

SUSTAINABILITY REPORT 2014

BEIJER • ALMA

Beijer Alma's ultimate objective is to create added value for its customers, shareholders, business partners and employees. We must create these added values without compromising our aspirations concerning quality and sustainable development. Accordingly, environmental responsibility, social responsibility and a high level of business ethics are natural elements of our daily operations and of the Group's long-term strategy.

Strong, profitable relationships

Beijer Alma is an international industrial Group specializing in component manufacturing and industrial trading. Operations are conducted in the subsidiaries Lesjöfors, Habia Cable and Beijer Tech. The companies focus on industrial customers.

Our business concept is to own and develop small and medium-sized enterprises with strong growth potential. Beijer Alma's proactive and long-term ownership approach – combined with investments and acquisitions – creates competitiveness in selected market segments. In all segments, the subsidiaries focus on developing strong, profitable customer relations. The key criteria for this work are

- Products and concepts with high customer value.
- International market coverage.
- High market share in relevant segments.
- Diversified customer and supplier base.

Coordinated, systematic sustainability work

In recent years, the Group's sustainability has become coordinated. This has enabled guidelines and reporting to be integrated consistently in all companies, thereby making it easier to communicate our progress in the area of sustainability in all of our operations. Key initiatives include the following:

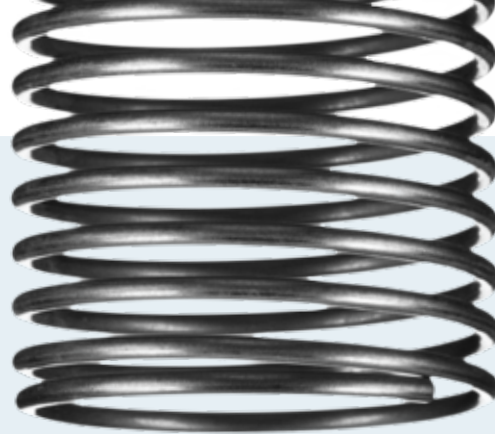
- A shared Code of Conduct has been established throughout the Group.
- A Group-wide reporting system for sustainability work has been established and the information published in the Annual Report has been expanded since 2012.
- Beijer Alma has published a separate sustainability report since 2013.
- Sustainable development is part of Beijer Alma's strategic planning and Group-wide objectives have been established.
- The Group's systematic sustainability work has been further developed. The ISO 14001 environmental management system is a mainstay of this work.
- Focus areas in the Group include energy, climate, waste, safe workplaces and an expanded social commitment.

Key events in 2014

- New treatment equipment in China results in a significant decrease in VOC emissions.
- Projects and measures to boost energy efficiency.
- The German company Stumpp + Schüle was certified in accordance with ISO 14001.
- Beijer Tech reduced its climate impact through the use of more fuel-efficient vehicles and rail transport.
- A system for reporting incidents was introduced on a broad scale.
- Lesjöfors received a top result from ABB in a quality and environmental audit.
- More assessments conducted of suppliers' sustainability work.

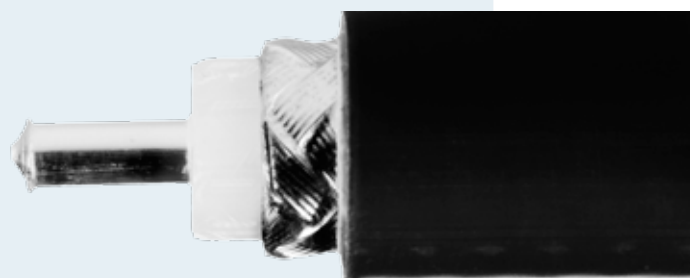
Lesjöfors – full-service supplier

Lesjöfors is a complete supplier of springs, wire and flat strip components. Its products are used in most industrial sectors – from household products to high-tech applications. Lesjöfors also has the market's broadest range of proprietary chassis springs for passenger cars and light trucks. The company's springs are sold in more than 50 markets.



Habia Cable – leading cable manufacturer

Habia Cable is a leading manufacturer of custom-designed cables. Many of its cables are used in high-tech applications in harsh environments, such as nuclear power plants, military applications and advanced industrial components. Habia is the global market leader in cables for mobile telecom. Its products are used for signal transfers in base-station antennas and are sold in 25 markets.



Beijer Tech – industrial trading specialist

Beijer Tech specializes in industrial trading. Products and services are adapted to improve customers' operations, for example, by increasing product quality, improving the results of processes or generating cost savings. The largest operation in the Group is the subsidiary Lundgrens, which specializes in fluid technology and industrial rubber. Lundgrens is the market leader in industrial hoses in Sweden.



A broad approach to responsibility is a natural part of the Group's work to achieve profitable growth. This approach is reflected in the Code of Conduct, which serves as a guide on issues pertaining to the environment, social responsibility and ethics.

Clear Group-wide objectives and more detailed sustainability reporting – these were some of the initiatives that characterized Beijer Alma's sustainability efforts in 2014. The Group's work proceeded according to plan. For 2014, this meant a continued focus on ISO 14001 and the integration of sustainability issues into the company's strategic planning.

Beijer Alma's primary objective is to create profitable growth. The Group strategy defines the growth criteria that must be met to achieve this objective. It also emphasizes the importance of corporate social responsibility, which entails limiting our environmental impact and offering our employees a secure and stimulating work environment.

In 2014, sustainability issues were integrated to a greater extent into our strategic planning, making them a fundamental part of our annual strategy review involving the Board of Directors, Group management and the subsidiary management teams. Our work to achieve ISO 14001 environmental certification was also expanded. One of Lesjöfors's German operations was certified in 2014 and four additional companies plan to secure certification by mid-year 2016.

Sights set on 2018

In 2014, Beijer Alma's sustainability objectives were made more tangible. The objectives are set for 2018 and encompass such areas as energy, climate, waste, health and safety. Based on these overall objectives, the Group companies establish their own objectives and action plans. With respect to energy and climate, the objective is to reduce our energy consumption by 10 percent. The amount of waste is also to be reduced by 10 percent by 2018.

When it comes to workplace accidents, we have a vision of zero cases. To minimize accidents, we are work-

ing to ensure that incidents (near misses) are registered in a more efficient manner. The aim is to identify risks at an early stage and prevent them from leading to accidents. Habia's efforts in this area are presented in the sustainability report, as are some examples of work environment improvements implemented in Lesjöfors.

Beijer Alma's Code of Conduct provides guidance on issues pertaining to the environment and corporate social responsibility. The Code presents clear objectives and emphasizes that the rules apply to all employees, managers and Board members at Beijer Alma, regardless of where they are in the world. At the same time, we demand that our suppliers assume a clear responsibility. In 2014, Beijer Tech further expanded its work pertaining to supplier assessments, which are used to determine whether the company's suppliers are meeting its requirements for sustainable business.

We have published a separate sustainability report since 2013. This report was expanded in 2014 to include a follow-up of additional key figures and sustainability parameters. We have also provided more examples of our efforts to reduce our environmental impact and strengthen our social commitment.

Expanded action plan

While the Code of Conduct provides us with support, it is our sound corporate culture that enables us to make corporate social responsibility part of our everyday operations. A strong internal culture requires a secure work environment, where employees feel they are respected and treated well. Honest interaction is equally important, regardless of whether this takes place with the Board and management, in dialogs between managers and employees, or in our contacts with customers and business partners.

