

Balco Group AB Sustainability Report 2021

Balconies for greater living

Balco Group

Sustainability Report 2021

After another year of the pandemic and restrictions, we can see that interest in sustainability has not slowed down, but has actually increased. For Balco Group, this has led to development and innovation, driving us to quite simply become even better.

The Group's strategic work on sustainability issues is now fully in line with the demands now being placed on the industry. An important prerequisite for meeting the expectations of our customers, investors and employees is our ability to provide them with regular, fair and transparent information about how we are addressing today's sustainability challenges, and working to drive change in our industry.

Running a sustainable business is an ongoing process, and with this sustainability report we want to create a holistic picture for the reader of how we lead, manage and conduct that work and the sustainability journey within Balco Group.

In this Sustainability Report, we show not only where we are now on this journey, but also where we are going.

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About the Report

This is Balco Group's fifth sustainability report and covers the financial year 2021. It represents the Group's statutory sustainability report, which is a separate document from the management report in the annual and consolidated accounts. The Sustainability Report covers the parent company Balco Group (org.no. 556821-2319) and all entities consolidated in the consolidated financial statements of Balco Group AB for the same period which are specified in note 15 of the annual and consolidated financial statements. The Sustainability Report has been prepared in accordance with the provisions of Chapters 6 and 7 of the Annual Accounts Act, and has not been externally audited.

The Board of Directors of Balco Group AB has approved the Sustainability Report in connection with the signing of the annual and consolidated accounts.

This report is available in English and Swedish versions. In case of any discrepancies between the Swedish and English versions, the Swedish version is considered the official version.

A message from the CEO

Balco continues to develop products that contribute to more sustainable living

Balco's focused work on sustainability yielded positive results in 2021, in various ways. From an overall perspective, we are particularly pleased that our ESG risk rating with Sustainalytics has improved to 20.8 from 28.6. As part of our continued focus on sustainability during the year, we chose to become members of the Sweden Green Building Council and the UN Global Compact.*

There is widespread expectation for a sustainable business from all our stakeholders. The behaviour, products and services of the company are seen by an increasingly knowledgeable and engaged world. This puts pressure on us, something that Balco welcomes.

Balco's main business is to contribute to more sustainable living in selected markets in Northern Europe. We do so primarily through our glazed balconies, which make apartments more spacious and pleasant to live in, and of course more energy-efficient.

Products that contribute to "green properties"

We are continuously working on developing different complementary product offerings to support our customers in transforming their properties into "green properties" through various energy saving measures. Balcony renovation with a glazed balcony is often an excellent opportunity to start this process. By reviewing the property's energy declaration, Balco can propose and implement measures such as facade renovation, installation of solar panels, roof insulation and heat recovery, thereby reducing energy use even further.

Of the new orders in 2021, 53% will deliver more than 15% energy savings and 12% more than 30% energy savings. Our goal is for more than 30% of the Group's turnover to be within the EU taxonomy and to deliver at least 30% energy savings to our customers, and thus to be financed with green loans or green bonds.

Environmental legislation and energy savings

Taking responsibility for a sustainable society and responsible manufacturing is becoming an increasingly important driver for today's consumers. The global trend towards reduced energy consumption has resulted in increasingly stringent laws and regulations to achieve higher energy efficiency, and thus reduced environmental impact. Energy and environmental issues are important for today's property owners as proper management contributes to a reduced negative impact on the environment and lower costs. Balconies

with glazed balcony systems have a longer lifespan, which benefits energy and environmental impact in the long term, and contributes to sustainable living.

Sustainability is a prerequisite for long-term profitability

The Group's vision is to be an innovative company that contributes to a better quality of life for its customers. Our sustainability work is a prerequisite for us to be profitable in the long term, to continue to offer sustainable products and to be a responsible employer.

In recent years, Balco has developed into a single entity, a joint group. This has affected governance, especially that of our sustainability work, which is the sum of what is done in each company and supported by management with the necessary resources and tools.

The day-to-day sustainability work is guided by a group-wide Sustainability Group. This group is responsible for driving sustainability throughout the Group on behalf of management. The work started with the materiality analysis carried out in 2020, which shows which sustainability issues we should focus on. By expanding our efforts, particularly regarding the Group's approach to the UN's global goals within the 2030 Agenda, specific targets and milestones have been linked to how sustainability work is managed.

One example of Balco's forward-looking sustainability work is the EU's Taxonomy Regulation, a framework for determining which of a company's economic activities can be considered environmentally sustainable. In line with this, we have begun work to review which of our activities are currently listed in the EU Taxonomy. This is being done with the help of an external partner, who has indicated that this initiative puts Balco at the forefront compared to most comparable companies.

Växjö, March 2022



Kenneth Lundahl
President and CEO

*Sustainalytics is an ESG risk rating, where the aim is the lowest risk value possible. Over 30 is high risk and under 20 is low risk.

Balco Group in brief

Balco Group

was established in its current form in 2015 and is a group of 16 companies in total, including production and sales companies, as well as consulting and holding companies. The Group's five brands belong to Balco AB, Balco Altaner AS, TBO-Haglinds AB, Stora Fasad AB and RK Teknik AB, which are described in more detail below. The Group is the market leader in the Nordic region and operates in a number of markets in northern Europe. The head office is located in Växjö and the Group employs approximately 500 people. A general and distinctive feature of the companies in the Group is that they control their entire value chain - from sales to the installed balcony - through a decentralised and efficient sales process.

Balco AB

was founded in 1987 by Lars Björkman and the focus of the business from an early stage was primarily on the renovation of balconies for apartment buildings. Balco AB is now the market leader in the industry, developing, manufacturing, selling and installing its own open and glazed balcony systems.

Balco AB's balcony systems are used in new-build, renovation and balcony extensions. The broad customer base includes housing associations, municipal housing companies, private property owners, architects, developers and shipping companies. The head office with its own production unit is located in Växjö in Småland and sister companies are established in Norway, Denmark, Finland, the UK, Germany, Poland and the Netherlands. Balco AB, its foreign sales companies and the production unit in Poland currently employ around 300 people. The CEO of Balco AB is Camilla Ekdahl.

Balco Altaner

started as Kontech Altaner and was founded by Niels Jensen in the mid-1990s. The focus then, as now, was on City balconies for the Danish market and primarily Copenhagen's inner city.

Kontech was acquired in 2015 by Balco Group, and has since been known as Balco Altaner. The head office is located in Hammerholmen in Copenhagen and the company currently has around 60 employees. The main customer group is housing associations and cooperative apartments. The company's CEO is Johan Söderling.

TBO-Haglinds AB

Haglinds Svets AB was founded in 1970. Its main activity during the 70s and 80s was to manufacture forged structures for industry. And during the 1980s, TBO AB was developed in the neighbouring town of Köping, a company that carried out renovation and replacement of balconies on apartment buildings. The two companies cooperated more and more closely and merged in 1996 to form TBO-Haglinds AB, then owned by the brothers Ola and Christer Haglind.

The balcony contracting side has grown over the years and become an increasingly dominant part of the business with customers all over Sweden. In 2003, Ola's three children - Mia, Pär and Peter - took over the company and in December 2018 the latest change in ownership took place when Balco acquired TBO. Since then, the company has been part of Balco Group, and now has about 50 employees, with Pär Haglind as CEO.

