



Technology Innovation Sustainability

GRI INDEX
2021

Sustainability reporting – GRI

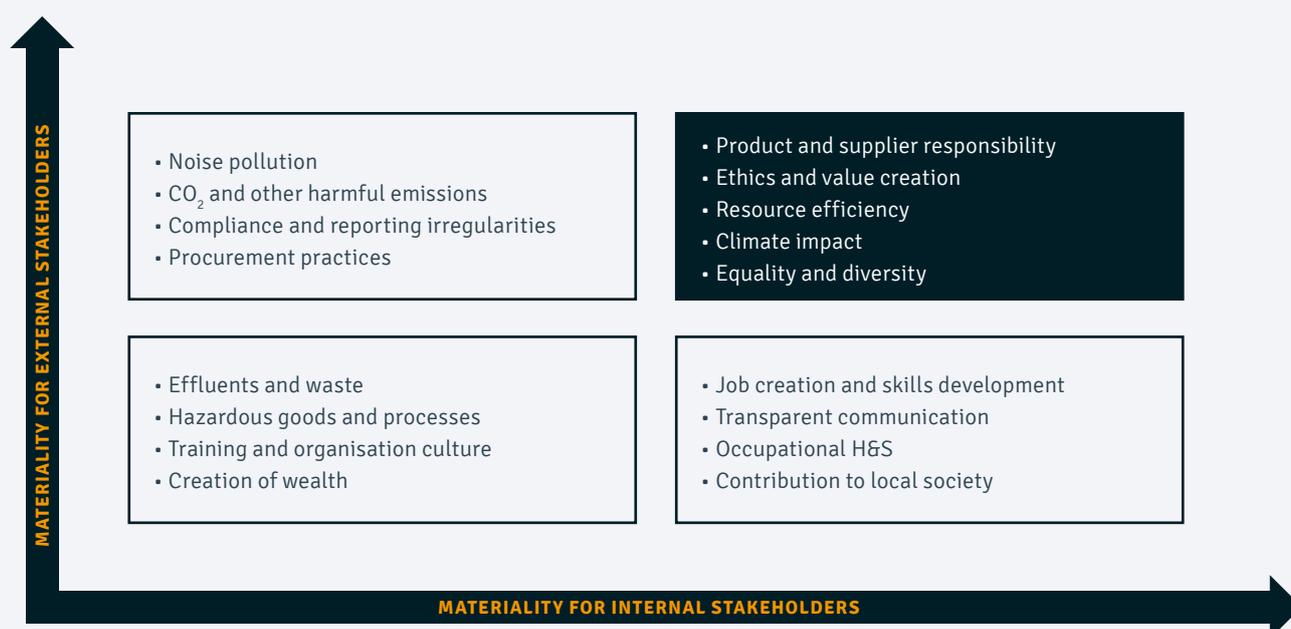
Concentric describes its work with sustainability, and reports on fulfilment of financial, environment and social goals and indicators, in the Sustainability Report on pages 34–43 of the Annual Report 2021. This report has been in accordance with the GRI Standards: Core option. It reports the achieved results for the accounting period given our commitments, strategies and sustainability governance. The aim is to measure, report and take responsibility for what we have achieved in our work toward sustainability with respect to both our internal and our external stakeholders.

Scope of the report

Sustainability Report refers to the 2021 financial year and encompasses the operations of the entire Group, including subsidiaries. Concentric's ambition is to provide a comprehensive account of its sustainability work and clearly present both negative and positive developments. The sustainability work draws on the policies and guidelines governing the manner in which the business is conducted based on the commitments we have made, for example, to Global Compact. We use a materiality analysis in order to determine the issues that are the most important and thus should be included in the work and the report taking into consideration Concentric's operations and our external and internal stakeholders. This report has been prepared in accordance with the GRI Standards: Core Option. We report the year 2021 as GRI compliant with a page reference on pages 128–130 of the Annual Report 2021.

