



Industrilås

— When access counts —

Sustainability report 2021
Industrilås AB

Table of Content

PASSIONATE ABOUT FINDING SOLUTIONS	2
SUSTAINABILITY POLICY	3
ENVIRONMENTAL.....	3
SOCIAL	3
ECONOMIC	3
A LONGER LIFE CYCLE CONTRIBUTES TO SUSTAINABILITY	5
THE MOST IMPORTANT SUSTAINABILITY GOALS DISPLAY OUR AIM TOWARD A SUSTAINABLE DEVELOPMENT	6
STAKEHOLDER DIALOGUE	6
RESULTS STAKEHOLDER DIALOGUE	7
MATERIALITY ANALYSIS	8
WHERE THE SUSTAINABLE DEVELOPMENT GOALS ARE RELEVANT IN THE VALUE-CHAIN	9
OUR SUSTAINABILITY WORK TODAY AND IN THE FUTURE	10
EQUALITY AND DIVERSITY	11
DECENT WORK AND ECONOMIC GROWTH	11
RESPONSIBLE CONSUMPTION, PRODUCTION, AND CLIMATE ACTION	12
PURCHASING AND SUPPLIERS.....	12
TRANSPORTATION AND RECYCLING	13
ANTI-CORRUPTION.....	13
PARTNERSHIP FOR THE GOALS	13
PROJECT TO MEET FUTURE DEMANDS	14
SUSTAINABILITY RISK ANALYSIS	15
RISK MANAGEMENT	16
OPERATIONAL RISKS	16
FINANCIAL RISKS	16
RISKS CONNECTED TO WORK ENVIRONMENT, DISCRIMINATION, AND HARASSMENT	16
RISKS REGARDING CORRUPTION AND UNETHICAL BEHAVIOR	17
ENVIRONMENTAL RISKS.....	17
TRANSPORTATION RISKS	17
RISKS ASSOCIATED WITH CLIMATE CHANGE.....	17
RISKS WITHIN THE SUPPLY CHAIN	18
GOALS.....	19
KEY PERFORMANCE INDICATORS	20
ABOUT THE REPORT	21

PASSIONATE ABOUT FINDING SOLUTIONS

Industrilås develops, designs, and manufactures access solutions for all kinds of industrial applications. Our main drive is a never-ending curiosity about our customers and their business. We are passionate about finding solutions that will enhance the performance of our customers' products and their business.

Since every customer has specific needs and preferences, it is important for us to get to know our customers. We openly welcome you into the Industrilås family, and together we will find the best possible solution to the challenges you are facing. Sometimes this means a well-proven standard solution and at other times it means the innovation of something the world has never seen.

Industrilås is a Swedish company, founded in 1981. Over 40 years, we have grown from a one-person startup to become one of the world's leading suppliers of access solutions. Today, we are present in more than 40 countries and have manufacturing sites in Europe, Asia, and Central America.

The company was founded in Nässjö where our headquarter is still located along with our biggest factory. We are proud of our heritage, and we believe it is important to maintain our local connection now and forever.

We want to contribute to a sustainable future. Taking humans and the environment into consideration in our operations is of utmost importance and we strive to be at the forefront of our industry.

Innovation and curiosity are keywords for Industrilås, we question and challenge old ideas to find future solutions for our customers. We always strive to maintain a high standard of quality and we take social, environmental, and economic sustainability into consideration in our products.

Sustainability Policy

Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

IndustriLås develops, manufactures, and distributes products of high-quality access solutions. As a result, we affect the environment both locally, regionally, and globally.

We act sustainably on the social, environmental, and economic dimensions and we are convinced that it is possible to grow as a company and at the same time be in harmony with people and the planet.

Environmental

We are aware of our responsibility towards people and nature, and we want to minimize the effect our actions might have on the environment.

Therefore, our important goal is to minimize the direct effect on external environments through reduced consumption of natural resources, reduced production- and process waste, and work towards low energy consumption.

We shall follow the environmental laws and directives from the governments where we are operating.

We commit to continuously developing our environmental work to decrease our effect on the earth and its resources.

Social

IndustriLås thinks that all people have the same value and rights and has an absolute zero policy towards all forms of discrimination. Equality and diversity are important for the company and society's development. We work continuously to curb the presence of inequality and discrimination in the community and globally.

We shall be an inclusive employer who embraces diversity.

We shall be good citizens and act exemplary to develop alongside the communities we are active within.

The employees' health and well-being shall be in focus, and we strive to offer a good and safe work environment with a systematic approach throughout the entire organization.

