

WE ENGAGE IN SUSTAINABLE DEVELOPMENT

Addtech's vision is to be the leading value-adding tech provider. The vision entails a long-term focus on developing the business by constantly being a value-adding knowledge provider. To achieve that vision we must run our business sustainably. Addtech aims to meet the sustainability requirements and expectations set by customers, shareholders and employees and to promote sustainable technological development.

We take long-term responsibility for sustainable development of profitability, employees and the environment. Global and local demand for lower emissions and greater sustainability in society are making sustainable products and solutions into a competitive asset in the technology trading market. We aim to be a better choice than our competitors and focus actively on meeting this demand. With a structured sustainability programme, we are developing the business to make it

both stronger and more sustainable, for example by highlighting the potential for savings and improvements, as well as the risks. We are also meeting this demand by ensuring that our companies are committed to developing and offering solutions that increase customers' energy efficiency and reduce their negative environmental impact. By continuing to develop sustainable solutions for our customers, we increase our competitiveness while helping to bring about a sustainable society.

Purpose and objective of the report

The purpose of this sustainability report is to describe in a transparent way Addtech's objectives, strategies and governance, as well as its accountability, risks and opportunities from a sustainability perspective. The report is intended to provide customers, employees and shareholders with an understanding and knowledge of our sustainability work.

ABOUT THE SUSTAINABILITY REPORT

Pages 22-31 and 38-40 constitute Addtech's statutory sustainability report. Sustainability Report 2017/2018 has been produced in accordance with the Global Reporting Initiatives (GRI) guidelines. The GRI index is available at www.addtech.se.



DIALOGUE WITH STAKEHOLDERS CREATES THE RIGHT FOCUS FOR SUSTAINABILITY WORK

Our sustainability work is affected by the fact that a number of stakeholders make demands and have expectations of us. Dealing with existing demands and planning ahead for anticipated demands is a fundamental part of our strategy for sustainable development. Our stakeholders are groups in our vicinity who affect or are affected by our operations. We strive to maintain an open dialogue with our stakeholders so we can focus our efforts on the sustainability issues that our stakeholders see as most important. We have identified five important stakeholder groups: customers, suppliers, employees, shareholders and society.

In 2016/2017, we conducted a new stakeholder dialogue to ensure that we are working and reporting on the areas that are most important to our business and our stakeholders. Via surveys and interviews, we put a number of questions to a selection of our stakeholders about their expectations of our sustainability work. The stakeholders questioned were major customers and owners, analysts and a selection of employees and Board members. The stakeholder dialogue revealed that our strengthened commitment within sustainability is valued but also that demands are increasing for continued engagement in the area.



SIGNIFICANT ISSUES AND RISKS

The findings from the stakeholder analysis revealed the most highly prioritised areas in sustainability to create and deliver profitable growth, to reduce our negative impact on the environment, to maintain a high standard of business ethics and to provide a healthy workplace. The table below shows the work we performed in these areas over the financial year. In the materiality analysis, we weighed up the stakeholders' observations against the risks and opportunities that are specific to us. The risks are described further on pages 38-40.

MATERIALITY ANALYSIS



STAKEHOLDERS	KEY QUESTIONS WITHIN SUSTAINABILITY	COMMUNICATION AND COLLABORATION
EMPLOYEES	Health and safety for employees, education & training, customer satisfaction, earnings growth, good working conditions at suppliers	Regular employee surveys, annual performance and goals reviews, as well as education and training. Communication is mainly conducted via managers, the intranet and mailings.
CUSTOMERS	Customer satisfaction, innovation, business ethics, environmental impact	The subsidiaries have a close relationship with their customers and have regular personal meetings. Information is distributed through subsidiaries or on the website.
SHAREHOLDERS	Earnings growth, business ethics, return to shareholders, customer satisfaction	Annual reports, quarterly reports, investor and analyst meetings, the website and the annual general meeting.
SUPPLIERS	Business ethics, customer satisfaction	The subsidiaries work closely with their suppliers, which enables a close dialogue. Supplier evaluations are conducted.
SOCIETY	Business ethics, environmental impact	Subsidiaries collaborate with local organisations to improve the local environment. Questions regarding working environment, environment and product liability are discussed with relevant authorities. Certification body for ISO etc.

