



2021

SUSTAINABILITY REPORT

LSAB GROUP

ENGINEERING YOUR COMPETITIVE EDGE

A misty forest landscape with evergreen trees and a soft, hazy sky. The scene is captured in a monochromatic, desaturated style, with the trees appearing as dark silhouettes against a lighter, foggy background. The overall mood is serene and atmospheric.

**"CUSTOMERS CHOOSE US BECAUSE
WE CREATE SUSTAINABLE VALUE"**



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250

NUMBER OF
EMPLOYEES

40

MARKETS

3

BUSINESS UNITS

8

INTERNATIONAL
OFFICES

550

MSEK NET SALES

+5K

SATISFIED CUSTOMERS
WORLDWIDE

-25%

IN CO₂ FOOTPRINT
SINCE 2019

CONTINUED GROWTH BASED ON FIVE KEY AREAS:

- **MARKET GROWTH** (Expand market coverage and strengthen product range)
- **STRUCTURAL GROWTH** (Mergers and acquisitions)
- **OPTIMIZATION** (Optimize existing companies and productivity)
- **PEOPLE** (Recruit and retain talent)
- **VALUE-ADDED SOLUTIONS** (Digital tools to increase value to customers)

LSAB GROUP IN BRIEF

LSAB Group AB is part of Latour Industries AB - one of six wholly-owned business areas within Investment AB Latour. We currently operate in a total of six countries and have an overall headcount of approximately 250 employees. We export to a further 40 markets and our products are in use in all continents across the world, except for Antarctica.

OUR PHILOSOPHY

At LSAB Group, we adopt a forward-looking approach and are committed to seeking out new solutions.

As a leading supplier in the field of cutting solutions, we have demonstrated our willingness and capability to take advantage of future opportunities. We aim to create sustainable value through our products and services and our proven ability to innovate, limited only by our mindset. What we can't allow ourselves is to become too comfortable or - worst of all - afraid. Life means constant change and our industry is no exception to that. We do not make things more complicated than they need to be. Working with us should be easy and enjoyable and we always keep our promises.

FORTIVA **LSAB** **MICOR**



AIMING FOR THE TOP

Ensuring sustainability is all about resource management. If we go back one hundred years, it was self-evident then that you needed to work with the resources you had – you couldn’t afford to do anything else. The principle remains the same. Managing resources doesn’t have to be complicated or expensive. It is rather a matter of simple common sense as to what works better financially both for us and for our customers – while doing the environment a favor at the same time.

UNIQUE OPPORTUNITIES TO INFLUENCE

At LSAB Group, we develop innovative and sustainable solutions in our own operations and in our customer’s production. We have unique opportunities to influence the process from start to finish: from the moment the log is fed into the sawmill and the steel delivered from the steel plant, right through to recycling. Our customers operate in industries that are of strategic importance from a sustainability point of view. Wood and cellulose are crucial for the sustainable supply of materials in the future, and the engineering process revolution will have a major impact on material and energy use.

WE LOOK AFTER PEOPLE AND RESOURCES

By looking out for one another, we create healthy workplaces in which we can all feel positive and productive. But it goes beyond that, to how we act in our own everyday lives. How we travel, which hotels we choose to stay in and how we make the best use of our own resources, those of our customers and the Earth itself.

COMMENTS ON 2021

In 2020, LSAB Group entered a new development phase. Growth and profitability are our watchwords in this phase and, during the course of 2021, we strengthened our organization through the addition of a number of key new posts such as a CFO and Business Unit Managers for the business sectors Wood, Metal and Tooling. This provides us with a structured, robust organization for achieving our future goals. You can read more about the development of the business sectors later on in this report.

We also created the role of Sustainability Manager and started to measure our impact on the environment. Through this data collection and analysis, we now have a clear picture of our current situation and can present the results in this, our first Sustainability Report.

Our sustainable goals are set high – from making our employees feel safe at our workplaces to our products contributing to a sustainable society. Achieving sustainability has only just begun and, as always, we’re aiming for the top!



Hans Ekholm

HANS EKHOLM
CEO, LSAB GROUP

OVERVIEW LSAB GROUP

WOOD SOLUTIONS



LSAB offers products and solutions for the woodworking industry. In our two segments, Sawmill & Planing and Woodworking, we represent world-leading brands such as Langshyttan, BBM, Micor and Leitz.

LSAB SVERIGE

LSAB NORGE

LSAB FINLAND

LSAB ESTLAND

LSAB LETTLAND

METAL SOLUTIONS



Fortiva offers one of the widest ranges on the market for cutting, turning, drilling, milling, deburring and clamping. We offer consulting services, ranging from method selection, time studies, special tool development to programming and support at the start of production. We represent world-leading brands such as Kennametal, Vargus, Kinkelder and Kanefusa.

