Sustainability Report
2021

This report is submitted as a separate report attached to the annual report, in accordance with the Swedish Annual Accounts Act (1995:1554), Chapter 6, Sections 10–14.

Sdiptech AB (publ)
Corporate identity number 556672-4893
The Board of Director's registered office: Stockholm
www.sdiptech.com
This report is also available in Swedish.

Contents

About Sdiptech's sustainability reporting
This report describes how Sdiptech works with sustainability issues. The sustainability reporting covers activities and results for 2021. A complete content index according to GRI is provided on pages 56–57. Sdiptech's statutory sustainability report is found in the Group's annual report on pages 24–58 and as a separate appendix on the company's website. Sdiptech reports its COP report on outcomes and progress to the UN Global Compact and climate data to CDP through the sustainability report. The Group's auditors have issued a special statement regarding the statutory sustainability report.

24   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   25

Our view of and the work with sustainability

Another exceptional year has passed with clear steps taken towards continued sustainable growth. This is how Sdiptech's President and CEO Jakob Holm, and Sustainability & IR Manager My Lundberg, view the Group's sustainability work.

JAKOB: : In 2021, we have among other things, launched long-term sustainability goals, developed our ESG reporting and included sustainability in the strategy work with all companies. We have produced training materials and conducted workshops in climate, gender equality and diversity issues to identify business opportunities. In addition, we have mapped our suppliers and developed our TCFD analysis for managing sustainability risks. All this helps us to prepare for the future and it is gratifying to see how our work creates value for our business units and improves us as a Group.

MY: Demand for products that contribute to reducing the carbon footprint and more social sustainability in society is increasing rapidly. Not least, there are EU standards, guidelines and global climate targets, which mean that companies need to change. During the year, we put a strong focus on allowing sustainability assume a bigger place in our companies' strategies, in the development of both products and processes, in our more than 30 business units. In connection with this, we have also established an annual incentive structure for both the Group and our companies, which is linked to our sustainability goals.

JAKOB: Our greatest opportunity to contribute to increased social and climate sustainability takes place externally on the revenue side through our business units' products and services. This is the core of our business operations and something we have worked on for many years. When we invest in sustainability, we do so by generating returns, which ensures that we maximise the value we create for our customers, employees, investors and society as a whole. At present, we as a Group contribute to 14 of the UN's 17 sustainable development goals, where 67 percent of our total sales contribute to the goals. Sustainability is thus a fundamental part of our efforts to achieve better business

> "Apart from our work on developing our existing units' sustainability work, a comprehensive sustainability mapping of the company is now carried out before every acquisition.

results. During 2021 we put a lot of focus on the internal work by developing and helping our existing companies to take even more long-term sustainable decisions. We have previously measured and followed up our business units' internal sustainability development. Now we are working on setting sustainability strategies for all companies in the Sdiptech Group.

MY: Apart from our work on developing our existing business units' sustainability work, a comprehensive sustainability mapping of the company is now carried out before every acquisition. This analysis includes mapping which SDGs the company contributes to and in what way, a reverse materiality analysis with potential social and climate-related sustainability risks according to the TCFD, and a review of whether one or more projects are eligible, i.e. the business falls within the taxonomy framework, and/or is aligned, i.e. how large a part of the business concerned also meets the taxonomy requirements. This not only gives us an even deeper understanding and insight into the business we are about to acquire but we also get a springboard in the continued work with the company when they are part of us. In this way, we also strengthen our role as a value-creating owner.

Important parts of the sustainability work 2021

» Launch of long-term sustainability goals
» Training and workshops in, for example, climate, gender equality and diversity, with a business perspective to identify business opportunities
» Development of ESG reporting with more key performance measures and increased support for the companies with the help of the third-party actor Worldfavor
» Production of a sustainability handbook for all business units
» Sustainability activities for business units as part of strategy and development planning to establish incentives linked to our sustainability goals
» Leadership training
» Supplier mapping
» Mapping of the share of sales that contributes to the UN's Sustainable Development Goals (SDGs)
» Continued work and development according to the TCFD (Task Force on Climate-related Financial Disclosures) framework for managing our sustainability risks
» Continued collaboration with Global Utmaning

Sdiptech's vision

Sdiptech's greatest opportunity to contribute to society and the 17 global goals with 169 pertaining targets is through our business units, see a detailed review of this on pages 38-45. Our vision is aligned with and contributes to three of the UN's targets:

9:1: Develop reliable, sustainable and resilient infrastructure of high quality, incl. regional and cross-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

9:5: Improve scientific research and the technical capacity of industrial sectors in all countries, in particular developing countries, inter alia by encouraging innovation and significantly increasing the number of people working in research and development.

9:4: Upgrade infrastructure and adapt industry to make it sustainable, with more efficient use of resources and more clean and environmentally friendly technologies and industrial processes.

Sdiptech's sustainability targets

Financial sustainability
Goal: All companies that Sdiptech acquires shall contribute to one or more of the UN's Sustainable Development Goals.
Outcome: All of the companies Sdiptech acquired during 2021 contribute to one or more of the UN's Sustainable Development Goals. Companies contribute to targets. 3.3, 3.6, 7.1, 7.2, 8.8, 9.4, 12.1.

Environmental sustainability
Goal: Sdiptech shall reduce its carbon intensity (CO2e/turnover) from its own operations by 50% within five years (between 2021-2026).
Outcome: Sdiptech's emissions from scope 1 & 2 during 2021 were 4,419 tonnes CO2e and Sdiptech's relative CO2 emissions through turnover for Scope 1 and 2 have fallen to 1.63 during 2021, from 2.06 in 2020.

Social sustainability
Goal: By 2030, Sdiptech shall be gender equal (men and women represented in the range of 40–60%) in leading positions.
Outcome: 0% women in Group Management (17 from January 1st 2022), 40% women in the Group's Board of Directors and 32% of Sdiptech's business units are within the range of 40-60 women/men in leading positions.

Governance
Goal: All companies within the Sdiptech Group must have incentives that are linked to sustainability-related goals.
Outcome: All companies within the Sdiptech Group including Sdiptech's Management team, have incentives that are linked to sustainability-related goals.

Financial sustainability

All companies that Sdiptech acquires shall contribute to one or more of the UN's Sustainable Development Goals.

Sdiptech's investment philosophy is that companies with a sustainable business model and few sustainability risks have better potential for long-term profitability and growth. Sdiptech invests in companies that contribute to more sustainable, efficient and/or safe societies. Our most important contribution to society occurs through the products and services that our companies offer.

Focus areas to reach the goal:

EXCLUDE
Sdiptech opts out of companies involved in the production or distribution of any controversial products or services. Read more about this in Sdiptech's Handbook for Responsible Investments on Sdiptech's website.

INCLUDE
Sdiptech selects companies that contribute to creating more sustainable, efficient or safe societies, without having a significant negative impact on any other sustainability challenge.

CONTROL
Sdiptech conducts a sustainability analysis and mapping with a TCFD scenario analysis, SDG mapping and Taxonomy screening of each company before completed acquisition.

Social sustainability

By 2030, Sdiptech shall be gender equal (men and women represented in the range of 40–60%) in leading positions.

Sdiptech must offer all employees an inclusive work environment that is safe and healthy. We believe in taking advantage of each other's differences and work for an even gender distribution.

Focus areas to reach the goal:

EQUALITY
Increase the share of women recruited to leading positions.

DIVERSITY
Increase the proportion of people with an international background in leading positions in the Sdiptech Group.

LOOK INTERNALLY
Increase the proportion of internal recruitment of Sdiptech's CEOs and other leading positions.

ZERO VISION
Ongoing control of health presence and zero vision of serious injuries or incidents in the workplace.

Environmental sustainability

Sdiptech shall reduce its carbon intensity (CO2e/turnover) from its own operations by 50% within five years (between 2021 and 2026).

Sdiptech's climate contribution is mainly from our business units. At the same time, it is important that we practice what we preach and work with our influence. Therefore, we must increase our control and reduce our carbon footprint. This transition includes increasing resource efficiency, reducing emissions and shifting the share of energy to renewables.

Focus areas to reach the goal:

ELECTRICITY USE
Strive to achieve 100% renewable energy in all electricity agreements signed by Sdiptech and Sdiptech's business units. During 2021, 38% of Sdiptech´s electricity consumption was powered by renewable energy, compared to 35% in 2020,

INDIRECT EMISSIONS
Include, evaluate and reduce more of the indirect emissions (Scope 3). At present, Sdiptech measures all business units' business trips, waste, IT equipment, water and paper consumption within Scope 3.

ELECTRIC VEHICLE FLEET
Strive for 100% electric vehicle fleet. During 2021, 9% of Sdiptech's vehicle fleet was electric-powered (fully or partly) compared to 8% in 2020.

Governance

All companies within the Sdiptech Group must have incentives that are linked to sustainability-related goals.

Sdiptech strives to have responsible and transparent corporate governance that can ensure that our operations are managed in a sustainable, responsible and efficient manner, in order to realise strategies and create value for our stakeholders.

Focus areas to reach the goal:

CODE OF CONDUCT & COMPLIANCE
Ensure that all new and existing employees undergo training on Sdiptech's business culture and sign the Code of Conduct.

TRANSPARENCY
Increase the percentage of metrics and ESG data according to Nasdaq's ESG reporting to 100%. Sdiptech has increased its share of reporting of sustainability data in 2021.

SUPPLIERS
Sdiptech had the ambition to map and evaluate the company's 20 largest suppliers in 2021. A more comprehensive mapping of the company's 150 largest suppliers was performed during the year.

Governance of the sustainability work

ACCOUNTING PRINCIPLES

The scope, content and quality of Sdiptech's sustainability reporting has been developed by applying GRI and Nasdaq's ESG reporting, including accounting principles such as working with social and climate-related risks and opportunities according to the Task Force on Climate-related Financial Disclosures (TCFD), but also stakeholder participation and materiality. The sustainability report has been prepared according to GRI Standards, Core level. The report has also been inspired by and prepared in accordance with the UN's guiding principles for companies and human rights. In addition, Sdiptech is a signatory of the Global Compact and reports its COP report on outcomes and progress to the UN Global Compact and climate data to CDP. Additional reporting on Sdiptech's sustainability work is available on the company's website **www.sdiptech.com.**

GUIDELINES AND METHODOLOGY

In connection with the close of the financial year, all Sdiptech companies, which have been part of the Group for the full reporting year, have provided sustainability data as part of the non-financial reporting. The companies that were not a part of Sdiptech for the entire financial year, only report the ESG data for the time they were part of Sdiptech.

SUSTAINABLE GOVERNANCE WITH DECENTRALISED RESPONSIBILITY

Sdiptech's sustainability work is primarily governed by the Group's Code of Conduct, which was updated during 2020. In 2020, Sdiptech also established a Sustainability Council, composed of employees with different positions and competencies who represent all parts of the Group. This enables well-developed strategies while decisions can be taken quickly. The Group has a Sustainability Manager who is responsible for presenting a strategy and for reporting and ongoing communication about the sustainability work. Sdiptech's Board, through the Sustainability Council and Group Management, is ultimately responsible for the sustainability work and after that for the company's sustainability report. The Sustainability Council conducts stakeholder dialogues that form the basis for decisions on long-term overall targets in key focus areas. This is supplemented by each business area manager drawing up goals and action plans for their respective companies.

