

WE ENGAGE IN SUSTAINABLE DEVELOPMENT

The long-term and holistic perspectives are at the core of Addtech's business model.

By acting responsibly through decisions, both large and small, we generate better business while contributing to a more sustainable world.

A good environment and fair conditions for individuals and companies alike are essential in a functioning society. As a leading player in value-adding technology trading, we at Addtech have a unique opportunity to contribute to sustainable development. Working in partnership with our customers, we can together advance new and improved technical solutions that, in turn, result in reduced emissions, more energy-efficient transport, safer workplaces and more jobs, for example, or other things that benefit society as a whole. This improves our opportunities for long-term,

profitable growth, while enabling the world to become a little more sustainable. Thorough sustainability work also contributes to our good reputation, which is one of our foremost competitive strengths. For a detailed picture of our business model and how we generate value, see page 7.

POLICIES AND GUIDELINES

Our values and ambitions are reflected in our Code of Conduct, which is fundamental to everything we do. This sets out how we do business and how we behave and act in

everyday life, thus providing a framework for our sustainability work. The Code builds on our own core values, as well as the UN Global Compact, the ILO's core conventions and the OECD's guidelines for multinational companies. It has been adopted by the Board of Directors and encompasses all companies and employees. The Code of Conduct can be read in its entirety at www.addtech.se. Our Code of Conduct for suppliers is also provided there, explaining what we expect from our business partners.

Sustainability work 2018/2019

CATEGORY	PRIORITY ISSUES
 Adding financial value	Long-term profitable growth
 Adding environmental value	Continuously reducing our direct and indirect environmental impact
 Adding social value	Providing a healthy workplace where employees enjoy their work and develop Safeguarding a high level of quality and ethics among suppliers

ABOUT THE SUSTAINABILITY REPORT

Since 2017/2018, Addtech's Sustainability Report has been partly integrated into the Annual Report. The Sustainability Report serves to transparently detail the Group's objectives, strategies and governance, as well as responsibilities, risks and opportunities, from the perspective of sustainability. The report is to provide customers, employees and shareholders an understanding and knowledge of our sustainability work. Certain information, regarding measurement methods for example, reported in previous years and remaining unchanged, is available in earlier Sustainability Reports. Pages 24-31 and 38-40 constitute Addtech's statutory Sustainability Report. The report has been produced in accordance with the guidelines for the GRI (Global Reporting Initiative) Standards at application level Core. The Annual Report represents our Communication on Progress. The GRI index is available at www.addtech.se

THREE FOCUS AREAS

Addtech's sustainability work is based on three focus areas: Adding financial value, adding environmental value and adding value for society. These are, in turn, broken down into additional areas. The three focus areas are to be taken into account in all strategic decisions within the organisation,

DECENTRALISED STRATEGY

Sustainability forms a natural part of all strategic decisions within the organisation. Operational sustainability work is conducted in line with

our decentralised culture, with the subsidiaries bearing considerable responsibility but also enjoying substantial freedom. We are convinced that the best decisions are made as close to the market as possible. This is reflected in our core values of Freedom, Responsibility, Simplicity, Efficiency and Change. As a group, Addtech primarily exerts its influence as an active owner through the subsidiaries' boards. Ultimately, the Group's Board of Directors, is responsible, through Group Management, for Addtech's overall, long-term sustainability targets. These targets are supplemented by

targets and action plans developed by each business area for its companies.

ANNUAL ASSESSMENTS

Addtech assesses its own operations annually, from the level of the individual subsidiary up to the Group level. The subsidiaries report on their own sustainability work annually and, supported by the Group, implement measures if there are any shortcomings. A large number of suppliers are evaluated on a yearly basis. Reviews are conducted, and measures implemented, at the company, business area and Group levels.

