



Sustainability

Scope of the report	46
Sustainable business in Svedbergs Group	47
Business opportunities with sustainable entrepreneurship... ..	48
Challenges in the value chain	49
Stakeholder dialogue and materiality analysis	50
Five focus areas	52
Sustainability management	53
Focus area 1	56
Focus area 2	57
Focus area 3	59
Focus area 4	61
Focus area 5	62
Taxonomy Regulation	64
Auditor's opinion	64

Scope of the report

This is Svedbergs Group's sustainability report for the 2022 financial year. The sustainability report covers the parent company, Svedbergs Group (publ), corporate identity no. 556052-4984, and all subsidiaries, which are listed in Note 24 in the consolidated financial statements. Roper Rhodes, which was acquired at the end of 2021, was fully integrated in the Group's sustainability report in 2022.

The acquisition of Roper Rhodes almost doubled the size of the Group, which is why the Group has chosen to redefine the base year for all sustainability goals as 2021.

The report is prepared in accordance with the provisions of Chapters 6 and 7 of the Swedish Annual Accounts Act. As the Group is a signatory of the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption, the sustainability report also constitutes the Group's Communication on Progress.

Adaptation of the report to the forthcoming EU legislation based on the CSRD Directive adopted in November has been initiated. To ensure timely compliance with future requirements, an internal roadmap has been developed.

The auditor's opinion on the sustainability report can be found on page 64. The report has not been audited by an external party.

Sustainable business in Svedbergs Group

Svedbergs Group consists of four segments that partly operate in different markets and with partly different business models. The overall business has a clear common focus on long-term sustainability, and environmental, social and financial values are included in all business decisions.

Long-term sustainable value creation for all stakeholders is the foundation of Svedbergs Group's business operations.

Sustainability is business-critical. Integrated sustainability and community engagement go hand in hand with value creation. Svedbergs Group takes a long-term approach throughout the value chain, from product development and choice of raw materials to choosing responsible suppliers and production processes.

The Group's sustainability strategy is known as 'Our Choice'. The name reflects active choices that lead to the

Group's ambition to be a leader in sustainable bathroom furniture and fittings in the markets in which it operates.

The sustainability strategy contains five focus areas with targets that set a clear direction for the work. The targets extend to 2030. The method for developing focus areas and targets is described on page 52. Each focus area is described in more detail on pages 56–63.

Sustainability vision

Svedbergs Group aims to be **one of the most sustainable bathroom furniture and fittings Groups** in the markets in which we operate.

Sustainability work will be **fully integrated in the** activities of the **Group** and its companies and be a natural part of their day-to-day work.

With **clear targets** and through **constant improvement**, centred on the UN Sustainable Development Goals, the Group promotes sustainable development.

Significant events in 2022

- ▶ Mapping of greenhouse gas emissions in Scope 3 according to GHG
- ▶ New overall targets for reducing greenhouse gas emissions
- ▶ Reduction plans per company, and for the Group, for the reduction of greenhouse gas emissions
- ▶ Installation of solar panels on the distribution centre outside Bristol
- ▶ Energy efficiency enhancement in the Dalstorp factory
- ▶ Biofuel is used for selected container shipments – 115 tonnes of CO₂ equivalents are saved annually

Business opportunities with sustainable entrepreneurship

Per-Arne Andersson, the CEO of Svedbergs Group, and Beate Hennessy, the Sustainability Manager, are convinced that sustainability creates a strong business and provides competitive advantages. Svedbergs Group operates in several markets, partly has its own production, a high volume of sourcing and many customers.

In which sustainability area can Svedbergs Group make the biggest difference?

“We want to develop products in an innovative, sustainable manner. We are a small player globally, but we can make a big difference in our markets with a high level of expertise and by developing our products in a sustainable manner,” says Per-Arne Andersson, the CEO of Svedbergs Group. “Our customers demand sustainable products, and we are driven by the conviction that sustainability and resource efficiency strengthen the business and create competitive advantages.”

To further increase the focus on sustainability, a Sustainability Council was formed in 2022 with representatives from all companies. It is chaired by Beate Hennessy in the role of Group Sustainability Manager.

“We need a central function that can coordinate the companies’ sustainability work and drive development,” says Per-Arne. “We constantly seek collaboration between our companies and make sure that we use good examples in all the companies. This is particularly pronounced in Finance, Sourcing, Digitalisation and Sustainability. For example, if a company has a good, clear supplier audit, we make sure that the purchasing departments work together to find the best way of working.”

Beate adds that the position also includes monitoring new laws and regulations and ensuring that materiality and risk analyses are carried out and that focus areas and targets are defined. “I am also the liaison between the Sustainability Council and the Group management, to whom I present sustainability issues.

The acquisition of Roper Rhodes at the end of 2021 doubled the size of the Group and Roper Rhodes has slightly different sustainability challenges from the rest of the Group.”

How does Svedbergs Group ensure that the entire Group works sustainably?

“First and foremost through our strategy, focus areas and targets that we have developed together,” says Beate. Per-Arne adds that the expertise of the employees in all the companies is a basic prerequisite.



“In a growing Group, it is important to ensure expertise. One of our goals is to train all employees in sustainability and to include sustainability training in our on-boarding procedures in all companies.”

Both Per-Arne and Beate mention the new mapping of greenhouse gas emissions under the GHG protocol as the single biggest sustainability event in 2022. Reduction plans have been developed for all companies. To generate additional knowledge, a number of Environmental Product Declarations (EPDs) will be prepared in 2023.