As I have mentioned, this action plan determines the focus of our sustainability work. The plan was expanded

2012

- Analysis of work pertaining to sustainable development.
- Beijer Alma's Code of Conduct established.
- Sustainability reporting system developed.
- More in-depth information about corporate social responsibility included in the annual report.

2013

- Beijer Alma's Code of Conduct introduced throughout the Group.
- Long-term sustainable development strategy and Group-wide objectives established.
- Climate impact reporting in accordance with the Carbon Disclosure Project (CDP).

2014

- Detailed Group-wide energy, climate, waste, work environment and social commitment objectives.
- Expanded sustainability reporting on website. Continued CDP reporting.
- Continued implementation of ISO 14001 at all manufacturing facilities.
- Sustainability issues incorporated into strategic planning.



DANIEL HERTZELL

this year to include more activities and now extends until 2017, by which point Beijer Alma will have joined the UN Global Compact and further expanded its supplier assessments. We are also continuing our efforts to achieve our sustainability objectives, confirming that corporate social responsibility is and will remain important to us.



Bertil Persson, President and CEO

2015

- Continued work on Group energy, climate, waste, work environment and social objectives.
- Expanded sustainability reporting under international guidelines. Continued reporting in accordance with CDP.
- Plan to join the UN Global Compact.
- ISO 14001 to be introduced at additional Group units.

2016

- Continued focus on supplier assessments and the Group's sustainability objectives.
- Interim assessment of the sustainability strategy and objectives.
- Sustainability and CDP reporting expanded further.
- Ongoing work to implement ISO 14001. Adaptation to new version (ISO 14001:2015) to commence.

2017

- Ongoing adaptation of environmental management systems to ISO 14001:2015 ongoing to be concluded by 2018 at the latest.
- Preparations for update to the strategy and sustainable development objectives in 2018.

The strategy pyramid describes how we work to expand the Group in a profitable manner. This strategy focuses on Beijer Alma governing its operations efficiently, adopting a long-term approach and assuming responsibility – meaning that we limit the Group's environmental impact, assume a social responsibility and offer a secure and stimulating work environment.

Long-term ownership

Long-term ownership means that the companies in the Beijer Alma Group are not developed with the aim of a future exit. Instead, the goal is to create groups of companies with industrially sound structures that achieve long-term success and in which sales and profitability grow over time.

Corporate social responsibility

To achieve our objective of profitable growth, we must take a responsible approach to business. This means that we limit our impact on the environment, assume a clear social responsibility, and offer a secure and stimulating work environment for our employees. It is equally important that our customers, suppliers and business partners associate Beijer Alma with sound values. We are a global company in which corporate social responsibility applies to all employees, managers and Board members, regardless of where they are in the world.

Operational control

We work closely with our Group companies to assist them in setting and following up on goals and exercising long-term control. This work does not generally involve operational activities, but instead focuses on strategic development, acquisitions and investments, thereby providing our companies with access to management resources that are often lacking in medium-sized enterprises.

High customer value

A large portion of the Group companies' products and services are adapted to meet specific customer needs or are based on unique product concepts. This creates higher value, for which customers are prepared to pay and which contributes to our profitability. As opposed to standardized volume products, adapted products and unique concepts with high customer value also provide greater leverage in sales and marketing.

International market coverage

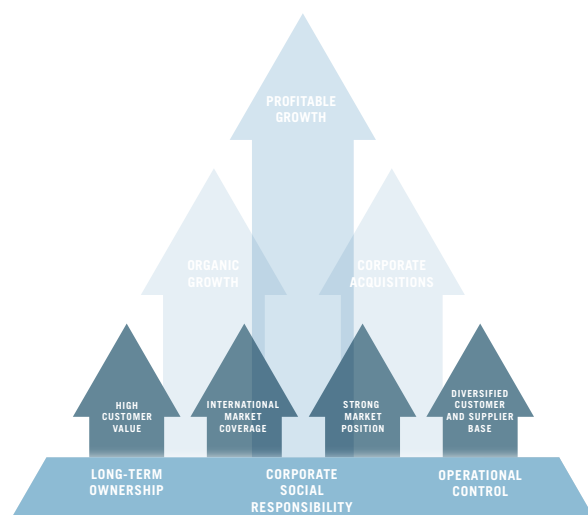
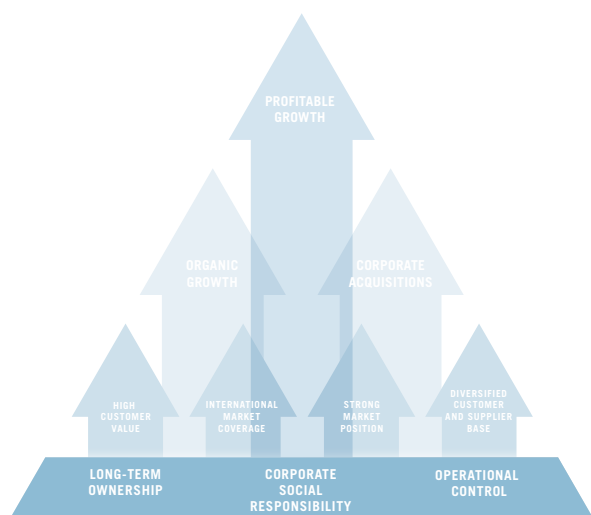
Our production companies primarily focus on niche products, which are manufactured in relatively small series and generate higher customer value. To expand and grow with these types of products, the companies must engage in broad international sales.

Strong market positions

High quality, a broad product range, a high level of customization and outstanding service enable strong market positions. This allows the Group companies to compete by offering other forms of added value in addition to low prices, thereby creating the scope for a stronger profitability trend.

Diversified customer and supplier base

Our companies aim to have a broad customer and supplier base, thereby reducing their risk exposure and dependency on individual markets, industries or customers.



Corporate social responsibility entails limiting our environmental impact, assuming a clear social responsibility and offering a secure and stimulating work environment.

Organic growth

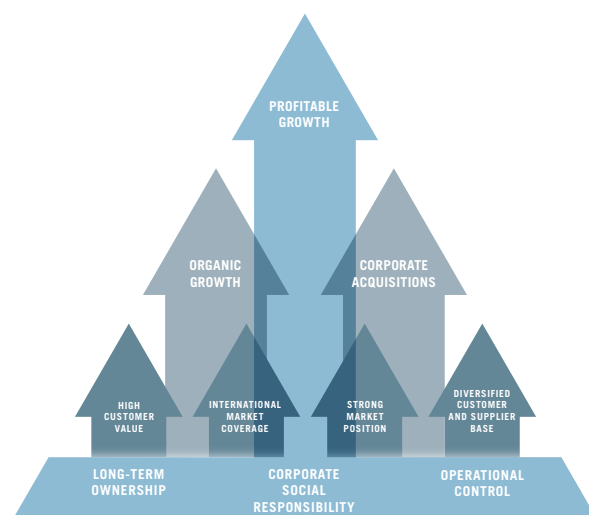
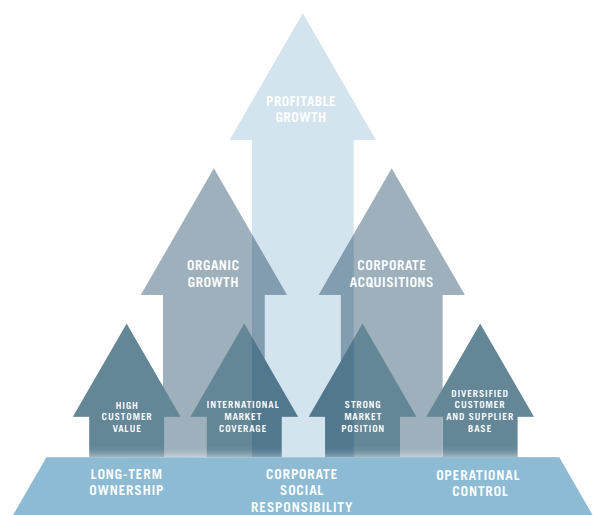
Organic growth refers to the continuous investments our companies make in product and market development. We prioritize this type of growth since it often results in higher quality and lower risk. Moreover, this work can be carried out in our existing organizations and allows us to focus on markets and products with which we are already familiar.

