

Events this year

**NEW TARGETS
FOR STRATEGIC
FOCUS AREAS**

Events this year

**MORE RENEWABLE
ENERGY GIVES
LOWER EMISSIONS**

CEO comment

**WE ACCELERATE
OUR WORK ON
SUSTAINABILITY**

CEO'S COMMENTS

Our long-term sustainability work focuses on economic, social and environmental responsibility. This commitment is a foundation stone on which to maintain and further develop our business activity based on products and solutions that meet or surpass our customers' expectations. Satisfied customers who can depend on Addtech's expertise and ethical agenda are our most important objective. Our focus on profitability also gives us the muscle to invest in sustainable business development and to constantly refine our acquisition agenda. Just as our customers must always be able to rely on Addtech as a partner, we have a deeply-rooted focus on being a reliable and attractive owner both of our existing companies and the businesses that we are seeking to acquire.

In our well-established corporate culture, our business activities are driven forward via a system of decentralised responsibilities in our companies underpinned by support at Group level. We work in exactly the same way on sustainability. The Group supports its companies via ongoing skills development via the wide-ranging programme of our Business School, and offers tools and processes for employee surveys, supplier evaluation and quality and environmental assurance etc. This gives strength to our independent, often relatively small contractor businesses, making them a more attractive proposition and at the same time enabling us to reduce our risks.

During the year, we increased the tempo of our sustainability work. We conducted a new stakeholder dialogue and are addressing our stakeholders' wishes and expectations. Using the stakeholder analysis, we draw up priorities based on the issues that are important to us. We make high demands of ourselves and so it is natural for us to make the same high demands on every part of the value chain. Against that background, during the year we continued to progress our work on supplier assessments to develop dialogue and ensure constant improvements.

Our employees' day-to-day commitment makes a difference, and is an absolute key condition to our success. Skills and appetite for change create opportunities for developing Addtech on behalf of our shareholders and customers. It is our employees who are driving our competitiveness and playing a part in the development of society.

As a result, our sustainability work consists largely of being an attractive employer and providing a workplace where employees enjoy their work, have a sense of pride and develop personally.

We will continue to work on sustainable business development, implement our strategies and set clear goals. This will entail working with our suppliers and at the same time focusing on bringing about continuous improvements in ourselves. We will also continue to focus on exceeding our customers' expectations of our products and solutions.

Johan Sjö

President and CEO Addtech AB

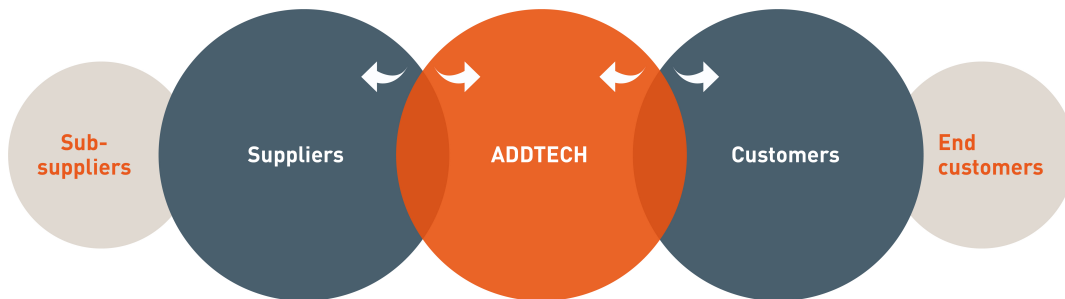


ADDTECH WILL PRACTISE CORPORATE RESPONSIBILITY

As well as being subject to business economic requirements, goals and guidelines, our business activities shall also be conducted in accordance with strict criteria in terms of integrity and ethics. By systematically improving sustainability in our business, we are striving to become an increasingly professional partner to increasingly demanding customers. At Addtech, commerciality and sustainability are not mutually conflicting but mutually supportive.

ADDTECH IN THE VALUE CHAIN AND OUR BUSINESS MODEL

Addtech's business concept is to offer high-technology products and solutions to companies in the manufacturing and infrastructure sectors. Addtech acts as a value-adding link between customers and suppliers. At one end of the chain, our customers seek a technical solution to meet their unique needs. As their business partner, we customise solutions in collaboration with our carefully selected suppliers. We create and add value for our customers to ensure that their products are more competitive in the end market. We have a large number of suppliers across the world and our purchases are made in large part from suppliers outside the Nordics, in Europe, the USA and Asia. Addtech conducts its own production on a minor scale, and so the major share of production takes place via orders to our suppliers.



PURPOSE AND OBJECTIVE OF THE REPORT

The purpose of this sustainability report is to describe in a transparent way Addtech's objectives, strategies and governance, as well as its accountability, risks and opportunities from a sustainability perspective. Both Addtech and the world around us must be able to see how the Group's sustainability initiatives are progressing. The report is intended to provide customers, employees and shareholders with an understanding and knowledge of our sustainability work.

FRAMEWORK AND METHODOLOGY OF THE REPORT

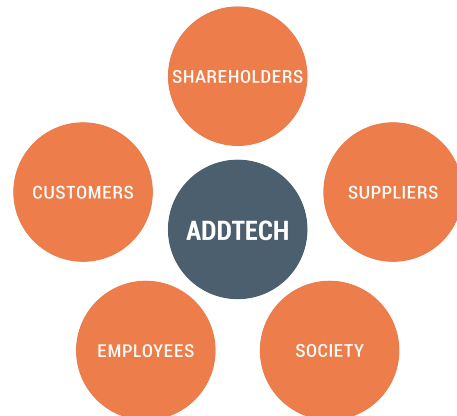
The sustainability report 2016/2017 has been prepared in accordance with the GRI Standards: Core option. The report refers to the financial year 1 April 2016 - 31 March 2017. A GRI Index is shown on page 17.

