

Sustainability Report 2020/21

The Board of Directors of Lagercrantz Group AB (publ),
corporate identity number 556282-4556, hereby submit
the Sustainability Report for the 2020/21 financial year.

The report is included in the 2020/21 Annual Report.
References in this report refer to the 2020/21 Annual Report.

The report has been subject to review
by the Company's auditors.

Sustainability at Lagercrantz

In Lagercrantz, sustainability and a long-term approach are the basis for our operations and our history extends all the way back to 1906. Long-term competitiveness is based on our company showing consideration – socially, environmentally and to society as a whole and thus on conducting a sustainable enterprise. In the Management, we take the responsibility that has been entrusted to us extremely seriously.

We have developed a strong corporate culture around simplicity and efficiency, accountability and freedom, businessmanship and willingness to change, where a long-term approach is a cornerstone. We see that there is a great strength in a decentralised working method, where decisions are taken as close to those affected as possible, whether they are customers, employees, suppliers or local communities. This is reflected in our sustainability work, where we strive to ensure that all our subsidiaries shall act as good and responsible companies that contribute to societal benefit.



We now implement over 50 local sustainability initiatives among our subsidiaries that make a real difference both for our customers and internally, for our employees and for society.

Jörgen Wigh, President and CEO

A lot of our sustainability work is carried out in the subsidiaries, close to employees, customers, suppliers and in the local communities where we operate. Goals are set for the sustainability work, and they are managed and followed up through active Board work in each company. Our employees are trained in our Code of Conduct and we have a similar ambition for our business partners, suppliers and customers. Each company has its own goals for its sustainability work, consisting of several dimensions. This includes the company's own business, e.g. with goals for energy consumption, waste management and substitution of harmful chemicals. In addition, the core businesses of many of our subsidiaries in one way or another are also related to sustainability and the environment. In our sustainability report, examples are provided from our subsidiaries where the business has a positive impact and has a societal benefit.

More information about our collective work and efforts can be found on our website.

VP metall (Electrify) is a market leader in electrical connection systems primarily for high-voltage applications based on so-called implosive connectors. The use of VP metall's technology greatly reduces the need for time-consuming, expensive, heavy and environmentally unfriendly installations during construction and repair. The technology and products provide a superior quality that reduces losses in the transmission of electricity, increases availability and service life, which contributes to a sustainable expansion of the electrical grid. VP metall thereby contributes to the UN's sustainable development goal, no. 12, Ensure sustainable consumption and production and no. 9, Sustainable industry, innovation and infrastructure.



GasIQ's (Control) Optimator® series saves gas while the customer is welding. The unique reducing valves are developed for qualified shielding gas welding and have a function that causes the gas puff that normally occurs during the start of welding to be greatly reduced. This saves large quantities of shielding gas, up to 50% during normal welding. Thanks to the smoother gas flow at the start, the risk of defects is also reduced, which leads to less extra work and waste of resources. Optimator®'s reduced need for gas naturally has positive effects, particularly for our environment through a reduced number of transports of gas supplies, but also economically. GasIQ thereby contributes to the UN's sustainable development goal, no. 9, Sustainable industry, innovation and infrastructure.



Sustainability in focus

Truxor is used to clear rivers of debris in Indonesia.

Dorotea Mekaniska (NP) develops, manufactures and sells amphibian machines for lake clearance and wetland and water conservation with solutions for reed cutting, oil decontamination, excavation and dredging. Dorotea's world-leading machines make water management more efficient and can in many cases replace the use of chemicals and thus contribute to the UN's sustainable development goal no. 12, Ensure sustainable consumption and production and 9, Sustainable industry, innovation and infrastructure.

ACTE DK's (International) ground-breaking, innovative system for ground installation of cables is manufactured in 100% recycled plastic and meets the very strict requirements in the UN's goals for sustainable products. Through the system, customers avoid large carbon emissions compared with manufacturing of the concrete systems traditionally used along railways. This also means more efficient installation work. ACTE thereby contributes to the UN's sustainable development goal no. 12, Ensure sustainable consumption and production and no. 9, Sustainable industry, innovation and infrastructure.

