

Sustainability Report 2024

Structure of the sustainability report

Industrivärden's statutory sustainability report for the full year 2024 follows below. The sustainability work is a fully integrated part of the Company's operations. For a full understanding of this work, the formal sustainability report should therefore be read in combination with the descriptions of the Company's business model and operations on pages 10–14 of Industrivärden's Annual Report 2024.

The sustainability report has been examined by the Company's auditor in accordance with FAR's recommendation RevR 12 *Auditor's opinion regarding the statutory sustainability report*, and an opinion on the sustainability report has been provided (page 94). Information about which parts of Industrivärden's business review and annual report are included in the formal annual report that has been submitted by the Board of Directors is provided on page 3.

Industrivärden has signed the UN Global Compact, and Industrivärden's Communication on Progress (CoP) questionnaires for 2023/2024 are published on the UN Global Compact website (in March/April of the respective years). Industrivärden undertakes to continue to work for the principles of the UN Global Compact during 2024/2025. Industrivärden also reports yearly climate data, including the portfolio's carbon emissions, to the CDP, and reports its climate exposure (TCFD) in the sustainability report. To address the market's interest, general sustainability data is also reported to the largest sustainability databases, including S&P Global CSA and Sustainalytics.

Industrivärden's Code of Conduct and an SASB index for 2024 has been published on Industrivärden's website. Industrivärden's portfolio companies prepare their own sustainability reports, which can be found on the companies' respective websites.

Industrivärden's view of sustainability

Industrivärden sets clear demands for its portfolio companies. These include establishing strong market positions, good cash flows and financial strength, as well as a clear capacity for development. This forms a stable foundation for well-integrated sustainability work with innovations, products and services that contribute to sustainable development. By investing capital in operationally and financially sustainable companies and contributing to portfolio companies' strategic sustainability work, Industrivärden takes responsibility for sustainable development.

Particular focus is put on material sustainability risks and sustainability-related opportunities from risk mitigation and value-creation perspectives. Industrivärden's overarching ambition is to be a well-informed and demanding owner with a sustainability perspective that contributes to the long-term success of its portfolio companies, and to offer a long-term and sustainable investment with an attractive total return at balanced risk.

To materialize these ambitions, Industrivärden:

- Performs continuous analysis and follow-up of the respective portfolio companies in accordance with its integrated sustainability analysis;
- Formulates owner agendas for the respective portfolio companies and exerts influence in accordance with its business model;
- Conducts dialogues with selected stakeholders aimed at soliciting views in support of further development of its sustainability work.

Industrivärden expects the portfolio companies to have a sustainable approach in all aspects of their operations.

Central activities

- Continuously develop Industrivärden's sustainability work based on stakeholder dialogues
- Evaluate portfolio companies' sustainability-related risks and opportunities
- Ensure well-integrated sustainability work in the portfolio companies
- Make demands of and exercise influence in the portfolio companies

Industrivärden's expectations

Portfolio companies shall:

- View sustainability as a key strategic issue and conduct exceptional sustainability work
- Continuously develop their sustainability work in a structured way supported by relevant guidelines and measurable goals
- Monitor, evaluate and continuously communicate progress of their sustainability work

Direct and indirect sustainability influence

From an overarching perspective, Industrivärden has the greatest sustainability influence through its role as an active owner of its portfolio companies. Against this backdrop, the sustainability perspective makes up an integral part of Industrivärden's company analyses and owner agendas. Particular emphasis is put on ensuring that portfolio companies have clear systems of corporate governance and adhere to good business ethics, maintain a transparent and well-integrated sustainability perspective, and offer attractive workplaces. The work shall be conducted according to current laws and regulations. Respective companies' boards and management teams are responsible for conducting quality and well-integrated sustainability work. In order to evaluate and exert owner influence in these areas, Industrivärden analyzes sustainability aspects such as governance and leadership, business culture, resource efficiency, climate impact, organization, diversity, etc. In doing so, Industrivärden has an indirect sustainability influence in its portfolio companies.

In addition, Industrivärden has a direct sustainability influence through work that is conducted in its own operations in the listed company AB Industrivärden. The organization comprises approximately 15 employees at the office in Stockholm. Sustainability work encompasses all relevant aspects, although is primarily focused on being a responsible employer, striving for diversity and reducing the Company's own climate impact. Given its active owner role, Industrivärden seeks to serve as a model and to work pro-actively with a clear sustainability focus in its own operations.

Further information about the direct sustainability work in Industrivärden's own operations is provided on page 87.

Governance and execution

Sustainability strategy and owner influence

The principles for how Industrivärden is expected to act as a company and responsible owner are set out in the Code of Conduct, which is adopted by the Board of Directors and is revised yearly. Through its active ownership Industrivärden strives to ensure that these approaches permeate the

companies in which it is an active owner. These guidelines stipulate, among other things, that:

- the overarching goal is to generate sustainable shareholder value while taking into account stakeholders' interests as well as the overall economic, environmental, climate and social impact of operations;
- good business ethics and clear corporate governance with a genuine sustainability perspective contribute to long-term value creation and sustainable development of society;
- the workplace shall be characterized by openness, responsiveness and mutual respect;
- the Company shall reject all forms of discrimination because diversity in all forms improves levels of knowledge, dynamism and quality in our operations;
- the Company shall uphold and integrate the ten principles of the UN Global Compact in the areas of human rights, labor, anti-corruption and the environment.