Stora Fasad

was founded in 1989 by Christer Thane and has since then been active mainly in the Mälardals area. Stora Fasad specialises in facade work, such as bricklaying, plastering, window replacement, balcony and roof work, for renovations and repairs as well as for new-build and general contracting. The company also provides related services, such as scaffolding and scaffolding rental. The head office is located in Västerås and the company currently has about 20 employees. It became part of Balco Group in 2021, with the founder Christer Thane staying on as CEO.

RK Teknik

was founded in 1982 by Ragnar Karlsson and initially focused on manufacturing primary balcony parts, such as studs and castings. By 1991, the business had grown and RK Teknik was manufacturing and selling individual parts and complete balconies. The number of full-time employees had increased to eight by this time.

Growth continued and in 2011 the business was moved from a barn in Leckersbo Gård to a balcony factory of about 12,000 sqm in central Gusum. It's now one of Sweden's leading balcony manufacturers with around 60 employees and operations throughout Sweden. The company is run by Ragnar's sons, CEO Johan Karlsson and Operations Director Kristian Karlsson, and has been part of Balco Group since 2021.

Sustainability trends

Sustainability issues are becoming increasingly important in the construction industry. They affect and place demands on all stages of the value chain and can be crucial to the success of a construction project. This is particularly true in the balcony market, where Balco Group operates. Property developers and owners are looking for economical, climate-smart, long-life balcony solutions that can be easily installed in renovation or new-build projects.

A changing industry

The first and largest segment for Balco Group is the renovation or replacement of balconies and the installation of new balconies in apartment buildings. The second, smaller segment is balconies installed in new-build projects. The market drivers that primarily affect Balco's success are ageing housing stock in need of renovation, and residents who want a better quality of life and the opportunity to increase the value of their home.

Sustainability trends driving the balcony market

Many environmental factors affect the balcony market, such as price trends in the housing market, the disposable income of residents, interest rate trends, economic growth and construction activity. But there are also sustainability factors that have a major impact.

Glazed balconies contribute to the quality of life of residents in many apartment buildings, providing an increased comfort and sound insulation of apartments. Glazed balconies maintain a higher temperature than traditional balconies, which simply makes them more useful - the use of balconies has increased from around four months to nearly eight months a year in the Nordic countries. Balconies also improve the external appearance of a property and can help to lift an entire residential area.

However, there are clear differences in the extent of glazed balconies in the Nordic countries and Northern Europe. A survey showed that only 11% of all homes with balconies in Sweden were glazed. The proportion is small compared to Finland, where the number of glazed balconies in relation to the total number of

balconies is around 46%. Benefits such as longer life and energy savings, combined with the fact that the climate is cooler in the Nordic countries and Northern Europe, suggest that the number of glazed balconies will continue to increase. Balco's products are high quality, creating safety and security for users. With the Balco method, it is common to double the previously open balcony area, thus creating an increased user benefit.

Environmental legislation and energy savings

Taking responsibility for a sustainable society and the responsible production of products is becoming an increasingly important driver for today's consumers. The global trend towards reduced energy consumption has resulted in increasingly stringent laws and regulations to achieve higher energy efficiency, and thus reduced environmental impact. Energy and environmental issues are important for today's property owners as proper management contributes to a reduced negative impact on the environment and lower costs. Balconies with glazed balcony systems have a longer lifespan, which benefits energy and environmental impact in the long term. Furthermore, energy efficiency is increased in buildings with glazed balconies, which contributes to reduced energy consumption and lower costs.

Energy saving through glazing

Balco sees environmental legislation and energy savings as an opportunity. Over the years, there have been studies on the energy-saving effect of a glazed balcony replacing an open balcony. Studies show that energy savings of between 15 and 30 percent can be achieved. Work is underway with external partners to ensure the results are included as a calculable measure in grant applications and applications for 'green loans'.



Energy declaration review

In addition, Balco has developed a complementary product to support the transition of customers to 'green properties'. Initially, this is done through a review of the property's energy declaration, resulting in proposals for various energy-saving measures such as the installation of solar panels, roof insulation and heat recovery. Balco can offer all these measures by always taking total responsibility for its projects.

Energy saving with the help of Stora Fasad

The acquisition of Stora Fasad was largely due to Balco Group looking more broadly at energy savings. With Stora Fasad on board, Balco acquired the know-how and capacity for facade development from an energy-saving perspective. Our ambition is now to include, for example, insulation of roofs and attics, installation of solar panels, window replacement and installation of heat exchangers/heat pumps.

Experts linked to Balco

To ensure the level of knowledge for grant models needed, Balco Group has taken the initiative to work with experts in the field. As conditions differ in the different markets, Balco has established country-specific partnerships with consultants in the Netherlands and Germany. In Sweden, Balco has hired an energy strategist who will assist sales representatives and customers in calculating energy savings in Balco's projects.

Energy saving with subsidies as a carrot

Housing renovation across Europe focusing on energy saving is a must. Around 40% of Europe's total energy

consumption is used to heat homes. There are several types of grants and new ones are being added all the time.

In Finland, it is possible to apply for grants through ARA (The Housing Finance and Development Centre of Finland). This allows for grants of up to 50% of the costs of measures aimed at reducing energy consumption. Grants are basically capped at €4,000 per apartment, but can go up to €6,000. Eligible measures include energy-efficient heating systems, additional thermal insulation, replacement of windows and external doors, solar panels, renovation of ventilation systems and other innovative solutions.

Grant opportunities Netherlands

The National Heat Fund is a Dutch initiative to kick-start housing renovation in the country with the focus on sustainability. A total of €1.1 billion is available for lending, with the Dutch government contributing €190 million. Other co-financiers are Rabobank, ASN Bank, the Council of Europe Development Bank (CEB) and the European Investment Bank (EIB). Homeowners can use a loan to finance various energy-saving measures, such as better insulation, a change of heating source and solar panels. The fund is available to individuals and housing associations.

Some examples of loan conditions are that you must be an owner-occupier of an existing home, and for loans between €15 and €25,000 you can choose a term of 10, 15 or 20 years. Under certain conditions, it is possible to borrow money for up to 30 years. These are annuity loans and the interest rate is, by Dutch standards, low and fixed for the entire duration of the loan.



Products from Balco Group

Balco Group sees most of its products as solutions able to create energy savings for its customers. Our solutions are brought together under the common concept of Green Transformation, which means that Balco Group can offer, as part of the turnkey contract, the transformation of old buildings to achieve an improved energy rating. This includes balcony glazing, additional insulation of facades and roofs, replacement of windows and doors, installation of electricity-generating equipment and energy-saving equipment. The work is distributed within the product areas Glazed Balconies, Open Balconies and Facade Development, which are offered by all sales companies within the Group.

Glazed balconies

Balco Group's largest product category is glazed balconies from Balco AB, TBO-Haglinds and RK Teknik, primarily aimed at the renovation segment. Glazing balconies is a very cost-effective and attractive alternative to traditional concrete renovation, leading to significant energy savings of up to 30%. It's an investment that increases the value and character of the building while making the living environment safer and more attractive. In addition, Balco AB holds several patents for unique features such as ventilation and drainage systems.

Glazed balconies contribute to noise reduction and reduce corrosion of the reinforcement, which in turn reduces the risk of frost cracking. A new balcony slab for a glazed balcony breaks the cold bridge between indoors and outdoors, which contributes to energy

savings. This product category also includes climate walls, which can be described as the entire facade clad with glazed balconies, forming a climate-protective shell for the property. A climate wall minimises the maintenance requirements for concrete floors as well as facades, windows and doors inside the glazing. It creates the possibility of a significantly larger balcony area compared to before renovation.

