

SUSTAINABILITY REPORT 2020



Contents

Operations

About this Sustainability Report 3

A statement from our CEO..... 4

About BEIJER GROUP 6

Group strategy12

Our co-workers14

Sustainability strategy16

Statements from our Sustainability Managers18

Materiality analysis and stakeholder engagement 20

Sustainability risks21

Focus areas 23

GRI Index30

Goals, indicators and performance 32

The UN Global Compact 33

BEIJER GROUP's Westermo business entity develops products for green sectors like trains, rail infrastructure, traffic optimization and renewable energy. Westermo develops network equipment for customers including Swiss railway rolling stock manufacturer Stadler.



Beijer Electronics Group AB is the parent company of a Group that is organized into three business entities: Westermo, Beijer Electronics and Korenix. Beijer Electronics Group AB's head office is in Malmö, Sweden. The Beijer Electronics Group is referred to consistently as BEIJER GROUP in this Sustainability Report.

Sustainability work is vital for BEIJER GROUP

The purpose of this Sustainability Report is to communicate the sustainability work ongoing within BEIJER GROUP with our stakeholders transparently. We've been communicating our strategies, long-term goals and various activities in finance, the environment and corporate social responsibility consistent with our stakeholders' wishes since 2018.

Since the start, the long-term goal of the format of this Report has been compliance with the GRI framework.

We took further steps towards achieving this in the reporting year 2020. The aim of our next Sustainability Report (2021) is full consistency with the GRI framework.

In this year's Report, we converted our previous indicators into those consistent with the GRI framework's Top Specific Disclosures. We also added more General Disclosures on BEIJER GROUP this year.

If you have any questions, you're welcome to contact:

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CEO'S STATEMENT

Covid-19 impacted our work on sustainability in the year

BEIJER GROUP was impacted by the global spread of Covid-19 through 2020, and the Group's work on sustainability was no exception. In fact, the challenges were especially tough, as travel, customer visits and physical meetings were cancelled. This was largely countered by working from home, which overall, meant managers and individual staff members taking a lot of responsibility for adapting to this new situation optimally. I can conclude that our organization coped well with the challenges of the pandemic. Our people's efforts and skills were decisive in mitigating the effects of Covid-19 and economic crisis as far as possible.

BEIJER GROUP's overall strategy on sustainability is for its operations to contribute to sustainable development, and that sustainability work should be integrated into our business, generating practical results. Running our business responsibly is critical to the company's short and long-term success, while profitability and sustainable shareholder value stay in focus. Nor is there any direct contradiction between sustainability and profitability—in fact, in a longer perspective, they're interrelated.

We previously identified goals for sustainability that are especially relevant to BEIJER GROUP's business. These goals are Decent work and economic growth, Industry, innovation and infrastructure, Responsible consumption and production, and Sustainable cities and communities. We have also identified the Group's most material sustainability aspects for its operations, which meant intensification on various focuses. As far as possible considering Covid-19, this work continued in 2020.

One of our focuses is supplier assessment. However, we gained no new major suppliers in the year. Otherwise, our goal is that all new suppliers will undergo due diligence for CSR. In 2020, we conducted two audits in our Korenix business entity, and followed up

on the non-compliance emerging from audits conducted in 2019. Our hope is that we meet more suppliers once again in 2021, and continue our audits.

As a supplier, BEIJER GROUP is also assessed by its customers—many of them being major multinationals that also prioritize sustainability. It's worth highlighting that our products and services are often part of customers' solutions, which in turn, help create a more sustainable world. Notable examples include more efficient processes that reduce the consumption of energy and materials, solutions for water treatment and equipment for wind power and solar energy.

Evaluating our working environment is another focus. Obviously, the pandemic impacted our working environment, with a lot of our people working from home. While the challenges between countries and regions differs, one outcome is that our culture of trust and confidence in our people was strengthened. I'm also pleased to say that our follow-ups showed that there were no serious accidents at work in 2020. Nor did anyone experience situations of discrimination or harassment in the year.

BEIJER GROUP works preventatively to counter corruption in its business by applying transparency and clear monitoring. The Group's in-house management program includes training in anti-corruption, ethics and morals. Another 81 people took the training program in 2020. A total of over 95% of people with managerial responsibility have taken the program. The Group ensures that all staff have read, understood and accepted the Code of Conduct. In 2020, all co-workers received the Code of Conduct.

If a corruption-related issue arises, our instruction is that the case should be referred to senior management, and not remain at middle-management level. Support includes the creation of a

“ I can conclude that our organization coped well with the challenges of the pandemic. Our people's efforts and skills were decisive in mitigating the effects of Covid-19 and economic crisis as far as possible.



whistleblower procedure, which encourages co-workers or external parties to report all behavior suspected of breaching laws or our Code of Conduct. No cases were reported in 2020.

We previously concluded that the climate impact from the Group's products relates mainly to the usage phase and production of raw materials. Accordingly, for BEIJER GROUP, the main focus is on product design to reduce climate impact in the usage phase.

In material selection for our products, the Beijer Electronics business entity publishes Environmental Product Declarations (EPDs) for all products developed in-house. Westermo started publishing EPDs in 2020, and Korenix's ambition is to publish them in 2021.

At the same time as the psychosocial working environment is one focus of the Group's work on sustainability, I would like to emphasize that conduct that really promotes long-term sustainability is a matter of individual responsibility. BEIJER GROUP should have a culture featuring good ethics, morals and integrity. We have a decentralized structure with relationships built on trust, initiative and skills. We combine this with the relevant monitoring and control systems. Obviously, the message from the company is that we will comply with laws, regulations and internal guidelines. If there is any breach, transparency and clear consequences that are legally appropriate are vital. Individual responsibility with freedom—this is how we'll get even better at sustainability, without compromising individual creativity.

Per Samuelsson
President & CEO

THIS IS BEIJER GROUP

BEIJER GROUP is a technology group that delivers advanced digital solutions for secure machine-machine and human-machine control, monitoring and communication in harsh environments, where reliability and high quality are critical factors.

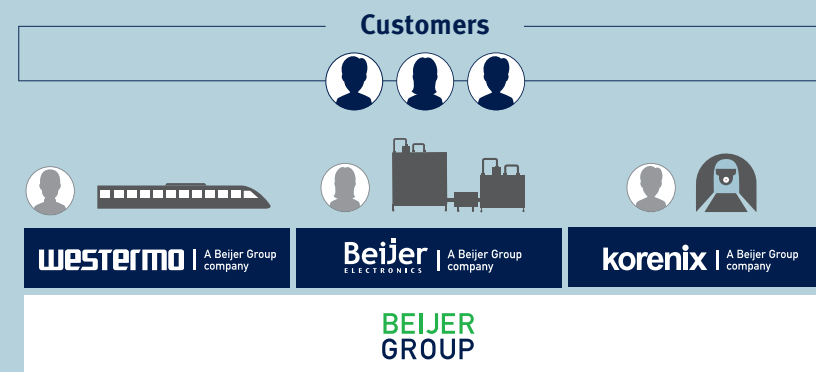
BEIJER GROUP has a strong presence on expansive markets and segments featuring digitalization. Its offering consists of proprietary, and mainly newly developed, products, which help create good future prospects and great potential for high and profitable growth.

With digitalization as its primary underlying driver, the Group is growing organically with investments in infrastructure, transportation and energy, for example. The need for the more resource-efficient control and optimization of processes for better sustainability is another contributor to its growing business. BEIJER GROUP's revenue model is founded on close partnerships with customers on long-term development projects. Finished products,

which integrate hardware and software, are built into customers' complete solutions, with life cycles up towards ten years. This generates repeat and stable revenues for the long term. Future software updates also present an opportunity to expand our business.

BEIJER GROUP's philosophy is founded on pronounced decentralization. Independent business entities operating as profit centers are managed with clear values and centralized monitoring. A strong and positive corporate culture facilitates hiring and retaining staff with the specialist technology skills necessary to future-proof product development.

BEIJER GROUP consists of three independent and complementary business entities in industrial digital technology: Westermo, Beijer Electronics and Korenix. Beijer Electronics Group is referred to consistently as BEIJER GROUP in this Sustainability Report.

