



PRONECT

SUSTAINABILITY REPORT



2021



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Sustainability Report for Pronect for the financial year 2021, prepared in accordance with Chapter 6 Section 12 of the ÅRL.

1. INTRODUCTION

“By continuously developing and strengthening our sustainability work, we generate value for our customers, employees and other stakeholders.

Contributing to the development of a more sustainable society is an important part of our long-term strategy and will generate more business opportunities for our companies.”

Jörgen Fredsson
CEO Pronect



PRONECT

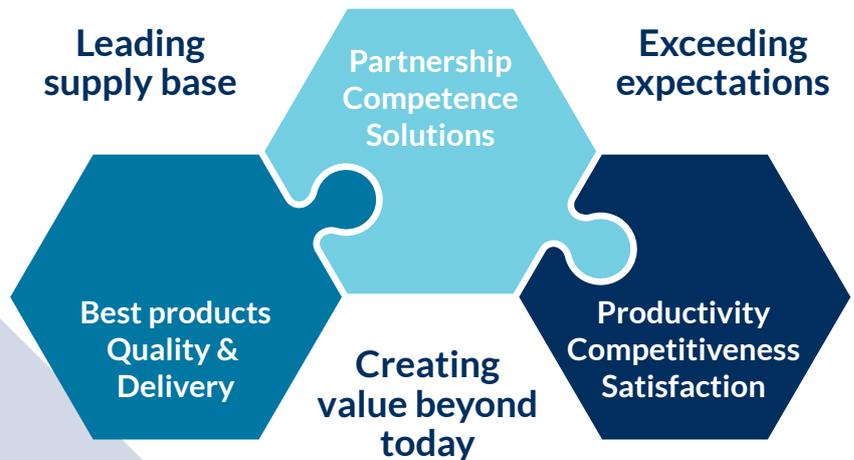
Pronect is a group of independent companies employing over 350 people. We push industry forward through responsible ownership and sustainable strategy.

By connecting technologies and skillsets we create new value spanning beyond today. Pronect is part of family owned Liljedahl Group with headquarters in Värnamo, Sweden.

We are present in seven Nordic and Baltic countries and serve over 7,000 industry customers. Our yearly turnover is over €130 million.

Pronect is part of family owned Liljedahl Group and has three subsidiaries: Din Maskin, PLM Group, and Ravema

2. BUSINESS PLATFORM



CORE VALUES

OUR GUIDING STARS



Look for what's next

Smooth the path for others

In it for the long run

Our subsidiaries operate independently and focus on their core business. Together with expertise and experience from Pronect, each company focuses on developing their business, profit, and growth. Meanwhile, the Pronect platform is driven by our common Business Platform and aligns with clear strategies.

The Pronect business concept centers on creating value for our customers. Through our employees and their professional mastery, we systematically support customers' interactions in ways that meet or exceed their expectations. Our companies work with a leading supplier base – together we offer the latest technology with the best quality and delivery.

