

ADDTECH

Sustainability Report

2010/2011

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Addtech's Sustainability Work

In 2010/2011, Addtech's Group management and Board of Directors resolved that the Group should aim higher in its work on sustainability issues. These issues are now to form a natural part of day-to-day work at Group, subsidiary and employee level. At the same time, we are improving transparency in our sustainability work and from now on this work will be accounted for annually in a sustainability report complying with the Global Reporting Initiative (GRI), initially at Application Level C.

The decision will also result in overall responsibility for sustainability issues being transferred to Group level from, in most cases, the individual subsidiaries. Addtech's reasoning behind the change of strategy is that these issues will in future feed through into a constant process to promote continually sustainable and profitable development. Historically, sustainability work in the Group has followed the dictates of laws and regulations, but it has focused above all on meeting the requirements for sustainability in its individual markets. In some parts of the business, this has meant far-reaching sustainability work, including environmental certification.

Addtech's overriding goal is to fulfil the requirements and expectations of its customers, shareholders and employees regarding sustainable enterprise. Greater transparency and follow-up are key foundation stones in this work.

Addtech's corporate structure and operations, with about 100 companies, represent in themselves a challenge when it comes to achieving rapid results in sustainability work, since many units will have to introduce completely or partly new processes. At the same time, the sustainability work paves the way for creating greater value, for example through more attractive customer offerings, larger cost reductions and improved quality and HR work. We will develop our sustainability work continually in the years ahead and anticipate that we will only see the results of the work now started after a few years.

This is the first year in which Addtech is publishing a sustainability report and the work of producing the report has been a process with a steep learning curve. We have already identified areas where we immediately see opportunities for initiating a programme of improvement. At the same time, we face with due humility the difficulties that processes of change often bring. Our ambition is to ensure that both the quality of our work and the quality of reporting rise from year to year, in pace with the active efforts we are now starting to expend on sustainability issues in the Group and in reporting our results in accordance with GRI.

In this sustainability report, our aim is to describe the Group's targets, strategies, governance, assumption of responsibilities and our risks and opportunities from a sustainability perspective. We also intend to describe the Group's results from a financial, environmental and social perspective.

The report consists of information that is available in the following locations:

- The Group's Annual Report.
- Report on the website (www.addtech.se/csr) summarising targets, strategies, governance, assumption of responsibilities, risks, opportunities and results from a sustainability perspective.
- In addition, the website (www.addtech.se/csr) has detailed references to Global Reporting Initiative (GRI) guidelines that were applied during the drafting of the sustainability report.

Strategy and Governance

Addtech's sustainability strategy is based on the Group's Code of Conduct. The central concepts of Corporate Social Responsibility – the environment, ethics and morality – have long been part of the Group's operations. In 2010/2011, however, the decision was taken to aim higher in the Group's work on sustainability issues. This recently started programme includes analysing risks and opportunities, setting long-term and short-term targets to minimise risks and capitalising effectively on the opportunities available.

The Group's Code of Conduct is a key foundation stone for Addtech's sustainability work, and the Code was therefore updated in 2010/2011 to reflect the Group's aims more accurately. The Group's Code of Conduct includes all important issues in the environment, human rights, working terms and conditions, and corruption. The code is based on the UN's Global Compact, the ILO's Core Conventions and the OECD Guidelines for Multinational Enterprises, and it is aimed at our operations and those of our suppliers. The Group's Code of Conduct applies to all companies in the Group. It is available on Addtech's website at www.addtech.se.

Group management, supported by the Board of Directors, establishes targets for the Group, together with the indicators that are to be used to measure performance against these targets. Every year, the Group's companies report results for these indicators and key ratios to Addtech's finance and accounting function, which analyses the data and reports to the Board of Directors, management and the rest of the organisation. The Board establishes Addtech's Code of Conduct, and every company and employee in the Group is then responsible for ensuring compliance with the Code.

Scope and limitations of the report

The sustainability report refers to the 2010/2011 financial year, with comparative data from the 2009/2010 financial year. Unless otherwise indicated, the report encompasses the operations of the Group as a whole.

The following sections provide an account of Addtech's sustainability work from different stakeholder perspectives, with results for the Group being presented in the form of relevant indicators and key ratios. Unless otherwise indicated, the figures are aggregated values for 2010/2011 from the Group's companies (approx. 100). A large number of acquisitions were made in 2010/2011, affecting the outcomes for the environmental and work environment indicator data reported, compared to the preceding year. Acquisitions represent a central plank of Addtech's growth strategy and are therefore expected to continue to have major impact on several indicators in the sustainability report in the years ahead. The indicators presented have not been adjusted to compensate for the increased number of companies; they report the actual figures for the Group.