FORTIVA SVERIGE

FORTIVA DANMARK

TOOLING (PRODUCTION PLANTS)



Building on our more than 50 years of accumulated know-how, we know what is required and, as with any kind of manufacturing, the result depends on several factors. Here at Micor Tooling, craftsmanship and personal commitment, combined with ongoing efforts to improve and develop ourselves, provides us with a high and consistent level of quality of which we are very proud. We produce world-leading brands such as Micor, Langhyttan and BBM.

LAHOLM PRODUCTION PLANT

LÅNGSHYTTAN PRODUCTION PLANT

PAST, PRESENT AND FUTURE

2011

Fortiva and Långshyttan Slipservice merge and form LSAB Group

2012-2016

The company starts out with a strategy based on local presence and rapid expansion. Growth is mainly achieved through the acquisition of smaller, local grinding centers.

2017-2019

A new strategy. Focus is placed on synergies and creating value. Service is no longer the core business but rather one amongst many in the portfolio. A number of service units are shut down with operations being moved to other units.

2020-2024

Growth is crucial for our long-term survival. Growth proves that we are doing the right things, that an increasing number of customers want our help and that we are doing a good job. If we do not constantly move onwards and upwards, we will be overtaken by our competitors. At the same time, we cannot be seen to grow at the expense of profitability.



WOOD SOLUTIONS

LSAB upholds an old, proud Nordic tradition in which the forest, as a renewable raw material, is transformed into timber which in turn becomes products that benefit society. Our goal is to become Europe's leading supplier of tools and services for chip-making processes in the wood industry.



MARTIN ANDERSSON
BUSINESS AREA MANAGER
(FROM APRIL 2021)

“FOREST MANAGEMENT IS KEY TO SUSTAINABILITY”

Comments on 2021

LSAB is part of the wood industry, an industry which offers sustainable products and refines a renewable resource to help us replace fossil-based products. Forest management is key to sustainability. Wood products store CO2 throughout their entire lifetime.

LSAB’s strategic efforts are based on initiatives linked to the global goals set by the UN. Although wood is a renewable resource, it still takes 70 years before you can harvest a planted tree. Therefore, we need to focus our R&D on maximizing the yield of the log/ timber. This can be achieved by thin cut sawblades and bandsaw blades. LSAB is involved in several R&D projects that prioritize this field. Other initiatives relate to the shift from diesel to HVO on trucks, switching over to electric for our company cars, as well as the Green Meetings on Teams concept.

Any thoughts about the future?

Wood products are part of the solution to bring about a sustainable

future. Renewable resources must also be handled with care. The focus for the future will be on generating maximum yield, recycling, upscaling of already produced wood products.

What does sustainability look like within your business sector?

The wood industry is a key element in the shift to a fossil fuel-free world. Planting and harvesting forests is, by its nature, a long-term business. An increased focus on diversity, CO2 is at the top of the agenda for all major players.





METAL SOLUTIONS

The Metal Solutions business area aims to make a difference. With the widest range of clamping and cutting tools on the market, entrepreneurial spirit, ingenuity and a holistic approach, together with our customers, we develop solutions that make a difference. A difference that will be visible in our customer's bottom line.



HENRIK PALMGREN
BUSINESS AREA MANAGER
(APRIL 2021-MAY 2022)

"2021 WAS ANOTHER SUCCESSFUL YEAR FOR FORTIVA"

Comments on 2021

2021 was another successful year for Fortiva in which we managed to recover in our sales figures compared to 2020 (which was heavily affected by the Covid situation). Underlying market demand remains solid and Fortiva is clearly well positioned to take part in this growth journey. Clients are looking for solutions that can help them optimize their production and utilize raw materials more efficiently, which are clearly needs where Fortiva can offer value.

Any thoughts about the future?

Going forward, Fortiva will continue to strengthen its approach to end clients by pushing our "Effekt-program" with add-on services that help customers gain new productivity levels. Many of our customers in this field are going through significant technology changes, with electrification of power trains being one of the most significant. These trends require new forms of production technology. We have also set about establishing a clearer focus for the General Engineering segment which accounts for about half of the total market in Sweden. This market will be key for us in

delivering profitable growth and these customers will be served through a 100% dedicated team.

What does sustainability look like within your business sector?

From a customer point of view, electrification of everything is again the strongest driver. It will definitely change a lot of things on a basic level in terms of how we live our lives, travel and how we manage electricity. In terms of the production floor at our customers' sites, there will be a need for new production methods, new materials in components and a different kind of complexity in the final part. At Fortiva, we consider this shift to be a major opportunity to help shape the future of our industry and, obviously, we want to be part of this journey with our clients.





