

Sustainability report 2022



Words from the QSM

I am proud to publish our second annual Sustainability Report. Behind us we have an exciting 2022 where we have experienced an increase in demand of our products and services, continued to innovate our offers, and taken the next step in our efforts to develop our sustainability agenda.

At Elvaco, our position is clear. We want to drive the transition towards a greener and more sustainable tomorrow by providing leading products in metering connectivity. As an organization, we always aim to develop sustainable solutions for our customers, employees, and the environment. In our opinion, companies that do not actively work with sustainability today will not meet the needs of tomorrow. That is why we aim to integrate sustainability in all we do – we do not have a sustainability strategy; we have a sustainable business strategy!



Looking back to 2022, our sustainability agenda has focused on gaining knowledge of the key drivers to Elvaco's environmental footprint with the aim to define data-driven and effective actions to decrease the environmental impact of our business. As part of this, Elvaco performed an Environmental Spend Analysis to quantify and analyze our scope 1, 2, and 3 emissions and produced our first Lifecycle Impact Analysis (LCIA) and Environmental Product Declaration (EPD). In 2023, we aim to continue our efforts by acting on the results and taking concrete measures to reduce the environmental impact of our business.

Looking forward to improving together!

Tobias Unbeck, Quality & Sustainability Manager

Business category

Utility metering, Building Energy Efficiency

Business segments

Utilities (Electricity, district heating and cooling, gas, water), Real estate, Other industries

Distributors

Europe, North America, South America, Africa Middle East

Main products

M-Bus Metering Gateways, M-Bus Masters, Meter Connectivity Modules, Sensors

Technologies

IoT, Cloud computing, Analytics, MQTT, Big data, Mobile Network (2G/4G/LTE), Fixed Network (Ethernet), M-Bus wired/wireless, Modbus, DLMS, LoRaWAN

Installations

>10 million meters connected to Elvaco infrastructure

Employees

60

Founded

1984

Head office

Kungsbacka, Sweden

Corporate governance

CEO: David Vonasek

Chairman of the Board: Mikael Johnsson Albrektsson

Owner

Bemsiq AB, part of Investment AB Latour

Highlights from 2022 and outlook 2023

New business area

As of 2022, Elvaco's owner Bemsig AB is a stand-alone business area within Investment AB Latour. Bemsig is a group of innovative and fast-growing companies providing technology and products in building automation and metering. The group has a global footprint with the ambition to build the most comprehensive portfolio of products within the smart buildings market. As its own business area, Bemsig will continue its growth ambitions and realizing synergies across the companies where they are possible and logical. Being part of this group of companies, Elvaco has access to a valuable platform for collaboration and utilizing synergies to further strengthen our offer and position within the energy connectivity field.

Energy crisis

The increase in energy prices that signified 2021 persisted in 2022 and developed into an energy crisis following the Russian invasion of Ukraine putting an unprecedented stress to the energy markets. The crisis has placed greater emphasis on reducing and optimizing energy usage to counter soaring prices and ensure the supply of energy. As a result, we see an increase in demand for solutions to drive energy efficiency, and a continued leverage to introduce Elvaco's offers across more markets – and accelerating the transition towards a greener and more sustainable use of resources.

Inflation

The inflation rate in 2022 reached levels not seen in decades. As a result, interest rates and prices have increased, and an economic slowdown is to be expected in 2023 according to national banks and financial institutions.

As a consequence, we have experienced a greater uncertainty on the market with unpredictable prices and suppliers overlooking the lifecycles of components. Also, while we still forecast a strong demand for our products, we expect a change in customer behavior towards decreased stock levels as a result of the economic situation.

#WeAreElvaco

At Elvaco, the employees are our most valuable asset. Therefore, having a healthy and inclusive work environment is of strategic importance to recruit, develop, and retain our people. We are therefore glad that our eNPS score has improved from 12 to 47 since 2021.

In 2022, the organization has continued to grow, and many new colleagues have joined our team. As an effect, the cultural initiative #WeAreElvaco that has been ongoing since 2020 has remained a priority to safeguard core values and develop us as an organization. Focus in 2022 has been on feedback and communication, resulting in company-wide training sessions and in the launch of a new set of guidelines for how we interact and approach each other at the workspace.