The sustainability work is presented for the Board once per year or more often when required. Leading positions in the Group are responsible for developing and implementing strategies, policies, guidelines, goals, processes and tools for sustainability. Sdiptech has Group policies and guidelines which are related to sustainability. These include the business ethics-related Code of Conduct, the handbook for responsible investments, Sdiptech's

100% of employees, including customers and suppliers, have access to an anonymous whistleblower function handled by an external party

handbook for the green office and the governing documents at Group level relating to, among other things, safety, equal opportunities and decent working conditions, the company's property, confidential information, integrity, business ethics, human rights and environmental issues.

PURPOSE AND GOAL

The purpose of Sdiptech's sustainability report is to describe in a transparent way our goals, strategies and governance as well as responsibility, risks and opportunities from a sustainability perspective. Both Sdiptech and the surrounding world should be able to follow the development of the Group's sustainability initiatives. The report should provide customers, employees and shareholders with an understanding of and knowledge about our sustainability work.

BUSINESS ETHICS AND CODE OF CONDUCT

Sdiptech's Code of Conduct summarises fundamental Group policies and guidelines and contains rules to ensure that the operations are conducted with a sense of ethics and integrity. The Code applies to all employees within the Sdiptech Group and reflects the company's obligations according to the ten principles in the UN's Global Compact and the UN's guiding principles for companies and human rights. The Code is reviewed regularly and all employees and others who work for Sdiptech shall undertake to read, follow and understand it. Everyone who works for Sdiptech has a personal responsibility to ensure that the work is performed in accordance with the Code of Conduct. The Code is available in Sweden and in English in order to ensure that the entire workforce, and other stakeholders of Sdiptech, can understand and familiarise themselves with it. All employees are asked annually to read through and confirm that they understand it through a digital signature.

This also occurs on an ongoing basis in connection with every acquisition.

100 percent of the employees are informed annually about the Code of Conduct

Fredrik Navjord
Business Area Manager W&E
Represents Sdiptech's business units and member of the Management team

My Lundberg
Sustainability & IR Manager
Convenor Sdiptech's Sustainability Council and member of the Management team.

Peter Stegersjö
Investment Manager
Represents Sdiptech's acquisition team

30   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   31
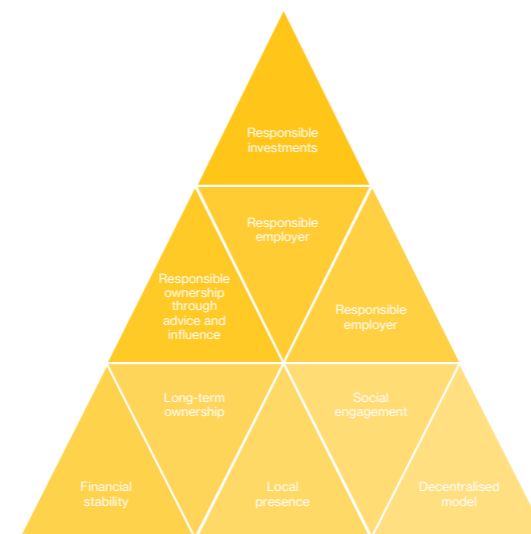
Approach to sustainability

We believe in a future that is based on more sustainable, efficient and safe societies. To achieve this, it is crucial that we expand and improve the infrastructure around us. We intend to take an active role in this development by acquiring and developing leading niche companies that offer solutions for the infrastructure sector's most critical needs. Our sustainability focus is integrated in the entire operations and is becoming an increasingly fundamental part of our quest for better business results. Focus on sustainability and responsible investments helps us create lasting value and has two main purposes: to reduce risks and take advantage of opportunities, while we can create a positive impact and build internal pride. According to our investment philosophy, the companies that Sdiptech invests in should have strong offerings that address critical infrastructure needs, while its products and services contribute to more sustainable, efficient and/or safe societies. This combination of driving forces in our business units' core operations ensures long-term demand. Financial sustainability for Sdiptech is synonymous with social and environmental sustainability. Conversely, companies whose offering or business is in conflict with these driving forces will gradually become disliked by public authorities as well as the general public and thus pose more risks. Read more about Sdiptech's sustainability risks in Sdiptech TCFD scenario analysis on page 50-53.

SUSTAINABILITY WORK
Sdiptech's sustainability work can be described as a pyramid. The basis consists of key pillars such as financial stability, long-term ownership, our strong local roots and a decentralised working method. Key cornerstones are that we continually work with our climate impact, that we take

responsibility for ensuring that our working environment is characterised by respect and that we engage in the local communities of which our subsidiaries are part of. We have the greatest influence on sustainability through our responsible investments and the offerings of existing business units, which in various ways contribute to more sustainable, efficient and safe societies.

From 2021, we have begun to work more actively to develop our business units' business and strategies from a sustainability perspective. Today, all business units have incentives that are linked to the Group's sustainability goals. In addition, separate and unique strategies, plans and goals have been set for each business unit.

(Pyramid from top to bottom: Responsible investments; Responsible employer; Responsible ownership through advice and influence / Responsible employer; Long-term ownership / Social engagement; Financial stability / Local presence / Decentralised model)

SUSTAINABILITY GUIDELINES

1. As a serial acquiring company, we shall always follow our handbook for responsible investments
2. Ensure that sustainability is integrated in the business model
3. Analyse sustainability risks and opportunities
4. Regularly evaluate material sustainability areas and conduct an active dialogue with stakeholders
5. Comply with the UN's Global Compact, the UN's global sustainable development goals and the OECD's guidelines for Multinational Enterprises
6. Adhere to policies and Codes of Conduct that address relevant sustainability areas
7. Formulate relevant measurable goals and continuously develop our social, environmental and economic influence on society
8. Manage and follow up the sustainability work with the help of fit-for-purpose processes and resources
9. Have a secure whistleblowing reporting channel
10. Report the sustainability work in a transparent way

Focus on what is material

STAKEHOLDER DIALOGUE
Our sustainability work is influenced by a number of stakeholders that have expectations of us. We want to be a sustainable actor, which is perceived as relevant. To succeed in this, we need to be keenly aware of our stakeholders' expectations of our sustainability work. In this way, we can ensure that we make the right priorities. We therefore work actively and systematically with stakeholder dialogues.

Sdiptech's main stakeholder groups have been identified on the basis that they are significantly impacted by or impact Sdiptech's operations: employees, shareholders, Board of Directors, suppliers and customers. Sdiptech also conducts a continual dialogue with other stakeholder groups, for example trade associations, sustainability analysts and the media. Sdiptech has continual contact with its stakeholders on issues related to sustainability. In 2020, an updated stakeholder dialogue was conducted, which took place through targeted surveys, among other ways. Following continued dialogues with some of the company's most important stakeholders, the analysis has been updated slightly in 2021.

MATERIALITY ANALYSIS
The stakeholder dialogue results in a materiality analysis, which aims to define the areas where we have the greatest opportunities to contribute to a more sustainable development. The dialogue has shown that our stakeholders believe that the sustainability issues with a close connection to our business should be given the highest priority, in other words, ensuring Sdiptech's long-term competitiveness, growing through organic growth and acquisitions as well as responsible investments. Other important areas that are ranked highly are the Group's total GHG emissions, climate adaptation of operations, health and safety at work, anti-corruption and business ethics and leadership.

In summary, in accordance with the results of our stakeholder dialogues, we have grouped the most material sustainability issues into three categories:

Sdiptech in society
3. Ensure Sdiptech's long-term competitiveness
4. Grow through organic growth and acquisitions
5. Resource use (e.g. energy, water and waste)
6. Climate adaptation of operations
11. Management of waste and hazardous waste
12. The Group's total GHG emissions

Sdiptech as an employer
13. Leadership
14. Diversity and inclusion
15. Gender equality
17. Occupational health and safety
19. Employee wellbeing

Sdiptech's business culture
16. Anti-corruption and business ethics
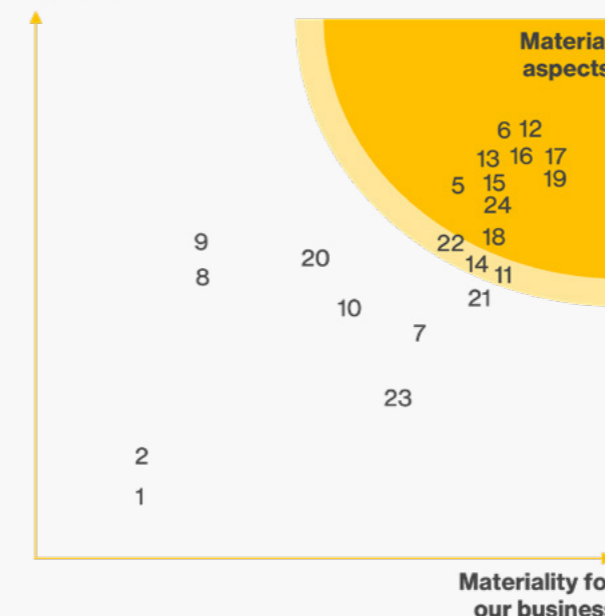18. Human rights and working conditions
22. Transparency in reporting

* The aspects that are ranked highest for our stakeholders and our business
* Other material aspects that we have chosen to work with

Materiality for our stakeholders / Materiality for our business / Material aspects

1. Increase the number of jobs
2. Promote local employment and investments
3. Ensure Sdiptech's long-term competitiveness
4. Grow through organic growth and acquisitions
5. Resource use (e.g. energy, water and waste)
6. Climate adaptation of operations
7. Circular flows through e.g. reuse/recycling/sharing
8. Carbon footprint from transport of employees
9. Environmental requirements on products and suppliers
10. Products lifecycle costs (LCC)
11. Management of waste and hazardous waste
12. The Group's total GHG emissions
13. Leadership
14. Diversity and inclusion
15. Gender equality
16. Anti-corruption and business ethics
17. Occupational health and safety
18. Human rights and working conditions
19. Employee wellbeing
20. Sustainability competence among employees
21. Governance of sustainability issues
22. Transparency in reporting
23. Supplier Code of Conduct
24. Responsible investments

Sdiptech
in society

Environmental and climate impact

The investments that are made today affect how much greenhouse gases we will emit in the future. Reducing emissions is necessary, both for the environment and in order to combat global poverty. As investors, we play

an important role in reducing greenhouse gas emissions. Sdiptech's climate contributions and impacts mainly occur in our business units. Therefore, our investments must follow an investment philosophy that aims to be a driving force in the shift towards more climate-smart infrastructures and societies. In 2019, we began the work on calculating the Group's greenhouse gas emissions. Sdiptech measures direct emissions (scope 1), emissions from energy consumption (scope 2) and indirect emissions from suppliers (scope 3) which are delimited to emissions from business travel and work materials. This is calculated in accordance with the GHG protocol (Greenhouse Gas Protocol). A number of Sdiptech's business units help their customers reduce their environmental impact through their offerings. See a detailed review of how Sdiptech's companies contribute to the UN's 17 Global goals on pages 38–45.

Responsibility for improving the environment and participating in a lasting sustainable development is a key point of departure for the Group's business. Sdiptech's impact on the environment is limited and is mainly connected to transportation of input goods, finished products, business travel and energy consumption. The Group's companies continually work to reduce the environmental impact of their operations. The environmental work is conducted locally, based on the specific conditions of each individual company.

