



# Sustainability Report 2021



# CONTENTS

INTRODUCTION .....	3
Business model.....	5
Materiality analysis .....	6
Risk analysis .....	8
Highlights during the year .....	9
RESPECT FOR HUMAN RIGHTS AND COMBATING CORRUPTION .....	10
Code of Conduct .....	10
ENVIRONMENT .....	11
Our environmental efforts .....	11
Material use.....	11
Successful test with lead-free brass.....	12
Environmental documentation .....	13
Energy use .....	13
LK and Quandify initiate a collaboration and launch the next generation of water meters - CubicMeter .....	14
LK CubicSecure - The new generation of innovative water fault switches .....	16
Energy-efficient pipe production .....	17
Transports .....	17
New travel centre in Sundsvall obtains ground heating from LK .....	18
SOCIAL CONDITIONS AND PERSONNEL .....	19
Employees .....	19
Work environment.....	19
Absence due to illness .....	20
Functional diversity is an asset at LK.....	21

# INTRODUCTION

You are now reading our sustainability report. Here, we provide you with a comprehensive picture of our sustainability work, our goals and the way we reach them. We want the report to increase knowledge about and inspire more sustainable initiatives, both internally and externally.

Our products are market leaders, both in terms of safety and quality, and we have been delivering smart products and system solutions in HVAC to the Swedish market since 1910. We have a strong focus on sustainability, which includes environmental certifications that strengthen our work towards continuous improvements. This is fully in line with LK's development of smarter and more sustainable solutions. Our customers can be confident that sustainability is guaranteed in our products and in our business at all stages, from enquiry to order confirmation, tender, manufacturing, delivery and aftersales market.

To create the best opportunities for our sustainability work, our work environment shall provide the conditions for personal development, and be characterised by job satisfaction, trust, learning and listening to each other. We create commitment and motivation by including employees in decisions and ensuring they are involved in the development of our processes. We want an open work culture, where we feel comfortable raising questions and proposing alternative solutions. With our most important resource at LK, our personnel, we will continue to be successful for many years to come," the steering group at LK says.

We work continuously with reviews of our suppliers and control of our own operations. The sustainability report helps us to question and act. It not only highlights what we do well but also what we can improve. It strengthens our conviction that we should not rest on our laurels or get stuck in a rut. Every day, we are working to achieve increased sustainability for our customers, ourselves and the rest of the world.

The report does not cover the operations conducted within LK Finans AB. Portfolio companies in LK Finans AB that are subject to the legal obligation prepare their own sustainability reports.



**GLOBALA MÅLEN**  
för hållbar utveckling

World leaders have committed to 17 global goals to achieve four fantastic things by 2030. Eliminating extreme poverty. Reducing inequalities in the world. Solving the climate crisis. Promoting peace and justice. Over the next few years, LK will focus extensively on carbon-offsetting the transport of our goods, but it will also review how the products can be further improved from a sustainability perspective. This can be achieved through the Global Goals for Sustainable Development. In all countries, and for all people.

## FOR A SIMPLER AND SMARTER LIFE

Simpler, smarter and more sustainable - at LK we always assume there is a better way to do things. In everything we do, we prefer innovation to the status quo and simplicity rather than complexity. With this conviction, we develop smart products and system solutions at LK for heating, water and sanitation.

**LK Armatur** is a leading valve and system manufacturer in Europe with an annual production of millions of valves for the global HVAC and plumbing market. Our solutions are based on a comprehensive approach to how valves, controllers, components and prefabricated products work together. In everything from standard to advanced customisations, we ensure that the solution you need today also equips you for the future.

**LK Pex** manufactures high quality plastic pipes for the HVAC and plumbing industry. Our own production of cross-linked polyethylene PE-Xa pipes with unique flexibility and pressure strength is an example of continuous product development, always with the goal of simplifying your life and securing you an even smarter future.

**LK Systems** is a Nordic leader in solutions for heating and tap water systems. Our systems are easy to install. Moreover, we also manufacture customised systems in our prefabrication plant that further simplify the installation. From idea to finished product, this is where you find the smartest solutions, today and in the future.