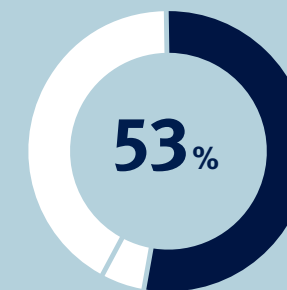


790 co-workers at year-end

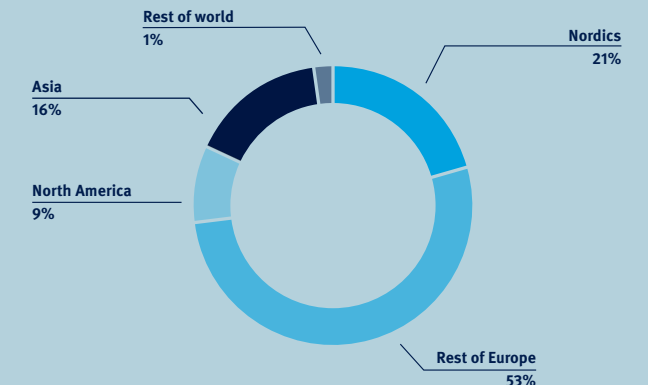
BEIJER GROUP operates globally, with products worldwide. The Group develops, manufactures and sells products and services with high technology content in segments where the common denominator is hardware and software for harsh environments.

Westermo

Share of Group sales

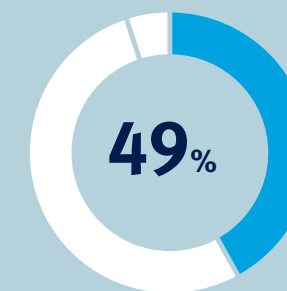


Customers by geographical market

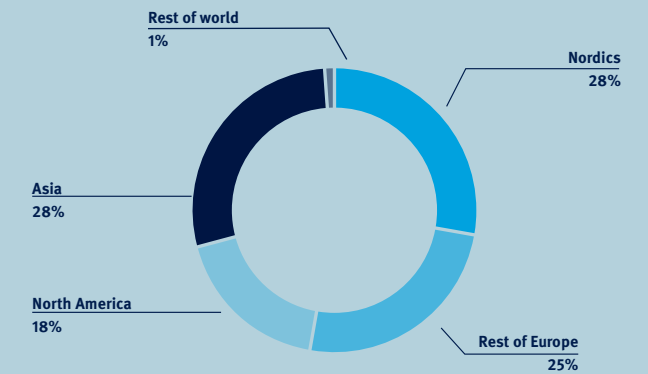


Beijer Electronics

Share of Group sales

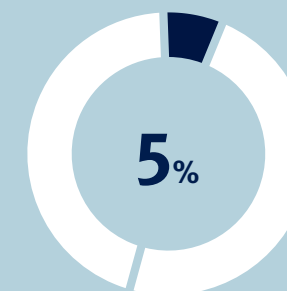


Customers by geographical market

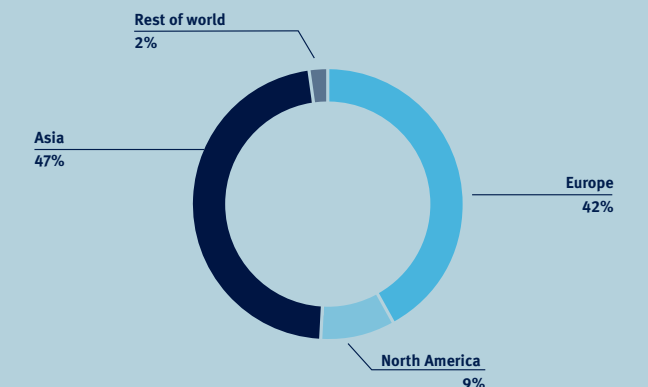


Korenix

Share of Group sales



Customers by geographical market



In contact with our markets

Since its inception back in 1981, BEIJER GROUP has grown from being a localized technology enterprise in Sweden into a multinational group with operations on leading markets worldwide. Our ambition is to be a flexible partner for the Group's customers on any market, providing the local support and services they need.



Sales offices

BEIJER GROUP has its own sales and support business spanning 18 countries. Operations are supplemented by sector-specific sales teams that operate across the whole international arena. Local support, servicing and closeness to customers are key cornerstones of our business model.



Production and development

The Group's development centers are in Malmö and Västerås, Sweden, as well as Nürtingen in Germany, Taipei in Taiwan, Bubikon in Switzerland and Dublin in Ireland. Our manufacturing facilities are located in Stora Sundby in Sweden, Taipei in Taiwan, Bubikon in Switzerland, and Dublin in Ireland.

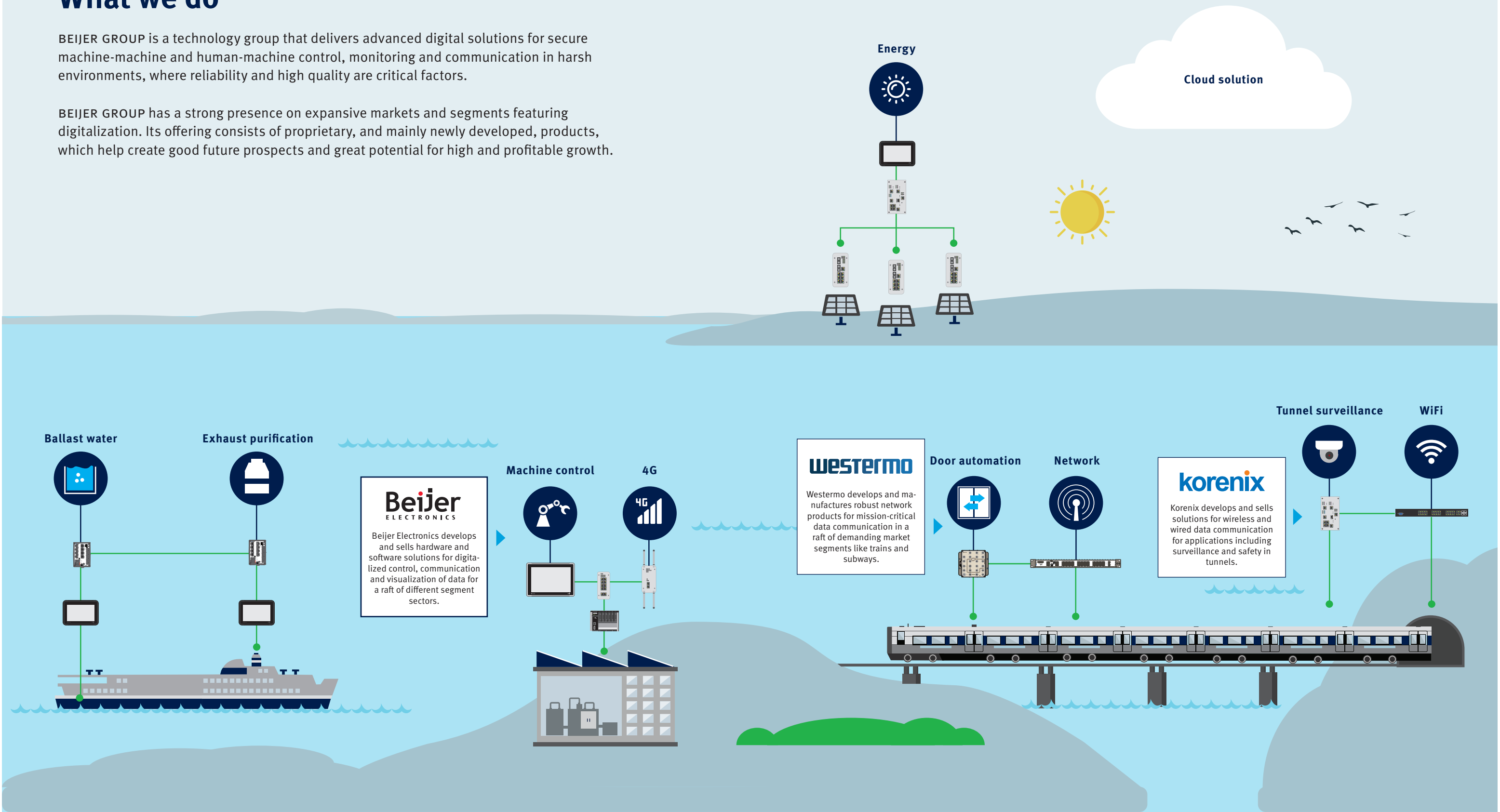
Distributors

BEIJER GROUP's in-house sales resources are supplemented by a network of carefully selected distributors in some 60 countries. These distributors are skilled technology enterprises that market and sell the Group's solutions and broad product portfolio on each market. Over and above sales, distributors offer local servicing and support.

