

Sustainability report 2023



Words from the QSM

Elvaco is pleased to publish our third annual Sustainability Report and share our progress towards our commitment to contribute to the green transition and the sustainable development of society. At Elvaco our position is clear – we aim to be in the forefront of driving change towards a more efficient world by providing leading solutions to optimize the use of energy resources.

At Elvaco, we are proud to be in a business where we can make a difference. Through our products and services, we enable customers and partners to access and leverage data to enhance their energy efficiency. This capability not only helps our clients to achieve their environmental targets and efficiency goals, but also contributes to broader sustainability efforts.

While we take pride in the positive contribution of our products and services, we also recognize the importance of practicing what we preach. We take responsibility for reducing the environmental impact of our business operations, ensuring our actions align with our values. Collecting and analyzing data is key to this effort, as it allows us to identify areas for improvement and implement effective strategies to minimize our footprint. By leveraging data, we strive to lead by example in our commitment to sustainability.

Our current focus is to enhance our capabilities in collecting and analyzing environmental and sustainability data. By improving these processes, we aim to ensure that our actions are targeted and effective. This improvement will enable us to act on the right initiatives, maximizing our positive impact on the environment and further aligning our operations with our sustainability goals.

We are committed to drive the green transition together with our customers, partners, and suppliers!

Tobias Unbeck, Quality & Sustainability Manager



Tobias Unbeck,
Quality & Sustainability Manager

<p>Business category Utility metering, Building Energy Efficiency</p> <p>Business segments Utilities (Electricity, district heating and cooling, gas, water), Real estate, Other industries</p> <p>Distributors Europe, North America, South America, Africa Middle East</p>	<p>Main products M-Bus Metering Gateways, M-Bus Masters, Meter Connectivity Modules, Sensors</p> <p>Technologies IoT, Cloud computing, Analytics, MQTT, Big data, LTE, NB-IoT, CAT-M1, Ethernet, M-Bus wired/wireless, Modbus, DLMS, LoRaWAN</p>	<p>Installations >10 million meters connected to Elvaco infrastructure</p> <p>Employees 60</p> <p>Founded 1984</p>	<p>Head office Kungsbacka, Sweden</p> <p>Corporate governance CEO: David Vonasek Chairman of the Board: Mikael Johnsson Albrektsson</p> <p>Owner Bemsiq AB, part of Investment AB Latour</p>
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Highlights from 2023 and outlook 2024

Strong results and growth

Despite challenging economic conditions on several of our key markets, Elvaco has delivered strong financial results and continued growth in 2023. The turnover increased from 226.5 MSEK in 2022 to 274.4 MSEK in 2023 resulting in a 21.1% growth in revenue.

The strong result is a token of a continued strong demand of our products and services, and we anticipate a promising outlook for 2024.

Science Based Target Initiative (SBTi)

In 2023, Elvaco, in collaboration with our sister companies in the Bemsig group, proudly submitted a formal commitment letter to establish a Science Based Target, affirming our dedication to align our business with the Paris Climate Accord and our commitment to fostering a sustainable future for generations to come.

As part of this initiative, we initiated an activity-based climate screening to enhance our understanding of our scope 1, 2, and 3 emissions. Looking ahead to 2024, our objective is to conduct comprehensive and in-depth screenings of these emissions. With the insights from these assessments, we aim to establish a Science Based Target by the end of the year, positioning ourselves at the forefront of sustainable and environmental practices within our industry.

EU Taxonomy

In 2023, we conducted an analysis to assess Elvaco's alignment with the EU Taxonomy. This initiative is a key part of the European Commission's strategy for achieving a green transformation of society by 2050, serving as a tool to identify and categorize sustainable businesses contributing to its six stated goals.

As a company dedicated to developing products and solutions that optimize and enhance the sustainable use of energy resources, our analysis concluded that Elvaco significantly contributes to Goal 1, 'Climate Change Mitigation,' while ensuring no significant harm to any of the other five goals.

