



# CORPORATE SOCIAL RESPONSIBILITY REPORT 2022





# CONTENTS

ABOUT LYGSOE SYSTEMS	3
CEO LETTER	4
CORPORATE SOCIAL RESPONSIBILITY APPROACH	5
GOOD HEALTH AND WELL-BEING	6
QUALITY EDUCATION	9
DECENT WORK AND ECONOMIC GROWTH	13
INDUSTRY, INNOVATION AND INFRASTRUCTURE	15
INNOVATION, DEVELOPMENT AND SCIENTIFIC RESEARCH	18
SUSTAINABLE CONSUMPTION AND PRODUCTION	19
RESPONSIBLE CONSUMPTION AND PRODUCTION, AND CLIMATE ACTION	23
ANTI-CORRUPTION	28
OVERVIEW AMBITIONS 2022 - 2023	29



# ABOUT LYNGSOE 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. These include the airport, postal, manufacturing and supply chain, healthcare and library markets.

We have been designing, installing and maintaining control and track-and-trace systems for over 40 years and are leaders within the radio frequency identification (RFID) technology market. Having delivered more than 8,500 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 delivery 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 are on a mission to be the leading provider of logistics visibility and automation in our business areas, improving our customers' operational efficiency and sustainability.

In total, we have over 250 employees around the world, located in Denmark, Canada, United Kingdom, Germany, Romania, United States of America and Finland. Therefore, being part of the Lyngsoe Systems team allows you to interact with colleagues around the world. Our headquarters in Aars, Denmark, comprises research and development, sales, project and service facilities, administrative functions, an RFID test center and a hosting center.







# CEO LETTER

---

**Dear stakeholders,**

We are pleased to present the annual CSR report for Lyngsoe Systems, which outlines our performance and progress towards sustainable business practices over the past year.

As in other industries, in today's business environment, sustainability has become a license to operate. As consumers, investors and other stakeholders increasingly demand companies to address environmental and social issues, sustainable practices have become essential for long-term success and competitiveness.

At Lyngsoe Systems, we recognize that sustainability is not just a moral imperative, but also a strategic one. We strive to integrate sustainability into our business model and operations, leveraging it as a source of innovation, efficiency and growth.

In the future, our commitment to CSR will align with the objectives of the Corporate Sustainability Reporting Directive (CSRD) agreed by the European Union in 2022. We welcome this development as a means to foster greater accountability and sustainability in the business environment.

Through our CSR initiatives, we strive to make a positive impact on the environment, our employees and the communities we serve, while creating long-term value for our shareholders.

**Sincerely,**  
**- 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.

Our strategy for 2022-24, "United for Growth", highlights sustainability as an important theme. This is due to the increasing ESG (environmental, social and governance) agenda and the objective of an improved sustainability footprint. We aim to contribute to the improvement of both our own sustainability footprint and that of our customers' businesses through the products and solutions we provide. We are dedicated to reducing our direct, as well as indirect, environmental impact, as well as to improving areas related to social and governance. Sustainability has always been important to us as a company. That is why we have been addressing it for years and continue to do so today, yet with a more strategic and tactical approach going forward.

As well as having sustainability as an important theme, we have identified it as a key strategic initiative. 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. Thereby, in 2022, we have started our journey by further catalyzing our sustainability efforts and embedding it across the business to create a positive impact for our company and customers, and for our stakeholders and surrounding community.



## The sustainable development goals

Responsible business is the foundation for responsibility in the work life. By incorporating the globally recognised Sustainable Development Goals (SDGs) in our strategy and key 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 societal impact, we have chosen to focus on the following six goals in our CSR report as we believe that these goals will have the most impact on our business:

- SDG 3 focuses on ensuring a healthy life and promoting wellbeing for all groups of people at all ages
- SDG 4 is about ensuring equal access to quality education and promoting lifelong learning opportunities for all
- SDG 8 covers promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 9 focuses on building a robust infrastructure, promoting sustainable industrialization and supporting innovation
- SDG 12 is about ensuring sustainable consumption and production
- SDG 13 covers combating climate change and its impact on the planet
- SDG 16 is about promoting peaceful and inclusive societies and providing access to justice for all

# GOOD HEALTH & WELL-BEING

SDG 3 focuses on ensuring healthy lives and promoting wellbeing for everyone at all ages. Lyngsoe Systems has an ambitious agenda for tackling a broad range of global health challenges to ensure positive wellbeing 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 wellbeing

Our employees are our greatest asset. At Lyngsoe Systems, we understand the importance of obtaining a healthy work culture and work-life balance. Therefore, we have a solid commitment to our employees' physical and mental wellbeing, 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. We also have a work from home policy, which is a flexible scheme where agreed 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, where possible, recognizing that our employees have a private and family life to balance with their work life.

In addition to our employees' mental wellbeing, we also believe in supporting their physical wellbeing. Every day, we offer our employees a healthy and nutritious lunch arrangement at our headquarters and, on top of this, they have access to fresh fruit. Besides nutritious food, we also encourage physical exercise. Our staff association financially supports employees' participation in health campaigns, e.g., the quarterly national "Step Counting" campaign, where employees across our geographical entities 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 have also aim to offer physical exercise free of charge to our employees outside of working hours so, in 2022, we trialled an initiative at our headquarters offering biweekly exercise classes with an external instructor.



### **We aim to improve our employee engagement and wellbeing through a strategic initiative**

Protecting our employees' health and having a fit and healthy team plays an essential role in the long-term success of our company. Therefore, employee engagement is both a key objective and a key focus area of our strategy for 2022-24. In 2022, we launched an initiative on employee experience to directly support employee engagement and wellbeing. This initiative aims to improve the experience of being an employee at Lyngsoe Systems by tailoring physical and non-physical organizational elements to our employees' needs and expectations. We have started by analyzing all data from and feedback provided in our quarterly employee satisfaction survey. Based on this, we have identified any areas for improvement, as well as involved a range of employees and managers to brainstorm ideas and solutions. This has resulted in a great idea catalogue and the next step in 2023 is to prioritise a selection of ideas for implementation. In 2023, we will also collect feedback from our employees through 1:1 interviews to identify even more desired improvement areas. This will enable us to improve our employees' health and wellbeing 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. Therefore, we give every employee in the company the opportunity to be heard, recognizing the importance and equal right of freedom of speech for all. For several years, we have collected feedback from our employees through an employee satisfaction survey, which provides us with an overall score on employee engagement.

