

# SUSTAINABILITY REPORT 2019





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Westermo's acquisition of Virtual Access means that BEIJER GROUP now has operations in Dublin, Ireland. Like all the Group's business entities, Virtual Access is included in our sustainability work. The image shows Ha'penny Bridge, one of Dublin's best-known landmarks.



*Beijer Electronics Group AB is the parent company of a Group that is organized into three business entities: Westermo, Beijer Electronics and Korenix. The Beijer Electronics Group is termed BEIJER GROUP throughout this Sustainability Report.*

# Sustainability work is vital for BEIJER GROUP

Within BEIJER GROUP, sustainability means endeavoring to strike a balance between economic progress, social responsibility and environmental improvements. Work for, and interest in, this is growing, and remains important to BEIJER GROUP.

This is BEIJER GROUP's third Sustainability Report. In the year, our focuses included increasing the number of sustainability audits of key suppliers.

BEIJER GROUP's products also contribute to a more sustainable world as we sell to several segments where we help reduce energy consumption, control solar energy and water treatment plants and reduce CO<sub>2</sub> emissions and other environmental pollutants.

Adopting a life cycle perspective, we also initiated work in the year on how we can reduce our own negative environmental impact through product life cycles, and this work will continue in 2020.

Our people's well-being is vital to BEIJER GROUP. We work continuously on maintaining a mentally and physically healthy working environment, where everyone should feel happy and well.

This year's surveys revealed that our people generally have a positive perception of their working situations and workplaces, with very high ratings in zero tolerance of discrimination and harassment, and encouraging a healthy work-life balance.

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

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## CEO'S STATEMENT

# Our work on sustainability is generating results

**B**EIJER GROUP continued, and actually expanded, its work on sustainability in 2019. We identified new goals especially relevant to our business. We formulated new indicators for the psychosocial working environment and took the initiative of a Green Office strategy, involving a range of sustainability activities that our co-workers and their families participated in.

Our follow-up on previously determined focuses demonstrates that our work is gradually paying off. In 2019, we audited another 16 key suppliers. The Group has now conducted 26 audits on a total of 18 different suppliers. Previously identified non-compliance with social and environmental standards resulted in 21 improvements by 6 individual suppliers.

The Group's Code of Conduct, which covers business ethics and anti-corruption, is another focus. We are running a management program, and all people in management positions have taken this training. In 2019, the program had another 12 participants, including senior managers from our recently acquired companies, Neratec and Virtual Access. In this segment, all our co-workers should have read and accepted the Code of Conduct.

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. During the course of 2020, some 65% of sales will be generated by new products developed in the last 3-4 years. This means we can expect a progressively reducing climate impact from our products 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. The Westermo business entity started an environmental survey in 2019, and these efforts will continue in 2020. The Korenix business entity's ambition is to publish EPDs in the coming year.

Last year, most of the Group's co-workers responded to our yearly survey on the psychosocial working environment. The outcome is that a high proportion of our employees have a generally positive perception of their working situation and workplace. There were especially high ratings in zero tolerance of discrimination and harassment, and encouraging a healthy work-life balance.

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 truly 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. 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.

It is individual creativity and our people's efforts with mutual support and access to the company's resources that create long-term values. There is no direct contradiction between sustainability and profitability—in fact, in the longer perspective, they're interrelated. In 2019, we were able to continue our positive growth, and significantly improve earnings. This supports us in our work on continuously developing the Group's business operations in all relevant segments, including sustainability.



