

# Corporate Social Responsibility Report 2020

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# ABOUT LYGSOE SYSTEMS

Lyngsoe Systems has been a world leader in cutting-edge electronic logistics control for over 40 years and leads within 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 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.



I'm looking forward to continuing our focus on integrating corporate social

# CEO COMMITMENT LETTER

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 creating 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 businesses.

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. We are 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 impact several of the SDG

## 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. Similar local schemes in Germany, Canada, and the USA enhance our SDG of healthy work culture and helps our employees obtain a work-life balance. Every day we are offering a healthy and nutritious lunch. Besides the lunch arrangement, all employees have free access to fresh fruit every workday. Protecting our workers' health and performance plays an essential role in the long-term success of our company.



We are 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. The RFID tags make 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 into 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, provides 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 this cooperation, we seek to develop new and more sustainable solutions while also creating possibilities for students to gain valuable working knowledge and experience.

Voice of Bjørn Olsen, IT Trainee:



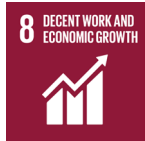
Bjørn Olsen  
IT Trainee

*"I 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 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."*



We also want to contribute with commitment and praise. That is why we pay special attention and ownership of the "Best Friend" award at the local college in Aars. On this occasion, every year, we present this student with a gift card.

# 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 shelf, 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 more comprehensive 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 are 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 to foster 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 4,000 installations in 56 countries, the Lyngsoe Systems teams continually prove to enhance already extensive 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 provide a working platform for our Master-thesis students to 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.

In partnership with HAVI Logistics, the solutions provided by Lyngsoe Systems have 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 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 solutions have reduced lead-time by up to 96 percent and the number of mistakes on the production line by 70 percent. However 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.



We believe that companies can develop and leverage their business by automating their manual processes with data capture solutions. 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.

With the Transport Optimization solution, we are helping the postal operators, who are facing explosive growth and high competition. Also evolving from a one-sided focus on cost alone, consumers expect additional services like changing end-destination for parcels during transportation. The solution contains:

- Responsible use of resources to reduce CO2 emission and usage of fuel
- Make Business decisions based on reliable real-time data

Transport Optimization solutions cover the processes of collecting, processing, and analyzing business-critical data. Using machine learning algorithms, we utilized the data for efficiency improvements in daily operations, as well, enabling dynamic transport planning based on the generated data.

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 strives 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 seek to improve the environmental performance of products and activities, conserve energy and raw material, reduce waste, and explore opportunities for reuse and recycling. 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: they 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. The entirely paperless processes save not just time throughout the handling process but 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 existing workflows as efficient as possible using IMMS to streamline all material management functions.*

*Since Helsinki went live in early 2019, staff has cut handling time for holds from 30 minutes per box to only 5 minutes per box.”*



Helle Lauridsen  
IMMS Product Owner



Helsinki Public Library, Oodi

Lars Caspersen, CFO of Lyngsoe Systems, expresses:



Lars Caspersen  
CFO

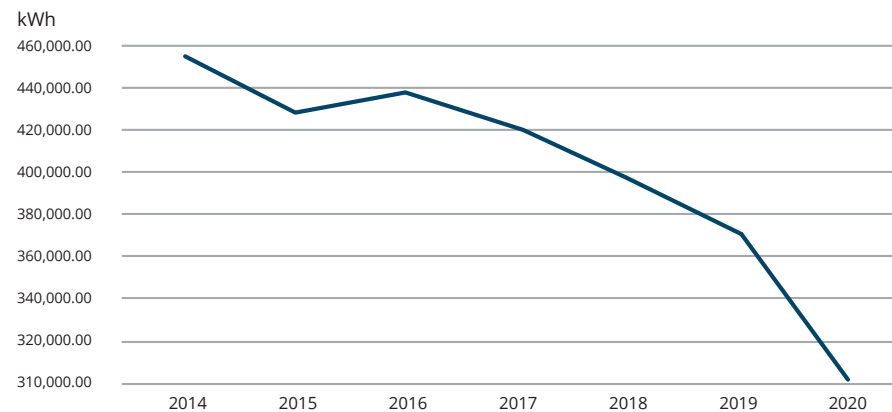
*“Lyngsoe Systems provides solutions that can significantly minimize the environmental impact. This being for example in the form of replacing an existing library solution with new solutions that can reduce energy consumption by 60-90%, proving a logistic optimization solution that can increase carriers 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 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 has resulted in reducing energy consumption by an additional 10% in 2020. Sustainability has been important for us 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”.*

Also, this SDG aims to encourage companies to adopt sustainable practices and 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 our CSR report to disclose 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. Efforts to minimize waste and sort waste have been made. In order to reduce the consumption of paper mugs, a reusable cup is handed out to all employees. Our overall aim is to minimize the environmental impact of our activities as much as possible, per ISO 14,000 standards.