Industrivärden exercises its ownership influence based on extensive knowledge of its portfolio companies and the sectors in which they are active, mainly through representation on nominating committees and boards as well as in close dialogue with the companies. This work is an integral part of Industrivärden's overarching model for active ownership, thereby ensuring that Industrivärden's analysis, exertion of influence and follow-up are of high quality. The specific sustainability analysis is described below, and the process for exercising active ownership and ownership influence is described in more detail on pages 11–14.

Organization and responsibility

Industrivärden's board is responsible for the formulation of the Company's goals and strategy, how active ownership is exercised and the fundamental sustainability principles. Sustainability work is evaluated on a continuous basis within the framework of operations as a whole. Follow-up of and decisions on sustainability work within the own operations are conducted annually at a board meeting and when necessary. The CEO has overarching responsibility for the Company's

Focus areas and overarching goals

Based on Industrivärden's materiality analysis, its sustainability work has particular focus on the following areas which relate to the UN Sustainable Development Goals (SDGs):

Responsible corporate governance and sustainable societal role



Good corporate governance, good business ethics and anti-corruption



Good diversity



Decent working conditions

Minimize negative climate and environmental impacts



Reduced climate impact

Sustainable production



Sustainable production



Sustainable innovation

direct and indirect sustainability work and for integrating sustainability into analysis and ownership processes. The Head of Sustainability is responsible for Industrivärden's direct sustainability work, external communication on sustainability matters and internal collaboration in certain sustainability matters within the framework of the active ownership. Team managers are responsible for integrated sustainability analysis in respective portfolio companies.

Sustainability analysis

To be able to conduct a qualitative analysis of portfolio companies' sustainability work – and exercise influence when needed – Industrivärden needs to have a depth of knowledge about respective companies' operations and sustainability-related matters. The sustainability analysis is therefore an integral part of company analysis performed by respective portfolio companies. In this way, material sustainability aspects are evaluated from a holistic perspective, with a base in the portfolio companies' respective operations, geographies and stages of development. This means that the sustainability perspective is included in evaluations of the portfolio companies' boards and management teams, strategic issues and financial performance. The sustainability analysis also constitutes a more in-depth evaluation of sustainability issues and encompasses portfolio companies' organizations, structures, risk management, utilization of value-creating opportunities and communication.

The analysis is materiality-oriented and ranks the issues that Industrivärden intends to study further as well as matters over which it wants to exercise influence. Important areas of assessment include climate and environmental impact, social conditions, anti-corruption and prevention of human rights violations. Portfolio companies should have the boards, leadership, organizations and resources needed to integrate sustainable business practices – and thereby

long-term value creation – in their business models, processes and offerings.

The sustainability due diligence that is required of all listed companies thus makes up an integral part of Industrivärden's continuing sustainability analysis.

The main focus of the analysis is on sustainability-related risks and opportunities to create value. The analysis is made with a double materiality perspective and looks at both the portfolio companies' sustainability impact on people and society, as well as how they themselves are financially affected by external factors from a sustainability perspective. In cases where Industrivärden identifies strategic conditions, risks, or value creation opportunities in which it wants to exercise influence, these are defined in Industrivärden's respective owner agendas, which form the foundation for Industrivärden's work. The owner agendas are revised at regular intervals and are set by Industrivärden's Investment Committee, which is made up of relevant members of the Executive Management and representatives of the investment organization.

Industrivärden exercises influence through representation in the portfolio companies' nominating committees and boards. The individuals who represent or have ties to Industrivärden are to have a current and pertinent understanding of the value creation measures identified for respective portfolio companies. Against this background, Industrivärden's owner agendas are regularly presented and evaluated by the Industrivärden board. This allows Industrivärden to have an influence on strategic sustainability issues over time.

Risk management

Industrivärden's material sustainability risks and value creation opportunities exist in the portfolio companies, which are responsible for managing these within the

Key guidelines and rules

Policy area	Type	Scope	Decision
Business ethics and anti-corruption	Code of Conduct	Public	Board of Directors
Working conditions – general	Code of Conduct	Public	Board of Directors
Working conditions – Parent Company	HR policy	Internal	CEO
Human rights	Code of Conduct	Public	Board of Directors
Diversity/nondiscrimination – general	Code of Conduct	Public	Board of Directors
Diversity/nondiscrimination, safety, etc. – Parent Company	HR policy	Internal	CEO
Environment and climate – general	Code of Conduct	Public	Board of Directors
Environment and climate – Parent Company	Environment and climate policy	Internal	CEO
Information technology and cybersecurity	IT policy	Internal	CEO
Insider issues	Insider policy	Internal	Board of Directors/CEO
Risk management	Risk policy	Internal	CEO
Information and confidentiality	Information policy	Internal	Board of Directors/CEO
Protection of personal privacy	Personal data policy	Internal/public	CEO
Reporting of rule violations	Code of Conduct	Public	Board of Directors

Public documents are presented on Industrivärden's website.

framework of their respective operations. Industrivärden's risk analysis aims to identify conditions that deviate from the Company's understanding of an optimal approach in respective portfolio companies. The analysis encompasses material sustainability risks in respective companies based on Industrivärden's prioritized focus areas. Climate-related financial risks are one example, where analysis includes transition risks and physical risks (effects of a changed climate) in various scenarios and time perspectives. Portfolio companies' combined sustainability risks make up part of Industrivärden's share price risk, which is described on page 70.

