

Sustainability - a long-term engagement

- We want to set the norm and act as an enabler for the green transformation.

Sustainability - a central part of our strategy

Sustainability is a stated and integral part of Beijer Refs strategy as well as one of the operations' most important focus areas. It affects everything from our business model and business strategy to the organisation and its product range. Beijer Ref wants to contribute to reducing climate impact, maintain a high standard in business ethics issues and work for a safe and inclusive workplace. The group actively pursues its agenda in these areas and the board has clear sustainability goals as part of group management's incentive program.

External standards guide us

Beijer Ref's sustainability strategy is based on the group's history, vision, business concept and values. It describes Beijer Refs economic, environmental and social responsibilities according to the UN global goals for sustainable development and the principles of Green House Gas Protocol (GHG Protocol). As part of the business's sustainability strategy, reduction targets have been submitted to the Science Based Target initiative (SBTi). SBTi is a framework which guides companies in setting up science-based sustainability goals. The framework aligns with the objectives that are included in the Paris Agreement.

Through the initiative "European Green Deal" (a framework which gives an account of the EU Commission's initiatives to and decisions about commitments to reduce climate change), the EU Commission is a driving force in the shift towards a greener economy. Beijer Ref follow the proposals that the Council of the European Union, the EU taxonomy and the Corporate Sustainability Reporting Directive (CSRD) has developed regarding sustainability reporting.

A sustainability agenda with new targets

Beijer Ref's ambition is to reduce its environmental impact and create a climate-responsible business. The target is to in the

long run aim to help customers and suppliers make more sustainable choices by providing green products and training in climate responsibility.

In order to achieve these goals, Beijer Ref has a clear agenda: The group wants to influence the sustainability agenda with a focus on areas where the group can make the most significant difference and translate high ambitions into concrete action. For this reason, five focus areas have been selected by the group where all sustainability work is carried out:

- a) Green products
- b) Reducing GHG Footprint
- c) People & Talent Management
- d) Ethical business
- e) Responsible Supply Chain

Reducing the greenhouse gas footprint has been included in 2022 in the framework and has become a central focus area. New targets for reduction of the greenhouse gas footprint has been submitted for review by SBTi. Therefore the group will increase efforts through various initiatives in all five focus areas, become more transparent and expand the data reported externally.

Governance

Beijer Ref has ensured that the responsibility for driving the agenda forward in the various areas has been delegated to relevant parts of the organisation. In this way, the group can verify that sustainability is an integral part of daily operations; with governance, ownership and commitment from the entire organisation.

Responsibility for the efforts is presence at both central and local level. The board and company management determined strategy as well as company policy and approved the

targets. In addition, they regularly follow and update the progress. Each general initiative is owned by one function in the management team, then the local subsidiaries carry out and implement the measures. Each subsidiary also has an appointed contact person for sustainability issues that drive the implementation and the local communication agenda.

With relevant policy documents, e.g. the Sustainability Policy and the Code of Conduct for employees and suppliers, the subsidiaries can work towards achieving specified targets within each area. As a decentralised organisation, the group would expect that all companies take an active responsibility for their local operations and that each company's respective management has a unified approach to sustainability issues and drives these questions forward.

The board actively monitors how the work to achieve the targets within respective area progresses - to ensure that the business delivers according to set ambitions within the sustainability framework. This is done by having sustainability and sustainable entrepreneurship (ESG) on the annual agenda for at least two board meetings. In between, there is an audit committee tasked with following up and ensuring compliance with policies and that the work on target fulfillment continues according to plan.

Highlights in 2022

In 2022, the following highlights was implemented:

- To underline the governance and ensure the right level of commitment, Beijer Ref has implemented sustainable actions as part of top management bonus targets in 2022.
- At the end of 2022 submission of reduction targets for SBTi review has been completed aiming for 42% absolute reduction within Scope 1 and 2 and a 25% reduction for

Scope 3, both before 2030. These targets align with the below 1.5C limit for Scope 1 and 2 and the well below 2C for Scope 3.