Balco AB also offers a customised glazing system for open access balconies, which provides effective protection against the elements. Access balconies become non-slip and the glazing itself contributes to lower energy consumption. The products also include glazed balconies for terraced houses, which require innovative solutions to water drainage problems.



Open balconies

Balco Group sells several types of open balconies for renovation and new-build projects. Balco AB, Balco Balconies TBO-Haglinds and RK Teknik are all suppliers of open balconies that can be easily adapted to customers' needs. Solutions range from standardised products for new builds to smaller balcony solutions that are seamlessly delivered to older houses in built-up inner city areas, where our City Balconies from Balco Balconies and RK Teknik are the most viable option.

City balconies are relatively small steel structures that are designed for adaptability for inner-city environments where there are higher demands on performance. In the Danish market, more specifically in the inner city of Copenhagen, market share is increasing, with Balco Balconies driving demand. The concept has great potential and through the acquisition of RK Teknik we are now in the Swedish market. The Group is continuing to explore whether this type of balcony could be interesting to launch in other major European cities.

Balco AB has a number of prefabricated balcony solutions in its portfolio. AluOne is an example of a ready-made and customised balcony solution mainly made of aluminium, which creates good opportunities for material reuse. The product can be easily adapted to different buildings in a flexible and cost-effective way, shortening installation time and increasing safety on site. The system is primarily designed for the German market, but projects have been delivered to the UK and in 2021 the first products were sold on the Dutch market.

The Levitate balcony is another prefabricated solution that was developed in 2021 and started to be delivered to customers. The solution was initially developed for the UK market with the focus on fast, easy and safe installation. Levitate is pre-built and delivered complete to the property, before final mounting on prepared fixings in the newly built facade.

Facade development

Balco Group offers complete facade solutions, mainly through the newly acquired company Stora Fasad. Solutions include traditional facade renovation in the form of bricklaying and plastering, but also new-build and major facade changes through the replacement of materials in the form of, for example, ventilated facades and the installation of energy-saving effects such as additional insulation.

Investing in a new facade combined with additional insulation, window replacement and integrated glazing, generally creates a better indoor climate through improved ventilation and reduced cold spots. Together with new larger balconies that are glazed in, new facades with additional insulation provide very good energy efficiency, which can contribute to significant energy savings for the whole building. What's more, our facade solutions enhance the appearance of the property, which in turn adds value for the individual resident and the association as a whole.

Sustainability for Balco Group

Our vision is to offer energy savings through innovative solutions and high quality products in the form of balconies and facade solutions that also provide improved quality of life for residents, and create a safer and more aesthetically pleasing environment. Achieving this requires sustainable business practices, which are a prerequisite for Balco Group's operations to develop, be profitable and create value over time.

We choose to regard sustainability from a commercial and an ethical perspective. Our customers, not to mention society as a whole, expect our products to meet their high expectations in terms of quality and durability. In addition, we are required to offer solutions that can increase comfort and reduce energy consumption and climate impact in the long term, which influences our choice of materials and how we develop our products.

There continues to be growing interest among investors in companies that pursue credible and targeted sustainability with respect to the environment and society, which is also a main theme of our strategy and how we choose to manage our sustainability efforts. Our current and future employees also expect us as an employer to act responsibly and offer safe, secure and rewarding work.

The sum of all these factors represents our sustainable mindset, which we expect to permeate the entire Balco Group and thus guide all wholly-owned subsidiaries in their decision-making, planning, investments, production, purchasing and in matters concerning customers and employees. The framework is set out in our Code of Conduct and Sustainability Policy, which clarifies how we act in operational decisions

and when evaluating and deciding on issues related to the long-term strategic development of the company. The Sustainability Policy also shows how we divide our sustainability work into the areas of Sustainable Governance, Environment and People, which form the structure of our Sustainability Report.

Our role in sustainable development

As a group consisting of several strong and locally anchored companies, it is natural for us to think long-term, and we see considerable value in actively contributing to the sustainable development of society by working with various sustainability issues. As it is important that the same perspective is shared across the Group, an internal project was carried out in 2021 via a digital eLearning tool to communicate the Group's sustainability strategy, policies and objectives.

Over the past year, the Group has signed up to the UN Global Compact as a way of gathering valuable information and strengthening our own knowledge. For the same reason, we chose to join the Swedish Green Building Council, an interest group focusing on environmental efforts in the real estate industry. We see good opportunities here for support in our work with our climate goals and to benefit from important expertise that will strengthen us and the solutions we offer to the market.

WE SUPPORT



**SWEDEN
GREEN BUILDING
COUNCIL**



We have reviewed the requirements of the new EU Taxonomy and how this will affect our organisation and our future sustainability reporting. We believe that the solutions we offer today have good potential to contribute to our customers' ability to comply with the new framework, and although the Taxonomy does not currently affect us, we still see it as important to clarify internally now which parts of the business could align with the requirements.

Our work on the 2030 Agenda

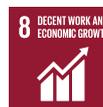
In 2019, the foundations were laid for how the Group chooses to relate to the UN's Sustainable Development Goals, Agenda 2030. The framework we established addresses the social, environmental and economic challenges facing the global community and makes clear that not only political leadership but also industry has an important role to play.

Balco Group takes its responsibility seriously and has therefore selected four specific global goals we believe can make the biggest positive difference and which are aligned with our overall business objectives and strategic sustainability areas - Sustainable Governance, Environment and People. In 2020, we chose to further develop our work on the 2030 Agenda and identified a number of targets that most clearly link to our environmental, social and economic impact. With the entry of two new companies into the Group, RK Teknik and Stora Fasad, we have chosen to present some of the results separately. The idea is to make it easier to monitor outcomes and compare change from year to year.



Goal 5 - Gender equality

Balco Group's goal is to achieve a more balanced gender distribution in all departments, work areas and positions. Working conditions must be suitable for all workers, regardless of gender.



Goal 8 - Decent work and economic growth

The Balco Group Code of Conduct requires decent employment conditions, within our own operations and at our suppliers.



Goal 9 - Industry, innovation and infrastructure

Balco Group will contribute to reduced environmental impact through active material choices, innovative solutions and focus on resource efficiency in development, purchasing and manufacturing processes.



Goal 12 - Responsible consumption and production

Balco Group's balcony solutions help create a safer and more energy-efficient living environment.

Balco Group's materiality analysis

Balco Group decided to conduct a renewed materiality analysis in 2020 to identify the sustainability issues that should be the focus of the Group in the coming years. The analysis was based on a stakeholder survey involving over 300 customers, employees and investors. It consisted of a questionnaire where stakeholders were asked to express which sustainability issues they considered most important for Balco Group.

The aggregated results of the stakeholder survey were evaluated by key people within the Group, whose respective roles and experience provided important contributions to the analysis. The group considered, among other things, how the responses related to the Group's overall strategy, identified risks and the requirements and expectations of other priority stakeholders, to assess whether any sustainability issue should be assessed differently. In addition, the impact of Balco Group on each sustainability issue was assessed.

The final assessment resulted in seven key sustainability issues that form the basis for the direction of Balco Group's sustainability work. The sustainability issues, presented below, provide the structure for the main sections of the Group's Sustainability Report 2021. The main sections describe how Balco Group chooses to work with each sustainability issue in more detail.



