



Corporate Social Responsibility Report 2019

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ABOUT LYGSOE SYSTEMS

Lyngsoe Systems has been a world leader in the field of cutting-edge electronic logistics control for over 40 years and is 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 5,000 installations in 60 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 continuing our focus on integrating corporate social responsibility (CSR) throughout our company. Our ambition is to grow responsibly while enhancing the 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. It 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 to make our activities in line with responsible behavior, describing how the ten 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.

Lyngsoe Systems is covering all permanent employees and their children with a healthcare plan from PFA and similar local schemes in Germany, Canada, and USA, which serves to enhance our SDG of 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.

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.



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.

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 businesses. Student-worker programs, as well as Master-thesis programs, are 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 Jesper Frentrup, Trainee Mechanical Engineering:

"During my master's degree in Manufacturing Technology at Aalborg University, I joined Lyngsoe Systems A/S as an intern. It was very exciting and inspiring to join the company as working with my colleagues clearly showed how dedicated and extremely passionate they are about their jobs. My colleagues were more than helpful regarding giving feedback by shedding light on different perspectives and share knowledge on the different matters within their respective areas. The objective of the internship was to focus on one larger project concerning the Lyngsoe Turn Mate™ by finding a way to increase the reliability of the product. The project focused upon a new concept design of the Turn Mate, which everyone was very impressed with. All in all, I am very grateful for the opportunity to have had my internship at Lyngsoe Systems and would, without a doubt, recommend Lyngsoe Systems to others."



Jesper Frentrup
Trainee Mechanical
Engineering

Voice of Bjørn Olsen, IT Trainee:

"I have nominated Lyngsoe Systems to the Danish apprenticeship of the year because I believe Lyngsoe Systems is a fantastic place to work and learn. I study to be a data technician with a specialty in programming while doing a normal high school. The company has a great size. Not so small that the tasks are too widespread and not so large that you don't get to know everybody. Here I can use my knowledge and gain more within my study. I have my main tasks while I do daily support to internal users. Most of the time, I can freely choose how to solve the tasks, which makes me able to focus on my studies. The colleagues are supportive and know how to push me with tasks of large value to the company. That makes me feel like I'm making a difference."



Bjørn Olsen
IT Trainee

ENVIRONMENT



SDG 8 aims to encourage sustained economic growth by achieving higher levels of productivity and through technological innovation.

Since installing its first Automated Material Handling (AMH) system in 2009, Queens Library has worked with Lyngsoe Systems to roll out automation across 66 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, security, and improved customer service across more than 60 branches of Queens Library. While the turnaround time has been cut in half, the 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 the 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 need 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 at the forefront of 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 the 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.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



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 deliverances 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 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 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. Lyngsoe Systems aims to minimize potential environmental impact when developing new products and businesses. We continually aim to improve the environmental performance of products and activities, conserve energy and raw material, reduce waste, and explore opportunities for reuse and recycling, as we encourage our suppliers to develop and supply superior environmental products and services through co-operation and in line with our requirements. We aim to 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.

Helle Lauridsen, IMMS product owner at Lyngsoe Systems, argues:

"Lyngsoe Systems' unique Intelligent Material Management System™ has, for some years, enabled libraries to achieve a much more efficient way of providing an even better service for citizens despite "busy" staff and stretched book budgets. The advanced Intelligent distribution algorithm makes sure that books are where the users want them, and the entirely paperless processes save not just time throughout the handling process but of course, also considerable amounts of paper."

One of the latest IMMS customers is the Helsinki public libraries, which opened the doors to the iconic new Oodi library in late 2018. Funding for this beautiful new building did not include extra staff, so it was important to make existent workflows as efficient as possible using IMMS to streamline all material management functions."



Helle Lauridsen
IMMS Product Owner



Helsinki Public Library, Oodi

Lars Caspersen, CFO of Lyngsoe Systems, expresses:

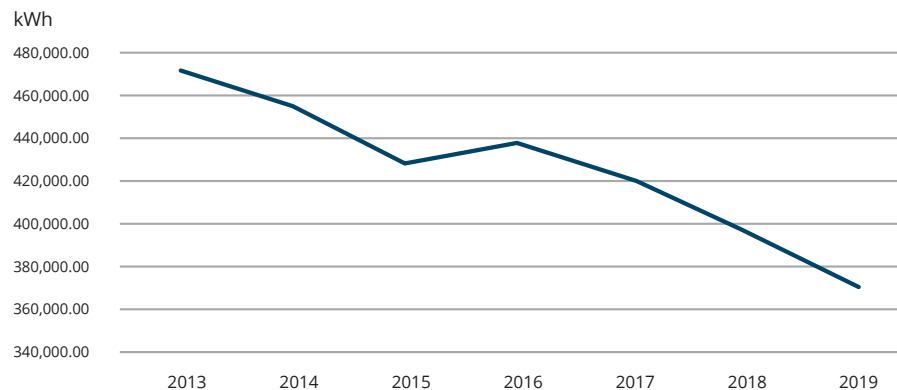


Lars Caspersen
CFO

“Lyngsoe Systems provides solutions that can significantly minimize the environmental impact. This being for example in the form of replacing an existing library solution with new solutions that can reduce energy consumption by 60-90%, proving a logistic optimization solution that can increase carriers utilization rates significantly, thereby reducing fuel consumption and capacity needs, or by optimizing luggage handling for airports and airlines, thereby reducing miscarried luggage. All proven solutions that give our customers the possibility to combine good business with sustainability.