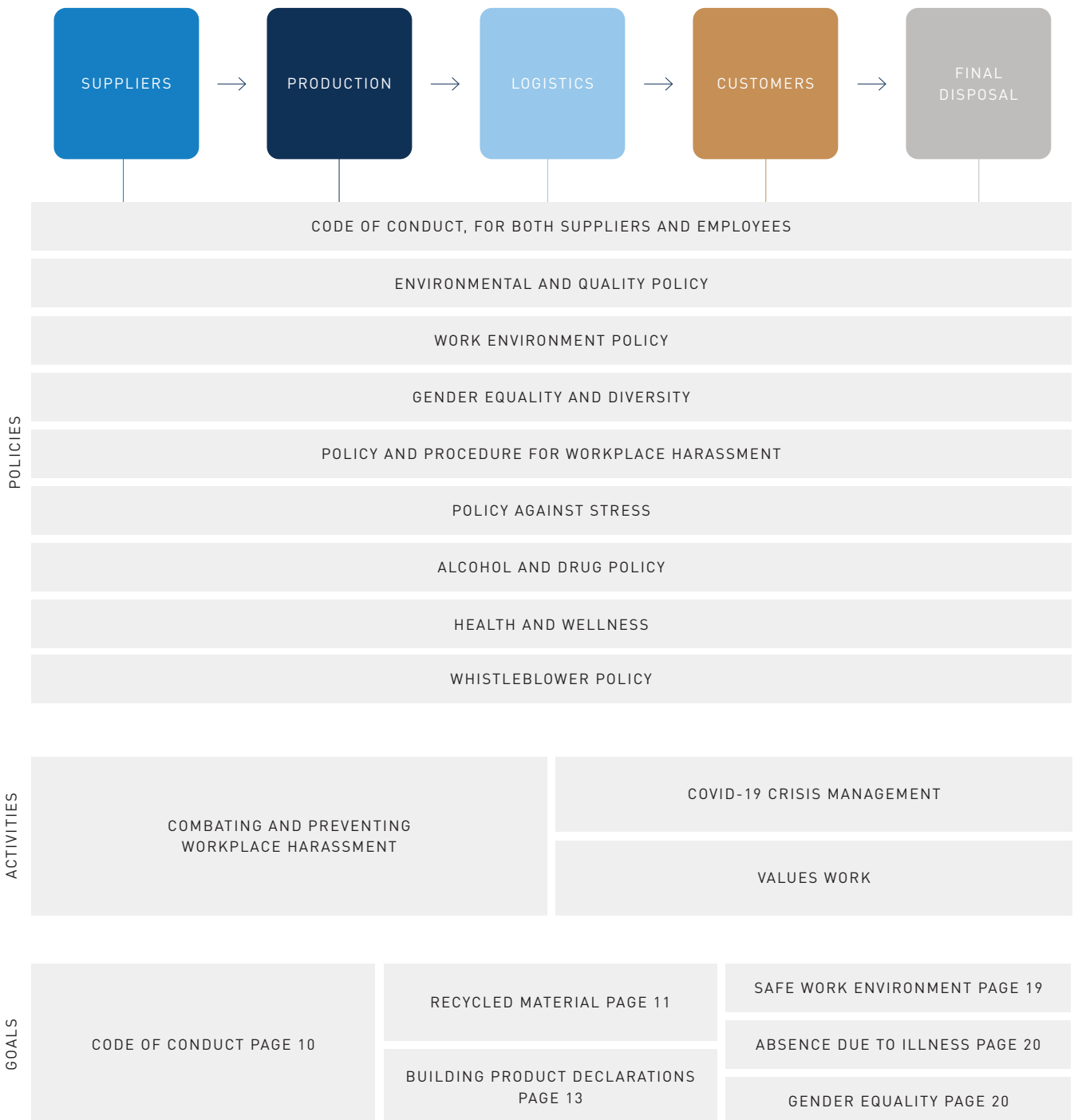
### Five facts about LK



# Business model

## Our vision

We are the first choice for smarter and more sustainable solutions for a simpler life.



# Väsentlighetsanalys

During the year, we all hoped that we would be able to get back to normal. LK had already made very effective adaptations in the operations and we have continued to do so. Despite a shortage of raw materials, we have been able to deliver products almost as usual, and we have even succeeded in ending the year with a new sales record.

We already have a well-functioning crisis organisation that works both centrally and locally to manage the situation. Just as we did at the start of the pandemic, we have continued our success with the transition to working from home and digital meetings.

Starting from our value chain, we have identified the strengths and weaknesses linked to sustainability in our organisation. We have taken a close look at the world around us, and asked our stakeholders and ourselves what it is essential to report on. We conduct continuous reviews in LK, including of the results from customer and employee surveys.

To identify the issues that those around us consider to be essential for our sustainability work, we have focused on the five thematic areas of the Annual Accounts Act: environment, personnel,

human rights, anti-corruption and social conditions. During the year, we also conducted a study on how future construction will be developed from a sustainability perspective. By both reading and listening to what the leading real estate companies and housing developers want, a list of 14 points was obtained. These points will greatly influence our future approach to the development of our products.

In the employee survey, all of the general indices have remained at high levels, exactly as in previous years. Examples of general indices include metrics for leadership, team efficiency and psychosocial work environment. Activities focusing on well-being and commitment are regularly implemented, which is why we maintain our high results.



## Our impact

We have performed our own analysis of the sustainability issues on which we, as a company, have the greatest impact, including enabling and streamlining our products' use of renewable energy sources. The goal of the sustainability work in LK is to ensure a long-term sustainable development for the company and for our world. To obtain an even clearer focus, we have appointed a Sustainability Manager and a Sustainability Specialist, where one of their main tasks is to clarify our climate impact by means of Environmental Product Declarations (EPDs) for our products, solutions and systems.

## Planned actions

We will continue to develop our work, in all aspects from sustainability to work environment. We have a good platform, with many satisfied, committed and proud employees within LK, who want to continue our long-term work with continuous development. Through our Sustainability Report, we want to provide you with an insight into how we see our way forward.

From an environmental perspective, we will, among other things, produce EPDs for our range and continue to carbon-offset parts of our transports within the organisation. Far-reaching efforts that are hugely rewarding and, at the same time, valuable.