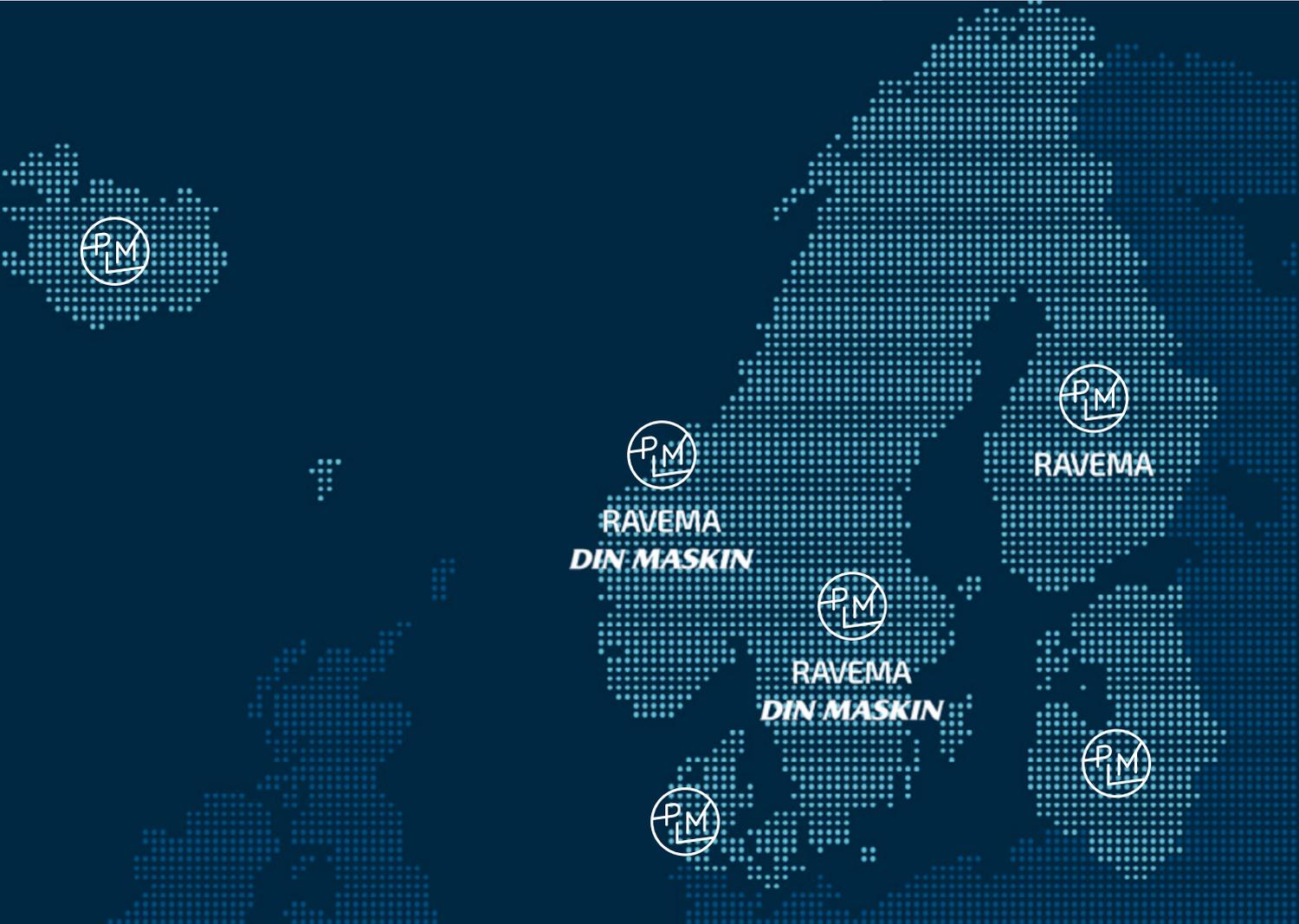
We continuously develop and attract skilled employees and work proactively to find new, optimal solutions for our customers. In our decentralized structure, we build a strong business-oriented culture driven by responsibility and the freedom to take action.

For more information about our subsidiaries business models we refer to their respective web sites:

www.ravema.se
www.dinmaskin.se
www.plmgroup.eu

3. OUR LOCATIONS

We operate in seven Nordic and Baltic countries serving over 7,000 industry customers.



4. SUSTAINABILITY GOVERNANCE

Pronect Management is responsible for the overall long-term sustainability goals of the group. Pronect is a decentralized organization with delegated responsibilities where each subgroup is largely autonomous. While Pronect are active owners in supporting business development, they do not control the subgroups in detail. To ensure that the companies in the group follows the sustainability policies and that we monitor the result continuously the operational sustainability work is a natural part of the Management Meeting and part of the steering model for the group. See an illustrative overview of the process on the right-hand side of this page.

The Pronect code of conduct for employees is the foundation of the sustainability work within the group. Along with our core values, it communicates to seasoned and new employees:

- what is expected
- how we do business
- how we act in our daily work
- how we interact with stakeholders outside the group

The code includes basic human rights such as: fair working conditions, gender equality, and diversity, but also anti-corruption and environmental responsibility. It applies to all subsidiaries and employees.

TOP DOWN



BOTTOM UP



Employees are encouraged to report any breaches of the policy, to either a trusted manager within the organization or through the whistleblower function.

Issues that come to the attention of a manager or the whistleblowing function will be investigated either in-house under supervision of a third party or by an external party, depending on the issue. Based on the outcome of the investigation, we take the necessary actions.

Our sustainability work covers:

- **Environmental sustainability (page 9)**
- **Social sustainability and human rights (page 12)**
- **Financial and ethical sustainability (where anti-corruption is one part – page 16)**

To help with implementation and compliance, some policies are supported by hands-on guidebooks for the respective subgroup, such as an employee handbook.

