

Sustainability Report

Instalco strives, every single day, generate benefits to society in the Nordic region. It does so via its climate-smart, energy-efficient installations that lead to lower consumption of resources. Instalco strives to ensure that its approach to sustainability is aligned with the UN Sustainable Development Goals.

For us, sustainability means running operations responsibly and applying a holistic approach to the economic, environmental and social aspects. Our aim is to help benefit society on a daily basis through our local presence and our technical, efficient solutions in all of our areas of expertise. Providing safe, sustainable installations that help generate benefits to society is a high priority for us. We also put much emphasis on having a safe, stimulating work environment.

Sustainability efforts at Instalco

We are always striving to help customers lower their environmental impact via lower water and energy consumption, along with higher environmental awareness. Property owners of both newly constructed and older buildings are currently focusing more on investments in energy efficient installations aimed at lowering operating costs and meeting the ever-increasing sustainability demands of the market and customers.

For example, Instalco helps generate benefits to society, contribute to sustainability and achieve higher energy efficiency via its installations of solar cells, heat pumps, geothermal heating, heat exchangers, LED lighting, charging stations, energy-saving programs and property automation. We also install more energy-efficient and environmentally-friendly refrigeration systems in grocery stores. Other examples are the air treatment systems we install and water purification projects we are involved in throughout the Nordic region. Instalco also strives to help the end client apply the broadest possible approach to sustainability. We strive to increase their knowledge of what is possible to achieve in a construction project, from an environmental perspective.

The Instalco model provides companies in the Group with a high level of autonomy as regards their interactions with customers, sales, control and project implementation. The Group has a shared code of conduct, along with policies and guidelines for the environment, sustainability and work environment. All companies actively strive to lower their negative environmental impact and use their energy/environmentally efficient solutions to lower resource consumption for customers. In addition, each specific company is able to take own initiatives and set goals that benefit local society and create attractive workplaces.

Sustainability targets

During 2019, Instalco worked with five central sustainability goals. We are aiming for a customer satisfaction rate of 100 percent, employee satisfaction above 90 percent, absence due to illness below 5 percent, employee turnover below 10 percent and zero workplace injuries. Our performance on the sustainability targets is presented on page 9.

New sustainability program

At the start of 2020 we launched a new sustainability programme. A key component of it is our classification system, "Sustainable Instalco Project", which we have developed ourselves. In order for a project to qualify as a **Sustainable Instalco Project**, it must meet six specific sustainability indicators. For example, it must meet the requirements on occupational health and safety via the programme, **Safe Employee**. Furthermore, all suppliers are required to sign Instalco's Code of Conduct. The project must also demonstrate qualities making it climate-smart.

The Sustainability Programme focuses on three main areas:

- Safe and modern work environment
- Sustainable installations
- Mature leadership

Within these three main areas, there are eight sustainability targets that will be measured and followed up on each year. The overall aim is to thereby achieve improvements each year in all areas.

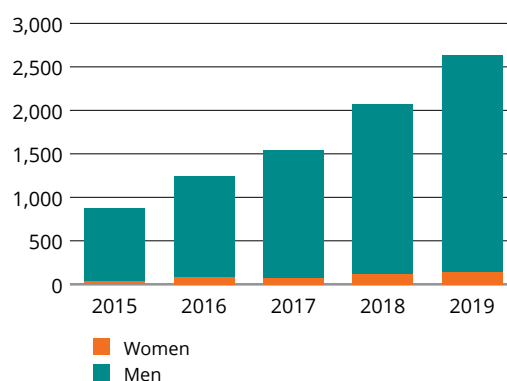
With the new sustainability programme, Instalco has also become a signatory of the UN Global Compact Sustainable and is committed to doing its part in achieving the Sustainable Development Goals (SDGs) of the 2030 Agenda. The new sustainability programme is presented in more detail on page 31.

Social perspective

Employees

Instalco strives to offer be an attractive employer that with interesting assignments, competent leaders, short decision paths and plenty of opportunities to make an impact and develop one's talent. There should be an open atmosphere that stimulates creativity and new ways of thinking that are in line with Instalco's values. Commitment and cooperation are prioritised and we encourage employees to listen and learn from each other. Continual training is also important, along with sharing of expertise in order

AVERAGE NUMBER OF EMPLOYEES



Materiality analysis

Instalco's materiality analysis is based on engagement with stakeholders, world trends and the company's strategic priorities. The analysis serves as the basis for our sustainability work and the strategic priorities that we have set.



