

# SUSTAINABLE DEVELOPMENT FOR LONG-TERM PROFITABILITY

Sustainable development refers to development that meets today's needs without jeopardising the opportunities for future generations. Working on sustainable development thus means that Momentum Group also takes responsibility for how its operations attain their earnings objectives. This responsibility spans the entire value chain from supplier to customer.

**MOMENTUM GROUP'S VISION** is to be the best choice for customers. This includes being a company that conducts its business as a responsible member of society, promotes health and safety, respects human rights, and takes responsibility for improving the environment with the aim of achieving sustainable development. Simply put, sustainability is a prerequisite for long-term profitability.

Achieving this goal will require, for example, intelligent product choices (with long lifetimes and less environmental impact than other alternatives), responsibility for the working conditions in the supplier chain, dedicated employees who enjoy working for their employer and efficient transports. Sustainability creates business benefits in the form of more loyal customers, more satisfied employees, stronger relationships with suppliers and better products.

## GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY ASPECTS IN OPERATIONS

Momentum Group AB's Board of Directors has overall responsibility for annually establishing Group-wide policies for such areas as the environment and work environment, ethical guidelines, quality and corporate social responsibility. On this basis, the different units of the Group develop customised goals and action plans.

Momentum Group continuously endeavours to increase its employees' awareness of and dedication to sustainability issues. Sustainability initiatives are led by Group management and other members of senior management, with support from a network of environmental, quality and work environment managers in the Group. This network makes it easier to establish contacts, transfer skills and share experiences.

## MATERIAL SUSTAINABILITY-RELATED RISKS AND RISK MANAGEMENT

Based on Momentum Group's business model (pages 5–6) and the Group's continual dialogue with its various stakeholders (page 11) regarding which sustainability issues are most material for the Group, the following areas of focus and risk have been identified as being of the greatest significance for both Momentum Group and its stakeholders.

**1) Environmental responsibility** – Environmental impact from the Group's products and services and from freight and passenger transports.

*Examples of risks:* purchase and sale of lower-quality products, with shorter lifetimes and/or that contain environmentally hazardous substances; the use of environmentally hazardous packing material in packaging and transport; and deficient coordination in in-bound and out-bound deliveries from central warehouses.

**2) Financial and ethical responsibility** – Ensuring corporate responsibility that respects human rights and counteracts corruption.

*Examples of risks:* deviations from the Group's Code of Conduct, which entails violations of human rights in the operations of the Group or its suppliers; participation in cartels or other prohibited collaborations with competitors, customers or suppliers that limit or distort competition; and offering or receiving bribes or other forms of undue compensation for the purpose of inducing someone to act in contravention of prescribed obligations.

**3) Social responsibility** – As a responsible employer, to offer a wholesome work environment, and good health and safety; and to counteract discrimination and harassment in the operations.

*Examples of risks:* work environment risks (that could constitute a danger to the lives and health of employees); all types of discrimination, harassment, assault or threats at the Group's workplaces; and other conditions that do not promote a secure, comfortable work environment for employees.

Momentum Group's preventative efforts, policies and guidelines as well as targets and outcomes for 2017/18 in the respective areas, are reported below. ●

## ENVIRONMENTAL RESPONSIBILITY

Momentum Group's environmental impact primarily comprises the products and services offered as well as the use of resources during transports. In accordance with the Group's environmental policy, impact on the environment is to be minimised as far as is technically possible, reasonable from a business economics perspective and environmentally justified. Many of the Group's businesses hold quality and environmental certification in accordance with ISO 9001 and 14001 as well as OHSAS 18001 occupational health and safety certification.

Momentum Group's offering is designed and regularly updated on the basis of customers' needs. The process of designing their offering allows the businesses to identify manufacturers and suppliers with products and services that meet the requirements for the lowest possible environmental impact (compared with the alternatives available), quality and total cost, and share Momentum Group's views on long-term partnership and close collaboration. The lifetimes of customers' machinery and production facilities are extended with regular service and maintenance through the Group's service workshops.

