annual spring flood records are set in Norway due to the warmer and wetter climate. Ahlsell has extensive experience in this area and provides fibre cloths, membranes and erosion protection that, together with attenuation pools and pump stations, can lead water towards lakes and oceans in a controlled manner.

An aerial photograph of a city, likely Växjö, Sweden, showing a mix of urban buildings, green spaces, and a river. The sky is blue with scattered white clouds. The city is densely packed with buildings, and there are large green areas with trees and parks. A river flows through the city, and there are several bridges. The overall scene is a blend of urban development and natural environment.

Ahlsell is an important player in the construction of hospitals, schools and primary care units

In central Finspång, Sweden, a new care centre is being built to bring all care under one roof, making healthcare safe, simple and convenient for future patients. Ahlsell's customer VentPartner is responsible for the building's ventilation, which is to be certified with "Miljöbyggnad Silver", which requires sustainable energy use.

In addition to stormwater reservoirs, rainwater is an invaluable resource!

In cities and communities, stormwater cannot drain away and can cause flooding. Växjö, Sweden enlisted the help of Ahlsell to install a stormwater reservoir, which means that stormwater is collected and gradually discharged into the ground. The stormwater can thus become groundwater.

The phosphate trap stops eutrophication in our watercourses and lakes

Phosphates are a major cause of eutrophication in our watercourses and lakes, and it is therefore important to install phosphate traps in individual wastewater systems. Ahlsell delivered around 60 phosphate traps in 2020, which means approximately 17,000 cubic metres of purified water every year.

Energy-efficient outdoor lighting for safer residents

During the spring, municipal property company Svenbo enlisted the help of Ahlsell to design a new lighting strategy for the Moga school in Svenljunga, Sweden. It was a valuable investment in many ways. Vandalism has diminished, while safety in the area around the school has increased.

Our four focus areas – goals and results

Ahlsell's sustainability strategy is based on our materiality analysis. It defines the sustainability risks that we and our stakeholders consider most important. The strategy is divided into four focus areas, based on the stable foundation that is our employees. 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. 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

Key issues

Climate impact
Circular economy

Targets

Halve our carbon footprint by 2030 compared to 2016, and be fossil-free by 2045

Recycling rate by 2025:
Our branches **80%**
Our central warehouses **90%**

2020 Results*

0.89 (1.07) CO₂ equivalents in tonnes/MSEK in sales, which was a 40% decrease from 2016

Material recycling rate:
Our branches **52%** (56)
Our central warehouses **90%** (92)



* For a comparison between 2020 targets and results, see page 42.

Responsible sourcing

Key issues

Sustainable supply chain
Human rights
Local presence

Targets

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%**

2020 Results

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

Proportion of suppliers who have adopted Ahlsell's Code of Conduct: **82%** (79)

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



* Measuring tools are under development, will be evaluated in 2021 at the earliest.

Sustainable employeeship

Key issues

Skills development
Employee well-being
Gender equality & diversity



Health and safety

Key issues

Injuries and sick leave
Safe products

Targets

Work-related accidents: Zero accident vision
Sick leave: max **4%**

2020 Results

Work-related accidents: **37** (36)
Employee absence due to illness: **5%** (4)



Innovation and cooperation

Key issues

Sustainable products

Targets

10 new products and services for increased sustainability to be launched per year
Employees to develop their skills in Innovation processes

2020 Results

12 new products and services for increased sustainability launched
104 employees have developed their Innovation process skills



Targets

Employees with collective agreements: **100%**
Percentage of employees who have attended "The Code": **100%**
Women in managerial positions: **30 %** 2030
Percentage of employees who have had employee dialogues **100%**

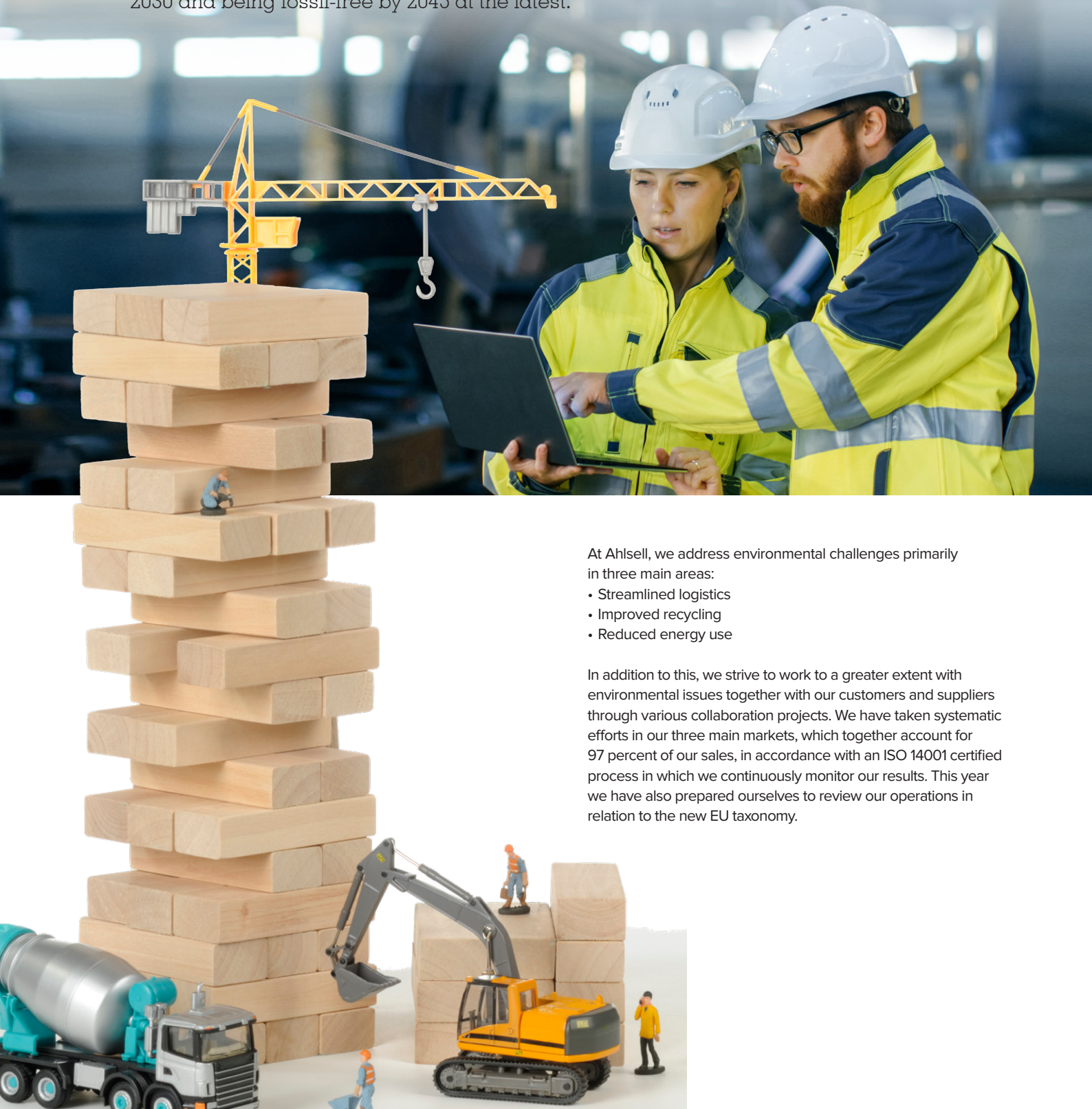
2020 Results

Employees with collective agreements: **100%** (99)
Percentage of employees who have attended "The Code": **51%** (50)
Women in managerial positions: **20%** (17)
Percentage of employees who have had employee dialogues: **85%** (83)

Focus area

Reduced environmental impacts

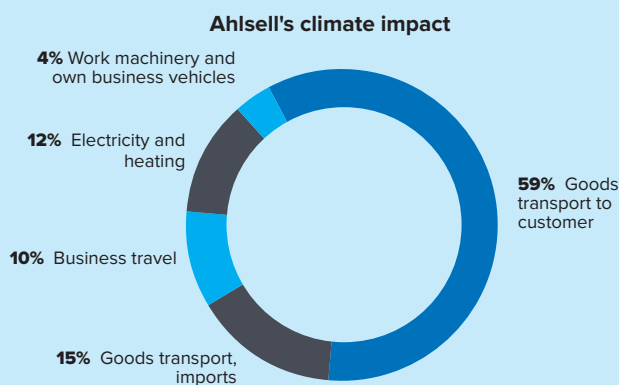
Environmental issues, and in particular the climate crisis, are the question of fate of our time. Operating the business to have a minimal impact on the environment is a challenge that requires long-term plans and goals. We have ascribed to the Construction and Civil Engineering sector's roadmap for a fossil-free Sweden and have therefore committed to halving our carbon footprint by 2030 and being fossil-free by 2045 at the latest.