“We have gained many insights from the mapping exercise that are influencing our product development,” says Beate. “Going forward, we will also intensify our work on risk analyses and adaptation to the new CSRD Directive.”

“An important issue is to not consume too many resources. We choose circular flows wherever possible. We are learning all the time and have a lot ahead of us. A company needs to constantly change and develop, and the most important thing is that sustainability is part of our business and operations,” Per-Arne concludes.

Challenges in the value chain

Svedbergs Group contributes to a prosperous society by acquiring and developing innovative companies that design, manufacture and market sustainable products and services for the bathroom.

For its operations, Svedbergs Group depends on suppliers of materials and raw materials and on transport to factories, warehouses and customers. The Group also depends on skilled employees, capital and good partnerships with customers.

Svedbergs Group evaluates sustainability risks and challenges throughout the value chain, from the supply chain to end use and recycling. Based on this, action can be taken where it will do the most good.



Purchasing

All wood purchased is certified according to sustainable forestry standards. The aim is to increase the proportion of environmentally labelled wood. A large number of products are purchased pre-assembled or in parts for on-site assembly. For these products, the supply chain is analysed. Raw materials are evaluated from a sustainability perspective as early as in the design phase.



Design

When new products are developed, sustainability is taken into account right from the idea stage. Circular design principles are the basis of all new development and are included in the design manual.



Manufacturing and warehousing

Roughly one third of the Group's products are manufactured in-house and there is good control over manufacturing. The health and safety policy and Code of Conduct are management tools designed to ensure a good working environment. 100 percent of energy for own production comes from renewable energy sources. Two thirds of the products are imported assembled or in parts. This means stricter requirements for good control and monitoring of both environmental and social conditions in the supply chain.



Recycling

The aim is to make all materials reusable or recyclable. This is already planned for in the design phase. It should be easy for consumers to recycle products and to find information on how to do so.



After-sales

Products should have a long life when they reach customers. High quality objectives are set in the design phase. For large parts of the range, spare parts are readily available via e-commerce.



Sales

Sales are partly B2B and partly B2C via retailers. Products are assembled as close to the point of sale as possible. Transport providers with an environmental profile are prioritised and transport efficiency is subject to continuous improvement.

Stakeholder dialogue and materiality analysis

Several processes and tools are used to identify material issues and focus areas for Svedbergs Group's sustainability work.

The Group's stakeholders have been identified. Requirements and needs are continuously identified in various types of dialogue with those who are affected by and those who affect Svedbergs Group.

The table below shows the most important stakeholder groups for the Group, how communication takes place and what the most important sustainability issues are for each group.

Stakeholder groups	Examples of stakeholders	How communication takes place	Most important sustainability issues
Owner	Shareholders, investors, financial market	Annual and interim reports, press releases, investor meetings	Positive returns through sustainable growth
Regulators	Authorities, municipalities, Nasdaq, Finansinspektionen, EU, Swedish law	Annual reporting, insider reporting, tax returns, audits, licence applications	Legal and regulatory compliance, correct tax, anti-corruption
Certification bodies and organisations	ISO, UN Global Compact, SEMKO, NEMKO, M1, type approval	Verification of current certificates, audits, Communication of Progress (COP)	Regulatory compliance, development
Suppliers	Material and product suppliers	Contract negotiations, visits, Code of Conduct, audits	Good partnerships to optimise and plan production
Transport companies	Transport companies, waste transporters	Contract negotiations, visits, Code of Conduct, audits	Good partnerships to optimise and plan transport
Industrial customers	Construction companies	Contract negotiations, visits, customer service	Targets and processes to reduce environmental impact, delivery reliability, quality, strong brand, sustainable products
Dealer	Specialist bathroom and building stores DIY	Showroom, visits, customer service	Targets and processes to reduce environmental impact, delivery reliability, quality, strong brand, sustainable products
Consumers	Private individuals	Customer surveys, complaints handling, customer service	Correct function, quality and design in relation to price, strong brand, compliance with the Consumer Sales Act
Employees	Employees, potential employees	Employee satisfaction index, development dialogues	Working environment, employment contracts, safe and stable employer, gender equality, health, working conditions, strong brand
Local residents	Local residents around factories	Consultation	Compliance with licence conditions, noise
Media	Press, analysts	Press releases	Legal and regulatory compliance, quality and sustainability

Risk analysis

Analysing sustainability risks in the value chain is an important tool for focusing efforts on significant action. Svedbergs Group's operations have an impact on the environment, climate and social conditions, and at the same time the Group is financially affected by climate change and transition. Impact needs to be analysed from both perspectives and this is called dual materiality.

By identifying and managing sustainability risks and following up on the impact, risks can be mitigated and opportunities promoted.

Svedbergs Group has initiated dual materiality development in its risk methodology. Risk management is decentralised and each subsidiary identifies risks, evaluates them and prepares proposals for action. The risks are then summarised at Group level.

Sustainability risks are an integral part of this risk process. The following table shows important identified sustainability risks for Svedbergs Group.

