

CORPORATE SOCIAL RESPONSIBILITY REPORT

2021

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ABOUT LYGSOE SYSTEMS

Lyngsoe Systems is one of the world's leading software developers and systems integrators of logistics solutions for a wide range of complex logistics chain environments within the general logistical flows, airport, postal, manufacturing and supply chain, library, and the healthcare markets.

We have been designing, installing, and maintaining control and track-and-trace systems for more than 40 years and are leaders within the radio frequency identification (RFID) technology market. With more than 5,000 installations worldwide in more than 60 countries, the Lyngsoe team demonstrates extensive customer process knowledge and advanced expertise within solution design, software development, integration, service, and maintenance.

We are renowned for innovation, out-of-the-box thinking, and the ability to put ideas into practice. We provide end-to-end project management and consultancy services for our installations worldwide. We offer best-in-class logistical solutions across the customer supply chain, offering real-time transparency, traceability, and data capture to increase customer revenues, reduce OPEX, and ensure quality.

In total, we employ over 200 employees around the world, located in Denmark, Canada, United Kingdom, Germany, Romania, United States of America, and Finland. Therefore, being a part of the Lyngsoe Systems team allows you to interact with colleagues around the world. The headquarters in Aars, Denmark, also comprise of research & development, RFID test center, sales, hosting center, project, and service facilities along with administrative functions.





CEO LETTER

As the world is challenged by the aftermath of the COVID-19 pandemic and the geopolitical conflict in Ukraine, it has never been more apparent how societies are interlinked and dependent on the realization of the UN principles.

As one of many companies globally, Lyngsoe Systems is a key contributor to implementing sustainability initiatives that will have a lasting and universal impact on our globe and our everyday lives.

Building on 40 years of company legacy, we are ambitiously and actively working to support the principles of the UN Global Compact with our colleagues, customers and suppliers, striving for it to become an integral part of our strategy, culture and daily operations. Conducting business responsibly is deeply rooted in our values and our relationships with all stakeholders.

In our strategy spanning from 2022-2024, “United for Growth”, we have ramped up our ambitions with further investments internally as well as externally to make a sustainable impact across our business units and solutions. The Lyngsoe Systems CSR report describes our initiatives in focus, how they link with the relevant UN principles and how we will measure the success of our contribution.

– Villads Thomsen, CEO, Lyngsoe Systems

CORPORATE SOCIAL RESPONSIBILITY APPROACH

WHAT DOES CSR MEAN TO US AT LYNGSOE SYSTEMS

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

Our newly developed strategy for 2022-24, “United for Growth”, seeks to address and consider the increasing ESG (environmental, social and governance) agenda and the objective of an improved sustainability footprint – both for ourselves and our customers through our products and solutions. We are dedicated to reducing our direct, as well as indirect, environmental impact. Sustainability has always been important for us as a company. That is why we have been addressing it for years and continue to do so today, yet in a more tactical, rational way. ESG is an area that is increasingly getting more attention now and into the future. Therefore, we have committed to addressing it with a much more conscious, deliberate strategic approach over the coming years.

Hence, sustainability has been chosen as an important theme, focus area and strategic initiative in our new strategy for 2022-24. The main purpose of this is to address and improve sustainability internally, as well as externally for and through our customers, by the incorporation of sustainability in our commercial offerings. Thus, through this initiative, we wish to further catalyze our sustainability efforts and set targets and KPIs to support this.

In short, we are working to embed sustainability in all our businesses and through our customers to create a positive impact.

THE SUSTAINABLE DEVELOPMENT GOALS

Responsible business is the foundation for responsibility in the work life. Therefore, by incorporating the Sustainable Development Goals (SDG) into our strategy and initiatives, we strive to build a corporate responsible culture and take responsibility for the planet by being a responsible business. Based on an evaluation of business and society impact, we have chosen to focus on the following six goals in this CSR report, as these will be the goals we assess we have the most impact on through our business.

The **SDG 3** focuses on ensuring a healthy life for all and promoting well-being for all groups of people at all ages. The **SDG 4** is about ensuring equal access for all to quality education and promoting everyone's opportunities for lifelong learning. **SDG 8** covers promoting sustainable, inclusive and sustainable economic growth, full and productive employment and decent work for all. The **SDG 9** connects to building a robust infrastructure, promoting sustainable industrialization, and supporting innovation. **SDG 12** is all about ensuring sustainable consumption and production. And lastly the **SDG 13** is covering combating climate change and its consequences.



GOOD HEALTH & WELL-BEING



The Sustainable Development Goal 3 covers ensuring healthy lives and promoting well-being for all at all ages. Lyngsoe Systems has an ambitious agenda for tackling a broad range of global health challenges to ensure good healthy well-being for all, both internally for our employees, as well as externally for the end users of the solutions we provide.