Pronect policies guiding sustainability work:

- Core values
- Code of conduct
- ISO 9001
- Collective agreements
- Environmental policy
- Vehicle policy
- Gender equality plan
- Work environment policy
- Employee handbooks
- Drug & alcohol policy
- Information policy
- IT & mobile phone policy



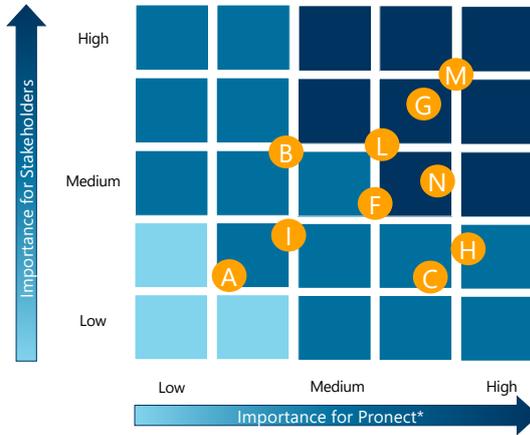
5. MATERIALITY ANALYSIS

Importance for Pronect — Relevant areas for Pronect and areas Pronect can influence

Stakeholders

- Customers
- Suppliers
- Employees
- Society

- Light blue square = Low importance
- Medium blue square = Medium importance
- Dark blue square = High importance



*Importance for Pronect – Only relevant Areas for Pronect included and areas where Pronect can influence, no low importance included

Environmental

- A Recycling
- B Emission & pollution (transportation)
- C Travel

Social sustainability & human rights

- F Health & safety
- G Attracting/retaining employees
- H Dual use of goods/technologies
- I Equality & diversity

Financial and ethical sustainability

- L Financial stability
- M Business ethics
- N Cyber security

Our business model relies on our competence. Securing highly skilled employees is of utmost importance to Pronect and our stakeholders. Therefore, we closely track employee reviews and employees have the opportunity to participate in Pronect Business School.

Our business ethics are another cornerstone to secure long-term relations with our stakeholders. Our Code of Conduct empowers employees to handle ethical dilemmas they may encounter while at work.

Financial stability is vital to securing long-term relationships with our customers and suppliers – in good times or bad.

We also prioritize cyber security to protect ourselves and our stakeholders from any digital attacks. This also ensures that our core business information doesn't fall into the wrong hands.

All these areas are proactively tracked, handled, and controlled through our internal policies and procedures.



6. ENVIRONMENTAL SUSTAINABILITY

KPIs

Suppliers	2020
Number of suppliers screened for sustainability reports	6
Number of suppliers with audited sustainability reports in the screening	6
%	100%

The Pronect subgroups each has several suppliers around the world and, generally, our suppliers are global multinational groups. Because we sell products that are produced by our suppliers, we have created a system to account for the environmental impacts of their production processes. Starting in 2021, we screen our main suppliers based on their published sustainability reports. For the previous year, not only have all of our main suppliers published their audited sustainability reports on their websites, they all maintain the same standards we have internally set for ourselves in our Code of Conduct.

In our materiality analysis, we have identified that the main impacts Pronect has on the environment come from use of office electronics and transportation (including travel). Pronect strives to reduce the environmental impact from company travel, goods transportation, energy consumption, and waste management to protect people and nature. Besides the Pronect employee code of conduct, the subsidiaries have travel policies as well as IT- & mobile phone policies to support everyday sustainability work within these areas.

None of the Pronect subsidiaries require any environmental permits or notifications to conduct business.

Electronics

In the digital world of today, all companies are depending on electronic equipment to perform their everyday work. Life cycle management of IT equipment for our employees is an important part of the sustainability work within Pronect. We systematically collect unused equipment and distribute among new and existing employees according to their needs. We also keep insurances to cover repairs and encourage a longer life for our IT equipment. During Covid-19, we have been able to keep the increase of the IT equipment to a minimum while still providing flexibility and efficiency for our employees working from home. Production of IT equipment require water, energy and minerals. Pronect use HP and Logitech as main brands of IT equipment. HP and Logitech are companies who work to reduce their carbon footprints, their water footprint and certify that their supply chain is validated against RMI Conflict Minerals Reporting.

Pronect also works with Telia and ATEA for collecting used IT equipment and have during 2021 become members of ATEA 100%, which is a part of ATEA's Sustainability Focus to increase reuse and recycling of electronics.