Addtech's corporate structure and operations, with around 100 small companies, represent in themselves a challenge in work on sustainability, since every company is responsible for collecting and reporting its own measurement data. The measurement data presented in this sustainability report is based as far as possible on actual measured values from the Group's companies, or from the Group's suppliers. In cases where the Group's companies or suppliers have been unable to obtain actual figures, reasonable estimates based on available calculation tools and models were used.

One of Addtech's goals for its sustainability work is to continually improve the accuracy of the measurement data obtained from the Group's companies and from our suppliers. Such data form the basis of Addtech's sustainability reporting, and by improving the accuracy of the values reported we can provide a more precise account of the Group's impact on the world around us.

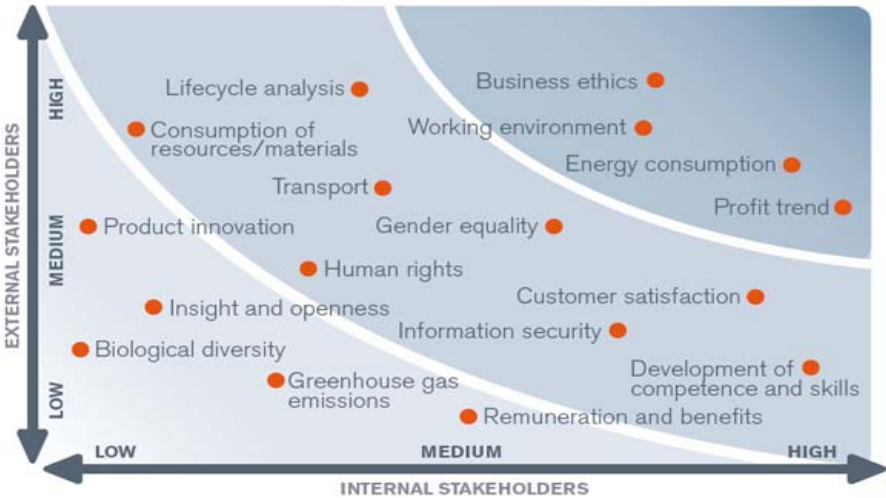
Our stakeholders

Addtech strives to maintain an open dialogue with the Group's stakeholders on how our operations are conducted, and to explain priorities, decisions and the results achieved. In our view, this is a fundamental prerequisite for us as a Group to be able to focus on the right issues in our sustainability work. To ensure that our sustainability work is as successful as possible, Addtech welcomes contacts from stakeholders wishing to engage in dialogue about their views on the focus or results of this work.

Information on the major sustainability issues is communicated to stakeholders mainly via the sustainability report. Dialogue with stakeholders is conducted partly at Group level, but also – to a considerable extent – at the Group's companies. After dialogue with the Group's stakeholders, Group management, in consultation with

the Board of Directors, decides on which sustainability issues are of major importance to the Group and on Group-wide policies and targets. Addtech has identified five stakeholder groups of importance to the Group: owners, employees, customers, suppliers and society.

During the year, we conducted both an internal and an external stakeholder analysis to ensure that we are both working and reporting on the areas that are most important to our operations and our stakeholders. The internal stakeholders represented all four of our business areas. The external stakeholders consisted of major shareholders and key customers. The dialogue with our stakeholders demonstrated not only that our stakeholders value Addtech’s increased commitment to sustainability issues but also highlighted the Group’s former lack of communication about our sustainability work – a shortcoming that this sustainability report seeks to redress. The issues that were felt to be of greatest importance both to our stakeholders and Addtech were business ethics, energy consumption and the work environment, in combination with satisfactory growth in profits.



The table **Economic value generated and distributed** illustrates how the value generated by the Group’s operations has arisen and has been distributed to various stakeholder groups. During the year, Addtech did not receive any major financial support from the public sector.