The Group's companies strive for high efficiency in their use of energy and natural resources, promote systems for reuse and recycling of materials and energy, and also prevent and limit environmental pollution. The ambition is to be sensitive to the wishes of customers and suppliers, thereby meeting market demands for proactive environmental work. All business units in the Group work with quantitative goals in their environmental efforts, e.g. such as changing electricity contracts to renewable energy, replacing petrol cars with electric and hybrid vehicles and developing recycling systems and processes.

Most of our subsidiaries are certified according to ISO, of which 20 percent according to the environmental management system ISO 14001. The Group conducts operations in four of its subsidiaries that require a permit under the Swedish Environmental Code, relating to waste water treatment. There are no known threats from an environmental viewpoint that could jeopardise these operations. During 2021, Sdiptech and our business units have invested approximately SEK 1.6 million in climate-related projects, such as replacing the vehicle fleet with electric cars, installing charging points, advice to achieve net zero emissions, product development for energy optimisation and reduced transports and packaging.

- Sdiptech's total emissions (scope 1, 2, 3) were 4,807 tonnes CO2e
- Sdiptech's emissions from scope 1 & 2 were 4,41 tonnes CO2e
- Sdiptech's vehicle fleet accounts for 68% of all emissions, consisting of 703 vehicles, of which:
    - *644 are petrol cars and diesel cars*
    - *35 hybrid cars*
    - *24 electric cars*
    - *9% of Sdiptech's vehicle fleet operates on electricity (fully or partly by hybrid) compared to 8% in 2020.*

- Sdiptech's second largest emission culprit is electricity consumption, of 5,086,114 kWh, of which:
    - *Renewable: 2 289 192   38%*
    - *Non-renewable: 3 708 716   62%*
    - *38% of Sdiptech´s electricity consumption is powered by renewable energy, compared to 35% in 2020*
    - *During 2021, 15 companies had fully or partially renewable energy in their electricity contracts, compared to 5 in 2020*
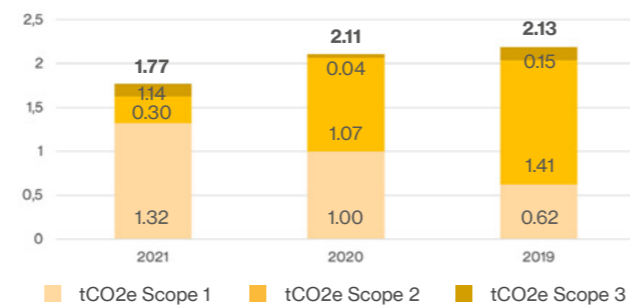
	2021	2020	2019
CO2e Tonnes/SEK million sales	1.77	2.11	2.18
Proportion renewable energy	38%	35%	33%
Proportion of Sdiptech's vehicle fleet operating on electricity	9%	8%	4%

Sdiptech's greenhouse gas emissions	2021	2020	2019
Total tCO2e Scope 1	3,598	2,084	1,131
Total tCO2e Scope 2	820	2,224	2,578
Total tCO2e Scope 3	393	93	280
Total Scope 1-2 tCO2e	4,419	4,308	3,709
Total Scope 1-3 tCO2e	4,807	4,401	3,989
Sdiptech's tCO2e/sales			
Total tCO2e Scope 1	1.32	1.00	0.62
Total tCO2e Scope 2	0.30	1.07	1.41
Total tCO2e Scope 3	0.14	0.04	0.15
Total Scope 1-2 tCO2e	1.63	2.06	2.03
Total Scope 1-3 tCO2e	1.77	2.11	2.19

*Sdiptech has delimited the reporting of Scope 3 to business travel, waste, IT equipment and office material.

Sdiptech's tCO2e	2021
Total tCO2e Scope 1	**3 598**
Company cars	3 280
Diesel km	3 038
Petrol km	194
Hybrid km	48
Electric km	-
Stationary (on-site) combustion	239
Natural gas	137
Bio gas	0
Heating oil	83
Wood biomass	19
Refrigerants	78
R22	-
R23	1
R134A	-
R410A	74
R404A	-
R407C	4
Total tCO2e Scope 2	**820**
Indirect energy	743
Regular electricity	714
Certified renewable electricity	-
Direct heating and cooling	29
Purchased steam	-
Total tCO2e Scope 3	**393**
Business travel	**87**
Taxi km	0
Long-Haul flights	11
Short-Haul flights	31
Train travel km	2
Hotel nights	43
Waste	**181**
Waste sent to recycling	169
Waste sent to incineration	8
Waste sent to landfills	4
IT equipment	**87**
Number of purchased laptops	29
Number of purchased screens/monitors	38
Number of purchased smartphones	20
Other	**19**
Water consumtion	4
Paper consumtion	15
Total Scope 1-2 tCO2e	**4 419**
Total Scope 1-3 tCO2e	**4 807**

TCO2 EMISSIONS/SALES

	2021	2020	2019
	1.77	2.11	2.13
tCO2e Scope 3	0.30	0.04	0.15
tCO2e Scope 2	1.14	1.07	1.41
tCO2e Scope 1	1.32	1.00	0.62

■ tCO2e Scope 1 ■ tCO2e Scope 2 ■ tCO2e Scope 3

Carbon dioxide emissions

Sdiptech's carbon footprint mainly consists of carbon emissions, which we believe to be the largest negative environmental impact from our operations. In addition to emissions related to the internal use of fossil fuels and electricity, carbon dioxide emissions are also generated by various modes of transport, such as transport of materials and products and passenger transport.

Generating financial value

Financial stability and strength are basic requirements for investing in sustainable business development. The accumulated expertise and experience in acquisitions, international expansion and management of creative teams has laid the foundation for the Group's decentralised management philosophy, which aims to inspire creativity and stimulate growth.

Growth: At Sdiptech, we focus on growth in earnings rather than on sales growth. Sdiptech's growth target is to achieve an average annual organic EBITA growth of 5–10 percent. Such a continual improvement in earnings requires us to continuously work with investments, improvements and efficiency enhancements. We need to sell more to existing customers, launch new products, find new customers and segments and establish ourselves in new markets. Other ways of generating growth, beyond organic growth, include making company acquisitions or establishing partnerships with different players.

Profitability: Profitability, measured as the return on capital employed, should exceed 15 percent. This demonstrates how effective we are in using the working capital invested over the year and our other assets. We want each business concept and subsidiary to have the potential to reach this target to be a part of the Group in the long term. A high level of profitability enables us to self-finance our growth.

Development: Each business unit is expected to be at the cutting edge and develop the operations in its sub-sector. Development issues may involve new technologies, new products, improved work processes, new IT systems and other aspects that help the company to advance. We know that companies successful in identifying and managing such issues ahead of their competitors build long-term competitiveness.

Targets in generating financial value

To realise Sdiptech's business concept and vision, in most of the companies, these are translated into targets and sub-targets. Within Sdiptech, we have transformed our vision into financial targets for the entire Group, which are subsequently broken down at a subsidiary level. The Group's three most important financial targets are the following, which were all achieved during 2021:

- Organic earnings growth: Average annual organic EBITA* growth of 5–10 percent.
- Acquired earnings growth: An annual average rate of acquisition of SEK 120-150 million in EBITA* per year.
- Capital structure: Financial net debt in relation to adjusted EBITDA on a rolling 12-month basis should not exceed 2.5 times.
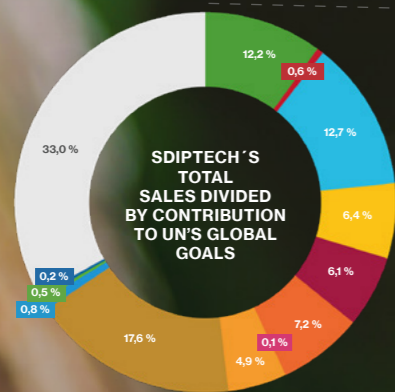
Responsible investments

Our investment philosophy is that companies with a sustainable business model and few sustainability risks have better potential for long-term profitability and growth. During 2020, Sdiptech produced a handbook for responsible investments, which by including sustainability criteria in the acquisition work's selection process can continue to ensure that the investments made are responsible ones. Read our handbook for responsible investments on Sdiptech's website: **www.sdiptech.se**. Sdiptech's responsible investments have generated about 30 companies, which are presented below, that in different ways contribute to more sustainable, efficient and safe societies

36   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   37

UN's 17 global sustainable development goals

67% of *Sdiptech's* sales contribute to one of the UN's 17 global sustainable development goals.

The UN's global goals are the most ambitious agenda for sustainable development ever adopted by the countries of the world and exist to eradicate extreme poverty, reduce inequalities and injustices, promote peace and combat the climate crisis. Infrastructure has a natural role in several of the UN's sustainable development goals and is an issue that unites people across political borders. Sdiptech contributes to a total of 14 of the 17 goals, as well as 41 of the 169 targets. Six of these targets are connected to Sdiptech Group's operations. However, our absolutely most important contribution occurs through the products and services that our business units offer.

SDIPTECH´S TOTAL SALES DIVIDED BY CONTRIBUTION TO UN'S GLOBAL GOALS

12,2 % · 0,6 % · 12,7 % · 6,4 % · 6,1 % · 7,2 % · 0,1 % · 4,9 % · 17,6 % · 0,8 % · 0,5 % · 0,2 % · 33,0 %

SHARE OF SDIPTECH'S SALES THAT CONTRIBUTE TO THE UN'S GLOBAL GOALS

1,2 % · 0,7 % · 0,3 % · 15,2 % · 0,9 % · 0,6 % · 18,9 % · 9,5 % · 9,1 % · 10,7 % · 0,2 % · 7,3 % · 26,2 %

1. NO POVERTY
2. NO HUNGER
3. GOOD HEALTH AND WELL-BEING
4. QUALITY EDUCATION
5. EQUALITY
6. CLEAN WATER AND SANITATION
7. SUSTAINABLE ENERGY FOR ALL

8. DECENT WORK AND ECONOMIC GROWTH
9. SUSTAINABLE INDUSTRY, INNOVATION AND INFRASTRUCTURE
10. REDUCED INEQUALITIES
11. SUSTAINABLE CITIES AND COMMUNITIES
12. HÅLLBAR KONSUMTION OCH PRODUKTION

13. FIGHT CLIMATE CHANGE
14. OCEANS SEAS AND MARINE RESOURCES
15. LIFE ON LAND
16. PEACE, JUSTICE AND STRONG INSTITUTIONS
17. PARTNERSHIPS FOR THE GOALS
NO CONTRIBUTION

---

2 ZERO HUNGER

GOAL 2 is to end hunger, achieve food security and improved nutrition and promote sustainable agriculture. Sdiptech contributes to target 2.4.

TARGET 2-4

2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and pro-duction, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality: **Agrosistemi** specialises in treatment and recovery of biological sludge originating from municipal wastewater. The company's by-product from waste water sludge is a fertilizer that helps to restore and preserve healthy soil and strengthens the ability to adapt to climate change.

3 GOOD HEALTH AND WELL-BEING

GOAL 3 is to ensure healthy lives and promote well-being for all at all ages. Sdiptech contributes to targets 3.1, 3.3, 3.6 and 3.9.