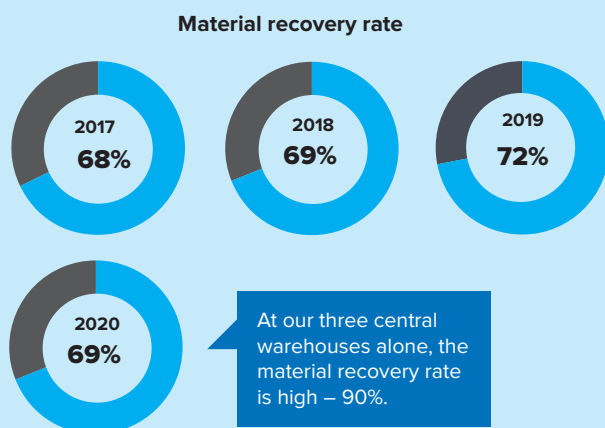
At Ahlsell, we address environmental challenges primarily in three main areas:

- Streamlined logistics
- Improved recycling
- Reduced energy use

In addition to this, we strive to work to a greater extent with environmental issues together with our customers and suppliers through various collaboration projects. 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. This year we have also prepared ourselves to review our operations in relation to the new EU taxonomy.

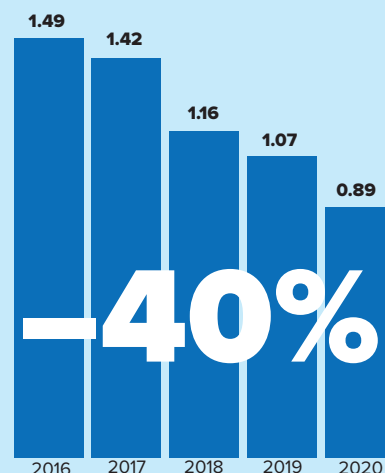


Ahlsell's climate impact originates primarily from freight transportation to customers and from imports, business travel and energy use in our facilities. The circle represents Ahlsell's total climate impact measured in carbon dioxide equivalents.



Material recovery rate for branches and our three central warehouses in Hallsberg, Gardemoen and Hyvinkää. The material recovery rate does not include energy recovery.

Carbon dioxide emissions in relation to net sales



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 CO₂e/MSEK" KPI, with 2016 as the base year. The improvement in 2020 was 40% (compared with the base year) mainly due to the fact that we choose renewable diesel and electricity, have more energy-efficient branches, optimised logistics and synergies due to increased sales.

Streamlined 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.

Inbound transport is an important part of our logistics flows. During the year, we made particular efforts to reduce the negative climate impact of our own imports. We have decided to invest in a new forecasting tool to better plan our flow and thereby reduce transport. We are also working systematically to reduce air freight and have tested new import solutions by rail during the year.

We work strategically with our logistics partners to ensure that transport will eventually be less stressful for the environment. Stringent requirements for e.g. biofuels would entail major costs for the supplier in the short term, which risks taking many small players out of play. That is why we are instead working to gradually increase the environmental requirements made on forklifts and lorries. We have also initiated a dialogue with our local freight partners about emissions and look forward to being able to offer fossil-free transport in several regions within three years.

We are committed to halving our carbon footprint from 2016 to 2030, and to be fossil-free by 2045.

We are also continuously working to optimise lorry load capacity in order to minimise the number of journeys. We discuss with our largest customers how we can reduce the need for last-minute transport through better planning. Our "Efficient Site Logistics" service improves our customers' opportunities to reduce their major construction project emissions.

We work continuously to optimise transport to our branches in order to reduce our emissions.

Almost all our operations' electrical energy comes from origin-labelled hydro and wind power. In our central warehouse in Sweden, all machinery is now run on electricity or renewable HVO100 diesel.

Improved recycling

Waste management systems in the Nordic region are well-developed and Ahlsell engages professional companies to handle our waste, primarily various types of packaging material. This means large amounts of corrugated cardboard, wood waste and plastic, but also a high recycling rate for the waste we send in. In 2020, the average value was 90 percent in our central warehouses and 52 percent in our branches. Ahlsell also handles a small proportion of hazardous waste in accordance with established procedures. Despite having a relatively high recycling rate, we are constantly striving to reduce our consumption of packaging material and to improve our recycling performance.

In this area, we are working to reduce packaging sizes, use plastic film made of renewable materials and to conduct projects to reduce the use of chemicals. We have also had our own system for circulating pallets for a long time.

In addition, we run collaborative projects with our suppliers. This is partly to identify and phase out unnecessary packaging from the value chain, and partly to conduct projects for reusing our suppliers' shipping boxes and cartons.

Reduced energy use

By reducing energy consumption and increasing the proportion of renewable energy, we reduce our environmental footprint. We also use renewable energy in our central warehouses and most of our branches. Nineteen percent of the energy used at the central warehouse in Finland comes from solar cells mounted on the roof.

In 2020, a project was started with the aim of reviewing energy consumption in our branches and setting savings targets. This includes reviewing the lighting to ensure that the most effective solutions are installed. Special environmental requirements have been introduced into all new rental contracts.



We are reviewing the lighting in our branches in order to install the most energy-efficient solutions.

Ahlsell's investment in efficient construction site logistics increasingly in demand

The demand for Ahlsell's investment in efficient construction site logistics is increasing. A number of new logistics services were added during the year, including in Eskilstuna, Sweden, where Ahlsell was chosen as logistics partner for Sörmland's most extensive hospital project, Mälarsjukhuset, which is planned to continue until 2025.

As medical equipment is to be installed in many of the premises and today's healthcare is advanced and high-tech, production will require complex installation work. Christian Björkman, Assistant Project Manager at NCC Building AB, comments on the choice: "NCC has identified the logistical challenges at an early stage, and the logistics concept we have planned for has now been further developed with the aid of Ahlsell's experts. With their experience of complex flows and their new way of thinking and committing to construction logistics, it was only natural to choose them as a partner."

As logistics operator, Ahlsell is responsible for staffing and carrying out a number of logistics functions: Checkpoint with associated terminal, material transport between consolidation terminal and construction site,

unloading with machinery and delivering material in and waste out. With the right coordination, these are tasks that save time and money and reduce the number of transports to the building.

"We are convinced that efficient construction logistics are the future of construction, as there are many advantages," says Claes Seldeby, CEO of Ahlsell Sverige AB. "The developer reduces the total cost of the project, while reducing the risk of project delays. There is also a major sustainability aspect to this, with considerably fewer trucks – but with a high fill rate – reducing greenhouse gas emissions."

There are substantial sustainability gains to be made with fewer lorries and the highest possible fill rate – it reduces greenhouse gas emissions.



Eskilstuna Hospital construction site

Fully focused investment in solar energy in Finland



Ahlsell's central warehouse in Hyvinkää, Finland, was the first in the Group to invest wholeheartedly in solar energy. For a couple of years, 19 percent of the central warehouse's energy requirements have been met by solar panels installed on the roof. This initiative is now being expanded together with Solnet Green Energy Oy.

"We estimate that the solar panels will cover 30 percent of our total needs after the expansion," says Lauri Penttinen, Logistics

Solar panels will cover up to 30 percent of our total energy needs. Empty roofs are of no use.

and Distribution Manager in Finland, adding: "Empty roofs are of no use."

The CO₂ savings since the commissioning of the panels correspond to approximately 285 tonnes of CO₂, or 8,500 trees.

"The installation will be completed during the first quarter of 2021 so that we are ready when the spring sun starts to emerge," Lauri explains. "Then it will be time to focus on our branches to make the most of the sun all over Finland!"

Focus area

Responsible sourcing

One of Ahlsell's most important assets is the trust of our employees and customers. It is therefore extremely important that both we and our suppliers live up to international guidelines regarding ethics, social responsibility and the environment. The aim is to minimise the risk of breaches to our Code of Conduct.

Ahlsell's actions 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.