In Q4 2020, we began collaborating with and using Peakon/Workday, which is the leading employee engagement and people analytics platform. Through the survey, we collect employee feedback on a quarterly basis, by which we have built an open culture with continuous feedback and real-time insights on engagement for action by management. In other words, employees can speak up in a secure and anonymous way, allowing all managers to acquire actionable 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 wellbeing, and experience at work. 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. We aim to improve the employee engagement score from an average of 7.83 (out of 10) in 2021 to 8.0 in 2024.

### 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 wellbeing, reduce risk and improve the management of health risks.

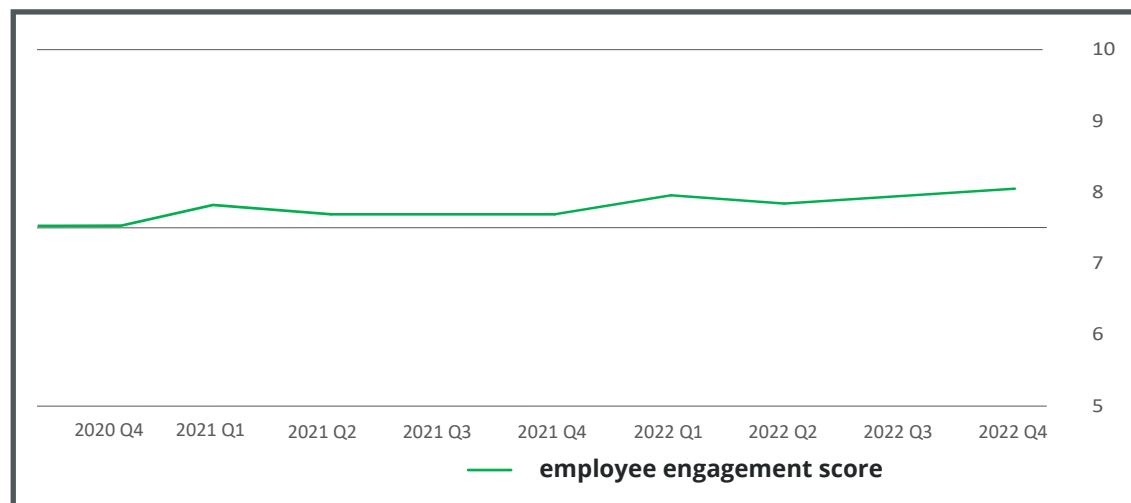
#### Key areas where our solutions are helping to tackle challenges within the healthcare sector:

- ✓ **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.**

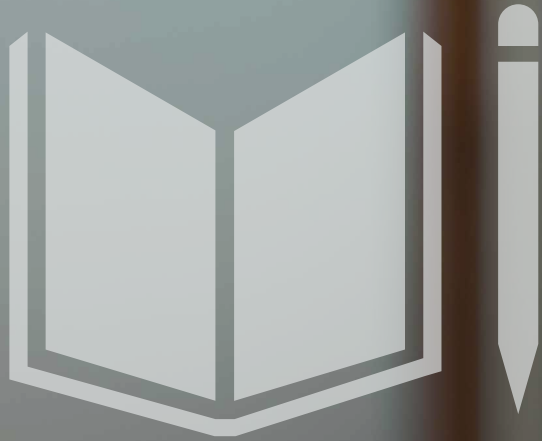
Patient care is dependent on the ready availability of equipment and personnel, particularly for emergencies and in cases of outbreaks. Lyngsoe LIVE Logistics™, the backend software engine for Lyngsoe X-Tracking™, provides visibility for the hospital, adding value for staff and patients alike in terms of health and wellbeing. The implementation of this advanced system safeguards hospitals well into the future.

#### AMBITIONS FOR 2023

- We aim to extend the physical training offer to more Lyngsoe Systems office locations.
- We aim to implement a selection of ideas to improve the employee experience.
- We aim to further improve our employee engagement score to an average of 7.93 (out of 10).
- We aim to continue our growth by expanding our solutions to new customers and regions.







## QUALITY EDUCATION

SDG 4 covers 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 believe it is essential for the achievement of sustainable development.

Lyngsoe Systems works to increase the number of people, students and employees with relevant, technical and vocational skills. At Lyngsoe Systems, we are continuously collaborating with universities and other educational institutions to bridge the gap between universities and businesses, allowing students to work with real world data. We run regular student-worker programs, as well as Bachelor and Master thesis programs, which are a valued part of our culture.

Through these collaborations, we seek to develop new and more sustainable solutions through knowledge-sharing, while also creating opportunities for students to gain valuable work knowledge and experience. We are proud of our investments in education because we know how it can improve knowledge and development, bring new energy to a work culture, develop the capacity of future employees and build a more diverse employee pipeline. We also believe 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.



### **Supporting education locally**

Education in a local context requires businesses to work within local education systems and communities to determine the best utilization of resources. These are some local initiatives that we have at Lyngsoe Systems:

Our “Best Friend” award, which has been running for the past ten years, strengthens the bond between us and the schools near our headquarters in Denmark. Every year, the award is presented to a student from a local college, who has shown extraordinary academic proficiency, commitment and comradery to their fellow students.

Lyngsoe Systems attends multiple job fairs at nearby universities every year. We do so to encourage both undergraduates and graduates to apply for their first job at Lyngsoe Systems or to inform them that we are available for collaborations on future projects. Our attendance promotes the cooperation between educational institutions and Lyngsoe Systems and it aims to support and guide graduates into their first employment.

We regard these initiatives as long-term strategic investments in education and a path to a larger, more talented pool of future employees. We see these investments in education as a source of new knowledge and innovation, and a means of future-proofing the business.





### Investing in our employees' skills with formal education

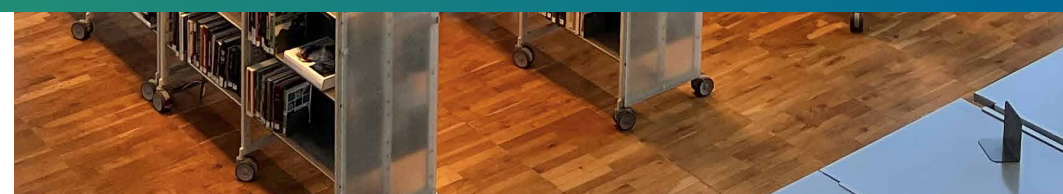
Employee professional development has been identified as an area for improvement to support our employees' ambitions to enhance their skills, as well as improve critical capabilities across our company, ultimately fulfilling our strategic objectives. Hence, our strategy for 2022-24 includes a strategic initiative called "Capabilities for the future".

