

SUSTAINABILITY REPORT BEIJER ALMA 2015



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 integrated into our daily operations and the Group's long-term strategy.

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11.74

EARNINGS PER SHARE. Earnings per share totaled SEK 11.74 (10.60).

HABIA GREW IN NUCLEAR POWER

GROWTH. Habia's order bookings and invoicing in the nuclear power sector increased significantly.

+8%

ORDER BOOKINGS. Order bookings rose 8 percent to MSEK 3,548 (3,282).

3,522

INVOICING. Invoicing increased 7 percent to MSEK 3,522 (3,289).

9.50

DIVIDEND. The Board of Directors proposed a dividend of SEK 9.50 (8.50).

INCREASED DEMAND IN CHASSIS SPRINGS

DEMAND. Demand for chassis spring increased in several European markets.

467

PROFIT AFTER NET FINANCIAL ITEMS Profit after net financial items amounted to MSEK 467 (424).

-97%

IMPROVED AIR QUALITY. New treatment equipment in China resulted in a significant decrease in VOC emissions to the atmosphere.

ENERGY EFFICIENCY ENHANCEMENT

MEASURES INTRODUCED ON A BROAD FRONT. Energy audits, training, installation of energy-efficient equipment and LED lights.

GROUP-WIDE OBJECTIVES

SUSTAINABLE DEVELOPMENT OBJECTIVES. Our efforts to achieve our six Group-wide objectives are progressing, but a great deal of work remains.

SOCIAL COMMITMENT

FOCUS ON EDUCATION. Beijer Alma supports Teach for Sweden (TFS), a non-profit, non-religious and non-political organization that works to ensure that all children have the right to equal education..

SUPPLIERS

BETTER SUPPLIER CONTROLS. The number of audits of suppliers' sustainability work doubled during the year. More than 250 suppliers were evaluated.

90/100

CLIMATE REPORT. Score of 90 out of 100 in the annual climate impact report according to the Carbon Disclosure Project (CDP).

GLOBAL COMPACT

COMMITMENT TO SUPPORT SUSTAINABLE DEVELOPMENT. In 2015, Beijer Alma joined the UN Global Compact, which issues Ten Principles pertaining to corporate social responsibility.

ISO 14001

ENVIRONMENTAL MANAGEMENT SYSTEM. Most of the Group companies have introduced ISO 14001. Habia Cable in Poland was certified in 2015. Five facilities are preparing for certification.

Beijer Alma AB (publ) is an international, listed industrial Group. Its business concept is to acquire, own and develop companies with strong growth potential. Beijer Alma's subsidiaries – Lesjöfors, Habia Cable and Beijer Tech – specialize in component manufacturing and industrial trading. The growth strategy of the companies encompasses four areas:

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



- Sales in about 60 markets.
- 76 percent of sales are conducted outside Sweden.
- The main markets are Scandinavia, other areas of Europe and Asia.
- Strong international positions in chassis springs and cables for nuclear power and mobile telecom.

Lesjöfors

Lesjöfors is an international full-range supplier of springs, wire and flat strip components that offers both standard products and customized components. The company conducts manufacturing operations in Europe, North America and Asia, and has two business areas: Industry and Chassis Springs.

Habia Cable

Habia Cable develops, manufactures and sells custom-designed cables and cable systems for demanding applications. The company is one of the largest manufacturers of custom-designed cables in Europe and has two business areas: Telecom and Other Industry.

Beijer Tech

Beijer Tech specializes in industrial trading in the Nordic region and represents several of the world's leading manufacturers. Its operations are conducted in two business areas: Fluid Technology and Industrial Products.



INFRASTRUCTURE. Public transport and infrastructure projects are two major areas. Beijer Alma supplies hoses, cables and components to the transport sector, industrial rubber to companies in the construction industry and springs for vibration damping in infrastructure projects.

3%



DEFENSE. Beijer Alma's products are used in various types of military technology, such as cables and cable harnesses for communication equipment, ships, helicopters and underwater technology, as well as springs for military vehicles.

3%



ENERGY. Beijer Alma has customers within energy production and power distribution, and delivers cables and cable harnesses for the nuclear power and oil industry, as well as for gas turbines. Our companies also deliver springs and other components for power companies, as well as consumables and machinery in the offshore sector.

5%



TELECOM. Beijer Alma deliver cables to antenna and system manufacturers within mobile telecom, and springs, flat strip components and other components to companies that develop and produce mobile phones and tablets. Most of the company's deliveries are to customers in the Asian market.

10%



ORIGINAL AUTOMOTIVE. Beijer Alma's components are used in passenger cars, trucks, agricultural and contractors' machinery, and other heavy vehicles. Among other products, this segment includes cables, various types of vehicle springs, hoses and foundry consumables.

16%



CHASSIS SPRINGS. Lesjöfors is Europe's leading manufacturer of chassis springs for the aftermarket. The company controls every stage – design, manufacturing, inventory management and logistics – and offers the market's broadest range of vehicle springs for European and Asian passenger cars.

16%



OTHER INDUSTRY. Beijer Alma's subsidiaries deliver a number of products, services and solutions, such as industrial springs, flat strip components, cables, cable harnesses, consumables, input goods and machinery.

47%

Percentages indicate share of sales

CEO'S STATEMENT



Beijer Alma delivered record-breaking earnings in 2015. Sales amounted to MSEK 3,522, with profit after net financial items totaling MSEK 467. We have also advanced our positions in the area of sustainability, partly through our affiliation with the UN Global Compact.

Sustainability is an integral part of our business strategy. Advancing our sustainability work is thus an important part of our operations. In addition to contributing to a better world, our goal is to create new business opportunities, cut costs, reduce risks and meet the demands and expectations of various stakeholders. Over the past few years, we have coordinated our efforts at the Group level and we have made significant progress during this time. Both our follow-up and reporting have become increasingly extensive. We have also further improved the practical aspects of our sustainability work in several ways. The overall objectives for this work have been compiled in an action plan, which is presented later on in my comments.

One major development during 2015 was our decision to join the UN Global Compact. The UN Global Compact is commonly referred to as the world's largest initiative in

sustainable development and is based on Ten Principles governing human rights, the environment, anti-corruption and labor rights. As a member of the Global Compact, Beijer Alma is required to report its sustainability work to the UN. This provides us with incentive and gives us the opportunity to present our far-ranging, long-term responsibility in yet another context. Moreover, the Global Compact provides us with access to expertise, training programs and networks related to sustainability issues.

Another new development was an update to Beijer Alma's Code of Conduct – the Group-wide guidelines that govern and inspire us in our sustainability efforts. The revamped Code also includes a whistleblower system, which can be used by employees if they discover improprieties that they find difficult to handle within their own organization.

During 2015, we also continued to focus on our daily environmental and work environment issues, implementing a number of initiatives pertaining to energy efficiency, waste, product development and measures to improve the work environment. Our companies have become more active when it comes to monitoring sustainability issues at the supplier level. The number of supplier assessments doubled during the year.

In addition to environmental work, social responsibility is also a fundamental component of our business and we

2013

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

2014

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

2015

- Joins the UN Global Compact. Assessment of how Group sustainability objectives relate to new UN global sustainable development goals.
- Continued work on Group energy, climate, waste, work environment and social objectives.
- Expanded sustainability reporting and continued CDP reporting.

Beijer Alma's most important business objective is – and will continue to be – profitable growth. If this long-term objective is to be met, we must also take sustainability issues into consideration as the Group expands and develops.

BERTIL PERSSON, PRESIDENT AND CEO

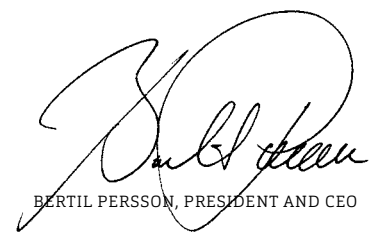
successfully advanced our positions in this area during 2015. Take, for example, the Teach for Sweden program, to which we now provide financial support. We are also involved in the organization's mentor program. Teach for Sweden aims to ensure that all children have the right to equal education. This is to be achieved by using a new approach to recruiting teachers – primarily in natural science subjects – to work at schools in socially disadvantaged areas. It seems obvious that all young people – irrespective of social and economic background – should have access to equal education. Educational quality is also an important issue for us as a company, particularly since it will affect our ability to recruit skilled employees in the future.