TARGET 3-1

3.1: Reduce the global maternal mortality ratio to less than 70 per 100,000 live births : Every eleven seconds, a pregnant woman or a new-born baby dies somewhere in the world, which are unacceptably high levels.[1] In spite of this, the solutions in many cases are basic, it is a matter of clean water, sanitation, nutri-tion, vaccination and basic healthcare. Sdiptech's business unit **Pure Water Scandinavia** is specialised in producing ultra-pure water and designs, constructs, commissions and services the market's most reliable clean water installations and delivers these solutions to hospitals around the world.

TARGET 3-3

3.3: End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases. The following Sdiptech business units contribute to combatting communicable diseases:

- **Hilltip** manufactures road maintenance equipment. Early in 2020, when the pandemic broke out, the company deve-loped their spreaders, which previously were mainly used to scatter salt on slippery roads, and also made it possible for them to spread disinfectants in public places in an efficient and safe way. Today, Hilltip's sanitary and disinfection spreaders are used in shopping centres and schools all around the world.

- **Water Treatment Products** produces disinfectants and pesticides, among other things against legionella.
- **Pure Water Scandinavia** iinstalls, constructs and services the market's most efficient clean water systems for hospitals and laboratories, as well as for various industries.

TARGET 3-6

3.6: Halve the number of global deaths and injuries from road traffic accidents. The following Sdiptech business units contribute to reducing the number of deaths and injuries in road traffic:

- There is a clear link between speed and traffic accidents. The consequences become milder and even the risk of an accident occurring decreases at a lower speed. In particular, traffic cameras are an important and well-documented speed-reducing measure. **RedSpeed** manufactures digital cameras for speed detection and road safety.
- Accidents among pedestrians increase significantly during November and December.[2] Winter conditions are an important aspect for road safety in northern Europe and it is mainly poor road conditions and darkness that come into play. **Hilltip** is one of Europe's leading manufacturers of road maintenance equipment and ice control for smaller roads, cycle paths and footpaths.
- **Centralbyggarna** and **Centralmontage** produce and install customised switching stations and electrical automation, for example for distribution boxes to control traffic lights and street lighting. Functioning street lighting and traffic lights are an important preventive measure in reducing traffic accidents.
- **Thors Trading** supplies special studs to cope with difficult road conditions for heavy machinery such as tractors and road machinery.

TARGET 3-9

3.9: Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. The following Sdiptech business units contribute to reducing the number of deaths and illnesses from hazardous chemicals:

- **Polyproject** is one of Scandinavia's leading environmental technology companies, specialised in products for cleaning of aggressive liquids, water, gases and air. They collaborate with some of the largest flue gas cleaning companies in the industry in Sweden as well as internationally.
- **Vera Klippan** produces large-dimension cisterns for larger water and sewerage systems. The company's products are used, among other things, for chemicals, water and sewage, as well as ventilation chimneys and scrubbers.
- **Medicvent** works with gas evacuation systems for noxious gases. Their technology improves the working environment in hospitals by maximising the capture of harmful leaking gases arising during operations, among other things.

38   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   39

GOAL 4 aims to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Sdiptech contributes to targets 4.5 and 4.A.

4.5: Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.

& 4.A: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.

- Roughly every sixth person in the UK suffers from some form of impaired hearing.[3] Our business unit **Alerter Group** contributes to equal access to education and improves educational environments that are adapted for more people through their radio-based communication and fire alarm systems for the disabled, such as deaf and hard of hearing people, where their main customers are schools and universities.

GOAL 5 is to achieve gender equality and empower all women and girls, which is a prerequisite for sustainable and peaceful development. Sdiptech contributes to target 5.5.

5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Sdiptech has a special anti-discrimination policy and promotes and monitors gender equality. We have also established a goal to achieve a gender balance in Management teams and managerial roles to ensure full and effective participation for women and equal opportunities for leadership. In spite of this, there is a certain challenge in the technology industry where Sdiptech operates, to attract more women and create a more uniform gender distribution, particularly in the entrepreneur-led technology companies that we acquire. We want everyone to feel welcome and we want to contribute to more women becoming interested in technology and urban planning at an early age. One way for us to do that is to support the **Global Challenge** initiative. Among other things, they have developed the initiative #Urbangirlsmovement, which aims to prioritise young women's views on urban development in order for cities to become inclusive and sustainable.

GOAL 6 is to ensure availability and sustainable management of water and sanitation for all. Sdiptech contributes to targets 6.1, 6.3, 6.4, 6.6 and 6B.

6.1: Achieve universal and equitable access to safe and affordable drinking water for all.

The following Sdiptech business units contribute to target 6.1:
- **Polyproject** and **Vera Klippan** play an important role in several water treatment processes by commissioning and servicing clean water installations.
- **Water Treatment Products** works with the preparation and manufacture of water treatment products which, among other things, are delivered to water treatment plants.
- **RIA**, which supplies control systems for, among other things, water treatment plants, contributes to more efficient water consumption by monitoring and determining when the pumps should be started and switched off for the least possible wastage.

6.3: Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.

Sdiptech's business unit **Topas** works with wastewater treatment for properties outside the municipal water and sewerage networks. They have a technical organisation, which is adapted to take a holistic approach to infrastructure for wastewater treatment for smaller communities.

6.4: Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

The following Sdiptech business units contribute to target 6.4:
- Large parts of Europe's water infrastructure are outdated. The fact is that an average of 23 percent of the fresh water in Europe leaks due to leaking pipes and conduits. Sdiptech's business unit **Auger** ensures a sustainable supply of drinking water through efficient insurance claims management relating to underground infrastructure such as pipes and water mains.
- **Polyproject** has a unique competence in cleaning wastewater, for example when by-products such as gypsum and heavily polluted aggressive wastewater that must be treated.
- **Vera Klippan**, which commissions and services pure water facilities, produces large-dimension cisterns for larger water and sewerage systems. The company's products are used, among other things, for chemicals, water and sewage, as well as ventilation chimneys and scrubbers.
- **Topas** works with wastewater treatment for properties outside the municipal water supply and sewerage networks. Their unique water and sewerage system purifies wastewater that can be used for cultivation in places facing acute water shortages, so as not to burden drinking water systems.

- **Hydrostandard** ensures that water use is measured correctly and thereby streamlines water consumption and identifies any water leaks.

6.6: Protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes & 6.B: Support and strengthen the participation of local communities in improving water and sanitation management.

Sdiptech's business unit **Topas** contributes to these two targets by utilising their unique water and sewerage system where purified wastewater is utilised and can, for example, be used for irrigating crops in places facing water shortages. The company has participated in a facility that reverses the cycle, from pumping up groundwater, irrigation and ditching, which causes a lot to flow out into the sea, to taking Baltic sea water, cleaning it, using in households, cleaning wastewater and using for irrigation. The sewage treatment plants are also dimensioned and designed to be able to take wastewater from industries.

GOAL 7 is to ensure access to affordable, reliable, sustainable and modern energy for all. Sdiptech contributes to targets 7.1, 7.2, 7.3, 7.A and 7B.

7.1: Ensure universal access to affordable, reliable and modern energy services. & 7.2: Increase substantially the share of renewable energy in the global energy mix.

Sdiptech's business units Unipower and Eurotech contribute to the two targets:

- High-quality electricity supply is critical for functioning societies and will only become more important in connection with the electrification of industries and communities. Electricity quality problems can arise in connection with weak networks and varying production, such as renewable electricity. As the world is increasingly investing in renewable electricity production, continual monitoring of the electricity supply plays an important role. **Unipower** eoffers automated power quality management systems for continuous supervision of the energy supply – a significant factor in ensuring that the use and development of renewable energy takes place in a safe and sustainable way without interruption.
- **Eurotech** offers customised solutions for well-functioning systems for uninterruptible power supply. Their products in the Solar Power Solutions segment enable a business to be run entirely on solar energy, including storing the energy over time that can be used during power outages or when the solar cells are unable to deliver full capacity.

7.3: Double the global rate of improvement in energy efficiency.

The following Sdiptech business units contribute to energy efficiency:

- The total energy consumption for all Swedish buildings accounts for just over one third of the total Swedish energy consumption. Meanwhile, between 30 and 40 percent of the energy that is required to heat up our properties leaks. **KSS** helps property owners to optimise energy and capacity use based on a building's system and operations. In this way, both the energy consumption and the environmental impact can be reduced.
- **Frigotech** works with refrigeration technology for mainly grocery stores and data centres, but also for industry. With heat recovered from grocery stores' refrigeration units, Frigotech's solutions can help to reduce energy consumption.
- **Water Treatment Products** increase energy efficiency during production of electricity by descaling, among other things, turbine blades at heating plants.
- In order to get the maximum output from biomaterials, the steam that accelerates the turbine blades must be created by pure water, otherwise there is a risk of deposits on the blades. **Pure Water Scandinavia** produces ultra-pure water for heating plants for energy efficiency.
- **IDE Systems** is specialised in temporary power and monitoring systems for power usage. IDE offers their own suite of onsite power management tools, enabling reductions in power usage.
- **Hydrostandard** is a vital part of the chain for the roll-out of new modern and intelligent electricity meters and thereby contributes to increasing energy efficiency.
-

7.A: Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology. & 7.B: By 2030, expand the infrastructure and upgrade the technology to deliver modern and sustainable energy services to everyone in developing countries, especially the least developed countries and small island nations under development.

Unipower has arranged and participated in a number of different projects and training in green cities and sustainable energy solutions in Africa and the Middle East. Among other things, the company has been involved in projects for the development of public transport systems and energy in Uganda. They were also part of a trade delegation trip organised by SSACC, Sweden Sub-Saharan Africa Chamber of Commerce. The theme was Green Cities and Sustainable Solutions and the programme included business seminars, individual meetings and company visits to Rwanda, Botswana and Namibia.

40   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   41

At a national level, through a collaboration with the Chalmers' start-up Eneryield, which develops machine learning based methods for intelligent power quality analysis, Unipower can even more efficiently and accurately identify the root cause and direction of power quality disturbances. This is an important step towards a smarter power grid and creates conditions for better grid stability and security of supply. Another example is the collaboration between our business Polyproject, the Royal Institute of Technology (KTH) and IVL Swedish Environmental Research Institute, as part of extensive research work to develop a new type of carbon fibre-based electrodes that make it possible to efficiently extract hydrogen from different types of wastewater with high ammonium content. At the same time, the wastewater is purified from ammonium nitrogen, which represents another environmental benefit.

GOAL 8 is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Sdiptech contributes to five of the targets: 8.1, 8.2, 8.5, 8.6 and 8.8.

8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. & 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

As a technology group with the overriding goal of creating sustainable, long-term value growth, by acquiring, developing and long-term ownership of companies as they are with a decentralised strategy without mergers, Sdiptech contributes to these two targets.
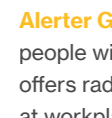
8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Alerter Group contributes to decent work for all including people with different disabilities through their service that offers radio-based communication and fire alarm systems at workplaces for the deaf and those with impaired hearing, among others.

8.6: Substantially reduce the proportion of youth not in employment, education or training. Several of Sdiptech's business units, for example, KSS and Multitech, take in technicians from school through various apprenticeship programs, which is an excellent way to get more young people into the labour market.

