



# Sustainability Report 2022

BHG Group AB (publ)  
Nasdaq Stockholm: BHG

The Sustainability report is a part of Directors' Report in the Annual Report 2022



### AN EXCITING YEAR FOR BHG

2022 was an exciting year for BHG from many perspectives, not least our sustainability efforts. We took several important steps in further defining and structuring our work to create sustainable portfolio companies and thereby a sustainable BHG. During the first quarter, we defined our long-term sustainability objectives based on our materiality analysis, the UN Global Compact and a clear link to the UN Sustainable Development Goals (SDGs).

We also submitted a commitment letter to the Science Based Target initiative (SBTi), and we plan to submit our targets for verification in 2023. We have made several strides forward in sustainability thanks to clearer governance and well-defined targets. As in previous years, we are seeing an increase in our CO<sub>2</sub>e emissions in the Group's companies.

This increase is largely because we are learning and getting better at measuring our emissions, and it may seem paradoxical that our improved sustainability efforts are generating worse results. We are not the only company experiencing this, and it is something that we must accept as part of our improvement process for some time to come. However, we are confident that we formed a solid foundation in 2022, and we can use 2022 as a base year for future improvements.

### ESG initiatives

We added a new position to the organisation during the second half of the year. The duties of this position are to continually support our portfolio companies in their sustainability efforts and to ensure that we are achieving our targets. BHG operates through a decentralised structure, which increases the need for simple and clear processes as well as metrics for continual monitoring at the Group level. We are able to guide our operations towards our targets by continually working on our performance measures. We also invested in a digital tool for continual monitoring of our sustainability efforts during the year. This facilitates visibility and progress for each portfolio company's sustainability efforts as well as continual monitoring at the Group level.

### 2022, a year marked by geopolitical instability

2022 was characterised by both geopolitical instability and the lingering effects of the Covid-19 pandemic. Restrictions were eased at the beginning of the year, and the work environment returned to a new normal. The share of virtual meetings remained high, and some work continued to be performed from home for operations where the work allowed this. War broke out in Ukraine in February, leading to great uncertainty. The impact has been limited for BHG since the company does not have any significant undertakings or operations in Ukraine. However, the general uncertainty as well as higher inflation and the energy crisis that followed in the wake of the war have had an impact on BHG, including lower demand.

As new crises arise, it is clear that BHG must continually evaluate its work methods and its ability to rapidly adapt, which has resulted in a higher degree of business resilience.

Given these challenges, the year can be summed up as a success in the area of sustainability. We have started our sustainability journey, and a continuous focus on sustainability in BHG's overall strategy is self-evident.

**Gustaf Öhrn,**  
President and CEO, BHG Group





## THIS IS BHG

BHG's overall goal is to make life simpler for our customers, in line with our vision, "We make living easy!" With the market's broadest product portfolio, the most competitive prices and a large range of services that includes product advice and installation, we want to create the best online customer experience. We strive to make sustainability an integral part of our operations and corporate strategy.

## About BHG

BHG's business model is based on building blocks such as a broad assortment, price matching, a first-class online customer experience, the market's best professional service and support and cost efficiency. BHG is the largest online European pure-play within the home improvement space, which includes Do-It-Yourself (DIY) and home furnishings (Value and Premium). DIY encompasses home improvement products, including products for building, renovating and maintaining homes and gardens. The Home Furnishing segment includes furniture and home furnishings. We have 1.7 million products in our range. In addition to products, we offer services such as our own last-mile deliveries and installations. BHG has more than 70 showrooms and 100 online destinations, including leading destinations such as Bygghemma.se, Trademax.se and NordicNest.se as well as category and expert stores such as Golvpoolen.se and Nordiskafönster.se.

A large share of our customers are located in the Swedish, Norwegian, Finnish and Danish markets. In 2022, BHG increased its local presence in the important German market with the acquisition of Ploss in May. Ploss will operate jointly with AH Trading, which was acquired in 2021. BHG furthermore has a significant presence in most of Eastern and Central Europe as well as growing online sales in other parts of the world. In total, BHG had operations in 25 countries in 2022. The company's growth strategy encompasses both organic growth and acquisitions.

BHG's head office is located in Malmö, together with certain Group-wide functions such as accounting, HR, sustainability, finance and legal. All sales of goods and services to external customers are made through BHG's operating companies. The Group has no manufacturing plants of its own, and instead all products are purchased through business partners or agents, or directly from suppliers.

## SUSTAINABILITY FOR BHG

BHG's sustainability efforts, which are reported on the following pages, encompass the environment, social conditions and employees as well as human rights and anti-corruption work. The framework for BHG's sustainability efforts is based on the UN SDGs for 2030 as well as the company's materiality analysis. The materiality analysis conducted in 2020 resulted in BHG's materiality pyramid.

The BHG Group AB (publ) share is listed on Nasdaq Stockholm Mid Cap.

**Number of employees:** 2,760

**Net sales:** SEK 1,434 million

**Equity:** SEK 7,670 million

**Liabilities:** SEK 6612 million

The pyramid and the UN SDGs established the foundation and direction for BHG's sustainability targets. We are transparent in our sustainability efforts, and on the following pages you will also learn more about BHG's approach to reporting in accordance with the EU Taxonomy. We continually evaluate our sustainability work in order to ensure its relevance in a changing world, depending on how BHG evolves. BHG continually acquires new companies as part of its strategy, which may affect which areas are material for BHG. Our review of the materiality pyramid in 2022 found that its composition remains relevant, with a few minor adjustments.

## Impact analysis and BHG's materiality pyramid

In our 2020 sustainability report, we showed how we conducted BHG's materiality analysis to gain insight into our impact on various sustainability aspects. The analysis employed a risk perspective based on an analysis of direct and indirect risks to BHG. The risk analysis, combined with benchmarking and a review of the current situation, resulted in clearly defined sustainability topics for BHG in the areas of environment and climate, social responsibility and governance. By using a risk matrix to analyse the probability of risk and risk impact, we were able to see which topics posed the highest risk to the company. These topics were then ranked from high to low potential impact in our impact analysis, where we took into account their potential external impact, potential internal impact and potential for value creation. The analysis was based on GHI's method for analysing double materiality, meaning impacts by and on BHG. The impact analysis identified both our negative and positive impacts in the areas of human rights, labour rights, the environment and anti-corruption across our value chain. The analysis also included impacts from financial, operational and reputational perspectives.

