

*ahlsell*



# Sustainability Report

We are present where people reside, work and live their lives

**2023**

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# We shall make a difference in the green transition

Through this foreword, I invite you to read Ahlsell's Sustainability Report for 2023. It is intended to provide you with a transparent picture of our targeted work to achieve our vision: to build a more sustainable society. It is my hope to create trust in us as a company and to inspire continued dialogue and collaboration.



We live in a turbulent world, where events and trends beyond the control of our own operation affect both us as people and our business. A continued unstable geopolitical situation with several new causes for concern around the world, negative forces intensifying in our society and climate change that can no longer be ignored.

At Ahlsell, our clear starting point is to navigate the challenges in the best possible way, to continue to develop and strengthen our business, and to make a difference for our joint societal development. We also do our utmost to assume responsibility and be an ethical role model. For example, we took an early stance against Russia following the invasion of Ukraine, we follow the various EU sanctions closely and act on deviations.

In the uncertain economic situation we experienced in 2023, Ahlsell has shown resilience and continued to deliver well. Compared with the previous year, we are also seeing an improvement in market conditions; lower interest rates are boosting the willingness to invest and increasing the number of house transactions, which is extremely important for our business.

We also welcome the development of stricter requirements and legislation from the EU regarding climate, energy and resource efficiency, as well as other issues relating to environmental and social performance. This provides incentives for those actors who, like Ahlsell, want to make a difference. One example is the new building directive that will come into force

from 2027, with requirements for even more energy-efficient buildings.

#### **Strong growth and good profitability**

In summary, Ahlsell's financial results for 2023 were solid, with good profitability and strong growth. Sales totalled SEK 51 (44) billion, equivalent to growth of 15% (12%), of which 1% (15%) was organic. The operating profit (adjusted EBITA) was SEK 4.9 (4.8) billion.

We believe that the market conditions, especially during the latter part of the year, restricted the Group's sales growth. Despite this, consolidated sales, adjusted for acquisitions, are somewhat higher than the previous year.

Together with the effects of acquisitions and cost-saving measures, we achieved a historically strong operating profit in 2023.

To continue to accelerate our sustainable growth and our contribution to the green transition, continued acquisitions have an important role to play. We prioritise companies that enhance or complement our offering in terms of sustainable energy supply, resource efficiency and circularity. Two examples are Solelgrossisten and Batteribolaget, with strong offerings in the areas of energy storage and electrification. We have also improved our due diligence process regarding social risk management and climate performance, which means that we conduct a more systematic evaluation of new companies' supply chains. ➔



Sustainability issues are clearly integrated into the business strategy we are now pursuing – not a separate track. The strategy was updated during the year to better reflect our long-term road map, and is now divided into four overarching areas: Reduced Climate and Environmental Impact, Responsible Sourcing, Sustainable Business Development and People & Culture, with a focus on sustainable employees. The overarching goals we have formulated show that we have taken our position seriously. We have signed up to the Science Based Targets initiative and submitted climate goals that are in line with the 1.5 degree goal, and look forward to having them validated in 2024. With commitment and new science-based goals in accordance with SBTi, we are taking further steps in our climate work. The goals are ambitious and will drive us towards more and new measures and initiatives, together with customers and suppliers, that reduce the climate footprint throughout the value chain.

Similarly, many of our major customers are ambitious and set clear requirements; together we can do more to contribute to society's development. It is positive that Ahlsell is increasingly able to accept the opportunity to take on a more proactive role in our customer relationships, and I see a potential for us to continue to increase the parts of our business that deal with advice and skills support, in addition to existing strengths as a distributor and wholesaler.

Going forward, our most important focus is to continue to build a modern company with a dedicated organisation that can apply the right expertise to develop our sustainable offering. We want to make it easy for customers to make the right choice, supported by digitalisation and the availability of data. Activities during the year included investing in system support for product-specific environmental data and producing our first certified environmental product declarations.

Our many and complex supply chains account for a significant part of the environmental impact, and also involve risks of negative impacts on people and the environment. Our most important choice here is to work with professional partners who share our values. High quality often goes hand in hand with responsibility and sustainability performance. That said, we still have a lot of work to do to achieve fully traceable and responsible sourcing. The implementation of our new supplier system,

which enables better and more effective follow-up, is therefore an important milestone.

By far our most important asset is our employees. We want to promote a diverse and inclusive culture that values different backgrounds and perspectives. At Ahlsell, we know from experience that this creates not only effective teams, but also an attractive workplace and increased customer satisfaction.

We need people who can manage both themselves and others in a changing world. In 2023, we launched a comprehensive training programme for our managers, focusing on the skills required to realise our strategy: transformation, innovation, digitalisation and sustainability. I am also proud of our new training platform House of Learning, which was rolled out during the year. This is a cutting-edge digital tool that makes it easy for our employees to develop both their own skills and those of others.

We continue to invest in activities that promote health and exercise. During the year, many of our employees have run, skied, walked and played padel through Ahlsell's various partnerships and events. Our signature sponsorship of the Vasaloppet event, for example, engaged hundreds of participants from Ahlsell.

A little way into 2024, I see good opportunities to move forward towards our goals and to benefit from the ability and drive that exist in our organisation. One item on the wish list, of course, is for negative developments in the world around to change for the better. It is easy to be disappointed by the fact that the social transformation that is necessary and urgent is moving far too slowly. The challenges we face require unified forces working in a common direction, political unity and major system shifts.

At the same time, we all have a responsibility and an opportunity to contribute. I am proud that we have decided to make a difference in the green transition. Sustainable supply and value chains will be a given requirement for future purchasers, and integrated sustainability work creates resilient, value-creating and successful companies.

**Claes Seldeby,**  
CEO Ahlsell





# The year in brief

A selection of events from Ahlsell's sustainability year 2023.



## Sanistål part of the Ahlsell Group

Since the end of 2022, Danish company Sanistål has been part of the Ahlsell Group. The acquisition is an important step in becoming a comprehensive Nordic actor.

Read more on [page 8](#).

## Many employees at Stafettvasan

Stafettvasan is a popular event in which employees from different parts of the business come together to ski the classic 90 km route from Sälen to Mora. 30 teams participated in 2023 and no fewer than 60 teams in 2024.

Read more on [page 37](#).

## House of Learning

Ahlsell's new platform for education and learning, "House of Learning", was launched during the autumn. The tool is an important step in work to build a learning organisation, where all employees can easily complete and contribute to training courses and skills development. Ahlsell Finland organised a "Learning Week" with a special focus on leadership from different perspectives.

Read more on [page 38](#).

## Investing in the logistics centre of the future

An efficient, quality-assured flow of products is an essential part of our core operation. To support continued growth while maintaining quality and reducing our climate footprint, extensive investments are now being made for all four of our Nordic central warehouses and logistics centres. This involves both extensions and totally new facilities, with a focus on new technology and strict environmental requirements.

Read more on [page 12](#).



## Acquisition of Solelgrossisten

Solelgrossisten Sverige AB, a dedicated actor in the field of solar energy, charging and energy storage, was acquired in January.

Read more on [page 27](#).



## Ahlsell signs up to the Science Based Target initiative

With its commitment to developing science-based climate goals, Ahlsell emphasises its objective to be a leader in the climate transition. In November, ambitious new climate goals were submitted to the Science Based Target initiative for validation.

Read more on [page 21](#).

## Reporting pursuant to the Norwegian Transparency Act

The Norwegian Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) entails an obligation to conduct so-called due diligence assessments, which must be reported to Ethical Trade Norway. Ahlsell Norway published its first report in June.

Read more on [page 33](#).



## Leader of the Year: Claes Seldeby

In March 2023, Ahlsell's CEO Claes Seldeby was awarded the prestigious leadership award Leader of the Year.

Read more on [page 39](#).

# About Ahlsell







# This is Ahlsell

Ahlsell is present where people reside, work and live their lives. As a leading distributor of technical installations, we build a more sustainable society 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, our job is to make everyday life easier for professionals.

## Ahlsell in figures 2023

Employees (average): 7,551

Headquarters: Stockholm

Owners: CVC Capital Partners

Number of items: 1 million

Contractual suppliers:  
Approx. 5,000

Stores: 309

Central warehouses/  
logistics centres: 4

Business customers:  
Approx. 200,000

Sales: SEK 51 billion

Operating profit (adjusted EBITA):  
SEK 4.9 billion

## Entrepreneurship since 1877

Ahlsell has a rich history characterised by entrepreneurial initiative, business development, growth and many business acquisitions, up until the present day. It all began in 1877 with the company John Bernström & Co in Stockholm, which sold pumps to mechanical workshops and other industries. In 1922, the company merged with Ahlsell & Ahréns, which sold items including sanitary products and pipes. Just over 100 years later, Ahlsell is an international trading company with a broad offering and a strong market position in the Nordic region.

## Our vision

*Building a more sustainable society*

At Ahlsell, we have decided to adopt a proactive approach to the green transition in society. As a major actor with a strong market position, we have both the opportunity and responsibility to contribute to more sustainable development.

We contribute to our customers' competitiveness and are an attractive partner to our suppliers. This is done by continuously developing our offering and our range of sustainable products and services in line with needs and expectations, and by providing world-class knowledge and logistics. We shall achieve profitable growth and grow faster than the market through strategic growth initiatives, acquisitions and increased efficiency. We shall be the leading actor in each segment in our primary markets.

## Sustainable development

For us, sustainability work is about responsibility and value creation over time. This includes everything from satisfied customers, suppliers, employees and owners to a profitable business that is sustainable in the long term – financially, environmentally and socially. Sustainable development for Ahlsell is also about advising and enabling our customers to gradually choose more climate-adapted and sustainable products and services.



# Ahlsell 2023

## Geographic presence



### Our operations and geographic presence

Ahlsell's main operations are conducted in the Nordic region. In total, the Nordic countries, in which we have our four primary markets, Sweden, Norway, Finland and Denmark, account for over 98% of the Group's sales. We also have operations in Estonia, Latvia, Lithuania and Poland, and a local sourcing office in China.

### Growth through acquisitions

Ahlsell has an active strategy for profitable growth, with an overarching ambition to be the market leader in all product areas in each market. We are investing in both organic growth and growth through acquisitions, which enhance or supplement our offering or which can contribute to our sustainable business development. Another ten or so companies were acquired in 2023. One example is the Swedish company Batteribolaget, which can contribute to the green energy transition with a wide range of products in the area of batteries and storage.


### Sanistål – a part of Ahlsell Denmark

With the acquisition of Sanistål AS at the end of 2022, Ahlsell took an important step towards being a comprehensive Nordic actor with a complete offering in Denmark as well.

Sanistål is a Danish distributor and sourcing partner for construction and industrial businesses, with a large network of stores and operations in Denmark and the Baltic. In 2023, work was undertaken to integrate the company and its operations into the Group. On 2 April 2024, Sanistål AS will be renamed Ahlsell Danmark AS.

### Organisation

Ahlsell strives for a market-oriented, decentralised organisation with developed local entrepreneurship. The Group includes several independent subsidiaries that are operated under their own brands. More information on the scope and limitation of the content of this report may be found in Note 1 on page 48.

 **Sourcing office**  
Guangzhou, China  
Number of employees: 13



Our customer offering:

# Make it easier to be professional

Ahlsell is the Nordic region's leading distributor of installation products, tools and supplies for installation professionals, construction and property companies, industrial and power companies, and the public sector. We have a wide range of more than one million items and also offer associated services. A large number of items are kept in stock and can be delivered quickly when needed.

#### Comprehensive offering

Ahlsell's basic aim is to be a "one-stop-shop" with everything the customer needs and demands. In our own stores, via our logistics centres or directly via selected suppliers. Our offering includes both products and associated services and expertise in many different categories, such as heating and plumbing, electrical, tools and supplies, construction logistics and safety training.

#### Availability via physical stores and digital channels

We are close to the customer and can be reached through several channels that interact with each other. Ahlsell has a large number of physical stores in our different markets, and personal sales by phone or via meetings with sales representatives and account managers. We also have one of the Nordic region's largest online shops for professional customers. Customers who shop online can then pick up the goods in a physical store or have them delivered to their workplace.

#### Local stores with competent staff

Our physical stores are a meeting place where customers can find prompt, professional assistance in finding the right solutions and products. The stores carry locally adapted ranges of products and are located in easily accessible industrial or commercial areas. Ahlsell also has several customised solutions with on-site stores at the customer's premises and temporary pop-up stores.

#### World-class logistics and delivery quality

Ahlsell is a reliable partner that delivers the right products at the right time to the right place. Efficient logistics and secure transport operations are among the most important considerations for our customers when choosing business partners. Our four combined central warehouses and logistics centres form the hub of our operations. Thanks to our broad product range, we also have a high utilisation rate in transport to customers, which saves time, money and the environment.

#### Our customers

Ahlsell's customer base is large, with different customer categories and purchasing patterns. Our target group comprises all professionals who manufacture, install, build, repair and maintain. Customers are in both the private and public sectors, from sole proprietorships to companies with thousands of employees. In 2023, more than 200,000 business customers chose us as their business partner.

Small and medium-sized enterprises account for just under 40% of the Group's net sales, while our ten largest customers between them account for just under 10%. Through the Proffsmagasinet and Verktggsboden brands, Ahlsell also has a broad offering aimed at private customers, which account for around one percent of our sales.

# Ahlsell's value creation and benefit to society

Ahlsell is present where people reside, work and live their lives. We drive developments together with professional customers that manufacture, install, build, repair and maintain. We want to contribute to building a better society.

## Rail and ports

Transport-intensive operations generate large carbon emissions. Ahlsell has several unique storage solutions for larger industrial workplaces, which reduce the volume of transport operations and cut emissions.

## Healthcare, schools and elderly care

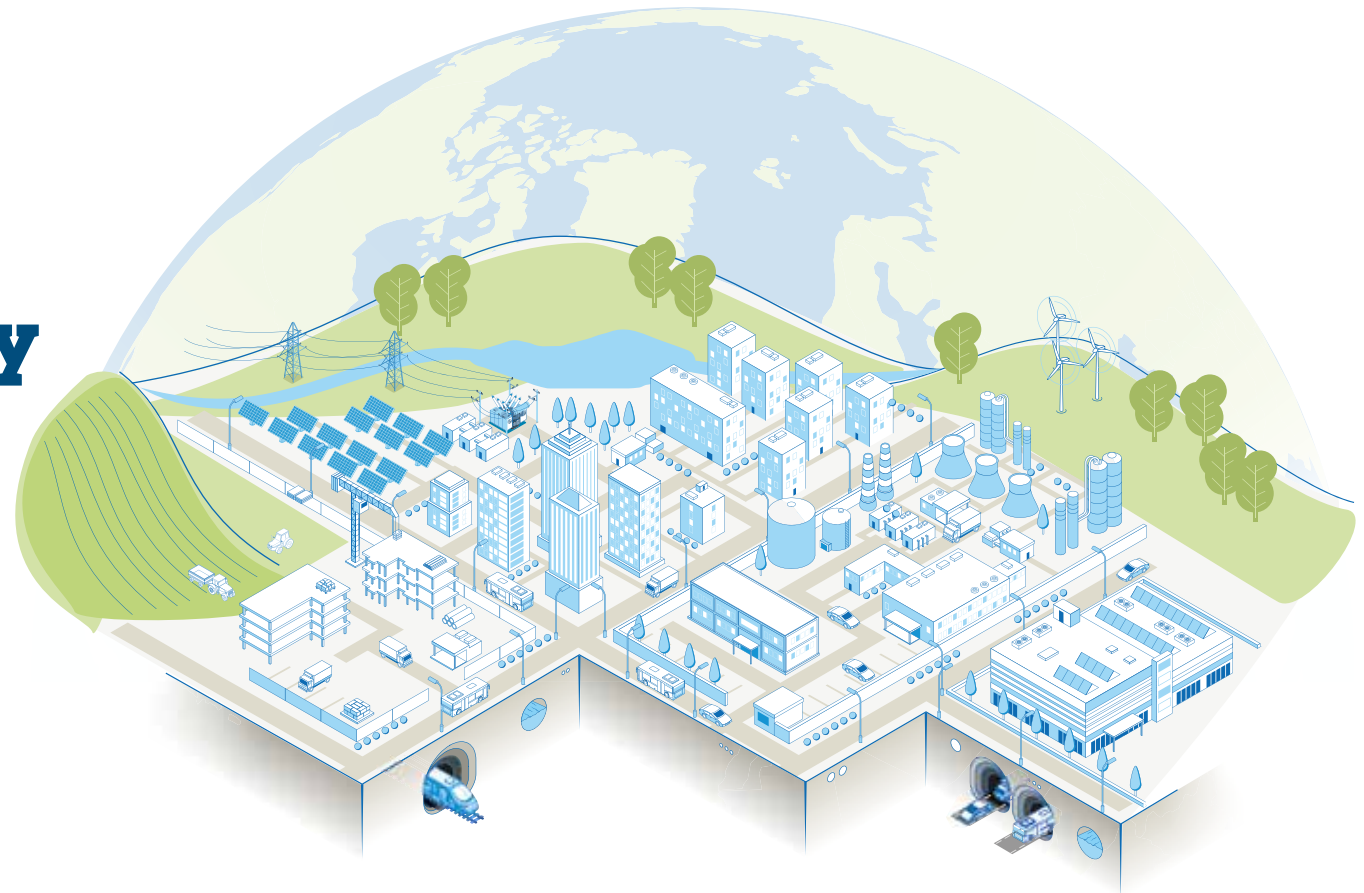
Constructing and operating hospitals involves complex projects with advanced logistics, technology and material supply. Ahlsell can offer the right range of products and services in areas such as construction logistics.

## Mining, steel and engineering

The transition to a fossil-free society demands a lot of our Nordic metals (such as copper and zinc) for future electrification. Ahlsell supplies materials and system support for the safe handling of chemical products to customers in the mining industry and the processing chain.

## The food chain

Food safety places high demands on work materials and equipment. Ahlsell offers hoses and pipe systems specially designed for the food industry.



## Electricity generation and distribution

It is vital to society that we have a safe and stable electricity grid. Ahlsell offers electrical grid materials, accessories and guidance for safe and professional installations.

## Water, sewage and treatment plants

Ahlsell's range includes complete systems for water supply and wastewater treatment, for both small, individual facilities and large public facilities.

## Defence and civil contingency

A robust and reliable supply chain and logistics are important to the nation's defence and civil contingency. Ahlsell provides actors in this sector with commodities, tools and personal protection equipment.

## Mobile networks and internet

Having a functioning, accessible internet is important for democracy and equality. Ahlsell supports the material-intensive construction of the next generation of mobile networks through advanced logistics solutions and a wide range of materials.

## E-Mobility

The future of mobility is electric. Ahlsell contributes to this development by offering market-leading charging boxes and expert knowledge to installers, purchasers and property owners.

## Housing

Housing needs to be built, managed and maintained. Ahlsell contributes with a broad product range for the entire life cycle, and relevant expertise.



Our supplier offering:

# A strong and stable partner

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

We collaborate with around 5,000 contractual suppliers. We choose responsible suppliers, with a focus on quality and well-known brands, and specify clear requirements that include competence, innovation and sustainability.

**Continuous development work**

Together with our suppliers, Ahsell undertakes continuous development and improvement work in order to create and offer new, more sustainable products and services. Our size means that we can guarantee sufficient volumes when investments are needed to meet new expectations or increased demand for more sustainable products, for example. The implementation of our supplier Code of Conduct and the development of product-specific climate and environmental data are two areas on which we are focusing.

**Our ten largest suppliers between them account for about one quarter of Ahsell's total purchase value:**

Nexans, Pipelife, Schneider Electric, Geberit Group, Nibe, Uponor, LK Systems, Villeroy & Bosch, 3M, Milwaukee



Our central warehouse in Hallsberg is one of the biggest in Europe. The town is also an important transport hub. There are more than 1,000 employees working at our modern facility, receiving, packing and shipping products. Approximately 125,000 items are kept in stock and, with the aid of automation and digitalisation, the lead time from order to delivery is less than 24 hours.

# World-class logistics

An efficient, quality-assured flow of products is an essential part of our core operation. Our four Nordic central warehouses and logistics centres are the hub of our logistics: Hallsberg in Sweden, Gardermoen in Norway, Hyvinkää in Finland and Billund in Denmark.

