



Corporate Social Responsibility Report 2018-2019

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ABOUT LYGNSOE SYSTEMS

Lyngsoe Systems has been a world leader in the field of cutting edge electronic logistics control for over 40 years and are leading within the radio frequency identification (RFID) technology. We are renowned for innovation, out-of-the-box thinking and the ability to put ideas into practice.

We offer best in class logistical solutions across the customer supply chain, offering real-time transparency, traceability and data capture to increase customer revenues, reduce OPEX and ensure quality.

With a proven track record of more than 3,700 installations in 59 countries, the Lyngsoe Systems team can demonstrate extensive experience in customer process knowledge, solution design, software development, integration, service and maintenance. In addition, we offer complete project management and consultancy services in any local, regional or even global setting.



CEO COMMITMENT LETTER

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 Systems 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 Systems, 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.



Villads Thomsen
CEO

OUR APPROACH TO CSR

We are working with the 17 Sustainable Development Goals (SDG) and the Ten Principles of the United Nations Global Compact are the drivers of Lyngsoe Systems CSR policy.

Lyngsoe Systems' definition of corporate social sustainability is the creation of social, environmental, and economic value for both short- and long-term business success and responsible global development. In line with this definition, we aim to align our sustainability strategy with our corporate strategy.

In short, we are working to embed sustainability into all our business.

At Lyngsoe Systems, we are committed to doing our part in solving these global challenges both internally and externally. We take this responsibility seriously, as it underpins our fundamental values as a business - behaving responsibly, being accurate and trustworthy means, which through our strong relationships with our stakeholders in combination with our expertise, working together we can make a difference and have an impact on several of the SDGs.



SUSTAINABLE DEVELOPMENT GOALS



We have chosen a selected number of SDGs, in which we believe Lyngsoe Systems and our solutions contribute to obtaining the SDGs. These SDGs have been placed within each of Lyngsoe Systems focus areas of CSR: Employees & Partners, Environment, Human & Labor Rights, Anti-Corruption and Security.

EMPLOYEES & PARTNERS



SDG 3 includes a comprehensive agenda for tackling a broad range of global health challenges. SDG 3 also calls for achieving “universal health coverage” and increasing the global health workforce. One of the primary targets of is to achieve universal health coverage, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

Lyngsoe Systems is covering all permanent employees and their children with a healthcare plan from Danica Pension (Denmark) or similar local schemes in Germany, Canada and USA, which serves to enhance our SDG of a healthy work culture and help our employees obtain a work-life balance. Protecting the personal health and performance of our workers plays an essential role in the long-term success of our company.

Another SDG target is strengthening the capacity of all countries for early warning, risk reduction and management of national and global health risks, measured by the International Health Regulations (IHR) capacity and health emergency preparedness.

Lyngsoe Systems is driven to provide solutions and technology to help promote healthy lives, well-being and to increase risk reduction and management of health risks: The New University Hospital (DNU) in Aarhus will treat around 100,000 admitted patients and 900,000 outpatients a year at full capacity. Utilizing Lyngsoe Systems’ long experience with RFID technology and complex problem solving, the tags are carefully selected and attached to equipment, beds, staff, items, etc. and tracked by fixed mounted antennas throughout the complex. This makes it possible to find out, where a particular patient or piece of equipment is located within more than 2,000 rooms.

Key areas where Lyngsoe Systems solutions are helping to tackle health challenges:

- Reduction in time used locating patients, equipment, and colleagues
- Efficient utilization of space, equipment, beds, consumables, etc.
- Improved real-time insight in the actual workflows and logistic processes
- Risk reduction of contamination and outbreaks



Implementation of an advanced system safeguards DNU well into the future. Patient care is dependent on the ready availability of equipment and personnel – particularly for emergencies and in a case of outbreaks. Lyngsoe LIVE Logistics™ together with Systematics Columna Service Logistics provide visibility for the hospital, adding value for staff and patients alike.