Our selected global goals and targets are aligned with our strategic sustainability areas

Sustainable governance

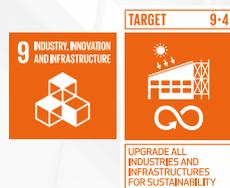


We have chosen to focus specifically on sub-goal 5.5, which is about ensuring equal leadership opportunities at all decision-making levels within the Group, regardless of gender.



We have chosen to focus in particular on sub-goals 8.5 and 8.7. Sub-goal 8.5 is about ensuring decent working conditions and fair pay for everyone in the Group. Sub-goal 8.7 is about preventing all forms of human exploitation and other irregularities in our supply chain.

Environment



We have chosen sub-goal 9.4, which is about contributing to a more sustainable industry through more efficient use of resources and environmentally friendly technologies.



We have chosen sub-goal 12.5, which deals with reducing the amount of waste through measures to prevent, reduce, reuse and recycle waste.

People



We have chosen sub-goal 8.8, which is about protecting the rights of our employees and promoting a safe and secure working environment.

Our business model

The Group's main business model is based on our business concept of developing modern, sustainable and attractive balcony solutions that give people an improved quality of life, with the customer at the centre. The model shows how we choose to implement our business concept and how we create important value

for our customers through the way we work. However, because our value-creating work relies on specific key resources - such as natural and social resources and various forms of capital - our activities are dependent on the world around us and we therefore have a responsibility for how we affect it.

Business concept

To develop modern, sustainable and attractive balcony solutions that give people an improved quality of life, with the customer at the centre.

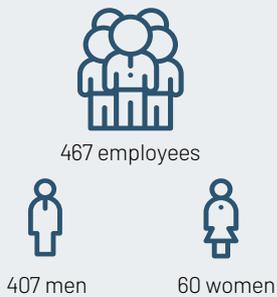
Key resources

Balco Group

Nature



Personnel



Capital



Vision

Through innovative solutions and high quality products, Balco will offer the best balcony solutions on the market

- ✓ **Holistic approach**
From idea to finished product under one roof
- ✓ **Sustainability**
Long-term and life-cycle perspective with climate-positive impacts
- ✓ **Entrepreneurial spirit**
Development in line with market needs
- ✓ **Quality**
Security through advice and professionalism
- ✓ **Pride**
Pride of being part of a whole

Created values



Customer security

A full-service partner offering turnkey contracting and attention to detail.



Green transformation of buildings

Services and products that help reduce energy consumption

- ✓ Glazed balconies
- ✓ Facade solutions
- ✓ Other products, such as solar panels, charging posts and roof insulation



Customised solutions

Services and products according to customer requirements

- ✓ Open balconies
- ✓ City balconies
- ✓ Maritime balconies
- ✓ Prefabricated balconies
- ✓ Balco Living

Glazed balconies

Balco Group's largest product category is glazed balconies, which are primarily sold in the renovation segment.



Facade solutions

Balco Group offers complete facade solutions from Stora Fasad, targeting renovation and new-build, as well as turnkey contracting for the renovation segment.



Open balconies

Open balconies are a growing product category for Balco Group and are mainly supplied to new-build.



City balconies

A product category with open balconies designed for inner-city environments and generally somewhat smaller in size.



Maritime balconies

Balco AB has developed a lightweight aluminium and glass structure sold to cruise ship builders.



Prefabricated balconies

Balco Group has balcony systems designed to keep manufacturing and assembly costs down, and improve safety conditions on construction sites.



Balco Living

Balco Group's new segment of balcony slab installation and insulated glazing systems to increase living space in apartment buildings.



Sustainability - a prerequisite for long-term profitability

The vision for the Group as well as for our sustainability work is to be an innovative company, creating products that are in demand on the market and that contribute to an improved quality of life for the customer. A prerequisite for doing so is that Balco Group conducts sustainable business that lays the foundation for a business that grows, is profitable and creates value for our customers, employees, owners and other stakeholders.

The expectation of a sustainable business is now widespread among customers, investors and not least employees. Companies, their products and services are being scrutinised by stakeholders who are increasingly well-informed about sustainability. As external demands increase, strong incentives for change are created, with more people recognising their negative impact, but also the opportunity to contribute positively to the environment and society at large.

Our work is based on the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN 2030 Agenda. In 2021, we chose to become a member of the UN Global Compact and the Sweden Green Building Council. These memberships strengthen our position on human rights, social and environmental responsibility issues, and clarify our focus and willingness to participate and influence in our role as a major employer and user of natural resources. In addition, by becoming a Nasdaq ESG Transparency Partner during the year, we are sending an important signal to our stakeholders that we welcome the increased interest in how we work on social, environmental and governance issues.

Balco Group and the EU Taxonomy

To achieve the EU's climate goals and the objectives of the Union's Green Deal, investments need to be steered more towards sustainable projects and activities. A prerequisite for this is that investors, companies and policy makers can identify and compare investments based on common definitions of what is sustainable.

The establishment of a classification system for environmentally sustainable activities - a green taxonomy - is therefore a key action under the EU Action Plan for Financing Sustainable Growth.

The Taxonomy Regulation, passed in June 2020, provides a framework for determining which of a company's economic activities can be considered environmentally sustainable. For an activity to be classified as environmentally sustainable, it must make a significant contribution to one or more of the six defined environmental objectives, not cause any significant harm to any of the other objectives, and meet certain minimum sustainability requirements.

Consequently, we have begun work to review which of our activities are currently listed in the EU Taxonomy. We are using an external partner, who has indicated that this initiative puts us at the forefront compared to most of our peers and shows a serious commitment to sustainability issues.

Group policies set the framework for sustainability work

The Group's sustainability work is the sum of the effort and investment made by each company. The role of the Executive Committee is therefore to steer the overall sustainability effort by supporting the companies and providing them with the resources and tools needed to succeed for the environment and people.

The Balco Group Board of Directors has overall responsibility for sustainable business issues and the

CEO is responsible for implementing its decisions and strategies. The CEO is supported by the Group Sustainability Officer, who assists the management team with decision-making and analysis on the details of our sustainability issues.

The backbone for governance of our sustainability work is our group guidelines, which are set out in our Code of Conduct and Sustainability Policy. These provide a framework and support for how our subsidiaries should act and conduct their sustainability work in a way that is consistent with our approach to responsible business. Based on this, specific occupational health and safety policies have been established at each subsidiary to reflect the specific circumstances of each business.

Balco Group Code of Conduct

The Code of Conduct is based on the Group's ethical guidelines and core values and thus forms the basis for everything we do within Balco Group. The purpose of the Code is to encourage fair and safe working conditions, protect human rights, respect equality and diversity, maintain a responsible approach to environmental issues, apply high ethical standards throughout the Group, and ensure that our zero vision for corruption is upheld. The Group HR Director is responsible for updating the Code of Conduct, which is approved by the CEO and adopted annually by the Board of Directors.

The Code is addressed to Group management, board members, all Group companies, executives and employees, and, to the extent possible, our suppliers, business partners, subcontractors and customers. It therefore describes how we should act in our daily work, and how we should behave towards each other, customers, suppliers, authorities and other key stakeholders.

To clarify the importance of the Group's Code of Conduct, we have set targets for the behaviour expected of all employees and suppliers. Internally, we measure the number of reported and detected breaches of our

Code of Conduct, for which the Group has a target of zero. It clearly states how we act to prevent all forms of corruption, and how any cases are handled. This is also reinforced by the Whistleblower function set up in 2019, which enables all employees within the companies to anonymously report suspicions of events that are in breach of our Code of Conduct. They can do so via a link on our website <https://balcogroup.se/> and we use the software IntegrityLog, which guarantees full anonymity. During the year, no events were reported.

