

Sustainability report

Through our local presence and energy-efficient technical solutions, our ambition is to contribute every day to a sustainable world.

The green transition is key to Instalco's business model of carrying out installations for a sustainable world for the next generation. For us, sustainability also means running operations responsibly and taking a holistic approach to economic, environmental and social factors. Through our local presence and energy-efficient technical solutions, our ambition is to contribute every day to a sustainable world. Providing safe, sustainable installations and having a safe, stimulating working environment are high priorities for us. We work with customers and colleagues on a daily basis to generate benefits for society.

Every day, we design and install electrical, heating, plumbing and ventilation solutions in properties, industries and facilities throughout the Nordic region. Our climate-smart installations ensure lower energy and resource consumption to help future-proof society. We want to use our expertise and operations to help create a sustainable society. Our projects help to keep schools, preschools, hospitals, elderly care facilities and other critical public services running 365 days a year.

Instalco's sustainability contribution

Instalco's contribution to a sustainable society includes system design and installation of, for example, solar cells and more energy-efficient and environmentally friendly heat pumps, geothermal heating systems,

heat exchangers, cooling systems, LED lighting, charging stations and sprinkler systems. We are also involved in a variety of air and water treatment projects. New installations are more energy-efficient and use fewer resources than older, outdated systems and installations.

We help clients for construction projects to think sustainability at every stage by expanding their knowledge of what is possible, from an environmental perspective, when undertaking new constructions or renovations.

Instalco's sustainability programme

Instalco's Group-wide sustainability programme, Sustainable Installations, focuses on three areas that explain and illustrate its sustainability work: Safe and stimulating working environment, Sustainable installations and Mature leadership. Within these focus areas, eight sustainability indicators are measured and followed up on an annual basis. Our sustainability goals and results are reviewed each year by the company's auditors in accordance with ISRS 4400. Our ambition is to contribute to society every day through climate-smart, energy-efficient installations that lead to lower consumption of resources and thus a more sustainable planet.

Sustainable Instalco Project

A key component of our sustainability work is our in-house certification system, Sustainable Instalco Project. The certification aims to offer our customers a guarantee that we have taken important sustainability matters into account in all parts of the project's implementation. The criteria for a project to achieve certification include matters concerning work safety, transport and deliveries, climate benefit, waste sorting and recycling, and services provided through a sustainability contract. In addition, suppliers are expected to sign a Code of Conduct that covers values such as equality and anti-discrimination. Projects corresponding to at least 1 percent of the subsidiaries' sales or with a value of SEK 1 million or more are eligible for certification, which requires all six criteria to be met.

Certification as a Sustainable Instalco Project serves as a stamp of quality for the project, for the customer and for the Instalco subsidiary and its employees that carried out the work.



1.



Instalco's environmental responsibility

Instalco is an environmentally conscious company where everyone is responsible for giving as much consideration as possible to environmental aspects in their day-to-day work. Environmental matters are worked on across all areas of the Group's operations: from selection of products and suppliers, through purchasing and logistics flows to the final offering of installations, operation and services. Active environmental efforts are an important factor for Instalco's growth. It is through our customer offering that we have the greatest opportunity to make a difference for the environment and climate.

All Instalco companies are required to select materials and choose working methods that have a low impact on the internal and external environment. We are seeing a generally higher level of interest from customers and society concerning reuse of materials, which opens up significant opportunities for us to deploy our solutions to reduce our customers' climate and environmental impacts. Instalco will:

- Collaborate with customers and system designers to lower negative environmental impacts
- Increase employee knowledge of the environmental aspects of our work
- Comply with laws and other environmental requirements defined by the Group

Environmental certification system

Instalco participates in many projects where properties are being constructed with a view to achieving certification in accordance with various certification systems including Miljöbyggnad, BREEAM, LEED, Sunda Hus, Svanen, NollCO2 and WELL Building Standard.

The system we work with most is the Swedish Miljöbyggnad certification scheme, which was set up by the Sweden Green Building Council. Achieving Miljöbyggnad certification requires the environmental efforts and the building's environmental performance to be evaluated by a third party. The areas assessed in this scheme include the building's

energy use, choice of materials and the perception of its indoor climate. Thanks to sustainable installations, Instalco is able to help a building achieve the score required for certification. As well as energy-efficient installations, we also help to coordinate the overall certification process for buildings and ensure that all the criteria are met in order for the building to achieve the desired score and be certified.

We are also often involved in BREEAM projects (BRE Environmental Assessment Method). BREEAM is a UK environmental certification system, developed and administered by the Building Research Establishment (BRE). The Sweden Green Building Council has adapted BREEAM to make it appropriate for Sweden. For BREEAM, too, the installations in the building have a strong bearing on some of the areas assessed in the certification, providing Instalco with significant opportunities to contribute to the buildings meeting the criteria in the certification system.

We also offer our own certification system, Sustainable Instalco Project.

In Norway, we work in accordance with the Miljøfyrtårn or Eco-Lighthouse certification and eco-labelling system. This involves certified companies working systematically on environmental and climate reporting for their own operations and value chain. At the end of 2023, eight of Instalco's subsidiaries were certified under the Eco-Lighthouse scheme. The goal is for all Instalco companies in Norway to achieve certification no later than 2025.

Vehicle fleet

Instalco's core business is helping our customers reduce their energy consumption and environmental impact through resource- and energy-efficient installations. We also strive continuously to lower our own environmental impact, including from energy consumption, travel, purchasing, waste management and the handling of hazardous substances. Management has identified carbon emissions as Instalco's most significant environmental aspect. As well as emissions relating to

Sustainable Instalco Project

In 2023, we carried out and certified 231 Sustainable Instalco Projects (see the example on page 38). To be certified as a Sustainable Instalco Project, a project must meet six criteria:

1. It must meet the requirements of Instalco's "Safe Employee" programme.
2. Suppliers are required to have signed the "Instalco Code of Conduct for Suppliers".
3. The project must contribute to climate benefits in accordance with the criteria established by Instalco.
4. It must have an established delivery plan setting out detailed transport and ordering procedures.
5. There must be adherence to the routines in place for waste sorting and management.
6. The customer must be offered a sustainability contract upon completion of the project.

purchasing of materials and products, Instalco's large fleet of vehicles gives rise to carbon emissions in connection with manufacture and transportation.

Taking stock of the Group's vehicles and how they are used is therefore a priority. The vehicle fleet is gradually being made more efficient with the aim of lowering fuel-related carbon emissions on an annual basis. We do not currently measure the Group's total carbon emissions but, as part of our preparations for future CSRD reporting, we plan to gradually introduce carbon measurements. We implement measures on an ongoing basis to lower our carbon emissions, for example by increasing the percentage of electric and hybrid vehicles in the fleet, planning deliveries carefully and using transport hubs

1.

to coordinate consignments of materials to building sites. The total percentage of electric and hybrid vehicles in the Group at year-end 2023 was 37 (33) percent.

Purchasing

The Instalco model is designed to leverage the benefits of both strong local ties and shared central functions. Instalco's purchasing work is based on this decentralised structure, with the core business being carried out through close customer relationships in the respective subsidiaries and with the support of a small central organisation. From a sustainability perspective, this means among other things that the operating subsidiaries work actively on efficient and climate-smart logistics solutions for passenger transport and material deliveries in their production.

Further, in consultation with customers the subsidiaries choose products and working methods that result in more energy-efficient and climate-smart solutions from a life cycle perspective for both product and property, alongside cost-effective, ergonomic and safe production. The green transition linked to a safe and healthy production process is a natural fit with Instalco's position on the market. We work consistently to help our customers reduce their environmental impact by means of lower energy consumption and improved energy efficiency, while safeguarding the life and health of our colleagues at all times.

