

Sustainability policy

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1. Introduction

Sustainability is central to Storskogen's long-term growth and profitability. Our operations align with internationally recognized standards, including the **UN Global Compact**, the **UN Declaration of Human Rights**, **ILO Core Conventions**, and the **OECD Guidelines for Multinational Enterprises**.

Sustainability at Storskogen extends beyond direct operations to the entire value chain. By addressing impacts and opportunities with suppliers, within operations, and downstream with customers and end-users, we create shared value and reduce risks across all stages.

2. Purpose

This policy ensures that Storskogen and its subsidiaries integrate sustainability into business decisions and performance management, in alignment with the Group's overarching sustainability goals.

3. Scope

This policy applies to **Storskogen Group AB** and outlines how the owner company manages the sustainability efforts of all subsidiaries. Each subsidiary must adapt its sustainability initiatives based on its size and impact, adhering to the Group's minimum requirements (see Appendix 1).

4. Governance and responsibility

Sustainability at Storskogen is guided by clear principles and assigned responsibilities:

- **Monitoring and reporting:** The **Board of Directors** has ultimate responsibility for integrating sustainability into the company's strategy and performance management. The Board reviews and approves sustainability reporting annually and monitors progress toward sustainability goals.
- **Risk management:** Ongoing risk assessments identify and address sustainability risks and opportunities, with preventive measures implemented systematically.
- **Training and awareness:** Management ensures that employees, particularly those in key roles, receive training on integrating sustainability into daily work and decision-making.
- **Internal control:** Management establishes and maintains systems to ensure compliance with sustainability goals. Regular reviews and follow-ups evaluate efficiency and adherence.



The roles for the implementation and monitoring of the policy are distributed as follows:

Role/title	Responsibility
Board of directors	Ensures sustainability is integrated into strategy, risk management, and business models. Approves sustainability reports.
Sustainability Committee	Oversees sustainability strategy and goals, ensuring discussions and follow-ups occur at the highest level.
CEO	Implements the sustainability strategy, ensures compliance with CSRD requirements, and reports to the Board.
Head of sustainability	Leads strategic sustainability work, double materiality analysis, and coordinates initiatives. Monitors goal achievement.
Sustainability reporting specialist	Responsible for the collection, analysis and reporting of sustainability data and ensuring that the reporting meets CSRD requirements.
CFO	Integrates sustainability into financial reporting and ensures reliable data.
Finance Manager	Responsible for internal controls and that sustainability reporting processes are robust. Ensures adequate reporting of sustainability data.
HR Manager	Oversees the central organizations diversity, equality, and workplace safety, ensuring appropriate training is conducted.
Legal	Manages governance aspects such as anti-corruption and data protection, ensuring compliance with CSRD and internal requirements.
IT Manager	Responsible for cybersecurity and secure handling of data.
Head of business areas	Ensures that the team follows the sustainability strategy and that employees have the right skills to achieve the sustainability goals.
Subsidiary Board of directors	Responsible for identifying and managing sustainability-related risks and opportunities. Ensures that these are integrated into the strategy and budget and that the company has the right resources to achieve the sustainability goals.
Subsidiary CEO	Responsible for developing and implementing sustainability work, setting relevant goals and ensuring that governing documents are followed. Reports compliance to the subsidiary board.
Employees	Responsible for following and contributing to the sustainability goals through their daily work and staying updated on policies and relevant sustainability expertise.

5. Our commitment

Storskogen strives for responsible and sustainable business practices across three key areas, incorporating the value chain perspective:

5.1.Environment (E)

We are committed to minimizing our environmental impact and helping to conserve the planet's resources through the following actions:



- **Reduce greenhouse gas emissions:** Targeting emissions reductions, including Scope 3 emissions from suppliers and customers.
- **Minimizing pollution:** Reducing pollution in air, water, and soil through sustainable practices in operations and supply chains.
- **Responsible water use:** Ensuring responsible water use across all value chain stages, particularly in production and product lifecycle.
- **Protect biodiversity:** We work to protect biodiversity and ecosystems through responsible sourcing and land-use practices.
- **Promote circular economy:** We work to use resources efficiently, including designing for reuse, recycling, and waste reduction.