On the supplier side, we measure the number of companies that have agreed in writing to abide by our Code, which amounted to 94% in 2021. A third metric we have chosen to focus on in relation to sustainable governance is the proportion of women in management positions. We see great value in gender balance in leadership positions and believe it is a key to success. The aim is to achieve 40% representation within three years, while in the longer term there should be an even distribution.

Sustainability Policy

Our Sustainability Policy is a key principle for the Group's sustainability work and sets out our position on key sustainability issues, our shared values and responsibilities. The policy serves as a framework for operational decisions and also guides evaluation and decisions on issues related to the long-term strategic development of the Group.

Group management is responsible for ensuring that the policy is complied with, developed and is part of the companies' daily work. Together with the CEOs of the subsidiaries, the management ensures that sustainability work is naturally integrated into day-to-day work and strategic decisions. Sustainability work is then broken down by the subsidiaries into a number of objectives with associated activities that are implemented on an ongoing basis in daily operations. Targets are measured on a monthly basis according to clearly defined measurement methods and the results are presented to Group management and Board of Directors on an

ongoing basis.

Implementation within the Group

Following the review of the Sustainability Policy in the previous year, when the content was harmonised with our completed materiality analysis, the focus in 2021 has been on implementation and training across the Group. The aim was to build on the strengths and competencies that exist across the Group. The Board of Directors and Group management have played an important role in driving this development, which has been met with great interest and enthusiasm among the subsidiaries.

During the year, a digital training initiative was carried out among employees to establish the Group's sustainability strategy. The initiative was led by the Group Sustainability Group. The aim was to provide information to encourage employees to develop their

own initiatives in line with the Group's strategy, but also to facilitate the collection of metrics and other data on sustainability. The training was well received by the organisation and included an explanation of the Group's positions, its objectives and the value to the business and its stakeholders. By sharing knowledge, we hope that new initiatives will emerge organically and that the Sustainability Group's role will be to share good practice and inspiration between subsidiaries.

Governance linked to the Global Goals

Our sustainability governance is anchored in the UN's Agenda 2030 and the specific goals and targets that we see as relevant to our operations. Specifically, it concerns our work to promote gender equality leadership within the Group and our Code of Conduct, where we have selected specific metrics that we monitor annually.

DEALING WITH SUSTAINABILITY RISKS

As a company, we are naturally affected by changes in the world around us, which is further reinforced by the fact that we operate in several countries. Changes in the political landscape can lead to changes in legislation and economic cycles, which in turn can create risks for our business and ultimately for our performance. In reaction, the responsible manager in each country is responsible for monitoring policy decisions, maintaining contact established with the relevant authorities and taking the necessary action. Other events can also occur in our world that neither we nor anyone else can influence, such as natural disasters, pandemics, wars and migration. These also pose risks to our operations, which are managed by following national guidelines and conducting scenario planning to help us adapt our operations appropriately. We are also influenced by how our suppliers choose to conduct their activities. A poor working environment and human rights abuses risk damaging our reputation and make it necessary for us to change suppliers, which in turn can lead to delays in deliveries to our customers. This is managed through regular spot checks and frequent dialogues where we actively seek to influence our suppliers in a positive direction.

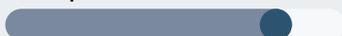
SERIOUS GLOBAL CHANGES

Serious global changes such as natural disasters, epidemics, pandemics, wars and migration can lead to injuries, business interruption and increased costs. Balco Group maintains preparedness by following national guidelines and adapting operations.

Probability



Consequence



CHANGING POLITICAL CONDITIONS LOCALLY

The conditions for Balco Group's operations may change as a result of political decisions, which may affect earnings, legislation and the economy. The responsible manager in each country is responsible for being aware of and managing new policy decisions, including by establishing contact with authorities.

Probability



Consequence



CHANGING POLITICAL CONDITIONS GLOBALLY

The conditions for Balco Group's operations may change as a result of political decisions at the global level, which may affect earnings, legislation and the economy. The responsible manager in each country is responsible for being aware of and managing new policy decisions.

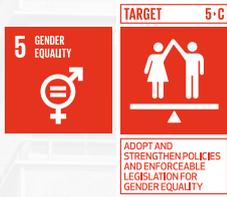
Probability



Consequence



Equal leadership



Ensure equal opportunities for leadership at all decision-making levels within the Group, regardless of gender

TARGET	MEASURING INTERVAL		2021	2020	2019
Gender breakdown among management	Annual	Men	70%	64%	68%
		Women	30%	36%	32%
Goal 2024					
60% Men					
40% Women					
Goal 2028					
50% Men					
50% Women					

Code of Conduct



Ensures decent working conditions and fair pay for everyone in the Group

Discourages all forms of human exploitation and other irregularities in our supply chain

TARGET	MEASURING INTERVAL	MEASUREMENT METHOD	2021	2020	2019
75% of designated suppliers must have accepted the Balco Group Supplier Code of Conduct	Annual	Number of designated suppliers/All designated suppliers	94	-	-
Number of reported and confirmed breaches of the Code of Conduct = 0	Annual		0	0	0

Caring for the environment

The environment and climate are constantly present in Balco Group's operations, manufacturing and product development work. As a group of manufacturing companies, we have a direct and indirect impact on our environment - an impact we are keen to take responsibility for and constantly work to improve.

Our aim is to deliver climate-smart products that contribute to tangible energy savings for our customers and that are produced with the lowest possible carbon footprint. The key lies in our product development and in the way we work internally, where by making our processes more efficient we use materials and energy in ways that minimise environmental impact and emissions to air, soil and water.

Our work on the 2030 Agenda

Based on the Group's strategy linked to Agenda 2030, we have chosen to link our environmental work in general to UN Sustainable Development Goals 9 and 12 - Industry, Innovation and Infrastructure, and Responsible Consumption and Production, respectively - and specifically to sub-goals 9.4 and 12.5. The sub-goals focus on how we as a Group can contribute to a more sustainable industry through more efficient use of resources and management of waste.

Under the Paris Agreement, global emissions must be at least halved by 2030 and then close to zero by 2050 at the latest. The Swedish Parliament has decided that Sweden should have net zero greenhouse gas emissions by 2045. Balco Group supports this and our long-term goal is to be climate neutral by 2045. Based on this, we have set an operational target to reduce our total environmental impact by 20% by 2025, which is monitored annually and measured based on Scope 1 and Scope 2. On the environmental side, we have set an operational target of recycling 95% of the waste we produce, which is monitored quarterly and reported internally within the Group.

Solutions that deliver energy savings

In Europe, there is a growing interest in the renovation of apartment buildings, which can contribute significantly to energy savings. With nearly 40% of Europe's total energy use going to heating homes, updating current housing standards would be an important step towards reducing the carbon footprint that we humans create through our housing.

Our products have the ability to create tangible energy savings for our customers. Balco's glazed balconies provide climate protection for the property, reducing energy consumption by an estimated 15 to 30 percent. With new subsidy models introduced in our various markets, we have seen the need to increase the level of knowledge within the Group to better advise our customers on, for example, a balcony renovation. So during the year, we took the initiative to involve experts from different fields and initiate country-specific partnerships with consultants in the Netherlands and Germany to help us understand the conditions in our different markets. At home in Sweden, we have chosen to hire an energy strategist, who will assist our sales staff and customers in calculating energy saving measures in our various projects.