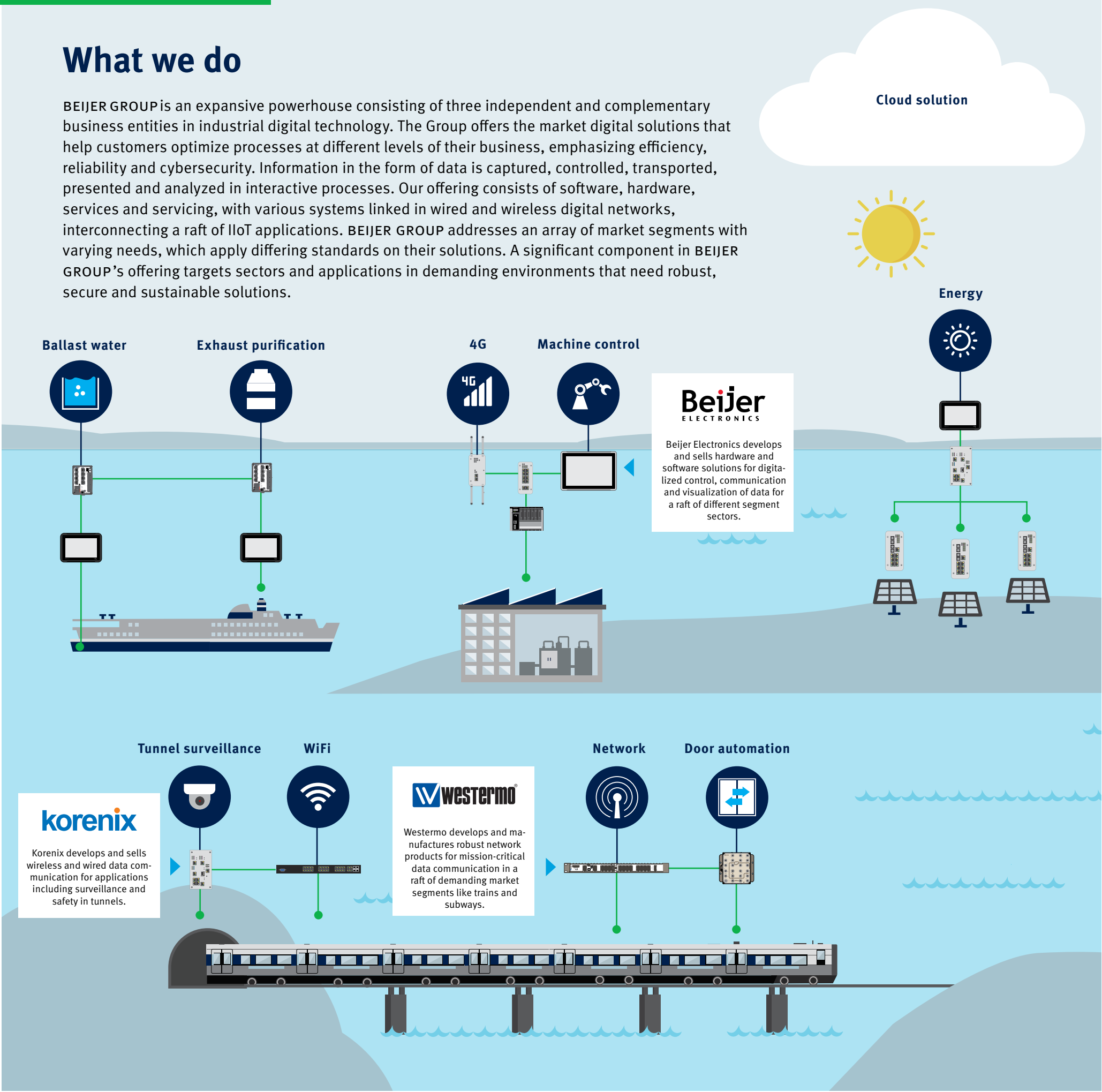
**Per Samuelsson**  
President & CEO



“It is individual creativity and our people's efforts with mutual support and access to the company's resources that create long-term values.

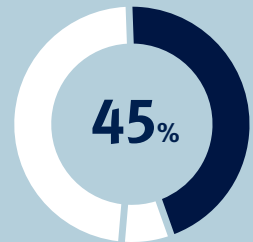
# What we do

BEIJER GROUP is an expansive powerhouse consisting of three independent and complementary business entities in industrial digital technology. The Group offers the market digital solutions that help customers optimize processes at different levels of their business, emphasizing efficiency, reliability and cybersecurity. Information in the form of data is captured, controlled, transported, presented and analyzed in interactive processes. Our offering consists of software, hardware, services and servicing, with various systems linked in wired and wireless digital networks, interconnecting a raft of IIoT applications. BEIJER GROUP addresses an array of market segments with varying needs, which apply differing standards on their solutions. A significant component in BEIJER GROUP’s offering targets sectors and applications in demanding environments that need robust, secure and sustainable solutions.

