



Sustainability report

A sustainable business

Alimak Group's products and solutions enable the building, operation and maintenance of future sustainable cities, communities and industrial applications in a safe and efficient way. This is the main way Alimak Group contributes to the UN Sustainable Development Goals.

In a world that is growing and becoming ever more global, megacities are created – driven by population growth and urbanisation. These growing communities need infrastructure, housing and renewable energy. Alimak Group's vertical access solutions enable the development of this in an efficient way, but most importantly through higher safety via vertical access automation at the customer's facilities. Sustainable operations as well as a focus on the people are necessary to achieve this. The Group's major focus on the After Sales business is a vital part in creating a more sustainable society as the offering of upgrades and refurbishment extends the solutions' lifetime.

In 2019, a lot of the Group's efforts were put into the continued validation and measurement of the metrics and KPIs defined as most relevant in 2018. A first life-cycle assessment was also carried out for the Group's solutions produced at the factory in Skellefteå, Sweden.

STAKEHOLDERS

Alimak Group aims for close dialogue and collaboration with its various stakeholders. The dialogue is based on honesty, transparency and facts. It forms the basis of the Group's sustainability work and what is prioritised in order to increase value creation, reduce environmental impact and contribute to improved social development. Stakeholders include customers, employees, investors, suppliers and distributors and society as a whole.

The dialogue in 2019 has focused on close contact with key customers, investors, development and renegotiations with suppliers and a deeper connection with employees through the launch of a revised set of Group Values and a Group-wide employee survey. Channels of communication include, for example, exhibitions, continuous supplier assessments and investor meetings.

ABOUT THIS REPORT

This and the following pages make up the Group's statutory Sustainability report in accordance with the Swedish Annual Accounts Act (ÅRL). While it does not follow all the requirements, this report has been inspired by the GRI framework.

Alimak Group is a signatory to the UN Global Compact, an initiative aiming to make human rights, fair labour standards, environmental responsibility and anti-corruption core parts of the participating companies' operations. These pages also constitute Alimak Group's Communication on Progress.

Alimak Group's view of a sustainable business practice consists of three building blocks; the impact made on society, sustainable operations and taking care of the people involved in the business.



Making an impact

With applications unmatched in the industry, Alimak Group is able to provide access to places that would otherwise be unreachable in a safe and efficient way. The solutions help create access to renewable energy parks, improved logistics at construction sites and better work conditions within the industries building the infrastructure of the future.



Urbanisation, growth of new megacities and the global need for larger wind parks require new, innovative and safe solutions for access and work at high heights.



Alimak Group's business idea is to provide solutions for safe and efficient vertical transportation of people and goods, meeting the demands of these global trends.