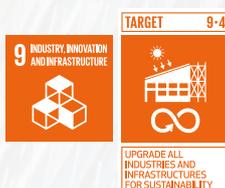
The acquisition of Stora Fasad is in line with this focus area and is closely related to the fact that we in Balco Group are now looking at energy savings from a broader perspective. Through the acquisition, we have acquired new knowledge and expanded capacity for facade development with a particular focus on energy-saving measures. Our ambition is to develop our product range to include roof and attic insulation, solar panel installation with battery storage, window replacement and installation of heat exchangers and heat pumps.

As a further part of offering our customers energy-saving solutions, we are now developing a tool to measure the impact of our projects on the energy consumption of an apartment building at the sales stage. The future goal is to have more than 30% of the Group's turnover should be in the EU taxonomy and provide at least 30% energy savings to our customers.

New energy mapping completed

A natural extension of being able to offer energy-saving solutions is that we ourselves look at how we can make our own operations more efficient in terms of energy consumption.

Reduced environmental impact



Contributing to a more sustainable industry through more efficient use of resources and environmentally friendly technologies

TARGET	MEASURING INTERVAL	MEASUREMENT METHOD		2021	2020	2019
Reduce Scope 1 and Scope 2 environmental impacts by 20% by 2025*	Annual	Tonnes of carbon dioxide equivalent (CO2e) for Scope 1	Scope 1	844	709	892
			<i>(excl. acquisitions)</i>	678	709	892
		Tonnes of carbon dioxide equivalent (CO2e) for Scope 2	difference compared to 2019	-5.4%	-20.5%	-
			<i>(excl. acquisitions)</i>	-24.0%	-20.5%	-
		gram CO2e/worked hour difference compared to 2019	1,099	1,203	1,496	
			-26.5%	-19.6%	-	
gram CO2e/worked hour difference compared to 2019	Scope 2	<i>(excl. acquisitions)</i>	903	927	928	
		899	927	928		
		difference compared to 2019	-2.7%	-0.1%	-	
		<i>(excl. acquisitions)</i>	-3.1%	-0.1%	-	
1,176	1,573	1,573				
-24.5%	+1.0%	-				

* In relation to 2019

Reduced environmental impact



Reduce the amount of waste through waste prevention, reduction, reuse and recycling measures

TARGET	MEASURING INTERVAL	MEASUREMENT METHOD		2021	2020	2019
95% of all waste during the year to be recyclable	Quarterly	Recyclable materials:	Waste	2,451 tonnes	1,248 tonnes	1,180 tonnes
			<i>(excl. acquisitions)</i>	953 tonnes	1,248 tonnes	1,180 tonnes
		Percentage of waste that can be recycled/total amount of waste in the last 12 months	Hazardous waste	88 tonnes	105 tonnes	133 tonnes
		<i>(excl. acquisitions)</i>	84 tonnes	105 tonnes	133 tonnes	
		Recycleble		67%	85%	65%



MEASURES TO REDUCE ENVIRONMENTAL IMPACT

Travelling by car is a natural part of our business. In 2020, the transition to fossil-free vehicles began. As the Corona pandemic also contributed to a reduction in business travel in 2021, digital meetings have become a natural part of the work, which in turn further reduced the need for business travel.

This contributed to a reduction during 2021 in our environmental impact giving us good prospects of achieving our target of a 20% reduction by 2025.

In 2021, a comprehensive energy mapping exercise was carried out, when a new tool - Energy Controller - was introduced to facilitate the analysis of our energy use and the impact of implemented measures. The survey showed that our most significant energy use is represented by heating, lighting, compressed air and transport. As a result of the survey conducted in 2020 within Balco AB, the company will change the lighting in its production to LED lighting in the coming years. In 2022, a detailed survey will be carried out at TBO-Haglinds.

More efficient use of materials

Through the life cycle assessments carried out at Balco AB in 2019, the total environmental impact during the lifetime of the products was mapped. The analysis covered the entire cycle, from raw material procurement through production and use to dealing with leftovers. The work yielded several insights, which have come to shape how we view our climate impact in terms of emissions, energy consumption and material use.

The life cycle analyses shed light on the issue of material waste in production. Reducing the amount of aluminium waste has significant environmental as well as economic benefits and is largely based on how the work is done internally. Accurate calculations and greater awareness in purchasing create an opportunity to prevent the loss of large quantities of materials, which in itself also contributes to cost reduction.

Since virtually all the material in our balcony systems can be recycled through leftover processing, recycling is another factor with a great potential to have a positive impact on the climate. The life cycle analysis showed that the high recycling rate results in a climate saving equivalent to a significant part of the impact of the new production of a standard glazed balcony, which represents a major environmental gain. However, when it comes to the application of recycled materials, we are unfortunately constrained by current technology, where only a small proportion can be used in manufacturing. However, our ambition is to increase the proportion of recycled aluminium and steel in our products, and a good example is that the reinforcement in our balcony concrete slabs is already made of 100% recycled steel.



ELECTRICITY

3,057 mWh
(2,216)



HEATING

1,438kWh
(1,157)

ENERGY CONSUMPTION

As we are a manufacturer and thus consume a large amount of energy in our daily operations, we choose to report our emissions under Scope 1 and 2. Scope 1 covers all direct climate-changing emissions from our own operations, while Scope 2 concerns emissions from the production of the energy we buy. The amount of purchased energy intended for electricity increased to 3,057 MWh and for heating to 1,438 MWh. In connection with the refurbishment of the office in Växjö, we plan to install solar panels on the roof to provide energy for the office and production operations. The installation will cover 235 sqm with an output of 49 kW and with an estimated production of around 37,000 kWh per year, we expect to further reduce our energy consumption.



RECYCLING	2021	2020	2019
Recycled material	1,790 tonnes	2,601 tonnes	882 tonnes
Recycled material	520 tonnes	354 tonnes	333 tonnes
Non-recycled material	361 tonnes	90 tonnes	142 tonnes



TOTAL WATER USAGE	2021	2020
Total	3,723	3,664

DEALING WITH SUSTAINABILITY RISKS

In the environmental area, we have identified the group's climate impact as the most significant risk. In addition to negatively impacting the environment and the overall quality of life in the communities in which we operate, a negative climate impact, seen from the perspective of today's agenda, risks disqualifying us from future business with customers who value the issue highly. In addition, it may risk reducing our attractiveness as an employer as environmental issues are highly valued as a factor in today's labour market. To address this, climate impact is already seen as a priority within the company and through regular materiality analyses we are able to highlight the importance our stakeholders attach to the issue.

THE COMPANY'S CLIMATE IMPACT

The Group's carbon footprint contributes to the risk that Balco Group may be disqualified from future business and may not be perceived as an attractive employer. Reducing climate impact is also important for the continued existence of future generations. Through the materiality analysis and our subsequent work, the Group monitors its impact and implements the necessary measures to reduce its carbon footprint.



Putting people first

The people in our organisation are the most important resource we have. All the value we create comes from the skills, commitment, responsibility and desire of our employees to constantly develop themselves and the Group as a whole. That's why it's vital that our employees have the very best conditions to do their jobs in a stimulating, safe and secure way. This is important from an employer's perspective, to attract and retain the right skills now and in the future. The companies within Balco Group are all in growth, and a prerequisite for remaining so is that our employees enjoy working with us and want to stay with us.

