

A sustainable Beijer Alma

Environmental responsibility, social responsibility and sound business ethics are natural elements of Beijer Alma's long-term strategy and help us to achieve our most important objective – profitable growth. Accordingly, sustainability work is integrated with the Group's operations.

Our sustainability work is based on the Ten Principles of the UN Global Compact, an initiative to promote corporate social responsibility (CSR). We devote particular focus to the following areas:

- Applying sound business principles and high ethical standards. Preventing corruption is an important part of this work.
- Creating a safe, positive and stimulating work environment.
- Using natural resources as efficiently as possible and minimizing environmental impact. Energy and climate issues create challenges for Beijer Alma and for society as a whole.
- Approaching our operations from a life cycle perspective – raw materials, suppliers, products, services and customers. Customers and other stakeholders are showing a growing interest in environmental and social responsibility. Linking environmental benefits to business advantages contributes to the development of the Group.
- Involvement in the communities in which Beijer Alma operates. We work at both the Group level on large-scale projects and the local level by supporting schools, associations and healthcare.

Code of Conduct – guiding principles

Our Code of Conduct serves as a guide for our employees and partners. By applying the Code:

- We comply with legislation, the UN Global Compact, the UN Convention on the Rights of the Child and other international agreements and guidelines.
- We take the financial expectations of our stakeholders into consideration and create customer and shareholder value.
- We ensure that CSR is integrated into the Group and practiced in relation to employees, customers, suppliers, owners and other stakeholders.
- We contribute to sustainable development, including health and social welfare.

The Code places demands on honesty among our employees. We demand the same from our business partners. Bribes are prohibited. Gifts and other benefits may not exceed the amounts prescribed by local practices and legislation. We comply with competition legislation and apply sound marketing principles.

Whistleblower system

The whistleblower system allows employees to report any suspected improprieties without a risk of harassment or

reprisal. All reports are handled by an external recipient, who ensures that the reports are investigated and that appropriate action is taken.

Integration with Group strategies

The Group has expanded its strategic sustainability work. Lesjöfors, Habia Cable and Beijer Tech have identified a number of areas where the Code of Conduct has a direct impact on their strategic decision-making. This strategic approach facilitates the companies' work on energy and climate issues, creates the conditions to apply sound business ethics and paves the way for investments in environmentally friendly products.

Long-term objectives

Our strategies are made more tangible through long-term objectives established at Group level. At the local level, the companies work toward detailed objectives and action plans, mainly within the framework of ISO 14001. The UN Sustainable Development Goals are also used as a compass in this work.

Governance, follow-up and communication

The focus of the sustainability work is stated in the Code of Conduct. Issues pertaining to the long-term strategy, overall objectives, contacts with the media and investors, and financial reporting are handled at Group level. As of 2018, all internal sustainability reporting is managed through the digital platform WorldFavor. This facilitates data collection, analysis, follow-up and continuous improvement measures. The Group's Board of Directors receives regular status updates on the sustainability work. Environmental (ISO 14001) and quality (ISO 9001) management systems are important tools. Operational responsibility is delegated to the respective president of each company. Following up on local objectives and plans is a managerial responsibility. The work is followed up in consultation with the companies' management teams and through audits. In conjunction with the preparation of the sustainability report, an in-depth analysis is conducted of the companies' compliance with legislation, fulfillment of the Group-wide objectives and development in terms of performance measures.

Stakeholder analysis

Customers, employees, suppliers, investors and authorities are key stakeholder groups. Given our social commitment, society is also regarded as an important stakeholder.

STAKEHOLDER GROUP	DEMANDS AND EXPECTATIONS	VALUE CREATION
CUSTOMERS	Customer demands pertain to such areas as certified environmental management systems, prohibited chemical substances, environmental product declarations, conflict minerals, product labeling, transportation with a lower environmental impact, codes of conduct and specific legislation that must be fulfilled.	Customers' commitment to sustainable development is gradually increasing and essentially all Group companies are now subject to various demands. These are followed up using questionnaires and audits. During 2018, follow-ups were conducted at 13 (14) of the Group's companies. The outcome was mainly positive. The results were used to further advance the Group's sustainability work and create customer confidence.
EMPLOYEES	Health, safety, salaries, benefits, social conditions, job satisfaction and development opportunities.	We conduct employee performance reviews and offer training, professional development and preventive healthcare. Preventive work environment measures are considered a high priority. During 2018, Beijer Alma paid MSEK 1,134 (1,078) in salary and other personnel costs.
SUPPLIERS	Suppliers expect Beijer Alma to impose clear, consistent demands with respect to sustainable development and to follow up these demands.	The Group companies provide information about Beijer Alma's Code of Conduct and expect their suppliers to share this approach. We also assess the sustainability work of our suppliers. In 2018, 171 (161) surveys and 85 (25) audits were performed. These suppliers all demonstrated an acceptable level of compliance with the Group's requirements. During the year, Beijer Alma paid MSEK 1,913 (1,702) to its suppliers of input materials.
INVESTORS	Minimize risks, create business opportunities and engage in credible, forward-thinking sustainability work.	The integration of sustainable development into strategies and day-to-day operations reduces risks and creates business opportunities. Beijer Alma regularly communicates with its owners and investors via its website, Annual General Meeting, interim reports, annual report/sustainability report and CDP report. Beijer Alma's share price fell 0.8 percent in 2018. The Board has proposed that the Annual General Meeting approve a dividend of SEK 5.10 per share (4.75).
AUTHORITIES	Beijer Alma is subject to extensive environmental and work environment legislation. The introduction of new or amended legislation impacts the Group's operations.	Compliance with legislation is monitored through reports to various authorities and by way of internal and external inspections and audits. No significant violations of environmental or work environment legislation occurred in 2018.
SOCIETY	Expectation that Beijer Alma should be involved in society at both the local and national level.	Social commitment creates a sense of trust and interest in Beijer Alma. Providing support for non-profit organizations and establishing contacts with schools and universities helps to attract future employees.