When it comes to social responsibility, I would also like to highlight our long-standing support of the Uppsala City Mission. In a world where government assistance doesn't always suffice, the efforts of non-profit organizations are becoming increasingly important. The City Mission uses various means to help people to achieve a better life and we are proud to support and encourage these efforts.

Looking ahead, we can see that Beijer Alma will submit its first Global Compact report to the UN in 2016. At the same time, the Group will also continue to implement the ISO 14001 certification program. A total of 19 units are currently certified, the most recent of which being Habia Cable's plant

in Poland. In 2016 and onwards, a small number of additional units will introduce the environmental management system.

Finally, I would again like to emphasize that far-reaching responsibility is important for Beijer Alma. Our most important business objective is – and will continue to be – profitable growth. If this long-term objective is to be met, we must also take sustainability issues into consideration as the Group expands and develops.



BERTIL PERSSON, PRESIDENT AND CEO

2016

- Updated Code of Conduct.
- Continued focus on energy issues and the EU energy efficiency directive.
- Interim assessment of sustainability strategy and objectives.
- Sustainability and CDP reporting expanded.
- Reporting under Global Compact.
- Continued implementation of ISO 14001. Adaptation to ISO 14001:2015 begins.

2017

- Adaptation to ISO 14001:2015 continues and is to be concluded by 2018.
- Continued focus on Group energy, climate, waste and work environment objectives.
- Community involvement activities in Sweden and abroad.
- Sustainability, CDP and UN reporting.

2018

- Adaptation to ISO 14001:2015 concluded.
- Assessment of the sustainability strategy and 2014–2018 objectives.
- New Group-wide sustainable development objectives presented.
- Continued sustainability, CDP and UN reporting.

STRATEGY

ENSURE PROFITABLE GROWTH

Long-term ownership

We take a long-term approach and create industrially sound corporate groups that generate high growth and profitability over time.

Corporate social responsibility

We limit our impact on the environment, assume social responsibility, and offer a secure and stimulating work environment for our employees.

Operational control

We work closely with our Group companies when it comes to setting goals and exercising control, mainly with respect to strategic development, acquisitions and investments.

High customer value

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.

International market coverage

We focus on niche products manufactured in small series. To create growth, the companies must therefore engage in broad international sales.

Strong market position

We establish strong market positions by focusing on quality, a broad product range, customization and service.

Diversified customer and supplier base

The Group companies aim to have a broad customer and supplier base. This reduces their risk exposure and dependency on individual markets, industries or companies.

Organic growth

We grow organically through investments in product and market development. This results in higher quality and lower risk.

Corporate acquisitions

We conduct supplementary acquisitions and purchase new operations. This strengthens our position in selected markets and specific product areas or provides Beijer Alma with a broader foundation.

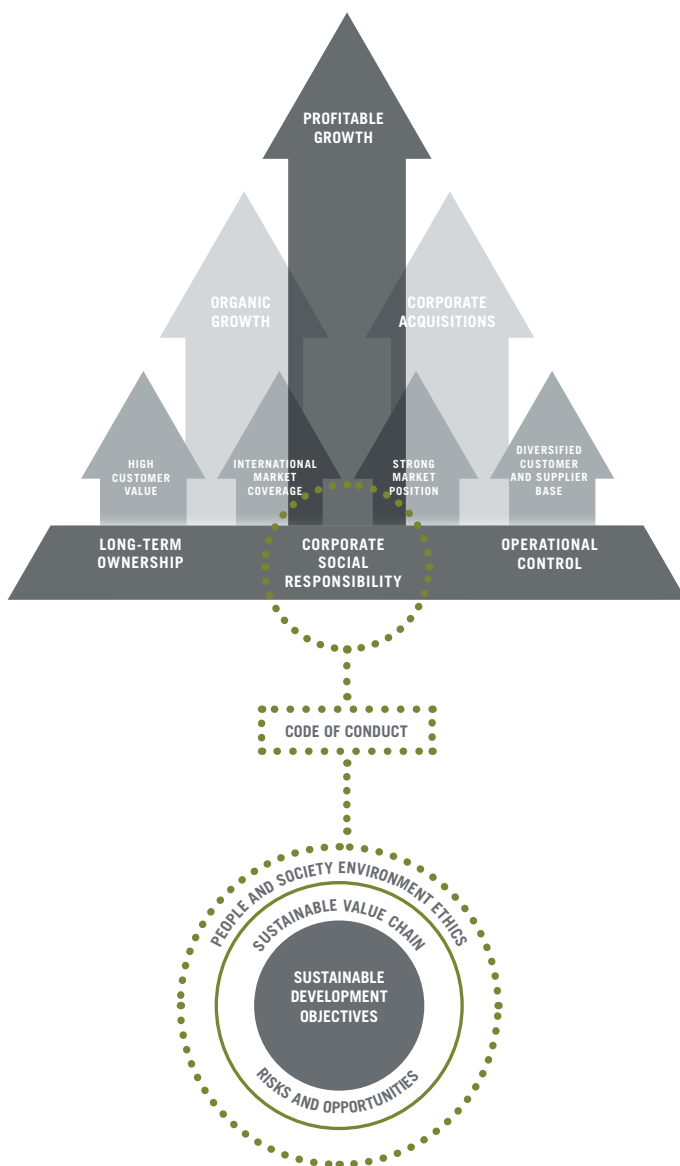
Profitable growth

To meet our requirements, growth must be linked to sustainable profitability. We achieve this by focusing on the growth criteria in the strategy pyramid.

» FOR MORE INFORMATION, VISIT BEIJERALMA.SE

SUSTAINABILITY STRATEGY

CONDITIONS FOR PROFITABLE GROWTH



Strategy, targets and follow-up

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

- A Code of Conduct that provides our employees and stakeholders with guidance on how the company manages issues pertaining to people, society, the environment and ethics. The Code of Conduct applies to everyone in Beijer Alma, regardless of where they are in the world. The Code builds on international conventions and the ISO 26000 standard for social responsibility.
- Focus on sustainability issues that are important to the Group's business strategy and significant to our stakeholders.
- Sustainable value chain – a life cycle perspective on Beijer Alma's activities, products and services.
- Ensuring that risks are identified, managed and minimized. Capitalizing on sustainable development opportunities that create business advantages.
- 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 continuous improvements, particularly within the framework of the ISO 14001 environmental management system.
- Regular follow-up of sustainability work and transparent communication with the Group's stakeholders.

» READ MORE ABOUT BEIJER ALMA'S CODE OF CONDUCT AT BEIJERALMA.SE

CORPORATE SOCIAL RESPONSIBILITY

PEOPLE AND SOCIETY, THE ENVIRONMENT AND ETHICS

Focus on key issues

Regardless of where in the world 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. Our long-term sustainability work focuses on the following areas:

- Applying sound business principles and high ethical standards.
- Creating a safe, positive and stimulating work environment for our employees.
- Increasing our energy efficiency and reducing our climate impact, waste and other effects on the environment.
- Approaching our operations from a life cycle perspective – raw materials, suppliers, products, services and customers.
- Becoming involved in the communities where Beijer Alma operates.

Management and follow-up

Sustainability issues impact the Group's operations in many ways – for example, in connection with the introduction of new technology, internal and external communications, corporate acquisitions, crisis and risk management, financial report and training. The overall focus of the Group's sustainability work is stated in the Code of Conduct. Issues pertaining to Beijer Alma's long-term strategy, overall objectives, contacts with the media and investors, and financial reporting are handled at Group level. The Board of Directors receives regular status updates on the Group's sustainability work.

Environmental (ISO 14001) and quality (ISO 9001) management systems are important tools in this work. Other initiatives that indirectly support sustainable development include 5S, Six Sigma and Lean Manufacturing (refer to the glossary). Operational responsibility is delegated to the presidents of the individual Group companies. Follow-up of local objectives and plans is part of the managers' responsibilities. This work is followed up through dialogs with management groups of the various companies and through internal and external audits. In conjunction with the preparation

of the annual sustainability report, an in-depth analysis is conducted of the companies' compliance with legislation, fulfillment of the Group-wide objectives and development in terms of key performance indicators (KPI).