Through this initiative, we aim to ensure continuous development of our employees' core capabilities through formal education. Our ambition for 2022 was to launch a learning platform with an aim to offer all employees relevant professional courses with a KPI of minimum one education/training day per employee, per year. Thereby, our hope was to ensure that our employees' competencies and skills are always up-to-date and continuously improved. In 2022, we have been working to develop and complete our "Lyngsoe Academy" learning portal with a wide variety of courses. We are proud to announce that the portal will go live in 2023 and will be extended with a wider selection of courses than originally planned.



### AMBITIONS FOR 2023

- We will maintain our target of minimum 3-4% trainees, student workers and project collaborations, as we are simultaneously growing as a company and thereby, expanding our employee base.
- We will launch our learning portal, "Lyngsoe Academy", and extend it with a wider selection of courses. We will also roll out our Lyngsoe customized leadership education internationally, thus offering it to managers at geographical locations outside of Denmark.







### **Human and labor rights**

Human and Labor Rights are part of the UN Global Compact's core principles. This is about, as a business, supporting and respecting the protection of internationally proclaimed human rights and making sure we are not complicit in human rights abuses. Also, it is about upholding the freedom of association, the elimination of all forms of forced labor and child labor, and the elimination of discrimination in respect of employment and occupation.

These matters are an integrated part of Lyngsoe Systems' company code of conduct. We recognise international human and labor rights, such as the right to education and the freedom of speech, and we ensure that no discrimination based on race, religion or political opinion takes place. As a global company providing logistics solutions worldwide, we are committed to supporting and upholding human and labor rights as an integrated aspect of all our business activities. Respect for people and the work environment is considered in everything we do. Internally, we strive to ensure that our employees' needs are met and provide equal opportunities for all. Thereby, we have employee and management representatives, who have the task of safeguarding our employees and their work environment. Similarly, we expect our suppliers and other stakeholders in our value chain to uphold the proper ethical standards when it comes to human and labor rights.

We can conclude that in 2022, we had no reported incidents of misconducts or discrimination.

### **AMBITIONS FOR 2023**

- We plan to further strengthen our focus on human and labor rights by establishing and enforcing a more formalized supplier code of conduct throughout our supply chain. This to ensure that our suppliers also uphold the proper ethical standards within human and labor rights as well as other key areas.



# DECENT WORK & ECONOMIC GROWTH

SDG 8 is regarded by Lyngsoe Systems as a very important aim, and we have incorporated it 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 and improve living standards.

## Enhancing librarians' wellbeing through ergonomics

The right ergonomically designed products are essential for streamlining workflows and minimizing workplace injuries. Our products are designed to help librarians create a more ergonomically friendly work environment, thereby reducing the risk of workplace injuries and promoting better health and productivity.

Our products are also designed to be flexible and adaptable to different workstations, such as adjustable standing desks at our Automated Material Handling System, which enables librarians to customize their work environment to meet their specific needs and preferences. Using our products, which are designed to fit the natural posture and movements of the human body, can reduce strain and fatigue, resulting in improved comfort, productivity and quality of work. Our ergonomic transporters of books, Ergo Bin™ and Ergo Cart™, prevent unnecessary bending and reaching and can protect staff from awkward angles and heavy lifting. With Lyngsoe Library Clerk™, librarians avoid bending or stretching to look at the bottom or top shelf.

Librarians can enjoy a more comfortable and healthy work environment, which can lead to increased job satisfaction, improved work performance, reduced absenteeism and healthcare costs. We support librarians to work more efficiently and help to protect their long-term health and wellbeing.



## AMBITIONS FOR 2023

- We will continue to highlight the ergonomic choices we offer to libraries across all the markets Lyngsoe Systems and our distributors serve. Specifically, we aim to make Ergo Cart™ and Ergo Bin™ the new standard for ensuring optimal working conditions for library staff.



## DECENT WORK & ECONOMIC GROWTH

*"I think it's great that through our solutions we can contribute to making such a big difference for 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. When I talk with libraries, I can hear the difference and relief from the staff and patrons."*

**– Lars Gaub, Project Manager, Lyngsoe Systems**





# INDUSTRY, INNOVATION & INFRASTRUCTURE

Each year, the world is becoming more industrialized. Because of this, it continues to be our mission to focus on inventing new methods for us to work more sustainably, so that we use resources more efficiently and in a more environmentally sound way. We need to build robust infrastructures and, more importantly, we need to encourage innovation and scientific research to support working smarter and reducing waste.