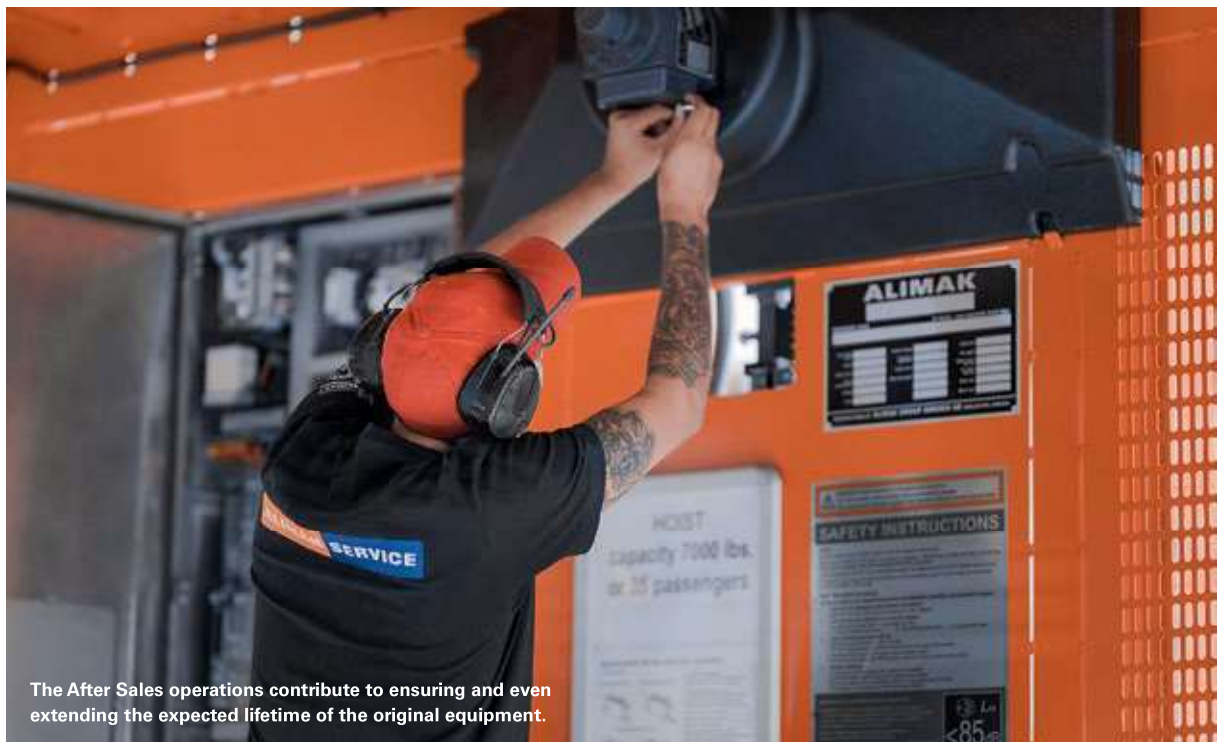
The Group's Avanti brand has over the last decade delivered vertical access solutions to wind towers representing 170 GW of renewable energy around the world.

Alimak branded hoists and elevators

have been used in the construction, refurbishment and operation of many of the world's most iconic structures with just a few examples including the Eiffel Tower, the Statue of Liberty and London's Royal Opera House.

The Group's BMU systems cover a wide range of applications and are, for example, installed at 90 per cent of the world's tallest buildings, at heights of over 450 metres, where they are used for building cleaning and replacing panels, signage and windows.

Alimak Group's long experience of supplying quality products backed up by extensive after-market support, enables the Group to provide exactly what customers demand, i.e. safety, productivity and reliability.



The After Sales operations contribute to ensuring and even extending the expected lifetime of the original equipment.

SAFETY

Alimak Group contributes to a safer work environment for those working in the construction and industrial sectors, by offering not only quality-tested vertical transport solutions but also continuous After Sales services providing operational assistance and advice on proper use of the equipment. Alimak Group is committed to improving the safety, efficiency, ease-of-use and service life of its products via structured quality control systems and processes deployed in engineering and manufacturing.

One example is case studies from interesting and challenging installations that are produced and distributed among existing and potential customers. This to demonstrate best-in-class solutions, as well as facilitating contact between customers to disseminate knowledge of improved and safe solutions. As a further example, operational feedback, obtained through the After Sales activities, is taken into account in both the development of new solutions and in upgrading or improving existing installations. The Group also offers refurbishment and upgrades for older equipment.

In many developing countries, where simpler, manual and less safe equipment often has been used to move people and goods vertically, the Group's products and solutions can make a major change for the better.

The Group follows up every industry-related incident, regardless of manufacturer or cause, to ensure that experience and lessons learned are incorporated in the operational procedures and new solutions.

Local regulations often require regular inspections by certified staff, something Alimak Group offers as part of its After Sales services. Alimak Group also actively contributes to higher standards by being part of relevant bodies and safety committees.

PRODUCTIVITY

Hoists and platforms play an important part in construction and industrial projects in the endeavour to keep to tight time schedules. Alimak Group's products are known for their high quality and reliability. Their design and technical solutions also contribute to fewer transportation hold-ups, shorter projects and thus better efficiency. Through smart solutions, the Group's hoists and platforms enable property developers to work in narrow, confined spaces, move heavy loads faster or to transport entire pre-fabricated modules or rooms in a construction project. This promotes productivity in the entire construction process and optimises both land use and logistics on site. For industrial customers, service lifts provide required access to vital systems and components and help to reduce downtime. BMUs placed on, or in, high-rise buildings and other structures provide safe and efficient access for maintenance of facades and structures. For all solutions sold, the Group offers training, preventive inspection and certifications. Service, repairs and maintenance are also offered as part of the business model.