We shall follow the demands and existing laws from governments to promote workers' and human rights in society and at the workplace.

Economic

We shall provide conditions to ensure long-lasting sustainable development and prosperity for the company.

We shall actively work according to management systems within quality and environment to meet the demands of our customers.

Through innovation and continuous work develop systems and processes in the manufacturing of products to create and enhance the value for our customers and suppliers.

We have an absolute zero-policy towards any kind of behavior breaking good business ethics within the organization, and we develop our work to curb corruption, bribery, and the abuse of power around the globe.

Sustainability Governance

The sustainability governance at Industrilås falls under the responsibility of the management team where the CEO is included. The governance includes social, environmental, and economic sustainability. The management team is responsible for integrating sustainability within the business strategy as well as setting goals and following up on the results. Industrilås management system is certified by ISO 9001, ISO 14001, and IATF 16949. Industrilås falls under the permit requirement according to the Swedish environmental code.

The governance has its foundation in the laws and regulations regarding the operations. Systems and processes for conducting regular risk assessments, goal assessments, and follow-ups for continuous improvements of Industrilås sustainability efforts are in place.

Industrilås does everything in-house which is seen as a strength for the company and allows a high degree of control regarding the sustainability within the different processes.

We strive for long-term relationships with our suppliers and customers to be able to continuously develop sustainable supply chains and create a safe and stable flow of products and services. Industrilås conducts supplier evaluations through both self-assessment and audits to see with our own eyes how our supplier's operations are conducted and if the requirements are met.

When selecting suppliers, Industrilås chooses those who maintain high quality on both products and processes and can show internationally certified management systems within quality and environment.

The sustainability governance at Industrilås includes continuous work for improvements within purchasing, environment, quality, and work environment management.

A longer Life Cycle contributes to Sustainability

A large contribution to sustainability that Industrilås can do is to provide products that have long durability to decrease the need for new production of products.

According to Industrilås, an access solution is an application that increases the value of the end-product where the solution must be adapted to the existing demands.

Our products are adapted to withstand the challenges and demands they are going to face. This can mean exposure to everything from dust to saltwater, arctic cold, or extreme heat, if the product is to be installed on an electrical cabinet it needs to be grounded for safety, and if it is installed on a train or industrial machine it needs to be able to withstand powerful vibrations and shocks.

The products are designed and produced to be easily installed, this means time and energy saved for our customers, and they should be ergonomically good for the end consumers. The products made by Industrilås are designed to keep their performance during their entire life cycle.

We currently have factories on three continents which are seen as a big advantage. This means shorter supply chains where we can be closer to both our suppliers and customers. This leads to increased stability in production flows and decreased emissions from transport due to shorter distances traveled.

By providing products that last longer, save time and energy for our customers, and safe storage for the end consumer we can add value by saving time and energy for our customers and providing a safer work environment for the user.

The most important Sustainability Goals display our Aim toward a Sustainable Development

Industrilås value chain and stakeholders are always at the center of attention and focus the development of our company. It is our value chain that helps to reach our goals and the stakeholder gives a holistic view of how we can achieve sustainable development.

We actively continue a dialogue with our stakeholders to ensure that we meet the demands and expectations put on us. A stakeholder dialogue regarding sustainability was therefore conducted to ensure Industrilås' possibility to meet our stakeholder's interests.

Stakeholder Dialogue

Industrilås works continuously to reach sustainable development where all who affect or are affected by our operations are important.

To identify our stakeholders' priorities regarding sustainability a web-based questionnaire was created with 15 statements that could be graded on a Likert scale from 1 (not important) to 5 (very important). It also included 2 questions respondents could answer in free text to give a more in-depth understanding. The UN 17 sustainable development goals were used to formulate the statements and then adapted to our company.

72 answers were registered divided into 6 different stakeholder categories (**Figure 1**) where a weighted average was used to be able to identify the highest prioritized sustainable development goals.



Figure 1, Identified stakeholder categories who participated in the stakeholder dialogue.

Results Stakeholder Dialogue

In **Table 1** below the highest prioritized Sustainable Development Goals for the stakeholder groups are shown.