Ensuring that the right item is in the right place, at the right time and in the right amount is part of the foundation of Momentum Group's business. The Group's logistics operations are closely linked to its sustainability work. Optimising inventory processing enables a reduction in consumption, better availability for the customer and less lifting and handling for everyone involved. The Group's businesses continuously work to optimise the balance between in-bound and out-bound deliveries so that the right quantity is purchased. This reduces the need for transport and the consumption of cartons and other consumable materials.

With a total of over 1,600 employees in a large number of locations in the Nordic region, Momentum Group also has a direct environmental impact in its choice of company cars and their carbon emissions as well as — where possible — conducting remote meetings through screen sharing for the purpose of reducing the environmental impact in connection with travel.

## FINANCIAL AND ETHICAL RESPONSIBILITY

Momentum Group's Code of Conduct pertains to all businesses and employees in the Group and underlines the importance of always behaving in an ethically correct manner and respecting human rights.

The Code of Conduct also imposes requirements on suppliers. These requirements include a written affirmation that they act within the framework of the laws of their respective countries, counteract corruption and otherwise comply with the intentions of the Code of Conduct, for example, by offering their employees a safe and healthy work environment and not permitting child labour in production. The Group does not tolerate corruption, bribes or other disloyal practices that may limit competition, and any such events are to be reported to the Momentum Group management. If appropriate, a report to the competition authorities is prepared. No reports on practices that limit competition have been submitted to Group management during the 2017/18 financial year. Momentum Group supports and respects the protection of human rights, and works to ensure that its operations are not complicit in the violation of human rights.

A number of businesses in the Group also perform on-site supplier inspections with manufacturers on a regular basis, focusing on quality, environment, labour law, work environment and business ethics. This work strengthens the collaboration between Momentum Group and its suppliers.

Momentum Group has a "whistleblowing function" that includes a web-based system where every employee has the opportunity to report, openly or anonymously, all types of irregularities that may have serious consequences for the Group. The whistleblowing function can also be accessed externally on the Group's website. No violations of the Code of Conduct were reported to Group management during the 2017/18 financial year.

The entire Momentum Group Code of Conduct can be found on the Group's website [www.momentum.group](http://www.momentum.group).



### EXAMPLES OF MOMENTUM GROUP'S POLICIES AND GUIDELINES ON THE ENVIRONMENT:

Environmental Policy, Code of Conduct, Guidelines for company cars

### GOALS AND PERFORMANCE MEASURES FOR 2017/18:

The Group aims to achieve an annual reduction of carbon emissions from company cars in accordance with the policy for these cars.

### OUTCOME FOR 2017/18:

For all of the Group's some 500 company cars in Sweden, the average carbon emissions per kilometer driven decreased by 5 percent during the year.



### EXAMPLES OF MOMENTUM GROUP'S POLICIES AND GUIDELINES ON BUSINESS ETHICS AND FINANCIAL RESPONSIBILITY:

Code of Conduct, self-evaluation tools for suppliers, Quality Policy

### GOALS AND PERFORMANCE MEASURES FOR 2017/18:

The goal of the Group is that the majority of the purchase volume is to come from suppliers who have signed and apply Momentum Group's Code of Conduct (or a similar document).

### OUTCOME FOR 2017/18:

For the year, some 70 percent of the Group's total purchase volume of approximately MSEK 3,600 came from suppliers who have confirmed that they apply Momentum Group's Code of Conduct (or a similar document) in writing.

## SOCIAL RESPONSIBILITY

Momentum Group’s goal is to be seen as an attractive employer by all current, potential and former employees. This means that all managers and employees must maintain a professional attitude toward all HR activities and work in accordance with clear guidelines. Ensuring that employees are continuously given the opportunity to enhance their skills and performance is vital to the future development of Momentum Group.