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

Environmental spend and first EPD

At Elvaco, develop product and solutions to enable more sustainable and optimized use of resources is core of what we do. Therefore, integrating sustainability aspects throughout operations and improve our environmental footprint is top of the agenda.

In 2022, Elvaco invested a lot of effort to increase our understanding of the environmental impact of our business and identify key improvement areas to reduce Elvaco's footprint. As part of this, an Environmental Spend Analysis was conducted to develop a quantified estimate of Scope 1, 2, and 3 emissions. The analysis showed that >85% of Elvaco's total CO₂ emissions can be derived from the value chain of our products.

As a result, Elvaco produced our first Environmental Product Declaration (EPD) to understand the climate impact from a full product lifecycle perspective, and to identify improvement areas to reduce the environmental footprint. In 2023, the target is to implement identified improvements, perform further EPDs, and integrate environmental targets in the new product development process.

"Our products and solutions are enablers for optimizing resource usage, and we never compromise on our product values"



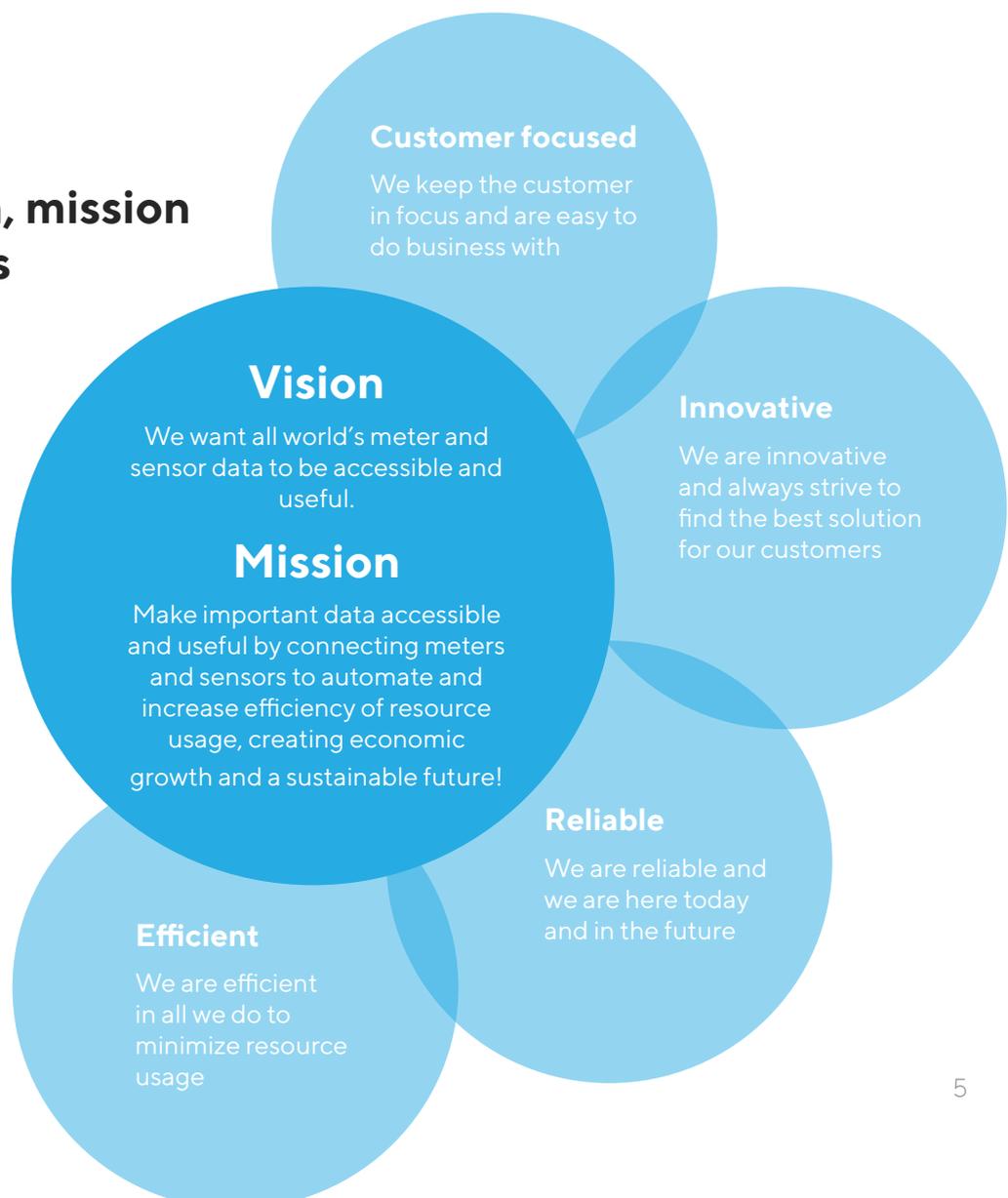
About Elvaco AB

Elvaco was founded in the early 1980's and delivered its first solution for energy efficiency to the municipality of Gothenburg in 1986. Since then, a lot has evolved, but Elvaco's core remains the same; to provide technology to improve resource usage.

Today, Elvaco is specialized in energy connectivity and infrastructure – from meters and sensors to cloud-based systems and services – and a leading provider of open end-to-end solutions for utility metering and sub-metering. Our aim is to make metering data accessible and useful for our customers. By doing so, Elvaco enables fact-based decision making to improve energy efficiency and become more sustainable. As an organization, we believe in decentralized decision-making, allocating strong local responsibility across the organization and to employees, which creates an innovative, efficient, and reliable core within the company – today and in the future.

“We offer open end-to-end metering solutions for utility and real estate companies to optimize resource usage!”

Our vision, mission and values



At Elvaco, we want to revolutionize how energy consumption is measured and optimized by combining innovative products and services with visionary technologies. The goal is to equip customers with effective, easy-to-use solutions to strengthen their capabilities to collect and process metering data, and to take action to reduce resource usage. In this way, we firmly believe we make a strong contribution to a more economic, energy-efficient, and sustainable society.