R-Con / Bjurenwalls (TecSec) develops and delivers fire sprinkler systems with pertaining water cisterns for fire protection of warehouses and logistics premises, industries and other properties. The protection reduces the risk of immediate production stoppages, creates a safer working environment for employees and reduces direct emissions in the community in connection with a fire. Installed diesel units for fire protection also run on Ecopar for lower emissions. R-Con thereby contributes to the UN's sustainable development goal, no. 8, Decent work and economic growth and no. 11, Sustainable cities and communities.

Sustainability Report

OUR APPROACH

Based on our stakeholder analysis, we have determined the pillars for our sustainability work as Environmental Sustainability, Social Sustainability as well as Sound Governance and Economic Sustainability. For us, it is important that the business and sustainability go hand in hand, since long-term sustainable returns depend on a sustainable business and vice versa.

Our sustainability work is based on the UN Global Compact, the ILO's core conventions, the OECD's Guidelines for Multinational Enterprises and the UN's global sustainable development goals. Since the previous financial year, we have worked specifically with six of the goals: Good health and Well-being, Gender equality, Affordable and clean energy, Decent work and economic growth, Industry, innovation and infrastructure, and Responsible consumption and production. We work in two dimensions, firstly with getting our own businesses to meet the goals, and secondly by developing products and services that can help our customers achieve the goals. See our table in the following pages where we describe how our work is progressing under each target.

ENVIRONMENTAL SUSTAINABILITY

The Group's impact on the environment is mainly connected to transportation of input goods, finished products, business trips and waste management. Some of the Group's companies also have electric power as an important input in their production. Besides emissions related to internal use of fossil fuels and electricity, carbon emissions are also generated from different types of transports, such as transports of materials and products as well as transports of persons.

We compare the overall carbon emissions with revenue in order to provide a correct view of the emissions, a so-called carbon intensity metric.

See the table for follow-up regarding our energy use in MWh and the estimated resulting CO₂e-effect. According to the GHG Protocol standard, the emissions we report would be primarily classified as scope 2, with emissions from some of our company cars as scope 1 and emissions from cars with operating leases as scope 3.

Stakeholder group	Core issues in sustainability	Communication and cooperation
Customers	Financial stability and long-term relationships based on mutual trust. Customers are increasingly demanding sustainable products, both in terms of environmental footprint, as well as business ethics.	We carry out several projects together with customers with the aim of developing our offerings in a more sustainable direction, for example, regarding choice of materials. We also strive for our customers to follow our Code of Conduct and ensure that our products are not used in harmful activities.
Suppliers	Long-term relationships with openness and transparency, clear guidelines, financial stability and cooperation around e.g. collectively reducing the environmental impact.	Our subsidiaries conduct dialogues with our suppliers. This concerns the products themselves e.g. substitution with more recycled and sustainable materials, packaging materials, but also business ethics. We strive to ensure that all our suppliers sign our Code of Conduct, for the working environment, anti-corruption, non-discrimination and human rights.
Society	The communities in which we operate expect us to conduct a sustainable and ethical business, where we contribute in terms of safe workplaces, tax payments and take responsibility for our shared environment and the local community in which we operate.	We have a continual dialogue with public authorities concerning the working environment, the environment and product liability. 33 of our companies are ISO-certified or according to similar standards. We are often one of the larger employers in the local communities where we operate and we collaborate with public authorities, schools and associations. We do not engage in tax optimisation, but always strive to comply with applicable regulations.
Employees	Our employees expect safe workplaces, with a high level of ambition in relation to health and safety. They expect fair compensation and opportunities for skills development.	We conduct annual goal and career development discussions as well as skills development training. Communication also occurs via managers, Intranet and mailshots. Our larger companies conduct regular employee surveys. Whistleblower function.
Shareholders	Our owners expect a continued sustainable enterprise, with financial stability and returns, low risks and active sustainability work.	We communicate continually with our shareholders through the annual report, interim reports, analyst and investor meetings, our website and annual general meeting.