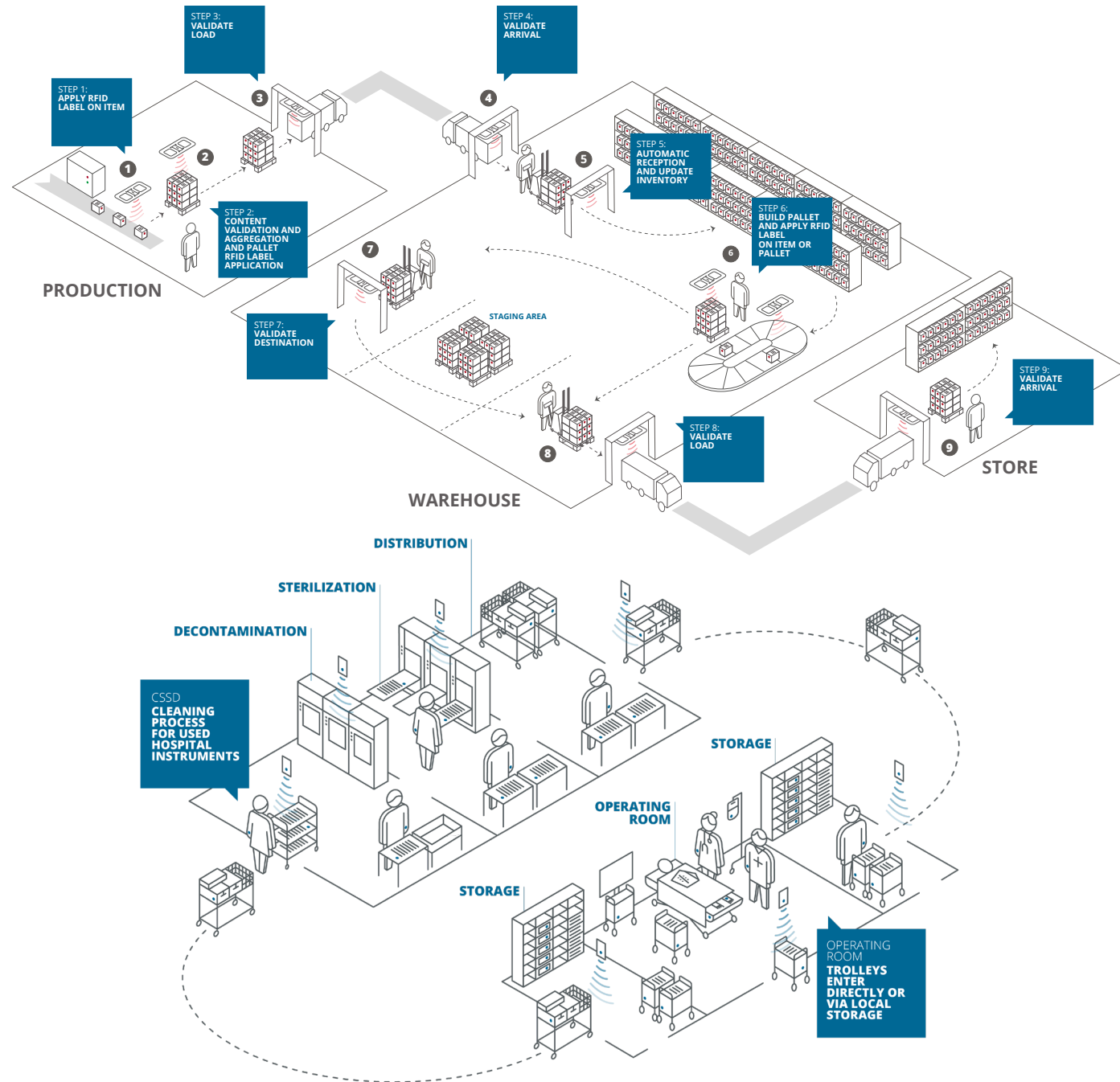
A key target for SDG 9 is to upgrade infrastructure and retrofit industries to make them more sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.

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, we consistently seek to enhance our already extensive customer process knowledge, solution design, software development, integration, service delivery and maintenance. Lyngsoe Systems is currently focused on sectors, including healthcare, postal, supply chain management and airports and airlines, in which resource-use efficiency, more sustainable technologies and optimized operations are crucial for helping to achieve 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 multiple platforms and backend software engines under the brand name Lyngsoe LIVE Logistics™ and Lyngsoe X-Tracking™. The platforms are designed to collect, handle and process an immense amount of data, not only from RFID sources but from multiple technologies. This data can be used for a multitude of purposes. By standardizing and automating information extraction processes using either Lyngsoe LIVE Logistics™ or Lyngsoe X-Tracking™, our customers have visibility of real-time data, enabling them to be more productive and efficient.

In this way, our customers will gain:

- The ability to handle logistics processes more effectively.
- Insights that accurately reflect operational reality.
- The potential for effective digital transformation initiatives and better business outcomes.







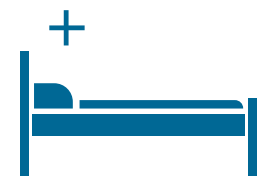
# INDUSTRY, INNOVATION & INFRASTRUCTURE

Within the healthcare industry, hospitals can leverage tracking and identification technology for multiple purposes by utilizing the Lyngsoe X-Tracking™ platform. Lyngsoe X-Tracking™ is used for asset tracking, whether it is the tracking of surgical instruments through the sterilization process and to and from the operation room, or the location and status of beds, wheelchairs, drip stands and other medical devices and equipment.

At Lyngsoe Systems, we deliver a GS1 approved bed tracking solution, X-Tracking™, that supports and enhances hospital bed management systems. The platform can improve bed utilisation and reduce patient waiting times, while providing healthcare staff with real-time information, enabling them to make informed decisions about resource provision and procurement.

Hospital beds are a scarce resource. Lacking information on the location of hospital beds, as well as important information, such as what type of beds are available, creates a huge time and cost inefficiency. On average, nursing staff spend 21 minutes locating equipment, hospitals generally spend 25% more on equipment than required due to poor tracking and NHS Trusts have had hundreds of mattresses and hospital beds missing at any one time. Consider this against a backdrop of an average 95% occupancy, and there arises a clear need to invest in a robust bed tracking solution.

Bed tracking alleviates these challenges by providing a live update on the location and status of any bed at any time. It can be integrated with existing bed management systems, which helps staff to manage patient flow, admissions and discharges, as well as bed cleaning and maintenance.



# INNOVATION, DEVELOPMENT & 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, 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 continue to collaborate with universities and local educational institutions. Thereby, showing our commitment by offering internships, employing student workers and delivering a platform for both Bachelor and Master thesis students to conduct their scientific research. Lyngsoe Systems always seeks to develop and upgrade solutions together with students to provide the next generation of scientific researchers with real-life case stories and experience.

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

## AMBITIONS FOR 2023

- We aim to invest more than 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.





# SUSTAINABLE CONSUMPTION & PRODUCTION

Regarding SDG 12, Lyngsoe Systems acknowledges that 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

At Lyngsoe Systems, we are devoted to meeting the requirements of society and our customers in an environmentally sustainable manner. We strive to minimize the effect of our activities on the environment in alignment with our current strategy. Today, sustainability has rapidly become a feature of everything that we do in our personal and working lives and impacts all businesses. In other words, we have moved away from a throwaway culture.