As guiding principles on this quest, Elvaco has established a set of product values that should never be compromised: Sustainability, Security, Usability, Quality, and Agility. These values have been derived by analyzing the needs and demands of our customers, partners, and key stakeholders.

Sustainability

Sustainability is integrated to our value proposition. By offering solutions that contributes to a more environmental and economical use of resources, while integrating sustainability aspects from a social, ethical, and environmental perspective throughout the value chain, we can provide a greater value to our customers and the society as a whole.

Security

Our customer's data is a valuable asset that we protect and safeguard. Information security is therefore a key priority to gain a competitive edge and signal to the market that we understand the value of data.

Usability

We outperform our competitors by providing solutions with supreme usability, which enables our customers to spend time on their own value creating activities.

Quality

We provide high-end Swedish quality in all we do and our customers and partners can rest assured they can make long-term investments and rely on us – today and in the future!

Agility

By being agile, we ensure Elvaco has the ability to quickly respond to new technologies and constantly evolving needs on the market. In this way aim to stay on top of the competition and help our customers to stay attractive, as well as getting new customers onboard.



“Our aim is to drive the transition towards a more sustainable use of energy resources.”

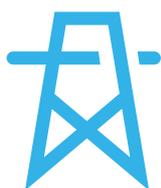
A sustainable business

Today, buildings are responsible for 40% of the global energy consumption and 33% of the greenhouse gas emissions. In Europe alone, about 75% of all buildings – equivalent to more than 220 million – are considered being energy-inefficient. Ensuring a more economic and sustainable energy usage in buildings is therefore key in the battle against climate change and to achieve the targets in the Paris Climate Accords.

To this background, there is an enormous potential to improve and have a positive impact on the climate and society as a whole. Elvaco’s business is built on being part of the sustainable development and our aim is to drive the transition towards a more sustainable use of energy resources. In this way we firmly believe we can secure our place on the market today and in the future.