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. The targets for SDG 4 cover the need for access to university-level education, vocational training, and entrepreneurship skills, and they pay special attention to issues of equality. It also includes the promotion of education for sustainable development. This SDG targets a substantial increase the number of people who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship and is assessed by the proportion of individuals with ICT competencies.

Lyngsoe Systems work to increase the number of people with relevant, technical and vocational skills. At Lyngsoe Systems, we cooperate with universities and university students to bridge the gap between universities and business. Student-worker programs, as well as Master-thesis programs, is a part of our culture. Through these cooperation's, we seek to develop not only new and more sustainable solutions, while also creating possibilities for students to gain valuable working-knowledge and experience.

Voice of Simona Avolio, User Experience Consultant at Lyngsoe Systems:



Simona Avolio
User Experience Consultant

"I joined Lyngsoe Systems as an Intern while doing my Master in Information Technology at Aalborg University. Since day one, it has been an incredible learning curve, working on real cases with dedicated people who are extremely passionate about their job. Lyngsoe Systems is an inspiring place to work where you learn to see challenges instead of problems. Every project I work on is an exciting journey where people with different expertise and perspectives come together to bring ideas to the table and create new value. I love working at Lyngsoe Systems because it is a creative environment where you have the possibility to improve your skills and at the same time contribute to the creation of remarkable products. Would I recommend Lyngsoe Systems as a great place to work? Absolutely, without a doubt".

In addition, SDG 4 targets to ensure that all learners acquire the knowledge and skills needed to promote sustainable development, through education and sustainable lifestyles and of culture's contribution to sustainability. The indicator of achievement is the extent to which education for sustainable development is mainstreamed at all levels. As a part of our mission to integrate sustainability as a core part of our corporate strategy, we have decided to develop sustainability and CSR training programs for our employees. These training programs will increase awareness of our sustainability mission and promote a culture of creative sustainability.





SDG 17 aims to enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources, to support the achievement of the sustainable development SDGs in all countries. The realization of this target is measured by the number of countries reporting progress in multi-stakeholder development effectiveness monitoring frameworks that support the achievement of the sustainable development SDGs.



Lyngsoe Systems is committed to enhancing the global partnership for sustainable development. Our strategy is stakeholder-centered and strives to complement all our multi-stakeholder partnerships. Besides working alongside our partners and customers, we seek to develop relationships and partake in the development of global partnerships for sustainability by sharing information, knowledge and our technological solutions to increase the number of companies that are reporting about sustainable development, while also creating a framework illustrating how the multi stakeholder approach can help solve the pressing issues described in the SDGs, by working together and ensuring that everyone is doing their part in meeting our shared aim.

In addition, Lyngsoe Systems also donates to the United Nation Global Compact to show our support for their work to help promote awareness and create an action platform for systemic solutions to the sustainable development SDGs. As a supporter of the Global Compact, we believe that, no matter how large or small, and regardless of industry, all companies can contribute to the meeting the SDGs. While the scale and scope of the global SDGs are unprecedented, the fundamental ways that business can contribute remain unchanged. The UN Global Compact asks companies to first do business responsibly and then pursue opportunities to solve societal challenges through business innovation and collaboration. At Lyngsoe Systems, we pride ourselves on conducting our business responsibly while also pursuing the many possibilities in relation to the current challenges. We want to show how Lyngsoe Systems, through innovation and collaboration, can make a difference and set an example for others to follow.

ENVIRONMENT



SDG 8 aims to encourage sustained economic growth by achieving higher levels of productivity and through technological innovation. Promoting technologies and policies that promote entrepreneurship, job creation and decent working conditions are critical to delivering on this SDG. The intention of SDG 8 is to achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value added and labor-intensive sectors.

Since installing its first Automated Material Handling (AMH) system in 2009, Queens Library has worked with Lyngsoe Systems to roll out automation across 62 community libraries. Serving 2.3 million people in 62 communities in New York City, Queens Library has an annual circulation of 13 million items. With a staggering volume to sort and shelve, the library stood to save a massive amount of resources by enhancing its efficiency. The library also wanted to improve the customer experience by offering extended access to return items.