Our work on the 2030 Agenda

As part of our Agenda 2030 framework, we have chosen to link our health and safety work in general to the UN's Sustainable Development Goal 8 - Decent Work and Economic Growth - and specifically to sub-goal 8.8. That sub-goal is about how we as a Group will act to protect the rights of our employees and promote a safe and secure working environment.

We have linked specific operational objectives to this. At Group level, we have chosen to measure total sickness absence, where the target is to be below 3% of total planned working time on an annual basis. Staff turnover is another key focus area that we measure and monitor across the Group. Some staff turnover is healthy for the Group as it paves the way for new energy and skills to enter the company. The target here is a maximum of 6%. In addition, we measure the number of accidents, where we aim of course for zero. At the same time, we are aware that the risk of accidents is ever-present in a manufacturing and contracting business, but by striving towards our zero vision, we are constantly working towards a safer working environment.

A year still marked by the pandemic

The Corona pandemic continued in 2021 and meant that several restrictions to reduce the spread of infection were also maintained. This meant that much of our work continued to be done from home, facilitated by the use of digital meetings. The Group has placed great emphasis on providing employees with the right conditions in the design of their home offices, including the transport of office and IT equipment and well-developed IT support.

To get a clear picture of how our employees felt about working from home and the changes in their working environment, an employee survey was conducted with a specific focus on these aspects. We are pleased to note from the results that the majority felt that it had no negative impact on either their performance or their well-being, which was also confirmed by a low level of sickness absence during the year.

Equally gratifying was the strong desire to return to the workplace when restrictions were eased. However, this has involved a balancing act to minimise the risk of further spread of infection, which has meant that some guidelines have been retained. Video meetings now take place as a good alternative to face-to-face meetings, test kits are available on site and all employees are encouraged to stay at home if experiencing symptoms of illness.

A growing interest in continuing to work from home remains. We have therefore introduced a procedure for increased flexibility, under which the individual employee can agree with his or her immediate manager on where their work should be done, which we believe can be beneficial for the work-life balance.

As an example of return-to-office efforts, an internal project was carried out in our subsidiary RK Teknik in the autumn. The aim was to strengthen togetherness and well-being in the absence of corporate social activities during the pandemic, where the company carried out teambuilding at Hönö in Gothenburg combined with mackerel fishing.



Safe, secure and healthy workplace



Protect employee rights and promote a safe and secure working environment for everyone in the organisation

TARGET	MEASURING INTERVAL	MEASUREMENT METHOD	2021	2020	2019
Total sickness absence to be no more than 3%	Quarterly	Absence time as a proportion of planned time	3.53%	3.20%	2.40%
Staff turnover should not exceed 6%	Quarterly	Number of terminations as a share of total number of employees	8.30%	5.84%	5.90%
Accident rate must be zero	Quarterly	Number of accidents at work (per 1 million hours worked)	13.02%	13.76%	13.31%

A prerequisite for an attractive workplace

Our work to ensure a safe, secure and healthy workplace underpins our reputation as an employer and workplace. In recent years, we have made active efforts to increase our attractiveness significantly, in Växjö where our head office is located and also in the other geographical locations where we operate.

The refurbishment of the Växjö office, which has been underway since 2021, includes an increase in office space to 800 sqm, which has been timely, not least in the context of the decline in office work and the continued need to prevent the possible spread of infection. The project has been carried out to lay the foundations for future expansion, while improving the working environment for existing staff. The refurbishment included the creation of more meeting rooms and conference rooms, new social areas, more parking spaces, and a larger dining room and new larger changing rooms. In addition, several standard improvements have been carried out, such as extending the number of charging points for electric cars, remodelling the facade, improving ventilation, increasing storage space by about 3,500 sqm, and painting and improving lighting.

A growing organisation

We will be an open and inclusive company in which employees thrive, perform and develop regardless of gender, ethnicity, religion or sexual orientation. Our approach is set out in our Code of Conduct and applies to everyone associated with our business, within the organisation and those with whom we interact. We are committed to an equal, sustainable and healthy working life, where every employee is given the opportunity to develop their full potential.

In the context of acquisitions, it is essential that new subsidiaries retain their unique identity while benefiting from being part of a larger community. Being part of Balco Group means better purchasing prices from economies of scale, but also support in HR, finance, marketing, IT, quality and environment. The aim is to rapidly realise the synergies of centralised support functions together with operational excellence.

Expansion of the Group during the year with two new companies - RK Teknik and Stora Fasad - brought important skills and knowledge to Balco Group. This

strengthens our product range and ability to provide customers with valuable and energy-saving solutions, which is also key to our ambition to be part of the green transformation of housing and thereby reduce overall energy consumption in Europe.

In addition to our focus on acquisitions, initiatives within our existing subsidiaries are encouraged. A values-based project was conducted in 2021 at TBO-Haglinds, which in recent years has evolved from a small family business to a medium-sized company within a listed group. The project involved strengthening the link between the company's core values and working practices, including by making their role and importance more concrete for employees.

A workplace for all

The Group currently employs 13% women and 87% men. In line with our objective, we are constantly working to increase diversity and gender balance in the Group, but we are still influenced by the current trend in the industry of generally high male representation. Over the years, we have made several efforts to accelerate gender balance, for example by stating in our recruitment advertisements that we welcome female applicants, and we are careful to ensure that the associated advertisement images show an equal organisation.

An important part of the focus area "People" is that everyone is given the opportunity for regular training and skills development. The focus on leadership training and future leaders that started in 2019 has continued, but as a result of the Corona pandemic, the work has not been able to develop fully in line with our objectives. However, the easing of restrictions in the autumn meant that leadership training and staff appraisals could take place.

Health and safety

As a group of manufacturing companies, physical health and safety risks are ever-present in our daily work. One of our main goals is to ensure that all employees return home healthy and unharmed from work, and to achieve our zero vision for workplace accidents, we are constantly working to develop and improve the working environment throughout the Group.

Despite our zero vision and our active work, accidents still happen. In 2021, the number of workplace accidents leading to sick leave was six which is three less than last year.

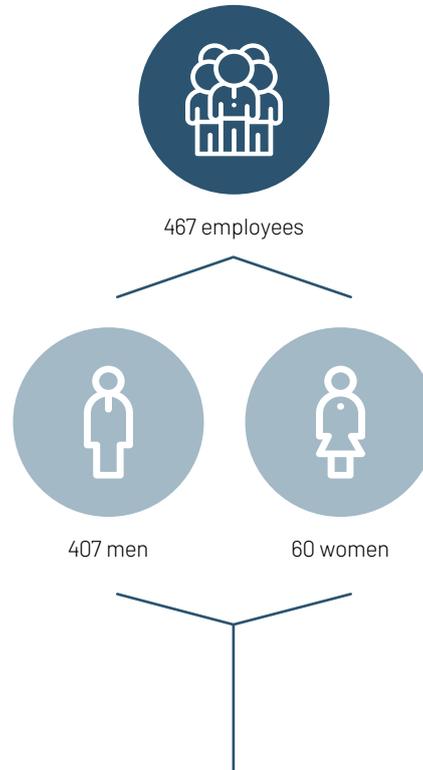
The simplified digitised reporting system introduced in 2019 within Balco AB has made the observation process smoother and helps us to act more quickly, thereby preventing actual accidents from occurring. Examples of this preventive work are our regular safety inspections in our offices, in production and on site at the construction sites where our employees work. This is complemented by continuous risk analysis, training and the issuing of certificates for certain operations.