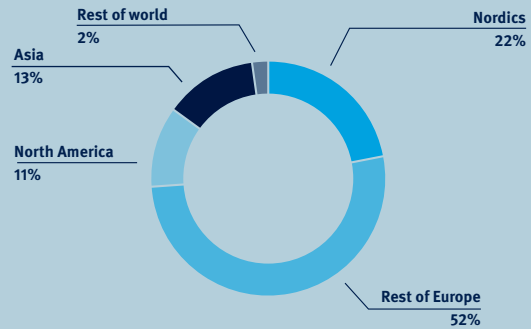


## Westermo

Share of Group sales

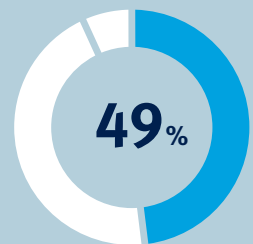


Customers by geographical market

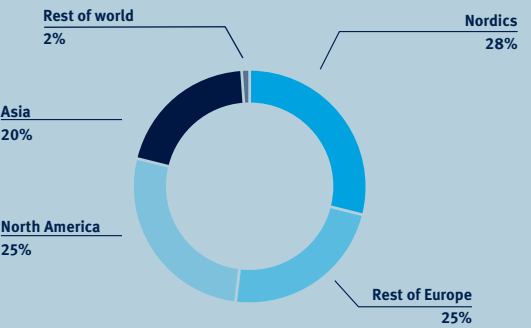


## Beier Electronics

Share of Group sales

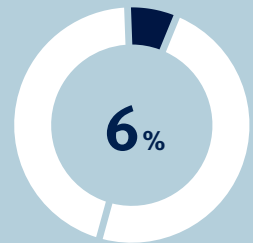


Customers by geographical market

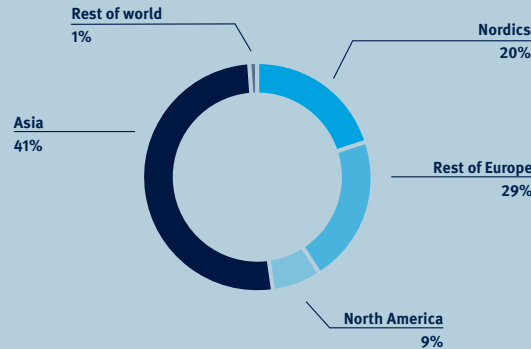


## Korenix

Share of Group sales



Customers by geographical market



Geographical division of sales

SEK 000	2019	2018
Sweden	227,624	202,037
Norway	72,678	72,994
Denmark	35,937	33,991
Finland	42,462	32,695
<b>Nordics</b>	<b>378,701</b>	<b>341,717</b>
Germany	108,563	110,174
UK	116,617	94,238
France	84,522	52,767
Turkey	28,924	31,809
Rest of Europe	250,975	204,179
<b>Total, Europe (incl. Nordics)</b>	<b>968,302</b>	<b>834,884</b>
US	262,620	277,401
China	124,321	97,166
Taiwan	58,614	74,143
Rest of Asia	108,648	90,099
Rest of world	36,194	43,547
<b>Total</b>	<b>1,558,699</b>	<b>1,417,240</b>



Average number of employees

	2019	of which men, %	2018	of which men, %
<b>Parent company</b>				
Sweden	13	85	13	85
<b>Total, parent company</b>	<b>13</b>	<b>85</b>	<b>13</b>	<b>85</b>
<b>Subsidiaries</b>				
Australia	5	72	4	56
Denmark	5	67	5	60
France	12	82	11	80
Ireland	6	79	0	0
China	36	66	35	63
Norway	13	100	12	100
Switzerland	12	86	0	0
Singapore	5	78	5	80
UK	20	86	18	88
Sweden	278	82	251	81
South Korea	3	90	3	100
Taiwan	273	45	262	43
Turkey	16	63	16	63
Germany	30	76	29	76
US	46	78	49	80
<b>Total, subsidiaries</b>	<b>760</b>	<b>67</b>	<b>700</b>	<b>65</b>
<b>Group total</b>	<b>773</b>	<b>68</b>	<b>713</b>	<b>66</b>



# Sustainability strategy

Sustainability means creating long-term solutions from economic, ecological and social perspectives, and to increase 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.

## Standpoint on climate change and planetary boundaries

BEIJER GROUP accepts the scientific evidence that human activity is accelerating climate change. Exceeding planetary boundaries 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 and the global Climate Accord.

BEIJER GROUP will future-proof its product and service portfolio by making manufacture 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 operations and its work to promote profitable and sustainable development.



## Strategy

Operations should contribute to sustainable development and sustainability work should be integrated into operations and generate practical results. Work should feature the whole business, including ownership, administration, development of products and service portfolios, customer relations, co-workers and finance. Managing operations responsibly is critical to the company's short and long-term success, simultaneous with putting a focus on profitability and long-term shareholder value. Actions should feature high skills levels, good business morals and awareness of responsibilities.



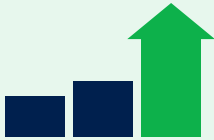
## Commitments

In 2017 BEIJER GROUP'S management adopted the following overall strategic commitments that form a framework for managing operations in accordance with its sustainability strategy. In 2018, Management appointed three coordinators of sustainability to ensure that the Group's three business entities execute actions that realize its commitments and follow up on the sustainability targets that the Group has set.

At an overarching level, BEIJER GROUP aspires to manage its operations consistent with UN Global Sustainable Development Goals. This means the Group connecting its business model and strategy to the Global Sustainable Development Goals more clearly.

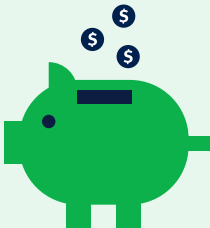
The following Goals have been identified as especially relevant to operations. Goal 8; Decent work and economic growth. Goal 9; Industry, innovation and infrastructure. Goal 12; Responsible consumption and production. Goal 16; Peace, justice and strong institutions.

Development work will be conducted in 2020 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 in 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.



## Ecological sustainability

- Responsibly and effectively 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.



# We can all take responsibility...

Over the past year, more and more people around the world, and within BEIJER GROUP, have become more interested in sustainability and the surrounding debate, with the younger generation showing the greatest interest. Our young people have shown us that we can have an impact, that every individual can make a difference, that we can all take small steps towards a more sustainable society.

One difference an increasing number of people are making today is changing to fully or partly vegetarian diets. Obviously, there may be different reasons for making this choice, but one is that eating less meat, and more vegetables, is better for the environment.