Corporate acquisitions

Corporate acquisitions include supplementary acquisitions in the Group companies, as well as the acquisition of new operations. Supplementary acquisitions can strengthen our position in selected markets or in specific technology or product areas. These types of acquisitions also carry a lower risk since they are conducted in familiar markets or areas. Acquisitions of new operations involves the acquisition of entirely new sub-groups, which provide Beijer Alma with a broader foundation.

Profitable growth

It is crucial that we focus on growth, but to meet the requirements we have set for ourselves, this growth must be linked to strong, sustainable profitability. We accomplish this by ensuring that our companies systematically apply our four criteria as they focus on their own development – high customer value, international market coverage, strong market positions, and a diversified customer and supplier base. Add to this the remaining elements of the strategy pyramid – long-term ownership, responsibility and operational control – which contribute to the profitable growth of the Group companies.



To achieve our objective of long-term profitable growth, we must take a responsible approach to business based on sustainable development. This means that we limit our impact on the environment, assume a social responsibility, and offer a secure and stimulating work environment for our employees. This broad approach to corporate social responsibility applies to all employees, managers and Board members, regardless of where they are in the world.

Key sustainability issues

Regardless of where we operate, considerations pertaining to environmental impact, social conditions and business ethics are important. It is vital that we operate in areas where we can contribute to sustainable development and meet the demands and expectations of various stakeholders. The Group's sustainability work focuses on four areas:

- Enhancing energy efficiency and reducing the amount of waste generated by our production facilities.
- Reducing the climate impact of processes and transport.
- Creating a strong, stimulating work environment for our employees.
- Assisting the Group's sub-suppliers in their work related to sustainable development.

Code of Conduct – guiding principles

Beijer Alma's Code of Conduct stipulates that we respect human rights, take a preventive approach to environmental and work environment issues, practice good business ethics and are straightforward and honest in

our communications. The Code of Conduct builds on international conventions, agreements and standards and is based on the ISO 26000 standard for social responsibility. Alongside the corporate governance regulations and the Group's other guidelines, the Code serves as a framework for us. It applies to all Beijer Alma employees, managers and Board members, regardless of where they are in the world.

In 2014, the Group continued its efforts to establish the Code of Conduct among its managers and employees. New employees are an obvious target group for this type of training. At many units, employees received refresher training in how the Code of Conduct is to be used.

Strategy, objectives and follow-up

Beijer Alma's strategy for sustainable development is based on the following components:

- Focus on sustainability issues that are important to the Group's business strategy and significant to our stakeholders.

BEIJER ALMA'S SUSTAINABILITY OBJECTIVES	2012	2013	2014	PROGRESS
By year-end 2018, energy consumption should be reduced by 10 percent (GWh/net revenues).*	See diagram on page 15			Energy efficiency enhancement measures implemented at several units (equipment, ventilation, lighting). ●
By year-end 2018, CO ₂ emissions should be reduced by 10 percent (ton/net revenues).*	See diagram on page 15			Energy efficiency enhancement measures are resulting in lower climate impact. ● Reduction in the use of fossil fuels for heating and transport, but increased use of fossil-based electricity in China and Germany.
By year-end 2018, the amount of waste generated by the Group should be reduced by 10 percent (ton/net revenues).*	See diagram on page 16			Many activities are being carried out to reduce scrapping and prevent waste. ●
We have a vision of zero cases when it comes to workplace accidents and aim to reduce our accident frequency rate. A system for registering work environment incidents (near misses) to be introduced in 2015 (number of accidents and number of accidents per employee).	26 (0.014)	49 (0.023)	37 (0.017)	Implementation of system for reporting incidents was expanded during the year and the system is now in place at 75 percent of the Group's units. ●
Certified management systems are to be established at all production units and other units where an environmental management system is relevant (number of certified units).	16	16	17	One unit in Germany received environmental certification during the year. Four units plan to achieve certification within six to 18 months. ●
From 2015 to 2018, we will increase our social commitment.	**	**	**	Ongoing cooperation with schools and universities, and financial support for sports activities, healthcare and cultural events. See the summary on page 17. ●

* Average for 2012–2013 used as baseline. ** Development described in qualitative terms.
Objective achieved. Positive trend, good potential to achieve objective. Negative trend, additional measures required.

Efficient supplier assessments

Beijer Tech has established procedures for supplier assessments. These are performed to ensure that the suppliers comply with the company's requirements with respect to sustainable business – requirements that Beijer Tech and its customers impose on their business partners.

“Sustainable business is an important part of our values. Supplier assessments allow us to influence the business approach throughout the value chain. Moreover, Beijer Alma's Code of Conduct stipulates that we and our suppliers must act in line with the Code,” says Christian Meincke, head of business development at Beijer Tech.

Assessments are conducted at three levels, depending on the risks associated with a supplier. At level one, Beijer Tech presents its ethical guidelines and explains that the supplier is expected to take a proactive approach to CSR. At level two, suppliers complete a declaration documenting their work pertaining to CSR.

“At level three, we conduct on-site audits of the supplier's facilities,” explains Christian Meincke. These audits are based on supporting information compiled from other companies in the Beijer Alma Group and external CSR specialists. ■



- Long-term Group-wide objectives in key areas. These are supplemented with detailed targets and action plans in the various Group units.
- Delegated responsibility, which entails that operational sustainability work is structured and executed by the subsidiaries' units.
- Systematic approach to making improvements, particularly within the framework of the ISO 14001 environmental management system. A total of 17 units are currently certified. Four additional units plan to implement ISO 14001 in the coming year.
- Regular performance follow-up. The progress made on Beijer Alma's sustainability work is presented in the annual sustainability report. The Group's climate impact is presented in a separate report in accordance with the guidelines of the Carbon Disclosure Project (CDP). According to an external evaluation, the 2013 CDP report received a score of 71 points. In the most recent report before that, Beijer Alma received 59 points.

Stakeholder interaction

Our sustainability work is influenced by many stakeholders, who impose demands and express opinions on the operations. Meeting and exceeding these expectations – and planning for anticipated future demands – is an important part of our sustainable development strategy. The following are some examples of our interaction with stakeholders. Other examples can be found on pages 18–19.