Queens Library opted for library automation via the Lyngsoe Automated Material Handling (AMH) system, which automatically identifies and sorts library items based on RFID-tagging. The automatization has reduced errors, ensuring items are correctly shelved. Using the ergonomic Lyngsoe Systems Ergo Trolleys™, staff can safely transport more materials while avoiding strenuous repetitive work. Self-service kiosks provide customers with a much-appreciated ability to return items 24/7. Today, more than 60 branches enjoy automation.



Queens Library

The results of Lyngsoe Systems library automation systems are more effective operations, increased efficiency, elevated security, and improved customer service across more than 60 branches of Queens Library. While the turnaround time has been cut in half, staff has swapped strenuous manual work for customer interactions. With faster circulation, it takes less time to wait for holds and a wider selection of items is available for lending.

The benefits of the solution for Queens Library include:

- Vastly reduced turnaround time, significantly speeding up distribution and shelving across all branches while reducing errors
- Enhanced customer service, including 24/7 self-service with multilingual interfaces and more staff time dedicated to patron interaction
- Improved security through prevention of overload and cameras installed in self-service kiosks
- Improved work environment and productivity with less physical demands made possible by the ergonomic, customized equipment.

As described by Jennifer Wood, Technology Coordinator at Henrico County Public Library, another one of Lyngsoe Systems partners in the library industry:

“The equipment has paid for itself in many ways by avoiding costly stress related injuries common with repeated materials handling and supporting reduced staffing while maintaining the same high level of customer service even with an increase in overall transaction volumes. Lyngsoe Systems has been standing behind the systems they implemented for us for nearly ten years, and all of them remain highly reliable and technically suitable to our needs today.” Jennifer Wood, Technology Coordinator, Henrico County Public Library.

Henrico County Public Library





The world is becoming more industrialized, but often not in ways that are resilient and sustainable. SDG 9 aims to ensure that everyone can enjoy the benefits of what humanity can build and develop. We are in need of fostering a more innovative and environmentally sound approach to sustainable development in all industries.

A key target for SDG 9 is to upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.



At Lyngsoe Systems we pride ourselves on being on the forefront working to deliver innovative and sustainable solutions. Working across many different verticals and industries, retrofitting outdated industries has become a part of Lyngsoe Systems core competencies. With a proven track record of more than 4000 installations in 56 countries, the Lyngsoe Systems teams continually prove to enhance an already extensive expertise in customer process knowledge, solution design, software development, integration, service, and maintenance. Lyngsoe Systems is currently focused on industries like healthcare and airports and airline, in which resource-use efficiency, more sustainable technologies, and optimized operations are crucial for achieving SDG 9. For example, the healthcare industry can leverage tracking and identification technology for multiple purposes utilizing the Lyngsoe LIVE Logistics™ platform. Whether tracking surgical instruments through the sterilization process to and from operation room, automatically registering the arrival and location of personnel and patients, the whereabouts, and status of beds, wheelchairs, drip stands, etc., Lyngsoe LIVE Logistics™ can be used.

Additionally, SDG 9 aspires to enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, including encouraging innovation and substantially increasing the number of research and development workers through public and private research and development spending.

This target is highly connected to our approach and contribution to SDG 4. Lyngsoe Systems encourage the research for more innovation and sustainable technology and seek to engage the academic community to help solve challenges in collaboration. Lyngsoe Systems extensive experience and knowledge-base provides a working platform for our Master-thesis students as they conduct their scientific research. Together, the students along with the Lyngsoe Systems colleagues always seek to develop and upgrade solutions.