Economic value generated and distributed			
SEKm	Stakeholder	2010/11	2009/10
Income	Customers	4,418	3,680
Economic value generated		4,418	3,680
Manufacturing costs	Suppliers	3,166	2,671
Salaries and other remuneration*	Employees	872	793
Payments to providers of capital	Lenders	20	18
Payments to providers of capital	Shareholders	111	111
Payments to governments	Public sector	101	64
Economic value distributed		4,270	3,657
Remaining in company		148	23

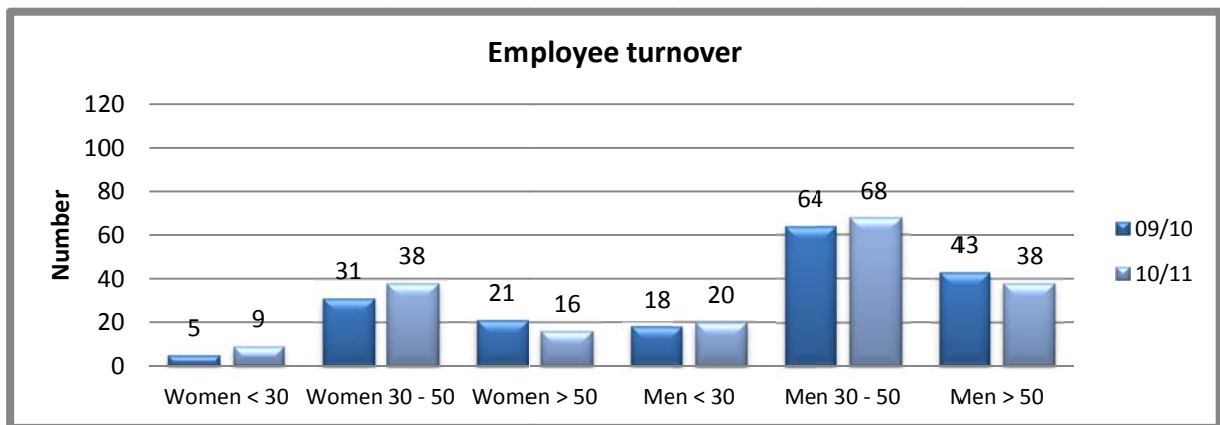
* Total salaries and other remuneration consists of salaries and pensions to employees, including amounts paid to the public sector (payroll taxes, social security costs etc.) on behalf of the employees.

Owners

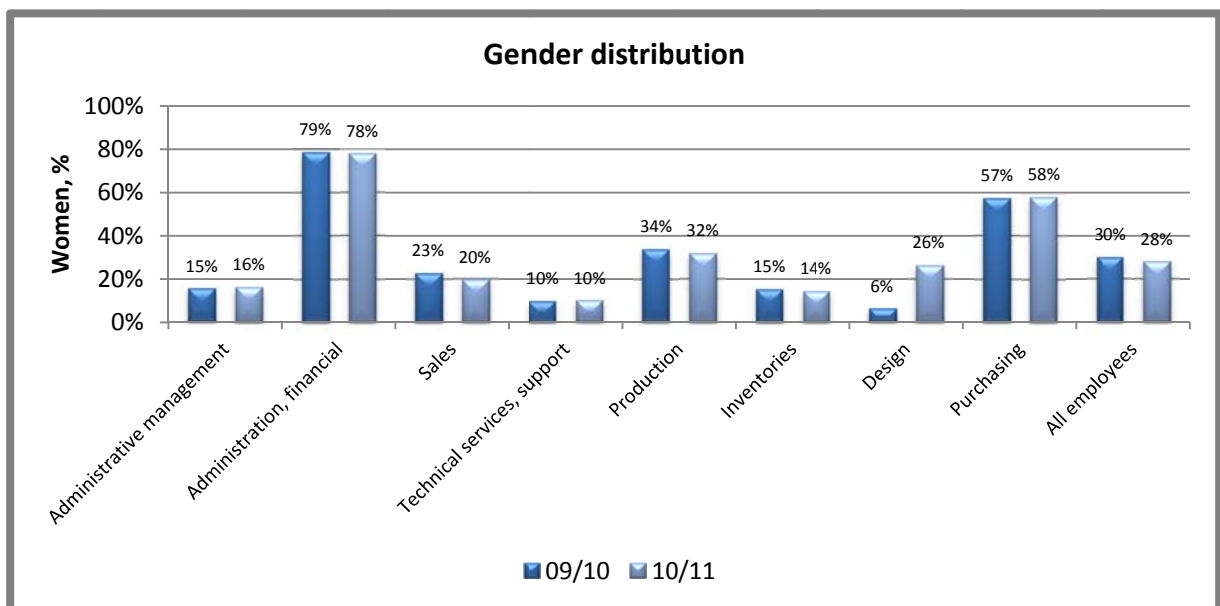
Addtech strives to generate an attractive return and growth in value for those who invest in Addtech shares. Information on Addtech's ownership structure is available on Addtech's website at www.addtech.se. Dialogue with the company's owners is conducted above all via the Board of Directors and at the Annual General Meeting (AGM), but also via the Group's Investor Relations function.