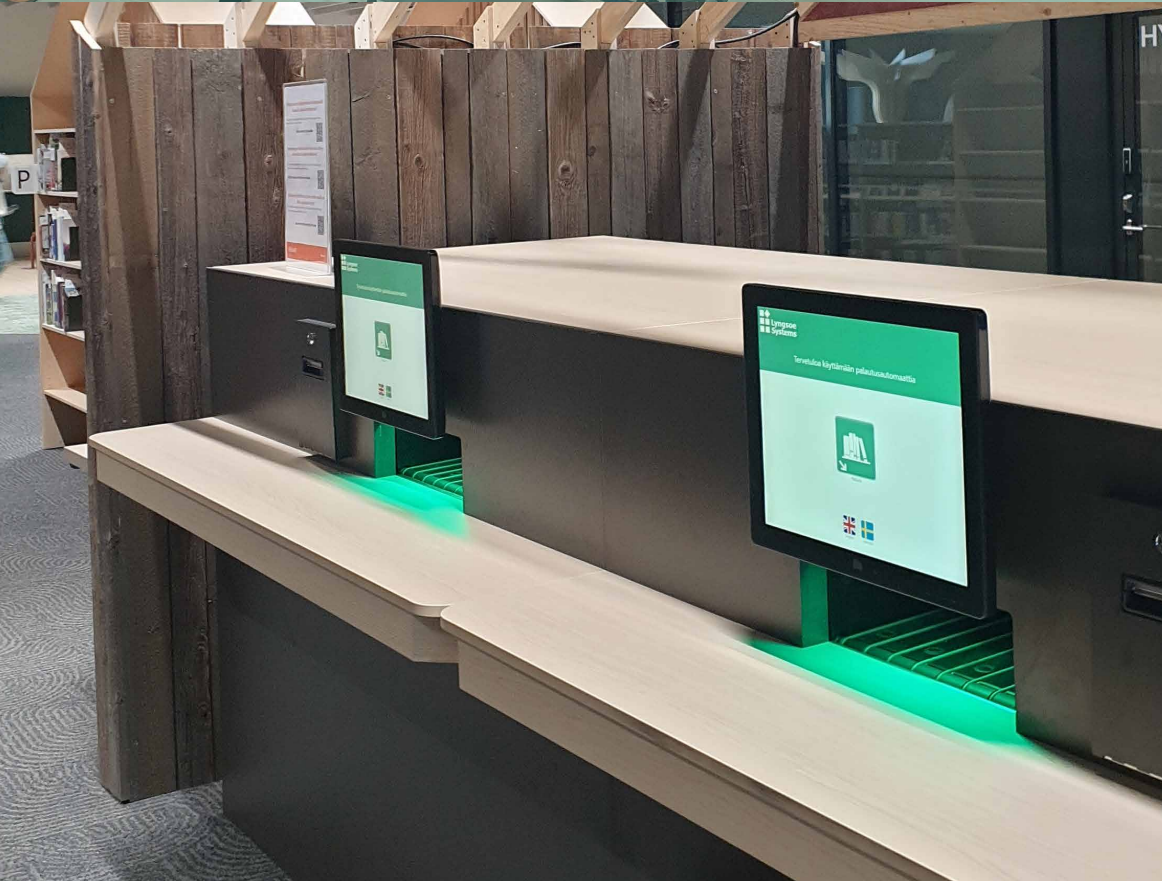
As a company, we try to minimize potential environmental impact when developing new products, during business processes and the work we deliver with our partners worldwide. We continually seek to improve the environmental performance of our products and activities, conserve energy and raw materials,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

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

*"Lyngsoe Systems' IMMS™ helps libraries move towards delivering their environmental and sustainability goals. When a library implements IMMS™, it not only ensures that it is meeting the needs of its changing and diverse communities, but also provides a range of environmental and sustainable benefits. For example, batch handling and paperless processes save library workers from repetitive strain injuries from handling individual items; improving the traceability of items means that paper can be removed from the supply chain ensuring big savings in ink and paper. As well as the financial benefit to the library, the environmental impact of reducing paper and ink usage delivers against sustainability goals. The application also releases significant staff time for events and community engagement."*

**– Colin Carter, IMMS™ IMMS Business Director, Lyngsoe Systems**





### 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 a much greater prospect of success in making sustainable versions or upgrades to new or existing products in libraries. Therefore, we offer different choices for reusing Lyngsoe Systems products. This can, for example, be applied to libraries' existing self-service kiosks where the vending machine itself or, in other words, the "furnishing" is retained, while everything else is optimized. For instance, the necessary electronic hardware in the vending machine is replaced, providing a more sustainable solution instead of investing in a new machine. We ensure a professional and secure upgrade of the customer's products and recommend only changing what is necessary.

It is also possible to build Lyngsoe Systems' products into repurposed furniture. The Espoo Lippulaiva Library in Finland has been developed with the help and input of locals to create an exceptional and original library experience with recycled furniture, natural materials and colors that reflect the local identity. The Lyngsoe Classic kiosk was integrated into the library's recycled furniture. The Lyngsoe Sorter was built into a little house placed in the middle of the library. This is possible with several of our products as we want to offer a sustainable upgrade solution that matches the increasing interest in the library market.

By being one of the world's largest suppliers of hardware and software solutions to the library market, we – in addition to focusing on innovation, superior service, design and quality – have expanded our portfolio with sustainable solutions. This is due to our focus on working in a targeted manner to reduce negative environmental impact, while simultaneously strengthening our positive contribution to sustainable development.



# SUSTAINABLE CONSUMPTION & PRODUCTION

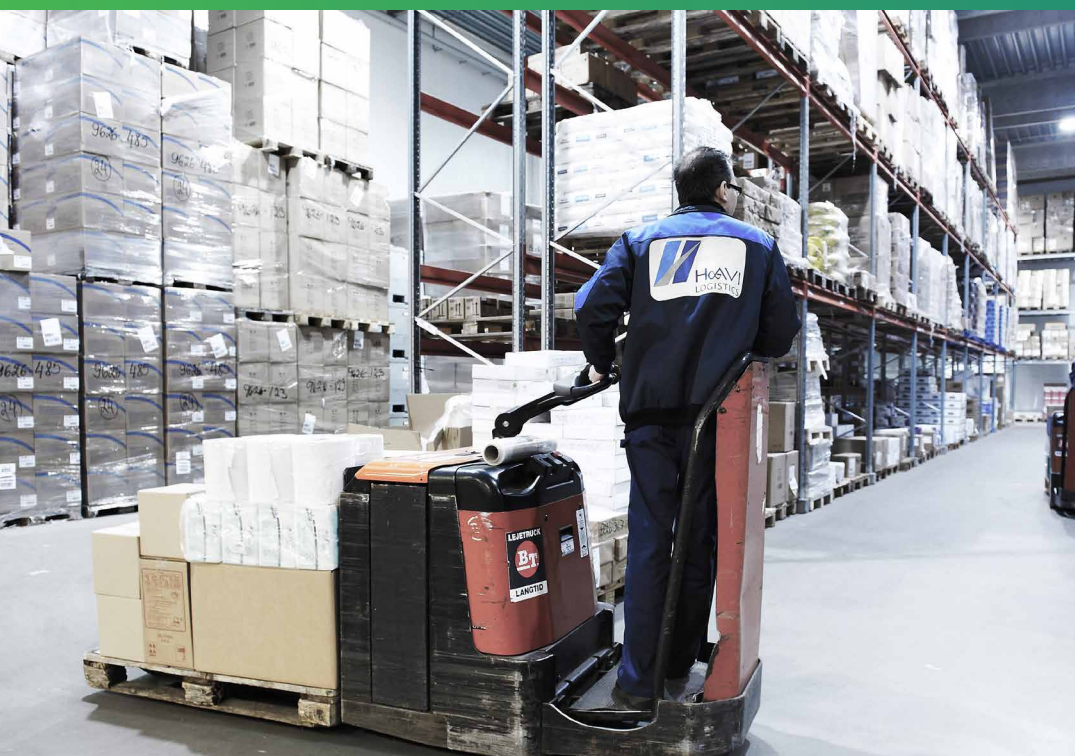
## **Sustainable consumption and production in logistical flows**