The overall outcome of Industrivärden's risk analysis for its prioritized areas is shown below. Where necessary, Industrivärden exercises its owner influence. Its active ownership thereby contributes to a long-term reduction of risk levels and to increased value creation.

Guidelines and rules

Industrivärden's sustainability strategy forms the foundation of the Company's sustainability work both within the Company and within the framework of its active ownership. The sustainability strategy, which is described on pages 81–82, is derived from Industrivärden's Code of Conduct. In addition, there are a number of guidelines and rules that apply for Industrivärden's approximately 15 employees. All guidelines and rules are updated at regular intervals, and Industrivärden's employees receive training in regulatory matters on a regular basis, see table on page 82.

Handling suspected violations of the Code of Conduct

Industrivärden has a routine that is set out in the Code of Conduct for handling suspected violations of the Code of Conduct.

Cooperation and frameworks

Cooperation is necessary to address sustainability challenges. Industrivärden has therefore signed the UN Global Compact and has been working to comply with its ten principles since 2015. The Company regularly conducts various types of cooperation in the sustainability area.

Industrivärden also adheres to global initiatives such as the OECD's Guidelines for Multinational Enterprises, the ILO's eight fundamental conventions and the UN Guiding Principles on Business and Human Rights.

Generated economic value

Good economic performance and financial strength are necessary for Industrivärden to create long-term value for its shareholders and support its portfolio companies over time. In this way, Industrivärden can contribute to the favorable development of portfolio companies' corporate governance as well as social and environmental development. Industrivärden's financial performance and growth in net asset value are described on pages 46–70. Industrivärden's stock performance and dividends paid are shown on pages 38–41.

Materiality analysis

Industrivärden's sustainability-related focus areas have been identified and concretized using a materiality analysis.

This analysis draws from Industrivärden's stakeholder dialogues, its abilities to influence through its ownership, and a materiality perspective.

Stakeholder dialogues

In its capacity as a holding company, Industrivärden has a financial, social and environmental influence on the world around it and on various stakeholder groups. Industrivärden therefore maintains a continuous dialogue with its stakeholders, which increases knowledge about important changes in the business environment and highlights prioritized issues for the Company's stakeholders.

Stakeholder dialogues are an integral part of the continuous contacts maintained with the companies. This takes the form of regular talks and meetings, annual reports, interim reports, annual general meetings, performance reviews with employees, memberships in various organizations, etc. Key stakeholders include shareholders, employees, other market actors, equity analysts, representatives of the portfolio companies, business partners and nongovernmental organizations (NGOs). In addition to the continuous stakeholder dialogues, a formalized dialogue with a selection of relevant stakeholders was conducted in 2023. The materiality analysis did not change to any material extent. However, clarifications were made regarding the importance of sustainability-related opportunities in the portfolio companies and the importance of the sustainability dimension in the portfolio companies' value chains.

Significant issues

The following significant issues have been identified based on respective stakeholder groups' priorities and Industrivärden's influence.

- *Attractive returns at balanced risk*
By owning quality companies with proven business models, to which Industrivärden contributes through engaged ownership, opportunities for long-term value creation increase while risk decreases. It is thus important that portfolio companies are able to minimize risks and capitalize on value creation opportunities within the framework of their own sustainability influence and external sustainability factors.
- *Owner influence to drive integration of sustainability in portfolio companies*
Industrivärden's opportunities to exercise active ownership require formal and trust-based influence in portfolio companies. It is therefore vital that Industrivärden has financial opportunities as well as trust capital to maintain its influence.
- *Good corporate governance and business ethics*
Industrivärden's and portfolio companies' corporate governance and business ethics are of major importance for sustainable value creation. In its capacity as a sizable owner, Industrivärden has good opportunities to influence corporate governance. Portfolio companies themselves are to integrate good business ethics in all parts of their operations, which is crucial for upholding the trust of their stakeholders and long-term value creation.

- *Responsible employers and good diversity*
Portfolio companies are to be responsible employers from a double materiality perspective. Attracting and retaining relevant expertise is crucial for generating enduring value creation in the portfolio companies.
Portfolio companies are required to strive for diversity from a double materiality perspective. Taking advantage of various perspectives is important for portfolio companies' long-term ability to create value and for the sustainable development of society.
- *Reduced climate and environmental impact*
Portfolio companies are required to strive for reduced climate and environmental impact from a double materiality perspective. While a reduced impact does create opportunities for value creation, a slow pace of transition may entail direct as well as indirect risks and costs.
- *Sustainable production and innovation*
The portfolio companies are required to offer sustainable products and services and carry out innovation for increased sustainability.