Employees

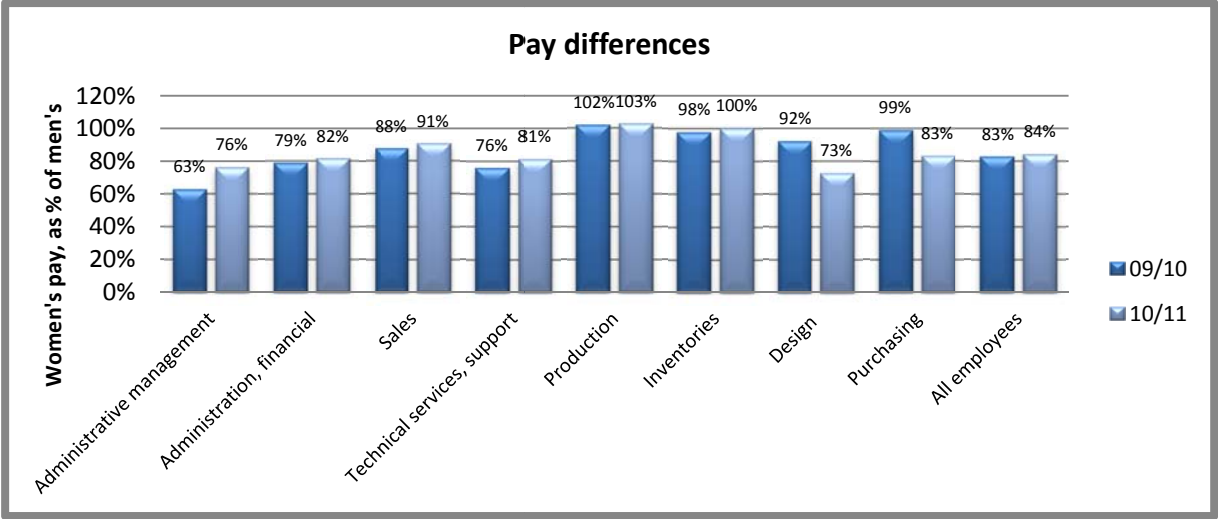
The average number of employees in the Addtech Group in 2010/2011 was 1,445, of whom 407 were women and 1,038 were men. During the year, employee turnover was 13% (12%). The table **Employee turnover** provides a more detailed picture of the Group's employee turnover, by gender and age. Addtech is at heart a Nordic enterprise; around 89% (89%) of the Group's employees work in one of the Nordic countries.



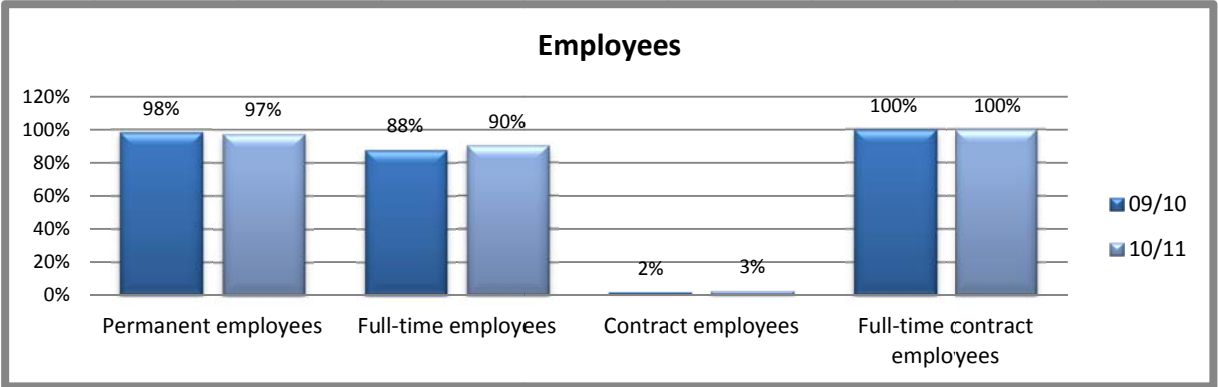
Historically, the technology trading sector has been male dominated. This is also reflected by the percentage of male and female applicants to institutes of technology in Sweden. Our ambition is, by being attractive employers, continually to increase the percentage of women in the Group. The percentage of women and men, respectively, in the Group shall at least reflect the general gender distribution in our industry, as well as the percentage of graduates from institutes of technology. Key figures for the gender breakdown between men and women at Addtech are shown in the table below.