- **Customers.** Many customers are imposing increasingly strict demands when it comes to sustainability – for

example, requiring that production facilities have certified environmental and quality management systems in place or that certain chemical substances not be used in the company's products. Requirements with respect to environmental product declarations and compliance with the customer's code of conduct are also common. Customer requirements are followed up through questionnaires and audits. In 2014, follow-ups were performed at one third of the Group's units. The results were generally positive.

- **Suppliers.** During the financial year, the Group's interactions with suppliers regarding environmental and social responsibility were developed. An increasing portion of the Group's units are informing their suppliers about Beijer Alma's Code of Conduct and demanding their compliance. We are taking a more proactive approach to assessing suppliers' sustainability work. In 2014, 124 (43) surveys and 51 (38) audits were performed. These assessments showed that the suppliers inspected met our requirements for sustainable business.
- **Authorities.** Beijer Alma's operations are subject to extensive environmental and work environment legislation. Our compliance with this legislation is monitored through reports to various authorities and by way of inspections. In 2014, roughly ten visits and inspections were carried out by supervisory authorities, most of which resulted in no negative remarks or only minor change requirements. No legislative or other regulatory violations were reported in 2014.

Throughout Beijer Alma, various energy efficiency enhancement initiatives are under way. Beijer Tech is delivering a new, energy-efficient technology to its customers. Habia Cable is chasing “electricity thieves” in its production operations and Lesjöfors is streamlining its manufacturing methods – all in order to save resources and the environment.

Many Swedish foundries use gas in their production processes – for example, to maintain the heat in furnaces. Beijer Industri is now introducing a combustion technique with the potential to reduce gas consumption.

“This technique is new to Sweden, but is already being used in the German market by such companies as BMW and in Mercedes’ foundries. Promeos, the supplier behind the technology, was introduced to several customers in 2014,” explains Peter Carlsson, President of Beijer Industri.

The major difference with Promeos’ technique is that combustion occurs without an open flame, resulting in more efficient and controlled combustion. The techniques used in foundries often involve an open flame, which results in inferior heat transfer and a major loss of heat. Another advantage is that Promeos can easily be installed in existing facilities.

“For companies that invest in this solution, we guarantee up to a 50 percent reduction in energy consumption, and in the future, we plan to offer our customers more innovative, energy-saving, environmentally friendly solutions,” says Peter Carlsson.

Habia hunting electricity thieves

Habia Cable is on the hunt for “electricity thieves” in its production operations. Measurements have been prepared at some ten locations in the company’s plant in Söderfors. By tracking the electricity consumption of its machinery, the company aims to gain an overview of the consumption patterns of the entire plant and use this information as the basis for energy-saving measures.

“We will be able to measure the electricity consumption of individual machines and see how

consumption levels vary depending on the product being manufactured,” says Jan Carreman, Plant Manager at Söderfors. The long-term results will be evaluated and used as the basis for measures to make our manufacturing more energy efficient.

Habia previously conducted a review of the energy consumption of its properties in Söderfors. Waste heat from the machinery in the plant is used for heat, partly by regulating the ventilation in a more effective manner than in the past.

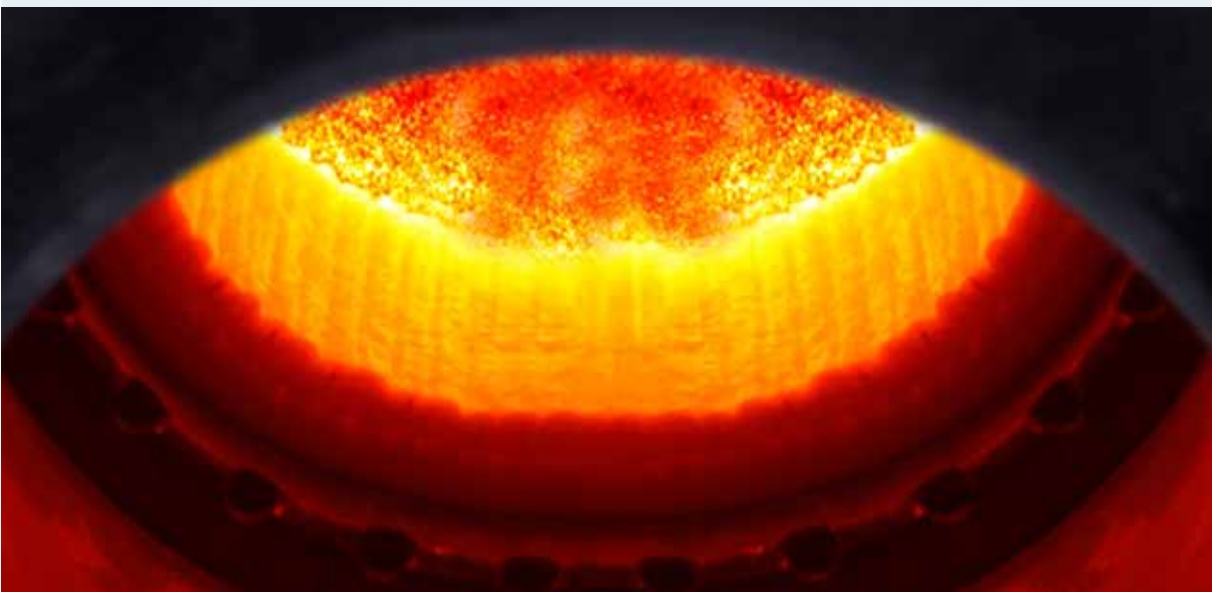
“Another relatively simple measure involved replacing lightbulbs and light fittings with LED lights,” says Jan Carreman. LED lights are more efficient and can generate an energy savings of 85 percent compared with a regular incandescent bulb.

Smarter manufacturing

Lesjöfors constantly works to refine its manufacturing processes in order to reduce the amount of material required to produce high-quality springs.

“In simple terms, the purpose of a spring is to store energy. We are interested in refining our processes so that the same amount of energy can be stored in springs that take less material to manufacture,” says Stefan Musslinder, Development Manager at Lesjöfors AB.

Savings in materials can be achieved by optimizing the manufacturing of springs. This results in a smaller, lighter and more cost-efficient product, which is good for Lesjöfors and its customers. Another advantage is that spring manufacturing becomes more energy efficient, mainly since processes such as molding, grinding and heat treatment are quicker and require less energy when less materials are used. ■



In our CSR work, we focus on areas that are important to Beijer Alma and its employees, such as ethics, work environment and human rights. By taking a proactive approach in these areas, we also instill a sense of confidence in our customers and suppliers, resulting in stronger business relationships.

Ethics

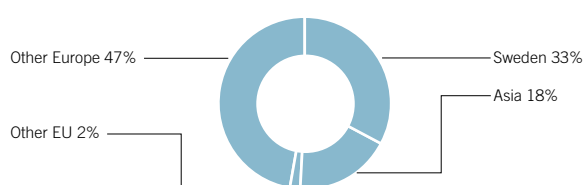
Beijer Alma's Code of Conduct states that we expect our employees to behave in an honest and honorable manner – and we demand the same from the Group's business partners. Bribes are prohibited. Gifts and other benefits may not exceed the amounts prescribed by local practices or legislation. We comply with competition legislation and apply sound marketing principles.