Stakeholders' priorities may differ somewhat between various groups. However, there is a strong consensus that Industrivärden's most important duty is to contribute to enduring shareholder value in its portfolio companies. Given Industrivärden's business model, particular emphasis should be put on ensuring well-integrated and structured sustainability work within the portfolio companies. The same applies for more owner-related matters such as corporate governance and diversity as well as the climate issue. Overall it can be noted that more strategically oriented sustainability issues are given higher priority than more operationally oriented matters.

Focus areas

Industrivärden shall be an engaged and responsible owner that contributes to well-managed companies for the sustainable development. In doing so it is able to offer long-term attractive shareholder value at balanced risk. Industrivärden's portfolio companies are active in various sectors and geographies, and thus the material sustainability issues differ from company to company. However, from a materiality perspective, certain more general, relevant matters can be identified. Moreover, given Industrivärden's business model, it has the greatest opportunity to exert an influence in corporate governance-related matters.

Our materiality analysis shows that some sustainability areas are deemed to be particularly important, within which Industrivärden exerts an active owner role. These focus areas are:

1. *Responsible corporate governance and a sustainable role in society*
Good corporate governance including good business ethics and anti-corruption, diversity and good work conditions.
2. *Minimized negative climate and environmental impact*
Reduced impact on people and environment.
3. *Sustainable production and innovation*
Development and innovation of sustainable products and services as well as sustainable production with greater resource efficiency.

Based on these focus areas, relevant goals have been established with support of the UN's Agenda 2030 framework for the Global Sustainable Development Goals (SDGs). From an influence perspective, SDGs 5, 8, 9, 12, 13 and 16 relate to Industrivärden's portfolio companies within the framework of Industrivärden's active ownership. SDGs 5 and 13 also pertain to the Company's own operations.




Industrivärden's portfolio companies – goals and outcomes

From an overarching perspective, it is Industrivärden's expectation that its portfolio companies will:

- view sustainability as an important, strategic issue and conduct salient sustainability work within their respective sectors, with sustainability aspects integrated into their business models, business cultures, strategies, processes and product offerings;
- continuously develop and strengthen their sustainability work in a structured way with support from relevant guidelines and measurable goals;
- monitor, evaluate and continuously communicate the progress of their sustainability work and convey the ways in which they contribute to long-term sustainable development in the communities in which they operate.

A number of goals have been formulated to drive the development on Industrivärden's sustainability-related focus areas as an owner.

1. Responsible corporate governance and a sustainable role in society

	Industrivärden's goal	Outcome	Overarching risk analysis
 Good corporate governance incl. good business ethics and anti-corruption	Portfolio companies shall contribute to sustainable communities by working within the framework of their respective operations to ensure good corporate governance incl. ethical practices and targeted anti-corruption work.	<ul style="list-style-type: none"> • 100% of the portfolio companies have an anti-corruption policy. • 100% of the portfolio companies have a code of conduct and whistleblower function. • 100% of the portfolio companies provide training to their employees in the company's code of conduct. 	The portfolio companies contribute to inclusive and peaceful societies by promoting long-term sustainable development in society in a structured way. All of the companies have codes of conduct for their employees and suppliers that enable reporting and follow-up of improprieties, and preventive training aimed at ensuring good business ethics and combating corruption.
 Good diversity	All portfolio companies shall conduct active and targeted work to promote diversity and equal opportunities in all parts of the company based on specific competency needs. The goal is that the underrepresented gender shall make up at least 40% of the portfolio companies' board members from a portfolio perspective.	<ul style="list-style-type: none"> • The underrepresented gender makes up 38% of directors on the portfolio companies' boards. • 100% of the portfolio companies have anti-discrimination principles in their codes of conduct or policies. 	All portfolio companies put considerable emphasis on diversity and equality, because this strengthens their operations, and they work continuously on being an inclusive employer that offers equal opportunities to all employees. Among other things, the portfolio companies have adopted anti-discrimination principles in internal guidelines.
 Decent working conditions	Sustainable economic growth is a precondition for development of responsible companies that create value over time. Against this background, the portfolio companies shall conduct their operations with focus on a long-term perspective and with good business ethics and shall guarantee a safe workplace for all employees.	<ul style="list-style-type: none"> • 100% of the portfolio companies have signed the UN Global Compact for decent and productive working conditions. • 89% of the portfolio companies report their accident frequency rate. • Of the seven companies reporting this, five companies showed a reduced accident frequency compared to 2023, one company showed an increased frequency and the data for one company was not available as of 2025-02-14. 	All of the portfolio companies generate sustainable value creation and have contributed to economic growth over time. The companies adhere to international conventions on human rights and working conditions, and conduct ambitious preventive work to ensure a safe work environment. All portfolio companies conduct preventive work to minimize the number of accidents.

2. Minimized negative climate and environmental impact

Management of climate-related risks and opportunities

Long-term value creation requires reduced climate impact and successful utilization of climate-related opportunities. Industrivärden's greatest climate risk consists of the combined climate risk in the equities portfolio based on Industrivärden's share of ownership in the portfolio companies, which is described below. Industrivärden's climate work in its own operations is described in more detail on page 87.

Through its active ownership Industrivärden follows the respective portfolio companies' analysis, emissions reduction measures and climate-related opportunities. The portfolio companies are active in different sectors and geographies, and thus their climate risks differ. Industrivärden's respective sustainability analyses are therefore based on the portfolio companies' climate scenario analyses, internal and external expert knowledge, and measures taken by the companies.