In conjunction with the end of the financial year, all Addtech companies report sustainability data as part of their non-financial reporting. The participation of all companies is essential for progress in sustainability to be monitored at both company and Group level. Unless otherwise indicated, the report encompasses the operations of all companies and the Group as a whole. Comparative figures in parenthesis refer to the previous fiscal year, 1 April 2015 - 31 March 2016. Base year for intensity measures is 2014/2015.

All charts show aggregated group data. In cases where we have the opportunity and see a value in it, we break down and report sustainability data by gender, age and/or position in the organisation.

DIALOGUE WITH STAKEHOLDERS CREATES THE RIGHT FOCUS FOR SUSTAINABILITY WORK

Our sustainability work is affected by the fact that a number of stakeholders make demands and have expectations of us. Dealing with existing demands and planning ahead for anticipated demands is a fundamental part of our strategy for sustainable development. Our stakeholders are groups in our vicinity who affect or are affected by our operations. We strive to maintain an open dialogue with our stakeholders so we can focus our efforts on the sustainability issues that our stakeholders see as most important. We have identified five important stakeholder groups: customers, suppliers, employees, shareholders and society.



In 2016/2017, we conducted a new stakeholder dialogue to ensure that we are working and reporting on the areas that are most important to our business and our stakeholders. Via surveys and interviews, we put a number of questions to a selection of our stakeholders about their expectations of our sustainability work. The stakeholders questioned were major customers and owners, analysts and a selection of employees and Board members. The stakeholder dialogue revealed that our strengthened commitment within sustainability is valued but also that demands are increasing for continued engagement in the area.

The stakeholder dialogue indicates the areas of sustainability that our stakeholders feel that we should prioritise. On the basis of these views, Group management consults with the Board of Directors to determine which issues are important to us, and together they establish common procedures and objectives. The fact that both the Board of Directors and Group management agree to the sustainability objectives makes the issue a natural part of our strategy.

STAKEHOLDERS	KEY QUESTIONS WITHIN SUSTAINABILITY	COMMUNICATION AND COLLABORATION
EMPLOYEES	Health and safety for employees, education & training, customer satisfaction, earnings growth, good working conditions at suppliers	Regular employee surveys, annual performance and goals reviews, as well as education and training. Communication is mainly conducted via managers, the intranet and mailings.
CUSTOMERS	Customer satisfaction, innovation, business ethics, environmental impact	The subsidiaries have a close relationship with their customers and have regular personal meetings. Information is distributed through subsidiaries or on the website.
SHAREHOLDERS	Earnings growth, business ethics, return to shareholders, customer satisfaction	Annual reports, quarterly reports, investor and analyst meetings, the website and the annual general meeting.
SUPPLIERS	Business ethics, customer satisfaction	The subsidiaries work closely with their suppliers, which enables a close dialogue. Supplier evaluations are conducted.
SOCIETY	Business ethics, environmental impact	Subsidiaries collaborate with local organisations to improve the local environment. Questions regarding working environment, environment and product liability are discussed with relevant authorities. Certification body for ISO etc.

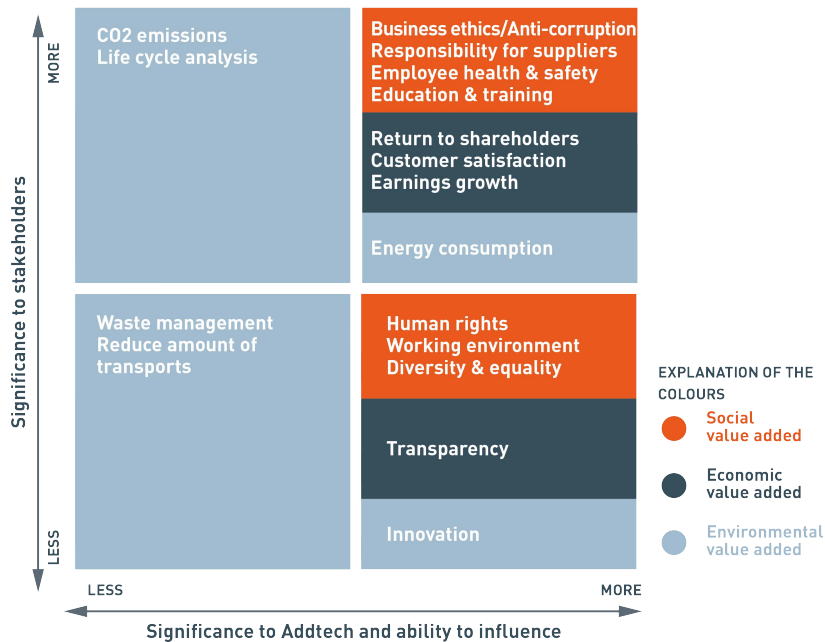
Addtech's work on the major sustainability issues is communicated to stakeholders mainly via the sustainability report. Ongoing dialogue with stakeholders is also conducted partly at Group level and partly, to a major extent, at the Group's companies. The decentralised organisation, with autonomous companies operating close to their customers and suppliers, creates a natural and continuous dialogue on sustainability.

SIGNIFICANT ISSUES AND RISKS

The findings from the stakeholder analysis revealed the most highly prioritised areas in sustainability were to create and deliver profitable growth, to reduce our negative impact on the environment, to maintain a high standard of business ethics and to provide a healthy workplace. The table below shows the work we performed in these areas over the financial year. In the materiality analysis, we weighed up the stakeholders’ observations against the risks and opportunities that are specific to us.