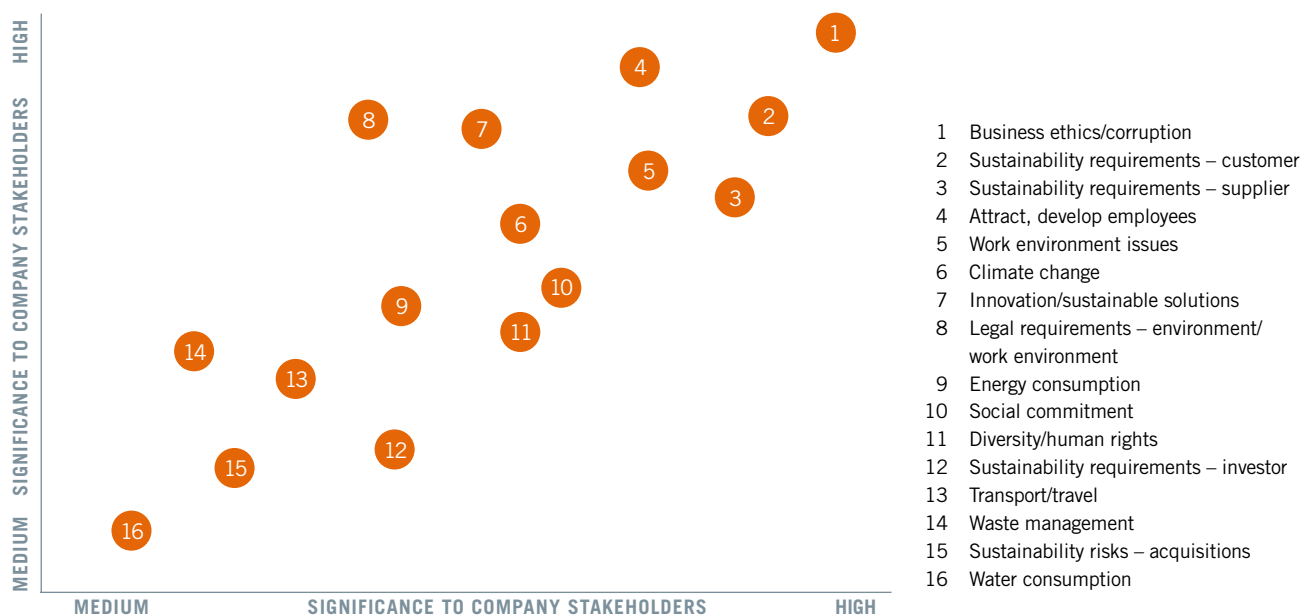
Among other elements, our stakeholder dialogue comprises development talks with employees, regular customer contact, meetings with investors and collaboration with suppliers.

Materiality analysis

To identify the most important areas, a materiality analysis was conducted in cooperation with Beijer Alma's Board of Directors, Group management and the management teams

of the Group companies. The analysis was also inspired by the guidelines in the Global Reporting Initiative (GRI) and resulted in the following priorities:

Based on the materiality analysis, Beijer Alma's sustainability work focuses on the areas of energy efficiency, reduced climate impact, increased resource efficiency (spillage, waste), safe and stimulating work environments, and social commitment. The sustainability report on pages 26–35 is also structured around these areas.



Managing risks and opportunities

When it comes to sustainability, we have identified a number of risks that may be of significance for the Group's reputation and/or financial position. New risk assessments are conducted regularly in the countries where we operate.

The objective is to identify new risks and/or costs associated with environmental, ethical and social responsibility as early as possible. This work also includes procedures for accepting, mitigating or eliminating risks. Our operations are currently associated with the following sustainability risks:

Changes in environmental legislation that increase costs

Changes in environmental legislation can impact Beijer Alma's operations and lead to increased costs. Our units hold the necessary permits for their operations. There are no plans for more comprehensive applications for the renewal of permits. Wherever applicable, the Group's units meet the requirements of the REACH chemical legislation, the RoHS product legislation, product liability for packaging waste and other relevant legislation.

Risk management

We monitor developments in environmental legislation, analyze what the consequences may be and take action accordingly. We do not anticipate any increased risks due to new or amended legislation in the near future. In accordance with the EU Energy Efficiency Directive, energy audits are conducted at some facilities. This work initially results in costs. The audits also enable energy-efficiency enhancements and savings.

Contaminated land and hazardous substances in buildings

The land at one facility in Sweden is contaminated by metals and oil. Beijer Alma is not financially responsible for any investigations or environmental remediation. The matter is being administered and financed by the County Administrative Board. Another Swedish unit is included in the official government register of contaminated land, known as the MIFO Register, in the lowest risk category.

Risk management

Inventories are used to identify the occurrence of contamination and hazardous substances. Remediation is undertaken as required. There are currently no known instances of materials containing asbestos used in buildings. PCB inventories were taken in Sweden and a small amount of PCB was decontaminated at a facility.

Energy costs

Higher energy costs could have a negative impact on Beijer Alma's business, primarily in terms of the purchase of electricity, for which prices are expected to increase in the long term. At the same time, taxes and charges for fossil-based fuels can also be expected to rise.

Risk management

We monitor developments and are open to evaluating types of energy other than the traditional ones, such as solar panels. As part of our risk management, we have a Group-wide energy-efficiency objective and measures are being carried out at our plants.

Climate change resulting in a negative impact on operations

Climate change may result in damage to plants and infrastructure, impact our access to raw materials or the conditions among suppliers and give rise to changes in customer behavior. Taxes, charges and mandatory emission limitations could also affect our operations.

Risk management

Two units are located in areas where extreme weather conditions may occur (China and Thailand). It is not known whether climate change will affect the situation. We monitor the risk analyses conducted by government authorities in the countries affected and take action accordingly.

Products that are unacceptable to customers for health or environmental reasons

One business risk may be that the company's product range contains products that – for health or environmental reasons – are not accepted by customers.

Risk management

Most of the Group's products are manufactured at the request of customers and development work is carried out in cooperation with them. This minimizes the risk of a product suddenly being rejected. We also monitor the development process in order to initiate the replacement of hazardous substances, introduce more environmentally friendly components and try to develop more products with a lower environmental impact.

Lack of business ethics and violations of human rights

A lack of business ethics and human rights violations – in our companies or among our suppliers – could harm Beijer Alma's reputation and business operations.

Risk management

We prevent corruption, other irregularities and human rights violations through information, training, internal regulations and follow-up, including audits and employee surveys. The whistleblower system is also part of this work.

Handling of conflict minerals

The trading of conflict minerals finances violence and attacks. Being associated with such trading could seriously damage our reputation and business operations.

Risk management

Nine of our Group companies work with these types of raw materials. They have rules, are evaluated by customers and conduct their own review procedures to determine with reasonable certainty that certain metals (conflict minerals) are not sourced from areas of armed conflict.