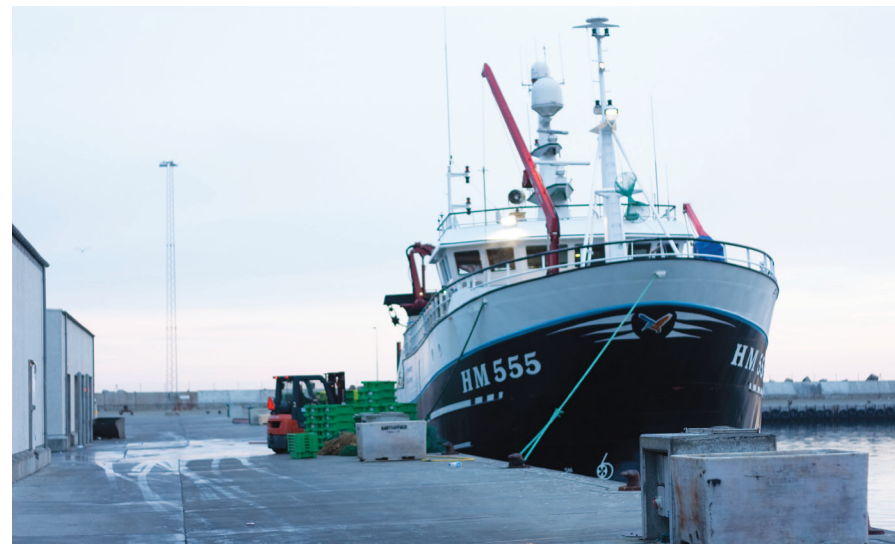


SDG 12 aims to halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains.

This SDG aims to enhance sustainable production and consumption, while also covering topics like food waste reduction and corporate sustainability practice. Between 2010 and 2013 across various industries, revenues from sustainable products and services grew by 91% while overall company revenues grew by 15%. IT technology and data can help make the sustainability performance of a product or service transparent. Technology solutions can enable new business models and create awareness about the social and environmental footprint of products.

Nordjysk Food Network addresses all businesses, companies, and institutions working as either producer, supplier, food processing, sales, consumption, authority or knowledge facilitator in relation to produce. The Nordjysk Food Network primary objective is enhancing operations and development of the tracking system Foodtag, which follows the produce from farm to fork. This tracking system has been developed by Lyngsoe Systems, and through these solutions, we seek to reduce the food waste at both retail and consumer level and reduce losses in production and within the supply chain.

In addition, the Nordjysk Food Network and Lyngsoe Systems has collaborated with the Danish Fishing Industry, DTU Aqua, the fish processing industry and the Danish Fishing Directorate to create the project 'Traceability in Fishing.' The aim of the project was to optimize the administration and handling of more than 200,000 fishing crates, therefore increasing the flow of information within and outside of the fishing industry.



In partnership with HAVI Logistics, the solutions provided by Lyngsoe Systems has also made it possible to guarantee full transparency, optimization and security of food deliveries to more than 7,000 stores and restaurants in Europe. The systems allow for the opportunity of tracing the content of every pallet, from more than 40 distribution centers and all the way to the restaurants. The system also enables the restaurants to reduce food waste, while at the same time allowing for accurate and timely callbacks in the case of health and safety risks.

Lyngsoe Systems solutions have resulted in a reduction in lead-time by up to 96 percent and the number of mistakes on the production line by 70 percent, but still, we are striving to develop more efficient and transparent measures to meet SDG 12.

In connection, an objective of SDG 12 is to substantially reduce waste generation through prevention, reduction, recycling, and reuse.

Lyngsoe Systems believe that companies can develop and leverage their business through automating their manual processes with data capture solutions and as described our solutions enable thousands of restaurants and producers to reduce waste generation and optimize operations. Internally, we also have taken the necessary steps to ensure waste generation and to leverage and reuse whenever possible.



These measures are included in our environmental policy:

Lyngsoe Systems is committed to meeting the needs of society and customers in an environmentally sustainable manner. To achieve this, the group employs active environmental measures. Lyngsoe Systems policy is to strive to minimize the impact of our activities on the surrounding environment, in full compliance with current legislation.