What we do

BEIJER GROUP is a technology group that delivers advanced digital solutions for secure machine-machine and human-machine control, monitoring and communication in harsh environments, where reliability and high quality are critical factors.

BEIJER GROUP has a strong presence on expansive markets and segments featuring digitalization. Its offering consists of proprietary, and mainly newly developed, products, which help create good future prospects and great potential for high and profitable growth.



A leader in products for a secure, connected world

The technology group BEIJER GROUP operates through independent business entities that are profit centers. These business entities develop, manufacture and sell products and services with high technology content in segments where the common denominator is hardware and software for harsh environments. The parent company finances operations and adds value through a collective corporate culture, leadership and strategic direction, as well as working actively on screening and executing complementary acquisitions, as well as acquisitions of new, independent business entities.



An accountable team player focused on business

BEIJER GROUP's values proceed from the concepts of accountability, customer focus and respect. We expect our managers and staff to be accountable, make an active contribution to solving problems, and to see opportunities. Clear business and customer focus drive efficient development work, whose outcomes should enable the shortest possible repayment times. This means we allow testing, re-testing and learning new lessons. Respect for different cultures and diversity is everything in a Group with multiple nationalities, and even more personalities. What counts is individual performances by team players capable of building teams.

In recent years, the Group has been working actively on developing a collective corporate culture, and putting a lot of energy into hiring managers that make a positive contribution to it. When screening potential acquisitions, we consider corporate culture and values carefully.

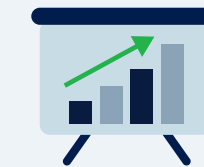
Strategy for profitable growth

BEIJER GROUP's overarching strategy is to generate profitable growth by developing and acquiring companies with high digital technology skills and strong positioning on growth markets. BEIJER GROUP's different holdings should have the capability to achieve minimum yearly growth of 10%, and the potential to achieve an EBIT margin of 15%. To achieve its targets, BEIJER GROUP manages its business entities by applying Group-wide strategies and a strong collective corporate culture.



Decisions close to the customer with decentralized decision-making

Each business entity has substantial independent responsibility for its business. The best business decisions are taken close to the customer by managers and staff familiar with the market's wants and needs. The foundation is a process where the goals, strategies and business plans of each business entity are decided, monitored and adapted in dialogue with Group Management.



Growth target achieved through organic and acquisition-led growth

Organic growth is generated by focusing on expansive segments and customers, effective sales processes, and developing new products. The parent company brings its experience through continuous management through financing and support on major investments, for example. Acquisitions are technology enterprises that both complement current holdings, and bring new business entities.



High degree of repetitive revenues creates stability over time

BEIJER GROUP's revenue model builds on close partnerships with customers on long-term development projects. Finished products are part of customers' complete solutions, resulting in long lifecycles. This generates repeat, stable revenues for long periods, without significant extra sales efforts.

Culture and values closely aligned to the Group's strategy



Average number of employees

	2020	of which men, %	of which women, %
Parent company			
Sweden	13	81	19
Total, parent company	13	81	19
Subsidiaries			
Australia	7	71	29
Denmark	3	67	33
France	11	81	19
Ireland	38	78	22
China	37	63	37
Norway	12	100	0
Switzerland	25	86	14
Singapore	5	60	40
UK	18	86	14
Sweden	276	80	20
South Korea	4	75	25
Taiwan	254	45	55
Turkey	17	65	35
Germany	31	79	21
US	39	74	26
Total, subsidiaries	777	68	32
Group total	790	68	32



Geographical division of sales

SEK 000	2020	2019
Sweden	193,761	227,624
Norway	65,092	72,678
Denmark	27,495	35,937
Finland	45,129	42,462
Nordics	331,477	378,701
Germany	93,474	108,563
UK	101,728	116,617
France	122,472	84,522
Turkey	31,460	28,924
Rest of Europe	229,404	250,975
Total, Europe (incl. Nordics)	910,015	968,302
US	168,414	262,620
China	102,995	124,321
Taiwan	83,847	58,614
Rest of Asia	145,852	108,648
Rest of world	26,624	36,194
Total	1,437,747	1,558,699

Sustainability strategy

Sustainability means creating long-term solutions from economic, environmental and social perspectives, and increasing these values through business processes.

Apart from assuming responsibility and creating value for wider society, as well as protecting future generations, sustainability work also brings greater competitive advantages to BEIJER GROUP. Well-executed, integrated sustainability work also contributes to better administration and good control of the Group's products and services. This results in more satisfied customers, committed co-workers and increased profitability.

Our sustainability work is based on documentation including a Code of Conduct, which is approved each year by the Board of Directors. It states guidelines on business ethics, countering corruption, the environment, human rights and data transparency.

BEIJER GROUP takes preventative measures to protect people and the environment wherever possible. Through regulations like REACH or RoHS, BEIJER GROUP ensures that no product contains prohibited or hazardous compounds that affect the customer.



Strategy

Operations should contribute to sustainable development, and sustainability work should be integrated into operations and generate practical results. This work should feature throughout business including ownership, management, developing products and services portfolios, customer relationships, co-workers and finance. Conducting operations responsibly is essential to the company's short and long-term success, while focusing on profitability and long-term shareholder value. Actions should feature high skills levels, good business morals and accountability.



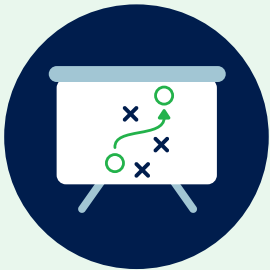
Standpoint on climate change and planetary boundaries

BEIJER GROUP accepts the scientific evidence that human activity presents major risks for future generations. Accordingly, to make its contribution to the global agenda, BEIJER GROUP will control and clarify goals for operations consistent with the UN's Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

BEIJER GROUP will future-proof its product and service portfolio by making its manufacturing energy efficient, adopting a life cycle perspective in investments, taking responsibility for natural resources and biological diversity, increasing the share of renewable energy, and adapting its operations to climate change. BEIJER GROUP will engage in customers' and regulators' climate plans and policies.

Vision

BEIJER GROUP's sustainability work should be an integrated and natural part of its operations, and its work should promote profitable and sustainable development.



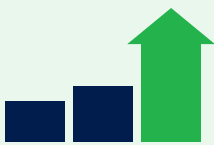
Commitment

IN 2017 BEIJER GROUP's Group Management adopted the following overarching and strategic commitments that set a framework for managing operations in accordance with its sustainability strategy. Management appointed three sustainability coordinators in 2018, to ensure that the Group's three business entities take actions that realize these commitments, and follow up on the sustainability goals that the Group has formulated.

At an overall level, BEIJER GROUP intends to manage operations consistent with the UN's SDGs. This means the Group connecting its business model and strategy to the global SDGs more clearly.

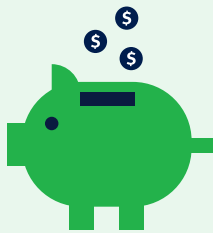
The following Goals have been identified as especially relevant to operations. Goal 8; Decent work and economic growth. Goal 9; Industry, innovation and infrastructure. Goal 12; Responsible consumption and production. Goal 16; Peace, justice and strong institutions.

Development work will be conducted in 2021 to clarify the connection between BEIJER GROUP's business model and the sustainability goals, and to identify ways to measure and follow up on the Goals combined with the GRI Standards reporting framework.



Overall

- Govern operations consistent with UN Sustainable Development Goals.
- Comply with BEIJER GROUP's Code of Conduct, which is based on the UN Global Compact. All the Group's co-workers and collaborative partners should understand and comply with the Group's Code of Conduct.
- Continuously increase knowledge of sustainability through training and communication of sustainability issues.
- Regularly follow up, report and improve sustainability work.



Economic sustainability

- Maintain long-term sustainable economic growth of cash flows.
- Create business models for interaction in sustainable investments.
- Maintain low financial and operational risk for healthy value growth and create scope for paying dividends to shareholders.



Environmental sustainability

- Responsibly and efficiently utilize natural resources to avoid jeopardizing planetary boundaries, thus our climate, and future generations' possibilities in a finite world.
- Build and manage with a life cycle philosophy and promote circular models.
- Contribute to greater biological diversity and limit the usage and propagation of environmentally hazardous products.
- Create the potential for responsible waste management by minimizing waste, preventing contamination and viewing waste as a resource for reuse and recycling.