Global initiative for sustainable development

Beijer Alma is a signatory to the UN Global Compact – the world's largest sustainable development initiative and a challenge to companies to adapt their strategies and operations to ten universal principles relating to human rights, labor standards, the environment and anti-corruption. Through the Global Compact, we are expected to implement the following:

- To make the Global Compact and the ten principles an integral part of our day-to-day operations and values.
- To incorporate the Global Compact and the ten principles into our decision-making processes at the highest level.
- To engage in partnerships that advance the Global Compact's principles and support broader UN overall goals, such as the UN Sustainable Development Goals.
- To advance the Global Compact and the case for respon-

sible business practices in cooperation with business partners, customers, suppliers and society at large.

- To produce an annual Communication on Progress outlining our efforts relating to the Global Compact and responsible business practices. Our work in 2018 is presented on page 24 of this combined Annual and Sustainability Report.

Connection to the UN Sustainable Development Goals

In 2015, the UN member states adopted a plan to create a better future for all. This plan includes the 17 Sustainable Development Goals, which are to contribute to eradicating extreme poverty, promoting equality, combating inequality and protecting the planet. We have connected our sustainability work to seven of these goals, which are presented in the Sustainability Report.

About the Sustainability Report

Statutory Sustainability Report

Beijer Alma has chosen to report on the requirements of Chapters 6 and 7 of the Swedish Annual Accounts Act in accordance with recommendation BFN U 98:2 Environmental Information. The Annual Report and Sustainability Report were submitted to the auditor at the same time.

Pages 18–35 of the Annual Report present information on how the company’s sustainability work is governed and followed up, and how its performance has progressed. A more detailed description of the Code of Conduct and other bases for the company’s sustainability work is presented in the separate CSR brochure, which is available at www.beijeralma.se. The table below provides guidance on where the statutory information can be found. Unless otherwise specified, the information pertains to the entire Beijer Alma Group, including subsidiaries. The reporting principles are described in the Sustainability Report.

Environmental aspects

The manufacturing of springs within Lesjöfors and cables within Habia Cable is associated with a number of key environmental aspects. Examples include the use of materials (metals, plastics), chemicals (solvents), energy and water. Other key environmental issues include emissions of climate-impacting gases and solvents (VOC) as well as the creation of waste. Within Beijer Tech, significant environmental aspects mainly pertain to products, packaging and transportation. The ISO 14001 environmental management system is a valuable tool used by the Group to systematically reduce its environmental impact.

Environmental legislation

Beijer Alma is subject to extensive environmental and work environment legislation as well as new and amended requirements that impact the Group’s operations. Just over 60 percent of the units hold specific environmental permits for their operations. Seven of these units are located in Sweden. Two units plan to renew their environmental permits in the coming years. Compliance with legislation is

monitored through reports to various authorities and by way of inspections and environmental audits. During 2018, seven units were inspected by supervisory authorities. In most cases, these inspections resulted in no negative remarks or only minor corrective measures. No violations of environmental or work environment legislation were reported in 2018.

In addition to environmental permits, many of the Group’s companies are subject to other environmental legislation, including legislation pertaining to hazardous substances (REACH, RoHS, safety data sheets, etc.), product liability for packaging and rules for waste management. The EU Energy Efficiency Directive affects all of Beijer Alma’s units within the EU, requiring them to carry out energy audits and submit reports to authorities. This work is performed within the framework of specific rules in effect in each country. In Sweden, the company’s status in relation to the directive was reported to the Swedish Energy Agency during the year.

Reporting principles

The Sustainability Report addresses aspects pertaining to the environment, work environment, social issues and business ethics. In addition to meeting the relevant legal requirements, the report is intended to provide Beijer Alma’s employees and external stakeholders with clear information on the company’s CSR activities and how they are connected to the company’s business operations. The report is also intended to explain the Group’s work related to the Ten Principles of the UN Global Compact in accordance with the requirements of the Communication on Progress (COP). This information is also used to report the Group’s climate impact in accordance with CDP. The guidelines of the Global Reporting Initiative (GRI) provide a basis for the Group’s reporting and choice of indicators.

Most units that were part of Beijer Alma in 2018 are included in the report. Data was provided by a total of 29 units in Sweden, Denmark, Finland, Latvia, Poland, Slovakia, Germany, the UK, the US, Thailand, Singapore and China.

GUIDANCE – STATUTORY SUSTAINABILITY INFORMATION

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Data quality assurance

Each unit has contributed quantitative and qualitative information. The head of each company/unit is responsible for assuring the quality of the information submitted. The data for the year has been compared and verified against the information from the preceding year. Emissions of carbon dioxide, sulphur dioxide and nitrogen oxide from direct energy consumption have been measured using conversion factors based on the energy content and quality of the fuel used. CO₂ emissions from indirect energy consumption – mainly electricity – are measured based on emission factors from the UK Department for Environment, Food and Rural Affairs (DEFRA) (Conversion Factors for Company Reporting 2015) for the countries in which Beijer Alma conducts operations. Updated conversion factors were applied during the year, with the previous factors from 2010 replaced with new factors from 2015. In most cases, this resulted in a reduction in the size of the emissions. In cases where energy suppliers present specific information regarding the energy mix, the supplier’s measurement models are used. Information about VOC emissions is primarily based on mass balance calculations.

A compass in the Group’s sustainability work

The 17 UN Sustainable Development Goals aim to end poverty and hunger, realize the human rights of all, achieve gender equality and the empowerment of all women and girls, and ensure the lasting protection of the planet and its natural resources. The goals are integrated and indivisible, and balance the three dimensions of sustainable develop-

ment – economic, social and environmental sustainability. Beijer Alma has chosen the following seven goals, which have the strongest connection with its sustainability work and function as a compass in the Group’s work.

Goal 4. Quality education – Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Goal 7. Affordable and clean energy – Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8. Decent work and economic growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 9. Industry, innovation and infrastructure – Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Goal 12. Responsible consumption and production – Ensure sustainable consumption and production patterns.

Goal 13. Climate action – Take urgent action to combat climate change and its impacts.

Goal 17. Partnerships for the goals – Strengthen the means of implementation and revitalize the global partnership for sustainable development.



Global Compact

In 2015, Beijer Alma joined the UN Global Compact, an initiative to promote responsible business practices. As a signatory to the initiative, we agree to adhere to ten principles in the areas of human rights, labor conditions, the environment and anti-corruption.