Table 1, Top prioritized Sustainable Development Goals for the stakeholder groups

	 3 GOOD HEALTH AND WELL-BEING	 5 GENDER EQUALITY	 8 DECENT WORK AND ECONOMIC GROWTH	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	 13 CLIMATE ACTION	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	 17 PARTNERSHIPS FOR THE GOALS
Suppliers			X	X		X	
Customers			X	X		X	
Personnel			X			X	
Financial institutes		X	X	X	X	X	
Local associations	X		X			X	
Owners	X	X	X	X	X	X	X

Materiality analysis

The materiality analysis was performed by the management team at Industrilås. The weighted average was used to identify what Sustainable Development Goals Industrilås has the highest potential to influence based on what was the highest priorities from our stakeholders. See **Figure 2** for results.

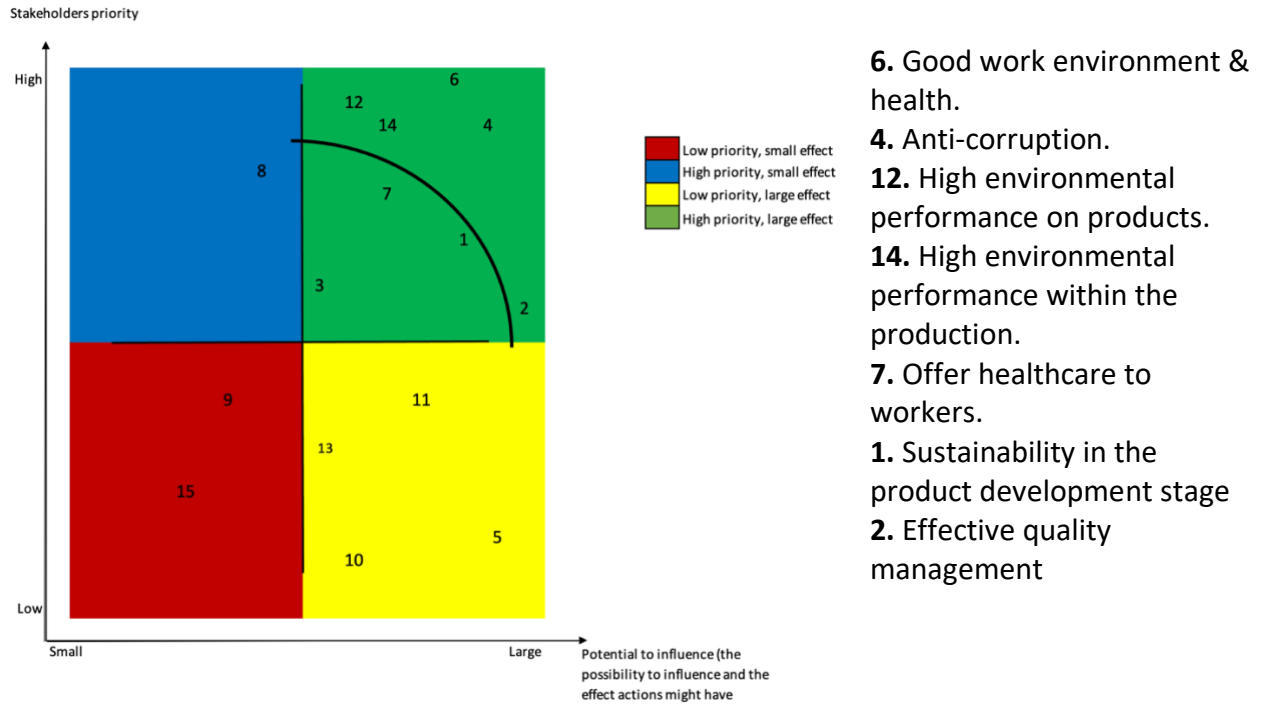


Figure 2, Results from the materiality analysis, Y-axis describes the weighted average from the stakeholders and the X-axis describes Industrilås' potential to influence. (The numbers within the figure are connected to the statements in the stakeholder dialogue)






From the results of the materiality analysis goals 8, 12, 13, and 16 could be identified as very important. Since Industrilås is a large company operating on a global scale, goal 5 and 17 was added to our continued improvement within sustainability.



Where the Sustainable Development Goals are relevant in the Value-Chain

Table 2 demonstrates where the Sustainable Development Goals are assessed to be most relevant within the value chain.

Table 2, The goal's importance within the value chain

Part of the value chain	Relevant goals derived from the materiality analysis
Customer	
Supply chain	
Personnel	
Transportation	
Recycling	

Our Sustainability work today and in the future

Industrilås has a long history of working with high quality, a good work environment, and a low environmental impact. We have put in a large amount of effort that has led us to the position we are in right now. Nevertheless, we are aware of our impact on a larger perspective that includes the supply chain, the usage of our products, and our effect on the regions we are active within.