# Risk analysis

THEMATIC AREA	IDENTIFIED RISK AREA	DESCRIPTION OF POTENTIAL RISK	HOW WE MANAGE IDENTIFIED RISKS
ENVIRONMENT	Energy use in the organisation	Our production unit in Ulricehamn has the greatest energy consumption.	<ul style="list-style-type: none"> <li>Thanks to a joint electricity contract for all our operations, we achieve better control of the electricity we buy.</li> <li>We intend to reduce our purchases of electricity from fossil sources year-on-year.</li> <li>Our LK Pex company recovers heat from the production and delivers the surplus to Ulricehamns Energi.</li> </ul>
	Transport	Our materials need to be transported and, starting from the central warehouse in Ulricehamn, the intention is to offset all transports from there.	<ul style="list-style-type: none"> <li>By planting trees, we counteract the effect of the carbon dioxide emissions.</li> </ul>
	Life cycle perspective	The environmental impact of our products throughout their life cycle, from material extraction to final disposal.	<ul style="list-style-type: none"> <li>We always consider using recycled materials in our products as far as possible.</li> <li>LK Prefab utilises smart packaging when delivering products, to facilitate sorting at source.</li> </ul>
PERSONNEL	Sick leave and occupational illness	Balance between the economy, organisational changes and workload for personnel.	<ul style="list-style-type: none"> <li>We continually follow-up all absence due to illness.</li> <li>Regular employee survey with action plans.</li> <li>Regular appraisal interviews with action plan.</li> <li>High use of work environment services.</li> <li>Regular health check-ups.</li> <li>Regular work environment training for managers and safety representatives.</li> <li>Mapping and developing action plans for people or groups with a perceived high workload or stress.</li> <li>Personal support for all employees via Falck Healthcare.</li> </ul>
	Occupational accidents	The risk of accidents at work, especially in the warehouse, working with machines and in production.	<ul style="list-style-type: none"> <li>Safety inspections are conducted regularly.</li> <li>A group-wide system for reporting and following-up incidents and accidents has been implemented and it is followed up in the safety committees.</li> <li>In the employee survey, we ask questions on the physical, organisational and the social work environment as well as on discrimination.</li> </ul>
	Corruption	Risks associated with customer and supplier contacts	<ul style="list-style-type: none"> <li>LK does not tolerate corruption, bribery and unfair conduct that restricts free competition.</li> <li>We regularly train and inform employees about our Code of Conduct and, in connection with our new HR portal, our Code of Conduct will be a mandatory part of LK's introductory programme.</li> <li>Suppliers who do not have their own Code of Conduct corresponding to LK's, may sign our Code of Conduct.</li> </ul>
HUMAN RIGHTS	Diversity and discrimination	The heating, ventilation and sanitation industry is traditionally male-dominated. Presently, we have an uneven gender balance, and this could entail a risk of discrimination for our female employees.	<ul style="list-style-type: none"> <li>On our careers page, we highlight, our business areas, benefits and career opportunities etc. in the form of employee interviews, where we interviewed a majority of women.</li> <li>During recruitment, if two candidates are equal, the female candidate should always be given priority, taking into account the Group's distribution of women and men.</li> <li>We measure and follow up discrimination in our employee survey. At LK, we have zero tolerance of discrimination.</li> </ul>



## Highlights during the year



LK CUBICSECURE  
- THE NEW GENERATION OF  
INNOVATIVE WATER FAULT  
SWITCHES.



MUSTASCHKAMPEN  
(PROSTATE CANCER  
AWARENESS)



VI-SKOGEN

WE PLANT

2,900

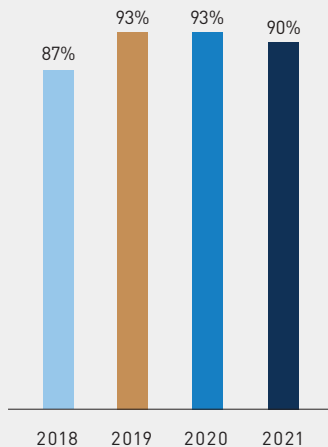
TREES TO CARBON-OFFSET  
TRANSPORTS FROM OUR  
LOGISTICS CENTRE.



LEAD-FREE BRASS  
ASSORTMENT FOR TAP  
WATER.

90%

RESPONSE RATE TO THE  
EMPLOYEE SURVEY.



REDUCED THE PACKAGING  
MATERIAL ON OUR  
MODERNISED WALL  
TRESTLE SUPPORT BY

21.9%

ALL INDICES FROM THE  
EMPLOYEE SURVEY REMAIN  
AT VERY HIGH LEVELS.

Team efficiency index.....	78
Leadership index .....	81
The engagement index .....	80
Attractive employer .....	34
Psychosocial work environment index .....	76



ACTIVE MEMBER  
OF LFM30

# RESPECT FOR HUMAN RIGHTS AND COMBATING CORRUPTION

All business activities have to be conducted in accordance with the laws and ordinances applying in each country. To ensure control of our value chain, we promote long-term partnerships with both customers and suppliers.

## Code of Conduct

Our Code of Conduct permeates our entire business. We do not tolerate corruption, bribery and any other action that restricts or distorts competition. It clarifies the demands and expectations we have of our suppliers, such as respecting fundamental human rights and treating their employees fairly and with respect. All suppliers must sign the Code of Conduct or present a version of their own that is equivalent to ours.

