

A close-up photograph of a clear glass being filled with water from a natural rock spout. The water is cascading over the edge of the rock, creating a small waterfall effect. The glass is partially filled and has condensation on its surface. The background is a lush, mossy rock formation with water dripping down. The overall scene conveys a sense of natural purity and sustainability.

Sustainability Report 2019

ahlsell

**We make it easier to
be professional**



Quimper Group Holdings AB (Parent Company) and 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 installers, construction companies, facility managers, industrial and power companies and the public sector.

Ahlsell Sustainability Report 2019

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Our sustainability work pays dividends on several levels

Thanks to the positive approach of both the owner and the Board, we are able to invest in resources and activities to increase the pace of our sustainability work. This is a success factor that pays dividends on several levels and is reflected in Ahlsell's sustainability work during 2019.

The year 2019 has been exciting in many ways. Changes in the market, including a slowdown in new construction activity, have meant that we have had to redistribute our resources somewhat. Despite this, we have shown positive development during the year. Sales amounted to approximately SEK 33 billion, which corresponds to growth of four percent in 2019. During the year, we made three new acquisitions, namely Bahab Vent & Plåt AB, a Swedish ventilation and sheet metal wholesaler, PJ-Control, a Finnish company specialising in electrical and industrial automation, and Fundi AB, a Swedish water & sewage wholesaler.

An owner with a clear sustainability focus

In 2019, we made the largest investment ever in our central warehouse in Hallsberg. The result is a significant increase in capacity, better utilisation of the storage area and a more efficient production flow. Since the investment project was announced in 2015, the managed sales volume has increased by more than 40%. Both the construction work and relocations have therefore presented major challenges for our employees, who have worked hard to serve our customers with fast and accurate deliveries.

In 2019, we made the largest investment ever in our central warehouse in Hallsberg.

After CVC Capital Partners acquired more than 90% of the shares outstanding through the company Quimper AB, Ahlsell was delisted from Nasdaq Stockholm in March 2019. For the Ahlsell Group, the new form of ownership has not meant any change to our constant focus on creating value for our customers. We are pleased to have CVC behind us, in particular because they have a clear sustainability focus. We also have strong support from our owners in these issues. With Ahlsell's positive development and the influence of committed owners, we see increasing opportunities to do business from which everyone benefits – us, our customers and suppliers, society and the environment.

We channel our energy where we can make a difference

In 2015, the UN adopted 17 Sustainable Development Goals as part of its new Agenda 2030. Ahlsell works actively to contribute to the goals and a recent ESG (Environment, Social and Governance) review shows that we can contribute to all the goals. We have selected four of the 17 UN goals which form the basis of our focus areas. We have assessed these as the most relevant to our offering and where we have the greatest opportunity to make an impact. This is a carefully placed structure that ensures that our energies are channelled to where Ahlsell's operations are most able to make a difference.

The four focus areas in our sustainability strategy are:

- Health and safety
- Innovation and collaboration
- Responsible sourcing
- Tackling climate change

To these, we have linked seven overall sustainability targets, which we monitor on a quarterly or annual basis. We have seen positive development within several of these during 2019, notably with regard to our employees' knowledge of our Code of Conduct, where the target for 2020 is 100 percent.

We ensure that the targets are relevant by means of constant external monitoring, knowledge and new technology that can affect sustainability work. If not, they are adjusted based on new knowledge and analysis.

Together we create development opportunities and improvements

As we set high standards for ourselves, it feels natural to set the same high standards for all players throughout our value chain. In 2019, we have continued to work on supplier evaluations with the aim of creating dialogue and together identifying development opportunities and improvements.

Working in a sustainable way is about collaboration and developing each other. One of our collaboration projects is Sustainable innovations, which means that we aim to get Ahlsell's suppliers and customers

involved in developing and launching products and services for increased sustainability. The goal is that we will be able to offer the market at least ten new products or services per year, with better performance than their predecessors. They must also ensure a good and safe working environment, reduce waste volumes and help to cut down greenhouse gas emissions. Examples of sustainable innovations that have emerged in 2019 include lead-free press fittings and the world's first environmentally declared workwear collection.

Further examples of productive cooperation include our membership of interest associations and sector organisations. We are also a partner of the Swedish Childhood Cancer Foundation and since 2019 also the World Childhood Foundation. These are two important organisations involved in building a better future for everyone, in particular for children.

Sustainability is a natural part of our daily work

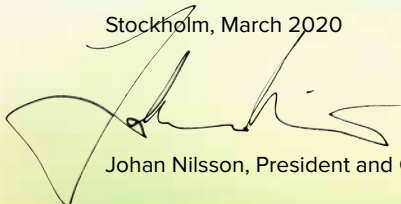
Our employees' daily commitment makes a substantial difference and is the key to our ability to achieve our goals. Their competence and willingness to aim ahead, drives our competitiveness and contributes to a positive development. For them to join our journey, we must have a good platform that promotes both interest and commitment in sustainability issues. Our goal is for these issues to be integrated as a natural part of the daily work.

I see that there is an expectation within the organisation for us to be active, take responsibility and stand up for our sustainability work. This is an expectation that comes from both our existing employees and those we want to attract for the future. Our sustainability work is therefore also about Ahlsell being an attractive employer and a workplace where people enjoy working and which they are proud of.

Work that drives growth

Ahlsell was early off the mark in promoting sustainability as a natural part of the business. Together with our customers, we brought the industry onboard and also our competitors, who have geared up their sustainability work. The fact that we are currently at the forefront represents a clear competitive advantage that contributes to increased profitability and creates value where we operate. It means that I exclusively see opportunities to work further and even wider in all our countries and areas of operation. This will require both resources and investments. It therefore feels reassuring to have an owner with the same approach as ours on these issues. I am convinced that our active sustainability work will give us an even stronger position and drive growth throughout our operations.

Stockholm, March 2020



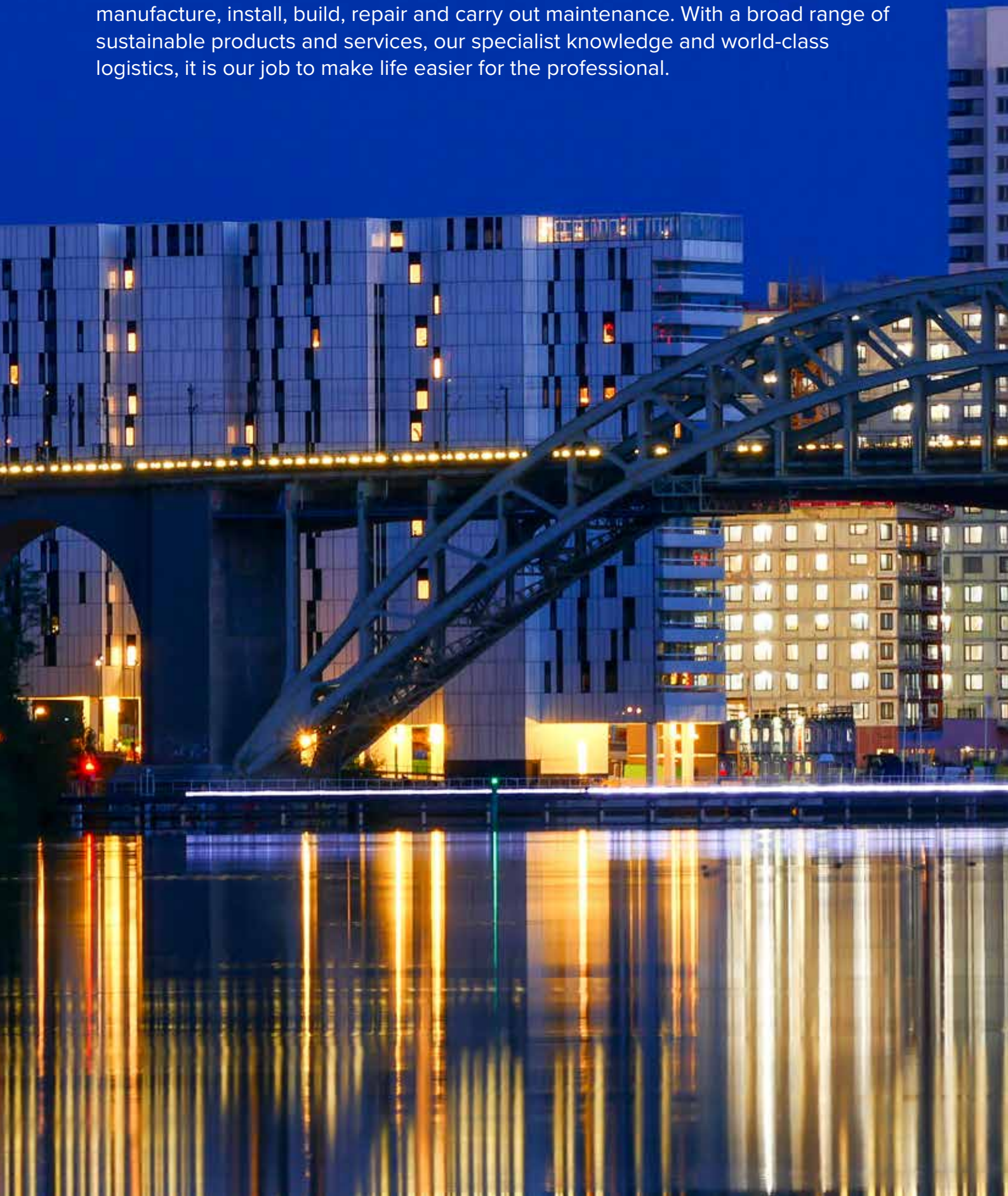
Johan Nilsson, President and CEO

Examples of sustainable innovations that have emerged in 2019 include lead-free press fittings and the world's first environmentally declared workwear collection.



Ahlsell is where people live, work and live their lives.

As a leading distributor, we drive the development together with professionals who manufacture, install, build, repair and carry out maintenance. With a broad range of sustainable products and services, our specialist knowledge and world-class logistics, it is our job to make life easier for the professional.