TOOLING

Tooling offers a full portfolio of sawblades, bandsaw blades and planing tools. At our two manufacturing sites in Sweden, we produce our own brands, namely Micor, Langshyttan and BBM, which are sold to 40 countries worldwide. With more than 50 years of accumulated know-how, we know what is required and this has made us one of the leading suppliers in Northern Europe.



MARCUS WÄRRING
CEO TOOLING
(FROM MAY 2021)

“TO GROW AND BECOME ONE OF EUROPE’S LEADING SUPPLIERS”

Comments on 2021

2021 was a year of transformation, in which created the new business area, Tooling. In the Tooling business area, we have consolidated all manufacturing and indirect sales within the Group so that we can better focus on building a sustainable future within the manufacturing process. Within this business area, we are setting the golden standard for health and safety, energy efficiency and reduction in CO2 emissions.

During the course of 2021, we consolidated our two manufacturing sites in Laholm into one facility, thus reducing our environmental footprint. We also began the process towards being certified according to ISO 14001. We are very proud of the fact that all tools manufactured within the group are produced using renewable energy.

Any thoughts about the future?

The Tooling business area aims to grow and become one of Europe’s leading suppliers of cutting tools, with a global reach. We will achieve this by focusing on sustainable values; through

world-class operations that look after the safety and well-being of our employees, increasing yield to lower material usage and reducing our energy needs.

What does sustainability look like within your business sector?

The importance of sustainability is unquestionable in all business sectors but, in the field of supplying tools to industries that use precious raw materials, I would say it is even more vital. If we can help the end user of our products to increase their yield, reduce downtime and increase safety, we can make a major contribution to building a sustainable future. In doing this, as a supplier, we need to take full responsibility for what we can do to decrease our environmental footprint, which is a natural expectation of us from our customers, employees, owners and society in general.





OUR COMMITMENTS

VISION

Customers choose us because we create the most value as a supplier.
We create sustainable value through our products and services and
our ability to think innovatively.

MISSION

Our mission is to create the conditions for long-term profitability and growth.
We do this by daring to think new and focusing on the big picture rather
than short-term gain.

OUR VALUES

INNOVATION

We dare to be first and to do things differently - even if it proves to be uncomfortable.
We prefer not to complicate matters but rather to opt for natural and effective solutions.

COURAGE

We are honest with ourselves, our customers and our suppliers.
We are straight, clear and consistent. We take the initiative and prioritize action and results.
If we make a mistake, we start again and do it right. Straightaway.

SIMPLICITY

We do not make things more complicated than they need to be.
Working with us should be easy and enjoyable and we always keep our promises.

A blurred photograph of an office interior. Several people in business attire are visible, standing and moving in a brightly lit space. The image is out of focus, creating a sense of activity and movement.

**WE LOOK AFTER
PEOPLE AND
RESOURCES**



LARS SCHEER
HR DIRECTOR
LSAB GROUP

“PEOPLE, PLANET, PERFORMANCE”

Comments on 2021

2021 was the year in which LSAB Group made real progress in creating a sustainable workplace.

We launched “*Our Choice*”, guidelines for our future growth and how to profit from sustainability. To facilitate employee behavior and attitude, we introduced our “*Seven Guiding Stars*”, which aims to increase employee engagement, job satisfaction and empowerment. 2021 was also the year in which hybrid working became an established way of organizing work. Where possible, by allowing our employees to work remotely a few times a week, this not only provides greater flexibility, but also helps us to reduce our carbon footprint.

Any thoughts about the future?

Sustainability in the workplace is not a trend that is likely to fade away. It is a duty and a factor in success that is here to stay. Sustainability is non-negotiable for LSAB Group and must be placed at the heart of everything we do. Sustainability needs to be

embedded into our workplaces, attitudes and behavior. Our daily actions today will have an impact on the planet tomorrow.

What does sustainability look like within HR?

Being a sustainable workplace means balancing financial performance with contributing to our people’s quality of life and the good of the planet. Sustainability is also a key factor in attracting, retaining and developing people. Future talents want to work for companies that share their values, which operate for a purpose beyond simply maximizing profit and in which they feel more empowered to make a difference for our planet as part of a sustainable organization.



AT LSAB GROUP SUSTAINABILITY PLAYS A CENTRAL ROLE

Sustainability plays a central role for LSAB Group and our owners. We develop innovative and sustainable solutions both in our own business and in the production of our customers. Our three areas of focus:

EMPLOYEES

- Our employees are our most important asset. We always put safety first.
- We continuously monitor our employees' working conditions and act preventively to achieve zero accidents
- Gender equality and diversity are important to us.