INTERNALLY: SUPPORTING OUR EMPLOYEES' HEALTH AND WELL-BEING

Our employees are our greatest asset, and Lyngsoe Systems helps them to obtain a healthy work culture and work-life balance. Therefore, we have a solid commitment to our employees' physical and mental health and safety.

We cover all permanent employees and their children with a healthcare plan from pension provider PFA, with similar local schemes in Germany, Canada, and USA. Also, we have a "Work @ home policy", which is a flexible scheme where defined working hours can be carried out in the employee's home. Through this policy, we provide the opportunity and flexibility of two days per week to work from home, recognizing that our employees have a private and family life to balance with their work life.

In addition to our employees' mental well-being, we also believe in supporting their physical well-being. Every day we offer a healthy and nutritious lunch arrangement at our headquarters for our employees and, on top of this, our employees have free access to fresh fruit every workday. Besides nutritious food, we also encourage physical exercise for our employees. Our staff association financially supports employees' participation in health campaigns, e.g., the quarterly national "Step counting" campaign, where employees are encouraged to walk and exercise more during defined weeks. Likewise, we participate in the annual national "We bike to work" campaign, also encouraging more exercise. We wish to offer physical exercise free of charge to our employees outside of working hours, so so we have set a 2022 target to establish a new physical exercise and training space, i.e., a fitness room at our headquarters.

WE AIM TO IMPROVE OUR EMPLOYEE ENGAGEMENT AND WELL-BEING THROUGH A STRATEGIC INITIATIVE

In general, protecting our employees' health and having the most fit and fabulous team plays an essential role in the long-term success of our company. Therefore, employee engagement is both a key strategic objective as well as a key strategic focus area of our strategy for 2022-24. In 2022, we will implement a concrete initiative called "Employee Experience" to directly support employee engagement and well-being. This initiative aims to improve the total experience of being an employee at Lyngsoe Systems by tailoring physical and non-physical organizational elements to match our employees' needs and expectations. Hence, in 2022, we will involve and collect feedback from our employees and conduct a gap analysis to identify a range of desired improvement areas to act on going forward. This will enable us to improve our employees' health and well-being in both a targeted and relevant way.

COLLECTION OF EMPLOYEE FEEDBACK TO CONTINUOUSLY IMPROVE EMPLOYEE SATISFACTION AND ENGAGEMENT

We continuously strive to optimize working conditions, so we therefore give every employee in the company the opportunity to be heard, recognizing the importance of freedom of speech and the equal right to this for all. For several years, we have collected feedback from our employees through an employee satisfaction survey - previously on a yearly basis, but now on a quarterly basis since Q4 2020. This provides us with an overall score on employee engagement.

In Q4 2020, we began the initiative of collaborating with and using the Peakon/ Workday platform for this, which is the leading employee engagement and people analytics platform. Through this, we collect employee feedback on a quarterly basis, by which we have built a continuous feedback culture with real-time insights on engagement for management action. In other words, employees can speak up in a secure and anonymous way, allowing all managers to acquire action-oriented data, contextual training suggestions and help with effective action plans on any improvement area.

The survey is very important to us as it provides us with our employees' valuable feedback and input on what we do well and what we can do better to improve their health and well-being, and work experience. It helps us to identify what matters most and prioritize doing the right things. Thereby, it ultimately contributes to improving the employee experience and making Lyngsoe Systems the best possible workplace. The score on employee engagement reflects our employees' experience of the working conditions, improvements, and initiatives we have implemented. Here, we aim to improve the long-term employee engagement score from an average score of 7.83 (out of 10) in 2021 to 8.0 in 2024. Thereby, our 2022 target is a weighted average score of 7.89.

AMBITIONS FOR 2022 SUMMED UP:

- Ensure healthcare benefits at all Lyngsoe Systems locations, e.g. establish a physical exercise training offer at our headquarters
- Improve Lyngsoe Systems' Employee Experience by an initiative, where we will involve our employees in identifying concrete improvement areas for health and well-being
- Improve our long-term employee engagement score from an average score of 7.83 (out of 10) in 2021 to 8.0 in 2024. Thus, the 2022 target is a weighted average score of 7.89. The score is continuously derived from our quarterly employee satisfaction survey
- With best practice knowledge, increase multiple tracking solutions at one location making each healthcare location even more efficient.
- Optimize assets utilization and thereby reduce consumption by tracking item locations.

EXTERNALLY: HELPING TO PROMOTE HEALTHY LIVES AND WELL-BEING FOR PEOPLE THROUGH OUR SOLUTIONS

We are driven to provide solutions and technology to help promote healthy lives and well-being, and to increase risk reduction and management of health risks.