8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

The following Sdiptech business units offer security solutions that contribute to target 8.8:

- **Optyma** designs, implements and manages security systems for both private companies and the public sector, such as hospitals and railway stations.
- **Multitech** works with temporary infrastructure and sets up safety stations, such as fire protection, at construction sites.
- **Cryptify** offers encrypted communication solutions for enhanced security. By protecting the information with certified cryptotechnology, unauthorised people are kept out and users can communicate securely, which is an important function for personal security in connection with sensitive communication.
- **Medicvents** technology improves the working environment at hospitals by maximising the capture of harmful leaking gases.
- **Storadio** & **Stockholmradio** offers critical radio communication for aviation and shipping.
- **Alerter Group** helps to create safe working environments and secure employment for all through its communication systems and smoke alarms for disabled people.
- **Certus** works with automation solutions for operating flows in port- and terminal logistics. The products automate identification, registration and positioning for increased efficiency and improved safety by limiting the need for hazardous human intervention.

GOAL 9 is to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Sdiptech as a Group contributes to the three targets 9.1, 9.4 and 9.6. In addition, Sdiptech's business unit Rolec contributes to target 9.2 and Unipower to 9.A.

9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all. & 9.4: 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, with all countries taking action in accordance with their respective capabilities. & 9.5: Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.

The transport sector accounts for almost one third of fossil fuel emissions in Sweden today. It is the sector that has the greatest potential to be able to quickly shift to become fossil-free.[5] More electric-powered vehicles are one of the

keys to a rapid transformation of the transport sector, but for it to be attractive to own an electric car, it is important that the infrastructure also develops, such as the availability of charging equipment. Rolec is specialised in the development and manufacture of a wide range of equipment and systems for charging electric vehicles. Apart from charging products for electric cars, Rolec has a 30-year background in providing marinas and campsites with sustainable charging solutions.

9.2: Promote inclusive and sustainable industrialization. Significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.

The transport sector accounts for a large share of the total fossil fuel emissions in Sweden and today is the sector that has the greatest potential to be able to quickly shift to become fossil-free.[5] More electric-powered vehicles are one of the keys to a rapid transformation of the transport sector. For it to be attractive to own an electric car, it is important that the infrastructure develops, such as the availability of charging equipment. Rolec is specialised in the development and manufacture of a wide range of equipment and systems for charging electric vehicles. Apart from charging products for electric cars, Rolec has a 30-year background in providing marinas and campsites with sustainable charging solutions. IDE Systems focuses on delivering equipment for temporary power distribution, including charging stations with temporary power for electric vehicles.

9.A: Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support to African countries, least developed countries, landlocked developing countries and small island developing States.

Several African countries have serious problems with network reliability. The uncertainty in the electricity system has impeded industrial development in countries such as Tanzania. With products, systems and training in power quality measurement Unipower helps to improve the situation.

MÅL 10 aims to reduce inequality within and among countries. Sdiptech contributes to target 10.2.

10.2: Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Alerter Group contributes to increased safety and inclusion for more people through its radio-based communication and fire alarm systems for the deaf and those with impaired hearing.

GOAL 11 is to make cities and human settlements inclusive, safe, resilient and sustainable. Sdiptech's business units contribute to targets 11.2 and 11.6.

11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.

The following Sdiptech business units contribute to sustainable and safe transport systems.

- **RedSpeed** is specialised in digital cameras for speed and traffic monitoring. The consequences become milder and even the risk of an accident occurring decreases at a lower speed. An important speed-reducing measure is traffic cameras, which also create a better and smoother traffic flow, which in turn results in less environmental impact and boosts ecological sustainability. Through less noise and improved mobility for cyclists and pedestrians, social sustainability can also increase.
- To enable efficient and safe rail traffic, railway signalling systems are used. Sdiptech's business unit Centralbyggarna, which works with the design and production of electrical automation equipment, ensures, among other things, that railway signalling systems can handle the stressful environments in the form of vibrations, disturbances, mixed types of power systems and the integration with signalling systems.
- According to a report from the Swedish Government Agency, Transport Analysis, women refrain from travel that feels unsafe to a greater extent than men.[6] This means that road safety is also an issue of gender equality. Optyma specialises in safety systems for, among other things, train and railway stations, for a safer and more inclusive public transport system.

11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.

The following Sdiptech business units contribute to reducing the negative environmental impact of cities:

- **KSS** helps property owners to optimise energy and capacity use based on the building's system and operations.
- Refrigerants are substances that are included in refrigerators, freezers, air conditioners and heat pumps. Cooling systems emit large amounts of carbon dioxide equivalents. Using pump circulation, subcritical and transcritical systems, **Frigotech** helps to reduce leakage in refrigeration units.
- Healthcare professionals who come into daily contact with medical and flue gases at their workplace are exposed to unnecessary risks. **Medicvent** is specialised in gas evacuation, directly at the point of leakage. This is to minimise the risk of the gas spreading into the room and exposing the healthcare staff to unnecessary risks.

42 Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893 43

- **Agrosistemi** harnesses the sludge that arises in the municipal water treatment process. Important organic minerals can thereby be returned to the soil, which increases the organic matter content and thus constitutes a carbon sink.

GOAL 12 is to ensure sustainable consumption and production patterns. Sdiptech contributes to targets 12.1, 12.2, 12.3 and 12.4.

12.1: Implement the 10-year framework of programmes on sustainable consumption and production, all countries taking action, with developed countries taking the lead, taking into account the development and capabilities of developing countries.

Rolec has over 30 years of experience in the development and manufacture of a wide range of charging equipment and systems for electric vehicles. In order for the transport industry to meet the set conversion targets, more vehicles must be electrically-powered. An important cornerstone in the acceleration of this shift is an attractive and functioning infrastructure for electric vehicles, such as the availability of charging equipment.

12.2: Achieve the sustainable management and efficient use of natural resources.
The following Sdiptech business units contribute to the target:
- **Polyproject** is specialised in cleaning of aggressive liquids, water, gases and air.
- **Vera Klippan** commissions and services pure water facilities.
- **Water Treatment Products** works with the preparation and manufacture of water treatment products which, among other things, are delivered to water treatment plants.
- **Topas** water and sewerage systems purify wastewater that can be used for other purposes. The sewage treatment plants are also dimensioned and designed to be able to take wastewater from industries.

12.3: Halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.
The following Sdiptech business units contribute to reducing food losses:
- Every year, approximately 100 million tonnes of food waste are thrown away in the EU, which means enormous costs for both the economy and the environment.[7] Cooling solutions are a critical part of the chain for reducing fresh food waste and for medicines that require a certain temperature. **GAH** is a leading British company in the design, manufacture and service of transport cooling solutions for the last mile.
- **Frigotech** offers efficient refrigeration systems, for example to grocery stores with continuous service and monitoring that helps prevent disruptions in food stores. This in turn

reduces the risk of spoiled food and wastage in the store during longer power outages in fridges and freezers.

12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.
The following Sdiptech business units contribute to target 12.4:
- **Medicvent**, which specialises in gas evacuation, directly at point of leakage, in order to minimise the risk of gas leaks.
- **Polyproject** is specialised in products for the cleaning of aggressive liquids, water, gases and air. For example, their product Polypump is an air-operated diaphragm pump that is ideal for flammable and explosive environments.
- **Vera Klippan** produces large-dimension cisterns for larger water and sewerage systems. The company's products are used, among other things, for chemicals, water and sewage, as well as ventilation chimneys and scrubbers.

12.5: Significantly reduce the amount of waste through measures to prevent, reduce, reuse and recycle waste.
Agrosistemi harnesses the sludge that arises in the municipal water treatment process. This means that important organic minerals can be returned to the soil, which increases the organic matter content and helps to recycle the sludge waste. Thus the company contributes to target 12.5.

GOAL 14 aims to conserve and sustainably use the oceans, seas and marine resources for sustainable development. Sdiptech business units contribute to target 14.1:

14.1: Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.
The following Sdiptech business units contribute to reducing marine pollution.
- Before wastewater is allowed to be discharged, it must be handled and treated in accordance with the laws in force. Otherwise, the pollutants and infectious substances present in the wastewater may have a negative effect on the environment or human health. This has been a major problem in the Baltic Sea. **Topas'** system works in the opposite way, where every drop of water is utilised. Instead of the water being discharged into the Baltic Sea after use, the water from the Baltic Sea enters via a pipe to a facility where it is desalinated and reaches drinking water quality. Drinking water is pumped out in pipes to households. When households have used the water to drink, shower and flush toilets, the wastewater is pumped away to a treatment plant where it is treated and obtains "at least bathing water quality" and can, for example, be used for irrigation of crops.

- **Polyproject** among other things, provides tanks and process equipment for scrubbing of exhaust gases for ships.
- **Vera Klippan**, which manufactures large-scale cisterns for larger water and sewage systems, which are used for, among other things, chemicals, water and sewage, ventilation chimneys and scrubbers.

GOAL 15 is to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Sdiptech's business unit Topas contributes to targets 15.1 and 15.5.

15.1: Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements. & 15.5: Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.
Topas contributes to the targets as their water treatment plant on Gotland purifies fresh water and treats the wastewater, which was previously discharged into the Baltic Sea, for local use. In addition to contributing to less pollution in the Baltic Sea, water resources are also utilised through the local treatment plant.

15.3: Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.
Agrosistemi's by-product from the sewage sludge is a fertilizer that helps to combat desertification and restore degraded land and soil.

GOAL 16 is to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Sdiptech's business unit Cryptify contributes to targets 16.4 and 16.8.

16.4: Significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. & 16.8 Broaden and strengthen the participation of developing countries in the institutions of global governance.
Complex cybercrime is becoming more common in organised crime. According to the National Defence Radio Establishment (FRA) of the Swedish Armed Forces, cyber attacks occur daily

that risk harming people and communities in various ways. These involve everything from well-planned attacks on public authorities, to threats against private companies and blackmail of individual citizens. According to FRA, there has been a significant increase in aggressive cyber attacks against Swedish infrastructure, and particularly against public authorities and state-owned companies.[8] Sdiptech's business unit **Cryptify** is a leading Swedish provider of solutions for encrypted communications. Cryptify Call has been reviewed and approved for official use by both the British Security Service and NATO. The customers are mainly found in the areas of public authorities and defence, such as the Swedish Government Offices and NATO HQ, which in many cases, work preventively against organized crime, with a strong need to protect their communications..

Sdiptech as an employer

Sdiptech wants to be an employer where employees feel happy and develop. To achieve this, we aim:

• To have satisfied employees.
• To be a workplace, that promotes diversity, gender equality and inclusion.
• That no employee shall be affected by physical or mental ill health due to his/her work situation.
• That all employees shall comply with our Code of Conduct.

Employee wellbeing, occupational health and safety

Our most important asset is our employees who all contribute to our common success. Sdiptech shall offer its employees a safe and healthy work environment which, together with good working conditions, creates a sustainable work climate with low absence due to illness and good health. Sdiptech's operations are based on long-term relationships with customers and suppliers, as well as strong ethics and great respect for all individuals in the company and during external contacts. Much like in other parts of the Group's business, the concrete work with social responsibility is highly decentralised within the framework of the guidelines adopted by Sdiptech.