SUSTAINABILITY AREAS	PRIORITY AREAS	ACTIVITIES DURING THE FISCAL YEAR
ECONOMIC VALUE ADDED	Long-term profitable growth	Efficiency initiatives, earnings growth, higher operating margin
ENVIRONMENTAL VALUE ADDED	Continuously reduce our direct and indirect environmental impact	Power usage audit, emission monitoring, development of environmental policy
SOCIAL VALUE ADDED	Maintain high quality and a high ethical level for ourselves and our suppliers	Development of code of conduct for both the company and its suppliers. Development of supplier evaluations
	A healthy workplace where employees thrive and grow	Systematic work environment development in subsidiaries, education and training, employee surveys, relevant actions

STRATEGY AND GOVERNANCE

Sustainability is an important part of our strategy and the aim is that sustainability should be taken into account in all strategic decisions within the organisation. We have divided our sustainability work into three categories: economic, social and environmental value added. In each area, we have a number of strategies, policies and objectives.

SUSTAINABLE GOVERNANCE WITH DECENTRALISED RESPONSIBILITY

Addtech's sustainability work is in the first instance governed by our Code of Conduct. Addtech's Board of Directors, via Group management, is ultimately responsible for the Group's sustainability work. Group management determines long-term overarching goals in important areas. These are supplemented by goals and action plans developed by each business area for their companies. In line with our well-established corporate culture, our operational sustainability work is driven via a system of decentralised responsibilities in our companies. Addtech does not micromanage its companies

and instead exercises active ownership through its Board of Directors and follow-up. The Codes of Conduct have been adopted by the Board of Directors and are available on our website at www.addtech.se.

FOLLOW-UP AND ACTIONS

Addtech actively assesses its own operations and those of its suppliers. Every year, our companies report on their own sustainability work and on the results of supplier reviews performed. When failures are identified, the companies take the appropriate actions with the support of the Group. Follow-up is performed and actions taken at company, business area and Group level.

Addtech's Code of Conduct

Addtech's Code of Conduct is a foundation for our sustainability work and an integral part of the organisation. Our Code of Conduct, taken together with our core values (simplicity, efficiency, change, responsibility & freedom), is the basis on which we do business, perform and act in our day-to-day work and in our relationships with the world around us. The Code includes all major issues in human rights, working conditions, corruption, equal opportunity and diversity. The Code is based on the UN's Global Compact, ILO's Core Conventions and the OECD Guidelines for Multinational Enterprises and applies to all companies and all employees. The Board of Directors has decided on the Code of Conduct, which is published on www.addtech.se

ADDETECH IN THE VALUE CHAIN AND OUR BUSINESS MODEL

Addtech's business concept is to offer high-technology products and solutions to companies in the manufacturing and infrastructure sectors. Addtech acts as a value-adding link between customers and suppliers. For description of the business model, see page 7.

THREE FOCUS AREAS FOR STRATEGIC SUSTAINABILITY

Addtech's sustainability efforts work together in three categories; economic, social and environmental value creation. Within these areas, we have identified significant sustainability areas to focus our work around.

ADDTECH'S THREE FOCUS AREAS FOR STRATEGIC SUSTAINABILITY WORK



ECONOMIC VALUE ADDED

→ Customer satisfaction | Earnings growth



ENVIRONMENTAL VALUE ADDED

→ CO2 emissions | Energy consumption
Transports | Sustainable products



SOCIAL VALUE ADDED

→ Business ethics | Education & training | Diversity & Equality | Health & safety

” Our operational sustainability work is driven, in line with our well-established corporate culture, through decentralised responsibility in our companies.