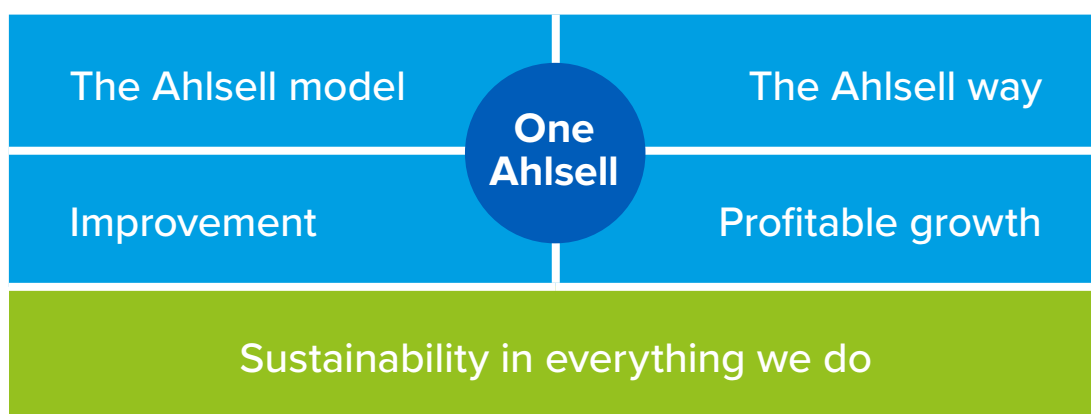
Ahlsell in brief

- The market's broadest product range. One million articles in HVAC & plumbing, electrical, tools & supplies, water & sewage and construction, 200,000 of which are stocked and ready to be **delivered within 24 hours**.
- More than **100,000 business customers** in installation, industry, infrastructure and construction.
- **5,800 employees**. About 66% of the employees work in sales – the Nordic region's largest sales force for professionals.
- Every day we fulfil our customer promise: **Ahlsell makes it easier to be professional**.
- About **240 branches** across the Nordic region and successful e-commerce – the Nordic region's largest online store for B2B.
- Works on the basis of our values: **Accountability, Openness** and **Simplicity**.
- World-class logistics. Our motto for deliveries is: **The right product, at the right time, in the right place**.
- **One-stop shop**. Everything the customer needs they can find with us: One order – one delivery – one invoice.
- A unique range of about 30,000 quality assured products under **private labels**.
- **Offers services** that make life easier, such as Ahlsell Office for administration and training.
- **Protects children** – our future – and **health**. We are a partner of the Swedish Childhood Cancer Foundation, the World Childhood Foundation and Vasaloppet.
- **142 years in the industry**. Our history goes back to 1877 when the sales company John Bernström & Co was founded. The company sold machines, pumps and threshing machines.

One Ahlsell

The guiding principle of our strategy is One Ahlsell, which stands for a shared corporate culture and an efficient organisation. Our strategy for One Ahlsell consists of four parts: The Ahlsell model, The Ahlsell way, Improvement and Profitable growth. Sustainability in everything we do is a natural part of our business.

Ahlsell's four areas for development towards One Ahlsell.



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. The four success factors that contribute to customer satisfaction are: Scale, Breadth, Local presence and Business support.

The Ahlsell way

The Ahlsell way is about creating employee engagement. This is vital to our success. The strategy includes our values, our view of leadership, our Code of Conduct and how we work in our organisation.



Improvement

We are a decentralised and a learning organisation, which enables us to respond quickly to changes in demand and customer needs. The desire for continuous development and improvement is important in ensuring long-term success. Improvement is partly about strategic planning and follow-up, and partly about ensuring that we continuously utilise improvement opportunities. By cooperating within the organisation, we can accelerate improvements.

Profitable growth

Growing faster than the market requires innovation, creativity and strategic initiatives, both large and small, to reach new and existing customers. Ahlsell works proactively to develop new business with new and existing customers as an important contribution to strengthening organic growth.

Acquisitions enable Ahlsell to constantly strengthen its market position. Acquisitions can take place both in existing markets, within established product categories, and in related niches where clear synergies exist. The acquisitions contribute to a broader product offering and bring in new customer segments, markets, expertise and employees. Ahlsell has considerable experience in identifying, acquiring and integrating companies. There are significant integration benefits from coordinating purchasing, logistics, administration and sales.

Sustainability in everything we do

When we say “Sustainability in everything we do”, we mean that sustainability is a natural part of our business and that we place a clear focus on areas where we can have the greatest positive impact. For our customers, we make it easier to make sustainable product choices both by having the right assortment and making it clear which products are the better option.

Sustainability has become a purchasing criterion for our customers and we often win contracts because of our focus on sustainability. For our suppliers, we are a proactive purchaser that makes demands, gives feedback and offers suggestions for improvement.

As a purchaser of transport, we set high requirements for the truck fleet. We make spot checks of both vehicles (safe load, tyre depth etc.) and drivers (sobriety) in terms of driveability. We are proud to be one of the largest players to show the way in sustainability. Our competitors are not slow in following us, which benefits the entire industry, society and ultimately all of us.



Customer promise

We make it easier to be professional

Ahlsell is market leader in the distribution of installation products, tools and supplies for professional customers in the Nordic region. Ahlsell's operations are primarily conducted in Sweden, Norway and Finland, which together account for 97% of the Group's net sales. We offer our customers the market's broadest range of products in HVAC & Plumbing, Electrical and Tools & Supplies. We provide over a million different items and related services, and can therefore meet the needs of customers in many different industries.

Broad product offering saves time and money

The breadth of our product range enables our customers to work more effectively, as they can save time spent on purchasing, unloading and administration. The customer can buy everything from one place, meaning we are a one-stop shop. We guide the customer towards effective choices through product information and specialist competence. Our private labels, comprising carefully selected products of good quality, complement the range.

Ahlsell is a reliable partner

Ahlsell delivers the right products at the right time to the right place. World-class logistics ensure this reliability, which is one of the most important considerations for our customers when choosing a supplier.

Sustainable and safe transport

The broad product offering means that Ahlsell has a high utilisation ratio for transport to the customer. This leads to fewer deliveries to the customer, which is both climate-efficient and saves unloading time. Ahlsell also works with safe transport, including spot checks for safe loading and sobriety of drivers, which ensures a safe and secure journey for both people and the customer's ordered products.

**We have more than 100,000 active customers.
80% of our sales are to companies that have
been our customers for five years or more.**

We are always close to the customer

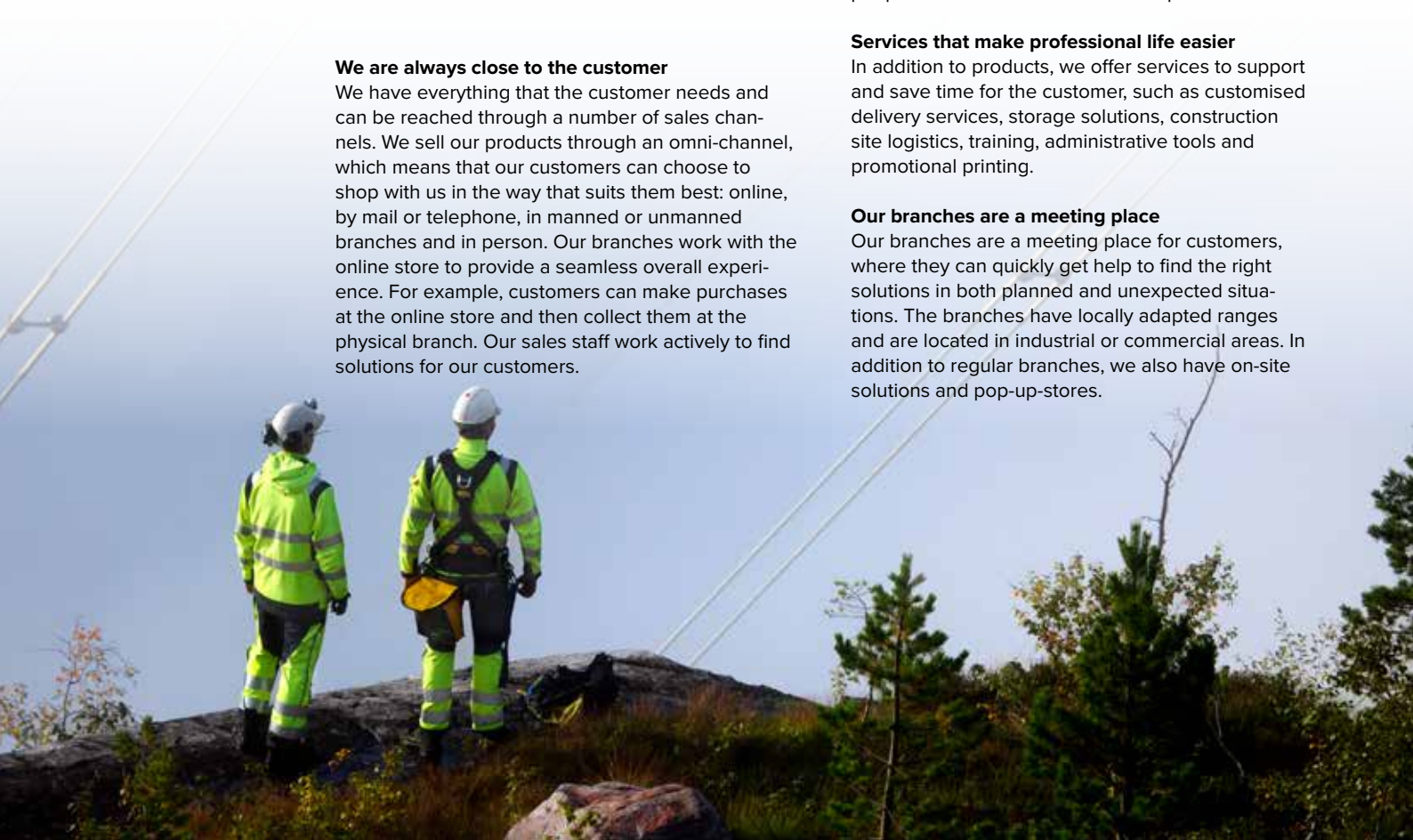
We have everything that the customer needs and can be reached through a number of sales channels. We sell our products through an omni-channel, which means that our customers can choose to shop with us in the way that suits them best: online, by mail or telephone, in manned or unmanned branches and in person. Our branches work with the online store to provide a seamless overall experience. For example, customers can make purchases at the online store and then collect them at the physical branch. Our sales staff work actively to find solutions for our customers.