Industrivärden's governance, strategy and management of climate risk are conducted in line with the model for sustainability issues that is described above in this sustainability report. Where needed, influence is exercised in accordance with Industrivärden's ownership model.

The portfolio's carbon emissions

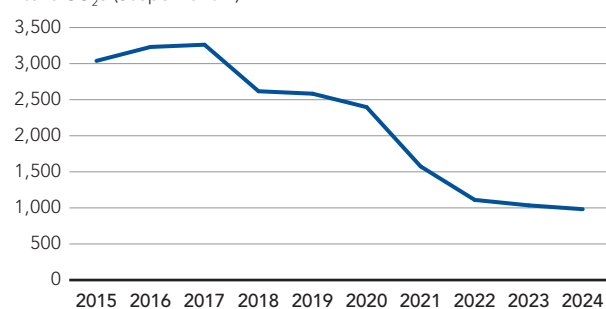
The largest share of Industrivärden's emissions consist of indirect carbon emissions within framework of the Company's ownership in the portfolio companies (Industrivärden's

Scope 3 emissions). Greenhouse gas emissions (CO₂e) from the equities portfolio and Industrivärden's own operations have been reported since 2010, when Industrivärden also began reporting its carbon footprint to the CDP (cdp.net).

The chart below shows the portfolio's yearly emissions (portfolio companies' Scope 1 and 2) over the past ten years. Data has been obtained from the portfolio companies' own disclosures of greenhouse gas emissions (GHG Protocol, market-based method), in proportion to Industrivärden's share of ownership (equity share approach). This development illustrates the portfolio companies' determination to steadily reduce their CO₂e emissions as well as Industrivärden's divestment of its holding in steel company SSAB in 2020/2021 and its holding in ICA Gruppen in 2018/2019.

Portfolio emissions

ktons CO₂e (Scope 1 and 2)



Emissions 2024 refer to estimated data based on 2023 for Volvo.

The equities portfolio's climate exposure

The largest share of Industrivärden's climate risk exposure is within the framework of its ownership in the portfolio companies. Industrivärden uses the companies' climate scenario analyses and TCFD reporting, among other things, as documentation for its analysis of their identification and management of climate risk. Given that the portfolio companies are active in varying business areas, their analyses differ, but from a portfolio perspective a number of more general risks can be described, as below. The compilation shows the portfolio companies' disclosed climate-related risks in terms of physical risks and transition risks that could potentially impact the companies' operations in the short, medium, and long terms. Climate-related opportunities pertain to the companies' identified ability to create value added that contributes to growth, emission reductions and societal benefit.

Physical risks

- Disruptions caused by extreme weather events – impacts in supply chains, on transports, own production and property holdings (acute risk)
- Permanent changes to the climate and environment – higher average temperatures, rising sea levels and changed precipitation patterns – higher costs for climate adaptation measures, impact on asset values (chronic risk)
- Shortages/depletion of critical raw materials (chronic risk)

Transition risks


- Higher costs due to imposition of carbon emissions regulations and taxes (policy and regulatory risk)
- Higher reporting and compliance costs (policy and regulatory risk)
- Operational limitations for companies due to ownership rights/use regulations (policy and regulatory risk)

- Slow and/or unpredictable approval processes (policy and regulatory risk)
- Inability to develop the products, solutions and offerings needed for transition to a low-emissions economy – adaptation and limitation of impact (technological risk)
- Supply and pricing of renewable energy, raw materials, water and transport (market risk)
- Changed preferences and behaviors among customers (market risk)
- Inability to fulfill requirements and expectations of company stakeholders (reputational risk)

Opportunities



- Innovation and technological development of products, services and offerings that support the transition to a low-emissions society
- New business models and effective sustainability work result in competitive advantages, customer satisfaction and investment capital
- Products that support emissions reductions among customers and partners
- Global operations reduce geographic risks
- Longer growing seasons result in faster/larger harvests
- Own production of renewable energy is profitable
- Cooperation and partnerships with research, trade organizations and local communities

Industrivärden has reported climate-related information to the CDP since 2010. TCFD recommendations are now integrated into the CDP's questionnaire on climate change. Industrivärden has implemented relevant parts of the TCFD's recommendations regarding its own operations since 2020. See the TCFD reference on page 92.

	Industrivärden's goal	Outcome	Overarching risk analysis
 Reduced climate impact	<p>Portfolio companies shall minimize their carbon emissions and the environmental impact of their own production and value chains. They shall have strong focus on efficient use of resources.</p> <p>The goal is that the portfolio companies shall adopt science-based targets for reducing their carbon emissions (Scope 1–2). They shall also have clear targets for reducing emissions in their value chains (Scope 3).</p> <p>Science-based climate targets are targets based on scientific grounds, with recognized methods such as the Science Based Targets initiative, Carbon Law (Exponential Roadmap) or similar, with the aim of contributing to achievement of the Paris Agreement's goals.</p>	<ul style="list-style-type: none"> • 88% of the portfolio companies have science-based targets for reducing their carbon emissions (Scope 1–2). The Science Based Targets initiative (SBTi) framework is used in all cases*. An additional 12% of the portfolio companies have science-based targets that have not been validated by a third-party. These targets meet the reduction goals within the framework of the Paris Agreement. • 100% of the portfolio companies have concrete goals for reducing indirect carbon emissions in their value chains (Scope 3). <p>Further information about the portfolio companies' targets and performance can be found in respective companies' annual and sustainability reports.</p>	<p>Several portfolio companies work in emissions-intensive industries or have large environmental impacts due to their products and services. These companies therefore need to reduce their environmental and climate impacts and take advantage of environment- and climate-related opportunities for long-term value creation. The portfolio companies have express ambitions to reduce their carbon footprints and have set concrete goals for reducing their climate-impacting emissions.</p>

* Targets for five out of seven enrolled portfolio companies have been approved.