- **Good business ethics.** The annual review of Beijer Alma's work in the area of business ethics indicated no violations of the Code of Conduct. The Group's anti-corruption initiatives include ongoing training in the Code of Conduct, a zero-tolerance policy towards bribery, sanction systems for violations and guidelines on gift amounts and business entertainment. We use management systems, information, training and financial monitoring to prevent corruption.

People

Beijer Alma employs some 2,100 people in ten countries who come from a variety of cultures. Approximately one-third work in low-cost countries. About 20 percent of these employees work in China. All employees are encompassed by the Code of Conduct.

EMPLOYEES, GEOGRAPHIC DISTRIBUTION



- **Employees.** Creating safe and stimulating work environments is an important component of the Group's work related to sustainable development. Regular employee surveys are a useful tool in this work. In 2014, surveys were conducted at approx-

imately one third of the Group's units. The responses showed that the level of job satisfaction is generally high and that the work environment is seen as safe. Approximately 700 employees participated in development talks or other performance evaluations.

- **Setting of salary rates and collective agreements.** The same rules and values apply for all of the Group's 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 slightly more than half of the Group's units, most employees are covered by collective agreements.
- **Human rights and equality.** We encourage diversity and are opposed to all forms of discrimination. Reports from the Group's companies have not identified any irregularities with respect to human rights. Responsibility for equality issues is decentralized and lies with the individual units. The proportion of women is 33 percent (35) percent and the proportion of women on the Board of Directors is 29 percent (29).
- **Sickness absence.** Short and long-term sickness absence remained low during the financial year. From a five-year perspective, the sickness absence rate was relatively stable at 3 to 3.5 percent.
- **Health and safety.** Preventive work is performed using regular risk analyses, work environment assessments, training, safety inspections and investments in technical measures. Safety committees have been established at 22 units. At the smallest units, work environment initiatives take a different form. At more than half of the Group's units, various types of risk analysis were carried out during the year, along with measurements of noise levels and other work environment factors.

KEY FIGURES	2014	2013	2012	2011	2010
Average number of employees	2,124	2,110	1,831	1,687	1,397
Percentage salaried employees (%)	31	31	32	33	35
Percentage production staff (%)	69	69	68	67	65
Percentage women (%)	33	35	34	32	29
Percentage employed in low-cost countries (%)	30	30	30	28	24
Short-term sickness absence (%)	2.4	1.9	2.1	2.1	2.5
Long-term sickness absence (%)	1.0	0.9	0.9	1.2	1.2
Percentage employed in Sweden (%)	33	33	36	40	47

CSR influences Habia's purchasing

Cables from Habia Cable contain approved raw materials manufactured at the highest standards. Subsuppliers undergo rigorous controls to ensure their compliance with Habia's CSR guidelines – for example, that the use of plastic materials and pigment follows industry rules and international regulations.

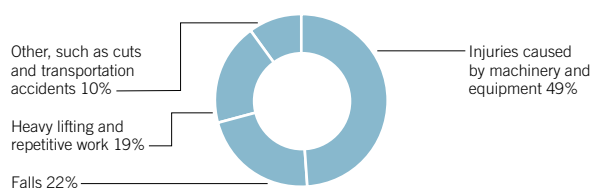
“Our customers can feel secure knowing we are doing everything we can to ensure that our approved materials are manufactured according to Habia's CSR rules. This is crucial to us,” says Magnus Israelsson, head of strategic purchasing. ■



In 2014, 37 (49) workplace accidents resulting in more than one day of absence occurred. The most common cause of these accidents was machinery and equipment, followed by falls. Total absence due to accidents amounted to 268 (306) days. The number of days was relatively high as a result of a few individual injuries resulting in long-term absence. From a three-year perspective, the number of workplace accidents has fluctuated from 0.01 to 0.02 cases per employee and year. The number of sick days also has also varied from 0.1 to 0.2 days per employee and year. We are continuing to focus on work environment issues with a vision of zero accidents. In 2014, nearly half of our units reported no accidents.

The introduction of systems for registering incidents or near misses in the work environment continued in 2014. Such systems are now in place in 20 units. In total, nearly 200 near misses were reported. In many cases, this resulted in preventive measures being taken (refer to Habia Cable on page 20).

CAUSES OF WORKPLACE ACCIDENTS



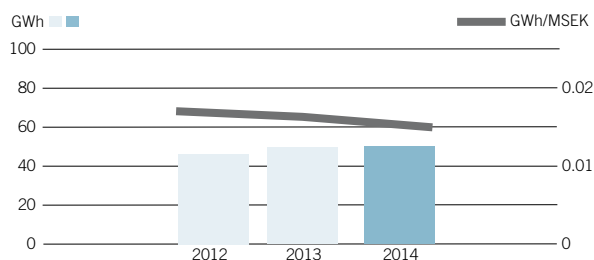
- **Training.** Training ensures that employees have the knowledge needed to perform their jobs and gives them an opportunity to develop their skills and gain an understanding of the Group's fundamental values. Approximately 25,800 (14,700) hours of training were completed in 2014. This corresponds to 12 hours per employee, an increase compared with the preceding year. The number of hours devoted to environmental and work environment training amounted to 1.4 (2.0) per employee.

Environment

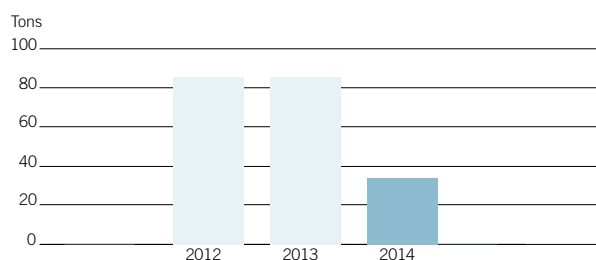
At Lesjöfors and Habia Cable's manufacturing units, the use of materials, chemicals, energy and water is critical from an environmental perspective. Other key environmental issues include the emissions of climate-impacting gases and solvents (VOC), as well as waste. In Beijer Tech's trading operations, significant environmental issues are mainly related to products, packaging and transportation.

- **Materials and chemicals.** In 2014, approximately 26,600 tons (21,000) of metal, 1,400 tons (830) of plastic and 200 tons (180) of chemicals were used, primarily solvents used in Habia Cable's production processes. The Group continued its efforts to replace hazardous chemical substances and a handful of substances were phased out. Certain chemical substances, such as trichloroethylene and cadmium, are still being used in the Group, but are scheduled to be replaced. Conflict materials (see definitions) are attracting an increasing amount of attention. Customers want a guarantee that these materials are not used in the products we deliver. In practice, this can be difficult to guarantee since tracking the origins of the minerals is complicated. Based on our current knowledge, no such minerals have been identified in the Group.
- **Energy.** Despite increased production at several units, the Group's energy consumption remained unchanged in absolute figures compared with 2013. Approximately 75 percent (70) comprised indirect energy, primarily electricity. The use of biofuel and green electricity increased slightly and accounted for just over 12 percent (10) of the total consumption. The energy-saving measures taken by the Group included replacing furnaces, air compressor plants and other equipment with more efficient alternatives. Other measures included the installation of LED lights and automatic shut-offs on equipment not used during certain periods. Examples of energy efficiency enhancement measures are presented on pages 12, 18 and 19.