Travel

The business world has been reevaluating many old beliefs about the need to travel since COVID-19 began. At Pronect, we have always been spread out over several geographical locations, which taught us to take advantage of digital meeting tools early on. During the restrictions following COVID-19, we continued to develop digital channels even further ensuring we can keep travel at a minimum even after restrictions are lifted. We have updated our travel policy to leverage digital tools before choosing to travel.

A large portion of our sales equate to large investments for our customers, which require long relationships built on trust. This type of relationship often requires personal meetings and travel to customer sites – for sales, technical solutions, installations, and service. Visits to customer sites are in general done in company vehicles.

We aim to reduce our carbon footprint every time an existing vehicle is replaced. We also focus on reducing the distances traveled through more efficient planning, digital inspections before service calls, and increasing digital support via video calls. When possible, we have smaller machines sent for service to our service locations and then shipped back to customers at remote locations.



7. SOCIAL SUSTAINABILITY & HUMAN RIGHTS

Pronect subsidiaries operate in highly technological sectors where competition for skilled talent is high. With clear company values and strong leadership, Pronect subsidiaries strive to become the most attractive employers in their respective sectors and active organizations in their communities.

Pronect works based on the value that the daily commitment of our employees is what makes the difference for our customers. Our employees are the foundation for the success of the Group. They drive our competitiveness in the segments and markets where we operate. All the subsidiaries within Pronect have their own means of engaging employees and contributing in their local communities, but common for all subgroups is providing a working environment where all employees can grow.



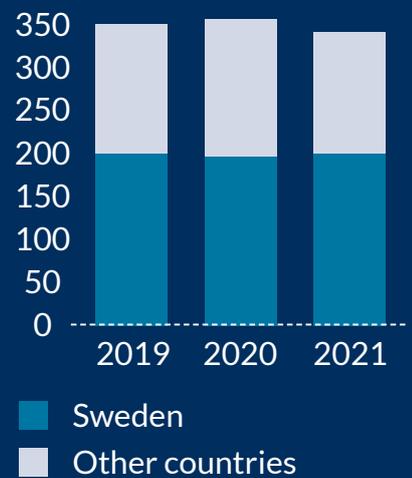
Diversity and equality

Diversity and equality concerns all business functions – from recruiting and education to communication and marketing. A mix of employees with different knowledge and experience will contribute with value-adding new ideas and competence. Technological industries are historically dominated by male employees, which is currently reflected in Pronect subgroups with men making up almost 80% of employees.

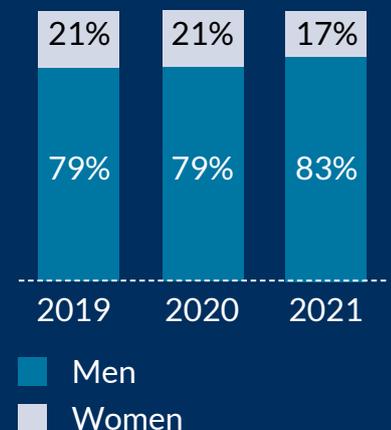
Pronect always recruits on competence and fit to the organization but aims to include more diverse and skilled personnel going forward. The goal is to see this diversity reflected in the leadership of the group. Pronect is an inclusive organization where our common Code of Conduct prohibits any kind of discrimination, regardless of gender, sexual orientation, religion, country of origin, or any other reason. Besides our core values and the Code of Conduct, our work is also guided by a gender equality plan and our work environment policy.