3. Sustainable production and innovation

	Industrivärden's goal	Outcome and illustrative examples	Overarching risk analysis
 Sustainable production	Portfolio companies shall offer long-term sustainable products and services that contribute to sustainable production and consumption. They shall have ambitious goals and be at the forefront of resource-efficiency and circular business models.	Illustrative examples of the portfolio companies' sustainability work within sustainable production are presented in each company's sustainability report.	Portfolio companies are actively striving to offer sustainable products and support the development of circular solutions. They are working actively to increase resource efficiency in production and operation, including with respect to energy consumption and waste. The portfolio companies have high ambitions to be resource efficient, using sustainability as a competitive advantage.
 Sustainable innovation	Industrivärden's portfolio companies shall have high aspirations to conduct sustainable operations, increasing their competitiveness by developing sustainable innovations that are at the forefront of their industries.	Illustrative examples of the portfolio companies' sustainability work within sustainable innovation are presented in each company's sustainability report.	To manage future sustainability-related risks and opportunities, companies need to continually strengthen and integrate sustainability aspects into their operations. The portfolio companies have a long tradition of actively promoting sustainable industrialization and innovation, and are well-equipped to manage the transition to a more sustainable approach. They contribute in various ways with innovations for sustainable industry and are leading the transition in their respective industries.



Industrivärden's own operations – goals and outcomes

Industrivärden shall be a workplace where employees enjoy their work, thrive and develop. Toward this end, evaluations are continuously conducted of performance and development opportunities, and a continuous dialogue is conducted on matters related to the workplace, forms of cooperation and personal development. Industrivärden believes that better results are achieved at a workplace characterized by gender equality and diversity.

Industrivärden has an ambition to reduce its own carbon footprint over time. Emissions come mainly from electricity and district heating consumption in the Company's office

building and from business travel. To reduce greenhouse gas emissions, environmentally certified electricity from wind and hydro power is purchased, with the remainder compensated through offsets. Consumables, IT equipment and other materials are reused and recycled. To monitor and benchmark the Company's carbon footprint, Industrivärden conducts carbon footprint reporting within the CDP framework. Industrivärden has applied the TCFD's recommendations since 2019. For further details, please see the GRI Index and TCFD Reference on pages 90–92.

Industrivärden has the following sustainability goals for its own operations.

	Industrivärden's goal	Outcome	Overarching risk analysis
 Good diversity at a good workplace	Industrivärden shall be an attractive employer with focus on competence development, openness and diversity, and will attract, recruit and retain competent employees. The goal is to maintain proportional representation of the underrepresented gender of at least 40% on Industrivärden's board and Executive Management.	<ul style="list-style-type: none"> • The underrepresented gender accounts for 33% of directors on Industrivärden's board and 50% of members of the Executive Management. • Continuously developed processes for broadened competence and diversity. • Further training of all employees in the Company's sustainability strategy, Code of Conduct, anti-corruption and policy documents on the environment, climate and diversity. • Regularly recurring performance reviews with particular focus on the work environment and competence development. • Continuous evaluation of development opportunities for all employees. 	Industrivärden offers a workplace where employees enjoy their work, thrive and develop. To continuously improve operations, regular dialogue is conducted with the employees on matters pertaining to the workplace, forms of cooperation and personal development.
 Reduced carbon footprint	The goal is to reduce Industrivärden's Scope 1, 2 and 3 carbon emissions (excluding emissions from portfolio companies) by 50% compared with 2017. This goal is aligned with the Paris Agreement's goal to limit global warming to well below 2°C.	<ul style="list-style-type: none"> • Industrivärden's carbon emissions have decreased by 40% since 2017. • Measurement and follow-up of Industrivärden's Scope 1–3 environmental impacts and carbon footprint. • Report Industrivärden's carbon footprint to the CDP and compensate for the Company's footprint through offsets. 	Industrivärden works actively to minimize its own negative carbon footprint and environmental impacts, and compensates for all actual greenhouse gas emissions through offsets.

Iterated sustainability analysis

In 2024, Industrivärden iterated material parts of the portfolio companies' sustainability analyses within the framework of the Company's ongoing work on company analysis. The rapid rate of change in several key impact areas signifies that sustainability is an increasingly important component in Industrivärden's analysis.

Development of sustainability work in 2024*Updated materiality analysis*

In 2023, Industrivärden updated its stakeholder analysis regarding important counterparties. Views were obtained in the usual way within the framework of ongoing contacts, as well as through a formal questionnaire. The materiality of Industrivärden's sustainability-related focus areas was established based on the stakeholder analysis, Industrivärden's capacity to influence and a materiality perspective. Particular emphasis was also placed on the importance of sustainability perspectives in the portfolio companies' value chains.