We help customers to save energy

Through our innovative products and services, Elvaco enables thousands of companies around the world to optimize and reduce the use of energy resources. Our primary customers are utility companies, real estate companies, and service providers. With the correct solution in place, customers can reduce their energy usage with up to 30%. However, Elvaco has customer cases where a 50% reduction has been achieved!



Utilities

With solutions for correct metering, billing, and grid optimization.



Building

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



Service providers

With solutions to help optimize energy usage in various segments.

The global sustainability goals

The 17 Sustainable Development Goals (SDG) and the accompanying 169 targets build on the success and milestones achieved by the Millennium Development Goals established 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 emphasize companies as key players in achieving these goals. Considering these new developments, Elvaco has strengthened its commitment to sustainability throughout the 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

At Elvaco, we have a strong commitment towards minimizing the environmental impact of our business. We continuously seek ways of economizing on the resources used in operations and to ensure that our products are developed and designed with environment and sustainability as key guiding principles. To support our environmental practices Elvaco has ISO 14001 certified management system as a foundation to uphold and improve our environmental work.

Emission awareness

In 2022, Elvaco produced our first Lifecycle Impact Assessment (LCIA) and Environmental Product Declaration (EPD) to analyze the environmental impact throughout the complete product lifecycle.

The result indicated that the vast majority of the environmental performance of our products is determined already at the design phase. Meaning that component and material selections in the new product development process is key to reduce climate impact. The aim for 2023 is to further integrate sustainability aspects in the product development process to include environmental metrics in the design phase.

Sourcing

During the year, we initiated a project to implement a new platform to manage REACH and RoHS compliance and facilitate the selection and sourcing of sustainable and conflict-free components. This initiative will be ongoing throughout 2023.

Production

Elvaco require that our production partners are certified according to ISO 14001 and ISO 9001, or corresponding standards. Annual audits are performed to ensure our key suppliers fulfil their environmental commitments and we encourage collaboration to help reduce overall resource usage.

Logistics

Since 2021 Elvaco offers all customers fossil free transports.

Waste Management

At Elvaco, we take producer responsibility in accordance with the WEEE directive. As of 2022, we are an affiliate partner of EL-Kretsen, a nation-wide collection and recycling system to ensure electronics put on the market is collected and recycled at end-of-life. Elvaco, also offer our customers to return decommissioned products for recycling free of charge.

All operational waste is sorted and disposed according to environmental and regulatory standards. Hazardous waste such as electronics and batteries are always safely transported to and treated in certified waste-processing facilities.

Transports and travels

Elvaco promote sustainable methods of transportation. We promote virtual meetings whenever possible as a way to reduce the need to travel. In 2022, we installed charging stations for electric vehicles for employees and guests to utilize, and we are investigating the possibility of increasing the number of chargers in 2023.

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.



CO₂ Emissions

An annual relative decrease in CO₂ of at least 5% in relation to net sales.



Environmentally certified facilities

By 2025, all production facilities must be environmentally certified.

Social – Keep our workplace safe and inclusive

At Elvaco, the people are our most important asset, and being able to provide a workplace that is healthy, safe, and inclusive is of paramount importance to develop the organization. Based on the key principles – fairness, openness, and mutual respect – we strive to establish a sustainable corporate culture where everyone contributes to a safe and inclusive workplace.

Recruitment

At Elvaco, we have established a clear recruitment policy and process that all hiring managers shall follow. We always strive to recruit based on competence, motivation, and values to evaluate best fit for the job. We shall never discriminate based on background, gender, or sexual orientation.

Employee development

At Elvaco we, see employee development as a key investment to develop the organization, empower our people, and grow talent. All employees have individual development plans that are established in dialogue with the closest manager. The development plans are followed up and revised during the performance appraisals that are conducted twice each year.

Whistleblowing

Elvaco has a zero-tolerance policy towards discrimination and any kind of negative or unethical treatment. We have established a clear whistleblowing process, and all employees have easy access to anonymous whistleblowing.