“ALL SUPPLIERS MUST SIGN THE CODE OF CONDUCT OR PRESENT THEIR OWN THAT IS EQUIVALENT TO OURS.”

Our employees receive regular training on our Code of Conduct . In our business, we have clear information about how important it is that we and our suppliers comply with these principles and requirements.

# ENVIRONMENT

## Our environmental efforts

At LK, we always assume that there is a better way to do things. This attitude also permeates our environmental work, where we are constantly trying to reduce our environmental impact and develop more sustainable ways forward.

As a leading player in the HVAC and plumbing industry, we feel a responsibility to lead by good example. We consider laws and environmental regulations to be the minimum requirements and we always strive to stay one step ahead in promoting the development towards a sustainable future.

To ensure good process control within all companies, we are ISO-certified\*. In addition, we set requirements on our suppliers and their environmental performance through a Code of Conduct. Among other things, this says that the supplier shall have knowledge and control of its environmental impact, and actively work to reduce any negative environmental impact.

However, in order to conduct the continuous development of more environmentally-friendly products, solutions and systems, just having regulations and stated environmental goals is not enough. It also requires long-term commitment, changes in attitude, and practical tools in the day-to-day operations. For this reason, we devote time and resources to ensuring there is support for the environmental work throughout the organisation. At LK, improvement work is underway every day - this is our contribution to future generations.

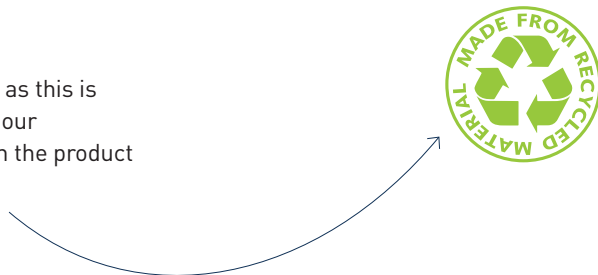
## Material use

The use of materials in our products accounts for a significant part of LK's environmental impact. Our knowledge of the alternative materials that can be used has increased, giving us the opportunity to influence and set stricter requirements on our suppliers.

We see the importance of being involved in various trade and standardisation organisations, such as VVS-Fabrikanernas Råd, Säker Vatten, SINTEF, TEPPFA and Svensk Armaturindustri. This helps us in our efforts to keep up to date with developments in the industry.

## Recycled materials in our products

We always try to use recycled materials in our products as far as this is possible. This is an issue that we prioritise and follow up with our suppliers. All products using recycled materials are marked in the product range with the **Made from Recycled Material** symbol.



### \*ISO CERTIFICATION

- LK SYSTEMS AB  
- ISO 14001/ISO 9001
- LK PREFAB AB  
- ISO 14001/ISO 9001
- LK ARMATUR AB  
- ISO 14001/ISO 9001
- LK PEX AB - PLANNING ISO9001  
CERTIFICATION IN 2022
- LK SYSTEMS AS  
- ISO 14001/ISO 9001

## Successful test with lead-free brass

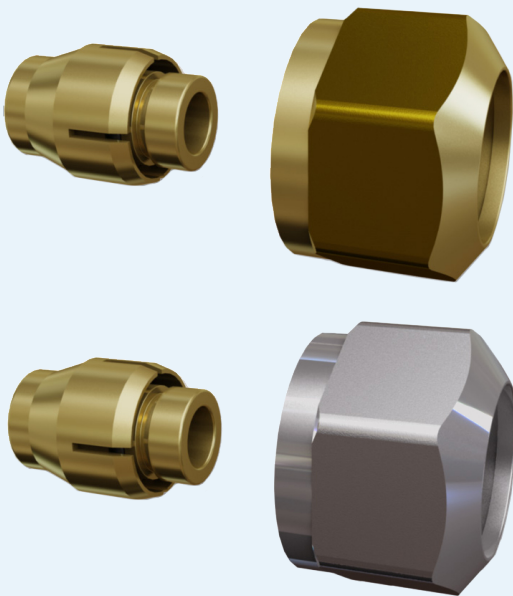
In November's issue of VVS-forum, the largest HVAC and energy journal in the Nordic region, you can read an article about a "Successful test with lead-free brass", which is one of the first attempts at large-scale production of lead-free brass. The trial used a variant of the LK AX16 Coupling set in lead-free brass.

The trial, which is part of the Optibrass project, was carried out jointly with Ezze at their factory in Gnosjö. One of the challenges, which was suspected in advance, was that long chips could form during the cutting process, which is a problem because they could wrap themselves into the machine, with a risk of breakdown. This, along with a couple of other challenges, was solved methodically during the progress of the work.

"It has been a fantastic effort, where everyone, with great commitment and focus on finding solutions, has contributed with their knowledge and experience. Generally speaking, it will be possible to

produce our product with the same cycle times as are used when it's produced in the traditional leaded alloys. It's all about the market wanting to phase out lead from brass. Lead is on the candidate list (SVHC) as a chemical element that we want to stop using in the long term," Jesper Oredsson, business developer and technical specialist at LK Systems says.

The AX 16 ECO Coupling set has been type-approved via KIWA since 2020, and is part of our standard range. We have also expanded our range in unleaded brass, including in technical luminaires, and we are continuing to broaden and develop the rest of our range.