Stakeholders

Instalco's operations impact, and are impacted by, a variety of stakeholders. The main stakeholder groups are customers, current employees, future employees, acquisition candidates, suppliers, subcontractors, owners, investors, analysts and the media. End-users are also impacted by Instalco's operations because they either live or work in buildings where Instalco has performed installation work. Instalco regularly engages in dialogue with its main stakeholders.

Stakeholder group	Forms of engagement	Main issues in 2019
Customers <ul style="list-style-type: none"> Existing customers Future customers 	<ul style="list-style-type: none"> Ongoing dialogue during projects Evaluation meetings Tenders Instalco News (customer magazine) 	<ul style="list-style-type: none"> Energy and environmental efficiency Quality Specialization
Other business partners <ul style="list-style-type: none"> Developers Collaborating contractors Subcontractors Suppliers 	<ul style="list-style-type: none"> Ongoing dialogue during projects Evaluation meetings 	<ul style="list-style-type: none"> Energy and environmental efficiency Efficiency Business ethics Multi-disciplinary activities Work environment and safety
Capital market and the media <ul style="list-style-type: none"> Shareholders Investors Analysts Journalists 	<ul style="list-style-type: none"> Individual meetings and interviews Presentations Annual General Meeting Press releases Quarterly reports and annual report Website Social media 	<ul style="list-style-type: none"> News reporting Growth strategy New projects Acquisitions Sustainability
Employees <ul style="list-style-type: none"> CEOs at subsidiaries Existing employees Future employees 	<ul style="list-style-type: none"> Monthly phone meetings Intranet and employee newsletter Employee survey Business area meetings Instalco Academy and internal trainings Performance appraisals 	<ul style="list-style-type: none"> The Instalco Club Work environment and safety Shared policies and Code of Conduct Future sustainability programme Spreading best practice throughout the Group Profitability-enhancing activities and IFOKUS
Acquisition candidates	<ul style="list-style-type: none"> Individual meetings Site visits 	<ul style="list-style-type: none"> The Instalco model Profitability Best practice and local leadership

to promote best practice throughout the organisation. Instalco also offers trainee positions aimed at building strong relations with future technicians and assemblers.

Instalco is striving to recruit staff from a wide spectrum of society. At all levels, we shall strive for openness and an accepting climate, free of prejudice. We shall offer, regardless of gender and ethnicity, the same opportunities for career and skill development. Instalco's employees must respect and support the UN Declaration of Human Rights and comply with international agreements on child labour. We strive to ensure that none of its employees or job applicants experience discrimination based on gender, age, ethnic origin, sexual preference or functional disability. Instalco has zero tolerance for all forms of offensive behaviour, lack of respect or sexual harassment.

One form of internal dialogue is the annual employee survey that is sent out to all employees of the Group. The response rate for the 2019 survey was 50 percent, of which 67 percent were

assemblers and 33 percent were professionals. The results from parts of the survey are reported on page 30.

The main channels for internal information are the Instalco intranet for the Group's employees, which has more than 2,000 users. Another important means of communication is Instalco News, our customer and employee newsletter that we started up in 2019.

Gender equality is given priority at all times, with a particular focus on it during recruitment efforts, skill development and setting salaries. Since Instalco operates in what has been a traditionally male dominated industry, we cooperate with schools, employer organisations and vocational committees to increase the percentage of women in the field. In 2019, the percentage of women working at the Group was slightly more than 5 percent.

The Instalco Club

Instalco should offer all of its employees a stimulating workplace. Instalco Club, set up in 2018, is aimed at stimulating and prior-

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 which 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 formulating national plans, setting international agendas and establishing priorities and targets within the private sector. Instalco has determined that the SDGs most aligned with issues most material to the business are 5-7, 9, 11 and 17.

The UN Sustainable Development Goals most aligned with issues most material to Instalco are 5-7, 9, 11 and 17.



Instalco runs the business via value-based leadership that promotes equal rights and opportunities for all employees. We contribute to the goal by ensuring that all employees, regardless of gender or ethnicity, have access to development opportunities, via further education, apprenticeships and similar initiatives.



Through our values and installations, we contribute to SDG 9, Sustainable Industry, Innovation and Infrastructure. We contribute to the goal by enabling more efficient use of resources and promoting the use of environmentally friendly technologies at installations.



Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to SDG 6, Clean Water and Sanitation, by making water consumption more efficient, safeguarding the water supply, improving sewage systems and more reuse/recycling.



Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to SDG 11, Sustainable Cities and Communities.