Differences in pay for men and women in the Group vary according to employment category and are shown in the table below.



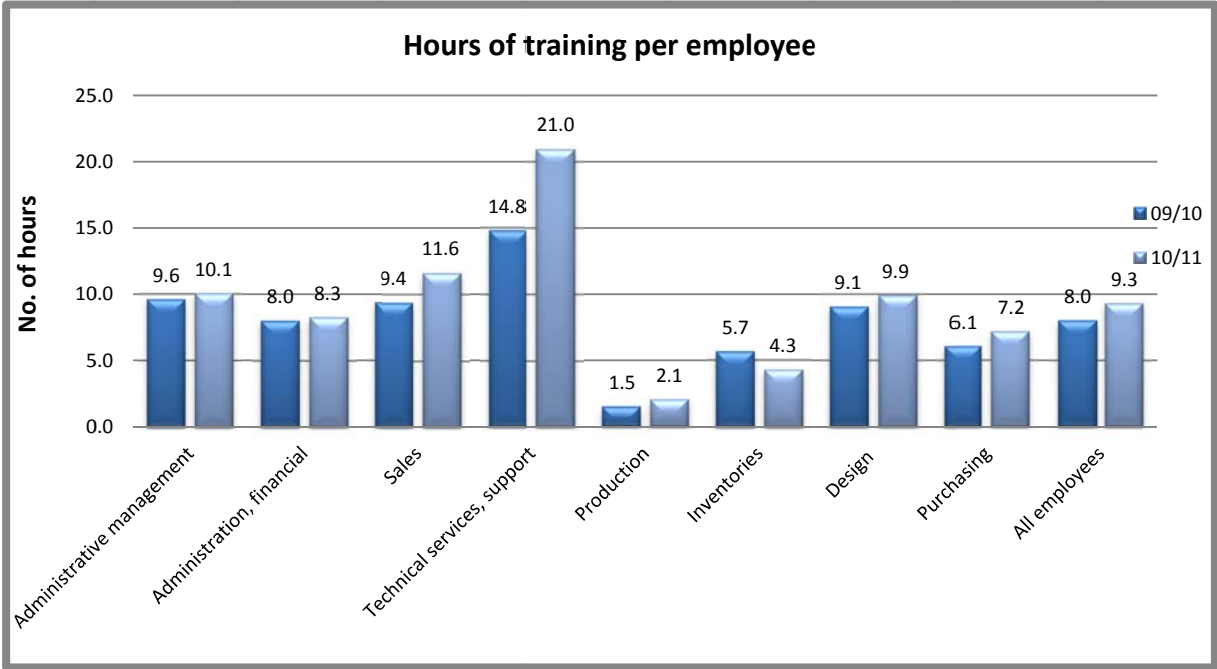
Permanent employees constitute a large majority of the Group’s workforce. Contract employees are mostly used to replace existing employees in the case of illness or other absence. The following diagram shows a breakdown of employees by permanent and contract employment.



Direct dialogue with the Group’s employees takes place at local level at each company in the Group, for example in connection with annual development reviews. Addtech’s development and competitiveness are strongly linked to the enhancement of expertise and the wellbeing of its employees. The Group’s companies strive to be attractive employers that offer our employees viable opportunities for personal development. During the year we will conduct an employee survey to identify areas in which we can improve even more; the findings of the survey will then form the basis of long-term strategic work.

One ambition within the Group is that all employees should take part in a personal development review with their immediate manager every year. An important part of the development review is to identify ways of improving the expertise and wellbeing of the employee. Another is to increase contentment and job satisfaction at the workplace. In 2010/2011, formal development reviews were held with 62% (67%) of Addtech’s employees. Unfortunately, this represents a decline from the preceding year and falls well short of our long-term ambition. Part of the explanation lies in the acquisition of a large number of new companies and employees by the Group during the year. Over the coming year, Addtech will be reviewing the routines and tools that are available to the Group’s companies, in order to increase the percentage of development reviews conducted.

To develop the expertise of its employees is to develop the Addtech business. To this end, the Group runs its own Business School, among other activities. The table below shows the number of training days per employee and per employee category during the year.



