



NIBE



OUR BUSINESS PRINCIPLES



Our brand promise is to create world-class solutions in sustainable energy. We want to combine strong and persistent growth with good profitability, which will create added value for all our shareholders and the conditions for continued long-term, healthy development.

Our management philosophy is based on success factors for growth through profitability and responsibility. The basic concepts are described in OUR BUSINESS PRINCIPLES. A successful company cannot compromise on profitability, quality, sustainable development or social responsibility. Knowing NIBE's business principles is important to all of us, no matter what your position in the Group.

I believe that OUR BUSINESS PRINCIPLES will help guide you through your daily work. These everyday, practical concepts should be used as the basis for sustainable value creation at NIBE.

Markaryd, Sweden, October 2023

Gerteric Lindquist
Managing Director and CEO

A handwritten signature in blue ink, appearing to read 'Gerteric Lindquist', written over the printed name and title.

Management philosophy

NIBE’s operations are guided by OUR BUSINESS PRINCIPLES and OUR VALUES. Together they lay the foundation for the way we do business. OUR WORKING METHODS describes our regulations, principles, values and policies in detail.

OUR BUSINESS

OUR BUSINESS PRINCIPLES

- Business concept
- Sucess factors
- Strategy

OUR VALUES

- Code of Conduct
- Policies

OUR WORKING METHODS



Vision

Our sustainable, world-class energy solutions contribute to a faster transition to a resource-efficient and fossil-free society.



Mission

To daily work wisely and with dedication in order to develop sustainable, world-class energy solutions.



Business Idea

To provide the market with sustainable, high-quality, innovative and energy-efficient products and solutions within our three different business areas.



Brand promise

World-class solutions in sustainable energy.



Objectives

Our overall objective is combining sustainable, persistent growth with healthy profitability and creating value for all shareholders.

We also aim to be an interesting and stimulating workplace for employees, and attract satisfied customers who value the peace of mind that products from the NIBE Group provide. Our operations should be characterised by openness and responsibility.

The Group has four well-defined financial objectives

- **Growth** should average 20 percent per year, half organic and half through acquisitions.
- **Operating profit** for each business area should be at least 10 percent of sales over a business cycle.
- **Return on equity** should be at least 20 percent over a business cycle.
- **The equity/assets ratio** for the Group should be at least 30 percent.





The Group has five well-defined sustainability objectives

■ Increased climate benefit in our product portfolio

The target has been for 60% of our sales to consist of LCE classified products* by the end of 2023. We have now set a new target of 70% by the end of 2026.

■ Continuously declining energy use

The target is to reduce energy use by 40% by 2030 compared with 2019** as the baseline (measured in MWh/SEK million in sales) and then reduce it even further.

** Product groups included in LCE: heat pumps, ventilation, building cooling, district heating, boilers and stoves for burning pellets and wood, PV panels, heat exchangers, components for rail, electric and hybrid vehicles and renewable energy production.*



■ **A safe workplace with no accidents**

Our long-term goal is zero accidents, of course, even though this is difficult to achieve. The interim target is an accident frequency of fewer than six accidents by the end of 2023.

■ **Ensuring systematic quality and environmental initiatives**

The long-term goal is for 100% of our production units to have certified management systems for ISO 9001 and ISO 14001.

■ **Reduce CO2 emissions between 2019 and 2030**

Our long-term goal is to be carbon neutral by 2050. Our target is to reduce our direct** and indirect** carbon dioxide emissions by 65% by 2030 compared with the 2019 baseline.

