

SUSTAINABILITY POLICY

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Person responsible for the policy: Daniel Kaplan (CEO)

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INTRODUCTION

BACKGROUND

Storskogen believes that a sensible and well-reasoned approach to sustainability is a prerequisite for the continued growth, development and profitability of the Storskogen Group and our subsidiaries. Our sustainability work is based on the principles of internationally recognized and accepted conventions and agreements on the environment, human rights, working conditions and corruption, such as the UN Global Compact, the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at work and the OECD guidelines for multinational companies.

This policy sets out the principles of how we incorporate sustainability into our business; from how we consider sustainability factors in our acquisition process, to our expectations on how our subsidiaries address sustainability. This policy should be read together with Storskogen's Code of Conduct, which sets out the key principles of the Storskogen Group's responsibility as a company and guides us on how we are expected to operate and act in our daily work.

SCOPE

This policy applies to Storskogen Group AB and all operating subsidiaries. 'Storskogen' in this policy refers to the Group as a whole, unless otherwise indicated by the context. Group subsidiaries should adopt this policy and adhere to its contents by also adopting any additional policy documents, processes and tools on a subsidiary level needed to appropriately manage risks and opportunities relating to the key sustainability factors in their respective businesses, either at business unit level, or where appropriate, in each operating subsidiary.

PURPOSE

The purpose of this policy is to ensure that Storskogen lives up to the expectations of our owners, customers, employees, potential subsidiaries, government authorities and other external stakeholders on us to manage risks and/or opportunities satisfactorily in the areas of (i) the Environment, (ii) Social Factors, (iii) Personnel, (iv) Respect for Human Rights and (v) Combatting Corruption and Bribery.

ROLES AND RESPONSIBILITIES

Storskogen's organisation has clear roles and areas of responsibility to ensure that our ongoing sustainability work is as effective as possible.

THE FOLLOWING ROLES ARE INCLUDED IN STORSKOGEN'S SUSTAINABILITY WORK

Role/job title	Responsibility
Board of Directors	The Board is responsible for ensuring that the Group has appropriate sustainability measures in place, including adequate policies and guidelines. The Board of Directors must have at least one meeting a year to address compliance with this policy; review this policy and propose possible amendments; and review and approve the annual sustainability report.
Group CEO	The Group CEO has overall responsibility for implementing the Group's sustainability work and is responsible for ensuring that the Group's operations are conducted in accordance with this policy. The Group CEO also ensures that this work is documented and reported to the Board.
Business area managers	Business area managers are responsible for ensuring that each subsidiary identifies material sustainability factors in their operating environment and that these are addressed and monitored in the company's strategies and processes.
Boards of subsidiaries	Each subsidiary's board is responsible for ensuring that the respective subsidiary has appropriate sustainability measures in place, in accordance with this policy.
CEOs of subsidiaries	The CEOs of subsidiaries are in charge of establishing and implementing appropriate sustainability work for the company, including setting relevant, quantifiable goals, drawing up and implementing relevant policy documents and instructions, as well as ensuring that compliance is followed up annually and reported to the respective subsidiary's board.
Employees	All employees are responsible for being familiar with, keeping up to date on and contributing to the compliance of this policy.

OUR VIEW OF SUSTAINABILITY

OUR BUSINESS CONCEPT

Storskogen's business concept is to identify, acquire and develop small to medium sized market leading businesses with sustainable business models over an infinite ownership horizon.

SUSTAINABILITY IN OUR BUSINESS MODEL

With our intention to maintain ownership indefinitely, it is only natural that we consider material sustainability factors in our ongoing process to identify, analyse, acquire, and develop our companies. We see how major global challenges, such as climate change, scarcer natural resources, and ensuring good social conditions for a growing population, have prompted a powerful process of change in society, resulting in rapid changes in

legislation, consumption patterns and customer preferences. We shall therefore continuously monitor and try to assess how material sustainability aspects may impact the business models, competitiveness and/or financial position of both potential target companies and existing subsidiaries and ensure that material aspects are addressed and monitored in strategies and processes. Apart from taking responsibility for our impact on people and the environment, we firmly believe that a sustainable business model offers attractive future business opportunities. Together with our companies and their customers, we can develop new and better solutions and products that also have a positive impact on the development of society.