Sustainability work was conducted and further developed in 2024 within the framework of Industrivärden's active ownership.

Continued development of Industrivärden's sustainability reporting

Work was carried out to prepare for new regulations on sustainability reporting, such as the EU's Corporate Sustainability Reporting Directive (CSRD).

Thematic reviews

Industrivärden continuously conducts reviews of key areas of influence such as electrification, digitalization, etc. In 2024 an iterated review was conducted into the portfolio companies' use of AI and the impact of AI on the portfolio companies, along with an extensive review of geopolitics/macro economics.

Reporting in accordance with the EU Taxonomy

The EU Taxonomy Regulation is intended to help investors and companies identify and compare investments that contribute to sustainable development.

Industrivärden is not subject to the Taxonomy Regulation. Industrivärden's portfolio companies are subject to the Taxonomy Regulation and their taxonomy is included in respective portfolio company's sustainability reports for 2024.

GRI Index and TCFD Reference

Industrivärden's sustainability report complies with the most recent version of the Global Reporting Initiative's (GRI) Universal Standards 2021 and its Financial Services sector supplement. This is Industrivärden's seventh sustainability report produced in accordance with the GRI framework and draws from the GRI principles regarding content and quality. The report pertains to Industrivärden's own operations in 2024 (January 1–December 31, 2024).

Industrivärden's operations are conducted by approximately 15 employees at the Company's head offices in Stockholm. Since 2017, stakeholder dialogues and subsequent materiality analyses have been conducted to identify the top priority issues in the area of sustainability. These analyses form the basis for determining which disclosures are reported in Industrivärden's sustainability report and

GRI Index. Industrivärden adheres to sustainable business practices by adopting a clear sustainability perspective in its investment decisions and operations as an active owner. The portfolio companies' sustainability reports are available on the respective companies' websites.

The GRI Index describes Industrivärden's sustainability work based on the GRI Standards. The report consists of the information below as well as the information reported in the 2023 Annual and Sustainability Report, on Industrivärden's website, and on cdp.net according to the respective references provided in the GRI Index.

In 2020, Industrivärden began implementing recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) for reporting climate-related risks, but currently does not report in full compliance with the framework.

GRI Universal Standards (2021)

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
Organization & reporting practices				
2-1	Organizational details		40, 45, 60	
2-2	Entities included in the organization's sustainability reporting		45, 67	The Parent Company and all subsidiaries are included in the report.
2-3	Reporting period, frequency and contact point			The report, which is prepared annually, pertains to the 2024 financial year. The contact person is Sverker Sivall, Head of Corporate Communications & Sustainability, ssl@industrivarden.se.
2-4	Restatements of information			No significant changes have taken place since the preceding report.
2-5	External assurance		93	The Company's auditor has given an opinion on the statutory sustainability report. An audit has not been conducted.
Activities & employees				
2-6	Activities, value chain and other business relationships		10–14	
2-7	Employees	87	14, 46, 63–64	All employees are active at the head offices in Stockholm. Data does not include any consultants and advisors. Industrivärden has approx. 15 employees. Apart from details required to be published under regulatory requirements, no information is disclosed that can be linked to individual persons. For average number of employees, see Note 8 on page 63.
2-8	Other workers who work for the organization			The organization has a facility management contract for the office building. The scope of outsourced assignments amounts to less than one full-time position in total.

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
Governance				
2-9	Governance structure and composition		47–54	
2-10	Nomination and selection of the board of directors		47–48, 94	
2-11	Chairman of the Board of Directors		48–49, 52	
2-12	The Board's role in overseeing the management of impacts	81–82	47–51	
2-13	Delegation of responsibility for managing impacts	81–82		
2-14	Role of the Board of Directors in sustainability reporting	81–82		
2-15	Conflicts of interest			Managed within the framework of Rules of Procedure and instructions, etc.
2-16	Communication of critical concerns			Communication of critical concerns is conducted in accordance with applicable rules and regulations.
2-17	Collective knowledge of the Board of Directors		48–49, 52–53	
2-18	Evaluation of the performance of the Board of Directors		49	
2-19	Remuneration policies		50, 63–64	Guidelines for compensation of senior executives are posted on Industrivärden's website: Corporate governance/CEO and Executive Management/Compensation.
2-20	Process to determine remuneration		50, 63–64	
2-21	Annual total compensation		63–64	
Strategy, policies & practices				
2-22	Statement on sustainable development strategy	80–83	7–9, 15	
2-23	Policy commitments	80–81		Information on Industrivärden's commitments can be found on the UN Global Compact's website: https://unglobal-compact.org/what-is-gc/participants/72671-AB-Industrivarden-publ-
2-24	Embedding policy commitments	80–88		
2-25	Processes to remediate negative impacts	80–88		
2-26	Mechanisms for seeking advice and raising concerns	82–83		Industrivärden's Code of Conduct is posted on the Company's website: Corporate governance/Governance structure/Code of Conduct.
2-27	Compliance			The Company has no knowledge of any incidents of non-compliance with laws and regulations, and no fines were incurred during the reporting period.
2-28	Membership associations			Confederation of Swedish Enterprise, Centre for Business and Policy Studies (SNS), Royal Swedish Academy of Engineering Sciences (IVA).
Stakeholder engagement				
2-29	Approach to stakeholder engagement	83–84	15	
2-30	Collective bargaining agreements			All employees are covered by collective bargaining agreements.
Material topics				
3-1	Process to determine material topics	83–84		
3-2	List of material topics	84		
3-3	Management of material topics	80–83	11–14	