Within Balco Balconies, health and safety work is led by a specially appointed group consisting of employees from the administrative and production departments. One of the group's tasks during the year has been to complete two risk analyses to systematise the health and safety measures that contribute to a good working environment. The analyses consisted of the following elements: mapping of the company's overall working environment, description of existing health and safety problems, review of absenteeism, prioritisation of necessary actions and an implementation plan.

In November, RK Teknik conducted a full-day training related to safety and sustainability work. The training consisted of courses in cardiopulmonary resuscitation, fire protection, waste prevention and a review of the sustainability work within Balco Group and RK Teknik.

As an employer, we naturally value a safe physical working environment, but the psychosocial environment has also become increasingly important in recent years. This is a key part of our regular appraisal interviews, at which employees can express how they feel and assess their workload. By prioritising health and safety initiatives, we create multiple benefits for the people in our business and for our companies in general. A safe, secure and stimulating working environment leads to reduced costs related to accidents and injuries, reduced absenteeism, lower staff turnover and, not least, increased well-being, motivation and productivity.

EMPLOYEES WITHIN BALCO GROUP



BREAKDOWN OF EMPLOYEES BY COMPANY 2021

Parent company	TBO-Haglinds AB	Balco AB*	Balco Altaner
3 employees	45 employees	281 employees	59 employees
	Stora Fasad	RK Teknik**	
	21 employees	58 employees	

* With associated foreign sales company and production unit in Poland
 ** including subsidiaries

WORKPLACE ACCIDENT RATE (FR)



Number of workplace accidents per 1 million hours worked



DEALING WITH SUSTAINABILITY RISKS

Maintaining a good working environment and health level within the company is considered a priority, and to counteract the risk of deterioration, systematic health and safety work is carried out in office and factory premises. A significant part of Balco Group's work is carried out on construction sites, where personal safety issues and the design of the working environment have a naturally heightened focus. Our own site managers work continuously with risk analysis, safety inspections and incident and accident reporting, to ensure a safe and secure working environment at the Group's construction sites. A deteriorating work environment and health risks not only leads to costly business interruptions and, in the worst case, legal action, but can also make it difficult to retain and attract key skills in the future.

A specific example of how safety is integrated into the whole process from product development to assembled product is the new product Levitate. One of the selling points of the product is the safety of the workplace itself, where final assembly is carried out after the work on a newly constructed building is completed and the minimum of personnel are present. Final assembly is done by crane and the assembly time is about 15 minutes per balcony.

DETERIORATING WORK ENVIRONMENT AND HEALTH

A deterioration in the working environment and health can affect the Group's employees through a lack of systematic health and safety work, which can lead to a loss of skills, business interruptions and legal proceedings. Balco Group attaches great importance to the systematic health and safety work of office and factory premises.

Probability



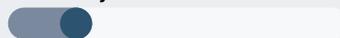
Consequence



SUPPLIER ACTIVITIES WITH NEGATIVE IMPACT ON HEALTH AND SAFETY AND HUMAN RIGHTS

Negative impact from suppliers' activities may arise from a lack of requirements and control within the Group's supply chain, which may impair Balco Group's reputation and cause supplier switching, thus resulting in delayed deliveries. This risk is managed through regular spot checks and other requirements.

Probability



Consequence



Balco Ltd.



Name: Francis Whelan

Role: Assistant Project Manager

Employed since: 2019

What does sustainability mean to you?

Sustainability means using the resources necessary to carry out your work while taking into account your impact on the environment and society and ensuring the best possible conditions for future generations.

Why do you think it is important for a company to work on sustainability issues?

Integrating sustainability into the way a company works is good for employees, customers and end users for several reasons. It has a big impact on the company's reputation by showing customers that it prioritises things like quality of life and the current state of the environment, which can bring in more business. Balco Group is a big company and by getting all its employees to make small changes in the way they work, we can make a big difference.

Do you have a specific example of an initiative in which you or your workgroup is contributing to sustainable business?

During my time at Balco Ltd, I have been involved in several occasions where my colleagues and I have contributed to the Group's sustainability work. One example is minimising the amount of waste in the business, which we do by buying just the right amount of materials to carry out our work. We also make sure that all employees throw away as little as possible, including by recycling and reusing all pallets we receive. In the last few months alone, many of my colleagues have replaced their diesel cars with electric vehicles, which has a big impact given how many miles they drive. It will be cheaper in the long run and reduce our emissions.

Stora Fasad



Name: Mathias Stoef
Role: Supervisor
Employed since: 1992

What does sustainability mean to you?

Sustainability means taking a holistic view, focusing on people, environment, quality and economy. We recognise the importance of proven facade systems, where we work with our suppliers to ensure high quality and sustainability.

Why do you think it is important for a company to work on sustainability issues?

This is important for companies and staff to develop in the right direction. Through staff engagement and satisfaction, we can jointly look at, for example, the environmental aspect where we reduce transport and material waste.

Do you have a specific example of an initiative in which you or your workgroup is contributing to sustainable business?

We have developed systematic health and safety work where we, together with the personnel, continuously follow up our projects. We have also been involved in the development of a range of quality and environmental documents, including self-inspections and codes of conduct.

RK Teknik



Name: Tim Johansson
Role: Sales Executive
Employed since: 2013

What does sustainability mean to you?

For me, sustainability is about making myself and my environment feel good. If we feel good, safe and comfortable, at work and in our private lives, I believe that everyone will live more sustainably and actually do more for the environment and people.

Why do you think it is important for a company to work on sustainability issues?

The workplace is a place where many people have strong social commitment, and companies can make a big difference by informing and training staff to think in the right way about how they can work to make the least possible negative impact on the environment and people.

Do you have a specific example of an initiative in which you or your workgroup is contributing to sustainable business?

We work very hard to ensure that our products last for a long time, thus reducing future maintenance. We also put a lot of focus on how we work in our workplaces to ensure the best possible working conditions.

Signature of the Board

Växjö on the day indicated by our electronic signature

Ingalill Berglund
Chairman

Johannes Nyberg
Board member

Carl-Mikael Lindholm
Board member

Mikael Andersson
Board member

Vibecke Hverven
Board member

Thomas Widstrand
Board member

Kenneth Lundahl
CEO

Auditor's opinion on the statutory sustainability report

To the Annual General Meeting of Balco Group AB, corporate registration number 556821-2319

Task and delegation of responsibilities

The Board of Directors is responsible for the Sustainability Report for 2021, which has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the audit

Our review was conducted in accordance with FAR recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This means that our audit of the Sustainability Report has a different focus and a significantly smaller scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a reasonable basis for our opinion.

Opinion

A sustainability report has been prepared.

Jönköping on the day indicated by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Frida Wengbrand
*Authorised public accountant
Auditor in charge*

Ulf Carlström
Authorised public accountant

Largest in Northern Europe on glazed and open balconies

Balco is the market leader in the industry, developing, manufacturing, selling and installing our own open and glazed balcony systems. Our balcony systems are used in new-build, renovation and balcony extensions. Our broad customer segment includes housing associations, municipal housing companies, private property owners, architects and developers. Head office with its own production unit is located in Växjö in Småland and we have subsidiaries in Norway, Denmark, Finland, the UK, Germany, Poland and the Netherlands.

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