SUSTAINABILITY AREAS	PRIORITY AREAS	ACTIVITIES DURING THE FISCAL YEAR
ECONOMIC VALUE ADDED	Long-term profitable growth	Efficiency initiatives, earnings growth, higher ROS
ENVIRONMENTAL VALUE ADDED	Continuously reduce our direct and indirect environmental impact	Power usage audit, emission monitoring, development of environmental policy
SOCIAL VALUE ADDED	Maintain high quality and a high ethical level for ourselves and our suppliers	Development of code of conduct for both the company and its suppliers. Development of supplier evaluations
	A healthy workplace where employees thrive and grow	Systematic work environment development in subsidiaries, education and training, employee surveys, relevant actions

MATERIALITY ANALYSIS



STRATEGY AND GOVERNANCE

Sustainability is an important part of our strategy and the aim is that sustainability should be taken into account in all strategic decisions within the organisation. We have divided our sustainability work into three categories: economic, social and environmental value added. In each area, we have a number of strategies, policies and objectives.

SUSTAINABLE VISION TO BE A LEADING VALUE-ADDING TECH PROVIDER

Addtech's vision is to be a leading value-adding tech provider. To achieve our vision and develop our business in the long term, we strive to conduct our operations in a sustainable way. Addtech aims for constant improvement in our offering to customers, our cooperation with suppliers and our internal way of working and organisation. A critical aspect of this is to meet the market's requirements for greater sustainability and responsible action in terms of economic, environmental and social value creation. To us and our customers, suppliers and employees, sustainability is about balancing economic success, environmental issues and social development for the benefit of our stakeholders. We must meet our stakeholders' demands and expectations for sustainability and pursue a policy of sustainable business development.

SUSTAINABLE GOVERNANCE WITH DECENTRALISED RESPONSIBILITY

Addtech's sustainability work is in the first instance governed by our Code of Conduct. Addtech's Board of Directors, via Group management, is ultimately responsible for the Group's sustainability work. Group management determines long-term overarching goals in important areas. These are supplemented by goals and action plans developed by each business area for their companies.

In line with our well-established corporate culture, our operational sustainability work is driven via a system of decentralised responsibilities in our companies. An important success factor to us is "small scale approach on a large scale", through a combination of the flexibility, personality and efficiency of a small company with the resources, networks and staying-power of a large one. Freedom with responsibility is the core principle that applies to all processes throughout the organisation. Each company has the potential to grow and develop its operations in our business model and framework. Addtech does not micromanage its companies and instead exercises active ownership through its Board of Directors and follow-up.

Our CSR council, with employees representing the different business areas, bears responsibility for continuous development of Group-wide tools and processes for sustainability work and for disseminating the same for use within the Group companies. Our ethical guidelines are summarised in our Code of Conduct and Code of Conduct for Suppliers.

Addtech's Code of Conduct

Addtech's Code of Conduct is a foundation for our sustainability work and an integral part of the organisation. Our Code of Conduct, taken together with our core values (simplicity, efficiency, change, responsibility & freedom), is the basis on which we do business, perform and act in our day-to-day work and in our relationships with the world around us. The Code includes all major issues in human rights, working conditions, corruption, equal opportunity and diversity. The Code is based on the UN's Global Compact, ILO's Core Conventions and the OECD Guidelines for Multinational Enterprises and applies to all companies and all employees.

During 2016/2017, we further developed the Code of Conduct by clarifying guidelines for our own operations and employees, as well as guidelines for our suppliers.

The Codes of Conduct have been adopted by the Board of Directors and are available on our website at www.addtech.se. They are also readily accessible to all our employees on the Company's intranet. During 2017/2018, we will continue with the implementation of our updated Codes of Conduct, both within our own operations and at our suppliers.

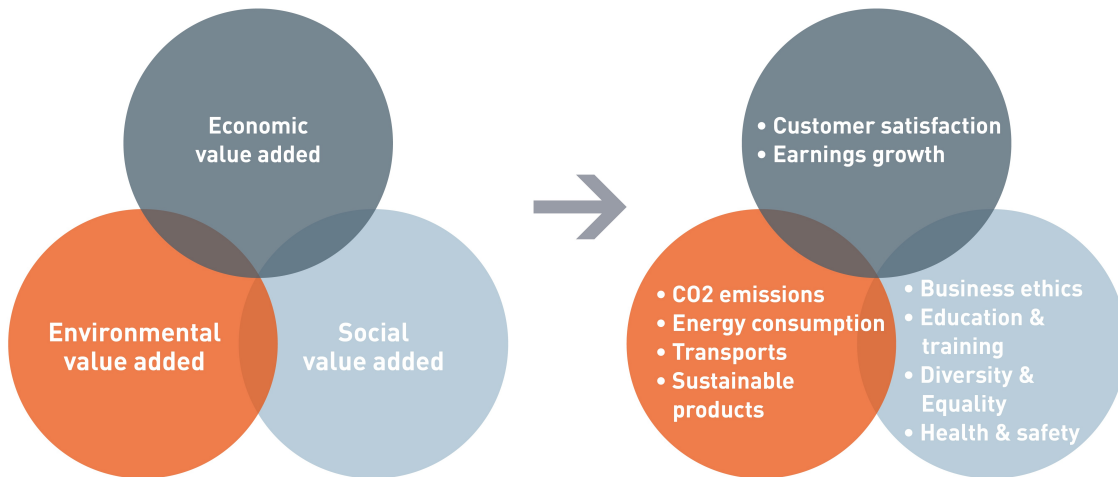
FOLLOW-UP AND ACTIONS

Addtech actively assesses its own operations and those of its suppliers. Every year, our companies report on their own sustainability work and on the results of supplier reviews performed. When failures are identified, the companies take the appropriate actions with the support of the Group. Follow-up is performed and actions taken at company, business area and Group level.

THREE AREAS OF FOCUS FOR STRATEGIC SUSTAINABILITY WORK

We have divided our sustainability work into three categories: economic, social and environmental value added. Within these, we have then identified important areas of sustainability to focus our work on.