## Ongoing investment in system support and automation

With continued investment in increased automation and digitalisation, we are improving both capacity and ergonomics in our central warehouses. In recent years, our investments have included automated warehouses and lifts for small goods and smart information and sourcing systems for better planning and follow-up. Going forward, we strive to continue optimisation of the order to delivery flow, with the least possible climate impact and residual stock. It will be important to work with customers


and carriers to find solutions for larger coordinated orders and fewer transport operations. Moving away from terms featuring “free shipping” and making shipping costs visible is one example of how we can make more sustainable choices.

With more automated operations, new risks need to be managed, for example in the areas of IT security and power supply. To minimise the risk of outages or intrusion, our facilities are equipped with backup systems for both power supply and internet connection.






## Continued development of the sustainable logistics centre of the future

To support continued growth while further broadening our range, maintaining quality and reducing our climate footprint, we continue to develop our warehouse and logistics operations. Major investments are now being made in all four of our central warehouses. This involves both extensions and completely new facilities, as well as extensive investments in new technology.

 In Hallsberg, Sweden, work is under way to build a new facility next to the existing one. The project is being carried out with high climate and environmental demands. Among other things, the buildings will be energy self-sufficient and will meet the requirements for BREAM Excellent certification. The financial scale of the project totals around SEK one billion, of which SEK 800 million is for land and buildings and SEK 200 million for equipment. The new facility will come into operation in 2024.

 In Eidsvoll, Norway, a new logistics centre will be built to replace the existing one in Gardermoen, which has been in operation since 2010. Construction will begin in 2024, and the completed warehouse covering approximately 62,000 square metres will be one of the biggest in Norway. In addition to the warehouse building with high-bay warehouse, automated warehouse and conventional warehouse, there are large storage areas outdoors. The facility is being planned with a focus on issues including traceability of deliveries, preparation for circular logistics solutions and self-sufficiency in renewable energy. The facility is planned to become operational at the turn of the year 2026/27.

 In Hyvinkää, Finland, the area of the central warehouse will increase by 50% and the warehouse automation capacity will be doubled. The extension, which is planned to become operational during 2024, will be sufficient for the planned volume increase until 2030. The project has ambitious sustainability goals and will meet the requirements for environmental classification in accordance with BREEAM Excellent. Important features include an energy-efficient building, increased self-sufficiency in electricity from solar energy and the switch from current fossil to a renewable district heating source. Other environmental measures include the creation of a meadow and the installation of bird houses and insect hotels on the plot, to avoid any loss of natural values, and the optimisation of water consumption.

 Major investments have been made in  Billund, Denmark in recent years, which have doubled capacity. In 2021, a high-tech robot facility was taken into operation, which streamlined the workflow and made it easier to package goods that are to be sent to the same customer, reducing the number of transport operations and the use of packaging materials.

Another extension is now on the way to meet growth goals and a broadened product range. The facility is also investing in self-sufficiency with renewable energy and has had a solar farm since 2022 that covers around 20% of electricity consumption.

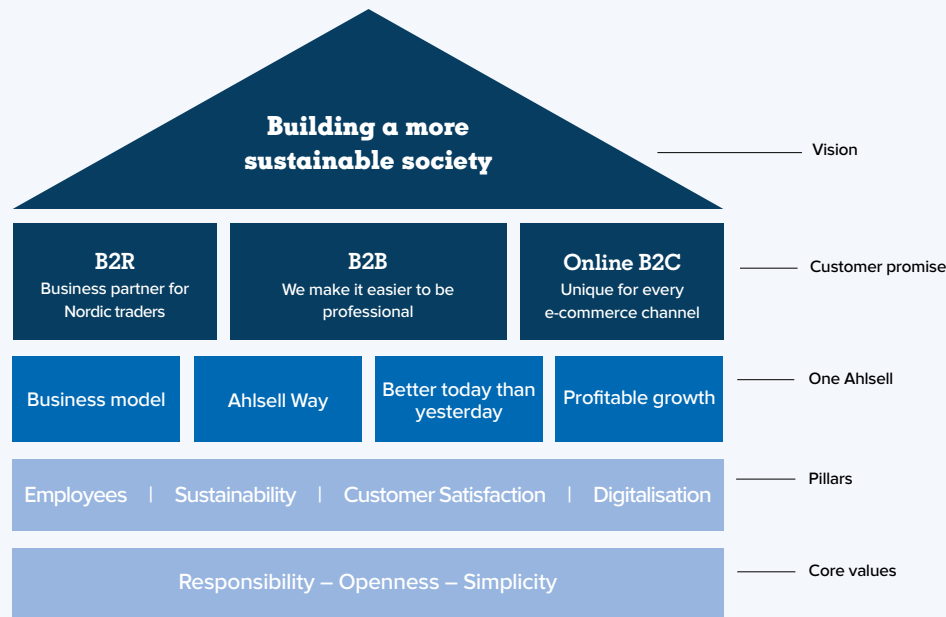


# Strategy and governance



# Our business model and strategic governance

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



### Ahlsell's strategic house

Ahlsell's strategic house provides the direction, framework and focus for the development of our business, in work towards our vision of *Building a more sustainable society*. On this foundation rest our core values of Responsibility, Openness and Simplicity and our pillars of Employees, Sustainability, Customer Satisfaction and Digitalisation. One Ahlsell describes our business model, our culture,

how we work with continuous improvements and how we drive profitable growth.

Ahlsell sells through three channels: B2B (sales to business customers), B2R (sales to other retailers) and B2C (sales to private customers via e-commerce). As the three customer groups have different expectations, our customer promise is unique for each channel.



### Strategy for a future-proofed Ahlsell

Our business strategy for 2023-2027 describes prioritised target areas based on external trends, in particular our major societal challenges and the need for a rapid societal transition in a sustainable direction, as well as Ahlsell's direction and vision.

# Ahlsell's sustainability strategy

Sustainable development is an integral element of our business strategy, but, like all focus areas in the business strategy, it has also been detailed in a specific sustainability strategy. In 2023, ambitious work was undertaken to clarify the strategy and our long-term path for the future.

Our sustainable development strategy specifies Ahlsell's most important sustainability issues, our overarching goals and what we will focus on in our work to achieve them. Goals and prioritised activities are formulated with the time horizons 2025, 2027 and 2030. Measurable interim goals and KPIs have been or are being developed for each area.

In some areas, we are already well advanced in our work, while others are newer to us. For example, biodiversity is a priority area to address going forward.

In the strategy, we have also identified a number of preconditions for achieving the strategy's goals, which are common to all focus areas. These include, for example, digitalisation and data management, training, cross-functional working methods and innovative collaboration.

## ENVIRONMENT

- Environmental data
- Logistics
- Climate impact reduction
- Biodiversity

Reduced CO<sub>2</sub>e-emissions by  
75 % in scope 1 & 2  
42 % in scope 3  
(by 2030, 2022 baseline, absolute)

## PROCUREMENT

- Supply chain management
- Risk mitigation
- Product data

Zero high risks in the supply chain



## PEOPLE & CULTURE


- Training and education
- Diversity
- Health and safety
- Code of Conduct


Increased employee satisfaction index to 80


## BUSINESS DEVELOPMENT

- Sustainable products and services
- Circular business models
- Carbon handprint
- Development of Private Label


Increased share of sales from sustainable products and services

 Digitalization and masterdata

 Governing model for sustainability targets, linked to personal targets

 Repeated and strategic internal and external communication

 Training and education

 Cross-functional way of working

 Innovation and cooperation

\*Carbon Handprint refers to the positive impact in the form of reduced climate impact that certain products can contribute. For example, solar panels and charging stations that contribute to the production and use of renewable energy.

Christina Lindbäck  
Director of Sustainability, Ahlsell AB

## Our Sustainability Director's statement



2023 can be summarised as the year when Ahlsell began to move from words to action. This was largely driven by the insights we acquired in work on a more thorough climate survey, as a basis for setting science-based climate goals in line with the 1.5 degree goal of the Paris Agreement. The climate survey shows that over 90% of Ahlsell's emissions come from purchased products and services. This is why we continue to explore how we can help our customers, in collaboration with suppliers, to get better products and services from us, which also reduce their climate emissions.

During the year, we invested in a tool that enables us to publish third party-approved environmental product declarations and provide our customers with facts about the carbon footprint of Ahlsell's private label products. We are also continuing to expand and make transparent Ahlsell's offering of products that can contribute to the green transition, in line with our vision of contributing to building a sustainable society. Examples include charging stations, solar panels and cables for renewable electrification, and various surface water components to prevent both flooding risks and drought-related problems. Extending the lifetime of products and materials is another important area. During the year, we launched an upgraded, recycled glycol for cooling and heating systems,

and tested new solutions for the return and reuse of heating and plumbing products.

We believe that circular business models with smart logistics will be an important area of development in the future, where we at Ahlsell are well placed to become an important partner for our customers and their customers, as well as for our suppliers. Our effective logistics and extensive network of stores will be a success factor in meeting the greater needs of customers and suppliers for the return, upgrade and resale of various products that can, after an upgrade, have an extended useful life and maintain their performance for many more years.

Responsible, quality-assured collaboration with our suppliers is central to us at Ahlsell. During the year, we finally launched our supplier evaluation system, which creates the conditions for more closely identifying and managing risks in the value chain. We also developed follow-up work on suppliers of our private label products.

We are now continuing to work towards the overarching goals of our sustainability strategy, with a focus on our most significant issues and on the processes that enable us to achieve them: digitalisation, a continuously learning organisation, innovation and cross-functional collaboration.



# Sustainability in everything we do

Work to assume responsibility and make a positive contribute is integrated into all parts of Ahlsell's operations and in relations with business partners and other stakeholders.



We want to make it easier for our customers to make the right product choice, by having the right product range and being able to clarify which option is better in any specific situation. Sustainability aspects have become more important purchasing criteria for our customers, and our systematic work in the area of climate, environment and social responsibility is an increasingly important element of the business.

In relations with our suppliers, Ahlsell wants to be a proactive buyer that defines requirements and contributes suggestions for improvement. For our employees, we want to be an attractive, developmental workplace with a distinctly sustainable profile.

#### In dialogue with our stakeholders

Ahlsell's value creation and development take place in collaboration with customers, suppliers, employees and other stakeholders. To stay up-to-date and take advantage of the potential in trends and changes, we maintain an ongoing dialogue with the stakeholders who influence and are affected by our business. We are also actively involved in various industry organisations and forums, and help to drive relevant issues regarding, for example, common industry databases, stricter legal requirements and environmental and sustainability data for products.

Our collective stakeholder dialogues have shown in recent years that sustainability issues have grown in scope and

significance. Expectations of Ahlsell to be an engaged actor in sustainable social development have also increased, keeping pace with the growth in insights into and knowledge of issues regarding climate change, the circular economy, human rights and anti-corruption. The stakeholder dialogues provide valuable insights that have been utilised in the updating of the sustainability strategy with associated focus areas and objectives. Areas highlighted by our stakeholders include more ambitious, clearly defined goals for climate impact and product development, as well as the demand for product-specific environmental and sustainability data. For more information about stakeholder dialogue and our materiality analysis, see Note 2 on page 48.



#### Our contribution to Agenda 2030 and the Global Sustainable Development Goals

Ahlsell's focus and priorities in its sustainability work are based on, among other things, Agenda 2030 and the global sustainable development goals. Ahlsell supports the agenda in full and has both the opportunity to contribute and a responsibility for the impact of its operations on several goals. →



Through our products and services, we can contribute to goals 6 and 7 on sustainable water and energy supply, goal 8 on a safe work environment and goals 9 and 11 on sustainable infrastructure and sustainable communities. Our challenges are in goals 5 and 8 on gender equality and working conditions at the supplier level, as well as goals 12 and 13 on resource efficiency, circularity and reduced climate impact.

**Business governance supported by certified management systems**

We manage our operations with the support of a number of Group-wide policies, including the Code of Conduct, our People Policy and a Quality and Environmental Policy, and to a large extent with the support of ISO-certified management systems for quality, environment and occupational health and safety.

**Organisation and responsibilities**

Work on sustainable business and operational development is integrated into regular operations and decision-making processes. Each manager and employee is obliged to contribute within the framework of their own role and mandate. At Group level, there is a strategic function with the task of developing, leading, coordinating and supporting operations in sustainability issues, which is led by a Director of Sustainability who is part of the Group Management team. There is a local sustainability manager in each national organisation in our four primary markets of Sweden, Norway, Finland and Denmark.


**Code of Conduct for Ahsell and all business partners**

Our Code of Conduct describes Ahsell's approach and guidelines for responsible conduct regarding business ethics, social conditions, human rights and the environment.

The Code of Conduct applies to all employees within Ahsell, the Board of Directors and our business partners. Internal courses on the Code of Conduct are held regularly, to ensure that all employees are aware of and able to act in accordance with our common approach. A new digital training course was launched in 2023, and 94% of our employees had completed it by the end of the year.

More about our sustainability governance and our work with business ethics, see notes on page 50.

**WE SUPPORT**



**Ahsell has signed the UN Global Compact**

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



**High level maintained in EcoVadis**

Ahsell's sustainability work was evaluated in 2023 for the eighth year in a row by EcoVadis, a global provider of corporate sustainability ratings. EcoVadis evaluates and rates companies in the areas of environment, social conditions, human rights, ethics and responsible sourcing.

Ahsell's results rose this year from 76 to 77 out of 100 possible points, which was rewarded with the Gold level.

*\*Ahsell Denmark (formerly Sanistål) was not included in the evaluation for 2023. Sanistål achieved Bronze level.*





# Reduced climate and environmental impact





# Our journey towards net zero emissions

To assume responsibility for the climate impact of our operations, in 2023 Ahlsell committed to setting science-based climate goals in line with the goals in the Paris Agreement. New, ambitious climate goals have been developed and submitted to the Science Based Targets initiative for validation.

Running our operations within the planet's limits requires both more and faster improvement measures, as well as new, innovative solutions and far-reaching transformations.

#### **Biggest environmental impact in the product chain**

In terms of our whole value chain, most of the climate and environmental impact comes from the manufacturing and use of the products we sell. Ahlsell's climate and environmental work encompasses the entire value chain, with goals and measures for significant areas regarding our impact, authority and ability to make a difference. Dialogue and collaboration are also important elements of this work. One priority area is to help our customers with sustainability information for our products, in order to enable conscious, sustainable purchasing and

to facilitate various reporting needs. Among other things, we are working to produce environmental product declarations for our private label products, conducting a dialogue with and specifying requirements for our suppliers, and developing system support to enable the easy sharing of data.

#### **Climate goals in line with the Paris Agreement**

Our previous measurable climate goal was limited to direct emissions from our own operations and indirect emissions from purchased energy, as well as indirect emissions from business travel and freight transport. In 2023, an extensive climate survey was undertaken to enable us to formulate comprehensive climate goals in line with the Paris Agreement and the 1.5-degree goal.





## New climate commitment in line with the Science Based Targets initiative

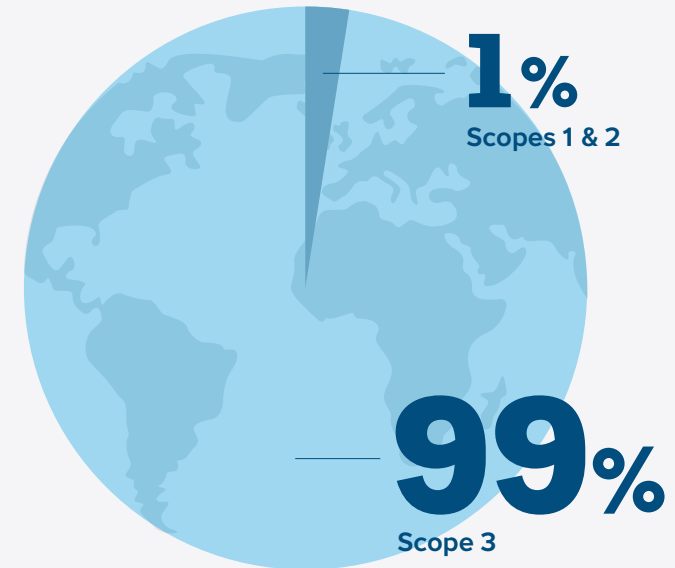
In 2023, Ahsell signed up to the Science Based Targets initiative (SBTi) as a key step in its sustainability work, and with the aim of being a leader in the climate transition. This involves a commitment to set science-based climate goals in line with the Paris Agreement's goal of limiting global warming to a temperature increase of 1.5 degrees. A comprehensive climate survey of Ahsell's emissions in Scopes 1, 2 and 3 for the financial year 2022 was conducted, to provide a basis for the development of the new climate goals. The survey included data collection and climate calculations for Ahsell's main operations in Sweden, Norway, Denmark, Finland, Latvia and Lithuania, as well as an estimate of the climate impact from the remaining subsidiaries within the Ahsell Group based on the companies' sales. The results show that our products, belonging to the category of purchased goods and services in

Scope 3, account for approx. 90% of Ahsell's climate impact and thus constitute the biggest emission item in our value chain. In November, Ahsell's Group Management decided to submit proposals for climate goals to SBTi for validation. The goals entail Ahsell reducing its Scope 1 and 2 emissions by 75% by 2030, Scope 3 by 42% by 2030, and achieving net zero by 2045. 2022 has been set as the base year. The validation process with SBTi is expected to start in spring 2024.

The new climate goals mean an acceleration of Ahsell's work to reduce greenhouse gas emissions throughout the value chain. We also see a great opportunity for positive synergies in several industries, by reducing the climate footprint of our products and services.

*\*SBTi is a global organisation that enables companies to set ambitious emission reduction goals in line with the latest climate science. The organisation is focused on encouraging companies all over the world to halve their emissions by 2030 and achieve net zero by 2050. SBTi is a collaboration between the Carbon Disclosure Project (CDP), the UN Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF). More information about Science Based Targets may be found at <https://sciencebasedtargets.org/>.*

## Distribution of Ahsell's climate impact



The illustration shows the distribution of Ahsell's climate impact between **Scopes 1, 2 and 3** in accordance with the GHG Protocol, based on the climate survey that was conducted with 2022 as base year.

**Scope 1** includes Ahsell's direct emissions from, for example, company vehicles, work machines and heating with oil and gas.

**Scope 2** includes indirect emissions from purchased electricity, district heating and district cooling.

**Scope 3** includes indirect emissions, with the products we sell accounting for by far the biggest proportion of Ahsell's climate impact. Other sources of emissions are transport and distribution services, waste, business travel and commuting.

### Goal 2030, with base year 2022:

Reduction in greenhouse gas emissions in **Scopes 1 & 2** **-75%**

Reduction in greenhouse gas emissions in **Scope 3** **-42%**

# Environmental work in our own operations

When it comes to the environmental impact of Ahlsell's own operations, the work focuses on three areas: efficient logistics, improved recycling of waste and energy efficiency improvements in our own premises.

## Efficient logistics

Logistics and transport make up a large part of our operations and represent major items in our climate footprint. Transport from our warehouses to customers is handled by professional logistics partners. Working in partnership with them to continuously review and adjust our regular logistics flow is by far the most important method of reducing the environmental impact from transport. It is about picking, packing and loading, as well as planning and coordinating routes in the best way possible. We maintain an ongoing dialogue with both carriers and customers, and strive to achieve increased load efficiency. We also discuss with our customers how better planning can reduce the need for last-minute transport and optimise the number of deliveries. Services offering efficient project logistics enable our customers to reduce emissions from construction projects. We also work continuously to optimise transport to our stores in order to reduce our emissions.

## Environmental requirements for transport

We set environmental requirements for both transport companies and their vehicles. An increased proportion of renewable fuels, through electrification and the addition of biogas, ethanol or HVO, is key. We also encourage our carriers to improve processes, technology, efficiency and capacity utilisation. In Sweden, the carriers with which

we have agreements should also undertake at least two environmental initiatives/pilot projects per year. In 2023, among other things, electric vehicles were taken into operation at several Swedish locations.