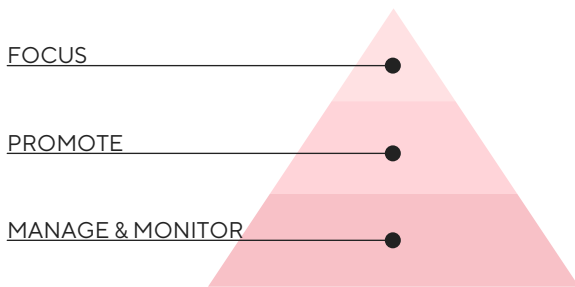
Stakeholder group	Method	Top three prioritised areas
Owners	Questionnaire and interview	Ensuring a high level of data protection and protecting customer privacy
		Eliminating child labour and forced labour
		Ensuring a healthy and safe work environment
Board of Directors	Questionnaire and interview	Minimising resource consumption
		Eliminating child labour and forced labour
		Minimising climate impact
Employees	Questionnaire and interview	Attracting and retaining employees and providing competence development
		Minimising climate impact
		Eliminating child labour and forced labour
Group companies	Questionnaire and interview	Attracting and retaining employees and providing competence development
		Minimising resource consumption
		Ensuring a healthy and safe work environment
Customers	Questionnaire	Eliminating child labour and forced labour
		Minimising climate impact
		Maintaining high levels of product safety and quality
Suppliers	Questionnaire	Working actively to eliminate corruption
		Protecting biodiversity and ecosystems
		Ensuring a healthy and safe work environment

**BHG’s sustainability strategy**

The results from stakeholder dialogues conducted via interviews and questionnaires with our stakeholder groups, who were identified based on impact and importance to BHG according to the AA1000 Stakeholder Engagement Standard, and the impact analysis were combined to form a materiality pyramid which can be seen below. The pyramid shows BHG’s priorities. This pyramid is the basis for BHG’s strategic focus, illustrating three levels of BHG’s work: focus, promote, and manage and monitor.

Focus reflects BHG’s priority topics and focuses on sustainability. Promote refers to topics that BHG continually emphasises and promotes. Manage and monitor remain important topics that BHG annually follows up through KPIs.





The materiality analysis underwent quality assurance during the year to ensure that BHG is focusing on the most material areas. This resulted in some minor adjustments, and the full results are shown below.



Focus	<ul style="list-style-type: none"> <li>Maintaining high levels of product safety and quality</li> <li>Ensuring sustainable and ethical supply and distribution chains</li> <li>Minimising climate impact and adapting the operation to climate change</li> </ul>
Promote	<ul style="list-style-type: none"> <li>Minimising resource consumption and integrating the circular economy into our business model</li> <li>Promoting equality and diversity at workplaces</li> <li>Attracting and retaining employees and developing their skills</li> </ul>
Manage and monitor	<ul style="list-style-type: none"> <li>Working actively to eliminate corruption</li> <li>Ensuring a healthy and safe work environment</li> <li>Ensuring a high level of data protection and protecting customer privacy</li> </ul>

**BHG’s sustainability goals**

The process of designing clear sustainability targets for BHG began in the second half of 2021. These targets were adopted by the Board of Directors in February 2022. In relation to the proposed goals reported in the previous year’s sustainability report, the goal regarding emissions in Scope 1 has been revised. During the extended data collection process in 2022, we found a need to revise the goal linked to point 1a, see below, as previous goals proved not to be realistic based on the set schedule. We believe that the new timetable better reflects the challenges we face while still following the UN’s global goals for sustainable development.

Connection to UN Agenda 2030	The materiality pyramid	Target
 	<p><b>Minimising climate impact</b></p> <p>Minimising resource consumption</p> <p>Product safety – Innovation (Taxonomy)</p>	<p><b>Reducing CO<sub>2</sub> emissions by 50% by 2030*</b></p> <p>1 a. Scope 1 &amp; 2**: Zero GHG emissions by 2030</p> <p>1 b. Scope 3: 50% reduction in GHG emissions by 2030</p> <p>2. Promoting a sustainable offering</p>
 	<p><b>Ensuring sustainable supply and distribution chains</b></p> <p>Maintaining high levels of product safety and quality</p> <p>Promoting equality and diversity</p> <p>Attracting, maintaining and developing employees</p>	<p><b>An equitable workplace and sustainable supply chain</b></p> <p>3. 100% of our strategic suppliers*** are to be evaluated and action plans are to be developed and implemented by 2025.</p> <p>4. Our employees feel that BHG Group is a good and equitable workplace.</p>
 	<p><b>Financial performance and economic growth</b></p> <p>Transparent communication</p> <p>Data protection</p> <p>Customer privacy</p>	<p><b>Corporate governance and economic growth</b></p> <p>5. 100% of BHG’s fully integrated business units and destinations manage data protection according to the best available standard</p>

\* Percentage reduction in relation to sales growth

\*\* Initial goal on zero emissions by 2025 has been revised to 2030.

\*\*\* 60% of BHG’s total sales

## GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY

The Board of Directors has the overall responsibility for sustainability, while the CEO is responsible for enacting the Board's decisions and strategies. The Group's Chief Human Resources Officer (CHRO), who is also the head of sustainability, is responsible for leading and coordinating the sustainability work. The CHRO reports directly to the CEO and informs the Board of Directors on outcomes once a year. The Group also holds monthly meetings with key individuals from each company. During these meetings, the companies receive up-to-date information about the Group's work and they can also bring up issues such as sustainability for discussion.

### Policy documents

The central policies that BHG applies are our Code of Conduct, Supplier Policy, Environmental Policy, Employee Policy, Purchasing Policy, CSR Policy and Information Security Policy. The CEOs and management of our companies receive the Code of Conduct and the other policies, after which it is up to each company to implement the policies. Implementation of the company's updated Code of Conduct, Supplier Policy and CSR Policy continued in 2022. BHG's internal control process was used to monitor compliance with policies.

BHG's Code of Conduct is based on the Ten Principles of the UN Global Compact. It states the company's position concerning respect for human rights, labour conditions, the environment and anti-corruption. The Code of Conduct applies to BHG's directors, employees, consultants and partners.

BHG employees receive the Code of Conduct when they are hired, and members of the Board of Directors receive the Code as part of their introduction. Changes were made to the Code of Conduct in the second part of 2021, and all of BHG's employees signed agreements that they had read and understood the updated Code of Conduct when it was implemented. The process of rolling out the updated Code continued in 2022 and was completed by the end of the year. Deviations from the Code of Conduct can be reported anonymously through BHG's Group-wide whistleblower system. We are satisfied with our level of policy implementation, since we have had low levels of deviations reported.