Energy consumption in the Group

	2020	2019	2018
CO ₂ e tonnes/MSEK revenue	0.85	0.72	0.79
Energy consumption MWh/MSEK revenue	6.18	6.52	6.72
Share fossil-free energy	64%	66%	*

* No data collected

Carbon emissions in the Group

	2020	2019	2018
Total emissions CO₂e tonnes	3,471	3,019	3,120
Of which acquisitions during the year	69	177	323
Scope 1	431	500	564
Scope 2	1,749	1,579	1,515
Scope 3	1,291	940	1,041

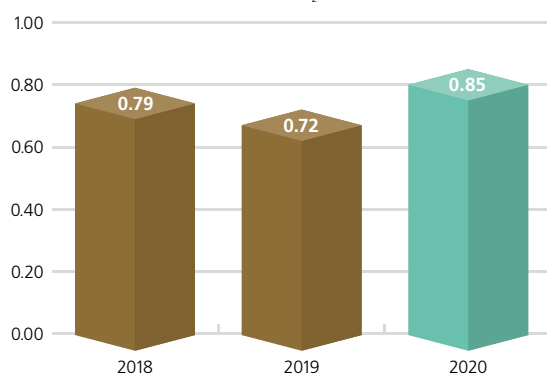
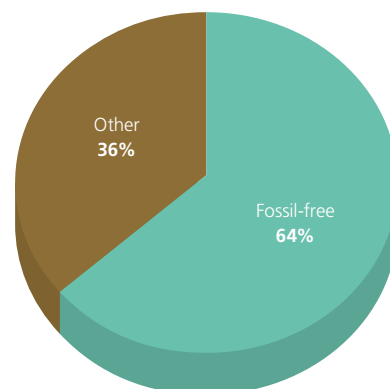
During the year, we have developed our environmental work and clarified the calculation method. This year, data has been collected separately for district heating and electricity, which has resulted in more accurate calculations. In previous years, an estimated distribution of purchased energy (electricity/district heating) has been made. No recalculation of previous periods has occurred. The total carbon footprint during 2020 amounted to 0.85 tonnes CO₂e/MSEK (0.72). The increase during the year is related to acquired units, change in energy consumption per country, change in conversion factors (from independent sources) and clearer distribution between electricity and district heating.

Recalculation of the energy consumption was performed by the company 2050 Consulting AB.

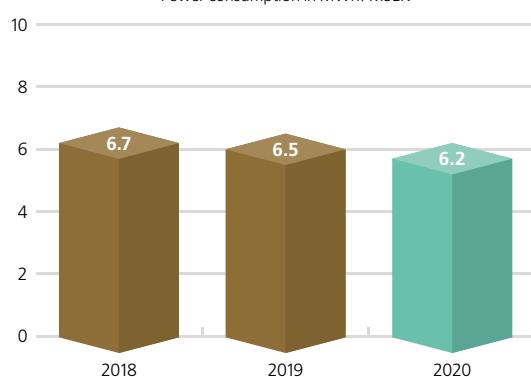
Scope 1 refers to direct emissions from activities owned and controlled by Lagercrantz. These include emissions from leased cars and refrigerant leakage. The financial control approach has been used, whereby the cars utilised with financial leases are included in scope 1. Emissions have been calculated from consumed litres of diesel and petrol and refilled tonnes of refrigerants.

Scope 2 refers to indirect emissions from purchased electricity, heating, cooling and steam. Lagercrantz has chosen the locationbased method in accordance with the GHG protocol, hence, the emissions for electricity and heating have been calculated with an average mix for each place in which Lagercrantz operates.

