



2021

SUSTAINABILITY REPORT

LSAB GROUP

ENGINEERING YOUR COMPETITIVE EDGE

A misty forest landscape with evergreen trees and a person on a ridge. The scene is atmospheric, with a soft, hazy light filtering through the trees. The text is overlaid in the lower portion of the image.

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



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250

NUMBER OF
EMPLOYEES

40

MARKETS

550

MSEK NET SALES

+5K

SATISFIED CUSTOMERS
WORLDWIDE

6

INTERNATIONAL
OFFICES

-25%

IN CO₂ FOOTPRINT
SINCE 2019

CONTINUED GROWTH BASED ON FIVE FOCUS AREAS:

- **MARKET GROWTH** (Expanded market coverage and strengthened product offering)
- **STRUCTURAL GROWTH** (Mergers and acquisitions)
- **OPTIMIZATION** (Optimize existing companies, and productivity)
- **PEOPLE** (Recruit and retain talents)
- **VALUE-ADDING SOLUTIONS** (Digital tools for increased customer value)

LSAB GROUP IN BRIEF

LSAB Group AB is part of Latour Industries AB - one of five wholly owned business areas within Investment AB Latour. We currently operate in a total of six countries and are together approximately 250 employees. We export to another 40 markets and our products are found on all continents except Antarctica.

OUR PHILOSOPHY

At LSAB Group we look to the future and have the courage to seek new solutions. As leading supplier

within cutting solutions, we have demonstrated that we are willing and able to take advantage future possibilities. We aim to create sustainable values through our products, services and our ability to be innovative, it is only our mindset that limits us. What we can't afford is to be too comfortable or - most dangerous of all - afraid. Life is a long cavalcade of change, and our industry is no exception. We do not make things more complicated than they need to be. It should be easy and fun to work with us and we always keep our promises.



AIMING FOR THE TOP

Working with sustainability is resource management. If we go back one hundred years, it was self-evident that you worked with the resources that you had - you could not afford anything else. The principle is still the same. Housekeeping does not have to be complicated or expensive. It is about ordinary common sense that works better financially both for us and for our customers - while doing the environment a favor.

UNIQUE OPPORTUNITIES TO INFLUENCE

At LSAB Group we develop innovative and sustainable solutions in our own operations and in the customer's production. We have unique opportunities to influence the process from start to finish: from the moment log is fed into the sawmill and the steel is delivered from the steel plant, through to recycling. Our customers work in industries that are strategically important 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 taking care of each other, we create healthy workplaces where we all feel good and are productive. But it is also about how we act in our own everyday lives. How we travel, which hotels we choose and how we make best use of our own resources and those of our customers and the earth.

COMMENTS REGARDING 2021

In 2020 LSAB Group entered a new development phase. Growth and profitability are keywords in this phase and during 2021 we strengthen our organization by adding some new key posts as CFO and Business Unit Managers for the business sectors Wood, Metal and Tooling. This gives us a structural and strong organization towards our future goals. You can read more about the business sectors development later on in this report.

We also created the role Sustainability Manager and started to measure our impact on the environment.

By today's data collection and analysis we now have a grip on our current situation and we can present the results in our first Sustainability Report.

Our sustainable goals are high - from making our employees feel safe at our workplaces to our products contributing to a sustainable society. The sustainable work has only 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 worldleading 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 market's widest range for cutting, turning, drilling, milling, deburring and clamping. We offer a consulting services, ranging from method selection, time studies, development of special tools to programming and support at the start of production. We represent worldleading brands such as Kennametal, Vargus, Kinkelder, and Kanefusa.

FORTIVA SVERIGE

FORTIVA DANMARK

TOOLING (PRODUCTION PLANTS)

**MICOR
TOOLING**

With more than 50 years of accumulated knowledge, 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 a constant effort to improve and develop ourselves provides us with a high and consistent level of quality which we are very proud of. We produce worldleading brand as Micor, Langhyttan and BBM.

LAHOLM PRODUCTION PLANT

LÅNGSHYTTAN PRODUCTION PLANT

THE PAST AND THE FUTURE

2011

Fortiva and Långshyttan Slipservice merges and forms LSAB Group

2012-2016

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

2017-2019

New strategy. Focus on synergies and creating value. Service is no longer the core business but one offering amongst others in the portfolio. Several service units are shut down with operations moved to other units.