### Risk analysis

In 2020, BHG's value chain was analysed, looking at risks associated with human rights, employees, social conditions, the environment and anti-corruption. This evaluation is still considered relevant. The risk analysis also included industry and operation-specific sustainability risks. The risks identified primarily occurred in the supply chain, since we do not own manufacturing plants but instead purchase products from manufacturers and business partners/agents. The risks are primarily related to emissions, resource and material use and the risk of corruption, and human or labour rights not being respected. In addition to risks in the supply chain, risks were also identified in logistics and transportation, and in relation to BHG as an employer. As an e-commerce company, we are focused on GHG emissions from shipping, something we

continuously need to address by ensuring low return rates, an area where BHG is on the cutting edge.

We continually develop our risk management process to strengthen and build up the company's long-term resiliency, based on the materiality pyramid. The overall control environment is the foundation of our risk management process. A sound control environment is based on an organisation with clear decision paths where responsibility and authority are clearly defined. In BHG's decentralised company model, our centrally defined internal control system with relevant parameters for defining risk and risk management is extremely important. The company's Audit Committee receives reports on risk and risk management on an ongoing basis during the year, while the Board of Directors is updated annually. You can read more about how we are addressing these material topics in the following sections of the Sustainability Report.

## BHG'S MATERIAL AREAS

### Business ethics (anti-corruption)

BHG takes a zero tolerance stance towards all forms of corruption. Cooperating with the right partners and suppliers as well as addressing ethical and moral topics are important for us to be viewed as a responsible company. We must be involved and lead progress towards sustainable relationships throughout the value chain. BHG builds relationships with business partners that are based on trust, transparency and honest business relationships, with a shared philosophy on sound business practices. Our largest corruption risk is in connection with the purchase of products and in the close and long-term relationships we develop with our suppliers. There is also a potential risk of corruption if we were to be dependent upon a supplier or business partner. We also believe that there is a risk of corruption connected with cash management in the parts of our operation where cash management is performed. Our requirements and expectations for our employees, business partners and suppliers when it comes to anti-corruption are stipulated in our Code of Conduct and Supplier Code of Conduct. All BHG employees are obligated to follow our Code of Conduct, which provides them with information about guidelines and our preventative work regarding bribes and corruption. Any deviations from the Code of Conduct and the Group's business ethics guidelines can be reported anonymously to the Group's whistleblower system. A case is started when suspected corruption is reported via the whistleblower system. The case is handled by an independent external party or by BHG internally, depending on the nature of the case. The case initiates an investigation where it is either escalated or concluded.

Two whistleblower cases were reported during the year and investigated according to applicable regulations. Zero cases of corruption were reported during the year. BHG's internal control process is used to monitor compliance with company policies.



## SUSTAINABLE SUPPLY CHAINS

### Ensuring sustainable and ethical supply chains and maintaining high levels of product safety and quality

BHG has no manufacturing plants of its own. Instead, products are mainly purchased directly from business partners, suppliers or through agents in the Nordic region, Eastern Europe and Asia. Our proprietary brands are continuously supplemented with strong brands from third-party suppliers.

A large share of BHG's impact occurs in the supply chain for production of the goods sold by our companies. Areas affected by our suppliers' production include climate and environmental impacts, since the manufacturing of our products causes GHG emissions that contribute to climate change or deplete natural resources.

Our ability to control this is limited, but through systematic efforts we can establish requirements for our suppliers. Working with the supply chain also means ensuring that our products are produced by manufacturers that respect and uphold human rights, labour rights and good business ethics and are not associated with any form of child labour or forced labour. This becomes even more important when we purchase products produced in areas with a high risk of deviations.

Being an e-commerce leader in our industry requires us to be at the forefront when it comes to ensuring that our suppliers and distribution chains are sustainable and ethical. Problematic business relationships can result in deviations from our Supplier Code of Conduct, but above all can result in losing the trust of our stakeholders. To support a sustainable supply chain, we established a Supplier Code of Conduct in which we clearly delineated our requirements and expectations. This code is based on the Ten Principles of the UN Global Compact. Our suppliers and business partners must respect human rights and labour rights, minimise their negative environmental impact and maintain good business ethics. These requirements include zero tolerance for child labour or forced labour. BHG has no central purchasing function. Instead, the Supplier Policy is presented to the companies' management groups, who are responsible for implementation and compliance. Our companies are also responsible for evaluating new business partners, suppliers and agents according to the Supplier Code of Conduct. Our ambition is for the Supplier Code of Conduct to be included in all of BHG's agreements with new suppliers. BHG's target is to have all of its strategic suppliers evaluated by 2025. Going forward, the company will report the share of suppliers that have been evaluated on an annual basis. We evaluate suppliers based on both social and environmental criteria. Our objective is for all of the companies in the Group to perform rolling supplier evaluations, above all in the proprietary brands group. Some of our companies already have systematic processes in place for evaluating suppliers and conducting follow-ups in low-cost countries where the risk of deviations is assessed as being the greatest. In 2022 41% of new suppliers were evaluated based on human and labour rights criteria as well as on environmental criteria.

As a growing group with a decentralised business model, we face challenges when it comes to coordinating the supply

chain, and our companies' efforts to achieve a sustainable supply chain vary. We have begun looking at how we can improve our governance, implementation and follow-up of sustainable supply chains, and we will continue to do so in the years to come. This also includes reviewing how we can set stringent requirements for manufacturing our proprietary brands and the external brands we purchase, for example.

### BHG'S CLIMATE IMPACT

BHG's long-term objective, with a horizon reaching to 2030, is especially focused on how BHG will reduce its climate impact in order to achieve its targets. In addition to our efforts to reduce emissions associated with our suppliers, and thus also our shipments of goods, we strive to use energy and materials efficiently and to reduce our GHG emissions and the waste generated by our operations. Since a significant portion of our climate and environmental impact occurs in the supply chain, where our products are manufactured, this is an important area that we will focus more on in the years to come. Management of environmental topics is regulated in BHG's Environmental Policy as well as its Codes of Conduct for suppliers and Group companies. In order to ensure responsible production by our suppliers, BHG's above-mentioned policies for suppliers have strict requirements for suppliers to perform environmental risk assessments and take measures to prevent, mitigate and monitor the effects of their operations. BHG's internal control function monitors compliance among BHG's companies.

### Minimising climate impact

By following up and working proactively to reduce our emissions in the value chain, we can reduce the negative impact of our operations on the environment and the climate. We have a responsibility to minimise the expenditure of resources associated with our material areas in the value chain in the channels where we can.

### Transport and distribution

A large share of the products are delivered directly from suppliers to customers via third-party distributors. In addition, products are distributed through our own distribution network via third parties (such as DSV and Postnord) and through BHG's own last-mile deliveries using our own vehicles and drivers. Today, BHG has its own infrastructure for last-mile deliveries in Stockholm, Gothenburg and Skåne County. 100% of deliveries in the Home Furnishing segment's operations in Eastern Europe are distributed via our own storage warehouses through our last-mile deliveries.