Scope 3 normally refers to upstream and downstream emissions in the value chain. For Lagercrantz, scope 3 only includes the cars that are leased using the operational control approach and therefore do not end up in scope 1, as well as fuel and energy-related emissions. Fuel and energy-related emissions in this case means the emissions indirectly arising in connection with electricity and district heating production and in the preparation and distribution of fuel for Lagercrantz cars.

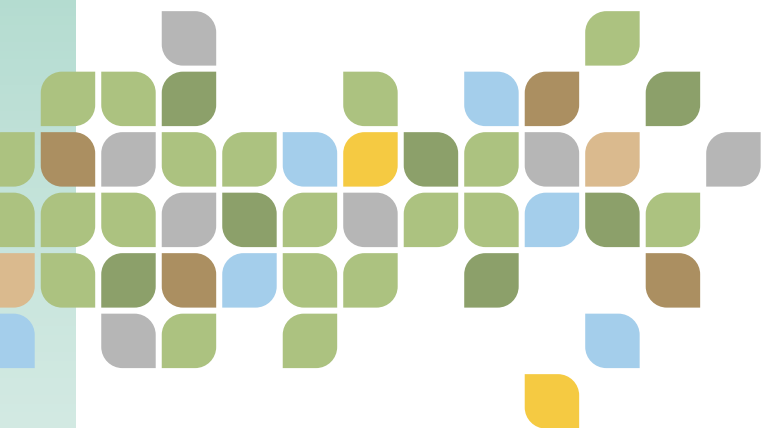
Climate impactTonnes CO₂/MSEK**Fossil-free energy as share of total energy****Energy intensity**

Power consumption in MWh/MSEK



The Group's companies strive for high efficiency in their use of energy and natural resources, promote systems for reuse and recycling of materials and energy, and also prevent and limit environmental pollution. See example from one of the Group's companies here on the right, and more examples from other companies in the table on the following pages where we provide examples of the Group's work with the UN's sustainable development goals no. 7, 9 and 12.

Several of the Group's companies work with quantitative goals in their environmental work, adapted to the conditions of each company. In certain instances, e.g. in procurement of transport services and electric power, some coordination among companies occurs. 33 subsidiaries (32) are ISO-certified, which is 57% (56%) of the companies. The Group conducts operations in six (four) of its subsidiaries that require a permit under the Swedish Environmental Code. There are no known threats from an environmental viewpoint that could jeopardise these operations.



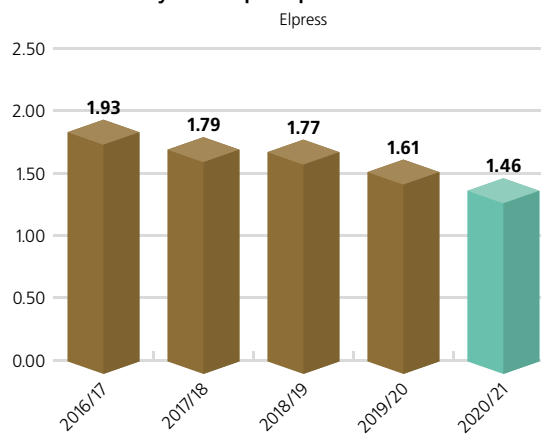
SOCIAL SUSTAINABILITY

Social sustainability for us means that we want to be a long-term, responsible and stimulating employer for our employees and contribute to the local communities where we operate. We have a decentralised working method, which means that we control by setting goals and policies such as the Code of Conduct at a central level, but leave accountability and freedom to our employees to exercise their own businessmanship within this framework.