LK Coupling set, AX16 - in yellow brass with chrome-plated design.

## Environmental documentation

To find out which substances our products contain, we request comprehensive and relevant information from our suppliers. Today, we have 1,216 items with building product declarations, a figure that is steadily increasing. We send the building product declarations (BPD) for assessment to Byggarubedömningen (Building Products Assessment) and/or Sunda Hus, when necessary. In this way, we gain increased knowledge about the environmental impact of the products. This year is the last time we will report this goal. We are well in step with our declarations for the products that are installed. We have thereby achieved what we wanted with this goal.

We also make sure we register products that are suitable for Svanen's Nordic Ecolabelling Portal. Two of our products (LK Heatfloor 22 V-belt pulley and LK Heatfloor 22 turntable) satisfy Svanen's tough requirements and carry their label. We are proud of this!

## Energy use

The production units within LK account for the majority of our electricity consumption. This part is under continuous development, partly for our strong environmental commitment, but also to increase our competitiveness. Annual targets are set in order to increase productivity and reduce the waste from our production units. This contributes to reduced energy consumption per cabinet or per metre of pipe produced.

In 2014, the operations moved to a newly built pipe factory to create better conditions for efficient world-class pipe production. The new factory has resulted in significant savings in terms of energy and water consumption (you can find out more about this on page 17 of the report).

### ENVIRONMENTAL DOCUMENTATION

---

#### GOALS

Annually increase our holding of bpd by 7%  
(does not apply to spare parts, machines and tools).

#### STATUS

We have increased by 15% from last year

#### ACTION

Continuous work to develop BPDs for the rest of the range.

---

Goal, status and action apply to LK Systems AB.

## LK and Quandify start a collaboration and launch the next-generation water meter - CubicMeter

The new unique water meter uses patented technology and fits on to the outside of the pipe, creating positive effects both in terms of time and cost. The company and technology originate from research at KTH Royal Institute of Technology, and aim to create increased awareness about water consumption. In addition to the collaboration, LK will also be a shareowner in Quandify.

Quandify develops intelligent systems linked to metering water for real estate companies etc. By using machine learning and artificial intelligence, not only is cost-effective metering made possible but this also helps to improve the companies' environmental footprint by delivering an intelligent and affordable system for reducing water and energy consumption.

"With the collaboration and partnership with LK, we gain access to a market leader who has both knowledge and experience, and who shares our vision," says Ramtin Massoumzadeh, CEO and co-founder of Quandify.

For LK, this collaboration and investment is totally in line with the company's vision, future and sustainability work.

"We are proud of this collaboration. At LK, we work with continuous development and creating smart and sustainable products and systems that simplify our customers' lives, today and in the future. The collaboration with Quandify provides good proof of this and it is only the first step in developing new solutions together," says Michael Söderberg, CEO of LK Systems.

The background of CubicMeter is the fact that Quandify identified a number of challenges in the real estate sector regarding water consumption, and realised that a general lack of awareness causes people to over-consume water by millions of litres per year. In the absence of simple installations, the water cost is based on the living space, instead of the quantity consumed - in other words, a system that penalises residents who are frugal and benefits the more wasteful.

CubicMeter solves many of the challenges. By fitting the meter on the outside, the need to cut the pipes when installing water meters is eliminated, which saves both time and money. The system also



From the left, Thibault Helle, Michael Söderberg, Ramtin Massoumzadeh and Olle Henning.

detects water leaks, which costs insurance companies billions of kronor per year, in Sweden alone.

"CubicMeter is easy to install, and tenants can use an app to both monitor their consumption in real time and receive individually adapted suggestions on how to effectively reduce their consumption without reducing comfort. In other words, we are assisting residents to reduce both their water and energy consumption, paving the way for a more sustainable and aware public and private real estate sector," says Thibault Helle, co-founder and CTO at Quandify.

Among other things, the system has the option to collect and analyse data, which creates knowledge and insights that promote awareness and the give the opportunity for optimisation. It is thanks to an increased awareness of their individual water