We have the greatest possibility of affecting transportation and resource management in our own distribution network. When it comes to our last-mile deliveries, we engage in regular dialogues with our logistics partners about improving efficiency in the flow of goods between suppliers, warehouses and end customers. We aim to have a higher fill factor and improve loading, which indirectly leads to reduced emissions from customer deliveries. The emissions generated from our own transportation are included in our CO<sub>2</sub>e reporting. It is also important to minimise the return rate, since this helps to avoid unnecessary shipments and thereby emissions. However, the share of returns for BHG is low, under 5%.

## Materials and waste

When it comes to minimising environmental impact, materials and waste are an important area. Although we do not own the factories where our products are manufactured, we need to take responsibility for ensuring that the materials are produced sustainably. To this end, we apply our Supplier Code of Conduct, which all new suppliers must sign, in a clear and organised fashion. BHG is furthermore investigating how we can increase circular flows in our companies. At present, we offer several products produced from recycled materials. The share of recycled materials is relatively small, but BHG sees an opportunity to develop its range in the future. Suppliers are encouraged to reduce, reuse and recover products and materials, in that order, in order to minimise the amount of waste created in manufacturing.

Waste generated in our own operations includes plastic, cardboard and packaging meant to protect our products, which is a direct impact and is our responsibility to minimise and streamline. Reuse and recovery of packaging and packaging materials are examples of measures to achieve more efficient use of resources. In addition, our companies engage in dialogues with our logistics partners regarding smarter packaging and use of packing material. The goal is to minimise resource consumption when shipping and delivering our products to customers.

We sort paper, plastic and other consumables at our offices. Our companies work with well-established third parties in the recycling industry. From our suppliers in the recycling industry, we receive reports on the generated waste from our operations. 2022 BHG's companies have generated waste to a total of 3 808 tonnes. For 2022 we have not been able to separate the waste by fraction, something we will look into in the future. When it comes to waste, we are limited to our own operations but we encourage customers to sort the waste after delivery.

## Energy and climate

Our energy consumption is connected to our offices, warehouses, showrooms and the data servers we use to conduct our operations. Energy-saving measures are implemented regularly at our warehouses, showrooms and offices, and we continually follow up on the short-term and long-term targets that BHG established in 2021. We want to reduce our climate impact and emissions by reviewing potential efficiency measures in our operations. We know that there is a large potential impact where we are unable to perform inspections or obtain reliable data. Our ambition is to continually improve ourselves and our opportunities for taking additional responsibility for our emissions-related climate impact. Our limitations in the area of data collection are linked to our material areas, which encompass Scope 1 and 2, as well as transportation/distribution, travel and waste under Scope 3.

BHG applies the precautionary principle, and our Environmental and Sustainability Policy establishes our overall expectations for our operations and our companies when it comes to environmental and climate issues.

At BHG, we follow up our efforts through our internal control process as well by sharing knowledge on energy-efficient measures between companies. In the future, we will

continually monitor emissions and resource consumption during the year and report our results internally.

We expanded the collection of energy consumption and emissions data for 2022 by including more of the Group's companies in the collection process. Since we have made numerous acquisitions in recent years, we include companies as they are incorporated into the Group. This, combined with higher quality of the data collected as we get better and better at data collection, has resulted in large increases in absolute GHG emissions in comparison with the previous year. However, there are still a number of shortcomings, and we are aware that actual emissions could be higher than those reported since we have yet to receive complete data from all of our companies. We are continuing to learn and continually gaining better insight and finding more efficient ways to reduce our negative impact on the environment.

The results are presented in the table "Energy use and emissions" below. The data collected regarding scope 1 and 2 represents 100% of the Group in terms of sales, and for scope 3 it represents 98% of Group in terms of sales which means that BHG's total emissions are slightly higher than the data would suggest. We calculated an estimate for the remaining companies (2% of sales). Based on this calculation, we generated an estimated 23,277 tonnes of CO<sub>2</sub>e in 2022 in scope 3.

### Energy consumption in the organisation (MWh)

Energy source	2022	2021*	2020
Fuel (diesel and natural gas)	1,635	3,319	1,696
Electricity	16,722	13,564	4,389
Heat	14,830	11,654	2,617
Cooling	200	55	8
<b>Total energy consumption</b>	<b>33,387</b>	<b>28,592</b>	<b>8,710</b>

*Includes data from our offices, stores and warehouses. For more information about which companies are covered in this report, see "About this report".*

*\*Data in the column for 2021 has been reviewed and adjusted for during 2022, due to wrong data input.*

### Total emissions, tonnes CO<sub>2</sub>e

	2022	2021*	2020
Scope 1**	3,602	537	416
Scope 2***	2,456	991	499
Scope 3****	22,829	16,825	2,722
<b>Total</b>	<b>28,887</b>	<b>18,354</b>	<b>3,637</b>

\* Data in the column for 2021 has been reviewed and adjusted for during 2022, due to wrong data input.

\*\* Wood chips, natural gas, company-owned cars. 2022 also leased vehicle are included in scope 1, which is a reclassification from earlier reporting where leased vehicles were included in scope 3. Emission factors from DEFRA 2021.

\*\*\* In 2022 supplier-specific emission factors have been used to the greatest extent possible. Where supplier-specific factors have not been available, emissions factors from IEA 2018 have been used. Electricity: location-based 650 tonnes Co<sub>2</sub>e (480), market-based: 1640 tonnes Co<sub>2</sub>e (968).

\*\*\*\* Logistics and business trips. Emission factors from DEFRA 2021, NTM 2018.

**Energy consumption and total emissions**

The level of emissions continued to increase in 2022 compared with the data reported for 2021. At the beginning of 2022, BHG drew up clear targets for CO<sub>2</sub> emissions under Scopes 1-2 and Scope 3 consisting of reduced emissions in relation to sales growth. Making acquisitions is part of BHG's growth strategy, and BHG drew up its intensity-based climate targets in view of this fact. To read more about BHG's sustainability targets, see page 38 of this report.