2020-2024

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



WOOD SOLUTIONS

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



MARTIN ANDERSSON
BUSINESS AREA MANAGER
(FROM APRIL 2021)

“FOREST MANAG- MENT IS A KEY TO SUSTAINABILITY”

Comments regarding 2021

LSAB is a part of the Wood Industry, an industry that offer sustainable products and refines a renewable resource that helps us to replace fossil-based products. Forest management is a key to sustainability. Wood products store CO2 during its entire lifetime.

LSAB’s strategic work is based on initiatives linked the Global goals defined by the UN. Wood is a renewable resource; at the same time, it takes 70 years before you can harvest a planted tree. Therefore, we focus our R&D on maximum yield of the log/timber. This could be thin cut sawblades and bandsaw blades. LSAB is involved with several R&D projects that prioritize this topic. Other initiatives are the shift from diesel to HVO on trucks, electrification of our company cars, as well as the concept with Green Meetings on Teams.

Thoughts about the future?

Wood products are part of the solution of a sustainable future. Also, renewable resources must be handled with care. Future

focus will be on maximum yield, recycling, upscaling of already produced wood products.

Describe sustainability within your business sector

The Wood industry is a key player in the shift to a fossil free world. Planting, harvesting forest is by nature a long-term business. Increased focus on diversity, CO2 is on top of the agenda for all major players.





METAL SOLUTIONS

Business area Metal Solution aim to make a difference. With market's widest range of clamping- and cutting tools, entrepreneurial spirit, ingenuity and a holistic view we, together with our customer, develop solution that makes difference. A difference that will show in our customers P&L.



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

"2021 WAS ANOTHER SUCCESSFUL YEAR FOR FORTIVA"

Comments regarding 2021

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

Thoughts about the future?

Going forward Fortiva will continue to strengthen our approach to end clients by pushing our "Effekt-program" with add on services that help these customers gain new productivity levels. A lot of our customers in this area are going through significant technology changes where electrification of power trains is one of the most significant ones. These trends require new ways of production technologies. We have also initiated a clearer focus on the General Engineering segment which is about half of the

total market size in Sweden. This market will be key for us in order to deliver profitable growth and these customers will be served through a 100% dedicated team.

Describe sustainability within your business sector

From a customer point of view, again the electrification of everything is the strongest driver. It will for sure change a lot of things from a high level how we live our lives, transport ourselves and how we manage electricity as such. Looking at the production floor at our customers sites it will require new production methods, new materials in components and different kind of complexity of the final part. At Fortiva we see this shift as a big opportunity to help shape the future of our industry and clearly, we want to be part of this journey with our clients.





TOOLING

Tooling offers a complete portfolio of sawblades, bandsaw blades and planing tools. At our two manufacturing sites in Sweden we produce our own brands; Micor, Langshyttan and BBM which are sold to 40 countries world wide. With more than 50 years of accumulated knowledge, we know what is required and this has made us to 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 regarding 2021

2021 was a year of transformation, this was the year when we created the new Business area Tooling. In business area Tooling we consolidate all manufacturing and indirect sales within the Group, this is done so that we can better focus on building a sustainable future within manufacturing process. Within the business area we are setting the standard for health and safety, energy efficiency and CO2 emission reduction.

During 2021 we consolidated our two manufacturing sites in Laholm in to one facility which reduced our environmental footprint. We also started the process to be ISO certified according to 14001. We are very proud that all tools manufactured within the group is done so using renewable energy.

Thoughts about the future

Business area Tooling has as an ambition to grow and become one of Europe’s leading suppliers of cutting tools with an

global outreach. We will do this by focusing on the sustainable values; a world class operation that takes care of the safety and well-being of our employees, increase yield to reduce material usage and reducing our energy need.

Describe sustainability within your business sector

The importance of sustainability is unquestionable within all business sectors but working with supplying tools to industries that use precious raw material I would say it is even more important. If we can help the end user of our products to increase yield, reduce down-time and increase safety we can contribute to a great extent to build a sustainable future. When doing this we as a supplier need to take full responsibility to what we can do to decrease our environmental footprint, this is expected of us by customer, employees, owner and the society.





OUR COMMITMENTS

VISION

Customers choose us because we are the most value-creating supplier.
We create sustainable values through our products and services and through 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 focus on the big picture rather than short-term gains.