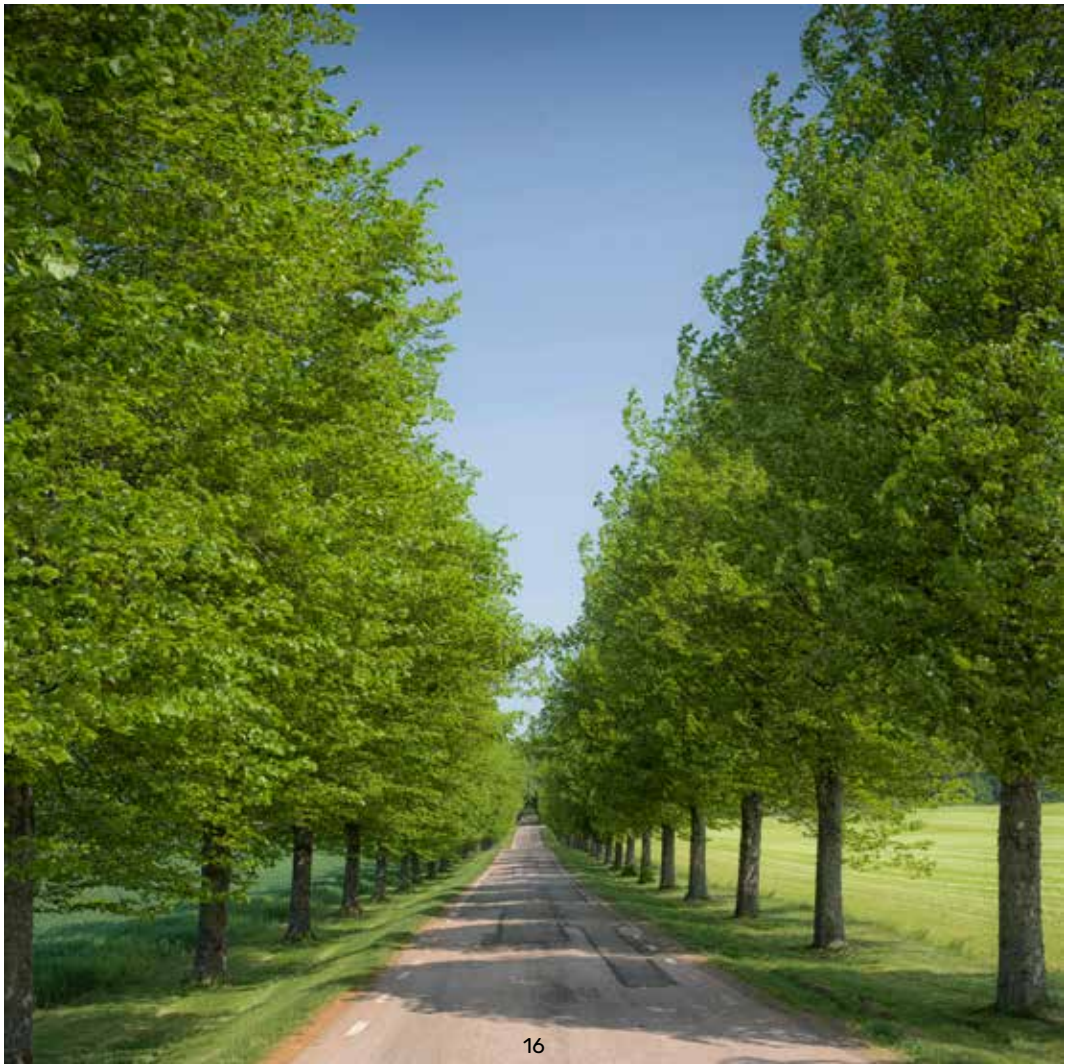
*** Direct emissions refer to scope 1, indirect emissions refer to scope 2.*



Our success factors

Our management philosophy builds on eight basic principles that lay the foundation for continued sustainable expansion while remaining profitable.

When recruiting employees and acquiring companies, creating awareness of our management philosophy is very important to establishing an understanding of the entrepreneurial spirit and corporate culture that define NIBE.



1. Good profitability

- is the most important, basic factor behind long-term success and sustained growth
- is and always has been NIBE's tradition
- provides freedom and independence
- creates job satisfaction and security for employees and attracts new, ambitious employees
- assumes efficient use of energy and materials, a holistic view of the environment and social responsibility.



2. High productivity

- is essential to being competitive
- is based on the belief that everything can always be improved, and that if you can't measure it, you can't improve it
- is inspired by flexible wage systems based on time measurements, which promotes high productivity and fair wages
- requires time measurement, which also forms the basis for correct calculations, sound investment documentation and opportunities for follow-up and improvement.



3. Proactive product development

- is crucial to continued good organic growth and establishment in new markets
- is based on quickly translating customer demands into the best solution in each market situation
- provides the basis for a good production economy
- must focus on energy-efficient, environmentally-adapted products that help reduce climate impact and promote sustainable development.



4. Quality throughout with focus on the customer

- our customers should always have full confidence in our company, products and employees
- we should be a reliable, constructive partner
- we should lead by example when it comes to quality
- we should have certified quality and environmental management systems at our production facilities
- we should be available to help our customers and have a professional attitude
- our environmentally-adapted products should help reduce our customers' costs and environmental impact
- our successes should also benefit the customer through reasonably priced products
- a NIBE customer should always be a satisfied customer.



5. Market-oriented expansion

- presumes that continuous expansion is essential to the company's growth
- that combines good organic growth and well-balanced acquired growth is the best way to maintain the vitality of the organisation
- into new markets must be carefully considered and consistently implemented.



6. Focus on three core operations

- creates clarity, internally and externally
- spreads exposure to risk
- helps us to constantly concentrate on deepening our knowledge, giving us a real analytical advantage, not least when it comes to acquisitions
- helps us to capitalise on the great potential for international expansion in all three business areas.



7. Dedicated employees

- achieved through

- simple organisational structures and operational management that engage employees
- shared values and a clear code of conduct that guide daily activities
- high expectations for honesty and openness that create clarity

- require

- leaders to set a good example
- all employees to be given the opportunity to grow and learn
- a sense of initiative, combined with humility and common sense to be successful at NIBE.