Risk area	Description	Risk minimisation	Measurement of impact
GHG emissions	The risks are particularly high from the purchase of goods and from the use of products sold	Reduction plans exist for each company in the Group	Measurement of greenhouse gases according to the GHG protocol, scopes 1–3
Biodiversity and ecosystems	Reduction of biodiversity through deforestation	Use wood from sustainable forestry	Proportion of wood purchased from certified sources
Reuse and recycling	Risk of a high proportion of waste not being reused or recycled	Right from the design phase, develop products that provide good opportunities for reuse or recycling and are easy to disassemble	Waste intensity
Health and safety	Risk to own employees and to employees of subcontractors in connection with the production, transport and handling of hazardous chemicals	Supplier audits, signing of the Code of Conduct The handling of hazardous substances in own production is governed by the health and safety policy	Accidents and incidents Healthy attendance Supplier audits
Responsible purchasing	Risk of purchasing from suppliers that do not take responsibility for the environment or social issues	Supplier audits Suppliers signing the Code of Conduct	Supplier audits
Diversity and gender equality	Risk of victimisation or discrimination	Policies and guidelines govern the work	Supplier audits Employee surveys
Human rights	Human rights may be neglected in production in different parts of the world	Systematic evaluation of suppliers Suppliers signing the Code of Conduct	Supplier audits
Corruption	A risk of corruption and unethical business practices may arise in different parts of the value chain	Supplier audits, signing of the Code of Conduct Training in the Code of Conduct	Supplier audits
Climate change and transition risks	Transport may be affected by, for example, droughts or floods. Production may be affected by extreme weather conditions	Continuity plans are drawn up Alternative transport routes are identified	Internal processes for risk identification and monitoring

Five focus areas

Based on the stakeholders' most important issues, Svedbergs Group has identified five long-term focus areas. They help achieve the UN Sustainable Development Goals and develop operations within Svedbergs Group. The five focus areas are used to set targets and give direction to the work. They are used by all companies in the Group to define specific activities.

The UN Sustainable Development Goals provide an important framework for the sustainability work. Seven of the SDGs are particularly relevant to the operations of Svedbergs Group.

Focus areas and the UN Sustainable Development Goals

Svedbergs Group has the opportunity to help achieve several of the UN Sustainable Development Goals, primarily the following seven goals:

- Goal 3: Good health and well-being
- Goal 5: Gender equality
- Goal 8: Decent work and economic growth
- Goal 9: Industry, innovation and infrastructure
- Goal 12: Responsible consumption and production
- Goal 13: Climate action
- Goal 15: Life on land

FOCUS AREA	KEY ISSUES	UN SUSTAINABLE DEVELOPMENT GOALS
1 Reducing the environmental impact of our products	<ul style="list-style-type: none"> • Develop circular products • Extend the life of products • High proportion of in-house production • Meet health, environment and safety requirements 	<ul style="list-style-type: none"> • Responsible consumption and production 
2 Reducing greenhouse gas emissions	<ul style="list-style-type: none"> • Reduce emissions throughout the value chain 	<ul style="list-style-type: none"> • Responsible consumption and production • Climate action  
3 Resource efficiency	<ul style="list-style-type: none"> • Make the best use of raw materials and resources • Energy and water consumption, materials and chemicals, waste 	<ul style="list-style-type: none"> • Sustainable industry, innovation and infrastructure • Responsible consumption and production  
4 Wood from sustainable forestry	<ul style="list-style-type: none"> • Ensure supplies of wood from certified, sustainability-labelled forestry • Use environmentally certified timber 	<ul style="list-style-type: none"> • Responsible consumption and production • Life on land  
5 Corporate social responsibility	<ul style="list-style-type: none"> • Promote good health and working conditions throughout the value chain and respect human rights • Maintain good business ethics and combat corruption 	<ul style="list-style-type: none"> • Good health and well-being • Gender equality • Decent work and economic growth   

See the description of key issues and how they are addressed under each focus area, pages 56–63.

Management of the Group’s sustainability work

Svedbergs Group’s sustainability work is based on laws and ordinances, Agenda 2030, the UN Global Compact, the Group’s Code of Conduct and other policy documents. They determine how the organisation should conduct its operations in an ethically, socially and environmentally sustainable manner.

Svedbergs Group’s sustainability efforts are governed by the Board, which sets overall targets and monitors them on an ongoing basis. Responsibility for operational implementation lies with Group management.

Svedbergs Group manages and sets targets for its operations in line with the UN Sustainable Development Goals and the Paris Agreement. The Group joined the UN Global Compact in 2019 and works with the areas and 10 principles set by the UN. The Svedbergs segment is a member of the trade and employer organisation the Swedish Federation of Wood and Furniture Industry, which has set out a clear direction for the entire industry’s sustainability efforts.

