

# Sustainability Report - 2021

Elvaco AB

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## Letter from the CEO

I'm proud of publishing our first sustainability report and for the steps we have taken, but I'm also humble towards the continuous work of doing our utmost of minimizing resource usage in everything we do. Our business is built on minimizing resource usage, from digitalizing the metering process to using the important data for energy efficiency as one of our major applications.

Without running the business ethical in all aspects and caring for our most valuable assets, our employees, we will never be a long-term partner who is sustainable over time. That's why we have implemented environmental and quality system, working in a structured way of continuous improvement.

The last years we have focused on implementing new technologies, which helps our customers to access meter and sensor data even more efficient and secure. We can see a huge demand for connecting things and number of devices in the field are dramatically increasing. By having a sustainable business strategy and continuous work in our organisation to improve our environmental footprint for the complete lifecycle of our products and services, I hope that we together with you can make a difference!

Looking forward to improving together!



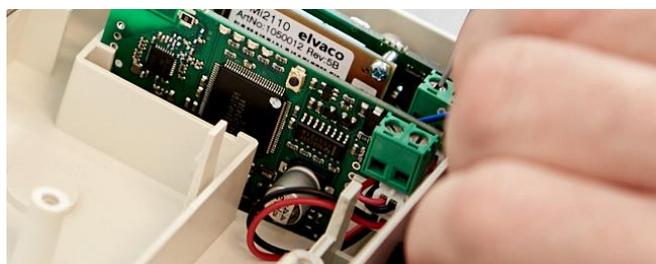
***“Elvaco doesn’t have a sustainability strategy; we have a sustainable business strategy.”***

<p><b>Business category</b> Utility metering, Building Energy Efficiency</p> <p><b>Business segments</b> Utilities (Electricity, district heating and cooling, gas, water), Real estate, Other industries</p> <p><b>Distributors</b> Europe, North America, South America, Africa, Middle East</p>	<p><b>Main products</b> M-Bus Metering Gateways, M-Bus Masters, Meter Connectivity Modules, Sensors</p> <p><b>Technologies</b> IoT, Cloud computing, Analytics, MQTT, Big data, LTE, NB-IoT, CAT-M1, Ethernet, M-Bus wired/wireless, Modbus, DLMS, LoRaWAN</p>	<p><b>Installations</b> &gt;10 million meters connected to Elvaco infrastructure</p> <p><b>Employees</b> 60</p> <p><b>Founded</b> 1984</p>	<p><b>Head office</b> Kungsbacka, Sweden</p> <p><b>Corporate governance</b> CEO: David Vonasek Chairman of the Board: Mikael Johnsson Albrektsson</p> <p><b>Owner</b> Bemsiq AB, part of Investment AB Latour</p>
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## Highlights from 2021 and outlook 2022

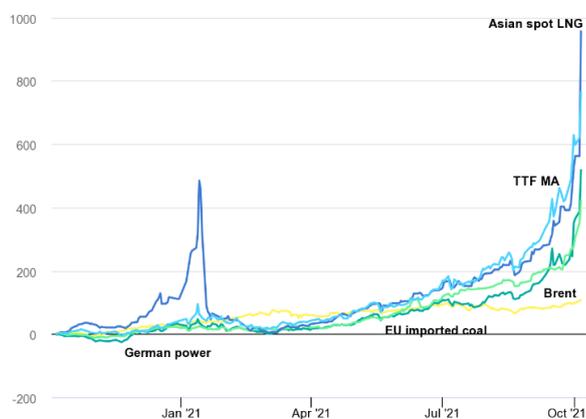
### Semi-conductor shortage

The semi-conductor shortage during 2021 has dramatically affected the global supply chain of electronics. In times like this it's particularly important to work closely with suppliers and customers to maintain production and deliveries. This while still keeping sustainability aspects on top of our mind to run the business in a sustainable way in a stressed situation. Elvaco has succeeded in maintaining a high level of supply, which would not have been possible without close cooperation with suppliers and customers.