*In the years to come, we will continue working closely with all of our operations on sustainability in order to best put theory into practice. We will use our size and our experience from our various operations to establish best practices.*





## OUR EMPLOYEES

Our employees are our most important resource, and our success depends on having talented, driven and capable employees. We want to offer a safe, stimulating and broadening workplace with opportunities for skills development and to contribute to the company's continued growth through involvement. This makes us an attractive employer where our employees thrive. Compliance with our Code of Conduct, which is based on UN human rights recommendations, serves as the framework and lays the foundation for a healthy workplace. With our Code of Conduct as a foundation, we want to ensure that all of our employees are treated fairly and without prejudice or discrimination, regardless of gender, ethnicity, religion or other belief, disability, sexual orientation or age. In accordance with our Code of Conduct, we reject all forms of discrimination in recruitment, wage-setting, skills development, promotions, termination or in our daily interactions with one another. Recruitment, development opportunities and promotions shall be based on qualifications. Within BHG there also are a group of workers who are not employees working for BHG, most commonly as consultants or in our warehouses and customer service. During 2022 BHG had around 104 workers who are not employees.

### A responsible employer

Our fundamental philosophy is that BHG thrives when our employees thrive. BHG's decentralised corporate structure is characterised by competence, entrepreneurship, management by objectives and rapid decision paths. Our Code of Conduct and Employee Policy form the framework and clearly state our requirements for our employees and workplaces, including equality and diversity, work environment, occupational health and safety, recruitment and development and training. 55% of our employees are part of a collective bargaining agreement. This applies to our companies in Sweden. In our companies abroad it is management's responsibility to assure sane work environment.

The entrepreneurial spirit is a major part of BHG's corporate culture, where we encourage individual initiative and commitment which can be used as a base to grow into new roles and career paths. Our objective is for all of our employees, at both the Group level and in our portfolio companies, to have annual performance reviews that include individual objectives and development plans as well as feedback on their performance and goal fulfilment in order to strengthen the objectives-based management of performance and behaviour. In summary, performance reviews encompass feedback on an employee's performance as well as the fulfilment of goals and professional requirements. The professional requirements are mapped against the employee's development plan, for which training is planned and conducted. The performance reviews also give our employees an opportunity to provide feedback on their perception of BHG and its portfolio companies as employers.

In our decentralised structure, our portfolio companies establish their own processes for performance reviews and execution, with the core elements described above as the shared foundation. The reviews are planned and held by the

employee's immediate supervisor, and it is each CEO's responsibility to ensure that the performance review process is conducted annually. To see the share of BHG's employees who participated in these reviews over the year, refer to the table "Performance reviews" on the next pages.

### An equitable and inclusive workplace

BHG strives to be a diverse and inclusive workplace; see the tables on page 45. We do not allow any form of discrimination, harassment or bullying. Our presence in many different countries and our broad customer group means that supporting gender, age and ethnic diversity is part of our DNA. We work continuously to provide a workplace where everyone feels welcome and where differences are appreciated and utilised. These expectations are stipulated in our Employee Policy and our Code of Conduct, which are distributed to each company in the Group. Zero confirmed cases of discrimination were reported during the year.

BHG strives for gender parity within the Group and aims for men and women to each represent 50% of the total number of employees as well as among management. In 2022, the number of women with permanent employment was 973 of a total of 2,759 employees, or 35%. Our employees are often young and come from different backgrounds. The diversity challenges we see in our operations largely concern people in upper management who are often the same age and gender and from similar backgrounds. This is partially a result of acquiring several companies where the founders and entrepreneurs had similar backgrounds. The company still has an unequal gender distribution on the Board of Directors and in management. There is a risk that the company will not be perceived as an equitable and attractive employer, which could lead to difficulty in attracting qualified employees. The work to develop an action plan to counter biased recruitment is ongoing.

Since acquisitions are a natural part of BHG's strategy for continued growth, the number of employees fluctuates in relation to companies that are acquired, in addition to recruitment for new positions and to replace departing employees.

### Total number of employees by employment contract, employment type and gender

Employment contract	Women	Men	Non-binary	Total
Permanent employment	973	1,307	1	<b>2,281</b>
Temporary employment	225	252	1	<b>478</b>
<b>Total</b>	<b>1,198</b>	<b>1,559</b>	<b>2</b>	<b>2,759</b>
Full-time	939	1,326	1	<b>2,266</b>
Part-time	259	233	1	<b>493</b>
<b>Total</b>	<b>1,198</b>	<b>1,559</b>	<b>2</b>	<b>2,759</b>

\* The total of 2759 employees includes one consultant in a management role, who has full-time employment.

The table includes employees from all of the companies in the BHG Group.

**Total number of employees by employment contract and region**

Region	Total	Permanent employment	Temporary employment
Nordic region	2,190	1,771	419
Other countries in Europe	557	498	59
Other countries outside Europe	12	12	0
<b>Total</b>	<b>2,759</b>	<b>2,281</b>	<b>478</b>

\* The total of 2,759 employees includes one consultant in a management role, who has full-time employment.

**Employee turnover by gender, age and region**

	Employee turnover (%)	
	New employees (%)	Employee turnover (%)
<b>Total</b>	<b>1,186 (43%)</b>	<b>1,179 (43%)</b>
Women	644 (23%)	587 (21%)
Men	539 (20%)	590 (17%)
Non-binary	3 (0%)	2 (0%)
<30 years	861 (31%)	782 (28%)
30–50 years	284 (10%)	345 (13%)
>50 years	41 (1%)	52 (2%)
Nordic region	1,107 (40%)	1,059 (38%)
Other countries in Europe	79 (3%)	120 (4%)
Outside Europe	0 (0%)	0 (0%)

Share (%) is based on the total number of employees in the companies included in this report, which corresponds to a total of 2,759 employees. Furniture 1 is not included in this report due to problems with data collection.

**BHG management and employees by gender and age (%)**

Employment category	Women	Men	30–50 years		
			<30 years	years	>50 years
Board of Directors	50%	50%	0%	67%	33%
Management group	11%	89%	0%	78%	22%
Managers	14%	86%	0%	86%	14%
Other employees	35%	65%	18%	71%	12%

Share (%) is based on the total number of employees at BHG's head office, which corresponds to 33 employees.

**Composition of the Board Of Directors, 2022**

Number of directors	<b>5-6</b>
Number of independent directors	<b>5</b>
<b>Average term of office</b>	<b>2 years</b>

New figures from 2022. See page 62–63 for information on the Board of Directors.

**Other companies' management and employees by gender and age (%)**

Employment category	Women	Men	30–50 years		
			<30 years	years	>50 years
Management group	22%	78%	7%	67%	26%
Managers	46%	54%	20%	69%	11%
Other employees	50%	50%	57%	35%	8%

Share (%) is based on the total number of employees in the companies included in this report, which corresponds to 2,808 employees. For information about the scope of this report, refer to "About this report" on page 47.