By participating in the UN Global Compact, we are committed to reducing negative impacts on human rights, ethics and labour law, corruption and the environment – our own and our suppliers'. Negative impacts can be inadequate working conditions, forced labour, child labour or activities that harm the environment or people's health. It is therefore important that the products we sell come from suppliers who take human rights and the environment seriously. We place high demands on both our own and our suppliers' operations through our Code of Conduct, which is in many respects tougher than current local laws, and we always follow up on suspicions of unethical behaviour. If we identify suppliers that do not comply with our Code of Conduct we start by seeking to exert positive pressure through dialogue. If there is no improvement, the cooperation is terminated.

Ahlsell has worked systematically for several years to manage the risks that exist in our supply chain. Between 2016 and 2020, representatives from Ahlsell performed sustainability audits on our largest suppliers with the aim of identifying opportunities for development and improvement in this area. We also checked compliance with our Code of Conduct. In December 2019, we achieved our internal goal of following up

50% of our purchasing value from brand suppliers. During 2020, audits could not be carried out on site to the same extent due to Covid-19. Instead, focus shifted to a risk-based way of working where we assessed our suppliers on the basis of country and product risk. Suppliers deemed to be high risk were reviewed by internal quality inspectors or by established third-party companies.

A risk-based way of working involves systematically identifying and evaluating the greatest risks in the supply chain based on requirements made in our Code of Conduct, such as business ethics, human rights and the environment. Tools for assessing sustainability risks in advance are in place for two of our purchasing flows – Private label products and Indirect materials and services. A risk assessment tool for brand suppliers is under development and will be integrated into our purchasing process at the end of 2021 at the earliest. Until the new process is in place, new suppliers will undergo a pre-qualification process including self-assessment forms with questions based on Ahlsell's Code of Conduct.

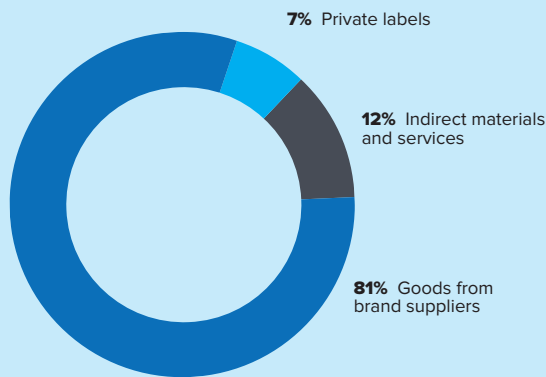
Our three purchasing flows

Ahlsell has three purchasing flows:

1. Goods from brand suppliers (81% of purchase value)
 2. Private label products (7% of purchase value)
 3. Indirect materials and services (12% of purchase value)
- Purchases of goods from brand suppliers and our own private label are sold on to customers, while we buy indirect materials

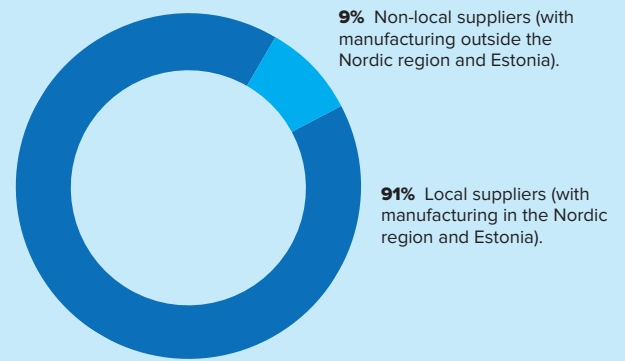


Ahlsell's purchases in 2020



Overview of Ahlsell's purchasing flows 2020.

Local vs non-local suppliers



Overview of the proportion of purchases from local suppliers, calculated on the basis of purchased value.

It is important that the products we sell come from suppliers who take human rights, ethics and the environment seriously.

and services to keep our own operations running. These purchasing processes look slightly different, but have the same goal: zero high risks². As part of efforts to reduce risks, we measure the proportion of purchases made from Nordic suppliers, who are generally in the lead with regard to legal requirements and control functions. In 2020, 91 percent of our purchasing value was from suppliers in the Nordic region, i.e. local suppliers.

Purchase of goods from brand suppliers

Purchases of goods for resale accounted for 88 percent of the sales value in 2020. In this segment, we followed up the sustainability work of 50 main suppliers, which corresponds to 50 percent of the segment's total purchasing value. The new process, Risk-Based Way of Working, is planned to be introduced in 2021. It will help us evaluate risks and prioritise follow-ups primarily based on risk rather than purchase value.

Private label products

Ahlsell's private label products accounted for 7% of the total purchase value in 2020. Approximately 30–40 percent of private label products come from Asian suppliers, primarily China. The remaining share is purchased from brand suppliers or other suppliers, primarily in the Nordics and Europe. 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 Ahlsell operates. All suppliers of private label products are inspected on the basis of an ISO-certified process and with clear procedures with regard to legislative compliance, product and delivery quality, and working environment.



Our private label suppliers are already assessed for risk and those deemed to pose a high risk are examined further, either by our own quality inspectors or by an established third-party company. Our own inspectors are based in our ISO 9001 certified purchasing office in Guangzhou, China. They are trained in SA 8000 in order to ensure a good working environment on site and that human rights are met.

Indirect materials and services

Indirect materials and services include many smaller suppliers, which entails operational and sustainability challenges. These include transport and rental agreements as well as procurement of cleaning and surveillance services. In 2020, we expanded the central negotiation function and in our largest market, Sweden, we appointed a new transport developer. A tool for assessing sustainability risks has been developed to support central negotiations.

²We base our definition of high risk on three established indices: Yales EPI Index, Transparency International's Corruption Perceptions Index and ITUC's Global Rights Index.

Ahlsell's Code of Conduct

Ahlsell's Code of Conduct describes the expected behaviour of all parties concerned – employees, managers, board members and business partners – 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. Thereby, we undertake to follow the ten principles for human rights, labour rights, the environment and anti-corruption.

Ahlsell's objective is for our Code of Conduct (or other equivalent code of conduct) to apply to all our suppliers. In 2020, we took a couple of fundamental steps to help us achieve our goal. Firstly, we now discuss at an earlier stage of the purchasing process the importance of

supplier compliance with our Code of Conduct, and secondly, we made the significance and consequences of breaches to the Code of Conduct more stringent in our purchasing agreement template.

In recent years, we have worked actively to identify suppliers who have not yet signed the appendix containing the Code of Conduct. In 2020, we achieved a compliance rate equivalent to 82 percent of our purchasing value.

The Board of Directors adopts and decides on changes to the Code of Conduct. Group Management is responsible for ensuring compliance with the Code of Conduct, which is followed up continuously within the framework of day-to-day operations.

Code of Conduct



Sustainable Supplier of the Year

After a hiatus in 2019, we awarded "Sustainable Supplier of the Year" prizes in 2020. Sweden's country manager Claes Seldeby was given the honour of awarding two prizes to suppliers who stood out a little bit extra over the past two years. The prizes went to **Ejendals** and **Ulefos**.

Ejendals was awarded for their drive and ability to cooperate on sustainability issues. They also participated in a project together with the central warehouse in Hallsberg to reduce packaging. By identifying and removing unnecessary packaging in the packing stage, Ejendals reduced the proportion of combustible packaging by as much as 67 percent over the course of a year. Ejendals themselves took this work further and developed it internally into new ambitious targets.

Ulefos was rewarded for understanding their own environmental impact and for

having the courage to challenge established ways of working. By discontinuing the painting of street goods, Ulefos' environmental savings are estimated at more than 14 tonnes per year in residual waste. Traditionally, painting street goods has been a way to improve the aesthetics of the product and to increase its sales. By challenging established ways of working, Ulefos has shown that they have the courage to lead the way in developing more sustainable processes.

Both examples above illustrate a growing trend. Our suppliers' awareness of their business' impact on society and the environment is increasing and more and more people are prioritising sustainability issues. By engaging in a close dialogue with our suppliers, we have the opportunity to both inspire and learn – a trend we believe will become even stronger in 2021.



By identifying and removing unnecessary packaging at the packing stage, the proportion of combustible packaging from Ejendals has fallen by as much as 67 percent over the course of a year.



By discontinuing the painting of street goods, Ulefos' environmental savings are estimated to amount to 14 tonnes in residual waste.



