

ESG Q&A

The industry's three biggest sustainability-related challenges according to Storskogen are:

1. Corporate governance
2. Climate change
3. Diversity and inclusion, gender equality (SDG 5.5)

How does Storskogen compare to industry peers on sustainability initiatives?

We are a young company in comparison with our peers. We recently started to structure our ESG efforts on a group level with the new hiring of a Head of Sustainability. Our peer review conducted in February indicates that we will be on par with peers within a year.

Is Storskogen a signatory of the UN Global Compact or Science Based Targets, and does it report to the CDP or engage in any other relevant sustainability initiatives?

We have decided to become a UNGC signatory this year. We have already aligned our policy framework with the ten principles.

We performed our first climate accounting for Scope 1+2 (1-3 for head

office) in 2020 and will decide on a Paris-aligned goal and an initiative to join this year, most likely SBTi.

Environment

Storskogen's climate-related opportunities are:

1. Acquire Taxonomy-aligned companies.
2. Contribute to solutions for both climate mitigation and adaptation.
3. Gain a first-mover advantage.

Storskogen's three primary risks related to climate change are:

1. Our primary climate risk is transition market risk, i.e. a shift in demand for certain products or services our companies offer.
2. Another relevant risk is transition risk, such as policy or legal risks for companies not transitioning fast enough.
3. If they fail to make the necessary transition, companies may also face reputational risks.

Storskogen's climate-related investments are:



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We have made a wide variety of climate-related investments on a company level.

One example is one of our companies that produces body cabinets for trucks. It invested in developing a lightweight product to enable its clients to lower their emissions. This allowed the company to gain a first-mover advantage and it was the only eligible supplier for a period.

Storskogen's aggregated climate-related investments will be investigated and disclosed in accordance with the Taxonomy Regulation from 2022.

Does Storskogen rely on any scarce resources for its operations? What efforts are made to mitigate the risk of those resources becoming even more scarce in the future?

No, not as a group, as we have a diversified exposure consisting of many companies. Individual companies may be dependent on an important resource or input product, and if they are, they must treat this as a material aspect that they follow up and act on when necessary.

Transition-related risks: Does Storskogen anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the company's offering being negatively affected? If so, is it well positioned to handle that risk?

Opportunities: We see opportunities to acquire companies that offer, or have the potential to offer, products and services that contribute to climate change mitigation or adaptation, both through their own performance and as enablers. For our companies, we see opportunities in positioning, if they transition to a low-carbon economy faster than the rest of their industry.

Risks: Storskogen consists of many different companies with different material aspects and risks. The companies that are significantly exposed to transition-related risks are of course those with the highest negative impact on the climate.

Our largest emitter of GHG (Scope 1) is a transport company in which GHG emissions are a material aspect. Its transition risks are policy risks, legal risks, market risks and reputational risks, which the company mitigates by actively working to transition towards



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a low-carbon economy, for example by replacing fossil fuel trucks with modern, fuel-efficient trucks which run on renewable fuel (HVO).

One of our largest energy consumers (Scope 2) is a foundry, whose energy consumption is a material aspect. It uses renewable energy and has low GHG emissions as a result. However, a transition risk, as for all energy-intensive industries, is access to energy. We continuously mitigate this risk by investing in technologies and heating systems, etc. As a result, the foundry has lowered its energy consumption by 25% compared to previous years.

At an aggregated group level, transition risk is not material, because we have a wide range of companies with a wide range of offerings, and most of the companies are not in sectors that are highly exposed to this risk.

Please list Storskogen's primary means of making a positive environmental impact or minimising the negative environmental impact. How are they tracked and communicated?

1. We have started to measure our GHG emissions using 2020

as a baseline year and will take tailored measures on the company level to reduce emissions and be Paris aligned. We will follow up on the results yearly and include them in our annual report.

2. Many of our industrial companies source renewable energy (57%), and this share will increase as we implement measures to reduce emissions. We will follow up on this yearly and provide an update in our annual report.
3. We require all our industrial companies, and other companies where environmental aspects are material, to obtain ISO 14001 certification (40% today). We will follow up on this yearly and provide an update in our annual report.