Social sustainability

- Provide a secure and healthy environment for co-workers and other people in and around the Group's premises.
- Create an equal opportunities organization with diversity that reflects the make-up of society.
- Contribute to employment and youth opportunities to enter the labor market.
- Engage in issues of significance to social progress.
- Highlight and change discriminatory structures within the organization.
- Be an attractive employer and attract the best and most professional co-workers.



An unusual year

2020 was a challenging year for our business, our customers and co-workers worldwide. Covid-19 impacted people and the environment in different ways.

For many of our people, not meeting colleagues as before has been difficult. Technology has enabled us to interact digitally, but the absence of physical presence has been, and remains, substantial.

To some extent, our customers have been compelled to show restraint, investing less because of Covid-19, which has reduced BEIJER GROUP's revenue.

Because of Covid-19, global air travel has dropped drastically, and commuting by car has also reduced, both of which should have a temporary positive impact on the environment and climate in terms of greenhouse gases, exhaust emissions, and lower noise levels.

Because many people work from home, aren't eating out as much as before, and buying more takeaways, there's a big risk that we've increased our usage of disposable plastics, which will have a negative environmental impact.

What lessons can we learn from the pandemic, and the impact it's had on the environment and people? In a year when the pandemic has forced some of us to work from home, our managers have shouldered a big responsibility. In this period, it has been, and remains, important to monitor the well-being of each of our colleagues. In a comparison, our co-workers in Taiwan were less affected by the pandemic, because the country led the world in arresting it effectively. Consequently, our colleagues in Taiwan could engage in collective activities like beach clean-ups and more commuting by public transport.

In our Westermo business entity, we worked on ISO 14001 certification. Westermo has a structured approach to working on environmental issues. Otherwise, we've been working on reducing electricity consumption by swapping from traditional to LED lighting, ensuring that our premises are neither too hot or cold, and reducing our consumption of natural resources. In the year, we also worked on training and informing about the environment and corporate social responsibility.

Since the start, BEIJER GROUP's intention has been to format its reporting in accordance with the GRI framework, and we've taken further steps towards this. The goal is that our year-2021 Report will be compliant with GRI. In this year's Report, BEIJER GROUP has done its best to convert previous indicators for consistency with GRI. However, how we evaluate monitoring and limit values isn't available for some indicators.

We've also added more General Disclosure information relating to the Company in this Report, pursuant to GRI.

BEIJER GROUP is committed to, and wants to maintain, a high level of integrity. We're working continuously to improve social, ethical, safety and environmental conditions at all levels of the Group.



Global Quality & Environmental Manager
CSR Group Manager



“ We can't predict what's going to happen in the future, but we can learn from history and take the best possible actions to create an environment on our planet where we breathe the same air, enjoy nature, meet and lead economically viable lives together.

Fredrik Persson
Global Quality & Environmental Manager
CSR Group Manager



“ Korenix's success is inextricably linked to social responsibility. Korenix is striving towards the sustainable consumption of natural resources, and protecting the natural environment. We want to enable, and contribute to, social progress.

Andrew Chen
Korenix's Sustainability Manager



“ Building on energy-efficient network solutions, our products lay the foundation for connected, energy-efficient solutions in the train sector and power distribution. Clear sustainability goals create the conditions for the survival of our planet, and maintain our attractions as an employer, which enabled us to gain ISO 14001 environmental certification.

Oscar Eklundh
Westermo's Sustainability Manager

Materiality analysis

BEIJER GROUP conducted an extensive materiality analysis in 2017 to identify and prioritize the most important sustainability aspects for the Group’s operations. BEIJER GROUP conducted a small-scale internal verification of its research in 2020, based on continuous dialogue with its stakeholders. Its outcomes identified the energy and climate segment as material. BEIJER GROUP intends to conduct a more extensive materiality analysis in 2021.

Evaluation of aspects

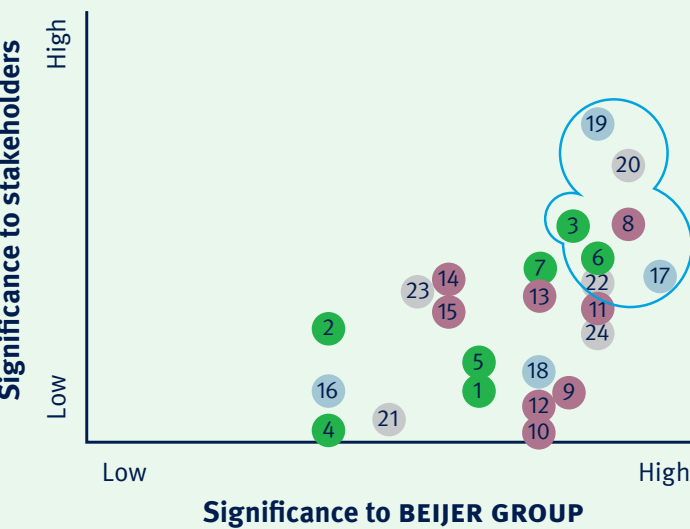


Diagram key

Environmental responsibility	
1	Business travel
2	Commuting
3	Energy saving at offices, e.g. LED lighting
4	Procurement of products, e.g. office furniture and company vehicles
5	Environmental management systems
6	Material selection in products
7	Environmental impact of goods transport
Responsibility for co-workers	
8	Psychosocial working environment (e.g. stress, team spirit, work against harassment and bullying, work-life balance)
9	Physical working environment (e.g. ergonomics, premises, equipment, safety)
10	Gender equality
11	Diversity (e.g. differing ethnic backgrounds, ages)
12	Fair pay levels between genders
13	Fair working conditions (e.g. working hours, employment contracts, vacation days, benefits)
14	Skills management for performing duties
15	Increased awareness of sustainable development (e.g. through training)

Social responsibility	
16	Impact on local community
17	Anti-corruption
18	Human rights
19	Evaluation of suppliers (in terms of human rights, working conditions, anti-corruption and impact on local community)
Economic responsibility	
20	Long-term profitability
21	Communication of the company’s sustainability performance
22	Innovation and new ideas (business development)
23	Future skills succession, e.g. managing projects to promote interest in the engineering profession among senior high school students
24	Develop the company’s service portfolio in terms of sustainability

Sustainability risks

BEIJER GROUP designs, develops and delivers hardware and software. The Group has stringent quality and delivery reliability standards. This creates risks related to our co-workers, their health and social conditions in the value chain, as well as risks associated with the climate crisis.

The most material sustainability risks identified in our business are:

- 1

Climate change
- 2

Conflict minerals
- 3

The psychosocial working environment of our co-workers
- 4

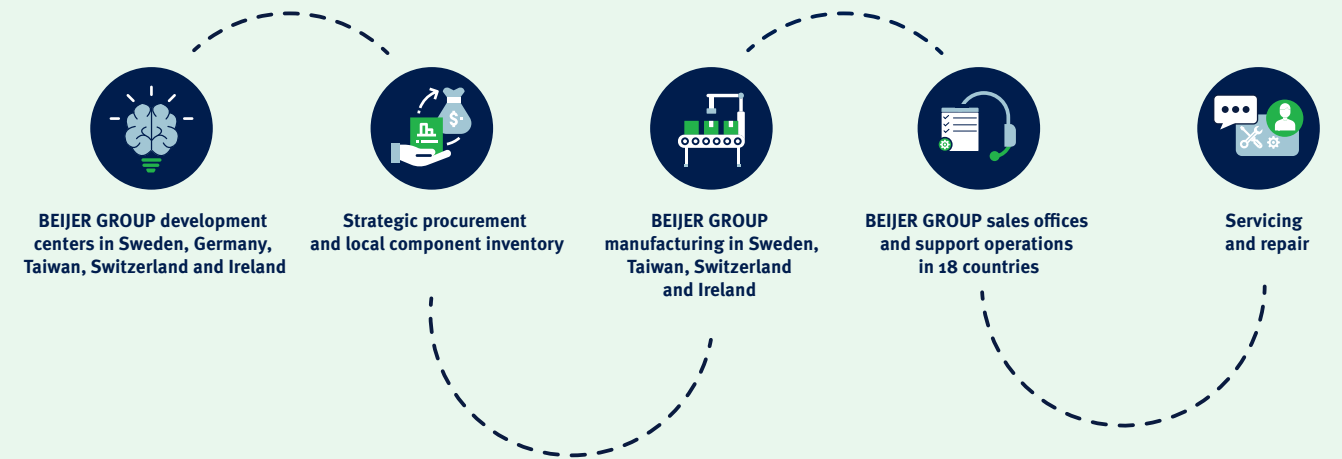
Corruption

For conflict minerals, the major risks relate to human rights, and the Group’s ambition is to ensure the usage of conflict-free minerals Group wide. Corruption is another segment that may present a risk to the company that is prevented through education. The working environment can present a risk associated with work-related injuries and stress. Climate change is another risk that can impact the Group and its suppliers. The major risks primarily consist of flooding, fire and extreme weather, mainly with suppliers. This may also impact the price of raw materials, and the supply of materials.

