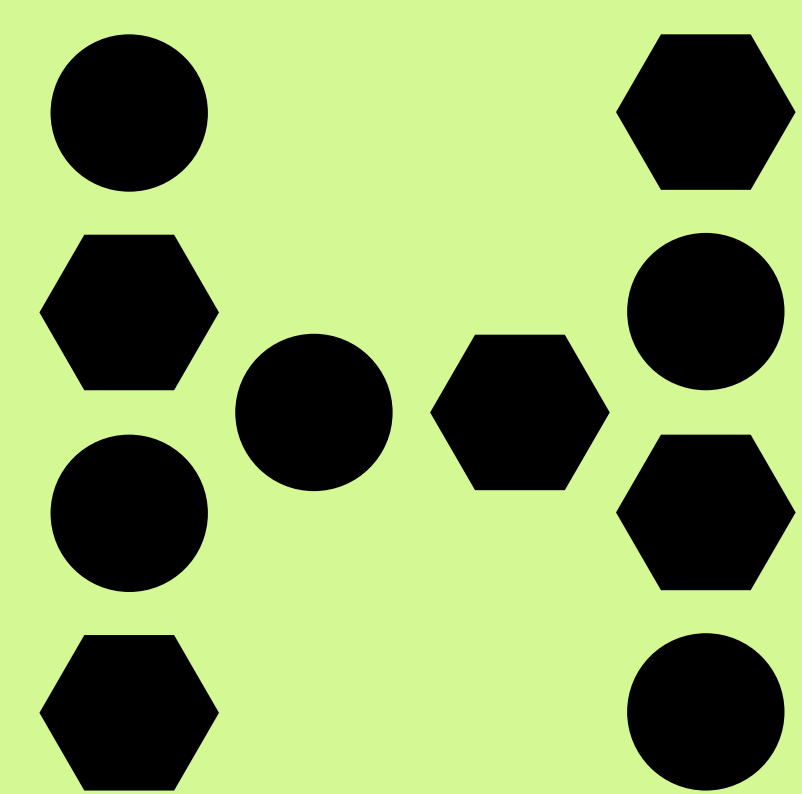


Important milestones 2022	Global trends and challenges	Materiality analysis 2022	41	Sustainability in our business model	54
		Our prioritized areas	42	Governance for increased sustainability	55
		Sustainability progress	43	Sustainability risks and handling	56
		Strong business ethics	44	Goals and results indicators for sustainability work	58
		Low climate impact	46	EU taxonomy for sustainable activities	60
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		Social involvement	52		

Sustainability Report



Sustainability Report 2022

Read more about Hexatronic's sustainability work in our Roadmap 2030 on our website: group.hexatronic.com/en/sustainability

We contribute to a more sustainable society by involving our employees, customers, and suppliers. We commit to follow the ten principles of the UN Global Compact and contribute to realize Agenda 2030. Our Sustainability Roadmap leads the way.

During the year, we accelerated our sustainability work by launching a new sustainability organization with clear ownership and dedicated action teams for our sustainability topics. Including representatives from Hexatronic Group companies and engaging local CEOs brings more force to our topics.

We work with six prioritized areas:

- Strong business ethics
- Low climate impact
- Sustainable supply chain
- Diversity and gender equality
- Good health, safety, and working environment
- Social involvement

With the new organization in place, we are ready to enhance actions and targets. We are excited about what we have achieved during the year and the continued journey ahead.

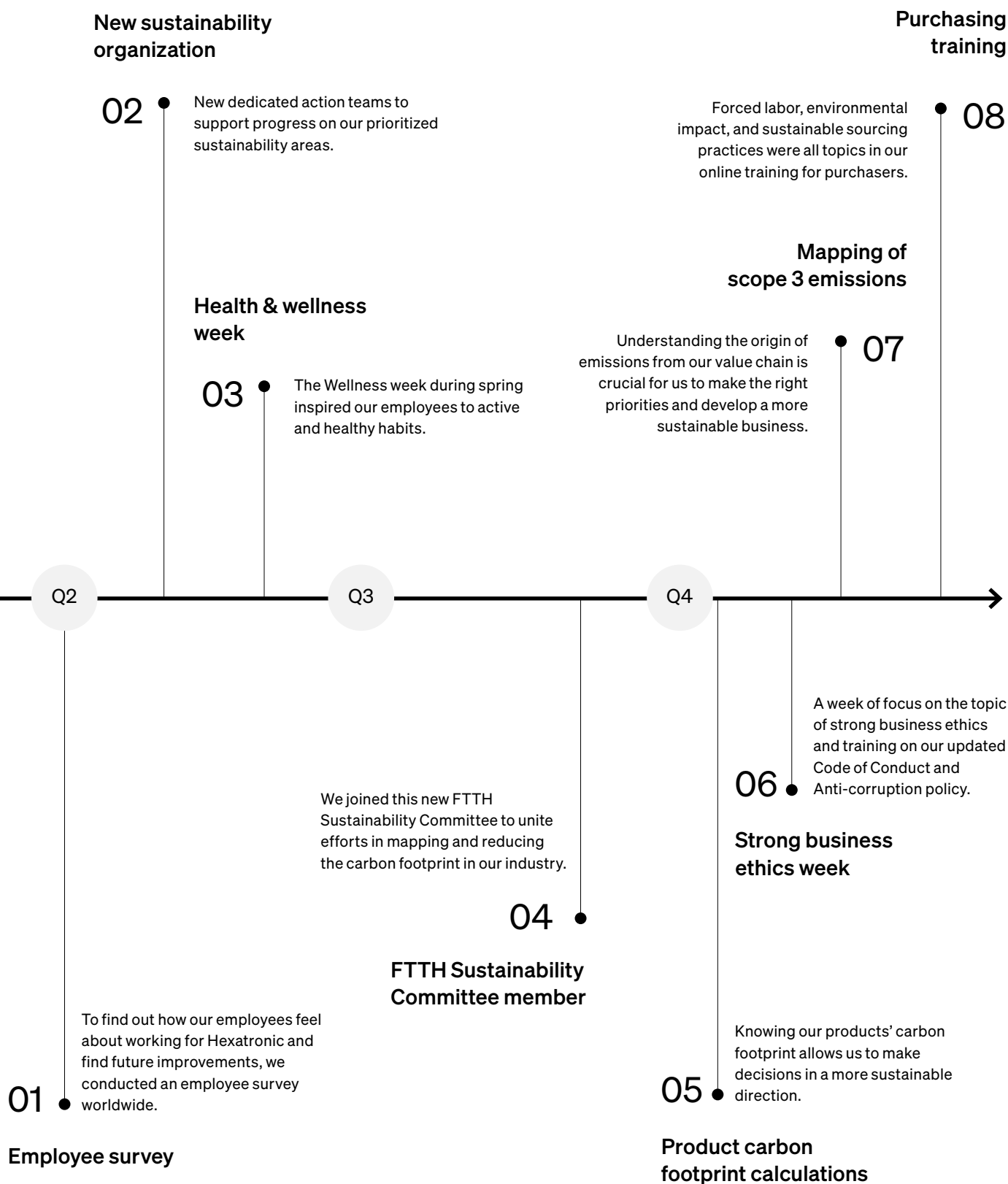
We consider sustainability in every part of our value chain, and work hard to create an inclusive culture where new ideas can grow.