Our core business is based on making both air and water cleaner, along with saving energy. Through our installations, we contribute to SDG 7, Affordable and Clean Energy, via access to electricity supply and modern energy, a higher percentage of renewable energy and Target 7.3 on higher rate of improvement in energy efficiency.



We believe that change is most easily achieved via cooperation. We therefore believe that partnerships and collaboration with other stakeholders in society is the best way to contribute to the UN Sustainable Development Goals, 5, 6, 7, 9 and 11.

itising activities that promote social interaction and the health/well-being of our employees. With that in mind, we have set up a fund, called Instalco Club, to encourage employee activities. Activities carried out within the scope of Instalco Club should be initiated and run by employees and everyone in the particular subsidiary should be invited to participate. The activities may be social, cultural or physical, which is decided by the one(s) applying for resources from the fund.

In 2019, we received 32 applications that have been approved and implemented.

Code of Conduct with whistleblower function

Our Code of Conduct consists of a number of principles that describe the company's shared values. Besides these principles, there are Group-wide policies, guidelines and routines that apply to specific areas like accounting/finance, personnel and purchasing. The aim of the code of conduct is to communicate ethical values and guidelines on professional behaviour to all employees, customers, suppliers, other business partners and owners, along with providing them with guidance for carrying out their daily tasks. Areas covered include conflict of interest, gifts, bribes and entertainment. 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 in order to ensure that the Code has been implemented and is being followed.

Instalco forbids all forms of discrimination within the Group. One basic requirement is that everyone complies with the applicable laws and regulations. Instalco also takes responsibility for applying the highest ethical standards and business morale in all of its business dealings and activities.

Instalco has a whistleblower function whereby employees may anonymously report any violations of applicable laws and regulations or lack of compliance with the Code of Conduct to the

company's management or board, in accordance with instructions provided therein. The whistleblower function is part of Instalco's preventive efforts against corruption, improprieties and wrongdoing. In 2019, no reports were made to our whistleblower function.

Work environment

Instalco's work environment policy aims to ensure a work environment that prevents any risk of ill health or accidents. Instalco shall offer a safe, secure workplace that is healthy, promotes good health and drug-free. Work environment issues are an integral part of operations, to be considered during ongoing and planned operations, and in conjunction with any changes that are being planned. The Group's employees are jointly responsible for ensuring that no employee is exposed to risks that could lead to serious physical or psychological injury. We work conscientiously and systematically to achieve a physical and psychosocial work environment. The overall goal is safe, healthy workplaces that help our employees and the company thrive.

Instalco has a vision of zero workplace accidents and it actively strives to achieve that. In 2019, the number of reported workplace accidents was 85 (78), which corresponds to 3.2 (3.8) percent of the total number of employees. Instalco is a member of the building sector's (80 member companies) zero vision for accidents at construction sites. It is called "Håll Nollan".

Career opportunities

Instalco strives to offer a stimulating work environment that creates opportunities for personal development.

For this purpose, Instalco has set up a company-internal school called Instalco Academy. We use it to train our future leaders so that we can attract and retain skilled employees. Another goal is to ensure that all Instalco employees have the



The main channels for internal information are the Instalco intranet for the Group's employees, which has more than 2,000 users. Another important means of communication is Instalco News, our customer and employee newsletter that we started up in 2019.



right expertise for being able to deliver in their respective roles. The Instalco Academy has leadership programs for three categories of employee: leading assemblers, project managers and CEOs.

Succession planning at Instalco occurs via such things as CEO transfers across subsidiaries, since Instalco strives to fill leadership positions from within the Group. It is a philosophy that also applies to project managers and leading assemblers. Training future leaders for such positions and career advancement is one of the main purposes of Instalco Academy.

In total, 267 people participated in trainings offered via Instalco Academy in 2019.

Economic perspective Sustainable growth

Property owners of both newly constructed and older buildings are currently focusing more on investments in energy efficient installations aimed at lowering operating costs and meeting the ever-increasing sustainability and energy-saving demands of the market and customers. This is why Instalco is convinced that energy efficient and environmentally smart services will strengthen the Group's competitiveness and fuel long-term growth.

Quality and customer satisfaction

Instalco runs its operations in close collaboration with customers during project planning and installation of future-safe, energy efficient 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. The right level of quality is achieved by careful preparation of the various stages in the construction process, use of technical know-how, working efficiently and commitment throughout the entire value chain. Instalco continually monitors customer satisfaction and a large share of its business is repeat customers. Satisfied customers are repeat customers. The percentage of repeat customers has remained stable, at around 80 percent.