ECONOMIC VALUE ADDED

AN IMPORTANT COMPETITIVE ADVANTAGE

Global and local demand for lower emissions and greater sustainability in society is making sustainable products and solutions into a competitive asset in the technology trading market. We aim to be a better choice than our competitors and focus actively on meeting this demand. With a structured sustainability programme, we are developing the business to make it both stronger and more sustainable, for example by highlighting the potential for savings and improvements, as well as the risks. We are also meeting this demand by ensuring that our companies are committed to developing and offering solutions that increase customers' energy efficien-

cy and reduce their environmental impact. By continuing to develop sustainable solutions for our customers, we increase our competitiveness while helping to bring about a sustainable society.

LONG-TERM PROFITABLE GROWTH

Growth is the basis of long-term profitability and enables development of operations. Growth is measured as earnings growth. This is a long-term target measured over a business cycle. Growth is achieved through strategic efforts to focus on expansive markets, concentrated on leading suppliers, a constant customer focus, and acquisitions of market-leading niche companies. The profitability tar-

get of each subsidiary is measured using the relationship between operating profit (P) and working capital (WC). The P/WC model encourages high operating profit and low levels of tied-up capital, which combined with the growth target enables self-funded long-term profitable growth. Constant development is required to generate earnings growth and high profitability.

■ TARGETS FOR ECONOMIC VALUE ADDED

Addtech is required both to deliver a return to our shareholders and to invest in sustainable development. To be able to do this, financial stability and strength is needed, which in turn demands earnings growth, profitability and development. To achieve this, we strive for:

Earnings growth > 15% over a business cycle.

P/WC > 45% return on working capital in all units.

Dividend policy 2017/2018 > 30 % of average profit after tax over a business cycle.

17%

PROFIT GROWTH

53%

EBITA / WORKING CAPITAL

52%

PAYOUT RATIO



Addtech's business school educates all employees in our company philosophy.

SOCIAL VALUE ADDED

The key to Addtech's continuing sustainable business development and success lies in the long-term relationships we have built with our employees, customers and suppliers. To uphold our good reputation, we must maintain high quality and a high standard of business ethics in all our undertakings. We strive at all times to be a responsible actor.

OUR EMPLOYEES ARE OUR MOST IMPORTANT ASSET

Addtech's employees are our most important resource and competitive instrument. They drive our business development and contribute to social development. We nurture employees' interests by developing them towards greater responsibility within their own company or in other parts of the Group.

As our employees develop, so we also obtain an internal leadership supply.

Addtech organises its business on the basis of decentralised responsibility for profitability and earnings. This involves a high presence of motivated, creative and decisive employees who can prioritise between work tasks yet lift their eyes and look ahead. In order to succeed in this, Addtech works to maintain an open and positive approach to people, capitalising on the full potential of employees, whatever their position and level of responsibility. We emphasise the importance of taking account of the distinctive character of each individual employee. It is the very differences that create the dynam-

ics that have made Addtech successful. Our employee philosophy is about being an attractive employer, creating a workplace where employees are happy, developed and proud to work.

Corporate culture that leads the way

To measure up to our vision of being the leading value-adding tech provider, we must comply with our corporate culture and core values. We call this Addtech's soul. Our culture helps our employees relate to their responsibilities, customers, partners, colleagues and the outside world.

Responsibility and Freedom are two of Addtech's core values and are summarised as "Freedom with responsibility". This is a central concept within the Group and a key prerequisite to enable subsidiaries and employees to work closely with customers and suppliers. Our decentralised organisation is based on our conviction that decisions achieve the best results when they are taken close to the market.

Over time, Addtech's corporate culture has become a deeply anchored root system that links employees and subsidiaries.

It also paves the way for Addtech's future, and all employees are trained in the corporate philosophy via the Addtech Business School. In total, there are five core values that should permeate employees' work. Freedom and responsibility have already been mentioned; the other three are simplicity, efficiency and change.