Purchasing of equipment and services plays an important part in achieving our ambitious goals for sustainability in the offering. Our selected priority suppliers are all at the forefront of development with strong positions in the economic ecosystem and successful track records in sustainability work. As part of our strategic and operational purchasing work, we work with them to develop solutions that enable Instalco's customers to make the right product choices and reduce the climate impacts of production logistics. To safeguard deliveries and long-term collaboration with these key suppliers, we consolidate the

relationships in framework agreements and mandatory undertakings in Instalco's Code of Conduct.

Successful sustainability work in terms of purchasing the right products that offer climate-smart solutions, and efficient as well as ergonomic and safe working methods, is encapsulated in Instalco's certification system, Sustainable Instalco Project.

To make it easier for our subsidiaries to develop climate-smart solutions incorporating the right product choices and, by extension, guide customers and clients in this, our subsidiaries need a continuous flow of product-specific information. The new EU Taxonomy Regulation, which classifies many product groups relevant to Instalco, and the forthcoming requirements on environmental product declarations (EPDs) for installation products, are therefore important for accelerating the shift to a higher percentage of sustainable products in installation projects.

In 2023, the central purchasing department stepped up its collaboration with Instalco's priority suppliers to further develop product-related information linked to both the Taxonomy and EPD. Coordinated by the trade association IN Installatörsföretagen, we are also working with other industry players to develop effective ways of disseminating correct and up-to-date product information. The central purchasing department was expanded in 2023 to meet the increased requirements of Taxonomy reporting and CSRD, as well as the business's growing need for support to develop within climate-smart product choices and working methods.

Transport

Instalco's operations require significant transport flows. For this reason, we work with companies that offer efficient, environmentally conscious logistics solutions. We are also lowering our environmental impact by means of efficient planning and execution of internal logistics. One criterion for certifying projects as Sustainable Instalco Projects is having a delivery plan in place right from the project start, with the goal of minimising material deliveries.



Examples of Sustainable Instalco Projects

- Elektro-Centralen installed solar cells on the roof in connection with the construction of SEEL Swedish Electric Transport Laboratory, a new research facility for electric and hybrid vehicles in Gothenburg. The assignment also included installing lighting controls to maximise energy efficiency.
- The Finland business area certified its first Sustainable Instalco Project in 2023. This recognition went to heating and plumbing company Uudenmaan LVI-Talo in Helsinki, which was contracted by the construction firm Hartela to install heating, cooling and plumbing systems in the office building Ilmalan Aura. The project utilised both waste heat and waste cooling, and involved installing resource-saving heat pumps.
- Together with other Instalco companies, DALAB has been involved in the remodelling and expansion of the intensive care department at Falun Hospital. Environmental considerations are a key part of the project, with a focus on energy-efficient solutions. DALAB has installed energy-efficient ventilation units with heat recovery systems.
- Intec designed the ventilation system for Instalco company Ventpartner's construction of the new Hällefors swimming centre. The ventilation is demand-controlled and the ventilation units have been selected for their high efficiency, so as to save energy. Products have been carefully selected so that the swimming centre meets stringent sustainability and environmental requirements.
- CRB took part in a project for Seltor in Oslo that involved converting office premises into a school, with a strong focus on reuse.

2.



Instalco's social responsibility

Instalco must offer a safe, secure working environment that is healthy and drug-free. The working environment must help to counter the risk of ill health and accidents. Working in the Instalco Group is to develop employees individually and enhance their skills. Both work tasks and training are to be challenging and stimulating, to foster individual growth.

Employees

Instalco strives to be an attractive employer that offers interesting tasks, skilled leaders, short decision paths, and opportunities for influence and individual development. There should be an open atmosphere that stimulates creativity and new ways of thinking in line with Instalco's values. Continuing training is also important, along with sharing of expertise to promote best practice throughout the organisation.

Instalco strives to recruit employees from a wide spectrum of society. Regardless of gender, age, ethnicity, sexual orientation, religion or other beliefs, we must offer everyone the same opportunities for career and skills development.

Instalco's employees must respect and support the UN Declaration of Human Rights and comply with international agreements in this area. We work actively to ensure that no employee or job applicant encounters discrimination. Instalco has zero tolerance for any form of offensive behaviour, lack of respect or sexual harassment.

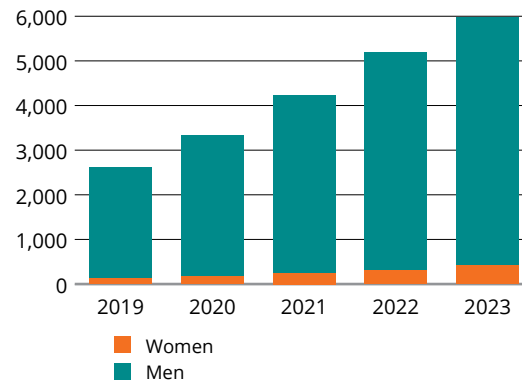
One of the ways that we monitor this is through the annual employee survey, which is sent out to all employees in the Group. The 2023 survey had a response rate of 69 (62) percent, which is the highest in Instalco's 10-year history. Of those who completed the survey, 65 percent were technical staff and 35 percent office-based staff. During 2023, as part of our Health, Safety and Wellbeing goal, we started measuring employee satisfaction according to the Employee Net Promoter Score (eNPS) standard, achieving a score of 30 for the Group. The eNPS scale goes from -100 to +100 and a score over 20 is

generally considered very good. The results of the employee survey are used to drive improvements and implement measures, with responsibility assigned to the CEOs of the respective subsidiaries.

Gender equality is an active component of our day-to-day work, particularly in connection with recruitment, skills development and setting salaries. As Instalco operates in a traditionally male-dominated industry, our ambition is to increase the representation of women and achieve greater diversity in our business. Initiatives within this area are implemented by our subsidiaries and through collaboration with external parties such as schools, employers' organisations and trade associations. In 2023, the percentage of women working at the Group was 7 (6) percent. Eight (six) subsidiaries have female CEOs.

The Instalco Network, an intranet for Group employees, is the main channel for internal information with around 4,600 (4,100) users.

AVERAGE NUMBER OF EMPLOYEES



Apprenticeship programme

As a leading player in the installation sector, Instalco carries significant social responsibility. Social responsibility is another of our sustainability goals, and we measure it via the number of apprentices in our one-of-a-kind apprenticeship programme.

Instalco's apprenticeship programme is an important element of our existing operations but also a way of safeguarding our long-term skills pipeline. Instalco seeks to work closely with upper secondary schools and vocational training providers to ensure that students study relevant subjects that are consistent with the latest technology, while also gaining hands-on experience.

Our goal is to have at least 300 apprentices working in the Group at all times and in 2023, the number was 380.

The Instalco Club

The Instalco Club is an internal staff fund for employee-driven activities. Its purpose is to stimulate and reward activities that promote social cohesion and the health and wellbeing of the Group's employees. Activities encouraged and funded by the Instalco Club are to be initiated and executed by employees, with everyone working in the respective subsidiaries having the opportunity to participate. The activities may be social, cultural or physical, as decided by the person or persons applying for a grant from the fund.

In 2023, we received 80 (81) applications for activities, of which 79 (74) were approved. In total, approximately 1,450 (1,400) employees took part in Instalco Club activities during the year.



2.