The results of the Group's work pertaining to sustainable development are presented in the Annual Report and the separate sustainability report. The Group's climate performance is presented in a detailed report in accordance with the guidelines of the CDP. An annual report summarizing the Group's work related to the Global Compact is submitted to the UN (refer to pages 28–29).

Stakeholder demands and expectations

The Group's sustainability work is influenced by various stakeholders, who impose demands and express their opinions and expectations of the operations. Addressing these demands is a crucial part of our strategy for sustainable development. The following are some examples of our interactions with stakeholders.

Customers. These demands primarily pertain to certified environmental and quality management systems, prohibited chemical substances, environmental product declarations, product labeling and specific legislation that must be fulfilled (the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals, the Restriction of Hazardous Substances Directive, conflict mineral legislation). It is also common for customers to require that their codes of conduct be applied in our operations. These requirements are followed up through questionnaires and audits. Follow-ups were conducted at ten companies during 2015. The results of the follow-ups were positive and were used to further advance the Group's sustainability work.

Suppliers. The Group's interactions with suppliers regarding environmental and social responsibility are crucial. The Group companies provide their suppliers with information about Beijer Alma's Code of Conduct and expect that their suppliers share this approach. During the year, Lesjöfors introduced a new system for evaluating the environmen-

SUSTAINABLE DEVELOPMENT OBJECTIVES

PROGRESS

By year-end 2018, energy consumption is to be reduced by 10 percent (GWh/MSEK in net revenues).*

● Acquisition of new operations resulted in higher energy consumption. Energy tracking and introduction of new technology increased energy efficiency at several units. Positive development of KPI.

By year-end 2018, CO₂ emissions are to be reduced by 10 percent (tons/net revenues).*

● Acquisition of new operations resulted in higher emissions. Energy-efficiency enhancements, the use of biofuel, environmental adaptation of vehicles and transport, and the purchase of green electricity had a positive impact on the Group's KPI.

By year-end 2018, the amount of waste generated by the Group is to be reduced by 10 percent (tons/net revenues).*

● Acquisition of new operations resulted in increased waste. A reduction in scrapping, better sorting at source and expanded recycling had a positive impact on the Group's KPI.

We have a vision of zero tolerance when it comes to workplace accidents and aim to reduce our accident frequency rate. A system for registering near misses related to the work environment was to be introduced in 2015.

● The number of accidents and lost working days increased. The system for reporting near misses was expanded during the year, but has not yet been introduced at some units.

Certified management systems are to be established at all production units and other units where an environmental management system is relevant.

● One unit in Poland received environmental certification during the year. Five units plan to achieve certification within six to 18 months.

From 2015 to 2018, we will increase our social commitment.

● Cooperation with schools and universities, and social commitment in the form of financial support for education, non-profit organizations, sports activities, healthcare and cultural events.

* The average figures for 2012–2013 serve as the baseline.
● Objective achieved. ● Positive trend, good potential to achieve objective. ● Negative trend, additional measures required.

tal and quality work of its suppliers. We actively evaluate our suppliers' sustainability performance and conducted 227 (124) surveys and 31 (51) audits in 2015. These assessments showed that our suppliers were adequately meeting the Group's corporate social responsibility requirements. However, we terminated our cooperation with one supplier because the company in question had failed to comply with environmental legislation.

Authorities. Beijer Alma's operations are subject to extensive environmental and work environment legislation. Slightly more than half of the units hold specific environmental permits for their operations. Seven of these units are located in Sweden. Five units plan to renew their environmental permits in the coming years. Our compliance with this legislation is monitored through reports to various authorities and by way of inspections and audits. During 2015, 20 units were inspected by their respective supervisory authorities. In most cases, these inspections resulted in no negative remarks or only minor change requirements. No violations of environmental or work environment legislation were reported in 2015.

The introduction of new or amended legislation impacts the Group's operations. The EU Energy Efficiency Directive gained further traction during the year, which means that energy audits will now be performed on a broad front. During 2015, Beijer Alma submitted an overview of the status of the Group's units in the EU to the Swedish Energy Agency.

Owners and investors. Beijer Alma's Board of Directors and shareholders expect risks and opportunities related to sustainable development to be managed in a responsible, systematic and cost-efficient manner. The information provided through the Group's sustainability report, website and other channels is important to transparently detail the progression of the company's sustainability activities.

Society. Becoming involved in the communities where Beijer Alma operates creates trust in the Group and attracts attention to its operations. Accordingly, we prioritize and carry out both small and large-scale measures (refer to pages 14 and 25).

Group-wide objectives

Under the ISO 14001 environmental management system, companies are required to implement specific environmental objectives. The Group's certified units have had their own local environmental objectives in place for many years. In order to coordinate these local activities, long-term Group-wide objectives for key areas pertaining to sustainable development were established in 2013. These objectives have gradually become more ambitious. All units are able to establish their own detailed objectives and add additional areas.

The Group-wide objectives encompass areas that are important for our internal sustainability work and for our stakeholders. In 2015, the UN introduced 17 new global development goals that impose ambitious expectations on the business world. These goals pertain to responsible conduct, as well as the development of products and services that promote sustainable development. As a participant in the UN Global Compact, it is only natural that Beijer Alma will strive to meet these new goals. At present, the Group's objectives are in line with several of the UN's global goals. The long-term aim is to further advance the Group's work in the area of sustainable development and thereby contribute to achieving Sweden's environmental quality objectives.

The table above presents an overview of the Group's progress related to these objectives and its potential to achieve them. Detailed information about emissions data and KPIs is presented elsewhere in the sustainability report.





Teach for Sweden – education for all

Teach for Sweden aims to ensure that all children have the right to equal education. The organization recruits teachers using a unique and innovative approach. The focus is on natural science subjects at schools in socially disadvantaged areas. Beijer Alma supports the organization's activities through monetary contributions and experience.

During the 2014/2015 school year, 14,000 students left elementary school without the necessary qualifications for high school. Meanwhile, the level of interest in the teaching profession has reached an all-time low in many areas: in 2014, a mere five applications were received for teacher training in physics for grades 7–9 and the program for chemistry teachers attracted only 12 applications.

“The lack of high school qualifications is preventing students from entering the labor market and, indeed, society as a whole. This is not sustainable and is something we wish to change. We are doing so by supplying schools with ambitious leaders who make a difference in the classroom,” says Mattias Svensson, Deputy Manager of Operations at Teach for Sweden in charge of financing and partnerships.

FOCUS ON NATURAL SCIENCE

Teach for Sweden recruits teachers from a variety of backgrounds. The focus is on natural science subjects, including biologists, engineers, physicists and doctoral candidates who are not currently working as teachers, but who are prepared to try out a career in education.

“We offer a two-year program in which our leaders begin working as teachers immediately from day one. In parallel, they study for their teaching qualification through distance courses in various supplementary pedagogical areas,” explains Mattias Svensson.

At the moment, Teach for Sweden has about 60 teachers working in 47 schools in 16 municipalities, mainly in subjects such as biology, mathematics, physics, chemistry and

technology. Mattias Svensson emphasizes that the teachers have a different profile and unique experience that make a difference in the classroom.

“We have received about 700 applications for the program, which means that we have an excellent range of candidates to choose from,” he says. “They are skilled, experienced people who can use their leadership and expectations as a resource in the school.”

JOINT RESPONSIBILITY

For many people it goes without saying that all young people – irrespective of social and economic background – should have access to equal education. But ensuring that this happens is a joint responsibility in which companies also play an important role, especially since educational quality will impact their ability to recruit skilled employees in the future. Beijer Alma has supported Teach for Sweden since 2015, providing both monetary contributions and mentors for the teachers in the organization's leadership program.

“Having a mentor from the business world, which involves meeting a few times a year to share experiences, is a great development opportunity,” says Mattias Svensson. Beijer Alma's President and CEO, Bertil Persson, also participates in the mentor program, along with Habia's CEO, Carl Modigh.