Workplace safety

Ensuring a safe and secure workplace is of utmost importance to protect our most valuable asset – our employees! Elvaco works systematically to prevent and manage physical risks at our facilities, as well as psychological risks. In addition, all employees are required to participate in regular safety trainings to prevent work accidents and to ensure everyone knows how to act in case of emergency.

Work environment

Elvaco strives to offer a workplace that promotes well-being, development, and performance. We work systematically to continuously improve the physical, social, and organizational work environment, as well as focusing on fulfilling the development needs of our employees.

We firmly believe that an open and transparent dialogue between colleagues and close relationships between staff and managers is key to improve the workplace. As a result, the initiative #WeAreElvaco has during focused on feedback and communication to further improve and strengthen how we interact and engage internally.

To monitor well-being and employee satisfaction among employees, we use an online survey tool to get an indication of the as-is temperature in the work environment and areas to improve. In 2022, we are proud to say that the employee satisfaction score has improved significantly from 12 to 49.

Overall goals to keep the workplace 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 increasing the chance of achieving long-term sustainable development. Through the Elvaco Code of Conduct, we ensure that business is performed according to high professional, ethical, and responsible standards.

Employees

Our employees shall act as role models and conduct business with integrity and to highest ethical standards in all situations. As stated in Elvaco's Anti-Corruption Policy, we have zero tolerance in regard to corruption and unethical behavior. All Elvaco employees receive training in anti-corruption and our Code of Conduct and are well-informed about the laws and regulations that are relevant to their professional roles.

Suppliers

At Elvaco, suppliers are carefully evaluated and selected from an environmental, quality, and financial perspective. We expect from our suppliers that they uphold the same level of business ethic as Elvaco, and that they operate according to environmental and human rights standards. Elvaco performs annual audits of strategic suppliers, and we require compliance with Elvaco's Code of Conduct, which is central to the supplier agreement.

Partner Code of Conduct

Elvaco has a network of partners that supply our products and work closely to our end-customers. As a consequence, our partners play a key role in maintaining customer satisfaction and to uphold the level of business ethics required by Elvaco. To manage this, we have implemented a Partner Program with an agreement that establishes the ways-of-working and requires a sign-off and compliance to our Partner Code of Conduct

Society

At Elvaco, we strive to have a positive impact on the society and the world we live in. Our products shall always contribute to a more sustainable world, and we do the utmost to ensure sustainability and ethical business practices throughout our supply chain. By taking pride in what we do, conducting business with honesty and integrity, and taking laws and regulations seriously we firmly believe Elvaco can contribute to a more sustainable development.

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 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 below.

Öresundskraft

Öresundskraft, one of Sweden's ten largest energy suppliers, is a municipally owned utility company in the south of Sweden. A constant core of Öresundskraft's operations has been to contribute to a better society by making a difference for customers and the planet. In recent years, this has meant an increased focus on fighting climate change and being a part of the transition to a more sustainable future.

Öresundskraft was in need of acquiring new meter communication technology to increase the company's smart metering, planning, and control capabilities for their district heating system. The project involved replacing thousands of existing meters and key requirements for the new solution were reliability, easy to integrate in existing systems, and cost-effectiveness.

Elvaco was selected to supply the new solution by offering our CMI6110 that is based on state-of-the-art NB-IoT technology that provides stable and reliable communication, while offering competitive pricing and low operational cost when installed. The solution also provided an open interface that facilitated the integration to Öresundskraft's existing systems.

As of 2022, more than 10.000 CMI6110 modules (for Landis+Gyr UH50 heat meter) have been successfully installed and integrated, and Öresundskraft now has strengthened their ability to contribute to a more efficient and sustainable use of resources.

Tommy Pölönen, Meter Engineer at Öresundskraft:

"We looked at different suppliers and solutions. With so many units, cost – including cost in use – was a key factor. Then it was down to the trust and stability of the solution, and we were pleased to find an open solution that was easy to integrate with our own system."