Environmental perspective

All companies within Instalco are required to select materials and choose work methods that result in a lower impact on the internal and external environment.

Instalco shall:

- Cooperate with customers and planners to lower environmental impact
- Increase employee knowledge of environmental aspects
- Comply with laws and other environmental requirements established by the Group

Instalco is an environmentally conscious company, where all employees are responsible for giving consideration to environmental aspects. Work with environmental issues occurs in all areas of the Group's operations: from the selection of products and suppliers, via purchasing and logistic flows to the final offering with installations, operations and service. Instalco is convinced that active environmental efforts are an important success factor for the company's growth.

Instalco participates in many projects where clients will seek Miljöbyggnad certification, which is a system set up by Sweden Green Building. To achieve such certification, the environmental efforts and the building's environmental performance are evaluated by a third party.

Instalco is also often involved in BREEAM projects (BRE Environmental Assessment Method). It is the world's leading sustainability assessment method, set up and administered by Building Research Establishment (BRE). Sweden Green Building Council has adapted BREEAM to the Swedish market and prerequisites.

Management has assessed that Instalco's most significant environmental impact is its carbon dioxide emissions. The Group aims to continually lower its environmental impact from travel, purchasing, waste management and the handling of hazardous substances.

Response rate for the 2019 employee survey

83% (2018: 85%)
that there is no bullying or offensive behaviour

83% (2018: 86%)
that it is possible to contribute suggestions for improvement and experience

91% (2018: 89%)
that they have not been a victim of bullying or offensive behaviour

85% (2018: 82%)
that they would recommend the company as employer

WORLD-CLASS, SUSTAINABLE INSTALLATIONS



Each day, in collaboration with customers and employees, Instalco generates benefits to society. We offer world-class, sustainable heating, plumbing, electricity, ventilation, cooling and industrial solutions.

For those of us at Instalco, sustainability means running operations responsibly and applying a holistic approach to the economic, environmental and social aspects. Instalco aims to, every single day, generate benefits to society via its climate-smart, energy-efficient installations that lead to lower consumption of resources.

In 2020, Instalco will launch a new sustainability programme focused on three areas that should permeate all aspects of the Group's sustainability efforts.

1. Safe and modern work environment

- Vision of zero workplace accidents
- Happiness, health and safety
- Development opportunities

2. Sustainable installations

- Sustainable Instalco Project
- Benefits to society
- Customer satisfaction

3. Mature leadership

- Business ethics
- Social responsibility

Within these three main areas, there are eight sustainability targets that will be measured and followed up on each year. The overall aim is to thereby achieve improvements each year in all areas.

SUSTAINABLE INSTALCO PROJECT

A key component of the sustainability programme is our classification system, "Sustainable Instalco Project", which we have developed ourselves. Sustainability classification serves as a stamp of quality for both the project, customer, Instalco and our subsidiaries involved in the project. In order for a project to become classified as a Sustainable Instalco Project, it must meet six specific sustainability indicators.



1. It must meet the requirements on occupational health and safety via the programme, "Safe Employee".
2. Suppliers are required to have signed the "Instalco Code of Conduct for Suppliers".
3. The project must meet the "climate smart" criteria established by Instalco.
4. It must have an established delivery plan with detailed transport and ordering procedures.
5. There must be adherence to the established routines for waste management and sorting at the source.
6. The customer must be offered a sustainability contract upon completion of the project.

Collaboration for innovation and sustainable construction

Reducing the carbon footprint has been one of the overall goals during construction of A Working Lab. During the project planning and construction process, partnering has been a successful form of collaboration where the Instalco Company, LG Contracting has been responsible for all of the heating & plumbing installations.

A Working Lab is the name of a large (12,000 sq. m.) office building and innovation arena, with more than 400 workplaces at Chalmers University of Technology, Gothenburg. The goal was to create a building where sustainability is part of its DNA. During the construction phase, 16 innovation projects were run and tested at the building in order to create energy-efficient solutions.

For example, the building has been equipped with Phase-Change Memory (PCM) technology that stores cooling energy in salts that can later be used for own cooling (rather than relying on district cooling). Chalmers has been testing the technology in various ways for quite some time and A Working Lab provided an opportunity for testing it on a large scale.

"The PCM solution, which we've been responsible for building and installing is just one of many examples of innovation projects implemented here. The goal has been to make this a climate-smart, resource-efficient building with a low carbon footprint," says Urban Kalin, Project Manager at LG Contracting.