Henrik Larsson Lyon, CEO Hexatronic Group

Our commitments

When we work together, we make progress. That is why we are proud participants in the UN Global Compact aligning our strategy with 17,000+ other companies worldwide. Being a member of the newly formed FTTH (Fiber To The Home) Sustainability Committee is another way for us to be at the forefront of sustainable development within our specific field. Digitalization can reduce the carbon footprint by enabling new technologies and remote working and learning. The Committee is paving the way for digitalization through fiber networks and gives recommendations on climate action in the FTTH value chain. We are also active members in the Swedish Anti-Corruption Institute and Europacable's Sustainability Committee.

Important milestones 2022



Global trends and challenges

01

Increased pressure on climate transition to reach the 1.5 °C target

The consequences of enhanced global warming are massive for future generations, and how we act in the upcoming years is crucial. We will continue to work hard and systematically to become carbon neutral within our own business and reduce the climate impact from our value chains.

02

Increased focus on companies' sustainability performance

Investors and customers are increasingly interested in companies' sustainability performance. How companies manage sustainability risks and business opportunities are important aspects in delivering success and long-term value. We welcome this trend since we have sustainability high on our agenda and want to be a part of the development to secure a more sustainable future.

03

Increased regulatory environment

EU and national legislations and recommendations are increasing within the sustainability field. It is important for companies to stay on top of this development and contribute to a more sustainable society.



Materiality analysis 2022

During 2022, we updated our materiality analysis to define our most important sustainability areas. The materiality analysis includes business impact based on environmental and social effects from the outside world as well as effects from the organization's operations on the outside world. These perspectives are weighed together with trends, risks, opportunities and stakeholders' expectations in the area of sustainability. The analysis identifies the most significant social and environmental areas for our business and forms the basis of our priority in our Sustainability Roadmap.

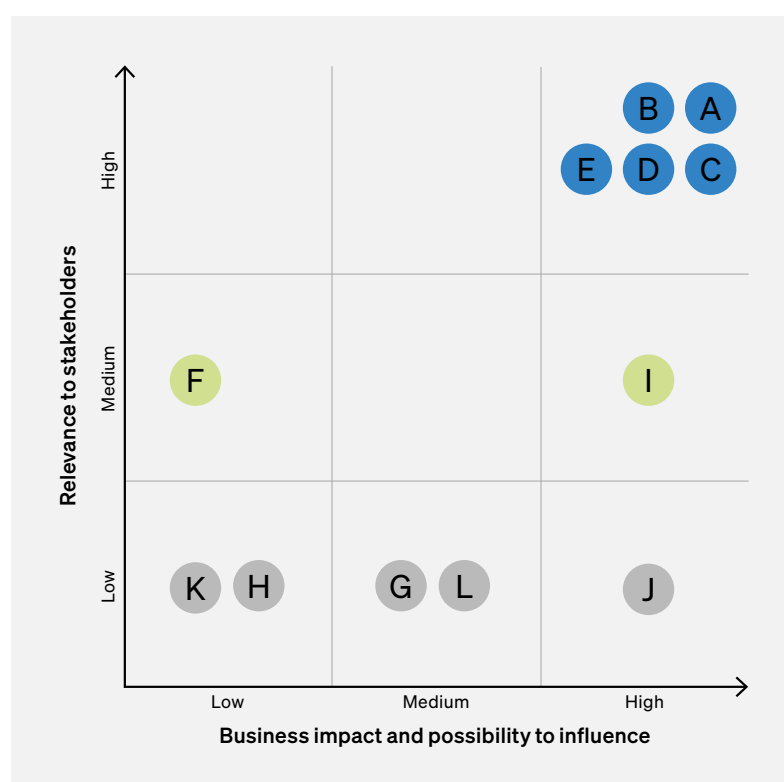
Method for materiality analysis

The sustainability topics are evaluated based on our business impact, how the business is affected by environmental and social effects, and with relevance to our stakeholders. We validated previous years material topics and evaluated new topics based on stakeholder dialogues, trends, opportunities and risks in the area of sustainability. Risks included, among other things, environmental risks, risk of natural disasters, risk of disruptions in production and other business risks linked to the sustainability areas. Read more about these risks on pages 56-57.

In 2022, we incorporated inputs from our employee survey, dialogues with investors, customers, NGOs, and consultations with internal experts. We also considered input from company peers, upcoming regulations and legislation, external reporting standards and the UN Sustainable Development Goals. Most stakeholder groups have further strengthened their focus on climate impact and decreasing GHG emissions. In addition, we see that issues related to Business ethics, Sustainable supply chain, Good health, safety and working environment, and Diversity and gender equality remain in focus.

Through social involvement, many of our subsidiaries are making a difference by actively contributing to the development of society. Therefore, we have chosen to continue to include social involvement as one of our prioritized topics, even if the materiality analyzes show that other issues are more important to our business.

Resource circularity is another area that has increased in importance, which we will continue to strengthen in collaboration with our stakeholders. Resource circularity and reducing GHG emissions are two major focus areas included in our prioritized sustainability area Low climate impact. Read more on page 46.



- A. Business ethics incl. anti-corruption
- B. GHG emissions scope 1, 2 and 3
- C. Sustainable supply chain*
- D. Diversity and gender equality
- E. Good health, safety and working environment
- F. Social involvement
- G. Tax transparency
- H. Biodiversity
- I. Resource circularity**
- J. Digital inclusion
- K. Water use
- L. Chemicals and hazardous substances

* Includes impact on environment, human rights, fair employment conditions, a good working environment and anti-corruption

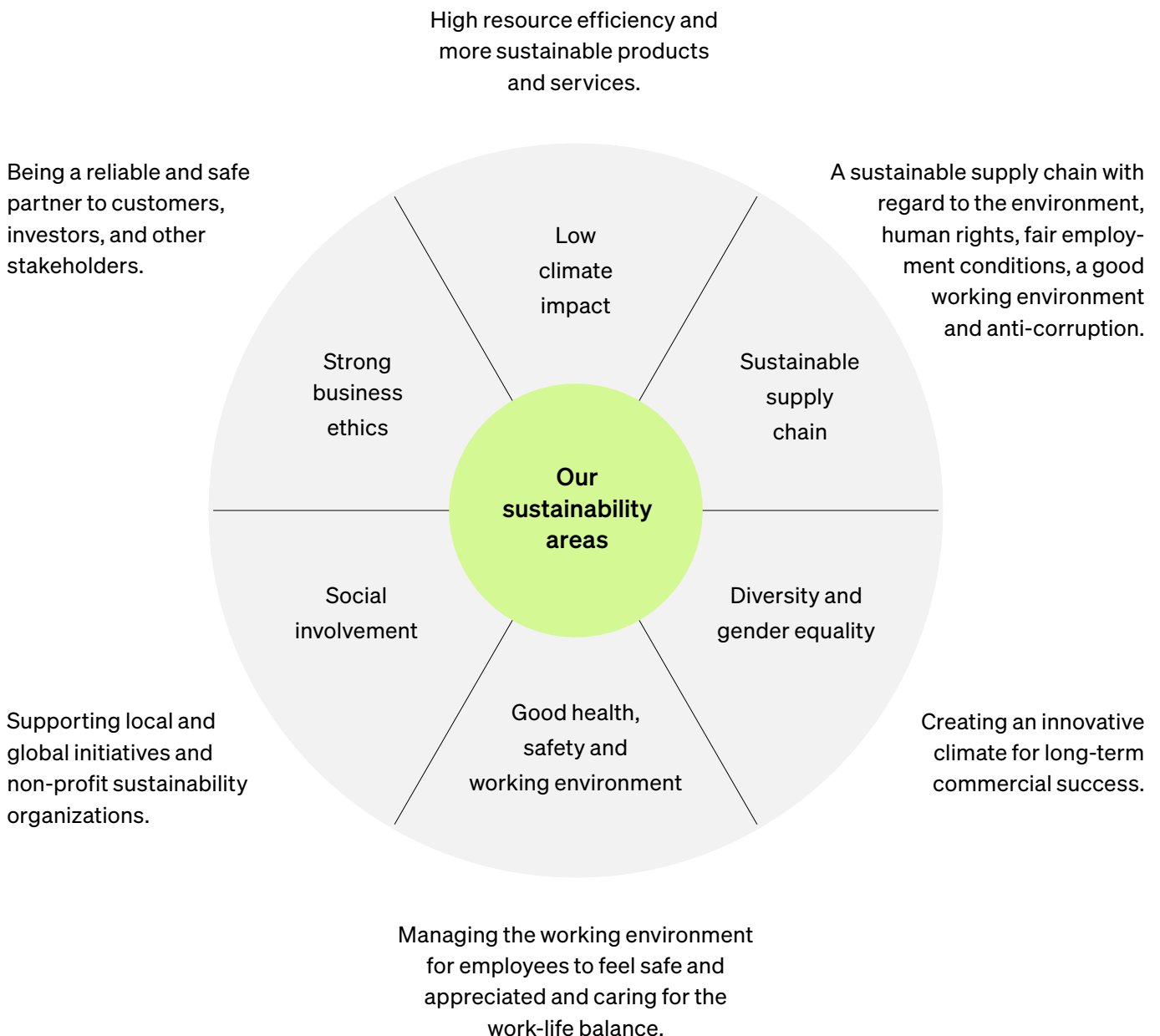
** Includes efficient use and reuse of raw materials, waste streams, packaging and drums.