ENVIRONMENT

- We need to reduce our environmental impact at all levels.
- We must ensure that our products are manufactured using the lowest possible energy and raw material consumption.
- In Sweden, all of our units use 100% renewable electricity.

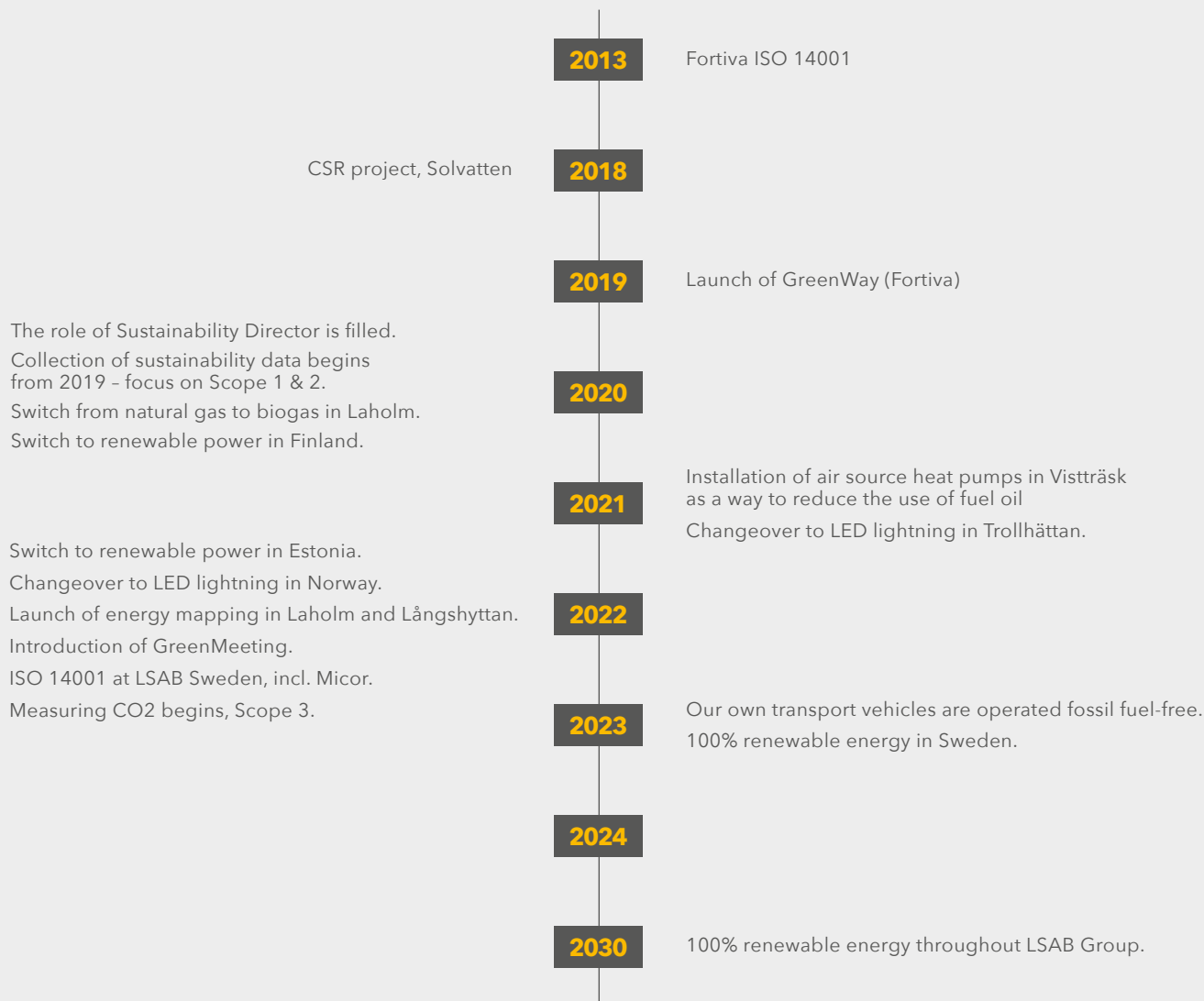
- We measure and monitor our CO2 footprint and actively work to reduce it.
- All of our waste is sorted and disposed of by certified recycling companies.

BUSINESS ETHICS

- We act at all levels according to our owner, Latour's *Code of Conduct*.