Materiality analysis

The materiality analysis is a method used to identify the issues within sustainability that are essential for the Company. It is based on a compilation of information from in-depth interviews with key staff members, survey responses from identified stakeholders, internal investigations and standards, de facto-standards and legislative requirements in the area of sustainability. The information is evaluated based upon the opportunities and risks of different sustainability aspects in Concentric's operations – for long-term value creation both within the Group and the wider society. The results of this evaluation have identified significant sustainability aspects which form the basis for Concentric's sustainability work and what should be reported.



Concentric’s management approach to sustainability

Material aspects of sustainability	Key risks and why material	Governance	Follow-up through GRI indicator aspects for stakeholders
Ethics and Value Creation (DMA Economic Performance & Procurement Practices)	<ul style="list-style-type: none"> • Reputational loss • Legal cost of breaches • Reduced shareholder value <p>Concentric’s long-term profitability is fundamental to value creation</p>	<ul style="list-style-type: none"> • Ethical guidelines • Code of Conduct • Reporting of violations based upon Concentric’s values and policies • Whistle-blowing policy • Financial targets • Monthly business reviews • Risk management process 	<p>201-1 Direct economic value generated, distributed and retained</p> <p>204-1 Proportion of expenditure with local suppliers</p>
Product Responsibility & Climate Impact (DMA Product and Service Labelling and Emissions)	<ul style="list-style-type: none"> • Long-term viability of organisation • Impact on society • Legal cost of breaches • Reduced shareholder value <p>Concentric develops innovative engine and hydraulic pumps which increase efficiency and reduce emissions, thereby reducing the impact on the climate of Trucks and Off-highway mobile equipment</p>	<ul style="list-style-type: none"> • Environmental policy • ISO/TS 16949 Quality Control Systems • Customer surveys • Product design tollgate process • FMEA • Durability and performance testing • Emissions legislation testing both for On- and Off-highway vehicles 	<p>102-43 and 102-44 Results of measuring customer satisfaction</p>
Responsible Suppliers (DMA Supplier Environmental and Human Rights Assessment)	<ul style="list-style-type: none"> • Reputational loss • Impact on society • Continuity of supply <p>It is strategically important that the large quantities of materials purchased for Concentric’s pumps are manufactured under responsible conditions</p>	<ul style="list-style-type: none"> • Social policy • Code of Conduct for suppliers • ISO/TS 16949 Quality Control Systems • ISO 14001 Environmental Management System • Supplier selection and assessment procedures • Supplier days/visits and on-site audits 	<p>308-1 Environmental performance indicators</p> <p>414-1 Supplier Human Rights</p>
Work Environment (DMA Occupational Health and Safety)	<ul style="list-style-type: none"> • Safety of employees • Legal cost of breaches • Reduced shareholder value from lower productivity <p>The work environment within Concentric’s manufacturing operations is exposed to many different risks for accidents and other work-related injuries</p>	<ul style="list-style-type: none"> • Accident and injury statistics • Clock card records • Skills matrices • Training and development plans • Preventative healthcare and Employee Wellness programmes • 6S methodology • OHSAS 18001 • Internal and external audits 	<p>403-2 Scope of injuries, injury frequency, lost days, absenteeism and total number of work-related fatalities by region</p>
Diversity and Equal Opportunity (DMA Diversity and Equal Opportunity)	<ul style="list-style-type: none"> • Reputational loss (employer brand) • Lack of innovation • Unfair treatment of employees <p>Legal costs from breaches in human rights</p> <p>We believe that a long-term employment policy should offer a workplace that is both characterised by and protects equality and diversity</p>	<ul style="list-style-type: none"> • Code of Conduct • Employee handbook • Recruitment procedures • Equality targets • Nomination committee 	<p>102-8 and 405-1 Breakdown by age and gender of all employees, including the composition of governance bodies</p>
Resource Efficiency (DMA Materials and Energy)	<ul style="list-style-type: none"> • Impact on society <p>Reduced shareholder value from lower efficiency</p> <p>It is strategically important that Concentric’s operations, which use large quantities of materials and consume significant energy, strive to become more efficient and reduce their impact on the climate</p>	<ul style="list-style-type: none"> • Environmental policy • ISO/TS 16949 Quality Control Systems • ISO 14001 Environmental Management System • Continuous improvement and Lean manufacturing methodologies driven by Concentric Business Excellence programme 	<p>301-1 Recycled materials used by weight</p> <p>302-3 Energy consumption (total gas and electricity)</p>