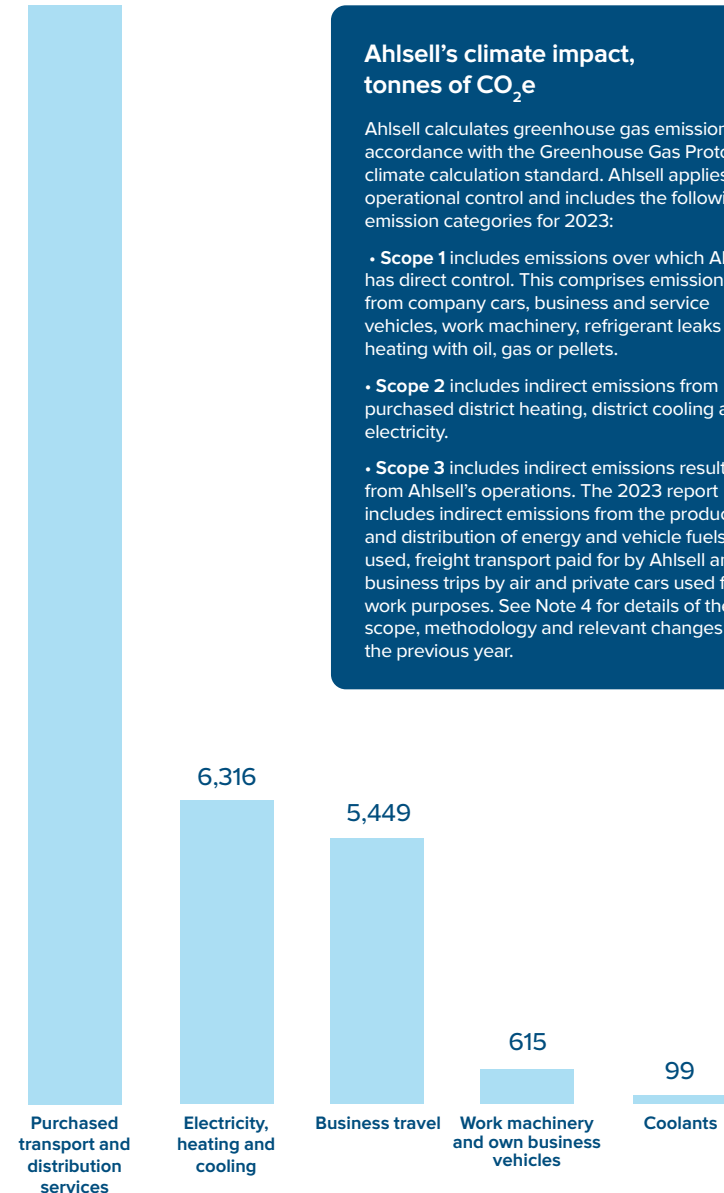
## Renewable and electric transport operations

We are continuing our work on renewable transport flows, with the goal of achieving zero emissions from our outbound transport operations by 2027. In Sweden, all scheduled services run on HVO100\*, and in Norway, 95% of line scheduled services run on renewables (HVO100, biogas, more electric vehicles and an increased proportion of rail deliveries). Ahlsell Norway has an ambition to offer customers zero-emission solutions in 2024. In Finland, 25% of outbound transport operations take place with renewable HVO.

## Aiming for an electric vehicle fleet

We are working towards the long-term goal of our own vehicle fleet and machinery being 100% electric by 2030. At our logistics centres, the vast majority of machines and forklift trucks are currently powered by renewable electricity or HVO100. For business vehicles and company cars, all new vehicles purchased or leased must be electrically powered as from 2025. In Denmark, this policy applies as from 2023. ➔

17,672



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

Ahlsell calculates greenhouse gas emissions in accordance with the Greenhouse Gas Protocol climate calculation standard. Ahlsell applies operational control and includes the following emission categories for 2023:

- **Scope 1** includes emissions over which Ahlsell has direct control. This comprises emissions from company cars, business and service vehicles, work machinery, refrigerant leaks and heating with oil, gas or pellets.
- **Scope 2** includes indirect emissions from purchased district heating, district cooling and electricity.
- **Scope 3** includes indirect emissions resulting from Ahlsell's operations. The 2023 report includes indirect emissions from the production and distribution of energy and vehicle fuels used, freight transport paid for by Ahlsell and business trips by air and private cars used for work purposes. See Note 4 for details of the scope, methodology and relevant changes from the previous year.

\* HVO100 is a renewable diesel fuel that is produced primarily from abattoir waste and forestry residues.





### Ahlsell Denmark switches to electric vehicles only

Since 1 January 2023, employees at Ahlsell Denmark can only choose electric company cars. Emissions from the approximately 180 company cars are a major element of the company's climate impact, and most of them are still powered by fossil fuels.

The transition in the fleet will take place over three years, when the current company cars must be replaced. By 2027, all cars shall be electric. To facilitate charging, 15-20 charging stations will be installed next to Ahlsell's workplaces around the country.



### Smaller carton size saves carbon emissions

With a new half-pallet carton in the warehouse management system, Ahlsell Denmark has both saved money and reduced the impact on the environment, through a better fill rate and less air in the packages.

The logistics centre's warehouse management system helps employees by automatically selecting the carton size most appropriate for the goods. For the two largest carton types, those for whole and half pallets, employees previously had to choose themselves, and since it can be difficult to estimate how much space an order requires, the largest box was often chosen unnecessarily. The system now selects the right pallet carton, even for large orders, which has had a major positive impact. The reduced consumption of packaging materials represents reduced emissions of approximately 170 tonnes of carbon dioxide equivalents. Around 1,600 cubic metres of air are saved in distribution, which corresponds to 17 full trucks.



### Ahlsell Norway offers customers emissions report

More and more customers are asking for environmental and climate data to be reported for the transport of goods they buy. Ahlsell Norway can now offer customer-specific data for emissions from their distribution transport operations from the central warehouse. Up-to-date transport data is collected in a system tool that enables emission calculations for specific transport operations filtered by/linked to customer number. Historical data for recent years is also included, so that the customer can see how emissions have decreased after the transition to more renewable fuels. The ambition going forward is that customers will also be able to use the calculator to make more active choices, for example regarding delivery frequency, in order to further reduce their emissions.



### Collection and recycling of cable drums

During the year, Ahlsell Norway started collecting empty cable drums in its stores. In four months, over 700 wooden and plastic cable drums were handed in by customers, over 95% of which could be reused. The pilot project, which was limited to the Eastern Norway region, will be expanded in 2024 to cover more areas in Norway.

Work is also under way to ensure that the collection of cable drums can be included in producer responsibility for wood and plastic recycling.

## Minimising waste

### Reduced waste and increased sorting for recycling

The majority of the waste that arises in our warehouse and retail operations is various types of packaging and packaging materials, primarily corrugated cardboard, wood waste and plastic. The small proportion of hazardous waste that arises from operations is handled legally in accordance with established procedures.

Waste management systems in the Nordic region are well-developed and Ahlsell engages professional contractors to manage our sorted waste and ensure that it can be recycled. We work purposefully to achieve the highest sorting rate possible. The goal for 2027 is an average of 78% for all countries, taking into account different conditions and maturity levels. In 2022, the average value was 92% (91%) in our logistics centres and 57% (57%) in our stores.

Despite having a relatively high sorting rate, we are constantly striving to reduce our consumption of packaging material and to improve our recycling and reuse performance. A couple of examples are measures to reduce packaging sizes and switch to renewable plastic film. Together with our suppliers, we are working to identify and phase out unnecessary packaging throughout the value chain. Using return crates and return pallets instead of load carriers made of single-use material is one example of saving resources and reducing waste.

## Energy consumption

### Efficient and renewable energy consumption

Through efficient energy consumption and an increased proportion of renewable energy, we are reducing our carbon footprint. The energy supply in our logistics centres and most of our stores comes from renewable energy sources for which we have central agreements with energy suppliers and property owners. Special environmental requirements have been introduced into all new rental contracts. In Sweden, energy audits are being conducted in accordance with the Swedish Act on Energy Audits in Large Enterprises. A statutory energy audit is also conducted in Denmark, every four years.

Efforts to improve energy efficiency are continuously being made based on action plans in each country. Examples of measures include the continued transition to LED lighting and the installation of solar panels on store roofs. The possibilities for measures vary, as we do not usually own the properties, but with higher energy prices in the last two years, interest and incentives have increased significantly from property owners to reduce energy consumption.







# Sustainable business development





# Sustainable should be a choice

Together with customers and suppliers, we work on sustainable business development, with a focus on quality, resource efficiency and circularity in our offering. It is about innovative product development, material selection and product-specific climate data, as well as complementary services.

A transition to more resource-efficient, circular material flows and business models is necessary, but it has only just begun. We are, however, seeing that developments are now accelerating, with growing interest from both customers and suppliers in developing and testing new solutions. Even though customers still make choices to a large extent based on traditional parameters, knowledge and business arguments for more sustainable materials and products are on the increase. At the same time, legislation is also being developed, not least from the EU, which encourages better environmental performance, quality assurance and traceability.

### Strategic goals for sustainable business

Sustainable business development is a priority area in Ahlsell's updated sustainability strategy. The overarching, measurable goal is to gradually increase the proportion of sales from more sustainable products and services. The focus is on producing options that are better for the climate and the environment than customers' first choices, and developing more offerings featuring repair, spare parts, reuse and other services that extend the useful life of products and save resources. Other important aspects are the production of product-specific climate and environmental data, clarifying the sustainable added value of our private label products, exploiting the opportunities of digitalisation and prioritising company acquisitions that contribute to the green transition.

### Strict demands on product quality

The fact that our products work and last as they should is the foundation of a more sustainable business. Our customers should feel confident that the products they buy from Ahlsell are of good quality and safe to use. Particularly strict demands are placed on several parts of our range, such as tools, lighting, sprinklers, fastening and safety equipment, as well as chemical products. We work systematically with quality requirements and certifications to ensure compli-

ance with statutory, our own and customers' requirements regarding function, content and documentation.

The regulations concerning products and product content are constantly changing. We work continuously to ensure that all stocked products in our range comply with applicable laws and regulations, and we systematically monitor changes with the help of a law-monitoring service. We choose our suppliers and our range with care, set requirements for both suppliers and products, and follow up on these. Read more in the section on responsible sourcing.

### Environmentally approved products

Ahlsell offers a large number of environmentally approved products in accordance with standards including the Swedish Building Materials Assessment. Environmental approval makes it easier for construction and property customers to choose building materials based on environmental and health aspects, and is also necessary in order to be able to environmentally certify buildings in accordance with the BREEAM, Miljöbyggnad and LEED systems.

### Low level of complaints

Considering the large volume of products sold and distributed to our customers on a daily basis, we have relatively few complaints. Customer complaints are made to each store, service centre or salesperson, and are then handled according to a specific procedure: internally if it concerns our private labels, or via our partners if it concerns other branded products. All complaints about our private labels are documented in order to learn from experiences, rectify deficiencies and avoid similar defects in the future. Deviations regarding health and safety are handled with particular care. In 2023, one safety-related complaint was made about our private label products, but no lasting harm was caused. There were no recalls of our private label products in 2023. In total, we had 1.3 complaints (1.0) per MSEK in sales. ➔



**Innovative partnerships**

We see tremendous potential in collaborating with our customers for increased environmental performance and resource efficiency in our offering and product development. During the year, several new initiatives with a focus on climate and the environment were launched, leading the way towards the sustainable business models of the future. One example is ABB's SAGA product range, featuring light switches and sockets made of bio-circular, recyclable plastic material, manufactured in Finland. Another example is the coolant product EarthCare Monopropylene Glycol, which is made from recycled glycol and therefore has less of a climate footprint.

We are also collaborating with universities and academia to develop and apply new knowledge. During the year, Ahlsell Finland, for example, held a workshop on the circular companies and business of the future, together with Haaga-Helia University.

**"Green" acquisitions**

Ahlsell has an active acquisition strategy in which companies that contribute to the green transition are prioritised. In 2023, we expanded the Group with Solelgrossisten, which enhances our position in the field of renewable energy, and Batteribolaget, which specialises in the distribution of batteries to different sectors and

boosts our competence in field of energy storage, which is an important element of the green transition in society.

**Increased focus on services**

Services that make our customers' everyday lives easier and contribute to a reduced environmental impact, saved resources and increased circularity are becoming an increasingly important part of our offering. Efficient solutions for construction logistics, risk analyses for a safe work environment, chemical management systems, rental solutions and return systems for various products are some of the areas where we have developed and launched services in recent years.

In 2023, Ahlsell Sweden formed a special business division for services. The aim is to continue to develop Ahlsell's range of services to make everyday life easier for customers. With tailored services that complement our products, we aim to further enhance the relationship with our customers and establish ourselves as a reliable business partner. We see great potential in our services around project logistics, storage solutions and circular construction, and also in the field of health and safety, as sustainability requirements increase.

**Supplier collaboration for circular fire extinguishers**

During the year, Ahlsell Norway entered into a new collaboration with Miljø Norge AS, a circular and innovative company that recertifies used fire extinguishers and sells them back to the market as new. In an automated and standardised process, used fire extinguishers are taken back and renewed, so that they can be sold again. The circular fire extinguisher "Slække" saves 38 kg of carbon dioxide compared with an equivalent new fire extinguisher.





### Secure electricity supply with project logistics from Ahlsell

Since 2021, the company Linjemontage has been working with power supply solutions for Volvo's plant near Gothenburg. A new receiving station is being built, at the same time as the vehicle company's existing power grid is being expanded. Collaboration with Ahlsell on material supplies is a key part of the project, which is being carried out in a more cost-efficient, sustainable way thanks to the Project Logistics service. This service is a one-stop solution that includes an interim storage location and assistance with reception, goods handling and deliveries, in order to secure the material supplies in the project and to meet the end customer's specific requirements for vehicles and number of transport operations.



### Pilot project EPDs

In a pilot project in 2023, we produced third party-verified environmental product declarations (EPDs) for 22 private label products (almost 2,000 items in total), including geotextiles under the a-collection brand. An EPD describes a product's climate and environmental impact during its life cycle, providing valuable information for product selection and product development. As an EPD is produced on the basis of specific calculations and is audited by an independent party, it enables comparisons between products and has a high degree of credibility compared with other types of declarations. Customer demand for product-specific environmental data and EPDs is on the increase, not least in public procurement.

– The EPDs are “live”, which means that if any step in the production chain improves its process from an environmental perspective, we can update and publish a new improved EPD in a relatively short time.



### Training in sustainable business creation

An increasing number of customers are demanding more sustainability expertise from their Ahlsell salespeople to help with sustainability work. This is evident in, among other things, the results of the stakeholder dialogues. We also see an increased need for our salespeople to understand what our customers' sustainability issues are and to be able to offer advice on more sustainable business. During 2022-2023, we offered and held training courses in sustainable business creation for our strategic salespeople. The structure focuses on exercises around actual cases and “best practice” examples based on four themes: Responsible Sourcing, Health & Safety, Circular Economy and Climate. In total, 300 employees working in strategic sales have completed the course.



### Health & Safety concept

Our vision of zero work-related accidents goes beyond our own organisation. Within the Health & Safety concept, Ahlsell Sweden offers tailored safety solutions adapted to our customers' everyday lives and reality – from risk assessment and risk elimination to safer processes and suggestions for protective equipment. The concept is based on the identification of a number of common risk areas based on accidents reported to the Swedish Work Environment Authority.





### Pilot project for reuse

Together with some actors in the heating and sanitation industry, Ahlsell Norway has launched a pilot project for the reuse of heating and sanitation components. The purpose is partly to increase the industry's awareness of and interest in reuse and the circular economy, and partly to investigate the practical conditions for efficient handling and quality assurance of the products so that they can be resold.

The pilot project has focused on the collection of so-called junction boxes or distribution cabinets. Plumbers and other professionals who dismantle used cabinets can hand them in to one of Ahlsell's service centres at the Oslo reception point and receive a deposit. One of the other actors involved in the project, ArmaturJonsson AS, then assumes responsibility for handling the products. One important element is the process for the control and documentation of the products that is needed to meet the requirements for resale to the professional market.

It is hoped that this project will reach many in the industry and show that the reuse of heating and sanitation products is possible as an effective element of the existing market chain. This one a step along the path towards a more circular business model that can also include significantly more products.



### Increased useful life for workwear with new service

An advanced add-on service is extending the useful life of workwear that Ahlsell sells to our customers. In collaboration with a laundry service provider and one of our customers, an energy company, Ahlsell Finland has developed an add-on service for sales of workwear.

The service includes the clothes being collected, washed and even repaired if necessary, and then returned to the customer for reuse. With the aid of an RFID tag inside the fabric, the clothes are traceable so that all used garments can be collected in the same bag and still find their way back to the right user.

Clothes that have become so worn out that they can no longer be used can be sent for material recycling, with the textile fibres being used in new products.





# Responsible sourcing





## With respect for people and the environment at all levels

Our purchasing and supplier relationships are characterised by responsibility and respect for people, the environment and society throughout the production chain. We require our suppliers and partners to comply with the same ethical and social standards as we require of ourselves.

Purchasing and supplier relationships are central to Ahlsell's operations. We have around 5,000 contractual relationships, with the 100 largest accounting for about half of our total purchasing volume. Work on responsible sourcing begins with our basic requirements, which are formulated in Ahlsell's Code of Conduct.

### Goal: Zero high risks

We have formulated the overarching goal that Ahlsell shall not have any unmanaged high risks in the supply chain. We define high risk as a supplier in a geographical area or in an industry associated with major sustainability risks, where the risks have not been evaluated and managed by Ahlsell or by our partners.

### Code of Conduct part of the agreement terms

The Code of Conduct forms part of our supplier agreements. In addition to the Code itself, which includes requirements concerning business ethics, human rights and working conditions, as well as the environment and quality, there is a supplementary

guide that specifies the expectations we have of the supplier's sustainability work and how the supplier can integrate these into their work. When signing an agreement, suppliers consent to comply with the requirements of the Code.

New suppliers must also complete a self-evaluation, to give Ahlsell the opportunity to evaluate any risks and assess the degree of maturity in their sustainability work. The answers give Ahlsell the opportunity to proactively manage identified risks and develop the relationship with our suppliers.

### Three different purchasing flows

Ahlsell has three main purchasing flows: goods from suppliers for resale to customers, private label products for resale to customers and indirect materials and services, i.e. what we need to keep our internal operations running. The purchasing processes, and thus also the processes for requirements and follow-up concerning sustainability, are different for these flows, but the goal is the same: Zero high risks. ➔

# 87%

of the purchase value in 2023 came from suppliers who have adopted our Code of Conduct

### Goods from suppliers for resale

Purchases of goods for resale to our customers are by far Ahlsell's largest purchasing category, and accounted for 89% (88%) of the total purchase value in 2022.

#### Systematic dialogue and follow-up

We work systematically with follow-up on compliance with requirements among suppliers. The first step in this is self-evaluations, which are carried out by the supplier at least every three years. If necessary, documentation and management systems are checked and audits are conducted on site at suppliers' premises to ensure that the requirements Ahlsell has set for the supplier have been implemented in an appropriate manner in the supplier's operations.

The ambition is to audit as much of our purchase value and our largest strategic partners as possible, with priorities based on risk exposure. From 2015 to 2023, audits were conducted on suppliers corresponding to 46% of the purchase value. If serious risks or deficiencies are discovered, the principle is to manage them proactively and ensure that they are removed.

#### New supplier management system

In order to streamline and strengthen our follow-up and supplier dialogue, in recent years we have been working on the implementation of a new digital Supplier Relationship Management system. One important feature of the system is a sustainability module and risk management functionality. The sustainability module supports Ahlsell in conducting risk evaluations of suppliers, by assessing risks associated geography and with the sustainability work that the supplier reports on through self-evaluations.

In 2023, work was focused on ensuring the technical functionality of the sustainability module. This involved the system being tested with suppliers in Norway and Sweden, with good results. The conditions are now good for rolling out the function of digitalised self-evaluations for our suppliers in 2024.

### Private label products

Approximately 12% of the sales value in 2023 was in the private labels product segment, i.e. products that are developed and manufactured by existing brand suppliers or by dedicated producers for Ahlsell's private labels.

Ahlsell's private label products must as a minimum maintain the same quality and standard as similar products in the industry, have the necessary certificates and comply with applicable legislation in the country in which they are manufactured and sold. For our private label products, we have a strict producer responsibility towards both customers and government agencies. We follow up on

all product complaints in order to rectify any faults and deficiencies. All customer feedback is evaluated as a basis for further improvements, stronger supplier partnerships and better products.

Before we start working with a new supplier of private label products, they are evaluated on the basis of our risk assessment model, based on recognised international indices for business ethics and environmental and social performance (Transparency International's Corruption Perceptions Index, ITUC's Global Rights Index and Yale University's Environmental Performance Index). Suppliers assessed as being high risk are examined by Ahlsell's employees, quality engineers or an independent, authorised agency. If the supplier accepts and satisfies all requirements in Ahlsell's Code of Conduct, a collaboration is initiated.

#### Management of supplier risks linked to private label products

In 2023, about two thirds of our private label products came from suppliers in Europe and about one third from suppliers in Asia, primarily China. China is classified as a high-risk country, and based on external trends and prevailing geopolitical challenges, the direction moving forward is to limit the proportion of purchases from China. All procurements are subject to competition, and we always have suppliers from at least two different countries for our private labels. In 2023, we had 147 active suppliers in China, which corresponds to 1.4% of the number of suppliers and 2.1% of the purchase value.