#WeAreElvaco

At Elvaco, our employees are our most valuable asset. That's why creating a healthy and inclusive work environment is crucial for attracting, developing, and retaining talented people. We are proud to share that our employee Net Promoter Score (eNPS) has remained consistently high and benchmarking favorably against other industry actors.

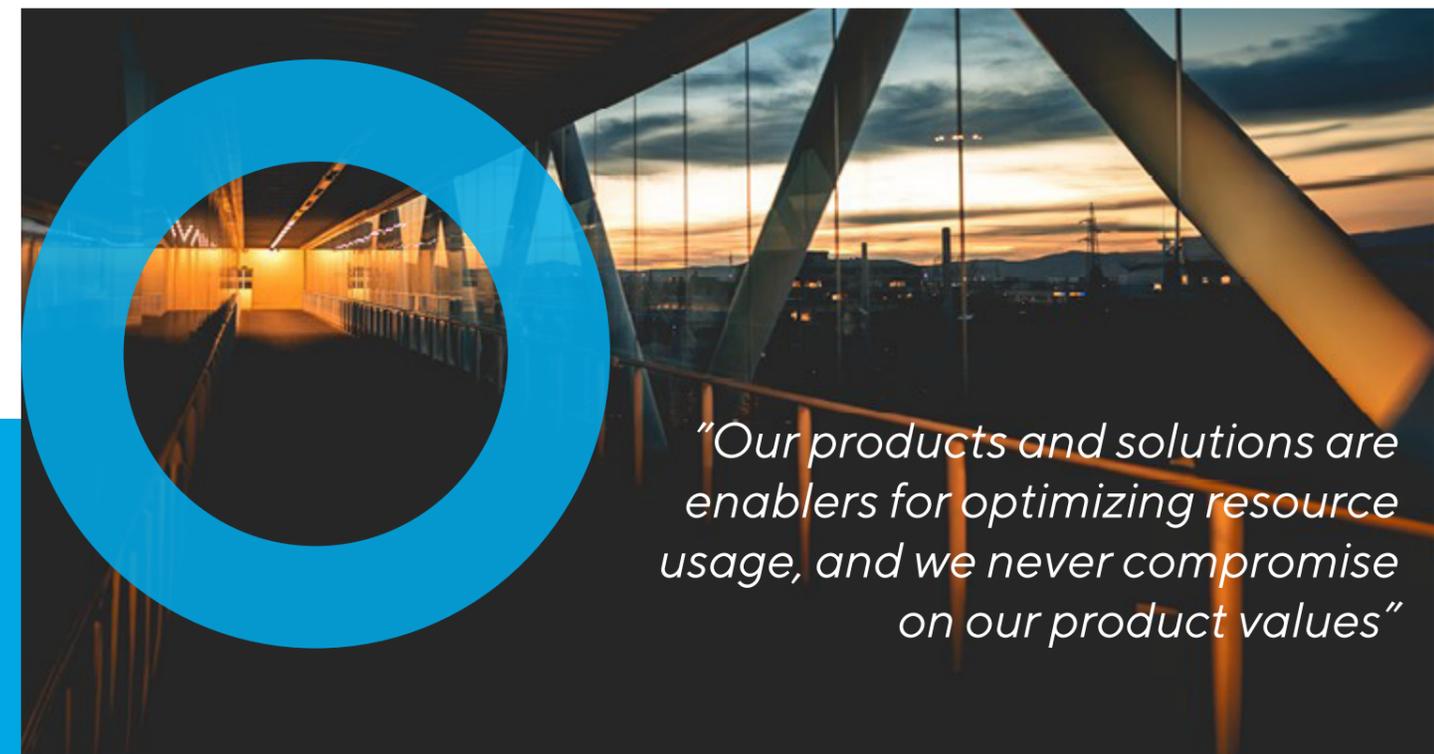
In 2023, our cultural initiative #WeAreElvaco that was initiated in 2020 has remained in focus to improve our work environment and organizational efficiency. The past year the theme of the initiative has been Roles & Responsibilities and

enhancing interfaces between departments in the organization. The goal of the theme has been to improve collaboration, reducing the risk of conflicts over task ownership, and improve job satisfaction as employees that understand their roles and how they contribute to the organization's goals are more likely to feel valued and satisfied with their jobs. In the coming year, #WeAreElvaco will continue with focus on the Elvaco leadership and leadership development.