Focus area

Health and safety

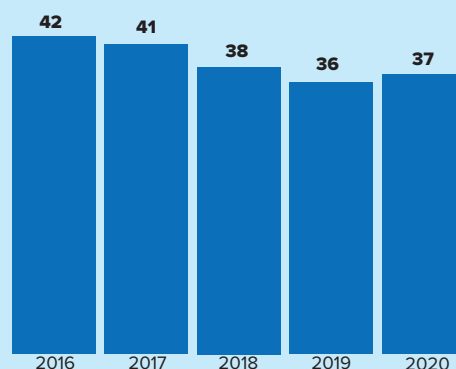
Health and safety is a focus area that spans our entire business. It is about being there for our employees, helping our customers create safe workplaces and setting clear requirements for suppliers. Likewise, our products need to be reliable and safe.

Safe workplace

Our most important responsibility to our employees is ensuring a safe workplace. Ahlsell takes safety very seriously and works actively to prevent and reduce the number of work-related injuries. Risk assessments, safety inspections and various 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 digital reporting system where preventive measures are decided in order to prevent recurrence. At Ahlsell Norway, we have implemented ISO 45001 Occupational Health and Safety Management Systems.

Most of the injuries suffered by Ahlsell's employees occur in our central warehouse facilities. A number of different safety regulations and directives apply to hot work, emergency medical services and systematic fire prevention. We also have clear security procedures for incidents at our branches (such as robbery and threats). All cars used by our salespeople are Edition models with the highest ratings in Euro NCAP (European New Car Assessment Programme). We also work continuously with preventive information and training. Examples include our introduction programme for new employees, forklift training courses, and training in ergonomics, heavy lifting and first aid.

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



* not accidents during travel to and from work.

Ahlsell has a well-developed, continuous collaboration with occupational health services in each country to prevent ill-health, and in our three main markets we have external partners to whom our employees can turn. This ensures that help is always available, while also safeguarding the integrity of our employees.

Sick leave among our employees in our three main markets has been stable at 4 percent since 2016. During the 2020 pandemic year, it increased to 5 percent, corresponding to approximately 12.5 days' absence (of 250). The increase was unevenly distributed; in fact, some areas had a decrease.

There were a total of 37 work-related accidents in our three main markets in 2020. The corresponding figures for 2018 and 2019 are 38 and 36 respectively. A work-related accident is an accident leading to absence and which occurred at the workplace (not while travelling to and from work). Our vision is to achieve zero work-related accidents.

Safe at work

Our vision of zero work-related accidents does not stop with us. Over the years, we have built up extensive experience and knowledge in the field of Health and Safety.

This year we took another step in our efforts to help as many of our customers as possible work with safety and security in their workplaces. Ahlsell Sweden launched the Health and Safety campaign, which tailors everything from the right products to training and expertise. This is an area where our core business and our sustainability goals coincide nicely.

High demands on product quality and safety

Our ability to meet stakeholders' safety, quality and environmental expectations in our range is crucial if we are to continue to gain their confidence. There are particularly high safety and quality demands on several of our ranges, such as tools, lighting, sprinklers, brackets and safety equipment. We work systematically with quality and safety requirements in all product categories conducting product tests and certification to ensure compliance with stringent safety 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 monitor changes. To help us, we have a digital system called Notisum.

Our purchasing agreement template addresses the importance of products fulfilling applicable requirements, which is complemented by practical follow-ups. In addition, we follow up specific cases more closely if we have reason to believe that there has been a deviation.

Though we get relatively few complaints, it is always possible to improve. Above all, it is important to acknowledge and learn from weaknesses to avoid making the same mistakes in other stages. During the year, we have further improved our procedures for handling and documenting health and safety complaints. During the year, we recalled three products from our range of private label products for safety reasons.

The vision is to achieve zero work-related accidents.



Tailored protective equipment for high-risk projects in Domsjö

Ahlsell Sweden's new focus on health and safety is not taken from thin air. It comes from many years of experience of working with personal protection, risk analysis and safety. Now we are making it even more accessible.

One employee who has worked for a long time on these kinds of issues is Mats Wihlborg in Örnsköldsvik, a salesperson specialising in personal protection. In his role, he works on a number of different safety issues, such as fire safety, risks of exposure to toxic substances, choice of protective clothing and personal protective equipment, and coordination of safety training courses.

Needed to design rescue plan

A couple of years ago, Mats and his colleague Ulf Edbladh, were involved in a high-risk project in which Domsjö Fabriker was to inspect deep wells where there was a risk of exposure to hydrogen sulphide and sulphur dioxide, as well as caustic soda residues. The fact that the gases are also explosive meant that they needed to prepare for rapid evacuation.

"We quickly concluded that it was not just a matter of providing suggestions for optimal protective equipment. We also needed to draw up a rescue plan if anything unforeseen should happen during the course of the work," says Mats Wihlborg. After performing a risk analysis and evaluating the contractor's prior knowledge and equipment, they delivered a total



solution. A complete compressed air system with full masks and double protection to ensure the supply of fresh air throughout the entire assignment, gas alarms, fully covering disposable suits and protective gloves, as well as connection of all systems, ensuring function and training prior to commissioning.

The Domsjö assignment is a typical example of how Ahlsell helps customers to

analyse and prevent injuries and accidents. The health and safety concept should only make it easier for all types of customers to benefit from our experiences in their own systematic work environment management.

Jimmy Strömberg, another of our personal protection specialists, sums up the initiative: "It should be simple, smart and flexible, exactly as we want the relationship with Ahlsell to work."

Ahlsell Norway is certified according to ISO 45001:2018

Hilde Halvorsen, Head of Quality, Health, Environment and Safety, at Ahlsell Norway explains what this means.

Ahlsell's overall objective is to minimise and manage accident risks, to ensure that health-promoting measures are implemented and to create good and stimulating working conditions. ISO 45001 is developed specifically to provide a framework for improving the safety of employees, and to create better and safer working conditions – entirely in line with our goals.

What is the benefit of certification?

Certification is a stamp of quality – proof of documented competence. Not least, it provides good knowledge and recommendations, contributing to increased focus and better development in Environment,

Health and Safety (EHS). We also believe that our employees are proud that we are among the first companies in Norway to have certified ourselves in EHS.

What did you need to work on or change in order to be certified?

ISO 45001 has a risk-based approach that contributes to the suitability, effectiveness and continuous improvement of our management system, based on changing needs. We are better at prioritising based on risk now than we were before. This means that we have the right focus, and use time and resources where the needs are greatest.



Hilde Halvorsen, Head of Quality, Health, Environment and Safety, at Ahlsell Norway.

Focus area

Innovation and cooperation

Sustainability issues require us to go far beyond "business as usual". A higher pace of innovation and increased collaboration between companies, organisations and public institutions are two key ingredients in meeting the challenges of tomorrow.

Our other three 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. Through more partnerships and by promoting new innovation solutions, we want to take part in this development.

Sustainable innovations

As the Nordic region's leading wholesaler of installation products, tools and machinery, 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 challenge our suppliers to develop new sustainable innovations so that together we can offer the market at least ten new products or services a year. 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. Our vision is to be the most natural choice of partner to launch new, more sustainable products and services.

Working together as a strategy

Sustainable development requires cooperation. For us, this means involvement in industry organisations, in several sustainability initiatives and a continuous dialogue with our suppliers about opportunities and expectations. It also means being able to offer more sustainable products and to set climate goals with our customers.

We have long been part of the Association of Swedish Building Materials Merchants, where we have driven various sustainability issues. Around the turn of the year 2019/2020, 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.

Dialogue with suppliers is an important tool. By following up on compliance with our Code of Conduct, we gain deeper insight into our suppliers' sustainability work and an opportunity to share experiences and best practices. We also work closely with our transport suppliers in order to gradually set increasingly stringent environmental requirements without having to knock out smaller players from the market.

Additional examples of services making it easier for our customers to be more efficient in their use of resources include wise chemical selection and effective construction site logistics.

Digitalisation – a key to the future

Transparency and data are prerequisites for a company of our size to be able to conduct effective sustainability work. 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 initiated a major initiative to significantly increase our digitalisation rate with several new hires and an extended central digital function to pursue these efforts. We have also invested in new purchasing support systems, developed our product data management system, started a customer-driven way of working for developing mobile applications and begun to phase out paper invoices and receipts.