ACTIVITIES DURING PAST YEAR

- 14 acquisitions, plus five completed after the end of the financial year
- New business area: Automation
- Continuous streamlining process

SELECT KEY FINANCIAL INDICATORS

29% (17) earnings growth	25% (14) increase in dividend per share*
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*Dividend proposed to Annual General Meeting

PRIORITIES FOR THE FUTURE

- Continued acquisitions
- Continuous efficiency enhancements
- Continued focus on sustainable business opportunities

- Continued roll-out of the Code of Conduct for suppliers
- Continued work on supplier evaluations
- Improved measurement of emissions from travel through Group-wide booking function
- Continued work on switching to renewable energy sources

59% (54) share of electricity from renewable sources	-14% (-0.3) energy consumption in relation to net sales
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- Continued focus on reducing emissions from the Group's own operations
- Continuous development of supplier evaluations

- Employee survey completed
- Continued work to familiarise all employees and suppliers with our Code of Conduct
- Continued work on supplier evaluations

98% (96) permanent employees	3% (2) absence due to illness
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- Increasing the proportion of employees who respond to the regular employee surveys
- Increasing the number of employee development interviews completed annually
- Focus on increased gender equality



STAKEHOLDER DIALOGUE

We identify our key stakeholder groups on an ongoing basis, mapping their demands and expectations of us. This provides us with key points of departure in developing both our business and our sustainability and helps us plan our decisions adequately in advance. We maintain ongoing contacts with our stakeholders through various channels. During the 2018/2019 financial year, measures were undertaken including an employee survey and ongoing supplier assessments. During the 2019/2020 financial year, we are planning a new, combined stakeholder dialogue, with a subsequent revision of the materiality analysis.

PRIORITY STAKEHOLDERS

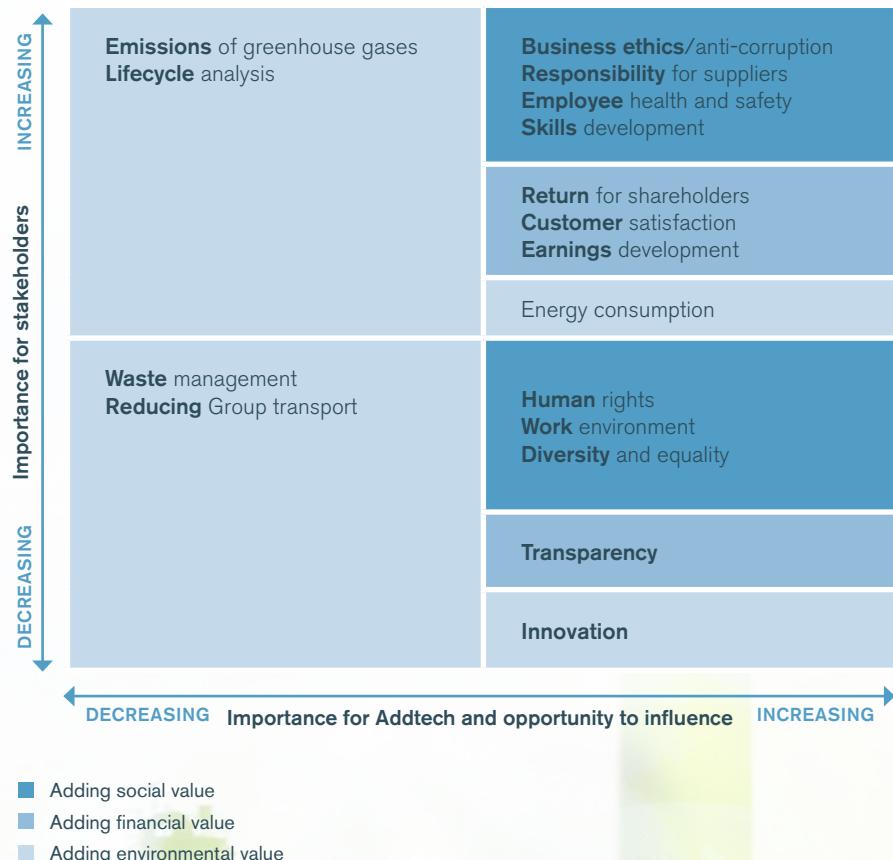
GROUP:	Core issues of sustainability:	Dialogue primarily through:
Employees	Health and safety, skills development, responsible suppliers	Regular employee surveys, annual performance and development interviews, training courses, intranet
Customers	Customer satisfaction, innovation, business ethics, environmental and climate impact	Subsidiaries' own channels and meetings. Addtech website
Shareholder	Earnings development, business ethics, return to shareholders, customer satisfaction	Interim reports, analyst and investor meetings, Annual Report, Addtech's website and Annual General Meeting
Suppliers	Business ethics, customer satisfaction	Subsidiaries' own channels and meetings. Group supplier assessments
Social partners	Business ethics, consideration for environmental impact	Local contacts between subsidiaries and stakeholders in local communities. Dialogue with relevant authorities regarding, for example, the work environment, environmental responsibility and product liability. Certification bodies for ISO, etc.