ENERGY CONSUMPTION



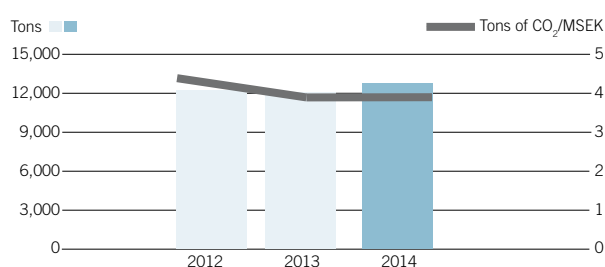
VOC EMISSIONS



- Water.** Beijer Alma's water consumption totaled (41,000) cubic meters (32,000) and nearly exclusively comprised municipal water. The Group's water consumption corresponded to 12.4 cubic meters (10.4) per MSEK in net revenues. This increase was mainly attributable to the expansion of the production operations in China. Many facilities have systems in place for reusing water. During the year, such a system was installed at a plant in Germany. Emissions of pollutants into wastewater were very limited and primarily comprised sanitary wastewater. Essentially all units are connected to municipal wastewater treatment plants.

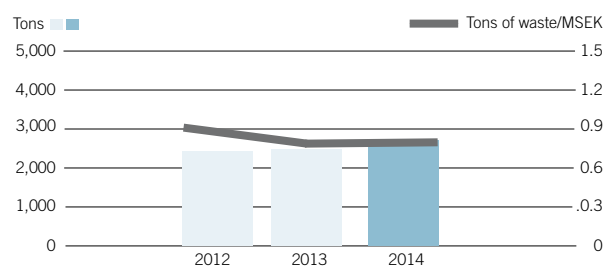
- Emissions to the atmosphere.** CO₂ emissions increased in absolute figures, primarily due to the increased production in countries where purchased electricity is mainly produced from coal. VOC emissions amounted to 34 tons (86). This decrease was attributable to the installation of a catalytic purification plant in China. The full impact of this reduction in emissions will be felt in 2015. Emissions of sulphur dioxide, nitrogen oxide and dust were very low and amounted to less than 0.1 ton. The installed quantity of coolants (HFC/HCFC) was less than 0.1 ton. No coolants were released into the atmosphere during the year.

CO₂ EMISSIONS



- Waste.** Most of the Group's waste is recycled as materials or energy. Metals are the main recycled material and account to about 70 percent of the total amount of waste. About 5 percent comprised hazardous waste, which was handled by approved waste management companies. The most important improvement initiatives focused on reducing the number of scrapped products, improving sorting at source and increasing the reuse of packaging materials.

WASTE



- Transport.** The Group expanded its efforts to reduce its environmental impact from the transportation of raw materials, products and people in 2014, partly by purchasing vehicles with lower fuel consumption, coordinating transportation, changing routes, using videoconferences, utilizing waste compaction and using more rail transport.

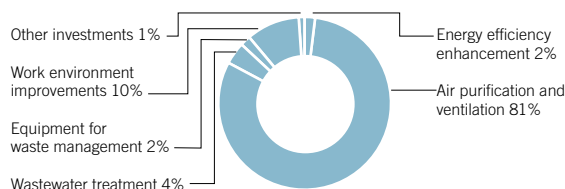
KEY FIGURES

	Lesjöfors	Habia Cable	Beijer Tech
Energy consumption, GWh (% of total Group consumption)	32.8 (66)	12.9 (26)	4.0 (8)
Water consumption, m ³ (% of total Group consumption)	20,970 (51)	17,350 (43)	2,450 (6)
CO ₂ emissions, tons (% of total Group emissions)	7,750 (61)	4,730 (37)	240 (2)
VOC emissions, tons (% of total Group emissions)	3 (8)	31 (92)	0 (0)
Amount of waste, tons (% of total amount of waste for the Group)	1,930 (71)	630 (23)	170 (6)
ISO 14001, number of certified units	14	1	2
Workplace accidents, number of cases resulting in absence (cases per employee)	30 (0.02)	6 (0.01)	1 (0.004)
Workplace accidents, number of lost working days (days per employee)	149 (0.1)	103 (0.2)	16 (0.07)

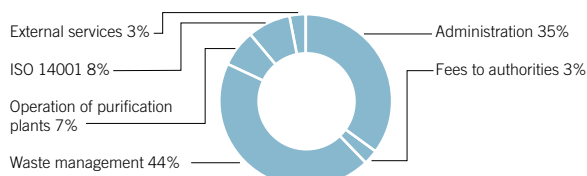
- **Environmental risks.** The land at one facility in Sweden is contaminated by metal and oil. Beijer Alma is not financially responsible for any investigations or environmental remediation performed at this facility. The matter is being administered and financed by the County Administrative Board. Another Swedish unit is included on the government's list of contaminated land, known as the MIFO List, in the lowest risk category. No risks attributable to climate change or other environmental factors were reported. There were no known instances of materials containing asbestos used in buildings or equipment. PCB inventories were taken and small amounts of PCB were decontaminated at a facility in Sweden.

- **Environment and finances.** The cost for energy during the year amounted to MSEK 38.6 (36.0), the cost for water to MSEK 0.6 (0.7) and the cost for management to MSEK 2.5 (2.4). Investments in environmental and work environment measures totaled MSEK 11.5 (3.7) and mainly pertained to equipment for air purification and ventilation. Environmental-related costs totaled MSEK 6.0 (5.5).

INVESTMENTS IN THE ENVIRONMENT AND WORK ENVIRONMENT



ENVIRONMENTAL AND WORK ENVIRONMENT-RELATED COSTS



Practical waste management

Tebeco has developed a waste service for abrasives used in water cutting, a method used to cut all types of materials. During the cutting process, water is mixed with an abrasive in the form of a fine-grained natural mineral. Once the process is completed, the abrasive becomes a waste product that must be properly handled – large volumes of waste. Some companies use as much as 1,000 tons of abrasives annually.

“We have therefore developed a service for handling our customers' waste – a service so clean that the waste can be disposed of in a landfill,” explains Gunnar Thornberg, President of Tebeco.

Through agreements with local cleaning and disposal companies, we are able to handle waste at five locations across Sweden. Tebeco sells thousands of tons of abrasives each year and currently collects about 25 percent of this volume as waste. The waste handling service will eventually be expanded to include additional locations. ■



Inspiration and experience-sharing. These are key words for one of Sweden's largest events for entrepreneurs: the Anders Wall Lecture in Entrepreneurship. For many years, Beijer Alma has been the main sponsor of the event.

The first Anders Wall Lecture in Entrepreneurship was held in 2004 in the auditorium at Uppsala University. The lecture was a gift to entrepreneur and financier Anders Wall on his 70th birthday. Anders Wall is also the principal owner of Beijer Alma and, over the years, has been the driving force behind a number of initiatives in the area of entrepreneurship. Beijer Alma has been the main sponsor of the lecture since the event was established.

"It is gratifying to support initiatives that can inspire ideas and encourage more young people to take an interest in entrepreneurship," says Bertil Persson, President and CEO of Beijer Alma. "The lecture attracts many interesting guests from the business community and academic world, thus helping to establish Beijer Alma's profile."

Stimulating mix

The Anders Wall Lecture in Entrepreneurship is held in November every year and has become the largest event of its kind in Sweden, attracting approximately 2,000 guests. The program includes a combination of experiences from established businesspeople and ideas from new entrepreneurs.