### Energy prices

The main reason for the price increases in 2021 were the bottlenecks in the energy supply when the society opened up after a year of lockdown due to Covid-19. The prices in 2021 were the highest in 20 years. Some would say that the increase in prices is a result of the clean energy transition, but the crisis is originating from a very cold long winter 2020-2021 and gas natural reserves ending up at a low level. Higher energy prices give more leverage of introducing energy efficiency, pushing an even faster pace of improving resource usage and the clean energy transition.



Source: IEA (2021) Evolution of energy prices, 2020-2021. All rights reserved.

### Response to Covid-19

In March 2020 all employees at Elvaco, except for the warehouse personnel, started to work from home. This was a major change for everyone, but thanks to a close dialogue with all employees, it was possible to uphold productivity while keeping staff safe, which has also been recognised by both employees, customers and suppliers. From April 2022 everyone is back in the office and the intention is to have a flexible working environment, but where the primary working place is in the office, together with colleagues to create a long term and high performing social environment.

### #WeAreElvaco

During the last two years, Elvaco has increased the number of employees with over 10%, which of course affects the organization in many ways. To safeguard core values, and improve where possible, Elvaco has started a culture project which will identify and work with company culture together with all employees. The focus areas have been strategy implementation, communication skills and information management. Everyone in the company participates in training activities and workshops. It is great to see that the eNPS has increased from 19 last year to 26 this year!

### Latour Sustainability Days

As a part of Investment AB Latour, Elvaco participated in Latour Sustainability Days which was arranged in October 2021. All business areas and companies in the investment portfolio participated. It was an event to meet up and learn from each other, which was well received by all participants. We are looking forward for the next event in 2022!

### New Quality & Sustainability Manager

Elvaco is happy to announce that Tobias Unbeck will join our team in May 2022 as our new Quality & Sustainability Manager. Tobias has been working with strategy and operations within quality as a



management consultant for the last 6 years. At Elvaco, he will manage quality and sustainability activities and we are looking forward to accelerating our journey to become the role model in our business segment. Warm welcome Tobias!