BEIJER GROUP does not consider sustainability risks significant to the Group’s results of operations. This is because of a systematic approach of continuous improvement, with work on compliance with internal guidelines being a significant part of risk management work.



Each focus area in depth and its implications for the Group



Evaluating suppliers

BEIJER GROUP has hundreds of suppliers. Before signing contracts with new suppliers, they have to undertake to comply with the social and environmental standards that the Group has formulated in its Code of Conduct. Its ambition is to progressively downsize its supplier base and secure stronger relationships with individual suppliers, thus gaining more influence and better control. This structural transition will also improve the potential to monitor compliance with social and environmental standards. The Beijer Electronics and Korenix business entities have started a partnership to use a collective supplier base, which will improve overview and enable consistent reporting of all suppliers.

BEIJER GROUP's procedures involve key suppliers being visited and evaluated each year, according to a dedicated schedule. The segments reviewed and quality-assured are compliance with the Code of Conduct, health & safety policy and anti-corruption policy. Other important suppliers not subject to yearly review are visited every second year.

The Beijer Electronics business entity has taken a leading role in the Group's supplier assessments.

Two audits were conducted by Korenix in 2020, but no new supplier audits, because this was prevented by the Covid-19 pandemic. In 2020, Beijer Electronics did not conduct any full audits, but has followed up on the non-compliance emerging from audits conducted in 2019. The hope is to meet more suppliers again in 2021 and continue audits. Non-compliance emerging from these audits may have contractual or commercial consequences for suppliers, unless the non-compliance is rectified by the stipulated deadline.

BEIJER GROUP requires all its suppliers to report their compliance with REACH and RoHS, and how they deal with conflict minerals and social compliance. The Group's strategic procurement function bears the main responsibility for ensuring that each new supplier is assessed, and dealing with outcomes. BEIJER GROUP did not gain any new suppliers in 2020. The goal is for 100% of all new suppliers to undergo due diligence for corporate social responsibility.



Long-term profitability

A profitable business is essential to long-term survival in a global and competitive world. The Group's capability to offer solutions, products and services that customers really demand and need is fundamental. In a technology-intensive company like BEIJER GROUP, this sets challenging demands on prioritizing. A profitable company can also attract more skilled people. The Group's sales decreased in 2020 due to the effects of Covid-19, which in turn, impacted EBIT, which was 31 MSEK excluding restructuring expenses.

Working environment

Creating a workplace with a healthy environment mentally and physically is not only desirable from an individual perspective but also decisive to a successful business operation. A company needs to attend to the physical, organizational and cultural aspects of a workplace so people enjoy their jobs and perform at work. It also needs to prevent the risk of negative stress, discrimination, threat and violence. This is the reason for the psychosocial working environment being one of the most critical aspects of the Group's sustainability work. 2020 was an unusual year because of the Corona pandemic, which has also impacted the working environment. The challenges differed between countries and regions.

One of the outcomes of working environment efforts was that in Utah, US, Beijer Electronics was recognized as one of the best workplaces. From a base of over 1,300 employers, Beijer Electronics secured eleventh place among small enterprises, and first place for culture. Beijer Electronics gained its first place for the feedback on its employee satisfaction survey, recognizing diversity, participation, work-life balance and workplace culture.

Regular assessments of individual co-workers and managers are necessary and important for managing and improving the psychosocial working environment. Assessments are conducted Group wide.

High ratings on the working environment

The Group bases its work promoting a good working environment on the employee satisfaction survey conducted Group wide in 2019. The segments highlighted in the survey dealt with the following areas: corporate culture, leadership, respect and support, discrimination, work-life balance, developmental opportunities and harassment. The results of the survey demonstrated that co-workers have a generally positive perception of their working situations and workplaces, with especially high ratings for zero tolerance of discrimination and harassment, and encouragement to achieve a healthy work-life balance. But there is also room for improvement. Management has especially identified the need for actions to improve effective leadership, more clearly reveal co-workers' developmental opportunities and highlight general awareness of co-workers' mutual respect and support.

The employee satisfaction survey also offers an opportunity to capture any incidents of discrimination or harassment. In addition to the survey, co-workers can report shortcomings to first-line managers or direct to HR. The Group works systematically in this segment through its whistleblower policy, communicated as part of its Code of Conduct. The Group also arranges various sessions to discuss and deal with harassment, discrimination etc. as part of leadership, one example being work on the principles governing setting salary levels. No identified situations of discrimination and harassment were experienced in 2020.

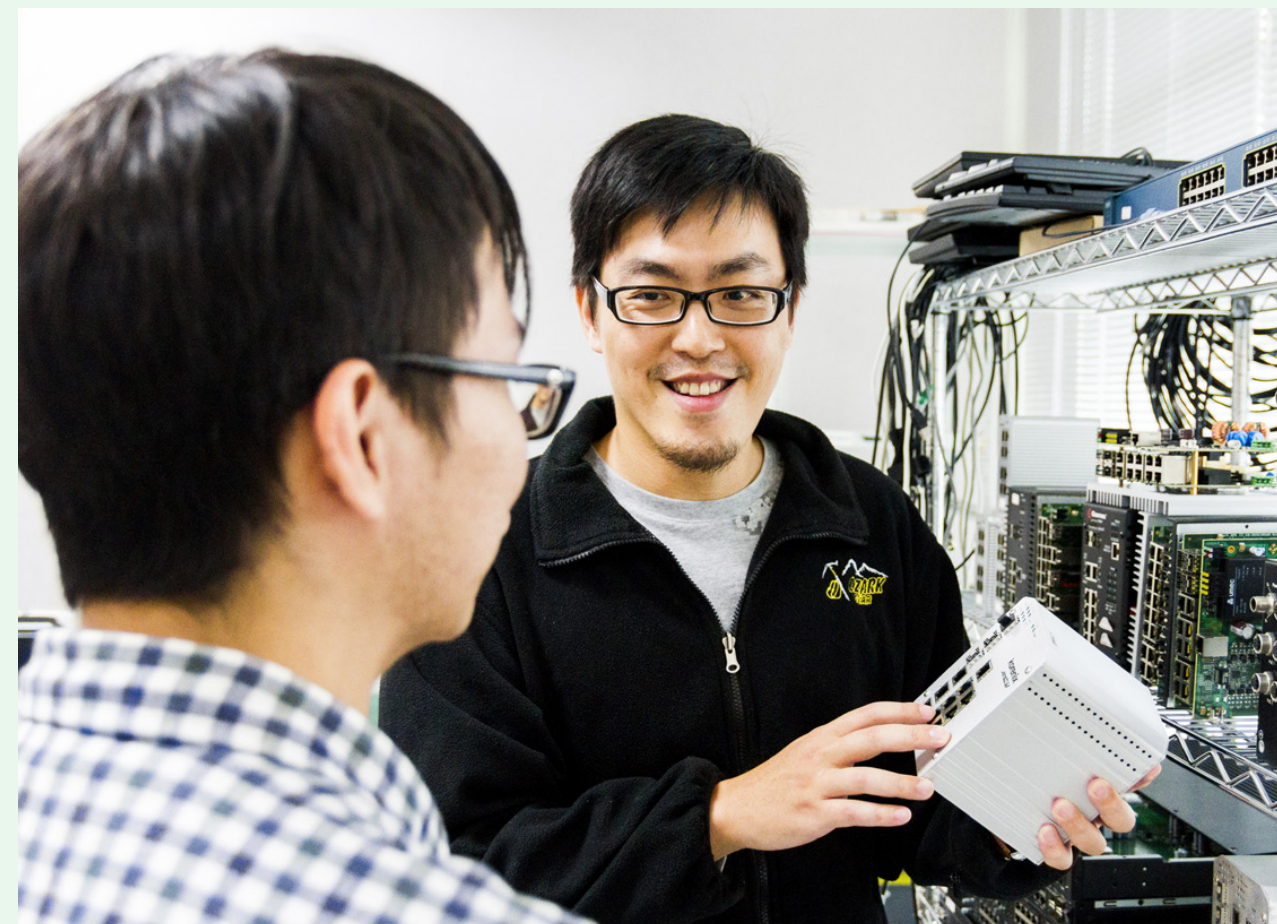
BEIJER GROUP offers co-workers various training packages and programs to develop their competence and skills. Examples of segments where co-workers gained training are the working environment, climate and protecting the oceans.