Teach for Sweden is part of a global network active in 40 countries. The Swedish organization, which was formed in 2013, also works with companies such as Nordea and Google, as well as municipalities and other players in the community. ■

PEOPLE AND SOCIETY, ETHICS AND THE ENVIRONMENT

Ethics

A few years ago, Beijer Alma established a Code of Conduct, which now serves as a guide for its employees. The guidelines were updated in 2015 and the Code is now linked to the UN Global Compact. One of the changes made involved the introduction of a whistleblower system. Through our Code of Conduct, we:

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

The Code of Conduct states that we expect our employees to behave in an honest and honorable manner. 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.

Whistleblower system. The whistleblower system allows the employees to report any suspected improprieties without a risk of harassment or reprisal. All reports are handled by an external recipient, who ensures that the reports are investigated and that appropriate action is taken.

Good business ethics. As part of its sustainability reporting, Beijer Alma conducts an annual review of the Group companies' work to combat corruption and promote good business ethics. This is done in the form of a self-assessment in which the management groups of the companies describe the activ-

ities carried out during the year by replying to approximately 25 questions. The questions are based on guidelines from the UN Global Compact. This year's review showed a higher level of commitment among the companies and revealed no violations of the Code of Conduct. The Group's anti-corruption initiatives in 2015 included 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, discussions and financial monitoring to prevent corruption.

People

Beijer Alma employs some 2,300 people in 16 countries who come from a variety of cultures. Approximately one-third of these employees work in low-cost countries and nearly one-fifth are located in China. The majority of employees are located in Sweden, Germany and China.

The Group has a long-standing tradition of corporate social responsibility. We are convinced that this approach helps us to attract, recruit, develop and retain dedicated and skilled employees. All units comply fully with the guidelines stipulated in the Code of Conduct. Work pertaining to personnel issues is decentralized. The Group companies are responsible for managing these issues in a manner that complies with Beijer Alma's guidelines and the legislation and culture of their particular country.

Employees. Creating safe and stimulating work environments is a key component of Beijer Alma's efforts related to sustainable development. Regular employee surveys are an important tool in this work. In 2015, surveys were conducted at approximately 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 and positive. A few comments were received about the temperature and ventilation at the Group's work sites, as well as comments regarding

Consistent quality and environmental standards – better supplier assessments

A high, consistent standard. This is the goal for Lesjöfors's assessment of its operational systems in the areas of quality and the environment. The assessment encompasses all 21 of the company's manufacturing units and is expected to be completed in the first half of 2016.

"We award points for procedures and processes according to a set evaluation system," explains Peter Rosenqvist, Quality and Environmental Manager at Lesjöfors. "The results are then reported back to the plants, enabling them to clearly and easily compare their performance."

This process allows Lesjöfors to establish an internal benchmark in the areas of quality and the environment, including processes such as leadership, production, purchasing, technology, sales, quality and environmental management.

"This also enables us to establish a best practice, allowing the plants to learn from the best experiences in each area. We have seen that this process achieves results and that it encourages the plants to review and improve their processes," says Peter Rosenqvist.

SUPPLIER ASSESSMENTS

The procedures for assessing suppliers have also been further improved. For many years, the company's suppliers have been required to perform a self-assessment of their quality and environmental work and submit this review to Lesjöfors. This is done using a form in which suppliers are awarded points in various areas pertaining to quality and the environment.

"We want to ensure that the suppliers we work with meet our requirements and that they are performing well in the areas that we and our customers consider to be important," says Peter Rosenqvist. "When conducting these assessments, we also take the opportunity to inform our suppliers about our own guidelines, including Beijer Alma's Code of Conduct."

The assessments are also based on various EU directives, such as the European Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), the UN Global Compact and regulations on the use of conflict minerals. ■

workload and stress. More than 800 employees participated in development talks or other performance evaluations. Individual reward systems have been established at approximately 25 percent of the Group's companies, with environment and work environment considerations being used as key criteria.

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. In accordance with the UN Global Compact, we encourage diversity and are opposed to all forms of discrimination. No irregularities or incidents pertaining to human rights were identified in the preparation of this year's report. Beijer Alma has established a whistleblower system that can be used by the employees to anonymously report any suspected improprieties. Responsibility for equality issues is decentralized and lies with the individual units. The proportion of female employees in the Group is 33 percent (33). The proportion of women on the Board of Directors is 38 percent (29). While there are no women among the Group's senior executives, the proportion of women among the management groups of the individual units is 17 percent. A total of 29 women are members of the management groups that report directly the CEO.

Sickness absence. Short and long-term sickness absence remained low in 2015. From a five-year perspective, the rate of sickness absence is unchanged at 3 to 3.5 percent.

Health and safety. The overall objective in this area is to ensure that the Group's operations do not result in any injuries or illness. Preventive measures include systematic risk analysis, work environment assessments, training, safety inspections and investments in technical measures. Safety committees have been established at 25 units. At the smallest units, environmental work takes a different form. Work environment surveys were conducted at 19 companies during the year, focusing on such areas as noise and dust, risk analyses and various work environment factors.

GEOGRAPHIC DISTRIBUTION OF EMPLOYEES

Sweden 31%
Denmark 3%
Finland 2%
Norway 1%
Germany 20%
Poland 2%
Slovakia 5%
Latvia 5%
UK 9%
China 19%
US 2%
Other 1%



CAUSES OF WORKPLACE ACCIDENTS

Injuries caused by machinery and equipment 43%

Falls 18%

Heavy lifting and repetitive work 19%

Energy 2%

Other, such as cuts and transportation accidents 16%



EMPLOYEES KEY PERFORMANCE INDICATORS

	2015	2014	2013	2012	2011
Average number of employees	2,262	2,124	2,110	1,831	1,687
Percentage salaried employees (%)	32	31	31	32	33
Percentage production staff (%)	68	69	69	68	67
Percentage women (%)	33	33	35	34	32
Percentage employed in low-cost countries (%)	33	30	30	30	28
Short-term sickness absence (%)	2.5	2.4	1.9	2.1	2.1
Long-term sickness absence (%)	2.1	1.0	0.9	0.9	1.2
Percentage employed in Sweden (%)	31	33	33	36	40

In 2015, 44 (37) workplace accidents resulting in more than one day of absence (lost work cases, LWC) occurred. The main causes of injuries were machinery, equipment, ergonomic factors – such as heavy lifting and repetitive work – and falls. Total absence due to accidents amounted to 413 (268) days. The number of days was relatively high as a result of a small number of 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. At one-third of the Group's units, no workplace accidents were reported at all. Two contractors were injured while working at one of the Group's facilities.

Beijer Alma aims to introduce systems for registering near misses in the work environment at all of its unit. Such systems are now in place in 21 (20) units, which means there is still a lot of work to do before this goal can be achieved. More than 300 (200) incidents were reported in 2015. In many cases, this resulted in preventive measures being taken. The most common risks involved machinery and equipment, as well as falls due to tripping or slipping.

Training. Training helps to ensure 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 23,200 (25,800) hours of training were completed in 2015. This corresponds to ten hours per employee, which is slightly lower than in the preceding year. The number of hours devoted to environmental and health and safety training amounted to 1.6 (1.4) per employee.

The 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 emissions of climate-impacting gases and solvents (VOC), as well as waste. In Beijer Tech's operations, significant environmental aspects mainly pertain to products, packaging and transportation. The ISO 14001 environmental management system is an important tool in the Group's environmental work.

Environmental management system. The ISO 14001 standard for environmental management systems was introduced in 1996. The implementation of certified environmental management systems is a long-standing component of Beijer Alma's strategy for sustainable development. ISO 14001 provides a systematic approach to environmental work and is intended to enable continuous improvements. The goal is for all of the Group's production units to be certified. ISO 14001 is also important for the major units in Beijer Tech. A total of 19 units are currently certified and five additional units are preparing to introduce the environmental management system.

Internal and external environmental audits are carried out as part of the Group's efforts to continuously improve. Beijer Alma employs nearly 40 internal environmental auditors, who conducted 36 environmental audits during the year. External audits of the Group's facilities were conducted on 19 occasions. Beijer Alma also had a representative on the reference group responsible for the upgrade to the ISO 14001:2015 standard, which helped to facilitate a smooth transition to the new standard in the Group.