Health, Safety and Wellbeing in focus

For Instalco, sustainability is an integral part of the business model. Wellbeing, a sense of community and building a culture are important elements of this. We want all our employees to be happy at work, and for everyone to be in good physical and mental health. During 2023, we trialled Instalco Training, a fitness programme adapted to our decentralised model. All employees in the Group were invited to join a digital fitness programme via an app that enables us to walk, jog or run together wherever we are. The app has provided a new way to both encourage exercise and strengthen bonds between colleagues at all levels.

CSDDD and the Norwegian Transparency Act

In 2023, we continued aligning our Norwegian operations with the new Transparency Act, which is Norway's implementation of the EU's Corporate Social Due Diligence Directive (CSDDD). The new Norwegian legislation requires assessment, mapping and reporting of risks within the areas of human rights and working conditions. The aim is to prevent and mitigate negative impacts within these areas, both in our subsidiaries and in our supply chain. 2023 was Instalco's second year of reporting under the Transparency Act and our work is ongoing, with a focus on improvement, collaboration and knowledge sharing with respect to human rights.



Code of Conduct

Instalco's Code of Conduct describes our shared values. It communicates the Group's ethical values and business principles to all employees, customers, suppliers, other business partners and shareholders, as well as providing them with guidance in their daily work. Areas covered include conflicts of interest, gifts, bribery, anti-corruption and corporate hospitality. The Code of Conduct has been adopted by Instalco's Board of Directors. The Group CEO has delegated responsibility to the head of each subsidiary to ensure that the Code is implemented and followed.



Safe Employee

Working environment matters are an integral part of operations, and the Group consciously and systematically strives to offer a good physical and psychosocial working environment. The overarching goal is to provide a safe, secure and healthy workplace that helps both our employees and the company thrive. Instalco fosters an environment where it is natural and easy for employees and managers alike to bring up and discuss in their daily work any matters related to the working environment.

Instalco is to have a positive working climate that supports collaboration and counters bullying and harassment. Furthermore, workplace collaboration is to be characterised by respect for, and understanding of, one another and our differences. We must collaborate, care about and help one another, including in times of difficulty. The majority of the companies belonging to the Instalco Group have collective agreements in place and comply with national labour legislation, including the right of association. All employees are entitled to join and be active in trade unions.

As part of the sustainability programme, managers are required to review the Safe Employee introductory course with their employees at the start of each new project that will be certified as a Sustainable Instalco Project. The Safe Employee programme examines workplace matters from a psychosocial perspective, alongside the rules and routines for avoiding physical injuries. Safe Employee is a priority area and in 2023 the training programme was updated in film format in the Group's various languages, to further increase accessibility and understanding.

2.

Instalco does not accept any form of discrimination. One basic requirement is that everyone must comply with the laws and regulations in force. Instalco also takes responsibility for applying high ethical standards and business ethics in all of its business activities and relationships.

We strive to run Instalco in a long-term, sustainable way that is consistent with our values and Code of Conduct. We are therefore intent on dealing with any irregularities affecting the company that could seriously damage the business, our employees or others, by making sure that they are identified and investigated as quickly as possible. Information on wrongdoing may be submitted anonymously via our whistleblower channel, which is handled by an independent external party and is available both internally and externally. The whistleblower channel is part of Instalco's preventive efforts to tackle corruption, irregularities and wrongdoing. During 2023, three matters were reported and dealt with through the whistleblower channel, one of which concerned a breach of the Code of Conduct.

Code of Conduct for Suppliers

Instalco's Code of Conduct for Suppliers provides clear guidelines on how our suppliers are expected to act in our joint projects. The Code of Conduct for Suppliers applies without exception to all suppliers with which Instalco has a central contract. In the event of suspected violations of the Code of Conduct, an investigation will be carried out.

Instalco's Code of Conduct for Suppliers is based on the UN Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention against Corruption, and the eight fundamental Conventions of the ILO. Instalco's operations are to promote sustainable development, which is why it is crucial that our suppliers meet the requirement that the products they deliver to us have been produced under sustainable and responsible conditions.

Working environment

Instalco works consciously and systematically to ensure a good working environment, both physical and psychosocial. The overarching goal is to achieve a safe and healthy workplace that helps both our employees and the company thrive. The Group's employees have a shared responsibility to ensure that no one is exposed to risks that could lead to serious physical or psychological injury. The Safe Employee programme makes clear the importance of reporting concerns about the working environment to a supervisor or manager.

Instalco has a zero vision for workplace accidents. In 2023, the number of reported occupational injuries was 187 (210), corresponding to 2.9 (3.9) percent in relation to the total number of employees. There were no serious personal injuries or fatalities in the workplace during the year. There are established procedures for actions and follow-up in the event of a workplace accident.

Håll Nollan

Instalco is a member of Håll Nollan, the building industry's forum for increased safety at the workplace. As a member, we are helping to improve workplace safety and working with other members to collate existing knowledge, to develop this and to share it with one another. It is important that we identify and remedy any knowledge gaps concerning the working environment and safety in all phases of a construction project.

Håll Nollan has a zero vision for injuries at construction sites.



Instalco is to provide a stimulating working environment and opportunities for personal development. One of the ways we achieve this is through Instalco Academy, where we train future leaders and create opportunities for career change within the Group. For example, we explicitly seek to recruit to senior positions in our subsidiaries from within our own ranks. Another purpose of the Academy is to ensure that all Instalco employees have the right skills and opportunities to be able to deliver in their respective roles.

Lead installers receive training in project collaboration, risks, communication, leadership and legal aspects of contract work.

Project managers receive more comprehensive training that also covers project management, project accounting, procurement, working environment, and negotiation and presentation techniques.

Senior executives also receive enhanced training in business acumen, leadership, customer relationships, sustainability, working environment and sales.

Service managers receive training in behavioural change, business economics, personal development, planning, sales and added value for customers.

Accounting managers receive training in financial costs, best practice, calculating KPIs, profitability, efficient year-end procedures and financial concepts.

Sales and negotiation. This course provides knowledge and skills within strategic and tactical sales work, management by objectives, sales planning and negotiation.

3.



Instalco's responsibility for financial and governance matters

Sustainable business and sustainable communities are increasingly important for both companies and consumers. This requires companies to take responsibility, as social actors, by generating long-term benefits to society and minimising climate and environmental impacts.

Instalco's Board of Directors is responsible for the Group's strategic direction and financial targets. Strategies and goals for sustainability work are set by Group management, with the CEO having ultimate responsibility. In accordance with the Swedish Companies Act, the Board is responsible for internal control. The Board's responsibilities are regulated in the Swedish Corporate Governance Code and the Annual Accounts Act. Responsibility for the effectiveness of the subsidiaries' internal control structure, risk management and financial reporting lies with each subsidiary's board and management.

Instalco's Sustainability Council draws up and develops the Group's sustainability programme. The council is assisted in this by a number of internal teams that are responsible for the work in areas such as the Taxonomy, CSRD and Sustainable Instalco Project, the company's in-house certification system.

There is a Group-wide Code of Conduct, along with policies and guidelines covering areas such as the environment, sustainability and working environment, as well as a Code of Conduct for Suppliers. These are reviewed annually and adopted by the Board of Directors. The Group CEO has ultimate responsibility for ensuring that all subsidiaries are familiar with Group-wide policies and initiatives. The CEO of each subsidiary is responsible for implementing these policies at their company, with support from the Head of Division or Business Area Manager. All the companies in the Group work proactively to reduce their negative environmental impact. In addition, each individual company has the scope to introduce its own initiatives and set its own goals to further contribute to the local community and create attractive workplaces.