**99%** risk-assessed and approved suppliers of private label products

In order to maintain a high level of supplier control, Ahlsell has a sourcing office in Guangzhou, China, with trained, experienced buyers and quality engineers. They conduct on-site audits at local suppliers before contracts are signed and also make regular follow-up visits during the term of the contract. The sourcing office is ISO 9001 certified.

Suppliers are ranked after inspection on aspects such as quality, material inspection, health and safety, and management of environmental risks. In the event of deviations from the requirements, Ahlsell's starting point is always to act primarily to improve and support the supplier, so the first step is to draw up an agreed action plan with corrective measures. If we, together with the supplier, do not achieve the necessary improvements despite an action plan and ongoing dialogue, we will change supplier. ➔





**Follow-up on suppliers of private label products in 2023**

In 2023, 77 supplier audits were conducted at Chinese suppliers of our private label products. Of these, 58 were assessed as approved with no or only a few non-compliances. 13 suppliers improved their results compared with before. One supplier was assessed as not approved, but following corrective measures, this supplier has now been approved.

A total of 575 non-compliances were identified, of which 27 were deemed serious. The most common deviations are evenly distributed within EHS (fire safety, protective equipment) and process and quality assurance. No suppliers were discontinued during the year.

**Supplier follow-up in connection with acquisition**

All suppliers with which Ahlsell collaborates undertake to live up to the requirements we set in our Code of Conduct. Ahlsell's acquisition of Solelgrossisten Sverige AB in early 2023 therefore meant that we needed to evaluate the company's Chinese suppliers. One of these is ZNShine Solar, one of the world's largest manufacturers of solar panels.

Solar panels play a central role in the transition to renewable energy. Through the acquisition of Solelgrossisten, Ahlsell can make a contribution with renewable, reliable solar energy, which is in line with our vision of building a more sustainable society. To be able to highlight the environmental benefits of solar panels and renewable electricity generation, we must also have control over sustainability aspects at the production stage.

ZNShine Solar was evaluated by Ahlsell's Chinese sourcing office. Five minor deviations were discovered during the audit, including ventilation in connection with manual welding and first aid training. The deviations identified were quickly addressed, as the company discontinued manual welding and held a first aid training course.

**Indirect materials and services**

The largest categories in indirect materials and services are transport, rental agreements and IT. Other important procurements are in the area of property management, such as cleaning or surveillance services, packaging and HR. Purchases are usually made on an ongoing basis by the regions or stores themselves, either with central support or with the help of centrally negotiated agreements. In Sweden, Norway and Finland, so-called contractual loyalty has been at a level of 85-90% in recent years. The relatively high proportion is due to the fact that much of the purchasing takes place in categories where joint purchases are made from centrally negotiated agreements. The figure is lower in Denmark, at 62% for 2023.

Significant sustainability risks in indirect materials and services have been mapped and are included in base data for decision-making in the central negotiations.

**Increased requirements for transparency and reporting on human rights**

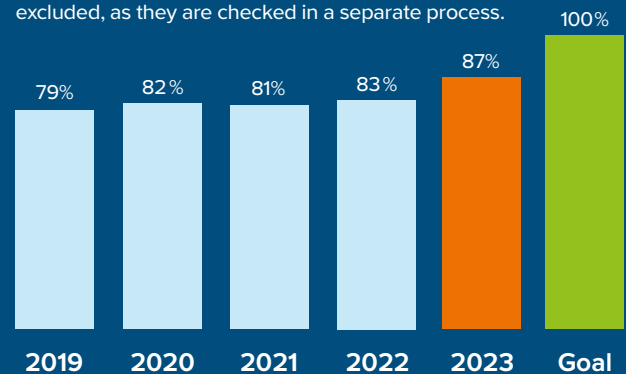
**Norwegian Transparency Act**

The Norwegian Act concerning enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act), came into force in Norway in 2022. The Act entails an obligation to disclose information to the general public and an obligation to conduct due diligence, which must be reported to Ethical Trade Norway. The legislation is in line with upcoming legal requirements under the EU's CSDDD (Corporate Sustainability Due Diligence Directive), where negotiations are now taking place within the EU.

In June 2023, Ahlsell Norway submitted its first report in accordance with the requirements. In preparation for future legislation, we are gradually introducing corresponding working methods and procedures throughout the Group. The implementation of the sustainability module in our new supplier management system is an important element of this.

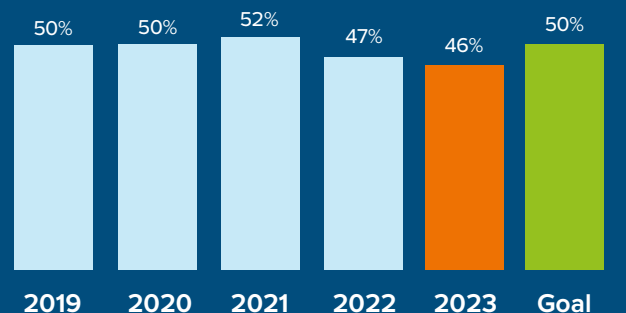
**Suppliers that have adopted Ahlsell's Code of Conduct, % of purchase value**

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



**Suppliers evaluated through on-site audits, % of purchase value**

At the end of 2023, we had evaluated the equivalent of 46% of the purchase value for branded suppliers, through on-site audits at suppliers' premises. The figure for private label products is 99%.





# Sustainable employeeship





# An attractive and stimulating workplace

In combination with an attractive offering, it is the skills and service-mindedness of our employees that make Ahlsell a value-adding company in a changing world. Behind every satisfied customer, there are the people who go the extra mile. We place great emphasis on being an attractive workplace, where every employee can develop and feel proud.

A healthy and safe work environment, an inclusive culture and ongoing investments in leadership and skills development are important elements in ensuring that every employee can grow with us.

### People & Culture Strategy

Our work to be an attractive, developmental workplace is based on an ambitious overarching goal: "The best time in your working life". The strategic work focuses on four areas: Attract, Develop, Diversity and Inclusion, and Improve/Innovation.

With an ambition to provide the best time in our employees' working lives, we want to clarify the importance of each employee's role and contribution. With a turbulent external environment and major societal challenges that affect us all, it is also even more important to be a secure organisation that sees opportunities ahead and offers development.

### With our core values as a guiding star

Ahlsell's core values are a living tool in our day-to-day work. Our values – Responsibility, Openness, Simplicity – provide guidance in decision-making and in shaping the attitudes we have towards each other, our customers and our business partners. Our core values are included in the induction of new employees. We follow up on the perception of compliance in employee appraisals and in our employee and customer surveys.

### High level of employee engagement

In our annual employee survey, we measure engagement, leadership, organisational development and the perception

### Our employees 2023

Number of employees:  
7,551, 72% men and 28% women

Proportion of women in managerial position: 25%

Staff turnover: 11%

of the corporate culture. In the 2023 survey, Ahlsell continues to receive generally high ratings from employees, and the result is relatively uniform between different teams and parts of the business. The Engagement Index 76 (75) and the Leadership Index 83 (81) surpass our goals and show that our active work on leadership issues has yielded results.

# eNPS 46

The eNPS, employee net promoter score, is measured on a scale of -100 to +100. The eNPS is influenced by many factors and varies between different industries and countries; a result above +30 is generally considered very good.

We use eNPS (employee net promoter score\*) as an overall measure of satisfaction and loyalty, which indicates how likely it is that our employees will recommend Ahlsell as a good workplace. The result for 2023 is 46 (45), which is a good result in an industry comparison.

Together with their team, each manager is responsible for developing action plans based on the results of the employee survey. The response rate in this year's survey was no less than 92%.

# A safe and secure work environment

Our most important responsibility to our employees is to ensure a safe workplace. We have a zero vision for work-related accidents and work systematically to prevent and reduce the risk of injuries. A safe work environment also includes organisational and social aspects. Ahlsell has zero tolerance of all types of bullying, discrimination and abuse.

Our occupational health and safety work aims to create safe, effective workflows that do not cause any ill health or accidents. This is a prerequisite for both profitable, efficient operations and sustainable employees.

## Systematic improvement work supported by ISO 45001

Our health and safety work is run in a systematic, integrated way with the support of processes and procedures implemented in all parts of the business. This work is carried out on the basis of the ISO 45001 management system standard, and parts of the business are also externally certified. Identifying risks, working preventively and with continuous improvements are important aspects of the work.

As of 2024, health and safety goals will be set as an integral feature of each region's and division's business plan. During the year, Ahlsell Sweden adopted an updated, more proactive health and safety policy, based on Ahlsell's overarching goal of "the best time in your working life". For more information about our systematic health and safety work, see Note 7 on page 58.

## Health and safety hazards

The work-related accidents that nonetheless do occur usually happen in our logistics centres, in connection with driving forklift trucks, heavy lifting or transport work. We work continuously with preventive risk analyses, information and training, such as induction training for new employees, forklift truck training and training in ergonomics, heavy lifting and first aid. We have procedures for rotation between different work activities and carefully follow safety rules in areas such as hot work, handling chemicals, emergency preparedness and systematic fire safety work. We also have clear security procedures for our store staff, in the event of with robbery or threats, and also for dealing with visitors who behave unpleasantly or aggressively. For our

travelling salespeople, who spend a lot of time on the road, there are clear safety requirements for company cars and guidelines on choosing modes of public transport, in order to reduce the risks.

## Strengthening of preventive work at Ahlsell Sweden

In order to further strengthen preventive work, a new role as quality and work environment developer was filled during the year for Ahlsell Sweden. With established reporting of accidents and near-accidents, and better analyses of the data we have, we can more easily make the right decisions and implement the right measures. Several in-depth risk analyses were conducted during the year, which have resulted in improved procedures for ergonomic loads in stores, safety for both customers and employees when establishing unmanned stores, and safety during internal health activities.

## Safe working methods for contractors

Everyone who runs a business in a shared workplace needs to collaborate in order to achieve safe working conditions. During the year, we clarified how coordination of health and safety works when Ahlsell hires external contractors for construction and civil engineering work, for example. Generally speaking, we have only a few contractors working in our operations, and we sign agreements on responsibility for coordination with those we do engage.

## “Zero vision for occupational injuries”

### Outcome for accidents in 2023

During the year, a total of 52 work-related accidents resulting in sick leave were reported. This corresponds to 4.1 accidents per million hours worked, compared to an industry average of 4.5. The number of injuries resulting in more than 14 days' sick leave was between zero and three per country. No serious accidents that resulted in fatalities or lasting harm occurred during the year.





# Focus on health and exercise

## Health and work-life balance

At Ahlsell, we care about our employees' health and well-being from a holistic perspective. For us, sustainable employeeship is about working and developing in a way that creates job satisfaction and enables improved performance in the long run, providing the conditions for a work-life balance. We also see that creating the conditions for a work-life balance combined with opportunities for development are now among the most important parameters for attracting and retaining motivated employees. According to the employee survey, more than 80% of our employees believe that they have the opportunity to achieve a good work-life balance.

We train managers with staff responsibility in health issues and adopt a positive and supportive approach to parental leave. Employees in roles that enable a flexible way of working are offered a mix of office-based and remote work.

Ahlsell has a well-established collaboration with occupational healthcare providers, and employees in our four primary markets can contact external partners for help and advice in a way that guarantees confidentiality.

## Focus on health and exercise

To encourage a healthy lifestyle and at the same time promote good interaction between employees, customers and suppliers, we invest continuously in health activities for both exercise and increased awareness of issues such as recovery and self-leadership. During the year, our different countries organised various sports tournaments and sponsored participation in team challenges such as ski relays.



## Sweden 🇸🇪

### Collaboration with Vasaloppet

Ahlsell has been a partner of the Vasaloppet event for several years. In 2023, several events were organised aimed at employees for healthy exercise, and a large number of training activities were also organised ahead of these.

In total, over 365 employees took part in various Vasaloppet events and in the Stafettvasan event during Vasaloppet week. Almost 100 employees cycled along the route in the Cykelvasan event in August.

Ahlsell has also organised its own "Walking Vasa" event, which involves coming together to walk the 90 km distance of the Vasaloppet event as many times as possible during September. Every kilometre generated a donation for the Swedish Childhood Cancer Fund. In 2023, no fewer than 760 employees took part in the Walking Vasa, between them walking 1,768 Vasaloppet courses. The average employee walked an average of 209 kilometres in September. The total donation to the Swedish Childhood Cancer Fund was SEK 442,000.



## Norway 🇳🇴

The logistics centre has "The Condition Club", which engages employees in various activities. During the year, these included a winter competition being organised to collect as many registered ski tours as possible, and a summer competition "Ahlsell on top" to collect as many hikes to mountain peaks as possible. No fewer than 336 peak hikes were recorded, over three times more than in 2022. There is now also a dedicated gym at the logistics centre and a year-round padel tournament. We have also entered teams into the challenging team competition "Toughest Holmenkollen".



## Finland 🇫🇮

Since 2022, employees in Ahlsell Finland have been offered a company bicycle as a staff benefit, which has been highly appreciated. Over 120 employees chose to have a company bicycle in 2023. In November, a themed month for Well-being was organised, where employees could take part in various activities and get advice and tips on exercise, nutrition and sleep.



## Denmark 🇩🇰

### DHL Relay

In 2023, 225 employees took part in the DHL Relay in three Danish cities. Some teams ran the five kilometres together, while others ran five kilometres each.

# A learning organisation

Skills development and supply are crucial to Ahlsell's operations and success. We strive to be a learning organisation, one which makes the best use of the expertise and experience existing in our operations. We strive to maintain a culture that encourages the testing of new ideas, mutual feedback, and where mistakes are seen as a learning opportunity. Being a workplace that fosters the conditions for growth, in both a professional and a personal sense, also helps to attract new employees to Ahlsell.

**Goal: More training hours**

As part of our People & Culture strategy, we have set measurable goals for significantly increasing the number of training hours per person per year, and for the customers' perception of our skills. By 2027, we aim to achieve an average of 20 hours of documented training per person per year.

One important success factor is to develop new, more accessible and flexible forms of training and learning, adapted to a faster-moving world and operation. We are developing and organising ongoing company-wide and specific training courses. The largest training areas are "One Ahlsell", with training courses on awareness of and compliance with values and policies, leadership, digitalisation and product-related training courses for our salespeople.

**Digitalisation and AI**

Making use of the opportunities created by digitalisation has been identified as crucial in Ahlsell's strategic plan. In the digital transformation journey, we are exploring issues including AI and its areas of application, and during the year we developed our own version of ChatGPT – AhlsellGPT. Our employees can use this application to safely increase their knowledge of how generative AI can be used. We are also challenging our business partners in how they use AI, and as an example we have chosen a training platform that is built on AI technology.

*"Ahlsell operates in a fast-moving world. To achieve our goals and contribute to a more sustainable society, we need a bold, change-oriented organisation, cross-functional ways of working and employees who want to both develop and share their knowledge. Our new learning platform both promotes and facilitates this!"*

– Monica Aune, Chief People & Culture Officer



## House of Learning

During the year, we collaborated with Sana Labs to develop a digital House of Learning, which has been launched throughout the Group.

The learning platform uses AI and is based on the fact that course content can be easily created by in-house experts, meaning that the organisation's accumulated knowledge can be shared with colleagues more quickly. The first course launched in the new platform was an updated Code of Conduct course, which is aimed at all employees. More than 100 Ahlsell employees have also contributed by creating courses during the year.

The new training platform is adapted for accessibility via both computer and mobile phone, making it easier for all our employees to access the training material. Participation in and completion of various training courses are registered directly in the system, which facilitates follow-up.

## Learning Week in Finland

At the beginning of September 2023, the House of Learning was launched for all employees in Ahlsell Finland, with a Learning Week. Over three days, they were offered external lectures, internal panel discussions, brief 15-minute introductions and several digital training courses, to go through at their own pace. A common theme was leadership from different perspectives: self-leadership, teamwork and managing diversity.

The week also saw the launch of the new Code of Conduct course, which is mandatory for all employees. By the end of October, all employees in Ahlsell Finland had completed the course.





### Ahlsell's CEO named Leader of the Year 2023

In March 2023, Ahlsell's CEO Claes Seldeby was awarded Sweden's most prestigious leadership award, Leader of the Year, which is presented by the magazine Chef. Several parameters are highlighted in the evaluation and citation: Modernised culture, increased gender equality, sustainability work that makes a difference in practice, and at the same time a doubling of sales and increased earnings. The jury's citation states:

*"A modern leader who dared to break up deep-rooted hierarchies in favour of gender equality in a traditional industry. With equally strong financial and cultural results, this leader demonstrates that diversity is linked to profitability.*

*A human leader who moves as freely in the warehouse as he does on stage. With new recruitment approaches and the motto 'from the pub to the forest', he has built winning teams and shifted the corporate culture. He does not settle for putting environmental work on his own agenda, but also educates others to achieve the vision of a sustainable society together."*

#### Employee dialogue

Every employee should have an annual structured meeting with their manager to evaluate performance, set goals and reflect on their work situation as a whole. In 2023, 96% of all employees had had their employee dialogue in the last twelve months.

#### Management and leadership development

Our managers and supervisors lead the way in both individual and organisational development and change, both strategically and operationally. How our leadership is working is one of the important target areas that we evaluate in our employee survey. When recruiting, we place high demands based on our leadership profile.

We are now taking the next step in our leadership development work with the development of a Group-wide leadership programme, which will be implemented in 2024. The programme aims to meet the challenges of tomorrow's leadership, where constant change, sustainability and an even more digitalised working day will increase the demands on managers to lead both themselves and the organisation through change. Future-Ready Leadership will be aimed at all Ahlsell's managers and comprise several training modules over a period of one year.

#### Internal recruitment of managers

Ahlsell is a large company with good opportunities for those who want to develop in their

careers. We have a clear ambition to make use of our internal talents and have a goal to fill more than half of all managerial roles with internal candidates. In 2023, the proportion was 60% (55% (77 of a total of 128 roles appointed).

#### Future skills supply

We recruit on an ongoing basis in several areas, primarily in sales, purchasing, logistics and in digital development. Around 500 people joined Ahlsell during 2023. We strive to be an attractive employer and work actively to strengthen our brand in the eyes of both existing and potential employees. We collaborate with several institutes of higher education and accept students to do work placements and degree projects.

# Inclusion, equal treatment and diversity

At Ahlsell, we believe that an inclusive corporate culture, with diversity amongst employees, promotes good business. This is achieved through an improved working climate, increased creativity and innovation and attractiveness in recruitment, and by better reflecting and understanding the diversity of our customer base. We strive to increase diversity at all levels and in all areas of operations.

## Ahlsell's definition of diversity

Ahlsell's definition of diversity encompasses everything that makes us unique as individuals. It refers to general differences between people, but also to gender, ethnic background, religion or other belief, disability, sexual orientation, gender identity or expression, age and educational background. Inclusion means that everyone must be given the opportunity to contribute fully to the business. We also want to strive for a culture where it is easy to be yourself and achieve your full potential – through openness, respect and consideration for each other.

## Equal treatment and non-discrimination

It is also a matter of course for us to treat each other fairly and respectfully. No employee shall risk discrimination or harassment.

**83** inclusion index 2023

Through the employee survey, we are able to follow up on how the core values are complied with, and to identify any perceived violations and other deviations. The result of the 2023 inclusivity index, which describes the perception of inclusion and equal treatment by managers and between colleagues, was 83 (80). Approximately 96% state that Ahlsell has a working climate free of bullying

and discrimination. But we will not be satisfied with this until our zero vision for all types of abuse has been achieved.

## Goals for increased equality

We operate in traditionally male-dominated industries, which necessitates a particular focus on achieving more gender-equal teams and role categories. We have set a goal for the entire Group to have 30% female managers by 2030. In 2023, the proportion of female managers in our Nordic operations was 25% and the proportion of female employees 28%.

One important factor is work for a non-judgmental, skills-based recruitment process, where the focus is on a fact-based assessment of an applicant's qualifications rather than gut instinct and a person's name, age or gender.



## Region Stockholm leads the way in gender-equal teams

To promote a more even gender distribution within Ahlsell, we have set ourselves the goal of increasing the proportion of women among our employees to 40%, and the proportion of female managers to 30%, by 2025.

Ahlsell Sweden's Region Stockholm, headed by Regional Manager Mats Nordqvist, has been working proactively for increased diversity and equality for many years, and is now close to the goal: 36.5% female employees and 40% female managers in 2023. One important success factor is structured work with competence-based recruitment, a broader perspective on competence and how job specifications are designed during recruitment.