In concrete terms this includes:

- Continually improve the environmental performance of products and activities
- Conserve energy and raw material, reduce waste, and explore opportunities for reuse and recycling
- Minimize potential environmental impact when developing new products and business and when planning capital projects
- Actively co-operate with authorities and other relevant stakeholders
- Encourage our suppliers to develop and supply superior environmental products and services through co-operation and in line with our requirements
- Ensure that our employees are aware of Lyngsoe Systems' environment policy and motivated to apply it: are aware of their responsibilities and given the support and training necessary to fulfill them
- Plan, prepare and regularly review company objectives, targets and action plans for environmental issues
- Monitor and communicate our environmental activities and performance against our plans both internally and externally

Lars Caspersen, CFO of Lyngsoe Systems, expresses:

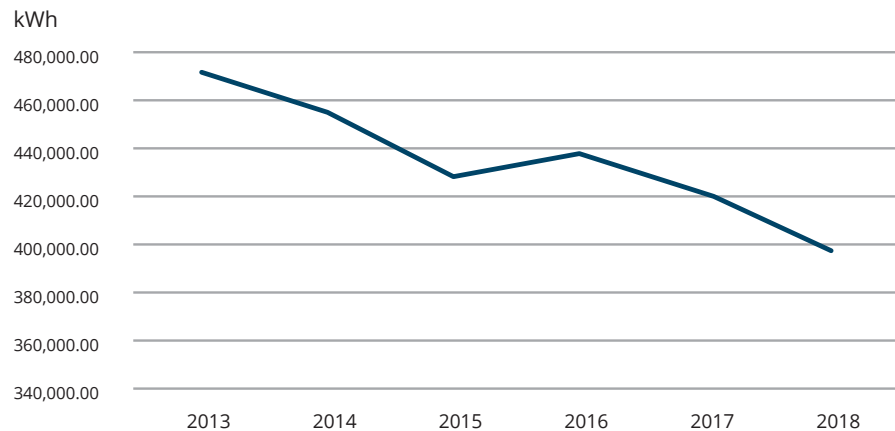


Lars Caspersen
CFO

“Given the type of business that Lyngsoe Systems is and our current environmental-friendly operation, we as an IT- and software company have a limited direct impact on the environment. We live up to best practice regarding recycling, especially our outdated IT hardware, which is either collected, sold or delivered to certified recycling businesses.

Furthermore, we have strong ambitions of becoming better at developing more sustainable, efficient and optimal designs for our portals and installations, so that they are produced using the best possible material at the lowest cost for the environment, while also using less power. With more than 4,000 installations worldwide, Lyngsoe Systems current and future operations play a significant role in creating a positive impact on sustainable business operations.”

Annual electricity (kWh) usage



Also, this SDG aims encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle. This target is measured by the number of companies publishing sustainability reports.

We seek to share our best practice and knowledge of sustainable procedures and impact in our CSR report to disclose as a company what we are doing to solve the 17 SDGs.

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 14,000 standards.

Lyngsoe Systems is an international company in the sense that we operate in several different countries and cooperate with businesses and partners from many different areas of the world. Because of this interaction and the awareness of our interdependence, we have increased our effort in adopting more sustainable practices, and we are in the process of integrating more sustainability information in our reporting, the annual CSR report being an example of this effort. In the coming years, it is our aim to increase the amount of relevant data in our shared mission to solve the SDGs.