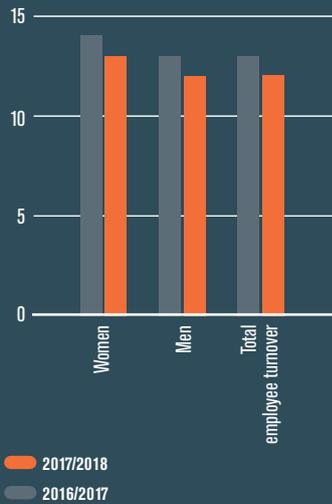
Employee surveys

To monitor our long-term, strategic work on personal development, we regularly conduct employee surveys. That way, we identify the Group's strengths and weaknesses as an employer, as well as mapping areas for improvement.

From a Group perspective, the survey creates the scope for us to offer our companies support where we identify general needs, while enabling us to disseminate knowledge and ideas from successful companies around the Group. Addtech's Group management encourages the CEOs of each Group company to produce an action plan based on the company's specific findings, as the size and conditions of the companies can vary consid-

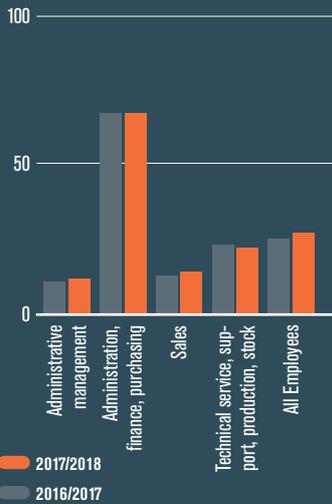
EMPLOYEE TURNOVER

EMPLOYEE TURNOVER IN %



GENDER DISTRIBUTION

SHARE OF WOMEN IN %



96%

EMPLOYEES ON PERMANENT CONTRACTS

2%

ABSENCE DUE TO ILLNESS

erably. The findings from the employee survey are also used as a basis for our long-term, strategic work on personnel development.

Employees

96% (96) of our workforce is permanently employed and 93% (95) of our employees work full time. Contract employees are mostly used to replace regular employees in the case of illness or other absence. The fact that our employees enjoy secure employment is not just a work environment issue, it is also an important factor in obtaining continuity in the organisation and enabling us to build long-term relationships.

Occupational health and safety

Health and safety are a priority area. We have a zero vision for work-related accidents, illnesses and incidents, and an ambition to focus constantly on promoting health and well-being among our employees. The aim is that no-one should suffer physical or mental ill-health caused by his or her work situation. At Addtech's companies, potential risks of work-related illnesses and accidents exist, but such risks also exist in the sales process, for example during travel to and from customers and during visits to customers' factories or other facilities. During the year, 29 injuries (22), 21 cases of occupational diseases (17) were reported and absence due to illness amounted to 2% (2), well below the average in Sweden. There were no fatalities.

Employee turnover

We strive to ensure the well-being and personal development of our employees so that we can both retain key skills and recruit new talent. In 2017/2018, overall employee turnover was 12% (13%). Average length of employment is about 10 years.

Skills development

Addtech's development and competitiveness are strongly linked to the personal development of employees and their well-being. We therefore encourage our companies to cooperate with each other. The exchange of experience and skills contributes to the development of the Group, companies and employees. Examples of internal networks that strengthen corporate culture and expertise include our own business school, CEO meetings and partnerships between subsidiaries, business areas and business units.

The Addtech Business School is for all employees and represents an important platform for spreading corporate culture and developing, training and motivating our employees. The School's various courses offer employees training adapted to their particular experience and duties and are aimed at both new employees and senior executives. It is important for our salespersons to receive thorough training in business skills, which they can combine with their in-depth skills in their specific product areas. Training in Addtech's "Vision and Corporate Philosophy" is held in connection with the acquisition of new companies.

Another important part of the work on skills development and employee well-being is annual performance appraisals and development reviews. We aim for all employees to have a personal development review every year. The process of implementing a new method for performance appraisals and development reviews has continued in 2017/2018 and documented reviews were conducted with 62% (62) of our employees during the year.

Equal opportunity and diversity

We do not permit discrimination or harassment in any form. All employees must be given the same opportunities for development regardless of gender, age, ethnic origin, religion, political views, sexual orientation, disability or other distinguishing features. Guidelines for equality and diversity work are set out in the Code of Conduct.