Communication on Progress

Organizations that are signatories to the Global Compact are required to submit an annual report known as a Communication on Progress (COP), which outlines their work in relation to the ten principles. Beijer Alma uses the information in its Annual Report and Sustainability Report to give an accurate picture of how it complies with the Global Compact.

GLOBAL COMPACT		STATUS 2018	PAGES	
HUMAN RIGHTS	1.	Businesses should support and respect the protection of internationally proclaimed human rights.	Information and training regarding Beijer Alma's Code of Conduct were provided at several units. No human rights violations were reported.	18–19, 34–35
	2.	Businesses should make sure that they are not complicit in human rights abuses.	Continuous efforts to assess suppliers' sustainability work are ongoing. The number of on-site audits increased compared with earlier years. No human rights violations were reported.	18–19, 34–35
LABOR CONDITIONS	3.	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The Code of Conduct lists freedom of association and the right to collective bargaining as a fundamental principle. Trade unions have been established in all relevant countries and countries where this is customary. In countries without trade unions, the company and its employees engage in other types of negotiations.	18–19, 33
	4.	Businesses should uphold the elimination of all forms of forced and compulsory labor.	All forms of forced and compulsory labor are forbidden at Beijer Alma and among the Group's suppliers. There are no signs that any violations occurred during the year.	18–19
	5.	Businesses should uphold the effective abolition of child labor.	Child labor is forbidden at Beijer Alma and among the Group's suppliers. There are no signs that any violations occurred during the year.	18–19
	6.	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	The Code of Conduct clearly states the Group's stance on discrimination and equality. No instances of discrimination were reported. Formal equality plans have been established at 11 of the Group's units.	33
ENVIRONMENT	7.	Businesses should support a precautionary approach to environmental challenges.	The ISO 14001 environmental management system is a systematic tool in the Group's efforts to identify and prevent risks. About 75 percent of the Group's units are currently certified and additional certifications are planned. We are also taking a preventive approach, for example, by installing treatment equipment, phasing out hazardous chemicals and conducting risk analyses.	20–21, 26–31
	8.	Businesses should undertake initiatives to promote greater environmental responsibility.	Overall environmental responsibility rests with Group management and responsibility for the daily operations is delegated to the management teams of the Group companies. Performance is reported to Beijer Alma's Board of Directors on a regular basis and communicated externally through the Annual Report/Sustainability Report and through CDP reporting.	18–19
	9.	Businesses should encourage the development and diffusion of environmentally friendly technologies.	The Group offers several good examples of component/product development that helps to reduce environmental impact.	26–33, 41–43 50–51, 58–59
ANTI-CORRUPTION	10.	Businesses should work against corruption in all its forms, including extortion and bribery.	Beijer Alma's Code of Conduct provides clear guidance regarding the prevention of corruption. All Group companies perform an annual self-assessment about their work to combat corruption. The assessment is based on guiding documents from the Global Compact. No violations were detected during the year.	18, 20, 35



More efficient use of resources

Our Group companies use natural resources, such as energy, water and raw materials, chemical substances and input materials in their operations. By making more efficient use of these resources, our environmental impact and costs can be reduced. Accordingly, we work to enhance our energy efficiency and increase the share of renewable resources and recycled materials.

ENERGY

Sustainable development objective

Beijer Alma's Group-wide energy objective was for energy consumption to be reduced by 10 percent by 2018, compared with energy consumption in 2012/2013.

Outcome

Compared with the base year, the performance measure for energy consumption (GWh/MSEK) has declined more than 10 percent. While energy audits and technical measures have contributed to increased energy efficiency, we have not seen a clear decline in energy consumption during the period measured. The objective will be evaluated in conjunction with a review of all of the sustainability objectives to be carried out in 2019.

Energy consumption

Total energy consumption amounted to 63.3 GWh (62.9). The facilities in Sweden, China and Germany recorded the highest energy consumption. Approximately 74 percent (75) of the energy consumed comprised indirect energy, primarily electricity. Direct energy in the form of fossil fuels, such as oil, natural gas and propane, is mainly used for heating, furnaces and fork lifts. Biofuel and electricity from renewable sources accounted for 14 percent (16) of energy consumption.

Continuous improvements

The ongoing energy-saving measures comprise energy audits and the installation more energy-efficient production equipment, infrastructure and other technical equipment. Other measures included the installation of low-energy lighting – using LED bulbs and motion sensors – ventilation and heating.



SDG 7: Affordable and clean energy

We contribute to this goal by:

- analyzing our energy consumption to increase efficiency.
- investing in new technology to reduce energy consumption.
- purchasing green electricity.
- changing to energy-efficient LED lighting.

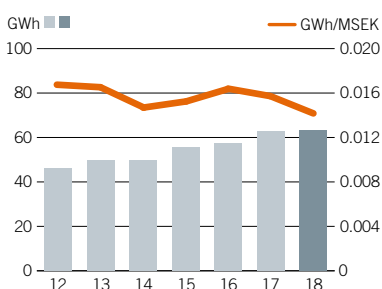
More energy improvements

In Söderfors, Habia Cable is continuing to install LED lighting to reduce its energy consumption. The same is being done at the company's plant in Poland, where LED lighting has cut electricity consumption by 6.5 MWh. Lesjöfors Stockholms Fjäder is also investing in additional LED lighting, which has reduced electricity use by more than 60 percent and provided a more pleasant light.

Energy consumption halved

Svebab has made energy savings in its hose manufacturing. The fire hoses that the company produces undergo vulcanization. The hoses pass through an approximately 20-meter oven under pressure and high temperature. This oven is powered by electricity, but by heat-insulating it in a more effective manner, it was possible to cut the energy consumption in half.

ENERGY CONSUMPTION



SUBSIDIARIES' SHARE OF ELECTRICITY CONSUMPTION

- Lesjöfors 73%
- Habia Cable 21%
- Beijer Tech 6%



WATER

Beijer Alma's water consumption amounted to 47,100 m³ (42,900) and primarily comprised municipal water. Water is used for cooling, production processes, cleaning and sanitary purposes. Systems for reusing process water and cooling water are in place at several units. Emissions of pollutants into wastewater were very limited and primarily comprised sanitary wastewater. Essentially all units are connected to municipal wastewater treatment plants. A small number use septic tanks for treating sanitary wastewater.