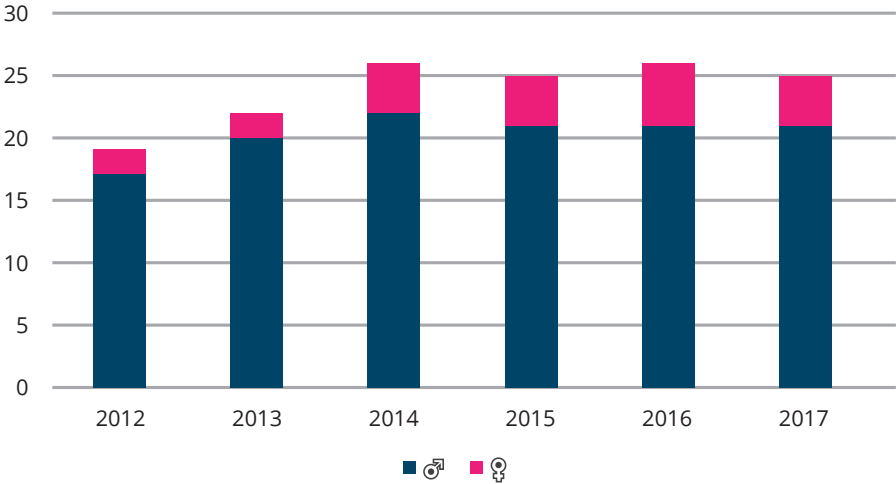
HUMAN & LABOR RIGHTS



SDG 5 is dealing with equality and empowerment, which includes freedom from discrimination. It includes making sure women have their equal share of leadership opportunities and responsibilities. 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.

An objective of SDG 5 is to ensure women's participation, and equal opportunities for leadership at all levels of decision-making in political, economic and public life and one indication is the proportion of women in managerial positions.

In 2016, women held 16% of managerial roles at Lyngsoe Systems. According to a global Harvey Nash/KPMG CIO survey, between December 2016 and April 2017, the percentage of female leaders in the IT sector remains at 9%, the same proportion as last years.



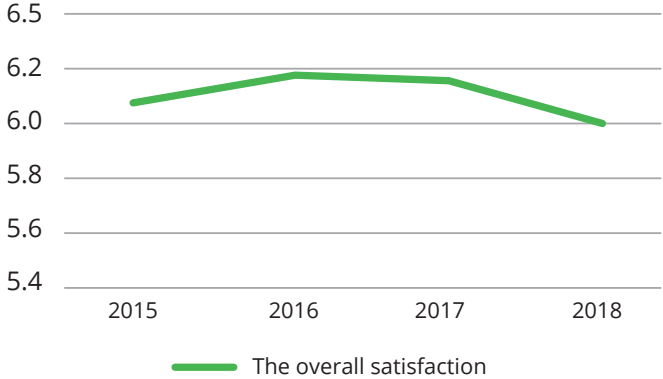
SDG 10 calls for reducing inequalities. A core target of SDG 10 is to ensure equal opportunity and reducing inequality of outcome, including by eliminating discriminatory laws, policies, and practices and promoting appropriate legislation, policies and action.

Lyngsoe Systems recognizes the international human rights such as the right to education and the freedom of speech. As a global company with logistics solutions around the world, Lyngsoe Systems is committed to supporting and upholding human and labor rights as an integrated aspect of all our business activities. Respect for people, the environment, and our business is taken into account in everything that we do. As a company which strives to improve quality for all our stakeholders, we seek to set a positive example in this area. At Lyngsoe Systems, we also have a strong commitment to both the physical and mental health and safety of our employees. To ensure that employee needs are met and to provide equal opportunities for all, we have identified employee and management representatives whose task it is to safeguard the work environment at Lyngsoe Systems.

The representative's responsibilities include:

- 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

We conduct an annual employee survey, giving everyone within the company the opportunity to be heard and to ensure that we are always doing the best we can to optimize working conditions and reduce inequalities for our employees.



As presented in the latest survey and compared to last year's survey, employees have experienced an increase in satisfaction with Lyngsoe Systems as their employer. Lyngsoe Systems is working to improve the overall satisfaction of our workers, while at the same time seeking to eliminate any form of discrimination.

ANTI-CORRUPTION



Peace, justice and effective, accountable and inclusive institutions are at the core of sustainable development. One of the primary objectives of SDG 16 is to reduce corruption and bribery in all forms substantially.

Lyngsoe Systems recognizes the need to ensure that we act according to high ethical standards and explicitly forbid the participation in any bribery or facility payments – both directly and indirectly. We have zero tolerance towards corruption.

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 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 contributing to improving trust and transparency among its stakeholders, in full respect of the principles of the UN Global Compact.



