

NIBE

Our Business Principles



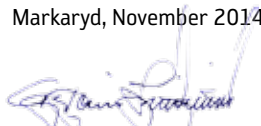


Our vision is to create world-class solutions in sustainable energy. We want to combine strong and sustainable growth with good profitability. Through this we increase value for our shareholders and create the conditions for continued good long-term development.

Our management philosophy is based on success factors for growth through profitability and responsibility. The basic concepts are gathered under the term *Our Business Principles*. In a successful company there cannot be any compromises regarding issues such as profitability, quality, sustainable development and social responsibility. Being familiar with NIBE's *Business Principles* is important to all of us. This applies whatever your position in the Group.

I am convinced that *Our Business Principles* must give you necessary support in your everyday work. It is the everyday and practical application of these principles that creates the conditions for sustainable value creation within NIBE.

Markaryd, November 2014



Gerteric Lindquist
President and CEO

Sustainable value creation

Our Business Principles

Business concept

Success factors

Strategy

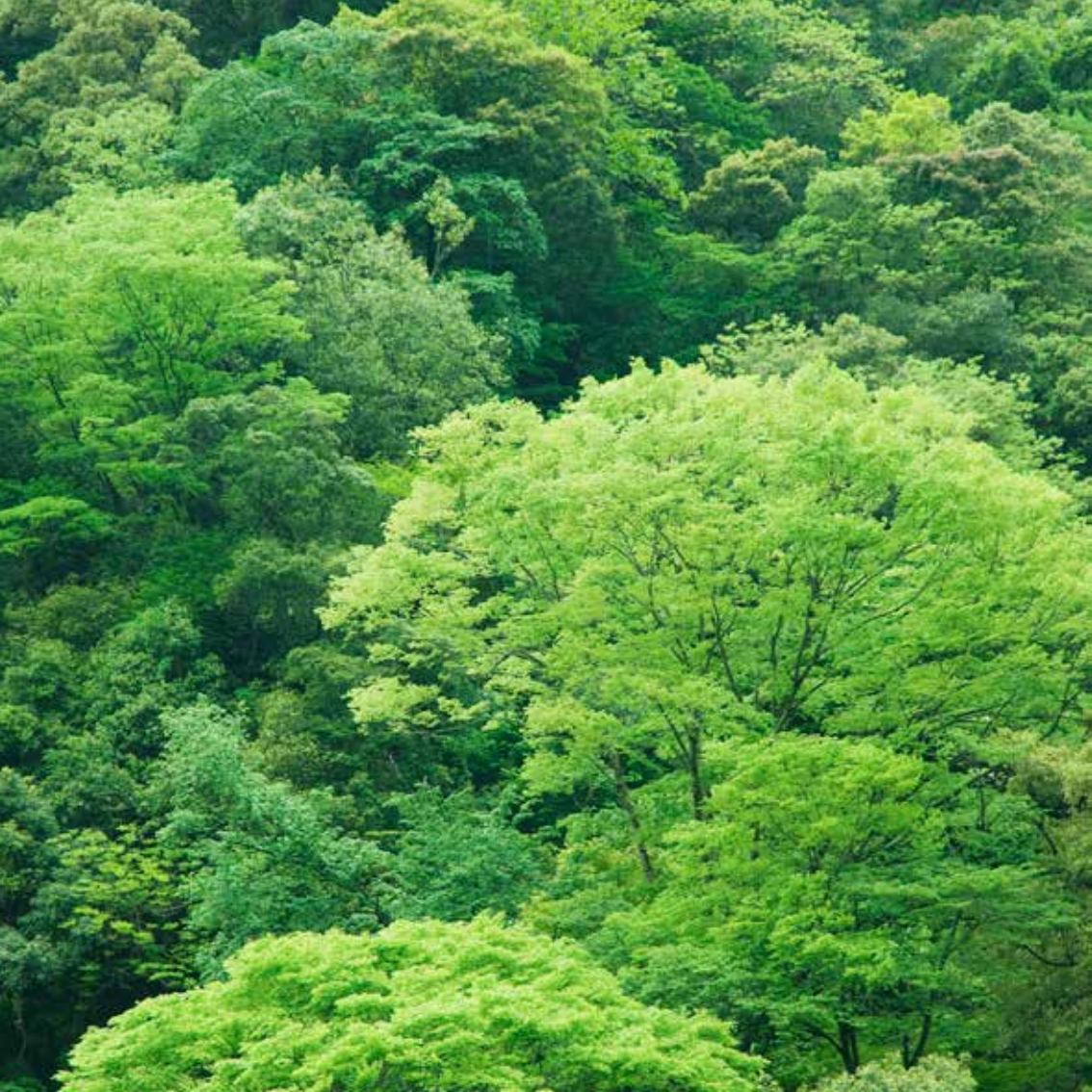
Our Values

Code of Conduct

Policies

Our Working Methods

All our operations at NIBE are guided by *Our Business Principles* and *Our Values*. Together they create the conditions for our operations. *Our Working Methods* describes in more detail how the operations within NIBE must be run with regard to the regulations, principles, values and policies that are in place.