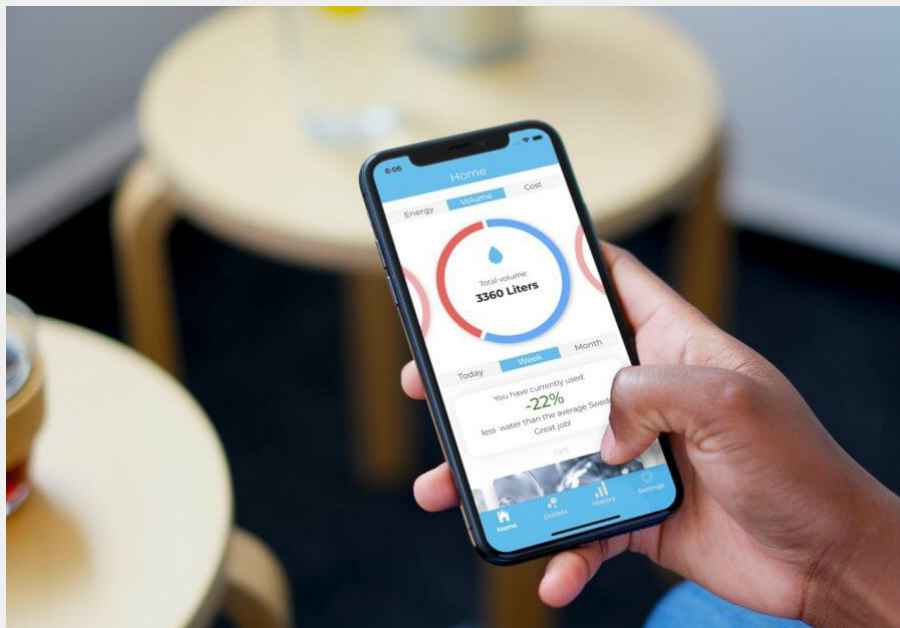


consumption that individuals can reduce their water consumption by about 30% according to most international studies, which is in line with the UN's sustainable development goals.

In addition to the UN's fixed sustainable development goals, there are also other aspects that are important to take into account. In Europe, requirements are beginning to be set stipulating that water meters must be installed in each apartment, and in Sweden, new requirements for IMD (individual measurement and charging) for heating and hot water have been in place for certain parts of the existing apartment stock since 2021.

"The product fits perfectly into our range and our PEX and PAL pipes, but it is also in line with broadening our product portfolio and following the needs of the market. Quandify possesses a unique technology that we find interesting, and they are far ahead in IoT. It is a properly sized platform with a high technical level that suits us well as we continue to develop and broaden our connected products\*," says Fredrik Svensson, Head of Marketing and Business Development at LK Systems.

\* LK Room control and LK Water fault switches are currently available as connected products.



CubicMeter is easy to install, and tenants can use an app to both monitor their consumption in real time and receive individually adapted suggestions on how to effectively reduce their consumption without reducing comfort.

## LK CubicSecure - The new generation of innovative water fault switches

With the smallest overall dimensions on the market, LK CubicSecure measures water flow in real time and detects water leaks immediately. The water fault switch protects homes from damage caused by dripping leaks and broken water pipes.

LK CubicSecure has been developed and manufactured in Sweden using advanced water measurement technology that is based on ultrasonic sensors continuously measuring water flow. The ultrasonic sensors measure with precision and accuracy, allowing small flows to be indicated. To detect the smallest droplet leaks, LK CubicSecure has a pressure sensor that continuously meters the pressure. Once a day, the valve turns off the water and measures the pressure to detect the absolute minimum deviations. This is usually done at night, when the water has not been used for a while.

### The smallest overall dimensions on the market

The compact design makes LK CubicSecure easy to install, and it is small enough to fit inside installation cabinets. The product can be installed without yarn thanks to the EuroCone connections, using flat gasket or flax directly on the threads. The dolly is designed to allow insertion into a vice and to be accessible from as many directions as possible.

“LK CubicSecure functions entirely on its own and does not need a connection, but there are many advantages when the product is connected to the Internet. You then receive notifications of alarms and the option to see your personal water consumption, and you can control your LK CubicSecure remotely via our app,” says Hampus Ramde, Product Manager at LK Systems.

### New regulations for water fault switches

The insurance companies, Saker Vatten and some of the leading manufacturers of water fault equipment have developed a new regulatory framework for what may be called water fault switches. The new rules are effective from 1 December 2021, and LK CubicSecure has been designed to comply with these rules.

“At LK, we work with continuous development and creating smart and sustainable products and systems that simplify our customers’ lives, today and in the future. LK CubicSecure helps keep your property safe and secure from water damage. LK CubicSecure creates an increased awareness while assisting property owners to reduce both their water and energy consumption\*, paving the way for a more sustainable and conscious public and private real estate industry,” Hampus concludes.



\* According to studies, implementing individual measurement reduces water consumption by about 30%. For an average family, not only water consumption but also carbon dioxide emissions, and any costs for leaks, are reduced.



## Energy-efficient pipe production

LK's pipe factory and logistics centre in Ulricehamn is self-sufficient in heating, thanks to heat recovery from the production. In addition, both electricity and water consumption have been reduced.

In 2014, we built a new factory in Ulricehamn for the production of plastic pipe for the HVAC and plumbing industry. The aim was to increase capacity and, at the same time, switch to more energy-efficient production. When the plastic material is melted and processed, waste heat is generated in the form of hot air, which is recycled using a heat exchanger. The heat from the water that is used to cool the pipes is recycled in a similar way.

Thanks to this heat recovery, we can heat the entire factory premises as well as our nearby logistics centre, equivalent to a total area of just over 20,000 square metres. In addition, the excess heat is used to melt snow and ice at the loading dock, to prevent slipping when goods vehicles are collecting outgoing deliveries. Any additional heat

surplus is delivered to Ulricehamns Energi and their district heating network.

Thanks to a closed cooling water system, we have reduced our water consumption on the production lines by fully 96 per cent, compared to the old factory. Electricity consumption has also decreased, for example by upgrading the production with more effective and energy-saving machines, and by installing LED lighting and motion-detection control that regulates the lighting as needed. We are now exploring the possibility of switching to green electricity produced from renewable energy sources and reducing our fossil dependence.