In total, we have made investments amounting to SEK 30 million. The aim of the initiative is to increase the efficiency and profitability of our processes, strengthen our ability to deliver updated product data, strengthen our opportunities to assess risk, and work with sustainability at our supplier levels. The initiative will also increase our ability to develop new and better partnerships with customers and suppliers, and make it easier for customers to make more sustainable choices.



BEAst – collaboration that lays the foundation

Data quality and effective communication are prerequisites for a sustainable construction industry. BEAst, the Construction Industry's Electronic Business Standard, is one of Ahlsell's important industry partnerships.

The purpose of the collaboration is to drive digitalisation for the construction industry's players and to facilitate digital communication, from ordering to delivery and invoicing.

BEAst has just over 120 members. Ahlsell sits on the Board of Directors with representatives from leading players in the industry. The collaboration offers opportunities for more efficient and sustainable operations throughout the industry by improving collaboration.



BEAst conducts its Board meeting in coronavirus year 2020

Ahlsell's Innovation Lab

Ahlsell's Innovation Lab is an important part of our digital initiative and was started in August 2018 to be our window to the future. The aim is to explore and test the ideas and innovations we believe will be important to Ahlsell's offering in the next 3-5 years.

"Our task is to process concept ideas and to test them as prototypes or pilots. The thought behind our work is to reduce uncertainty and ensure that our ideas will benefit the customer, are sustainable in the long term, work for more markets, add business value and are feasible", explains Johanna Staaf, who is leading the initiative.

One of the lab's first projects was to develop a voice assistant, Ahlfred, which is now being tested by a panel of select customers. Another important concept that the lab has been working on is Building Information Modelling (BIM). It is a digital tool that helps the construction industry plan, calculate, visualise and communicate what is happening in a construction project.

"We need to understand how these new digital business models for the construction industry affect Ahlsell and our role as distributor. How can we benefit from a digital information flow in the value chain and what business opportunities would it open up in services?" Johanna asks.

The lab is an important part of Ahlsell's digitalisation initiative for paving the way forward. We are already starting to get a glimpse of where Ahlsell will be in five years' time.

Sustainable innovations

We aim to introduce at least ten new products and services for increased sustainability per year. Here is a selection of some of our favourites from 2020.

Cable Walker

The Nexans Cable Walker eliminates the need for lifting or kicking in handling heavy bobbins. The Cable Walker is both carrier and unwinder, which makes the installer's job easier, faster and safer.



Biorem

A highly effective 100% organic, degradable decontaminant for all types of oil spills such as animal, vegetable, mineral and synthetic oils and oil-based paints. The product absorbs, decontaminates and encapsulates the spill so that it cannot be spread down to the groundwater or to the side.

The product is made from recycled natural biomass from the cotton industry. In the event of spillage on soil, the product can be left as it starts a bioremediation process and degrades the spillage into non-toxic substances.



Ecolumi

Ecolumi is a fully recyclable series of lighting fixtures for offices and schools. The design is optimised based on the three different concepts of circular economy, well-being and energy efficiency.

It is energy efficient in that it has a reflector that reflects 99 percent of the light from the hidden light sources, which gives a high luminous flux but with low glare, indirect lighting.



Sustainable employeeship



Ahlsell has around 5,700 employees. It is their knowledge, drive and commitment that makes Ahlsell's successful and moves us forward. Our customer promise – We make it easier to be professional – is about so much more than what we deliver. It is about people who want to contribute to Ahlsell's and our customers' success.

The year 2020 has presented major challenges to employees, and in a time of rapid change and great uncertainty it has been more important than ever to understand and show confidence in our employees. We have adjusted as the coronavirus pandemic has progressed and followed authority recommendations. Our focus has been on creating a safe working environment and ensuring the health of our employees, customers and suppliers, as well as creating participation, commitment, team spirit and results – despite distancing.

A safe and secure working environment

When the coronavirus pandemic broke out, we put together an internal contingency group with groups working out in the organisation. This enabled us to work proactively, make quick decisions and provide information about how we would handle the situations that arose. We have benefited greatly from our established cross-border partnerships. Our intranet, a-connection, has served as the main channel for communicating corona-related information.

We have taken many measures to ensure a safe and secure working environment. To reduce the spread of infection, employees who were able to work from home were urged to do so. Our task has been to create a good working

environment that also includes these people by providing training courses and tools focused on transitioning to teleworking and our need for digital communication solutions.

With our core values as a guiding star

Operations in our approximately 230 branches and three central warehouses have been ongoing with virtually full staffing.

Among other measures at our branches, we have introduced extra cleaning and distance markings as well as enabled customers to collect their products from outside the store. Only mission-critical visits have been permitted at our central warehouses.

In the past year, it has been particularly reassuring to have our core values to rely on. These describe our approach to our stakeholders. They have served as a guiding star and in many ways formed the basis for how we have dealt with the new challenges we faced.

We grow with our people

In 2020, we intensified our efforts to identify and continue to work on all the aspects that make Ahlsell a workplace where employees can grow in their professional roles and as a person. By being a learning organisation, we can make better



The proportion of women in the Group as a whole is 25 percent – a figure that we are working actively to increase in various ways.

use of the competence and experience we have in all markets, divisions and employees. This approach also facilitates the work of attracting new employees to Ahlsell. Competence development is high on the agenda, and our digital investment particularly requires us to build up internal expertise and capacity. A natural part of our business, HR contributes to sustainability from another perspective and actively supports managers in their work to develop and change both strategically and operationally.

Digitalisation supports and improves the business

In the first quarter of 2020, we began ramping up a new organisation for our digital work aimed to contribute solutions for supporting and improving the business, but also for making everyday life easier for our customers, suppliers and employees. For this, we have hired new employees into positions we previously outsourced. Having in-house access to this expertise will now enrich our organisation on several levels.

Our new digital organisation currently has around 30 employees divided into:

- IT
- E-commerce
- Innovation Lab
- Advanced analytics

Our e-commerce offering focuses on helping our customers streamline their processes and giving them clear incentives to choose e-commerce. An exciting upgrade of Ahlsell's e-commerce app has already begun – it is all about increasing customer satisfaction and with it, sales. This is not a one-off project. A dedicated team will drive and constantly develop the app as a digital e-commerce product for the long term. Advanced analytics is a new grouping that looks to the future and includes examining large data sets and building complex statistical models.

In addition to investing in a new digital organisation this past year, we have also enhanced our employees' general digital skills in Microsoft Office 365.

My Toolbox – a support system for employee processes

Ahlsell's digitalisation journey is not just about technology, functions and services that make it easier for our customers to be professionals, it also means updating our working methods

to simplify and improve our internal flows in line with our core values. One example is the support system for employee processes, My Toolbox, whose modules we have implemented during the course of 2020. This has given managers and employees access to new, simplified processes, including better opportunities for giving feedback and for ongoing evaluations of set goals. My Toolbox also facilitates producing statistics for the entire Nordic region, conducting salary reviews, hiring new employees, evaluating competence levels and detecting training needs.

New learning platform for skills development

My Learning is one of many modules in My Toolbox and an important support in training and learning. The new learning platform was launched in autumn 2020 and offers a more modern and easier way of working with skills development. My Learning courses offer great freedom and flexibility in terms of time, location, tools, content and level. The structure also opens up different learning opportunities with everything from e-learning and courses to webinars on various subjects.

Diversity is a prerequisite for success

At Ahlsell, we strive to increase diversity at all levels and in all areas, as we are convinced that this is a prerequisite for success. In Sweden, for example, we collaborate with a recruitment agency that specialises in unbiased, skills-based recruitment. In practice, this means that facts take precedence over gut instincts and that the applicant's skills and work potential are in focus.

The proportion of women in the Group is 25 percent (24), which is a figure that we are actively working to increase in various ways. At the end of 2020, the proportion of women in leadership positions was 20 percent (17). Ahlsell's Group management includes 9 executives, of whom 2 are women. Ahlsell's Board of Directors comprises 9 members, of whom 3 are women.

We work actively to ensure that our employees are treated fairly, respectfully and on equal terms. 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.

Governance, risk management and internal control

Governance

Ahlsell's corporate governance aims to create sustainable value through good internal governance and control and a sound corporate culture. Good corporate governance leads to effective decision-making and increases our opportunities to develop the business.