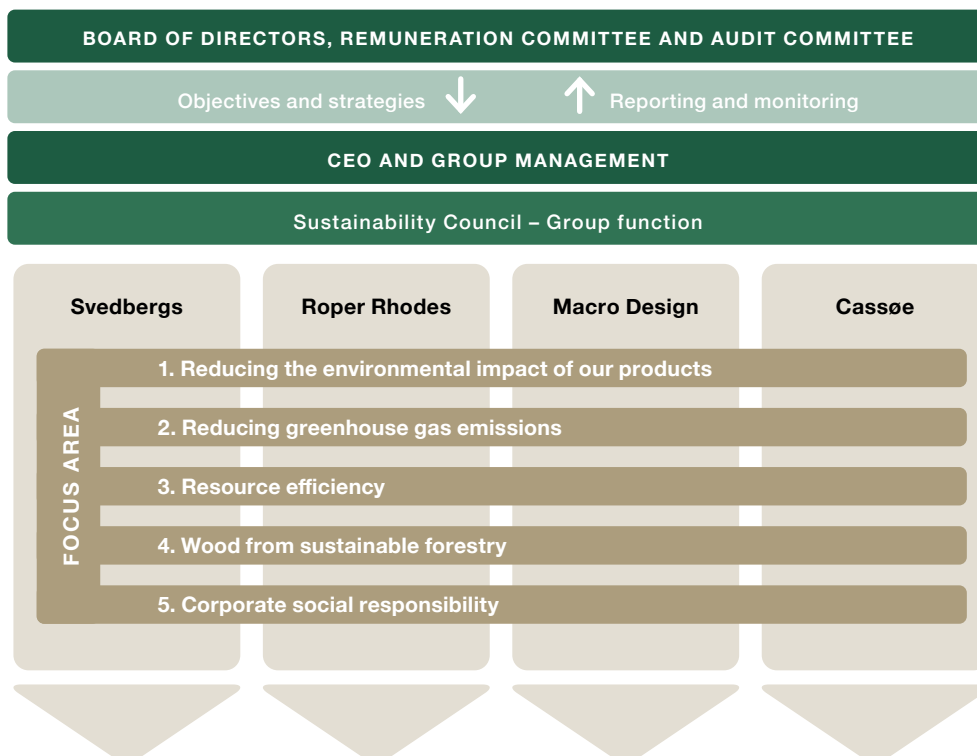
Sustainability Council

To increase coordination and focus, a Sustainability Manager was appointed at Group level in 2022. The Sustaina-

bility Manager convenes a newly established Sustainability Council, with a responsible representative from each segment. The representatives have the task of integrating sustainable practices in their respective segments. Experience and good practice are also shared in the Council.

Training

The management teams of the Group’s companies and salaried employees in the Svedbergs segment have had training in sustainability. Sustainability training will continue to be rolled out to all employees in the Group in 2023. New employees, newly acquired companies and new partners receive an introduction to Svedbergs Group’s Code of Conduct, focus areas and targets as part of the Group’s on-boarding process.



Management tools

The Code of Conduct is the overall policy document for the Group's sustainability work and is applied to all employees, suppliers and partners. The Code governs how everyone who works for Svedbergs Group is expected to act in relation to human rights, working conditions, health and safety, the environment and business ethics. The Code of Conduct is adopted annually by the Board of Directors. Compliance is evaluated and discussed in the different management teams. A number of policy documents complement the Code of Conduct in areas such as health and safety, gender equality and diversity.

A whistleblower function for all employees is available on the Group's intranet and website. Any cases are handled anonymously and go directly to a partner for further processing. The intranet also provides information on how personal data is processed.

Managers in the Group are obliged to ensure that employees are familiar with and work in accordance with policies and know that they can use the whistleblower service. Further management tools are the reduction

Policy	Owner
Code of Conduct	Board of Directors
Whistleblowing	Group management
Finance policy	Board of Directors
IT policy	Board of Directors
GDPR	Board of Directors
Work environment	Group management
Victimisation	Group management
Equality	Group management
Discrimination	Group management
Fire protection	Group management
Rehabilitation	Group management
Crisis management	Group management
Alcohol and drugs	Group management
Remuneration policy	Board of Directors

plans with targets for each company that have been prepared based on the analysis of greenhouse gas emissions carried out in 2022.

The Svedbergs segment's operations are certified in compliance with ISO 9001 and ISO 14001 and the sustainability work is integrated in all processes that govern operations.

System support

A new intranet was launched in March 2022 and it is accessible to all employees in the Group. The latest versions of the Group's policy documents are available there. The intranet and the Group's website have a link to the Group's whistleblower service and information on the processing of personal data to guarantee the anonymity of the whistleblower.

As part of the preparations for the upcoming EU legislation under the recently adopted Corporate Sustainability Reporting Directive (CSRD), an agreement was signed in November with a provider of a cloud-based application for storing and monitoring sustainability data. The application will be used for reporting sustainability data and planning improvement measures. The tool is expected to support the analysis of where the main sustainability risks lie and then to facilitate the setting of clear targets on climate, resource use and social issues. The tool already supports the Global Reporting Initiative (GRI) and the EU taxonomy. The new ESRS standard and CSRD reporting are being reviewed for consolidation in the future.

Monitoring

In 2023, sustainability indicators will be monitored on a quarterly basis, where possible.

Reduction plans have been developed for the reduction of greenhouse gas emissions for all subsidiaries based on an analysis of greenhouse gas emissions according to Scope 3 of the GHG Protocol. Based on the reduction plans, climate audits will be carried out to ensure that reductions are actually taking place. Read more about the mapping of greenhouse gas emissions under focus area 2 'Reducing greenhouse gas emissions'.

Code of Conduct – ethical guidelines for Svedbergs Group

- The Group's sustainability work is governed by a **Code of Conduct** aimed at all employees and suppliers.
- The **Code of Conduct** is based on the ten principles of the UN Global Compact, covering human rights, labour rights, the environment and anti-corruption.
- The **Code of Conduct** governs how everyone working for Svedbergs Group is expected to act in these areas. Svedbergs Group is a signatory of the UN Global Compact and the Group makes an annual report on its sustainability work to the UN.

Roadmap 2022–2025

Svedbergs Group's sustainability vision is to be one of the most sustainable bathroom furniture and fittings Groups in the markets in which the Group operates. To approach this vision, resources have been allocated and several steps were taken in 2022. Further steps need to be taken in the next few years to increase transparency and compliance with future laws and regulations.