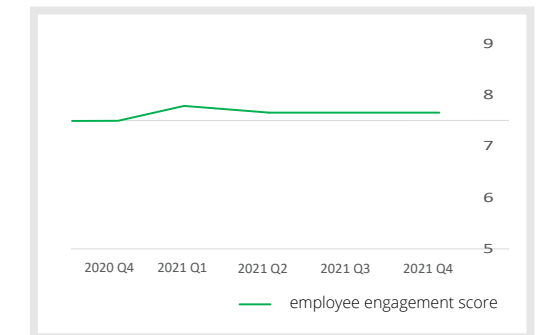
CASE: THE NEW UNIVERSITY HOSPITAL (DNU) IN AARHUS, DENMARK

The New University Hospital (DNU) in Aarhus is treating around 100,000 admitted patients and 900,000 outpatients a year at full capacity. Utilizing Lyngsoe Systems' long experience with RFID technology and complex problem-solving, our RFID tags are carefully selected and attached to equipment, beds, other assets etc. and tracked by fixed mounted antennas throughout the building complex. The RFID tags make it possible to find out where particular equipment and assets are located within more than 2,000 rooms.

KEY AREAS WHERE OUR SOLUTIONS ARE HELPING TO TACKLE CHALLENGES WITHIN THE HEALTHCARE SECTOR:

- Reduction in time used locating beds, medical equipment, and other assets
- Efficient utilization of space, equipment, beds, consumables etc.
- Improved real-time insight into workflows and logistic processes
- Risk reduction of contamination and outbreaks

Patient care is dependent on the ready availability of equipment and personnel, particularly for emergencies and in a case of outbreaks. Lyngsoe LIVE Logistics™ as the backend software engine for RFID tracking, together with Systematic's Columna Service Logistics, provides visibility for the hospital, adding value for staff and patients alike in terms of health and well-being. The implementation of the above advanced system safeguards DNU well into the future.



QUALITY EDUCATION

The targets for Sustainable Development Goal 4 cover the need for access to university-level education, vocational training, and entrepreneurship skills, paying special attention to issues of equality. At Lyngsoe Systems, we support education as a fundamental human right and is essential for the achievement of sustainable development.

FROM RUSSIA TO DENMARK

"I started here without much knowledge about IoT and only little experience working in Java, and I am very grateful that I have been given a challenging task and the trust in me being able to do it. I see it as a big chance for myself to learn as much as I can from this project and the people on my team. Throughout my work here, I have experienced development tools that I have never used during my studies and gaining that kind of new experience is really important to me."

– **Daria Oskina, Student Developer, Lyngsoe Systems**

INFO BOX

Born in Russia, educated in Germany, Bachelor's degree in Media and IT, studied Vision, Graphics, and Interactive Systems at Aalborg University, Started part time at Lyngsoe Systems mid 2021.

Lyngsoe Systems works to increase the number of people, students, and employees with relevant, technical, and vocational skills. At Lyngsoe Systems, we also cooperate with universities and their students to bridge the gap between universities and businesses. Student-worker programs, as well as Master thesis programs, are a part of our culture. Through this collaboration, we seek to develop new and more sustainable solutions through new knowledge, while also creating possibilities for students to gain valuable work knowledge and experience. Therefore, we are proud to invest in education because we know how it can improve knowledge, development, bring in new energy to a work culture, brand leadership, develop the capacity of future employees and build a more diverse employee pipeline. We also know that education can help to address the gap between skills of the available workforce and job vacancies, which is a key challenge in many markets worldwide.



QUALITY EDUCATION

SUPPORTING EDUCATION IN A LOCAL CONTEXT

Education in a local matter, requires businesses to work within local education systems and communities to determine the best utilization of resources. Lyngsoe Systems would in this regard highlight some local initiatives. First, our “Best Friend” award, which strengthens the bond with us and the local schools near our headquarters. The “Best Friend” award contributes with commitment, praise and creates a great bond, not only, with our local college, but also the students. The award is presented every year to a student, who gets a diploma and a gift card.

Lastly, Lyngsoe Systems is annually attending an IT-job fair at the local university. Our attendance promotes the cooperation between the educational institutions and Lyngsoe Systems and aims to support and guide the graduates in their start into their first employment.



QUALITY EDUCATION

CLIMBING THE CAREER LADDER

Lyngsoe Systems sees the above as long-term strategic investments in education and a path to a larger, more talented pool of future employees. We see investing in education as a source of futureproofing and innovation.

“Lyngsoe is definitely a place I could see myself in the future. Both local colleagues and colleagues around the world expand my view. If I were to stay, I would like to do some job rotation to see other aspects of Lyngsoe, which also would make Lyngsoe more robust. After I finish my education, I plan to attend the Danish cyber conscription.”

– **Bjørn Olsen, IT Trainee, Lyngsoe Systems**

INFO BOX

Bjørn is currently studying “EUX data technician specialized in programming”. The EUX means, it is the vocational education Data Technician, but combined with high school subjects. Bjørn started his education August 2017 and will finish in July 2023. In the fall of 2018, Lyngsoe had a job posting, which he applied for. He then started as an IT Trainee in January 2019.