Business concept

Responsible expansion with a focus on internationalisation.



Vision

Our vision is to create world-class solutions in sustainable energy.



Business idea

Our business idea is to offer the market high quality, innovative and energy efficient products and system solutions within the three different business areas.

The basis for this is the NIBE Group's wide expertise within product development, manufacture and marketing.

Objectives

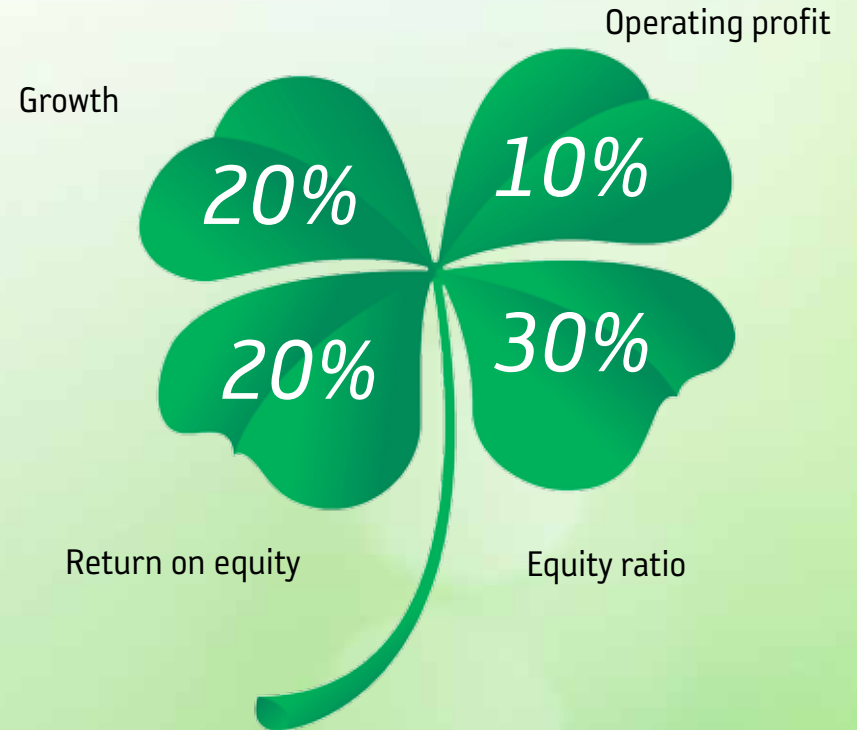
Our overall goal is to combine strong and sustainable growth with good profitability and create value growth for the shareholders.

We must also be an interesting and developmental workplace for the employees and have happy and secure customers. Our operations must be characterised by transparency and responsibility.



The Group has four economic objectives;

- ***The growth*** must average 20 percent per year, of which half should be organic and half acquisition.
- ***Operating profit*** for respective business area must, over a business cycle, amount to at least 10 percent of turnover.
- ***Return on equity*** must, over a business cycle, amount to at least 20 percent.
- ***The equity ratio*** in the Group must not be less than 30 percent.





Our success factors

Our management philosophy is based on eight basic ideas that create the power for continued expansion through profitability. Knowledge of our management philosophy is extremely important for both new appointments and an acquired unit in order to understand the company spirit and culture within NIBE.



1

Strong profitability

- is the most important and basic condition for long-term success and continuous growth
- is and always has been NIBE's tradition
- gives freedom and independence
- creates job satisfaction and security for the employees and attracts new ambitious employees
- assumes efficient use of energy and materials and a comprehensive approach to environmental and social aspects.



2 High productivity

- is vital for good competitiveness
- the productivity philosophy is based on it being possible to continuously improve everything and what cannot be measured cannot be improved
- variable wage system based on time measurement creates good productivity, high time efficiency and fair wages
- time measurement also creates the right conditions for correct calculations, sound investment documentation and the opportunity for follow up.



3

Proactive product development

- is a condition for continued good organic growth and breaking into new markets
- quickly converts the customer requirements to the best solutions for each given market situation
- gives conditions for good production economy
- focus must be on energy efficient and environmentally adapted products that contribute to reduced climate impact and sustainable development.



4 Quality throughout – customer-centric focus

- our customers must always have full confidence in our company, products and employees
- we must be a safe and constructive partner
- we must be pioneers in quality issues
- we must have certified management systems for quality and the environment at our production facilities
- we must have high availability and a professional attitude
- our environmentally adapted products must contribute to reduced costs and reduced environmental impact for our customers
- our successes must also benefit the customer through value for money products
- a NIBE customer must always be satisfied.



5 Market-oriented expansion

- continuous expansion is absolutely essential for the development of the company
- the combination of good organic and well judged acquisitional growth is the best way to maintain the vitality of the organisation
- breaking into new markets must be well prepared and consistently carried out.



6

Focus on three core operations

- creates both internal and external clarity
- spreads risk and gives reasonable risk exposure
- the concentration means constantly improving expertise, which in turn gives an analytical advantage, not least with acquisitions
- there are very large international expansion opportunities for all three of NIBE's business areas.