ISO 27001 and ISO 45001

Elvaco is committed to strengthening our management systems by start pursuing ISO 27001 and ISO 45001 certifications during 2024. ISO 27001 will enhance our information security management, ensuring the confidentiality, integrity, and availability of sensitive data. This certification will help us safeguard against cyber threats and comply with legal and regulatory requirements, reinforcing trust with our clients and stakeholders.

Simultaneously, we are working towards implementing ISO 45001 to improve our occupational health and safety management. This standard will enable us to proactively identify and mitigate workplace hazards, fostering a safer and healthier work environment for our employees. Achieving these certifications emphasizes our commitment to both information security and employee wellbeing, driving sustainable growth and operational resilience.



"Our products and solutions are enablers for optimizing resource usage, and we never compromise on our product values"

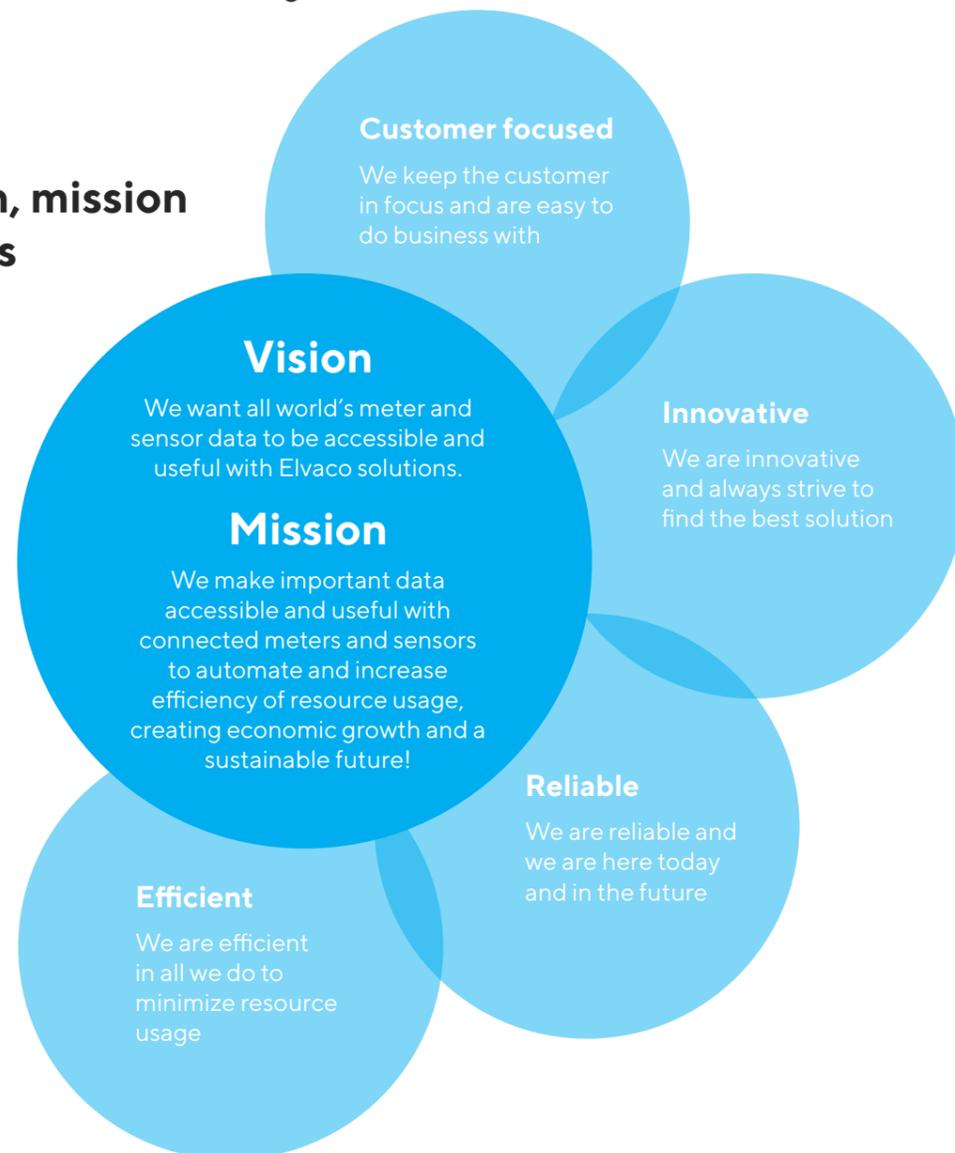
About Elvaco AB

Elvaco was founded in the early 1980's and delivered its first solution for energy efficiency to the municipality of Gothenburg in 1986. Since then, a lot has evolved, but Elvaco's core remains the same; to provide technology to improve resource usage.

Today, Elvaco is specialized in energy connectivity and infrastructure – from meters and sensors to cloud-based systems and services – and a leading provider of open end-to-end solutions for utility metering and sub-metering. Our aim is to make metering data accessible and useful for our customers. By doing so, Elvaco enables fact-based decision making to improve energy efficiency and become more sustainable. As an organization, we believe in decentralized decision-making, allocating strong local responsibility across the organization and to employees, which creates an innovative, efficient, and reliable core within the company – today and in the future.

“We offer open end-to-end metering solutions for utility and real estate companies to optimize resource usage!”

Our vision, mission and values



At Elvaco, we want to revolutionize how energy consumption is measured and optimized by combining innovative products and services with visionary technologies. Our goal is to provide customers with effective, user-friendly solutions that enhance their ability to collect, process, and act on metering data, ultimately reducing resource usage. We are confident that this contributes significantly to a more economical, energy-efficient, and sustainable society.