Safety is deeply integrated into our core business, where several of our companies contribute to protecting workers and promoting safe and secure work environments. We want to practice what we preach, where safety for Sdiptech's employees comes first. All of Sdiptech's business units have their own security policy. In addition, a couple of Sdiptech's businesses involve work in vulnerable environments and there are clear security routines at these business units for how the employees should protect themselves. The development of individual incidents, injuries, employee turnover and healthy attendance is closely monitored and is a way for us to evaluate ourselves in relation to employees' health and the working environment. A total of 73 work-related accidents were reported in 2021, compared with 44 in 2020. We have a zero vision in relation to work-related accidents, illnesses and incidents and an ambition to continually work for improved health and wellbeing among our employees. The objective is for no one to suffer from physical or mental ill health due to their work situation.

Absence due to illness as a percentage of working time in days was 2.4 percent for the full-year 2021, a decrease from last year when it was 3.3 percent. Just like in 2020, healthy attendance was impacted by the coronavirus pandemic. Sdiptech's goal is that the company's absence due to illness shall be less than 5 percent.

Form of employment

Most of our workforce is employed on a permanent basis. Contracted personnel are used primarily to substitute for ordinary employees who are ill or otherwise absent. Our employees having secure employment is not only a work environment issue, but also an important factor in achieving continuity in the operations and being able to build long-term relationships.

	2021	2020	2019
Managing Directors (including subsidiaries) and Boards of Directors	55	49	45
Production	713	1,001	864
Sales	111	75	45
Administration	210	249	193
Other	584	125	116
Total personnel	**1,673**	**1,499**	**1,263**

Employee turnover

Employee turnover and healthy attendance are continually monitored internally and communicated externally on an annual basis. Large deviations in employee turnover compared to previous periods can be an indication of shortcomings or dissatisfaction, and the earlier a deviation can be found, the greater the opportunity to investigate and fix a possible problem. In 2021, total employee turnover was 7.9 percent excluding employees added through acquisitions or that left through divestments during the year.

Employee turnover including acquisitions	2021	2020	2019
The number of full-time employees who left the organisation	162	129	75
The number of part-time employees who left the organisation	14	14	3
The number of consultants and contractors who left the organisation	7	5	6
Total personnel	**1,673**	**1,499**	**1,263**

Leadership

We strive to be a respected employer and our business units should strive to be attractive employers with the employees' professional development in focus. The relationship with and among the employees should be based on mutual respect. To provide support in the development work, business area managers and other centrally located employees are involved in various issues in the subsidiaries, for example leadership, sustainability, marketing and sales, financial follow-up and reporting and project follow-up. As part of our effort to be an attractive employer with committed managers, in 2020 we began leadership training for the Managing Directors in the Group, which has continued during 2021.

Gender equality, diversity and inclusion

We are convinced that we benefit from taking advantage of each other's differences and work for a uniform gender distribution and a broad international representation among employees and leaders. The employees' different knowledge, competences, backgrounds and perspectives create new opportunities and result in better decisions. We therefore look at an open and inclusive corporate culture that advocates diversity as a strength and therefore strive to ensure that more of the company's leaders should have an international background, which we have defined as being born or lived for at least five years in another country than the one the employee works in. Within the Group, there are a number of guidelines and governing documents that stress the importance of looking at the knowledge, competencies, background and perspectives of different employees. The work is advanced through transparency and continual follow-up.

	2021	2020	2019
% with an international background in Sdiptech's Board	17%	33%	33%
% with an international background in Group Management	17%	20%	17%
% with an international background in leading positions in the business units	8%	4%	n/a

Gender equality is measured, among other ways, as the proportion of women in leading positions and is followed up internally in each company on an annual basis and communicated externally in the annual and sustainability report. Sdiptech does not permit discrimination or harassment in any form. We strive to ensure that employees within the Group shall be afforded equal opportunities for career development, training, remuneration, work content and working conditions, regardless of gender. In cases where compensation gaps do exist between men and women, we work actively to ensure that these are evened out. We also work to achieve a more uniform gender breakdown in recruitment. We offer equal employment opportunities regardless of origin, religion, gender, age, disability, family circumstances or sexual orientation.
We work to counteract any form of discrimination in the workplace or in the treatment of employees when it comes to wage setting and career development.

While we strive for a more equal gender distribution in a generally male-dominated industry, the proportion of women in the Group has increased by 3.5 percent.
Succession planning is a way for us to work with gender equality through internal recruitment, while we can retain competencies in the organisation. In addition, the pay gap between men and women has continued to decrease during 2021. We want everyone to feel welcome and we want to contribute to more women becoming interested in technology and urban planning at an early age. One way for us to do that is by supporting the Global Challenge organisation. Among other things, they work with the #Urbangirlsmovement initiative, which aims to prioritise young women's views on urban development in order to make cities inclusive and sustainable.

It is gratifying that both the proportion of women in the total staff and women in leading positions has continued to increase during the year. In order for us to be able to find new target groups and diversify our final candidates, we also work to achieve more diversity and more uniform gender distribution by:

• Mapping the current situation and setting ambitious diversity and gender equality targets.
• Quality assuring our communications, including our recruitment materials, to create a more inclusive visual and written tonality.
• Broadening our networks and opening up recruitment processes through new channels and methods of screening candidates.
• Continually reviewing our forms of employment from a perspective that can attract more women, such as parental allowance, flexible working hours, remote working and no qualifying day requirement.
• Including both women and men in the recruitment group.

Total personnel	2021	2020	2019
Total personal	1,673	1,499	1,263
Of whom, women	282	200	157
% women	16.9%	13.3%	12.4%
% women in Sdiptech's Board	40%	33%	17%
% women in Group Management	0%	0%	0%
% business units in the range 40-60 women/men in leading positions.	32%	30%	26%

	2021	2020	2019
Annual average salary, women (euro)	36,058	38,737	34,582
Annual average salary, men (euro)	41,846	46,402	45,780

Sdiptech's 💼
business culture

Anti-corruption and business ethics

Business ethics is high on our agenda and is an issue that is continuously addressed. We have a declared policy of zero tolerance against corruption and do not accept bribes or unfair competition-limiting practices. No cases of corruption were identified during the year. With regard to labour law, we adhere to all laws and regulations as a minimum, and we expect customers and suppliers to comply with current legislation. In addition, we work actively to ensure that there are no regulatory breaches within our operations or our value chain.

Sdiptech complies with the Swedish Business Code issued by the Swedish Anti-Corruption Institute (IMM), which aims to guide companies on issues regarding how gifts, remuneration and other benefits may be used in the business sector to promote the company's operations. All sales and marketing of our products and services shall thus take place in accordance with the applicable laws and regulations in each country. Sdiptech does not invest in companies that do not operate on the basis of transparency and responsibility or where there is the slightest hint of corruption.

Sdiptech shall support and respect freedom of assembly and association, also known as the right to organise, which means people's right to belong to and form organisations. Freedom of association is a fundamental right which is found, among other things, in our own constitution and the International Covenant on Civil and Political Rights. Freedom of assembly is also constitutionally protected. Freedom of assembly gives the right to organise and attend meetings that have the purpose of enlightening and informing, expressing an opinion, performing a work of art and the like. We must apply fair working methods and comply with current national and international working standards. We must also provide fair wages and benefits in accordance with national law and applicable collective agreements.

In order to maintain a high level of confidence among customers, suppliers and other stakeholders, it is important to safeguard and strive for transparency and good business ethics. All persons who perform work for Sdiptech or otherwise represent the Group are, in addition to acting in accordance with applicable rules and laws, obliged to comply with the Group's ethical rules of conduct. Sdiptech has an external whistleblower function which helps to monitor compliance with the Code of Conduct and enables anonymous reporting. The whistleblower function is an important tool for maintaining good corporate governance and contributing to an efficient process where Group Management can quickly become aware of risks and shortcomings in the operations in order to investigate and remedy these. The whistleblower service is administered by an external actor who takes the case further.

Human rights

We shall support and respect internationally recognised human rights wherever we work. We do not accept any form of compulsory labour, involuntary or unpaid work. The UN's Convention on the Rights of the Child, the ILO's Convention on the Minimum Age for Employment, and the Convention on Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, are guidelines for all business activities that are conducted in our name.

In addition, we do not invest in companies that in any way contribute to human rights violations. Even if the companies we are looking at are not directly involved in human rights abuses, we examine whether they have customers, through companies or states, who could be. It is extra important to investigate whether an acquisition prospect operates or has significant customers that operate in regions where human rights violations frequently occur.

Demands on our suppliers

We work with a large number of suppliers. Most are domestic and are based in the same country as where the business is operated. In addition, our supplier relationships are usually long-term and characterised by close collaboration, which give us a basis for dialogue and risk prevention. According to our decentralised model, it is up to each business unit to check that their suppliers comply with our Code of Conduct. Sdiptech also conducts annual mappings of suppliers, in order to review potential sustainability risks in customer and supply chains. This is especially important in contracts with non-Nordic customers and suppliers, and then specifically in so-called high-risk countries, where there is a lack of vision and respect for human rights, working conditions, climate change, biodiversity, gender equality, animal welfare and corruption.

Transparency in reporting

Sdiptech has implemented Nasdaq's ESG reporting since 2018 and is certified as a "Nasdaq ESG Transparency Partner". To ensure improved sustainability work and greater transparency, Sdiptech has expanded its reporting as stated below:

Nasdaq's ESG reporting	2021	2020	2019
General info	100%	100%	100%
Environmental Metrics	100%	86%	86%
Social Metrics	100%	100%	100%
Corp Goverment Metrics	95%	95%	95%
Future Sustainable Goals	100%	88%	25%

In addition, Sdiptech reports its sustainability work in accordance with GRI standards. See complete GRI index on pages 56-57.
By applying the international GRI guidelines, Sdiptech strives for reporting on sustainability-related content that is relevant to its stakeholders in a transparent and balanced way.

TCFD scenario analysis 2021

SDIPTECH'S SOCIAL AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

Social and climate-related sustainability risks span many areas, such as human rights, working conditions, environment and climate, anti-corruption as well as information and IT security. Our diversified structure with over 30 companies in different industries and geographic markets gives us a good risk spread, creating the conditions for stability. This breadth reduces dependence on individual business units, markets and lowers risks. As we have clear acquisition criteria and because we do not invest in companies and sectors that run counter to our philosophy, in other words companies whose operations are harmful to society, many sustainability risks are eliminated. Read more about this in our Handbook for Responsible Investments on Sdiptech's website. Prior to each acquisition, a separate sustainability mapping, including a TCFD scenario analysis, is also carried out for the company in question. We also see opportunities with the shift when sustainability is integrated into the business model in the companies we already own.

Despite this, it is of great importance for us, from both an economic and legal perspective, to identify, manage and prevent sustainability risks. It is also crucial for public confidence and for our relationship with customers, employees, owners and investors. Acting responsibly is thus a basic prerequisite for long-term value creation in Sdiptech. Our work on identifying sustainability risks occurs with Sdiptech's Sustainability Council together with Group Management, where representatives from each business unit participate. Management, governance and monitoring follow our decentralised model through Sdiptech's business area managers at Board meetings and other reconciliations with the business units and occur within the framework of established risk management processes.