Facts and key performance indicators for sustainability

GRI reference	Stakeholder	Key performance indicator	2021			2020		
			Americas	Europe & RoW	Group	Americas	Europe & RoW	Group
Ethics & value creation								
Direct economic value generated, 201-1	Customer	Revenues generated from the sale of engine and hydraulic products	999	1,496	2,115	651	1,108	1,503
Direct economic value distributed, 201-1	Suppliers	Operating costs: procurement of goods and services, including depreciation and amortisation	-698	-877	-1,241	-436	-679	-883
	Employees	Wages, salaries, pensions and other benefits, including competence development	-209	-278	-470	-123	-238	-343
	Financial Institutions	Interest and similar items related to providers of capital	n/a	n/a	-13	n/a	n/a	-20
	The State	Tax expenses and other payments made to government	n/a	n/a	-52	n/a	n/a	-51
	Shareholders	Own share buy-backs and dividends	n/a	n/a	-125	n/a	n/a	-112
Direct economic value retained, 201-1	Shareholders	Earnings/(deficit) retained after own share buy-backs & dividends	n/a	n/a	213	n/a	n/a	93
Procurement practices, 204-1	Suppliers	Proportion of expenditure with local suppliers ¹⁾	59%	65%	63%	21%	76%	54%

Responsible suppliers

Environmental performance indicators, 308-1	Suppliers	Percentage of new suppliers that were screened using environmental criteria	100%	100%	100%	100%	100%	100%
Supplier Human Rights, 414-1	Suppliers	Percentage of new suppliers that were screened using human rights criteria	100%	100%	100%	100%	100%	100%

Work environment

			Women	Men	Total	Women	Men	Total
Work-related injuries and frequency, 403-2	Employees	Work-related injuries that caused at least one day of absence expressed as the number of incidents relative to the total days worked for all employees			10 197,597 days			16 155,540 days
Lost days, 403-2	Employees	Total number of absence days due to work-related injuries as a percentage of the total days worked for all employees			0.02%			0.07%
Absenteeism, 403-2	Employees	Total number of all absence days as a percentage of total days worked for all employees	1.3%	2.5%	3.8%	0.5%	2.6%	3.0%
Work-related fatalities, 403-2	Employees	Total number	0	0	0	0	1 ²⁾	1 ²⁾

1) Definition of local supplier based upon ability to deliver from the supplier's manufacturing premises to Concentric's facility using road transportation only.

2) The work related fatality arose due to a car accident on a public highway. No contingent liability is foreseen because of this accident.

Facts and key performance indicators for sustainability

GRI reference	Stakeholder	Key performance indicator	2021			2020		
			Women	Men	Total	Women	Men	Total
Diversity & equal opportunity								
Age and gender distribution, 102-8 and 405-1	Colleagues ³⁾	≤ age 25	20	65	85	2	16	18
		age 26–35	26	187	213	12	117	129
		age 36–45	47	192	239	23	123	146
		age 46–55	50	205	255	34	120	154
		≥ age 56	44	201	245	30	127	157
		Total number	187	850	1,037	101	503	604
	Managers	age 26–35	2	14	16	2	12	14
		age 36–45	2	28	30	2	31	33
		age 46–55	2	30	32	3	24	27
		≥ age 56	2	15	17	3	16	19
		Total number	8	87	95	10	83	93
	Executives	age 36–45	–	1	1	1	0	1
		age 46–55	–	2	2	0	3	3
		≥ age 56	1	1	2	0	1	1
		Total number	1	4	5	1	4	5
	Board of Directors	age 46–55	2	2	4	1	2	3
		≥ age 56	1	2	3	2	3	5
Total number		3	4	7	3	5	8	

3) Age and gender distribution excludes employees of joint ventures (Alfdex AB) and any part-time/temporary workers employed through agencies.