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 have also taken the necessary steps to reduce waste generation and to recycle and reuse whenever possible.

In our ongoing partnership with HAVI Logistics, the solutions provided by Lyngsoe Systems have made it possible to guarantee full transparency, optimization and security of food deliveries to more than 7,000 stores and restaurants in Europe. We continue to deliver solutions such as our Lyngsoe LIVE Logistics™ system,

which traces the content of every pallet to restaurants from more than 40 distribution centers. The system also enables restaurants to reduce food waste while enabling 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' logistic flows. In addition to this, we are continuously striving to develop even more efficient and transparent measures to further meet SDG 12.



### 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 emissions and fuel consumption. 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. In the case of roll cages in the postal sector, the average number of assets lost per year is between 7-10%. On average, 15% of functional assets are “standing still” on the same site i.e., not being utilized. With our logistical optimization of transport utilization, we are helping postal operators, who are facing explosive growth and high competition. Also, consumers now expect additional services, such as changing the destination for parcels during transportation, which our transport utilization solution supports.

### Helping customers with transport visibility

Real-time transportation visibility is increasingly becoming a key priority for many companies in the transportation sector, including shippers and freight forwarders. We have, as part of our strategy, started the “Build transport visibility business” initiative to further contribute to creating sustainable value and help our customers optimize and utilize their transport capacity in the best possible way. Helping customers with this will inevitably contribute to reducing their CO2 emissions.

### AMBITIONS FOR 2023

- The focus on IMMS™ continues as a positive choice for the environment through better utilization of library items and paperless processes. New integrations to library management systems will make the many IMMS™ benefits available to even more libraries seeking to modernize their library processes.
- We aim to further expand and explore our strategic initiative “Build transport visibility business”, creating more sustainable value while allowing our customers to optimize and utilize their transport capacity, leading to a reduction in CO2 emissions.





# RESPONSIBLE CONSUMPTION, PRODUCTION & CLIMATE ACTION



SDG 12 focuses on ensuring sustainable consumption and production patterns. Due to overlaps with SDG 13, which covers taking urgent action to combat climate change and its impacts, we work to ensure both goals by combining our approach in the following ways.

## Company efforts for sustainability impact

As mentioned previously, our strategy for 2022-24 seeks to address and consider the increasing ESG agenda, both internally and externally.

### Villads Thomsen, CEO of Lyngsoe Systems, says:

*"Lyngsoe Systems provides solutions that can significantly minimize our customers' environmental impact. For instance, by 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 improve their business' sustainability footprint."*

Recognizing our contribution to our customers' sustainability through, for example, reduced energy consumption and reduced CO2 emissions, at the beginning of 2022, we decided to catalyze our general sustainability efforts through a strategic initiative. You can read more about this in the next section "Catalyzing sustainability" but, in short, it includes an external focus on our customers with commercialization of sustainability.

It also includes an increasing focus on our internal efforts. 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.

In mid-2022, we decided to look further into energy savings initiatives at our headquarters, not least due to the energy crisis in Europe. We set the target to reduce our electricity consumption by 20% at our headquarters in 2022, which equals a reduction of 60,000 kWh per year.

**The following actions were quickly implemented:**

- Replaced old rack servers with new servers.
- Replaced all lamps with LED lighting.
- Set the coffee machines to automatically shut down between 9pm CET and 6am CET on weekdays and throughout the weekend.
- Replaced lightbulbs with low energy bulbs where not already done.
- Set test/demo equipment in our test area and showroom to shut down outside of working hours.

**Moreover, we have encouraged all our headquarter employees to help with other actions, requesting their help to achieve further energy savings and improve awareness of electricity use:**

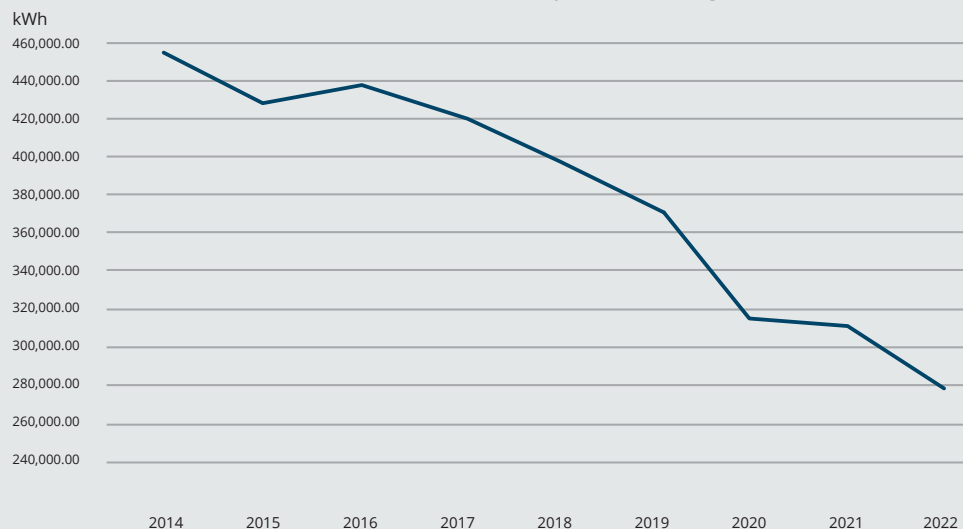
- We encourage employees to turn off the lights in the test area when it is not in use.
- We encourage employees to only turn the lights on in the areas they are using when they arrive in the morning. The last person to leave a given area is also urged to turn off the lights upon departure.