Social

Does Storskogen have a history of accidents? If so, how have these been managed? Are there any preventive measures in place, such as policies?

No, we do not have a history of accidents. Last year we reported a total of seven accidents to Sweden's



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Arbetsmiljöverket. All accidents are followed up on in order to minimise the risk of future accidents. Where material, we encourage ISO 45001 certification. A first pilot was conducted in one of our companies during 2020.

Does Storskogen conduct any community engagement activities aside from those directly connected to the business?

One of the material aspects we have identified when performing materiality analysis and stakeholder dialogue, and that we have chosen to engage with, is a thriving community.

Storskogen often acquires entrepreneurial companies, large parts of whose operations are in smaller locations. These companies are thus important local employers and partners. Storskogen sees great value in protecting history, entrepreneurship, and local knowhow.

Many of our companies sponsor various activities in their communities (primarily local sports teams).

Circular economy: How are purchases and waste managed?

For our companies with ISO 14001 certification (40%), these aspects are managed if found material.

Starting next year, when the transition to a circular economy, waste prevention and recycling are included in the Taxonomy, we will look into the circular economy in a structured way at the group level.

Are there any goals, policies or codes of conduct applicable to Storskogen's suppliers? How often does Storskogen conduct audits of its suppliers?

Today, our suppliers are included in the scope of our CoC (on the group level; some companies have separate codes), but we are developing a Supplier Code of Conduct as a first step this year, and next year we will establish a structured responsible supply chain programme.

Governance

Do all staff members receive continuing education on anti-corruption? Is there an external whistleblower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct?

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Have any preventive measures been taken?

Last year, we launched our AC policy and we are planning training sessions for head-office and relevant employees at all of our companies (management, procurement, and sales).

Yes, we have an external provider, WhistleB. Reporting can be done by both internal and external parties and anonymously via a link to WhistleB from our website.

We had an incident of unethical business conduct at a company we acquired recently. The company had serious deficiencies in its accounts and provided misleading information in connection with the acquisition. Storskogen has initiated an investigation and taken extensive measures, including a change of management.

Where is Storskogen's business tax residence?

Our tax residence is in Sweden, but we report on a country-by-country basis and pay tax in all countries in which we are present.

Are there independent members of the Board of Directors?

Yes, four out of six.

Please state if and to what extent Storskogen has transactions with related parties:

All material transactions with related parties are disclosed in our annual report.

Is the remuneration of the CEO and other members of the management team in line with that of industry peers? Which KPIs dictate the remuneration?

Storskogen has established remuneration guidelines that have been approved by the AGM. Remuneration of the CEO and other members of management consists of a fixed salary, which is market based and in line with that of relevant peers, standard benefits such as healthcare and insurance, as well as a pension. The CEO and other members of management are also eligible for participation in any long-term incentive programme (LTIP) that the company may decide to launch in the future (there are currently no programmes outstanding). The overall aim of the remuneration in

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Storskogen is to promote the company's business strategy, sustainability and long-term interests. Specific KPIs for any future LTIP will be developed with this aim in mind.

What is the split between men and women in Storskogen?

Board of Directors:

Storskogen group: 33% women (two women and four men). Business Units: 25% women.

Management:

Storskogen group: 17% women (one woman and five men).

All employees:

Storskogen total: 17% women (about 600 women and 3,000 men).

Storskogen head office: About 40% women.

Is the Head of Sustainability a member of the management team? If not, who does that person report to?

No, she reports to the Head of M&A.

Please state whether Storskogen has the following policies or agreements in place:

- Union agreement: Many of our companies have union agreements. For employees at

the head office, we do not have one, but we offer equal terms of employment for everyone.

- Code of Conduct: Yes
- Diversity policy: Diversity issues are to a large extent covered by our CoC, but we plan to introduce a specific policy sometime this year.
- Anti-corruption policy: Yes.