

ESG QUESTIONNAIRE

List the industry's three biggest sustainability-related challenges according to Storskogen and briefly describe the process for identifying these challenges:

1. Corporate Governance
2. Climate Change
3. Diversity and Inclusion, Gender Equality

The challenges are identified by Head of ESG and management in the annual risk workshop.

Does Storskogen have Science Based Targets, reports to the CDP or engages in any other relevant sustainability initiatives?

1. Science Based Targets: Yes
2. CDP: No

Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?

No, we will complete and report this in our Annual Report for 2021.

Environment

List Storskogen's three primary risks related to climate change and list, if any, Storskogen's climate-related opportunities:

Risks:

1. Our primary climate risk is transition market risk of 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 failing to make the transition necessary, companies may also face reputational risks.

Opportunities:

1. Contribute to solutions for both climate mitigation and adaptation.
2. First mover advantage.

Does Storskogen have climate-related investments?

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Yes, this will be disclosed in our taxonomy reporting within the KPI Capex.

Circular economy: How are purchases and waste managed?

For our companies with ISO14001 certification (40 % in 2020) these aspects are typically included.

Storskogen will, starting in 2022, as part of the taxonomy reporting, look into a transition to a circular economy, waste prevention and recycling in a structured way at Group level.

Does (the company) 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?

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 must, in that case, include this as a material aspect that they follow-up and act on when necessary.

Transition-related risks: Does (the company) anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively effected? If yes, is (the company) well positioned to handle that risk?

Opportunities: We see opportunities to acquire companies offering, or has the potential to offer, products and services that contribute to climate change mitigation or adaptation, both on 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 who are significantly exposed to transition related risks are of course the companies with the highest negative impact on the climate.

Our largest emitter of GHG (scope 1) is a transport company who has GHG emissions as a material

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aspect. Transitional risks are policy risks, legal risks, market risks and reputational risks, which the company mitigates by actively working to transition into a low carbon economy. An example is by replacing fossil fuels with renewable fuel such as HVO.

One of our largest energy consumers (scope 2) is Storebrogjuteriet, a foundry that has energy consumption as material aspect. It uses renewable energy and has a lower GHG emissions as a result. However, a transitional risk, as for all energy intensive industries, is access to energy. We are continuously mitigating this risk by investing in technologies and heating-systems etc. As a result, Storebrogjuteriet has lowered its energy consumption with 25%, compared to previous years.

At an aggregated Group level, transitional risk is not material given that we own a wide range of companies with extensive offerings and most of the companies are not in sectors that are highly exposed.

Disclose Scope 1, 2 & 3 GHG emissions. If not available, do you have a time plan for when to start reporting?

Data for 2020.

Scope 1: 13,868 tCO₂e

Scope 2: 6,255 tCO₂e

Scope 3: 4,642 tCO₂e

Scope 3 includes energy and fuel-related emissions not included in scope 1 and scope 2 for ALL subsidiaries and Storskogen's Head Office. The additional categories: Business travel, employees' own vehicles used for work, paper and printed matter and purchases of IT products was only reported by Storskogen's Head office in 2020 but will be reported by all subsidiaries as well for 2021.

Have you set a target to become climate neutral? If so, how have you defined carbon neutrality?

We have set a science-based target of cutting emissions by 50% from 2020 to 2030, aligned with The Paris Agreement. To reflect our business model, our target measure will be presented as

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tCO₂e/MSEK. We will start compensating for the rest of our emissions starting by 2030, making us climate neutral in scope 1 and 2. From 2045, we will include Scope 3 and try to eliminate emissions as far as possible.

List Storskogen's primary means of making a positive environmental impact or minimising negative environmental impact. List the corresponding UN SDGs. What proportion of sales can be directly linked to selected UN SDGs?

Storskogen's prioritised Global Goal for this area is – 13 Climate Action

Direct impact:

As an owner, Storskogen has a positive impact on target 12.6, mainly by providing the subsidiaries with support and tools to develop their sustainability work. Storskogen takes consideration of ESG factors in the valuation of companies and potential acquisitions, which means that sustainability work affects value. Storskogen's climate target contribute to increased knowledge and capacity to deal

with climate change, which is a clear contribution to target 13.3.