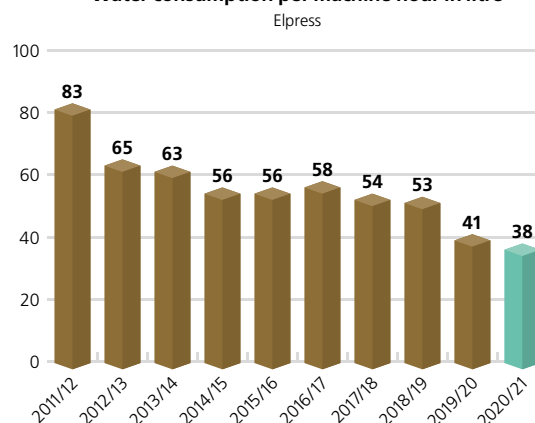
The majority of our employees are permanently employed. Temporary personnel are mainly used to replace permanent employees during illness or other absences. The fact that our employees have secure employment is not just a working environment issue but is also an important factor for ensuring continuity in the operations and in building long-term relationships. Companies in the Group should strive to be an attractive employer when it comes to the employees' professional development. The relationship with and among the employees should be based on mutual respect and also allow for reasonable influence in areas that impact the individual's work situation, with a special focus on the working environment, health and safety and development questions. Often we are one of the larger private employers in the places we operate and we are proud to be an integrated part of the local communities, where we sponsor local sports associations, collaborate with schools etc. Finally, something that is natural for us, employees should have the freedom to exercise their legal right to be a member of, organise or work for organisations that represent their interests as employees.

At year-end, the average number of employees amounted to 1,632, of whom 27% were women (1,521, of whom 28% were women).

Electricity consumption per machine hour in kWh



Water consumption per machine hour in litre



We work in traditionally male-dominated sectors and see that we can make a difference in relation to gender equality and diversity. During the year, 29% (31%) of new incoming CEOs and economists in our companies were women. During 2020/21, the total employee turnover was 14.2% (13.7%), excluding employees that were added via acquisitions during the year.

For information about remuneration to senior executives, see Note 6 in the Annual Report.

During the year, we reduced long-term absence due to illness from 1.3 to 0.5% of days worked, and the overall absence due to illness also decreased from 5.5 to 4.6%.

During the financial year, the operations were affected by the Covid-19 pandemic. We continued to take measures within the Group during the year, including ensuring the health status of our staff, development of possibilities to work while respecting social distancing, increased cleaning frequency etc. Thanks to the decentralised structure and local engagement, our staff and businesses have coped well on the whole.

See also the table on the following pages where we provide examples of the Group's work with the UN's sustainable development goals no. 3, 5 and 8.

SOUND GOVERNANCE AND ECONOMIC SUSTAINABILITY

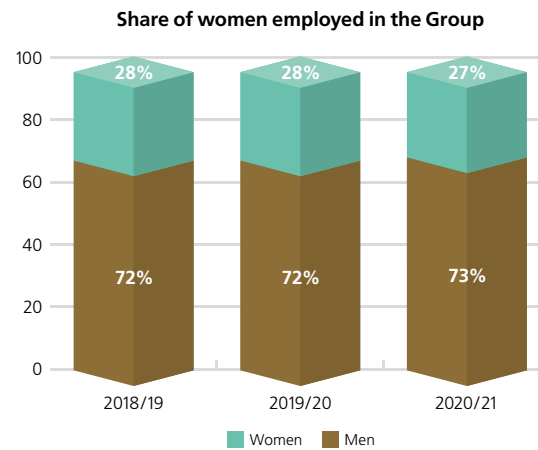
Lagercrantz's Board, through the Group Management, is ultimately responsible for the Group's sustainability work. Group Management decides on the long-term overriding goals in key areas, and through active Board work in our subsidiaries, goals are set for the sustainability work and follow up occurs in each company based on its conditions. Each company draws up a business plan annually for the next three years. Goals are set for the business and follow up then occurs during the year in each subsidiary board and this includes the sustainability work.