ADDTECH'S THREE FOCUS AREAS FOR STRATEGIC SUSTAINABILITY WORK



ECONOMIC VALUE ADDED

Economic stability and strength are fundamental requirements for investing in sustainable business development. In an ever-changing world, we must constantly develop our business. Addtech's overarching vision is to be a leader in value-adding technology trading by being the most competent and long-term partner to our customers and suppliers. This creates requirements that can be summarised in terms of profitability, growth and development.

AN IMPORTANT COMPETITIVE ADVANTAGE

Global and local demand for lower emissions and greater sustainability in society is making sustainable products and solutions into a competitive asset in the technology trading market. We aim to be a better choice than our competitors and focus actively on meeting this demand.

With a structured sustainability programme, we are developing the business to make it both stronger and more sustainable, for example by highlighting the potential for savings and improvements, as well as the risks. We are also meeting this demand by ensuring that our companies are committed to developing and offering solutions that increase customers' energy efficiency and reduce their environmental impact. By continuing to develop sustainable solutions for our customers, we increase our competitiveness while helping to bring about a sustainable society.

Long-term profitable growth

Growth is the basis of long-term profitability and enables development of operations. Therefore, growth is a primary fundamental requirement for securing our survival in the long term.

Growth is measured as earnings growth, or the earnings expansion target. This is a long-term target measured over a business cycle, in which period average annual earnings growth shall be 15 percent. Growth is achieved through strategic efforts to focus on expansive markets, concentrated on leading suppliers and a constant customer focus.

The profitability target for each subsidiary is a minimum of 45 percent, measured using the relationship between operating profit (P) and working capital (WC). The P/WC model encourages high operating profit and low levels of tied-up capital, which combined with the growth target of 15 percent, enables self-funded long-term profitable growth. Constant development is required to generate earnings growth and high profitability.

The Addtech share

Addtech shares are listed on Nasdaq Stockholm. Being a listed company places rigorous demands on transparency, value growth and a long term approach. Since their listing in September 2001 until 31 April 2017, the total return on the shares until 31 March 2017 has averaged 18 percent per year. The OMX Stockholm index on the Nasdaq OMX Stockholm Exchange increased by 6 percent in the corresponding period. In addition to the growth in the share's value, we also deliver an annual return to our shareholders in the form of a dividend.

TARGETS FOR ECONOMIC VALUE ADDED

Addtech is required both to deliver a return to our shareholders and to invest in sustainable development. To be able to do this, financial stability and strength is needed, which in turn demands earnings growth, profitability and development.

To achieve this, we strive for:

- Earnings growth > 15% over a business cycle
- P/WC > 45% in all units
- Dividend policy 2016/2017 > 50% of average profit after tax over a business cycle

SOCIAL VALUE ADDED

The key to continued sustainable business development and success at Addtech lies in the long-term relationships we have built with our employees, customers and suppliers. To uphold our good reputation, we must maintain high quality and a high standard of business ethics in all our undertakings. We strive at all times to be a responsible actor.

OUR EMPLOYEES ARE OUR MOST IMPORTANT RESOURCE

Addtech's employees are an absolutely key condition for our success. A healthy corporate culture prepares the ground for employee well-being, low rates of sick leave and low employee turnover. Addtech is, and will remain, a company where working life and private life can co-exist. Responsibility and freedom are two of Addtech's core values and are described under "Freedom with responsibility".

Addtech organises its business on the basis of decentralised responsibility for profitability and earnings. This involves a high degree of responsibility for the subsidiaries, but with great freedom to, for example, choose the types of suppliers to be appointed and the types of customers to focus on. Motivated, creative and decisive employees who can prioritise work tasks yet lift their gaze and look ahead are fundamental to this working. In order to succeed in this, Addtech works to maintain an open and positive approach to people, capitalising on the full potential of employees, whatever their position and level of responsibility. Addtech emphasises the importance of taking account of the distinctive character of each individual employee. It is the very differences that create the dynamics that have made Addtech successful.

Employee surveys

To monitor our long-term, strategic work on personal development, we regularly conduct employee surveys. That way, we identify the Group's strengths and weaknesses as an employer, as well as mapping areas for improvement.

Addtech has consistently achieved good results and the general picture is that we have very satisfied employees. A new employee survey was conducted at the turn of the year 2016/2017, and work on analysing the results and producing action plans is under way.

From a Group perspective, the survey creates the scope for us to offer our companies support where we identify general needs, while enabling us at the same time to disseminate knowledge and ideas from successful companies around the Group.

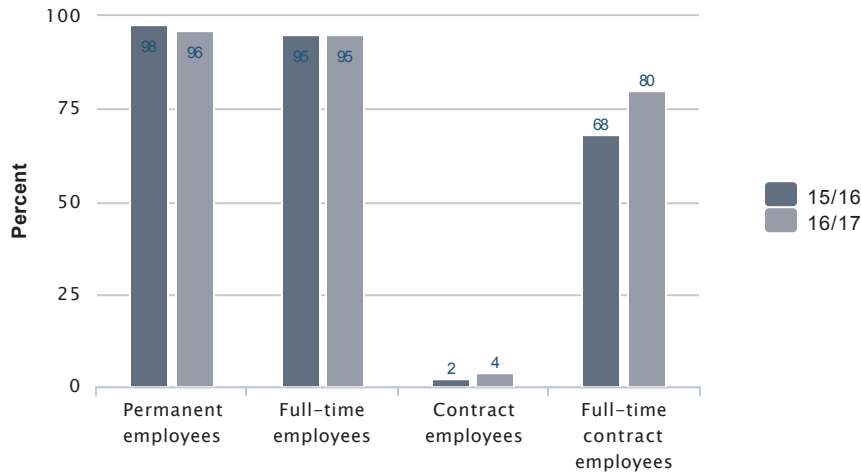
Addtech's Group management encourages the CEOs of each Group company to produce an action plan based on the company's specific findings, since the size and conditions of the companies can vary considerably.