GRI reference	Stakeholder	Key performance indicator	2021 headcount by contract type			
			Men	Women	Total	
Total workforce by employment type, contract and gender, 102-8 ¹⁾	Temp/perm	Permanent	894	340	1,234	
		Temporary	60	21	81	
		Total	954	361	1,315	
	Region		Permanent		Temporary	Total
		Argentina	70	–	70	
		China	16	–	16	
		Germany	166	19	185	
		India	144	17	161	
		Sweden	99	6	105	
		UK	141	7	148	
USA		596	32	628		
Other		2	–	2		
Total	1,234	81	1,315			
Employment type		Men		Women	Total	
	Full time	947	344	1,291		
	Part time	7	17	24		
	Total	954	361	1,315		

1) Calculated as actual head count at year end including our 50% share of Alfdex AB.

GRI reference	Stakeholder	Key performance indicator	2021	2020
			Resource efficiency	
Recycled materials used by weight, 301-2	Society	Percentage of recycled material by weight used within grey iron and aluminium	27.1%	25.7%
Energy consumption, 302-3	Society	Group consumption of gas and electricity	12.04 kWh/MSEK Sales	12.22 kWh/MSEK Sales

Concentric use diesel in generators as a backup power solution but the actual diesel usage in the year was negligible.

2021 GRI Index

This report has been prepared in accordance with the GRI Standards: Core Option. Therefore we report the year 2021 as GRI compliant in the index below.

The intention is for the GRI Index to be used as a cross-reference list to find where in the annual report the information is located. In some cases supplementary or complete answers to

a question are provided in the comment field of the index table. The information in the Sustainability Report has not been reviewed by a third party. Other calculations of indicators and key performance indicators have not been reviewed by an external party, with the exception of those that are included in the legal section of the annual report.

GRI-referenced

GRI code	Description/indicator	Reference	Page	Comments/omissions	External assurance
Organisational profile					
102-1	Name of the organisation	Board of Directors' Report	64		
102-2	Primary brands, products, and/or services	Engine Products Hydraulic Products	12 14		
102-3	Location of organisation's headquarters	Addresses	137		
102-4	Countries where the organisation operates	Summary Group Note 4 Segment Reporting	20–21 89–90		
102-5	Nature of ownership and legal form	The Concentric Share	44–45		Yes
102-6	Markets served	End-Markets	22–25		
102-7	Scale of the reporting organisation	Board of Directors' Report Consolidated Income Statement Consolidated Balance Sheet	64–77 78 79		Yes
102-8	Total workforce by employment type, employment contract and gender	Concentric employees by country (FTEs) Group Note 6 Average number of employees Facts and key performance indicators for sustainability	41 91 126–127		
102-9	Organisation's supply chain	Supply Chain	42		
102-10	Significant changes during the reporting period regarding size, structure, ownership or supply chain	Board of Directors' Report Group Note 35 Investments in subsidiaries	64–77 104		Yes
102-11	Description of how the Company addresses the precautionary principle	Sustainability Report	34–43		
102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	UN's Global Compact US SuperTruck Program			
102-13	Memberships in organisations and/or national or international advocacy organisations	Malcolm Baldrige, Investors in Excellence & European Foundation for Quality Management			

