

Corporate Social Responsibility Report 2015-2016

Focus on Employees and Policies

ABOUT LYNGSOE SYSTEMS A/S

Lyngsoe Systems is one of the world's leading software developers and systems integrators of logistics solutions for a wide range of complex logistics chain environments within the library, postal, supply chain and airport markets. We have been designing, installing and maintaining control and track-and-trace systems for more than 40 years and are leaders within the radio frequency identification (RFID) technology market.

With more than 3,700 installations worldwide in more than 60 countries, the Lyngsoe team demonstrates extensive customer process knowledge and advanced expertise within solution design, software development, integration, service and maintenance. In addition, we provide complete project management and consultancy services for our installations worldwide.

Lyngsoe Systems has a market leading position in the postal industry in which the company works with the world's leading postal companies on improving quality and reducing costs. Furthermore, the company sells systems used in libraries, production and logistics businesses and for baggage handling in airports.

Lyngsoe Systems had a turnover of approx. DKK 240 million last year and employs roughly 200 people across Denmark, USA, Canada, Romania, Sweden and Germany.

CEO COMMITMENT LETTER

As new CEO at Lyngsoe I'm looking forward to continue our focus on integrating corporate social responsibility (CSR) throughout our company. Our ambition is to grow responsibly while enhancing quality of life for our employees and stakeholders.

We do this by continuing to integrate CSR into our daily business. Our colleagues, customers and partners trust Lyngsoe based on our reputation for professional competence and integrity. This is a reputation we have built over the last 40 years, and it is reflected in every action that we take. To ensure that all business at Lyngsoe Systems is conducted in a socially responsible manner, we fully support the 10 Principles of the United Nations Global Compact in the areas of Human and Labor Rights, Environment and Anti-Corruption.

Launched in 2000, the Global Compact is the largest CSR initiative in the world, with over 12,000 corporate participants and other stakeholders from over 145 countries. We have joined this initiative in order to make our activities in line with responsible behavior, describing the way in which the 10 principles are integrated into our business strategy, culture and daily operations.

At Lyngsoe, our approach to behaving responsibly is underpinned by our values of building lasting relationships with all of our stakeholders through expert knowledge, commitment, thoroughness and trustworthiness. We are continually developing these relationships in line with the Global Compact principles and the core subjects and issues addressed in ISO 26000: Guidance on Social Responsibility.

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Villads Thomsen, CEO

FOCUS ON OUR EMPLOYEES

We believe our employees are the future

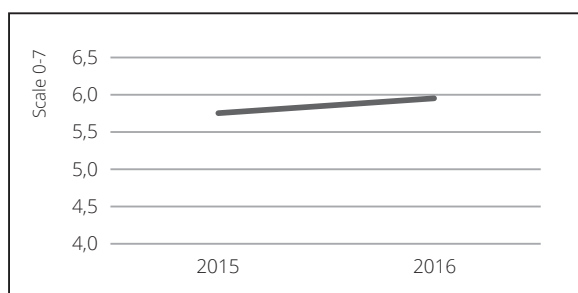
Lyngsoe Systems is distinctly a knowledge-based company. We have succeeded in creating continued development and growth by attracting and retaining competent and highly educated talents, including engineers with experience in developing advanced software solutions.

We continuously allocate considerable resources for process improvements aiming at increasing quality and efficiency. We invest considerable amounts in methods, processes as well as education and up-skilling of our employees. Thus, it is one of Lyngsoe Systems goals to be and remain an attractive employer. For example, all our Project Managers have been on a Project Management course, to make sure we all have the same picture on how we manage our projects, encourage our employees and risk handling.

We are working on new initiatives to enhance the quality at Lyngsoe Systems as a workplace. It's important that we all work together to maintain our position in the market, and can keep up with the development. We believe that our employees are the key to this.

Again this year, our employees have made a great effort and acted with flexibility when required. In 2015 we held our first overall Employee Satisfaction Survey. This will be held once a year, and is essential in guiding Lyngsoe Systems long-term employee resource development and planning activities. Issues from this survey will be handled, and actions will be implemented where it is necessary.

On our second Employee Satisfaction Survey we already see improvements on our overall satisfaction. And in years to come we can focus on specific areas, and measure our progress.



In general, I am satisfied with the job content of my job at Lyngsoe Systems (0-7 scale).