- Our most important sustainability topics
- Material topics also included in our Sustainability Roadmap
- Topics not considered significant


Our prioritized areas

Our six priority areas are based on the materiality analysis and also build on the UN Global Compact's ten principles for sustainable business, Agenda 2030, and the Global Goals. We contribute to Goal 9 by accelerating the digital transformation to benefit businesses, individuals, society, and the transition at large, by offering smart, reliable product and system solutions for passive fiber infrastructure. For more information on our business model, see page 10.

Our priority areas form the basis of our 2030 roadmap. In the figure below, you can read about what we want to achieve in each priority area. The table on the right provides an overview of our sustainability progress and the connection to the global goals for each prioritized area. Follow the development of some selected targets from the base year 2019, through 2022, to our 2025 targets.



Sustainability progress

Prioritized areas	Targets for 2022-2025	Baseline 2019	2022	2025 Target
Strong business ethics 	1. Employees who have signed the internal Code of Conduct, % 2. Employees who have received training on Code of Conduct, % 3. Number of confirmed instances of corruption	93 n/a 0	97 91 0	100 100 0
Low climate impact 	4. Climate intensity, scope 1-2, tonnes CO ₂ e/MSEK sales 5. Climate intensity, scope 3, tonnes CO ₂ e/MSEK sales 6. Energy intensity, MWh/MSEK	2.5 n/a 11.7	1.4 89.5 7.1	1.75 * 7
Sustainable supply chain 	7. Spend** from sustainability approved suppliers, %	0	41	60
Diversity & gender equality 	8. Female managers, % 9. Employees who have had an annual performance review, % 10. Percentage of employees who find that Hexatronic is an equal and inclusive workplace	27 96 ***	26 97 88	35 100 97
Good health, safety & working environment 	11. Employees covered by ISO 45001 or similar in the Group, % 12. Sick leave, % 13. Employee Satisfaction Index	32 3 ***	32 3.1 71	75 3 74
Social involvement 	14. Employees who find that Hexatronic is making a positive difference in society, %	***	63	80

n/a = not available

* Target will be set during 2023.

** Based on total purchase volume of direct materials and transport.

*** No survey conducted. The employee survey is conducted every second year.

Strong business ethics

Strong business ethics is about building trust. We work actively to ensure that our customers, investors, owners, suppliers, employees, and other stakeholders know that we represent a high level of business ethics.

Areas we work on

Our policies form the basis for our work on business ethics. Our Code of Conduct, Sustainability policy, and Anti-corruption policy are natural parts of our introduction to new employees and acquired companies. The purpose of our internal Code of Conduct is to ensure that employees, contractors, and consultants working on behalf of Hexatronic act in a responsible and ethically correct manner. The Sustainability policy covers all employees in the Group's various companies. It covers how we should take responsibility based on the economic, environmental, and social dimensions of sustainability.

At Hexatronic, we have zero tolerance for bribery and corruption, as stated in the Anti-corruption policy. We provide online training and support material to educate and discuss ethical dilemmas along with the policy documents.

The annual risk analysis includes bribery and corruption, and we investigate compliance with internal and external audits. Moreover, anti-corruption is an essential part of our Code of Conduct for suppliers.

Hexatronic Group provides a whistleblowing function to ensure that we operate ethically and responsibly,

and we encourage our employees and other stakeholders to use it when needed. Full anonymity is guaranteed for the reporting party. We have no reported cases of corruption, reported internally or through the whistleblower function.

Our commitments

Hexatronic is participating in the UN Global Compact, committed to conducting our business by the ten principles. Principle 10 relates to anti-corruption. We are also a member of the Swedish Anti-Corruption Institute.

Achieved in 2022

Our key actions during the year:

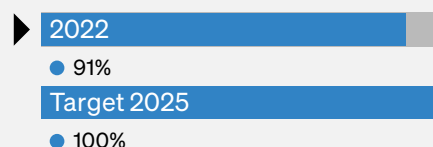
- Sustainability week on Strong business ethics
- Updated Code of Conduct, including new core values
- Training on the Code of Conduct for all employees
- Updated Anti-corruption policy
- Online training on anti-corruption
- Team workshops on core values and ethical dilemmas
- Follow-up on representation in each company
- Strengthened process for work on the sanctions list of countries and procedures
- Tax policy released for increased transparency

Objective 2030

To continue to maintain strong business ethics.

91

Percentage of employees who have received training on our Code of Conduct





Case

How we engaged our employees in conversations on business ethics

Lunchroom discussions, workshops, online and classroom trainings. During the Sustainability week on Strong business ethics, our managers worldwide led the way, supported by digital learning tools, presentations and posters, to spark conversations at local offices.

We launched a new Code of Conduct and Anti-corruption policy during Sustainability week. It created a common ground for who we are as a company and how to act as an employee of Hexatronic Group.

All employees were invited to trainings, and fruitful discussions around complex ethical dilemmas were held across the Group.

We used online training in combination with local workshops to discuss difficult situations we might run into and how to handle them.

Henrik Larsson Lyon,
CEO Hexatronic Group and Leader of
the Strong business ethics action team

Low climate impact

We must act quickly to meet the climate challenges. Alongside customers, suppliers, and employees, we aim to contribute to the 1.5°C target by reducing our climate impact, being resource-efficient, and offering sustainable products and services.

Areas we work on

We are making extensive efforts on our road to net zero carbon emissions and becoming a climate-neutral business within our own operations. Key actions from our Roadmap to 2030 include increasing the use of renewable energy in our facilities and mapping our energy consumption, which guides us in energy efficiency programs. Optimizing pack sizes, coordinating product deliveries, and establishing local production reduces our goods transports. We work to change the mode of goods transportation from air to sea and move towards a zero-emissions vehicle fleet.