Materials and chemicals. In 2015, approximately 27,000 tons (26,600) of metal, 1,260 tons (1,400) of plastic and 160 tons (200) of chemicals were used, primarily solvents (naphtha) used in Habia Cable's production processes in Sweden and China. The Group continued its efforts to replace hazardous chemical substances and three substances were phased out. Certain chemical substances, such as trichloroethylene and cadmium, are still being used in the Group, but are sched-

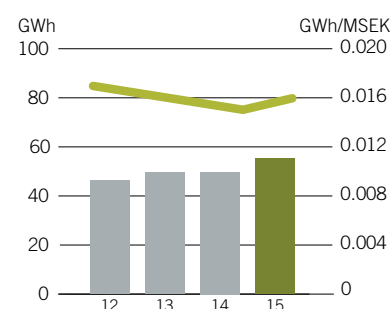
ENVIRONMENT AND WORK ENVIRONMENT KEY PERFORMANCE INDICATORS	Lesjöfors	Habia Cable	Beijer Tech
Energy consumption, GWh (% of total Group consumption)	40.0 (72)	11.7 (21)	3.7 (7)
Water consumption, m ³ (% of total Group consumption)	23,300 (55)	16,600 (39)	2,400 (6)
CO ₂ emissions, tons (% of total Group emissions)	9,649 (68)	4,416 (31)	140 (1)
VOC emissions, tons (% of total Group emissions)	3.4 (26)	9.6 (74)	0 (0)
Amount of waste, tons (% of total amount of waste for the Group)	2,032 (71)	680 (23)	160 (6)
ISO 14001, number of certified units	15	2	2
Workplace accidents, number of cases resulting in absence (cases per employee)	34 (0.02)	8 (0.02)	2 (0.01)
Workplace accidents, number of lost working days (days per employee)	373 (0.3)	22 (0.04)	18 (0.08)

uled to be replaced. Conflict materials (refer to the glossary) are attracting an increasing amount of attention. Customers want a guarantee that these materials are not used in the Group's products. Based on our current knowledge, no such minerals have been identified in Beijer Alma.

Energy. Total energy consumption amounted to 55.4 GWh (49.8). This increase was partly attributable to recently acquired units. The largest energy consumption was reported in Sweden, Germany and China. Approximately 72 percent (75) of this energy comprised indirect energy, primarily electricity. Direct energy in the form of fossil fuels (oil, natural gas, propane) is used for heating in furnaces and fork lifts. The use of biofuel and green electricity accounted for 10 percent (12) of the total consumption.

The energy-saving measures taken by the Group included energy audits, installation of energy-efficient furnaces and other technical equipment. Other measures included the increased use of LED lights and shut-offs on equipment not used during certain periods. Examples of energy efficiency enhancement measures are presented on pages 18 and 26–27.

ENERGY CONSUMPTION



HABIA CABLE

Recycling plastic and reducing electricity consumption

Approximately 37 tons. This is how much plastic was recycled at Habia Cable's plant in Söderfors in 2015. The recycled plastic, which was gathered from the company's production waste, was used as insulation in cable manufacturing.

"There's always a certain amount of waste, particularly at the start of production. We manufacture relatively small quantities of customized cable of varying quality, which means quite a few adjustments and restarts during production," explains Marie Gren, Environmental and Quality Manager at Habia Cable.

Different types of plastic are used in the company's production processes and a collection system was introduced a few years ago in order to meet its recycling needs. Collection stations have now been installed in several areas of the plant. When these stations are full, the plastic is

emptied into containers that are then picked up by a recycling company.

"This means that we also get paid for our waste," explains Marie Gren.

LOWER CONSUMPTION

Habia replaced the outdoor lighting at its plant in Söderfors, including the lights on the facility's facades and in the parking area outside the plant. Switching to LED lights will enable the company to significantly reduce its electricity consumption.

"The old lights consumed about 42,000 kWh. After switching to LED lights, our consumption is down to 9,000 kWh," says Marie Gren. "The change will also simplify maintenance since LED bulbs do not need to be replaced as often." ■

Water. Beijer Alma's water consumption totaled 42,600 cubic meters (41,000) and nearly exclusively comprised municipal water. This increase was mainly attributable to the fact that more plants are included in the report than in preceding years. The units in China accounted for the highest water consumption. Systems for reusing water and other measures enabled several units to reduce their water consumption. Beijer Alma does not operate any facilities in water-stressed regions.

Emissions of pollutants into wastewater were very limited and primarily comprised sanitary wastewater. Essentially all units are connected to municipal wastewater treatment plants. A small number have septic tanks for treating wastewater.

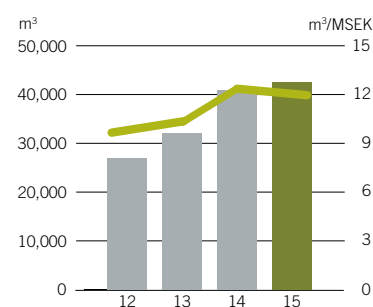
Emissions to the atmosphere. The Group's CO₂ emissions totaled 14,200 tons (12,700). Approximately 75 percent of these emissions were attributable to purchased electricity, meaning that they were indirect emissions. Direct emissions were mainly attributable to the use of propane in furnaces for processing metals for springs. The increase in emissions was mainly due to increased production and the fact that the Group has units in countries where electricity is primarily produced by fossil fuels. Nearly 60 percent of CO₂ emissions were attributable to Germany and China. Purchases of green electricity in Sweden and at one unit in Germany resulted in a reduction in emissions of fossil carbon dioxide. The same applies to the use of biofuel at a plant in Sweden. Other measures to reduce emissions include various energy efficiency enhancements and more climate-smart transport activities.

VOC emissions amounted to 13 tons (34). This decrease was attributable to the installation of a catalytic purification plant in China. In the future, the VOC emissions from Habia Cable's Swedish operations will be negligible since the production processes that use naphtha were relocated to China in 2015. Emissions of sulphur dioxide, nitrogen oxide and dust were very low and amounted to less than 0.5 ton. The installed quantity of coolants (HFC/HCFC) was less than 0.1 ton. No major emissions of coolants were released to the atmosphere.

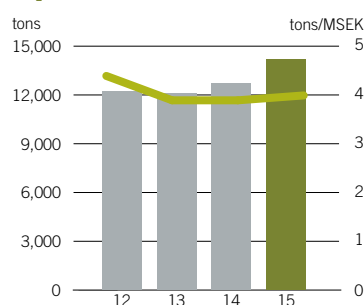
Waste. The total amount of waste during the year amounted to 2,900 tons (2,700). The majority was recycled as materials or energy. Approximately 1,900 tons of metal were recycled, corresponding to two-thirds of the total amount of waste. About 5 percent comprised hazardous waste, which was handled by 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. Initiatives such as Six Sigma, Lean Manufacturing and 5S contributed to better resource use, more efficient production and reduced waste at several facilities.

Transport. The Group continued its efforts to reduce its environmental impact from the transportation of raw materials, products and people, partly by purchasing vehicles with lower fuel consumption, coordinating transportation, changing routes, using videoconferences, utilizing waste compaction and using more rail transport. A number of companies in Beijer Tech reported a total reduction in CO₂ emissions of approximately 100 tons.

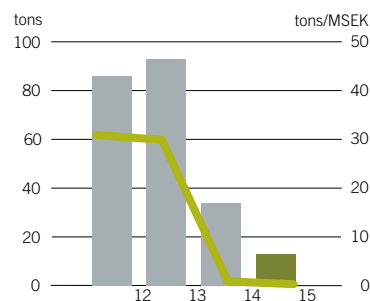
WATER CONSUMPTION



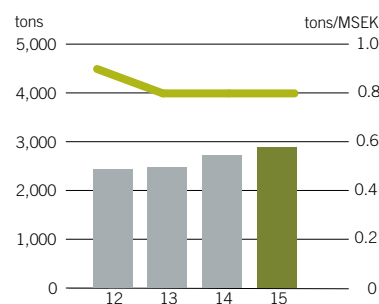
CO₂ EMISSIONS



VOC EMISSIONS



WASTE



RISKS AND OPPORTUNITIES

Through active and well-planned management, Beijer Alma continuously minimizes its operational risks. At the same time, we also aim to leverage the business opportunities associated with controlled risk assumption. The primary components of the Group's risk management are identification, assessment, management, reporting, monitoring and control. Procedures have been established for accepting, reducing or eliminating various types of significant risks.