*"From a previous focus, primarily on product and industry knowledge, we're now focusing on finding people who have business acumen and leadership, and are service-minded and curious. This gives us a much larger candidate base to choose from, with more women and people from other industries who can enrich us."*

- Mats Nordqvist, Regional Manager





# Corporate governance and risk management

# Corporate governance and risk management

## Corporate governance

Ahlsell's corporate governance aims to create long-term 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. A clear division of roles and responsibilities between management and control bodies, combined with transparency, create the conditions for active and responsible ownership.

The framework for corporate governance consists of external governance instruments in the form of the Swedish Companies Act, the Swedish Annual Accounts Act and other relevant legislation. The most important internal governing instruments are the adopted Articles of Association, the rules of procedure for the Board of Directors and Board committees, the instructions for the CEO, the business plan and the budget, as well as a number of adopted Group-wide policies and guidelines. The decentralised organisational structure with associated responsibility for financial results, which means a very high number of individual income statements in the Group, contributes to increased transparency and a long-term approach in business decisions.

The Group's subsidiaries apply the laws and regulations in force in each country, but also ensure that the Group's governing documents are followed.

## Board of Directors

The Board is Ahlsell's highest decision-making body, with the task of assuming responsibility for the company's organisation and administration of the company's affairs. This includes setting and following up on overall goals and strategies, business plans, budgets, annual accounts and overall internal management documents. The Board monitors the company's development, ensures the quality of financial reporting, and assumes responsibility for

ensuring that appropriate systems are in place for regulatory compliance and internal governance and control. As an element of this, the Board's responsibility includes making decisions and following up on the company's work regarding sustainable development. The overall sustainability strategy, which is a natural element of the business plan, is adopted annually by the Board, which regularly monitors specific sustainability issues.

The Board's two committees, the Audit Committee and the Remuneration Committee, prepare issues within each area of responsibility and submit proposals prior to the Board's decisions. The Audit Committee is responsible for exercising supervision of procedures for accounting, financial reporting and internal governance and control. The Audit Committee follows up on work to comply with new requirements for sustainability reporting, including its link to financial reporting and how the company complies with the sustainability strategy, deals with the company's interests with regard to IT and information security, and management of the whistleblower function.

The Remuneration Committee prepares decisions on issues relating to salaries, terms of employment, pension benefits and bonus schemes for the CEO and Group President, as well as other members of Group Management. 10% of the Group Management's bonus is based on the achievement of sustainability goals. For 2023, this included further improving Ahlsell's results in Ecovadis' assessment, which was also achieved.

The Board of Directors\* in 2023 consisted of seven ordinary members (one woman and six men) and three employee representatives (two women and one man). In addition, there are three (3) deputies to the employee representatives.

\*Quimper AB

## Board of Directors



**Johan Nilsson**  
Chairman of the Board



**Claes Seldeby**  
President and CEO



**Søren Vestergaard-Poulsen**  
Board member



**Peter Törnquist**  
Board member, Deputy Chairman



**Gustaf Martin-Löf**  
Board member



**Mattias Fajers**  
Board member



**Susanne Ehnbåge**  
Board member



**Lena Bergman**  
Board member



**Maria Herbertsson**  
Board member



**Anders Nilsson**  
Board member





**Monica Aune**  
Chief People & Culture Officer

**From the left:** Karolina Hagberg Chinell, Chief Procurement Officer/Mikael Sundström, Country Manager Sweden/Claudio Christensen, Country Manager Denmark/Christina Lindbäck, Chief Sustainability Officer/Claes Seldeby, Group CEO/Maria Andersson, Chief Digital Officer/Runar Hansesætre, Country Manager Norway/Tomi Gardemeister, Country Manager Finland/Kristian Aceby, Chief Financial Officer.

**Group Management**

Group Management, led by the CEO and President (Group CEO), manages the day-to-day administration in accordance with the Board's instructions. In addition to the CEO, the Group Management consists of the Chief Financial Officer, Chief People and Culture Officer, Chief Digital Officer, Chief Sustainability Officer, Chief Procurement Officer and the respective country managers of the largest geographical markets, Sweden, Denmark, Norway and Finland. As a general rule, there are at least two representatives from Group Management on each subsidiary's board of directors for Ahlsell Sweden, Denmark, Norway and Finland.

**Group-wide policies and guidelines**

A number of policies and guidelines apply to the entire business, with the aim of guiding and supporting an efficient way of working. Policies are adopted annually by the Board of Directors and reflect the Board's intention and direction in a number of important matters of principle. The policies are the overarching guidelines, which are also regularly adopted by Group Management. The guidelines address certain selected principles in greater detail. The CEO and President is responsible, together with the other members of Group Management, in particular the CEOs of the various countries, for the implementation of the aforementioned governing documents in the business. Through established internal functions, there is ongoing training in and follow-up on the company's application of the governing documents, as well as management of identified risks in the business.

**The company has the following policies and guidelines:**

Document	Decision-making body	Document owner
<b>Policies</b>		
Code of Conduct	Board of Directors	President & CEO
Communication Policy	Board of Directors	President & CEO/Chief Sustainability Officer
Information Security Policy	Board of Directors	Chief Digital Officer
IT Policy	Board of Directors	Chief Digital Officer
People Policy	Board of Directors	Chief People and Culture Officer
Policy for Policies	Board of Directors	General Counsel
Pre-Approval of Non-Audit Services Policy	Board of Directors	Chief Financial Officer
Privacy Policy	Board of Directors	Chief Digital Officer
Procurement Policy	Board of Directors	Chief Procurement Officer
Quality and Environmental Policy	Board of Directors	Chief Sustainability Officer
Treasury Policy	Board of Directors	Group Treasurer
<b>Guidelines</b>		
Competition Guideline	Group Management	General Counsel
Gifts and Hospitality Guideline	Group Management	General Counsel
Trade Compliance Guideline	Group Management	General Counsel
Guideline for Application and Integration of Ahlsell's Quality and Environmental Policy	Group Management	Chief Sustainability and Communications Officer
Guidelines for Sourcing Private Label	Group Management	Chief Procurement Officer
Meeting Guideline	Group Management	Chief People and Culture Officer
Privacy Guideline	Group Management	Chief Information and Security Officer
Treasury Guideline	Group Management	Group Treasurer







### Risk management

All business activities are associated with uncertainty and risk. The Ahlsell Group manages and controls its exposure to risk through a common risk management process. Ahlsell's risk work is led by the Head of Internal Control & Risk Management, who reports to Group Management, the Audit Committee and the Board of Directors. Risk management is carried out using an established risk model, and the process is coordinated with the business plan process.

### Risk process – from identification to management

The risk process is carried out annually and aims to identify, evaluate and manage the Group's highest-ranked risks (top risk) and to support the subsidiaries' business plan process, within which specific risks that the business will not achieve its set goals and strategies are identified, evaluated and managed.

Ahlsell's risk universe is identified through analysis and dialogues concerning significant risks, both internally with functional managers and other key

individuals, and externally with stakeholders. The materiality analysis, which aims to map Ahlsell's most material sustainability topics with regard to environmental, social and ethical issues, is coordinated with the risk identification process prior to the Group-wide risk analysis.

The risks are categorised in five main groups: *market, treasury, accounting and reporting, compliance and operational risks.*

Risks that are deemed necessary to manage are assigned to a risk owner, with responsibility for implementing and following up on mitigating measures. Measures may be of a more one-time nature or more specific control activities with the aim of implementing, changing or reinforcing the control environment. The management of the Group's top risks is followed up in a particular order by Group Management, the Audit Committee and the Board.

### Risks related to sustainable development

Risks related to sustainable development and the

consequence of our operation for people and the environment are mainly found in the categories of market, compliance and operational risks. Climate change and risks linked to resilience in the supply chain are examples of risk areas on which there is an increased in focus, as a consequence of factors including new and extended regulatory requirements.

### Internal control

Ahlsell's work with internal control aims to support the achievement of strategies and goals and the protection of the owner's investment, the business's compliance with laws and regulations and the reliability of financial reporting. An internal control framework with a focus on financial reporting enables the systematic testing of controls and reporting of their results to the Audit Committee and Board of Directors\*. Within Ahlsell, the framework is aimed at ensuring efficient and reliable management and reporting in the processes of purchasing, warehouse, sales, acquisitions, IT, year-end accounts and company-wide governance.

Each process owner and operations manager is responsible for internal control within their respective areas of responsibility. The Head of Internal Control and Risk Management supports development and follow-up. The design of internal controls is adapted to the degree of risk and tolerance level for different issues. 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. Important issues in the area of business ethics are anti-corruption, competition issues, the granting of credit and trade sanctions.

Apart follow-up on and testing of the internal control framework and the operations managers' regular follow-up within the framework of operational activities, national internal audits are conducted to check on the various standardised certification requirements, as well as follow-ups at an overall level through joint Group functions.

# The Ahlsell Group's business-critical risks

The table below describes business-critical risks identified, known as top risks, from the Group-wide risk analysis that was conducted in 2023. The risk analysis included the parent company, Ahlsell Sverige AB, Ahlsell Norge AS and Ahlsell Finland OY, Sanistål A/S, Proffsmagasinet Svenska AB and Prevx AB, corresponding to 92% of the business's total revenues.

Risk category	Risk area	Designation	Description	Addressed
Operational	Logistics operations	Interruptions/disruption	The Ahlsell Group conducts world-class logistics. This is made possible by a number of warehouse facilities and distribution centres, including the central warehouses in Hallsberg (Sweden), Gardermoen (Norway), Hyvinge (Finland) and Billund (Denmark). Damage to facilities or shutdowns in operations or other disruptions could adversely affect the ability to deliver.	Ahlsell works continuously on emergency preparedness, maintenance and inspection of the central warehouses and the distribution chain to optimise efficiency and capacity utilisation. Risk management and continuity plans at the central warehouses minimise the risk of disruptions and ensure strategies for recovery in the event of disruptions.
Operational	Supply chain	Resilience	To be able to run a sustainable business and boost our customers' competitiveness by making their everyday lives easier, Ahlsell's work to reduce risks and improve resilience within the supply chain is of the utmost importance. There are a number of influencing factors, not least our increasingly uncertain geopolitical situation and our high sustainability requirements for ourselves and our partners.  Our purchasing and supplier relationships must be underpinned by responsibility and respect for people, the environment and society throughout the production chain. We require our suppliers and partners to comply with the same ethical and social standards as we require of ourselves.	To achieve the goal of zero high risks in the supply chain and safeguard human rights along the entire chain, we work systematically with risk monitoring and require that our suppliers commit to comply with our Code of Conduct. We audit our suppliers through both follow-up on documentation and inspection visits. Special risk assessments regarding work with human rights and working conditions have been conducted within Ahlsell Norway since 2023 and will be implemented throughout the Group.  We monitor geopolitical developments continuously. With a large number of suppliers of goods, the supplier base is extremely diversified. This, combined with our efforts to reduce supplier dependence, strengthens the resilience of the supply chain.
Operational	IT security	IT attacks	The Group's operations are dependent on its IT environment performing at optimal levels. Interruptions, faults or downtime in critical software and systems due to unlawful intrusions may adversely affect the ability to deliver. An IT attack, for example in the form of malware or a program via a USB memory stick, ransomware or other attacks, can result in business-critical data being manipulated, stolen, destroyed and/or encrypted.	The Group is continuously working to streamline and digitalise its operations. Structured maintenance, review and development efforts strengthen IT and information security. Protection is tested on an ongoing basis and risk management and continuity planning requirements are made on suppliers.
Compliance	Information security	Data management	Safe management of data and effective IT security processes are important for Ahlsell. Information that is processed may be affected by unauthorised access, be inappropriately distributed or used, either by employees or outsiders, or in some other way be lost, disclosed or processed in a way that violates laws or regulations addressing security of data and privacy.	Ahlsell has a special function (Group Security Dept.) for information security. The purpose of this function's work is to protect, maintain and secure business-related data and to ensure compliance with current legislation in the area, such as the General Data Protection Regulation (GDPR).
Market	Sustainability	Changed demand driven by sustainability preferences	Ahlsell's vision is to build a more sustainable society, and the goal is to be an industry leader in the area of environment and sustainability, and to assume clear economic and social responsibility. If we are unable to offer what customers want, based on different sustainability preferences, this can have an adverse impact on our sales and market position.	Sustainability has been integrated into both our overall business strategy and our operational business activities. Through our vision, we are adopting a proactive approach for a green transition. Together with our suppliers, we are undertaking continuous development and improvement work to create new, improved and more sustainable products and services. We are also focusing on identifying new green businesses and creating circular business offerings through both in-house development and acquisitions.
Market	Economic situation	Deteriorating economic performance	Financial instability, increased costs and inflation have a negative impact on activities in the construction sector, for example, which may adversely affect Ahlsell's sales and earnings.	In the event of early indications of a deteriorating market situation, measures are created in the form of cost-saving programmes and developed strategies for market growth.





# Notes

# Notes

## - More information about our sustainability work

We have gathered more information here about the Sustainability Report, as well as supplementary information about governance and results for each area.

### NOTE 1

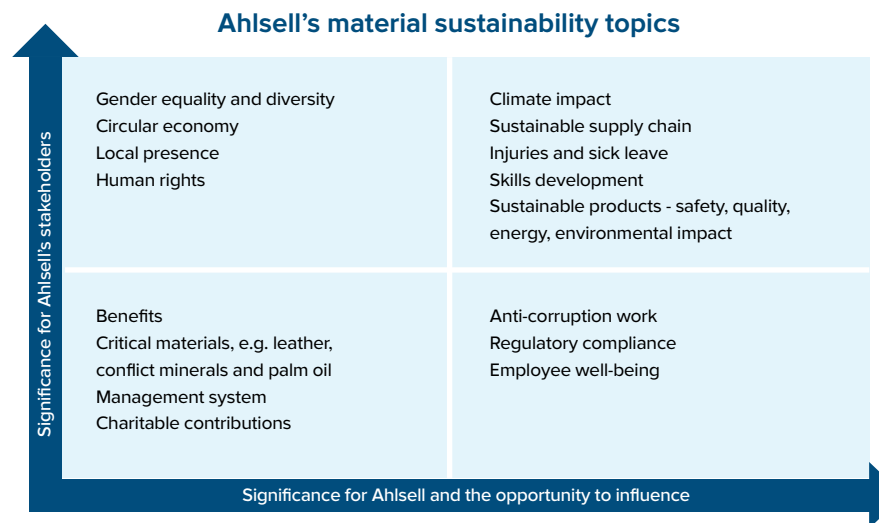
#### About the Sustainability Report: compliance with legislation, focus and scope

This Sustainability Report comprises Quimper Group Holdings AB's statutory sustainability report in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, and has been reviewed and approved by the company's Board of Directors. The Sustainability Report has been the subject of a limited assurance review by KPMG AB. The Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards.

Quimper Group Holdings AB is the parent company of the Ahlsell Group. Unless otherwise specified, the Sustainability Report refers to the financial year 1 January to 31 December 2023, and includes the companies included in the Ahlsell Group's legal annual report, in respect of 1 January to 31 December 2023. The Sustainability Report contains information about the business's conditions, impacts, risks and opportunities, as well as governance and results. The aim is for this report to provide the company's stakeholders with a comprehensive and easily accessible overview of Ahlsell from a sustainable development perspective.

The Sustainability Report is compiled annually and was last published in April 2023. The contact person is Christina Lindbäck, CSO.

Unless otherwise stated, the Sustainability Report applies to the entire Ahlsell Group. Businesses acquired during the year are included in the Sustainability Report, nor are businesses divested during the year. This may result in certain changes in reported results between the years. The starting point is that acquired businesses, after no more than one year, must be fully integrated and have implemented Ahlsell's policies and governance, and be included in systems for data collection and follow-up. For Sanistål, which was acquired at the turn of the year 2022/2023, the integration process has taken longer due to the size of the business. Policies and strategy have been implemented, but



data collection for 2023 has partly taken place in the company's own systems.

Unless otherwise stated, reported sustainability data relates to the Ahlsell Group's primary markets in Sweden, Norway, Finland and Denmark, which together represent 98% of the company's sales. The remaining operations are in Estonia, Latvia, Lithuania, Poland and China (local sourcing office).

Data was collected in Position Green, the Vivaldi business and finance system, as well as manually by each information owner. Quantified information and other information has been verified in accordance with Ahlsell's internal control procedures. The respective country manager and/or company manager is responsible for sustainability data. Previously reported values are not normally corrected retrospectively, but may be in cases where the calculation method has changed. For further information on data collection, limitations and calculation principles for different subject areas and KPIs, please see the respective notes.

### NOTE 2

#### Materiality analysis and stakeholder perspective

##### Materiality analysis

Ahlsell's sustainable development work and reporting are based on a materiality analysis. The materiality analysis helps to ensure that we focus our work, follow-up and reporting on the sustainability topics that are most relevant, in order to assume responsibility for the business's impact through the value chain and to create long-term value for our stakeholders. Since 2021, there has been an established methodology and procedure for our systematic work with stakeholder analysis, stakeholder dialogue and materiality analysis. This dictates that a new overall

stakeholder dialogue and materiality analysis must be conducted every three years in between annual reviews and updates based on regular ongoing stakeholder dialogue and external analysis. The procedure is controlled and managed by the Group function Environment and Sustainability, and covers all companies within the Group.

The results from the materiality analysis outcome form the basis of the goals and KPIs that help us monitor and manage the risks, opportunities and impacts of our operations on the parts of the value chain where they have been identified as most significant. The design of the KPIs is guided by the GRI Standards and the global goals in Agenda 2030.

In preparation for the implementation of the forthcoming reporting legislation CSRD and ESRS, Ahlsell began work in autumn 2023 to implement and compile a so-called double materiality assessment. This will be completed in 2024 and will form the basis of reporting in accordance with the new legal requirements as of the financial year 2025.

##### Material sustainability topics

The content of the 2023 report is based on the results of the materiality analysis described above and the current strategy for sustainability work, see also under Note 3 Sustainability governance. In the report, the material sustainability topics have been categorised based on the strategy, in the following four overall themes: Reduced Climate and Environmental Impact (includes Climate Impact), Responsible Sourcing (includes Sustainable Supply Chain, Human Rights), People & Culture (includes Injuries and Sick Leave, Skills Development, Equality and Diversity, Employee Well-being) and Sustainable Business Development (includes Circular Economy and Sustainable Products). Anti-corruption Work and Compliance are reported under Corporate Governance and Local Presence under About Ahlsell. ➔





**Stakeholder dialogue**

Ahlsell's value creation and development take place in collaboration with our stakeholders. In the stakeholder analysis conducted within the framework of ISO 14001, we have defined our key stakeholders as the groups most affected by and/or impacting our business. These are customers, suppliers, employees, organisations, the local community and our owners.

In order to stay up-to-date and take advantage of the potential in trends and changes, we maintain an ongoing dialogue with our stakeholders, through various channels and in various contexts. The dialogue on sustainability issues is largely integrated into regular communication and dialogue. We also play an active role in various industry forums, organisations and networks. See also *Collaborations and memberships* below.

- **Customers** The dialogue with our business customers is maintained largely by account managers, who are responsible for ensuring that we are meeting the customer's needs in the best possible way, and actively seeking out common and improved solutions. Ongoing tender and contract discussions provide insights into the customer's future needs. We also work with customer interviews, focus groups and various tests for continued development.
- **Suppliers:** Having good, long-term relations with our suppliers is the foundation of everything we do. We hold continuous development meetings with our suppliers, and conduct follow-ups and audits in order to expand our product flows and range, and to improve our collaborations.
- **Employees:** Employee dialogues are held annually between managers and employees, where individual goals are set and followed up. Shorter follow-up dialogues are also held during the year. An annual employee survey provides an overall view of how our employees perceive Ahlsell as a workplace, our strengths and areas for development.
- **Local community:** Our operations create value and have an impact in the communities in which we operate. We care about good relations

with residents and place great emphasis on collaboration with the municipality in the places where we are established.

- **Owners:** Our main owner, CVC Capital Partners, plays an important role in Ahlsell's direction and focus on sustainable development. The dialogue with the owner takes place, among other things, within the framework of the Board's work and through the continuous sharing of knowledge and expertise.