For many years, the Group has also had a Code of Conduct for all employees, which addresses human rights, working conditions, gender equality and diversity, business ethics and anti-corruption. During the year, 98% of the staff have read the Code of Conduct. The Code is based on the UN Global Compact, the ILO's core conventions, GDPR and on the OECD's Guidelines for Multinational Enterprises and covers all companies and all employees. We conduct regular training initiatives about this, including interactive online training to ensure that all employees are familiar with it. Our Code of Conduct has been adopted by our Board and is available on our website www.lagercrantz.com. The website also contains information about the Group's whistleblower function. This provides an opportunity for those concerned to communicate with the company regarding erroneous conduct in subsidiaries or in the Group as a whole. The reporting is anonymous. During the year, we had one reported incident, which has been dealt with.

Because we impose strict requirements in relation to privacy and business ethics in our own operations, it is natural to also exert an influence on suppliers and customers. The operations are based on close and long-term relationships with business partners. We thus attach great importance that our businesses act in a professional, honest and ethically correct manner. We work continually on deepening our supplier relationships and on ensuring that our suppliers meet our expected standards in relation to their employees, society and the environment. We also have a Code of Conduct for our suppliers, which is based on our own internal Code of Conduct, with its point of departure in the UN Global Compact, the ILO's core conventions and the OECD Guidelines for Multinational Enterprises. The Group's long-term goal is that all suppliers to the Group's companies should comply with the Code of Conduct.

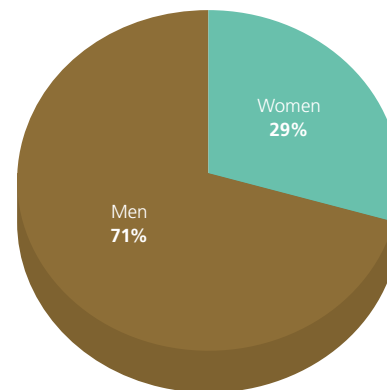
We work actively on ensuring that there are no breaches of regulations in our operations or in our value chain. We have not noted any violations of human rights, child labour, corruption or breaches of labour law regulations either in our own operations or in our value chain during the past year.

For us, it is also important to be economically sustainable, which means that we generate profits, growth and a return on invested capital to enable continued capital expenditures. Also read more later on in the Annual Report about our business model and our financial goals.



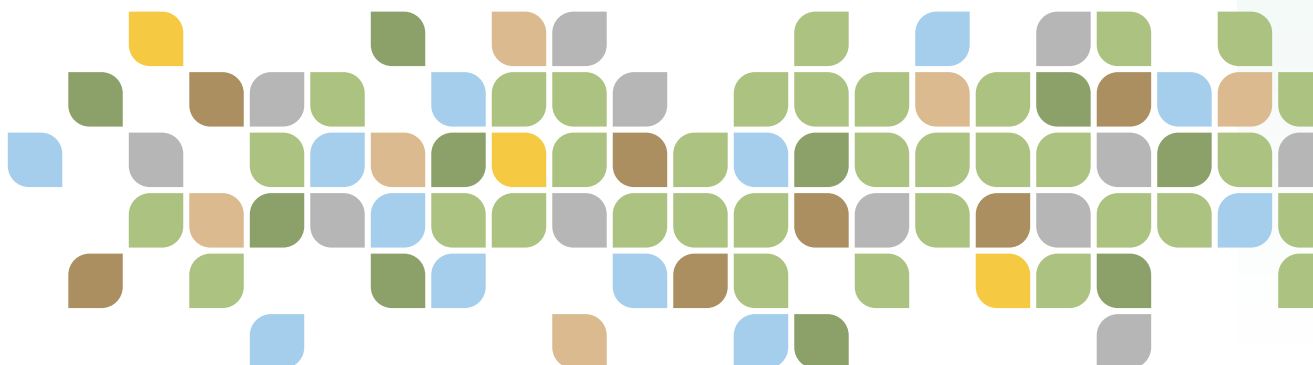
We are working to increase the proportion of women in leading positions

Share of appointed CEO's, Finance managers
2020/21



Goals in the coming years

Gender equality	Affordable & clean energy	Industry, innovation & infrastructure	Responsible consumption & production
<ul style="list-style-type: none"> During recruitments to senior positions, there shall be at least one female candidate. 	<ul style="list-style-type: none"> Increase the share of renewable energy. Local solutions for reduced energy consumption. 	<ul style="list-style-type: none"> Reduced carbon emissions through better coordinated logistics. 	<ul style="list-style-type: none"> Reduce the quantity of chemicals in the operations. Reduced waste of materials. Minimise waste generation.