MATERIAL ISSUES AND RISKS

In our sustainability work, we allocate resources on the basis of a materiality analysis. The analysis weighs up stakeholders' views regarding sustainability with the risks and opportunities specific to Addtech. We have identified the following areas as the most material and as our highest priorities: Generating and delivering profitable growth, reducing our negative environmental impact, maintaining a high level of business ethics and providing a healthy workplace. Based on the materiality analysis, Group Management has, in consultation with the Board of Directors, established shared working methods and targets. During the 2019/2020 financial year, we are preparing an update of the materiality analysis.

MATERIALITY ANALYSIS



ADDING FINANCIAL VALUE

SUSTAINABLE AND PROFITABLE

Growth and sustainability go hand-in-hand. A stable and sound economy helps us promote issues of sustainability, both internally and externally. In turn, this helps us grow sustainably.

For Addtech, it goes without saying that profitable growth is closely associated with sustainable development. Global and local demands for reduced emissions and increased sustainability have made sustainable products and solutions a competitive advantage in our industry. We endeavour to be a better choice than our competitors, actively meeting market demand for long-term solutions. Through structured sustainability work, our companies can increase their competitiveness, increasing

the Group's profitability. At the same time, we are able to enhance efficiency and identify additional opportunities for both savings and improvements. Not only does structured sustainability make the operations stronger, it also makes them more sustainable, highlighting potential savings and improvements, for example, as well as risks.

Growth provides the foundation for long-term profitability and is measured as earnings growth. The profitability of each subsidiary

company should be at least 45 percent, measured as the relation between operating profit (P) and working capital (WC). The P/WC model places a premium on high operating profit and a low degree of capital tied up, which, combined with an annual growth target of 15 percent, measured over a business cycle, provides the opportunity for self-financed profitable growth over the long term.



ADDING FINANCIAL VALUE

LONG-TERM TARGETS	OUTCOME 2018/2019	COMMENT
Earnings growth: >15% over a business cycle	Earnings growth 29% (17)	*See also the CEO comments on page 4, and pages 8-9
P/WC: >45% return on working capital in all units	P/WC 53% (53)	*See also pages 8-9
Dividend policy: >30% of average profit after tax over a business cycle	Payout ratio 51% (52)	*See also pages 32-34

Financial value generated and distributed

SEK million	Stakeholder	2018/2019	2017/2018
Income	Customers	10,148	8,022
Financial value generated		10,148	8,022
Manufacturing costs	Suppliers	7,398	5,825
Salaries and remuneration*	Personnel	1,840	1,496
Disbursements to providers of capital	Creditors	50	40
Disbursements to providers of capital	Shareholders	269	235
Disbursements to sovereigns	Public sector	230	169
Financial value distributed		9,787	7,765
Remaining in the company		361	257

* Total salaries and remuneration include salaries and pensions for employees, including amounts disbursed to the public sector (employer's contributions, social security contributions, etc.) on the employees' behalf.

ADDING ENVIRONMENTAL VALUE

ENVIRONMENTAL WORK WITH BUSINESS FOCUS

We are working continuously both to minimise our impact on the environment and to help customers develop more sustainable solutions. In this way, we are participating in building a better future.