Via a smart selection of materials, it is hoped that the building's climate impact will be 20 percent lower than it would have been if traditional materials had been used. For example, the building's frame primarily consists of cross-glued wood rather than concrete. And, the concrete that has been used, in parts of the basement, is eco-friendly, made from waste material. The cadmium-free, biodegradable paint has been used on the façade.

This has been a partnering project, where Akademiska Hus (developer), ByggDialog (contractor) and LG Contracting (one of several subcontractors) have collaborated to design and implement the construction project.

"Partnering is a great way of working, where everyone collaborates with full transparency to successfully implement the project. We were given the opportunity to propose solutions and innovations to the customer. In doing so, the customer really got what they wanted!" says Urban Kalin.

A Working Lab has been awarded Miljöbyggnad certification, Gold Level (a system set up by Sweden Green Building).



One prioritised area is to take stock of the Group's vehicles and how they are used. The car fleet is gradually being made more efficient with the goal of lowering fuel-related carbon dioxide emissions per 100 kilometres on an annual basis and by increasing the number of electric and hybrid cars.

Purchasing

Instalco strives to establish long-term relations with its suppliers. At the start of cooperation, we make sure that the supplier meets our established environmental requirements. The Group strives to continually improve and streamline suppliers' utilisation of resources in their operations. When choosing products and components, Instalco prioritises the ones with the lowest environmental impact during their entire lifespan within each product category.

Transports

There are significant transport flows associated with running Instalco's operations. For this reason, we work with companies that offer efficient, environmentally conscious logistics solutions. We are also lowering our environmental impact via efficient internal logistics.