As part of improving its understanding, and subsequently minimizing its environmental impact, BEIJER GROUP conducted a product life cycle analysis of our climate emissions in 2018. In the year, we started to look at what we can and need to do so our products have less negative impact on the environment right through their life cycles.

The CSR group, with representatives of our three business entities, conducted a review of our position in relation to the

UN's global principles. Our first review was conducted in 2017. In those segments where we had potential for improvement, we focused our work and made improvements.

This is BEIJER GROUP's third Sustainability Report. Our ambition is for reporting to comply with the GRI framework, and in the year, we conducted a GRI analysis to identify those segments that need further development to satisfy these standards, and added parts of the GRI framework to the Report so the 2020 issue is fully consistent with the GRI.

BEIJER GROUP is committed to, and wants to maintain, high standards of integrity. We're working continuously to improve social, ethical, safety and environmental conditions throughout our organization.



**Global Quality & Environmental Manager**  
CSR Group Manager



“We’re working continuously to improve social, ethical, safety, economic and environmental conditions throughout our organization.

**Fredrik Persson**  
Global Quality & Environmental Manager  
CSR Group Manager



“Korenix is working actively with its stakeholders to drive initiatives that help build a sustainable society.

**Andrew Chen**  
Korenix's Sustainability Manager



“Westermo develops and manufactures high-quality products with long useful lives and low energy consumption. Our ongoing work on ISO 14001 certification is another important contributor to sustainability issues.

**Paul Russell**  
Westermo's Sustainability Manager

# Materiality analysis

BEIJER GROUP conducted a materiality analysis in 2017 to identify and prioritize the most important sustainability aspects for the Group’s operations. The analysis is scheduled for an update every third year, or if there are significant changes to the Group’s operations. In 2017, the following results were collated by the most important stakeholders—including customers, suppliers, co-workers, owners and trade unions—to evaluate a number of different aspects in a survey, interviews and meetings.

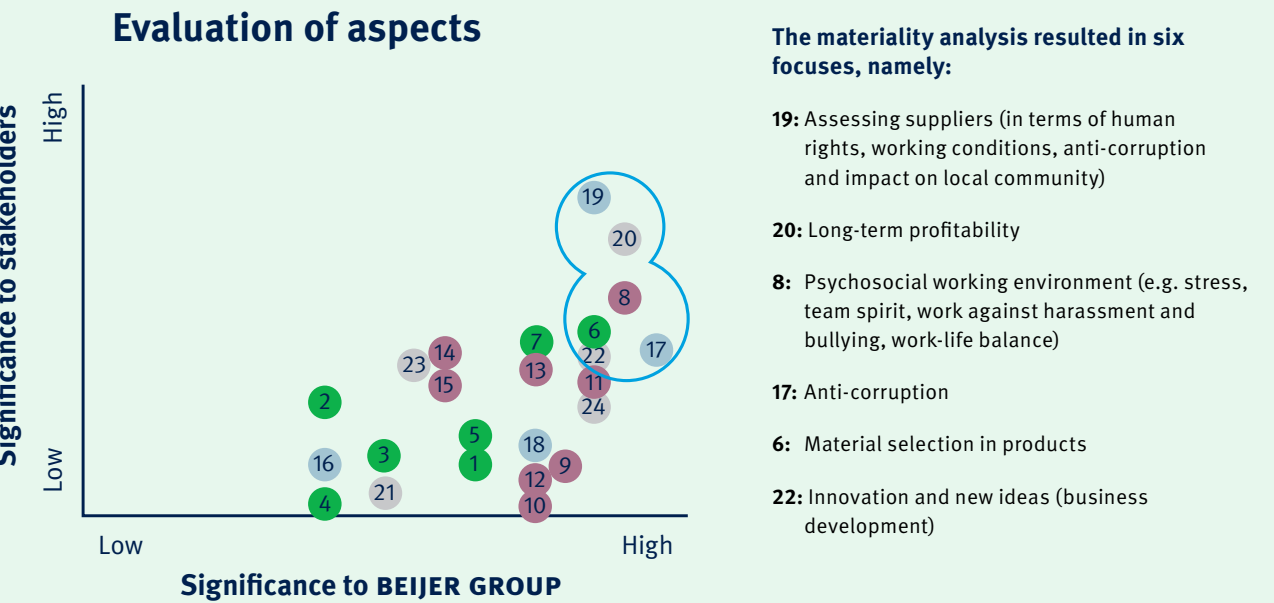


Diagram key

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

# Each focus in depth and its implications for the Group



## Evaluating suppliers

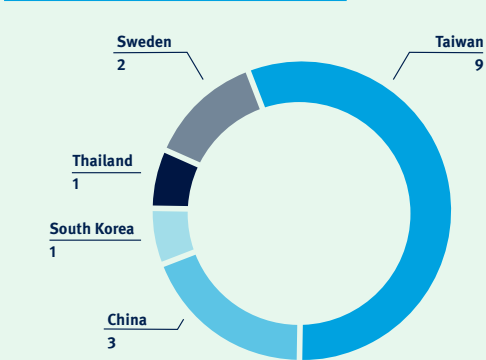
BEIJER GROUP has several hundred suppliers. Before signing contracts with new suppliers, they have to undertake to comply with the social and environmental standards that the Group has formulated in its Code of Conduct. Its ambition is to progressively downscale its supplier base and secure stronger 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. BEIJER GROUP’s procedures involve key suppliers being visited and assessed each year according to a 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. Other suppliers are not subject to regular checks.