We have now started the work of taking the next step and continuously improving further. We are now at the start of developing our sustainability work. In this chapter, the reader can see where we are today. Furthermore, some of our sustainability goals are described together with some Key Performance Indicators (KPI).

We intend to develop our work within sustainability in the next coming years. Both goals and the follow-up will be further developed during this period.

Equality and Diversity

Equality and diversity are of utmost importance for Industrilås, and we believe that all humans have the same value and equal rights. There is a strict zero tolerance at Industrilås regarding discrimination including gender, race, the color of one's skin, age, pregnancy, sexual orientation, religion and beliefs, political views, nationality, ethnicity, sickness, functional impairments, and disability.

We are an inclusive employer who offers work opportunities for youths, adults, new citizens, and people with various disabilities. Every person is entitled to the same rights, employment terms, and fair pay for the work performed.

Industrigruppen is a division at Industrilås in partnership with the municipality of Nässjö where people with various disabilities are offered meaningful and important work. Tasks included are sorting, packaging, and assembly of products. Industrigruppen was founded in 1997 and has now been active for 25 years.

This project aims to provide meaningful work to people who are not eligible in the common job market. We are grateful to be a part of this and to create a meaningful opportunity for people. Industrigruppen makes Industrilås stronger by the value they are creating.

We believe that diversity and equality increase innovation, development, and well-being in the workplace and that it plays a big part in our success.

Industrilås was given the diversity award by the organization Nässjö Näringsliv AB in 2021 for our commitment to diversity in the workplace.

Decent Work and Economic Growth

All employees at Industrilås are covered by a collective agreement and are offered written employment contracts with fair wages for work performed.

We take preventive action to ensure a pleasant working environment where staff feels welcome and safe and to not get exposed to the risk of injury and sickness. Policies and processes are established and documented to reach our targets within the work environment. All employees have been informed and shall follow the code of conduct to ensure a workplace that is as safe as possible.

To continuously develop the working environment, a new information system of working environment has been implemented in 2021 to systematically work with risk observations to create a safe workplace for the employees. The aim is to develop the "preventive culture" and to systematically assess risks, and by doing this create an even safer work environment for the employees.

IndustriLås conducts supplier audits and assessments together with assessments of customers to prevent and not indirectly support organizations involved with the abuse of human rights, forced labor, child labor, or corruption.

We work continuously to ensure sustainable economic growth. Systems and processes work to secure a stable economy at the company. Goals and follow-ups are a part of the company's governance process.

Responsible Consumption, Production, and Climate Action

Responsible consumption and production are to have efficient use of resources at the same time as taking the planet, humans, and economy into consideration necessary to support the business while reducing the effect of harmful chemicals. IndustriLås is aware of the effect we have on the environment, and we have a responsibility to reduce that effect.

IndustriLås governance systems are certified within environment and quality. We follow the standards for the Restriction of Hazardous Substances (RoHS), Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) and we follow the Standards of conflict minerals to act responsibly.

We work continuously to improve our resource efficiency, to reduce waste, and energy consumption in our production of products.

Purchasing and Suppliers

To reduce IndustriLås negative effect on sustainability, purchasing and the selection of suppliers are important to be able to achieve an improvement on a larger scale.

We contract first and foremost suppliers who are certified with ISO 9001 and ISO 14001, for suppliers who do not have needs to create and show a two-year action plan on how to achieve the certifications. Suppliers are to follow the directives for RoHS 2, RoHS 3, the regulations from REACH, and the standards for Conflict Minerals.

IndustriLås performs supplier audits at the suppliers along with self-assessment questionnaires to see with our eyes how work is performed and the conditions at their facility. Suppliers and business partners who do not conform to the demands are at risk of being suspended as a supplier to IndustriLås.

Through responsible purchasing IndustriLås can contribute by a decreased effect on the environment, improved working conditions, and social development in the regions we and our partners are active within.

Transportation and Recycling

We want to reduce the number of needed materials for packaging and transportation in our production. All packaging is either reusable or recyclable. Industrilås has started a project that aims to optimize the volume of packages and transports to further reduce our total emissions and enhance efficiency.

Waste materials from the production are reused to the extent it is possible and contributes to less amount of waste and fewer materials needed to be purchased.

Anti-Corruption

Corruption means all forms of bribery, nepotism, and abuse of positions of power for one's own or another's gain. Corruption is a major obstacle to sustainable development around the globe.