STORSKOGEN'S SUSTAINABILITY PROCESS



SUSTAINABILITY IN PRACTICE

Storskogen's subsidiaries form the lion's share of Storskogen's business operations and the Group's most material sustainability-related risks and opportunities are therefore found in our subsidiaries.

TOOLS IN OUR SUSTAINABILITY WORK

In addition to this policy, ongoing sustainability measures at a Group level are undertaken with the support of:

- (a) a materiality analysis to identify our most material sustainability related topics and aspects,
- (b) Storskogen's Code of Conduct,
- (c) specific guidelines and instructions for specific topics, such as an anti-corruption policy and gender equality and diversity policy,
- (d) Storskogen's investment policy, and the exclusion criteria described in Appendix 1,
- (e) our daily work to identify, analyse, acquire and develop companies.

FOCUS ON MATERIAL SUSTAINABILITY RELATED TOPICS AND ASPECTS

We believe that a well-reasoned approach to sustainability is essential to create long-term value for our stakeholders. For Storskogen this means that we shall ensure that we factor in and manage material risks, opportunities, and consequences from a financial, environmental, and social point of view in our daily work to identify, analyse, acquire and develop companies.

The term 'sustainability' encompasses an increasingly large number of sustainability related topics and aspects, i.e. different challenges relating to how people and companies affect, and are affected by, environmental and social development. While there are sustainability related factors that apply to all our subsidiaries, not all factors are relevant to all types of businesses. A factor that is material to one company, may be insignificant to another.

To ensure that we focus our resources and strategic decisions on the right sustainability related factors, Storskogen shall use a materiality analysis to identify the factors regarded as the most relevant to the Group and the Group's key stakeholders. A materiality analysis shall consider a particular factor or topic's significance for the organization's economic, environmental, and social impacts and/or its substantive influence on the assessments and decisions of stakeholders. Our sustainability work shall prioritise factors that are key to our stakeholders and/or are deemed to have a significant financial, social and/or environmental impact.

The materiality analysis shall be reviewed and discussed annually by Storskogen's management to ensure that no new relevant factors or topics have emerged in the Group's operating environment, or if any factors need to be reprioritised. The internal materiality analysis shall, from time to time, also be reviewed and validated in dialogue with Storskogen's key stakeholders and adjusted where necessary.

In addition to the material sustainability related factors identified at the Group level, there may be other factors that are material to Storskogen's respective subsidiaries. The board of each subsidiary shall therefore ensure that the management, through a process that is appropriate for the specific company identifies, addresses, and monitors the sustainability factors that are material to the company's business model and stakeholders.

Storskogen has chosen to categorise relevant sustainability related factors into the three areas that are often used by investors: environmental, social and governance factors (often abbreviated "ESG"):

Environmental factors

Storskogen aims to undertake active measures to minimise Storskogen's direct and indirect environmental impact. This means that we shall include the environmental perspective in important decisions and ensure that material environmental factors are addressed and followed up in subsidiaries' strategies and processes.

Examples of relevant factors in our subsidiaries: environment and climate, resource efficiency, transportation and waste.

Social factors

Storskogen's success is based on being an attractive employer that offers exciting career and development opportunities in a healthy and safe workplace. Our success is also dependent on good and long-term relations with stakeholders in Storskogen's operating environment, including government authorities, suppliers and employee organisations. Storskogen shall ensure good working environments from a physical, mental and social point of view. We shall also ensure that we, our subsidiaries, and our partners always act in a way that respects and protects people's fundamental freedoms and rights.

Examples of relevant factors in our subsidiaries: attracting and retaining employees, endeavouring to increase gender equality and diversity, processes to safeguard good health and safety in the workplace, contributing to a thriving local community.