IT TRAINEE



QUALITY EDUCATION

The pathways to jobs and education at Lyngsoe Systems are very different and individual. We consider it an incredible honor when our student workers choose to stay with Lyngsoe Systems.

CLIMBING THE CAREER LADDER

Sune Bendtsen took such a journey. He was a student worker at Lyngsoe Systems, and was offered a position afterwards, which he immediately accepted.

“I started my journey at Lyngsoe Systems as an automation engineering student. My period at Lyngsoe Systems was very educational, beneficial, and great. I gained an incredible amount of knowledge, developed extremely well, and worked with some good colleagues, which is why I was incredibly happy to be offered a permanent job at Lyngsoe Systems, as a Software Developer”

– **Sune Bendtsen, Software Developer, Lyngsoe Systems**

INFO BOX

Sune is a Software Developer, educated in mid 2021, and started as a student worker at Lyngsoe in early 2021. He has previously worked as an Electrician and served 10 years in the Royal Danish Air Force as a Junior Technician. Thereby, he has made a big career shift.

SOFTWARE DEVELOPER



QUALITY EDUCATION

A TRIBUTE TO LONG SENIORITY

Kirsten Olesen has been with us for almost 50 years and is our colleague with the longest seniority. This year, Kirsten has been an employee at Lyngsoe Systems for 48 years. The exact date of her 50-year tenure is November 12 2024. Over the years, many staff members have come and gone, including owners and members of the Board, but Kirsten is still “going strong” at Lyngsoe Systems.

“It has been quite a journey. When I was younger, I would never have thought I would stay in the same place for almost 50 years. I have been fortunate to try different job positions and have never been bored in my role at Lyngsoe Systems. Of course, a lot has happened to the company, just as a lot has happened to the world in almost 50 years.”

– Kirsten Olesen, Project Assistant, Lyngsoe Systems

INFO BOX

Kirsten Olesen is a Project Assistant. She holds a business school exam and is mainly self-taught. When she started at Lyngsoe Systems decades ago, the employment was meant to serve as a short break, but instead turned into 48 years of employment.

PROJECT ASSISTANT



QUALITY EDUCATION

WE INVEST IN OUR EMPLOYEES' SKILLS WITH FORMAL EDUCATION

Employee professional development has been identified as an area for us to further improve to support our employees personal ambitions to enhance their skillset as well as improve the capabilities across our company, ultimately fulfilling our strategic objectives. Hence, our strategy 2022-24 includes a strategic initiative called “Capabilities for the future”. With this initiative, we wish to ensure continuous development of our employees' core capabilities through formalized education. In 2022, we wish to launch a learning platform with an aim to offer all employees relevant professional area courses with a KPI of minimum one course/education/training day per employee, per year. Thereby, we wish to ensure that our employees' competencies and skills are always up-to-date and continuously improved.

AMBITIONS FOR 2022 SUMMED UP:

- To promote educational collaborations, we wish to ensure min. 3-4 % (today the number is 2.3 %) of the company are trainees or student workers on a continuous basis, which also includes project collaborations with students from educational institutions.
- Improve our employees' capabilities for the future by launching a learning platform offering relevant professional area courses and with a KPI of minimum one course/education/training day per employee, per year.



DECENT WORK & ECONOMIC GROWTH

Sustainable Development Goal 8 is seen by Lyngsoe Systems as a very important aim, and we have incorporated this into almost all our solutions. SDG 8 is about promoting inclusive and sustainable economic growth, employment, and decent work for all. We acknowledge that sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards.

LYNGSOE SYSTEMS' AUTOMATED SORTING SYSTEMS REPLACES MANUAL HANDLING

Lyngsoe Systems delivers our automated and ergonomic products and solutions to a great range of different libraries in the world. Thereby, the more widespread our solutions are adopted by the libraries, the more we make a sustainable difference in the world. The following are some customer cases:

In the old **Deichman Library in Hammersborg, Norway**, all media transportation was previously delivered manually by people, without having an automatic sorting system. In 2019-20 during Covid-19, in the new library at Nya Bjørvika, our Sort Mate™ 2000 sorting system was employed to enable the sorting and distribution of media to the correct branches and floors. Manual handling of large batches is no longer performed at the library. Instead, this is handled automatically by the sorting system. This is a great advantage contributing to a higher degree of decent work as well as it is timesaving for the employees in the library logistics department.

Copenhagen Main Library in Denmark and **Göteborg City Library in Sweden** have also adopted and benefited from our automatic solutions. An old Lyngsoe Systems sorting system, Compact Sorter, has been removed, and our improved Sort Mate™ 2000 system has been installed instead. Our improved sorting system delivers the same service with reduced power costs and sound levels – a major improvement in the working environment for library employees. The products were furthermore installed in 2020 and 2021 in a challenging period with the pandemic at its highest, yet we were still able to provide our customers with these new and improved solutions.