RAW MATERIALS AND CHEMICALS

In 2018, approximately 27,900 tons (29,200) of metal, 1,291 tons (1,460) of plastic and 176 tons (223) of chemicals were used, primarily solvents used in Habia Cable's cable manufacturing in China and Germany. The Group continued its efforts to replace hazardous chemical substances and three substances were phased out during the year. There are plans to phase out additional substances over the next couple years, although these plans also depend on whether it is possible to find substitute chemicals.

Conflict materials continued to attract considerable attention. Customers want a guarantee that these substances are not used in the Group's products. Nine units within Beijer Alma use metals that are classified as conflict minerals. Procedures are in place to ensure that such metals do not originate from countries with ongoing armed conflicts. In 2018, customer companies demanded detailed reports on these procedures and other information on how the Group manages the issue of conflict minerals.

Lower district heating consumption

The Beijer Tech company Lundgrens made changes to its energy management, entailing that the consumption of district heating is expected to decline by about 20 percent in 2019.

More electrical power

The Group's fleet of company cars is becoming increasingly sustainable. Companies such as Beijer Industri and Lesjöfors Bandedaljer have reviewed their internal guidelines. Employees are now encouraged to make electric or hybrid vehicles their first choice.

Reduced paper consumption

In Tinglev, Denmark, Lesjöfors has reduced its paper use by digitizing its invoice management and phasing out the use of paper labels in manufacturing. John White Springs & Solutions is also reducing its paper use by making more of its administrative procedures digital.

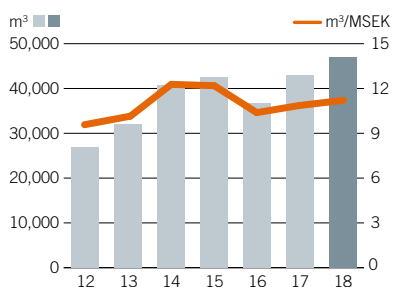
Recovered heat

An investment in more efficient heating technology is reducing energy use at Habia's plant in Norderstedt, Germany. The new technology can also recover heat that can be used in other areas of the plant. The investment was made in cooperation with the German authorities.

Recyclable blasting agent

The blasting agent used in the cleaning of metal is classified as hazardous waste. This makes handling expensive. Norspray offers an alternative that is good for the customer's wallet and for the environment. Miljøgarnet is a blasting agent that can be cleaned and reused. The product also makes blasting more effective and nearly halves the level of consumption compared with disposable products. All of this improves the customer's overall finances. Last but not least, Miljøgarnet contributes to a better work environment.

WATER CONSUMPTION



SUBSIDIARIES' SHARE OF WATER CONSUMPTION

Lesjöfors 54%
Habia Cable 41%
Beijer Tech 5%



Waste and systematic environmental work

Waste issues are important to us. We endeavor to reduce the amount of waste by employing better sorting at source, reduced scrapping and increased recycling. In our practical environmental work, the systems outlined in ISO 14001 provide important tools in a growing number of our companies – tools that contribute, in particular, to more effective waste management.

WASTE

Sustainable development objective

Beijer Alma's Group-wide waste objective was for the amount of waste to be reduced by 10 percent by 2018, compared with the amount of waste in 2012/2013. The performance measure used was tons of waste/MSEK in net revenues. The Group's units were responsible for introducing their own objectives and action plans that would contribute to meeting the Group objective.

Outcome

From a five-year perspective, the total amount of waste increased about 50 percent, primarily due to higher production volumes and additional facilities in the Group. Most of this waste comprised metals recovered in optimized systems with relatively low improvement potential. For other types of waste, measures are continuously implemented to reduce scrapping, improve sorting at source and increase material recycling. This is reflected in the fact that the performance measure is largely unchanged compared with the base year, despite an increase in the amount of waste. It was not possible to achieve the overall waste reduction objective within the stated time frame. The objective will be evaluated in conjunction with a review of all of the sustainability objectives to be carried out in 2019.

Waste management

The total amount of waste during the year amounted to 3,850 tons (3,470). Slightly more than 90 percent (90) of waste was recycled as materials or energy. Approximately 2,600 tons (2,160) of metal were recycled. About 5 percent (5) comprised hazardous waste, which was handled by approved waste management companies. In conjunction with a construction project at



SDG 9: Industry, innovation and infrastructure

We contribute to this goal by:

- investing in machinery/infrastructure with reduced environmental impact.
- working systematically with ISO 14001.
- conducting internal and external environmental audits.
- working with such improvement tools as Lean and Six Sigma.
- reducing the environmental impact of transportation.

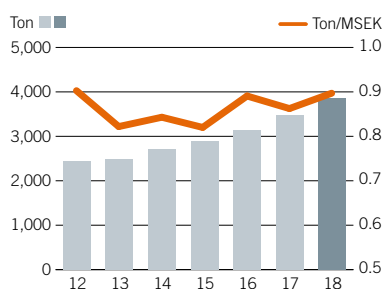


SDG 12: Responsible consumption and production

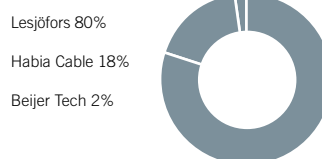
We contribute to this goal by:

- reducing/preventing scrapping in our production.
- increasing sorting at source/recycling of waste.
- offering products that reduce the customer's environmental impact.
- helping the customer to reduce the environmental impact of their production.

WASTE



SUBSIDIARIES' SHARE OF WASTE



a facility, major land remediation was carried out, in which polluted soil was removed and taken care of in an environmentally correct manner.

Continuous improvements

The improvement initiatives in progress focused on reducing scrapping, improving sorting at source and increasing the reuse of packaging materials. Methods and programs such as Six Sigma, Lean Manufacturing and 5S contribute to better resource use, more efficient production and reduced waste at several facilities. Habia Cable in Söderfors has even put a value on waste in relation to its production costs, which has created greater interest in preventive measures that reduce both scrapping and waste.

SYSTEMATIC ENVIRONMENTAL WORK

The ISO 14001 standard for environmental management systems was introduced in 1996 and the most recent update was published in 2015. The implementation of certified environmental management systems is a component of Beijer Alma’s sustainable development strategy. ISO 14001 provides a systematic approach to environmental work and contributes to continuous improvements. The goal is for all of the Group’s production units to be certified. This also applies for other operations where environmental certification is relevant, such as the large units in Beijer Tech. A total of 24 (22) units are currently certified. Four additional companies are preparing to implement the environmental management system over the next six to 18 months. At the end of 2018, all companies had implemented updates to meet the demands of ISO 14001:2015. Internal and external environmental audits are part of the Group’s continuous efforts to monitor and improve the environmental management system. Beijer Alma employs more than 70 (75) internal environmental auditors, who conducted 46 (37) environmental audits during the year. Our facilities were audited by external certification auditors on 26 (20) occasions.