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

In 2022, in-depth interviews were conducted with 22 business customers in Sweden, with a focus on sustainable development. The results confirmed that sustainability issues have become more important to customers and that their demands and expectations are increasing. Stricter impending legal requirements, their own company values and demands from their customers' customers were mentioned as the most important drivers. Climate impact reduction, information about the products' climate footprint, more environmentally sound products and services for recycling were highlighted as important areas. Many customers are also asking for more and better advice from our salespeople on making sustainable choices, as well as the possibility of choosing more environmentally friendly transport options.

In 2023, a stakeholder dialogue was conducted in which 20 suppliers were interviewed about their sustainability work, collaboration and expectations of Ahlsell, as well as challenges and opportunities going for-

ward. Suppliers consider Ahlsell's focus on sustainability to be one of the most important reasons for continued collaboration. Going forward, there is a demand for a continued focus on developing, promoting and selling more sustainable products, and on enhancing salespeople's knowledge of the sustainable added value of products. Among the challenges, suppliers highlight climate work and the ability to respond to new legislation and increased reporting requirements, including the demand for product-specific environmental data (EPDs).

**Collaborations and memberships**

Collaboration with customers, suppliers, industry players and other stakeholders is crucial for developing operations and business in a sustainable direction. Ahlsell participates and is actively involved in networks and organisations, both at Group level and in each market. Below is a list of organisations in each primary market where Ahlsell has a strategic membership.

<b>Sweden</b>	SEG (Swedish electricity wholesalers)
	RGF (Pipe wholesaler association)
	Svensk Ventilation
	Sprinklerfrämjandet (Sprinkler association)
	Byggbranschens Elektroniska Affärsstandard (Construction Industry's Electronic Business Standard)
	Svensk Handel (Swedish Trade Federation)
	Byggmaterialhandlarna (Association of Building Materials Merchants)
VVS Info	
<b>Norway</b>	EFO (The Norwegian Electrical Trade Association)
	Virke (Main organisation for trade and service)
	Virke Teknisk Handel
	Edison Data AS (Electro wholesalers)
<b>Finland</b>	STK (Finnish Electrotechnical Trade Association)
	Taltega ry (Finnish building services industries and trade)
	Teknisen Kaupan liitto (The Association of Finnish Technical Traders)
	SuLVI (The HVAC Association of Finland)
	Rasi Ry (The Finnish Hardware (Home Improvement) Association)
	Green Building Council Finland
FIBS (Finnish Business and Society)	
<b>Denmark</b>	Confederation of Danish Industry
	VGH International
	Branchehuset

## NOTE 3

### Sustainability governance

#### Business governance with the support of certified management systems

In addition to the Code of Conduct, our operations are managed with the support of a number of Group-wide policies, including the Code of Conduct and a Quality and Environmental Policy. Governing documents and policies are approved annually by the Board. The process owners are responsible for developing and communicating processes and procedures, and each manager is responsible for ensuring that policies and procedures are implemented and complied with in operations. The respective process owners are responsible for the implementation of the policies.

Large parts of our operations are covered by certified management systems for quality, environment and occupational health and safety. Ahlsell in Sweden, Norway and Finland is quality and environmentally certified in accordance with ISO 9001 and 14001. The sourcing office in Guangzhou, China, is also ISO 9001 certified, and Ahlsell Norway is also certified for occupational health and safety in accordance with ISO 45001. The logistics centre in Denmark is certified in accordance with ISO 9001 and ISO 45001. Ahlsell Denmark has started work on ISO 14001 for the entire operation and plans to achieve certification in 2024.

#### Organisation and responsibilities

Work on sustainable business and operational development is integrated into regular operations and decision-making processes. Each manager and employee is obliged to contribute within the framework of their role and mandate. Responsibility for the sustainability strategy rests ultimately with Group Management, with a clear division of responsibility for the various focus areas. A strategic Group function for sustainable development, under the leadership of a Chief Sustainability Officer with a position in Group Management, has the task of developing, leading, coordinating and supporting the business in sustainability issues. The Group function has four employees, in roles

as sustainability strategist, sustainability analyst and a sustainability manager who works primarily with the Swedish organisation. In addition to this, there are local sustainability managers in the national organisations in Ahlsell's four primary markets of Sweden, Norway, Finland and Denmark.

The Board of Directors is regularly informed about follow-up on the strategy and goals, and about upcoming legislation, significant issues (focus areas) and environmental monitoring linked to sustainability issues.

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

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

The Code of Conduct applies to all employees within the Ahlsell Group, the Board of Directors and our business partners. Internal courses on the Code of Conduct are held regularly, to ensure that all employees are aware of and able to act in accordance with our common approach. A new digital training course was launched in 2023, and by the end of the year 94% had completed it. The Code of Conduct is reviewed and approved annually by the Board of Directors together with other Group policies. Group Management is responsible for ensuring compliance with the Code of Conduct and that this is followed up on an ongoing basis.

The Code of Conduct forms part of the agreements with our business partners, and we follow up on our suppliers in respect of how they comply with the requirements. Work with our suppliers is explained in more detail in Note 6.





## NOTE 4

### Reduced climate and environmental impact

#### Description of the area

Ahlsell's climate and environmental work encompasses the entire value chain. Goals and measures are prioritised for areas where we have the greatest impact, and where we have the greatest capacity and opportunity to make a difference. Through dialogue and collaboration, we see great opportunities to contribute to a positive impact, even in areas where our influence is more indirect. Ahlsell's work in this area focuses on issues including waste, transport operations and energy consumption. We work constantly to reduce our climate footprint by implementing and planning measures and activities, and by pursuing work to set ambitious goals, while improving data quality and follow-up processes.

#### Sustainability governance

Ahlsell's Quality and Environmental Policy constitutes an overall framework for environmental work. Among other things, the policy states that Ahlsell shall comply with environmental legislation and meet stakeholder expectations, work systematically, preventively and with continuous improvements, and be goal-oriented with due reference to the Paris Agreement and the EU's climate goals.

Systematic environmental work is carried with the support of the ISO 14001 environmental management standard. Our operations in Sweden, Norway and Finland are certified in accordance with this standard, and our logistics centre in Denmark is planned to be certified in 2024. Goals and metrics have been established for identified material environmental aspects, and there is continuous follow-up on our improvement work. Furthermore, risk and stakeholder analyses that include the environment are conducted regularly to ensure that we focus our work on the right aspects.

#### Climate goals

In 2023, Ahlsell developed new, ambitious climate goals in line with the framework of the Science Based Targets initiative (SBTi). This means science-based climate goals in line

with the Paris Agreement's objective to limit global warming to a temperature increase of 1.5 degrees. The climate goals cover all relevant emission sources in Ahlsell's value chain, and have been submitted to SBTi for validation.

#### With 2022 as base year, the goals are as follows:

- Ahlsell shall reduce greenhouse gas emissions in Scopes 1 and 2 by 75%, and in Scope 3 by 42%, by 2030
- Ahlsell shall achieve net zero greenhouse gas emissions by 2045

#### Reporting principles

The reported climate impact is based on base data from the main operations in Sweden, Norway, Finland, Denmark, Estonia, Latvia and Lithuania, as well as subsidiaries with sales of more than SEK 250 million: Proffsmagasinet, Prevex and Solelgrossisten. In total, this amount corresponds to approximately 98% of Ahlsell's sales in 2023.

Greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol, with Ahlsell applying operational control. According to this principle, emissions are divided into three scopes: Scope 1 includes emissions over which Ahlsell has direct control, Scope 2 includes indirect emissions from purchased energy, and Scope 3 includes indirect emissions as a consequence of Ahlsell's operations.

The emission items in each scope included in the reported climate impact for 2023 are reported here, as well as the associated sources of the emission factors that have been used to convert input data into carbon dioxide equivalents.

Emission category	Base data	Emission factors
<b>Scope 1</b> <i>Includes emissions over which Ahlsell has direct control. This comprises emissions from company cars, business and service vehicles, work machinery, heating with oil and natural gas and coolant leakage.</i>		
<b>Company cars</b>	For business travel: - Diesel and petrol consumption - Kilometres driven by electric vehicles	- DEFRA (2023) - AIB (2022) for electricity and Vattenfall (2019) for conversion from kilometres to kWh
<b>Business and service vehicles</b>	- Consumption of diesel, petrol and HVO100 - Kilometres driven by electric vehicles	- DEFRA (2023) - AIB (2022) for electricity and Vattenfall (2019) for conversion from kilometres to kWh
<b>Work machinery</b>	- Consumption of diesel, HVO100, LPG, propane	- DEFRA (2023)
<b>Heating</b>	- Oil and natural gas consumption	- DEFRA (2023)
<b>Coolant leakage</b>	- Coolant refilled after leakage per coolant type	- DEFRA (2023)
<b>Scope 2</b> <i>Includes indirect emissions from purchased district heating, district cooling and electricity.</i>		
<b>Electricity</b>	- Electricity purchased - Certificates for electricity from renewable energy sources	- AIB (2022)
<b>District heating</b>	- District heating purchased - Certificate for fossil-free district heating	- Energiföretagen (2022) was used for Sweden, Fors A/S (2021) for Denmark, Finnish Energy (2020) for Finland and Norsk Fjernvarme (2020) for Norway. DEFRA (2023) was used for Estonia, Latvia and Lithuania.
<b>District cooling</b>	- District cooling purchased - Certificate for fossil-free district cooling	District cooling is only used in Sweden. Emission factor from Energiföretagen (2022)
<b>Scope 3</b> <i>Includes indirect emissions as a consequence of Ahlsell's operations. The 2023 report includes indirect emissions from the production and distribution of energy and vehicle fuels used, purchased transport and distribution services and business trips by air and private cars used for work purposes.</i>		
<b>Purchased transport and distribution services</b>	- For freight transport to customers, Ahlsell receives base data on greenhouse gas emissions from carriers engaged. In exceptional cases, the carrier has provided fuel consumption. - For imported goods, Ahlsell receives base data on greenhouse gas emissions from carriers engaged. In exceptional cases, the carrier has provided fuel consumption.	- Ahlsell's insight into the carriers' calculation methods varies, but the majority of the larger carriers have used the ISO 14064, ISO 14083:2023 or EN 16258 standards to calculate their emissions. Tank-to-Wheel emissions from all Ahlsell Norway's freight transport operations have been obtained from Kinver. Supplementary emission factors from DEFRA (2023) have been used to obtain Well-to-Wheel emissions.
<b>Business travel by air and private cars used for work purposes</b>	- For business trips by air, Ahlsell primarily receives data on greenhouse gas emissions from travel agencies used. In other cases, information about the number of flights per point of departure and destination is used to calculate emissions based on passenger kilometres. - Kilometres driven for vehicles with internal combustion engines and for electric vehicles	- DEFRA (2023) was used in our own calculations and by the travel agencies that shared the calculation methodology with Ahlsell. - DEFRA (2023) is used for both internal combustion engine and electric vehicles
<b>Indirect emissions from the production and distribution of energy and vehicle fuels used</b>	- Based on base data in Scopes 1 and 2	- Emission factors from DEFRA (2023, 2022) and IEA (2023) were used for all energy and vehicle fuels, with the exception of district heating in Sweden where Energiföretagen (2022) was used.



#### Waste

Ahlsell also monitors the volume of waste and sorting rate. Waste statistics on the sorting rate for material recycling are obtained from waste operators engaged. Data is reported for the total volume of waste and for the fractions mixed, combustible, hazardous waste and waste to landfill. This information is used to calculate the sorting rate for material recycling. The different waste operators' statistics for fractions differ somewhat, which means that an exact comparison of data between different operations is not possible.

#### Changes in methodology, data quality and scope

From 2022 to 2023, a number of improvements were made in terms of methodology and data quality. This affects the distribution and the size of the greenhouse gas emissions reported. The scope has also been extended from the previous year to include acquisitions and more of the companies that are part of the Group. In more detail, this means that emission calculations for Scopes 1, 2 and 3 have been extended to include the companies Solelgrossisten in Sweden, AS FEB in Estonia, and Sanistål's operations in Denmark, Latvia and Lithuania. Sanistål's operations in Lithuania and Latvia are only included in the emission calculations for Scopes 1 and 2.

One major change in method is that travel by company cars has been moved from Scope 3 to Scope 1, which is in line with the Greenhouse Gas Protocol's reporting principle. Furthermore, emissions from transport have been extended to include Well-to-Wheel emissions instead of Tank-to-Wheel emissions. Production

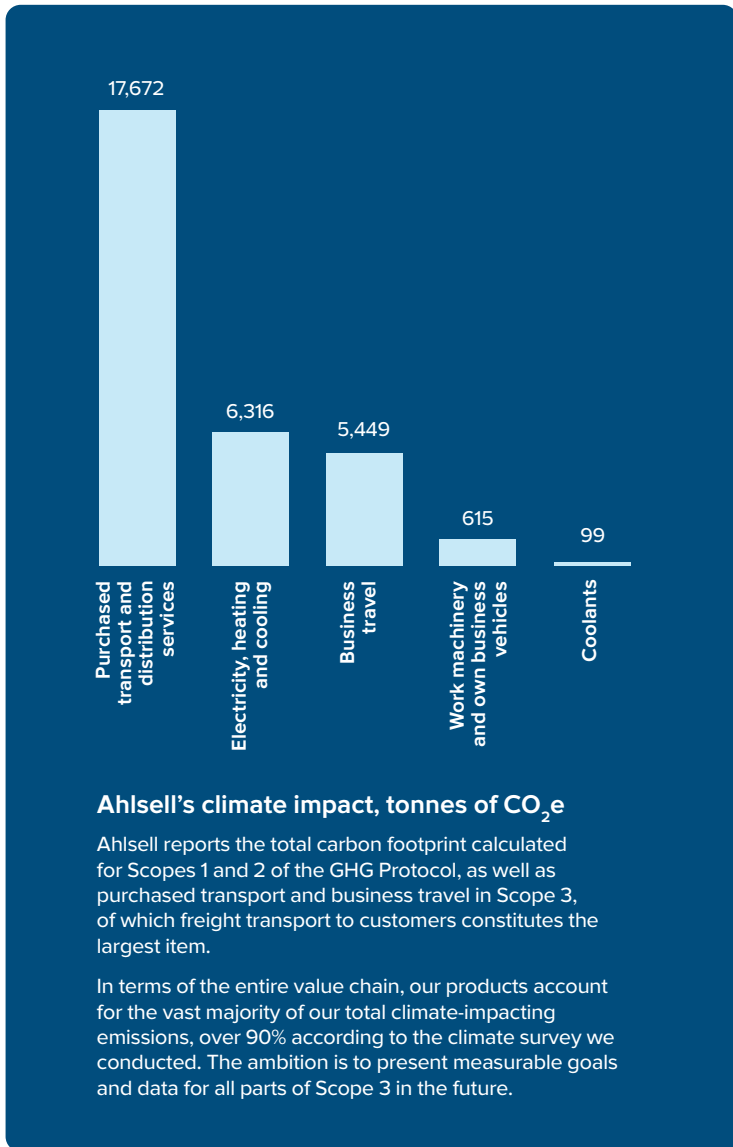
and distribution of energy and vehicle fuels used, corresponding to category 3 in Scope 3, have been added to the year's calculations. In order to handle an extended scope of companies and organisational units, a number of emission factors have also been replaced. For example, DEFRA's emission factors are used to a greater extent than in the previous year, when supplier-specific emission factors were used to a greater extent. Figures for 2022 and earlier that are presented in this report have not been adjusted.

#### Climate impact 2023 – results and analysis

Estimated greenhouse gas emissions for 2023 show that purchased transport and distribution services give rise to the greatest climate impact. The second largest emission item is purchased energy. In business travel, company cars in particular account for the largest proportion of emissions.

It is important to note that the reported climate footprint for 2023 does not include all indirect emissions in Scope 3. These have, however, been included in the mapping of emissions for the financial year 2022 in connection with Ahlsell's commitment to the Science Based Targets initiative (SBTi), which includes emissions from the entire value chain. This therefore entails an extended scope from what is reported in this year's Sustainability Report. The ambition is that Ahlsell will in future report emissions from the entire value chain, in accordance with the scope applied in the SBTi application, and which applies to our new climate goals.





Climate impact per scope and emission category

Ahlsell - Climate impact 2023

Emissions (tCO<sub>2</sub>e)

Scope 1	2023
Business travel – company cars	3,503
Business and service vehicles	342
Work machinery	273
Heating with oil and natural gas	564
Coolant leakage	99
<b>Total, Scope 1</b>	<b>4,780</b>
Scope 2	
District heating	1,643
District cooling	0
Electricity	1,483
Business travel – company cars	44
<b>Total, Scope 2</b>	<b>3,170</b>
Scope 3	
Business travel – air	903
Business travel – employees' own vehicles	999
Purchased transport and distribution services	17,672
Indirect emissions from the production and distribution of energy and vehicle fuels used	2,627
<b>Total, Scope 3</b>	<b>22,200</b>
<b>Total, Scopes 1, 2 and 3</b>	<b>30,151</b>

<b>Location-based Scope 2 emissions</b>	<b>3,717 tCO<sub>2</sub>e</b>
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### Energy consumption

Type of energy	Total consumption (MWh)	Renewable proportion (%)
Electricity	45,795	95
Of which self-generated solar electricity	657	100
District heating	32,157	22
District cooling	97	100
Diesel for work machinery	5,852	83
Oil for heating	200	0
Natural gas for heating	2,789	0
Energy from own business vehicles	1,459	1
Energy from company cars	15,674	2
<b>Total</b>	<b>104,023</b>	<b>54</b>

Reduced GHG emissions give an interest rate discount Ahlsell receives an interest rate discount on the company's bank loans, based on our sustainability work, subject to two conditions.

The condition for the interest rate discount is achievement of the following two goals:

- 10% reduction in emissions relative to sales (CO<sub>2</sub>e/MSEK) over the past two years, as well as an improvement compared with the previous year\*
- Invest the equivalent amount of the discount received in sustainable investments. Sustainable investments have been defined as "Investments or increased costs resulting from initiatives aimed at reducing the environmental and/or climate impact of the business."

\*To enable accurate comparison between the years, emissions from company cars have been excluded,

and the same limitations have been made as in the previous year. This means that the KPI is based on Sweden's, Finland's and Norway's emissions and sales.

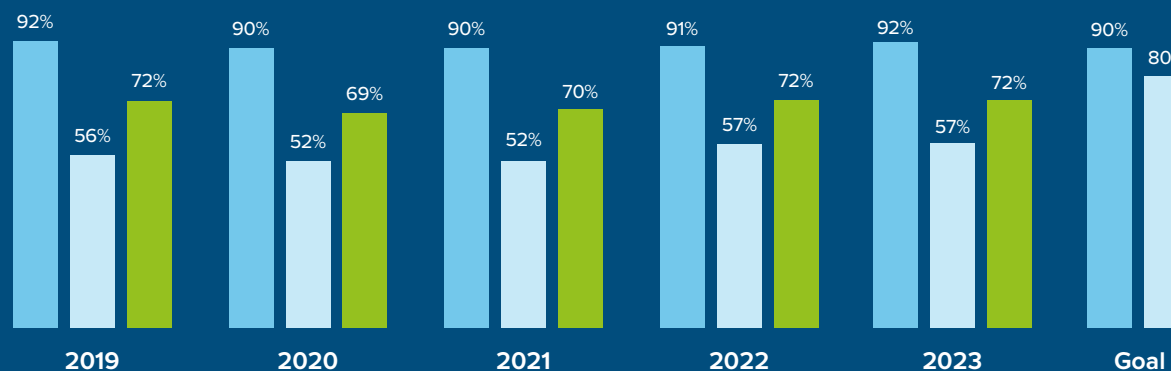
For 2023, the KPI in accordance with the scope described is 0.06 tCO<sub>2</sub>e/MSEK. This represents a reduction compared to 2022 and 2021, where the corresponding KPIs were 0.08 tCO<sub>2</sub>e/MSEK and 0.13 tCO<sub>2</sub>e/MSEK, respectively. The percentage reduction compared to 2021 is 56%. A selection of the sustainability-related investments been made during the year includes energy analyses and energy efficiency improvements, such as extensive changes to LED lighting, extended charging stations for electric vehicles and investments in system support for increased data quality and follow-up opportunities for carbon footprints from different parts of the business.

### Waste, sorting rate

#### Proportion of waste sorted at source for material recycling (%)

In 2023, the sorting rate measured by weight was 57% in our stores and 92% at our logistics centres. This corresponds on average to 72% or 0.24 tonnes of waste per MSEK in sales. The total amount of waste in 2023 was 11,524 tonnes. Among the fractions measured, hazardous waste corresponded to 165 tonnes, mixed waste to 1,711 tonnes, combustible waste to 1,313 tonnes and landfill to 435 tonnes.

