

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 aims to be 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 life cycles and a lower environmental impact than other alternatives), responsibility for the working conditions in the supply 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.

ABOUT THE 2020 SUSTAINABILITY REPORT

Momentum Group has prepared the Company's Sustainability Report for the 2020 financial year, which covers the Parent Company, Momentum Group AB (publ), corporate registration number 559072-1352, and all of its operational subsidiaries. In preparing the Sustainability Report, guidance has been taken from existing practices and guidelines for fulfilling the requirements of the Swedish Annual Accounts Act with respect to sustainability reporting. No standard for sustainability reporting has been applied in full. No material changes in the application of principles for reporting, or its scope, have occurred compared with the previous year's Sustainability Report. In signing the 2020 Annual Report, the Board of Directors of Momentum Group AB also approved the Sustainability Report.

PURPOSE OF THE SUSTAINABILITY REPORT

The Group's Sustainability Report is intended to document the sustainability initiatives that have long been pursued in the various operations in the Group, and is built on Momentum Group's continual dialogue with its various stakeholders concerning which sustainability issues are the most essential for the Group. Group-wide policies with guidelines for the work of the operations in areas such as the environment and quality were introduced in 2003, and a joint Code of Conduct has been in force since 2005. The guidelines in these policies constitute the minimum requirements that all businesses and employees are to meet.

THE GROUP'S BUSINESS MODEL AND CONTROL OF AND RESPONSIBILITY FOR MANAGEMENT OF SUSTAINABILITY-RELATED RISKS

The Sustainability Report is an account of how the Momentum Group's various subsidiaries work to achieve sustainable growth and development. 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. Based on these, the different units of the Group develop customised goals and action plans. Sustainability initiatives are led by Group management, business area management and other members of senior management, with support from the sustainability, quality and HR managers in the Group.

All reported performance measures are a compilation of values reported from the subsidiaries. In several areas, the various business areas and companies have their own targets and performance measures to monitor, in addition to those presented below for the Group as a whole. Read more about sustainability goals, focus areas and work in progress within each business area on pages 11 and 18–19. Sustainability issues are thus an integral part of Momentum Group's operations and business model, as reported on pages 2–19, which are impacted by the Group's risks and opportunities, as reported on page 43. Material sustainability-related risks and the Group's handling of these risks are presented below. The auditor's opinion regarding the statutory Sustainability Report can be found on page 77.

MATERIAL SUSTAINABILITY-RELATED RISKS AND RISK MANAGEMENT

In their sustainability reporting, companies are legally required to inform about the consequences of their operations in four areas: Environment, Social conditions and personnel, Respect for human rights, and Counteracting corruption. Momentum Group has chosen to divide its sustainability report based on three different sustainability perspectives, which together comprise information about what is deemed to constitute the Group's most material sustainability issues and contain reporting in the four statutory areas.

Based on Momentum Group's business model and the Group's continual dialogue with its various stakeholders (pages 11, 18–19 and 21) 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 as a whole and its stakeholders.

Environmental responsibility

Environmental impact from the Group's products and services and from freight and passenger transports.

Statutory area for sustainability reporting: Environment.

Example of risks: Purchase and sale of lower-quality products, with shorter life cycles and/or that contain environmentally hazardous substances; environmental performance in the vehicle fleet and transport companies; use of environmentally hazardous packing material in packaging and transport; and deficient coordination in in-bound and out-bound deliveries from central warehouses.

Financial and ethical responsibility

Ensuring corporate responsibility that respects human rights and counteracts corruption.

Statutory area for sustainability reporting: Respect for human rights and Counteracting corruption.

Example 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.

Social responsibility

As a responsible employer, to offer a wholesome work environment and good health and safety, respect human rights and counteract discrimination and harassment in the operations.

Statutory area for sustainability reporting: Social conditions and personnel.

Example 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 2020 in the respective areas, are reported on the following pages.

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 the Momentum Group contribute to.

SATISFIED CUSTOMERS

Objective: 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 reduces the customers' total costs. Follow-ups are performed on a regular basis through customer surveys.

Comments: 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.

SATISFIED EMPLOYEES

Objective: Work in the best interests of new and existing employees by offering a healthy physical and psychosocial 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.

Comments: The ongoing skills and performance development of the Group's employees occurs at the business area and company level through various types of targeted training programmes in such areas as successful sales and performance development.

SATISFIED BUSINESS PARTNERS

Objective: 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.

Comments: 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

Objective: 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.

Comments: The split of the former B&B TOOLS Group into two listed companies - Bergman & Beving and Momentum Group - in June 2017 proved to create an intensified focus on the operations and improved opportunities for development based on the companies' own conditions for increased shareholder value over time. For Momentum Group, this means 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). So far, this increased focus in Momentum Group has yielded positive results.