Services that make professional life easier

In addition to products, we offer services to support and save time for the customer, such as customised delivery services, storage solutions, construction site logistics, training, administrative tools and promotional printing.

Our branches are a meeting place

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





Supplier offering Unique Nordic presence

Ahlsell is the Nordic market leader and offers suppliers cost-effective access to a loyal customer base in an attractive and extensive geographical market. Ahlsell's omni-channel model encompasses a well-developed e-commerce platform and about 240 branches. This ensures that the supplier's products are always close to the customer. Our salespersons, approximately 3,800 in number, are the Nordic region's largest sales force for professionals. Ahlsell's continuous focus on improvement leads to innovation in products, sustainability and services for suppliers. Our scale means that we can guarantee sufficient volumes in cases where suppliers need to invest in order to meet demand for, e.g., more sustainable products. Our suppliers' production is mainly in Europe.



Our ten largest suppliers account for 26% of our purchases.

NIBE

■ GEBERIT

oras

GUSTAVSBERG

PIPELIFE

**Schneider
Electric**

LK LK Systems

FM Mattsson

Nexans

uponor

Sustainability in everything we do

The vision for Ahlsell's sustainability work is to be an industry leader in the Nordic market and to take clear economic, social and environmental responsibility. Our Code of Conduct and our values – Accountability, Openness and Simplicity – are guiding principles for our sustainability work. Sustainability work is a business opportunity and is necessary to ensure we fulfil our promise to make it easier to be professional.

The basis of our sustainability strategy

The Code of Conduct is based on the UN Global Compact, the UN Universal Declaration of Human Rights and related UN conventions, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises.

Sustainability work at Ahlsell is covered by the overall strategy and we integrate sustainability into daily operations by incorporating it into our processes. Sustainability is an integral agenda item during the Board's annual strategy days. We support the UN Global Goals for Sustainable Development and

participate in the UN Global Compact. In doing so, we undertake to follow the ten principles for human rights, labour, the environment and anti-corruption.

Our sustainability strategy is based on a materiality analysis of Ahlsell's risks, opportunities and environmental aspects, and dialogue with our stakeholders. We have chosen to focus on the global sustainability goals where, based on our position in the value chain, we have the greatest opportunity to contribute to sustainable development. We have selected four focus areas that form the basis of our sustainability strategy.

Looking at the Global Sustainable Development Goals, we can make the greatest positive impact in goals 3, 9, 12 and 13.



Health and safety

Health and safety are crucial for our customers and employees. We work actively to ensure safe products, safe manufacturing, transport and handling, and recycling.

Innovation and collaboration

Our vision is to be a leader in sustainability. We therefore support collaboration, and involve and challenge all areas of our business to work innovatively.

Responsible sourcing

Our suppliers must follow Ahlsell's Code of Conduct, which is based on:

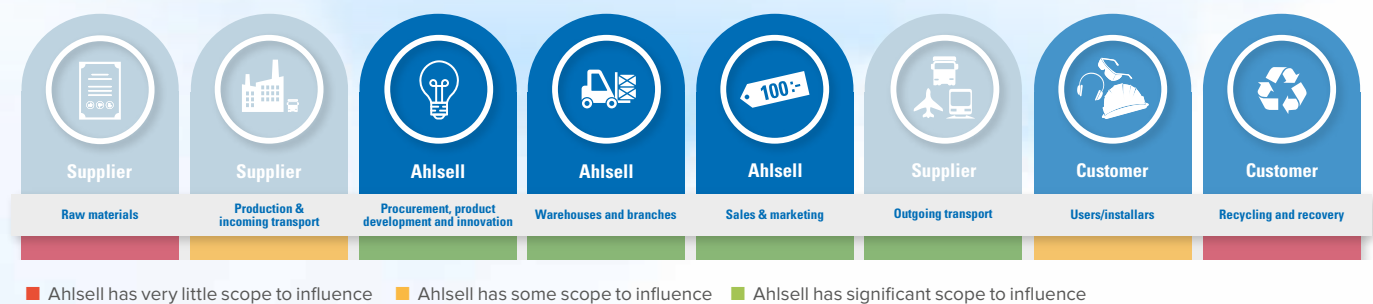
- The UN Universal Declaration of Human Rights and associated UN Conventions
- The ILO Core Conventions on Principles concerning Multinational Enterprises and Social Policy
- OECD Guidelines for Multinational Enterprises
- The UN Global Compact
- ISO 14001 and 9001

Tackling climate change

We support the Paris Agreement and set ambitious climate targets. We will phase out substances harmful to health and the environment, increase employees' knowledge and engagement and create clear procedures for reducing our environmental impact.



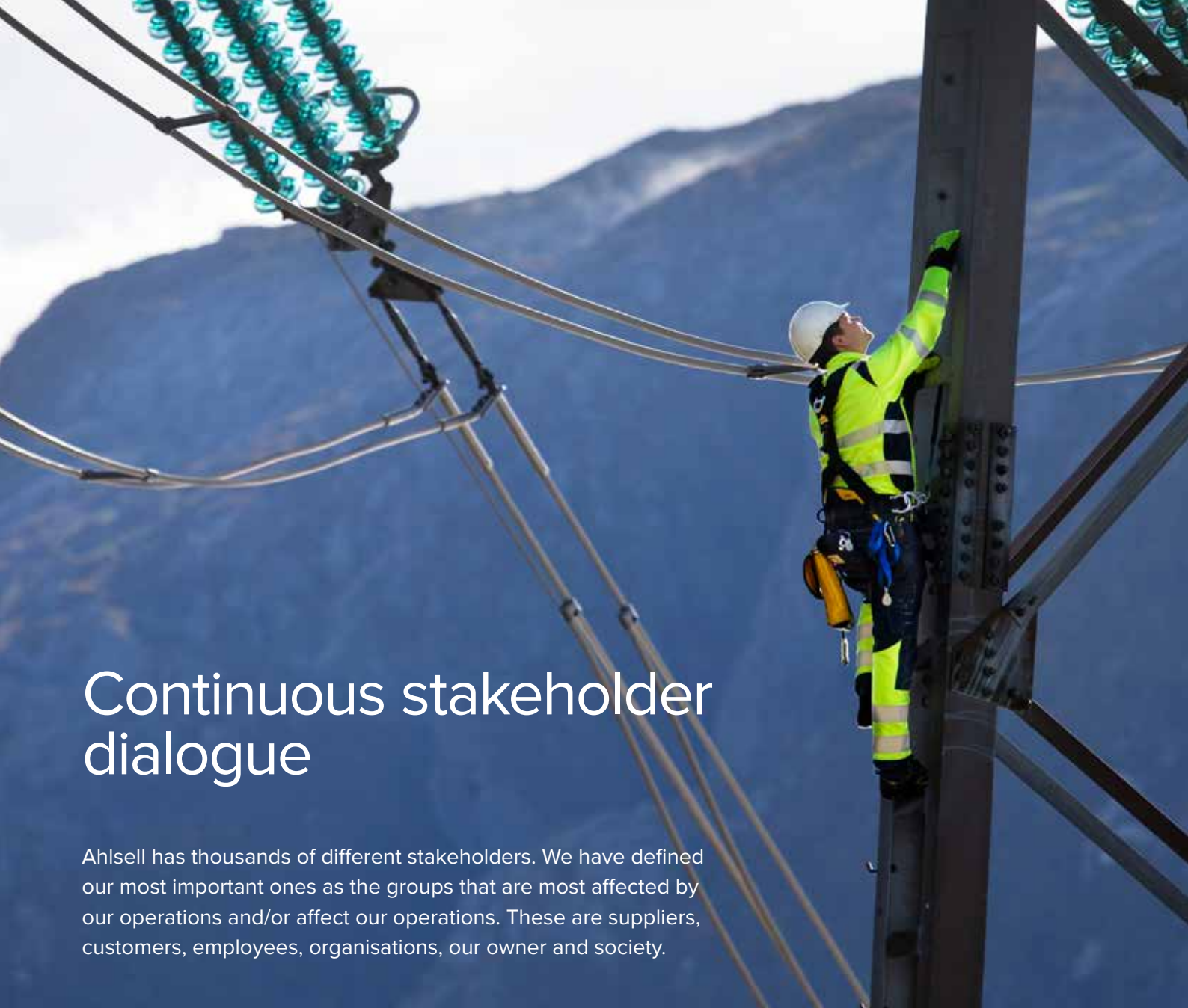
Ahlsell in the value chain and where we can make the largest positive difference



A sustainable value chain

An important tool in Ahlsell's assurance and reporting of sustainability work is our value chain, which summarises and clarifies priority areas, activities and their influence on sustainability. With a clear schematic picture, our work is simplified, both operationally and tactically as well as for decision-making and development at a strategic level.





Continuous stakeholder dialogue

Ahlsell has thousands of different stakeholders. We have defined our most important ones as the groups that are most affected by our operations and/or affect our operations. These are suppliers, customers, employees, organisations, our owner and society.

It is in partnerships, discussions and relationships with our stakeholders that we see what is most important and where we can make the biggest difference.

Good long-term relationships with our **suppliers** are the basis of what we do. We arrange continuous development meetings, follow-ups and audits to develop our product flows and offering, and improve our cooperation. We organise joint customer days with suppliers and trade associations for long-term and value-creating collaboration.