RELIABILITY

Alimak Group's solutions are often used in environments subject to great stress caused by heat, cold, vibration and particles, such as sand, dust or salt. Despite all this, the equipment must perform safely – day after day, year after year. Alimak Group's quality products are designed for long service, which reduces their environmental impact and promotes the customers' productivity, helping them consume less resources over time. The profitable After Sales operations, including service, repairs, spare parts and refurbishments, contribute to extending the expected lifetime of the original equipment.

Sustainable operations

Having sustainable operations is a core part of delivering world-leading vertical access solutions. Sustainable development, from an environmental, social and economic perspective, is emphasised throughout the value chain, where safety comes first.



Alimak Group's business extends over the whole value chain, from product development to After Sales. Research and development is integrated with marketing, sales and production, maximising customer benefit.



The Group manufactures and assembles its products in eight countries across the world and distributes them

to more than 100 countries through its own sales and service network and distributors.

Alimak Group is committed to the environment in which it carries out its activities and aims to minimise the negative impact they cause. The manufacturing processes includes elements such as welding, cutting, machining and treatments such as galvanising and painting of key components like masts, cradles, frames, elevator cages, platform structures and drives. A number of these activities result in waste such as excess materials and involve the use of pollutants and different chemicals. Alimak Group is working actively to reduce its environmental footprint.

A sustainable development, from an environmental, social and economic perspective, is important to the Group, which sees sustainability as meeting the needs of the present without compromising the ability of future generations to meet their needs.

HEALTH AND SAFETY

Safety is a system aspect which impacts all of Alimak Group's processes – from sales and design to the interaction with end users. The Group is committed to strengthening the health and safety culture at work and making sure that employees acquire habits that ensure safe behaviour at work. The main objective is to promote safety as an attitude. Safety first is also the underlying theme in the Group Values.

Every legal entity has a designated person in charge of health and safety and coordination of activities is carried out with suppliers, customers and contractors to prevent risks and accidents.

Alimak Group requires that employees must have the necessary training to respond satisfactorily to current and future challenges so these needs are identified annually, in order to be able to plan the formative action and ensure maximum effectiveness for each course or training programme. Training plans are defined in the annual performance appraisals of employees: these aim to

- ensure acquisition of the necessary skills in the workplace,
- or increase effectiveness as part of the Group's philosophy of continuous improvement,
- or keep the knowledge and skills required in the sector updated.