SECURITY

In addition to the Sustainable Development Goals, Lyngsoe Systems has a great focus on IT safety and security, which is part of being socially responsible when delivering IT based solutions for logistic improvements.

Because of the 2018 EU regulation, IT security is very much at a focus, and with more than 30 years in the global market, it is important for us to work proactively with the security within our solutions.

Lyngsoe Systems have created a Security Board, making it possible to address risks, and future regulations effectively. Therefore, IT security has become embedded within the corporate strategy and within the management group, which has created a framework ensuring timely and correct response to matters regarding IT security, affecting both our partners and customers and Lyngsoe Systems.



Jan R. Ekstrøm, IT Manager of Lyngsoe Systems explains: *"We have focused our efforts on creating partnerships with highly qualified and ISO27002 certified companies within IT operations and security consultancy. By working together, we ensure that our partners and customers can draw on high-security experience. For IT operations we continuously audit our external partners, ensuring that they operate by required standards, separation of duties and safety certifications, while at the same time being ISO certified and able to operate worldwide".*

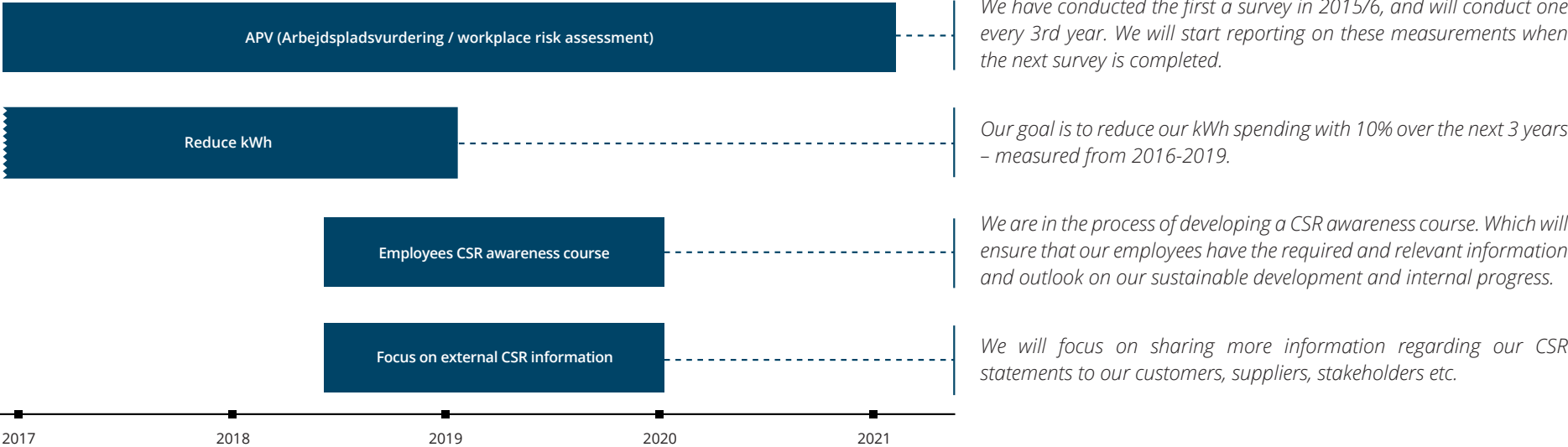


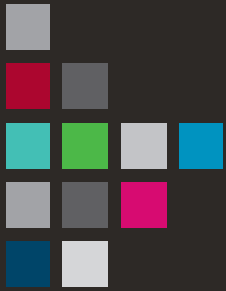
Jan R. Ekstrøm
IT Manager

At Lyngsoe Systems, we offer and deliver optimization of production and seek to function as 'pain relievers' in daily operations. Working with risk management and mitigation within IT security enables a more efficient operation without less downtime or other unforeseen safety issues.

CSR GOALS & ACTION PLAN

Over the next years we will be working with these four actions. Furthermore we are working on new actions, which will be added to the action plan along the way.





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