



NIBE

Our
Business
Principles

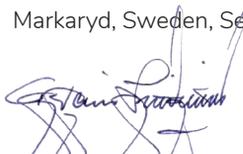


Our vision is to create world-class solutions in sustainable energy. We want to combine strong and persistent growth with good profitability, which will create added value for all our shareholders and the conditions for continued long-term, healthy development.

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, September 2020



Gert Eric Lindquist
Managing Director and CEO

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

Success factors

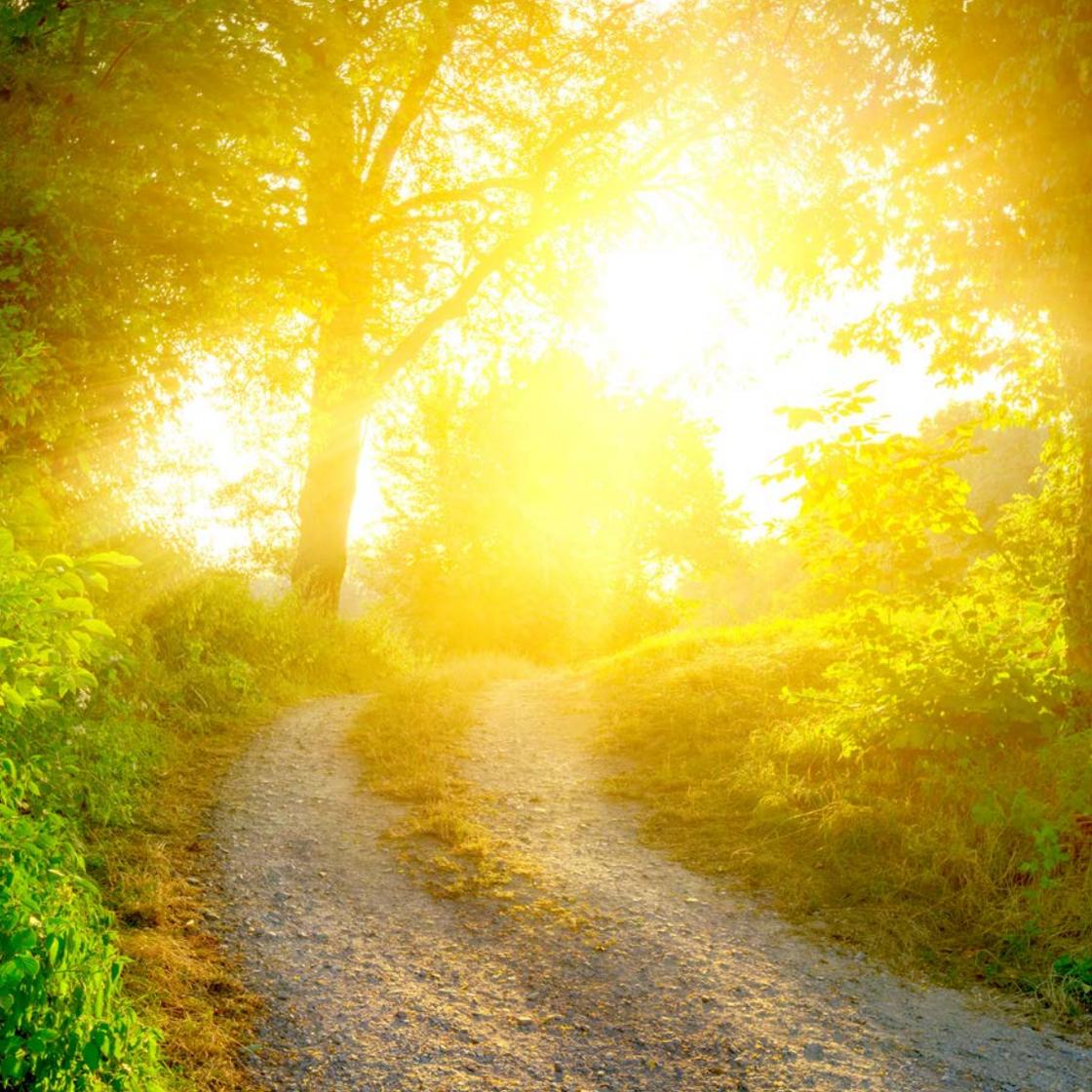
Strategy

OUR VALUES

Code of Conduct

Policies

OUR WORKING METHODS



Vision

Creating world-class solutions
in sustainable energy.



Business concept

International expansion built on
responsibility and sustainability.



Mission

Offer the market sustainable, high-quality, innovative, energy-efficient products and system solutions through our three business areas.

This builds on the NIBE Group's wide-ranging capabilities in product development, manufacturing and marketing.

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 four well-defined *sustainability* objectives

- The objective is for 60% of our sales to consist of LCE classified products* by the end of 2021 and to gradually increase after that.
- The objective is to reduce energy use 40% by 2030 compared with 2019 as the baseline (measured in MWh/SEK M in sales) and to further decrease after that.
- The long-term objective is zero accidents, of course, even though this is difficult to achieve. The interim objective is an accident frequency of fewer than six by the end of 2023.
- The long-term objective is for 100% of our production units to have ISO 9001 and ISO 14001 certified management systems.

* *Product groups included in LCE: heat pumps, district heating, boilers and pellet- and wood-burning stoves, PV panels, heat exchangers, components for railways, electric and hybrid vehicles, and renewable energy production.*



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 check-lists 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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