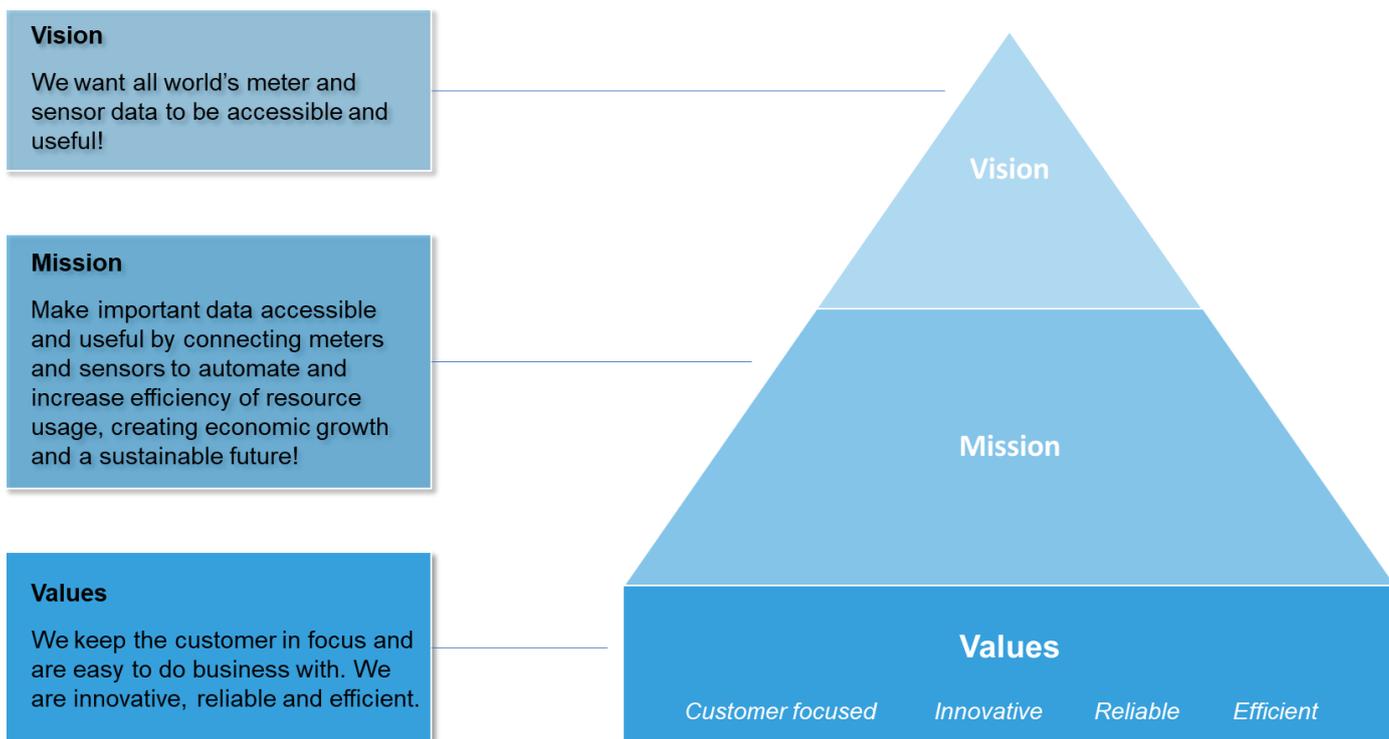
## About Elvaco AB

### We offer open end-to-end metering solutions for utilities and building companies to optimize resource usage!

Elvaco provides open end-to-end solutions for utility and sub-metering, aiming to support customers to develop their sustainable business. Elvaco is specialized in energy connectivity and infrastructure, from meters and sensors to cloud-based systems and services.

Elvaco started up in the early 1980's and delivered the first energy efficiency solution to the municipality of Gothenburg already in 1986. A lot of things have changed and evolved, but Elvaco's core has remained the same: Provide technology to improve resource usage!

Elvaco believes in decentralized decision making, giving strong local responsibility to employees, which creates an innovative, efficient and reliable core of the company today and in the future!



## Our products and solutions are the tools for optimizing resource usage, and we never compromise on our stakeholder´s top priorities *security, usability, quality and agility.*

Performing a stakeholder and materiality analysis sent a clear message from our top stakeholders, customers, partners and suppliers that sustainability is a very important area of improvement. Elvaco needs to work with stakeholders to learn from each other and improve together.



### Security

By having security as one of our top focus areas doesn't only give a competitive advantage, it also sends a signal to the market that we understand the value of our customer data.



### Usability

By providing unbeatable usability, we outperform competition and give our customers time to spend on their own value creating activities.



### Quality

By providing high end Swedish quality in all we do, our customers can make long term investments and rely on us today and in the future.



### Agility

By being agile in a constantly evolving market, we help existing customers to stay attractive as well as getting new customers onboard.

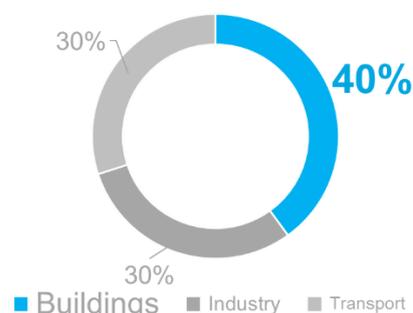
## A sustainable business

### The Elvaco business model is built on the foundations of a sustainable world.

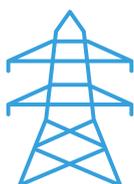
By creating a business built on sustainable development, Elvaco has a place today and in the future. By providing products and services that reduces the overall energy consumption, Elvaco has a positive impact in the sustainable world. Elvaco is today enabling thousands of companies around the globe to become more energy efficient with the help of continuous innovation and new solutions by enabling access to useful data.