SUSTAINABILITY OVERVIEW





REDUCING OUR ENVIRONMENTAL IMPACT



ANNA THURESSON
SUSTAINABILITY DIRECTOR
LSAB GROUP

“OUR SUSTAINABLE JOURNEY HAS ONLY JUST BEGUN”

Comments regarding the sustainability efforts and her role as Sustainability Director at LSAB Group

- We have a totally different sustainability focus today than we had just a year ago. At the time, the role was a new one to our organization, and we weren't at all clear what our impact on the environment looked like.
- By placing a strong focus on data collection and analysis, we have gained insights into our current situation, and have quickly been able to pick the “low-hanging fruit” in sustainability and reduce our environmental impact.
- But we have a journey ahead of us - one we need to make quickly - where there are no obstacles, just opportunities. But we know now which areas we need to focus on.
- My role as Sustainability Director is to manage our sustainability efforts and make them visible within our organization so that everyone can find out about what we can do to become more sustainable. It's true that no one can do everything, but everyone can do something!

Any thoughts about the future?

Looking ahead, LSAB Group has a wealth of opportunities in sustainability - as an organization, we take sustainability very seriously and will focus even more on sustainability in all stages going forward.



EXAMPLES OF OUR EVERYDAY SUSTAINABILITY EFFORTS

Step by step, we are taking action towards ensuring a better, more sustainable environment. Measures such as switching to renewable energy at our offices and converting our vehicle fleet to run fossil fuel-free are making a significant impact on our carbon footprint. Another important step is regrinding tools to extend the lifetime of our customers' tools. We are also very proud to support the Swedish innovation Solvatten that helps families in at risk areas to get clean water.



RENEWABLE ENERGY

By switching to renewable energy at our offices and plants, we are reducing our CO2 footprint.

POWERING AHEAD WITH A SUSTAINABLE VEHICLE FLEET

Transport at LSAB accounts for a considerable part of our CO2 emissions, which is why we are actively working on converting our vehicle fleet to sustainable alternatives, such as electric/hybrid and HVO.



REGRINDING TOOLS FOR CIRCULAR FLOW

Our regrinding services extend the lifetime of our customers' tools in a circular flow that reduces raw material consumption



SUPPORTING SOLVATTEN

We are engaged socially and environmentally through our support for the Solvatten project - a Swedish innovation that helps families in at risk areas get clean water.



DIGITAL MEETINGS



At LSAB Group, sustainability is all about making conscious choices that reduce our negative environmental impact in environmental, energy & climate terms. To be able to do this, we need to understand the effect that different activities have on our surroundings.

Our vehicle fleet represents a significant part of our overall CO₂ emissions. Through efficient planning and new digital meeting forms, we can influence our emissions and, at the same time, increase accessibility for our customers with less time now taken up by travel.

We are happy to visit our customers where there is a need for and value in meeting up in person. However, we are aware that this affects our CO₂ emissions, which are regulated through our company car policy to ensure a more environmentally-friendly vehicle fleet.

GREEN DELIVERY MADE AVAILABLE TO CUSTOMERS



As part of our sustainability efforts, we have developed an alternative form of delivery that gives you the chance, along with us, to reduce our common environmental impact. Together, we can help reduce the CO2 footprint and become CO2-neutral. Green Way reduces the need for partial deliveries by collecting your orders in our warehouse for a maximum of 3 days. As soon as the order is complete, it will be sent out. If, after three days, the order is still not complete, it will be released for delivery.

SUSTAINABLE PERFORMANCE 2021



WORK-RELATED ACCIDENTS - LTI (LOST TIME INJURY)

TARGET: VISION ZERO (INDEX PER 1000 FTE (FULL-TIME EMPLOYMENT))

SITUATION:

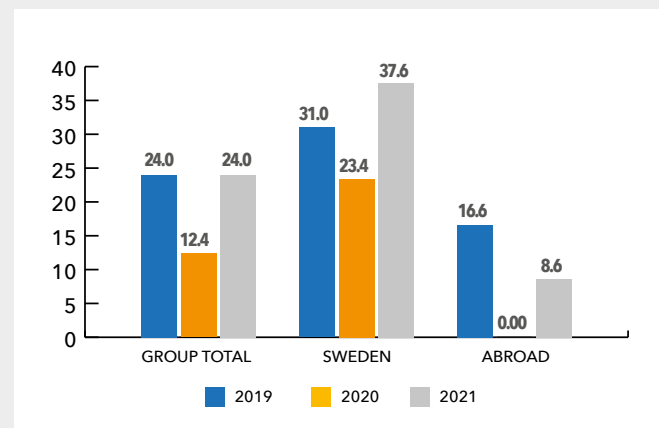
- Our workplaces must be safe and secure!
- We have too many work-related accidents within the Group.

As the chart shows, the highest numbers are seen at the Swedish plants.

ACTIVITIES:

2022

- Build up leadership and culture for safety matters
- Increase safety focus at all plants by making this target visible to all employees.
- Start to work more proactively (incident and risk reporting) and define improvements before accidents happen.