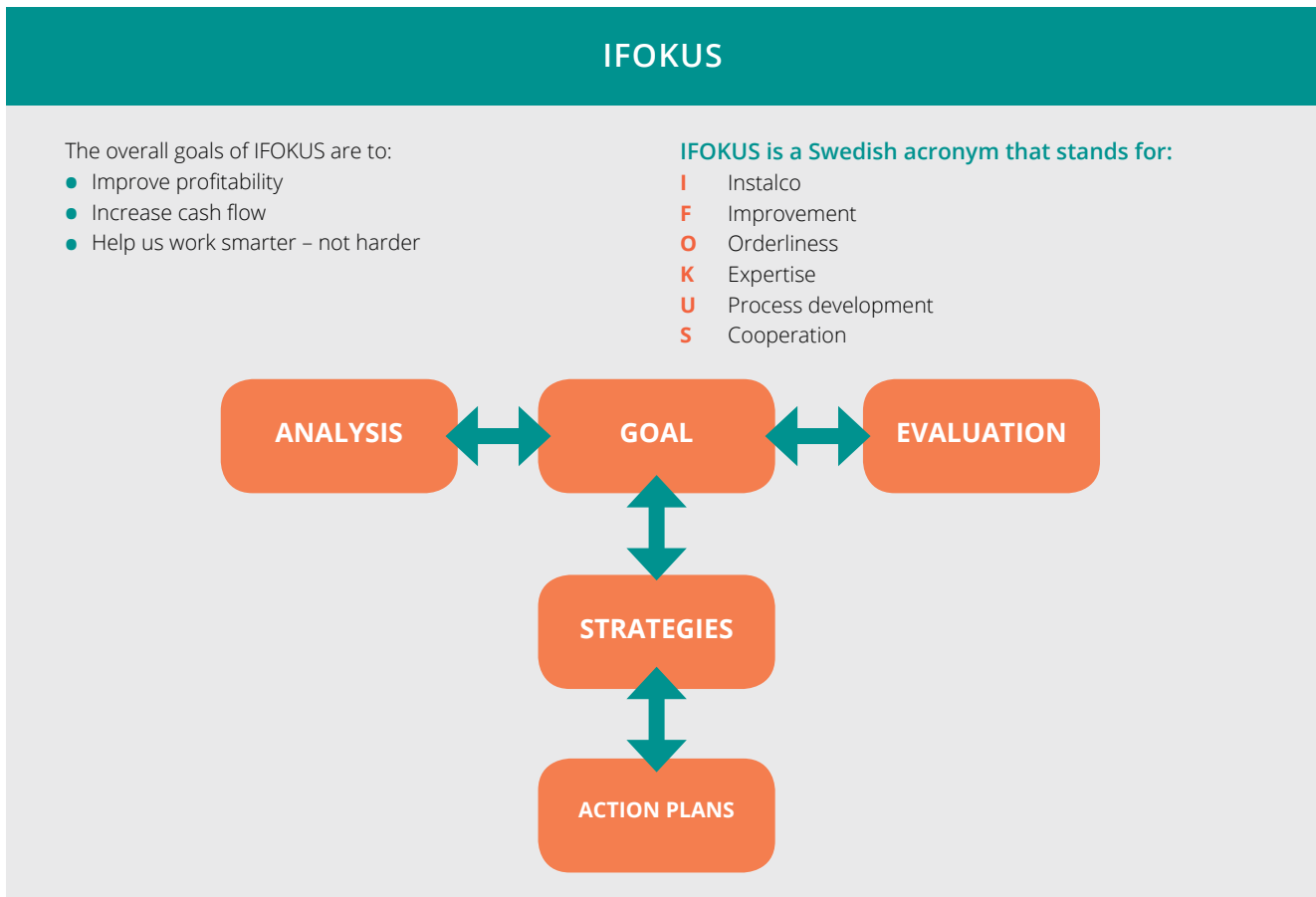
Continual improvement efforts

IFOKUS was set up as a programme for promoting continual improvement within the Group. The programme uses several strategic tools to highlight and develop key improvement areas. It also ensures that all units participate in the Group's development. The initiative should not, however, infringe on any unit's autonomy.

IFOKUS is a process that begins with an analysis phase, where several possible improvement areas are identified. During the analysis phase, all unit managers meet to discuss and prioritise ideas about possible areas of improvement.

The point of departure could be either existing problems or opportunities. Each improvement area becomes the basis for an initiative. For each initiative, clear goals are formulated and a work group, with designated person in charge, is created. The work groups may consist of unit managers, employees from a unit who have specific expertise related to the initiative and employees from the central organisation.

Instalco's philosophy involves setting high goals that will motivate new working methods and creative thinking. The work group is responsible for defining a strategy on how to achieve the set goals and then creating an action plan that describes the steps that need to be taken along the way. During the planning and implementation phase, the initiative is continually monitored in order to adapt goals, strategies and action plans.



- The overall goals of IFOKUS are to:
- Improve profitability
 - Increase cash flow
 - Help us work smarter – not harder

IFOKUS is a Swedish acronym that stands for:

- I** Instalco
- F** Improvement
- O** Orderliness
- K** Expertise
- U** Process development
- S** Cooperation

Risks

Business risks

Projects

The market is primarily market-based and Instalco is particularly dependent on qualified personnel for calculating the costs associated with various projects, project management and supervision.

Management

Approximately 55 percent of Instalco's projects are based on fixed-price contracts and any error in cost calculations would only have a marginal impact on the project. The risk of an error in calculation is mitigated via a clear delegation of authority that is based on the project size (value). Steering committees are set up for larger projects or projects of a complex nature. The steering committee's task is to monitor the project, share experiences and, as required, initiate concrete action plans and allocate the right resources. Larger projects are typically set up as partnerships, to further limit the risks.

Furthermore, Instalco primarily focuses on medium-sized projects, where there is less competition than the larger projects and where competitive advantages come in the form of work quality, long customer relations and short lead times, rather than price.

Customers

Instalco has a good risk spread as regards geographic presence and customer segments.

Customer relations are typically long and they are established through the local units. The main customer groups are construction companies, real estate companies, industrial companies and public operations. Construction companies are the single largest customer group. Instalco has more than 1,000 customers and the three largest customers account for approximately 15 percent of revenue.

Attracting and retaining skilled employees

Instalco's success very much depends on its ability to recruit, develop, motivate and retain skilled employees.

We are able to be an attractive employer by offering employees a workplace with interesting tasks, good leaders, short decision paths, opportunities to make an impact and develop one's talent. Continual training of employees is key and to coordinate those efforts, we set up Instalco Academy for the purpose of attracting and retaining skilled employees, along with training future leaders. There is a clear plan for developing the skills of talented employees through training. Besides Instalco Academy, there is also a trainee system, along with courses, certificates and other necessary training.

Quality

As regards deliveries, Instalco strives for a high level of quality in the work it carries out, the work done by subcontractors and our own selected products.

We ensure that our installations and deliveries have a high standard via skilled, competent employees and continual efforts to develop our processes.

Instalco has standardised contracts with our suppliers and any product defects are regulated through the terms and conditions found therein. Instalco works continually with supplier and product evaluations in order to improve the quality of our purchases.

Liability, product liability and damages

Risks in the area of liability, product liability and damages are associated with Instalco's projects and customer assignments.