The Annual Report presents information on operational and financial risks. When it comes to sustainability, we have identified a number of risks that may be of significance for the Group's financial position. Stricter environmental legislation, taxes, charges and other environmental requirements could give rise to substantial costs for the Group's industrial operations. From a business perspective, certain risks involving environmental and social responsibility have been identified in recent years, particularly related to manufacturing in developing countries. Beijer Alma regularly performs risk assessments in the countries where it operates. The objective is to identify new risks and/or costs associated with environmental, ethical and social responsibility as early as possible.

Attitudes toward sustainable development have changed in recent years. Expectations that business and industry should contribute in a positive manner have increased, creating opportunities for Beijer Alma in several areas. More efficient utilization of resources, reduced environmental impact, development of environmentally friendly products and a distinct social responsibility are examples of areas in which the Group can create competitive advantages while simultaneously contributing to sustainable development.

Environmental legislation

Beijer Alma's production units hold the necessary permits for their operations. No major applications for permit renewals are planned for 2016. In a protracted process in Changzhou, China, Habia Cable recently sought and received an environmental permit for its current operations and a planned expansion.

Wherever applicable, the Group's units meet the requirements of the REACH chemical legislation, the RoHS product legislation, product liability for packaging waste and other relevant environmental and work environment legislation. At present, we do not anticipate an increased risk relating to new or amended legislation. Following the recent introduction of the EU Energy Efficiency Directive, energy audits will become mandatory at most of the Group's production plants. Although this will initially generate additional costs, it will also create opportunities for more effective energy consumption.

Contaminated land and hazardous substances in buildings

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



Stumpp + Schüle reduces its environmental impact

The German company Stumpp + Schüle has reduced its environmental impact – while at the same time lowering its costs – by replacing the trichloroethylene used in part of its manufacturing process with modified alcohol. Trichloroethylene was previously used to degrease, wash and grease certain steel components to prevent corrosion.

“We were using an older machine at the time, so it was difficult to find spare parts. When the machine needed to be replaced, we instead chose to change the entire process and begin using modified alcohol,” explains Ulrich Seeker, Environmental and Quality Manager at Stumpp + Schüle.

Trichloroethylene is encompassed by the EU's REACH chemical legislation, which aims to promote safer handling of chemicals. Chemical substances are to be registered for a particular use and substances of very high concern may be subject to restrictions.

“We now use a modified alcohol product called Dowcylene 1601. It is cheaper to buy, meets current environmental standards and is completely recyclable,” says Ulrich Seeker. ■

Decontamination of land and groundwater from chlorinated solvents is in progress at a US plant.

There are a small number of known instances of materials containing asbestos used in buildings. These involve roofs and wall coverings and will not require decontamination measures. PCB inventories were taken and small amounts of PCB were decontaminated at a facility in Sweden.

Energy costs

There is a risk that energy costs will rise and have a significantly negative impact on earnings. At Beijer Alma, this applies in particular to power purchases. Currently, the energy price trend is favorable from the Group's perspective. However, prices will most likely rise in the long term. Higher taxes and charges for fossil-based fuel can also be expected. As part of its risk management, Beijer Alma has established a Group-wide energy efficiency objective and tangible measures are being carried out at its plants.

Climate-related risks

One of the Group's plants is located in an area in which extreme weather conditions may occur, namely Changzhou in China. It is not known whether climate change will affect the situation, but we are monitoring the risk and vulnerability analyses being conducted by the authorities.

Climate issues are important. Page 19 presents an overview of the Group's efforts to reduce its carbon footprint. It is also important that we are adequately prepared for the potential financial impact that climate change could have on our operations. This may involve damage to plants and infrastructure, as well as access to raw materials, conditions among suppliers and changes in customer behavior. Taxes, charges and mandatory emission limitations could also affect Beijer Alma.

Environmentally friendly products

Interest in environmentally friendly products is growing. One business risk may be that the company's product range contains products that – for health or environmental reasons – are not accepted by customers. As a supplier, Beijer Alma has various opportunities to address this risk. Since most of the Group's products are manufactured at the request of customers, development work must be carried out in cooperation. We continuously monitor the development process in order to initiate the replacement of hazardous substances, introduce more environmentally friendly components and develop new products. The sustainability report provides several examples of products that generate environmental benefits.

Business ethics

A lack of business ethics could harm Beijer Alma's reputation and business operations. As shown in the information on page 15, we are working in various ways to prevent corruption and other improprieties.

Human rights

Human rights in our companies or among our suppliers could harm the Group's reputation and business operations. Beijer Alma's Code of Conduct applies in the same manner worldwide. We promote the protection of human rights through information, training programs, internal regulations and monitoring.





SUSTAINABLE DEVELOPMENT AND FINANCES

Positive financial performance

2015 was the strongest year to date for the Beijer Alma Group. While growth was weak – and in some cases, negative – in the business areas that are dependent on the industrial economy, this was offset by other product segments that are not dependent on the industrial economy, such as chassis springs in Lesjöfors and nuclear power cables in Habia Cable. This development shows the strength of the Group's business model, under which Beijer Alma focuses on well-diversified operations that deliver high customer value. Being an international player in selected areas is also important, since this allows us to grow over time and spread our risks geographically. Net revenues amounted to MSEK 3,522 (3,298). Profit before tax totaled MSEK 467 (424). The operating margin remained high and stable at 14 percent (13).

Environmental-related costs and investments

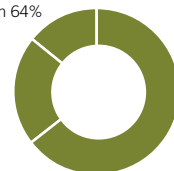
The cost for energy during the year amounted to MSEK 39.1 (38.6), the cost for water to MSEK 0.9 (0.6) and the cost for waste management to MSEK 2.4 (2.4). Investments in environmental and work environment measures totaled MSEK 14.2 (11.5) and mainly pertained to equipment for air purification and measures to improve the work environment. Environmental-related costs totaled MSEK 5.3 (6.0).

Financial value for stakeholders

Beijer Alma's operations create financial value that is allocated to its various stakeholders, including the company's suppliers, employees, shareholders, lenders and society.

INVESTMENTS IN THE ENVIRONMENT AND WORK ENVIRONMENT

Air purification and ventilation 64%
Work environment improvements 21%
Other investments 14%



COSTS RELATED TO THE ENVIRONMENT AND WORK ENVIRONMENT

Waste management 45%
Administration 37%
Fees to authorities 3%
ISO 14001 10%
External services 4%
Operation of purification plants 1%



Stakeholder group	Allocated value (MSEK)			Comments
	2015	2014	2013	
Suppliers	1,477	1,410	1,311	Compensation for materials and services (raw materials and consumables)
Employees	966	868	851	Salaries and benefits
Shareholders	286	256	241	Dividend
Lenders	11	11	12	Interest expenses
Society	113	104	96	Reported effective tax for the Group

Uppsala City Mission – tackling social disadvantage

The Uppsala City Mission is devoted to helping socially disadvantaged and underprivileged individuals. The organization's meeting places and activities help to create a sense of solidarity and connection. For several years, Beijer Alma has provided financial support for the organization, which helps numerous people every day improve their lives.

Work training and work-related rehabilitation, support for abused women, recent immigrants and individuals with substance abuse problems – the list of assistance and support offered by the Uppsala City Mission is long.

“One of our best known initiatives is Mikaelsgården, which is open to adults who find themselves in vulnerable situations, from homelessness or substance abuse to mental illness and other social problems. Mikaelsgården welcomes between 70 and 100 visitors every day. They can shower, rest, warm themselves, eat and feel like they’re not alone,” explains Thomas Sonesson, Chairman of the Uppsala City Mission.