Instalco's Code of Conduct, Group-wide policies and values underpin the Group's operations and strategies.

Sustainable growth

Owners of both newly constructed and older properties are placing increasing focus on investing in resource- and energy-efficient installations with a view to lowering operating costs and meeting the ever more stringent sustainability and energy-saving requirements made by the market and customers. This is why Instalco is convinced that focusing on energy-efficient and environmentally smart services will strengthen the Group's competitiveness and drive long-term growth.

Quality and customer satisfaction

Instalco works closely with customers to design and install future-proofed, energy-saving systems. Proposed technical solutions are reliable, energy efficient and environmentally friendly, with low life cycle costs, a high level of personal safety and high quality. Instalco prides itself on long relationships with its customers, many of whom are repeat customers. We are also seeing increased interest from our customers in leveraging Instalco's expertise in sustainability, energy efficiency improvements and complex multidisciplinary projects.

Continual improvement efforts

IFOKUS is an internal programme that provides a framework for continual improvements within the Group. The programme comprises a large number of strategic tools to identify and develop areas for improvement, and to ensure that all the subsidiaries participate in the Group's development and that initiatives do not encroach upon the subsidiaries' autonomy.

The point of departure can be either existing challenges or opportunities that have been identified. There are several internal forums, across different organisational functions and levels, to identify challenges and opportunities for improvements. A strong company culture that encourages suggestions and ideas is key to continual improvement efforts. Opportunities for improvements that impact more than



one company are elevated to business area or central level where a decision can be made as to whether to implement improvements on a wider scale. A working group with the relevant expertise will be set up in such instances to plan and implement the initiative. For example, improvement initiatives might lead to structural changes, new working methods, training measures or internal knowledge sharing.

As well as IFOKUS, we also have a company-specific programme called GoGr8. GoGr8 uses central resources to provide targeted support for companies that are underperforming against profitability targets, in order to develop and improve their local operations.

Group-wide policies

Instalco has a number of generic policies that apply to the entire Group. The Group CEO is responsible for ensuring compliance with all of the policies and that they are reviewed each year. The CEO of each subsidiary has the equivalent responsibility for ensuring compliance with all the policies in their company. All employees are to be informed of the policies in force and any changes that are made to them. New employees are to receive information about Instalco's policies in connection with starting their employment.

Instalco's Group-wide policies are detailed on page 63.

Structure for internal meetings, follow-up and control

Instalco's routines for internal control, follow-up and evaluation are clearly regulated and described in the Internal Control Policy. Twice a year, each subsidiary reviews its risk profile at a meeting of its Board of Directors. The CEOs of the subsidiaries hold monthly project reviews with their respective project managers, business area managers and heads of divisions. Three times a year, the heads of divisions and business area managers meet with their companies to review the forecasts and, each quarter, the CEO of each subsidiary provides feedback and confirmation that project reviews and reporting have been carried

out in accordance with the instructions. The heads of divisions and business area managers are responsible for supporting and coaching the CEOs of the respective subsidiaries.

Other formalised meetings at Instalco include: Group management meetings, monthly meetings that the Group CEO has with all the CEOs of subsidiaries, meetings for heads of divisions and business area managers, and meetings between the CEOs of subsidiaries and the respective heads of divisions and business area managers, known as management team meetings. There are also segment conferences for each area of technology and strategy meetings where the Group management team, head offices, CEOs and Deputy CEOs of all subsidiaries meet.

UN Global Compact

As part of the new sustainability programme, Instalco has become a signatory to the UN Global Compact, which is the world's largest corporate sustainability initiative. Signatories pledge to work actively

on sustainability, taking as a starting point the Ten Principles of the UN Global Compact, which are based on international conventions.

The UN Sustainable Development Goals (SDGs)

The 2030 Agenda for Sustainable Development is an action plan for people, planet and prosperity. Participating countries are committed to achieving the goals in order to secure fundamental freedoms, welfare and a healthy environment for future generations. It is a concrete plan, consisting of 17 global sustainability goals that are integrated and indivisible, balancing the three dimensions of sustainable development. It acknowledges a shared responsibility for ensuring that the goals are achieved by 2030. The SDGs are used as a framework for national plans, international commitments and within the private sector. Instalco has determined that UN Sustainable Development Goals 5-7, 9, 11 and 17 are the most material to the business.



Collaboration initiatives

The Swedish Society for Nature Conservation

Over a three-year period, Instalco and the Swedish Society for Nature Conservation have worked together for cleaner water and to reduce the presence of pharmaceuticals in nature. The main aim has been to protect the Baltic Sea and other vital bodies of water in the Nordic region.

The focus in 2023 has been on work to improve wastewater treatment. The Baltic Sea and other vital bodies of water are currently polluted with many different environmentally harmful substances simultaneously, bringing a variety of problems for flora and fauna.

The project has had two overarching goals:

Political influence – better legislation: The project's long-term goal is to minimise environmental impacts from pharmaceutical manufacturing within and outside the EU and to prevent use of pharmaceuticals leading to pollution of the Baltic Sea and of Nordic habitats and watercourses.

Raising awareness – increasing the level of knowledge: Reducing the presence of pharmaceuticals in the environment throughout the life cycle requires efforts to increase

the level of knowledge in society by continuing to shape public opinion and raising general awareness by means of new reports and campaigns.

A large part of the project has involved influencing politicians to take decisions that will lead to fewer pharmaceuticals in the environment and better wastewater treatment. For example, the Swedish Society for Nature Conservation has produced materials to influence and inform politicians, both in Sweden and the EU, about how to limit the discharge of pharmaceuticals to water.

Pharmaceutical pollution of watercourses is a global problem. Pollution from pharmaceuticals in the environment can disrupt reproductive capabilities, affect the behaviour of aquatic species and be toxic to others.



Universeum

Instalco and the Universeum science museum have joined forces to develop knowledge in the sustainability area.

One of Universeum's roles is to strengthen Sweden's skills pipeline and innovation capability, along with contributing to the sustainable development of society. Instalco supports Universeum in its efforts to sustainably develop Sweden in these areas:

- enhancing the skills pipeline, competitiveness and innovation capability
- enhancing research, education and training and raising awareness
- action for sustainability within the framework of the 17 SDGs of Agenda 2030

The collaboration is intended to highlight the importance of sustainability from several different perspectives and contribute to developing knowledge among various target groups in the interests of the sustainable development of society.

Wayout Water

Instalco and Wayout Water are collaborating on a sustainability project to improve access to clean water in vulnerable areas of the world.

For many people around the world, clean drinking water is a scarce resource. Wayout Water offers turnkey micro-purification units for local production and distribution of clean drinking water. These are distributed to vulnerable areas of the world. The partnership with Instalco allows Wayout Water to step up its efforts to develop, produce and distribute micro-purification units to areas of the world where there is a shortage of clean drinking water.



Svenska Bussarna

During the year, Instalco has supported Svenska Bussarna in its efforts to provide assistance in Ukraine. The project has helped many people and a country in need.

Svenska Bussarna is a non-profit association that focuses on collecting and facilitating both monetary contributions and material donations of healthcare equipment, vehicles and other essentials where they are needed most in war-torn Ukraine.

The initiative was started by a group of seven friends from Stockholm, one of whom works for Instalco. Svenska Bussarna collects and transports donations of essentials and healthcare equipment. The organisation maintains close contact with local aid organisations and authorities on the ground in Ukraine to ensure that the donations get to where they are needed most at the time. Instalco's contribution during the year has comprised financial support, working time for an employee

and donations of generators. Private fundraising has also taken place within the Instalco Group.