Through the whole value chain



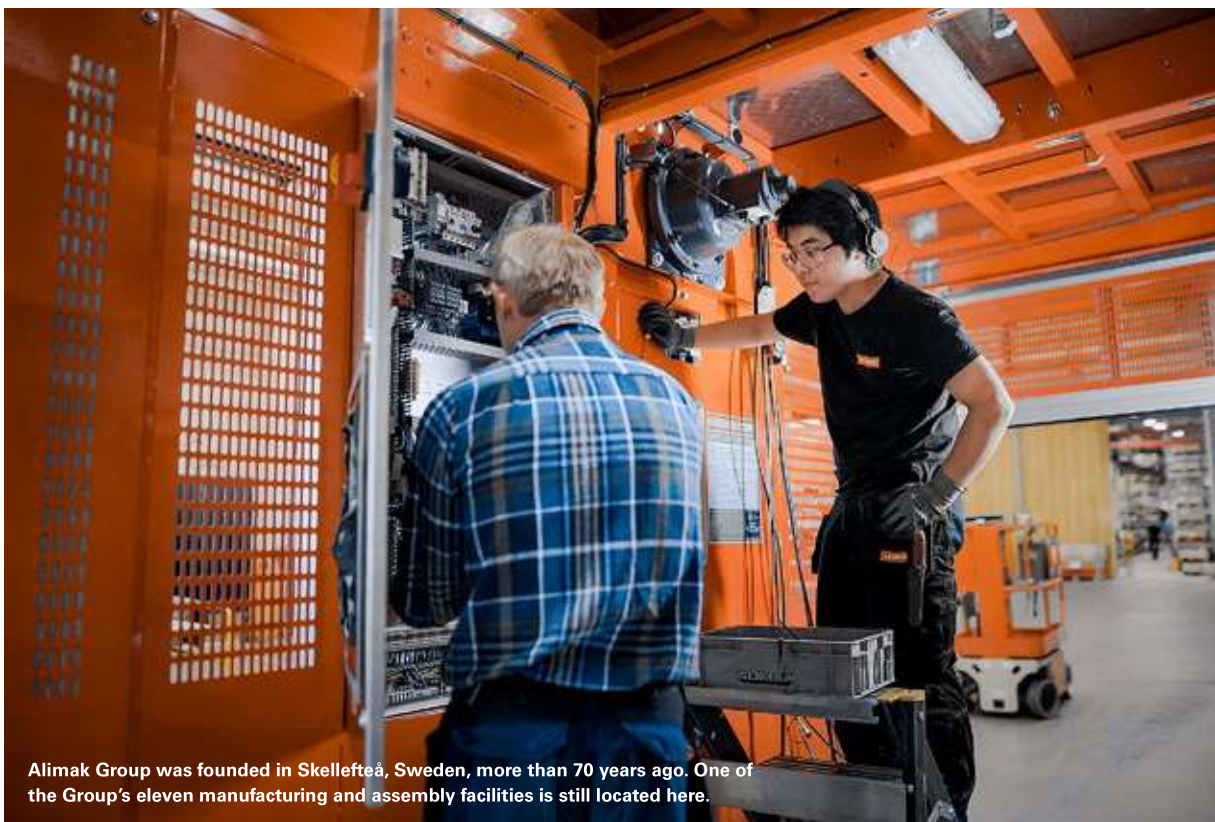
The business extends over the entire value chain, from product development, marketing, sales, manufacturing and distribution to after-market services. This facilitates the control and monitoring of risks and opportunities within the sustainability area.

Always putting Safety First, Alimak Group also offers safety training to all customers and people outside the company who operate the Group's products.

Further measures that are in place include a prevention management system based on ISO 45001 in all relevant units as well as generally introduced internal audits, Safety Walks and Safety Observations to detect opportunities for improvement. All the measures that have been implemented have resulted in a steady decline in the accident rates of the organisation but the work to drive these numbers down never stops. During

the year, 44 occupational incidents resulting in lost time occurred. The Group's work environment focus is on preventive measures and rapid rehabilitation, in order to avoid long periods of sick leave. Each and every reported incident is followed up and actions are taken to eliminate the root cause of the incident.

Alimak Group participates in several industry association, to set standards for safer equipment and their usage. Product safety measures include design risk assessment, DFMEA (Design Failure Mode & Effect Analysis), compliance with different product standards



Alimak Group was founded in Skellefteå, Sweden, more than 70 years ago. One of the Group's eleven manufacturing and assembly facilities is still located here.



The safety device is the most important safety component on an Alimak construction hoist or industrial elevator. The primary function of the safety device is to bring the hoist or elevator to a safe and controlled stop in the event that the rated speed is exceeded.

Sustainability data

	2019	2018 ¹	2017 ¹
CO ₂ emissions, tonnes/Revenue in MSEK	1.61	2.06	1.93
Office paper consumed, kg/Revenue in MSEK	3.36	2.53	4.39
Energy consumption (not district heating), MWh/Revenue in MSEK	2.88	3.10	3.67
Water consumption (estimated), m ³ /Revenue in MSEK	3.59	4.32	4.60
Number of accidents recorded with lost time (LTI & FTI) ²	44	49	54
Total Recordable Injury Frequency Rate (TRIFR) ²	16.34	18.33	21.37

1. 2018 and 2017 data restated following upgraded data capturing. 2. 2018 and 2017 data restated to include all units in the Group.

and regulations, external certifications by third parties, product documentation for final users and product training for users, installers and service personnel.

ENVIRONMENTAL IMPACT

In its Environmental Policy, Alimak Group considers the environmental protection as a priority in terms of reducing the impact caused by business activity throughout the product lifecycle.