Our environmental work is conducted within the framework of our business concept and is to be integrated well into all of our decisions. By developing more sustainable products and solutions, enabling our customers to reduce their impact on the climate and the environment, we generate value both for our customers and for society as a whole.

The environmental work is governed by our environmental policy, which forms part of our Code of Conduct. Environmental

measures are to be implemented as far as technically possible, reasonable in terms of business administration and environmentally justified.

Our own operations consist largely of product trading. The actual production often takes place at a supplier company. Our own use of raw materials, chemicals and fossil fuels is therefore limited. Our own negative environmental impact derives largely from emissions of carbon dioxide, particularly in

connection with fuel consumption during transport, energy consumption in warehousing and fuel consumption in connection with our own travel. We place total carbon dioxide emissions in relation to sales to provide a fair picture – referred to as an intensity measure of greenhouse gases.

We generally strive to minimise waste, prevent emissions, take environmental performance into account in connection with transport, for example, and, on the whole, to



ADDING ENVIRONMENTAL VALUE

TARGETS	OUTCOME 2018/2019	COMMENT
<p>Reduce the direct and indirect environmental impacts of our operations, products and processes by:</p> <ul style="list-style-type: none"> Continuing our work to provide products and solutions that help drive sustainable development and reduce environmental impact Continue the process of setting targets with regard to energy and climate 	<p>Total climate impact: 2.2 tonnes CO₂/SEK million (2.2)</p> <p>Energy consumption: Percentage of renewable sources 59% (54)</p> <p>Energy consumption in relation to net sales, compared with the preceding year: -14% (-0.3)</p>	<p>Calculated as tonnes of CO₂ emissions increased marginally over the year, partly because growth resulted in increased travel. We will be focusing further on how to reduce the climate impact of our travel and transports.</p>
		<p>The share of electricity derived from renewable sources continues to increase within the Group.</p> <p>A positive observation was that energy consumption in relation to net sales decreased significantly compared with the preceding year.</p>

conduct open and committed environmental work. As a minimum requirement, we always comply with local laws and regulations.

Assuming responsibility that extends beyond our own operations is also important to us. In our Code of Conduct, we therefore require that our suppliers defend the environment in their production. We regularly review their efforts to promote sustainable development. These assessments provide us with an overview of how our suppliers work with environmental issues and allow us to perceive opportunities to implement shared improvements where feasible. Our suppliers are to operate in line with our environmental policy, be familiar and compliant with the prevailing requirements under national legislation, regulations and industry standards. Safe handling of hazardous substances and waste is a minimum requirement.

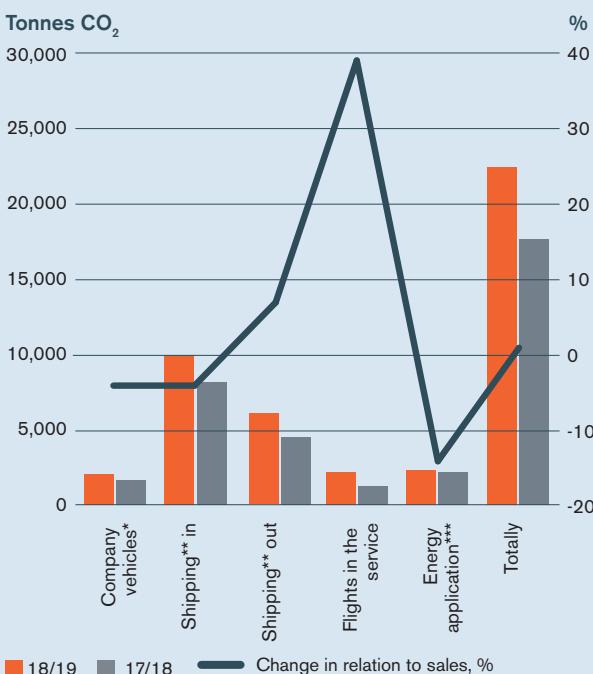
We had no cases of fines or sanctions due to environmental violations during the year.