Health and safety is another priority area at Addtech. The Group has a zero vision for work-related accidents, illnesses and incidents, and an ambition to focus constantly on promoting better health and wellbeing among our employees. In Addtech’s various production-based units, potential risks of work-related illnesses and accidents exist, but risks of accidents also exist in the sales process, for example during travel to and from customers and during visits to customers’ factories or other facilities. The **Health and safety** table provides an overview of Addtech’s results in this area. No work-related fatalities occurred during the year. The trend of accidents and work-related illnesses was unfortunately negative during the year: the number of accidents rose to 20 (15), while the number of work-related illnesses increased to 9 (3). However, in view of the fact that the Group has around 1,500 employees, these figures are relatively low. During the period, the number of employees in the Group rose by 189, largely as a result of 12 acquisitions.



As a technology trading group, we cannot ignore the possibility that our employees could be involved in bribes – especially in connection with purchases in countries where corruption is generally widespread. The trend in corruption in various countries where Addtech operates is monitored constantly, for example via the Transparency International website (www.transparency.org). Business ethics has always been high on the Group’s agenda and constitute an issue that is continuously addressed in the Group’s own Business School. The Group has zero tolerance towards corruption, and the fact that no cases of corruption occurred during the year (0) is thus in line with our expectations.

Customers

Contact with our customers is handled locally via Addtech's companies. More rigorous sustainability demands from our customers are emerging more and more clearly. This is a sign of our customers' growing focus on sustainability issues. As a result of this increased focus, our customers have now also started auditing their suppliers, i.e. the companies in the Addtech Group, on the basis of sustainability. The Group's companies are active in a host of different markets and a variety of industries; this involves different types of customer requirements. However, it may be said in general terms that many of the requirements relate to safety in workplaces and the environment. At some of the Group's companies, enquiries relating to REACH (the EU's regulation on the Registration, Evaluation, Authorisation & Restriction of Chemicals) are also common. Furthermore, demands that Addtech and our own subcontractors comply with international conventions on human rights are also received.

Suppliers

A major share of the sales generated by Addtech companies comes from selling on products and solutions from global and market-leading suppliers. Addtech has a large number of suppliers worldwide and more than 70% of the Group's purchases are made from suppliers outside the Nordics in Europe, the US and Asia. Relationships with our suppliers are often longstanding and involve close collaboration on how the supplier's products can be used in a variety of customer applications. Many suppliers have worked with Addtech subsidiaries for decades. However, there is always a certain amount of supplier turnover, and Addtech is constantly on the hunt for new partners and agency companies that can complement or boost our existing business. This close relationship with our suppliers is highly valuable from both business and sustainability perspectives. At the same time, however, it offers no guarantee against business ethics risks.

As parts of a technology trading group with operations in a large number of countries, business ethics risks pose a constantly prevalent threat to the Group's companies. Addtech's goal in terms of linking the issue of responsibility to our suppliers is clear. In 2010/2011, the Group's Code of Conduct was updated and now includes a section expressly describing the Group's expectations as to how suppliers should act, vis-à-vis both the environment and its employees. The Code is available on the Addtech website at www.addtech.com/csr. The decision to aim higher in our work on sustainability thus also means that as of this year, we will deepen relationships with our suppliers and take long-term action to ensure that our suppliers live up to requirements at an acceptable level in relation to their employees and the environment.

The good reputation of the Addtech Group and our companies is one of our strongest competitive assets. Against that background, any infringements of Addtech policies on human rights and of the terms and conditions for our employees would have a considerable detrimental impact on the trust of our stakeholders. No incidents in connection with infringements of human rights were reported either in 2010/2011 or in 2009/2010.

Society

Addtech's most important positive impact on society lies in our contribution to economic and social growth in the form of jobs and taxpayers, as well as the Group's own tax payments. Through our products, we also help, for example, to bring efficiency improvements and to cut energy consumption.

In line with the Addtech philosophy of decentralised responsibility, no Group-wide projects connected with social commitment are conducted. Instead, such projects take place locally at the individual companies.

Examples of social commitment projects:

- Partnerships with schools and institutes of higher education to offer degree projects.
- Donations to charity organisations, children's villages etc.

- Sponsorship for sports clubs and local initiatives.
- Support to unemployed people to help them find jobs or training/education.

During the period, the Group was not ordered to pay any major fines as a result of offences in the form of breaches of laws and regulations governing the provision or use of products and services.

The environment

Addtech conducts sales and distribution in more than 30 countries. The major share of the Group's purchases are made from suppliers outside the Nordics in Europe, the US and Asia, necessitating a large volume of transport movements. The Group's direct climate impact therefore largely arises when transporting goods from suppliers and to customers. Some of the Group's companies also conduct production involving the use of raw materials, chemicals and fossil fuels. However, production represents only a limited proportion of the Group's operations.