Open dialogue with our **customers** is important for meeting needs and developing the offering. Each customer has a dedicated salesperson, who ensures that we meet the customer's needs in the best possible way. The salesperson collects several customers' needs with a view to finding a common and improved solution – often within sustainability and efficiency. Our ongoing discussions on tenders and agreements provide us with information about what we can do better and about the customer's

needs. We also conduct regular surveys, interviews and audits. If a customer is not satisfied, Ahlsell's sales support is ready to help with valuable dialogue.

Our **employees'** skills and satisfaction are important to us. Having the right skills and a sense of job satisfaction is a prerequisite for our business. In 2017, we introduced Ahlsell@work, an annual employee survey, which shows that employees are satisfied and take pride in their work.

Annual employee interviews are conducted between managers and employees, during which goals are set and followed up – a prerequisite for good performance. Conducting sustainability work is not restricted to just a few of us – all our employees contribute to this every day in their work with customers. Our common values and Code of Conduct ensure that we act sustainably. We also play an important role in influencing customers to make sustainable choices.

Organisations relevant to Ahlsell are trade associations, in which we take active responsibility for

driving the industry in a sustainable direction. These associations also enable external environment analyses that help us and the whole industry to comply with new laws and regulations. Membership also means that we undertake to follow ethical rules that promote good business practice and sustainable development in the market.

The table below lists all the trade organisations of which Ahlsell is a member.

Sweden	SEG (Swedish Electrical Wholesalers Federation)
	RGF (Swedish Federation of Wholesalers in Heating, Sanitation and Plumbing)
	Association of Swedish Building Materials Merchants
	Swedish Ventilation
	Sprinklerfrämjandet (Fire Sprinkler Association)
	KVI (Refrigeration and Heat Pump Importers Association)
	IF (Association of Insulation 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)
	Sähkö- ja teleurakoitsijaliitto STUL ry (Electrical Contractors' Association of Finland)
	NSS Sähkösuunnittelijat ry (Electrical planners)
	Sähköinsinöörit – SIL (The Association of Electrical Engineers in Finland)
	Talteka 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)
	PSK Standardisointi ry (PSK Standards Association, a common development unit for industrial and supporting companies)

In March 2019, Ahlsell AB was delisted from Nasdaq Stockholm. CVC Capital Partners has been the **principal owner** since then. The relationship and dialogue with the owner is important to Ahlsell and takes place, among other things, within the framework of the Board's work.

Ahlsell's operations create clear values in the **communities** where we operate. In addition to salaries, social security contributions and tax, we also focus strongly on good cooperation with the municipalities where we are established.

Ahlsell contributes actively to community building and we often cooperate with companies and organisations that contribute to a stronger and better future for everyone, in particular children. Ahlsell supports the World Childhood Foundation, an organisation that works to prevent and mitigate the consequences of violence and sexual abuse of children. Another organisation close to our heart is the Swedish Childhood Cancer Foundation, of which we are a main sponsor. Both sponsorships are about taking responsibility and an active position to work for a better future for our children.

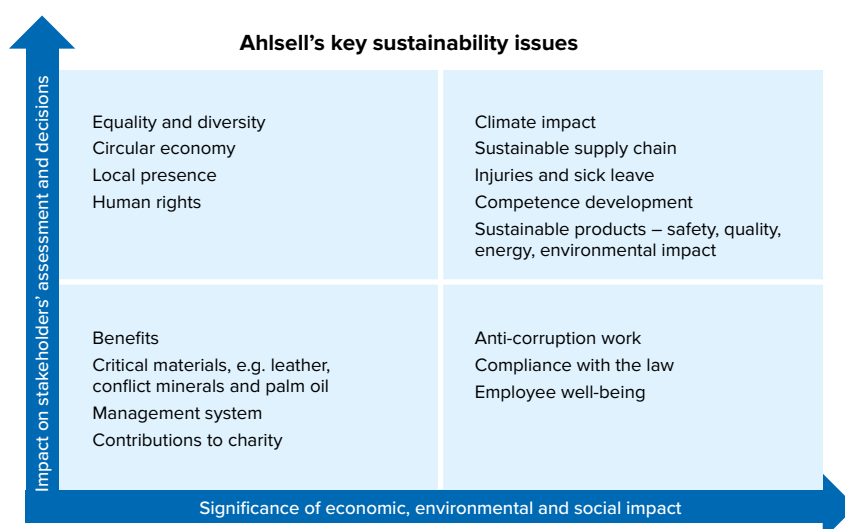


Materiality analysis

Maintaining 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 upgraded annually and forms the basis for which sustainability areas are relevant and where Ahlsell can make the largest positive difference.

Expectations of Ahlsell as a committed player in sustainable social development have increased significantly in recent years, in line with increased understanding and engagement in issues such as climate change, microplastics, human rights and corruption.

We have combined our stakeholders' priority areas with our opportunity to influence. We have gathered together the areas that are most important for us to work on under health and safety, innovation and collaboration, responsible sourcing and tackling climate change.



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



Governance, risk management and internal control

Sustainability is managed within the framework of the Group's normal organisation and internal control. This means that we integrate environmental, ethical and social issues into our governance and day-to-day operations.

Governance

Ahlsell has several control documents in the form of policies and guidelines. Their aim is to guide the Company, support effective working methods and manage identified risks by means of regular monitoring. Responsibility is clearly distributed in the organisation. The Group-wide policies are adopted annually by the Ahlsell Board. Ahlsell's CEO, with the management group and the sustainability manager, are responsible for managing and implementing them in the daily operations. The sustainability manager, who reports to the purchasing director, is responsible for operational sustainability work together with the country managers.

Risk management

All business operation is associated with uncertainty and risks. To manage and control risk exposure, Ahlsell has a Group-wide risk management process. Ahlsell has chosen the COSO[®] framework and the Internal Control – Integrated Framework model as a basis for the work on ensuring good internal governance and control. Risk management is a crucial part of this work.

The risk management process includes coordinated activities to identify, evaluate and manage risks that may result in Ahlsell not meeting its defined goals and strategies. Risks which, after analysis and evaluation, are considered in need of management are assigned risk owners with responsibility to implement key control activities. All control activities are followed up and the results are analysed. Experience is dealt with in future assessments. Management of risks assessed as critical to operations is followed up by Group management and the Board.

Ahlsell's risk work is led by the Head of internal control & risk management who reports to Group management and the Board. Risk management is conducted using an established risk model and system support for reporting, documentation and case management.

Ahlsell's risk universe has been developed through analysis and dialogue, both internally with management groups, function managers and other key persons, and externally with stakeholders for significant risks. For the latter group, this is based on the materiality analysis which aims to identify Ahlsell's key sustainability issues.

Internal control to ensure compliance

At Ahlsell, work on internal controls is part of the risk management process. Our work aims to ensure that defined goals are achieved, that reporting is reliable and fair, and that the business complies with laws and regulations. Our design of internal controls depends on the tolerance that exists for the particular risk or risks that the control is intended to manage. This means, for example, that internal control is particularly significant in areas where we have zero tolerance, such as violation of legislation, permits and regulatory decisions. In order to ensure and develop the control structure, it is important to work with monitoring. Below we describe some areas that are subject to permit and/or subject to special control.

Compliance with current legislation is monitored through internal audits within the framework of ISO 14001 and 9001. In 2019, Ahlsell Norway was certified to ISO 45001 and Ahlsell's purchasing office in Guangzhou in China was certified to ISO 9001.

All the products we stock must comply with applicable laws and regulations. Statutory compliance includes: REACH, legislation that includes both a substitution and precautionary principle, CLP, RoHS, CPR, WEEE and other relevant CE directives.²⁾

Ahlsell's activities at its logistics centres are subject to statutory reporting with regard to, e.g., intermediate storage of used refrigerants. Ahlsell also holds permits for handling explosive and flammable goods and transferring particularly hazardous chemicals.

In addition, Ahlsell has the required permits for branches that stock over 100 litres of flammable liquids or gas indoors. Ahlsell also has a permit to hold gas depots at a number of branches.

Ahlsell has procedures for GDPR requirements with regard to handling information. GDPR procedures are mandatory by law and must be followed by all EEA companies.

Goals for sustainable business

Our focus areas of health and safety, innovation and collaboration, responsible sourcing and tackling climate change cover the entire Group. In the organisation, the sustainability goals are broken down into internal, external, Group-wide and local sub-goals. Each function has responsibility for its goals, which means that divisions, purchasing and logistics can have different goals, although they are all committed to more sustainable operations.

Follow-up is critical and we regularly ensure that the goals are still relevant. If new knowledge emerges, the goals are adjusted. Sustainability work is reported to Group management on a quarterly basis, and the Board is informed of follow-ups and ongoing initiatives at least once a year.

Human rights, child labour and working conditions

By participating in the UN Global Compact, we have committed ourselves to preventing and reducing our own and our suppliers' negative impacts on human rights. Negative impacts may include poor working conditions, forced labour, child labour or activities that damage people's health.

We have included human rights in our Code of Conduct and we have processes in place to identify, prevent, manage and report risks related to human rights violations.

Ahlsell divides the risk of human rights violations into two parts: our own impact and our suppliers'

impact. In 2019, 99% of our employees were covered by collective agreements, and LO and TCO³⁾ were represented on our Board.

In accordance with our Code of Conduct, our suppliers must ensure that human rights and labour rights are respected. This includes a prohibition on forced labour, work outside statutory working hours or work in unsafe working environments at the premises of all Ahlsell suppliers. We do not tolerate child labour in our operations or the operations of the Group's suppliers, including their sub-suppliers.

We have a whistleblower facility that is available to both employees and external parties to use as needed.

Business ethics and corrupt behaviour

In all situations, 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 ensure that we 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 any party acting on behalf of Ahlsell may grant, offer or encourage payments, gifts or other benefits that may affect or be perceived as affecting the objectivity of a business decision or a public authority decision. In the same way, neither Ahlsell nor any party acting on Ahlsell's behalf may accept, receive or request gifts or other benefits.

Whistleblower

Ahlsell always follows up suspected unethical conduct. We have a whistleblower facility that is available to both employees and external parties to use as needed. It is available through our website www.ahlsell.com.