More than half of the electricity used within the Group comes from renewable sources. This is an ambitious process that has been in progress for several years and that will also continue in the future.



CLIMATE IMPACT

CO₂ EMISSIONS



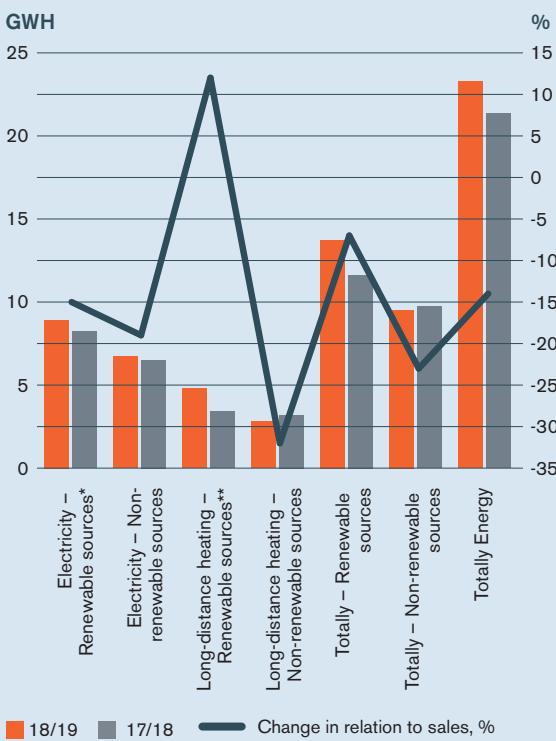
* Based on reported kilometres driven and average CO₂/km emissions from the Group's vehicle fleet.

** Based on reports from transport suppliers, as well as Addtech's own calculations using ecotransit.org.

*** Based on Nordic electricity production, with 1 kWh being expected to generate 0.1 kg CO₂.

ENERGY CONSUMPTION

RENEWABLE AND NON-RENEWABLE SOURCES



* Solar energy, wind power and hydroelectric power

** Biofuel, surplus heat, waste (70% renewable)

ADDING SOCIAL VALUE

OUR ROLE IN SOCIETY

More jobs, increasing tax revenues and innovations. These are some of the contributions that Addtech can make to society.

Addtech generates value at many levels in society: We contribute to general prosperity through job opportunities, tax revenues, innovative power in industry and more developed local competitiveness. Our companies often have strong local roots and, by facilitating viable, long-term entrepreneurship, we are able to strengthen local business and industry. We always endeavour to recruit locally and to offer employment for young people.

EMPLOYEES

At Addtech, it is common for employees to stay with the company for a long time – on average almost ten years. We are proud of that. We want to maintain long-term relationships with our employees and offer secure forms of employment, a favourable work environment and individual development opportunities. When our employees enjoy their work, grow and reach their full potential, Addtech gains continuity in its operations, more initiatives that develop our business and internal management supply.

Continuous skills development is important and we offer tailored training through our own business school, the Addtech Academy. This is available to all employees and is an

important platform for disseminating our corporate culture. The Addtech Academy is also a key forum, strengthening the Group's internal network.

We conduct regular employee surveys to identify our strengths and weaknesses as an employer. These surveys also allow us to ascertain needs shared by subsidiaries and to identify successful ideas that could benefit more companies. Our target is for each employee to attend a personal performance and development interview once a year.

HEALTH AND SAFETY

Health and safety is a priority area. While the operations within the subsidiaries' facilities entail risks for work-related illnesses and accidents, the sales operations also entail a risk of accidents when travelling or visiting customers' factories and facilities, for example. It is our target that no employees should suffer physical or mental ill health due to their work situation. For this reason, we apply a zero vision regarding work-related accidents, illness and incidents and our ambition is to continuously promote health and well-being among our employees.