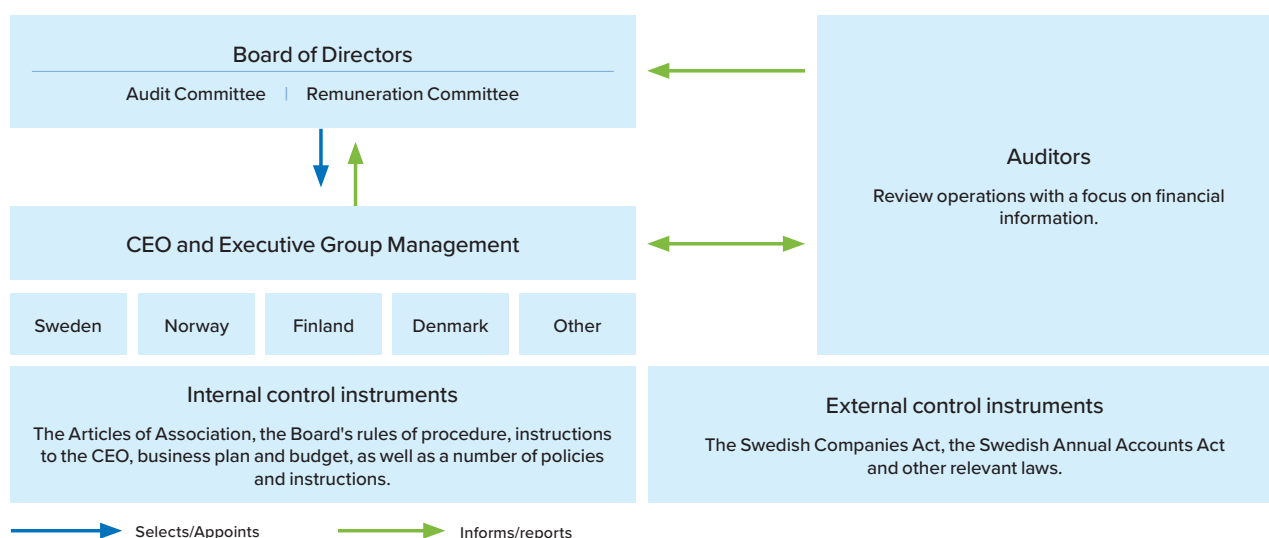
The framework for corporate governance consists of the Swedish Companies Act, the Swedish Annual Accounts Act and the Articles of Association. The Board is Ahlsell's highest decision-making body, whose task is to be responsible for the company's organisation and managing the company's affairs. This includes setting overall goals and strategies, business plans, budgets, annual reports, annual financial statements and adopting the necessary internal control documents. The Board monitors financial development, ensures the quality of financial reporting, ensures that there are appropriate systems for internal control and monitors compliance with internal guidelines, laws and regulations. The Board of Directors establishes strategies and continuously evaluates the Company's implementation of them. As part of this, the Board decides on and follows up sustainability issues concerning the economy, the environment and social responsibility.

The Board has an Audit Committee and a Remuneration Committee, which 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 main tasks of the Remuneration Committee are to prepare the Board's decisions on issues relating to salaries and other terms of employment, pension benefits and bonus systems for the President and CEO and other Group management, as well as matters of principle.

Group Management, under the responsibility of the President and CEO, handles day-to-day management in accordance with the Board of Directors' guidelines and instructions, and in addition to the President and CEO consists of the CFO, HR Director, Purchasing Director, Head of Business Support, Head of Digitalisation and 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.

Ahlsell has several steering documents in the form of policies and guidelines. They 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. Responsibility is clearly distributed throughout the organisation. Ahlsell's Board of Directors annually establishes policies that cover the entire Group. Together with Group management, Ahlsell's President and CEO is tasked with managing and implementing these in day-to-day operations. Reporting to the Purchasing Director, the Sustainability Manager supports and follows up on operational sustainability work, for which each country manager is responsible.



Risk management

All business activities are associated with uncertainty and risk. To manage and control its exposure to risk, Ahlsell has a group-wide risk management process. The Board is ultimately responsible for Ahlsell's internal governance and control and has chosen the COSO framework and the "Internal Control – Integrated Framework" model as the starting point for ensuring good internal governance and control. Risk management is a very important part of these efforts.

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 mean that Ahlsell does not achieve its set goals and strategies. After being analysed and evaluated, the risks that are deemed to require management are assigned to risk owners who take responsibility for implementing significant control activities.

All control activities are followed up and the results are analysed. Experiences are addressed in future assessments. 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 latter is based on the materiality analysis aimed at mapping Ahlsell's most important sustainability issues. Ahlsell follows the precautionary principle, which means that Ahlsell undertakes to work preventively to minimise risks in the area of the environment.

In terms of net sales, 93 percent of the business is included in the Group-wide risk analysis conducted annually. Participating companies include the Parent Company, Ahlsell Sweden, Ahlsell Norway, Ahlsell Finland and Ahlsell Denmark. The analysis includes the risk of corruption occurring.

Internal control

Together with Group management, the President and CEO has to ensure that the internal control of the Group is satisfactory. Ahlsell's process owners and business managers are responsible for internal control of their respective business areas. Reporting to the Audit Committee and the Board of Directors, the Head of Internal Control & Risk Management is available to support the development and follow-up of internal control.

Internal control efforts are part of Ahlsell's risk management process. Our work aims to ensure that set goals are achieved, that reporting is reliable and fair, and that the business complies

with laws and regulations. How we design internal controls depends on the tolerance of the particular risk(s) that the control is intended to address. For instance, 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. In order to ensure and develop the control structure, it is important to work with follow-up conducted on several levels from a number of approaches. Apart from the operations managers' regular follow-up within the framework of operational activities, national internal audits are carried out on the basis of various standardised certification requirements, as well as follow-ups at the overall level through joint Group functions. Internal Control & Risk Management has a special follow-up responsibility with regard to internal control. The function also conducts internal audits.

Business ethics and corrupt behaviour

In every respect, regardless of country or market, Ahlsell's conduct must be characterised by responsibility and respect for customers, suppliers, business partners and the local communities in which we operate. Ethical conduct and good business practices are vital for our development and profitability. We shall convince our business partners with purely commercial arguments. 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.

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, and from the website of each country.

In 2020, a total of nine cases were registered in the whistleblower scheme. Two of the cases related to the working environment, six of the cases related to dissatisfaction with leadership (three of these reports were made by the same whistleblower and originated in the same incident) and one case related to suspected unethical conduct. No cases related to corruption issues. All nine cases have been investigated and closed. None of them had disciplinary or legal consequences. In comparison, Ahlsell received a total of five reports to the whistleblower scheme in 2019, which were also investigated, one of which resulted in termination of employment. Ahlsell was not made aware of corruption in 2020, and therefore no agreements with business partners ceased nor were any legal cases made against Ahlsell or its employees on this basis.

Notes

NOTE 1 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, § 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 sustainability performance. The report covers the 2020 financial year unless otherwise stated.

Ahlsell strives to be a good 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. The main sources of general and correct information regarding sustainability at Ahlsell are this sustainability report and the company's website.

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. The Group's total assets amounted to MSEK 45,845 on 31 December 2020 and its net sales for the calendar year (full year) 2020 amounted to MSEK 32,849.

In some calculations, we have chosen to view these three main markets as one region. 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.

Ahlsell's sustainability strategy was adopted in 2017. The base year for all calculations relating to the environment, energy and suppliers is 2016 and the target must be met by 2020, unless otherwise stated. Metrics for employees and HR have been implemented on an ongoing basis and, apart from the proportion of employees who participated in the training game The Code, it is not a target year. The sustainability report has been reviewed by KPMG AB.

NOTE 2 Stakeholder dialogues & 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.

Based on the results, we have set targets and KPIs to reflect their relevance. We also strive to link KPIs to goals that support the UN Sustainable Development Goals. Our KPIs help us to 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 design of these KPIs has been guided by GRI Standard Indicators.

Group management continuously reviews the key ratios that are considered to be significant for our stakeholders. Questions from customers, suppliers, investors, employees, journalists, students and others provide a good basis for continuous analysis and improvement.

EcoVadis is an international independent organisation that audits companies' sustainability work based on the environment, business ethics, sustainable purchasing and human rights. The results of the audit are used as qualifications for procurements, but also as suggestions for how companies can improve their sustainability work.

Ahlsell reports data to EcoVadis. Our 2019 results were reported to EcoVadis in February/March 2020 and gave us a total score of 56/100.

NOTE 3 Reduced environmental impact

Data was collected in Position Green as well as manually. Previously reported values are usually not corrected retrospectively, but if they were, it would only be done in cases where the calculation method has been changed. 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.