ENERGY MIX

TARGET: 100% RENEWABLE ENERGY BY 2030 - SCOPE 1 & 2

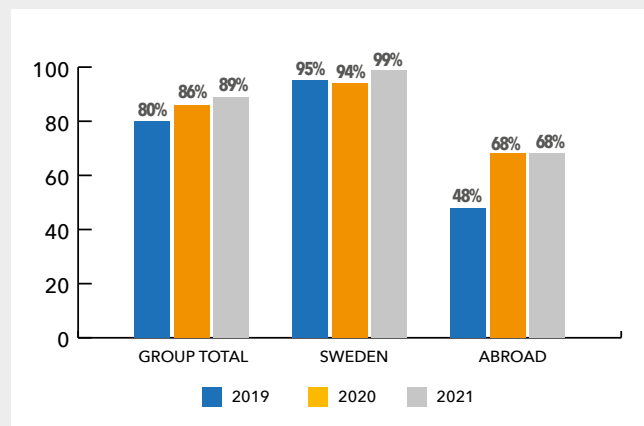
SITUATION:

- We are closer to the target in Sweden than in other countries.
- Switched electricity contract in Finland.
- Switched from natural gas to biogas in Laholm.

ACTIVITIES:

2022

- LSAB Vändra will switch to buying electricity from renewable sources.
- Investigate whether it is possible to substitute the fuel oil in Visträsk.



ENERGY CONSUMPTION

TARGET: -5% ANNUAL - IN RELATION TO TURNOVER, MWH/MSEK

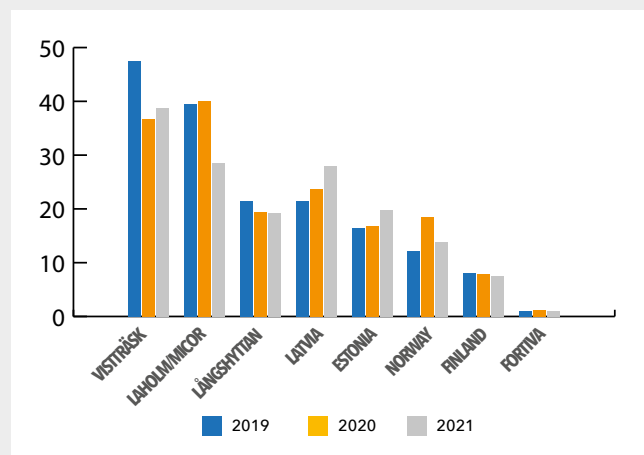
SITUATION:

- Visträsk: Decreased by -18% during 2019-2021. Related to turnover.
- Laholm/Micor - decreased by -27% during 2020-2021. Related to units being combined.
- Långshyttan - decreased by -10% during 2019-2021. Related to turnover.

ACTIVITIES:

2022

- Start energy mapping at the Laholm/Micor plant. The goal is to identify the largest wastes of energy.
- LSAB Norge will switch to LED lightning in the workshop.
- Switch to LED lightning in Latvia





CO² EMISSIONS

TARGET: -5% ANNUALLY IN ABSOLUTE TERMS - SCOPE 1 & 2 (TONNES)

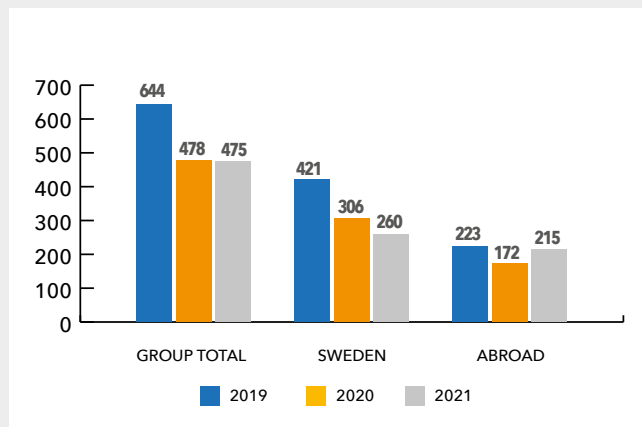
SITUATION:

- Since we started measuring in 2019, we have reduced LSAB Group's carbon footprint by approx. 25%.
- Achieved by switching to renewable sources in Finland and Sweden.
- Covid-19 has reduced company travel.
- We can see that approx. 85% of the carbon footprint results from our own vehicles

ACTIVITIES:

2022

- LSAB Vändra will switch to buying electricity from renewable sources.
- Investigate whether it is possible to switch to trucks that can run on fossil-free fuel.
- Investigate whether we can start to run our own diesel cars on HVO.
- Car policy in Sweden doesn't favor hybrid or electric cars.
- Continue to meet our customers digitally where possible. Complements face-to-face meetings.