“Many of the people who visit Mikaelsgården don’t trust the authorities. We can offer them help and support with practical issues and in their contacts with the authorities,” he continues.

FAR-REACHING ORGANIZATION

The Uppsala City Mission has been around for ten years. In addition to Mikaelsgården, the organization runs the Crossroads Day Center, a support facility for people from other EU countries. The City Mission also operates a women’s center for women living in or recovering from unsafe relationships, a secondhand store and the Gränden Meeting Place for isolated and unemployed people.

“In 2015, we invested in a new type of project – a book about Uppsala that companies can buy and give away as a Christmas gift,” explains Thomas Sonesson. “The book, which is available in Swedish, is entitled *För en god sak* and features real-life stories of people who have been homeless or found themselves in vulnerable situations. Along with their stories, the book includes recipes and life stories from various restaurants in Uppsala.”

BUILDING NETWORKS

Sales of the book are expected to provide the City Mission with about SEK 800,000. Thomas Sonesson emphasizes that social disadvantage is on the rise and that non-profit organizations are playing an increasingly important role in a time when government assistance doesn’t always suffice. As Chairman, he spends a lot

of time finding new ways to generate revenues, not least through the creation of networks through companies in Uppsala and the surrounding area.

“I think it’s fairly clear the trend is turning and social disadvantage in the local community is attracting greater attention,” he says. Our goal is to establish deeper contacts with companies and establish more long-term partnerships.

Beijer Alma has provided the Uppsala City Mission with financial support for many years, always for a full year at a time. Thomas Sonesson also explains that some companies have stopped holding traditional conference activities. Instead of holding a kick-off at a conference center, the employees work as volunteers and sort clothes at the City Mission.

“I think we will see more of this as CSR work gains commercial significance. Customers expect the companies they work with to be involved in high-profile CSR initiatives, such as volunteering with an organization like ours.” ■



GOOD EXAMPLES

	COUNTRY	COMPANY	ACTIVITY
LESJÖFORS	Sweden	Stockholm Fjäder	A digital product catalog has been developed, thereby minimizing paper consumption and waste. Improved work environment through purification of air containing oil mist.
		Lesjöfors Banddetaljer	Återcertifiering enligt ISO 14001.
		Lesjöfors Fjädrar AB	In an effort to prevent workplace injuries, employees were given access to a new gym at the facility.
		Stece Fjädrar	Improved control and monitoring of the company's furnaces is resulting in increased energy efficiency.
		Lesjöfors Industrifjädrar	CO ₂ emissions declined by 9 percent per ton of delivered product. Improved system for tracking accidents and incidents in the work environment. Lesjöfors provided the chassis springs for a solar-powered car.
		Lesjöfors AB	Access to a new gym at the facility helped to reduce workplace injuries. An innovation from Lesjöfors is helping to enhance the efficiency of a new Stirling engine for green electricity.
	Germany/ Slovakia	Stumpp+Schule	Upgrade to the painting process and painting facility in Germany. Energy savings achieved through better insulation at the plant premises in Slovakia.
	Germany	S&P Federnwerk	Strong focus on work environment and safety.
		Velleuer GmbH	Continued implementation of measures to improve the work environment (climate, safety, etc.). Reduced consumption of packaging materials and increased focus on environmental considerations when purchasing materials.
	China	Lesjöfors China	Implementation of an extensive project to ensure a safe work environment. Improvements to the washing process resulted in a lower environmental impact.
	Latvia	Lesjöfors Springs	Analysis of risks (fire, accidents, etc.) and implementation of relevant measures. Better handling of hazardous waste.
		Lesjöfors Gas Springs	Installation of LED lights in the warehouse premises.
	Denmark	Lesjöfors A/S	Reduction in CO ₂ emissions and workplace accidents.
	Slovakia	Centrum B	Purchase more energy efficient furnaces. Measures to improve employee satisfaction and motivation.

	COUNTRY	COMPANY	ACTIVITY
HABIA CABLE	Sweden	Habia Cable AB	Major reduction in the use of solvents (VOC) and propane by relocating manufacturing to China. Improved sorting and recycling of plastic waste, partly in accordance with Six Sigma.
	Poland	Habia Cable Sp zoo	Certification according to ISO 14001, including numerous measures to meet the requirements of the standard, such as improved waste management.
	China	Habia Cable China	A newly installed VOC purification plant resulted in better air quality at the plant in China. Environmental permit for existing production and planned expansion.
BEIJER TECH	Sweden	Tebeco	Continued use of rail transport and combination transport has resulted in lower CO ₂ emissions.
		Beijer Industri	Reduced climate impact through the use of rail transport from the Netherlands and fuel-efficient company cars. Introduction of environmentally friendly grinding products for metal working.
		Karlebo Gjuteriteknik	Upgrade of office premises and equipment.
		Lundgrens Sverige AB	Installation of energy-efficient lighting at the warehouse facility in Sisjön.
	Denmark	Preben Z Jensen A/S	Installation of LED lights in plant premises.

BEIJER TECH

Greener range and turnkey environmental adaptation

Beijer Industri is currently expanding its range of environmentally friendly products. This includes products and services that have the potential to create energy savings.

"It also includes products that are less harmful to people's health and the environment. In other words, products that reduce the customer's ecological footprint. This is the direction the industry is headed and many suppliers have now made such progress that even their end users can see the financial advantages of reconsidering their approach," says Karin Wikander, Project and Development Manager at Beijer Industri.

First up was the surface treatment segment. In autumn 2015, Beijer Industri launched a series of abrasive discs. The TRIMFIX® series is manufactured from natural fibers instead of fiberglass. The environmental range is marketed under the name BE GREEN.

TURNKEY SOLUTIONS – GOOD FOR THE ENVIRONMENT

PMU's work on turnkey industrial facilities is good for the environment. Taking a comprehensive approach to the design of a new facility creates many advantages.

"During the project engineering stage, we coordinate everything from freight and deliveries to customer visits in order to reduce the environmental impact and make things easier for the customer," explains Peter Johansson, President of PMU.

"Since there aren't as many suppliers involved, we have the possibility to design the facility in a way that creates environmental benefits right from the drawing board," he continues.

One such benefit is energy recycling. Foundries generate enormous amounts of heat. With the help of a large heat exchanger, this heat can be used to heat changing rooms or other areas of the facility. PMU can also set aside space for efficient sand recycling. Experience shows that up to 80 percent of sand in foundries can be recycled. ■