Number of employees



Employees by gender



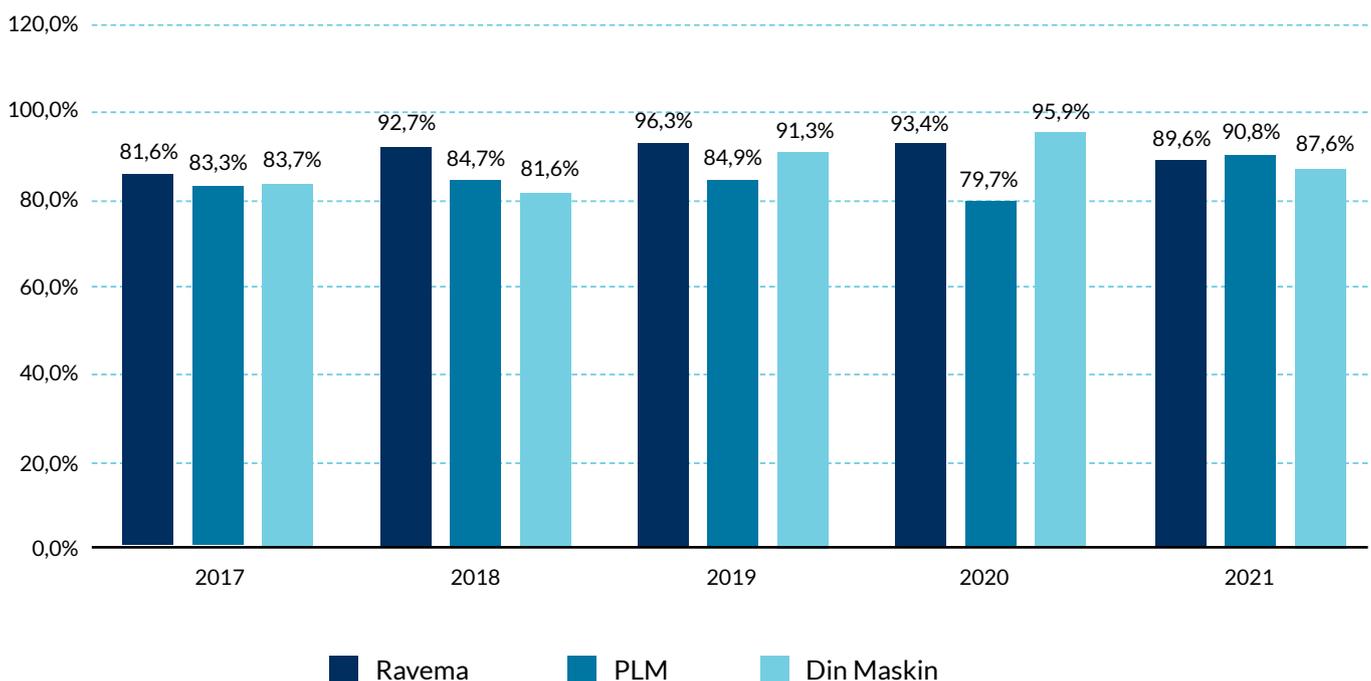
Health & Safety

All subgroups within Pronect conducts systematic health and safety procedures every year according to a predetermined protocol. These procedures identify and mitigate risks of negative effects from the working environment. Each local leader has the responsibility to ensure safe and healthy working conditions for their group according to the local legislation of each country. Fire safety is the responsibility of each office manager. Pronect has collective agreements in several countries and cooperates with staff councils in all of our companies. Pronect follows the employment laws and regulations in all countries. Representatives of the staff are involved in the preventative work concerning health and safety. In many locations, Pronect offers employees activities to encourage a healthy lifestyle.

We have a vision of zero working related accidents and illnesses. All accidents and incidents must be reported to Group HR in order to keep track of the effectiveness of the preventive processes. During 2021, we saw a continued low frequency of sickness leave and no accidents.

KPIs

Retention rate Pronect



Competence & Training

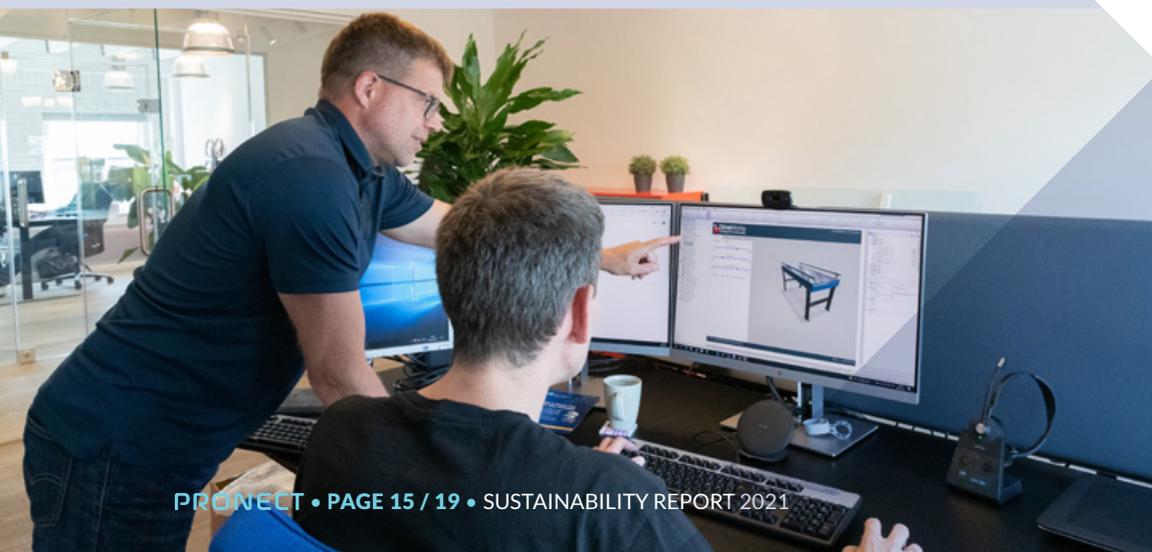
As the competition for skilled employees increases, Pronect offers attractive workplaces where upskilling contributes to both the individual and the company. Employees are encouraged to share new ideas and combine the autonomy to plan their work with the responsibility to contribute to the mission.