A lifecycle assessment on construction hoists shows that the vast majority of Alimak Group's CO₂ impact stems from the solution's operation at customer sites. The Group addresses this through constant product innovation including research into product optimisation from a weight perspective. Reduced product weight means reductions in the customer's operational costs as well as their environmental impact. Continuous R&D efforts are put into more energy-effective solutions as well as the use of new materials.

The Group participates in several research and collaboration contexts that look at how new materials, e.g. composites, can make a difference in the future. One example of this is the triple helix concept Lighter which is an innovation platform driven by key players in the automotive and aeronautics sector to develop lightweight material structures with high performance.

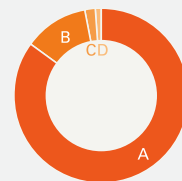
In addition, Alimak Group is actively working on reducing the environmental impact from its production and assembly, mainly through ensuring efficient and responsible use of raw materials, energy, water and chemicals, as well as minimising emissions and waste coming from production.

The Group's production and assembly plants are certified under the ISO14001 standard, to ensure proper environmental management in all areas of the organisation as well as with stakeholders.

In the production and assembly facilities, daily work to lower impact via the implementation of energy-sav-

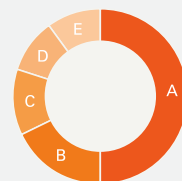
Purchasing, by geographical region %

A) Europe, 85
B) APAC, 12
C) Americas, 2
D) ROW, 1



Purchasing categories %

A) Steel and steel related, 50
B) Electronics, 18
C) Cables and other components, 12
D) Drive units, 10
E) Others, 10



ing technologies continues, and when investments in production equipment are made. Power savings and reduced use of consumables are always part of the evaluation and LEAN projects are implemented to improve and optimise the processes. Authorised waste managers are used for hazardous and non-hazardous waste.

The identified key indicators and measurements for 2019 are shown on page 34.

During 2020, the Group will re-evaluate the selected KPIs and metrics and also define targets for the most important indicators.

DIGITALISATION AND PRODUCT ADAPTATIONS

Some product groups are built around modular systems, which means that the equipment can be adapted to customer-specific needs, yet still be based on relatively standardised and known components. This provides the opportunity to deliver solutions

based on more efficient manufacturing and controlled handling of components with reduced environmental impact.

Product development takes place at the production units, where sustainability is a key development area in the design of new products, for example in the selection of materials or design aimed at ensuring longevity through maintenance and after-market support via parts that can be exchanged or upgraded. Final assembly and testing of solutions are to a large degree performed in-house, but are subjected to strict processes for site testing that are also in place to ensure safety and quality regardless of location and installation.

In 2019, Alimak Group acquired Dataline i Borås AB, a long-time supplier of control systems. This acquisition paves the way for taking the next step in the digitalisation of the Group's products and solutions.

Dataline creates electronics that enable Alimak Group's products to be run in an optimal and safe way. The electronics also enable the collection of important data on usage and the status of the machines. This provides a safer work environment for the employees of Group's customers and builds a strong base for future after-market business.

PROCUREMENT AND LOGISTICS

Proximity to the customer, punctual deliveries and high-quality services are important elements of Alimak Group's offering and are essential in creating long-term customer relationships. Having suppliers that can support this vision is vital and relevant KPIs addressing delivery accuracy, completeness and other supplier performance metrics are monitored.

Alimak Group aims to be a reliable business partner, strives for long-term business relationships, and uses commercial framework agreements with key suppliers for all critical components.

Alimak Group has a globally coordinated procure-

In 2019, Alimak Group acquired Dataline i Borås AB, a long-time supplier of control systems.

ment organisation that buys from more than 850 main suppliers spread over 30 countries. The number of suppliers and the varying business cultures between countries is a challenge when it comes to assuring quality, reliability and compliance. Some of the supplier countries are generally known to have issues related to corruption, human rights violations or environmental problems and where this is the case the Group uses more stringent evaluation and control procedures to ensure compliance.