Industrilås has a strict zero-tolerance toward all forms of corruption. All employees are obligated to follow our code of conduct where guidelines for correct behavior and business ethics are documented and described. Within the code of conduct, it is also stated what one is supposed to do if you suspect that someone is breaking the code of conduct and are acting in a way that does not conform with good business ethics.

We have an established whistleblower policy to protect an employee who reports behaviors and actions breaking the code of conduct. Industrilås has not had any cases regarding corruption 2021.

We want to contribute to eliminating corruption and continuously develop our processes to prevent it.

Partnership for the Goals

Partnership and collaboration with our suppliers and customers are a way we can contribute on a broader scale to improve sustainability and improve efficiency in our value chain.

Industrilås has invested to come closer to our partners. This is important to be able to expand our partnership between organizations, regions, and countries. Therefore, we are investing in our facilities in Mexico where we are building a new factory and expanding and improving the facility in Sri Lanka.

Through the investments, we can improve our collaboration with suppliers and customers to enhance the value chain. We can also contribute to the societies we

are operating in by offering employment opportunities, new technology, economic development, and creating a safe and healthy work environment for people.

Project to meet Future Demands

IndustriLås has 2022 started a new project of innovation with three focus areas and visions: 99% recyclability, sustainable materials, and sustainable business models. The idea of the project is to find new solutions to develop and to ensure that we can adapt to a future with changed geopolitical situations and increased climate change through innovation and curiosity.

The project will contribute to focusing on a long-term perspective to ensure sustainable growth for the company and to be at the forefront with products and solutions.

Sustainability Risk Analysis

A sustainability risk analysis to identify critical sustainability risks for IndustriLås was performed by the management group. Alongside the risk analysis, the structures, and the actions to prevent these risks have been identified. In the cases where insufficient structures are present, further decisions regarding further improvements have been made to ensure a good way of treating the risks.

The risks were assessed by grading the probability of the risk, and the consequence this risk would have for IndustriLås. **Table 3**, describes the risks that were assessed to be critical for IndustriLås.

Table 3, Critical risks identified during the risk analysis

Critical risks identified by IndustriLås:
The risk of corruption and bribery within the supply chain.
The risk of poor working conditions within the supply chain.
The risk of forced labor and child labor in the supply chain.
The risk of major changes in the supply chain because of geopolitical situations and the pandemic.
The risk of unnecessary transport that is associated with high costs and an increased number of emissions. (By unnecessary transport means acute deliveries and complimentary purchases)

The most critical risks identified during the analysis are associated with IndustriLås supply chain. During the assessment, we took into consideration the entire supply chain all the way upstream to the extraction of raw material.

In the next section, we describe how the different risks are managed in the organization.

Risk Management

Industrilås works systematically with risk management where they are assessed continuously and is a part of the governing process at the company.

Operational risks

Industrilås are certified according to ISO 9001, ISO 14001, and IATF 16949 and meet the standards for the certifications. Operational risks such as environmental, production, fire, safety, and transportation are monitored and assessed systematically. Action plans are made where critical risks are identified.

Financial risks

Risks associated with significant changes in the value of the Swedish krona and credits are handled through balanced purchases in different currencies and currency hedging. The risks associated with changes in currency are therefore considered to be low. The credit risks are low since Industrilås has a broad assortment of customers and suppliers which decreases the risks.

Risks connected to Work Environment, Discrimination, and Harassment

Industrilås falls under the Work Environment Act and the Workers' Rights Act. The legislation and directives are followed to prevent accidents and promote well-being at the company. Systems are in place to continuously perform risk evaluations to prevent and decrease the number of accidents. The risk of sustaining a serious injury at the company is determined to be low because of the preventive work performed.

To create a safe and pleasant work environment and to reduce the risk of psychological and mental issues Industrilås follows the regulations for Organizational and Social Work Environment, this work is performed regularly to develop the company.

We fall under the Discrimination Act where we systematically assess and analyze risks connected to discrimination to prevent any kind of discrimination from taking place at our company.

Follow-ups regarding the work environment are a part of the governing process at Industrilås and all employees are obligated to follow the code of conduct to create a safe work environment.

Risks regarding Corruption and Unethical Behavior

Industrilås are aware of risks regarding corruption and unethical business actions. To reduce the risks, Industrilås have a code of conduct and a whistleblower policy all employees must follow. Systems and processes are in place for dealing with unethical behavior. The risk associated with any form of corruption within the company is seen as very low.

Environmental Risks

Our operations and production affect the environment. Routines and processes are in place to decrease the risks of incorrect handling and are controlled by a third party so that Industrilås achieves the standards and demands that we should.