OUR VALUES

INNOVATION

We dare to be first and to do things differently - even if it is uncomfortable.
We do not complicate matters but choose natural and effective solutions.

COURAGE

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

SIMPLICITY

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



**WE LOOK AFTER
PEOPLE AND
RESOURCES**



LARS SCHEER
HR DIRECTOR
LSAB GROUP

“PEOPLE, PLANET, PERFORMANCE”

Comments regarding 2021

2021 was the year that LSAB Group really moved forward in creating a sustainable workplace.

We introduced *“Our Choice”*, a direction setting program for our future growth and how to make money from sustainability. To facilitate employee behavior and attitude we introduced our *“Seven Guiding Stars”*, aiming to enhance employee engagement, job satisfaction and empowerment. 2021 was also the year when hybrid working became an established way of organizing work. When it is possible, allowing our employees to work remotely a few times a week not only means they can enjoy greater flexibility, but it also helps us reduce our carbon footprint.

Thoughts about the future

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

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

Describe sustainability within HR

Being a sustainable workplace means balancing financial performance with contributions to the quality of life of our people and to the planet. Sustainability is also a key factor to attract, retain and develop people. Future talents want to work for companies that share their values for a purpose beyond 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 within LSAB Group and our owners. We develop innovative and sustainable solutions both in our own business and in our customers production. Our three focus areas:

EMPLOYEES

- Our employees are our most important asset. We always puts safety first.
- We continuously monitor our employees work condition and preventively work to reach zero accidents
- Gender equality and diversity are important to us.

ENVIRONMENT

- We must reduce our environmental impact at all levels.
- We must ensure that our products are manufactured with the least possible energy consumption and raw material consumption.

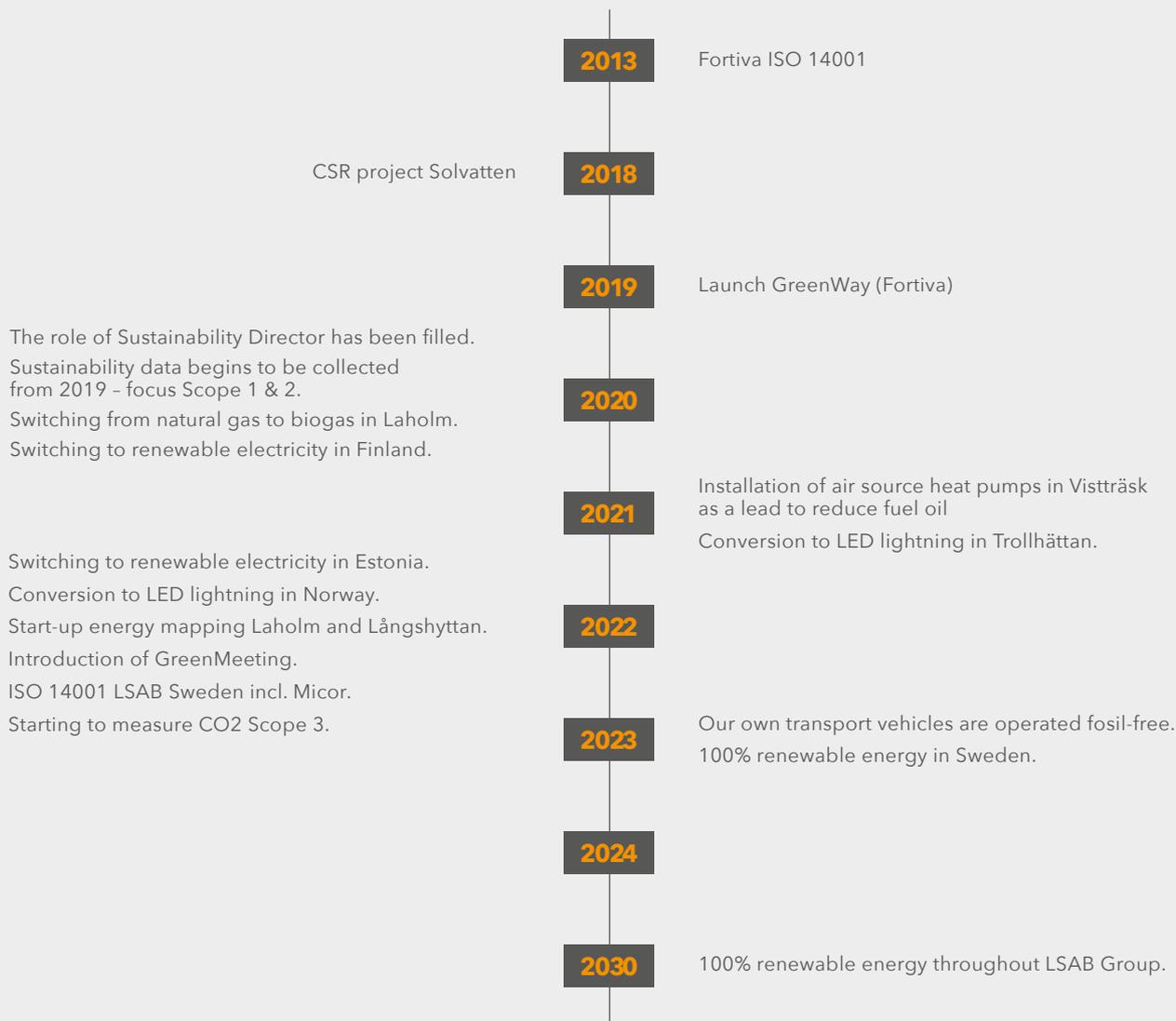
- In Sweden all our units uses 100% renewable electricity.
- We measure and monitor our CO2-prints and works effectively to reduce them.
- All our waste is sorted and disposed of by certified recycling companies.