"Instalco has now been supporting Svenska Bussarna's projects with various donations and assistance for almost two years. I'm proud that we can play a part and that our employees are willing to offer their help where it's needed most," says Robin Boheman, CEO of Instalco.

Besides delivering materials, Svenska Bussarna and its volunteers have helped families, women and children who have fled Ukraine to settle in safer places in Europe.







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THE GLOBAL GOALS
For Sustainable Development

Instalco has assessed that its operations primarily contribute to UN SDGs 5–7, 9, 11 and 17.

		Examples of solutions from Instalco				Examples of solutions from Instalco	
	<p>Instalco is a values-based Group that fosters equal rights and opportunities for all employees. We contribute to SDG 5 by ensuring that all employees, regardless of gender, age, ethnicity, sexual orientation or disability, have equal access to development opportunities, including in the form of continuing training and apprenticeships. Our values are summarised in our Code of Conduct.</p>	<p>Instalco Academy is an internal training programme aimed at strengthening individual development and training future leaders. Another purpose of the Academy is to ensure that all Instalco employees have the right skills and opportunities to be able to deliver in their respective roles based on our fundamental values. Instalco also runs an extensive apprenticeship programme.</p>		<p>Through our values and technical installations, we contribute to sustainable industry, innovation and infrastructure. We contribute to SDG 9 by enabling more efficient use of resources and advocating for the use of environmentally friendly technologies in installations. Industrial is one of our five technology areas, focusing on sustainable technical installations for industry.</p>	<p>Sustainable Instalco Project, which is Instalco's in-house certification system, incentivises our customers to choose solutions that benefit the climate. It also serves as a template in the industry for making environmentally friendly and long-term sustainable choices in connection with installations.</p>		
	<p>Our core business includes air and water treatment, and reducing water and energy consumption. Through our resource-saving installations, we contribute to SDG 6, Clean Water and Sanitation, by making water consumption more efficient, safeguarding the water supply, improving wastewater treatment and increasing reuse/recycling.</p>	<p>Instalco offers technical consulting services such as system design and planning through our subsidiary Intec. Intec carries out system design assignments for the installation sector aimed at offering customers the most sustainable and energy-efficient technical solutions.</p> <p>The proposed solutions are then installed by Instalco's subsidiaries. In the area of heating and plumbing, Instalco offers installation of energy-optimised systems such as geothermal heat pumps and wastewater heat exchangers. In the electrical area, Instalco offers energy optimisation by means of integrated property automation and solar cells, as well as installation of charging posts and charging stations for electric and hybrid vehicles. Within ventilation, Instalco installs energy-saving cooling and ventilation systems, for example.</p>		<p>Every day, we install systems that treat air and water, while saving energy. Our technical solutions contribute to SDG 11, Sustainable Cities and Communities. Our climate-smart, sustainable installations help reduce energy use in society.</p>	<p>Instalco serves towns and communities in Sweden, Norway and Finland. Our subsidiaries' work in renovation and new construction projects, along with the services they offer, aims to make properties and facilities safe, resilient, energy-efficient and sustainable.</p>		
	<p>Our core business involves installing solutions that treat air and water and save energy. Our installations contribute to SDG 7, Affordable and Clean Energy, via access to electricity supply and modern energy, as well as Target 7.3 on increasing the rate of improvement in energy efficiency.</p>	<p>Instalco offers installation of energy-optimised systems such as geothermal heat pumps and wastewater heat exchangers. In the electrical area, Instalco offers energy optimisation by means of integrated property automation and solar cells, as well as installation of charging posts and charging stations for electric and hybrid vehicles. Within ventilation, Instalco installs energy-saving cooling and ventilation systems, for example.</p>		<p>We believe that change is most easily achieved by working together, both internally and externally. This is why we believe partnerships and collaborations with other players in society (SDG 17) are the best way to contribute to SDGs 5, 6, 7, 9 and 11.</p>	<p>Collaboration takes place on a daily basis between subsidiaries and with customers and suppliers, to build a more sustainable society. Instalco is a member of Håll Nollan, the building industry's forum for increased safety at the workplace. We are also a signatory to the UN Global Compact. In 2023, we continued our external collaborations with Universeum, Svenska Bussarna, the Swedish Society for Nature Conservation and Wayout Water.</p>		

The CSRD process

In 2023 Instalco started updating its materiality analysis as a basis for future sustainability reporting according to the EU's Corporate Sustainability Reporting Directive (CSRD).

Instalco falls within the scope of the forthcoming EU Corporate Sustainability Reporting Directive (CSRD). Instalco's sustainability efforts and preparations for reporting under CSRD are based on stakeholder dialogue and materiality analyses to identify and prioritise our most material sustainability topics. CSRD requires companies to perform a double materiality analysis as a basis for their reporting. The aim of this is to assess the company's material sustainability matters in accordance with CSRD.

An analysis has been initiated out to identify and assess the sustainability matters where Instalco has a material impact on people and the environment (external impact) as well as financial risks and opportunities linked to sustainability matters arising in connection with Instalco's operations (internal impact). This process helps us to identify the areas where we have the best opportunity to make a difference. As part of the analysis Instalco is working to identify sustainability aspects, engage selected stakeholder groups and prioritise sustainability matters.

Double materiality analysis

As part of the double materiality analysis, in 2023 Instalco conducted stakeholder dialogues with a sample from the company's three most important stakeholder groups: customers and suppliers, the capital market, and subsidiaries and employees. The aim was to understand how the stakeholders assess Instalco's existing and potential impacts, risks and opportunities concerning the environment, social matters and governance, and how these may impact us.

The work identified potential material sustainability matters. The stakeholder groups used digital questionnaires to validate the sustainability matters by assessing actual/potential negative/positive impact and financial risks/opportunities. In addition, Instalco carried out an internal analysis of its context and operations and the value chain from the same double perspective. Threshold values were used to assign scores in the double materiality analysis. This gives an aggregate result for impact and financial materiality as categorised within the ESRS standards. The work was carried out in workshops during 2023 and will continue in 2024.



The process is being run by the company's internal CSRD team, which keeps Group management and the Board of Directors involved throughout. In summary, Instalco conducted a thorough and extensive process in 2023 to identify and assess its material sustainability matters, which will form the basis for the company's future sustainability reporting under CSRD.



Taxonomy

In addition to the statutory sustainability reporting, Instalco is also required to report against the EU Taxonomy, a classification system to identify sustainable economic activities. The aim is to help investors identify, classify and compare sustainable investments. The Taxonomy is also an important tool for achieving the EU's environmental goals and those of the Paris Agreement.

Sustainability reporting requirements increase year on year. The EU is proactively driving efforts to achieve a more sustainable world by reducing climate impact and adapting to climate change. In addition to the Taxonomy, the EU has introduced new directives covering energy performance of buildings (EPBD) and energy efficiency (EED), which align closely with Instalco's operations. The EU is in the process of adding further sustainability reporting requirements (CSRD).

Instalco looks positively on these drivers and tools, which increase the level of ambition and efforts to achieve the EU's environmental goals, as well as creating additional business opportunities for our offering of resource-saving and energy-efficient installations. The reporting requirements offer opportunities to highlight our sustainability work and provide decision-making support for us, our customers and investors.

This is Instalco's third year reporting against the EU Taxonomy, and the reporting requirements have expanded year on year. However, the change from 2022 to 2023 is immaterial for Instalco, as the parts that have been added to the EU directive do not directly encompass our type of business. This conclusion has been reached following industry-wide consultation coordinated by the trade association IN Installatörsföretagen.