Corporate governance and business ethics

Storskogen's license to operate is conditioned by continued deep trust from customers, employees, owners, potential acquisition targets, local communities around our companies and any other stakeholders that may be relevant from time to time. Trust is earned through professionalism, integrity and high ethical standards. In practical terms, this means always making commercially sound decisions, seeking to deliver the required quality and looking to constantly improve, as well as measuring, following up and communicating our performance in a transparent and credible manner.

Examples of relevant factors in our subsidiaries: sustainable returns, accurate financial reporting and transparency, business ethics comprising healthy competition, product quality and customer satisfaction, ensuring a responsible supply chain, digitalisation and effective anti-corruption measures.

SUSTAINABILITY IN THE ACQUISITION PROCESS

Sustainability factors can directly or indirectly affect a company's sales and/or costs and consequently have a major positive or negative impact on a company's financial earnings and value. We believe an increasing number of sustainability factors, which have not previously been priced in or which to date have been wrongly priced, will be more correctly priced over time. This will strengthen the positive link we see between well thought through measures and strategies to manage key sustainability related risks and opportunities and a company's long-term value and consequent attractiveness as an acquisition. Storskogen shall therefore, to the extent possible, include an evaluation of material sustainability factors in the short, medium and long term when identifying, analysing and acquiring companies. This means that we, while analysing a company, 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. Sustainability factors may also come to affect the acquisition process and how agreements, purchase price and closing are structured and conditioned. We may seek the help of third-party experts on large, complex issues.

Our findings may result in us not investing in a company if we deem the sustainability risks to be too complex or costly or if we assess that the business model is not or cannot become 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. The analysis may also result in a higher or lower valuation of the company.

We have also committed not to invest in companies according to our exclusion criteria (see Appendix 1).

THE ONGOING SUSTAINABILITY WORK IN OUR SUBSIDIARIES

Storskogen's overall expectation of all subsidiaries is for them to deliver good operating earnings by taking business-based, but sustainable, decisions. This includes:

- (a) Continual strategic discussions within management to monitor, identify and act on any material aspects in the areas of environment, personnel, social factors, human rights and anti-corruption that are expected to impact the company's business model, competitiveness and/or financial position in the short, medium and long term. The findings and how they affect the company's strategy should be presented and discussed within each subsidiary's board.
- (b) Setting relevant and quantifiable targets for the most material sustainability factors and then implementing initiatives and actions to achieve them. Targets are continually monitored and reported to the respective subsidiary's board using appropriate performance indicators.
- (c) Establishing and implementing relevant policy documents and instructions that support the company's sustainability work. In addition to the policies required by law for certain types of business, other policies or guidelines may be needed to effectively manage a company's material sustainability factors. Compliance should be monitored and reported annually to the respective subsidiary's board.
- (d) In addition, we expect all Group companies to act in accordance with the principles of internationally recognised and accepted conventions and agreements on the environment, human rights, working conditions and corruption such as the UN Global Compact, the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. In the event that we become aware that a subsidiary does not meet this expectation, we will take prompt and constructive action together with the subsidiary's management and board to ensure that the issue is rectified in the best possible manner and that safeguards are put in place to make sure it does not recur.

TARGETS, MONITORING AND REPORTING

We shall set relevant goals and targets for Storskogen's sustainability work and use appropriate performance indicators to systematically measure, monitor and report the work done and our progress towards each target. Targets can be set for both the short and long term, but since the area of sustainability is rapidly evolving, we shall periodically review the relevance of our targets and adjust them, if needed.

At parent company level, Storskogen produces an annual sustainability report in accordance with the Swedish Annual Accounts Act. To ensure this information is useful for Storskogen's stakeholders, the report shall be drawn up in line with one of the internationally accepted sustainability reporting standards, including related performance indicators. The sustainability report shall be approved by the Board and published alongside the annual report for the same financial year.

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.

GAMBLING OPERATIONS

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.