### Annual electricity (kWh) usage



Lyngsoe Systems is an international company because we operate in several different countries and cooperate with businesses and partners from many other areas. Because of this interaction and the awareness of our interdependence, we have increased our effort to adopt more sustainable practices. We are integrating more sustainability information in our reporting. The annual CSR report is an example of this effort. In the coming years, we 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 international human rights such as the right to education and freedom of speech. As a global company with logistics solutions worldwide, 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 are taken into account in everything 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 solid commitment to our employees' physical and mental health and safety. To ensure that employee needs are met and to provide equal opportunities for all, we have identified employee and management representatives whose task 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

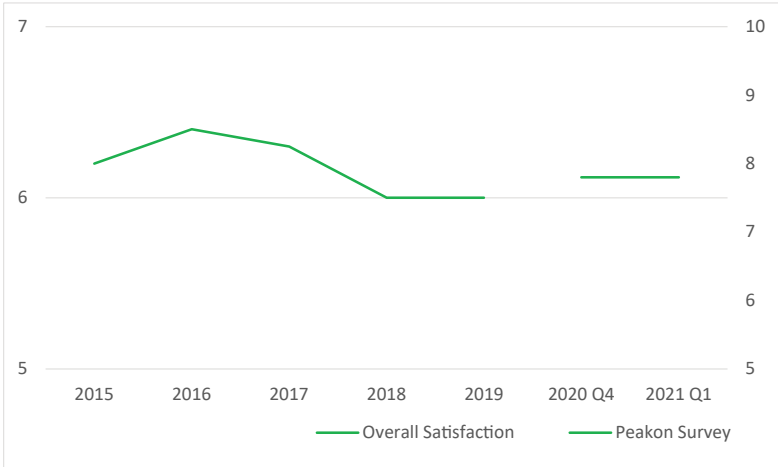
Lyngsoe United was introduced to all employees of the company to ensure a better working environment. This group has different employees who work with various initiatives to build a strong culture among colleagues. Some of the main topics are: all employees work together as a united company, we help each other across departments and countries, and we want to have fun. Especially during the Covid-19 pandemic, where most employees were not physically together, the Lyngsoe United team initiated several different social events, such as online games and online stand-up shows.



**We work together as Lyngsoe United™**  
**We want to have fun**  
**We help each other**

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

Our new initiatives are our collaboration with Peakon, the leading employee engagement and people analytics platform. Using Peakon, we can create a continuous feedback culture with real-time insights on engagement. Employees get a secure voice, and all managers get action-oriented data, contextual training, and help with effective action plans. We conduct an annual employee survey, giving everyone within the company the opportunity to be heard and ensure that we are always doing the best 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 increased satisfaction with Lyngsoe Systems as their employer. Lyngsoe Systems is working to improve our workers' overall satisfaction while 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 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 our values, governing the way all our business is conducted. This promises our customers and partners and our employees, which we believe helps attract and retain highly motivated employees and understand the importance of being honest and committed. We add value by improving trust and transparency among its stakeholders in full respect of the UN Global Compact principles.



# SECURITY

In addition to the Sustainable Development Goals, Lyngsoe Systems focuses 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, we need 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.



Lars Caspersen, CFO and Head of IT 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".*



Lars Caspersen  
CFO

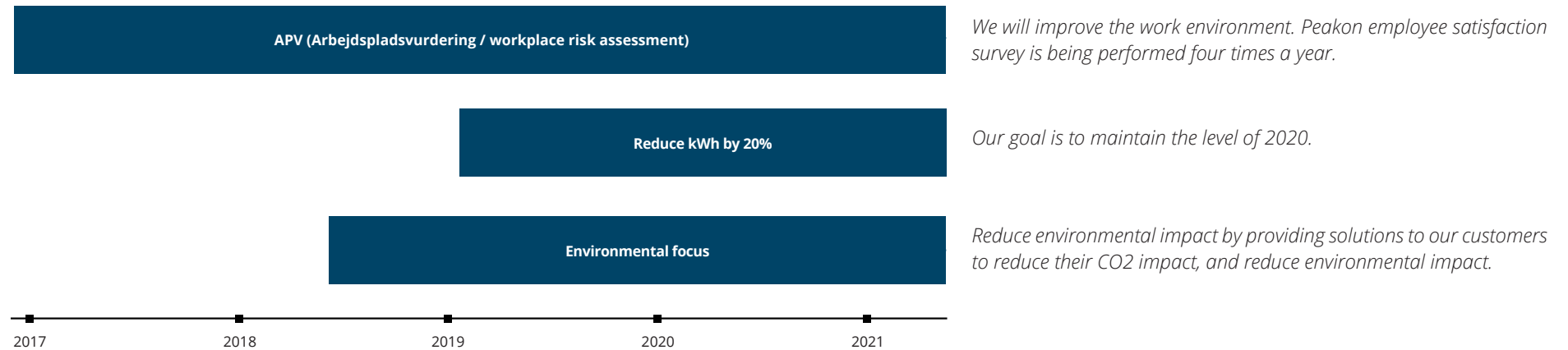
At Lyngsoe Systems, we offer and deliver production optimization and seek to function as 'pain relievers' in daily operations. Working with risk management and mitigation within IT security enables a more efficient operation without less downtime or other unforeseen safety issues.

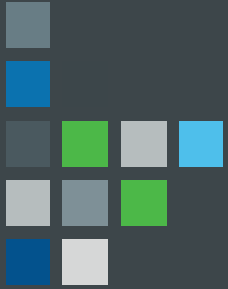
Cybersecurity is becoming another facet of the growing movement demanding corporate social responsibility; Lyngsoe Systems focuses on IT safety and security, which we believe is part of being socially responsible when delivering IT-based solutions for logistic improvements. Large-scale attacks as NotPetya and the 2018 GDPR legislation have put IT security very much at a focus. With more than 30 years in the global market, we need to work proactively with the security within our solutions. Our Security Board owns security responsibility within Lyngsoe Systems. With representation from our development/architect/service team and 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.



# CSR GOALS & ACTION PLAN

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





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