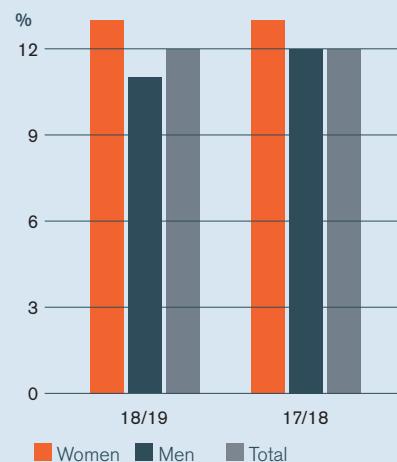
SUSTAINABILITY IN THE SUPPLY CHAIN

We work with a large number of global suppliers' products and solutions. Most purchases are made from suppliers outside the Nordic region, in Europe, the US and Asia. This entails sustainability risks. At the same time, our supplier relationships are often long-term and characterised by close cooperation. This affords us favourable opportunities for a dialogue regarding risks and development. During 2016/2017, we developed a specific Code of Conduct for suppliers, which was subsequently rolled out. By 2020, our target is to have assessed the following based on the Code of Conduct:

- As a minimum, the 20 largest suppliers per business area
- At least 50 percent of the purchasing volume or, alternatively, the five largest suppliers per subsidiary
- New suppliers with a potential purchase volume of more than SEK 1 million

Each subsidiary is responsible for taking risks regarding its products and locations into account.

PERSONNEL TURNOVER



PERCENTAGE OF WOMEN PER FUNCTION



PEOPLE IN FOCUS

All employees are to be afforded equal opportunities for development, regardless of gender, age, ethnic origin, religion, political views, sexual orientation, disability or other distinguishing characteristics. We defend human rights, and require that all of our companies and suppliers, as a minimum, comply with the minimum requirements under national

legislation with regard to labour law. We apply zero tolerance regarding forced labour and work actively to prevent regulatory violations within our operations or value chain. All operations bearing our name adhere to the UN Convention on the Rights of the Child, ILO Convention (No. 138) concerning the Minimum Age for Admission to Employment and ILO Convention (No. 182) concerning

the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour. We embody superior business ethics, apply zero tolerance regarding corruption and work actively to counteract bribery and unfair practices that restrict competition.

Read more in our Codes of Conduct at www.addtech.se



ADDING SOCIAL VALUE

TARGETS	OUTCOME 2018/2019	COMMENT
• Have the industry's most satisfied employees	Type of employment Percentage of permanent employees: 98% (96) Percentage of full-time employees: 94% (93) Personnel turnover 12% (12)	Temporary employees are primarily engaged to substitute for regular employees who are ill or absent for other reasons. The trend was positive in terms of the percentage of permanent employees. We endeavour to keep personnel turnover at a low level.
• No employees should suffer physical or mental ill health due to their work	Absence due to illness 3% (2)	Although absence due to illness increased marginally over the year, it remained well below the average for Swedish companies. The ambition is to continuously reduce absence due to illness. No fatalities occurred during the year.
• Be a workplace that promotes diversity and equality	Gender distribution Percentage of women/men in the group 26% 74% <div style="display: flex; justify-content: space-around; width: 100%;"> Women Men </div>	Our long-term goal is to increase the percentage of women to reflect, as a minimum, the general gender distribution in the technology sector and the percentage among graduates from relevant engineering programmes. We will continue to focus on the issue and encourage employees' own initiatives. During the year, for example, a group of women salespeople took the initiative to start a Group-wide network to increase the proportion of women in leading roles.
• All employees are to attend personal performance and development interviews	Employee development interviews Percentage of documented performance and development interviews: 63% (62)	For 2019/2020, our target is to increase the proportion of employees having attended personal performance and development interviews. With respect to the employee survey, the response rate increased somewhat. In the future, we will prioritise efforts to increase the response rate.
• All employees, operations and suppliers must adhere to our Code of Conduct • To annually increase the percentage of suppliers having undergone our supplier assessment	Supplier assessments Continued work to roll out the Code of Conduct and perform assessments of the business areas' largest suppliers.	During the year, there were no cases of corruption, child labour or violations of labour law.