The findings from the employee survey are also used as a basis for our long-term, strategic work on personal development. Our goal is to conduct employee surveys on a regular basis to enable us to analyse changes and implement improvements.

Employees

Permanent employees represent a major share of the Group's workforce. Contract employees are mostly used to replace regular employees in the case of illness or other absence. The fact that our employees enjoy secure employment is not just a work environment issue, it is also an important factor in obtaining continuity in the organisation and enabling us to build long-term relationships.

Permanent employees



Occupational health and safety

Health and safety are a priority area. We have a zero vision for work-related accidents, illnesses and incidents, and an ambition to focus constantly on promoting health and well-being among our employees. The aim is that no-one should suffer physical or mental ill-health caused by his or her work situation. At Addtech's companies, potential risks of work-related illnesses and accidents exist, but such risks also exist in the sales process, for example during travel to and from customers and during visits to customers' factories or other facilities.

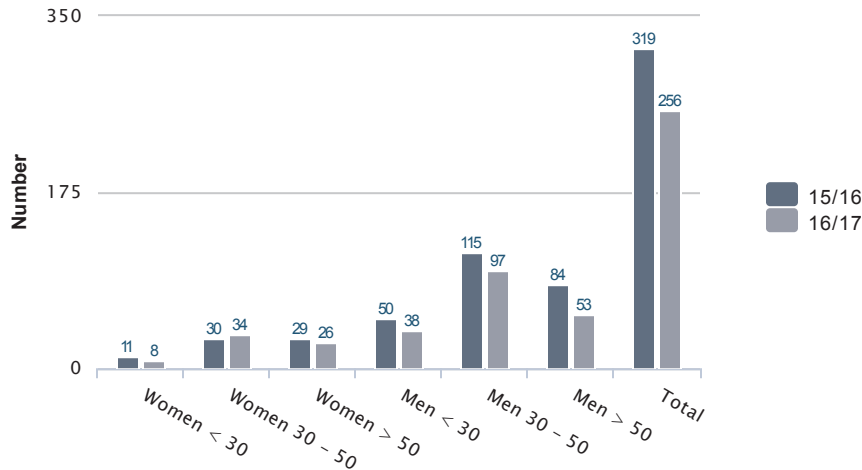
Health and safety



Employee turnover

We strive to ensure the well-being and personal development of our employees so that we can both retain key skills and recruit new talent. In 2016/2017, overall employee turnover was 13 per cent (14). Average length of employment is about 10 years.

Rate of employee turnover



Skills development

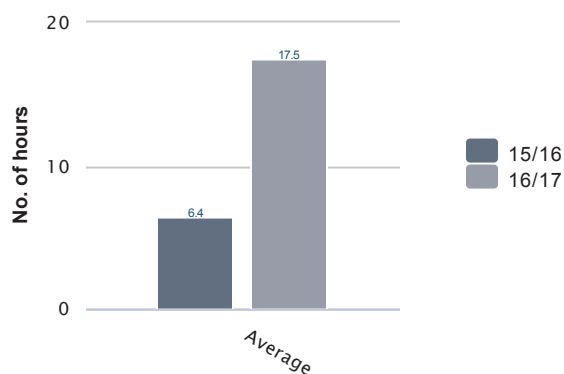
Addtech's companies strive to be attractive employers that offer our employees viable opportunities for personal development. Addtech's development and competitiveness are strongly linked to the personal development of employees and their wellbeing. To that end, we operate our own Business School and hold annual performance appraisals.

The Addtech Business School offers a broad programme including corporate culture and business ethics, leadership and economic and business acumen. The overall goal is to develop, train and motivate our employees. The School's various courses offer employees training adapted to their particular experience and duties, and are aimed at both new employees and senior executives. During 2016/2017, we clarified the guidelines as to which activities are classified as training, which may explain the differences between 2015/2016 and 2016/2017.

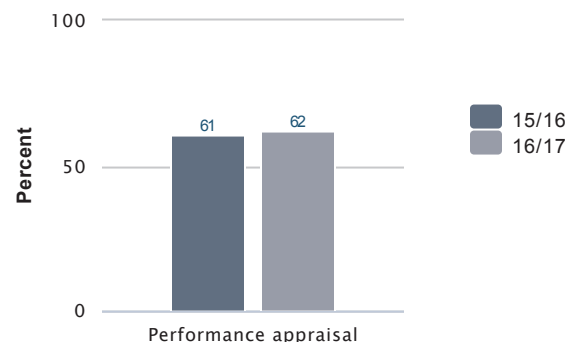
Dialogue with employees takes place, for example during the annual performance appraisal. The aim is that all employees should take part in a personal development review every year. In the course of 2016/2017, we further refined our methodology for performance appraisals.

In 2016/2017, formal development reviews were held with 62 per cent (61) of our employees. During 2017/2018, work on implementing the new methodology for performance reviews will continue.