8. A long-term approach

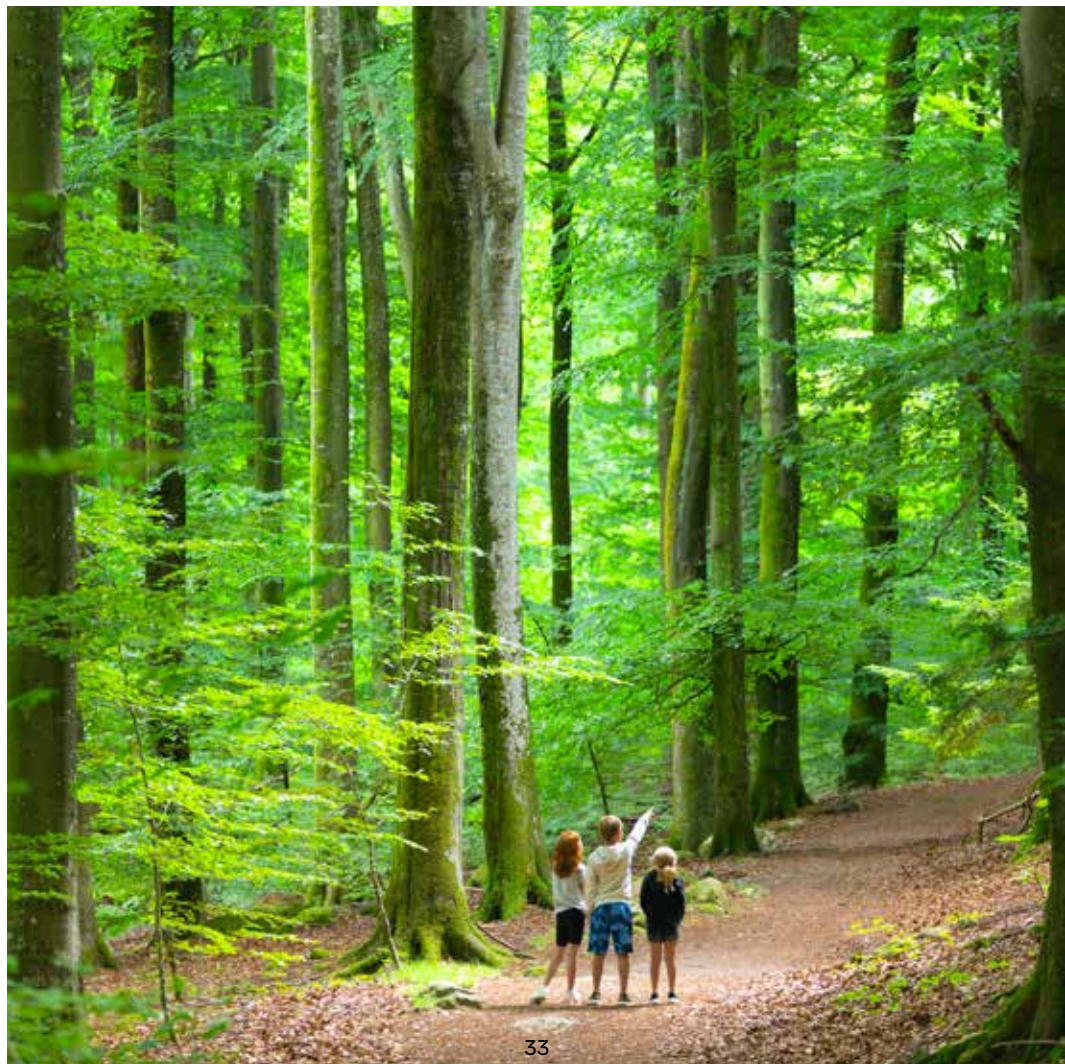
- means that

- responsibility, perseverance and continuity will always win in the long run
- changes are only made after careful consideration
- our pursuit of long-term relationships, both internally and externally, creates a steady, sustainable business
- we strive for continuity of ownership to guarantee independence and help us focus fully on operations.

Our responsibility

Overall responsibility for the application and follow up of OUR BUSINESS PRINCIPLES lies with the Group CEO, who delegates the practical, daily work to each legal entity within the Group.

All managers must act in such a way that their behaviour sets a standard regarding the application of the principles.





Internal: *one.nibe.net*
External: *www.nibe.com*

More information

If you work within the Group you can find **OUR BUSINESS PRINCIPLES, OUR VALUES**, policies, guidelines and checklists on the Group intranet at one.nibe.net.

OUR BUSINESS PRINCIPLES is available in many different languages. **NIBE's Annual Report and Sustainability Report** have information on how we put **OUR BUSINESS PRINCIPLES** into practice.

We refer external stakeholders to www.nibe.com where they can access **OUR BUSINESS PRINCIPLES, OUR VALUES**, the code of conduct, relevant policies and the annual sustainability report.

NIBE

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