In addition to these measures, we commit to:

- **Creating awareness of environmental issues:** We strive to raise awareness of environmental issues through education and communication, both internally and externally, to drive sustainability issues forward at all stages of the business.
- **Implement environmental management systems:** Our subsidiaries must implement environmental management systems where the need is identified, to ensure systematic and efficient environmental work that is adapted to each company's operations and impact.
- **Consulting with stakeholders on environmental issues:** We include our stakeholders in dialogues on environmental issues, to ensure that their perspectives are taken into account in our sustainability work and contribute to shared responsibility for the environment.

5.2. Social (S)

We promote social justice, safety, and well-being across the value chain by:

- **Fair and safe working conditions:** We ensure fair and safe working conditions for employees, suppliers, and contractors.
- **Respect for human rights:** We respect and protect labor and human rights throughout the supply chain.
- **Positive social impact:** We strive to make a positive contribution to the communities in which we operate through local initiatives and social projects.
- **Protecting consumer safety:** We take responsibility for the safety and rights of our consumers and end-users of our products and services.

5.3. Governance (G)

We uphold high standards of business ethics and governance across the value chain by:

- **Zero tolerance for corruption:** We have a strict zero tolerance policy for corruption and unethical behaviour for suppliers, partners, and employees.
- **Effective governance structure:** We ensure a transparent and effective governance structure with clear responsibilities and guidelines for all levels of the company.



- **Risk management and internal control:** We have strong systems in place to identify and manage risks and ensure that we comply with laws and regulations.

5.4. Responsible supply chain (G)

Storskogen prioritizes environmental, social, and ethical considerations in its supply chain. Key actions include:

- **Environmental Responsibility:**
Evaluating suppliers on emissions, resource efficiency, waste management, and water use, while encouraging biodiversity protection.
- **Social Responsibility:**
Ensuring fair, safe, and equitable working conditions free from forced labor, child labor, and discrimination, in line with the ILO Core Conventions and the UN Declaration of Human Rights.
- **Ethical Practices:**
Upholding a zero-tolerance policy for corruption and unethical business behavior.
- **Performance Monitoring:**
Regularly assessing suppliers' compliance with environmental, social, and ethical standards to ensure alignment with Storskogen's goals.
- **Supplier Engagement:**
Supporting suppliers through training, collaboration, and initiatives to enhance their sustainability practices.

6. Strategy

Storskogen integrates sustainability into its business model through a double materiality analysis. Each subsidiary identifies material sustainability issues, risks, and opportunities and reports them to the Group. This information informs Group-wide goals and initiatives, ensuring sustainability is embedded in strategic decisions and operations.

7. Tools in the sustainability work

At Group level, sustainability work is conducted, in addition to this policy, with the support of:

- a) **Double materiality analysis** and **stakeholder dialogues** to identify sustainability issues, risks and opportunities,
- b) **Codes of conduct and specific policies** such as sustainability policy, anti-corruption policy and gender equality and diversity policy, supplier code of conduct and risk policy;
- c) **Exclusion criteria** and **investment policy** for sustainability assessment in acquisition processes described in **Appendix 2**,
- d) **Continuous work** to identify, analyse, acquire and develop companies,
- e) **Group-wide programs** with goals and support, as well as facilitating through networking, training and simplification of processes to help companies meet sustainability requirements.



7.1. Double materiality as a basis for our sustainability work

Through a double materiality analysis and continuous stakeholder dialogues, Storskogen will ensure that we focus our resources and strategic decisions on the right sustainability aspects, risks and opportunities.

This analysis will be reviewed annually and discussed in Storskogen's sustainability committee and then approved by both the management team and the board. The essential aspects will be set and integrated into Storskogen's strategy. The risks and opportunities shall be included in the Group's risk register and evaluated by the management team in the annual risk workshop and then reported in the annual report.

As there may be material sustainability aspects at the subsidiary level that are not material at Group level, the Board of Directors of each relevant subsidiary shall ensure that the management of the specific company in an appropriate manner identifies, addresses and follows up on the sustainability aspects, risks and opportunities that are most material to the company's business model and its stakeholders.