Hamburg Library and local libraries connected to Hamburg Library in Germany, also benefit from our solutions. Over the last five years, small sorters have been installed in local libraries, with 5-7 chutes, in Niendorf, Wandsbek, Elbvorote, Volksdorf and Bergedorf. Chutes allow e.g. library staff to build a stack of totes going to the same destination without lifting any full totes. Six other older varieties of sorting bins have been upgraded with our ergonomic Ergo Box™ sorting bin installed on all chutes to promote ergonomics and to prevent unnecessary bending for the staff. Hamburg Library uses local sorters where it makes sense to relieve staff from manual sorting, resulting in a better working environment.

AMBITIONS FOR 2022 SUMMED UP:

- The more widespread our ergonomic and automated solutions are adopted by our customers, the libraries, the more we make a sustainable difference in the world by contributing to decent work for people. Hence, we continuously wish to place and replace the most possible ergonomic and automated solutions for new as well as existing customers.



DECENT WORK & ECONOMIC GROWTH

"I think it's great that through our solutions we can contribute to make such a big difference for the libraries and especially the library staff. Ergonomics contributes first and foremost to a better working environment, and it reduces wear and tear on the library staff. This also frees up hands for other work that greatly increases productivity and growth. I hear and feel the happy difference and relief from staff and patrons every time I visit our customers; the libraries."

– Lars Gaub, Project Manager, Lyngsoe Systems



INDUSTRY & INNOVATION



As the world is becoming more industrialized, it is time to focus on inventing new methods for us to work more sustainably in the world's factories and companies, so that we use resources more efficiently and environmentally sound. We need to build robust infrastructures and, more importantly, we need to encourage innovation and scientific research to support working smarter and reduce waste.

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

At Lyngsoe Systems, we pride ourselves on being at the forefront of working to deliver innovative and sustainable solutions. Working across many different sectors, retrofitting outdated industries has become a part of Lyngsoe Systems' core competencies. With a proven track record of more than 5,000 installations worldwide in more than 60 countries, Lyngsoe Systems' teams continually prove to enhance already extensive customer process knowledge, solution design, software development, integration, service, and maintenance. Lyngsoe Systems is currently focused on industries such as healthcare, and airports and airlines, in which resource-use efficiency, more sustainable technologies and optimized operations are crucial for achieving SDG 9.

Our core business is capturing logistics data, then enriching and sharing it in an easily accessible and value-added format for our clients' business systems. We offer a platform, a backend software engine, under the brand name Lyngsoe LIVE Logistics™. The platform is designed to collect, handle, and process an immense amount of data, not only from RFID sources but from multiple technologies.

By standardizing and automating information extraction processes using Lyngsoe LIVE Logistics™, enterprises can become more productive and accurate

This way, they will gain:

- Insights that accurately reflect operational reality
- The potential for effective digital transformation initiatives and better business outcomes

For example, the healthcare industry can leverage tracking and identification technology for multiple purposes by utilizing the Lyngsoe LIVE Logistics™ platform. Lyngsoe LIVE Logistics™ is used for asset tracking, whether it is the tracking of surgical instruments through the sterilization process to and from the operation room, automatically registering, or the whereabouts and status of beds, wheelchairs, drip stands, or other assets.



INDUSTRY & INNOVATION

INNOVATION, DEVELOPMENT, AND SCIENTIFIC RESEARCH

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

Lyngsoe Systems' extensive experience and knowledge base provide a working platform for scientific research. As a responsible company, we see it as an obligation to encourage innovation and scientific research to support working smarter. We cooperate with universities and local educational institutions. Thereby, we show our commitment by offering internships, employing student workers, and delivering a platform for Master thesis students to conduct their scientific research. Lyngsoe Systems always seeks to develop and upgrade solutions together with students.

This SDG 9 target is highly connected to our approach and contribution to SDG 4. Lyngsoe Systems encourages research for more innovation and sustainable technology and seeks to engage the academic community to help solve challenges in collaboration.

Besides the investment in scientific research, we also strive to invest a minimum of 3% of our revenue from 2022 into in-house research, development, and innovation in terms of our own products and the solutions we provide. These two investments are very important to us to support our effort to be responsible for striving to work smarter and provide and deliver more responsible products and solutions in this industrialized world.



AMBITIONS FOR 2022 SUMMED UP:

- We strive to invest a minimum of 3% of our revenue from 2022 into in-house research, development and innovation to support being a part of producing and delivering smarter and more responsible products and solutions in this industrialized world.

SUSTAINABLE CONSUMPTION & PRODUCTION

Regarding Sustainable Development Goal 12, Lyngsoe Systems acknowledges sustainability, consumption and production are about promoting resource and energy efficiency, and sustainable infrastructure, as well as providing access to basic services, green and decent jobs, and a better quality of life for all. Its implementation helps to achieve overall development plans, reduce future economic, environmental, and social costs, strengthen economic competitiveness and reduce poverty.