BUSINESS ETHICS

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



SUSTAINABILITY OVERVIEW





REDUCING OUR ENVIRONMENTAL IMPACT



ANNA THURESSON
SUSTAINABILITY DIRECTOR
LSAB GROUP

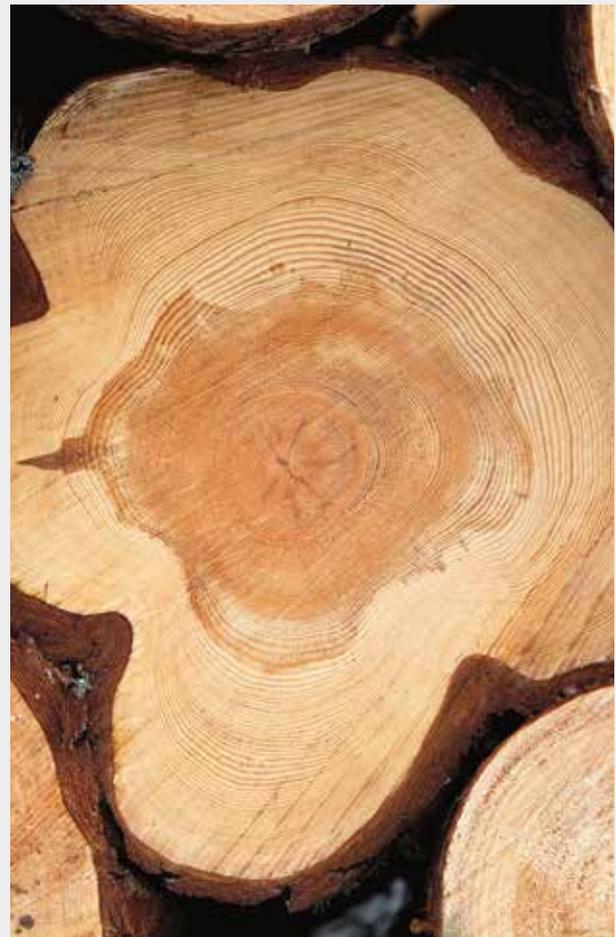
"OUR SUSTAINABLE JOURNEY HAS ONLY STARTED"

Comments regarding the sustainability work and the roll as Sustainability Director at LSAB Group

- We have a completely different sustainability focus today than we had just a year ago. At the time, the role was new in our organization, and we didn't really know at all what our impact on the environment looked like.
- With a strong focus on data collection and analysis, we got a grip on our current situation, and we were able to quickly pick "low-hanging fruits" in sustainability and reduce our environmental impact.
- But we have a journey forward to make - a journey that is fast - there are no obstacles, only opportunities. But now we know in which areas we need to put our focus.
- The role as Sustainability Director is to keep our sustainability work together and make it visible within our organization so that everyone knows what we can do to become more sustainable. No one can do everything, but everyone can do something!

Thoughts about the future?