After implementing the above actions in mid-2022, we quickly reached the 20% reduction in electricity consumption, resulting in a 10.63% kWh reduction (corresponding to 33,253 kWh) for 2022 in total (i.e. primarily based on the 2nd half efforts) compared to 2021. Thereby, we went from a total kWh usage of 312,926 in 2021 to 279,673 in 2022. We will continue to investigate ways to further reduce our electricity use, and we are always looking for suggestions on how to save energy at our facilities, encouraging our employees to share any ideas they have.

### Annual electricity (kWh) usage



#### Lars Caspersen, CFO of Lyngsoe Systems, says:

*"We are dedicated to working on reducing our direct environmental impact. A variety of initiatives through the years and not least in 2022 have already resulted in reducing our energy consumption. In 2023, we aim to conduct replacements of old routers, firewalls etc. to further reduce our electricity consumption."*

*Sustainability has always been an important topic to us, but ESG is an area that is increasingly attracting more attention now and in the future. In 2022, Lyngsoe Systems gained new ownership in Accent Equity, who has identified sustainability as an important focus area. Thereby, we have completed our first ESG report on our 2022 group performance within the areas of environment, social and governance as a basis for target-setting and actions going forward."*

*Also, we will begin understanding and preparing for the legislative EU CSRD/ESRS disclosure requirements for reporting in 2026 for the financial year 2025."*

# 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. Thereby, in 2022, we launched the strategic initiative “Sustainability” to further increase our ESG efforts with a structured approach. The main purpose of this initiative is to address and improve sustainability internally, as well as externally for our customers, through the incorporation of sustainability in our commercial offerings.

In 2022, we started our collaboration with an external expert sustainability partner, who has already helped us with laying the foundation for our sustainability journey and efforts going forward. In other words, we have been executing on the “building blocks” of sustainability with a thorough approach, and we have applied best practice within this topic from the start of our journey.

In collaboration with our partner, we started by conducting a double materiality assessment to identify which ESG areas are important for Lyngsoe Systems to focus on going forward. Input was provided by both internal stakeholders and external stakeholders, e.g., key customers. The identified topics have been included in our newly formulated sustainability strategy as key focus areas to address. As part of this strategy, we have outlined a range of tangible and detailed key initiatives and actions, which are part of an overall roadmap and implementation plan for 2023 and 2024. This specifically outlines and envisions our sustainability journey going forward, where activities range from internal ESG measures to value-added commercial activities for our customers.





**Overall, our sustainability efforts are split into two high-level tracks:**

Qualifier track: This track is primarily focused on our internal efforts, improvements and impact as a company. We wish to have our own “house in order” to meet our customers’ increasing requirements in tenders and contracts. Thereby, this is about our efforts in regard to ESG performance, which is a basis for target-setting and improvement measures going forward.

Value-creation track: This track is primarily focused on our external impact, where we work with commercialization of sustainability. In other words, we work with sustainability in regard to our products and solutions to enable our customers’ sustainability impact, which we aim to document. Thereby, we take a more business and strategic view on sustainability to embark on opportunities for creating differentiation and a positive impact and value for our customers, and ultimately, our planet.



**AMBITIONS FOR 2023**

- Sustainability will continue to be a key strategic initiative. We will further collaborate with our external sustainability expert partner, who will support us with our work and improvements on foundational ESG matters, both in terms of Lyngsoe Systems and our customers. For instance, we will calculate our own GHG baseline for 2022. This will provide visibility of our carbon footprint and impact and will be a foundation for target-setting and actions going forward.
- We will, based on the thorough work delivered as part of our sustainability strategy and roadmap in 2022, work with the commercialization of sustainability. In other words, we will build and launch value propositions and actual customer cases in which we will aim to communicate and document the sustainability impact of our products and solutions.

# ANTI-CORRUPTION

SDG 16 is about promoting peaceful and inclusive societies for sustainable development, providing access to justice for all, and building effective, accountable and inclusive institutions at all levels. A primary objective of this is that businesses should work against corruption in all its forms, including extortion and bribery. Anti-corruption is also one of the UN Global Compact's core principles.

As a company, Lyngsoe Systems recognises the need to ensure that we act in line with high ethical standards and clearly forbid the participation in any kind of bribery or facility payments – both directly and indirectly. In other words, we have zero tolerance for corruption. This matter is an integrated part of our code of conduct and our employees are encouraged to safely report any concerns of fraud, corruption, breaches etc. through our whistleblower scheme. Furthermore, we provide guidance to employees on how to react if they are offered extraordinary gifts. To us, being transparent, ethical and trustworthy is the only sustainable option. For this reason, trustworthiness is integrated into our core values, governing the way all our business is conducted.

We can conclude that in 2022, we had no reported or confirmed incidents of corruption.

## AMBITIONS FOR 2023

- In 2023, we plan to strengthen our measures within anti-corruption by implementing a more formal and thorough anti-corruption policy. This will also be an integrated part of our supplier code of conduct. Moreover, we plan to further reinforce our whistleblower scheme by implementing a formal whistleblower policy and an external whistleblower system.





# OVERVIEW AMBITIONS 2022 - 2023

## AMBITIONS 2022

1. Ensure healthcare benefits at all Lyngsoe Systems locations, e.g., establish a physical exercise training offer at our headquarters.
2. Improve Lyngsoe Systems' employee experience by involving our employees in identifying improvement areas for staff health and wellbeing.
3. Increase 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.
4. Increase multiple tracking solutions at one location making each healthcare location even more efficient.
5. Optimize asset utilization and thereby reduce consumption by tracking item locations.

## RESULTS 2022

1. We rolled out a (previously national) step count competition internationally and thus encouraged all our geographical locations to take part as a contribution to an active and healthy lifestyle. Also, we trialled a physical exercise training offer at our Danish headquarters and aim to do something similar at our other office locations.
2. We ran the employee experience initiative, in which we have involved our employees in identifying specific improvement areas for supporting employee health and wellbeing. As a result, we have a catalogue of improvement ideas and some of them will be selected for implementation in 2023.
3. We improved our employee engagement score in our employee satisfaction survey. We surpassed our 2022 target of 7.89 on a weighted average score of 7.9 (out of 10).
4. We increased the number of multiple tracking solutions at one location making each healthcare location even more efficient.
5. We optimized asset utilization and thereby reduced consumption by tracking item locations. Thereby, we experienced growth in this area.