Hours of training



Number of employees who have regular performance appraisal dialogues

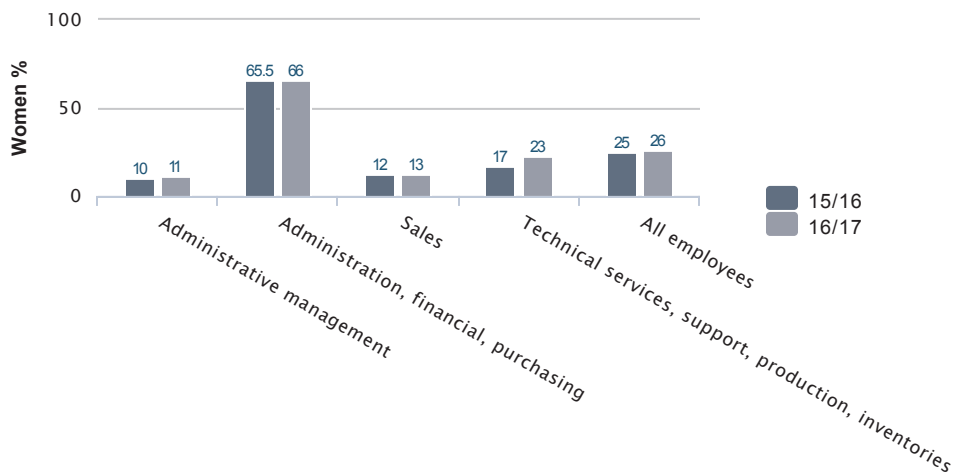


Equal opportunity and diversity

We do not permit discrimination or harassment in any form. All employees must be given the same opportunities for development regardless of gender, age, ethnic origin, religion, political views, sexual orientation, disability or other distinguishing features. Guidelines for work on equal opportunity and diversity are set out in the Code of Conduct.

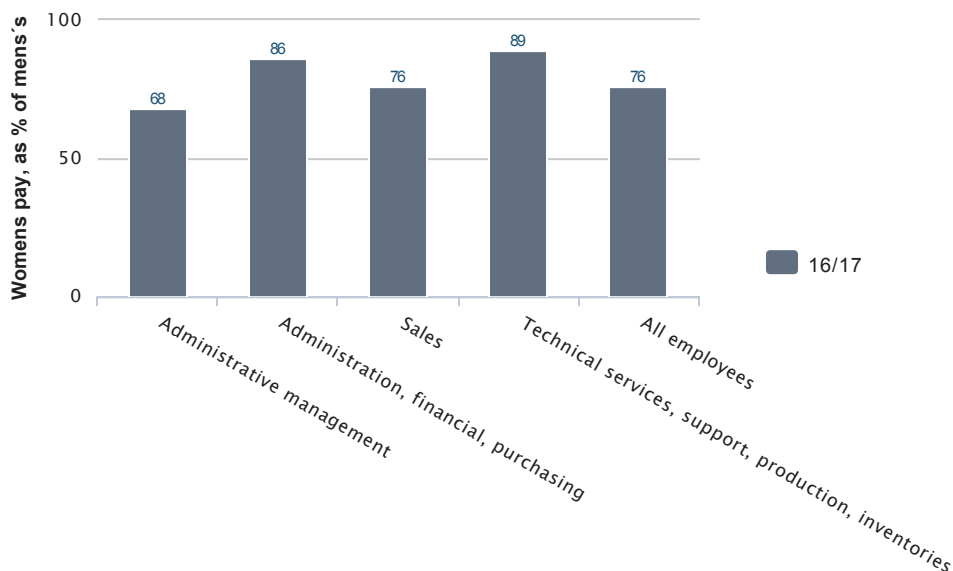
The technology trading industry has historically been male dominated, and still is. Addtech's ambition is to continually increase the proportion of women. The proportion of women and men in the Group shall at least reflect the general gender distribution in the industry, and the proportion of graduates from institutes of technology.

Gender distribution



Addtech's ambition is also that all employees in the Group, irrespective of gender, are given equal opportunities for remuneration for equivalent work. Wage differences for men and women in the Group vary between different areas of position. Addtech has identified an uneven distribution in the salaries of men and women. However, it ought to be mentioned that no account was taken of age, scope of period of work, previous experience, training or productivity, which means that the numbers may be misleading. In conjunction with the transition to GRI Standards, Addtech updated the personnel categories for sustainability reporting, which means that data from the previous year is not comparable.

Wage differential



WE SET HIGH STANDARDS FOR OUR SUPPLIERS

Addtech's good reputation is one of our strongest competitive assets. Because we make great demands of integrity and ethics in our own operations, it is natural to do the same with our suppliers as well. We work closely with our suppliers, and review them regularly to ensure that the whole value chain is working to the same ethical objectives.

No incidents in connection with infringements of human rights were reported in 2016/2017 or previous years.

Addtech's Code of Conduct for suppliers

In 2016/2017, we produced a separate Code of Conduct for Suppliers. The aim is to increase clarity as to which demands are placed on suppliers and facilitate easier monitoring by our companies. The Code of Conduct for Suppliers will be rolled out in the organisation during 2017/2018.

Addtech's supplier chain

The major share of Addtech's sales consists of products and solutions from global and market-leading suppliers. We have a large number of suppliers across the world and the major share of purchases come from suppliers outside the Nordics, in Europe, the USA and Asia. Of course, the fact that the largest share of production takes place outside the scope of our operations represents certain sustainability risks. Relationships with our suppliers are often longstanding and involve close collaboration on how the supplier's products can be used in a variety of customer applications. This benefits quality, price, lead times and customer satisfaction, and at the same time gives us the opportunity for constructive dialogue on the supplier's sustainability risks and development.

Addtech is also constantly seeking new suppliers who can complement or boost the development of our business. We maintain a continual focus on deepening our supplier relationships and ensuring that our suppliers live up to what we expect vis-à-vis their employees, society and the environment.

Supplier evaluations assure sustainability in our value chain

In most years, Addtech has conducted certain supplier evaluations in order to analyse our suppliers in terms of our Code of Conduct. The evaluation is based on both a social perspective and environmental considerations. The aim of supplier evaluations is to ensure that Addtech's companies work with ethically responsible suppliers and that the whole of our value chain operates according to the same ethical objectives. The ambition is to work with our suppliers and to review them regularly in order to bring about positive change.

In 2016/2017, we established minimum requirements, to be fulfilled within a period of three years, for the assessment of suppliers. The targets apply to all levels, Group, business area and company. Special targets apply to new suppliers, any high-risk products and high-risk geographies. Each business area is responsible for developing detailed targets and action plans in order to achieve these three-year objectives.