"It's a stimulating mix that combines mature, well-executed entrepreneurial businesses with new projects in the process of being realized. This is

inspiring in many different ways, which I think a lot of people appreciate," explains Bertil Persson.

"It is also fascinating to meet entrepreneurs from across Scandinavia and to listen to their thoughts and their conviction that anything is possible – that you can create significant value and build major business operations from seemingly simple ideas."

Over the years, the Anders Wall Lecture has attracted such speakers as Filippa Knutsson, founder of clothing chain Filippa K, Percy Barnevik, former CEO of ABB, entrepreneur Gunilla von Platen and Bjørn Kjos, founder of Norwegian airline. A number of new entrepreneurial projects are also presented each year. At this year's lecture, Mehrdad Mahdjoubi spoke about his new invention: the world's most advanced and resource-efficient shower system, which has attracted the interest of NASA.

"Beijer Alma also offers examples of how ideas can be developed into major, profitable businesses, such as our chassis spring operations," Bertil Persson points out. "The business was started almost 20 years ago by a team of competent, driven employees. Today, the operation generates revenues of nearly SEK 0.5 billion and we sell our chassis springs in more than 50 markets." ■



CARI HILDEBRANDT

Every year, Beijer Alma's global operations implement a variety of improvement measures. The following is a selection of some good examples. A number of other CSR activities are presented in the articles and news highlights included in the Sustainability Report.

SUBSIDIARY	COUNTRY	COMPANY	ACTIVITY
LESJÖFORS	Sweden	STOCKHOLM FJÄDER	<ul style="list-style-type: none"> New equipment (deburring) installed that reduces vibrations and chemical use.
		LESJÖFORS BANDDETALJER	<ul style="list-style-type: none"> Continued development of production methods to reduce the weight and amount of waste generated by its products.
		LESJÖFORS INDUSTRIFJÄDRAR	<ul style="list-style-type: none"> Energy savings achieved through automatic shut-offs on production equipment. Upgrade of older air filtration system results in a healthier work environment and reduction in energy consumption.
		STECE FJÄDRAR	<ul style="list-style-type: none"> Lead being phased out of the production process.
		LESJÖFORS AB	<ul style="list-style-type: none"> Increased use of lighting and equipment with a lower energy consumption. Reduction in material usage in the manufacturing of springs.
	Germany	STUMPP & SCHÜLE	<ul style="list-style-type: none"> Water savings achieved by replacing equipment and reusing more water in circulating systems.
	China	LESJÖFORS CHINA	<ul style="list-style-type: none"> Several measures taken to improve the work environment, include daily maintenance and 5S (refer to Definitions).
	Latvia	LESJÖFORS SPRINGS	<ul style="list-style-type: none"> Focus on using green chemicals. Training in 5S and lean manufacturing. Focus on exercise and health among the employees. Financial support for children with special needs.
		LESJÖFORS GAS SPRINGS	<ul style="list-style-type: none"> Relocation of operations to new facilities, which contributed to a better work environment.
	Denmark	LESJÖFORS A/S	<ul style="list-style-type: none"> Reduction in CO₂ emissions through the installation of district heating as a substitute for fuel oil natural gas.
HABIA CABLE	Germany	VELLEUER GMBH	<ul style="list-style-type: none"> Reduction in energy consumption as a result of new windows and better insulation. Psychosocial factors added to work environment risk analyses.
	Sweden	HABIA CABLE AB	<ul style="list-style-type: none"> Collaboration with waste company to improve waste management. Ongoing measures to reduce energy consumption, as well as further development of the system for reporting near misses in the work environment.
	Germany	HABIA CABLE PRODUCTION GMBH	<ul style="list-style-type: none"> Installation of a new ventilation system with heat recovery reduces energy consumption.
	Poland	HABIA CABLE SP ZOO	<ul style="list-style-type: none"> Employees received English language training. A preventive health program has been introduced.
	China	HABIA CABLE CHINA	<ul style="list-style-type: none"> Installation of purification plant to reduce VOC emissions to the atmosphere.

SUBSIDIARY	COUNTRY	COMPANY	ACTIVITY
BEIJER TECH	Sweden	TEBECO	<ul style="list-style-type: none"> Continued use of rail transport and combination transport has resulted in lower CO₂ emissions. Workplace ergonomics have improved with the addition of adjustable height desks Service introduced for handling waste from water cutting.
		BEIJER INDUSTRI	<ul style="list-style-type: none"> Rail transport used in the Netherlands instead of highway transport. Switch to company cars with lower fuel consumption. Introduction of new combustion technique for foundries.
		PMU	<ul style="list-style-type: none"> Work environment issues in focus when the company installs machinery or builds facilities.
	Denmark	PREBEN Z JENSEN A/S	<ul style="list-style-type: none"> Better temperature control reduces energy consumption. Financial support to the Childhood Cancer Foundation, including an activity during which five employees will spend 24 hours running a total of 1,000 kilometers on a treadmill.

New technique better for the environment and quality!

Less lead, a reduction in transportation and higher quality – these were the results when the Lesjöfors-owned company Stece switched to a new manufacturing technique. Among other products, the company manufactures clocksprings, which are used, for example, to ensure that seatbelts return to position once a car has stopped and the seatbelt has been unfastened.

These springs are made up of stainless spring wires with annealed ends. The heating process makes the material softer and allows it to be bent. The annealing process is carried out in advance by a subsupplier, with parts of the wire dipped in liquid lead. A couple of years ago, Stece began looking for a new technique. The solution came in the form of a specially built machine that heated the metal wire using an electric current instead.

The new machine was put into operation in the autumn. Lead handling – which involved grinding lead residue from the annealing furnace prior to manufacturing – is now a thing of the past at Stece. And since the annealing process is now carried out by Stece, the need for transportation to subsuppliers has also been eliminated, thereby reducing the impact on the environment. Last but not least, quality has improved since electric annealing allows the metal wire to be heated in a more even, efficient manner. ■



Beijer Alma's Sustainability Report for 2014 addresses a range of environmental, work environment, social and business ethical issues. The aim of the report is 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. All units in the Beijer Alma Group in 2014 are included in the report with the exception of a few recently acquired companies. A total of 27 units in nine countries contributed data to the report.

Reporting principles

Each production unit has contributed quantitative and qualitative information in accordance with Beijer Alma's sustainability reporting form. The head of each company/unit is responsible for assuring the quality of the information submitted. The Group's performance during the year has been compared and verified against the information from the preceding year. Additional quality control is carried out through interviews and on-site visits. 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 – have been measured based on emissions data from the Greenhouse Gas Protocol (GHG Protocol) and the Covenant of Mayors (EU 2010) for the countries in which Beijer Alma conducts operations. Information about VOC emissions (solvents) is primarily based on mass balance calculations.

5S

A Japanese method for creating order in the workplace. The 5S phases can be translated as: sort, straighten, shine, standardize and sustain. 5S is a key component of lean manufacturing.

CARBON DIOXIDE

Carbon dioxide (CO₂) is produced during all processes involving the combustion of carbon materials – for example, during fossil fuel combustion. It is widely believed that carbon dioxide is a contributing factor to global warming (greenhouse effect). Beijer Alma reports its CO₂ emissions from direct and indirect energy consumption.