**Number of employees who have had a performance review by gender and employment category**

Employment category	Women	Men	Total
Management group	64%	60%	<b>61%</b>
Managers	80%	53%	<b>65%</b>
Other employees	60%	58%	<b>59%</b>

Based on the total number of employees in the companies included in this report. The employment categories include both the BHG Group (head office) and other companies.

**Health and safety governance**

BHG's decentralised structure means that our companies have made varying amounts of progress in their systematic health and safety work. We continually work to improve the work environment, and our health and safety policies apply to all of the companies in the Group. Work environment and safety are core parts of these policies, including guidelines for physical and psychosocial health. Our companies have management systems and established processes for detecting and addressing risk areas that could entail ill health for our employees. All of BHG's employees are covered by the company's health and safety procedures. Systematic health and safety work is based on locally produced environmental handbooks, guidelines and procedures, which are available to all employees at our companies, as well as Group-wide policies. All employees are covered by BHG's companies' systematic health and safety work, and continuing education is conducted according to plan and as needed. BHG takes its statutory health and safety responsibility for all of its own personnel and contract personnel. It also takes coordination responsibility for contractors in its operations. Since BHG operates companies in several different countries, it complies with the laws and regulations concerning work environment and health in the respective countries where its companies operate. Safety topics are included in both the Employee Policy and the Environmental Policy .

Since we are a quickly growing company with many new acquisitions in several countries, our approach to health and safety varies across the Group. For our companies in Sweden, health and safety work includes the establishment of health and safety teams, health and safety policies and local safety officers. Responsibility and information related to health and safety are delegated locally, and incidents and near misses are reported to the immediate supervisor. If an employee wishes to report hazardous or poor working conditions, the following reporting channels are available: the immediate supervisor, an HR representative or the CEO, or the

anonymous whistleblower function. Systematic health and safety work is organised to continually review risks, suggest actions and promote improvement of the physical and psychosocial work environment. Local health and safety work covers all of BHG's personnel, both employees and consultants. BHG's companies have company healthcare for support in prevention efforts. During the year, 40 minor work-related injuries were reported, such as injuries caused when using a forklift. This is equivalent to a rate of 2,3 injuries per 200,000 hours worked. All accidents are investigated according to applicable regulations, and preventive measures are taken to avoid similar accidents in the future.

The risks that have been identified include psychosocial health when working alone, which is a risk we have also taken measures to address. Aside from the risks we identified at the head office, we are aware that other occupational risks may arise in other parts of the operations, for example in our showrooms. The risks in stores are primarily related to assault and robbery, which require different procedures than the ones we have at our offices.

Health and safety is a priority area, and the objective is to have a healthy workplace. BHG's companies offer preventive healthcare subsidies and organise various preventive healthcare activities such as group exercise to encourage people to move. Along with preventive healthcare, the company offers rehabilitation to promote continued well-being.

#### **DATA PROTECTION AND PROCESSING OF PERSONAL DATA**

We place great emphasis on data protection and on protecting our customers' and our employees' privacy and personal data. We receive anonymous customer behaviour data from third parties which we use to optimise our offering and the customer experience on our online destinations. We do not process credit card information, which is processed by a third-party solution instead.

BHG has steering documents and processes in place to ensure a high level of data protection and appropriate processing of personal data. In our Information Security Policy and CSR Policy, we undertake to ensure that personal data from our customers and employees is processed in a secure manner. Our GDPR handbook is also distributed to our companies, which are responsible for implementing and following up on the requirements in their own operations. As a result, the companies develop data security policies, train employees, strive to minimise the storage of personal data and conduct internal audits. The companies also regulate who has access to data and cooperate with their suppliers to provide guidance and information about data processing. BHG's work is followed up through annual IT audits and internal audits. Responsibility for GDPR, regulatory compliance and processes is handled by BHG's legal function. In 2022, we had zero confirmed cases of a customer privacy breach. Processes and procedures have been adapted to prevent similar events from reoccurring. We had zero confirmed cases of identified leaks, theft or loss of customer data during the year.

#### **REPORTING IN ACCORDANCE WITH THE EU TAXONOMY**

In 2021, BHG expanded its Sustainability Report to include reporting according to the EU Taxonomy. In 2022, BHG further expanded the reporting by including alignment towards the EU Taxonomy. The EU Taxonomy can be briefly described as a classification system developed by the European Commission for environmentally sustainable businesses regulated under the Taxonomy Regulation.

For a particular economic activity to be classified as environmentally sustainable, it must make a substantial contribution to one or more of six established environmental objectives, not significantly harm the other objectives and fulfil certain minimum sustainability requirements. For 2021, large public interest companies with more than 500 employees reported how the Taxonomy applied to their economic activities according to the two environmental objectives of climate change mitigation and climate change adaptation. For 2022, these businesses must also report how aligned they are with the Taxonomy.

#### **Reporting in accordance with the Taxonomy Regulation**

Based on the Taxonomy Regulation and its delegated acts, BHG set up a working group during the year containing both internal and external expertise. The group analysed the company's economic activities and linked them to the Taxonomy Regulation. The analysis also linked investments made during the year to the Taxonomy Regulation. Only a limited part of BHG's activities are eligible under the Taxonomy. This will be described in detail below. According to BHG's interpretation of a manufacturing company based on the Taxonomy Regulation and its associated NACE codes, a manufacturing company is a company that owns the input products for the products that they manufacture. Based on this interpretation, BHG is not defined as a manufacturing company and thus a major part of BHG's economic activities are not eligible under the Taxonomy Regulation. Examples of products that are eligible under the Taxonomy Regulation that BHG's operating companies sell are heat pumps and solar cells, but since we only sell these according to the interpretation above, this economic activity is not something that is eligible based on the Taxonomy Regulation. In addition, some of BHG's operating companies provide shipping services for transports of goods.

BHG's operating companies also provide installation services in Sweden, Norway, Finland and Denmark that fall within the Taxonomy. These installation services represent less than 1% of the company's sales for the 2022 operating year. More information can be found in the table at page 48.

Installation services comprise installations of products including heat pumps and solar cells. The installation services are linked to activity 4.16 Installation and operation of electric heat pumps. Alignment was assessed against the criteria for substantial contributions regarding refrigerant threshold and energy efficiency which BHG meet. BHG also meet the criteria for alignment regarding DNSH, which include criteria for example, climate change adaptation and pollution prevention and control. Activity 7.3, installation, maintenance and repair of energy efficiency equipment are assessed against the criteria for substantial contributions "change of windows to energy efficient windows and the criteria for



DNSH regarding the building elements and the material”, which BHG meet.