The aggregated environmental impact of the products that our companies provide also includes production operations at our suppliers and the way in which our customers use the products. As a result, we seek to take the entire lifecycle of our operation into account in the improvement work that is continually carried out in the Group.

Addtech's major environmental issues may be summarised as follows:

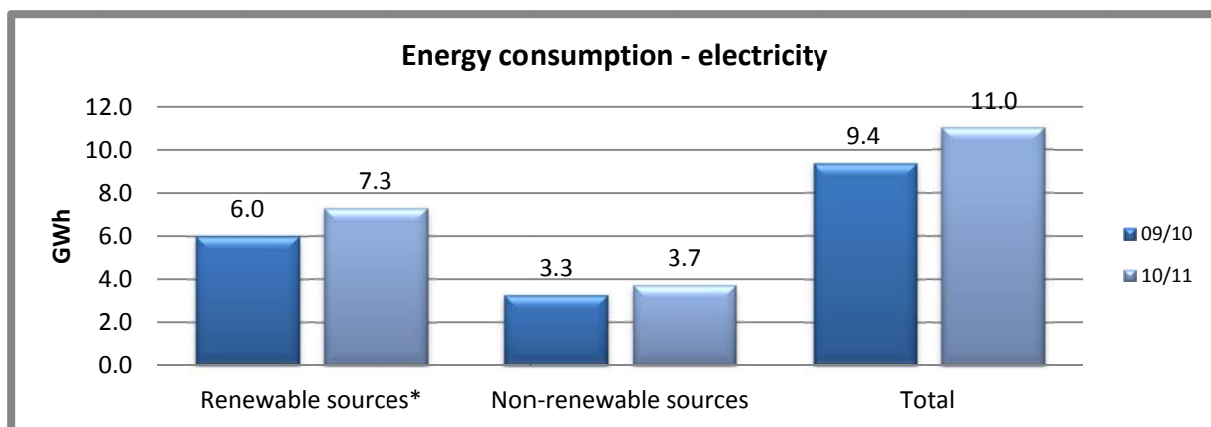
- Transport of goods and employees.
- Use/consumption of energy, raw materials and chemicals.
- Emissions and waste from production.

The Group's emission-related risks are associated in the main with emissions of carbon dioxide. Such emissions are caused primarily through combustion of fossil fuels within the Group's own operations, above all for transport of goods and employees, but also indirectly through procurement of electricity generated by combustion of fossil fuels.

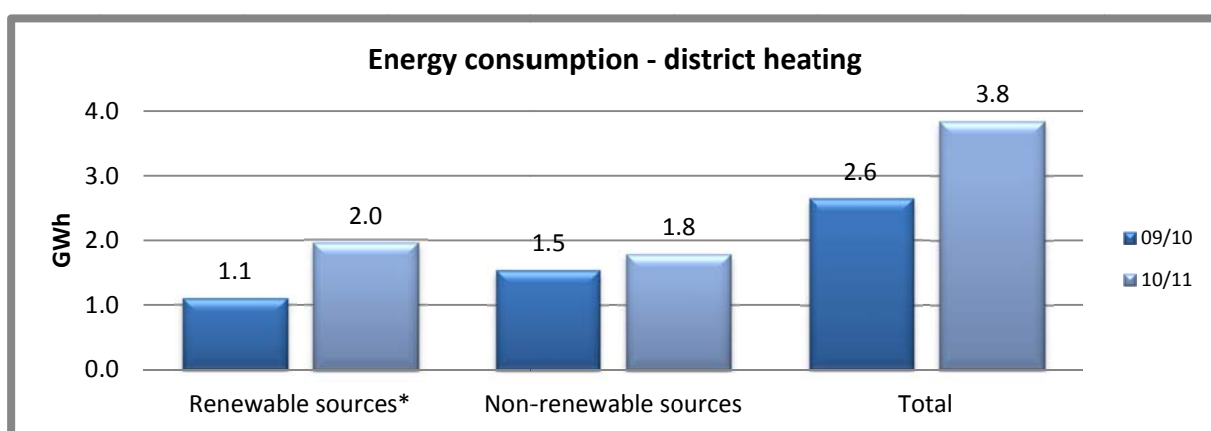
During the year, the Group was not ordered to pay any major fines in connection with breaches of environmental legislation. The same applied in the preceding year.