We are also increasing the amount of travel-free meetings and online training. Reducing the use of virgin material and increasing recycling are steps that we are taking to reduce our products' carbon footprint. Calculating our indirect value chain emissions as well as understanding the carbon footprint on our most common products is high on the agenda. This gives us insights into developing products with a smaller carbon footprint ahead. Developing and offering more sustainable products and services is a key focus area. We also recognize the importance of replacing plastic packaging with renewable/biodegradable materials. Moreover, focus on climate impact is a parameter we consider when choosing our suppliers.

Our commitments

Our Environmental policy is an integral part of our Code of Conduct and Sustainability policy. There we describe our commitment to minimize negative environmental impact from all our operations and activities in order to protect the environment for present and future generations.

Nine companies within the Hexatronic Group use the environmental management system ISO 14001 or similar to manage and monitor their environmental impact. The certifications are validated by a third party on a continuous basis. Moreover, two companies within the Group, Hexatronic Cables & Interconnect Systems (HCI) and Data Center Systems (DCS), received Eco-vadis silver rating 2022.

Achieved in 2022

Our key activities during the year:

- Calculate product carbon footprints
- Mapping of scope 3 emissions
- Participation in Global Compact's Climate Ambition Accelerator Programme
- Environmental training
- Energy mapping at HCI, Proximion, Hexatronic GmbH in Austria
- Reducing plastics in packaging
- Drum return projects

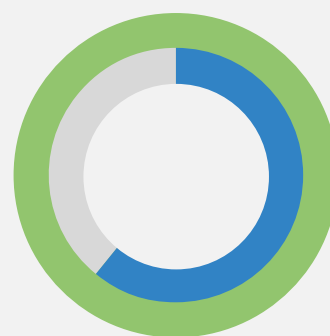
Objective 2030

To reduce scope 1-3 GHG emissions by 50%, become a climate neutral business within our own operations, and declare the climate footprint for most of our products.

61

Calculated carbon footprint on products, % of total volume of products produced inhouse*

*Includes production of duct and cable



● 2022, 61% ● Target 2025, 100%

Case

Mapping scope 3 emissions

Mapping our value chain emissions is key to understanding the total environmental impact of our business. Knowing this, we can make better choices, influence our suppliers and offer our customers solutions optimized for sustainability.

Based on an evaluation performed during 2021, we identified our most significant scope 3 categories that contribute to our value chain emissions. In 2022, we collected more specific data for those categories. Our significant scope 3 categories include purchased goods and services, business travel, fuel and energy consumption, and transportation and distribution.

Based on the aggregated data from these categories, the result shows that our indirect value chain scope 3 emissions account for almost 99% of our total emissions. The main part comes from transport and the purchased materials we use to manufacture our products.

Key actions to reduce the amount of virgin material include technical innovation, creating slimmer products, and using alternative materials with less carbon



Dialogue with suppliers, in-house innovation and resource circularity are all essential to reducing CO₂ emissions across our value chain.

Pernilla Eriksson, Sustainability Manager Hexatronic Group and Leader of Low Climate impact action team

footprint. Reaching the target of reducing scope 3 emissions by 50% until 2030 involves collaboration, innovation, and circularity in the value chain. See more under Sustainable supply chain on pages 48-49.

Sustainable supply chain

We work together with our customers and suppliers to secure a sustainable supply chain. Through collaboration and open dialogue, we help each other become better and create concrete results.

Areas we work on

Sustainability is an important factor when choosing new suppliers. We aim to work with suppliers that have a clear focus on the environment, human rights, fair employment conditions, good working environment and anti-corruption. We encourage suppliers to commit and work towards the 1.5-degree target. For us, collaboration is a cornerstone to success, and we are happy to work with suppliers on relevant sustainability issues.

Another key to progress is to have the right competence in purchasing positions, achieved by investing in additional capabilities and relevant training for the purchasing organization.

Our Code of Conduct for suppliers should be known and respected. We regularly evaluate the compliance of our Code through assessments, audits, and supplier dialogues.

Our commitments

Hexatronic commits to preventing all forms of modern slavery, servitude, forced labor, and human trafficking. The UK Modern Slavery Act Statement is available in full via the Sustainability section on our website: group.hexatronic.com/en/sustainability.

Achieved in 2022

Our main actions during the year included:

- Developed our definition of what a sustainability approved supplier is
- Supplier audits and assessments to drive and ensure compliance to our requirements, including our Supplier Code of Conduct
- Launched digital training for purchasing positions, including the topics of forced labor, environmental impact, and sustainable sourcing practices

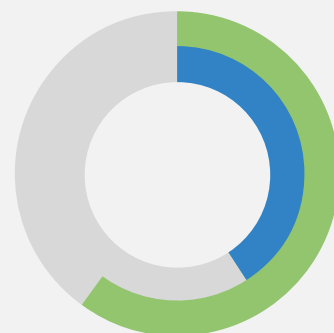
Objective 2030

To achieve a sustainable supply chain with regard to the environment, human rights, fair employment conditions, a good working environment, and anti-corruption.

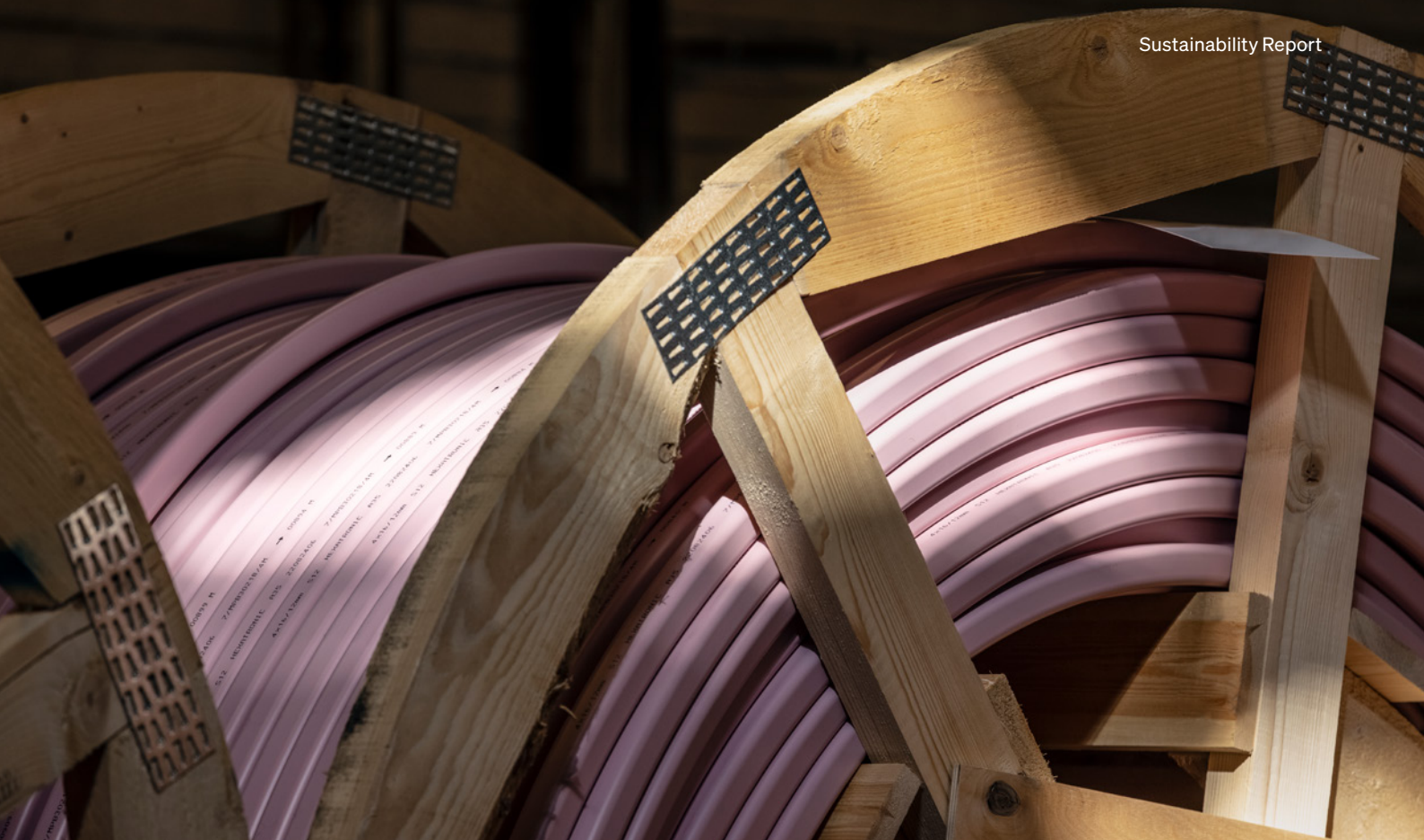
41

Percentage of spend* from sustainability approved suppliers

* Based on direct material and goods transports.