The taxonomy value related to turnover, which is the largest of the three reported areas for Instalco's activities, increased by a few tenths of a percent as a proportion of turnover in the 2023 financial year compared with 2022. This applies to both Taxonomy-eligible activities and Taxonomy-aligned activities. In absolute terms, both Taxonomy-eligible and Taxonomy-aligned activities increased relatively strongly, driven primarily by the growth in activities.

Turnover

Instalco has reported Group turnover in accordance with the Taxonomy. For each selected activity, turnover is reported both for Taxonomy-eligible and Taxonomy-aligned activities. Instalco has used the NACE codes to select which Taxonomy activities to report. Instalco's main activities can be linked to NACE codes F43 (Specialised construction activities) and M71 (Architectural and engineering activities; technical testing and analysis). For the amount pertaining to Taxonomy-eligible activities, turnover that can be classified in one of the selected activities is included in the numerator and the company's total turnover is included in the denominator. For the amount pertaining to Taxonomy-aligned activities, the selected turnover that meets the criteria listed for each activity is included in the numerator and the company's total turnover is included in the denominator.

Operational expenditure (OpEx)

Relevant operational expenditure refers to Taxonomy-aligned assets and economic activities that generate turnover, and includes all direct development costs to operate the asset that could be separated out. Salary costs for employees who carry out repairs, maintenance and servicing on the relevant fixed assets are not included. The amount in the denominator includes the Group's total short-term leases (in accordance with IFRS 16) as well as other materials and services in connection with operation and maintenance. The distribution of Taxonomy-aligned operational expenditure (numerator) is determined based on the external turnover generated. Relevant operational expenditure has primarily been allocated in proportion to the Taxonomy-aligned operational expenditure. Instalco's business model is easily accessible and does not require large-scale operational expenditure to meet the requirements of the EU Taxonomy Regulation. The expenditure is evenly distributed between the selected activities based on turnover.

Capital expenditure (CapEx)

Relevant capital expenditure refers to Taxonomy-aligned assets and economic activities that generate turnover, projects where turnover is expected within the next few years, and activities that mitigate or adapt to climate change by reducing greenhouse gas emissions. The denominator is the Group's total investments in 2023 as reported in the annexes. Instalco's investments primarily pertain to acquisitions of companies, which are not Taxonomy-aligned. Relevant capital expenditure has been allocated in proportion to the Taxonomy-aligned investments. Instalco's business model is easily accessible and does not require large-scale investments to meet the requirements of the EU Taxonomy Regulation. The expenditure is evenly distributed between the selected activities based on turnover.

Taxonomy-aligned activities

Below is a list of the activities that Instalco included in the Taxonomy calculation, as well as a brief description of the boundaries and approach applied:

7.3 Installation, maintenance and repair of energy efficiency equipment

For Instalco, this includes energy-efficient light sources (light sources with an EU energy rating, not fittings or light sources integrated in fittings), air conditioning systems (domestic units with an EU energy rating), water heating systems (water heaters and storage tanks with an EU energy rating, not peripheral equipment), kitchen and bathroom mixer taps. Calculations are based on turnover related to installation of individual included products. Products in the light sources, air conditioning systems and water heating systems category that do not have an EU energy rating have not been included in the data.

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

For Instalco, this includes all projects and parts of projects where charging boxes for electric vehicles have been installed. Calculations are based on turnover related to charging boxes and all enabling activities and materials.

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

For Instalco, this includes all projects and parts of projects having to do with automation, measurement, regulation and control of equipment that has a bearing on energy use. Calculations are based on turnover related to all relevant products and services linked to the specified categories.

7.6 Installation, maintenance and repair of renewable energy technologies

For Instalco, this includes all projects and parts of projects involving installation of solar cell systems, solar panels and heat pumps. Calculations are based on turnover related to all relevant products from the specified categories and all enabling activities and materials.

9.3 Professional services related to energy performance of buildings

For Instalco, this includes all turnover related to consulting services for projects directly related to energy performance of buildings (such as energy consultation, energy simulations and energy measurements). Other technical consultation not directly related to energy performance of buildings has not been included.

Deciding which activities are relevant for Instalco, how the wording of these activities should be interpreted and how Taxonomy values should be calculated has been the work of internal and industry-wide working groups, coordinated by the trade association IN Installatörsföretagen. Most categories are governed by specific product choices in defined product categories (such as energy-efficient light sources), while others are more general in the form of types of installation projects (such as solar cell systems).

The information by activity in the Taxonomy is not always clear, complete or exhaustive, which leaves considerable scope for interpretation. Because of this, and the fact that the Taxonomy is still evolving, the figures reported by Instalco could significantly change (upwards or downwards) in the coming years, even if the underlying activities do not change. Changes in interpretations, to more cautious and conservative levels, are another reason why Instalco had a significantly lower

proportion of Taxonomy-eligible turnover in total for 2022 compared with the reporting for the 2021 financial year. This is despite the fact that the activities did not change significantly between 2021 and 2022. Calculations and interpretations followed the same methodology for the 2023 financial year as for 2022, resulting in the values for the two years being comparable in terms of proportion of turnover, as the activities have been similar.

	Total SEK m	Proportion of environmentally sustainable activities (Taxonomy-aligned)		Proportion of Taxonomy-eligible activities		Proportion of Taxonomy-non-eligible economic activities	
		%	SEK m	%	SEK m	%	SEK m
Net turnover	14,279	5.7	818	6.2	887	93.8	13,392
Operational expenditure (OpEx)	407	1.5	6	1.6	6.5	98.4	400
Capital expenditure (CapEx)	570	4.9	28	5.3	30.3	94.7	540

The complete Taxonomy tables are provided on pages 102–104.



Risks and uncertainties

Every business is associated with risk. Instalco's earnings and financial position, as well as its strategic position, are affected by a number of internal factors that Instalco has control over, as well as a number of external factors where its ability to influence the course of events is limited.

Risk management

Effective risk assessment reconciles Instalco's business opportunities and earnings with the requirements of shareholders and other stakeholders for stable, long-term value growth and control. When assessing Instalco's future development, it is therefore important to consider various risks in the business as well as opportunities for growth. For obvious reasons, it is not possible to describe all risk factors, which is why an overall evaluation must also include general environmental scanning.

Instalco works on risk management at both strategic and operational levels. Risk management involves identifying, measuring and preventing risks from materialising, along with continuously making improvements to reduce future risks. Instalco has policies, instructions and a management system in place to prevent and counteract risks. The risk level in the business is systematically monitored at Board meetings by identifying deviations or risks and taking the necessary action.

Uncertainties

The Instalco Group operates on the Nordic market and has a large number of customers and suppliers. Its decentralised structure means operations are run in the individual entities.

Instalco's earnings and financial position, as well as its strategic position, are affected by a number of internal factors that Instalco can control, as well as a number of external factors where its ability to influence the course of events is limited. The most significant risk factors are the business climate and market situation combined with structural changes and the competitive situation. Macroeconomic factors such as inflation, volatility in the currency markets and interest rates can also affect demand, earnings and financial position.

Instalco does not have any direct exposure to Ukraine or Russia in terms of sales or purchasing. The risks related to the war have not had a material financial impact on the company's development, but this cannot be precluded in the future.

The decentralised business model combined with diversification and geographical spread limit the aggregate business and financial risks.