Energy consumption

During the year, the Group's total energy consumption increased to 14.8 GWh (11.9 GWh). Of total energy consumption, electricity accounts for 74% and district heating for 26%. The increase is attributable for the most part to the year's acquisitions. Of all energy supplied, 63% (60%) was generated from renewable sources, an increase of 3 percentage points over the figure for the preceding year and in line with our ambition. Relative to sales, the Group's total energy consumption rose 3.2% over the period. One of Addtech's overarching goals is to reduce energy consumption over time relative to the Group's sales and to focus on continuously increasing the proportion of renewable-source energy used in its operations. The following table, **Energy consumption**, illustrates the trend of energy consumption at Addtech.



*Solar energy, wind power and hydropower



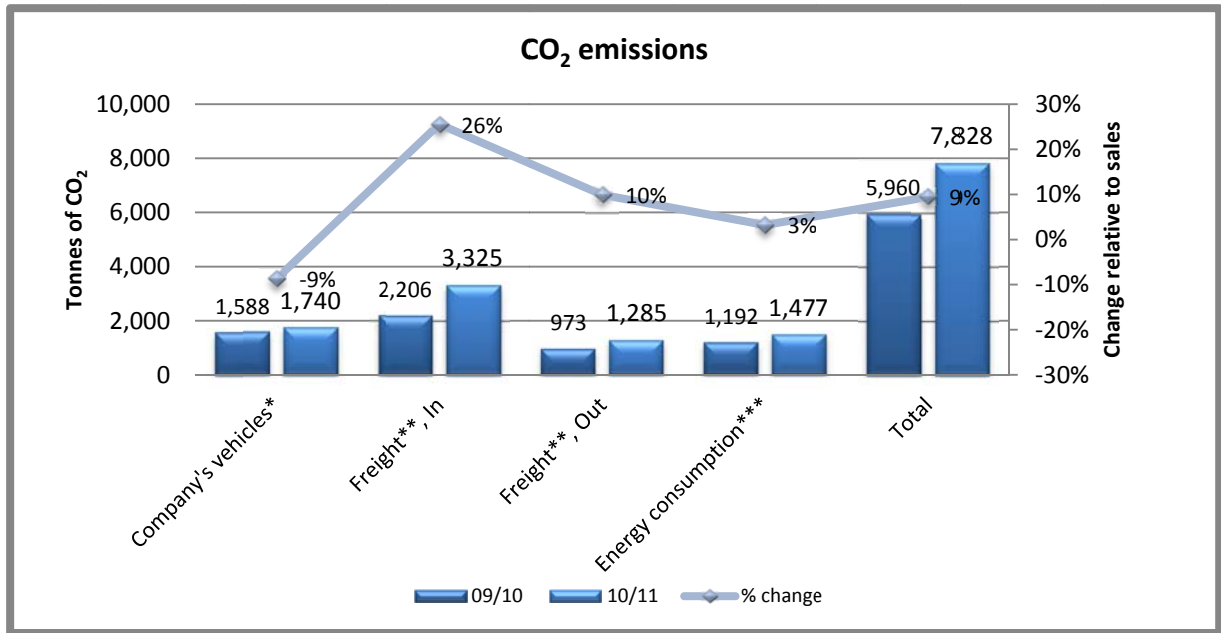
*Biofuel, waste heat, waste (70% renewable)

Climate impact

Addtech's impact on the climate principally comprises emissions of carbon dioxide. Combustion of fossil fuels also produces emissions of other greenhouse gases, but Addtech has concluded that emissions of carbon dioxide represent the biggest threat from the Group's operations.

In the calculation of carbon dioxide emissions arising from electricity generation, a calculation has been based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1kg CO₂. However, given the Group's relatively high percentage of energy from renewable sources, our emission coefficient may reasonably be expected to be lower. To enable the Group to monitor the trend of CO₂ emissions more effectively in the years ahead, we have nevertheless chosen to apply the standard for Nordic electricity generation in our calculations.

In addition to emissions arising from the internal use of fossil fuels and electricity, emissions of carbon dioxide are also generated by various kinds of transport, including transport of materials and products, as well as employee travel. Addtech reports emissions both for employee transport and carbon dioxide emissions from transport of materials and products. The following table, **CO₂ emissions**, illustrates the Group's emissions of carbon dioxide arising from transport of goods and employees, as well as from internal energy consumption.



*Based on reported number of kilometres driven and the average emission of CO₂/km from the Group's vehicle fleet.

**Based on reports from transport providers, plus own calculations with the aid of ecotransit.org.

***Based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO₂.

GRI Profile

The following list summarises references to the GRI indicators that Addtech has selected for reporting within the scope of this sustainability report.

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