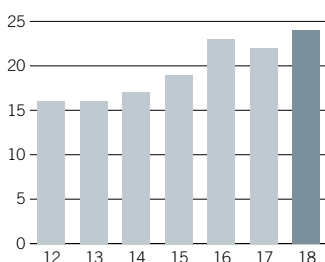
Seamless management

Lesjöfors Banddetaljer has installed new, more efficient furnaces that also have a reduced environmental impact and energy use. The company has also developed procedures for its waste management and invested in new environmental stations that simplify chemicals management. Similar changes were made at the sister company S&P Federwerk, which increased its recycling and developed new tools for the storage and recycling of chemicals.

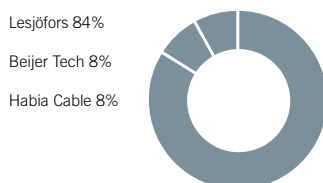
New ISO certification

In 2018, Lesjöfors Springs America was certified in accordance with ISO 14001:2015. A total of 24 Beijer Alma units are now certified according to the environmental management system.

ISO 14001-CERTIFIED UNITS



SUBSIDIARIES' SHARE OF ISO 14001-CERTIFIED UNITS



Reduced climate impact

Reducing the impact on the climate is a major challenge for us and for society as a whole. Our climate gas emissions are primarily caused by the use of fossil fuels for manufacturing processes and heating, but also by transportation and in the production of raw materials.

CO₂ EMISSIONS

Sustainable development objective

Beijer Alma's Group-wide climate impact reduction objective was for CO₂ emissions from energy consumption to be reduced by 10 percent by 2018, compared with CO₂ emissions from energy consumption in 2012/2013.

Outcome

Compared with the base year, the performance measure for CO₂ emissions (tons/MSEK) has declined more than 10 percent. While the purchase of green electricity, the use of biofuels and energy-efficiency enhancements have limited the growth of our carbon footprint, we have not seen a clear decline during the period measured. The objective will be evaluated in conjunction with a review of all of the sustainability objectives to be carried out in 2019.

Emissions

CO₂ emissions amounted to 15,700 tons (16,100), of which 79 percent (77) comprised indirect emissions from purchased electricity. Direct emissions were mainly attributable to the use of propane in furnaces for processing metals for springs. Slightly more than 72 percent (68) of indirect CO₂ emissions were linked to the purchase of electricity in Germany and China.

Continuous improvements

Increased purchases of green electricity and targeted energy-efficiency enhancement measures are helping to reduce the Group's CO₂ emissions from fossil fuels. About a third of the Group's units have local action plans for CO₂ emissions. A handful of units reported that they reduced their CO₂ emissions by up to 10 percent in 2018.



SDG 13: Climate action

- We contribute to this goal by:
- reducing emissions of climate gases.
 - implementing energy-efficiency enhancements.
 - reducing emissions from travel/ transportation.
 - minimizing VOC emission.

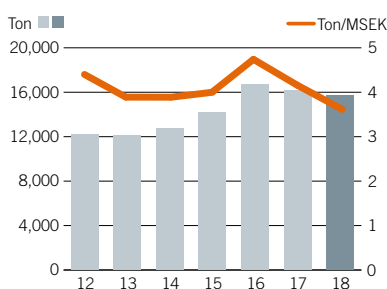
More efficient energy consumption

Lesjöfors in Latvia conducted an energy audit and prepared a plan for increased energy efficiency to reduce emissions. The company has also improved its treatment equipment in certain manufacturing areas and enhanced its efficiency when it comes to handling natural gas, which is helping to cut emissions.

Green electricity reduces emissions

The purchase of green electricity from renewable energy sources helps to reduce the Group's emissions. Today, about 25 percent of the Group's units use green electricity. During 2018, green electricity accounted for about 9 MWh of the Group's indirect energy use. Five years ago, the corresponding figure was about 5.5 MWh.

CO₂ EMISSIONS



SUBSIDIARIES' SHARE OF CO₂ EMISSIONS

- Lesjöfors 62%
- Habia Cable 37%
- Beijer Tech 1%



EMISSIONS FROM TRANSPORTATION

The Group continued its efforts to reduce its environmental impact from the transportation of raw materials, products and people by purchasing vehicles with lower fuel consumption, investing in more energy-efficient machinery and equipment, adapting its production procedures, coordinating transportation, changing routes, using video conferences and using more rail transport.

OTHER EMISSIONS TO THE ATMOSPHERE

Emissions of solvents (VOC) amounted to 19.5 tons (14.5). From a long-term perspective, VOC emissions were substantially reduced, mainly due to the installation of more effective treatment equipment at Habia Cable’s plant in China. Emissions of sulphur dioxide, nitrogen oxide and dust amounted to approximately 2 tons. The installed quantity of coolants (CFC/HCFC) was less than 0.1 ton. No emissions of these ozone-depleting substances were released to the atmosphere.

New engine technology cuts emissions

The environmental technology company Ripasso Energy has advanced the ability of the Stirling engine to convert heat energy into electricity. The company’s most recent product is an engine that converts industrial residual gases into electrical energy with a high level of efficiency. Lesjöfors has developed a component that enhances the efficiency of the engine’s heat absorption and reduces the exhaust temperature. Ripasso Energy plans to install the engine in mining facilities in South Africa, where the technology will extract energy from the facilities’ residual gases and generate electricity. Following installation, CO₂ emissions are expected to be reduced by up to 476,000 tons per year.

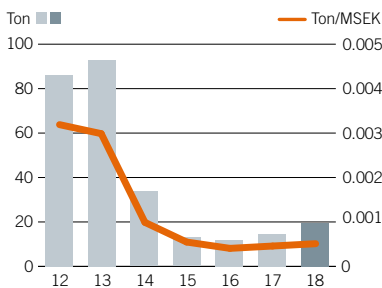
Cleaner air

Investments in better optimized production spaces have simplified the work at Lesjöfors China. Each step in the process can now be managed in a faster, simpler manner. New treatment equipment was also installed, which improved the air quality around the furnaces located in the plant.