- Logistics Centre
- Stores
- Total





## NOTE 5

### Sustainable business development

#### Description of the area

Ahlsell's environmental work covers the entire value chain, with goals and measures in areas where we have the greatest authority and opportunity to influence, and through dialogue and collaboration where our impact and influence are more indirect. In terms of our whole value chain, most of the climate and environmental impact comes from the manufacturing and use of the products we sell. When it comes to the environmental impact of Ahlsell's own operations, the work focuses on three areas: transport, waste and energy consumption.

#### Sustainability governance

##### Product quality and product safety

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

##### Sustainable products and services

Our overarching goal in sustainable business development is to increase sales from sustainable products and services. We have not yet formulated measurable interim goals and definitions to calculate these.

#### Data and calculation methods

##### Product quality

The C2 system is used to manage private label product claims.

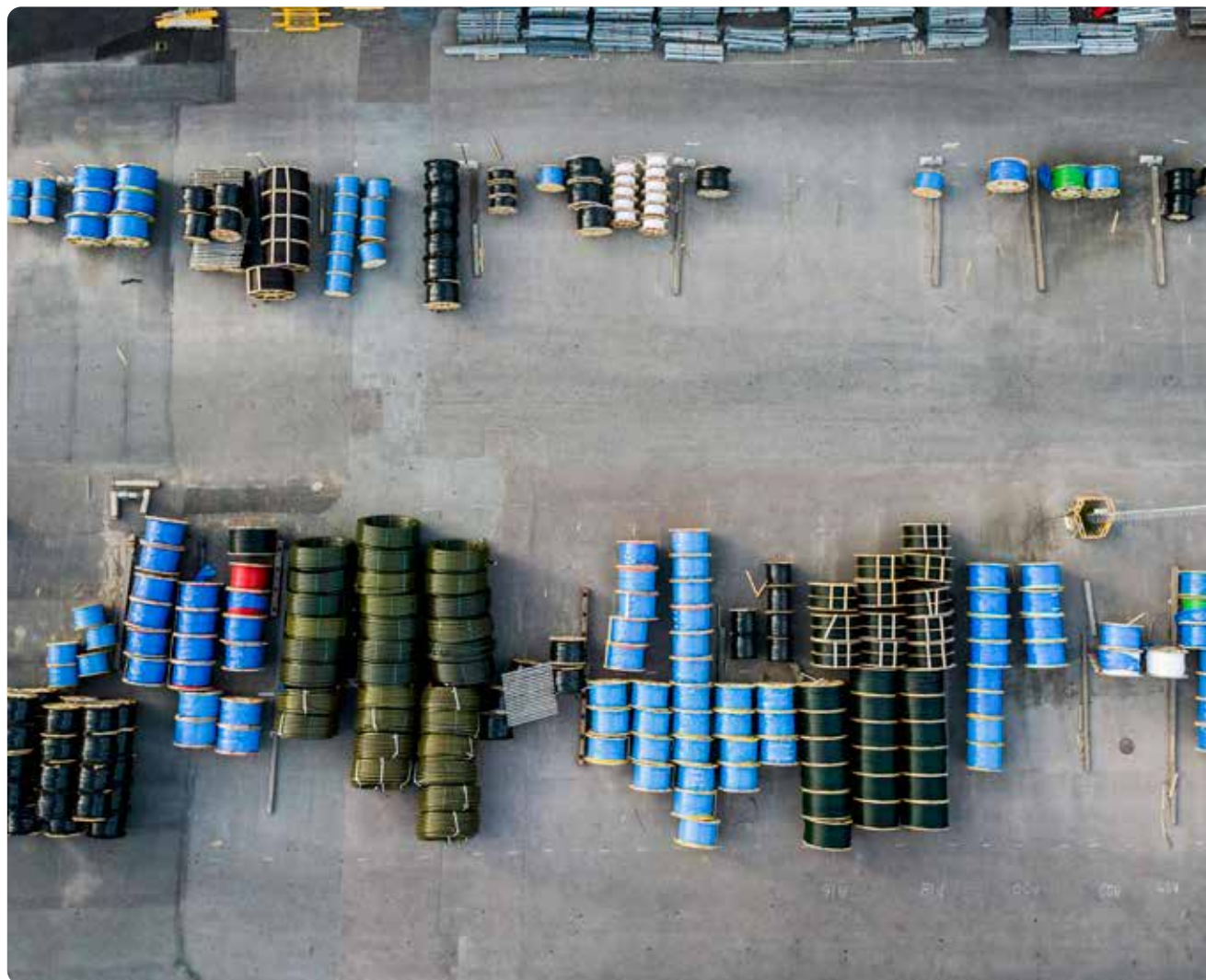
##### Sustainable products and services

Defined KPIs and calculation methods are not yet available for this goal area.

#### Outcome

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

In 2023, one safety-related complaint was made about our private label products, but no lasting harm was caused. There were no recalls of our private label products in 2023. In Sweden, the total number of complaints for private label products was approximately 1.3 per MSEK of sales value, compared with 1.0 in 2022 and 1.6 in 2021. There are no aggregate statistics for other markets.





**NOTE 6**  
**Responsible sourcing**

**Description of the area**

Purchasing and supplier relationships are central to Ahlsell's operations. We have around 5,000 contractual relationships with suppliers of goods for resale to our customers, of our private label products and of products and services for our internal operations. With many and often complex supply chains, there are risks of negative impacts on people, the environment and society, which we, together with our suppliers, strive to minimise.

**Sustainability governance**

We require our suppliers and partners to comply with the same ethical and social standards as we require of ourselves. Ahlsell's basic requirements are formulated in Ahlsell's Code of Conduct and follow the guidelines set out in the UN Declaration of Human Rights, the UN's Universal Declaration of Human Rights and associated UN conventions such as the UN Convention on the Rights of the Child, the ILO's core conventions on principles for international companies and social policies, the OECD's Guidelines for Multinational Enterprises, the Global

Compact, and ISO 9001 and ISO 14001. The Code of Conduct forms part of our supplier agreements.

All product range and purchasing work within Ahlsell must follow the Group's Purchasing Policy, which defines the framework for the Group's purchasing work and interaction with our suppliers. Among other things, the policy states that purchasing work must contribute to a durable and sustainable supply of goods that takes account of customers, suppliers, employees, other people and the environment. Supplier relationships must be long-term and agreements drawn up by the Group must be used in the first instance when purchasing. The Purchasing Policy also clarifies that all of Ahlsell's business partners must comply with applicable legislation and the requirements set out in Ahlsell's Code of Conduct.

Our overarching objective is zero high risks in the supply chain. For us, a supplier in a geographically high-risk area or in a high-risk industry where the risks have not been managed by Ahlsell or our partners is considered a high risk. To achieve this a new supplier must attest to understanding the requirements made in Ahlsell's Code of Conduct and

we must have assessed that they meet Ahlsell's environmental, quality and sustainability requirements with regard to both products and processes.

**Organisation and responsibilities**

The purchasing manager is responsible for contact with and terms and conditions for suppliers in each division and country. Assistance is provided by, among others, product managers, support functions for strategic purchasing and sustainability, as well as governing documents to guarantee the mandatory requirements within the process.

The attestation procedure for supplier agreements specifies that two people sign: the purchasing manager and the supplier manager.

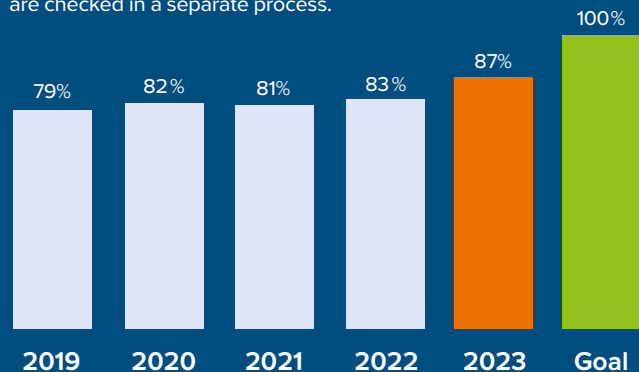
**Data and calculation methods**

Data for purchasing and suppliers is retrieved from the Vivaldi business system. Ahlsell's Supplier Relationship Management system has been used for data on supplier agreements and the Code of Conduct. Supplier follow-ups, audits, are checked against audits completed. Data for Denmark/Sanistål was obtained separately for 2023. [↗](#)



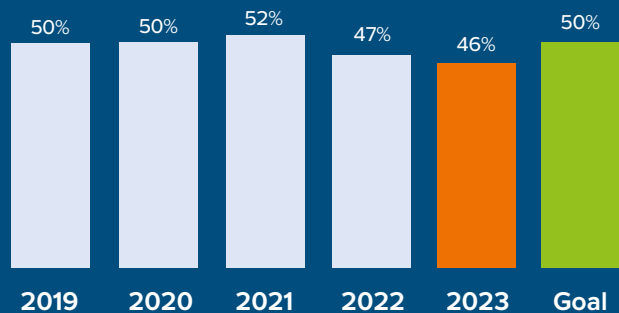
### Suppliers that have adopted Ahlsell's Code of Conduct, % of purchase value

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



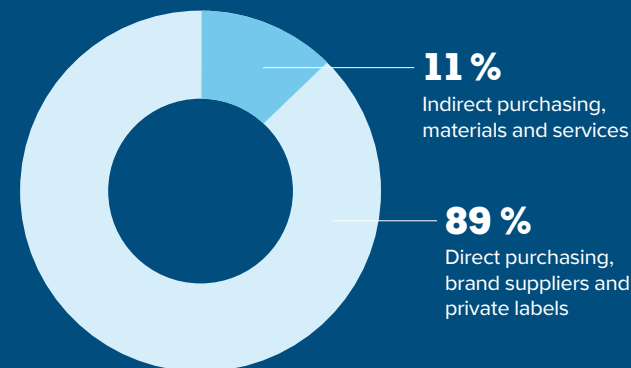
### Suppliers evaluated through on-site audits, % of purchase value

At the end of 2023, we had evaluated the equivalent of 46% of the purchase value for branded suppliers, through on-site audits at suppliers' premises. The figure for private label products is 99%.



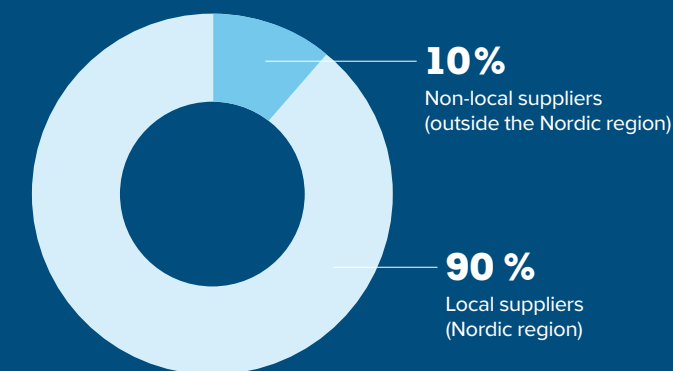
### Purchase volume, distribution per purchasing flow (%)

In 2023, Ahlsell's total purchases amounted to approximately SEK 44.1 billion. Of this, 89% consisted of direct purchases, i.e. goods that are then sold on to our customers.



### Geographical distribution of purchases

We aim to source as high a proportion of our direct purchases as possible from suppliers in Europe and the countries where we have our main operations and markets. In 2023, 90% of the purchase value came from suppliers in Sweden, Norway, Finland or Denmark. The term 'supplier' refers to the primary supplier/contract party, some of which are local companies that are part of an international corporate group.



## NOTE 7 Sustainable employeeship

### Description of the area

The competence and engagement of our employees is our most important asset and what makes Ahlsell a value-creating company in a changing world. A healthy, safe work environment, an inclusive culture and conscious investments in leadership and skills development are important elements in ensuring that every employee can grow with us.

### Sustainability governance

Our work to be an attractive, developmental workplace is based on an ambitious overarching goal: "The best time in your working life". Strategic work within the framework of our People and Culture strategy focuses on four areas: *Attract, Develop, Diversity & Inclusion and Improve/Innovation*.

### Working conditions

All employees in Ahlsell Sweden, Norway and Finland are covered by collective agreements. For Ahlsell Danmark/Sanistål, the proportion is approximately 90%, but all employees are treated equally and have equivalent terms and conditions. No aggregated information is available for other subsidiaries.

Ahlsell's People Policy stipulates that wages shall always be higher than the level of the living wage. The annual goal is at least 105 in accordance with the living wage index. Salary surveys are used to check that there are no unreasonable pay differences. An annual survey is conducted in Sweden, in accordance with legal requirements and in collaboration with the trade union organisations. All positions have been reviewed to identify any pay gaps possibly related to gender. The result did not indicate any unjustified differences. In our Norwegian operations, a salary survey is conducted every two years, and Ahlsell Finland participates in an annual industry-wide survey of salary levels. Ahlsell Denmark intends to carry out an annual salary review from 2024 to ensure that all salaries are above the level of the living wage. The level in the Nordic countries is currently significantly higher, between 180 and 200 for 2023. Aggregated data for other countries is not yet available.

### Occupational health and safety

Health and safety work is run in a systematic, integrated way with the support of processes and procedures implemented in all parts of the business. Ahlsell Norway and Ahlsell Denmark's central warehouse have certified management systems in accordance with ISO 45001. The management system provides support to focus on the most important risks, work preventively and improve continuously. Ahlsell Sweden and Ahlsell Finland also work in accordance with ISO 45001, but without external certification.

Important sub-processes in health and safety work, such as safety inspections, risk assessments and employee appraisals, have been integrated into our overall management system with specified process owners. Ahlsell believes that every employee's contribution is valuable, and we therefore strive to achieve an open dialogue on occupational health and safety issues. Health and safety committees are organised in a structured



manner to follow up and ensure that work is being carried out as intended. Risk assessments, safety inspections and inspections of work equipment and machinery are conducted at specific intervals. Accidents and near-accidents are documented and managed in a reporting system, which also documents preventive measures adopted, to ensure that knowledge and lessons learned are shared with others within the business.

Regular internal audits of the work on quality, environment, health and safety are conducted at all workplaces and in all our stores in Sweden and Norway. Each location and each process shall be audited continuously. As of 2024, health and safety goals will be set as an integral feature of each region's and division's business plan. During the year, Ahlsell Sweden adopted an updated, more proactive health and safety policy, structured in accordance with ISO 45001 and based on Ahlsell's overarching goal of "the best time in your working life".

### Occupational health service

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

### Organisation and responsibilities

Work on Ahlsell's overall People & Culture strategy and associated Group-wide focus areas is managed centrally. In 2023, the two most important Group-wide initiatives were the leadership development pro-

gramme and the launch of the new learning platform House of Learning. Most digital tools are also managed centrally by the company's Nordic People & Culture function, as well as by the respective product owners in Ahlsell's digital department.

### Data and calculation methods

The My Toolbox HR system and each country's payroll system are used for data collection. Data is transferred to Position Green. Our purchasing function in China is not included in the employee statistics. The purchasing function in China had an average of 13 employees during the year.

Information about sick leave is retrieved from each respective country's payroll system. Information about work-related accidents is obtained from each country's reporting system.

Information about employee engagement, loyalty and the perception of an inclusive culture is obtained from the results of the annual employee survey.

Information on completed risk assessments, safety inspections and internal audits is compiled from information obtained from each country. Information about the locations included in ISO certificates is obtained from the appendix to the ISO certificates.

The average number of training hours per employee for 2023 includes data from Ahlsell's previous system My Toolbox and digital training in the new system that was implemented during the year, Sana's AI-supported House of Learning. A large proportion of ongoing training takes place in day-to-day work and in other tools, and is not yet registered collectively. From 2024, the ambition is for all training initiatives to be registered in the House of Learning.

Data includes Sweden, Norway, Finland and Denmark. The respective country manager and/or company manager is responsible for sustainability data. ➔



## Outcome

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

	Number	%
Administration	705	9.5
Purchasing	310	4.2
Logistics	1,799	24.1
Store	1,507	20.2
Sales excluding stores	3,101	42
<b>Total</b>	<b>7,452</b>	<b>100.0</b>

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

	Number of women	Number of men	Total	Proportion of women by age category %	Proportion of men by age category %	Proportion of women %	Proportion of men %
Under 30	421	799	1,220	34.5	65.5	20.0	14.7
Aged 30-39	589	1,160	1,749	33.7	66.3	28.0	21.4
Aged 40-49	467	1,250	1,717	27.2	72.8	22.2	23.0
Aged 50-59	520	1,670	2,190	23.7	76.3	24.7	30.7
Over 60	108	554	662	16.3	83.7	5.1	10.2
<b>Total</b>	<b>2,105</b>	<b>5,433</b>	<b>7,538</b>	<b>27.9</b>	<b>72.1</b>	<b>100.0</b>	<b>100.0</b>

### Average number of employees, men and women, in total in the Group and by segment

	Sweden	Norway	Finland	Denmark	Estonia	Latvia	Lithuania	Poland	China	Total
Total number of employees	4,166	1,439	667	897	125	109	93	42	13	<b>7,551</b>
Proportion of men %	69	75	80	71	78	82	83	62	62	<b>72</b>
Proportion of women %	31	25	20	29	22	18	17	38	38	<b>28</b>

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

	Women	Men	Total
0-5 years	1,225	2,505	3,730
6-10 years	393	1,045	1,438
11-15 years	167	682	849
16-25 years	211	759	970
26 years or more	109	442	551
<b>Total</b>	<b>2,105</b>	<b>5,433</b>	<b>7,538</b>

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

	Number of women	Number of men	Total	Proportion of women by employment type %	Proportion of men by employment type %	Proportion of women %	Proportion of men %
Permanent	2,001	5,278	7,279	27.5	72.5	95.1	97.1
Temporary	104	155	259	40.2	59.8	4.9	2.9
<b>Total</b>	<b>2,105</b>	<b>5,433</b>	<b>7,538</b>			<b>100.0</b>	<b>100.0</b>

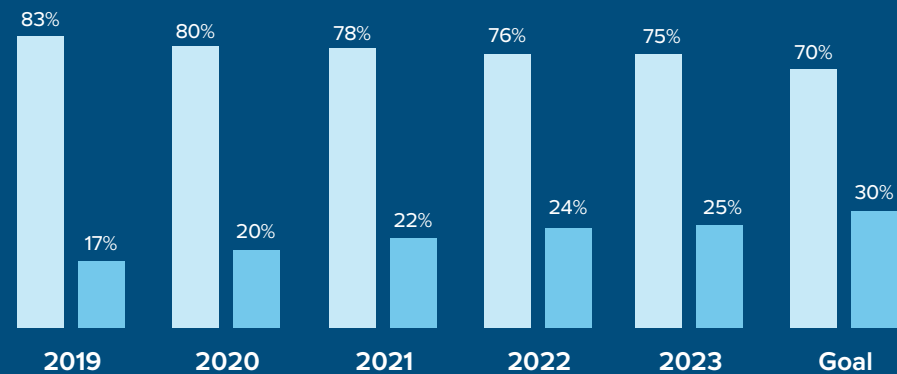
Distribution of average number of employees, excluding China, by full-time and part-time and by gender

	Number of women	Number of men	Total	Proportion of women by employment type %	Proportion of men by employment type %	Proportion of women %	Proportion of men %
Full-time	1,966	5,265	7,231	27.2	72.8	93.4	96.9
Part-time	139	168	307	45.3	54.7	6.6	3.1
<b>Total</b>	<b>2,105</b>	<b>5,433</b>	<b>7,538</b>			<b>100.0</b>	<b>100.0</b>

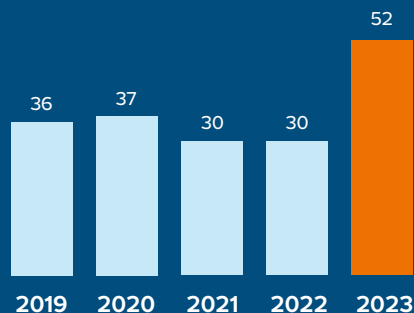
Gender equality, % women in managerial positions

The proportion of management positions held by women increased slightly between 2022 and 2023. Our goal is to reach 30% by 2030.