The technology trading industry has historically been male-dominated, and still is. Addtech's ambition is to continually increase the proportion of women. The proportion of women and men in the Group shall at least reflect the general gender distribution in the industry, and the proportion of graduates from institutes of technology. It is also Addtech's aim for all employees in the Group, irrespective of gender, to be given the same opportunities for equal pay for equivalent work. In order to detect and resolve any differences, we review salary differences annually at both Group and Company level.

WE SET HIGH STANDARDS FOR OUR SUPPLIERS

Addtech's good reputation is one of our strongest competitive assets. Because we impose high requirements for integrity and ethics in our own operations, it is natural to do the same with our suppliers as well. We work closely with our suppliers and review them regularly to ensure that the whole value chain is working towards the same ethical objectives.

Supplier requirements in the areas of human rights, business ethics and environmental work are compiled in a specific code of conduct for suppliers. No incidents involving human rights violations have been reported during 2017/2018 or earlier years.

ADDTECH'S SUPPLY CHAIN

The majority of Addtech's sales consist of products and solutions from global and market-leading suppliers. We have a large number of suppliers across the world and the majority of purchases are from suppliers outside the Nordics, in Europe, the USA and Asia. The fact that the largest share of production takes place outside the scope of our operations obviously brings certain sustainability risks. On the

other hand, our supplier relationships are often long-standing and involve close collaboration on how the supplier's products can be used in a variety of customer applications. This benefits quality, price, lead times and customer satisfaction, while giving us the opportunity for constructive dialogue on the supplier's sustainability risks and development.

Addtech is also constantly seeking new suppliers who can complement or boost the development of our business.

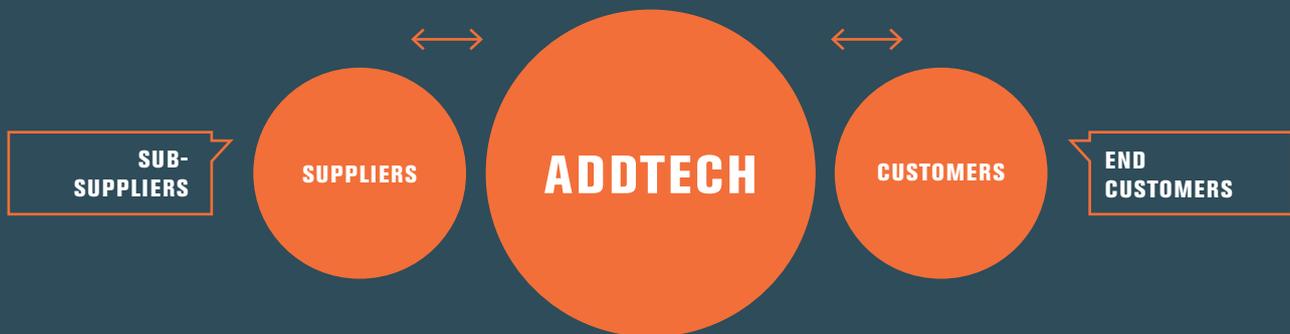
Supplier evaluations assure sustainability in our value chain

The aim of supplier evaluations is to ensure that Addtech's companies work with ethically responsible suppliers and that our entire value chain operates accord-

ing to the same ethical objectives. Our supplier evaluation work has continued during the year, with suppliers being evaluated from a social and environmental perspective. The ambition is to work with our suppliers and review them regularly in order to bring about positive change.

At Group, business area and company level, there are special minimum requirements for supplier evaluations, which must be met within a three-year period. There are specific targets that apply to new suppliers, potential risk products and risk charts. During 2016/2017, the Group-wide system and process for supplier evaluations underwent further development for continued roll-out during 2017/2018.

■ ADDTECH SUPPLY CHAIN



Anti-corruption

Business ethics is high on our agenda and is an issue that is continuously addressed in the Addtech Business School and other areas. Guidelines on anti-corruption are set out in the Code of Conduct and the Supplier Code of Conduct. We have a stated policy of zero tolerance for corruption, bribes and unfair anti-competitive practices. No cases of corruption were found to have occurred during the year.