Improved risk analysis

Habia Cable China makes continuous improvements to its environment, health and safety management system. The current focus areas are an analysis of risks in the work environment and a review of the emergency plans to be implemented in the event of an accident. John While Springs & Solutions also advanced its positions in the 2018 risk analysis, mainly in terms of the company’s chemicals management.

VOC EMISSIONS



SUBSIDIARIES' SHARE OF VOC EMISSIONS

Habia Cable 75%
 Lesjöfors 25%
 Beijer Tech 0%



Safe and stimulating work environment

Work environment, corporate social responsibility (CSR) and sound business ethics are part of Beijer Alma's fundamental values. It should feel secure and stimulating to work for us, but also to collaborate with our Group. The rules and values that form our business ethics apply to all employees in all units across the world.

HEALTH AND SAFETY

Sustainable development objective

This Group-wide objective was established in 2014 and stated that Beijer Alma was to have a vision of zero tolerance when it comes to workplace accidents and that the accident frequency rate was to be reduced by 2018. Each unit was to introduce its own health and safety objectives as well as a system for registering incidents occurring in the work environment (near misses).

Outcome

Despite training initiatives, other preventive measures and systems for registering near misses, we have not seen a decline in the number of workplace accidents. From a five-year perspective, the accident frequency rate has varied between 12 and 19 accidents per million hours worked. From an industrial perspective, this is relatively high and means that the objective was not achieved. The objective will be evaluated in conjunction with a review of all of the sustainability objectives to be carried out in 2019.

Work environment initiatives

During the year, the rate of short and long-term sickness absence remained low at 2.1 percent (2.2) and 1.4 percent (1.4), respectively. There were 75 (63) workplace accidents resulting in more than one day of absence (lost work cases, LWC). These injuries primarily occurred in conjunction with the handling of machinery and equipment, heavy lifting, repetitive work and falls. The number of falls increased during the year, while accidents related to lifting and other ergonomic factors declined. The number of lost work days (LWD) due to accidents amounted to 678 (502). Compared with other subsidiaries, the number of accidents in Lesjöfors was high. Within Habia, the number of accidents related to ergonomic factors increased. Beijer Tech had few work environment accidents. During the year, 284 near misses (169) were reported in the work environment. It is important that the registration of near misses is as comprehensive as possible since it contributes to the



SDG 8: Decent work and economic growth

- We contribute to this goal by:
- minimizing near misses and accidents in the work environment.
 - investing in technology/aids that improve the work environment.
 - conducting workplace health and safety inspections.
 - offering our employees training and development opportunities.
 - investing in and creating growth in our Group companies.

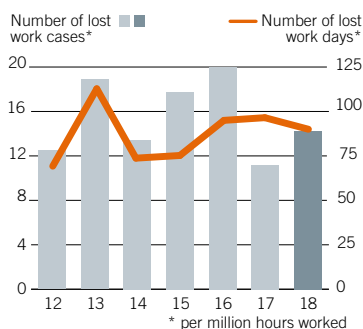
Higher productivity, better ergonomics

Investments in new lifting devices, and the optimization of production and storage spaces, increased productivity and improved the ergonomics and work environment at the Lesjöfors company Spiralspecialisten.

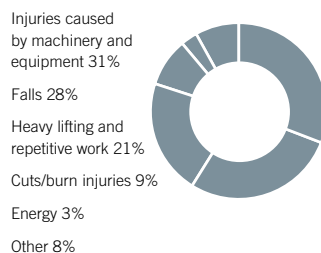
Extension enhances safety

In Äminnefors, Finland, Lesjöfors invested in a new warehouse building, providing better safety during inventory handling and making forklift operation more straightforward. The larger storage areas also create space for future investments in new production capacity. Lesjöfors Banddetaljer also invested in its inventory handling facilities, making them safer for employees and reducing the risk of damage to goods.

WORKPLACE ACCIDENTS RESULTING IN ABSENCE



CAUSES OF WORKPLACE ACCIDENTS



early discovery of dangers and the implementation of preventive measures – and particularly because experience shows that near misses are linked to the same types of work environment factors that usually cause accidents.

Continuous improvements

Preventive measures include systematic risk analysis, work environment assessments, training, safety inspections and investments in technical measures. Safety committees have been established at 24 units. At the smallest units, environmental work takes a different form. Workplace health and safety inspections were performed at just over 70 percent of the companies, including noise and dust measurements, general health checks, risk analyses and reviews of chemical use.

EMPLOYEES IN 18 COUNTRIES

Beijer Alma's 2,610 (2,544) employees are located in 18 (18) countries with different cultural, geographical and political backgrounds. Approximately 34 percent (36) of these people work in low-cost countries, 28 percent of whom are employed in China, Latvia and Slovakia. The majority of employees are located in Sweden, Germany and China. The proportion of female employees is 32 percent (31). The proportion of women on the company's Board of Directors is 43 percent (29). While there are no women among the Group's senior executives, the proportion of women among the management groups of the individual units is approximately 24 percent (27). A total of 41 (43) women are members of a management group that reports directly to the CEO of the company in question. In accordance with the Global Compact, we encourage diversity and are opposed to all forms of discrimination.

No irregularities, near misses or whistleblower incidents pertaining to human rights were identified in the preparation of this report for 2018. Responsibility for equality issues is decentralized and lies with the individual units. Salary rates adhere to legislative requirements, exceed minimum wages and are entirely in line with market rates. As a result of cultural and legislative differences, the degree to which employees are covered by collective agreements varies by country. At about half of the Group's units, most employees are covered by collective agreements.

One tool is the surveys carried out regularly to assess how the employees perceive their workplace. In 2018, surveys were conducted at 12 (15) units. While the majority of employees were satisfied with their jobs, questions were raised regarding the work environment and certain benefits. Approximately 1,120 employees (1,100) participated in development talks or other performance evaluations. Individual reward systems have been established at some of the Group's companies, with environment and work environment considerations also being used as key criteria. Approximately 21,500 (37,500) hours of training for managers and sales and production employees were completed in 2018. This corresponded to approximately 8.5 hours (15) for these categories of employees. The number of hours devoted to environmental, health and safety training amounted to 3.5 (4.4).