Four suspected cases of unethical conduct were registered in 2019. All these cases have been investigated and one case has resulted in termination of employment. None of the cases had any legal consequences. By comparison, Ahlsell was notified of eight suspected cases of unethical conduct in 2018. These were also investigated and one led to termination of employment.

1) Committee of Sponsoring Organizations of the Treadway Commission

2) Reach – Regulation (EC) No. 1907/2006 (Registration, Evaluation, Authorisation and Restriction of Chemicals)
CLP – (EC) No. 1272/2008 (Classification, Labelling and Packaging)
RoHS – Directive 2011/65/EU (Restriction of Hazardous Substances), amended by Directive 2015/863/EU
CPR – Regulation (EU) No. 305/2011 (Construction products)
WEEE – Directive 2012/19/EU (Waste Electrical and Electronic Equipment)
Other CE (Conformité Européenne) directives

3) Two major Swedish unions

Sustainability targets

To achieve actual improvement, we work within four focus areas with a number of different sustainability targets. A number of targets were adopted in 2017 (base year 2016) and are valid for four years, i.e. to the end of 2020. A selection of the targets are set out below. The calculations are made for our three main markets, corresponding to 97% of our net sales.

Health and safety

Target: Maintain the same high level of health presence as 2016, i.e. 96%.

Outcome 2019: 96%

We have high employee work attendance (health presence). It was 96% in our three main markets in 2019. This corresponds to about 10 days of sickness absence out of a total of 250. Work attendance has been stable since 2016. See page 20.



Innovation and collaboration

Target: At least ten new sustainable and environmentally-friendly products and services offered to our customers per year.

Outcome 2019: 15 products

Sustainability is about collaboration. We therefore involve our stakeholders, such as suppliers and customers, in several innovation projects with the aim of launching more sustainable products and services. See page 25.





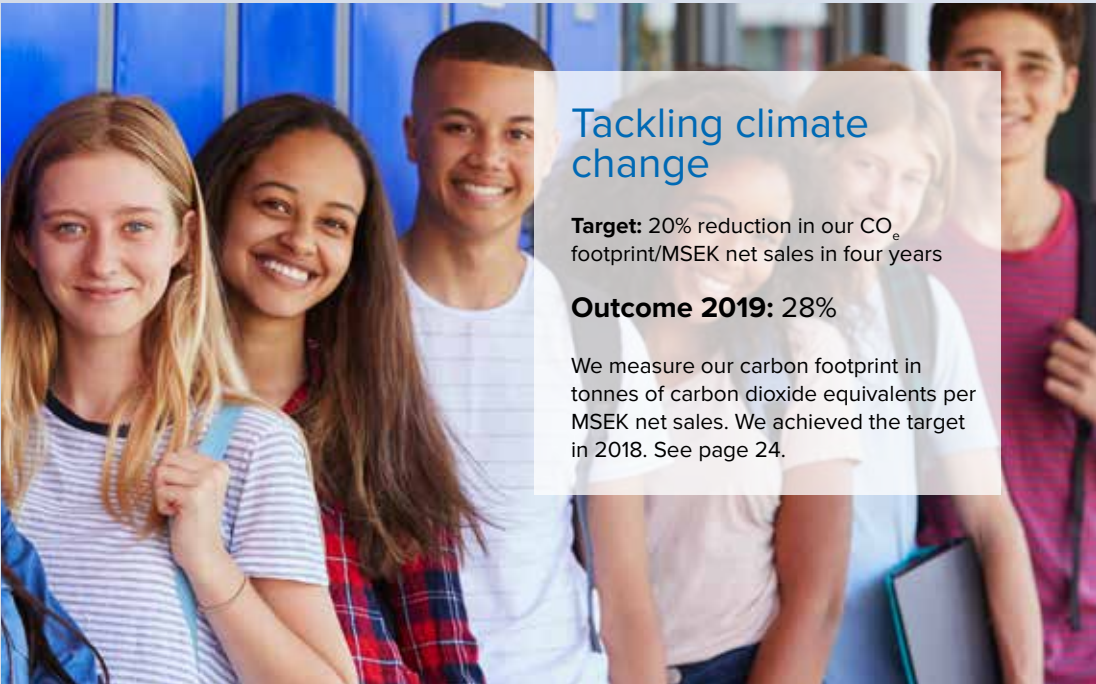
Responsible sourcing

Target: All¹⁾ our suppliers fulfil our Code of Conduct.²⁾

Outcome 2019: 79%

¹⁾ Suppliers from which we purchase goods for sale to end-customers and where our purchase volume is more than SEK 150,000/year.

²⁾ In order to achieve the goal, the supplier must have undertaken to comply with the requirements of Ahlsell's Code of Conduct. See pages 26-27.



Tackling climate change

Target: 20% reduction in our CO₂ footprint/MSEK net sales in four years

Outcome 2019: 28%

We measure our carbon footprint in tonnes of carbon dioxide equivalents per MSEK net sales. We achieved the target in 2018. See page 24.



Sustainable employeeship

Ahlsell has about 5,800 employees in eight countries. To ensure a successful and long-term sustainable organisation, we place great emphasis on developing our employees and attracting competent new colleagues. We want our employees to feel pride and commitment when working for us.

An attractive product offering, combined with our employees' ability to be dedicated problem-solvers, makes Ahlsell a strong and stable company in a changing world. In order to fulfil our customers' wishes and expectations, we need employees with broad expertise, as well as diverse experience and backgrounds.

Behind every delivery to the customer are our employees, who take responsibility for every detail in the chain. Our customer promise – We make it easier to be professional – is about much more than what is in the packages we deliver; it is about people. People who are keen to go the extra mile.

An important success factor is that all employees are given the opportunity to grow in their professional role – this creates dedication!

A safe and sustainable workplace

Our most important responsibility to our employees is to ensure a safe workplace. Our employee attendance is 96% (96) in our three main markets. This corresponds to about 10 days of sickness

absence out of 250. Health presence has been stable in 2017, 2018 and 2019.

We take safety very seriously and work actively to prevent and reduce the number of injuries at the workplace. We therefore work continuously on information, training and monitoring of work. Examples include introduction training for new employees, truck training courses, and training in ergonomics, lifting and first aid. We cooperate continuously with the occupational health services in the individual countries in order to prevent ill-health. Most of the injuries suffered by Ahlsell's employees occur at our logistics facilities. Hence, there are a number of different safety regulations and directives that apply to areas such as hot work, emergency services and systematic fire prevention in place.

In 2019, there were 49 work-related accidents in our three main markets. The corresponding figures for 2017 and 2018 are 53 and 61. We define a work-related accident as an accident occurring at the workplace, not on the way to and from work, and resulting in leave of absence.



We act as One Ahlsell with our values serving as a compass.

Values

We act as One Ahlsell, with our values serving as a compass and describing our approach to colleagues, customers and suppliers.

The values are monitored on an ongoing basis and in the annual employee dialogue. The values are also an important element of Ahlsell's acquisition strategy. Shared values support the integration of new employees and operations.

Continuous improvement

At the central warehouse in Hallsberg, we have been working since 2013 to encourage suggestions for improvement from employees under the slogan "Continuous improvements". Up to 2019, 8,780 suggestions have been submitted, of which 60% have been implemented. This has contributed to both higher employee engagement and more efficient operations. "Continuous improvements" motivates everyone to influence and improve our work, our processes and our workplace.

The suggestions are diverse in nature. They may, for example, be about optimising our processes in terms of time, reducing plastic packaging, ensuring

that we get the right kind of pallet in our warehouse racking, and knowledge-sharing between departments to create understanding between each other at the central warehouse.

Examples of improvements made in 2019 include pallet checking during goods reception. By checking the pallet when receiving goods and making a note on the consignment note of any deviation, e.g. disposable pallets or bad europallets, we can prevent bad pallets from finding their way into our racking. We also increase efficiency, as we do not need to repackage goods from bad pallets to better pallets.

All employees at the central warehouse in Hallsberg participate in the improvement work. Each department has its own improvement group which drives the work forward. We offer our employees at Ahlsell central warehouse improvement training. To date, about 480 employees have completed the training.

An improvement is a problem solved; a problem is the difference between where we are today and where we want to be.

ACCOUNTABILITY

OPENNESS

SIMPLICITY



Employee year 2019

A strong Ahlsell

The process of building a strong Ahlsell continues. We conduct regular training courses and constantly develop our processes to improve the efficiency of managers and employees.

HR is a natural part of our activities, contributing from a different perspective and providing active support for leaders in their work on development and change, both strategic and operational. The intranet is our largest communication channel for internal communication and an important cultural vehicle and facilitator for collaboration.

Employee survey

In Q1 2019, we conducted our third annual Nordic employee survey. We achieved a score of 71 (72) in the Group-wide employee job satisfaction index (external benchmark: 67). The response rate of 87% (87) produced high reliability in the results and shows that employees are keen to contribute feedback. Our employees are dedicated and the results show that a high proportion of employees feel that previous results have been used to make improvements.

Another result is that fewer people feel that they are being discriminated against, bullied or sexually

harassed. As we have zero tolerance for such behaviour, it is important that we continue our efforts to create a good working environment for everyone.

The employee survey responses provide us with an important basis for future priorities. The employee survey shows that we have a strong brand with proud employees who enjoy their work and working relationships.

Increased leadership index

The leadership index has increased since the previous measurement and is currently 76% (75). For us, good leadership creates a solid basis for good performance and encourages motivated and independent employees who take the initiative and work on their personal development.

We have a leadership profile which describes Ahlsell's leadership on the basis of developing the business, developing employees and developing ourselves. We have also clarified role descriptions and worked on coaching and skills development activities for our leaders. We work with the leadership profile as a starting-point in our leadership recruitment, in both interviews and tests.



The leadership profile is based on our core values – Accountability, Openness and Simplicity – and has three dimensions:



At the end of 2019, the proportion of female managers was 17%. The total proportion of women in the Group was 24%.