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
Economic				
201	Economic Performance 2016			
201-1	Direct economic value generated and distributed	83	18–19, 36–41, 56–70	
201-2	Financial implications and other risks and opportunities due to climate change	85–87		
201-3	Defined benefit obligations and other retirement plans		60–64, 68	
201-4	Financial assistance received from government			No financial assistance was received from government bodies.
205	Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	80–83	11–14	No material risks were identified in the Company's own operations. Questions related to the Company's sustainability analysis are addressed on an ongoing basis within the framework of active ownership.
205-2	Communication and training about anti-corruption policies and procedures	82–83		All employees receive training in the annually revised Code of Conduct, which covers all aspects of corporate social responsibility in accordance with the Global Compact's ten principles, including anti-corruption.
205-3	Confirmed incidents of corruption and actions taken			No incidents occurred during the year.
Environment				
305	Emissions 2016			
305-1	Direct GHG emissions (Scope 1)	87		Scope 1 emissions in 2024 amounted to 13 tons CO ₂ e (14). www.cdp.net : Industrivärden, C 7.6.
305-2	Energy indirect GHG emissions (Scope 2)	85–87		Scope 2 emissions in 2024 amounted to 9 tons CO ₂ e (8) (according to market-based method). www.cdp.net : Industrivärden, C 7.7.
305-3	Other indirect GHG emissions (Scope 3)	85–87		Scope 3 emissions in 2024 amounted to 18 tons CO ₂ e (16) (business travel, publications, etc.). www.cdp.net : Industrivärden, C 7.8. This GRI Index pertains to own operations.
305-4	GHG emissions intensity	85–87		Information is provided in the yearly reporting to the CDP.
305-5	Reduction of GHG emissions	85–87		Information is provided in the yearly reporting to the CDP.
305-6	Emissions of ozone-depleting substances (ODS)			No ozone-depleting emissions are caused by operations.
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			No significant emissions are caused by operations.
Social				
401	Employment 2016			
401-1	New employee hires and employee turnover			The Company has approx. 15 employees. Employee turnover was 0% (7%) for new hires and 7% for departures (7%).
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		50, 63–64	Individual compensation structure.
401-3	Parental leave			During the period 2 men was on parental leave. 2 men returned to work after parental leave during the reporting period.

General disclosures	Title of disclosure	In Industrivärden's Sustainability Report (page)	In Industrivärden's Annual Report (page)	Comments
403	Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	82, 87		In accordance with Swedish law. Includes all employees.
403-2	Hazard identification, risk assessment, and incident investigation	87		A safety assessment was carried out.
403-3	Occupational health services	82, 87		All employees are offered company health care benefits.
403-4	Worker participation, consultation, and communication on occupational health and safety	87		Conducted under the direction of the HR function.
403-5	Worker training on occupational health and safety	87		Conducted under the direction of the HR function.
403-6	Promotion of worker health	87		Measures for preventing injuries at the workplace, and wellness subsidy.
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			Not relevant given the nature of operations.
403-8	Workers covered by an occupational health and safety management system			Not relevant given the size of the workplace (approx. 15 employees).
403-9	Work-related injuries			No work-related injuries during the period.
403-10	Work-related ill health			Average absenteeism due to illness in relation to total work time was 0%. Additional information is not provided due to the size of the workplace.
404	Training and Education 2016			
404-1	Average hours of training per year per employee	87		The average number of hours per employee was 10.
404-2	Programs for upgrading employee skills	87		Structured through individual conversations with employees.
404-3	Percentage of employees receiving regular performance and career development reviews	87		All employees receive regular evaluations of their performance and career development.
405	Diversity and Equal Opportunity 2016			
405-1	Diversity of board of directors, management and employees	81–82, 87	47–50, 52–54, 63	
405-2	Ratio of basic salary and remuneration of women to men		63–64	Information not provided given the size of the workplace (approx. 15 employees).

Sector-specific disclosures, financial

G4 FS6	Breakdown of investment portfolio by region, size and sector		16–19	All portfolio companies are listed on Nasdaq Stockholm.
G4 FS10	Percentage of companies held in the institution's portfolio with which the organization has interacted on environmental or social issues	80–82	10–15	Sustainability issues are addressed in all portfolio companies within the scope of Industrivärden's business model.

Page references for disclosures in accordance with TCFD recommendations

Industrivärden is working on implementing TCFD recommendations for reporting of climate-related risks, but currently does not report in full compliance with the framework.

Reference	Category			
	Governance	Strategy	Risk management	Metrics and targets
a)	48–50, 81–82	85–87	82	85–87
b)	48–50, 81–82	11–13, 85–86	70, 82–83	85–87, 91
c)	Not applicable	–	82–84	86–87



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