● 2022, 41% ● Target 2025, 60%



Case

What is a sustainability approved supplier?

Our definition is guided by the Code of Conduct and states; Approved compliance to our Code of Conduct based on supplier evaluation.

During the process, the supplier answers questions related to environmental impact, human rights, fair employment conditions, a good working environment, anti-corruption and supply chain management, and strengthen the answers with relevant documentation. In the evaluation phase, we go through the material together, and can ask follow-up questions and demand more material where needed. After this session, our team will score every aspect of the supplier's sustainability work, and calculate an average score to compare with our decided level of compliance.

The aim is to simplify making wise choices in the purchasing organization. Pointing out which of our suppliers are sustainability approved is a great help.

By assessing the risk level of our suppliers, we can make smarter choices on what suppliers to assess and make a difference where it matters.

Magnus Hillgren, Quality & Sustainability Manager, Hexatronic Cables & Interconnect Systems, and Leader of Sustainable supply chain action team

Moving forward, it is essential to set our focus on auditing where it matters the most. A new risk assessment platform will guide the efforts based on our evaluation, country risks and spend.

Diversity and gender equality

People with different perspectives, knowledge, and experience are essential to creating an innovative, inclusive working climate characterized by respect and equal value. We have a zero-tolerance policy toward all types of discrimination and harassment.

Areas we work on

Knowledge of the value of diversity is fundamental. Besides ensuring our Diversity and gender equality policy is known and respected, we conduct training on gender equality, diversity, and inclusion. Managers get training from a business and leadership perspective.

We work to include diversity and gender equality in recruitment, wage setting, competence development, promotion, and redundancy. To ensure equal pay to all employees, we perform a gender pay gap analysis. In the initiating phase, our 2022 survey included our Swedish companies, Hexatronic UK, and Data Center Systems. The survey resulted in an Equal Pay Index of 94% for 2022, slightly above our target of 93%.

Zero tolerance of discrimination

Our Diversity and gender equality policy explains our zero tolerance towards discrimination, sexual harassment, and victimization. The policy is part of the onboarding process for new employees and acquired companies.

Combining different perspectives and experiences will drive the success of our company.

Lula Camaj, HR Manager and Leader of Diversity and gender equality action team

Achieved in 2022

Our key actions during the year:

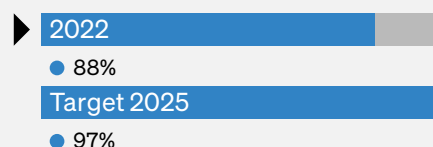
- Employee survey
- Implementing a LMS for compliance training
- Training and workshops with discussions about diversity and gender equality
- Rolled out an Equal pay tool to systematically ensure equal pay

Objective 2030

To offer an equal and inclusive workplace with a high degree of diversity.

88

Percentage of our employees who thinks Hexatronic is an equal and inclusive workplace



Good health, safety, and working environment

Our employees are our most important asset, and their health and safety are our top priorities. Together, we create a working climate where everyone feels valued, has a sense of belonging and is given opportunities to succeed and grow.

Areas we work on

To us, creating a great workplace is about many things. We conduct systematic work to ensure a safe working environment, work-life balance, and well-being.

ISO 45001 is a management system for safety and health at work. We work actively towards our 2025 target that 75% of our employees should be covered by a management system such as ISO 45001 or similar.

2022 was a year of growth. Hexatronic Group started the year with 1289 employees and ended with 1696. Despite our growth, we have managed to maintain a high level of our key metrics related to loyalty and satisfaction. The main focus was to complete responsible onboarding for new colleagues and acquired companies.

Growing responsibly, with employee health and safety at the top of our minds, is crucial.

Lula Camaj, HR Manager and Leader of Good health, safety and working environment action team

Achieved in 2022

Our key actions during the year:

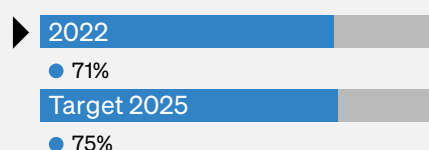
- Employee survey
- Sustainability week focusing on health and wellbeing to inspire our employees to active and healthy habits
- Training with workshops on a healthy working environment

Objective 2030

For Hexatronic Group to be a great place to work with zero harm to our employees.

71

Employee Satisfaction Index, %



Social involvement

We strive to make a difference by actively contributing to the development of society, both globally and locally.

Areas we work on

On a global level, Hexatronic Group is a proud corporate partner of Hand in Hand, a non-profit organization that works with entrepreneurship models to reduce poverty. The model of entrepreneurship strives to support people to improve their lives by helping them to start and run small and profitable businesses to earn a living, become more independent, and create job opportunities – for themselves and others.

Locally, we see many excellent examples of our subsidiaries making a difference in society.



I will be a business women, because I have learnt how to run a business and generate an income.

Member of a Hand in Hand Gorup in Chawia, Kenya

Achieved in 2022

Our main activities during the year:

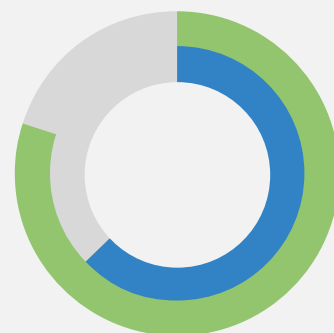
- Corporate partner of the Hand in Hand project
- Supporting the pink ribbon to raise awareness of breast cancer
- Social mobility through our training companies
- Data Center Systems is paying forward to the society by supporting several local initiatives, for example, the Dallas Children's Advocacy Center
- Mpirical donates to Greenlight for girls for each course completed on their platform
- Opternus supports Doctors without borders

Objective 2030

Making a positive difference in society.

63

Percentage of our employees who find that Hexatronic is making a positive difference in society



● 2022, 63% ● Target 2025, 80%



Sustainability in our business model

Our prioritized sustainability areas are well integrated into our business model. It is not only an effective way to reduce our environmental footprint and operate more responsibly; it can make us more successful and profitable in the long run.

A Sustainable supply chain is one of our most prioritized areas, and we aim to increase the number of sustainability approved suppliers continuously. We apply a risk-based and collaborative approach when working with our suppliers and prioritizing our efforts. Securing a sustainable supply chain is a vital part of our strategy to deliver value to customers and contribute to sustainable development.

In our operations, employee well-being is always in focus, and we care for the work-life balance of our co-workers. Good health, safety, and working environment are highly prioritized areas, as our employees should feel safe and secure with how we manage the working environment. Another prioritized area is Diversity and gender equality, as we believe a diverse workforce is crucial in creating the innovative climate required for long-term commercial success.