BEIJER GROUP has a Working Environment Policy it applies internally, and to the Group's suppliers. The Group evaluates and identifies work-related risks linked to workplaces and staff. This is conducted regularly through a risk management process in each function. Outcomes are evaluated to enable continuous improvement of the working environment through a health & safety representative or union/co-worker following up and preparing an action list for identified risks. If a co-worker is exposed to a situation considered risky, they should leave the location and report it to their line manager.

There were no serious work-related injuries or work-related fatalities involving staff or consultants in 2020. No work-related injuries were reported in 2020. Accordingly, the frequency of work-related fatalities, serious work-related injuries and other work-related injuries is 0. If accidents occur in the workplace they should be evaluated by the designated local manager in consultation with the relevant health & safety representative, as well as HR. Then action should be taken to avoid repeating the accident. To eliminate and minimize risks, BEIJER GROUP works continuously on improving its working methods and safety procedures. If this is not possible, further safety equipment is provided.

BEIJER GROUP is also working on a new concept created in 2019—Green Office— involving teamwork between the Group's co-workers to attain sustainable procurement, energy saving and recycling. This includes continuous feedback reporting of actions and adaptations, with their positive effects, based on clear disclosures.



Anti-corruption

BEIJER GROUP works preventatively to counter corruption in its business by applying transparency and clear monitoring. The Group's in-house management program includes training in anti-corruption, ethics and morals. The program is mandatory for all management staff. Another 81 people with managerial responsibility, i.e. 95%, took the training program in 2020. No co-workers took any formal training. Instead, all co-workers received information communicated via the Intranet and the Group's Teams channels. The Group ensures that all staff have read, understood and accepted the Code of Conduct. The program is a strong preventative measure against the risk of corruption. The induction program for new staff will continue through the coming years and all new staff must read and accept the Code of Conduct as part of their induction process in the workplace. In 2020, 100% of managers and co-workers received the Code of Conduct.

Suppliers are requested to confirm that they comply with the UN's ten principles in writing. For the Beijer Electronics business entity, this was sent to, and approved by, 96% of key suppliers (55 suppliers).

If a corruption-related issue arises, senior management should be informed and act. A whistleblower procedure has been implemented, encouraging co-workers or external parties to report any conduct perceived as conflicting with legislation or our Code of Conduct. No cases were reported in 2020.

Energy and climate

BEIJER GROUP agrees that global warming must be limited in accordance with the UN Paris Agreement. BEIJER GROUP’s opinion is that with innovation and collaboration between parties, this is not merely possible, but also necessary to maintain positive financial performance. Many commentators believe that immediate and bold measures must be taken more widely in society to avoid a catastrophic effect on society and global eco-systems. The good news is that such actions are not only appropriate according to the Intergovernmental Panel on Climate Change (IPCC), but also the most cost effective for the global economy compared to the alternative—not doing anything. To be part of the global transition to a low-CO₂ economy, BEIJER GROUP will ensure that the Group’s products and services are designed and produced more energy efficiently, and by employing renewable energy. The Group will also continue to engage in customers’ and legislators’ climate plans and guidelines.

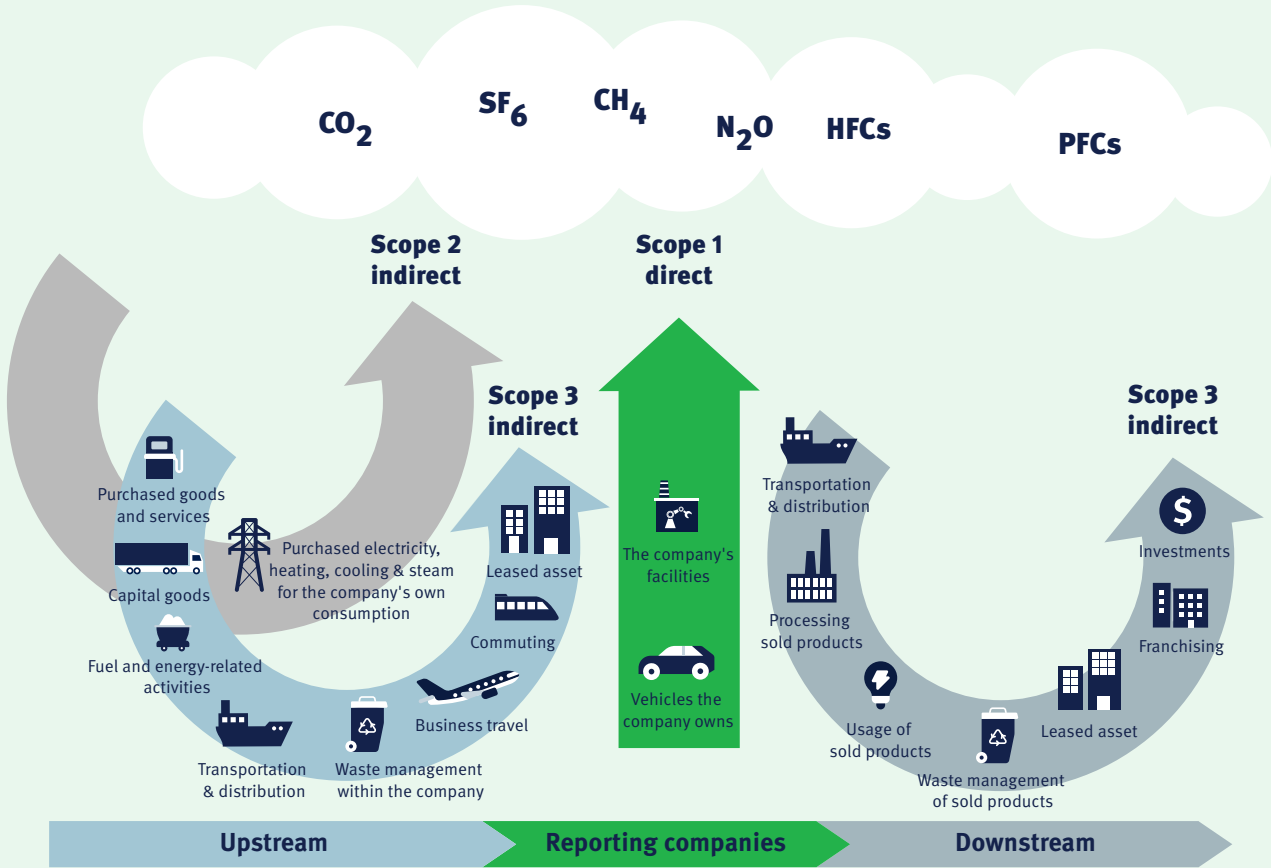
Product design has climate impact

To improve understanding of the climate impact of its products, the Group has conducted a life cycle analysis of the three business entities’ best-selling products. As the graphs indicate, it is the usage phase and manufacture of raw materials that represent most of product climate impact. Transportation also exerts some

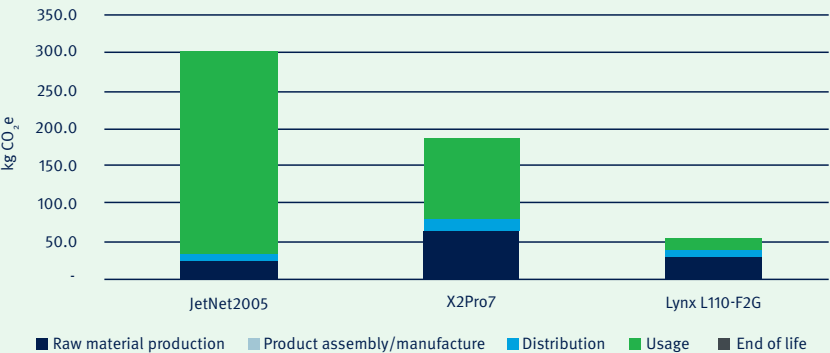
climate impact. Assembly of products and manufacture of products, as well as end of life, have negligible climate impact.