In 2022, the EU approved a new Corporate Sustainability Reporting Directive, CSRD, which will apply to

Svedbergs Group. The Directive is accompanied by a new reporting standard, ESRS. Below is an outline of the various steps that will be taken to ensure reporting complies with CSRD and ESRS when they enter into force.

There are several business benefits to complying with the new EU regulations, such as increased transparency and comparability that can promote more efficient resource management and result in lower costs.

2022

- ▶ Evaluation of Svedbergs Group's sustainability strategy.
- ▶ First analysis of the new CSRD requirements and preparatory planning for the ESRS standard.
- ▶ Choice of sustainability platform to simplify data collection and ensure robust practices.
- ▶ Appointment of a Sustainability Manager to coordinate sustainability efforts.

2023

- ▶ Establish standardised procedures in all segments.
- ▶ Start implementing the ESRS standard.
- ▶ Review stakeholder dialogue and risk and materiality analysis with a focus on dual materiality.
- ▶ Implement the necessary changes relating to focus areas and prepare for the assigned KPIs.
- ▶ Prepare for the review of the sustainability report for 2023.

2024

- ▶ Finalise data collection procedures.
- ▶ Finish implementing the ESRS standard.
- ▶ Ensure that the sustainability report for 2024 passes a review.

Whistleblowing

Svedbergs Group uses a cloud service to receive and manage whistleblowing cases such as suspected corruption, human rights violations or other abuses.

The service collects reports and guarantees the anonymity of the whistleblower. The service is linked to the case management system for monitoring in the organisation. One case was received in 2022.

FOCUS AREA 1

Reducing the environmental impact of our products



Reducing the environmental impact of products from Svedbergs Group is in line with goal 12 of the UN Sustainable Development Goals – Responsible consumption and production.

Sustainability goals

Svedbergs Group aims to find solutions that extend the life of its products in the design stage and throughout production.

Design principles

Svedbergs Group integrates circular design principles in product development. Products should be developed from the design stage to be easily reused or recycled. The mapping of greenhouse gas emissions carried out shows that the single largest emission factor is purchased goods, followed by the use of products by customers. As a result, Svedbergs Group is now applying greater focus to developing circular products with an extended life, designed to reduce waste. Other important principles in product development include reducing the amount of material used in manufacturing, reducing the use of plastics, and developing water-efficient products.

High proportion of in-house production

A high proportion of in-house production has several advantages. It affords better control over working conditions, the production environment and transport, and consequently also better control over environmental impact. Svedbergs Group produced approximately 33 percent of its products in-house in 2022. The aim is to eventually increase the proportion of in-house production.

Eco-labelling

Svedbergs Group regularly reviews existing eco-labels of its products and adapts processes to meet the relevant certification requirements for the Group's markets. Products must meet the EU's basic health, environmental and safety requirements. Parts of the range are eco-labelled and the ambition is to increase this proportion and ensure that eco-labelling is carried out according to EU and other regional rules.

The EU legislation for the 'Ecodesign for Sustainable Products (ESPR)' product passport is expected to be expanded in the future. This means that products included must meet certain minimum energy efficiency requirements and are labelled with a code that provides information about the products. Svedbergs Group is monitoring the development of this legislation.

Operations that require authorisation and notification

Svedbergs Group carries out certain operations that are subject to authorisation and notification under Swedish law. This authorisation relates to finishing wood and coating metal. The obligation to notify authorities concerns the plant for recycling solvents used in the company's own operations, machining metals with cutting fluids, process oils and hydraulic oils and machine tools, and the plant for initial cleaning of materials with alkaline degreasing agents.

Main control methods in the focus area

- Code of Conduct
- Checklists for circular design principles
- Eco-labelling – SundaHus, Byggvarubedömningen, Svanens Husproduktion.
- Operations subject to authorisation
- ISO 14001 (Svedbergs)

Emissions of CO₂ from products purchased

(tonnes of CO ₂ e)	2022*	2021
Emissions from goods purchased	N/A	36,394.1

Emissions of CO₂ from use of products sold

(tonnes of CO ₂ e)	2022*	2021
Emissions from goods sold	N/A	10,028.4

* Measurement of the results for 2022 will take place in 2023. The results are published on the Group's website.

FOCUS AREA 2

Reducing greenhouse gas emissions



Svedbergs Group is working to reduce greenhouse gas emissions from its operations. This work helps achieve UN Sustainable Development Goals 12 – Responsible consumption and production, and 13 – Climate action.

Sustainability goals

Svedbergs Group will reduce carbon dioxide emissions according to GHG Scopes 1–3 by 50 percent by 2030 compared to 2021. The largest emissions in the value chain come from goods purchased, the use of products by customers and transport.

Mapping greenhouse gas emissions in the value chain

The Group's direct and indirect impact on greenhouse gas emissions was mapped in 2022 according to the global Greenhouse Gas Protocol (GHG) standard.

The analysis shows that 98 percent of Svedbergs Group's climate impact in 2021 came from Scope 3, i.e. the impact that arises in the supply and customer stages of the value chain, outside direct own operations. Goods purchased are by far the area with the greatest impact. The use of sold products and the transport of goods and products also have a significant climate impact.

The mapping has generated new insights and the results are used as a basis for decision-making to prioritise measures to reduce greenhouse gas emissions. New targets and reduction plans have been developed for each company in the Group based on the analysis.