Instalco has a general insurance policy covering the core business. The insurance covers, for example, damage to the company's contracts, property damage, business interruptions, damage to third party property and product liability.

Acquisitions

There are risks associated with acquisitions having to do with the acquired company's relationships with customers, suppliers and key individuals.

Instalco has a unique model that makes it possible for the acquired companies and their entrepreneurs to run their operations in a larger context, where they can benefit from the economies of scale available to a larger Group of affiliated companies. The CEO of each company retains a great deal of autonomy as regards management of projects, employees and customers. In this way, local units are able to maintain their entrepreneurial spirit and identity, while benefiting from having shared accounting/finance functions, purchasing agreements, cross-selling, sharing of resources, spreading best practice and access to Instalco's business development function. Being a part of Instalco also means that the new unit can participate in the kinds of multi-disciplinary projects that they would not have access to on their own.

Market risks	Management
<p>Business cycle impact</p> <p>Overall market conditions and political decisions impact Instalco's existing and potential customers' ability and willingness to invest.</p>	<p>Compared to the construction industry in general, the market for technical installation and services is less sensitive to the state of the economy and there is high visibility as regards future projects in a supplier's project portfolio. A large portion of revenue comes from repeat assignments and larger companies typically aren't so dependent on individual customers or contracts. Contracts for installation services are typically entered into early in the development phase of a project, which makes it possible to get a good overview and plan operations well in advance. Services that Instalco has been hired to deliver are typically planned and contracted up to 12-18 months in advance, which means that there is a high level of predictability and ability to adjust the cost base according to the demand.</p>
<p>Competitors</p> <p>The competition primarily comes from a large number of smaller players who run their operations in a limited geographic market within a specific area of technology.</p>	<p>The market is very competitive and fragmented with low barriers to entry at the local level. There are, however, barriers to entry for foreign players, in particular, due to higher eligibility and certification requirements. In today's market, only a handful of players, Instalco being one of them, have the resources, expertise and size required for delivering services in several regions and within several areas of technology.</p>
Financial risks	Management
<p>Liquidity risk</p> <p>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 due to lack of liquid funds.</p>	<p>The Parent Company has central responsibility for the Group's financial transactions and risks and it follows a policy established by the Board.</p>
<p>Financing risk</p> <p>Financing risk is the risk that financing of the Group's capital needs and refinancing of outstanding loans will become more difficult or expensive.</p>	<p>Instalco has a seven-year credit agreement that matures in 2021. The agreement secures the financing of current operations.</p> <p>Instalco's goal is for the company to be indebted over time and that net debt in relation to adjusted EBITDA should amount to a maximum of 2.5 times.</p>
<p>Interest rate risk</p> <p>Interest rate risk is the risk of changes in market interest rates that impact the Group's net interest income/expense and cash flow.</p>	<p>Financing is long-term and the interest rate is linked to STIBOR.</p>
<p>Currency risk</p> <p>Currency risk is the risk that changes in currency rates will have a negative impact on the income statement, balance sheet and cash flow.</p>	<p>Instalco's transaction exposure is relatively low, since revenue and expenses are primarily in the local currency, with low exposure as regards imported components.</p> <p>Instalco's policy is that it does not engage in hedging as a way of lowering its currency exposure. All financing is in SEK.</p>
<p>Credit and counterparty risk</p> <p>Credit risk is the risk that the counterparty in a transaction does not fulfil his financial obligations and that any collateral that has been provided does not cover the Company's claim.</p>	<p>Credit checks are run on all new customers.</p> <p>For installation projects, Instalco offers payment plans.</p>