Based on the outcomes of this analysis, the conclusion is that design is highly significant to optimal energy efficiency and built-in useful life quality to reduce climate impact through the usage phase. The climate impacts arising on extracting raw materials presents a challenge to BEIJER GROUP, but there is potential to reduce this impact by selecting renewable materials. There is also some potential in optimizing the consumption of resources in the Group’s own production processes, and in product design so they require fewer raw materials and use components with less climate impact.

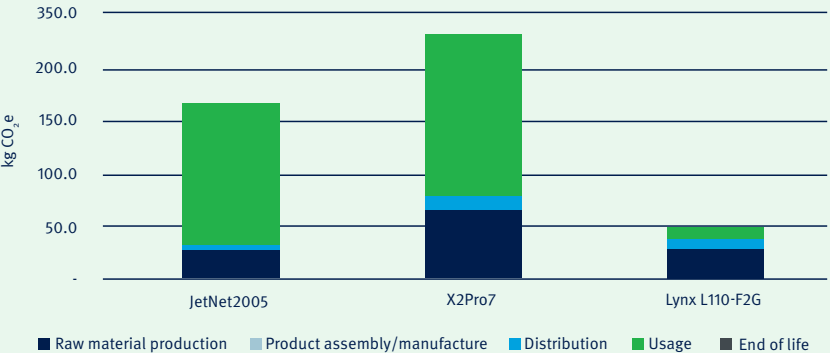
Apart from life cycle analysis, BEIJER GROUP has compiled the direct GHG emissions related to its production in 2020. This compilation was compliant with the GHG protocol. Emissions are reported as CO₂ equivalents, which include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Proceeding from these computations, BEIJER GROUP is planning its future actions to reduce climate impact. The total direct emissions (Scope 1) were 34.57 tons of CO₂ equivalents in 2020. These emissions were from the Group’s company vehicles exclusively.



Climate impact of the three products



Climate impact of the three products, ten-year useful life



As the two diagrams illustrate, the climate impact of the same products has differing profiles depending on whether analyzed for their complete expected life cycles, or only the first ten years. This is because emissions from electrical power are added to total emissions when life cycles are longer than ten years. It is also feasible that products with longer life cycles do not need replacing as often, which reduces the need for resources and emissions from new products, providing energy efficiency is comparable.

The Group will be continuously evaluating more environmental ways to transport its products. As the volume of physical products is small, air transport is often the only possible choice to satisfy customers’ lead-times and availability requirements. The Group uses a setup of regional distribution centers to optimize shipments to all its customers. Korenix created a European distribution hub in Malmö, Sweden in 2020, which drastically reduced air freight deliveries, because shipments are now consolidated at the Malmö distribution center for onward shipping to end-customers across Europe by road. Activities focused on optimizing flows to achieve efficiency and environmental benefits are ongoing. The Group supports the introduction of renewable fuels and rapid expansion of cost-efficient transport technologies with low CO₂ emissions.

Korenix has implemented new technology in its range that consumes less energy than other products, and helps consumers save energy. Korenix has also implemented various policies at its offices to ensure reduced environmental impact, one example being the company installing a monitor in its entrance enabling co-workers to track energy consumption, which will motivate them to reduce it.

The Westermo business entity obtained ISO 14001 certification in 2020. Its focuses in the year were indirect climate environmental impact, water, chemicals, procurement, waste management,

travel and transportation, real estate and energy consumption, and crisis planning. In the year, Westermo exchanged the oil boiler at its Swedish plant for heat pumps, which helped reduce its CO₂ emissions.

Key facts

The conventional way to measure the company’s greenhouse gas emissions (consistent with the GHG protocol), divides emissions into three parts:

Scope 1, which are direct emissions from the company’s own facilities;

Scope 2, which are emissions from purchased electricity and heating;

Scope 3, which are emissions through the company’s value chain.

Scope 1 are what many people intuitively view as a company’s emissions, while Scope 2 and 3 are more abstract. Scope 3 includes emissions from the company’s suppliers, and from the emissions the company’s products give rise to when customers use them.



Material selection in products

The Group's products are designed and manufactured to maintain good quality and have long useful lives, often in harsh environments. Products normally comprise several hundred components, which when combined, can be a composite of thousands of different natural and synthetic materials.

Material selection is decisive for manufacturing quality products that satisfy customer demand. All the Group's products are compliant with EU REACH and RoHS regulations that ensure that no products contain prohibited compounds, and comply with legislated threshold values.

The Beijer Electronics business entity publishes EPDs for all products developed in-house. Ten product families have these declarations at present. EPDs for obsolete products have been published since 2008, and specify materials content, packaging materials, recycling instructions for components and packaging, and instructions on how to reduce environmental impact during the usage phase.

In 2021, the Westermo business entity will continue publishing EPDs consistent with its environmental goals, and although the Korenix business entity does not yet publish EPDs, its ambition is to do so in 2021.

BEIJER GROUP will be reviewing its potential to use more recycled material in its products in 2021, with aluminum being the first to

come under consideration. At present, 5% of constituent materials of products are recycled materials.

Conflict minerals

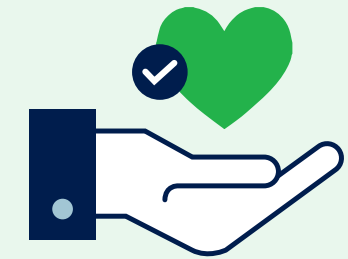
Preventing the usage of conflict minerals in the Group's products is a business priority because neither BEIJER GROUP nor its customers want to contribute to the human rights breaches involved in the extraction of these minerals. BEIJER GROUP is part of a large and complex supply chain, which means a substantial workload to determine the origin of the constituent minerals in its products. This is because the major smelting plants combine minerals of different origins. To prevent the usage of conflict minerals, the Group collaborates with key suppliers to create standardized and documented traceability right the way back to smelting plants. All smelting plants considered part of the supply chain are assessed in an external system, which specifies the risk of containing conflict minerals. If products contain minerals from a high-risk smelting plant, actions are taken compliant with the Responsible Minerals Initiative, so that the supply chain eliminates deliveries from high-risk smelting plants. The Group's ambition is to use conflict-free minerals end to end in its supply chain and comply with US SEC (Securities & Exchange Commission) regulations and ordinances on conflict minerals.

Innovation and new ideas

BEIJER GROUP continuously develops innovative solutions and products to safeguard its competitiveness in a sector where software and hardware are evolving rapidly. The resources it assigns to innovation and development are not just critical investments for the Group's long-term survival, but also enable it to find new ways to reduce the climate impact of products.

BEIJER GROUP spent about 189 MSEK (181) on product development in 2020, or 13.1% (11.6) of sales. BEIJER GROUP considers the scale of product development to be reasonable in the context of the Group's ambitions. However, the percentage may vary from year to year depending on specific projects or activities. As evidence of the significant adjustment that has been made in recent years, some two-thirds of sales in 2021 will be from new products developed in the last 3-4 years. The Group is growth oriented, and its share of product development expenditure is expected to decrease somewhat over time as a result of rising sales.

Product development has to be structured, managed and systematic, but simultaneously flexible to offer scope for our people's new ideas and creativity. Development teams interacting in close dialog with customers, ensuring that development is from the customer's perspective and needs, is a critical success factor.



Community and social engagement

With its Green Office strategy, the Group is also active in the community, raising awareness of sustainable lifestyles, and in actions including participation in a range of activities. Because of the Covid-19 pandemic, the Group conducted fewer community activities in 2020.

However, the Korenix and Beijer Electronics business entities still conducted several initiatives in 2020, including partnering with the Eden Social Welfare Foundation, guiding visually impaired people on a hike around the Taipei City Wall. Beijer Electronics and Korenix staff also assisted disabled people with various types of sewing and needlework at another event. In the year, several co-workers in Taiwan were active in the Green Challenge Activity.



This Report was inspired by GRI standards 2016. It does not satisfy all GRI Core standards, and variances from the Index are not disclosed below. Parts of the information in the GRI Index are in BEIJER GROUP’s Annual Report, abbreviated as AR below.