Emissions to both air and water happen during production under controlled circumstances and are measured periodically. Management of biproducts is handled by a contractor with expertise in the correct handling of waste material. Policies and processes are established to control the risks associated with leakages of toxic waste and the risk is perceived as low.

Our management system is certified by ISO 14001 and we fall under the Swedish Environmental Code. Revision of the environmental risks is done via a management system where risk assessments are conducted. The assessment results in action plans and projects to reduce risks discovered during these assessments.

Transportation Risks

With risks associated with transportation means the risk of acute deliveries and complementary purchases both associated with high costs and increased emissions to the environment. The need for these types of deliveries and purchases exists and the risk is seen as high.

To reduce the need and risk, Industrilås has started to look at and structure the supply chain management at the company to increase the efficiency in the value chain.

Risks associated with Climate Change

The risk that Industrilås facilities are at risk of accidents due to climate change is perceived as very low. The risk associated with climate change impacts suppliers' facilities are considered moderate. This risk is managed by working with multiple suppliers to secure the flow of products and materials in the value chain.

Risks within the Supply Chain

It is within the supply chain IndustriLås considers the risks of corruption and a bad work environment as the highest. Some supply chains are long and complex which imposes a challenge to control all companies within the supply chain several tiers upstream.

Standardized supplier audits where suppliers are classified according to their performance and their ability to meet the demands regarding the quality, environment, and work environment are conducted annually. If the supplier cannot meet the demands, they are at risk of being stopped as a supplier to IndustriLås.

The risk for corruption and poor working conditions with suppliers we are in direct contact with is therefore seen as low.

To manage risks further up in the supply chain, action plans are now during 2022 made to minimize the sustainability risks associated with the supply chain.

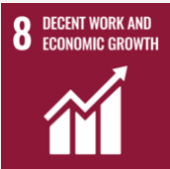
Goals

The transition towards sustainable industries includes all organizations if we are to reach the UN agenda 30 goals.

Industrilås wants to contribute to this transition and has put up several ambitious overarching sustainability goals where we have taken the results from the materiality analysis into consideration (**Table 4**). In certain areas, more specific goals have been made and the work to create detailed goals will continue during 2022 and 2023.

Table 4, Industrilås overarching sustainability goals

UN GLOBAL INDUSTRILÅS OVERARCHING GOALS

	<p>We aim to reduce our total amount of energy consumption within the production.</p>
	<p>We aim to reduce the total amount of waste within the production</p> <hr/> <p>We aim to perform calculate the environmental performance of essential products</p> <hr/> <p>By 2025, our goal is to have at least 80% of our company vehicles electric or hybrid models.</p>
	<p>We will continue to develop the preventive risk culture at Industrilås to promote a safe work environment.</p> <hr/> <p>We aim to promote healthy work conditions throughout our supply chains.</p>
	<p>We aim to curb the presence of corruption.</p>
	<p>We shall continuously improve our work for equality</p>

These are our goals to contribute to a sustainable tomorrow. In 2022, action plans will be developed to reach these goals.

Key Performance Indicators

Table 5 shows Key Performance Indicators (KPIs) used by IndustriLås to follow up on the sustainability work within the company. This is the first year we are conducting a sustainability report and therefore historical data of some of the KPIs are missing. These will be added in the future.

Furthermore, more KPIs will be added in the future which align with our sustainability goals.

Table 5, Key Performance Indicators

Global goals	KPI	2021	2020	2019	Unit
3	Total short-term sick leave	2,95	2,87	2,61	%
3	Total long-term sick leave	1,83	1,63	2,59	%
5	The proportion of women in the management group	33,3	0	0	%
5	The proportion of women in the production	40,85	39,8	39,1	%
3,8	Number of risk observations	32			Nr.
3,8	Number of incidents	5	10	15	Nr.
3,8	Number of accidents*	26	21	23	Nr.
10	Number of cases regarding discrimination	0			Nr.
12,13	kWh per produced hour	14,67	18,67	16,85	kWh

*, Accidents are defined as any form of an event causing physical pain.

About the Report

IndustriLås AB falls under the law of sustainability reporting in the Annual Accounts Act (1995:1554). This report has the same delimitations as IndustriLås AB's annual report. Statistics and information in the report account for IndustriLås AB Sweden.

The sustainability report is established according to the sixth chapter of the Annual Accounts Act and it is the management group together with key co-workers who have been responsible for data collection and the identification of significant sustainability risks and goals.