- This also means that the group, for the first time, is publishing Scope 3 data in addition to the Scope 1 and 2 data reported since 2020.
- In addition, the group has started to report its carbon footprint to the international non-profit organisation CDP (short for Carbon Disclosure Project). The frequency of reporting on selected KPIs will also be done quarterly instead of annually.

Materiality analysis as a basis

As our sustainability ambitions are being raised to the next level, it is important to ensure that the expectations of the group’s main stakeholders are met on all points. Therefore, a materiality analysis was carried out in 2022; where representatives of the central interest groups were invited to give their views on the prioritisation of several relevant topics within sustainability.

The results of the analysis clarified which of the environmental, social and governance-related issues (ESG) had been identified as key activities and what priority ranking they had been given in relation to each other. The outcome provided an important basis for the business’s continued sustainability work.

The following five areas were ranked as the most important:

- *Business strategy for sustainable products and services*
- *Management of ESG responsibility*
- *Accidents, Incidents*
- *Sharing knowledge about environmentally friendly products*
- *Implementation of policies and procedures aimed at bribery, corruption, and competitive behaviour*

Targets for reduced carbon dioxide emissions

According to the climate report that Intergovernmental Panel on Climate Change (IPCC) published in April 2022, the climate is changing rapidly. If society does not succeed in reducing carbon dioxide emissions, and other greenhouse gas emissions significantly in the coming decades, this direction of development will continue.

Beijer Ref takes responsibility for helping to limit the increase in temperature to 1.5 degrees and in 2022 we submitted targets for emission reduction until 2030 - in line with SBTi.

Vision	Reduce the group’s GHG footprint long-term in line with Science Based Target.
Target	Reduce Scope 1 and 2 emissions by 42% and Scope 3 by 25% in 2030, aligned with the Science Based Targets.

Mapping the climate impact to take action

In 2021, Beijer Ref started to map the monitoring of energy consumption and company cars at the group’s >450 branches. This enables us to measure the direct climate impact of the organisation’s activities and identify options for an ambitious reduction target. The initiative comes under Scope 1 and 2 (reporting on climate action). During 2022, the mapping was extended to include Scope 3 activities.

In 2022, the group presented a target of a 42% reduction of CO2 emissions in Scope 1 and 2 and a 25% reduction in Scope 3. The targets are supported by a plan, defining actions to achieve the targets.

Reduced carbon footprint from direct activities

To reduce climate impact in the industry, it is essential to manage the direct emissions from the group’s activities. Therefore, we have established a baseline for our entire footprint. In this report, Beijer Ref, in line with the GHG-Protocol, communicates the group’s direct CO2 emissions from activities in Scope 1 and 2.

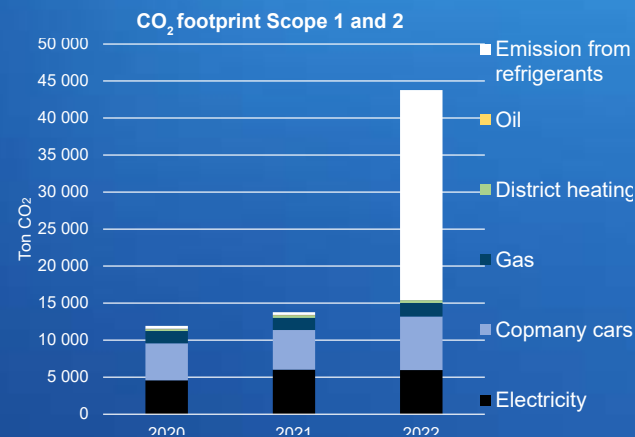


Reducing Scope 3 emissions by 25% in 2030

Scope 3 activities account for more than 99% of our footprint, mainly from the use of sold products when the products are being installed and used by end-users. Especially the refrigerants used and that leak into the atmosphere account for a large share of the footprint. Also, emissions related to the electricity consumption of the cooling units and heat pumps account for a large share of the Scope 3 footprint.

Scope 3 covers indirect emissions. In this regard, we depend on end-users and installers to make the right choices to deliver a 25% absolute reduction in 2030.

As a means to achieve the target, Beijer Ref will increase its green product line and transition to natural refrigerants and reduce the use F-gases.