The Beijer Electronics business entity has taken a leading role in the Group in assessing its suppliers. The company continued

assessing key suppliers, and conducted another 12 audits of 12 different suppliers in 2019. The Korenix and Westermo business entities also audited key suppliers in 2019, with each conducting two audits on two suppliers.

The instances of non-compliance with social and environmental standards reported for a few suppliers in 2017 and 2018 resulted in proposals for voluntary improvements to allow time to adapt to the standards. There were follow-ups to ensure action had been taken in 2019. Any new or remaining instances of non-compliance can result in contractual or commercial consequences if not rectified by the stipulated deadline. From 2019 onwards, BEIJER GROUP raised standards so instances of non-compliance are noted as early as the first audit. The outcomes of the audits conducted in 2019 revealed 21 improvements for six suppliers.

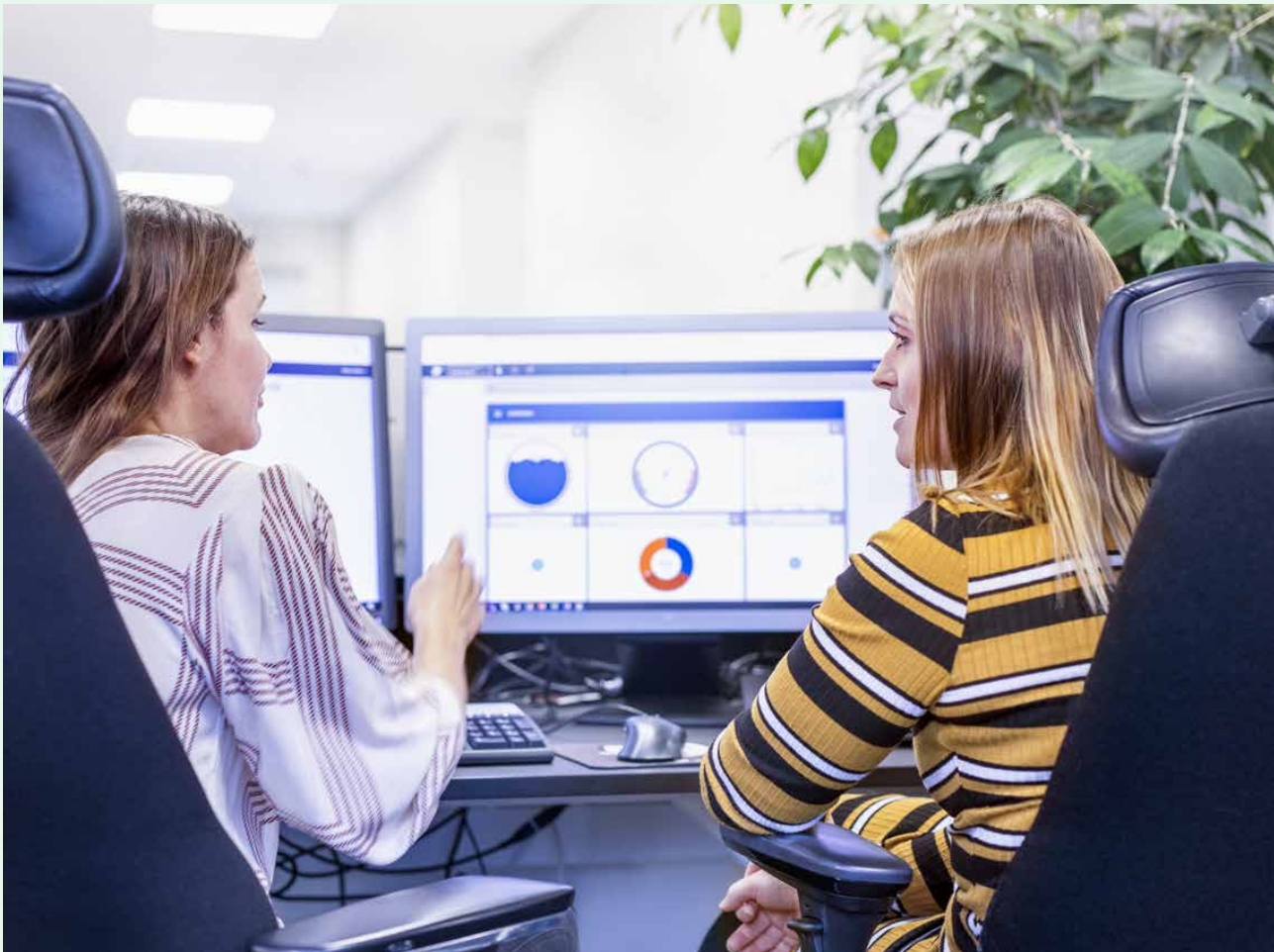
Audits by country in 2019



## Long-term profitability

A profitable business is a precondition for 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 has progressively increased sales and earnings in recent years. Its EBIT exceeded 100 MSEK in 2019.