GLOBAL COMPACT

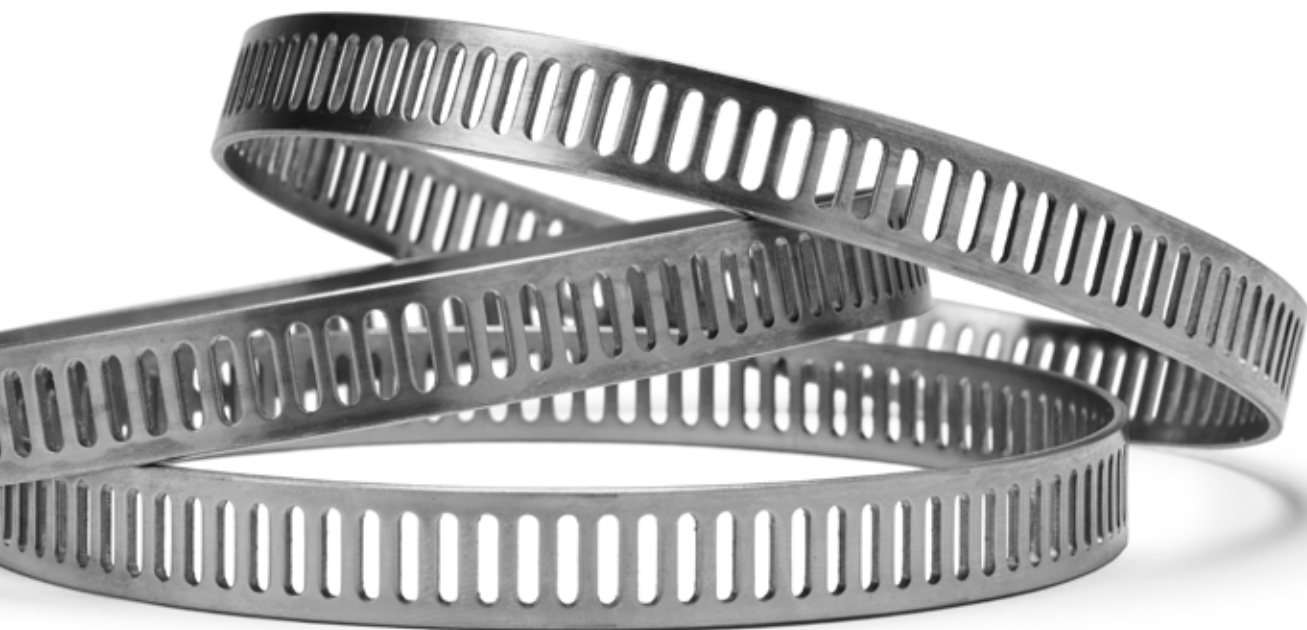
COMMUNICATION ON PROGRESS

Ten Principles for corporate social responsibility

In 2015, Beijer Alma joined the UN Global Compact, an initiative to promote and implement corporate social responsibility. As a participant in the Global Compact, Beijer Alma agrees to adhere to Ten Principles in the areas of human rights, labor conditions, the environment and anti-corruption.

Communication on Progress

Organizations that are affiliated with the Global Compact are required to submit an annual report known as a Communication on Progress (COP), which outlines their work in relation to the Ten Principles. Beijer Alma has based its COP on the information in the Annual Report and sustainability report. Together, these reports give a true and fair view of how Beijer Alma supports and complies with the principles of the Global Compact. Read more about the Global Compact on page 32 of the sustainability report.



	STATUS 2015	PAGE
HUMAN RIGHTS	1. Businesses should support and respect the protection of internationally proclaimed human rights.	Beijer Alma's Code of Conduct was updated during the year. Information and training were provided at several units. No human rights violations were reported. 6–7, 15
	2. Businesses should make sure that they are not complicit in human rights abuses.	The Group continued to improve its processes for assessing suppliers. No human rights violations were reported. 15–16
LABOR	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The Code of Conduct lists freedom of association and the right to collective bargaining as a fundamental principle. Trade unions have been established in all relevant countries where this practice is customary. In countries without trade unions, the company and its employees engage in other types of negotiations. 15–17
	4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	All forms of forced and compulsory labor are forbidden at Beijer Alma and among the Group's suppliers. There are no signs that any violations occurred during the year. 15–17
	5. Businesses should uphold the effective abolition of child labor.	Child labor is forbidden at Beijer Alma and among the Group's suppliers. There are no signs that any violations occurred during the year. 15–17
	6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	The Code of Conduct clearly states the Group's stance on discrimination and equality. No instances of discrimination were reported. Formal equality plans have been established at approximately one-third of the Group's units. 15–17
ENVIRONMENT	7. Businesses should support a precautionary approach to environmental challenges.	The ISO 14001 environmental management system is an important tool in the Group's efforts to identify and prevent risks. An increasing number of units in the Group are becoming certified. We are also taking a preventive approach, for example, by installing treatment equipment, phasing out hazardous chemicals and conducting risk analyses. 17–19
	8. Businesses should undertake initiatives to promote greater environmental responsibility.	The overall environmental responsibility rests with Group management. The Group's performance is reported regularly to the Board of Directors. We also cooperate with universities on sustainability issues and participated in the development of the new version of ISO 14001. Information about our sustainability work is communicated through various voluntary reports. 17–19
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	The Group offers a number of good examples of component/product development that helps to reduce environmental impact. 21, 26–27
ANTI-CORRUPTION	10. Businesses should work against corruption in all its forms, including extortion and bribery.	All Group companies perform an annual self-assessment, filling in a form about their work to combat corruption. The form is based on guiding documents from the Global Compact. No violations were reported or detected in 2015. On the whole, the companies in the Group took a more proactive approach to combating corruption and promoting good business ethics. 6, 15



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.

CDP

The Carbon Disclosure Project is a voluntary system for reporting the climate impact of companies. The initiative is primarily targeted at international investors, who can use the information provided about climate risks when investing in various companies. Beijer Alma has performed CDP reporting since 2013.

CODE OF CONDUCT

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

CONFLICT MINERALS

Tungsten, tantalum, tin, and gold originating from the Democratic Republic of 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.

COP

A Communication on Progress is an annual report submitted to the UN that outlines Beijer Alma's work related to the Ten Principles of the UN Global Compact.

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 the 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.

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.

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 hydrochlorofluorocarbons (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 325,000 organizations worldwide currently hold ISO 14001 certification. An updated version of the standard was 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 lean manufacturing 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 (NOx) 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

European Regulation on Registration, Evaluation, Authorisation 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.

SIX SIGMA

A program and philosophy for making quality improvements in companies and organizations, first introduced at Motorola in 1987. Six Sigma is largely inspired by the holistic approach to quality issues commonly adopted in Japanese industrial companies since World War II.

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 ILLNESS

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

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).

Beijer Alma joins the Global Compact

In 2015, Beijer Alma joined the UN Global Compact, the world's largest initiative in sustainable development. As a member of the Global Compact, Beijer Alma is required to submit an annual report on its sustainability work the UN and its own stakeholders.

The Global Compact was formed on the initiative of former Secretary-General of the UN Kofi Annan in 1999. Targeted at business community, the Global Compact is based on Ten Principles governing human rights, the environment, anti-corruption and labor rights. Affiliation with the Global Compact is voluntary and participants are expected to report their efforts and progress in achieving the various principles.

“Participation can provide confirmation of the company's commitment to corporate social responsibility. Using the Ten Principles makes it easier to communicate what is being done, both internally and externally,” says Torbjörn Brorson, CSR advisor and adjunct professor at the International Institute for Industrial Environmental Economics at Lund University.

“Another advantage is that companies can use the contents of the Global Compact to further improve their codes of conduct and guidelines,” he explains.

No independent reviews are carried out to ensure that the companies are actually fulfilling their promises. Instead, the Global Compact is based on public accountability, transparency and the enlightened self-interest of the companies.

STRICT REQUIREMENTS

The Global Compact logo may be used by the participating companies to profile their sustainability work. Reporting is carried out in the form of an annual report to the UN and the company's stakeholders. This report may be linked to the Global Reporting Initiative (GRI) or other standards and guidelines for sustainability reporting.

“But the requirements are strict,” emphasizes Torbjörn Brorson. “Companies that do not submit an appropriate report are thrown out. The UN also publishes information about which companies no longer meet the requirements.”

GLOBAL DEVELOPMENT GOALS

The Compact is open to all companies and approximately 8,000 businesses around the world are currently affiliated. The Ten Principles are based on UN conventions, such as the Universal Declaration of Human Rights and the Convention against Corruption. The 17 Global Development Goals presented by the UN in autumn 2015 are also linked to the Compact.

Special Nordic and national Global Compact networks have also been established. These networks offer training and seminars to help improve the exchange of knowledge between companies. Beijer Alma will submit its first annual report to the UN in mid-2016. ■



REPORTING PRINCIPLES

TRANSPARENT PRESENTATION OF SUSTAINABILITY WORK

Beijer Alma's sustainability report 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. The report is also intended to explain the Group's work related to the Ten Principles of the UN Global Compact in accordance with the requirements of the Communication on Progress (COP). This information is also used to report the Group's climate impact in accordance with the Carbon Disclosure Project (CDP).

All units in Beijer Alma in 2015 are included in the report. Data was provided by 30 units in Sweden, Norway, Denmark, Finland, Latvia, Poland, Slovakia, Germany, the UK, the US and China.

REPORTING PRINCIPLES

Each 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 – are measured based on emission factors from the Greenhouse Gas Protocol (GHG Protocol) and the Covenant of Mayors (EU 2010) for the countries in which Beijer Alma conducts operations. In cases where energy suppliers present specific information regarding the energy mix, the supplier's measurement models are used. Information about VOC emissions (solvents) is primarily based on mass balance calculations.



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