As a foundation for all communication with employees, every employee is offered at least one review every year. Each subgroup conducts employee surveys either once per year or every other year while some also measure employee satisfaction as Employee Net Promoter Score (eNPS).

In 2020, we developed the concept of Pronect Talent Arena, which outlined new guidelines and activities for attracting, retaining, and developing our employees for the business of tomorrow. Pronect Business School, part of the concept, has been running for several years.

Society

Our business operates on all levels – international, national, and local – but it is in the areas where our employees are located that we can contribute most to the local community. For example, at our main site in Värnamo, we contribute to the education of teens between the ages of 16 and 19. We provide machinery for the industrial program at the local school and welcome students to our site for them to learn about the industry and see how to operate and perform service on machines in real life. By supporting the school, we and other local industrial businesses contribute to growing the talent pool in the local region. With skilled talent available, the region attracts new companies which helps us attract more individuals into the field – all in a positive reinforcing circle.



8. FINANCIAL AND ETHICAL SUSTAINABILITY

Financial sustainability

Pronect has the ambition to grow responsibly, both organically and through acquisitions. Growth is the foundation for continued positive financial results benefiting our employees and our owners. Meanwhile, our suppliers and customers benefit as we create room for investments and increase focus on sustainability. Positive financial results allow us to invest in employees through training and upskilling courses, which in turn helps us attract and retain talent. Positive financial results lead to societal contribution through increased taxes and the opportunity for us to sponsor and support local initiatives.



Ethical sustainability

Pronect is a responsible party in all societies where we operate by ensuring ethical business practices and healthy competition. Our most basic function is ensuring compliance with all legal requirements set up by each country where we operate. In countries where our business is too small to encompass the competence in-house, we enlist the help of trusted partners, such as renowned audit firms.

Anti-corruption

The foundation for ethical business practices with both customers and suppliers is our zero tolerance for corruption. An important part of the anti-corruption work within our subsidiaries is related to processes for sales, purchase, and financial reporting along with authorization policies where the grandfather principle applies to all larger decisions. All internal system accesses are reviewed yearly, as are approval processes and routines for ensuring correct processing of sales and purchases in our business. The standing points of Pronect are described in our Code of Conduct for employees. We evaluate our ethical business risks based on Transparency International's Corruption Perceptions Index (CPI) which can be found at www.transparency.org.

We have concluded that more than 99% of our turnover and more than 98% of our purchases come from countries with low corruption risk. Even though we have estimated the risk for corruption to be low, we continue to improve our existing preventive processes and activities and focus our measures where they are most efficient.

KPIs

Corruption Perceptions Index 2021 Global Scores

Country	CPI score 2021	Rank
Denmark	88	1
Finland	88	1
Norway	85	4
Sweden	85	4
Germany	80	10
United Kingdom	78	11
Estonia	74	13
Iceland	74	13
Belgium	73	18
United States of America	67	27
Latvia	59	36

The corruption perceptions index ranks 180 countries. The table above shows the countries where Pronect has its majority of sales and purchases. The Nordic countries where we have local offices are at the top of the list for low perception of corruption – Denmark, Finland, Sweden, and Norway rank 1st and 4th. The Baltic countries, Estonia and Latvia, are ranked 13th and 36th, respectively.

9. RISKS AND RISK MITIGATIONS

Pronect and its subsidiaries have an ongoing risk assessment process during the year where Pronect management and the management groups in the subsidiaries are involved. Sustainability risks are a part of the overall risk assessment. The findings in the risk assessment are included in the business plans and are presented to the Pronect board of directors once per year. For 2021 no material risks have been identified in the sustainability area.



Subsidiaries covered by this report

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