GEOGRAPHIC DISTRIBUTION OF EMPLOYEES

Sweden 29%
Denmark 3%
Germany 19%
Poland 3%
Singapore 2%
Slovakia 7%
Latvia 6%
UK 9%
China 16%
Other 6%



Improved work environment through remodeling

Remodeling and new investments have improved the work environment at Svebab. The handling of fire hoses at the end of the production process has been made easier by the addition of larger premises with optimized material flows and a new winder machine. It is at this stage that the hoses are measured, rolled, labeled and fitted with couplings prior to delivery to the customer. In the past, this work required several transfers and heavy lifting of hoses and materials. The work has been simplified using a new winder and attachment machine as well as by optimizing the flow of materials.

Safety and orderliness

Lesjöfors' plants in Liepaja, Latvia, devote considerable energy to training in health and safety issues, such as heavy lifting and gas and chemicals handling. Every month, safety audits are carried out and the company reviews its work related to 5S, which is part of the lean manufacturing concept and focuses on creating orderliness in the workplace.

Investment in preventive care contribution and support for Swedish Cancer Society

Lesjöfors Industrifjädrar doubled the preventive care contribution available to its employees. As a result, more employees have made use of the contribution for various types of activities. For eight weeks in 2018, the company also organized health walks with a quiz for all employees. In conjunction with this event, the company donated money to the Swedish Cancer Society.

New facility improves work environment

A new production facility is being built in Tyresö, outside Stockholm, where Lundgrens and Packningar & Plast will gather their manufacturing operations. The facility is approximately 3,500 square meters in size. The production flows in the new premises can be made more efficient, while the new, larger premises will provide a better work environment in terms of noise and ergonomics.

Cleaner work environment

European Springs installed new treatment technology that reduces dust and improves the air quality in its premises. The company is also increasingly investing in LED lighting that reduces electricity consumption.

Upstanding member of society

We are involved in the communities in which we operate and participate in networks and projects with various stakeholders – for example, by cooperating with schools, universities and industry organizations as well as providing support to local sports clubs and various types of non-profit associations that work to promote cultural issues, reduce social disadvantage and implement other social activities.

INCREASED SOCIAL COMMITMENT

Sustainable development objective

Beijer Alma's Group-wide objective was to increase its social commitment from 2015 to 2018 – for example, through additional contacts and partnerships with schools and universities. The objective stated that increased social commitment can also involve providing financial support and other contributions that support sustainable development in such areas as the environment, health, culture, ethics, sports and social activities.

Outcome

From a five-year perspective, Beijer Alma has increased its social commitment, including providing support for vulnerable people and for training programs for teachers in natural science subjects. At a local level, many Group companies cooperate with schools and universities and support sports clubs, healthcare, cultural programs and local development. The change has been clear, and the objective is therefore deemed to have been achieved. The objective will be evaluated in conjunction with a review of all of the sustainability objectives to be carried out in 2019.

Social commitment

During the year, we partnered with a number of upper-secondary schools, colleges and universities. Hundreds of students visited our operations, an initiative designed to give the students a better understanding of what it is like working in the business world. Habia Cable in Söderfors collaborates with the local upper-secondary school on the school's engineering programs. Lesjöfors has similar partnerships with local schools in Sweden and Slovakia. Several students were given the opportunity to participate in internships or carry out their degree projects at the Group's companies. In Poland and Sweden, for example, Habia and Beijer Tech collaborated with engineering colleges and industry organizations on development projects. Our involvement with the City Mission, Teach for Sweden and other non-profit organizations was developed further.

Continuous improvements

Several of Beijer Alma's units became more active in their contacts with schools and universities during the year. These activities will benefit the educational system, students and the Group in both the short and long term.



SDG 4: Quality education

We contribute to this goal by:

- supporting the Teach for Sweden organization.
- collaborating with local upper-secondary schools.
- engaging in technical collaborations with universities/colleges.
- offering our employees training and development opportunities.



SDG 17: Partnerships for the goals

We contribute to this goal by:

- having our own guidelines and sustainability goals.
- monitoring/reporting our sustainability work.
- meeting the demands of selected stakeholders.
- supporting various non-profit activities.
- joining the Global Compact.

Award-winning employees

The "Beijer Alma Scholarship" is awarded each year to employees of the Group who have excelled with their drive and creativity. The award was set up in 2016 in the name of Honorary Chairman Anders Wall. The award money is SEK 50,000, which the winners are to use for their continued skills development.

Reducing social disadvantage

Beijer Alma provides financial support to the Uppsala City Mission, which offers various meeting places for people affected by homelessness, mental illness or other types of social problems. The City Mission also offers work training and rehabilitation.

SOUND BUSINESS ETHICS

Code of Conduct and monitoring

The Group's anti-corruption initiatives are based on ongoing information provision and training related to the Code of Conduct, a zero-tolerance policy towards bribery, sanction systems for violations, and guidelines on gift amounts and business entertainment. Corruption is prevented by way of our management systems and through information, discussions and financial monitoring. The Code of Conduct is widely used to communicate the Group's values to suppliers and customers. As part of its sustainability reporting, Beijer Alma conducts an annual review of the Group companies' work to combat corruption and promote good business ethics. This is done through a self-assessment in which the management group of each company responds to approximately 20 questions. The questions are based on guidelines from the Global Compact. The review for 2018 showed a good level of commitment among the companies and revealed no violations of the Code of Conduct. The Group's anti-corruption work is ongoing and is based on the initiatives presented above as well as on targeted information to suppliers and sanction systems for violations.

Uppsala, February 13, 2019

Beijer Alma AB

The Board of Directors

Forum for entrepreneurs

The Anders Wall Lecture in Entrepreneurship is one of Sweden's largest events for entrepreneurs. The lecture has been held since 2003 and attracts some 2,000 guests each year to Uppsala University from both the business community and the academic world. Beijer Alma is one of the main sponsors of the lecture, at which inspiring speeches and presentations by successful entrepreneurs are alternated with entertainment.

Reaching teachers in new ways

Beijer Alma has supported Teach for Sweden since 2015. The organization recruits and trains teachers using a new approach, including individuals from the business sector and primarily in natural science subjects for schools in socially disadvantaged areas. The objective is to help more students achieve upper-secondary school qualification requirements. During 2018, CEO Henrik Perbeck and Beijer Tech's President Staffan Andersson were mentors for participants in the Teach for Sweden training program.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders in Beijer Alma AB, corporate registration number 556229-7480

Engagement and responsibility

The Board of Directors is responsible for the sustainability report for 2018 on pages 18–35 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Audit scope

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 substantially different and 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.

Uppsala, February 27, 2019

Öhrlings PricewaterhouseCoopers AB

Leonard Daun

Authorized Public Accountant