Strong business ethics and Low climate impact are prioritized areas across our value chain. It is vital that our customers, investors, and other stakeholders feel trust in Hexatronic and know that we represent a high level of business ethics. We aim to become a climate-neutral business in our own operations by 2030, lowering emissions from our supply chain and offering more sustainable solutions to our customers.

Social involvement is our sixth prioritized area. We want to make a positive difference and contribute locally and globally. In some of our own operations, we offer work experience for young people or adults far from the labor market. We also support initiatives and non-profit organizations that strive for a socially and environmentally sustainable future.

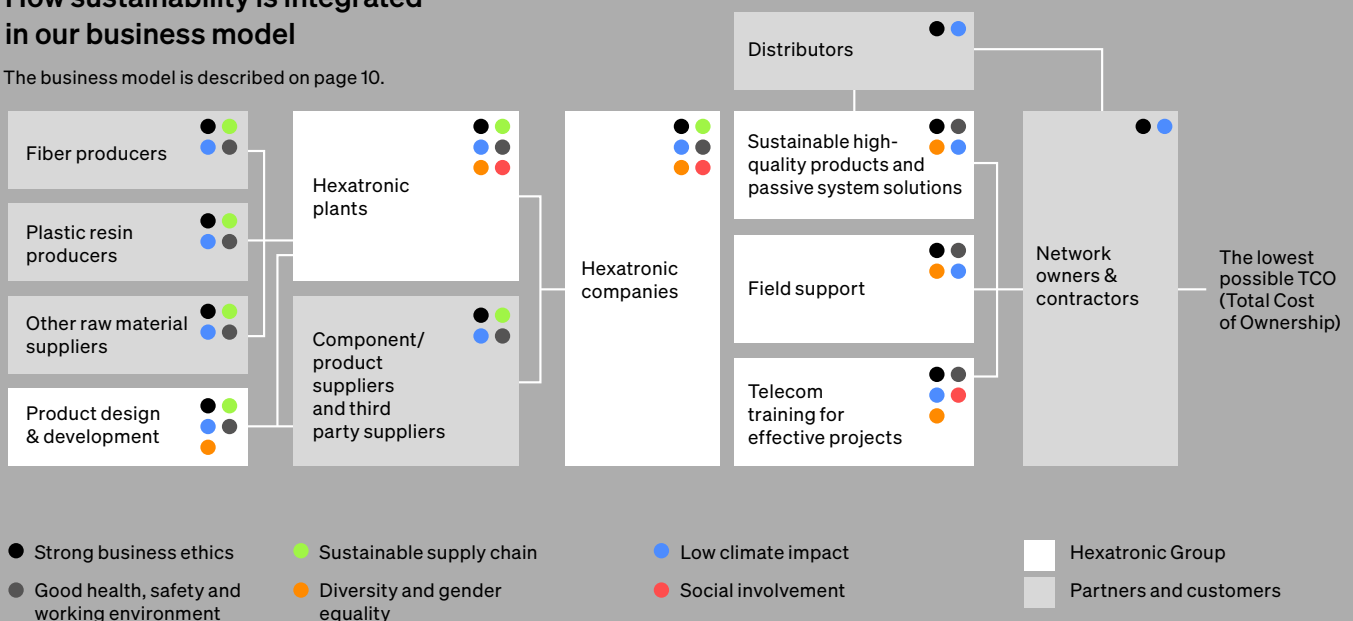
How do we succeed?

We have identified four success factors for our sustainability work:

- Integrated part of the operation
- Engagement and collaboration
- Corporate culture
- Inspiration and knowledge

How sustainability is integrated in our business model

The business model is described on page 10.



Governance for increased sustainability

New sustainability organization

Hexatronic launched a new sustainability organization in May to work even more effectively with sustainability in the Group. For each priority area, we created dedicated teams with leaders from different parts of the organization. The new organization strengthens our sustainability focus, encourages collaboration, and enhances the actions and efforts to reach our targets.

Responsibility and monitoring

Each subsidiary in the Group is responsible for contributing to positive development in our areas of sustainability by integrating them in their operation. Responsibility for driving, supporting, and monitoring developments lies at the Group level. The Group's Sustainability Manager leads a team of representatives from different parts of the organization and maintains an ongoing dialogue with each subsidiary. The work is reported regularly to the Group's Steering Committee. For further information about developments in each area, please see the table of key metrics on pages 58–59.

Central policy documents

At the Group level, the following steering documents are available in the field of sustainability: Sustainability policy, Code of Conduct – both internal and for suppliers, Anti-corruption policy, Diversity and Gender equality policy, Whistleblower policy, and Tax policy.

The documents can be read in their entirety at group. hexatronic.com/en/sustainability. Our companies also have other policy documents to provide management and guidance at the local level.

We launched an updated internal Code of Conduct, an Anti-corruption policy and a Tax policy during the year. Monitoring compliance with the policy documents takes place through internal and external audits and also by using selected key metrics.

ISO-certified companies

The internal and external audits conducted during the year show no serious deviations. 43% of the Group's companies are environmentally certified to ISO 14001 or equivalent, and 32% of all employees are encompassed by ISO 45001 or similar health and safety management system. Our goal is that 90% of our employees are covered by a health and safety management system by 2030.

Onboarding of new companies

In 2022, newly acquired companies were assessed and introduced to Hexatronic's sustainability work. The introduction provides knowledge of Hexatronic's sustainability agenda, commitments, and position, including policy documents, so that new companies can quickly play an active part in the sustainability work and contribute to Hexatronic Group's Sustainability Roadmap.

Hexatronic Group Sustainability organization 2022





Sustainability risks and handling

We are constantly predicting risks to be able to prepare for handling them. Within the sustainability area, we have identified a number of risks:

- Natural disasters
- Serious disruption in production
- Aquisitions and integration
- Serious working environment accident
- Shortcomings in gender equality and diversity, and discrimination
- Human trafficking
- Bribery and corruption
- Serious deviation from the Code of Conduct for suppliers
- Stakeholders' climate requirements
- An increasingly uncertain world due to geopolitical instability, pandemics etc.

More information about how we handle the risks above can be found in the Risks and risks management section on page 72-77 and under each sustainability area.



Our risk management process

Case

Two climate scenarios

In 2022, we enhanced our focus on mapping environmental risk factors and their potential impacts. Two climate scenarios were analyzed and potential climate-related financial risks and opportunities were identified. The Task Force on Climate-related Financial Disclosures (TCFD) recommendations have been used as a guidance in this work.

The first scenario **Net Zero 2050** limits global warming to 1.5°C through strong climate policies and innovation, reaching global net zero CO₂ emissions around 2050.

- In the best case a 50% chance of limiting global warming to below 1.5°C by the end of the century.
- Relatively low physical risks but high transitional impacts, including regulatory transition, technology development, consumer preferences, and market shifts in the energy system needed to limit warming.

The second scenario **Current Policies** assumes that only currently implemented policies are preserved, leading to high physical risks.

- Global warming of around 3°C by the end of the century.
- Low transitional impacts but high physical risks, such as water stress, extreme weather, etc.

The two scenarios are influenced by NGFS (Network for Greening the Financial System) Climate Scenarios, IEA (International Energy Agency) Global Energy and Climate Model, and IPCC (Intergovernmental Panel on Climate Change) climate system scenarios.

Net Zero 2050 scenario: Transitional factors

Carbon price development. CO₂ prices are introduced across all regions. They are assumed to be introduced in the immediate future across all advanced economies for the industry and energy production sectors.