HUMAN AND LABOR RIGHTS

We treat all with dignity, respect and common courtesy

Lyngsoe Systems recognizes the international human rights such as the right to education and the freedom of speech and secures that no discrimination based on race, religion or political opinion takes place. As a global company with logistics solutions in over 60 countries around the world, Lyngsoe Systems is committed to supporting and upholding human and labor rights as an integrated aspect within all of our business activities. In everything that we do, respect for people, the environment, and our business, comes first. And, as a company which strives to improve quality for all of our stakeholders, we seek to set a positive example in the areas of Human and labor rights.

At Lyngsoe Systems, we also have a strong commitment to the health and safety of our employees. In order to ensure that employee needs are met, we have identified employee and management representatives whose task it is to safeguard the work environment at Lyngsoe. Specifically, these representatives have the following tasks set out for them:



- Making sure that the physical and psychological work environment is as it should be
- Registering any employee issues or problems
- Examining next steps for problem-solving
- Creating an action plan for problem-solving with the objective of achieving and monitoring results
- Following through with action plans through direct interaction
- In 2015 we have negotiated a new health insurance for all employees which among others covers extra treatments at alternative treatment providers for the employees and their kids.

ANTI-CORRUPTION

We have zero tolerance towards corruptions

Lyngsoe Systems recognizes the need to secure that we act according to high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly.

For Lyngsoe Systems, being transparent, ethical and trustworthy is the only sustainable option. For this reason, trustworthiness is integrated into Lyngsoe systems values, governing the way all of our business is conducted. Not only is this a promise to our customers and partners, but also to our employees, which we believe helps to attract and retain employees that are highly motivated and who understand the importance of being honest and committed. Lyngsoe Systems adds value by helping to improve trust and transparency among its stakeholders, in full respect of the principles of the UN Global Compact.



In order to succeed, we must develop and grow, both individually and as a business. Our values help us to achieve this growth.

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ENVIRONMENT

We will minimize the environmental impact of our activities

Lyngsoe Systems recognizes the need for maintaining a sustainable environment and is committed to obey and follow local environment laws and regulations of the countries in which we operate.

Lyngsoe Systems overall aim is to minimize the environmental impact of our activities as much as possible, in accordance with ISO 14000 standards.

One of Lyngsoe's main activities is software development and all employees work on computers on a daily basis. We reduce electric power by using laptops and flat screen monitors that only consume half the energy of a stationary computer and CRT monitors. We turn off computers when not in use and use automatic power saving mode on all equipment whenever possible. We embrace new server technology to ensure reduction in power consumption. Most of our infrastructure servers run virtually and we are in a continuous process of driving this even further.

In our pursuit to lower the electric power used and hereby our CO2 emission we do our best. However, as a software development company, we will always have some emission. That is why we have chosen to buy and neutralize CO2 quotas to cover our IT infrastructure including all hosting activities, meaning that the quotas cannot be used by others, thereby protecting the environment against that amount of CO2 emission. We also conduct more and more teleconferences to cut down on travel activities.

Being an innovative software firm, we are continuously developing remote maintenance tools to reduce the number of on-site visits and travel activities. 80% of all service cases are today handled remotely from our service center and local coordinators are appointed to assist with minor check-ups.

Lyngsoe's privately owned buildings are highly insulated and heated by district heating and the heat level is lowered during the night.

We use paper towels and toilet paper that are ISO 14001 certified within environmental management. Our office/copy paper is 100% recycled paper from FSC certified paper from well-managed forests. We also use environmentally friendly packaging materials in the form of cardboard and paper that can be recycled

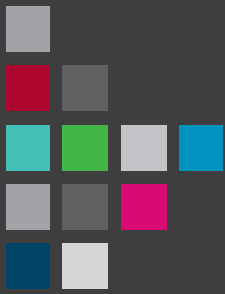


instead of plastic. We reuse all packaging materials as many times as possible.

Lyngsoe collects its paper and cardboard materials for recycling. We return all toner material from printers, copying machines and faxes for destruction.

We follow and support the WEEE and RoHS directive. All disposal of electrical waste and electronic equipment is being destroyed by an authorized firm. Our products do not contain any lead, cadmium, mercury, hexavalent chromium, polybrominated biphenyl (PBB) or polybrominated diphenyl ether (PBDE) flame retardants.

Lyngsoe uses very few chemicals. In connection with the cleaning of our office buildings, the cleaning companies we use are ISO 14001 certified where possible.



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