Psychosocial 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.

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, i.e. in all countries where BEIJER GROUP has offices. It is also necessary to monitor progress in a broader perspective. For this reason, co-workers are invited to participate anonymously in an annual employee satisfaction survey, which provides management with feedback on whether the Group overall is heading in the right direction in terms of its organization, culture, effective leadership, developmental opportunities and perceptions of discrimination and harassment.

In 2019, 650 people participated in the yearly employee satisfaction survey that was conducted Group wide. The segments highlighted in the survey were as follows: corporate culture, leadership, respect and support, discrimination, work-life balance, developmental opportunities and harassment. The results for 2019 indicate 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 outcomes of the 2019 survey are in the “Goals, indicators and performance” section.

BEIJER GROUP is also working on a new concept—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 KPIs.

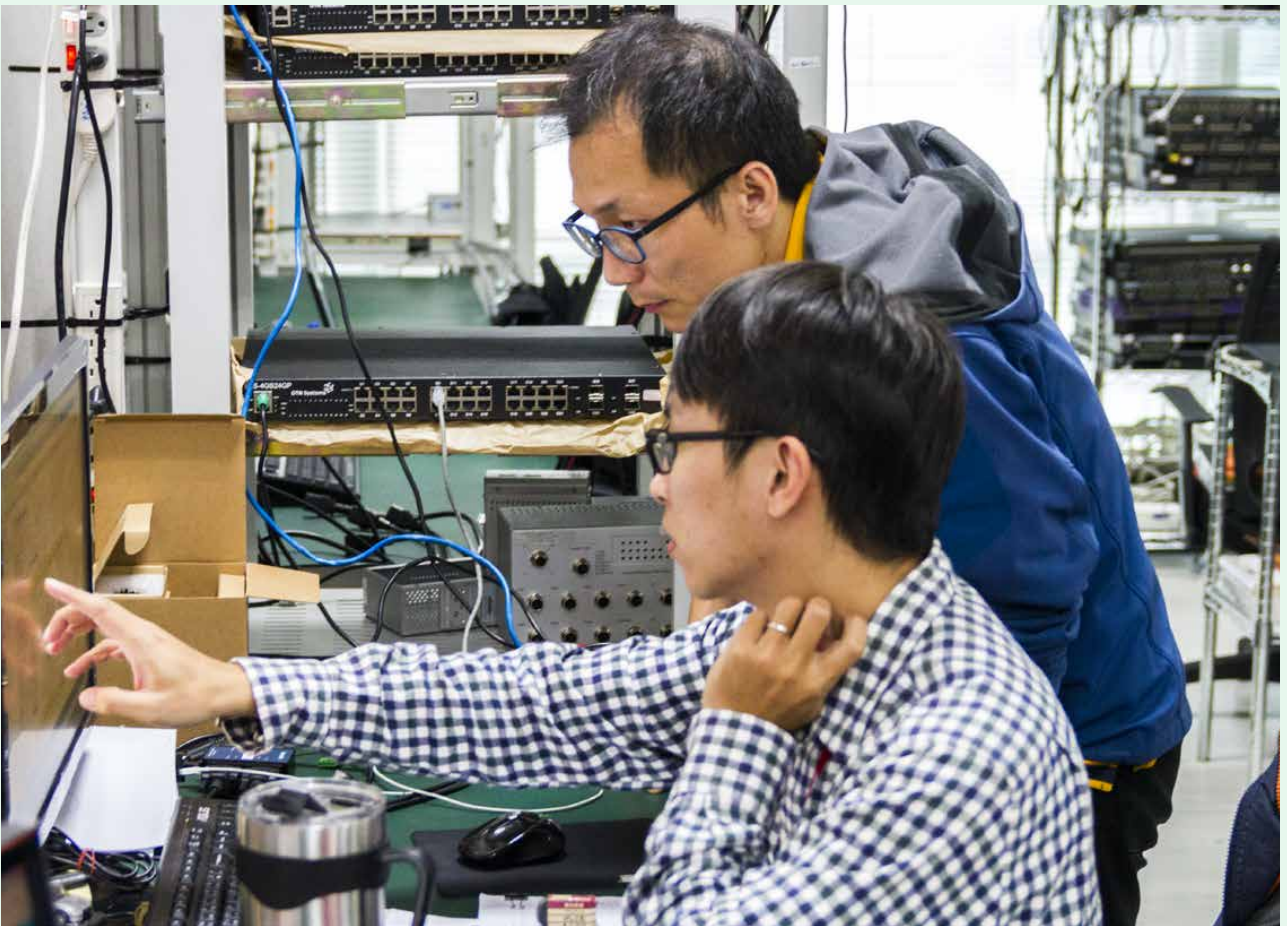
Anti-corruption

BEIJER GROUP works preventatively to counter corruption in its business by employing transparent systems and clear monitoring. The Group’s in-house management program includes training on anti-corruption, ethics and morals. All individuals in management positions should take this program. In 2019, another 12 people took the program, some of them from the recently acquired companies Neratec and Virtual Access.