Performance of Scope 1 and 2 footprint in 2022

The figure above shows that Beijer Ref’s direct emissions, to a great extent, originate from energy used for lighting, heating and cooling buildings as well as from company cars. A large part of the emission derives from electricity consumption, and only a minor part is related to natural gas consumption. To

achieve the target of a 42% absolute reduction of our Scope 1 and 2 footprint, we have identified the following focus areas to drive the reductions:

Energy optimization on all addresses, installation of solar panels on owned buildings and a phase-out of natural gas switching to heat pumps where applicable.

Beijer Ref will also focus on transitioning from fossil fuel company vehicles to partly or wholly electrified vehicles.

In 2022, Beijer Ref experienced a significant increase of The Scope 1 footprint, compared to previous years. This is because around 20 tonnes of refrigerants leaked out at Beijer Ref’s filling station in Gothenburg in March 2022. This is the only leaking incident that Beijer Ref has been involved in.

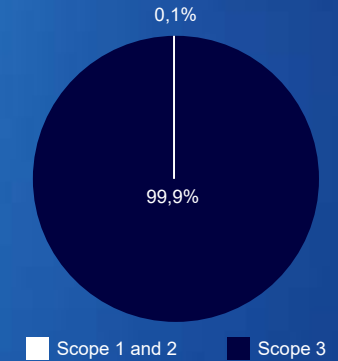
To limit the risk of this happening in the future, Beijer Ref have initiated a thorough investigation and an upgrade program to increase leakage safety on installations and operation processes in all of Beijer Ref’s filling stations. We want to create a uniform standard beyond legislation aiming for the highest leakage safety in the industry.

Excluding the impact of the incident in Gothenburg, we still see an increase in our Scope 1 and 2 emissions, mainly driven by increased emissions from company vehicles. However, the total emissions from direct electricity decreases somewhat.

The carbon footprint from indirect (Scope 3) emissions To act on the area where Beijer Ref has the highest impact on CO₂ emission, the first step is to quantify the emission from different activities to create the needed transparency.

For the first time, Beijer Ref has calculated the carbon footprint from the more indirect emissions (Scope 3) in line with the standards as described in the GHG protocol. The calculation has been done on activities carried out in both 2021 and 2022. The submission to SBTi and the reduction target of 25 per cent is concerning emissions in 2021.

In the overview (on page 26), the impact of different Scope 3 activities is presented. Emission for use of sold products is by far the category with the highest impact for Beijer Ref.



In 2022 our total Scope 1, 2 and 3 carbon footprint grew by 4,7% compared to the financial growth of 33,9%. Looking at Beijer Ref’s emissions in ton CO₂e per million SEK turnover, it is a relative drop in emission intensity of -22%. We have succeeded in decoupling growth in carbon footprint from financial growth - which is an important step towards our absolute reduction target.

Impact from sold products during use

The largest emissions comes from sold refrigerants, which to some extent leaks into the atmosphere during use by the end-users. To impact in a positive direction, we educate the market and guide customers towards solutions with lower GWP. The preferred solution is our own manufactured cooling units and heat pumps that use the natural refrigerant CO₂ with a significantly lower GWP than traditional refrigerants.

Our aim to increase sales of what we internally categorise as environmentally -friendly products to account for 50% of our OEM production in 2025. See more about the performance of these targets in the section concerning “Green products”.

Scope	Activity	Ton CO ₂ e 2021	Ton CO ₂ e 2022	Difference since last year %
Scope 1	Natural gas, company cars and leaked refrigerants	7 421	37 441	-
Scope 2	Electricity and district heating	6 347	6 328	-
Scope 3	Use of sold products - electricity	6 377 083	7 105 609	-
Scope 3	Use of sold products - leakage from loaded units	324 947	255 268	-
Scope 3	Use of sold products - leakage from refrigerants sold	5 488 107	5 313 238	-
Scope 3	Purchased goods and services	286 224	581 911	-
Scope 3	Upstream transportation and distribution	132 285	120 855	-
Scope 3	End of life treatment of sold products	2 503 023	2 408 001	-
Scope 3	Employee commuting	6 290	7 990	-
Scope 3	Waste generated in operations	5 254	5 254	-
Scope 3	Business travels	109	233	-
Total		15 137 090	15 842 128	4.7

Emissions from the electricity powering the sold products during their lifetime also significantly contributes to our Scope 3 footprint. Our ambition in the coming years is to focus on guiding the customers and being transparent about the climate impact of their choices. The increases from 6.3 million CO₂-equivalent in 2021 to 7.1 million in 2022 is due to significant increase in the number of sold units.