Child labour

The UN Convention on the Rights of the Child, the ILO’s Minimum Age Convention (no. 138) concerning Minimum Age for Admission to Employment, and the ILO’s convention (no. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour serve as guidelines for all activities conducted in our name. No incidents involving any breach of these conventions were reported during 2017/2018.

Labour law

Our Code of Conduct requires all our companies and suppliers to at least meet the minimum requirements of national legislation in the area of labour law. Labour law guidelines are set out in our Code of Conduct. Addtech has a zero tol-

erance policy on forced labour and works actively to assure itself that there are no breaches of regulations in our operations or our value chain.

OUR ROLE IN SOCIETY

Addtech also creates value at society level. We create jobs, advance the development of competitiveness in value-adding technology trading and contribute via tax payments. Addtech’s companies have strong local roots and their operations are often based in small towns. When making acquisitions, we therefore seek to remain in those locations, nurturing and developing the skills that exist there. Our aim is to contribute to strengthening the community in which we operate by pursuing an invigorating and long-term policy in our business activities. We endeavour to recruit new employees locally and to offer jobs to young people. We want to create the right conditions for local growth by means of active and constructive dialogue with the local community.

Taxes

We play our part in and contribute to our collective prosperity via employer’s social welfare contributions and taxes. Compliance with local tax laws and regulations must be observed in all our countries of operation.

TARGETS FOR SOCIAL VALUE ADDED

Addtech shall provide a workplace where employees are happy and develop their capacity. To uphold our good reputation, we must maintain high quality and a high standard of business ethics in all our undertakings. To achieve this, we strive to ensure that:

we have the **most satisfied employees** in the sector

we **offer a workplace** that promotes diversity and equal opportunity

no employees suffer physical or mental ill-health as a result of their work

all employees, operations and suppliers comply with our Code of Conduct

every year we increase the number of suppliers who have undergone our supplier evaluation



ENVIRONMENTAL VALUE ADDED

Conservation of the environment is an important part of our strategy. The aim is to minimise our environmental impact, which means that we focus actively on cutting our carbon dioxide emissions, raising the proportion of renewable energy consumed in our operations and helping our customers to develop more environmentally-friendly products and solutions.

Addtech's main business currently consists of trading in technology products, which means that a large proportion of our environmental impact comes from transport and warehousing activities. Our own use of raw materials, chemicals and fossil fuels is limited, as most of the actual production process takes place at our suppliers. However, we have decided to assume a degree of responsibility that stretches beyond our own operations, with our Code of Conduct also requiring our suppliers to consider the environment in their production.

The environmental perspective must be part of all important decisions, with a view to creating long-term value for customers, employees, shareholders and society at large. Environmental work must be conducted within the scope of our business concept and closely integrated into operational activities. With a high level of expertise among our employees, and constantly development of our knowledge of environmental consequences, we can maintain a holistic approach to environmental issues and contribute to improvements within the organisation and among our customers and suppliers. As much of our environmental impact is indirect, we aim to develop more sustainable products and solutions that help our customers reduce their environmental impact. That way, we can make a difference on a larger scale. During the year,

we did not incur any fines or sanctions for environmental contraventions. During 2017/2018, we have rolled out our updated environmental policy in the Group.

CARBON DIOXIDE EMISSIONS

Addtech's main impact on the climate comprises carbon dioxide emissions. Combustion of fossil fuels also produces emissions of other greenhouse gases, but Addtech has concluded that carbon dioxide emissions represent the largest negative environmental impact from our operations.

The calculation of carbon dioxide emissions arising from electricity generation was based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO₂. In addition to emissions arising from the internal use of fossil fuels and electricity, carbon dioxide emissions are also generated by various kinds of transport, including transport of materials and products, as well as employee travel. Addtech reports carbon dioxide emissions for employee travel and redundant materials and product transport according to the table below, which shows the Group's CO₂ emissions. We place total carbon dioxide emissions in relation to sales to give a true and fair view of emissions, referred to as an intensity measure for greenhouse gases. The total climate impact for the year amounted to 2.2 tonnes CO₂/SEK million.