Sdiptech's analysis of sustainability risks and opportunities has been developed according to the Taskforce on Climate-related

Financial Disclosure methodology (TCFD), a framework that aims to guide organisations in the work of identifying climate-related financial risks and opportunities. Through application of the TCFD, we have created an expanded understanding of the financial consequences that social and climate-related effects can have on our operations, both in the short and long term. Meanwhile, the framework facilitates the work of building robust strategies for managing these risks. According to the TCFD's recommendations, we have taken our starting point in governance, strategy, risk management, targets and metrics. In these areas, we highlight how Sdiptech manages and evaluates physical risks and transformation-related climate risks. In addition, we have chosen to follow the same method for social sustainability risks.

Sdiptech follows the precautionary approach and shall take measures or restrictions in its operations or take other precautionary measures to prevent, stop or counteract the occurrence of damage or other difficulties to the environment or health.

Sdiptech's resilience

Already today, we are seeing increased incidences of extreme weather that can be linked to climate change, and even if global carbon dioxide emissions decrease in accordance with the Paris Agreement, carbon dioxide levels in the atmosphere will remain high. We should therefore expect that damage from storms and extreme weather will only continue to increase and continue working to monitor and improve preparedness for disruptions in business continuity caused by physical climate risks such as storms and flooding. Given the EU's ambitious climate policy, we must also work on preparing ourselves to deal with transformation-related risks. Sdiptech must increase its preparedness to deal with regulatory changes in the coming decade, given the direct impact such changes may have on Sdiptech's operations as well as the indirect impact they may have on supply chain lead times and prices.

For the past two years, Sdiptech has reported according to the Task force on Climate-related Financial Disclosures (TCFD). In 2021, an analysis was carried out to assess climate risks and opportunities based on two different climate scenarios developed by the UN Climate Panel (IPCC) – RCP 8.5 and RCP 2.6.

RCP 8.5 is a "business-as-usual" scenario, where the world has not managed to make the shift but greenhouse gas emissions continue to increase at the current rate.

RCP 2.6 is a scenario where we succeed in limiting the temperature increase to 1.5-2° C. Both scenarios involve risks, but also opportunities for Sdiptech and we must prepare and adapt our operations to changing climatic conditions.

Sdiptech conducted an annual mapping of all the company's risks and their probability, impact, priority and development. In addition, a TCFD scenario analysis is performed on the company in question prior to each acquisition.

**Climate change scenario
"We achieve the Paris Agreement" (RCP 2.6)**

- Greenhouse gas emissions will be halved by 2050.
- +1,5–3°C national temperature increase in Sweden.
- New renewable energy technologies are introduced on a large scale.
- Low energy intensity.
- Major transformations of society, infrastructures and buildings have been carried out. The world's countries succeed in cooperating on joint initiatives.
- Political decisions, taxes and regulations are introduced for greenhouse gases.
- Increased regulations with sustainability requirements regarding land use and building standards.

Climate change scenario "Business-as-usual" (RCP 8.5)

- Greenhouse gas emissions continue to increase at today's rate.
- +2–4°C national temperature increase.
- Rising sea levels.
- More days with extreme weather and flooding.
- Increased number of forest fires.
- Unchanged behaviours and demands from customers and investors.
- High energy intensity and high dependence on fossil fuels.
- Political climate change initiatives and collaborations fail.
- Poorer indoor climate affects human health.
- Increased population and immigration to Sweden.
- The business becomes more event-driven, due to extreme weather.

CLIMATE RISKS

Climate changes

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
Physical risks	**Rising average temperatures**	Reduced need for winter-related products, for e.g. slippery road conditions, such as studs and snow plows	Risk diversification through larger range that is less weather and seasonal dependent (På)	Increased need for water purification from e.g. algal blooms
	Higher water levels and flooding	n/a	n/a	Changes in basic composition that can increase the burden and thus the demand for servicing of pipes and water mains and facilities
	Storms	More damage from storms can indirectly affect Sdiptech if electricity and other service providers suffer damage and interruptions, which in turn can lead to delays in the supply chains	Close dialogues and relationship with existing suppliers, and increase the number of suppliers to spread the risk (Pl)	Increased need of critical radio communication for aviation and shipping. Increased need to measure electricity quality, and solutions well-functioning systems for uninterruptible

Legislation and policies

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
Transition risks	**Increased price of fuel/ greenhouse gas emissions**	Increased operating costs e.g. for business units with a significant vehicle fleet of service cars	Target for increased percentage share of vehicles with renewable fuels (På)	Increasing demand for charging equipment for electric vehicles
	Expanded duty to report emissions	More reporting work where greater consumption of resources for carrying out work can reduce efficiency elsewhere	Effective processes and investments in resources centrally for support with reporting (På)	Increased demand for sustainable, effective and safe solutions from more customers
	Regulation of existing products and services	Increased costs and/or less demand for products and services due to restrictions in the use of specific materials and substances	Risk diversification with alternative materials and substances (På)	Stricter regulation around emissions of e.g. hazardous gases
	Reporting and compliance for third party suppliers	May need to change products or terminate suppliers and change to more expensive suppliers if the existing ones do not meet the requirements	Firmly establish our expectations around sustainability for the companies early in the acquisition process (På)	Increased demand for sustainable, effective and safe solutions from more customers
		More reporting work where greater consumption of resources for carrying out work can reduce efficiency elsewhere	Effective processes and investments in resources centrally for support with reporting (På)	Development and improvement of our operations

Technology

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
	Unsuccessful investments in new/old technology	Lost customers and revenue due to new and alternative technology	R&D, expert networks, advisory boards and continual support with technical expertise at the head office. Future outlook of how long a technology is relevant/attractive already in the acquisition process (På)	n/a
	Transition to lower emissions technology	Resistance from founders to make climate investments during the earnout period	Set clear expectations in the acquisition process and regular strategy discussions about investments that are right for the	Increased demand for sustainable, efficient and safe solutions from more of our customers, for example charging equipment for electric vehicles

---

CLIMATE RISKS

Market

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
Transition risks	**Changed customer behaviour**	Changed modes of travelling, working and shopping can impact long-term demand in various ways.	Work actively with potential risks in each company through futures studies.	Increased demand for sustainable, effective and safe solutions from more customers

Reputation

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
	Stigmatisation of sector	Higher demands from the general public to adopt a standpoint on and repudiate stigmatised industries by not delivering solutions to customers in these sectors	Adhere to and constantly develop our handbook for responsible investments that clarifies our view of investing in specific sectors	Increased demand for sustainable, effective and safe solutions from more customers

SOCIALA RISKER

Operations

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
Social risks	**Information and IT security**	Impaired confidence and possible financial consequences in the event of deficiencies in the handling of personal or sensitive corporate information	Clear guidelines, instructions and technical security solutions. Continual follow-up and internal control. Train employees in order to increase awareness of threats and risks within information security	Increased need for secure communications solutions
	Financial criminality	Impaired reputation and weaker financial position due to financial or legal consequences	External whistleblower function, clear guidelines, compliance requirements and follow-up, particularly in countries where regulations on these issues are weaker	n/a

Social conditions

Type	Risks	Potential financial effects	Actions (Planned = Pl) (Ongoing = På)	Opportunity
	Human rights and social conditions	Impaired reputation and weaker financial position due to financial or legal consequences	External whistleblower function, clear guidelines, compliance requirements and follow-up, particularly in countries where regulations on these issues are weaker	n/a
	Working conditions	Losing manpower and difficulties in attracting talent if competitors have higher standards in working conditions and we do not maintain attractive working conditions	Conduct regular benchmarking and update working conditions	n/a
	Employee safety	Work environment-related accidents and incidents	Clear safety routines at all workplaces, particularly at high risk workplaces	Increased demand for security solutions for workplaces from more customers
	Gender equality and diversity	Higher demands from the public that can result in impaired confidence and image and a worse reputation for us as an employer if we do not meet the expectations of the public	Reporting and gender equality and diversity targets with a clear action plan on how we will achieve the goals, for example through training of employees for increased awareness	n/a

52   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   53

EU:s taxonomi

In 2019, the European Commission presented a new growth strategy, the European green deal, with the goal of making Europe climate-neutral and reach net zero emissions by 2050 and promoting economic growth through maximum efficient and sustainable use of natural resources. Regulation (EU) 2020/852 of the European Parliament and of the Council ("EU Taxonomy Regulation") was established to create a common classification system for environmentally sustainable economic activities. The goal is to scale up sustainable investments and reallocate capital flows to technology and activities that are considered sustainable.

Sdiptech supports the ambitious goals established by the EU taxonomy. The current regulation focuses on economic activities of great importance in combating and reducing climate change. This means that Sdiptech's goods and services are to some extent covered by the criteria of the climate taxonomy. The EU taxonomy is still evolving and it is important to be aware that current legislation does not cover all sustainable activities in the market. In terms of the transition to net zero emissions, the regulation focuses on the most carbon-intensive industries as well as on green energy and innovation.

Sdiptech is not the main target group for the current regulation as the business units that are exposed to these industries mainly fall under activities that enable green energy and innovation, which is currently a very limited segment in the regulation. Consequently, Sdiptech has only a few relevant activity categories to report, which means that the key performance measures covered by the taxonomy for 2021 are relatively low. Sdiptech's Annual Report 2021 describes the Group's sustainability goals and current position, including information on greenhouse gas emissions and climate impact in addition to the requirements of the climate taxonomy and the EU taxonomy in general. As the regulation is still under development and is expected to be expanded to other areas that are relevant to our products and our operations, we will update our taxonomy reporting in accordance with this in the future.

During 2021, Sdiptech established an internal working group for the EU taxonomy, comprising Sdiptech's business area managers, sustainability manager and group controllers.

Accounting principles Article 10 of the EU Commission Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council (published on 6 July 2021) states that non-financial entities shall only disclose the share of economic activities covered by the taxonomy and not covered by the taxonomy in their total turnover and their total capital expenditure and operating expenses, as well as relevant qualitative information in the reporting for the financial year 2021. One of the main goals of the EU taxonomy is to prevent so-called greenwashing. Sdiptech has adopted a cautious approach in reporting taxonomy-eligible figures so that no items not specifically mentioned in the taxonomy are included. Although the figures for 2021 are reported according to the taxonomy requirements, the alignment criteria have already been taken into account in cases where an assessment based on a description of the economic activity has been unclear. The EU taxonomy requires companies to report how double counting has been avoided in taxonomy-eligible economic activities (numerator), i.e. distribution of turnover, capital expenditure and operating expenses. Sdiptech has made the allocations based on cost structures and ensured that the cost items are kept separate for each business.

Turnover
Turnover includes external sales within taxonomy-eligible activities, presented separately, see Taxonomy-eligible activities. The denominator is Sdiptech's total turnover during 2021 (see Note 4, Segment Reporting), including income according to IFRS 15 and 16, respectively, in accordance with the definition of turnover in the EU taxonomy.

Capital expenditure
The expenditures concerned refer to taxonomy-eligible assets and economic activities that generate turnover, or activities that combat or prevent climate change by reducing greenhouse gas emissions.
The denominator is the Group's total investments in 2021 as they are reported in the notes, excluding supplements for goodwill, in Note 11 Intangible assets, Note 12 property, plant and equipment and Note 13 Right-of-use assets. The share of taxonomy-eligible capital expenditure (the numerator) is the capital expenditures that are directly attributable to the taxonomy-eligible activities and which drive turnover.