Another part of the impact of sold products is the bulk refrigerants sold in cylinders from our filling stations. Installers fill new installations or refill existing ones. Based on EU public reported data, we know that a significant part of the sold refrigerants leak into the atmosphere either as a leak from an installation during use or when the installation is replaced or taken down. Beijer Ref will ensure that the highest possible extent of the gases sold will get proper end-of-life treatment to prevent emissions. Furthermore, we will follow the development in the F-gas market towards solutions with lower GWP and thereby reduce the footprint from this category.

Overall, it is our intention to look into all the emission sources reported and plan how to reduce future emissions.

Beijer Ref's financial success negatively affects emissions but positively improves end-user emissions. It is important to observe the relationship between Beijer Ref's commercial success, i.e. the number of sold units, and the impact on Scope 3. An increase in sold units consequently leads to an increase in emissions from these products during use. Therefore, they contribute to a higher Scope 3 footprint for Beijer Ref.

This is not acceptable emission accounting according to the GHG Protocol and it doesn't contribute to delivering on Beijer Ref's SBTi target. However, if we consider what the sold products are replacing in the market, Beijer Ref's products contribute to an overall positive development of reducing emissions.

Examples are:

Heat pumps for heating replaces natural gas consumption or the burning of oil.

Exchanging a cooling unit into new, more energy efficient once, possibly with a natural refrigerant instead of an F-gas.

In both cases, the new installations are replacing more emission-intensive installations, thereby avoiding emissions and reducing the negative impact on climate. This impact is accounted positive in the end-user footprint, but will negatively impact Beijer Ref's Scope 3.

Sustainability reporting is a dynamic target, and we continue to explore and understand our data better and optimise our operations. Ahead, we will focus on decoupling Beijer Ref's increased carbon footprint from the company's financial success.

Responsible supply chain

As a leading global company, Beijer Ref is responsible for continuously developing the work of ensuring suppliers comply with the high standards of responsible and correct behaviour. Beijer Ref must ensure that quality, social responsibility, and climate focus always guide operations and business relationships. The group has a central Code of Conduct for suppliers, which applies to the larger business partners of all companies. This lists the group's requirements in human rights, social and labour law conditions, business ethics and anti-corruption. Since 2018, Beijer Ref has worked actively with implemented its code of conduct with its suppliers.

Beijer Ref works proactively to achieve deeper collaborations with strategic partners, so that we can implement specific proj-

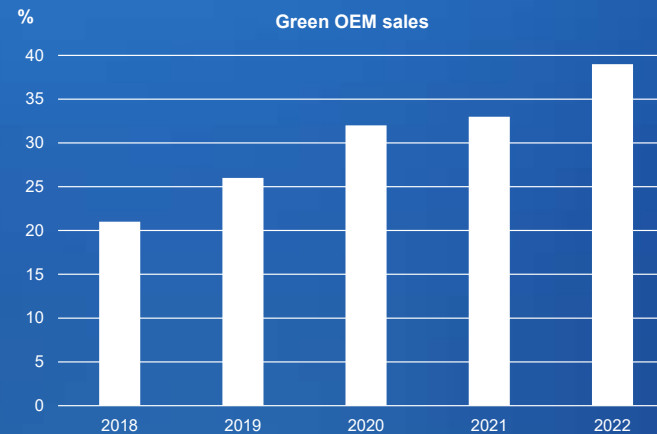
ects with the aim of improving sustainability. An example of this is the renewed partnership agreement with Danfoss - which includes a project to investigate options that could improve the circular economy.

The group is working with national and regional distribution centers to consolidate and optimise internal transportation among Beijer Ref warehouses to reduce cost and CO2 emissions. Acquisitions will also be integrated in existing supply chains as soon as possible.