7.1.1. Stakeholder dialogue

A continuous and transparent dialogue with our stakeholders is crucial to ensure that Storskogen meets the expectations placed on us and to identify significant sustainability issues. Our main stakeholders include owners, employees, customers, suppliers, governments, investors, communities in which we operate, industry associations, the media and trade unions. By conducting regular dialogues with these groups, we can understand their needs and expectations, as well as adapt our strategies and goals accordingly. This supports our efforts to integrate sustainability into our business model and improves our decision-making.

7.1.2. Sustainability aspects for Storskogen

Storskogen defines sustainability aspects in accordance with *the Corporate Sustainability Reporting Directive (CSRD)* and the ten *European Sustainability Reporting Standards (ESRS)*. Through the standards, we can ensure consistent assessment and reporting in areas such as environmental, social and governance (ESG) issues and integrate them into our business strategy. We report the results of our double materiality analysis in the annual report.

Environmental standards (ESRS E)

1. **ESRS E1:** Climate change.
2. **ESRS E2:** Pollution.
3. **ESRS E3:** Water and Maritime Resources.
4. **ESRS E4:** Biodiversity and ecosystems.
5. **ESRS E5:** Resource use and circular economy.

Social Standards (ESRS S)

6. **ESRS S1:** Own workforce.



7. **ESRS S2:** Workers in the value chain.
8. **ESRS S3:** Impacted communities.
9. **ESRS S4:** Consumers and end-users.

Governance Standards (ESRS G)

10. **ESRS G1:** Business ethics.

7.2. Sustainability in the acquisition process

Sustainability aspects can directly or indirectly affect a company's turnover, costs and thus its financial performance and value. We expect that sustainability aspects that were previously not priced correctly will become more accurate over time. This reinforces the connection between managing sustainability risks and a company's long-term value and attractiveness as an acquisition. Storskogen therefore evaluates sustainability aspects in the short, medium and long term when identifying, analysing and acquiring companies. We assess the company's ability to handle sustainability issues and integrate this into the acquisition process. If a company is deemed to have too complex sustainability risks, we may refrain from acquiring it. Our exclusion criteria in **Appendix 2** apply to all acquisitions.

7.3. The continuous sustainability work in the subsidiaries

- a) Continuously identify, discuss and manage sustainability-related risks and opportunities (IROs) within environmental, social and anti-corruption issues that may affect the company's business model, strategy and competitiveness. These conclusions shall be considered by the Board of Directors of the Subsidiaries.
- b) Set relevant and measurable targets for the essential sustainability aspects and implement measures to achieve these. Follow-up must be reported regularly to the Board.
- c) Prepare and implement governing documents and instructions, in addition to the Group's common policies, where relevant, and follow up on compliance annually.
- d) Report material data points to Storskogen for quarterly and annual reporting.

All companies are expected to act in accordance with Storskogen's Code of Conduct, associated policies, international standards and relevant legal requirements. If a subsidiary does not live up to these expectations, we will act quickly and constructively together with the company's management and board of directors to ensure that the problems are rectified and do not recur.

8. Risk management

8.1. Responsibility for sustainability-related risks

The Board of directors has the ultimate responsibility for ensuring that sustainability-related risks are managed effectively within Storskogen. The Head of Sustainability is responsible for identifying and reporting sustainability-related risks and opportunities to the Sustainability Committee and Group Management. The Chairman of the Sustainability Committee is responsible for informing the Board.



The Board of Directors ensures that these risks are regularly assessed as part of the annual risk management process, in accordance with Storskogen's risk policy. The Head of Sustainability is also responsible for keeping the organisation informed of current sustainability risks and opportunities and ensuring that they are managed in line with the Group's guidelines.

8.2. Management of sustainability-related risks

In accordance with Storskogen's risk policy, the management of sustainability-related risks and opportunities is carried out as part of the annual risk assessment in close collaboration with Storskogen's business units. Identified sustainability risks and opportunities are discussed in the business units, and measures are taken to manage risks and act on opportunities, in line with Storskogen's risk management framework.

8.3. Integration into overall risk management

Sustainability-related risk processes are integrated into Storskogen's overall risk management system. Significant sustainability risks and opportunities are documented in the Group's risk register, which is reviewed annually by the Board of Directors and Group Management, in accordance with Storskogen's risk policy.