For transport and travel, the aim is to minimise both direct and indirect emissions of greenhouse gases. Alimak Group chooses "green" transport, strives for sea transport over air and uses combined transports whenever possible. The shipping method is often determined by the customer's request, but to the greatest extent possible, equipment is shipped from the factories by the most eco-friendly way of transportation and local resources are used for installation and service.

For spare parts, local or regional stock centres ensure fast service as well as minimised environmental impact.

During 2019, the Group has also piloted some internal projects related to improvement of packing to optimise transportation.

The people

Alimak Group has customers in more than 100 countries, served by approximately 2,300 employees. Being an attractive employer and ensuring adherence to the Code of Conduct, not only by suppliers and distributors but also by the Group's own staff, is a key to the Group's continued success and social responsibility.



Alimak Group's employees are vital to the success of the Group. The goal is to be an attractive employer and the ambition is to attract, develop and retain qualified and motivated employees in a professional and attractive work environment. An environment where all activities should be conducted with respect for human rights, health and safety in line with the Code of Conduct. Alimak Group strictly complies with the legal labour framework of all the countries where it operates and implements labour practices that allow sustainable economic growth.



At the end of 2019, 56 per cent of the Group's approximately 2,300 employees were based in Europe, some 35 per cent in the Asia and Pacific region and a further 9 per cent in North, Central and South America. The Group also has more than 120 distributors across the world and approximately 850 suppliers.

The Group is active across the world, with the level of gender equality and diversity varying between countries.

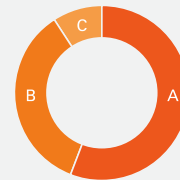
EMPHASIS ON EQUAL OPPORTUNITY

Alimak Group is, within each entity, working to ensure equal employment opportunities for all qualified individuals, without distinction or discrimination due to race, religion, colour, sex, national origin, disability, age or any other status protected under applicable laws. The proportion of women in the Group at the end of the year was 14 per cent. The proportion of women in the global Management Team was 11 per cent. The proportion in the Board of Directors was 25 per cent, or 33 per cent for Directors elected by the Annual General Meeting. Alimak Group's Employee and Recruitment Policy emphasises equal opportunity and diversity.

As stated in the Code of Conduct, Alimak Group will

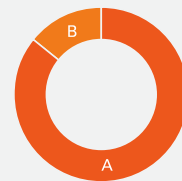
Employees by region %

- A) Europe, 56
- B) APAC, 35
- C) Americas, 9
- D) ROW, 0



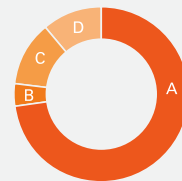
Employees by gender %

- A) Men, 86
- B) Women, 14



Employees by work category %

- A) Production and services, 73
- B) R&D, 4
- C) Sales, 12
- D) Administration, 11



not accept any form of discrimination, harassment, retaliation, violence, abusive language or bullying behaviour.

EMPLOYEE SATISFACTION

Vital elements for the retention and development of existing personnel are a good work environment, room for personal development and strong leadership. The Group also recognises the importance of sharing a common set of values, and at the end of 2018 launched

a revised set of Group Values which was promoted internally during all of 2019.

During autumn 2019, the first company-wide employee survey was conducted. The survey was distributed to almost 1,950 employees via email and to another 350 employees without an email address through a kiosk system at the larger factories. 1,639 surveys were completed, corresponding to a response rate around 72 per cent. The results showed that more than 70 per cent of all employees are satisfied or very satisfied with their jobs and the working climate.

The survey provides a strong basis to identify areas for improvement both locally and across the Group. The largest areas for improvement relate to development in terms of job-related training, education and professional growth. The ambition is to run this survey every year to measure the development and progress in key areas, making Alimak Group a great place to work.

COMPLIANCE IS KEY

Alimak Group's Code of Conduct is based on the UN Global Compact's principles as well as on the Group's core values, international and national legislation, international norms and conventions including the OECD Guidelines for Multinational Enterprises. At the end of 2019, 98 per cent of the Group's employees had completed the Code of Conduct training, which is available in nine different languages.