Low-carbon technologies and materials efficiency. Shift towards smaller ducts with less material.

Transition expansion of energy efficient network solutions – from copper to fiber technology. A rise in energy prices would drive efforts by telecom operators to increase energy efficiency in communication networks. Telecom operators are also striving to reduce their own emissions, with many setting net-zero targets across value chains.

Impact on the organisation's businesses, strategy and financial planning

Increased costs due to carbon taxation and GHG emissions price volatility.

Competitive advantage with increased business opportunities for Hexatronic Group.

The combination of these two factors creates opportunities for Hexatronic Group to expand our offering of network energy efficient solutions and could give a competitive advantage.

Current Policies scenarios: Physical risks

Supply chain disruptions caused by severe weather events (flooding, wildfires, severe thunderstorms)

Disruptions in our own operations caused by severe weather events (flooding, wildfires, severe thunderstorms)

Impact on the organisation's businesses, strategy and financial planning

Supply chain disruption. Increase of raw material prices. Unpredictable availability. Business disruption.

Temporary close down of factory and costs related to manufacturing disruption.

We consider the impacts of climate change when evaluating new investments. To manage serious disruption in production, Hexatronic Group has adequate insurance coverage, and every company in the Group has its

own standard insurance solutions. Risk assessment and auditing take place in consultation with external advisors. Read more in the Risks and risks management section.

Goals and results indicators for sustainability work

To steer and monitor developments in our prioritized sustainability areas, a number of key metrics have been selected. For some of these both short-term (2022, 2025) and long-term goals (2030) have been formulated.

The key metrics include the parent company Hexatronic Group AB and the subsidiaries with more than six employees that were active within the group during entire 2022.

Link to 2030 Agenda and the Global Compact

Each sustainability area is connected to the Agenda 2030 global goals and the UN Global Compact ten principles for sustainable business.

Prioritized sustainability areas/SDG and GC	Key metric	Baseline 2019	2020	2021	2022	Goal 2022	Goal 2025	Goal 2030
Strong business ethics SDG: 5.2, 16.5 GC: Principles 1, 5, 10	Percentage of employees who have signed the internal Code of Conduct	93	99	100	97	100	100	100
	Percentage of employees who have received training in our Code of Conduct	n/a	0	0	91	100	100	100
	Percentage of salaried employees who have completed training in Anti-corruption	n/a	n/a	n/a	97	100	100	100
	No. of confirmed instances of corruption	0	0	0	0	0	0	0
Sustainable supply chain SDG: 5.1, 7.2, 7.3, 8.4, 8.5, 8.7, 8.8, 9.4, 10.2, 12.2, 12.4, 12.5, 13.1, 16.5 GC: Principles 1–10	Percentage of suppliers who have signed the Code of Conduct for suppliers	75	74	80	76	*	*	*
	Number of audits conducted relating to sustainability ¹⁾	11	0	0	6	*	*	*
	Percentage of purchased volume from sustainability approved suppliers ¹⁾	n/a	n/a	0	41	30	60	90
Low climate impact SDG: 7.2, 7.3, 8.4, 9.4, 12.2, 12.4, 12.5, 12.8, 13.1, 13.3 GC: Principles 7–9	Calculated carbon footprint on products, % of total volume of products produced inhouse ²⁾	0	0	0	61	75	100	100
	Direct energy consumption, MWh	21,575	27,305	30,736	46,787	*	*	*
	Percentage of green electricity	53	45	48	40	*	*	*
	Energy intensity, MWh/MSEK sales	11.7	13.5	9.9	7.1	9	7	6
	Total emissions of CO ₂ e, tonnes – scope 1	891	722	898 ³⁾	973³⁾	*	*	*
	Total emissions of CO ₂ e, tonnes – scope 2 ⁴⁾	3,726	5,790	6,564 ⁵⁾	8,234⁵⁾	*	*	*
	Total emissions of CO ₂ e, tonnes – scope 3	n/a	n/a	n/a	588,280	*	*	*
	Climate intensity, scopes 1 & 2, tonnes CO ₂ e/MSEK sales	2.5	3.2	2.4	1.4	2	1,75	1,25
	Climate intensity, scope 3, tonnes CO ₂ e/MSEK sales	n/a	n/a	n/a	89.5	*	*	*
	Percentage of ISO 14001-certified companies in the Group ⁶⁾	33	33	38	43	*	*	*

Prioritized sustainability areas/SDG and GC	Key metric	Baseline 2019	2020	2021	2022	Goal 2022	Goal 2025	Goal 2030
	Percentage of recycled material in production	n/a	n/a	n/a	12.8	*	*	*
Good health, safety and working environment SDG: 3.4, 3.5, 3.9, 8.8	Percentage of employees covered by a management system for safety and working environment in the Group, ISO 45001 or equivalent	32	42	38	32	50	75	90
	Sick leave, %	3	3	3.9	3.1	3	3	3
	Work-related accidents with absence, frequency ⁷⁾	1.4	1	1.3	3.5	0	0	0
	Employee Satisfaction Index	**	71	**	71	72	74	76
	Employee Loyalty Index	**	81	**	79	82	84	86
Diversity and gender equality SDG: 5.1, 5.5, 8.5, 10.2 GC: Principle 6	Percentage of women	29	24	30	29	>30	>35	>40
	Percentage of women managers	27	24	31	26	>30	>35	>40
	Percentage of women in Executive Management	20	18	33	33	>30	>35	>40
	Number of confirmed instances of discrimination	1	2	0	0	0	0	0
	Percentage of employees who have had a performance review	96	98	87	97	100	100	100
	Percentage of employees who deem Hexatronic a gender equal and inclusive workplace	**	91	**	88	95	97	100
	Equal Pay Index ⁸⁾	n/a	n/a	n/a	94	93	95	100
Social involvement SDG: 3.4, 4.3, 4.4, 4.5, 4.7, 8.6, 10.2, 12.8, 13.3 GC: Principles 6, 8	Percentage of employees who find that Hexatronic is making a positive difference in society, %	**	n/a	**	63	75	80	100
	Number of young people and adults far from the job market who have gone into permanent employment or studies, at least six months. ⁹⁾	156	357	130	243	*	*	*

1) Based on total purchase volume of direct materials and transport.

2) Includes production of duct and cable

3) The increase is primarily because new companies acquired during the previous year are included in the figure, whereas they are not included in historical figures.

4) Market-based method used.

5) The emission increase is primarily related to increased production in plants in the US and newly acquired companies, which are not included in historical figures.

6) Figure includes companies with more than 15 employees and the two companies Hexatronic AS and Smart Awards.

7) Number of work-related accidents with more than 24 hours absence, divided by total number of hours worked x 200,000.

8) Includes the companies Edugrade, Data Center Systems, Hexatronic Cables & Interconnect Systems, Hexatronic Fiberoptic, Hexatronic UK och Proximion.

9) After completing training via Hexatronic's training companies.

* No target set in the Roadmap 2030.

** No survey conducted. The employee survey is conducted every second year

n/a = no data available

Renewable energy and higher energy efficiency

During the year, the Group's total energy use has increased by 52% compared to 2021, and our indirect emissions of greenhouse gases from energy use, scope 2, by 25%. The main reason is expanded operations in the USA, which currently does not buy renewable electricity and to some extent our newly acquired companies. In order to buck this negative trend, our American company Blue Diamond Industries has during the year looked into the possibility of buying renewable energy certificates. If this happens, as

a Group we would be able to reduce our scope 2 emissions by almost 90% on 2022, and to increase the percentage of renewable energy from just under 40% to 80%, thereby getting closer to our objective of a climate-neutral operation by 2030. We managed to achieve our two intensity targets related to energy consumption and scope 1 and 2 emissions. The Group's energy intensity/MSEK sales decreased by over 25% in 2022 compared to 2021. The scope 1-2 climate intensity/MSEK sales decreased by 42% in comparison to the previous year.