Green products

In order to intensify efforts of converting the cooling and HVAC market to solutions, based on natural refrigerants, Beijer Ref has decided on the following target: 50% of total OEM sales by the end of 2025 should be based on natural refrigerants.

Status end of 2021 was that 33% of the total OEM sales come from solutions based on natural refrigerants. In 2022 this has increased significantly, to 39%. The positive development is driven by strong growth in sales from SCM Frigo delivering cooling solutions based on natural refrigerants. Also our subsidiary, Fenagy, has shown significant growth on sales in the category of natural refrigerants based units.



It is also the continued growth from SCM Frigo and Fenagy that is expected to deliver on the company's 50% target in 2025.

Waste and water

In the environmental area, Beijer Ref also works with management their waste and water consumption through various local initiatives. Since the group has no major water consumption, neither in its production nor distribution, this is an area with less climate impact and will therefore not be prioritised at central level.

EU Taxonomy

The EU taxonomy is legislation with the intention of improving transparency in how companies can classify their operations in order to prevent climate change. Since last year, Beijer Ref must report on performance according to the EU taxonomy

As prescribed by the taxonomy regulation, the task has been to assess the company's operations and identify the proportion of activities which are defined as "aligned" according to the legislation, and that contribute to either climate change or mitigation.

Taxonomy-aligned economic activity means an economic activity that is described in the delegated acts supplementing the Taxonomy Regulation and also meets all the technical screening criteria within those delegated acts.

Our core business in Beijer Ref is sales and distribution of equipment for HVAC and refrigeration installers. Sales and distribution is currently not described as coordinated activities in EU taxonomy legislation, although Beijer Ref sees the group as an important part of the solution - as can be seen in other parts of the report.

The economic activities deemed aligned to refer to "3.5 Manufacture of energy efficiency equipment for buildings" is our part of OEM business which we measure as environmentally-friendly, meaning using natural refrigerants with a GWP below 150.

The aligned part of the OEM business is the production of cooling racks which accounts for 3,75% of our total activities in terms of turnover, which is shown in the table below.

This quota is increasing year by year as described and illustrated in the growth of "Green OEM sales". Furthermore, investment activities related to this production (CapEx) are also qualifying as aligned. This is driven by the investments related to expanding Beijer Ref's OEM production of environmentally-friendly cooling units in Italy and large scale heat pumps in Denmark. Our aligned OpEx share is also driven by the operating costs in the production of green OEM products mainly at SCM Frigo Italy. More details on taxonomy and related accounting policy can be found in the appendix page 103.

	Total (denominator) (MSEK)	Proportion of Taxonomy-aligned (%)	Proportion of Taxonomy non-aligned (%)
Turnover	22,638	3.75%	96.25%
CapEx	879	4.77%	95.23%
OpEx	63	23.74%	76.26%

Talent Management

Employees are the most important asset for the success of Beijer Ref.

Targets 2023:

- >90% annual performance reviews for all employees
- Less accidents
- Sick leave rate of <4%
- Start measuring employee engagement by rolling out digital survey to >70% of the organisation

- Increase the percentage of women in all levels of the organisation

For Beijer Ref, actively working with sustainable employees means to ensure a committed and motivated organisation. We know that an attractive workplace with competent and committed employees who enjoy their work contributes to driving the company towards our shared vision. For this to work, everyone needs to be aware of and understand their role in building and developing the organisation.

Common values

Beijer Ref has a strong organisational culture that is based on a distinct value base. Our core values, Committed, United, Engaged and Straightforward provide guidance for the entire organisation and illustrates the importance of working for a sustainable organisation which includes, among other things, diversity and inclusion.