The Group’s subsidiaries conduct regular employee surveys designed to find out what employees think of their respective companies as an employer, the work climate and leadership. Surveys performed in the past have shown a predominantly positive view of the development of the businesses and as employers, and a large proportion of employees stated they would recommend the Group companies as employers to their friends. However, the surveys have also continually identified a number of development areas in various parts of the Group, and several measures have been implemented in the past few years in areas such as leadership development. In order to further improve the work environment, training for managers in both formal and practical areas is continually offered, with the aim of ensuring that the Group’s businesses offer a healthy and functional work environment.

While employees are expected to satisfy the requirements of their professional roles, they also have the opportunity to receive active support in order to continuously improve their competence, develop their areas of responsibility and attitudes, and thus strengthen their performance. Managers in the Group have undergone leadership training in setting goals, giving feedback, and recognising and improving responsibility, performance, attitude and competence.

A variety of experiences and backgrounds among employees promotes an equitable work environment that encourages development.



### EXAMPLES OF MOMENTUM GROUP’S POLICIES AND GUIDELINES ON SOCIAL RESPONSIBILITY AND PERSONNEL:

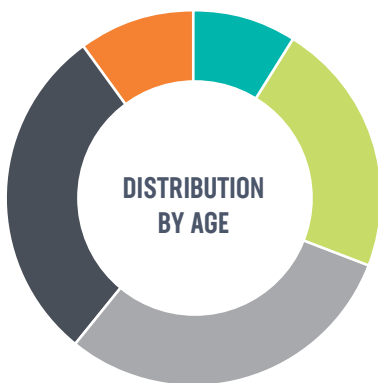
Work Environment Policy, Equality Policy, Code of Conduct

### GOALS AND PERFORMANCE MEASURES FOR 2017/18:

The Group endeavours to conduct annual performance reviews with all employees regarding such factors as work environment, work situations, discrimination (if any), equality, health and safety, and so on.

### OUTCOME FOR 2017/18:

During the year, some 80 percent of the Group’s more than 1,600 employees had documented performance reviews with their immediate supervisors.