EU taxonomy for sustainable activities

Introduction to the EU Taxonomy

The EU Taxonomy Regulation EU 2020/852 (EU Taxonomy) is a classification system for sustainable economic activities in relation to the European Union's environmental objectives. Hexatronic Group is covered by the EU directive on non-financial reporting and must report the extent to which the taxonomy covers Hexatronic Group, and the proportion of the part covered that is taxonomy aligned. In the absence of regulatory guidance in many respects, we have found that there is a wide scope for interpretation in several parts of the taxonomy. We have therefore considered it necessary to make our own internal assessments. We have concluded that our economic activities linked to how we generate turnover are not covered by the delegated act for the climate objectives "Climate change mitigation" and "Climate change adaptation", thereby our share of turnover covered by the taxonomy is zero. We maintain an ongoing dialogue with the industry organization Europacable and several different experts in the field. A certain proportion of capital and operating expenditure is either attributable to purchases from suppliers whose activities are covered by the taxonomy or to individual measures that enable us to become low-carbon or lead to reduced greenhouse gas emissions. Our disclosures for 2022 are based on our current interpretation of the rules and may change in the future based on new regulatory guidance.

Our economic activities

In 2022, Hexatronic reviewed whether there could be capital expenditures or operating expenditures attributable to purchases from suppliers whose activities are covered by the taxonomy or individual measures. The following economic activities have been identified: 7.3 Installation, maintenance, and repair of energy-efficient equipment, 7.6 Installation, maintenance, and repair of renewable energy technologies, and 7.7 Acquisition and ownership of buildings.

Accounting principles

Turnover

Turnover from the sale of products and services and other operating income, which corresponds to Hex-

atronic's total net turnover and a portion of other operating income (onward-invoiced freight). See Consolidated statement of comprehensive income, page 86 and note 7 Other operating income, page 107. The taxonomy covers no part of the turnover.

Capital expenditure

Capital expenditure is the purchase or processing of tangible and intangible assets, excluding goodwill, during the year and increase through business acquisitions. Total capital expenditure is presented in Note 17, Note 18, and Note 19 on page 116-119 in our 2022 Annual Report.

Capital expenditure included in the numerator consists of 7.7 Acquisition and ownership of buildings, which includes buildings from our acquired companies during the year as well as new leasing contracts for premises, 7.3 Installation, maintenance, and repair of energy-efficient equipment, such as new heat recovery chiller, and 7.6 Installation, maintenance, and repair of renewable energy technologies, such as heat pump maintenance.

As the taxonomy covers no turnover, all investments consist of either purchases from suppliers whose activities are covered by the taxonomy or individual measures. We have not been able to assess whether these suppliers meet the criteria for being taxonomy aligned. Purchases from suppliers can only be taxonomy aligned if it can be verified that each supplier has carried out a taxonomy-aligned activity. Assessment of whether an activity is taxonomy-aligned also includes assessments of criteria for not significantly harming other environmental objectives (DNSH) and criteria for minimum safeguards. In 2022, it has not been possible to obtain this information from our suppliers. Furthermore, none of the individual measures have been assessed as aligned with the taxonomy as all processes required by the taxonomy is not yet fully quality assured. None of the investments covered by the taxonomy have been assessed as aligned with the taxonomy for 2022. We are working on developing processes for this.

Operating expenditure

Operating expenditure is defined in the EU taxonomy as direct non-capitalized costs related to research and development (R&D), building renovations, short-term leases, maintenance and repairs, and direct costs related to the maintenance of the assets. This report only includes repairs, maintenance, and short-term leases, as the other areas are considered immaterial. These operating expenses are recognized as part of other external costs in the consolidated statement of operations; see page 86 and line 5.

Operating expenditure included in the numerator consists of 7.3 Installation, maintenance, and repair of energy-efficient equipment, which includes LED lighting, and 7.6 Installation, maintenance, and repair of renewable energy technologies, which includes the leasing of battery-powered trucks.

As no turnover is covered by the taxonomy, operating expenditure consists of either purchases from suppliers whose activities are covered by the taxonomy or individual actions. As described for capital expenditure above, none of this expenditure has been assessed as taxonomy aligned. We are working on developing processes for this.

Proportion of Taxonomy-aligned economic activities

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities			Substantial contribution criteria							DNSH criteria (Do No Significant Harm)							Taxonomy-aligned proportion of turnover, year 2021	Taxonomy-aligned proportion of turnover, year 2022	Category (enabling activity)	Category (transitional activity)
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	%	%	Y/N	Y/N
		[MSEK]	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N				
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of eligible Taxonomy-aligned activities (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-														-	-	-	-
Total (A.1 + A.2)		-	-														-	-	-	-
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		6,606.7	100%																	
Total (A + B)		6,606.7	100%																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										Category (transitional activity)	Category (enabling activity)	Taxonomy-aligned proportion of CapEx, year 2021	Taxonomy-aligned proportion of CapEx, year 2022
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					Minimum safeguards	Y/N	%	%
		[MSEK]	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	Y/N	Y/N		
A. TAXONOMY ELIGIBLE ACTIVITIES																							
A.1. Environmentally sustainable activities (Taxonomy-aligned)																							
CapEx of eligible Taxonomy-aligned activities (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																							
Acquisition and ownership of buildings	7.7	121.5	15.5%																				
Installation, maintenance, and repair of energy-efficient equipment	7.3	2.1	0.3%																				
Installation, maintenance, and repair of renewable energy technologies	7.6	2.0	0.3%																				
CapEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		125.6	16.0%															-	-	-	-	-	
Total (A.1 + A.2)		125.6	16.0%															-	-	-	-	-	

B. TAXONOMY NON-ELIGIBLE ACTIVITIES			
CapEx of non-eligible activities (B)		658.3	84.0%
Total (A + B)		783.9	100.0%

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities				Substantial contribution criteria							DNSH criteria (Do No Significant Harm)							Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Taxonomy-aligned proportion of OpEx, year 2021	Category (enabling activity)	Category (transitional activity)
Economic activities	Codes(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems							
		[MSEK]	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	Y/N	Y/N		
A. TAXONOMY ELIGIBLE ACTIVITIES																						
A.1. Environmentally sustainable activities (Taxonomy-aligned)																						
OpEx of eligible Taxonomy-aligned activities (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																						
Installation, maintenance, and repair of energy-efficient equipment	7.3	0.3	0.9%																			
Installation, maintenance, and repair of renewable energy technologies	7.6	0.1	0.3%																			
OpEx of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.4	1.2%														-	-	-	-		
Total (A.1 + A.2)		0.4	1.2%														-	-	-	-		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES			
OpEx of non-eligible activities (B)		31.1	98.8%
Total (A + B)		31.5	100.0%



Auditor's statement on the statutory Sustainability Report

To the general meeting of shareholders in Hexatronic Group AB, corporate identity number 556168-6360

Engagement and responsibility

It is the Board of Directors who is responsible for the statutory Sustainability Report for the year 2022 on pages 36–63 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12: The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory

Sustainability Report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory Sustainability Report has been prepared.

Gothenburg, 4 April 2023

Öhrlings PricewaterhouseCoopers AB

Johan Malmqvist

Authorised Public Accountant