The environmental report is based on data from operations in our main markets: Sweden, Norway, Finland and subsidiaries with sales of more than MSEK 250 (Bekken & Ström, Proffsmagasinet and Prevx).

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

Conversion factors for carbon dioxide equivalents have been taken from Svenska MiljöEmissionsData (SMED), Energiföretagen, Circle K, Entelios, Energia, Stockholm Exergi, Preem, Pelletsförbundet, SPBI, Trafikverket, TØI, LiikenneFAKTA and autoliitto.

GHG Scope 1 includes work machinery (diesel), own business vehicles, oil heating, pellet heating, gas heating and refrigerants.

GHG Scope 2 includes district heating and cooling and electricity.

GHG Scope 3 includes freight transportation under our control and business travel (company cars, private cars and air travel).

For conversion of kWh, the 2019 Nordic residual mix was used and obtained from the Swedish Energy Markets Inspectorate.

The emissions of freight transportation were estimated according to industry standards, such as NTMcalc and SÅcalc.

Direct energy consumption has been expanded with our own commercial vehicles and work machinery.

Waste statistics have been retrieved from engaged waste operators. Data is reported in the fractions mixed, combustible, hazardous waste, landfill and total. These fractions are used to calculate the material recovery rate. The different waste operators' statistics for fractions differ, which makes it problematic to compare data.

Material recovery does not include energy recovery.

Type of energy	Total energy consumption (GJ)	Renewable proportion (%)
Electricity	152,925	89
Self-generated solar electricity	1,145	100
Natural gas for heating	588	0
Oil for heating	2,187	0
District heating	68,738	40
District cooling	462	100
Pellets for heating	1,106	100
Diesel for work machinery	17,954	41
Energy from own company cars	4,055	14
Total	249,160	69

Energy consumption is reported in GJ. To convert from GJ to MWh, use 0.278 as the conversion factor.

The EU taxonomy is a new regulation for environmentally sustainable investments. The taxonomy is a benchmark for the minimum requirement on companies that aspire to become sustainable. We will therefore evaluate our operations in relation to the taxonomy's environmental categories, despite the fact that our current ownership structure means that we are not encompassed by the regulation.

We have assessed three of six environmental categories as significant. They are dealt with within the framework of our ISO 14001 efforts. These are: Climate change mitigation, climate change adaptation and the transition to a circular economy through improved waste management and recycling.

We have a limited direct impact on the other three environmental categories. These are: The sustainable use and protection of water and marine resources, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

We have joined the civil engineering industry's roadmap, which is part of the Swedish national initiative Fossil-free Sweden. Fossil-free Sweden addresses environmental objectives in the Swedish Climate Act, which is based on the Paris Agreement and European decisions on climate change.

NOTE 4 Responsible sourcing

Data was collected in Position Green and the finance system, as well as manually. Previously reported values are usually not corrected retrospectively, but if they were, it would only be done in cases where the calculation method has been changed. 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.

The goal of minimising the number of high risks varies for the three purchasing flows – Private label products, goods from branded suppliers, and Indirect materials and services. Private label products are calculated on the basis of country and product risks, where a high risk can be reduced after an audit. In 2020, only 19 suppliers found to be high-risk remained. Due to the pandemic, it was not possible to audit any of these during the year. Indirect materials and services are calculated based on the sector where risk categories determine the risk value. A high risk level can be reduced by signing a framework agreement in which risk minimisation requirements are integrated.

A risk assessment tool for our brand suppliers is under development and will be integrated into the digital supplier system to be implemented in 2021. It is based on country risk. We base our definition of a country's risk on three established indices: Yales EPI Index, Transparency International's Corruption Perceptions Index and ITUC's Global Rights Index. Product risk assessments are based on Swedfund's report "Risk analysis of building materials and building products".

Requirements are an important part of Ahlsell's sustainability work. In order to currently be accepted as a new supplier, the supplier must attest to understanding the requirements made in Ahlsell's Code of Conduct and having assessed that they meet Ahlsell's environmental, quality and sustainability requirements with regard to both products and processes. At the same time, we are working to contact suppliers who have not yet signed our Code of Conduct. The aim is for all of Ahlsell's suppliers to commit to complying with our Code of Conduct. As contracts are always being renegotiated, it is practically impossible to achieve the target of 100 percent. Ahlsell does not, however, see any reason to change this objective simply due to this condition. The follow-up value target is calculated based on the purchase value of goods for resale. Private label products are excluded as they are checked regularly in a separate process.

The definition of local supplier is based primarily on where Ahlsell operates, i.e., the Nordic countries Sweden, Norway, Finland and Denmark, as well as Estonia. Data on where the supplier is based is retrieved from the Vivaldi business system.

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.

Previously reported values are usually not corrected retrospectively, but if they were, it would only be done in cases where the calculation method has been changed. Quantified information and other information have been verified in accordance with Ahlsell's internal control procedures.

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

Legal compliance of products includes REACH, legislation that includes both substitution and precautionary principles, CLP, RoHS, CPR, WEEE and other relevant CE directives, regulations and standards.

Notisum is a law monitoring tool used to identify laws and regulations that are relevant to the companies.

Occupational health services in our three main markets

Ahlsell has well-developed, continuous collaboration with occupational health services in each country to prevent ill health, and in our three main markets we have external partners to whom our employees can turn. This ensures that help is always available and that the employee's integrity is preserved.

In all our main markets, we have partners for occupational health services, who have a free and independent role. The purpose of occupational health services is to promote health at work. 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 always go through the manager. Information and contact details for the occupational health service can be found on our intranet. Occupational health services are bound by confidentiality, which means that they may not disclose information about the individual employee without their consent. If the employee so permits, the occupational health service can report back to his/her manager.

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. We measure and follow up sick leave as a KPI.

NOTE 6 Innovation and cooperation

Data was collected in Position Green and the finance system, as well as manually. Previously reported values are usually not corrected retrospectively, but if they were, it would only be done in cases where the calculation method has been changed. 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.

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. The "Klokt Kemval" (wise chemical selection) service also only applies to Sweden. Effective construction site logistics is a service offered on the Swedish and Norwegian markets, while in Finland there is no service developed in this area.

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.

Ahlsell actively contributes to the construction of society, and we often collaborate with companies and organisations that contribute to a stronger and better future for everyone, not least for children. Ahlsell supports the World Childhood Foundation, an organisation that works to prevent and mitigate the consequences of violence and sexual abuse against children. An organisation close to Ahlsell's heart is the Swedish Childhood Cancer Fund, of which we are main sponsor. Both sponsorships are about taking responsibility and an active stance for promoting a better future for our children.

Ahlsell has been a sponsor of Vasaloppet since 2017, but expanded its cooperation in 2020 and signed a main sponsorship agreement that applies until 2023.

Ahlsell's association memberships

Sweden	SEG (Swedish Electrical Wholesalers Federation)
	RGF (Swedish Federation of Wholesalers in Heating, Sanitation and Plumbing)
	Bygghandlarna (The Association of Swedish Building Materials Merchants)
	Svensk Ventilation (Swedish Ventilation)
	Sprinklerfrämjandet (Fire Sprinkler Association)
	KVI (Refrigeration and Heat Pump Importers Association)
	IF (Association of Import Companies)
	NSA, Nordic Safety Association
Norway	EFO (Norwegian Electrical Trade Association)
	NRF (Norwegian Federation of Wholesalers in Heating, Sanitation and Plumbing)
Finland	STK (Finnish Electrotechnical Trade Association)
	STUL (The Electrical Contractors' Association of Finland)
	NSS Sähkösuunnittelijat ry (Electrical planners)
	Sähköinsinöörit - SIL (The Association of Electrical Engineers in Finland)
	Taliteka ry (Finnish Building Services Industries and Trade)
	Teknisen Kaupan liitto (The Association of Finnish Technical Traders)
	Suomen LVI-liitto ry (The HVAC Association of Finland)

NOTE 7 Sustainable employeeship

My Toolbox and each country's payroll system are used for data collection. Data is transferred to Position Green.