Emissions from goods purchased and use of sold products

Principles for reducing greenhouse gas emissions are now being incorporated in the design phase of products. More long-term development is needed to offer circular products that have a longer life and are easier to reuse or recycle, and of which the materials and raw materials are produced in a sustainable manner.

To create clarity about what is required to reduce climate impact, Svedbergs Group has set itself the goal of preparing a number of EPDs (Environmental Product Declarations) for different product groups in 2023.

Continued measures to have an impact in the shorter term are important, for example activities to reduce emissions from transport and energy efficiency in production.

Reducing emissions from transport

Svedbergs Group prioritises suppliers with sustainable transport solutions and makes clear requirements for an environmental profile and reporting of outcomes.

In 2022, the subsidiary Svedbergs chose 100 percent biofuel for its container transport by ship from Turkey to Sweden. This led to a reduction in emissions of 115 tonnes of CO₂ equivalents in 2022. Transport from Portugal

Main control methods in the focus area

- Code of Conduct
- Climate Audit as per the GHG Protocol
- Reduction plans for each company
- Supplier evaluations and audits
- Rules on business travel and company cars

FOCUS AREA 2

to Sweden was changed from road to sea, reducing emissions by approximately 20 tonnes of CO₂ equivalents.

In the UK, Roper Rhodes invested in a fully electric vehicle that delivers products to customers in the Bath and Bristol area.

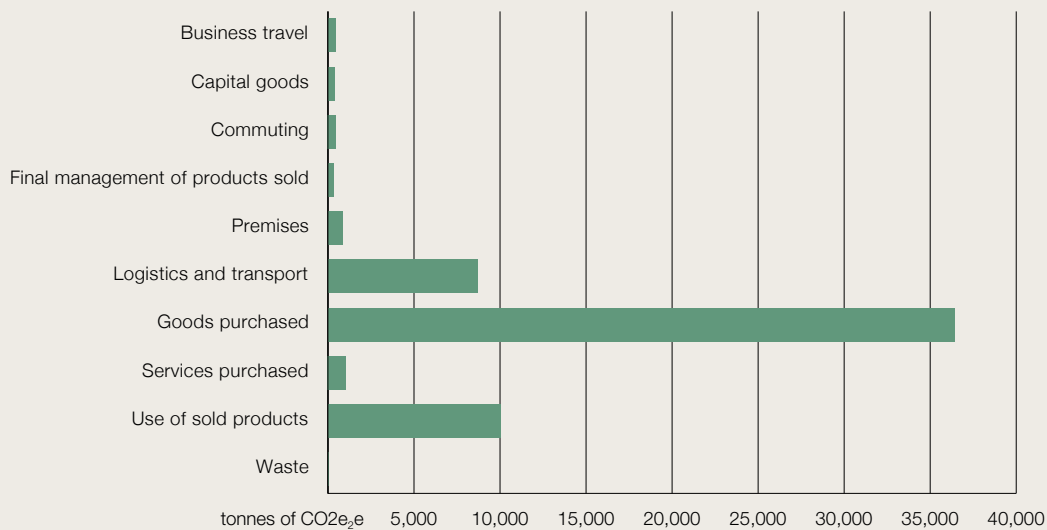
Other measures to reduce emissions include increased capacity utilisation in transport, reduced packaging and coordinated shipping to the Group’s companies from suppliers.

The Group’s Sourcing Council analyses opportunities for increased collaboration between subsidiaries on suppliers of products, materials and transport.

Impact of business travel

The Group’s travel policy includes guidelines that must be followed by all employees when travelling on business. Environmentally friendly travel options are prioritised and digital meeting solutions are encouraged. The company car policy makes it more favourable for employees to choose an electric car or a plug-in hybrid, and charging points are available outside the Group’s premises.

Climate impact by category, tonnes of CO₂e

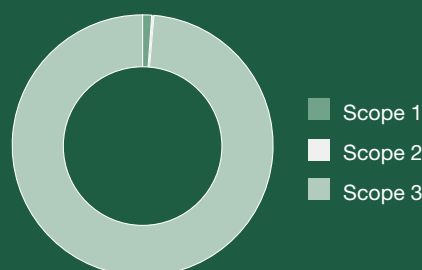


The largest share of greenhouse gas emissions comes from the category ‘Goods purchased’, mainly metal, porcelain and plastic, and the category ‘Use of sold products’, in which heated towel rails and lighting in mirrors and cabinets have the greatest impact.

Total emissions of CO₂ per scope*

(tonnes of CO ₂ e)	2021
Scope 1	697.5
Scope 2	255.0
Scope 3	57,695.2
Total	58,647.7

* Measurement of the results for 2022 will take place in 2023. The results are published on the Group’s website.



FOCUS AREA 3

Resource efficiency



By using resources efficiently, Svedbergs Group helps achieve UN Sustainable Development Goals 9 – Industry, innovation and infrastructure, and 12 – Responsible consumption and production.

Sustainability goals

One of Svedbergs Group’s goals is for all energy consumption in the Group to come from renewable sources by 2030. Another goal is to reduce the volume of waste by 35 percent by 2030 compared to 2021. The efficient use of resources such as energy, water, raw materials and chemicals is a high priority. In addition to environmental benefits, there are also economic benefits from a resource-efficient approach.

Energy consumption

The Swedish operations have been using only renewable energy since 2019. The production facility in Dalstorp is heated with district heating generated from residual bark and dry chippings from a local sawmill. The production facility in Laholm is heated with biogas. Several energy efficiency measures have been implemented in the factories, such as the replacement of windows.