Kelag Energie & Wärme GmbH

Kelag Energie & Wärme GmbH (Kelag) operates 85 district heating networks and more than 900 central heating stations across Austria. As a result of challenges regarding newly introduced regulatory requirements following the amendment of the EU Energy Efficiency Directive (EED), Kelag needed to ensure that their private customers were provided access to their consumption data on regular basis.

Elvaco was the only provider able to meet Kelag's demanding requirements such as stable communication, key management, and authentication. Our LoRaWAN wireless technology enabled Kelag to transmit readings to an IoT infrastructure at short intervals and in an energy-efficient manner.

Today, Kelag records daily and hourly readings from LoRaWAN meters. The granularity of the data has improved enormously as a result. Power BI is used to gain insights into the structured meter data, helping Kelag to understand the data, identify new optimization potentials and as a result continuously increase efficiency. The estimated savings achieved by data-driven decisions alone amount to EUR 1 million. This process wouldn't be possible without reliable hourly read-outs, analysis, and graphical processing to transform the data into information.

Hannes Gütler, Head of Data and Energy Management at Kelag Energie & Wärme GmbH:

"The high quality and operational reliability of Elvaco's products impressed us. We now operate more efficiently and are reaping the benefits: more profit, a better CO₂ footprint and higher customer retention. We expect the investments in hardware, software, and human resources to pay for themselves within about a year."



Sudcal

Sudcal S.A., a district heating supplier in Luxembourg, was looking to do the right thing with a smart meter network that would help them provide energy more efficiently and sustainably. But they couldn't get the help they needed for their chosen solution – until they talked to Elvaco.

As a tech-agnostic supplier, Elvaco was able to give Sudcal the right choice of meter communication modules to fit the different brands of heat meters in their network. Modules that were based on LoRaWAN, the right wireless technology for their needs.

Sudcal's new smart metering communication and analysis capabilities gave them new value and insight into their operation. Value and insight that can save costs and energy today as well as translate into further improvements for customers and the planet in the future. Some examples are:

Billing automatization – saving several days per month compared to manual meter reading.

Follow up of high return temperatures – the follow up of high return temperatures helps Sudcal to detect the buildings that need optimisation of their heating systems, as high return temperatures often point towards inefficiency. Lowering the return temperature of the network also allows for less heat losses, less pumping energy, and the possibility to integrate new low temperature renewable heat sources.

Customer consumption profiles – Sudcal can now analyze usage in near real-time for further improvements, thanks to consumption profiles every hour or even less.

Ruben Garmyn, Project Lead for Sudcal S.A.:

"With our new open metering solution, we've unlocked a world of data-driven decision-making that's helping us achieve our sustainability goals!"



Sustainability in figures

	KPI	Target	2020	2021	2022
ENVIRONMENTAL	Energy consumption <i>MWh/SEK</i>	-5% relative annual decrease	0,84	0,71	0,53
	Energy Mix <i>% of total</i>	100% renewable by 2030	83	83	83
	CO₂-emission <i>Ton CO₂</i>	-5% relative annual decrease	3,1	4,1 ¹	8,3 ²
	Environmental certified production sites <i>% of total</i>	100% by 2025	100	100	100
SOCIAL	Gender equality <i>% of total</i>	40-60% by 2030	13	18	29
	Near-miss (incidents)	Transparency	0	0	0
	Lost time injury <i>Number of incidents</i>	0 incidents	0	0	0
FINANCIAL	Code of Conduct <i>% of total</i>	100%	100	100	100
	Whistleblowing <i>Number of cases</i>	Transparency	0	0	0
	Supplier Code of Conduct <i>% of total</i>	100%	100	100	100

¹ CO₂ emission for 2021 adjusted from 3,7 to 4,1 tons due to updated calculation model.

² Increase due to restricted business travels 2020 and 2021. Elvaco is in the process of phasing out its fossil fuel vehicles.

Sustainability

By creating business built on a sustainable development, Elvaco has a place today and in the future. By providing products and services that reduce 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 by continuous innovation and new solutions within energy connectivity.

The Elvaco logo consists of the word "elvaco" in a bold, lowercase, blue sans-serif font. The letter 'l' is significantly taller than the other letters, creating a distinctive vertical element.