#### Save energy with Elvaco's solutions

- Almost 40% of all energy usage in the world is today used within properties and real estate
- Hence, there is an enormous potential to save resources by becoming more energy efficient
- With correct solutions, customers can cut their total energy usage by 10-30%
- Elvaco have cases where the energy usage has been reduced by 50%!



#### Elvaco helps customers to improve resource usage



##### Utilities

With solutions for correct metering, billing and grid optimization.



##### Building companies

With solutions for sub-metering, indoor climate control and optimization.



##### Service providers

With solutions to help optimize energy usage in various segments.

## The 17 global sustainability goals

The 17 Sustainable Development Goals and their accompanying 169 targets build on the success and milestones achieved by the Millennium Development Goals (MDG) set in 2000, which until 2015 focused on reducing hunger, poverty, disease and gender inequality, among other issues. Building on this momentum, the SDGs are broader in scope and go further towards addressing the underlying causes of poverty and the universal need of achieving development that benefits all people. The goals encompass the three elements of sustainable development: economic growth, social inclusion and environmental protection. The SDGs acknowledge companies as key players in achieving these goals.



Considering these new developments, Elvaco has strengthened its commitment to sustainability throughout its value chain, in all of its activities and therefore the impact those activities have on the company stakeholders. Elvaco now undertakes a new commitment to the 17 Sustainable Development Goals, embracing the route to sustainability chartered by these goals.

This commitment extends to the entire company and includes all 17 SDGs and their targets, although certain principles are especially relevant to the company given its industry, context and business model.

Elvaco has also instituted sustainability policies that are integrated with value creation in its business model and represent another step toward achieving the SDGs and their targets.

## Relevant sustainability development goals



### Goal 7

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



### Goal 9

Drastically increase access to information and communication to extend digitalization.



### Goal 12

Ensure sustainable consumption and production patterns.

## Environmental – Minimize environmental impact

Elvaco strives to continuously seek ways to reduce and cope with all the resources in operations; economic resources, natural resources as well as human resources in order to reduce the overall environmental impact from operations and products. To support this, Elvaco has implemented a quality and environmental management system which helps to uphold and improve daily operations in all functions of the company.



### Product development

Elvaco actively designs products and seeks ways of using components to minimize environmental impact. Working with compliance to REACH, ROHS and Conflict Minerals is an integrated part of the development process.

In 2022 Elvaco plans to release the first EPD (Environmental Product Declaration) with extended LCA (Life Cycle Analysis) to get an even better understanding of how the products affect the environment. The EPDs also work as a support when finding ways to improve.



### Production

The production subcontractors of Elvaco must be ISO certified according to ISO14001 and ISO9001 or similar. Yearly audits and work together with suppliers help reduce overall resource usage.



### Logistics

Since 2021 Elvaco offers all customers fossil free transports.



### Waste

Elvaco handles operational waste in an environmentally friendly way, especially hazardous materials and electronics. Elvaco also takes producer responsibility (WEEE) and customers can return used products for recycling free of charge.



### Travel

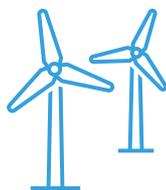
Elvaco actively seeks ways of having digital meetings when possible, reducing unnecessary travels.

## OVERALL GOALS TO MINIMIZE ENVIRONMENTAL IMPACT



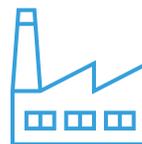
### ENERGY CONSUMPTION

An annual relative decrease in energy consumption of at least 5% in relation to net sales.



### ENERGY MIX

By 2030 at the latest, all operations should be using renewable energy only.



### CO<sub>2</sub> EMISSIONS

An annual relative decrease in CO<sub>2</sub> of at least 5% in relation to net sales.



### ENVIRONMENTALLY CERTIFIED FACILITIES

By 2025, all production facilities must be environmentally certified.