In 2020, the average number of employees was 5,699 (5,776). The number of employees at the end of the year was 5,614 (5,760). In our 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	375	7
Sales	3,675	65
Logistics	1,379	25
Purchasing	185	3
Total	5,614	100

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

	Sweden	Norway	Finland	Denmark	Other (Estonia, Poland)	Total
Total number of employees	3,624	1,188	613	83	191	5,699
Of which men	2,673	917	505	61	145	4,301
Of which women	951	271	108	22	46	1,398
Women, %	26	23	18	27	24	25

Of the total number of managers, the proportion of women was 20% (17) at the end of the year. The calculation encompasses our main markets.

Average number of employees, excluding China, by gender and age group

	Women	Men	Total	Proportion of women by age category, %	Proportion of men by age category, %	Proportion of women, %	Proportion of men, %
29 years and younger	269	501	770	35	65	19	12
30–39 years	343	861	1,204	28	72	25	20
40–49 years	376	1,121	1,497	25	75	27	26
50–59 years	348	1,392	1,740	20	80	25	32
60 years and older	62	426	488	13	87	4	10
Total	1,398	4,301	5,699	25	75	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, %
0–5 years	726	1,778	2,504	29	71	52	41
6–10 years	233	821	1,054	22	78	17	19
11–15 years	144	517	661	22	78	10	12
16–25 years	219	806	1,025	21	79	16	19
26 years or more	76	379	455	17	83	5	9
Total	1,398	4,301	5,699	25	75	100	100

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

	Women	Men	Total	Proportion of women by employment type, %	Proportion of men by employment type, %	Proportion of women, %	Proportion of men, %
Permanent	1,334	4,203	5,537	24	76	95	98
Temporary	64	98	162	40	60	5	2
Total	1,398	4,301	5,699	25	75	100	100

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

	Number of women	Men	Total	Proportion of women by employment type, %	Proportion of men by employment type, %	Proportion of women, %	Proportion of men, %
Full-time	1,296	4,181	5,477	24	76	93	97
Part-time	102	120	222	46	54	7	3
Total	1,398	4,301	5,699	25	75	100	100

GRI Index

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102-52	Reporting cycle	Calendar year
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306-2	Management of significant waste-related impacts	Pages 14-15, 22, 26, note 3
306-3	Waste generated	Pages 18, 21-22, 42
	THE SUPPLIER'S ENVIRONMENTAL IMPACTS	
103-1	Explanation of the material topic and its Boundary	Pages 13-15, 18-19, 24-25, note 4
103-2	The management approach and its components	Pages 8-9, 12-13, 24-26, note 4
103-3	Evaluation of the management approach	Pages 18-19, 34-35, note 1
308-1	New suppliers that were screened using environmental criteria	Page 18, note 4
308-2	Negative environmental impacts in the supply chain and actions taken	Pages 18, 24-25, 42, note 4
	HEALTH AND SAFETY	
103-1	Explanation of the material topic and its Boundary	Pages 13-15, 18-19, 27, 32, note 5
103-2	The management approach and its components	Pages 8-9, 12-13, 27-28, 32-33, note 5
103-3	Evaluation of the management approach	Pages 18-19, 34-35, note 1
403 – Own indicator	Occupational health services	Note 5
403 – Own indicator	Sick leave as a percentage	Pages 19, 28
403 – Own indicator	Number of work-related accidents	Pages 28, 42
416 – Own indicator	Proportion of private label products assessed on health and safety criteria	Page 6
416 – Own indicator	Private label product claims	Page 28
	HUMAN RIGHTS	
103-1	Explanation of the material topic and its Boundary	Pages 13-15, 18-19, 34-35, note 1
103-2	The management approach and its components	Pages 8-9, 18-19, note 2
103-3	Evaluation of the management approach	Pages 18-19, 34-35, note 1
409 – Own indicator	Suppliers of private label products with a significant risk of forced labour	Pages 24-25, note 4
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Pages 18, 24-25, 42, note 4
412 – Own indicator	Suppliers of private label products with a significant risk of breach of human rights	Pages 24-25, note 4
	SKILLS DEVELOPMENT	
103-1	Explanation of the material topic and its Boundary	Pages 13-15, 18-19, 32-33, note 1
103-2	The management approach and its components	Pages 8-9, 12-13, 32-33, notes 1, 5
103-3	Evaluation of the management approach	Pages 18-19, 34-35, 42, notes 1, 7
404 – Own indicator	Percentage of employees who underwent annual employee dialogues	Page 42

Sustainability KPIs

General	Note	2016	2017	2018	2019	2020	Target
Total net sales, MSEK	1	24,606	27,484	31,291	32,672	32,849	
EcoVadis ratings and points	2	Silver, 48	Silver, 54	Silver, 58	Silver, 56*	**	
Reduced environmental impacts	Note	2016	2017	2018	2019	2020	Target
Carbon footprint in tonnes of carbon dioxide equivalents per MSEK net sales (scopes 1, 2 and 3)	3	1.49	1.42	1.16	1.07	0.89	Reduce 20% in four years (base year 2016)
Carbon footprint in tonnes of carbon dioxide equivalents per MSEK net sales (scopes 1 and 2)	3	N/A	N/A	0.33	0.26	0.14	
Footprint in tonnes of carbon dioxide equivalents, absolute figures	3	36,663	37,877	35,319	33,985	28,450	
Direct energy consumption, MWh	3	N/A	65,233	66,977	70,462	69,211	
Total carbon dioxide equivalents GRI Scope 1, tonnes	3	N/A	N/A	1,829	1,715	1,353	
Total carbon dioxide equivalents GRI Scope 2, tonnes	3	N/A	N/A	8,327	6,502	3,209	
Total carbon dioxide equivalents GRI Scope 3, tonnes	3	N/A	N/A	25,163	25,768	23,889	
Material recycling rate in branches, %	3	N/A	56	46	56	52	Reduce the environmental impact of waste by 20 % in four years (base year 2016)
Material recovery rate in central warehouses, %	3	90	88	90	92	90	Reduce the environmental impact of waste by 20 % in four years (base year 2016)
Number of own addresses with charging points		N/A	22	40	50	56	
Number of own addresses with solar panels		N/A	1	2	3	4	
Number of environmentally classified own private label products		N/A	N/A	3,500	4,000	4,000	
Responsible sourcing	Note	2016	2017	2018	2019	2020	Target
Proportion of suppliers who comply with Ahlsell's Code of Conduct, %	4	33	48	76	79	82	100 %
Evaluated suppliers, % of purchased value	4	20	34	44	50	50	50 % within four years (base year)
Proportion of purchased value from Nordic suppliers	4	N/A	N/A	N/A	N/A	91	
Health and safety	Note	2016	2017	2018	2019	2020	Target
Work-related accidents, number	5	42	41	38	36	37	Zero vision***
Absence due to illness among employees, %	5	4	4	4	4	5	4
Innovation and cooperation	Note	2016	2017	2018	2019	2020	Target
Number of new sustainable products and services	6	>10	>10	>10	15	12	At least 10 per year
Skills development innovation processes, number of people	6	N/A	N/A	N/A	N/A	104	
Sustainable employeeship****	Note	2016	2017	2018	2019	2020	Target
Percentage of employees who underwent The Code, %	1	N/A	10	37	50	51	100 % by 2020
Total staff turnover, %		7	10	10	10	9	
Proportion of employees with collective agreements, %		99	99	99	99	100	100 %
Percentage of employees who have had employee dialogues, %		N/A	77	79	83	85	100 %
Proportion of women among employees at year-end, %	7	20	21	23	24	25	
Proportion of women in managerial positions, %	7	N/A	N/A	18	17	20	30 % 2030
Employee survey, satisfaction		N/A	68	72	71	N/A	No employee survey conducted in 2020
Employee survey, loyalty		N/A	82	82	81	N/A	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.

** Not yet determined.

*** 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.

**** In sustainable employeeship data is reported for the largest net sales companies in our three main markets.

N/A = Measurement data missing

Auditor's report

Auditor's Limited Assurance Report on Quimper Group Holdings ABs Sustainability Report and statement regarding the Statutory Sustainability Report

To Quimper Group Holdings AB, Corp. id. 559155-5577

Introduction

We have been engaged by the Board of Directors of Quimper Group Holdings AB to undertake a limited assurance engagement of Quimper Group Holdings ABs Sustainability Report for the year 2020.

Responsibilities of the Board of Directors

The Board of Directors are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 36 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12 The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Quimper Group Holdings AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors.

A Statutory Sustainability Report has been prepared.

Stockholm, 31 March 2021

KPMG AB

Joakim Thilstedt
Authorized Public Accountant

Torbjörn Westman
Expert Member of FAR



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