ENVIRONMENTAL DEVOTION

We, at Lyngsoe Systems, are devoted to meeting the requirements of society and customers in an environmentally sustainable manner. We strive to minimize the effect of our activities on the surrounding environment in full compliance with current strategy. Today, sustainability is a term that is here to stay, and it does not just apply to a single industry or two. It is almost all industries that come with new initiatives and ideas for sustainable products or ways of doing things. In other words, we have moved away from a throwaway culture.

As a company we try to minimize potential environmental impact when developing new products, during processes and the work with our partners worldwide. We continually seek to improve the environmental performance of products and activities, conserve energy and raw materials, reduce waste and explore opportunities for reuse and recycling.

We also urge our suppliers to develop and supply superior environmental products and services in line with our requirements.

One measurable matter is Lyngsoe Systems' unique solution Intelligent Material Management System (IMMS™), which provides our library customers with an incredibly environmentally friendly and sustainable and paperless solution.

"Lyngsoe Systems' IMMS™ helps libraries support their global goals. When a library upgrades their entire infrastructure through the Intelligent distribution algorithm, it ensures that branches can support their local population whether they are net borrowers with a huge pull through holds or if they prefer to come and use the library space and

enjoy the material available on the shelves. Batch handling and paperless processes save library workers from repetitive strain injuries from handling individual items and ensure big savings of ink and paper. A medium-sized library can comfortably save around \$30,000 a year just on printing and paper. Not to mention the enormous amount of time saved by not having to attach individual pieces of paper to each item."

– Helle Lauridsen, IMMS™ Product Manager, Lyngsoe Systems

At Lyngsoe Systems we are very proud of our environmental solutions, and we continue the process of increasing environmental awareness worldwide with our IMMS solution.



SUSTAINABLE CONSUMPTION & PRODUCTION

THE LIBRARY'S SUSTAINABLE CHOICE

Lyngsoe Systems aspires to be the world's leading provider of sustainable library solutions. With the technology available today, there is now a much greater prospect of success in making sustainable versions or upgrades to new or already existing products in the libraries. Thereby, in recent years, we have offered a sustainable upgrade solution to selected libraries, with proven success and increasing interest from the library market. We call it "Lyngsoe Sustainable Solution". Thus, being one of the world's largest suppliers of hardware and software solutions to the library market, we - besides focusing on innovation, superior service, design, and quality - have expanded our portfolio with our new sustainable solution. This is due to our focus on working in a targeted manner on reducing negative environmental impact, while simultaneously strengthening our positive contribution to sustainable development.

Lyngsoe Sustainable Solution can be applied to libraries' existing self-service kiosks. This is done in such a way that the vending machine itself or, in other words, the "furnishing" is retained, while everything else is optimized. For instance, the necessary electronics hardware in the vending machine is replaced, providing a more sustainable solution instead of investing in a brand new machine. Moreover, the replaced material parts will be reused or disposed of in a responsible manner. Furthermore, Lyngsoe Sustainable Solution includes many possibilities to upgrade all existing products. In other words, we ensure a professional and secure upgrade of the customer's products, and we recommend only changing what is necessary. Several of our customers with Lyngsoe Systems self-service vending machines, or other vending machines, have already made a successful sustainable optimization.



SUSTAINABLE CONSUMPTION & PRODUCTION

SUSTAINABLE CONSUMPTION AND PRODUCTION IN LOGISTICAL FLOWS

We believe that companies can develop and leverage their business by automating their manual processes with data capture solutions. As an example, our solutions enable thousands of restaurants and producers to reduce waste generation and optimize operations. Internally, we also have taken the necessary steps to reduce waste generation and to recycle and reuse whenever possible.

In partnership with HAVI Logistics, the solutions provided by Lyngsoe Systems have also made it possible to guarantee full transparency, optimization, and security of food deliveries to more than 7,000 stores and restaurants in Europe. Our Lyngsoe LIVE Logistics™ system traces the content of every pallet to restaurants from more than 40 distribution centers. The system also enables restaurants to reduce food waste while allowing for accurate and timely callbacks in the case of health and safety risks for consumers.

Lyngsoe Systems' solutions have reduced the lead time on trucks by up to 96% and the number of errors on the production line by 70%, which means faster handling and less mistakes in our customers' logistical flow. However, we are continuously striving to develop more efficient and transparent measures to further meet SDG 12.



SUSTAINABLE CONSUMPTION & PRODUCTION

UTILIZATION OF TRUCK LOAD SPACE IN THE POSTAL SECTOR

Our logistical Transport Utilization solutions in the postal sector cover the procedures of collecting, processing, and analyzing business-critical data. Using machine learning algorithms, we utilize the data for efficiency improvements in daily operations and dynamic transport planning. The solution supports our customers' responsible use of resources to reduce CO2 emission and usage of fuel. Furthermore, it enables them to make business decisions based on reliable real-time data. Transport Utilization is about automation through artificial intelligence and machine learning. Making business decisions based on scattered manual scanning and predicted track and trace is now history. We have a long legacy in collecting, processing, and analyzing business-critical data for postal operators in quality measurements.