ENERGY CONSUMPTION

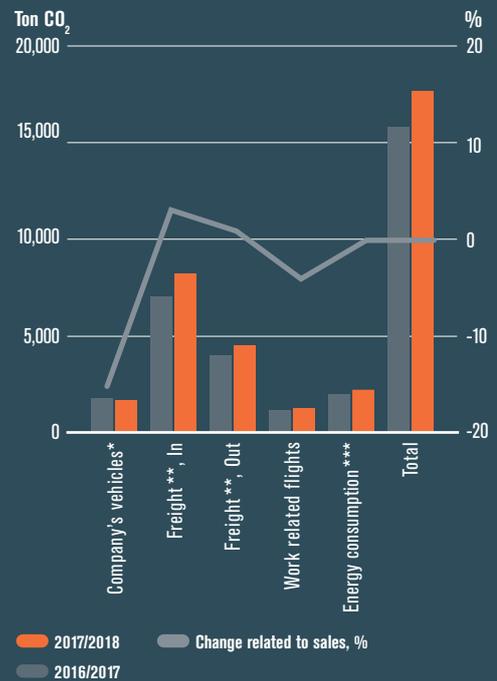
The Group's energy analysis is progressing according to plan and will be used to identify areas for improvement. At present, more than half of the electricity that we use comes from renewable sources and our aim is to continue to increase the proportion. Total energy consumption decreased to 21.3 GWH (19.1) during the year. Energy consumption in relation to net sales was 2.66 MWH/SEK million (2.66).

SUPPLIERS AND THE ENVIRONMENT

Addtech's sales of high-technology products and solutions have little direct impact on the environment and our indirect environmental impact largely takes place at our suppliers. The objective of our supplier evaluations is to obtain an overview of how our suppliers pursue sustainable development. Environmental conservation measures shall be implemented to the extent they are technically feasible, reasonable in terms of business economy and environmentally justified. Suppliers are encouraged to operate in line with our environmental policy. Suppliers are also required to be familiar with and observe requirements laid down by national legislation, statutes and industry standards. Suppliers must as a minimum requirement operate a secure system for management of hazardous materials and waste.



CLIMATE IMPACT CO₂ EMISSION



* Based on reported kilometres driven and average emission of CO₂/km from the Group's vehicle fleet.
 ** Based on reports from transport providers, plus own calculations using ecotransit.org.
 *** Based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO₂.

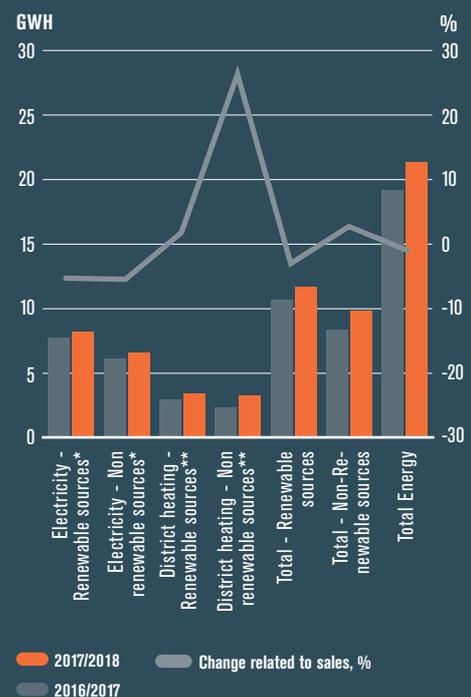
TARGETS FOR ENVIRONMENTAL VALUE ADDED

Addtech shall focus actively on continuously reducing the direct and indirect environmental impact from our operations, products and processes. To achieve this, we endeavour to:

continue our work on offering products and solutions that play a part in advancing sustainable development and reducing environmental impact

continue our work in setting energy and climate goals

ENERGY CONSUMPTION RENEWABLE AND NON RENEWABLE SOURCES



* Solar energy, wind power and hydropower
 ** Biofuel, waste heat, waste (70 percent renewable)