Going forward, LSAB Group only has opportunities in sustainability - we are an organization that takes sustainability very seriously and will focus even more on sustainability at all stages going forward -



EXAMPLES OF OUR EVERYDAY WORK WITH SUSTAINABILITY

Step by step we are taking action towards a better sustainable environment. Actions as changing to renewable energy at our offices and the conversion of our vehicle fleet, to run fossil free are making a big impact on our carbon footprints. Another important thing is the regrinding of tools that extends our customers tools lifetime. We are also very proud of support the swedish inovation Solvatten that helps families in exposed areas to get clean water.



RENEWABLE ENERGY

By changing to renewable energy at our offices and plants we reduce our CO2 footprint.

MOVING FORWARD WITH A SUSTAINABLE VEHICLE FLEET

LSAB transport is a significant part of our CO2 emissions, which is why we are actively working on the conversion of our vehicle fleet to sustainable alternatives such as electric/hybrid and HVO.



SUPPORTING SOLVATTEN

We engage us social and environmently by supporting the project Solvatten - a Swedish innovation that helps families get clean water in exposed areas.



REGRINDING TOOLS IN A CIRCULAR FLOW

Our offer regarding regrinding extends our customers tools lifetime in a circular flow wich reduces raw material consumption

DIGITAL MEETINGS



Sustainability for LSAB Group is about making conscious choices that reduce our negative environmental impact from an environmental, energy & climate point of view. To be able to do this, we need to understand the effect that different activities affect our surroundings.

Our vehicle fleet is a significant part of our total CO₂ emissions. Through efficient planning and new digital meeting forms, we have the opportunity to influence our emissions and at the same time increase our accessibility for our customers as less time is taken up by travel.

We are happy to visit our customers where there is a need and value to be seen physically. However, we are aware that this effects our CO₂ emissions, which are regulated via our company car policy for a more environmentally friendly vehicle fleet.

GREEN DELIVERY AS A CHOICE FOR CUSTOMERS



As part of our sustainability work, we have developed a delivery alternative that gives you the opportunity to, together with us, reduce our common environmental impact. Together, we can help reduce CO2 footprints and become CO2-neutral. Green Way reduces 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. After three days, the order will be sent out, even if it is not complete.

SUSTAINABLE PERFORMANCE 2021



WORK RELATED ACCIDENT - LIT (LOST TIME INJURY)

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

SITUATION:

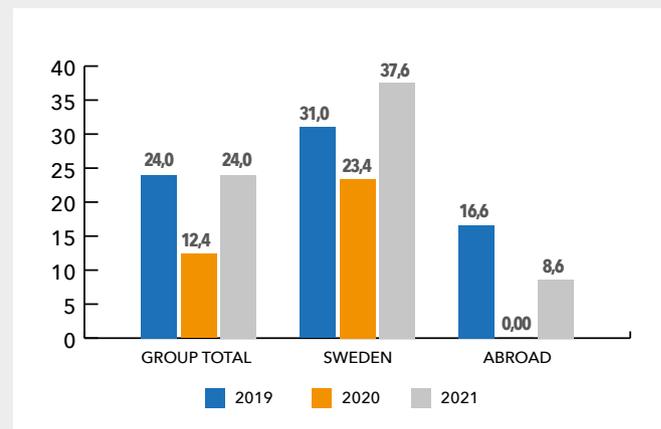
- Our workplaces must be safe and secure!
- Within Group we have to many work related accidents.

As shown in the figure we have most at the Swedish plants.

ACTIVITIES:

2022

- Build up leadership and culture for Safety
- Increase security focus at all plants by making this target visible for all employed.
- Start to work more proactive (incident and risk reporting) and find improvements before accident.





ENERGY MIX

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

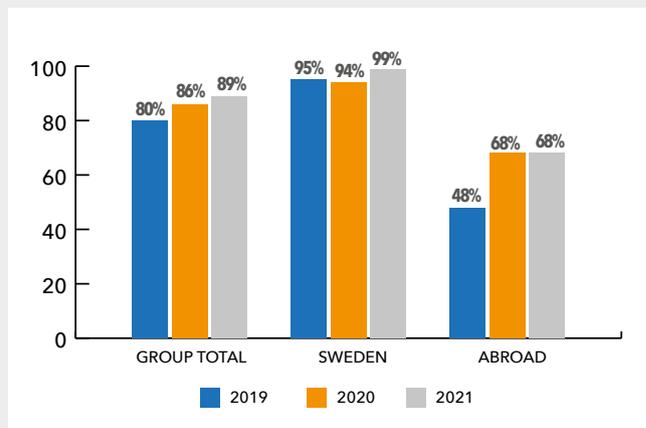
SITUATION:

- We are more close to the target in Sweden than the other countries.
- Changed electricity contract in Finland.
- Changed from naturgas to Biogas in Laholm.