During the year, BHG made investments, capital expenditures, that fall within the Taxonomy, specifically investments to improve the energy efficiency of properties. These investments accounted for less than 5% of the company’s capital expenditures and zero operating expenditures in 2022. More information can be found in the table at page 49. The capital expenditures are linked to 7.3 Installation, maintenance and repair of energy efficiency equipment and 7.6, installation, maintenance and repair of renewable energy technologies. Capital expenditures were not able to be assessed towards alignment due to lack of data. BHG will evaluate towards alignment in the future. BHG had no operating expenditures linked to the taxonomy in 2022. More information can be found in the table at page 50. During 2022 BHG has also assessed alignment towards Minimum Safeguards where BHG concludes that we meet the criteria for Minimum Safeguard

BHG’s governing documents and routines with associated internal control processes lay the foundation for ensuring that BHG complies with the minimum social requirements defined in relation to the taxonomy; including tax, anti-corruption and fair competition. See more about our work against corruption on page 39. In addition, BHG is committed to following the OECD’s guidelines for multinational companies and to working in accordance with the UN’s guiding principles for human rights. See more about our work with human rights on page 39-40.

### Accounting policies

The kpis have been assessed and reported in accordance to the requirements set out in Article 8 in the EU Taxonomy. All eligible activities have been allocated to the environmental target Climate mitigation as the taxonomy does not allow economic activities to be allocated to more than one environmental target and thereby reported more than once. BHG has not identified any activities linked to the environmental target Climate adaptation. BHG has secured that no double counting has occurred.

The total turnover was determined as note 2.6 Revenue, “all revenue from sales of goods from e-commerce platforms or showrooms”. The eligible and aligned revenue allocated to 4.16 was determined through assessing the percentage of Bygghemma’s revenue linked to installation of electric heat pumps. The eligible and aligned revenue allocated to 7.3 was determined through assessing the percentage of Bygghemma’s revenue linked to installation of windows.

The total capital expenditures was determined as in note 14, Tangible fixed assets The eligible capital expenditures allocated to 7.3 refer to investments made into facilities in Golvpoolen, Arc E-commerce and Hyma.

The operating expenditures were determined as expenses regarding R&D, building renovation, short-term leasing agreements and maintenance and repair. BHG had no eligible operating expenditures during 2022.

### ABOUT THIS REPORT

This is BHG’s annual sustainability report. The report has been prepared in accordance with Chapter 6, Sections 10–12 of the

Swedish Annual Accounts Act and applies to the 1 January 2022 to 31 December 2022 financial year unless otherwise stated. It has also been prepared in reference to the 2021 GRI Standards. The goal of this report is to transparently describe BHG’s sustainability strategy, targets and results.

### Scope

This report covers the following companies: BHG Group AB (publ), Bygghemma Group Nordic AB, Bygghemma Sverige AB, Home Furnishing Nordic AB, Netrauta Finland Oy, Taloon Yhtiöt Oy, M & M Visions Oy, Edututor Oy, IP Agency Oy, Handelmark OÜ, Golvpoolen Arredo AB, Arc E-commerce AB, Domino Møbler ApS, My Home 2 A/S, My Home 3 A/S, My Home 4 A/S, My Home 7 A/S, My Home 8 A/S, Hemfint Kristianstad AB, Nordic Nest Group AB, Hafa Bathroom Group AB, HYMA Skog & Trädgård AB, Nordiska Fönster i Ängelholm AB, Lindström & Sondén AB, Camola Aps, Furniture 1 UAB, AH-Trading GmbH, Ploss Europé GmbH, Lampgallerian i Växjö AB, VVEX Group AB, Bygghjemme Norge AS, Designkupp AS, Polarpumpen AB and Sleepo AB, which represent 100% of the Group’s sales. For a complete picture of the BHG Group, please refer to Note 15.

Employee data is calculated per employee (head count) and collected via the HR systems at our subsidiaries. Data pertaining to energy consumption and CO2e emissions is primarily collected from invoices and suppliers and has been calculated according to the GHG Protocol with emission factors from DFRA 2021, IEA 2018, NTM 2018. For electricity supplier-specific emission factors have been used to the greatest extent. Where supplier-specific emission factors have not been available, emissions factors from IEA 2018 have been used. When invoices or comprehensive information are not available, energy consumption has been calculated based on the previous year’s consumption for the same period and/or through calculations based on total consumption and space used. In some cases, we excluded individual premises since we did not have access to their data, which means that we were unable to calculate estimates for these premises. This report has not been reviewed by any third party, but a statement about the report has been prepared pursuant to the Swedish Annual Accounts Act.

### CONTACT

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CapEx

Economic activities (1)	Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria							DNSH criteria ('Does Not Significantly Harm')							Category (enabling activity or) (20)	Category '(transitional activity)' (21)			
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)			Taxonomy-aligned proportion of turnover, year N-1 (19)		
SEK			%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																						
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																						
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not sustainable activities)</b>																						
Installation, maintenance and repair of energy efficient equipment	7.3	137,699	1.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Installation, maintenance and repair of renewable energy technologies	7.6	366,614	3.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)</b>		<b>504313</b>	<b>4.2%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (A.1+A.2)</b>		<b>504313</b>	<b>4.2%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																						
<b>CapEx of Taxonomy-non-eligible activities (B)</b>		<b>11,547,480</b>	<b>95.8%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (A+B)</b>		<b>12,051,793</b>	<b>100.0%</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



OpEx

	SEK	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T	Substantial contribution criteria	DNSH criteria ('Does Not Significantly Harm')	
																								Economic activities (1)
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																								
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																								
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)	0	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not eligible)</b>																								
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not eligible)	0	0.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (A.1+A.2)</b>	<b>0</b>	<b>0.0%</b>																						
<b>B. TAXONOMY NON-ELIGIBLE ACTIVITIES</b>																								
OpEx of Taxonomy-non-eligible activities (B)	5,658,331	100.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total (A+B)</b>	<b>5,658,331</b>	<b>100.0%</b>																						