Business risks	Management
<p>Projects</p> <p>The business is largely project-based. Approximately 42 percent of Instalco's projects are run as fixed-price projects, approximately 33 percent as joint projects, and the remainder involve other types of collaboration and payment, such as service work. There is a risk that errors in the cost calculations for fixed-price projects could negatively impact margins.</p>	<p>The Group primarily focuses on medium-sized projects, which are typically low-risk and attract less competition than large projects, with the competitive factors being quality of work, long customer relationships and short lead times, rather than price.</p> <p>Steering groups are set up for larger or complex projects. The steering group's task is to conduct risk analyses, monitor the project, share experiences and, if required, initiate concrete action plans and allocate the right resources. Larger projects are typically run as joint/partnering projects, using a cost-plus model to further limit the risk.</p> <p>A clear authorisation hierarchy reduces the risk of miscalculation. One important control activity is the Group's monthly follow-up of projects in progress to identify and mitigate risks.</p>
<p>Customers and suppliers</p> <p>Being able to deliver the Group's services relies on suppliers fulfilling their contractual obligations in terms of, for example, volume, quality and delivery time. Incorrect, delayed or missing deliveries could have a negative impact on the Group's financial position and earnings.</p> <p>Agreements with customers vary in terms of their length, guarantees and limitations of liability.</p> <p>Interaction with customers or suppliers without a written agreement could result in legal or financial uncertainty.</p>	<p>Our main customer groups are construction companies, property companies, industrial companies and the public sector. Construction companies are the single largest customer group. Instalco has around 2,000 customers, and the five largest account for approximately 15 percent of sales.</p> <p>Instalco has a good risk spread in terms of geographical presence and customer segments. Customer and supplier relationships are often long-term and take place within the context of the local companies in the local market.</p> <p>The Group has a central purchasing function that supports the companies with purchase agreements, enhancing their competitiveness.</p> <p>The decentralised governance model makes the companies in the Group very agile, as decisions are taken quickly and close to the business.</p>
<p>Attracting and retaining skilled employees</p> <p>Instalco's success is highly dependent on our ability to recruit, develop, motivate and retain skilled employees.</p>	<p>The Group's ambition is to offer a competitive compensation package, a workplace with interesting tasks, good leaders, short decision paths, and opportunities for influence and development.</p> <p>Developing skills is a priority, and Instalco Academy enables us to attract and retain skilled staff, and to train future leaders.</p> <p>The Group runs an apprenticeship scheme, as well as courses and programmes leading to qualifications and providing other necessary skills.</p> <p>The Group's regular employee surveys aim to investigate how employees feel about their employer and work situation, and what could be improved or developed to maintain and increase commitment and job satisfaction.</p>
<p>Liability, product liability and damages</p> <p>Instalco's projects and customer assignments are associated with risks in the area of liability, product liability and damages.</p>	<p>Instalco has comprehensive insurance cover in place for the core business. The insurance includes elements such as contract works cover, property damage, business interruption, damage to third-party property and product liability insurance.</p>

Business risks	Management
<p>Structural changes Globalisation, digitisation and rapid technological development are driving structural change within our customers' businesses.</p> <p>The new construction projects we are seeing are characterised by increasing use of technical systems and digitalisation such as online IT systems, alarm and security systems, and systems for more efficient energy use. Accordingly, the installations themselves are becoming more complex.</p> <p>If the Group is unable to adapt to structural changes, there is a risk that its financial performance could weaken over time.</p>	<p>Structural changes benefit companies that have broad technical expertise, such as Instalco. Our entities keep up to date with the latest developments in their respective areas of technology. Instalco applies best practice, sharing successful concepts throughout the organisation. The Instalco model enables us to use our multidisciplinary expertise to coordinate projects covering multiple areas of technology, which makes the work easier for the client.</p> <p>Through the Technical Consulting business area, we are able to offer customers a leading supplier and an integrated array of system design, technical execution and services.</p>
<p>Cyber and information security risks Cyber and information security risks are an increasingly serious operational risk with an ever-changing threat landscape. Security incidents, cyberattacks, data breaches and information leaks could have a direct impact on the Group's business operations.</p>	<p>To ensure that its IT environments are stable and to prevent incidents, Instalco undertakes regular risk analyses as well as performing maintenance and reviewing IT security.</p> <p>A large number of decentralised small- and medium-sized companies with local IT environments reduces the risk of incidents in individual companies having a material financial effect on the Group.</p>
<p>Acquisitions and goodwill The risk in this area concerns acquired companies not living up to earnings expectations. There are also risks associated with the acquired company's relationships with customers, suppliers and key individuals.</p> <p>Acquiring companies with significant problems, for example regarding financial earnings capacity or important sustainability aspects, could compromise the Group's reputation or financial performance.</p> <p>There is a risk of goodwill being impaired if a segment underperforms relative to the assumptions made at the time of valuation, and any impairment could have a negative impact on the Group's financial position and earnings. Further risks associated with acquisitions include integration risks and exposure to unknown obligations.</p>	<p>Over the years Instalco has made a large number of acquisitions. All potential acquisitions and their operations are carefully scrutinised with regard to legal, financial and sustainability aspects before the acquisition is carried out. There are well-established processes and structures in place for pricing and executing acquisitions, as well as for integrating new companies into the Group. When entering into contracts, efforts are made to obtain the requisite guarantees to limit the risk of unknown obligations. Future risk is shared with the vendors by means of acquisition contracts that include an additional contingent consideration. The large number of companies acquired means there is substantial risk diversification.</p> <p>Instalco's unique model enables the acquirees to continue running their business in a larger context where they can benefit from the economies of scale that a larger Group can offer. The CEOs of the respective companies retain a large part of their influence, for example in terms of choosing projects, staff and customers, but also have access to Instalco's internal programmes to drive continuous improvements and spread best practice.</p> <p>A new board is appointed in all newly acquired companies, which are introduced at once to Instalco's financial and sustainability-related processes. Active board work takes place in every subsidiary in accordance with a Group-wide framework. All the companies are subject to monthly financial and continuous sustainability monitoring.</p> <p>Group-wide policies are implemented in material areas and an external whistleblower channel is in place and available to all Group companies.</p>

Market risks, macroeconomics and geopolitical instability	Management
<p>Macroeconomics and business cycle Economic fluctuations, inflation, interest rates, changes in demand for new residential/commercial construction, and investments by industry and the public sector all affect the installation sector.</p> <p>Disruptions in logistics chains and higher raw material prices that cannot be compensated by increasing our own prices could affect the Group.</p> <p>Political decisions and instability affect the ability and propensity of existing and potential customers to invest.</p> <p>Demand for installation services is also affected by macroeconomic factors and events that are beyond the Group's control, such as pandemics and Russia's invasion of Ukraine.</p>	<p>Instalco operates on the Nordic market and has a decentralised structure. Instalco's subsidiaries are focused on various niche markets and additional sales of technical services, support and consumables. This makes the Group less sensitive to economic fluctuations in individual industries, sectors or geographic areas. The business model limits the aggregate business and financial risks.</p> <p>Compared with the construction market, the market for technical installations and services is relatively less affected by the general economic situation. A large and increasing share of Instalco's revenue comes from regular smaller assignments such as renovation and services, which is not affected by the number of new construction projects started. The flexible cost base also allows rapid adjustments based on the market situation. Contracts for installation services are often entered into early in the development phase but carried out late in the project, making it possible to get a good overview and plan operations well in advance.</p> <p>Instalco carefully monitors events that could have negative consequences as a result of macroeconomic and political factors that impact the market and economic situation. Instalco works on continuity planning for the business on an ongoing basis, taking the potential consequences of various scenarios as a starting point. Instalco has a low level of dependence on individual customers and contracts but supports the subsidiaries with credit risk monitoring on an ongoing basis.</p> <p>By continuously acquiring companies in new niche markets, the Group can reduce market risks and better fend off economic fluctuations.</p> <p>Instalco does not have any direct exposure to Ukraine or Russia in terms of sales or purchasing. The risks related to the war have not had a material financial impact on the company's performance, but this cannot be precluded in the future.</p>
<p>Competitors Most of the Group's companies are active in industries that are exposed to competition. Moreover, consolidation in the industry could result in downward pressure on prices. Future competitive opportunities depend on the ability to be at the forefront and react quickly to new market requirements. Increased competition, a reduced ability to manage new market requirements, or component shortages and long lead times could have a negative impact on the Group's financial position and earnings.</p>	<p>Instalco offers system design, technical installation, other services and maintenance of buildings and facilities in Sweden, Norway and Finland, providing comprehensive electrical, heating, plumbing, ventilation and industrial solutions as well as technical consulting. The Group primarily focuses on medium-sized projects, which are typically low-risk and attract less competition than large projects, with the competitive factors being quality of work, long customer relationships and short lead times, rather than price.</p> <p>By working closely with customers and in partnerships, we continually develop our know-how and competitiveness. To reduce the competitive risk, the Group works consistently to ensure that a collaboration with our companies offers the most profitable sales strategy.</p> <p>Close collaboration with customers and suppliers allows us to plan for guaranteed performance.</p>