9. Targets, monitoring and reporting

Storskogen sets measurable sustainability targets and uses appropriate performance indicators to systematically track, evaluate, and report on progress. Targets are established for both the short and long term. However, given the rapid developments in sustainability, these targets should be periodically reviewed and adjusted as necessary to maintain their relevance.

Each year, Storskogen prepares a sustainability report in compliance with the Annual Accounts Act. To ensure the information is valuable to stakeholders, the report is aligned with internationally accepted sustainability reporting principles and includes relevant performance indicators. The Board of Directors approves the sustainability report, which is published alongside the annual financial report for the corresponding financial year.

10. Compliance

All employees are expected to comply with the policy. Violations may result in disciplinary actions or termination of contracts. Reports can be made anonymously via <https://report.whistleb.com/storskogen>.

11. Version history

This policy shall be reviewed annually and updated as necessary.

Version	Revision date	Description of changes	Author	Approved by	Date of approval
1.0			Amelie Nordin	Storskogen's Board of directors	2024-11-06



Appendix 1 Minimum requirements and customization for subsidiaries

All subsidiaries within Storskogen, regardless of size or operations, must comply with the Group's minimum sustainability requirements. These requirements are designed to ensure that every subsidiary contributes to Storskogen's overall sustainability goals. The level of sustainability efforts required from subsidiaries is proportional to their impact, which is assessed through a double materiality analysis. This analysis evaluates how the subsidiary's operations affect the environment and society, as well as how sustainability-related risks and opportunities influence the subsidiary's business.

1.1. Definitions:

- **Smaller companies:** Subsidiaries with fewer than 50 employees or an annual turnover of less than EUR 10 million.
- **Medium-sized companies:** Subsidiaries with between 50 and 250 employees or an annual turnover of between €10 million and €50 million.
- **Larger companies:** Subsidiaries with more than 250 employees or an annual turnover of more than EUR 50 million.

Note: If a smaller company has a significant impact on the Group's sustainability goals, its sustainability work must reflect this impact. Such subsidiaries are expected to meet more extensive requirements and targets to contribute meaningfully to Storskogen's overall goals.

1.2. Requirements for smaller companies

Smaller companies, with limited impact on the Group's sustainability goals, should focus on addressing their most significant sustainability issues as identified through their materiality analysis. The minimum requirements include:

- **Environmental principles:** Reduce resource consumption and improve energy efficiency where relevant to the business.
- **Fair and safe working conditions:** Prioritize occupational health and safety and adhere to labor laws.
- **Anti-corruption compliance:** Follow Storskogen's anti-corruption policy and uphold ethical business practices.
- **Sustainable supply chain:** Work with suppliers who meet Storskogen's sustainability, human rights, and environmental standards.
- **Sustainability reporting:** Provide data on the most material indicators relevant to their business context.



1.3. Requirements for medium-sized companies

Medium-sized companies, with a greater impact on Storskogen's goals, are expected to implement more structured sustainability measures and provide more comprehensive reporting. The minimum requirements include:

- **Environmental targets:** Set measurable goals to reduce emissions and resource consumption, particularly in areas with the greatest environmental impact.
- **Social measures:** Promote gender equality, diversity, and safe working conditions.
- **Ethical governance:** Adhere to ethical business principles and establish control systems to mitigate governance-related risks.
- **Sustainable supply chain:** Identify and manage supply chain risks, including human rights violations and environmental impacts.
- **Regular reporting:** Provide data that supports Storskogen's sustainability goals, covering key environmental, social, and governance (ESG) indicators.

1.4. Requirements for larger companies

Larger companies, with a substantial impact on the Group's sustainability goals, are held to higher standards. The minimum requirements include:

- **Ambitious environmental targets:** Focus on significant reductions in carbon emissions, enhanced resource efficiency, and contributions to the circular economy.
- **Occupational health and social responsibility:** Establish robust systems to address human rights, workplace safety, and gender equality, particularly in high-impact areas.
- **Business ethics and governance:** Maintain high standards of ethics, implement zero-tolerance policies for corruption, and ensure strong risk management systems.
- **Sustainable supply chain:** Enforce strict supplier guidelines on human rights, working conditions, and environmental standards, supplemented with regular audits and risk analyses.
- **Comprehensive reporting:** Provide detailed sustainability data on material environmental, social, and governance indicators to support Group-wide goals.