ISO 14001-CERTIFIED PRODUCTION PLANTS

TARGET: 100% 2025

SITUATION:

- We have begun with a focus on the Swedish plants.
Fortiva has been certified since 2013.

ACTIVITIES:

2022

- Certify LSAB Production and Micor (Laholm, Långshyttan and Visträsk) + Sales in Sweden.
- Project started in autumn 2021. Also includes ISO 9001.



DEFINITIONS

UN DEFINITION OF GLOBAL SUSTAINABLE DEVELOPMENT GOALS



Ensure healthy lives and promote well-being for all at all ages.



Ensure access to water and sanitation for all.



Ensure access to affordable reliable, sustainable and modern energy for all.



Build resilient infrastructure, promote sustainable industrialization and foster innovation.



Take urgent action to combat climate change and its impacts.





SCOPE 1, 2 & 3

SCOPE 1 EMISSIONS

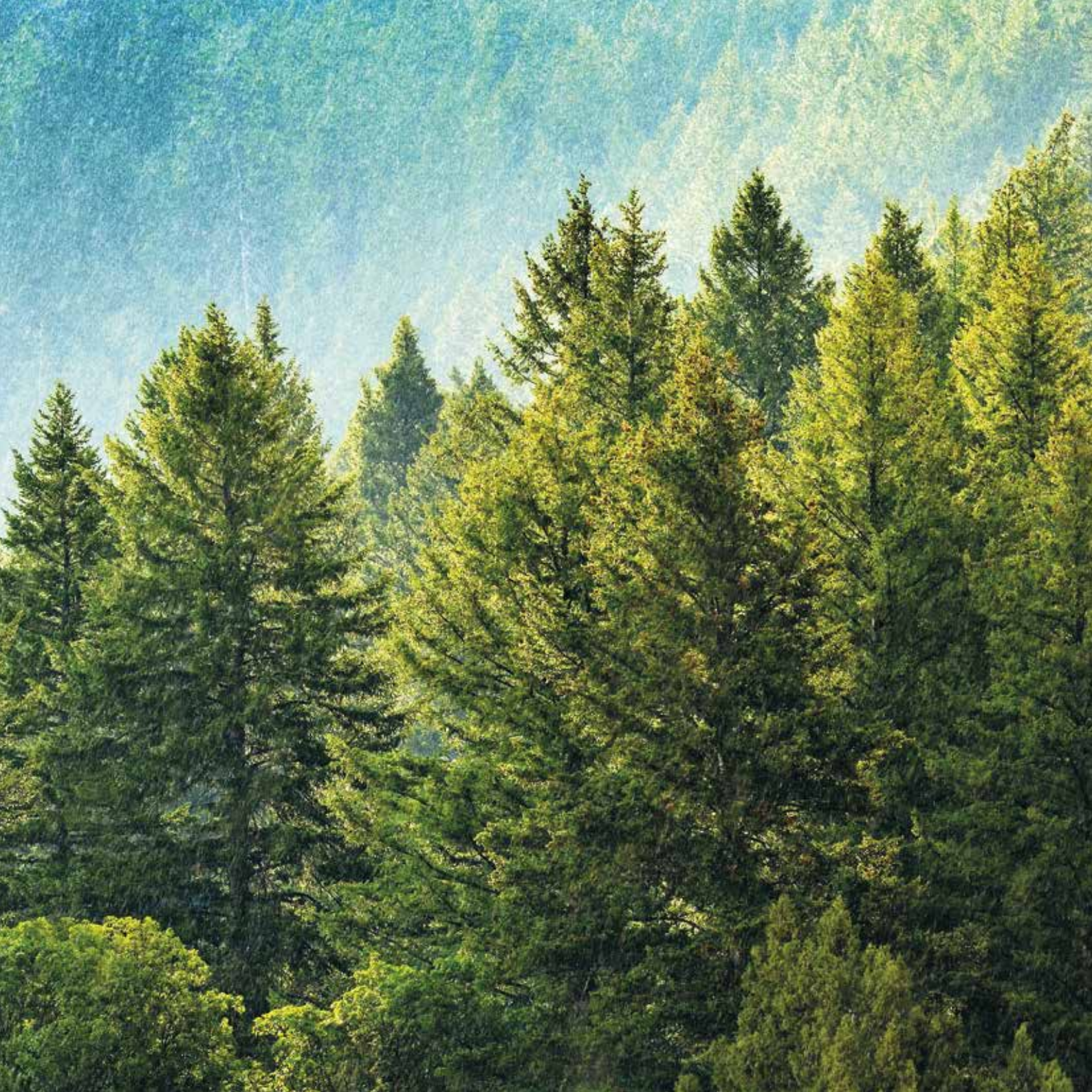
Scope 1 covers emissions from sources that an organization owns or directly controls - for example, from burning fuel in our fleet of vehicles (if they are not electrically-powered).