Having the correct number of containers in the right place at the right time is always a challenge. Automated scanning, including at customer locations, provides complete visibility of container inventory – this is called Asset Tracking. An accurate network-wide container inventory view enables cost-efficient allocation and movement of containers. The average number of assets, in this case roll cages, lost per year is between 7-10% in the postal sector. On average 15% of functional assets are “standing still” on the same site – not being utilized. With our logistical optimization of Transport Utilization, we are helping postal operators, who are facing explosive growth and high competition. Also, evolving from a one-sided focus on cost alone, consumers expect additional services like changing the destination for parcels during transportation.

Furthermore, real-time transportation visibility is increasingly a key priority for many companies in the transportation sector, including e.g., shippers and freight forwarders. We have, as part of our strategy, initiated the strategic initiative “Build transport visibility business” to further contribute to creating sustainable value and help our customers optimize and utilize their transport capacity in the best possible way. When helping them with this, it will inevitably contribute to less CO2 emission.



AMBITIONS FOR 2022 SUMMED UP:

- A strategic initiative for Lyngsoe Systems is to get a minimum of 10 new IMMS customers outside Denmark, and therethrough increase the environmental focus and paperless processes.
- The strategic initiative “Build transport visibility business” will contribute to creating sustainable value and help our customers optimize and utilize their transport capacity leading to less CO2 emission.

RESPONSIBLE CONSUMPTION, PRODUCTION & CLIMATE ACTION

The Sustainable Development Goal 12 is about ensuring sustainable consumption and production patterns. Due to overlaps in character with SDG 13, which covers taking urgent action to combat climate change and its impacts, we work to ensure both goals and merge them in the following. As mentioned previously, our newly developed strategy for 2022-24 seeks to address and consider the increasing ESG agenda, both internally and externally towards our customer.

INTERNAL COMPANY EFFORTS FOR SUSTAINABILITY IMPACT

As mentioned throughout this report, Lyngsoe Systems contributes to these Sustainable Development Goals through the solutions we provide to our customers. Villads Thomsen, CEO of Lyngsoe Systems, says:

“Lyngsoe Systems provides solutions that can significantly minimize the environmental impact. For instance, in the form of replacing an existing library solution with new solutions that can reduce energy consumption by 60-90%. We also provide logistic optimization solutions that can increase carriers’ utilization rates significantly, thereby reducing capacity needs, fuel consumption and CO2 emissions. We also offer optimization of luggage handling for airports and airlines, thereby reducing lost luggage and transport connected with this. All proven solutions give our customers the opportunity to combine their business with an improved sustainability footprint.”



Recognizing our contribution to our customers’ sustainability through, e.g., reduced energy consumption and reduced CO2 emissions, we have decided to catalyze our commercialization of sustainability through a strategic initiative, through which we will establish further relevant targets and KPIs.

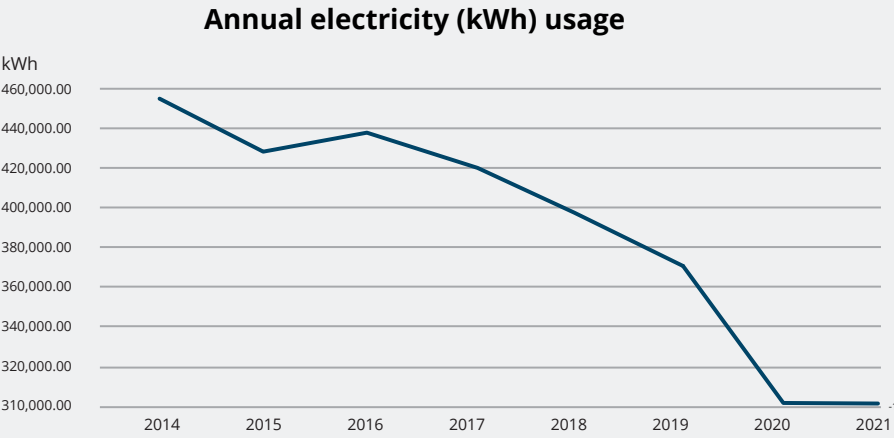
Internally, we continuously seek to adopt new sustainable practices to improve the environmental performance of products and activities, save energy and raw materials, reduce waste, and explore opportunities for reuse and recycling to conserve our climate. Our overall aim is to minimize the environmental impact of our activities as much as possible. We are committed to complying with local environmental laws and regulations of the countries in which we operate. Therefore, we support and make efforts to minimize waste and sort waste.

Moreover, we have replaced all lamps with LED lights at our headquarters parking lot in line with last year’s target of reducing outdoor lighting energy usage by at least 75%.