UN'S
GLOBAL GOALS

Milestones in focus

At Lagercrantz



- 3.6 Reduce the number of deaths and injuries from road traffic accidents.**
- 3.9 Substantially reduce the number of deaths and illnesses from hazardous chemicals and pollution.**

Lagercrantz wants to contribute to a safer society, where fewer people are exposed to injury or risks.



- 5.5 Ensure women's full participation in leadership and decision-making.**

Lagercrantz does not permit any form of discrimination or harassment. We are also working to achieve a more uniform gender distribution in recruitment.



- 7.2 Increase substantially the share of renewable energy in the global energy mix.**
- 7.3 Double the global rate of improvement in energy efficiency.**

Lagercrantz shall conduct active work in order to continually reduce the energy use in the Group's operations, products and processes and increase the share of renewable energy.



- 8.1 Sustainable economic growth.**
- 8.5 Achieve full employment and decent work for all and equal pay for work of equal value.**

Financial stability and strength are basic requirements for investing in sustainable business development. Through growth, we can create more exciting, stimulating job opportunities. Lagercrantz strives to be a respected employer where employees feel happy and develop.



- 9.1 Develop sustainable, resilient and inclusive infrastructure.**
- 9.C Significantly increase access to information and communications technology.**
- 9.4 Upgrade infrastructure and retrofit industries to make them sustainable.**

Each subsidiary is expected to remain at the cutting edge and develop the operations in its niche. Development issues may relate to new technology, new products, improved working procedures, new IT systems or other things that help the company to advance.



- 12.2 Achieve the sustainable management and efficient use of natural resources.**
- 12.4 Achieve the environmentally sound management of chemicals and all wastes.**
- 12.5 Substantially reduce waste generation.**

We are continually working to reduce our use of resources and to act responsibly. Through our Code of Conduct for our suppliers, we are also working with earlier stages in the chain. Our long-term goal is that all suppliers to the Group's companies should comply with the Code of Conduct.

Activities during the year and goals

- Our own production mostly occurs in the Nordic countries, where we naturally follow the existing regulations. We are also constantly looking to replace the chemicals that are used with better alternatives, including *with the help of the companies' chemical management system*. We choose our suppliers carefully and our goal is that they shall follow our **Code of Conduct** which includes, sections about the environment. (3.9)
- During the pandemic, **the health and wellbeing of staff** has received more focus. (3.3)

- We are working to have an **equal recruitment base** during hiring by actively seeking female candidates.
 - Of the 212 managers in our companies, 16% are **women**. During the year, we recruited/promoted 17 (26) persons to CEO or financial manager positions in subsidiaries, of whom 5 (8) are women, *which corresponds to 29%* (including acquisitions).
 - At our head office, 6 (6) out of 16 (16) persons are women.
- Also see graphs on previous pages and Note 6 in the Annual Report.*

- Most of our own production takes place in the Nordic countries, which means that a large part of the energy needed during production is **fossil-free**. See table previous pages. (7.2)
- **Esari** is striving to increase sales of technical buildings fitted out with solar panels. This is mainly done in collaboration with telecom operators. (7.2)
- Several subsidiaries, including **Elpress** and **Load Indicator**, are working on *increasing their energy efficiency* due to a changeover to LED lightbulbs in their production operations. See separate graph on previous pages concerning Elpress. (7.3)