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 that is always inherent in business operations conducted in several continents in different countries with differing cultures and standards, where perceptions of corruption may differ. The management program

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. Individual managers are responsible for monitoring compliance with policies and guidelines.

The Group’s Code of Conduct complies with international business ethics and anti-corruption standards. In the event of any corruption-related issue being discovered, the instructions are that the case should be referred to senior management, and not remain at middle management level. A whistleblower procedure has been established as an aid, which encourages co-workers or external parties to report any conduct perceived as conflicting with legislation or our Code of Conduct. No cases were reported in 2019.





Climate impact of the Group’s products

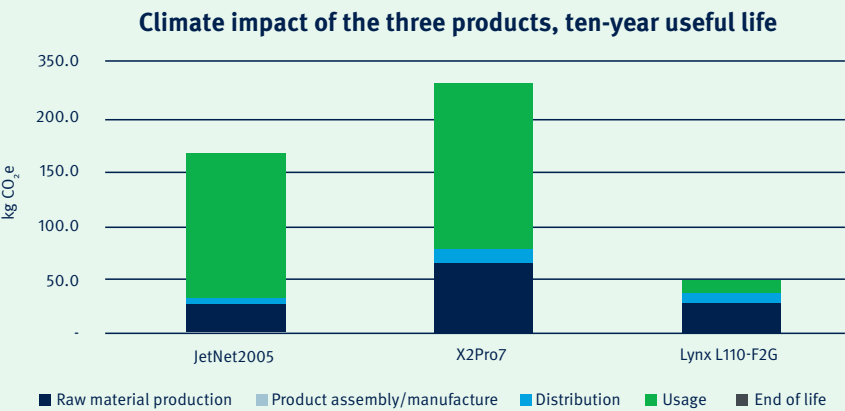
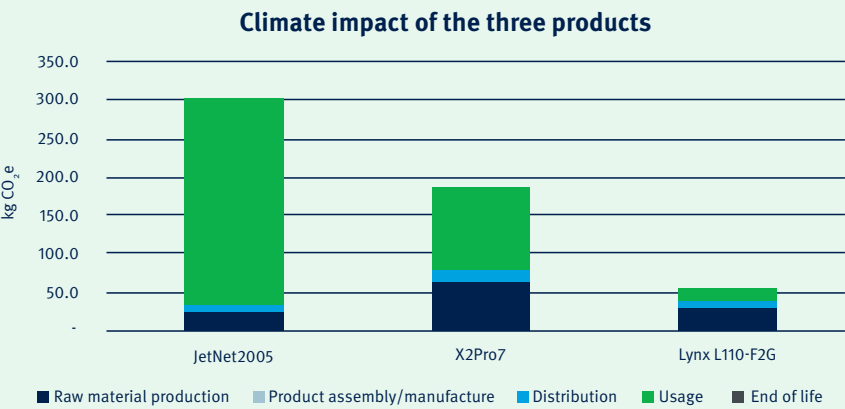
BEIJER GROUP agrees that global warming must be limited to “well below two degrees” above pre-industrial levels, in accordance with the UN Paris Agreement. Immediate and bold measures must be taken more widely in society to avoid a catastrophic effect on society and global ecosystems. The good news is 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-CO<sub>2</sub> economy, BEIJER GROUP will ensure that the Group’s products and services are designed and produced energy efficiently in future. This will be based on a complete life cycle perspective on investments, assuming responsibility for natural resources and biological diversity, increasing the share of renewable energy and adapting operations to climate change. The Group will also engage in customers’ and legislators’ climate plans and policies.

To improve understanding of the climate impact of its products, the Group has conducted a life cycle analysis of the three business entities’ biggest-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. Reducing climate impact in the extraction of raw materials lies outside BEIJER GROUP’s control, but there is some potential to optimize the consumption of resources in the Group’s own production processes, and in product design so they require fewer raw materials and utilize components with less climate impact. In 2019, BEIJER GROUP started monitoring and analyzing the fossil-free and fossil-based proportions of energy consumption in product manufacture. While there is no requirement to report this at present, there will be in future.

Additionally, the Group continuously evaluates 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. Activities focused on optimizing flows to achieve efficiency and environmental benefits are on-going. The Group supports the introduction of renewable fuels and rapid expansion of cost-efficient transport technologies with low CO<sub>2</sub> emissions.



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.

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 statements at present. Statements 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.

Westermo conducted an environmental survey in 2019 that will continue in 2020. A situation assessment has been produced pursuant to ISO 14001, and the purpose of the survey is to map the environmental aspects and environmental impact of this operation. Its focuses were indirect environmental impact, chemicals, procurement, waste management, energy consumption, water, travel and transportation, real estate

and emergency planning. Assessment and analysis of this enquiry will be processed in an environmental management system.