Competence development

We are a decentralised and learning organisation, which enables us to respond quickly to changes in demand and customer needs. We have conducted product training, sales and sales management training and skills transfer between departments and countries.

Development is based on constant learning and an ambition to be curious about the future and keep up-to-date with new external requirements. When the individual grows, the business develops.

Diversity

To achieve sustainable employeeship, we need employees with diverse skills, experience and backgrounds. Diversity strengthens our competitiveness and innovative potential, contributes to higher employee engagement and brings increased customer satisfaction. We therefore cooperate with different recruitment partners who are well advanced in their work in areas such as open-minded recruitment.

We strive to increase diversity in all areas, in particular the proportion of female managers. At the end of 2019, the proportion of female managers was 17%. The total proportion of women in the Group was 24%.



Environmental impact

The main environmental impacts from Ahlsell's operations come from airborne emissions from transport, energy consumption at our facilities, sales of chemicals containing substances that are environmentally hazardous and harmful to health, and production of waste. We have set high targets which we continuously monitor.

Ahlsell has worked to counteract global warming for some time. This has included energy saving targets and emission savings, with a particular focus on reducing the climate impact of freight transport.

The main reasons why our climate footprint has decreased in relation to sales, by 28% from 2016 to 2019, are an increase in the share of renewable fuel in freight transport from 25% to 37%, a constant focus on efficient freight flows and a higher filling ratio, and establishments in more energy efficient premises. Large parts of the organisation have also chosen to purchase origin-labelled hydropower.

In Sweden, the construction and civil engineering industries have already drawn up a roadmap to halve their climate footprint by 2030 and reach net zero by 2045. Ahlsell has supported this.

We offer products for use of solar energy, and also increasingly use solar energy ourselves. For example, our Hyvinge central warehouse in Finland and some of our branches have solar panels. In Vasa, the solar panels supply both the branch and the charging station for electric cars with fuel directly from the sun. This is perfect for our customers, who can charge their vehicles while doing business with us. At the end of 2019, we had about 50 branches where our customers and employees can charge their electric cars.

In absolute figures, we had a footprint of 33,985 tonnes of carbon dioxide equivalents during 2019, equivalent to 1.07 tonne per MSEK net sales. The corresponding figures for 2018 were 35,319 and 1.16.



At the end of 2019, we had about 50 branches where our customers and employees can charge their electric cars.

Transport and delivery are key aspects

As one of the largest transport buyers in the Nordic region, Ahlsell takes special responsibility for reducing emissions from freight transport. We work actively to optimise our transport. At our three central warehouses in Sweden, Norway and Finland, hundreds of HGVs with thousands of cubic metres of goods arrive and depart every day. From each warehouse, our logistics partners drive loaded HGVs to 86 terminals across the three countries. We use mass freight transport, with shared transport in urban areas, as far as possible for transport from the terminals in order to optimise loading ratios.

All our suppliers of freight are checked and undergo the same type of assessment as our producing suppliers. We focus on traffic safety and climate-efficient transport. There are many positive effects: advantages in tendering processes, reduced costs for all parties, less damage during transport, safer loads and safer working environments. We also encourage travel-free meetings, such as video meetings.

More efficient value chain

A sustainable approach also includes seeking to reduce our consumption of packaging materials. At the three central warehouses, we use matched carton sizes. There are three reasons: to minimise consumption of materials, simplify handling, and optimise filling of pallets and lorries.

We also endeavour to recycle and recover as much as possible. Our three central warehouses have sorting stations where sorted waste is handled at environmental stations, with a recycling ratio of 92%. For branches and other facilities, the equivalent figure is 56%.

Efficient, sustainable and safe products

Ahlsell has a significant opportunity to influence its environmental footprint in the selection of products offered. This is done by checking suppliers' production process, maintaining environmental standards, minimising transport and, particularly important, supporting the customer in making an informed purchase that takes into account the total cost and sustainability aspects of the purchase. To drive the transition towards a more sustainable construction industry, Ahlsell has identified the following priority areas:

Increase the range of environmentally-classified, sustainable products

A driving force is increasing availability of sustainable products. Our offering is constantly expanding and we work close to our suppliers on these issues.

Demand for environmentally-classified construction products is expanding rapidly, as property owners are increasingly opting for environmental certification of their buildings. We try to increase availability of environmentally-classified building products – for example, we have about 4,000 environmentally-classified private label products.

Sustainable services and training

In addition to a broad product offering, Ahlsell has developed different training programmes, protection measures and information material to make it easier for customers to make safe choices.

Target for Innovation and collaboration:

At least 10 new products per year for increased sustainability

We aim to introduce at least ten new products and services for increased sustainability per year. We are proud to have reached this target in recent years. We launched 15 products for increased sustainability in 2019. Example:



Lead-free press fittings

LK Universal ECO is a range of brass press fittings for tap water pipes that are completely lead-free, which guarantees no lead emissions into drinking water.



Fristads Green collection

Fristads is the first in the world to introduce a new standard for workwear, Fristads Green, where it is possible to measure the total environmental impact of a garment – from material selection to delivery of the finished garment.

HeatFloor slotted boards for underfloor heating

The wood raw material for the boards is certified and comes from Sweden. The product is Nordic Eco-labelled and can be fully recycled with energy recovery.



Responsible sourcing

We offer more than a million products, which means that we have one of the most complete offerings in the Nordic region. This places high demands on our purchasing organisation, and our product offering is reviewed continuously. When we introduce new products, we set high quality requirements, both for the products' value chain and for compliance with applicable regulations in each market.

Ahlsell has a responsibility that extends beyond its own activities. The products we sell must come from suppliers that take human rights and the environment seriously.

One of Ahlsell's most important assets is the trust of our employees and customers. This makes it absolutely necessary that our suppliers observe international guidelines concerning quality, social responsibility and the environment, as well as Ahlsell's own Code of Conduct. We have set higher requirements for our own and our suppliers' activities than those required by the law.

By accepting Ahlsell's Code of Conduct, suppliers undertake to observe the code in their own and their sub-suppliers' operations.

To be able to deliver to Ahlsell, the supplier must pass a supplier audit. The assessment is based on the requirements in Ahlsell's Code of Conduct. The aim is to examine the supplier's ability to fulfil the requirements before any agreements are signed.

Ethical business conduct is a must

In all situations, 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.

Ahlsell always follows up suspected unethical conduct. If we identify suppliers that do not comply with our Code of Conduct, we seek to obtain a positive outcome through dialogue as a first step. If there is no improvement, the cooperation is terminated.

Continuous evaluation

We regularly evaluate our suppliers and use purchased value to prioritise. The goal is, within four years of the base year 2016, to visit and assess on site suppliers who together account for 50% of Ahlsell's total purchase value. We reached the target at the end of 2019, not including private label products. When Ahlsell audits its suppliers, the aim is to improve together. We endeavour to identify development and improvement opportunities. In addition to deficiencies, we also measure development opportunities. These assessments are made by an internal audit team and any deviations are documented and followed up.

Partnerships for sustainable business

If the world is to achieve the UN Global Sustainability Goals by 2030, we need to cooperate within and across sectors and throughout the value chain.

Our position in the market means that we have good opportunities to influence our suppliers in the area of innovation and development.

One of our sustainability targets in the focus area of Innovation and collaboration is to work with suppliers to develop and launch new sustainable products and services that are significantly more sustainable than their predecessors.

Further examples of productive cooperation include our membership of interest associations and sector organisations in the individual markets. This means that we undertake to observe ethical rules which promote good business practice and sustainable development in the market.





Our private labels

About 11% of the products we sell are our private labels. The products are often developed and produced by our existing suppliers, and offer customers a high-quality and reasonably priced alternative to the established brands.

Our aim is for our private labels to be well-established and well-known to our private label customers.

Ahlsell's private label products must maintain the same quality and standard as similar goods in the sector, have the necessary certificates and comply with applicable rules and standards in the country in which Ahlsell operates.

We must also be able to control production in terms of quality and sustainability. Private label product suppliers are audited by internal quality inspectors or an established third-party company. The inspectors are trained in SA8000 in order to ensure a good working environment and protection of human rights on site.

We have our own purchasing office in Guangzhou in China where our private label product suppliers are

Our private label product suppliers are audited by trained internal quality inspectors or by an established third-party company. The on-site audit ensures that there is a good working environment and human rights are respected.

audited by internal quality inspectors trained in SA8000.

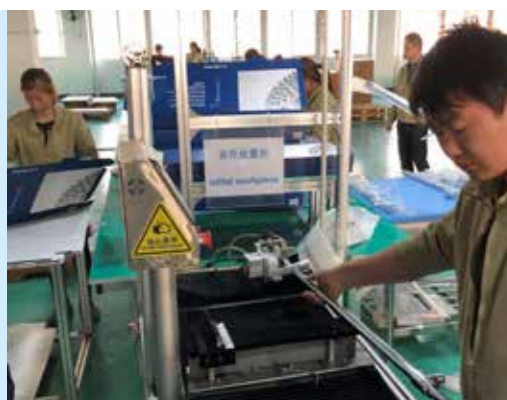
Proximity to our suppliers leads to greater understanding and good relationships, thereby supporting responsible sourcing.

In 2019, we have developed a clearer process for purchasing private label products, which means that we both increase our quality and environmental requirements and strengthen our work on responsible sourcing.

Ahlsell China can take pride in ISO 9001 certification

As part of Ahlsell's continued high focus on sustainability and the environment and our overall goal to increase the proportion of private label products, we are pleased to announce that our Ahlsell AB Guangzhou office in China now also holds ISO 9001 certification.

The certification is proof that quality work is of a high standard and is a way of responding to demands from customers and suppliers.



Sustainability
in everything
we do

Ahlsell signs up to Roadmap for fossil free competitiveness

Our ambition is to be involved in shaping the sustainable construction of tomorrow. In Sweden, the construction and civil engineering industries have already drawn up a roadmap to halve their climate footprint by 2030 and reach net zero by 2045. As we supply them with building materials

and products, we must join in and take our responsibility to enable a transition to climate-neutral construction. We can supply better and more climate-smart logistics solutions and more energy-saving products, and strengthen the innovative potential of our suppliers.