## Social – Keep Elvaco workplaces safe and inclusive

Elvaco strives to provide workplaces that are healthy and safe based on principles of justice and mutual respect for each other. All employees should contribute to a healthy corporate culture based on respect for people's equal value, openness and honesty.



### Recruitment

Elvaco is working with a clear recruitment policy, where a process ensures that candidates are selected and evaluated upon competence, drive and values to ensure best fit for the job.



### On-boarding

All new employees have an individual on-boarding plan, including introduction to all functions within the company including core values and ethics. During the on-boarding phase everyone is obliged to pass training in Elvaco's Code of Conduct.



### Whistleblowing

Elvaco has zero tolerance regarding discrimination and all kinds of negative or unethical treatment. A clear process is implemented, and all employees have easy access to anonymous whistleblowing.



### Training

At Elvaco, employees are the most valuable asset and regular trainings in safety are therefore performed to hinder work related accidents and keep everyone safe. In addition, yearly Code of Conduct trainings are performed to ensure that all employees get an update of good business ethics.



### Employee surveys

Elvaco believes that a close relationship with the closest manager and colleagues is the best way of improving and creating a good working place. As an extra tool, there is a fast feedback loop with small weekly online employee surveys. This gives a constant temperature of the working conditions in the company and a perfect way of taking immediate actions.

## OVERALL GOALS TO KEEP WORKPLACES SAFE AND INCLUSIVE



### GENDER RATIO

A gender ratio of 40–60% will be achieved by 2030. The measure includes the Board of Directors, senior executives and salary-setting managers.



### WORKPLACE ACCIDENTS

Elvaco has a vision of zero accidents at work. This key ratio measures workplace accidents that have led to at least one day's sick leave.



### WORKPLACE INCIDENTS

Report everything and work proactively. It is important to pick up on incidents to prevent future accidents from occurring.

## Financial – Maintain a high level of business ethics

Economic growth and profitability are a prerequisite for us to develop the business and thus increasing the chance of achieving long-term sustainable development. Through the Code of Conduct, Elvaco ensures that business is conducted in a professional, safe, ethical and responsible manner.

### Employees

Employees at Elvaco shall be role models and always act with high business ethics in all situations. Elvaco has zero tolerance of all kinds of corruption. All employees are trained in the Elvaco Code of Conduct and are well familiar with competition laws and environmental legislations.

### Suppliers

At Elvaco, suppliers are selected with care, and the demand and expectations that they keep the same level of business ethics as from Elvaco’s own operations. Audits of strategic suppliers are performed yearly, and they must comply with the Supplier Code of Conduct, which is an integral part of the supplier agreement.

### Partners

Elvaco partners are closest to the end customers and have an important role of maintaining highest level of business ethics. Therefore, Elvaco has founded a partner program where it is possible to uphold the way of working with close collaboration and also get a sign of to comply to Partner Code of Conduct in the Partner Agreement.

### Customers

As a customer you can be sure that Elvaco is doing the utmost to secure that everyone involved in providing Elvaco products should maintain highest level of business ethics, from production to valued partners.

### Society

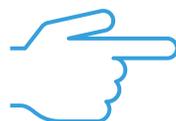
As a part of a society everyone has privileges and obligations. Elvaco believes in doing things with pride and honesty to gain trust in all relations, from complying with laws a regulation to never abuse a trust.

## OVERALL GOALS TO MAINTAIN A HIGH LEVEL OF BUSINESS ETHICS



### CODE OF CONDUCT

All employees must perform according to Elvaco’s Code of Conduct.



### WHISTLEBLOWING

Implement a clear process on how to manage whistleblowing through-out the company.



### SUPPLIER CODE OF CONDUCT

All relevant suppliers and partners to sign the Elvaco’s Code of Conduct.

## Customer efficiency stories

Since 1983, Elvaco has helped customers to be more energy efficient, and to optimize their resource usage with reliable solutions and products. Elvaco has customers reducing consumption of water and electricity by providing transparent information to tenants, but also customers using meter and sensor data to optimize heat in multi-flat building and offices. Three customer success stories are presented here.