Men Women

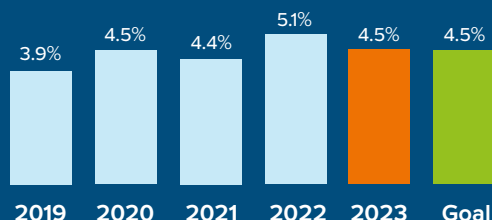






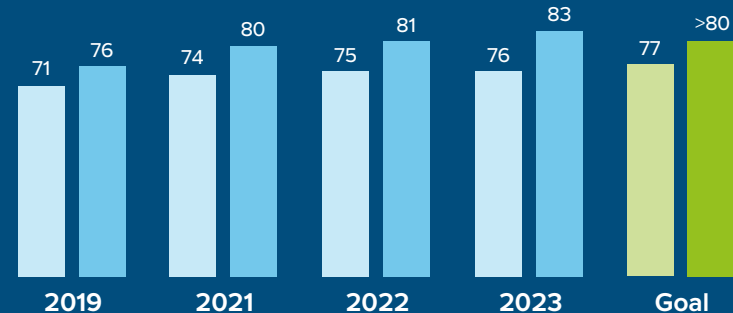
**Number of work-related accidents resulting in at least one day of sick leave**

The number of work-related accidents resulting in sick leave in 2023 was 52, which corresponds to 4.1 per million hours worked (Lost Time Injury Frequency Rate, LTIFR). The increase in numbers for 2023 is mainly due to the inclusion of Sanistål, which means a significant expansion of the business and the number of employees. The most common accidents involve collisions and incidents with forklifts. There were no fatalities or accidents with serious lasting harm.



**Sick leave, % of working hours**

Sick leave among our employees has been stable at just under 4% in the years prior to the pandemic, with a certain increase in recent years. The target of 4.5% corresponds to 11 days' absence during a year for a full-time employee.

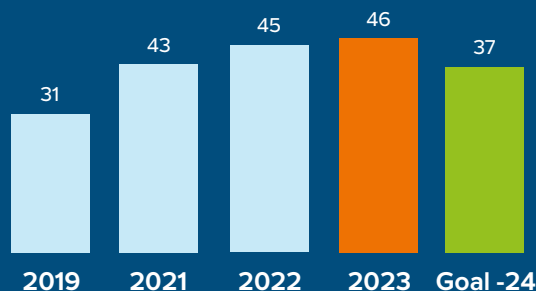


**Employeeship and Leadership**

Job satisfaction and leadership are measured through our annual employee survey. Both have got good results and show a positive trend in recent years. No survey was conducted in 2020.

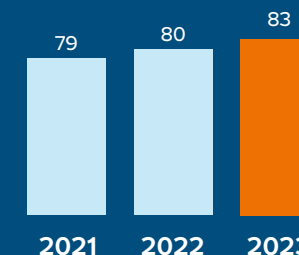
**Loyalty, eNPS**

Since 2019, we have measured loyalty in the employee survey through the Employee Net Promoter Score (eNPS) metric, an established form of measurement with a scale ranging from -100 to 100. Values above 0 are considered good, values above 20 very good and values above 50 optimal.



**Perception of inclusive culture**

As of 2021, we are measuring the perception of Ahlsell as an inclusive company and workplace through the employee survey. The outcome increased from 80 in 2022 to 83 in 2023 (index where max = 100).



## NOTE 8

### Business ethics

#### Description of the area

Ahlsell's actions must be characterised by respect for customers, suppliers, other business partners and the local communities in which we operate. The goal is to develop long-term, stable business relationships in which Ahlsell is considered a responsible and professional partner. As a leading actor with many customer and supplier relationships in several countries, compliance with laws in general and anti-corruption, fair competition and trade sanctions are particularly important issues for Ahlsell to work with.

#### Sustainability governance

##### Zero tolerance of unethical business

We do not tolerate corruption or unethical business conduct. Neither Ahlsell nor anyone acting on behalf of Ahlsell may grant, offer or promote payments, gifts or other benefits that may influence or be perceived as influencing the objectivity of a business or government agency decision. Similarly, neither Ahlsell nor anyone acting on behalf of Ahlsell may accept, receive or request gifts or other benefits. We shall quite simply convince our business partners with purely commercial arguments.

As good business practice is of crucial importance for our development and profitability, we shall never conclude contracts or agreements – expressly, implied, verbally or in writing – with a competitor relating to matters such as pricing, discounts, campaigns, tenders, terms of sale or sales region. Nor shall we share sensitive market information with our competitors, either directly or through industry organisations, suppliers or customers.

Ahlsell's position regarding business ethics and good business practice is set out in the Code of Conduct.

##### Management of business-ethical risks

The risk of violations of the above principles of business ethics is deemed to be greatest in the purchasing and sales organisations. In order to minimise the risks, Ahlsell has therefore taken steps including the establishment of detailed and indicative purchasing, anti-corruption and competition guidelines, the inclusion of relevant provisions in template agreements and the continuous implementation of training initiatives with a focus on the purchasing and sales organisations. In 2022, a significant number of employees (2,159) in purchasing- and sales-related roles were trained in issues relating to fair competition. Business ethics is also included in the course on the Code of Conduct, which applies to all employees.

Our work and any deviations are followed up through our systematic work with internal controls. Follow-up also takes place indirectly via Ahlsell's whistleblowing function.

In this context, it can be mentioned that Ahlsell is the subject of a long-standing case before the Market Court of Finland, in which the Finnish Competition and Consumer Agency has claimed that several companies in the water and sanitation industry in Finland breached Finnish competition law during the period 2009-2016. Ahlsell Oy is contesting the violations.

##### Managing sanctions, etc.

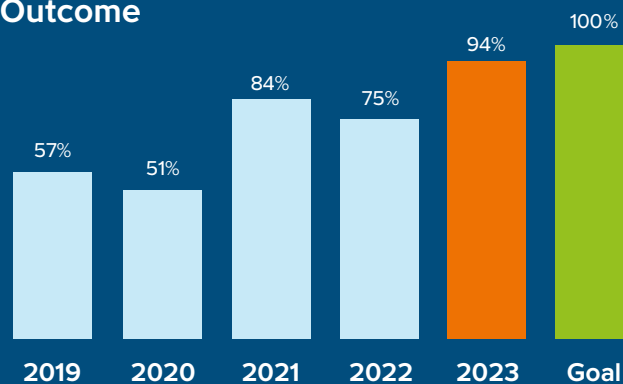
In accordance with Ahlsell's guideline for compliance with sanctions and export control rules, we continuously monitor developments and follow the international sanctions that are formalised. In this context, it can be mentioned that Ahlsell closed its operations in Russia as early as 2021, and both exports to and imports from Russia, Belarus and particularly affected areas in Ukraine have been stopped since February 2022. By way of another example, due to an assessed higher risk associated with the steel contained in some of the products that Ahlsell sells, in autumn 2023 an increased effort was made in relation to approximately 800 suppliers to maintain the supply chain's compliance with the sanctions regime. We are also rejecting business partners that continue to do business in or with Russia, and as a result of this we terminated our collaboration with one of our suppliers of goods for resale during the year.

##### 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 external website [www.ahsell.com](http://www.ahsell.com) and the local Ahlsell websites in Sweden, Norway, Finland and Denmark. In the Code of Conduct course implemented in 2023, employees were also made aware of the existence of the whistleblower system.

Ahlsell collaborates with an independent provider to receive whistleblower complaints, ensuring the whistleblower's anonymity. Once a report has been registered, it is processed in accordance with Ahlsell's whistleblowing procedure, initially by the independent operator's case officer, who contacts the appropriate Ahlsell contact person from a predetermined list of several names. Cases are investigated by an authorised person appointed for each country, who is supported in their work by a whistleblowing committee consisting of the Chief People & Culture, General Counsel and Head of Internal Control & Risk. The cases reported that are not considered to be in conflict with the Code of Conduct or applicable legislation (e.g. HR-related cases or non-compliance with internal procedures) are referred back to line reporting by the independent operator.

### Outcome



#### Code of Conduct training course, proportion of employees

We train our employees in Ahlsell's Code of Conduct through an interactive, web-based course. The goal is that all employees shall have completed the course, and all new employees also familiarise themselves with the Code of Conduct in connection with their induction. A new digital version of course was launched for all employees in 2023.



#### Whistleblowing cases, deviations from the Code of Conduct

In 2023, a total of two cases were registered in the whistleblower scheme. Both have been investigated and closed, without legal or disciplinary action. Ahlsell was also not made aware of any case of corruption during the year. Nor have any disputes been brought against Ahlsell or its employees on that basis.



# Sustainability KPIs

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

\* The KPI tonnes of CO<sub>2</sub> e/MSEK includes greenhouse gas emissions in Scopes 1 and 2 and sales for Ahlsell Sweden, Finland and Norway. This method is used to be consistent with the previous year's KPIs, and thus present a relevant comparison between the years, which is one of the main purposes of the KPI. In connection with new climate goals and detailed climate reporting, this KPI can be developed in future to be in line with the new scope and base year for the climate goals (2022).

\*\* The scope has increased from the previous year, with more acquisitions and companies included in the climate impact reported. Greenhouse gas emissions for 2023 include Ahlsell Sweden, Finland, Norway, Denmark and Estonia, as well as Sanistål Denmark, Latvia and Lithuania. Furthermore, a number of improvements have been made in methodology and data, which affect the size and distribution of emissions compared with the previous year. This applies to reported figures for total emissions in Scopes 1, 2 and 3 and for each scope. See Note 4 Reduced environmental impact for more details.

\*\*\* The reporting of emissions in Scope 3 for 2023 includes indirect emissions from the production and distribution of energy and vehicle fuels used, purchased transport and distribution services and business trips by air and private cars used for work purposes. In future, the ambition is to extend reporting to include all relevant emission categories in Scope 3. See Note 4 Reduced environmental impact for more details.

\*\*\*\* The scope of reported waste data and energy consumption has increased from the previous year, with more acquisitions and companies included in the waste statistics. The data for 2023 includes Ahlsell Sweden, Finland, Norway, Denmark and Estonia, as well as Sanistål Denmark, Latvia and Lithuania. Regarding energy consumption, the figures reported for 2019 include electricity and heating only. See energy table in Note 4 Reduced environmental impact for more details.

N/A= Measurement data not available.

General	2019	2020	2021	2022	2023	Goal
Total net sales, MSEK	32,672	32,849	36,850	43,971	50,707	
EcoVadis ratings and points	Silver, 56	Silver, 56	Gold, 68	Platinum, 76	Gold, 77	Improvement compared to last year's score
Reduced environmental impacts	2019	2020	2021	2022	2023	Goal
Climate impact, tonnes of CO <sub>2</sub> e/MSEK sales (Scopes 1 and 2)*	0.26	0.14	0.13	0.08	0.06	
Climate impact, tonnes of CO <sub>2</sub> e in absolute terms, Scopes 1, 2 and 3 **	31,149	25,798	24,953	23,714	30,151	
Climate impact, tonnes of CO <sub>2</sub> e, Scope 1**	1,715	1,353	1,249	892	4,780	
Climate impact, tonnes of CO <sub>2</sub> e, Scope 2**	6,502	3,209	3,345	2533	3,170	
Climate impact, tonnes of CO <sub>2</sub> e, Scope 3***	22,932	21,236	20,359	20,289	22,200	
Direct energy consumption, MWh (electricity, heating, work machinery and own electric vehicles) ****	70,462	69,211	77,065	73,906	104,023	
Total volume of waste, tonnes ****	10,769	10,820	10,982	10,429	11,524	
Hazardous waste, tonnes	432	542	499	134	165	
Waste sorting rate, total, %	72	69	70	72	72	
Waste sorting rate in stores, %	56	52	52	57	57	80
Waste sorting rate in central warehouses, %	92	90	90	91	92	90
Number of own addresses with charging points	50	56	62	90	111	
Number of own addresses with solar panels	3	4	4	5	10	
Responsible sourcing	2019	2020	2021	2022	2023	Goal
Suppliers that have adopted Ahlsell's Code of Conduct, % of purchase value	79	82	81	83	87	100%
Supplier follow-up, (on-site audit), % of purchase value	50	50	52	47	46	100%
Supplier follow-up, private label products (on-site audit), % of purchase value	N/A	N/A	N/A	95	99	
Proportion of purchases from Nordic suppliers, % of purchase value	N/A	91	91	89	90	
Sustainable employeeship	2019	2020	2021	2022	2023	Goal
Staff turnover, %	10	9	10	11	11	
Proportion of employees with collective agreements, %	99	100	100	100	100	100%
Proportion of employees trained in the Code of Conduct, %	50	51	84	75	94	100%



Sustainable employeeship	2019	2020	2021	2022	2023	Goal
Proportion of employees who have had employee appraisals, %	83	85	95	94	96	100%
Proportion of women among employees at year-end, %	24	25	26	29	28	40% by 2030
Proportion of women in managerial positions, %	17	20	22	24	25	30% by 2030
Employee survey, engagement index	71	N/A	74	75	76	76 in 2023, 77 in 2024
Employee survey, leadership index	76	N/A	80	81	83	>80
Employee survey, eNPS	N/A	N/A	N/A	45	46	46 in 2023, 47 in 2024
Employee survey, inclusion index	N/A	N/A	N/A	80	83	
Skills development, training time, hours per employee per year	N/A	N/A	N/A	N/A	1	8 in 2024, 20 by 2027

Health and Safety	2019	2020	2021	2022	2023	Goal
Number of work-related accidents resulting in at least one day of sick leave*****	36	37	30	30	52	Zero vision. Reduce the number by at least 2 each year
Number of work-related accidents with sick leave per million hours worked (LTIFR)	N/A	N/A	N/A	2.8	4.1	
Sick leave, % of working hours	4	5	4	5	4.5	4.5
Number of fatalities	N/A	0	0	0	0	Zero vision
Sick leave due to work-related accident, days	N/A	N/A	N/A	N/A	394	Zero vision
LTI Severity rate	N/A	N/A	N/A	N/A	0.03	Zero vision
Work-related accidents with no sick leave, number	N/A	45	78	97	205	Zero vision
Health and safety near-accidents, number	N/A	338	449	621	1334	
Risk assessments incl. safety inspections, number	N/A	N/A	N/A	N/A	695	
Internal audits, number	N/A	N/A	N/A	N/A	81	

\*\*\*We report all accidents involving personal injury that resulted 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.

N/A= Measurement data not available.



# GRI Index

Ahlsell has reported the information referred to in this GRI index for the period 1 January - 31 December 2023 with reference to the GRI Standards.

This GRI index contains the general and topic-specific GRI disclosures on which Ahlsell has chosen to report. Regarding *GRI 2: General Disclosures 2021*, 2-8, 2-10, 2-11, 2-15 - 2-21, 2-27 are not reported. GRI 1 version used: GRI 1: Foundation 2021

**GRI Standard and disclosure** **Page reference/comment** **UN Global Compact principle**

GRI 2: General Disclosures 2021			
2-1	Organizational details	7-8, 48	
2-2	Entities included in the organization's sustainability reporting	48	
2-3	Reporting period, frequency and contact point	48	
2-4	Restatements of information	No material changes	
2-5	External assurance	68	
2-6	Activities, value chain and other business relationships	7-12	
2-7	Employees	59-60	3
2-9	Governance structure and composition	42-45. The Board's responsibilities include sustainability reporting. 2-9-c is not reported.	
2-12	Role of the highest governance body in overseeing the management of impacts	42-45	
2-13	Delegation of responsibility for managing impacts	18, 48-50	
2-14	Role of the highest governance body in sustainability reporting	42, 48-50	
2-22	Statement on sustainable development strategy	3-4	
2-23	Policy commitments	14, 17-18, 44, 56	1-10
2-24	Embedding policy commitments	17-18, 50-62	1-10
2-26	Mechanisms for seeking advice and raising concerns	49, 62	1-10
2-28	Membership of associations	49	3, 6
2-29	Approach to stakeholder engagement	17, 49	
2-30	Collective bargaining agreements	58	3, 6

GRI Standard and disclosure		Page reference/comment	UN Global Compact principle
<b>GRI 3: Material Topics 2021</b>			
<b>3-1</b>	Process to determine material topics	48-49	
<b>3-2</b>	List of material topics	48	
<b>3-3</b>	Management of material topics	See page reference on row for respective subject area.	
<b>GRI 200: Economy</b>			
<b>GRI 205</b>	Anti-corruption 2016	42-45, 57, 62	10
<b>205-1</b>	Operations assessed for risks related to corruption	45, 62. Number and proportion in accordance with 205-1 a/b are not reported.	
<b>205-2</b>	Communication and training about anti-corruption policies and procedures	42-45, 57, 62. Refers to the implementation of the Code of Conduct and the Supplier Code of Conduct, which includes the Board of Directors and business partners.	
<b>205-3</b>	Confirmed incidents of corruption and actions taken	62	
<b>GRI 300: Environment</b>			
<b>GRI 302</b>	Energy 2016	24, 51-54, 63	8-9
<b>302-1</b>	Energy consumption within the organization	51-54. 302-1 d is not reported.	
<b>GRI 305</b>	Emissions 2016	20-24, 51-54, 63.	8-9
<b>305-1</b>	Direct GHG emissions (Scope 1)	51-54, 63. 305-1 c and e are not reported.	
<b>305-2</b>	Indirect energy GHG emissions (Scope 2)	51-54, 63. 305-2 e are not reported.	
<b>305-3</b>	Other indirect GHG emissions (Scope 3)	51-54, 63. 305-3 c and e are not reported.	
<b>305-4</b>	GHG emissions intensity	63	
<b>GRI 306</b>	Waste 2020	24, 52, 54, 63. In addition to own information on Sorting rate, the total volume of waste and the volume of hazardous waste are reported.	8-9
<b>Own information</b>	Sorting rate waste	24, 54, 63	
<b>GRI 308</b>	Supplier Environmental Assessment 2016	31-33, 56-57	7
<b>308-1</b>	New suppliers evaluated on the basis of environmental criteria	31-33, 56-57	
<b>Own information</b>	Proportion of suppliers evaluated through on-site audits	31-33, 57, 63	
<b>GRI 400: Social</b>			
<b>GRI 403</b>	Occupational Health and Safety 2018	36 -37, 58-61, 64	2
<b>403-1</b>	Occupational health and safety management system	36, 58, 64. All are included.	
<b>403-2</b>	Hazard identification, risk assessment, and incident investigation	36, 58. 403-2 c is not reported.	
<b>403-3</b>	Occupational health services	37, 58	
<b>403-4</b>	Worker participation, consultation, and communication on occupational health and safety	36, 58	
<b>403-5</b>	Worker training on occupational health and safety	36, 58	
<b>403-6</b>	Promotion of worker health	37, 58	



GRI Standard and disclosure

Page reference/comment

UN Global Compact principle

GRI 400: Social			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	31-33, 36-37, 56-58	
403-8	Workers covered by an occupational health and safety management system	58. All workers	
403-9	Work-related injuries	36, 58, 61, 64. The total number of hours worked is not reported.	
403-10	Work-related ill health	36, 61, 64. 403-10 a and b are not reported.	
GRI 404	Training and Education 2016	39	
404-3	Percentage of employees receiving regular performance and career development reviews	39, 64. Distribution by gender and employment category is not reported.	
GRI 405	Diversity and Equal Opportunity 2016	40, 42-43, 58-59, 64	2, 6
405-1	Diversity of governance bodies and employees	42-43, 58-59, 64. Distribution by gender and age of employees and gender distribution of management are reported, not other diversity indicators.	
405-2	Ratio of basic salary and remuneration of women to men	58. Reporting limited to results of salary survey.	
GRI 414	Supplier Social Assessment 2016	31-33, 56-57	1, 6
414-1	New suppliers that were screened using social criteria	31-33, 56-57	
Own information	Proportion of suppliers evaluated through on-site audits	31-33, 57, 63	

# Auditor's report

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

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

### Introduction

We have been engaged by the Board of Directors and the Chief Executive Officer of Quimper Group Holdings AB to undertake a limited assurance engagement of Quimper Group Holdings AB Sustainability Report for the year 2023. Quimper Group Holdings AB has defined the scope of the Sustainability Report and the Statutory Sustainability Report on page 48 in this document.

### Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer 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 48 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 for reporting with reference, as well as the accounting and calculation principles that Quimper Group Holdings AB has developed. This responsibility also includes the internal control deemed necessary to prepare a Sustainability Report that is free from material misstatements, whether due to fraud or mistake.

### Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) 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 audit firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and manage a quality management system including guidelines or procedures regarding compliance with professional ethics requirements, professional standards and applicable legal and other 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 and the Chief Executive Officer 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 and the Chief Executive Officer.

A Statutory Sustainability Report has been prepared.

*Stockholm, 19 March 2024*

KPMG AB

**Joakim Thilstedt**  
Authorized Public Accountant

**Torbjörn Westman**  
Expert Member of FAR