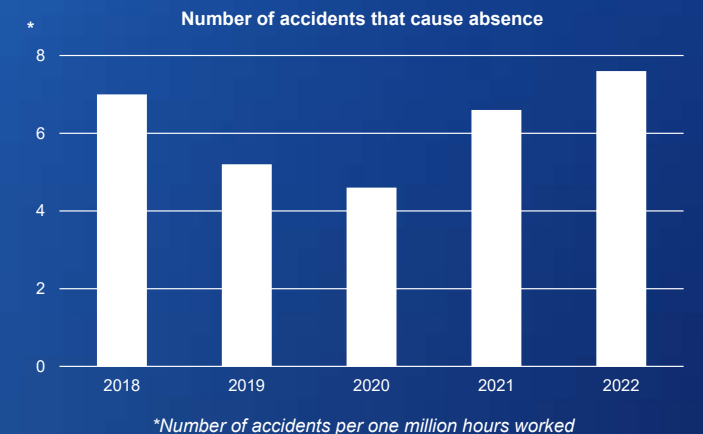
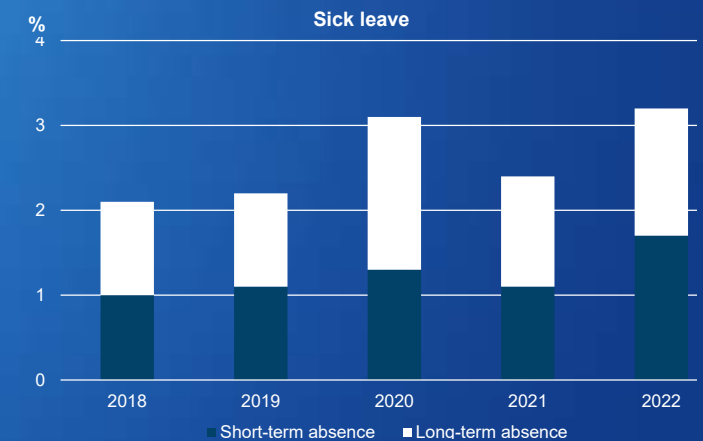
Guidelines for how the organisation should work with values are drawn up at a central level, which leads to various activities in the subsidiaries. This is also something that all new employees meet at an early stage. New employees receive information about Beijer Ref's history, values and ethical approach through an in-depth introduction. Policies and guidelines are used for training in, for example, onboarding, talent management and succession planning. The guidelines are reviewed in an internal and a group-wide HR network, and spread to local subsidiaries.

Beijer Ref conducts systematic environment surveys. In order to follow up, and evaluate the results of workplace safety, two key figures are used; sick leave and number of workplace accidents. Where sick leave is measured in percentage and workplace accidents in accident index (with 24 hours of absence per 1 million worked hours).

In 2022, sickness leave was 3 per cent, an increase compared to the previous year. The goal is to have a sick leave that is less than 4 per cent.

Beijer Ref's long-term ambition is to have zero work-related

accidents. After a period of fewer workplace-related accidents, we have noted an increase in the last two years. This is connected to the work activity increase post Covid. Beijer Ref works actively to reduce the frequency of accidents. Within the industry, an accident index of 7 is to be evaluated as relative acceptable. We will continue to actively work for our long-term targets and follow up results and activity with respective subsidiaries.



*Number of accidents per one million hours worked

Competence development

Beijer Ref also works structured to ensure employees can build their skills and develop professionally. From a central point of view, the ambition is to support and encourage the personal development of all employees. A step in building up overall educational efforts is to offer a digital platform. During 2022, our subsidiaries have worked actively with rollout and ensuring skills enhancement through digital learning.

To follow the development of employees, all employees must be offered an annual development discussion.

Another example is the group-wide Beijer Ref Exchange Program. The program enables talented employees to work for a period at another subsidiary. The aim is to develop both participants and operations. Coworker brings experiences from different countries and cultures into another subsidiary. During the program, they are assigned a specific project and thereby learn about the group's various operations and business models. The first program was launched in 2019 and received good feedback from the participants, employees and receiving company. The program is supposed to be implemented every two years, but had to put on hiatus during the pandemic. The turn of the year 2022/20223 our second Exchange Program was implemented and the response continues to be positive.

Diversity and inclusion

To ensure an inclusive workplace, Beijer Ref works actively with openness, diversity and inclusion. One of the aims of the diversity work is to increase the proportion of women at all levels within the organisation. In addition to regularly follow up the progress within our subsidiaries, a number of training courses are offered from the group. Targeted efforts in diversity and inclusion will be offered to managers in 2023. This is to raise awareness as well as the importance of focusing on this area.