Operating expenses
Relevant current expenses refer to taxonomy-eligible assets and economic activities that generate turnover, and include all direct development expenses for operating the asset that could be separated from the others. Payroll costs for employees who perform repairs, maintenance and service on relevant non-current assets are not included. The amount in the denominator includes the Group's total short-term lease agreements (according to IFRS 16), costs for research and development that are expensed, materials and services in connection with maintenance of non-current assets and of another's property. The allocation of taxonomy-eligible operating expenses (numerator) is determined based on the external turnover generated.

Disclaimer
Sdiptech's taxonomy reporting for the year 2021 has been prepared in accordance with current information in January 2022, the FAQs published by the EU Commission on 2 February 2022 are not taken into account in the Group's reporting regarding the clarification that capital expenditure and operating expenses that are taxonomy-eligible in themselves should be included even if they are not linked to turnover.

Taxonomy-eligible activities
The Group's economic activities have been evaluated, and the following taxonomy-eligible activities that generate external sales have been identified and included in the numerators:

3.1. Manufacturing of renewable energy technologies

3.6. Manufacture of other low carbon technologies

5.1. Construction, extension and operation of water collection, treatment and supply systems

5.2. Renewal of water collection, treatment and supply systems
5.3. Construction, expansion and operation of systems for collecting and purifying water

5.4. Renewal of waste water collection and treatment

5.6. Anaerobic digestion of sewage sludge

6.15. Infrastructure enabling road transport and public transport

7.1. Construction of new buildings

7.5. Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Share of taxonomy-eligible activities (SEK million)

	Total	Share of economic activities covered by the taxonomy (%)	Share of economic activities not covered by the taxonomy (%)
Turnover[1]	2,720.0	17.3%	82.7%
Capital expenditure	719.5	0.6%	99.4%
Operating expenses	22.3	25.2%	74.8%

1 According to the taxonomy, sales also include rental income, which is why the figure differs somewhat from the Group's sales.
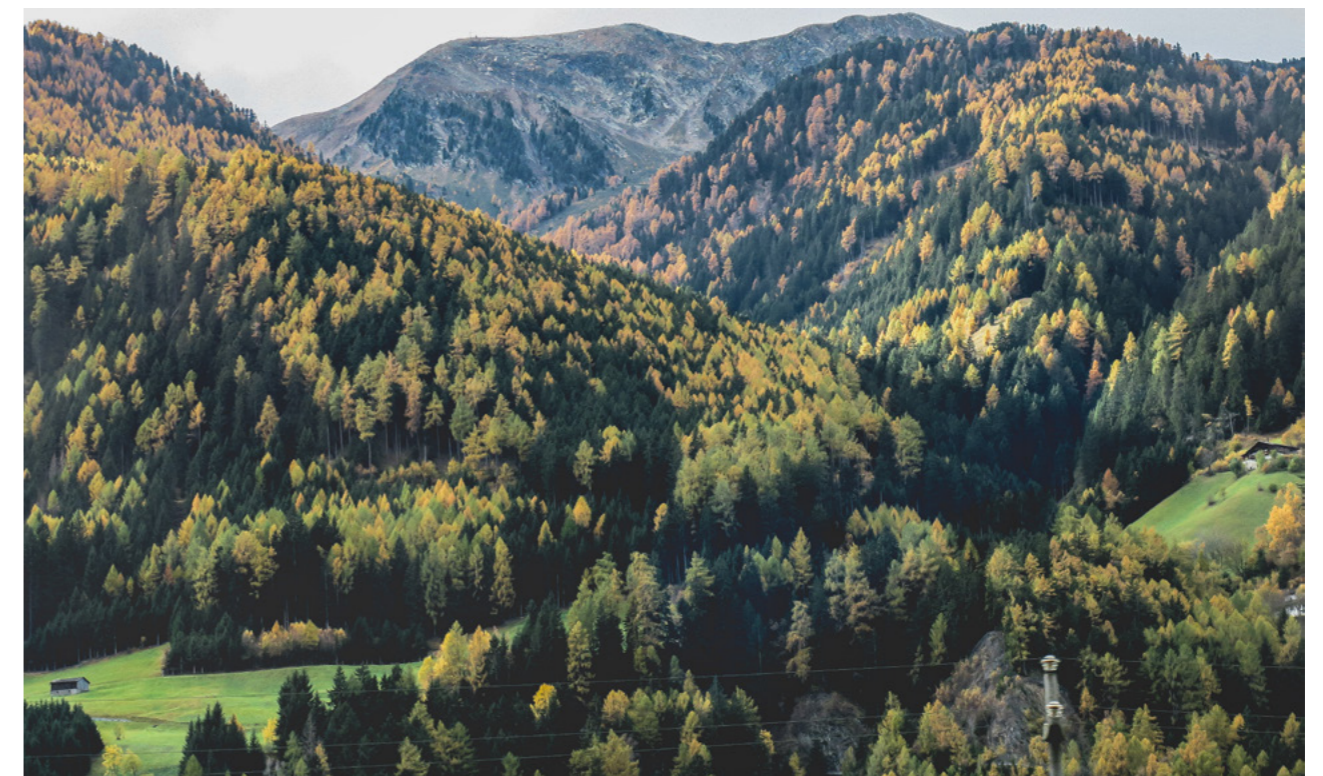
GRI-index

Sdiptech reports its sustainability work in accordance with Global Reporting Initiatives (GRI) Standards, Core level and the data relates to the calendar year 2021. The information that is presented in the report covers the most comprehensive and important areas of the operations. The performed materiality analysis, which is described on page 33 has formed the basis for the choice of GRI disclosures where each material topic has been matched against at least one GRI disclosure.

Exceptions or deviations from GRI Standards are shown in the reporting of each GRI disclosure. The report is not subject to external certification.

As a signatory to the UN Global Compact's ten principles in the areas of human rights, labour law, the environment and anti-corruption, the Sustainability Report constitutes Sdiptech's Communication on Progress report.

TYPE OF INFORMATION		PAGE	COMMENTS/OMISSION
GRI 102: General disclosures			
102-1	Name of the organisation	3	
102-2	Activities, brands, products, and services	4,5, 11-21, 38-45	
102-3	Location of headquarters	5	
102-4	Location of operations	4, 5	
102-5	Ownership and legal form	22	
102-6	Markets served	5	
102-7	Scale of the organisation	4	Information about total number of products unavailable.
102-8	Information on employees and other workers	46-47	Breakdown by country and gender unavailable for all items.
102-9	Supply chain	48	
102-10	Significant changes to the organisation and its supply chain	59-66	Acquisitions, divestments
102-11	Precautionary Principle or approach	50	
102-12	External initiatives	27, 30	
102-13	Membership of associations	27, 30	
102-14	Statement from senior decision-makers	8-9	
102-16	Key impacts, risks, and opportunities	28, 30, 32, 35-36 46-48	
102-18	Governance structure	67-71	
102-40	List of stakeholder groups	33	
102-41	Collective bargaining agreements		Information unavailable. Regulated in code of conduct.
102-42	Identifying and selecting stakeholders	33	
102-43	Strategy for communication with stakeholders	33	
102-44	Key topics and concerns raised	33-48	
102-45	Entities included in the consolidated financial statements	15-19	För mer information om koncernens dotterbo-lag, se sdiptech.com
102-46	Defining report content and topic boundaries	56	See text above GRI index.
102-47	List of material topics	33-48	
102-48	Restatements of information		Corrections are made per information
102-49	Changes in reporting		No significant changes, see more Note 1 under significant accounting principles
102-50	Reporting period	56	See text above GRI index.
102-51	Date of most recent report		17-apr-20
102-52	Reporting cycle	56	See text above GRI index.
102-53	Contact point for questions regarding the report	58	Contact person My Lundberg, Sustainability & IR Manager
102-54	Claims of reporting in accordance with the GRI Standards	56	See text above GRI index.
102-55	GRI content index	56	
102-56	External assurance		The report has not been reviewed externally.

TYPE OF INFORMATION		PAGE	COMMENTS/OMISSION
GRI 103: Strategic approach			
103-1	Explanation of the material topic and its boundary	33-48	
103-2	Strategy	30-31	
103-3	Evaluation of the strategy	30-31	
GRI 201: Economy			
201-1	Direct economic value	36-37	
GRI 205: Corruption			
205-3	Corruption incidents	48	
GRI 302, 305: Environmental			
302-1	Energy consumption within the organisation	35-36	
302-3	Energy intensity	35-36	
305-1	Direct (scope 1) GHG emissions	35-36	
305-2	Indirect (scope 2) GHG emissions	35-36	
305-3	Other indirect (Scope 3) GHG emissions	35-36	"Scope 3 has been limited to emissions from business trips and work materials"
305-4	GHG emissions intensity	35-36	
GRI 401, 403, 405, 406: Social			
401-1	New employee hires and employee turnover	46-47	Breakdown by age and position unavailable.
403-2	Types of injury and rates of injury	46-47	Breakdown by country and gender unavailable.
405-1	Diversity among the board, management and employees	46-47	
405-2	Women's salary as a share of men's	47	
406-1	Discrimination and measures taken	47	

About the report

This report covers Sdiptech AB's operations from 1 January 2021 until 1 December 2021 and follows the guidelines of the international organisation Global Reporting Initiative (GRI). This report was prepared in accordance with GRI Standards Core level and GRI Standards ten reporting principles:

1. Stakeholder inclusiveness
The sustainability aspect stakeholder dialogue describes how we work to identify our stakeholders.

2. Sustainability context
In the section Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture, we include relevant comparative figures to put our outcome in context. We also show how our work contributes to the UN's global goals at a target level.

3. Materiality
The significance of sustainability aspects for our stakeholders and the impact on our business is compiled in the materiality analysis.

4. Completeness
Our fourteen sustainability aspects define our complete sustainability work, which we describe in the report, under Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture.

5. Accuracy
The information provided in the report is correct and we have made every effort to have a reasonable level of detail.

6. Balance
In the section Sdiptech in society, Sdiptech as a workplace and Sdiptech's business culture, we reflect on both positive and negative aspects of our outcomes.

7. Clarity
We have strived to include and structure the information in the best and clearest way possible for our stakeholders.

8. Comparability
We have deliberately chosen established metrics with historical data so that our stakeholders can compare our data with previous years.

9. Reliability
The Group's auditors have issued a special statement regarding the statutory sustainability report. The metrics we report are compiled centrally on an annual basis.

10. Timeline
Our most recent Sustainability Report was released in April 2022. We prepare our sustainability report annually in connection with the annual report.report are compiled centrally on an annual basis.

Contact person for the Sustainability Report:
My Lundberg,
Sustainability & IR Manager and convenor of Sdiptech's Sustainability Council.
my.lundberg@sdiptech.com

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

Engagement and responsibility
It is the Board of Directors that is responsible for the statutory Sustainability Report for 2021 on pages 24-58 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

The focus and scope of the review
Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinion.

Opinion
A statutory sustainability report has been prepared.
Stockholm, 13 April 2022 Öhrlings PricewaterhouseCoopers AB

Anna Rosendal
Authorised Public Accountant
Auditor in charge

Andreas Skogh
Authorised Public Accountant
Co-sign

58   Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893

Sdiptech AB (publ.) | Annual Report 2021 | Corp. Identity No. 556672-4893   59