Guiding us on this mission, Elvaco has established core product values that we never compromise: Sustainability, Security, Usability, Quality, and Agility. These values are derived from a thorough analysis of the needs and demands of our customers, partners, and key stakeholders.

Sustainability

Sustainability is at the core of our value proposition. By providing solutions that contribute to more environmentally and economically efficient resource usage, and by integrating sustainability aspects from social, ethical, and environmental perspectives throughout our value chain, we deliver greater value to our customers and society as a whole.

Security

The data of our customers is a valuable asset that we prioritize and safeguard. Information security is a key priority for us, not only to gain a competitive edge but also to demonstrate to the market that we understand the value of data.

Usability

We surpass our competitors by offering solutions renowned for their superior usability, which enables our customers to focus their time on value-creating activities.

Quality

We are dedicated to delivering premium Swedish quality in every aspect of our work. Our customers and partners can trust that they are making long-term investments with us, knowing they can rely on our commitment to excellence both now and in the future.

Agility

By being agile, we can swiftly respond to new technologies and the constantly evolving market needs. This approach keeps us ahead of the competition, attract new customers, and enable our existing customers to stay attractive.



A sustainable business

Today, buildings account for 40% of global energy consumption and 33% of greenhouse gas emissions. In Europe alone, about 75% of all buildings – over 220 million – are considered energy-inefficient. Enhancing energy efficiency in buildings is crucial in combating climate change and achieving the targets of the Paris Climate Accord.

Given this context, there is tremendous potential to positively impact the climate and society. Elvaco's business is rooted in contributing to sustainable development, and our goal is to lead the transition towards more sustainable energy use. We are confident that this commitment will secure our market position both now and in the future.