- In order to realise our vision, we have three basic requirements, **Growth, Profitability and Development**. We monitor this continually in each company during the year and it can be followed in each annual report. (8.1)
 - **Developing our employees** is important for us. During the year, 375 (114) employees participated in various training courses. (8.5)
 - We also work locally in the places we operate in to also *employ those who are a bit removed from the labour market*, such as new arrivals or people with disabilities. (8.5)
 - Half of our companies conduct regular **employee surveys** and we aim to increase this figure. (8.5)
- Also see the graphs on the previous pages and Note 6 in the Annual Report for more data about our employees.*

- In previous years, we have installed **video conferencing facilities** in the companies. During this year of the pandemic, we have further developed the possibilities for remote working so that employees have had the opportunity to work together with colleagues, suppliers or customers, whether they are at an office or at home. Apart from reducing the risk of contagion, this reduced the carbon footprint which is necessary. (9.1, 9.C)
- **Vanpee A/S** strives to ensure that at least 30% of their products are certified. (9.4)
- **Direktronik** works to make it easier for customers to recycle metal by offering the possibility to send back discarded products. (9.4)

- **Elpress** measures monthly water consumption, electricity consumption, etc. *Also see graphs on previous pages.* (12.2)
- **Cue Dee** works to increase the proportion of recycled aluminium in its products. (12.2)
- **Excidor's** goal is to reduce chemical emissions by 25% by 2023/24. (12.4)
- We sponsor **Ståda Sverige**, where young people clean up different areas of the Swedish (outdoor) environment and thereby raise money for their sports associations. (12.4)

Our own business

- **ISG Systems** works with technical solutions in order to detect traffic jams and obstacles in traffic and thus *avoid accidents* on our roads. (3.6)
- **Radonova** saves people from lung cancer. Radon is an invisible, odourless and radioactive gas, which is a significant cause of lung cancer. It is generally not difficult to deal with when you can measure the radon levels. Radonova is the leader in Europe for radon measurement in homes, schools and at workplaces. (3.9)
- **Asept** with its aseptic dispensing solutions contributes to *reduced chemical use* in liquid foodstuffs. (3.9)

- Lagercrantz ensures that **everyone** in the Group is afforded the same opportunities to develop and the same mandate to take decisions, regardless of gender.

- Several of Lagercrantz's subsidiaries are actively working to promote renewable energy production through their products and solutions. **Elpress**, the cable companies (**EFC**, **Elfac**, **Kablageproduktion**), **Norwesco**, **Swedwire** contribute to helping energy companies *increase their share of renewable energy*. (7.2)
- **Vanpee Norway** and **Vanpee Denmark** provide intelligent and demand-controlled lighting control that deliver *great energy savings*. (7.3)
- The goal of our products and services is to help our customers in turn to become more efficient. For instance, **Asept's** dispensing solutions enable customers to *reduce their plastic consumption by 90%* and boost their efficiency as they can replace disposable packaging. (8.2, 12.5)
- Many of our products enable a **better working environment** for our customers, which promotes diversity. One example is **Elpress's** system for connectors that are ergonomically adapted and require less handle force. (8.5)

- Several of our companies have products and services for *promoting communication infrastructure*, including **Cue Dee**, **STV**, **Leteng**, **Direktronik**, **Enkom**, **COBS** and **ACTE Denmark**. (9.1, 9.C)
- **STV** enables *remote meetings*. (9.4)

- **Acte Denmark** sells Green Trough® recycled plastic cable ducts for railway applications, replacing the traditional concrete ducts. (12.2)
- **Swedwire** shall reduce its material waste by 20% per comparable volume through process improvements. (12.5)
- **Vendig** has conveyor components, which among other things, are important components in *recycling facilities around the Nordic countries*. (12.4)
- Reduced material waste by 20 – 25% per comparable volume in **VP metall's** production. (12.5)



Lagercrantz Group AB (publ)

Torsgatan 2

P.O. Box 3508

SE-103 69 Stockholm

Tel: +46 8 700 66 70

info@lagercrantz.com

www.lagercrantz.com