The Korenix business entity does not publish EPDs yet, but the ambition is to do so in 2020.

Conflict minerals

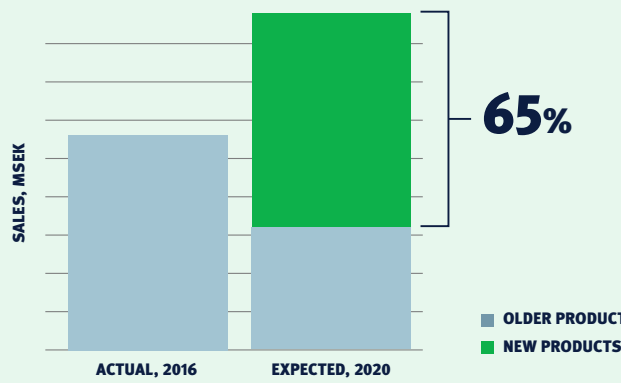
Preventing the usage of conflict minerals in the Group’s products is a business priority. BEIJER GROUP is part of a large and complex supply chain, which means a substantial workload to determine the origin of the constituent minerals in its products. This is because the major smelting plants combine 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 181 MSEK (163) on product development in 2019, or 11.6% (11.5) 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 65% of sales in 2020 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 dialogue 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. Korenix and Beijer Electronics executed several initiatives in Taiwan in 2019, including a *Green Challenge Activity*, *Beach Cleaning Event*, *Secondhand Donations* and *Family Day with Garbage Sorting and Recycling Activity*. These were well attended by co-workers and families.



# Goals, indicators and performance

BEIJER GROUP implemented new sustainability indicators and goals for 2019. Indicators for the psychosocial working environment are based on an employee satisfaction survey that was conducted Group wide for the first time. The response alternatives “completely agree” “mostly agree” constitute the stated indication percentage, while “partly agree” and “disagree” are not added to the indicator. For more detail, see the separate section on the psychosocial working environment in this Report.

The sustainability indicators for 2019 relating to the psychosocial working environment changed on 2018. These new indicators—set up as goals for a three-year period—reflect the Group’s ambitions in the longer perspective. The change is due to the evaluation in 2017 not resulting in any tangible or effective action. Accordingly, our employee satisfaction survey in 2018 was designed to offer more potential for follow-up. The 2019 survey covered our people in Europe, North America, Asia, and all the Group’s business entities, with a response frequency of 70%.

Material indicators	Status 2017	Goal 2018	Status 2018	Goal 2019	Status 2019	Goal 2020
Long-term profitability						
Vitality index*	20%		27%		21%	
Anti-corruption						
Percentage of salaried employees that have read, understood & signed our Code of Conduct	30%	>85%	>90%	100%	100%	100%
Percentage of managers (down to level 3) that have taken formal management training on ethics and morals	0%	>50%	55%	>85%	100%	>95%
Material selection						
Percentage of our manufactured products that satisfy global materials legislated standards (REACH and RoHS)	100%	100%	100%	100%	100%	100%
Percentage of our suppliers that have declared conflict minerals pursuant to the CMRT format	83%	>87%	60%	>87%	86%	>90%
Human rights						
Number of suppliers audited by Beijer Electronics on human rights	2	10	6	10	16	11
Percentage of the UN Global Compact Self-Assessment Tool for human rights that we satisfy	78%	≥85%	83%	≥92%	92%	100%
Psychosocial working environment (Beijer Electronics co-workers only)						
Our organization is based on trust, honesty and fairness			87%	>90%	87%	>95%
Our organization has effective leadership and support that helps me know what I need to do			80%	>90%	78%	>95%
Within our organization, we respect and support each other			90%	>95%	91%	100%
Our organization does not discriminate on grounds of gender, ethnicity, religion or sexuality			98%	>98%	98%	100%
Our organization encourages and supports a healthy work-life balance			94%	>95%	95%	>97%
Our organization encourages me to develop in my role and career			82%	>85%	81%	>90%
Our organization does not tolerate any form of harassment			98%	>98%	96%	>99%
Innovation and new ideas						
Percentage of sales allocated to research and development	12.3%		11.5%		11.6%	
Vitality index*	20%		27%		21%	

\* The decrease from 27% to 21% is mainly because this KPI reduced for Beijer Electronics. In turn, this is because several models in the new X2 series were launched in 2016, and were removed from the new product category as a share of total sales in the year. The KPI for Westermo is unchanged, and increased for Korenix in 2019.

## Global environmental and quality assurance standard

BEIJER GROUP companies are ISO 9001 certified. Beijer Electronics AB and Beijer Electronics Corp. of Taiwan 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 audited 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 indicators 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 specifics 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 2019 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.

Öhrlings PricewaterhouseCoopers AB

Malmö, Sweden, 31 March 2020

**Sofia Götmar-Blomstedt**  
Authorized  
Public Accountant  
Auditor in Charge

**Mikael Nilsson**  
Authorized  
Public Accountant





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**AUSTRIA**

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Salt Lake City

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