Sustainable city logistics

Ahlsell's customers in the centre of Linköping can now have their goods delivered by electric bicycle. The concept of sustainable city logistics became a reality in 2019, when Ahlsell and DB Schenker decided to work together to take joint climate responsibility. Distribution by bicycle rather than vehicle also provides a better urban environment.

"We, Ahlsell and DB Schenker, have promised each other to carry out at least two climate initiatives together every year," says Mikael Spennare, Transport Manager at Ahlsell Sweden.



Pre-insulated cooling pipes

Sustainability
in everything
we do

Within the focus area of Innovation and collaboration, we involve our suppliers and customers in developing or launching products and services for increased sustainability. The pre-insulated COOL-FIT cooling pipes from the supplier Georg Fischer help to simplify and shorten the installation. The low weight has both transport and ergonomic advantages. The recyclable pipes are also 100% corrosion-free and increase the system's energy efficiency by up to 30%.

Pre-insulated cooling pipes are a technological innovation that reduces the end customer's total cost of installation, while also being better for the environment.



Sustainability
in everything
we do

A sustainable foundation

Within Ahlsell's area Concrete accessories, sustainability is a natural part of the entire value chain. The work is based on close cooperation between employees, customers and suppliers, where experience and specialist expertise lead to sustainable results.

In autumn 2014, Ahlsell acquired the companies HauCon Sverige and SKB Väst, which are leading distributors of products in the areas of reinforcement, formwork and waterproofing. The acquisitions went hand in hand with Ahlsell's ambition to deliver products for construction projects at an early stage. Today, the companies are integrated into Ahlsell in the product area Concrete accessories.

From Ahlsell's side, it is usually the specialist salespersons from Concrete accessories who are first on the scene in a new construction project. You could say that they act as the way into a project,

laying the foundation for the continuing work. The aim is to be involved early on in project planning in order to influence the product choices at the drawing stage.

Advanced solutions and special products

Malin Öster, Marketing Coordinator at Ahlsell Concrete accessories, believes that the specialist salespersons' work on advanced technical solutions means that they function more as consultants than sellers at the construction sites.

"A concrete building is so much more than just concrete. Underneath the surface are many advanced solutions and special products required to make the design possible. Our focus in each project is on contributing to a building with a long life which is sustainable from several aspects, both economic and environmental."

Work in Concrete accessories is characterised by close cooperation between the purchasing, technology and sales functions. This means that the entire value chain can be quality assured. Many of the employees have their own experience of working in the construction industry themselves. This means that they can also recommend work methods and



products that are better from an ergonomic perspective.

Fredrik Vestergård, a trained construction engineer specialising in sustainable construction, works as Technical support at Ahlsell Concrete accessories. He describes his role as very broad, where the focus is on supporting sales forces, designers and customers. The work also includes assessing new products and deciding with the buyers if they qualify for our product offering.

“To be able to sell a product, it must be able to be listed in Byggvarubedomningen, the Nordic Eco-labelling, Sunda Hus or BASTA. These are the tools that are used by the industry and enable smarter material selection. The environmental aspect therefore comes early in our assessments.

Products that optimise use of materials

A significant part of the Concrete accessories area is about waterproofing, which historically is one of the main product groups in the range. Nowadays, both contractors and designers demand expertise and product solutions to minimise the risk of water leakage.

When designing and building below ground level, there are many different solutions to achieve waterproof construction, where several factors must be considered. As technical support, Fredrik discusses waterproofing, product selection and risk minimisation in different situations with customers. He steers them in the right direction in the process of making sustainable choices. These may, for example, be about products that optimise use of materials.

“Choosing the right products can, for example, reduce the total amount of reinforcement, reduce the thickness of the concrete slab and eliminate certain additives. Production of steel and cement has a high climate impact. If we can contribute to more resource-efficient use of less sustainable materials, it feels like we are doing something good.”

Fredrik also suggests products that are better from an energy perspective. One example is an insulated attachment between balconies and floor joists, which reduces a building’s heat loss, provides warm floors and a pleasant indoor climate.

Sustainable throughout the chain

When Josef Wahlström started working as a purchaser at Concrete accessories four years ago, he quickly noticed that many procedures and working methods differed from his previous position as a purchaser. It was new to him that more departments than just purchasing participated in meetings with his suppliers.

“The work in Concrete accessories is based on sustainable collaboration where we are a team with great understanding of each other’s tasks and goals. Having many of us participating in meetings with our suppliers broadens the agenda and allows us to highlight all parts of the collaboration. For purchasers, price and delivery precision tend to be the most important, while technology and salespersons focus on the product’s properties and quality.”

Josef sees the collaboration with his suppliers more as a partnership. He values long-term relation-



Fredrik Vestergård, Technical specialist



Malin Öster, Marketing coordinator

If we can contribute to more resource-efficient use of less sustainable materials, it feels like we are doing something good.”

ships, being able to trust each other and develop the collaboration together.

“The foundation of a sustainable approach is based on good and lasting relationships with both colleagues and external business relationships such as suppliers and carriers. It also means that we have a system that ensures that our flows work. Then it becomes sustainable in the long run.”

In the social investments currently being made, both buildings and infrastructure should have a life of at least 100 years. As an advisor and consultant, Ahlsell Concrete accessories has great opportunities to influence development by ensuring that what is proposed and planned is sustainable throughout the chain – in planning, design and during the construction phase.

“As the construction process changes, we need to be able to meet our customers’ demands for more sustainable products. The challenge lies in being able to offer the right products today and at the same time develop the range and find the best solutions for the future,” says Malin Öster.

Key figures, sustainability

Sales, MSEK	Note	2016	2017	2018	2019	Target
Total sales	8	24,606	27,484	31,291	32,672	

Environmental impact	Note	2016	2017	2018	2019	Target
Carbon footprint in CO ₂ e tonnes per MSEK net sales	4	1.49	1.42	1.16	1.07	Reduce by 20% in four years (index year 2016)
Carbon footprint in CO ₂ e, absolute figures	4	36,663	37,877	35,319	33,985	
Direct energy consumption, MWh	4	n/a	65,233	66,977	70,462	
Total CO ₂ e, GRI Scope 1	4	n/a	n/a	1,829	1,715	
Total CO ₂ e, GRI Scope 2	4	n/a	n/a	8,327	6,502	
Total CO ₂ e, GRI Scope 3	4	n/a	n/a	25,163	25,768	
Recycling rate in branches		n/a	56	46	56	Reduce environmental impact from waste by 20% in four years (index year 2016)
Recycling rate in central warehouses		90	88	90	92	Reduce environmental impact from waste by 20% in four years (index year 2016)
Number of own addresses with charging posts		n/a	22	40	50	
Number of own addresses with solar panels		n/a	1	2	3	
Number of our private label products that are environmentally assessed		n/a	n/a	3,500	4,000	

Sustainable employeeship and Employee year	Note	2016	2017	2018	2019	Target
Employee work attendance, %	4	96	96	96	96	
Work-related accidents, number	4	60	53	61	49	
Total staff turnover, %		7	10	10	10	
Employees with collective agreements, %		99	99	99	99	
Employees who have had performance reviews, %		n/a	77	79	83	
Women in the workforce at end of year, %	6	20	21	23	24	
Women in managerial positions, %	6	n/a	n/a	18	17	
Employee survey, satisfaction		n/a	68	72	71	
Employee survey, loyalty		n/a	82	82	81	

Responsible sourcing	Note	2016	2017	2018	2019	Target
EcoVadis rating and points	2	n/a	Silver, 54	Silver, 58	Silver, 56*	
Number of new sustainable products and services	4	>10	>10	>10	15	At least 10 per year
Employees who have completed The Code, %	4, 7	n/a	10	37	50	100% by 2020
Suppliers that fulfil Ahlsell's Code of Conduct, %	7	33	48	76	79	100% by 2020
Evaluated suppliers, % of purchased value	4	20	34	44	50	50% within four years (index year 2016)
Continuous improvements in logistics centre, number of proposals for improvement	4	1,520	1,538	1,480	1,138	
Continuous improvements in logistics centre, proposals implemented, %	4	70	54	62	50	

Figures and measurement data in this report refer to Ahlsell AB (Publ.) Group.

* The assessment for 2019 is for Ahlsell AB. Previous year only Ahlsell Sverige AB.

n/a = measurement data missing.

Notes

NOTE 1 Compliance

The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act and contains such information as is necessary in order to gain an understanding of Ahlsell's sustainable development and results. Information about Ahlsell's material topics, risks and opportunities, policies and guidelines and results is presented in the publication. Ahlsell strives to show exemplary, reliable citizenship, which means that we follow both industry guidelines and laws in our countries of operation. It also means that Ahlsell does not engage in aggressive tax planning, but is careful to pay the correct tax in our countries of operation. The main sources of comprehensive and accurate information about Ahlsell in the area of sustainability are this sustainability report and the website.

NOTE 2 Initiatives

Since 2016, Ahlsell has reported in accordance with, or inspired by, the Global Reporting Initiatives (GRI) guidelines, which include an internationally recognised set of indicators for economic, environmental and social aspects. In the 2019 Sustainability report, Ahlsell reports according to the GRI Standards, core level, which means that the report provides a complete and comparable picture of operations and stakeholders' material topics.

Ahlsell has signed the United Nations Global Compact. By approving the UN Global Compact, we undertake to follow the ten principles on human rights, labour rights, the environment and anti-corruption. Ahlsell's Code of Conduct is an important tool in implementing the UN Global Compact. It describes how we should act and what requirements we set for our suppliers. The Code of Conduct is published on our website and is based on the UN Global Compact, the UN Universal Declaration on Human Rights and related UN conventions, the ILO Core Conventions and the OECD Guidelines.