The distribution centre outside Bristol, UK, will be completely self-sufficient in electricity and energy from a recently installed solar energy system on the roof of the premises. The energy produced is enough to power the premises and charge electric cars, and surplus energy can be sold to the National Grid. The Bath offices have also had solar panels installed for some years, making a significant contribution to their energy supply.

Waste

The Group’s waste consists mainly of wood waste from production and packaging material from the transport of products from suppliers and to customers.

The ambition is to reduce the proportion of combustible waste by, for example, increasing the proportion of materials that can be reused or recycled. All materials and waste that can be recycled are separated.

Materials and chemicals

Svedbergs Group evaluates the choice of raw materials to be included in products right from the design phase. The choices made are central to quality, safety and sustainability. The Group is constantly looking for new and better alternatives. Internal documentation is available on substances that must be avoided. The Group complies with the EU’s Chemicals Regulation REACH.

The health and safety policy governs the handling of hazardous substances and chemicals in production.

New chemicals and products are inspected before they are used in production. Checks are also carried out regularly to ensure constant quality and that no harmful, unauthorised or unnecessary substances are used.

Main control methods in the focus area

- Code of Conduct
- EU Chemicals Regulation – REACH

Energy consumption (GWh)	2022	2021
	7,242	8,366
Share of renewable energy (%)	2022	2021
	86.4	87.7
Waste (tonnes)	2022	2021
	1,373	1,289

Solar panels on the roof in Bristol

Solar panels on the warehouse – a good case gets even better. The new solar panel installation at the Roper Rhodes distribution centre in Bristol increases access to clean energy and the return on the investment is higher than expected.

Solar panels are now installed on the 20,000 square metre roof of the Roper Rhodes distribution centre in Bristol. The decision to install them was made in early 2022, the installation went to plan and the plant has been supplying energy since the end of the year. The entire distribution centre will be self-sufficient in clean energy and the plant will help meet the UK's need for increased renewable energy production.

At the time of the decision, the cost-benefit analysis showed a payback period of eight years for a 25-year life. With the current high electricity prices, the payback period has been shortened.

The Roper Rhodes fleet of company cars for the national sales team is fully electric and charging points have been installed at both the Bristol and Bath sites.

The company has also added a fully electric vehicle to its transport fleet. The vehicle, a 3.5 tonne van, delivers products to customers in the Bath and Bristol area.

The energy output of the solar panel system is expected to meet the needs of the distribution centre and the charging of electric cars, and surplus power will be sold to the National Grid.

“The UK may not seem the most obvious choice for solar panels, but the system we are using will generate 600 kWh during daylight hours, providing not only enough for our own consumption but also extra electricity to give back to the National Grid,”

says Will Steele, Operations Director at Roper Rhodes.



FOCUS AREA 4

Wood from sustainable forestry



Svedbergs Group uses wood certified according to sustainable forestry standards. This promotes UN Sustainable Development Goals 12 – Responsible consumption and production, and 15 – Life on land.

Sustainability goals

Svedbergs Group aims for all the wood used to be certified according to sustainable forestry standards. When forests are managed sustainably they can provide more raw material, important ecosystems are protected and carbon sinks are preserved to a greater extent.

Sustainable forestry

Deforestation affects the climate by reducing carbon sequestration and increasing the risk of biodiversity loss. Voluntary forest certification is one of several important tools that promotes sustainable forestry around the world and protects forest animals and plants. By using wood from sustainable forestry operations, natural habitats and biodiversity are promoted. This also helps to reduce global warming by reducing greenhouse gas emissions.

Environmentally certified wood

The certification of forestry and labelling of forest products proves that the products the Group produces and sells come from forests that are managed sustainably.

Svedbergs Group has suppliers of wood and wood products that operate in Europe. All of these suppliers are evaluated, and are required to meet the Group’s requirements for sustainable forestry and to use only wood from certified sources. Suppliers must be environmentally certified to be approved by Svedbergs Group. To verify that the wood content comes from certified forests, it must be traceable throughout the production chain. This guarantees that the labelling delivers what it promises.

Main control methods in the focus area

- Code of Conduct
- Verification of environmentally certified producers

Procurement of wood certified according to sustainable forestry standards

(%)	2022	2021
Procurement of wood certified according to sustainable forestry standards ¹	100	100

¹Data has been retrieved for 2022 via invoice stamps as per the standard. For 2021, the proportion of environmentally certified wood was measured as purchases of environmentally certified raw material

FOCUS AREA 5

Corporate social responsibility



Svedbergs Group strives to operate responsibly, helping achieve UN Sustainable Development Goals 3 – Good health and well-being, 5 – Gender equality, and 8 – Decent work and economic growth.

Sustainability goals

Svedbergs Group's goal is to run a business that promotes good health and good working conditions throughout the value chain. The Group sets high standards of responsibility for its own operations and for suppliers and other partners. Respecting human rights and ensuring that workplaces are safe and contribute to well-being is a high priority. The focus area has two measurable goals: healthy attendance in relation to total scheduled time should exceed 96.5 percent by 2030, and physical audits should be carried out at 20 percent of all Svedbergs Group's suppliers every year.

Respect for human rights

Svedbergs Group places great emphasis on ensuring that human rights are respected throughout its own operations and the operations of the Group's suppliers. The Group's Code of Conduct is the guiding principle. It is based on the key principles of the UN Global Compact and governs areas including human rights, environmental and labour conditions and business ethics.