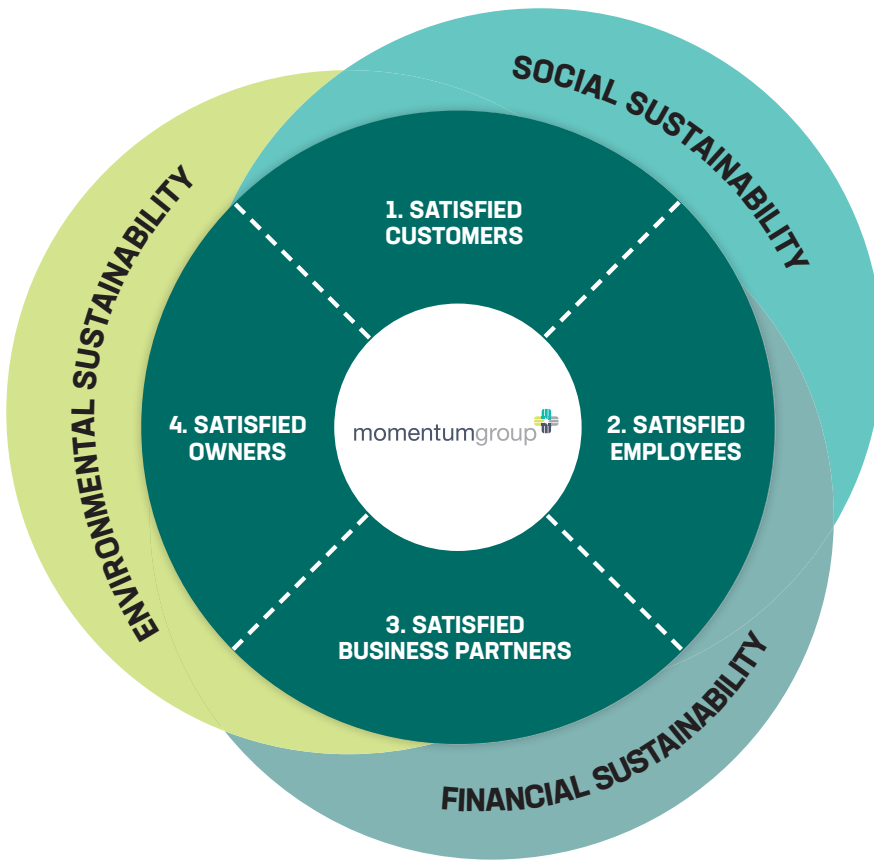


- 9% 29 YEARS OR YOUNGER
- 22% 30-39 YEARS
- 30% 40-49 YEARS
- 29% 50-59 YEARS
- 10% 60 YEARS OR OLDER

- 25% LESS THAN 2 YEARS
- 19% 2-5 YEARS
- 22% 6-10 YEARS
- 11% 11-15 YEARS
- 23% 16 YEARS OR MORE

Employees	2017/18	2016/17
Average no. of employees	1,654	1,576
Percentage women	20%	18%
Percentage men	80%	82%

Equality in regard to gender distribution represents a challenge for Momentum Group, since more men than women traditionally work in technology trading with consumables and components for the manufacturing industry. The companies in the Group are working actively in many different ways to promote greater equality over time in terms of gender distribution at all levels of the organisations.



## MOMENTUM GROUP'S STAKEHOLDER MODEL - "FOUR SATISFIED GROUPS"

Momentum Group's sustainability initiatives are based on a continual dialogue with its principal stakeholders. Together with them, a number of objectives have been formulated with the aim of further strengthening the relationships, and at the same time making the stakeholders even more satisfied with the positive results that the companies in Momentum Group contribute to.

### OBJECTIVE

### COMMENTS

#### SATISFIED CUSTOMERS

Work in the best interests of new and existing customers by continuously developing and offering products and services that meet customer expectations in terms of function, quality, safety, environmental impact and supply reliability. A conscientious focus on service and maintenance extends the useful lives of the products and thereby reducing the customers' total costs. Follow-ups are performed on a regular basis through customer surveys.

» Strengthening customers' profitability is always the main focus of Momentum Group's various businesses. The results of the Group companies' annual customer surveys form the basis for the businesses' work related to service level and availability, product range and service development, and training/skills development. Among other activities in 2017/18, TOOLS strengthened its market position as a leading supplier of products and services in occupational health & safety (OHS), while Momentum Industrial continued to promote sustainable production for Swedish industry.

#### SATISFIED EMPLOYEES

Work in the best interests of new and existing employees by offering a healthy work environment, opportunities for skills and performance development, and offering attractive and competitive terms and conditions. The companies in the Group conduct regular employee surveys.

» The ongoing skills and performance development of the Group's employees mainly occurs at the company level through various types of targeted training programmes in such areas as successful sales and performance development. Momentum Group's joint Business School provides training for some 100 employees in the Group's corporate culture and business acumen every year.

#### SATISFIED BUSINESS PARTNERS

Develop strong offerings for the Group's market channels. Achieve competitive purchasing terms based on the Group's strong market position, and secure efficient purchasing and sales processes for the purpose of creating close and long-term partnerships. Act professionally, honestly and ethically in all of these pursuits, based on the Group's Code of Conduct.

» Momentum Group's relationships with its suppliers include everything from risk mitigation (focusing, for example, on working conditions, work environment and environmental impact) to collaborating in order to have a positive impact on the supplier's overall development - based on daily contact and the Group's Code of Conduct. The percentage of suppliers that hold quality and environmental certification is gradually increasing.

#### SATISFIED OWNERS

Create shareholder value by focusing on growth and stable, long-term profitability, minimise major business risks through active and effective corporate governance, and provide accurate and relevant information to the stock market.

» The purpose of splitting the former B&B TOOLS Group into two listed companies - Bergman & Beving and Momentum Group - in spring 2017 was to create increased shareholder value over time. The respective business would thus be given better opportunities to develop based on their own conditions. For Momentum Group, this meant an even clearer focus on developing leading market channels in profitable niches in continued proximity to customers as well as adapting its offerings, logistics and sales channels (both local and digital).