EcoVadis is a platform that collects sustainability data and which is used for the purpose of reviewing suppliers. Ahlsell reports data to EcoVadis. We achieved silver (56 points) in 2019 with underlying data reported in 2019. The decline of two percentage points since 2018 is due to the fact that we asked EcoVadis to assess the entire Group for 2019, not just Ahlsell Sverige AB.

NOTE 3 Scope

The Sustainability report covers the period January-December 2019, unless otherwise indicated.

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. Measurement figures for employees and HR have been implemented on an ongoing basis and do not have a target year, apart from the proportion of employees who have participated in The Code training.

Ahlsell has chosen to report values that are considered material, which means that we report sustainability data for our three main markets of Sweden, Norway and Finland, which together represent 97% of our net sales. In some calculations, we have opted to treat these three main markets as one region.

Operations acquired during the year are also covered by this sustainability report, which may result in certain changes in reported results between the years. Operations divested during the year are not covered.

NOTE 4 Data collection and responsibility

Data is collected through Position Green, the financial system, the payroll system and manually. Previously reported values are not normally corrected retrospectively, but if this is done, it only happens in cases where the calculation method has changed. Responsibility for reporting sustainability data lies with the respective head of operations and/or company manager in each country.

Environmental impact

- Since the end of 2018, our three main markets of Sweden, Norway and Finland, which together represent 97% of our net sales, report their environmental data in the Position Green system.
- Reporting of greenhouse gases is based on data collected from operations in our main markets of Sweden, Norway, Finland and subsidiaries that are not included in the system with net sales of more than MSEK 250 (Bekken & Ström, Proffsmagasinet and Prevex).
- Greenhouse gas reporting is conducted in accordance with the GHG protocol (ghgprotocol.org).
- Conversion factors to carbon dioxide equivalents have been taken from Swedish Environmental Emissions Data (SMED), Swedenergy, Entelios, Energia, Stockholm Exergi, Preem, Pelletsförbundet, SPBI, Trafikverket, TØI, LiikenneFAKTA and autoliitto.
- Scope 1 includes work machines (diesel), oil heating, pellet heating and refrigerants. Scope 2 includes district heating, district cooling and electricity. Scope 3 includes freight transport that we have at our disposal and business travel (company/private car, air travel).
- For the conversion of kWh, Nordic residual mix 2018 has been used and retrieved from the Swedish Energy Markets Inspectorate.
- Freight transport emissions are calculated using industry standards such as NTMcalc and SÅcalc.

Employees, health and safety

- Information on employees' work attendance, work-related accidents, staff turnover, proportion of employees with collective agreements, proportion of employees who have had performance reviews, proportion of women in managerial positions, employee survey, satisfaction, loyalty and leadership index are manually collected and compiled for our three main markets.

Responsible sourcing

- The target figure of at least 10 new sustainable products and services offered to our customers per year is measured quarterly at Group level.
- The proportion of employees who have completed The Code training is measured quarterly. In Sweden, our LMS (Learning Management System, i.e. Ahlsell Business School) system is used for collecting data which is then submitted to Position Green. In Norway and Finland, manual measurement is used, which is then transferred to Position Green.
- In order to achieve the target for all our suppliers to fulfil our Code of Conduct, the supplier must have signed that they have understood the requirements of Ahlsell's Code of Conduct and we must have assessed the supplier as meeting Ahlsell's environmental, quality and sustainability requirements. The target for Evaluated suppliers is monitored on an ongoing basis in new contracts and when following up existing ones.
- Continuous improvements at the central warehouse in Sweden are measured with the help of an improvement manager who is responsible for ongoing monitoring.

NOTE 5 Continuous stakeholder dialogue

Ahlsell has thousands of different stakeholders and we have defined our most important ones as the groups that are most affected by our operations and/or affect our operations. We have therefore defined five stakeholder groups: suppliers, employees, customers, owner and society. Learn more about ongoing dialogues with our stakeholders and their most important focus areas on page 14.

In 2019, Ahlsell conducted a comprehensive materiality analysis with our stakeholders. The purpose was to update the stakeholder survey conducted in 2016.

Group management continuously reviews the key figures that are considered material to our stakeholders. Topics from customers, suppliers, investors, employees, journalists, students and others provide a solid basis for continuous analysis and improvement. About 66% of Ahlsell employees work in sales,

which means that our customers are never far from an employee to share their views with.

On the basis of ongoing dialogue with stakeholders and a number of surveys and analyses, the materiality results were updated based on what stakeholders consider to be most important.

NOTE 6 The Employee year

The average number of employees in 2019 was 5,776. The number of employees at the end of the year was 5,760. In our calculations below, we have chosen not to include our purchasing function in China in order to enable regional collection of data, i.e. our data covers the region of Europe. The purchasing function in China had an average of 13 employees during the year.

Average number of employees, excl. China, men and women, total in Group and by segment

	Total	Sweden	Norway	Finland	Denmark	Other (Estonia, Poland, Russia)
Total number of employees	5,764	3,604	1,180	648	88	244
Of which men	4,400	2,703	927	540	64	166
Of which women	1,364	901	253	108	24	78
Women, %	24	25	21	17	27	32

The proportion of female managers was 17% at the end of the year. The calculation covers our main markets.

Number of employees by category, excl. China, at end of year

	Number	%
Administration	377	7
Sales	3,808	66
Logistics	1377	24
Purchasing	187	3
Total	5,749	100

Average number of employees, excl. China, by gender and age group

	Women	Men	Total	Women by age category, %	Men by age category, %	Proportion of women, %	Proportion of men, %
29 years and younger	278	547	825	34	66	20	12
30-39	318	897	1,215	26	74	23	20
40-49	391	1,159	1,550	25	75	29	26
50-59	308	1,327	1,635	19	81	23	30
60 years and older	69	470	539	13	87	5	11
Total	1,364	4,400	5,764	24	76	100	100

Distribution of average number of employees, excl. China, by gender and length of service

	Women	Men	Total	Women by length of service, %	Men by length of service, %	Proportion of women, %	Proportion of men, %
0-5 years	708	1,936	2,644	27	73	52	44
6-10 years	194	724	918	21	79	14	16
11-15 years	179	568	747	24	76	13	13
16-25 years	201	787	988	20	80	15	18
26 years or longer	82	385	467	18	82	6	9
Total	1,364	4,400	5,764	24	76	100	100

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

	Women	Men	Total	Women by form of employment, %	Men by form of employment, %	Proportion of women, %	Proportion of men, %
Permanent	1,123	3,838	4,961	23	77	82	87
Temporary	99	165	264	38	63	7	4
Uncategorised	142	397	539	27	73	11	9
Total	1,364	4,400	5,764	24	76	100	100

Data collected for our three main markets, Sweden, Norway and Finland, with the exception of certain acquisitions not yet included in the figures. "Uncategorised" therefore covers Denmark, Other and acquisitions not yet integrated.

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

	Women	Men	Total	Women by form of employment, %	Men by form of employment, %	Proportion of women, %	Proportion of men, %
Full time	1,086	3,855	4,941	22	78	80	88
Part time	136	148	284	48	52	10	3
Uncategorised	142	397	539	26	74	10	9
Total	1,364	4,400	5,764	24	76	100	100

Data collected for our three main markets, Sweden, Norway and Finland, with the exception of certain acquisitions not yet included in the figures. "Uncategorised" therefore covers Denmark, Other and acquisitions not yet integrated.

NOTE 7 Code of Conduct and The Code

Our Code of Conduct applies to all employees in the Ahlsell Group and all business partners. It is used in our evaluations of business partners.

The Code of Conduct does not replace legislation and Ahlsell must always comply with legal requirements and regulations in the countries in which we operate. The same requirements apply to our business partners.

If there is a conflict between the Code of Conduct and the law, the law shall prevail. However, if the Code of Conduct sets a higher standard than existing legislation, the Code of Conduct shall apply.

Ahlsell's CEO has overall responsibility for implementation and compliance with Ahlsell's Code of Conduct. The Heads of Operations are responsible for implementation and compliance in each country and segment. It is the responsibility of employees to ensure that they understand and comply with the content of the Code of Conduct and related documents. Managers are also responsible for ensuring that each employee is updated on current policies during the annual employee dialogue.

We continuously monitor whether our operations comply with our obligations under the Code of Conduct. The Code of Conduct is also a part of the introduction programme for new employees.

If any stakeholder, internal or external, considers that Ahlsell is not acting in accordance with the Code of Conduct or does not fulfil the terms of the Code of Conduct, we encourage them to use the web form under whistleblower at www.ahlsell.com.

To make it easier to understand and follow the Code of Conduct, we have developed The Code. This is a digital training game that increases understanding of the problematic situations that may arise in the day-to-day work. Employees get to respond to real dilemmas within e.g. work environment, bribery and competition issues. All employees must have performed The Code by 2020. At the end of December 2019, about 2,800 Ahlsell employees had completed The Code training (50% of the average number of employees in 2019).

NOTE 8 Net sales and total assets

Quimper Group Holdings AB's total assets amounted to MSEK 44,677 on 31 December 2019. Ahlsell AB (publ) Group's net sales for the calendar year (full year) 2019 amounted to MSEK 32,672.

NOTE 9 Examination and external review

Quimper Group Holdings AB's Sustainability Report has been prepared in accordance with GRI Standards, core level. The Sustainability Report also includes Quimper Group Holdings AB's Statutory Sustainability Report in accordance with Chapter 6, Section 11, of the Swedish Annual Accounts Act, and has been examined and approved by the Company's Board KPMG AB has conducted a limited assurance review of the Sustainability Report.

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Auditor's report

Auditor's limited assurance report on Quimper Group Holdings AB's Sustainability Report and opinion on 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 AB's Sustainability Report for the year 2019.

The Board's responsibility

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 35 of 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 assurance procedures we have performed and express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to the historical information that is presented and does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical 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 RevR 12 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 audit 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 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 in accordance with 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 in accordance with 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 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, 19 March 2020

KPMG AB

Joakim Thilstedt
Authorised Public Accountant

Torbjörn Westman
Expert Member, FAR



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