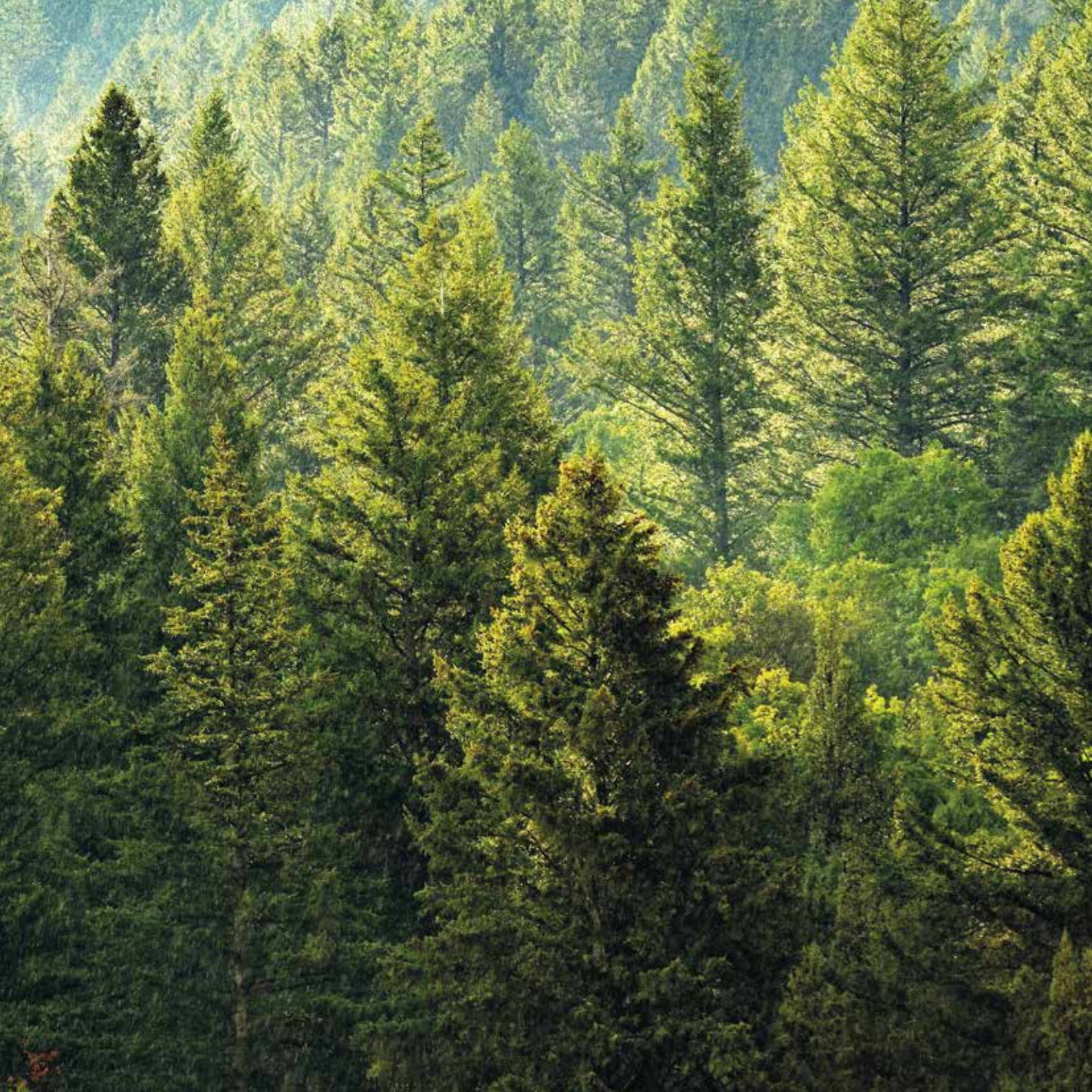
SCOPE 2 EMISSIONS

Scope 2 are emissions that a company causes indirectly when the energy it purchases and uses is generated. For example, for our fleet of electric vehicles, the emissions from the generation of the electricity they are powered by would fall into this category.

SCOPE 3 EMISSIONS

Scope 3 encompasses emissions that are not produced by the company itself, and also not the result of activities from assets owned or controlled by them, but rather by those that it's indirectly responsible for, up and down its value chain. An example of this is when we buy, use and dispose of products from suppliers. Scope 3 emissions include all sources not within the limits of scope 1 and 2.





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LSAB GROUP

ENGINEERING YOUR COMPETITIVE EDGE