Sustainability risks	Management
<p>Sustainable services</p> <p>Sustainable installation services are in increasingly high demand by property owners and clients. It is an important component of Instalco's competitiveness.</p>	<p>Instalco's quality policy states that the company's proposed solutions must be reliable, energy efficient and environmentally friendly. In cooperation with the property developer and other contractors, Instalco engages in project planning and installs future-proof, energy-efficient systems in all types of buildings.</p>
<p>Compliance</p> <p>The installation sector is subject to extensive regulations and it is of utmost importance to Instalco's reputation in the market that the work is carried out in accordance with applicable laws and best practices.</p>	<p>One basic requirement is that all Instalco employees comply with the applicable environmental legislation, competition rules, labour law, tax legislation, safety requirements and other provisions that set the framework for the business. Besides compliance with laws and regulations, Instalco is responsible for ensuring that all of employees act in accordance with the company's high standards of good business ethics.</p>
<p>Health and safety</p> <p>A high level of safety in the workplace is of the utmost importance so that Instalco's employees are able to carry out their assigned tasks without the risk of injury or accidents.</p>	<p>Instalco must ensure that none of its employees are exposed to risks that could lead to physical or psychological injury. Preventive measures are continually being implemented to ensure that no employees are exposed to risks in their work environment. Technical equipment including work protection is designed based on the requirements of each employee.</p>
<p>Work conditions</p> <p>Instalco's companies must comply with current labour laws and offer attractive workplaces to ensure employee well-being as well as Instalco's reputation in the market.</p>	<p>Work environment issues are an integral part of Instalco's operations. The company provides a stimulating work environment that promotes skill development based on the needs of the organisation. Managers have primary responsibility for creating a good work environment.</p>
<p>Corruption</p> <p>Instalco shall win assignments having complied with the applicable procurement regulations and based on sound business ethics.</p>	<p>Instalco's Code of Conduct stipulates that the company's employees must never, directly or indirectly, offer, give or accept gifts, benefits or other forms of compensations for unauthorised purposes. Furthermore, Instalco's employees must follow the business code established by the Swedish Anti-Corruption Institute, which supplements Swedish legislation.</p>
<p>Suppliers and subcontractors</p> <p>Instalco requires its suppliers and subcontractors to comply with the Instalco Code of Conduct and other applicable legislation.</p>	<p>In conjunction with the supplier evaluation, Instalco's suppliers and subcontractors must themselves have a code of conduct that has been accepted by Instalco. Alternatively, they must accept the principles contained in Instalco's Code of Conduct. A supplier who violates the code risks a termination of the business relationship with Instalco.</p>

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders for Instalco AB (publ), CIN: 559015-8944

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 on pages 26-33 and 36 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 auditing 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, 19 March 2020
Grant Thornton Sweden AB

Camilla Nilsson
Authorised Public Accountant



Bi-Vent, a role model for equality

Construction and installation has traditionally been a male-dominated industry. At Instalco, the same holds true and the percentage of women working at the Group is slightly more than 5 percent. However, Bi-Vent, an Instalco subsidiary located in Skåne, stands out from the crowd. More than half of its salaried personnel are women.

The pattern is that same at most of Instalco's 70 subsidiaries. In the accounting/finance functions and HR, most of the employees are female. Among assemblers however, there are only a few women. But at Bi-Vent, things look quite different indeed.

"We have female employees working as project managers, contract manager and service managers. It makes us rather unique. In hiring processes, we encourage both female and male candidates to apply. We've always hired

the most suitable person for the job, regardless of their gender," says Åsa Süllmann, Head of HR at Bi-Vent.

Of the 16 salaried employees at Bi-Vent, 8 are women working in the following roles: CFO, Accounting Manager, Head of HR, Contract Manager, Project Administrator, Project Manager and Service Manager. Bi-Vent does not have any women working as assemblers, however.

"It is quite evident that we have great dynamics in the group when both women and men are represented," says Åsa Süllmann.

"I think more women have been encouraged to apply for positions at Bi-Vent because we already have several working here. It is a source of comfort to many. We've established a company culture founded on the belief that we work best when both women and men are part of the mix," she says.



Modern ventilation system cut energy consumption in half

After the Instalco company, Aircano, replaced the ventilation systems at two properties in Hagsätra, Stockholm, energy consumption was cut in half.

“We put a great deal of focus on increasing the energy efficiency of our property holdings so that we can lower our climate impact,” says Erik Ollman at IKANO Bostad AB.

The properties called Långskysten 5 and 9 at Hagsätra were built in the 1980s and there are 190 apartments contained within the two buildings. Aircano was contracted for project planning and installation of new ventilation systems in conjunction with renovation of the properties. The aim was to achieve a profitable solution for the property owner, while improving the indoor climate for residents.

“Uneven ventilation flows and heat at the buildings was consuming a lot of energy. The indoor climate for

tenants was not optimal either. We installed the most modern system for the purpose. It is a system with 12 FTX aggregates offering energy-efficient recycling with reverse flow heat exchangers and energy-saving fans. The results are amazing,” says Tobias Eriksson, CEO at Aircano and Business Area Manager for Instalco East.

In conjunction with the project, two new, complete district heating substations with modern control systems were installed.

“Creating future sustainable cities is an important goal for us and lowering our climate impact is one of our most prioritised areas. Aircano’s project planning and installation work at Långskysten cut electricity consumption by nearly 50 percent. The heat savings have also been significant,” says Erik Ollman, Energy Controller at Ikano Bostad.