7

Dedicated employees

- simple organisational forms and operational leadership create commitment
- common values and a clear Code of Conduct guide us in our daily work
- high requirement for honesty and straightforward messages create clarity
- managers must set a good example
- all employees must have the opportunity to develop
- initiative combined with modesty and common sense are the ideal conditions for job satisfaction at NIBE.



8

Long-term

- accountability, durability and continuity win in the long-term
- reorganisation only occurs after thorough testing
- our constant striving to establish long-term relations both internally and in the outside world creates a long-term, sustainable operation
- continuity of ownership allows maximum focus on the operations and guarantees independence.

Our responsibility

Overall responsibility for the application and follow up of *Our Business Principles* lies with the Group President and CEO who delegates the practical, daily work to each legal entity within the Group.

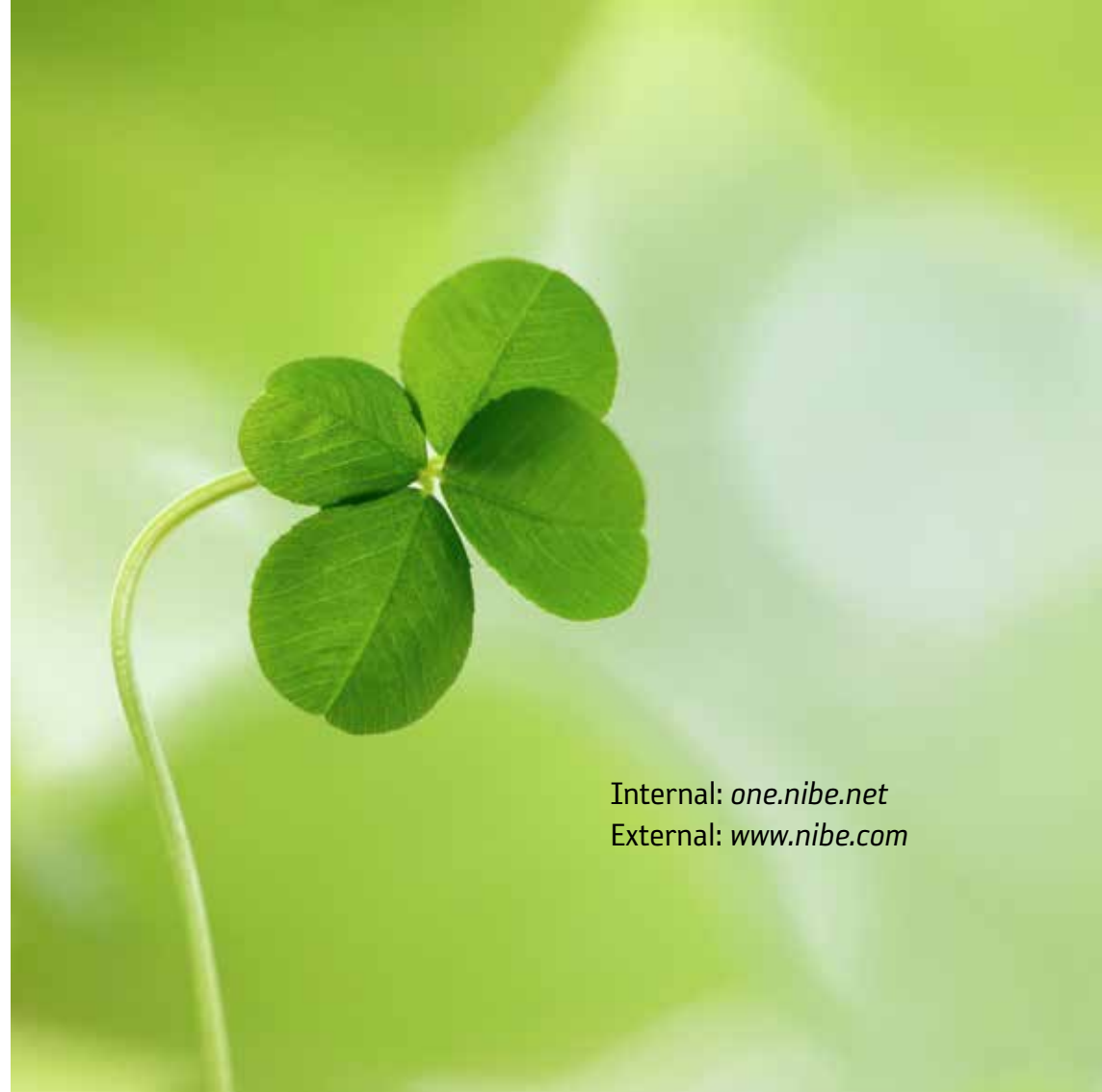
All managers must act in such a way that their behaviour works as a model on the issue of the application of the principles.



More information

If you work within the Group you can find *Our Business Principles*, *Our Values*, policies, guidelines and checklists on the Group intranet, one.nibe.net. *Our Business Principles* are available in a large number of languages. NIBE's annual report and sustainability report give information on how we realise *Our Business Principles* in our work.

We refer external stakeholders to www.nibe.com where they can access *Our Business Principles*, *Our Values*, Code of Conduct, relevant policies, the annual report and the sustainability report.



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

NIBE

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