By moving pipe production to a newly built factory and working actively with increasing the efficiency, we have:

Installed heat recovery that generates an annual surplus of

> 200  
MWh

Reduced overall water consumption by

96%

## Transports

We continuously review our transports and how we can make them even more efficient. In 2017, we moved our Swedish logistics centre from Malmö to Ulricehamn. The new logistics centre is adjacent to our pipe factory.

The move and the new premises result in more efficient deliveries as well as shorter transport distances, as we are now closer to several major customers. At the same time, the need for transports from the factory to the former warehouse in Malmö has disappeared. But, at LK we **do not think this enough**. In 2022, we will carbon-offset for the carbon dioxide generated when goods are transported from the logistics centre to our customers. **A slightly greener LK.**



**VI-SKOGEN**

We are planting 2,900 trees to carbon-offset transports from our logistics centre.

## New travel centre in Sundsvall obtains ground heating from LK

The beautiful town of Sundsvall is expanding and the construction of the new travel centre, which is expected to be completed in August 2021, is in full swing and the project is well underway. The old central station will become a new travel centre, designed to meet the travel requirements of tomorrow.

The project includes, among other things, a new bus terminal and renovation of the listed station building and its outdoor environment. The aim is to gather and simplify public transport by making it easier to switch between different modes of transport, such as buses and trains. Sundsvall aims to expand as a city, and a new travel centre will be an important location with great opportunities for developing buildings not only in close proximity to the travel centre but also along the quays on Sundsvall Fjord.

The municipal real estate company SKIFU owns Sundsvall Central Station and is the developer for the project.

“Sundsvall is continuing to invest in sustainable travel, and the central station will be transformed into a modern travel centre with the aim of becoming a safe and pleasant place that is easy to reach. Because functionality is important, we have chosen to invest in ground heating that increases accessibility but also fits well into our sustainability work,” says Urban Simander, Administrator at SKIFU.

### The many advantages of ground heating

Apart from keeping snow and ice off terminals, platforms and platform connections, the ground heating not only creates increased comfort and safety, with reduced risks of slipping and broken bones\*, but also reduces the need for snow clearing and cleaning. Trains and buses are also kept clean and fresh because the passengers do not drag in snow and grit, which results in less wear and maintenance.

### The construction project's contractor, Rekab, has engaged a subcontractor to install ground heating from LK

“It should be easy to make smart and sustainable choices in life. The new travel centre in Sundsvall is a shining example of creating better conditions by reducing the risk of slipping accidents, increasing accessibility and using resources in a smart and sustainable way,” says Christer Öhgren, sales representative at LK.



The responsible pipe contractor is Gustafssons Rör, which started in Umeå but is now located in several locations in Norrland, including Sundsvall.

“We have long had a good relationship with LK, and for us it is important to have good delivery and product quality. LK is constantly developing smart and sustainable solutions together with us pipe fitters, which makes life easier for us,” says Christer Persson, leading fitter at Gustafssons Rör.

\* Every winter, the media and authorities warn about the danger of slipping. Statistics from the National Board of Health and Welfare show that almost 18,000 people needed specialist care for cases associated with ice or snow in 2017. The total number of those injured is even higher, because patients in primary care are not included in the statistics.

# SOCIAL CONDITIONS AND PERSONNEL

## Employees

We want to create a sustainable organisation and to be an attractive workplace for existing and new employees.

Our organisation shall be characterised by satisfied and committed employees, good leadership, a safe working environment, low levels of absence due to illness, great diversity and gender equality.

Our leadership is an important prerequisite for our employees to thrive and to develop together with our customers. In 2021, we conducted an employee survey, with very good results across all indices, where all indices are above benchmark results. The employee survey also shows how we can continue to develop as managers and as an organisation, identifying the efforts that are needed and where they are needed. During the year, we initiated a leadership development programme for all of our managers. The first of three modules has been completed, and the remaining modules will be completed in 2022. The purpose of the leadership development programme is to maintain and develop sustainable leadership.

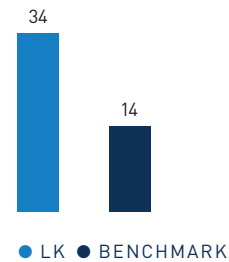
## Work environment

As part of our work to develop the work environment, we have digitalised our accident and incident reporting. This makes it easier to follow up on accidents, spread knowledge about the risks in the work environment more quickly, and implement comprehensive measures for safer workplaces.

In order for our employees to feel that they work in a safe environment, we conduct training in the work environment, including CPR, BAM, OSA and safe driving. The courses play an important role in allowing us to identify and prevent risks in the work environment.

To reduce the number of occupational accidents, our production units use various methods to highlight the risks at work and to increase knowledge. One example is the Green Cross, where we focus on the work environment on a day-to-day basis and follow up incidents and accidents. In 2021, the Swedish Work Environment Authority carried out an audit at LK Systems' offices in Malmö. The outcome of the audit was good.

### ATTRACTIVE EMPLOYER (ENPS) 2021



Index for how many people would recommend LK as an employer.

## Absence due to illness

Healthy workplaces are important to us and our employees. We continuously monitor our employees' absence due to illness so we can act preventively and implement early intervention measures that reduce long-term absence due to illness among our employees. To ensure more systematic health promotion in our workplaces, we have a company-wide occupational health care service for LK in Sweden.