- Target 12.6 – Encourage companies to adopt sustainable practices and Sustainability Reporting.
- Target 13.3 – Build knowledge and capacity to meet climate change.

Indirect impact:

An action plan has been developed for the transition to renewable energy and efficiency in emission-intensive subsidiaries. All subsidiaries must follow our sustainability policy and Storskogen encouraged the subsidiaries to use the framework agreements on renewable electricity and energy that Storskogen has negotiated.

The subsidiaries' sustainability work benefits from reporting systems and tools for measuring CO₂ provided by Storskogen. All in all, this gives the subsidiaries insight into their impact on climate and environment, resulting in better conditions for more efficient use of natural resources. These factors indirectly affect target 12.2

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and encourage aspects of growing importance such as sustainable use of material and protection of biodiversity.

Target 12.2 – Sustainable management and use of natural resources

Overall connection to the Global Goals for the area of minimized environmental impact:

- Global Goal 12 – Responsible consumption and production
- Global Goal 13 – Climate Action

We do not measure proportion of sales in relation to the SDGs.

Social

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

In 2020 we reported a total of 7 accidents to *Arbetsmiljöverket*, The Swedish Work Environment Authority. All accidents are followed up in order to minimize the risk for future accidents. Where accidents are material, we will

encourage certification according to ISO 45001.

If applicable, state Storskogen's targets for gender and cultural equality and indicate the relevant split of men/women at every level of the firm, particularly the Board of Directors and management team.

Storskogen is working actively with increasing gender equality and several actions was initiated during 2021; reviewing recruitment- and promotion processes and training of managers. A long-term initiative has been initiated in order to increase the number of women among the CEOs of the portfolio companies.

Board of directors:

Storskogen Group: 40% women (2 women and 3 men). Portfolio companies: 25% women

Management:

Storskogen Group: 12% women (1 woman and 7 men)

CEO Portfolio companies: 3% women

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All employees:

Storskogen total: 17% women,
Storskogen head-office: 48%
women

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

One of our material aspects we identified when performing the materiality analysis and stakeholder dialogue, that we chose to engage on, was a thriving community.

Storskogen often acquires entrepreneurial companies with a large part of the operations in smaller rural locations. The companies are typically an important local employer and partner. Storskogen sees great value in protecting history, entrepreneurship, and local know-how.

Many of our companies are sponsoring different activities in their communities (primary local sports teams).

We will report on the amounts of donations and sponsorships in the annual report for 2021.

How often does Storskogen conduct audits of its suppliers?

How often do you discover incidents not compliant with your code of conduct?

Today, some of our portfolio companies conducts audits and some do not. Responsible supply chain will be the theme of 2022. We will develop a Group-wide Supplier programme.

We had 12 reported whistle-blower cases during 2021 but none are classified as a legal whistle-blower case. Most of the cases reported are related to human resources (HR) and work environment.

Governance

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower 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?

We launched our Anti Corruption policy in 2020 and are planning for a training session for the head office and relevant employees at all of our companies (management, procurement, and sales department).

Yes, we have an external provider WhistleB. Reporting can be done for 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 their accounts and provided misleading information in connection with the acquisition. Storskogen has made an investigation into the matter and has taken extensive measures, including a change of management.

Storskogen's business tax residence:

Sweden, but we adopt a country-by-country reporting and pay tax in all countries where we have a presence.

Are there independent members of the Board of Directors?

Yes, 4/5

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

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

Which KPIs dictate the remuneration to management (are sustainability and diversity goals included)?

Storskogen has remuneration guidelines that are approved by the AGM. Remuneration to the CEO and other members of management comprise market-based fixed salary in line with relevant peers, standard benefits such as healthcare and insurance as well as pension. CEO and management are also eligible for participation in our long-term incentive program (LTIP). The

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overall aim of remuneration in Storskogen is to promote the company's business strategy, sustainability, and long-term interests. Today, no specific sustainability related KPI is included but will be evaluated during the next couple of years.

Describe Storskogen's process for monitoring and reporting ESG issues and performance to senior management/the Board. Confirm what KPIs are monitored (if any) and how frequently reporting is undertaken.

Storskogen includes ESG aspects in the yearly risk workshop and internal control measures. Reporting is done when needed.

Have you signed a Union agreement:

Many of our companies have union agreements. For employees at head office, we do not have one, but offer equal terms of employment.