### Vätterhem Bostads AB

Vätterhem is the largest housing company in Jönköping, a medium size city in Sweden. Almost 17 000 people live in Vätterhem apartments, equivalent to about 15% of the residents in the Municipality of Jönköping. Vätterhem works extensively with energy saving, including measurement and adjustment of indoor temperature and sub-metering of hot water and electricity.

In the area Råslätt, the water consumption has gone down from 130 000 m<sup>3</sup> to 99 000 m<sup>3</sup> since they started measuring water in 2010. This equals a reduction of approximately 25%.

Today, Vätterhem measures electricity consumption in 4500 apartments, water consumption in 8800 apartments and temperature in all of their apartments. They install sub-metering in all new buildings and also connect Elvaco Metering Gateways to the house's control system for controlling of the property based on both indoor temperature and weather.

Elvaco products and solutions: CMe3000, CMe3100, sensors, software for meter data collection (Evo/Metering).



### DEWA (Dubai Energy Water Authority)

DEWA – Dubai Energy and Water Authority – is the governmental supplier of all electricity and water for the Emirate of Dubai. As part of their strategy to develop a green and sustainable economy in Dubai, new water meters and metering gateways were installed together with a new management system.

Elvaco has provided a complete metering infrastructure (product deliveries and system integration) and been a consultant to create a reliable and efficient metering solution in the project.



Elvaco's infrastructure is improving meter reading availability to 99.9% for more than 350 000 water meters by delivering values every 15 minutes. DEWA has received multiple awards for the project. Amongst others Smart Water Company Awards in Paris 2018, for their efforts in helping their customer reduce their water consumption. This is especially important in an area where clean water scarcity is high.

Elvaco products and solutions: CMe3100, CMi-Box, CMeX extender series

## Nordomatic AB

Nordomatic exists to accelerate an open and sustainable future. They have more than 50 years of experience of integrating open BMS technology solutions into buildings and is a partner to Elvaco AB.

A typical project is Rosengallerian in Huskvarna. A property with shops, homes, restaurants and other premises. In total, the heated floor area is about 48,000 m<sup>2</sup>. The property is heated via district heating.

At the end of 2018, Nordomatic installed their energy saving software Ecopilot together with Elvaco Metering Gateway and Elvaco wireless sensors. Together with Nordomatic's energy-smart control, temperatures from Elvaco's room sensors have formed the basis for how Nordomatic control and optimize the property's heating, ventilation and cooling system. The installation was commissioned and completed in January 2019 and has since then been optimized with the help of values from the Elvaco sensors.

Annual savings 2021: ~22%

Elvaco products and solutions: CMe3100, CMi-Box, Sensors



## Sustainability in figures

	KPI	Target	2020	2021
ENVIRONMENTAL	 <b>Energy consumption</b> <i>MWh/SEK</i>	-5% relative annual decrease	0,84	0,71
	 <b>Energy Mix</b> <i>% of total</i>	100% renewable by 2030	83	83
	 <b>CO<sub>2</sub>-emission</b> <i>Ton CO<sub>2</sub></i>	-5% relative annual decrease	31 <sup>1</sup>	37
	 <b>Environmental certified production sites</b> <i>% of total</i>	100% by 2025	100	100
SOCIAL	 <b>Gender equality</b> <i>% of total</i>	40-60% by 2030	13	18
	 <b>Near-miss (incidents)</b>	Transparency	0	0
	 <b>Lost time injury</b> <i>Number of incidents</i>	0 incidents	0	0
FINANCIAL	 <b>Code of Conduct</b> <i>% of total</i>	100%	100	100
	 <b>Whistleblowing</b> <i>Number of cases</i>	Transparency	0	0
	 <b>Supplier Code of Conduct</b> <i>% of total</i>	100%	100	100

<sup>1</sup> Business travels during 2020 restricted by Covid-19