General information

Standard	Disclosure	Comment/information	Page ref.
102	General disclosures		
	Profile		
102-1	Name of the organization		2
102-2	Activities, brands, products and services		6, AR p. 14-15
102-3	Location of the headquarters		2
102-4	Location of the operations		8-9
102-5	Ownership and legal form		AR p. 10-11
102-6	Markets served		10-11, AR p. 14-15
102-7	Scale of the organization	490,974 products were sold in 2020.	6-7, AR p. 7
102-8	Information on employees and other workers		14
102-9	Supply chain		23
102-10	Significant changes to the organization and its supply chain	No change	
102-11	Approach or precautionary principle		12
102-12	External initiatives	UN Global Compact	33
102-13	Participation in associations	Association of Swedish Industries (and thereby, the Confederation of Swedish Enterprise)	
	Strategy		
102-14	Statement from senior decision-maker		4-5
	Ethics and integrity		
102-16	Values, principles, standards and norms of behavior		12
	Governance		
102-1	Governance structure		AR 90-93
	Stakeholder engagement		
102-40	List of stakeholder groups		20
102-41	Collective bargaining agreements	54% of co-workers worldwide covered by collective-bargaining agreements	
102-42	Base used for identifying and selecting stakeholders for engagement		120
102-43	Approach to stakeholder engagement		20
102-44	Key topics and concerns raised during engagement		20
	Reporting practice		
102-45	Entities included in the consolidated financial statements	Beijer Electronics Sweden, Beijer Electronics USA, Beijer Electronics Norway, Beijer Electronics Denmark, Beijer Electronics Germany, Beijer Electronics China, Beijer Electronics Taiwan, Beijer Electronics Korea, Beijer Electronics Turkey, Beijer Electronics UK, Westermo Sweden, Westermo Germany, Westermo UK, Westermo Australia, Westermo France, Westermo Singapore, Westermo Neratec Schweiz, Virtual Acess Ireland, Korenix Taiwan.	
102-46	Defining report content and topic boundaries		16-17, 20
102-47	List of material topics		20

Standard	Disclosure	Comment/information	Page ref.
102-48	Restatements of information	No change	
102-49	Changes to list of topics and topic boundaries	This Report was inspired by GRI standards 2016. It does not satisfy all GRI Core standards, and variances from the Index are not disclosed below.	
102-50	Reporting period	Calendar year 2020	
102-51	Date of most recent report	31 Mar '20	
102-52	Reporting cycle	Yearly	
102-53	Contact point for questions relating to the Report	CSR Group Manager, Fredrik Persson or CEO, Per Samuelsson	
102-54	Claims of reporting in accordance with the GRI Standards	Reporting inspired by GRI Standards.	
102-55	GRI Index		
102-56	External verification assurance	No external verification conducted	

Material topics

Economic performance			
205	Anti-corruption		
"103-1 - 103-3"	Management approach		25
205-2	Communication and training about anti-corruption policies and procedures		25
Environmental series standards			
301	Materials		
"103-1 - 103-3"	Management approach		28
301-2	Recycled materials used		28
305	Emissions		
"103-1 - 103-3"	Management approach		26
305-1	Direct (scope 1) GHG emissions		27
Series social standards			
403	Occupational health and safety management system		
"103-1 - 103-3"	Management approach		24
403-9	Work-related Injuries		24
406	No discrimination		
"103-1 - 103-3"	Management approach		24
406-1	Incidents of discrimination and corrective actions taken		24
414	Supplier social assessment		
"103-1 - 103-3"	Management approach		23
414-1	New suppliers that were screened using social criteria		23

Goals, disclosures and performance

BEIJER GROUP added a number of new sustainability disclosures in 2020, which means not all historical data for them is available to the Group. Nor do these disclosures have targets defined for 2021. This situation will be reviewed in 2021, to enable well-balanced goals to be set for 2022. BEIJER GROUP also intends to review its need for longer-term sustainability goals with time-frames of five to ten years. Considering performance in 2020, the increased number of suppliers making conflict mineral declarations was a success.

The reason the Group achieved 94% coverage was that suppliers are now starting to understand the purpose of this declaration.

The reason no suppliers were subject to human rights audits is exclusively because of Covid-19. Hopefully, this situation will improve, so opportunities to visit suppliers appear.

Material indicators	Goal 2018	Status 2018	Goal 2019	Status 2019	Goal 2020	Status 2020	Goal 2021
Anti-corruption							
Percentage of salaried employees that have read, understood & signed the Group's Code of Conduct	>85%	>90%	100%	100%	100%	100%	100%
Percentage of managers (down to level 3) that have taken formal management training on ethics and morals	>50%	55%	>85%	100%	>95%	95%	>95%
Material selection							
Percentage of the Group's suppliers that have declared conflict minerals pursuant to the CMRT format	>87%	60%	>87%	87%	>90%	94%	>95%
Human rights							
Number of suppliers who where subject to human rights audits	10	6	10	16	11	0	6
Percentage of the UN Global Compact Self-Assessment Tool for human rights that BEIJER GROUP satisfies	≥85%	83%	≥92%	92%	100%	92%	100%
Innovation and new ideas							
Percentage of sales allocated to research and development		11.5%		11.6%		13.1%	-

Global environmental and quality assurance standard

BEIJER GROUP companies are ISO 9001 certified. Beijer Electronics AB, Beijer Electronics Corp. of Taiwan and Westermo Network Technologies AB are ISO 14001 certified. ISO 9001 (quality management system) and ISO 14001 (environmental management system) are an international family of standards that are the foundation of systematic work on quality and environmental issues. These management systems are examined and assessed by authorized third-party auditors, who then issue certification. Actions should feature high competence levels, good business morals and awareness of responsibilities.



UN Global Compact



BEIJER GROUP joined the UN Global Compact in June 2018. Before joining, the Group was already using the Global Compact as its basis for systematic sustainability work. BEIJER GROUP has used the UN Global Compact Self-assessment Tool to analyze the company's efforts in sustainability, and to enable identification of priority aspects. The Group's Code of Conduct for suppliers is already based on the Global Compact's ten principles, which all suppliers must sign before any business relationship can commence.

The UN Global Compact is a voluntary initiative intended to promote sustainable development and responsible business. By joining, companies demonstrate their support for ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand members from 130 countries, the UN Global Compact has become a global initiative with a strong presence in the northern and southern hemispheres.



Read more about the UN Global Compact here:
<https://www.unglobalcompact.org>

UN Global Compact Self-assessment Tool

By using the UN Global Compact Self-assessment Tool, BEIJER GROUP has been able to evaluate how well the Group is satisfying, and managing, the UN Global Compact's ten principles. The Tool consists of 45 questions with 3-9 associated disclosures for each question. The management section of questions enables users to evaluate the extent questions covered by the ten principles are secured in business strategy and integrated into decision and governance systems. The other four sections are designed to evaluate the Group's performance in relation to the areas of human rights, labor, the environment and anti-corruption.

Read more about the Tool here:
<http://www.globalcompactselfassessment.org/>

To get the fairest results possible, several selected representatives of the Group's three business entities responded to questions in the Tool from the perspective of their individual companies. The participants represented Westermo, Beijer

Electronics and Korenix. The responses were then aggregated into an overall assessment. The first assessment was conducted in 2017, and a new assessment was conducted in 2019.

The assessment identified risks in the segments of the environment, social conditions, human resources, respect for human rights and anti-corruption, and actions for managing risks. They have been compiled in an action plan. The results indicate the following priority segments and issues for further work:

Environment

- **Increase awareness** — does the company ensure that affected staff are well trained on the environment?
- **Reduce energy consumption and greenhouse gas emissions** — does the company have a climate strategy that identifies potential to reduce the company's energy consumption and/or greenhouse gases?



Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders of Beijer Electronics Group AB (publ), corporate ID no. 556025-1851

Engagement and responsibility

It is the Board of Directors who is responsible for the sustainability report for the year 2020 and that it is prepared in accordance with the Annual Accounts Act.

The scope of the examination

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 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 opinion.

Opinion

A statutory sustainability report has been prepared.

Malmö, Sweden, 23 March 2021

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Key Audit Partner Accountant

Mikael Nilsson
Authorized Public Accountant



AUSTRALIA

Sydney

AUSTRIA

Vienna

BELGIUM

Hellebecq

CHINA

Shanghai

DENMARK

Roskilde

FINLAND

Helsinki

FRANCE

Champlan

GERMANY

Mainz

Nürtingen

Waghäusel

IRELAND

Dublin

KOREA

Seoul

NORWAY

Drammen

SINGAPORE

Singapore

SWEDEN

Gothenburg

Malmö

Stockholm

Stora Sundby

Västerås

SWITZERLAND

Bubikon

Dietlikon

TAIWAN

Taipei

TURKEY

Istanbul

UNITED KINGDOM

Nottingham

Southampton

USA

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Salt Lake City

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