Appendix 2 Exclusion criteria for Storskogen Group

Storskogen believes a well-reasoned approach to sustainability is essential to create long-term value for its stakeholders. This means that we, while analysing a potential new acquisition, also shall try to understand the company's material sustainability factors, assess how they may affect the company's future business model and ensure that the company has the ability to manage them satisfactorily over time. We do not acquire companies whose business model we do not believe is sustainable in the long term, i.e. if we are not convinced that the company's



offering or actions will be relevant and attractive enough for customers, employees or society in the future.

Storskogen Group has therefore decided not to acquire companies that result in exposure to weapons, gambling or pornography as we do not regard these sectors' business models to be sustainable in the long term. Early on in the process of evaluating new companies, we confirm that any exposure in the form of income from the manufacture or distribution of products/services in these sectors contribute to exceeding the levels specified in each definition below (measured as a percentage of Storskogen's total sales revenues).

Controversial weapons

Production / Distribution: 0 percent of sales

This includes companies that, regardless of the percentage of sales, are in any way deemed to be involved in producing, distributing and/or supplying entire or critical parts of weapons that might indiscriminately affect civilian targets/populations and therefore are not regarded as consistent with international conventions and guidelines such as the Convention on Cluster Munitions (the Oslo Convention) and the Anti-Personnel Mine Ban Convention (the Ottawa convention). Includes personnel mines, nuclear weapons, cluster munitions, chemical and biological weapons, as well as white phosphorus and depleted uranium munitions.

Conventional weapons

Production / Distribution: 5 percent of sales

Conventional weapons refer to products intended to kill, maim or cause devastation, including small arms and rifles, as well as missiles, combat planes, tanks and warships. It also includes companies that supply specific and critical components for weapons, such as artillery tubes, missile control systems and launch facilities, and given their specificity CANNOT be regarded as having dual use, i.e. exactly the same product or services with substantial modifications, can be used for both civilian and military use, e.g. fabric for uniforms or nuts and bolts.

Tobacco

Production: 0 percent of sales

Distribution: 5 percent of sales

The tobacco criterion includes cigarettes, cigars, 'snus', pipe and chewing tobacco or products that are critical/specific for tobacco production, such as tobacco leaves or cigarette filters. However, products that may be deemed to have dual use, e.g. cardboard or machines used to produce all kinds of packaging, are not included. The term tobacco also includes other addictive nicotine-based products, including e-cigarettes. Cannabis for both recreational and medical use is also included. Distribution generally refers to wholesale operations.

Commercial gambling activities

Production / Distribution: 5 percent of sales



Includes companies that develop, operate or market commercial gambling operations or other gaming for money, e.g. casinos, gambling machines and/or poker or similar, both in physical form and online. This criterion also includes products or services that are specific and necessary to the design or development of software or platforms for this type of gambling, e.g. sportsbook services. Does not include normal video games, i.e. in which the aim is entertainment rather than winning money

Pornography

Production: 0 percent of sales

Distribution: 5 percent of sales

Pornography is material that, via various channels, openly and provocatively depicts sexual situations. Distribution refers to active supply, for example media companies that own and run cable, satellite and online channels that actively show pornographic material. Revenue from the passive supply of pornographic material, e.g. at hotels, retail outlets or telecom operators, is not included.

Fossil fuels

Storskogen is conscious of the environmental and climate-related risks associated with the extraction and refining of, and power generation from, fossil fuels. We therefore want to avoid acquiring companies whose future business model could become unsustainable in the long term, for example regarding how the future demand/cost structure will develop or because of uncertainties over the future value of fossil assets that may not be possible to realise ('stranded assets'). We are keen to participate in the important transition to a lower-carbon society and can envisage acquiring companies that aim to actively contribute to this. Acquisition decisions are consequently taken case by case, with a clear justification as to why we believe a company's business model is attractive and sustainable in the long term.