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 are certified in accordance with ISO 9001 Quality management systems and 14001 Environmental management systems as well as ISO 45001 Occupational health and safety management systems.

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 health and safety, 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 life cycles 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 transports and the consumption of cartons and other consumable materials.

With a total of approximately 2,700 employees in a large number of locations in the Nordic region in 2020, 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. Travels have also decreased in 2020 due to the COVID-19 pandemic.

ENVIRONMENT

Examples of policies and guidelines: Environmental Policy, Code of Conduct, Guidelines for Company Cars.

Goals and performance measures for 2020: The Group aims to achieve an annual reduction of carbon emissions from company cars in accordance with the established Company Car Policy.

Outcome for 2020: For the Group's company cars in Sweden, the average carbon emissions per kilometre driven decreased by approximately 10 percent during the year compared with the Group's policy.

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 human resources activities and work in accordance with clear guidelines. Continuous skills development for employees 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 businesses in terms of their development and as employers, and a large proportion of employees stated they would recommend the Group companies as employers to their friends. However, the surveys also continually identify 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 safe and healthy work environment.

While employees are expected to satisfy the requirements of their professional roles, they should also 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.

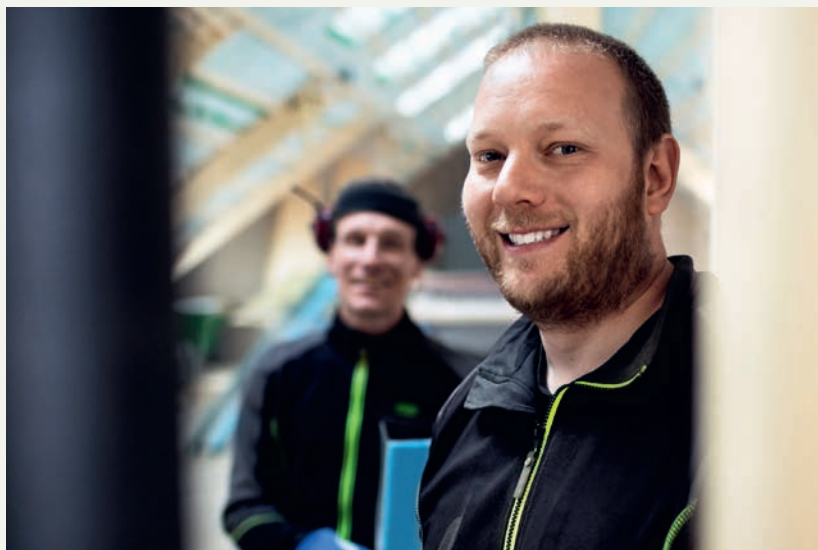
SOCIAL RESPONSIBILITY AND PERSONNEL

Examples of policies and guidelines: Work Environment Policy, Equal Opportunity Policy, Code of Conduct.

Goals and performance measures for 2020: 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 2020: During the year, some 90 percent of the employees in the business area Components & Services had documented performance reviews with their immediate supervisors.

NB: Due to the coordination and implementation of a completely new shared organisation, no measurement could be made in the business area Tools, Consumables, Workwear & Protective Equipment for 2020.



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 all such events are to be reported to Momentum Group's management. If appropriate, a report to the competition authorities is prepared. No reports of practices that limit competition were submitted to Group management during the 2020 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 laws, 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 2020 financial year.

The entire Momentum Group Code of Conduct can be found on the Group's website.

BUSINESS ETHICS AND FINANCIAL RESPONSIBILITY

Examples of policies and guidelines: Code of Conduct, self-evaluation tools for suppliers, Quality Policy.

Goals and performance measures for 2020:

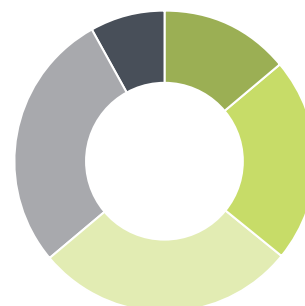
The goal of the Group is that the majority of the purchase volume is to come from suppliers who have signed and apply Momentum Group's Code of Conduct (or a similar document).

Outcome for 2020: More than 70 percent of the Group's total purchase volume for the year of just over MSEK 5,000 came from suppliers who have confirmed that they apply Momentum Group's Code of Conduct (or a similar document) in writing.

	2020 (9 months)	2019/20
Employees		
Average no. of employees	2,564	1,700
Percentage women	27%	21%
Percentage men	73%	79%

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

DISTRIBUTION BY AGE



- 29 years or younger **14%**
- 30-39 years **22%**
- 40-49 years **28%**
- 50-59 years **28%**
- 60 years or older **8%**

LENGTH OF EMPLOYMENT



- Less than 2 years **16%**
- 2-5 years **33%**
- 6-10 years **18%**
- 11-15 years **14%**
- 16 years or more **19%**