CODE OF CONDUCT

Guidelines for employees in the areas of business ethics, the environment, working conditions and social responsibility.

CONFLICT MINERALS

Columbite-tantalite, cassiterite, gold and wolframite originating from the Democratic Republic of the Congo or nearby countries are referred to as conflict minerals. The term refers to the ongoing armed conflicts in the region, in which mining operations are often involved and which have resulted in human rights violations.

CSR/CR

Corporate social responsibility and corporate responsibility are terms used to describe a company's approach to issues concerning the environment, social responsibility, financial responsibility and business ethics. These terms are often used interchangeably with the term "sustainable development."

ENERGY CONSUMPTION

Beijer Alma reports both its direct energy consumption (use of fuel in its own energy facilities) and its indirect consumption (purchased electricity and district heating).

ENVIRONMENTAL ASPECTS

The areas of an organization's activities, products or services that interact with environment.

ENVIRONMENTAL-RELATED COSTS

Costs attributable to measures implemented in order to prevent, reduce or restore the environmental impact caused by an organization's operations. A corresponding term is used for costs related to work environment issues. Environmental-related costs may include administrative costs, in-sourcing of external services, government fees, maintenance of environmental management systems, waste-related costs and costs for external inspections and audits.

ENVIRONMENTAL-RELATED INVESTMENTS

Investments aimed at preventing and reducing the environmental impact of the Group's operations. A corresponding term is used for investments in work environment improvements.

GLOBAL COMPACT

A UN initiative in the area of corporate social responsibility. Participating organizations agree to adhere to ten principles in the areas of human rights, labor conditions, the environment and anti-corruption.

HCFC/CFC

Coolants such as chlorofluorocarbons (CFC) and hydro chlorofluorocarbons (HCFC) have a negative effect on the environment as a result of their ozone-depleting properties and climate impact. Demand for environmentally friendly coolants is growing worldwide.

ISO 14001

International standard for environmental management systems introduced in 1996. Some 300,000 organizations worldwide currently hold ISO 14001 certification. An updated version of the standard will be released in 2015 (ISO 14001:2015).

ISO 26000

International standard providing guidance on how organizations can manage issues pertaining to social responsibility. The standard was introduced in 2010 and provided guidance in the formulation of Beijer Alma's Code of Conduct.

LEAN MANUFACTURING

Systematic method for managing resources in an efficient manner. The purpose of med Lean is to identify all factors in a production process that do not create customer value.

NAPHTHA

Naphthalene is an aromatic hydrocarbon compound used as a solvent in Habia Cable.

NITROGEN OXIDES

Gaseous oxides (NO_x) produced from the reaction of nitrogen and oxygen gases in the air during combustion. These substances are hazardous to the environment and people's health and are known to cause acidification and eutrophication.

PCB

Polychlorinated biphenyls are a group of industrial chemicals that are hazardous to the environment and health. Although the use of PCBs was banned in Sweden in 1972, the substances are still present in the environment due to their long decomposition time.

REACH

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) is an EU regulation adopted to promote safer handling of chemical substances. Chemical substances are to be registered for a particular use. Substances of very high concern may be subject to restrictions.

ROHS

The Restriction of Hazardous Substances Directive (RoHS) is an EU regulation that limits the use of certain substances that have negative impact on health and the environment.

SULPHUR DIOXIDE

Sulphur dioxide (SO₂) is produced during the combustion of petroleum products and contributes to the acidification of water and land. In high concentrations, sulphur dioxide can be harmful to people's health.

SUSTAINABLE DEVELOPMENT

This term refers to "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Sustainable development encompasses ecological, social and economic sustainability.

VOC

Volatile organic compounds, which have a high vapor pressure at ordinary room temperature. The presence of volatile hydrocarbons in the air has a negative impact on health and the environment and contributes, for example, to the production of ground-level ozone (smog).

WORK-RELATED INJURY

The term work-related injury refers to a sudden incident (accident) occurring at the workplace that causes a wound or injury. Typical workplace injuries in Beijer Alma include injuries caused by machinery and equipment, falls and injuries caused by heavy lifting or repetitive work. Beijer Alma defines the term work-related injury as an accident causing more than one day of absence (lost work case, LWC).

WORK-RELATED ILLNESS

Work-related illnesses may be caused by prolonged exposure to a particular work environment factor, such as noise, dust or solvents.

Better incident tracking and investments in ventilation – these were some of the work environment improvements recently implemented in the Group. One company in Beijer Tech is also helping its customers tackle work environment issues in their own operations.

The intranet became a useful tool when Habia Cable decided to make improvements to the work environment at its plant in Söderfors. The company wanted to encourage a greater interest in incident reporting, the process by which managers and employees report any occurrences that could potentially result in an injury or accident.

“For us, incident reporting is a way of suggesting improvements. And we want to encourage these types of suggestions since they allow us to fix problems and weaknesses at an early stage,” explains Marie Gren, Quality and Environmental Manager at Habia.

When the new procedures were introduced, the goal was to receive 250 incident reports – a goal that was successfully achieved, partly because the reports were submitted via the company’s intranet. This has made it easier to track incidents and see who is responsible for them. This transparent process has boosted interest in the process.

“We are also making it clear that our work environment is a management issue that we, as managers, must address in various contexts,” emphasizes Jan Carreman, Plant Manager at Söderfors. “By talking about these issues, we help build motivation and let our employees know that incident reporting is important.”

PMU tackles work environment issues

When Beijer Tech’s engineering company PMU installs machinery or builds facilities, the work environment is at the top of the agenda.

“We deliver machinery, build peripheral equipment and create new workplaces for a large number of customers. We perform risk analyses and ensure that the equipment receives a CE marking, which shows that it meets the EU requirements for health, safety, function and the environment,” says Peter Johansson, President of PMU.

Many risks can already be eliminated during the design of a facility. PMU also provides handling instructions for managers and operators that describe how to handle the technology safely.

“The people who read the instructions are required to sign the materials as proof that they have read and understood their contents,” explains Peter Johansson.

In addition to EU requirements, the company’s work environment initiatives are based on national regulations, international standards and guidelines. PMU also helps other Beijer Tech companies with these types of environmental issues.

More efficient ventilation improves work environment

When Lesjöfors Industrifjädrar AB invested in new grinding machines, it also installed a new ventilation system that expanded its capacity and improved its work environment. During the grinding process, metal particles and various substances from abrasives are released. These pass through a filter and are removed through a ventilation system.

“We chose to invest in better filtration and ventilation technology. And we have succeeded. The goal was for the air, after filtration, to contain a maximum of 5 mg of dust particles per cubic meter of air. The results show that we are now under 1 mg,” explains Lars Blidberg, President of Lesjöfors Industrifjädrar AB.

In the past, the filtered air was released into the industrial premises, partly as a means of utilizing the heat from the machines. This made the indoor climate worse and spread dust in the premises.

“Using the new ventilation system, the filtered air is now released outside the premises. At the same time, we pump in new, clean air, which has improved the indoor climate,” says Christian Olsson, Technical manager at Lesjöfors Industrifjädrar AB. ■



“ Our Code of Conduct provides guidance on issues pertaining to the environment and CSR. The Code presents clear objectives and emphasizes that the rules apply to all employees, managers and Board members at Beijer Alma, regardless of where they are in the world.

Bertil Persson
President and CEO

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