ACTIVITIES:

2022

- LSAB Vändra will change to buy electricity from renewable sources.
- Investigate if it is possible to change out the fuel oil in Visträsk.



ENERGY CONSUMPTION

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

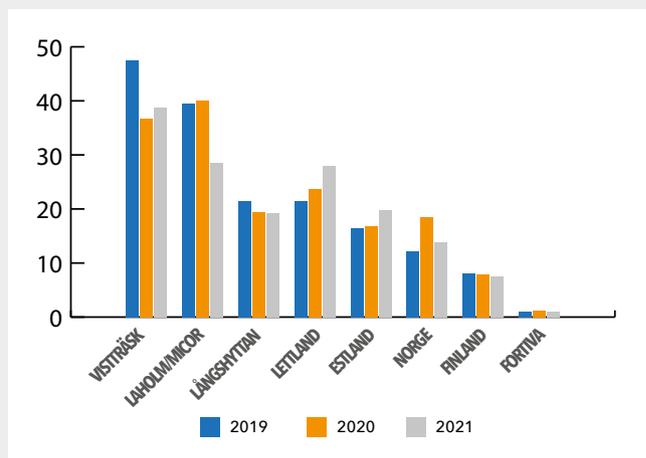
SITUATION:

- Visträsk: Decreased -18% during 2019-2021. Related to turnover.
- Laholm/Micor - decreased - 27% during 2020-2021. Relate to units moved together.
- Långshyttan - decreased -10% during 2019-2021. Related to turnover.

ACTIVITIES:

2022

- Start up energy mapping at the Laholm/Micor plant. In aim to find out the biggest energy thieves.
- LSAB Norge will change to LED lightning in workshop.
- Change to LED lightning in Latvia





CO² EMISSION

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

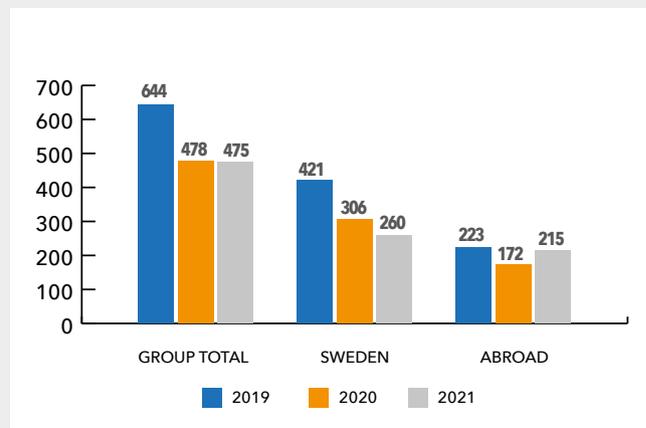
SITUATION:

- Since we start measuring 2019 we have reduced LSAB Groups carbon footprints approx. 25%.
- Caused by swithing to renewable sources in Finland and Sweden.
- Covid-19 has reduced company travels.
- We see that approx. 85% of the carbon footprints are coming from our own vehicles

ACTIVITIES:

2022

- LSAB Vändra will change to buy electricity from renewable sources.
- Investigate if it is possible to change to trucks that can run with fossil-free fuel.
- Investigate if we can start to run our own diesel-cars with HVO.
- Carpolicy in Sweden steers against hybrid or electric cars.
- Continue to meet our customers digitally when it is possible. As an complement to face to face meeting.





ISO 14011 CERTIFIED PRODUCTION PLANTS

TARGET: 100% 2025

SITUATION:

- We have started with focus at the Swedish plants.
Fortiva is certified since 2013.

ACTIVITIES:

2022

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



DEFINITIONS

UN'S DEFINITION OF THE GLOBAL SUSTAINABLE GOALS



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



Ensure availability and sustainable management of water and sanitation for all.



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



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Take urgent action to combat climate change and its impacts.