Financial risks	Management
<p>Liquidity risk Liquidity risk is the risk of not being able to fully meet the company's payment obligations or only being able to do so on significantly disadvantageous terms because of a lack of liquid funds.</p>	<p>Responsibility for the Group's financial transactions and risks lies with the Parent Company, which follows the Financial Policy adopted by the Board. Satisfactory solvency is to be achieved through agreed credit commitments. Excess liquidity is primarily used to repay outstanding loans.</p>
<p>Financing risk Financing risk is the risk that financing of the Group's capital requirements and refinancing of outstanding loans will become more difficult or expensive.</p>	<p>To limit the financing risk, the Group strives for an even maturity structure, a good liquidity reserve and diversified borrowing. This makes it possible to raise the necessary alternative capital should the need arise. Financing consists of long-term credit agreements that ensure financing of the business. To limit refinancing risk, procurement of long-term credit commitments is initiated in good time ahead of the expiry of current commitments. Instalco manages financing centrally and finances the Group's subsidiaries, both in Sweden and other countries, in local currencies. A cash pool has been established for SEK, NOK and EUR. The Group aims for a reasonable balance between equity, loan financing and liquidity so that the Group secures financing at a reasonable cost of capital. The target over time is for net debt/EBITDA not to exceed 2.5. A well-balanced net debt/EBITDA ratio indicates an ability to make new acquisitions primarily with own funds.</p>
<p>Interest rate risk Interest rate risk refers to unfavourable changes in interest rate levels having an excessive impact on the Group's net financial items and earnings.</p>	<p>Instalco takes a central approach to Group financing, which involves arranging all external financing centrally and financing the subsidiaries internally. Instalco has long-established relationships with several Nordic financial institutions and strives for an even maturity structure for its external debt, a good liquidity reserve and diversified borrowing. The interest rate situation is monitored on an ongoing basis and the need to extend loans or repay existing ones is evaluated continually.</p>
<p>Currency risk Currency risk is the risk that changes in currency rates will have a negative impact on the income statement, statement of financial position and cash flow.</p>	<p>Instalco's policy is that it does not engage in hedging as a way of lowering its currency exposure. Financing occurs in SEK, NOK and EUR.</p>
<p>Credit and counterparty risk Credit risk is the risk that the counterparty in a transaction will be unable to fulfil its financial obligations and that any collateral that has been provided will not cover the company's claim.</p>	<p>Credit checks are run on all new major customers. Instalco operates payment plans for installation projects.</p>

Sustainability risks	Management
<p>Sustainable services Sustainable installation services are in increasing demand by property owners and clients, and are an important component of Instalco's competitiveness.</p>	<p>Instalco's Quality Policy states that the company's proposed solutions must be highly reliable, resource- and energy-efficient, and environmentally friendly. In collaboration with the building proprietor and other contractors, Instalco carries out system design and installs future-proof, energy-efficient systems in all types of buildings, helping to reduce climate impact.</p>
<p>Compliance The installation sector is subject to extensive regulations, and it is vital to the market's confidence in Instalco that work is carried out in accordance with applicable laws and best practice.</p>	<p>One basic requirement is that all Instalco employees must comply with the applicable environmental legislation, competition rules, labour law, tax legislation, safety requirements and other provisions that provide the framework for the business. Besides compliance with laws and regulations, Instalco is responsible for ensuring that all of its employees act in accordance with the company's high standard of business ethics. This is described in the Instalco Code of Conduct. The whistleblower channel is available to deal with deviations from the Code of Conduct.</p>
<p>Health and safety A high level of workplace safety is key to Instalco's employees being able to carry out their work without risk of injury or accidents.</p>	<p>Instalco's goal is to ensure that no employee is exposed to risks that could cause physical or psychological injury. Preventive measures are implemented on an ongoing basis to ensure that no employee is exposed to risks in the internal working environment. Technical equipment, including personal protective equipment, is tailored to the requirements of each employee.</p>
<p>Working conditions Instalco's companies must comply with current labour legislation and provide attractive workplaces to safeguard employee wellbeing as well as Instalco's reputation in the market.</p>	<p>Working environment matters are an integral part of Instalco's operations. The company offers a stimulating working environment with scope for skills development based on business needs. Managers have the primary responsibility for creating a good working environment.</p>
<p>Corruption Instalco is to be awarded assignments in accordance with applicable procurement regulations and based on sound business ethics.</p>	<p>The Instalco Code of Conduct stipulates that the company's employees must never, directly or indirectly, offer, give or accept gifts, benefits or other forms of compensation for improper purposes. Furthermore, Instalco's employees must follow the Code to prevent Corruption in Business established by the Swedish Anti-Corruption Institute, which supplements Swedish legislation in the area. Subsidiaries are required to sign the Code of Conduct each year.</p>
<p>Suppliers and subcontractors Instalco requires its suppliers and subcontractors to comply with the Instalco Code of Conduct and other applicable legislation.</p>	<p>As part of the supplier evaluation process, Instalco's suppliers and subcontractors must have a code of conduct accepted by Instalco or accept the principles set out in the Instalco Code of Conduct. Violations of the Code may lead to termination of the supplier's business relationship with Instalco. Instalco also has a separate Code of Conduct for Suppliers, which must be signed in order for a project to be certified as a Sustainable Instalco Project.</p>
<p>Climate and environment Changes in the climate and environment from global heating may entail risks and negatively impact Instalco. Physical risks include flooding as a result of weather events and natural disasters. Economic risks include such things as resource shortages, changes to environmental legislation and taxes, and increased prices for materials and energy.</p>	<p>Instalco's operations and services have a limited direct environmental impact, other than the Group's transport requirements. There is growing environmental awareness among employees, customers and suppliers, and we are working to meet increasing requirements and expectations for responsible and sustainable solutions. Our assessment is that changes in the climate and environment do not pose a direct threat to our business in the immediate future, but could in the longer term. On the other hand, our installations can make an important positive difference and we strive continually to further contribute to society in this way.</p>

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Instalco AB (publ), corporate identity number 559015-8944

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2023 on pages 6, 8, 36 – 48, 52 and 104 106 and that it has been prepared in accordance with the 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.

Stockholm, date of digital signature
Grant Thornton Sweden AB

Camilla Nilsson
Authorized Public Accountant