Alimak Group requires that all suppliers, distributors and third party sales channels comply with the Code of Conduct and other Group policies and requirements. The Code of Conduct is included in all new and renewed agreements with third-party sales channels and many larger distributors have their own defined policies that meet or sometimes exceed the requirements defined by Alimak Group. For suppliers, the Code of Conduct is included in all new and renewed

Alimak Group's Code of Conduct is based on UN Global Compact's principles.

agreements and is also included as standard in all purchase orders placed.

Measures to ensure quality and compliance include audits, training and regular visits to the suppliers. These are mainly directed at significant suppliers in defined high risk countries, where over 85 per cent of the 54 own supplier audits were performed. The Group's classification of risk is based on where international studies or reports have highlighted that the risk of corruption or violations of human rights is high.

CORPORATE VALUES

The Code of Conduct is closely linked to Alimak Group's corporate values, which were updated during 2018 to reflect the new Group. These new values include Collaboration, Integrity, Respect and Innovation. They are a part of the Alimak Group Way, which in addition to the corporate values also describes the three cornerstones of how the Group operates:

- Customer Focus
- One Company
- Safety First



The approximately 2,300 employees
are key to Alimak Group's success.

Managing sustainability

Sustainability, and the key factor of safety, is high on the agenda for Alimak Group. The management structure for the area runs through the whole organisation – from individual countries up to the Board of Directors.

Alimak Group is the global leader in vertical access solutions, with a global footprint and solutions that play a vital part in the society and economic markets in which the Group operates. With a global footprint comes global responsibility, and Alimak Group complies with laws and regulations in all territories where business is conducted.

Sustainability is a part of the day-to-day work of operations, with health and safety being constantly monitored and reported upon by the units to the Management Team. Rules for operational escalation and interaction related to any incidents that occur have been defined.

Responsibility for the sustainability function resides inside the Group within the Operations area and with the COO where the development of management and reporting systems, KPIs and also monitoring and auditing are handled and acted upon.

Health and safety related KPIs such as TRIFR, safety observations and LTIs are reported on a monthly basis while other sustainability KPIs are reported upon at least quarterly by all Group units. Trends and developments in the area of sustainability are also monitored by the Audit Committee on behalf of the Board.

Alimak Group's Code of Conduct is the main instrument of control for the sustainability area. The Code is based on the UN Global Compact's principles for human rights, work conditions, the environment, business ethics and anticorruption as well as on the Group's core values, international and national legislation, international norms and conventions including the OECD Guidelines for Multinational Enterprises. Alimak Group has a formalised procedure for implementation of the Code for employees, suppliers and distributors based on Group Policies for relevant areas such as HR and Quality, where the more detailed requirements are defined. The Group provides a Code of Conduct e-learning and it is the local Country Managers' responsibility

Topics covered by the Code of Conduct

- Legal requirements
- Freedom of association and collective agreements
- Prohibition of discrimination
- Salaries and compensation
- Working hours
- Health and safety in the workplace
- Housing conditions
- Prohibition of child labour
- Terms of employment
- Prohibition of forced labour and disciplinary measures
- Environmental protection and environmental work
- Business ethics

to make sure that all employees within the country receive proper and regular training in the Alimak Group Code of Conduct. This is followed up on a quarterly basis.

WHISTLEBLOWER SYSTEM

Alimak Group's whistleblower system enables customers, suppliers and employees to anonymously sound the alarm on any deviations from Alimak Group's Code of Conduct and business ethics guidelines. The whistleblower form and function is described in more detail on the Group's website and is processed externally for increased confidentiality and security.

Regardless of the reporting channel, all reports of potential violations of the guidelines that are made in good faith are investigated swiftly, fairly and comprehensively, with the appropriate internal and/or external assistance.

The compliance officer of the Group is in charge of ensuring that these issues are handled correctly. Reports are made at Board Meetings and also to the Audit Committee.

Auditor's report on the statutory sustainability statement

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

To the general meeting of the shareholders of Alimak Group AB (publ),
corporate identity number 556714-1857

ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2019 on pages 28–40 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability state-

ment. This means that our examination of the sustainability statement is different and substantially 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 sufficient basis for our opinions.

OPINIONS

A statutory sustainability statement has been prepared.

Stockholm, March 25, 2020
Ernst & Young AB

Rickard Andersson
Authorized Public Accountant