## AMBITIONS 2023

- We aim to extend a physical training offer to more Lyngsoe Systems office locations.
- We aim to implement a selection of ideas to improve the employee experience.
- We aim to further improve our employee engagement score to an average score of 7.93 (out of 10).
- We aim to continue our growth by expanding our solutions to new customers and regions.

## 3 GOOD HEALTH AND WELL-BEING



## 4 QUALITY EDUCATION



### AMBITIONS 2022

1. To promote educational collaborations, ensure minimum 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.
2. Improve our employees' capabilities for the future by launching a learning platform offering relevant professional area courses with a KPI of minimum one education/training day per employee, per year.

### RESULTS 2022

1. We reached our target of ensuring minimum 3-4% of trainees, student workers and project collaborations to promote educational partnerships, achieving 4% in 2022.
2. We carried out thorough preparation of both a variety of courses and the learning portal, "Lyngsoe Academy", with plans to launch the platform in 2023.

### AMBITIONS 2023

- We will keep our target of minimum 3-4% trainees, student workers and project collaborations, as we are simultaneously growing as a company and thereby, growing our employee base.
- We will launch our learning portal, "Lyngsoe Academy", and develop it with a further selection of courses. A part of this, we will also roll out our Lyngsoe customized leadership education internationally, thus offering it to managers at locations outside of Denmark.
- We plan to further strengthen our focus on human and labor rights by establishing and enforcing a more formalized supplier code of conduct throughout our supply chain. This to ensure that our suppliers also uphold the proper ethical standards within human and labor rights as well as other key areas.

## 8 DECENT WORK AND ECONOMIC GROWTH



### AMBITIONS 2022

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

### RESULTS 2022

1. We introduced our new Ergo Cart™ and Ergo Bin™, which together with a new, flexible docking station make it easy for libraries of all sizes to choose ergonomic solutions for their employees.

### AMBITIONS 2023

- We will continue to highlight the ergonomic choices we offer to libraries across all the markets we and our distributors serve. Specifically, we aim to make Ergo Cart™ and Ergo Bin™ the new standard for ensuring optimal working conditions for library staff.



## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



### AMBITIONS 2022

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

### RESULTS 2022

1. We achieved our 3% in-house research and development investment target.

### AMBITIONS 2023

- We will keep our 3% target, investing these funds in in-house research, development and innovation to support producing and delivering smarter and more responsible products and solutions.

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## 13 CLIMATE ACTION



### AMBITIONS 2022

1. The strategic initiative “Build transport visibility business” will contribute to creating sustainable value and help our customers optimize and utilize their transport capacity, reducing their CO2 emissions.
2. We will launch the strategic initiative “Sustainability”, by which we aim to further catalyze our sustainability efforts and identify targets and KPIs.
3. 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.

### RESULTS 2022

1. We have taken our first steps towards developing new software that will provide major postal services the ability to better manage their assets and utilize their load capacity, lowering their CO2 emissions.
2. We launched the strategic initiative “Sustainability” to further catalyze our sustainability efforts. This included conducting a double materiality assessment with our sustainability expert partner to identify key ESG topics. Based on this, we formulated a sustainability strategy and roadmap for our increased sustainability efforts going forward.
3. We have started reporting on ESG to our owners Accent Equity, thus calculating and documenting our current measures and impacts.

### AMBITIONS 2023

- The focus on IMMS™ continues as a positive choice for the environment through better utilization of library items and paperless processes. New integrations to library management systems will make the many IMMS™ benefits available to even more libraries seeking to modernize their library processes.
- We aim to further expand and explore our strategic initiative “Build transport visibility business”, creating more sustainable value while allowing our customers to optimize and utilize their transport capacity, leading to a reduction in CO2 emissions.
- Sustainability will continue to be a key strategic initiative. We will further collaborate with our external sustainability expert partner, who will support us with our work and improvements on foundational ESG matters, both in terms of Lyngsoe Systems and our customers. For instance, we will calculate our own GHG baseline for 2022. This will provide visibility of our carbon footprint and impact and will be a foundation for target-setting and actions going forward.
- We will, based on the thorough work delivered as part of our sustainability strategy and roadmap in 2022, work with the commercialization of sustainability. In other words, we will build and launch value propositions and actual customer cases in which we will aim to communicate and document the sustainability impact of our products and solutions.

## 16 PEACE, JUSTICE AND STRONG INSTITUTIONS



### AMBITIONS 2023

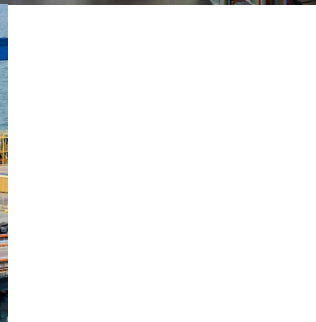
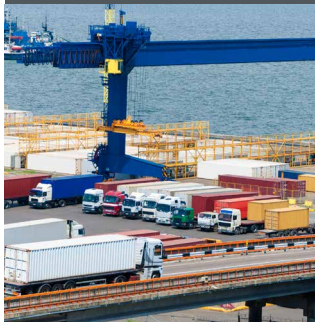
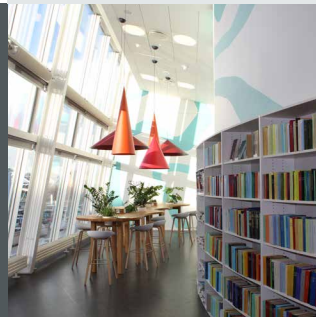
- We plan to strengthen our measures within anti-corruption by implementing a more formal and thorough anti-corruption policy. This will also be an integrated part of our supplier code of conduct. Moreover, we plan to further reinforce our whistleblower scheme by implementing a formal whistleblower policy and an external whistleblower system.

#### Identification of material risks

Several times a year, Lyngsoe Systems assesses and evaluates all major risks related to the company. In 2022, we found no material risks in relation to these areas:

- **Environment:** Low risk in relation to the environmental impact we have, as we have limited production, no use of hazardous chemicals, a low carbon footprint etc.
- **Human and labor rights:** Low risk in relation to breaching human and labor rights in terms of our own employees and the rights of our suppliers and their employees.
- **Corruption:** Low risk in relation to corruption and bribery as we control financial flows. Our employees are also informed that this is not acceptable behavior.









## CONTACT:

[www.lyngsoesystems.com](http://www.lyngsoesystems.com)  
[info@lyngsoesystems.com](mailto:info@lyngsoesystems.com)



© Lyngsoe Systems 2023