SCOPE 1, 2 & 3

SCOPE 1 EMISSIONS

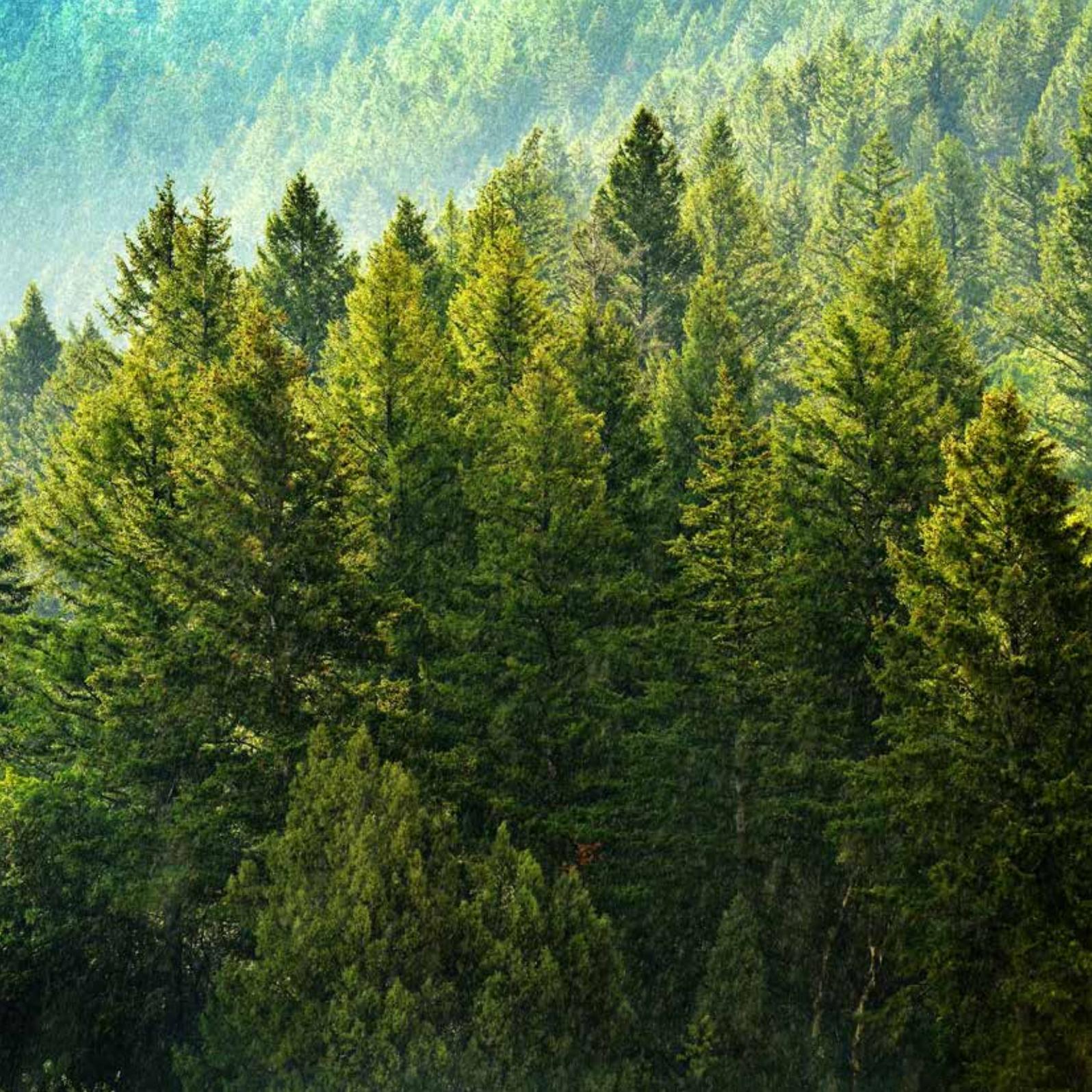
Scope 1 covers emissions from sources that an organisation owns or controls directly - for example from burning fuel in our fleet of vehicles (if they're not electrically-powered).

SCOPE 2 EMISSIONS

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

SCOPE 3 EMISSIONS

Scope 3 encompasses emissions that are not produced by the company itself, and not the result of activities from assets owned or controlled by them, but 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 scope 1 and 2 boundaries.



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LSAB GROUP

ENGINEERING YOUR COMPETITIVE EDGE