In 2022, the proportion of women in the group was 23%, which shows the importance of constantly working on activities to drive the transition.



Business ethics and anti-corruption

All parts of the business must be imbued with integrity and business ethics principles.

Beijer Ref has a clear stance on ethics and transparency – the group has zero tolerance when it comes to corruption and other unethical acts. The best way to fight corruption is to continuously create a corporate culture where each individual acts with integrity that aligns with Beijer Ref’s values and policies. The message must not be misunderstood - all employees and others acting on behalf of the company shall act in accordance with the group’s code of conduct and underlying policies. To ensure that the organisation understands the group’s ethical approach over 90 per cent of the group’s employees have undergone training in the code of conduct and business ethics in the last three years. This education shall be repeated every two years. In 2022, the education was updated using a new platform and a new e-learning tool.

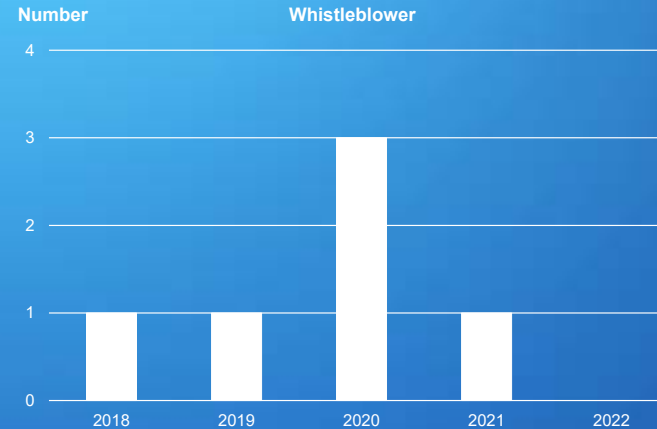
The courses, which are multilingual and usually digital, address issues such as ethics, anti-corruption, and the avoidance of bribery. Those employees who do not have access to a computer have completed the training in groups. It is of the utmost importance that all employees know how to handle risky behaviour situations.

Furthermore, corruption is dealt with in the internal code of conduct and in the code of conduct for suppliers. All irregularities or fraud should be identified and investigated as early as possible.

Whistleblower channel for the group

All employees shall be able to report if dishonest practices exist and can do so through a whistleblower function. Information about this function has been translated into the local languages of each country. It is important that all employees feel confident that the notifications are received and handled correctly. Each company is responsible for ensuring that the rules on ethical guidelines and whistleblowing are passed on to the employees. All employees also receive the information

through mandatory ethics training. When a whistle-blower case is received, an external party makes the initial assessment. In 2022, no case was registered through the whistle-blower function.



Policies

Beijer Ref has a code of conduct that covers all employees in the group. Beijer Ref also has two additional policies in ethics. The first concerns competition, and this complements the code of conduct. The second covers anti-corruption regulations. For a global group such as Beijer Ref, which operates in markets in countries with a higher risk of corruption and human rights violations, clarity in processes, incidents, and sanctions is particularly important, as stated in the policies.

Sustainability report

In addition to this section, our sustainability report also consists of the information contained on page 10-13, 15, 18-19, 32-33, 43, 49-51 and 102-103.

Auditor’s statement on the statutory sustainability report

To the annual general meeting of Beijer Ref AB (publ), corp. reg. no. 556040-8113

Assignment and distribution of responsibilities

It is the board that is responsible for the sustainability report for the year 2022 on pages 23-30, as well as the information on pages 10-13, 15, 18-19, 32-33, 43, 49-51 and 102-103, for ensuring that it is prepared in accordance with the Annual Reports Act.

The direction and Scope of the investigation

Our investigation has been performed according to FAR’s recommendation RevR 12 Auditor’s statement on the statutory sustainability report. This means that our investigation of the sustainability report has a different approach from and a much smaller Scope than an audit in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden. We believe that this investigation provides us with a sufficient basis for our statement.

Statement

A sustainability report has been prepared.

Malmö, April 3, 2023
Deloitte AB

Richard Peters
Authorised Public Accountant