## Diversity and equal opportunity

LK strives to have employees with different genders, nationalities, backgrounds, ages and experiences. We believe that this is a prerequisite for continuing to develop as a company. Today, we have employees from many different nationalities. Personality plays an important part in our recruitments, and we have a long tradition of including employees with functional diversity in our operations.

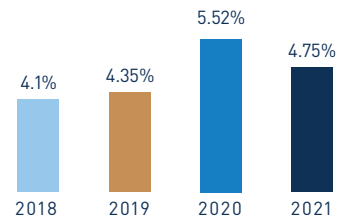
### Gender equality

Attracting female employees in a traditionally male industry is a challenge. Few women choose the vocational training available in our business areas. There are also few women who apply for the vacancies that are advertised. The same is true for traineeships. This places high demands on us as an employer. By offering an attractive and inclusive workplace where people thrive and stay, we hope that more women will choose to work at LK. We want to show that there are women in different positions at LK. One example is the employee interviews we conduct, where we consciously highlight women in male-dominated positions.

In our employee survey for 2021, we asked questions about discrimination and workplace harassment. When asked if the language used is suitable for everyone, regardless of the grounds of discrimination, 88% (88% last year) said they fully agree and 6% (6% last year) are neutral. When asked if they have been free from workplace harassment in the last 12 months, 94% agreed completely (94% the previous year) and 2% are neutral. This is a very good result that we want to maintain over time. However, at LK we are working systematically towards a zero vision.

We already measure the distribution of the number of men and women who work with us. Today, 21% of our employees are women, and our goal is to increase the number to 24% over a three-year period.

### ABSENCE DUE TO ILLNESS



Hours of absence due to illness in relation to the number of hours worked (LK in Sweden).

### GOALS

2% for white-collar workers and 5.5% for employees on collective agreements (hours of absence due to illness in relation to hours worked).

### STATUS

A total of 5.52% hours of absence due to illness in relation to the number of hours worked, of which 3.38% were for white-collar workers and 8.12% for employees on collective agreements.

A major reason for the increase in absence due to illness is our high proportion of employees on collective agreements who are unable to work at home in case of milder symptoms due to COVID-19.

### ACTION

Work with leadership development, because leadership is of great importance in reducing absence due to illness, and utilising our occupational health care in preventive work environment management and rehabilitation.

Work with results from stress mapping.

### DIVERSITY AND GENDER EQUALITY

### GOALS

24% women in 2025, LK in Sweden.

### STATUS

21% women, LK in Sweden.

### ACTION

Conduct employee interviews, the majority of which highlight women in different companies, roles and locations.

Maintain the good results from the employee survey about discrimination and workplace harassment.

## Functional diversity is an asset at LK

LK has developed a successful model for combining social involvement with business benefits. At our facility in Helsingborg, people with various types of functional diversity are an important and appreciated part of production.

For more than 25 years, LK in Helsingborg has been offering work opportunities for people with various types of functional diversity. Today, this group consists of 13 people, plus a supervisor who leads and allocates the work. They are integrated into production and have the same rights and obligations as other employees. Their duties consist mainly of simple assembly, product labelling and packaging. Some individuals eventually move on to more advanced tasks. The opportunity to have a real job with a salary means a lot, and the vast majority stay with us for a long time.

In 2010, LK was named employer of the year (the Visa vägen prize) by Samhall for our commitment and ability to highlight the business benefits arising from having diversity in the workforce. Because we are entitled to salary contributions from the Swedish Public Employment Service for these employments, the payroll cost is lower than normal. This means that we can retain more manual steps and avoid investing large sums in automation. In addition, the flexibility in the production increases because different departments can borrow employees from each other, if necessary.

Our social commitment and diversity contribute to a good psychosocial work environment. Today, there are many different nationalities represented at the company, with different cultural, linguistic, ethnic and religious backgrounds. Everyone feels welcome, and there is great respect and understanding for each other's differences.



Personnel from our facility in Helsingborg.

---

**Lagerstedt & Krantz AB**  
Box 66  
(Johannesfredsvägen 7)  
SE-161 26 Bromma  
Sweden  
Exchange: +46 8 506 851 00

**LK Armatur AB**  
Garnisonsgatan 49  
SE-254 66 Helsingborg  
Sweden

**LK Armatur D.O.O**  
Cvetna 1  
23101 Zrenjanin  
Serbia

**LK Armatur  
Deutschland GmbH**  
Alte Reichsstraße 15  
DE-32549  
Bad Oeynhausen  
Germany

**LK Pex AB**  
Box 21  
(Rönnåsgatan 4A)  
SE-523 21 Ulricehamn  
Sweden

**LK Prefab AB**  
Strömmavägen 2  
SE-803 09 Gävle  
Sweden

**LK Systems AB**  
Box 66  
(Johannesfredsvägen 7)  
SE-161 26 Bromma  
Sweden

**LK Systems AS**  
Eikenga  
NO-170579 Oslo  
Norway

**LK Systems OY**  
Huoltotie 4  
FI-04300 Tuusula  
Finland

#### **For a simpler and smarter everyday life**

Simpler, smarter and more sustainable - at LK we always assume there is a better way to do things. In everything we do, we prefer innovation to the status quo and simplicity rather than complexity. With this conviction, we develop smart products and system solutions at LK for heating, water and sanitation.