During 2016/2017, the Group-wide system and process for supplier assessment underwent further development for continued roll-out during 2017/2018.

Anti-corruption

Business ethics is high on our agenda, representing an issue that is continuously addressed, for example in the Addtech Business School. Guidelines on anti-corruption are set out in the Code of Conduct and the Code of Conduct for Suppliers. We have a stated policy of zero tolerance of corruption, bribes and unfair anti-competitive practices. No cases of corruption were found to have occurred during the year.

Child labour

The UN Convention on the Rights of the Child, the ILO's Minimum Age Convention (no. 138) concerning Minimum Age for Admission to Employment, and the ILO's convention (no. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour serve as guidelines for all activities conducted in our name. No incidents involving any breach of these conventions were reported during 2016/2017.

Labour law

All our companies and suppliers must, under our Code of Conduct, at least meet the minimum requirements of national legislation in the area of labour law. Guidelines regarding labour law are set out in our Code of Conduct. Addtech has a zero tolerance policy on forced labour and works actively to assure itself that no breach of regulations takes place in our operations or our value chain.

OUR ROLE IN SOCIETY

Addtech also creates value at society level. We create jobs, advance the development of competitiveness in value-adding technology trading and contribute via tax payments.

Addtech's companies have strong local roots and their operations are often based in small towns. When it comes to acquisitions, we therefore seek to remain in those locations, and to develop the skills that exist there. Our aim is contribute to strengthening the community in which we operate by pursuing an invigorating and long-term policy in our business activities. We strive to recruit new employees locally and to offer jobs to young people. We want to create the right conditions for local growth by means of active and constructive dialogue with the local community.

Another aim is that our products and technical solutions should play a part in increasing efficiency and reducing energy consumption for our customers. In line with Addtech's corporate culture of decentralised responsibility, our social engagement is carried out at our companies. Our Group companies are themselves responsible for taking their environment into account and maintaining a constructive dialogue with the surrounding community.

Taxes

We play our part in and contribute to our common prosperity via employer's social welfare contributions and taxes. In every country where operate, that country's tax legislation and regulations shall be observed. Profit before tax amounted to SEK 580 million and the income tax amounted to SEK 130 million, corresponding to just above 22 percent.

TARGETS FOR SOCIAL VALUE ADDED

Addtech shall provide a workplace where employees enjoy their work and develop their capacity. To uphold our good reputation, we must maintain high quality and a high standard of business ethics in all our undertakings.

To achieve this, we strive to ensure:

- that we have the most satisfied employees in the sector
- that we offer a workplace that promotes diversity and equal opportunity
- that no employees suffer physical or mental ill-health as a result of their work
- that all employees, operations and suppliers comply with our Code of Conduct
- that every year we increase the number of suppliers who have undergone our supplier evaluation

ENVIRONMENTAL VALUE ADDED

Conservation of the environment is an important part of our strategy. The aim is to minimise our environmental impact and we therefore focus actively on cutting our carbon dioxide emissions, raising the proportion of renewable energy consumed in our operations and finding ways of using natural resources more efficiently and carefully.

Addtech's main business today consists of trading in technology products. Our environmental impact therefore arises in transport and warehousing activities. Our use of raw materials, chemicals and fossil fuels is limited, since the actual production process mostly takes place at our suppliers. However, we have decided to assume a degree of responsibility that stretches beyond our own operations and via our Code of Conduct to require that our suppliers also take the environment into consideration in their production.

The environmental perspective must be part of all important decisions, with a view to creating long-term value for customers, employees, shareholders and society at large. Environmental work shall be conducted within the scope of our business concept and shall be closely integrated into operational activities. With a high level of expertise among our employees, and by constantly developing our knowledge of environmental consequences, we can maintain a holistic approach to environmental issues and contribute to improvements within the organisation and among our customers and suppliers. Because much of our environmental impact is indirect, we aim to develop more sustainable products and solutions that help our customers reduce their environmental impact. That way, we can make a difference on a larger scale. During the year, we incurred no fines or sanctions for environmental contraventions.

Environmental policy

During the end of the financial year 2016/2017, we further developed our environmental policy. The updated policy will be rolled out at all companies during 2017/2018.

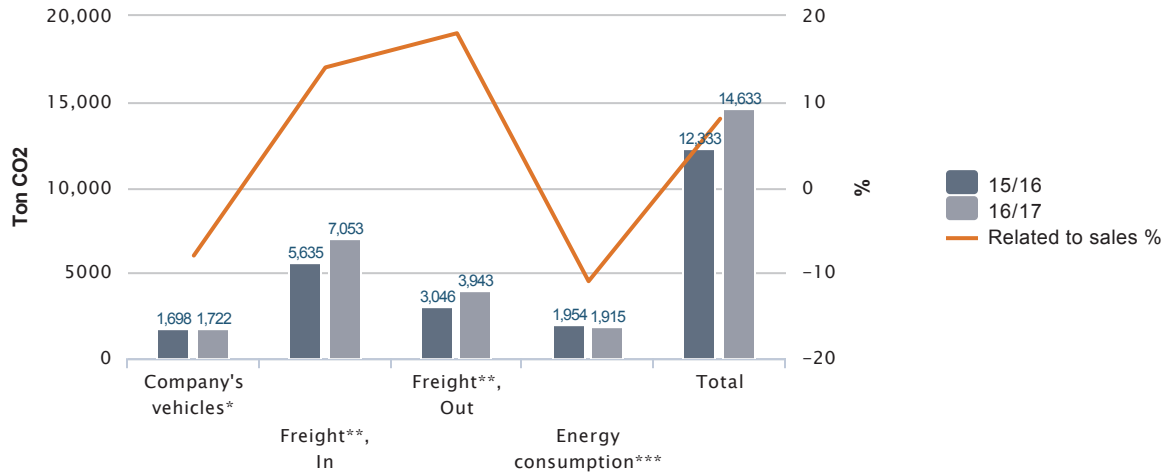
Climate impact

Addtech's impact on the climate principally comprises carbon dioxide emissions. Combustion of fossil fuels also produces emissions of other greenhouse gases, but Addtech has concluded that carbon dioxide emissions represent the biggest threat from the Group's operations.