## GRI INDEX

## General Disclosures

GRI-standard 2021	Disclosure	Location	Comment
<b>General Disclosure</b>			
GRI 2: General Disclosures 2021	2-1 Organizational details	37	
	2-2 Entities included in the organization's sustainability reporting	37,47	
	2-3 Reporting period, frequency and contact point	37, 47	
	2-4 Restatements of information	36-37	
	2-5 External assurance	120	
	2-6 Activities, value chain and other business relationships	3, 37	
	2-7 Employees	44-45	
	2-8 Workers who are not employees	44	
	2-9 Governance structure and composition	35, 56-65	
	2-10 Nomination and selection of the highest governance body	56-65	
	2-11 Chair of the highest governance body	62	
	2-12 Role of the highest governance body in overseeing the management of impacts	39	
	2-13 Delegation of responsibility for managing impacts	39	
	2-14 Role of the highest governance body in sustainability reporting	39	
	2-15 Conflicts of interest		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, a work that will begin in 2023.
	2-16 Communication of critical concerns		See above
	2-17 Collective knowledge of the highest governance body		See above
	2-18 Evaluation of the performance of the highest governance body		See above
	2-19 Remuneration policies	57-59	
	2-20 Process to determine remuneration	57-59	
	2-21 Annual total compensation ratio		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, a work that will begin in 2023.
	2-22 Statement on sustainable development strategy	12	
	2-23 Policy commitments	39-40	
	2-24 Embedding policy commitments	39-40	
	2-25 Processes to remediate negative impacts		We have identified a gap connected to this standard and will close the gap when transitioning into CSRD, a work that will begin in 2023.
	2-26 Mechanisms for seeking advice and raising concerns	39	
	2-27 Compliance with laws and regulations	39	
	2-28 Membership associations		BHG do not have any membership associations
	2-29 Approach to stakeholder engagement	37-38	
	2-30 Collective bargaining agreements	44	



## Topic Standards

GRI-standard	Disclosure	Location	Comment
<b>Material topics</b>			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37	
	3-2 List of material topics	38	
<b>Anti-corruption</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	39	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	39	
	205-2 Communication and training about anti-corruption policies and procedures	39	
	205-3 Confirmed incidents of corruption and actions taken	39	
<b>Materials</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
GRI 301: Materials 2016	301-1 Materials used by weight or volume		Material topic for our business, but no data is currently available. We will work on this in the future.
	301-2 Recycled input materials used		See above
	301-3 Reclaimed products and their packaging materials		See above
<b>Energy</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	41-42	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	41-42	
<b>Emissions</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	42	
	305-2 Energy indirect (Scope 2) GHG emissions	42	
	305-3 Other indirect (Scope 3) GHG emissions	42	
<b>Waste</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	41	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts		Material topic for our business, but no data is currently available. We will work on this in the future.
	306-2 Management of significant waste-related impacts		Material topic for our business, but no data is currently available. We will work on this in the future.
	306-3 Waste generated	41	
<b>Supplier Environmental Assessment</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	39-40	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	40	
	308-2 Negative environmental impacts in the supply chain and actions taken		
<b>Employment</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44-45	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	45	
<b>Occupational Health and Safety</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	45	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	45	

GRI-standard	Disclosure	Location	Comment
	403-2 Hazard identification, risk assessment, and incident investigation	45	
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety	45	
	403-5 Worker training on occupational health and safety	45	
	403-6 Promotion of worker health	45	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45	
	403-9 Work-related injuries	45	
<b>Training and Education</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 404: Training and Education 2016	404-3 Percentage of employees receiving regular performance and career development reviews	45	
<b>Diversity and Equal Opportunity</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	44-45	
<b>Non-discrimination</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	44	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	44	
<b>Customer Health and Safety</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	40	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	40	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40	
<b>Customer Privacy</b>			
GRI 3: Material Topics 2021	3-3 Management of material topics	46	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	46	

# Auditor's report

To the general meeting of the shareholders of BHG Group AB (publ), corporate identity number 559077-0763

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of BHG Group AB (publ) for the year 2022 except for the corporate governance statement and the sustainability report on pages 55-60 and 35-53 respectively. The annual accounts and consolidated accounts of the company are included on pages 27-116 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the sustainability report on pages 55-60 and 35-53 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Material uncertainty related to going concern

Without qualifying our opinion above, we would like to draw attention to the administration report on p. 32 with the heading Financial Risks and Uncertainties in the Risk section where it is described that it cannot be precluded that the profitability could reach a level whereby BHG Group would risk not meeting the financial covenants in the Group's credit facilities. If the Group breaches its financial covenants, the credit facilities become due for payment. At the time of issuing our audit report, funding has not been secured. These conditions indicate that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Our audit approach

#### Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

#### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.





### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period.

### Key audit matters

#### Valuation of intangible assets

*With reference to Note 2 and 13.*

Goodwill and other intangible assets with an indefinite useful life represents a significant part of BHG Group's assets. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported.

This impairment test is based on a high level of judgements and assumptions regarding future cash flows. Information is provided in Note 2 and 13 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital).

It is presented that no impairment requirement has been identified based on the assumptions undertaken.

#### Recognition of acquisitions and acquisition-related liabilities

*With reference to Note 2, 5 and 23.*

In the financial year 2022, BHG Group made one business acquisition in the DIY segment. Information on acquisitions is presented in Note 5.

The total purchase price for the business acquisitions was MSEK 84,1, of which MSEK 11,1 refers to identified fair value adjustments in the acquisition analyses for trademarks and customer relationships and MSEK 76 refers to goodwill.

The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the purchase price allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles.

BHG Group reports acquisition-related liabilities as of 2022-12-31 of MSEK 1 254,2. Accounting for acquisition-related liabilities contains a high degree of assessments of the company. Significant assessments refer above all to estimated future earnings for the subsidiaries.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-26 and 122-127. The other information also consists of the remuneration report of 2022 that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual

These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

### How our audit addressed the Key audit matter

In our audit, we have evaluated the calculation model applied by management and conducted that the model is compatible with acceptable valuation techniques.

We have reconciled and critically tested essential assumptions against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors.

We have tested the sensitivity analysis for key assumptions in order to assess the risk of need for impairment.

We have also assessed the correctness of the disclosures included in the financial statements.

Our audit of the acquisitions was partially based on assessment of the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles.

Our audit has also included an assessment of significant estimates and judgements made in connection with the purchase price allocation of fair value in the acquisition analyses. We have also assessed the basis for the judgements and comparing those judgements with similar acquisitions in the group in previous years.

In our audit, we have also discussed and analyzed the company's assessment of the size of the acquisition-related liabilities.

We have assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions.

accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing

Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **The auditor's audit of the administration of the company and the proposed appropriations of the company's profit or loss**

#### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of BHG Group AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

#### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's

Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Responsibilities of the Board of Director's and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.



## THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for BHG Group AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of BHG Group AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality

control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 55-60 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

### The auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 35-53 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is

substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in

Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB was appointed auditor of BHG Group AB (publ) by the general meeting of the shareholders on the 5 May 2022 and has been the company's auditor since the financial year 2022.

Malmö 11 April 2023

Öhrlings PricewaterhouseCoopers AB

Eva Carlsvi  
Authorized Public Accountant  
Auditor in charge

Vicky Johansson  
Authorized Public Accountant