The Group rejects all forms of forced labour, child labour and unsafe or unfair working conditions. To identify and manage risks relating to human rights, the environment and corruption, Svedbergs Group conducts annual risk analyses and evaluations in the supply chain. See page 63.

Good working conditions

Employees are essential for the profitability and development of the business. Svedbergs Group strives for a working environment that enables both employees and the organisation to develop. Clear goals, visions and values are essential to build a culture of inclusion.

Skills development and the training of employees is an important area. Internal training is provided regularly in various areas. Employee reviews are held annually with all employees.

Diversity and gender equality strengthen the corporate culture. Svedbergs Group is committed to promoting equality for everyone, regardless of gender, age, ethnicity or sexual orientation. This is reflected in the Group's day-to-day operations and during recruitment. All employees should have equal conditions of employment, promotion and pay.

The Swedish companies in the Group are members of the Confederation of Swedish Enterprise and have signed collective agreements for all employees. In other subsidiaries, standard practice in each country is followed.

Health and safety

The health and safety of employees are top priority. All Group companies carry out systematic health and safety work, based on the health and safety policy, to offer a safe, attractive workplace. Any workplace accidents and incidents are reported and analysed so that measures can be taken to prevent similar events from happening again. Employees receive regular health and safety training and strong emphasis is placed on maintaining a high level of safety in production.

The Swedish companies offer wellness allowances and occupational health care. Sickness absence is monitored with the occupational health service.

Employee surveys

Employee surveys are carried out annually to gauge how employees feel about their own situation.

FOCUS AREA 5

Good business ethics and anti-corruption

Svedbergs Group does not tolerate any form of corruption, bribery, extortion or money laundering, and distances itself from any illegal restriction of competition, whether it involves employees, customers, suppliers or individuals working for or on behalf of the Group. An important tool in this work is the Group's Code of Conduct, which must be accepted by both employees and suppliers.

If there is suspicion of irregularities such as bribery, conflicts of interest, insider trading, environmental crimes or safety defects, employees, customers and suppliers are all encouraged to report this. The Group's whistleblower function, which guarantees anonymity and in which incoming cases are handled by an external party, is available to report concerns. Guidelines and information on the processing of personal data are published on the website.

Board members and those in senior positions in the Group receive training in stock exchange rules, including insider trading and conflicts of interest. People with temporary insider information are documented and registered in an event-driven insider register.

Responsible supply chain

Svedbergs Group attaches great importance to establishing good relationships with suppliers and ensuring control

and responsibility throughout the supply chain in the areas of the environment, social conditions and corruption.

The Code of Conduct has been signed by all strategic suppliers. In 2023, the Group will require all suppliers to sign it. This work is organised by the Sourcing Council in Svedbergs Group.

Before an agreement is signed with a new supplier, a risk assessment and evaluation are carried out to check the supplier's ability to ensure reliable deliveries of high-quality, affordable products as well as their ability to meet requirements for social and environmental responsibility. The Swedish Group companies conduct risk assessments with the support of amfori BSCI, a global business initiative that promotes responsible supply chains.

To ensure that high standards are maintained and that the Code of Conduct is complied with, the Group conducts regular risk assessments and dialogues with strategic suppliers. Based on the assessments, either in-house audits or external third-party audits of selected suppliers are carried out. In addition, a strategic supplier assessment is carried out once a year. In the event of any deviations and deficiencies, a list of measures is drawn up and the Group works with the supplier to remedy the deficiencies. In case of repeated deficiencies, partnerships and agreements are terminated.

Main control methods in the focus area

- Code of Conduct
- Personal data policy
- Whistleblower service
- Follow-up and development meetings
- Employee surveys

Healthy presence, %

	2022	2021
Healthy presence in relation to total scheduled time	97.0	96.8

Supplier audits, %

	2022	2021
% of strategic suppliers audited	7.0	5.0

Absence due to accidents, %

	2022	2021
Accidents that resulted in more than eight hours of absence per 200,000 hours worked	1.72	0.54 ¹⁾

¹⁾ In 2021, Roper Rhodes was not included in the results.

Taxonomy Regulation

Non-financial public interest entities with more than 500 employees are expected to comply in full with the Taxonomy Regulation for 2022 reporting. So far, the technical screening criteria have only been defined for the environmental objectives 'Climate change mitigation' and 'Climate change adaptation'.

For non-financial entities, the Regulation also introduces partial disclosure requirements for the 2021 financial year. Entities with activities listed in the Regulation must report the extent to which their economic activities are environmentally sustainable based on the KPIs of turnover, capital expenditure (capex) and operating expenditure (opex).

Svedbergs Group is considered to be a public interest entity and our economic activities are listed in the taxonomy. As we do not meet the criterion of having over 500 employees, the company is not covered by NFRD1 (and the future CSRD2) and therefore does not need to report under Article 8 of the Taxonomy Regulation. Therefore, we will not have to report partial disclosures under the Regulation.

Although Svedbergs Group is not formally subject to the above-mentioned directives and the Taxonomy Regulation, we continue to keep ourselves updated on the development of the directives and regulations.

Auditor's report on the statutory sustainability report

To the Annual General Meeting of Svedbergs i Dalstorp AB (publ.), corporate identity number 556052-4984.

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for the financial year 2022 on pages 15 and 44–65 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 *The auditor's opinion regarding the statutory sustainability report*. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, 6 April 2023
Deloitte AB

Maria Ekelund
Authorised Public Accountant