RESPONSIBLE CONSUMPTION, PRODUCTION & CLIMATE ACTION

Likewise, electric bulbs in all toilets, meeting rooms and the warehouse have been replaced with sensors and/or LED lights to save energy. Our target for 2021 was to maintain the level of 2020, yet we saved a further 1% on our annual electricity consumption from 2020-2021 (from a total kWh usage of 316.072 to 312.926), and we will investigate ways to further reduce it.



Furthermore, a large electronics cleanup has been conducted in our warehouse. This resulted in 1,000-1,500 kilos of electricity waste. We invested in the correct disposal so that the waste was collected by Stena DK, a recognized company for recycling and reuse. We chose Stena DK because they have local reprocessing stations and do not transport waste abroad, which would have a further negative environmental impact. Instead, we support Stena DK’s controlled local processes.



Lars Caspersen, CFO of Lyngsoe Systems, says:
“We are dedicated to working on reducing our direct environmental impact. A previous initiative was to change all lighting to LED, which has resulted in reducing energy consumption by an additional 10% in 2020 and a further 1% in 2021. Sustainability has been important for us as a company in the past, but ESG is an area, which is getting increasingly more attention now and in the future. Hence, sustainability has been chosen as an important theme, focus area and initiative in our new strategy 2022-24.”

RESPONSIBLE CONSUMPTION PRODUCTION & CLIMATE ACTION

CATALYZING SUSTAINABILITY:

STRATEGIC INITIATIVE TO INCREASE TARGETED ESG EFFORTS, COMMUNICATE VALUE AND SET FURTHER TARGETS INTERNALLY AND EXTERNALLY

In line with the launch of our strategy 2022-24, an important focus area and objective is an improved sustainability footprint. One of the concrete strategic initiatives to be executed in 2022-24 is to further increase our efforts on the ESG agenda. The main purpose of this is to address and improve sustainability internally, as well as externally for our customers, through the incorporation of sustainability in our commercial offerings. We have been addressing this for years and continue to do so today, yet in a more tactical, rational way. Therefore, we have committed to addressing it with a much more conscious, deliberate strategic approach over the coming years.

One of our strategic initiatives is sustainability. We will start a collaboration with an expert sustainability partner from 2022-24. This partner will help us to develop an overall sustainability ambition and strategy, as well as a best practice approach. This will, for instance, include:

- A review of our current sustainability position and baselining of our footprint – both internally and externally through our commercial offerings
- Commercialization of sustainability: Document and communicate the sustainability impact of our current solutions and products. In 2022, we aim to build and launch the first sustainability value proposition business case
- KPIs and targets: Set sustainability KPIs and targets to support this initiative, and to measure progress and success going forward

AMBITIONS FOR 2022 SUMMED UP:

- We will launch the strategic initiative “Sustainability”, by which we aim to further catalyze our sustainability efforts, and identify specific and relevant KPIs and targets
- We aim to document and communicate the sustainability impact of our current solutions and products. This includes building and launching the first sustainability value proposition business case in 2022

OVERVIEW AMBITIONS 2022



GOOD HEALTH & WELL-BEING

- Ensure healthcare benefits at all Lyngsoe Systems locations, e.g. establish a physical exercise training offer at our headquarters
- Improve Lyngsoe Systems’ Employee Experience by an initiative, where we will involve our employees in identifying concrete improvement areas for health and well-being
- Improve our long-term employee engagement score from an average score of 7.83 (out of 10) in 2021 to 8.0 in 2024. Thus, the 2022 target is a weighted average score of 7.89. The score is continuously derived from our quarterly employee satisfaction survey
- With best practice knowledge, increase multiple tracking solutions at one location making each healthcare location even more efficient.
- Optimize assets utilization and thereby reduce consumption by tracking item locations.



QUALITY EDUCATION

- To promote educational collaborations, we wish to ensure min. 3-4 % (today the number is 2.3 %) of the company are trainees or student workers on a continuous basis, which also includes project collaborations with students from educational institutions.
- Improve our employees’ capabilities by launching a learning platform offering relevant professional area courses and with a KPI of minimum one course/education/training day per employee, per year.



DECENT WORK & ECONOMIC GROWTH

- The more widespread our ergonomic and automatic solutions are adopted by our customers, the libraries, the more we make a sustainable difference in the world by contributing to decent work for people. Hence, we continuously wish to place and replace the most possible ergonomic and automatic solutions for new as well as existing customers.



INDUSTRY & INNOVATION

- We strive to invest a minimum of 3% of our revenue from 2022 into in-house research, development and innovation to support being a part of producing and delivering smarter and more responsible products and solutions in this industrialized world.



RESPONSIBLE CONSUMPTION PRODUCTION & CLIMATE ACTION

- We will launch the strategic initiative “Sustainability”, by which we aim to further catalyze our sustainability efforts, and identify specific and relevant KPIs and targets
- We aim to document and communicate the sustainability impact of our current solutions and products. This includes building and launching the first sustainability value proposition business case in 2022





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