We are also dedicated to reducing our direct environmental impact. The latest initiative was to change all lighting to LED, which will cut energy consumption by an additional 10% in 2020. Sustainability has been important for Lyngsoe Systems as a company in the past, but there is no doubt in my mind that this will be an area that will get even more attention in the future”.

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 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 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 that 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:

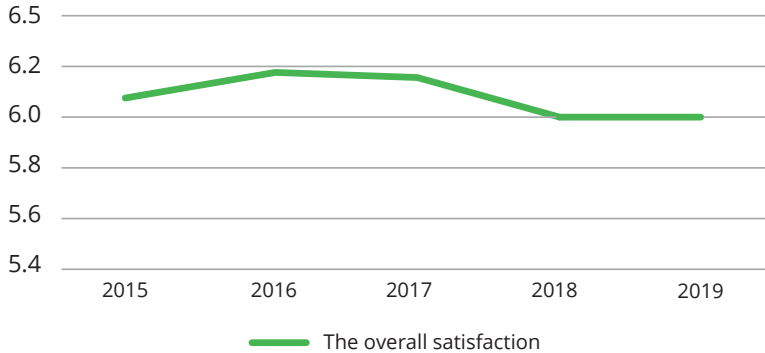
- Making sure that the physical and psychological work environment is as it should be
- Registering any employee issues or problems
- Examining the next steps for problem-solving
- Creating an action plan for problem-solving to achieve and monitor results
- Following through with action plans through direct interaction

As a new initiative, the Lyngsoe United™ was introduced to all employees of the company to ensure a better working environment. Lyngsoe Systems aims to create a united company, in which all employees work together as a united company, we help each other across departments and countries, and we want to have fun.

LYNGSOE UNITED



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, our employees are as satisfied with Lyngsoe Systems as their employer as last year. 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 for 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.

Cybersecurity is becoming another facet of the growing movement demanding corporate social responsibility, Lyngsoe Systems has a great focus on IT safety and security, which we believe is part of being socially responsible when delivering IT-based solutions for logistic improvements. Large scale attacks as NotPetya and the 2018 GDPR legislation have put IT security 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. Security responsibility within Lyngsoe Systems is owned by our Security Board - With representation from our development/architect/service team as well as management, we have a solid foundation, making it possible to address risks, and future regulations effectively. IT security has become an embedded part of our corporate strategy and within the management group, which has created a framework ensuring timely and correct response to matters regarding IT security.

Jan R. Ekstrøm, IT Manager of Lyngsoe Systems, explains:

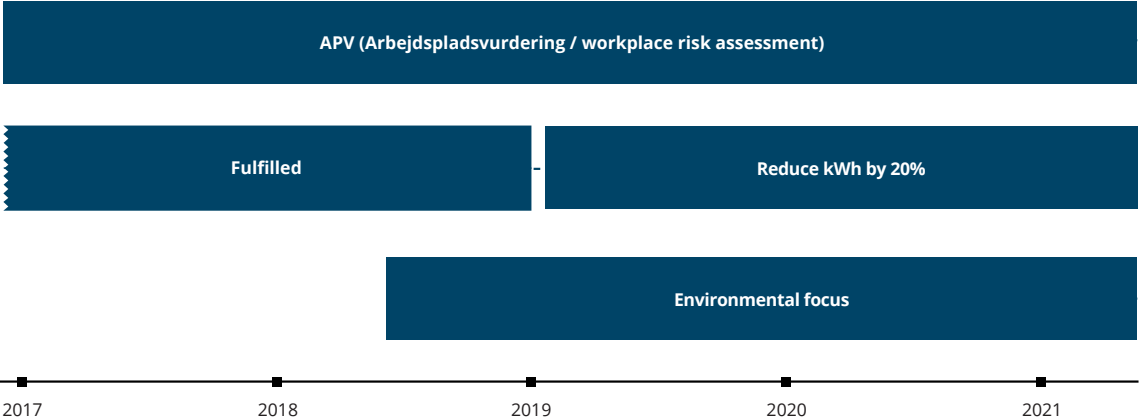
"We have focused our efforts on creating partnerships with highly qualified and ISO27002 certified companies within IT operations and security consultancy. Our latest partnership is the CIDI project where Lyngsoe Systems have teamed up with specialists from the Alexandra Institute, on a government-funded project, where 20 IOT companies find common ground on IoT security levels and standards.

By partnering with significant players in the business, 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".



CSR GOALS & ACTION PLAN

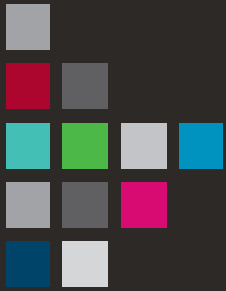
Over the next years, we will be working on these actions. Furthermore, we are working on new actions, which will be added to the action plan along the way.



We have conducted the first survey in 2015-2016 and will conduct one every 3rd year. We will start reporting on these measurements when the next survey is completed.

Our goal is to reduce our kWh spending by 20% over the next 3 years – measured from 2020-2022

We continually aim to improve the environmental performance of products and activities, conserve energy and raw material, reduce waste, and explore opportunities for reuse and recycling.



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