In the calculation of carbon dioxide emissions arising from electricity generation, the calculation was based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO₂. In addition to emissions arising from the internal use of fossil fuels and electricity, carbon dioxide emissions are also generated by various kinds of transport, including transport of materials and products, as well as employee travel. Addtech reports carbon dioxide emissions for employee travel and for materials and product transport according to the table below, which shows the Group's CO₂ emissions. We put total carbon dioxide emissions in relation to sales to give a true and fair view of emissions, a so-called intensity measure for greenhouse gases.

This year's total climate impact was 2.04 tonnes CO₂/ SEK million. This means that since 2014/2015, we have reduced our CO₂ emissions in relation to net sales by almost 5%. Emissions from energy use have also declined, partly because we increased the use of renewable energy in the Group.

CO2 emission



*Based on reported kilometres driven and average emission of CO2/km from the Group's vehicle fleet.

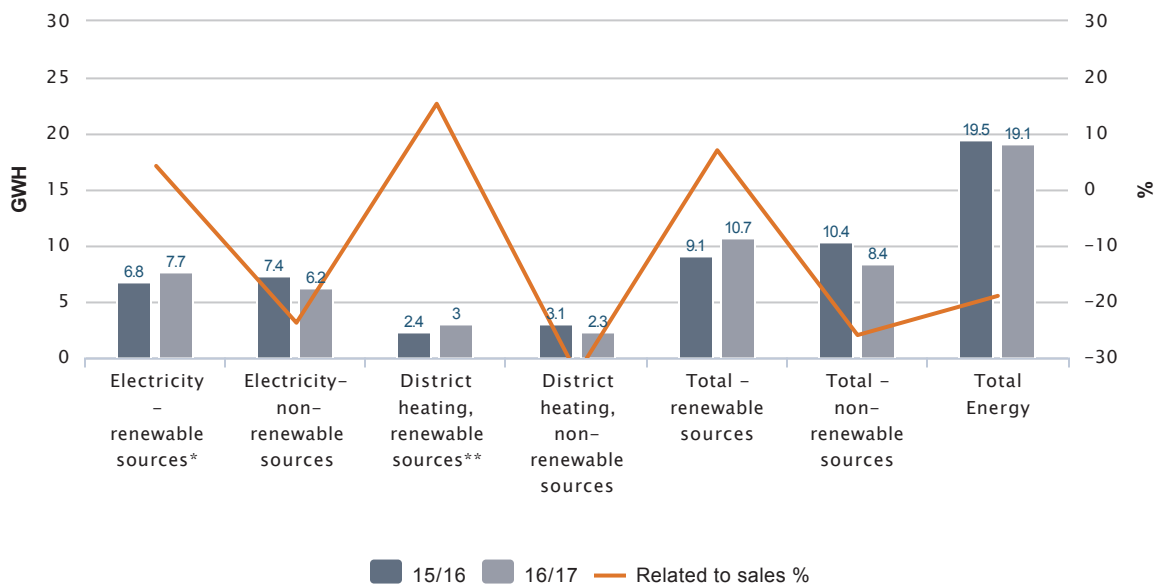
**Based on reports from transport providers, plus own calculations using ecotransit.org.

***Based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO2.

Energy consumption

During the financial year, work started on an energy analysis, which will be used to identify areas for improvement. Currently more than half of the electricity that we use comes from renewable sources, and our aim is to continue to increase that share. Total energy consumption decreased to 19.1 GWH (19.5). Energy consumption in relation to net sales amounted to 26.6 MWH/SEK million (31.7), a decrease of 27% compared with 2014/2015 when energy consumption amounted to 36.4 MWH/SEK million.

Energy consumption



* Solar energy, wind power and hydropower

** Biofuel, waste heat, waste (70 percent renewable)

Suppliers

Addtech's sales of high-technology products and solutions cause limited direct impact on the environment. We focus continually on improvement measures in the areas where we can make a difference, but our indirect environmental impact largely takes place at our suppliers. Our objective with supplier surveys is to obtain an overview of how our suppliers approach taking sustainable development forward. Environmental conservation measures shall be implemented to the extent they are technically feasible, reasonable from a business economic viewpoint and environmentally justified. Suppliers are encouraged to operate in line with our environmental policy. Suppliers are also required to be familiar with and observe requirements laid down by national legislation, statutes and industry standards. Suppliers must as a minimum requirement operate a secure system for management of hazardous materials and waste.

TARGETS FOR ENVIRONMENTAL VALUE ADDED

Addtech shall focus actively on continuously reducing the direct and indirect environmental impact from our operations, products and processes.

To achieve this, we strive:

- to continue our work on offering products and solutions that play a part in advancing sustainable development and reducing environmental impact
- to continue our work in setting energy and climate goals
- to continue our work on energy analysis in accordance with the EU Energy Efficiency Directive (to be completed by no later than 2019)
- to continue our work on updating in accordance with ISO 14001:2015 (to be completed by no later than 2018)

GRI INDEX

Each year, Addtech reports the Group's sustainability work by producing a sustainability report that follows the guidelines of the Global Reporting Initiatives (GRI). This index shows which questions that have been answered and where you can find the answers. Source AR = Annual Report, SR = Sustainability Report. The report complies with the guidelines of the GRI Standards, application level Core.

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