GRI code	Description/indicator	Reference	Page	Comments/ omissions	External assurance
Strategy and analysis					
102-14	Statement from the CEO	CEO Letter	6-9		
Ethics & integrity					
102-16	Values, principles, standards and norms of behaviour	Values Social issues	3 40-42		
Governance					
102-18	Corporate Governance	Integrated governance processes Corporate Governance in Concentric	35 46-59		Yes
Stakeholder engagement					
102-40	Stakeholder groups	Stakeholder engagement	37-38		
102-41	Percentage of employees covered by collective bargaining agreements	50% of employees in the group are covered by collective agreements			
102-42	Identification and selection of stakeholders	Stakeholder engagement	37-38		
102-43	Approaches to stakeholder engagement	Stakeholder engagement	37-38		
102-44	Key topics raised through stakeholder engagement	Stakeholder engagement	37-38		
Identified material aspects and boundaries					
102-45	Operational structure, units, business areas, subsidiaries and joint ventures	Parent Note 7 Shares in subsidiaries Foundation of corporate governance	113-114 47		Yes
102-46	Definition of report content and relevant sustainability aspects	Sustainability Report Scope of the GRI report	34-43 124		
102-47	Material aspects identified in the process for defining report content	Concentric's group-wide aspects and targets in sustainability	36		
Report profile					
102-50	Reporting period	Board of Directors' Report	64		
102-51	Date of most recent previous report	2020 Annual Report, published in 2021			
102-52	Reporting cycle	Scope of the GRI report	124		
102-53	Contact point for the report	Board of Directors & Group CEO			
102-54	Table showing information for all parts of the GRI's standard disclosures	2020 GRI Index	128-130		
102-56	Policy and current practice for external assurance	2020 GRI Index	128		
Specific standard disclosures					
103-1	Disclosure on management approach	Concentric's management approach to sustainability	52		
103-2			125		
103-3					

GRI code	Description/indicator	Reference	Page	Comments/omissions	External assurance
Economic performance indicators					
201-1	Direct economic value generated and distributed	Consolidated Income Statement Consolidated Balance Sheet	78 79	We do not report payments to government by country, and community investments, as the information is not available	Yes
201-3	Defined benefit plan obligations	Group Note 25 Pensions and similar obligations	99-102		Yes
204-1	Procurement practices	Facts and key performance indicators for sustainability	126		
Society					
205-1	Number and percentage of operations assessed for risks related to corruption	100% of the group's operations were assessed and no significant risks related to corruption were identified			
206-1	Number of pending/completed legal actions brought for anti-competitive behaviour, anti-trust and/or monopoly practices	None			
Environmental performance indicators					
301-2	Recycled input materials used	Facts and key performance indicators for sustainability	127		
302-3	Energy consumption within organisation	Facts and key performance indicators for sustainability	127		
308-1	Percentage of new suppliers that were screened using environmental criteria	Facts and key performance indicators for sustainability	126		
Employment conditions and work conditions					
403-2	Rates of injuries, lost days, absenteeism, and number of work related fatalities	Facts and key performance indicators for sustainability	126	We do not report by gender as the information is not available	
405-1	Composition of governance bodies and breakdown of other employee types according to gender and age group	Facts and key performance indicators for sustainability	127		
Supplier human rights					
414-1	Percentage of new suppliers that were screened using human rights criteria	Facts and key performance indicators for sustainability	126		
Product responsibility					
416-2	Number of incidence of non-compliance with regulations concerning the health and safety impacts of products provided to customers during their life cycle	None			

Global Compact

Although Concentric has not signed the UN’s Global Compact, the social and environmental policies adopted by Concentric are based upon the founding ten principles, thereby clearly demonstrating

the group’s position on issues related to human rights, labour law, accountability for the environment and anti-corruption.

Ten principles of the UN’s Global Compact

Human rights	Reference	Page
1. Support and respect the protection of internationally proclaimed human rights in the spheres the Company can influence	Social policy	40
2. Make sure that the Company is not complicit in human rights abuses	Human rights	40
Labour law		
3. Uphold freedom of association and the effective recognition of the right to collective bargaining	Freedom of contract and association	40
4. Elimination of all forms of forced and compulsory labour	Forced labour	40
5. Effective abolition of child labour	Child labour	40
6. Elimination of discrimination in respect of employment and occupation	Equal opportunities	41
Environment		
7. Support a precautionary approach to environmental challenges	Sustainability Report	34–43
8. Undertake initiatives to promote greater environmental responsibility	Sustainability Report	34–43
9. Encourage the development and diffusion of environmentally friendly technologies	Sustainability Report	34–43
Anti-corruption		
10. Work against corruption in all its forms, including extortion and bribery	Anti-corruption	41