We help customers to save energy

Through our innovative products and services, Elvaco enables thousands of companies around the world to optimize and reduce the use of energy resources. Our primary customers are utility companies, real estate companies, and service providers. With the correct solution in place, customers can reduce their energy usage with up to 30%. However, Elvaco has customer cases where a 50% reduction has been achieved!



Utilities

With solutions for correct metering, billing, and grid optimization.



Real estate

With solutions for sub-metering, indoor climate control and optimization.



Service providers

With solutions to help optimize energy usage in various segments.

“Our aim is to drive the transition towards a more sustainable use of energy resources.”

The global sustainability goals

The 17 Sustainable Development Goals (SDG) and the accompanying 169 targets build on the success and milestones achieved by the Millennium Development Goals established in 2000, which until 2015 focused on reducing hunger, poverty, disease, and gender inequality, among other issues.

Building on this momentum, the SDGs are broader in scope and go further towards addressing the underlying causes of poverty and the universal need of achieving development that benefits all people. The goals encompass the three elements of sustainable development: economic growth, social inclusion, and environmental protection.



The SDGs emphasize companies as key players in achieving these goals. Considering these new developments, Elvaco has strengthened its commitment to sustainability throughout the value chain, in all of its activities and therefore the impact those activities have on the company stakeholders. Elvaco now undertakes a new commitment to the 17 Sustainable Development Goals, embracing the route to sustainability chartered by these goals.

This commitment extends to the entire company and includes all 17 SDGs and their targets, although certain principles are especially relevant to the company given its industry, context, and business model.

Elvaco has also instituted sustainability policies that are integrated with value creation in its business model and represent another step towards achieving the SDGs and their targets.

Relevant sustainability development goals



Goal 7

Ensure access to affordable, reliable, sustainable and modern energy.



Goal 9

Drastically increase access to information and communication to extend digitalization.



Goal 12

Ensure sustainable consumption and production patterns.



Environmental – Minimize environmental impact

At Elvaco, we are deeply committed to minimizing our environmental impact. We constantly strive to economize on resources used in our operations and ensure that our products are developed and designed with environmental sustainability as a core principle. Our ISO 14001 certified management system supports our environmental initiatives and serves as the foundation for upholding and continuously improving our environmental practices.

Science Based Target initiative (SBTi)

In 2023, Elvaco, alongside our sister companies within the Bemsiq Group, formally committed to establishing a Science Based Target. This commitment aligns our carbon reduction goals with the Paris Climate Accord’s objective of limiting global warming to below 2 degrees Celsius. For Elvaco, this step is integral to minimizing our environmental footprint and leading the way in sustainable development.

As part of this initiative, we conducted a comprehensive activity-based screening of Elvaco’s Scope 1, 2, and 3 emissions to gain a detailed understanding of our current CO_{2e} emissions. The purpose of this screening is to establish a baseline and develop a precise carbon reduction target. Our goal is to finalize and implement this target based on the screening results by the end of 2024.

Upstream environmental performance

Analyses conducted in previous years have revealed that a significant portion of Elvaco’s CO_{2e} emissions originates from our upstream supply chain, including purchased goods and services. This underscores the crucial role our suppliers play in Elvaco’s overall environmental performance.

In response, we expanded our Supplier Evaluation process in 2023 to gather more detailed information on the environmental practices of our suppliers. Our goal is to enhance our ability to identify improvement opportunities within our supply chain and collaborate with suppliers to reduce emissions and optimize resource usage.

Production

Elvaco requires our production partners to be certified according to ISO 14001 and ISO 9001 standards, or their equivalents. We conduct annual audits to ensure our key suppliers meet their environmental commitments, and we actively encourage collaboration to reduce overall resource usage.

In 2024, our goal is to implement a new, more robust auditing process that will allow us to more effectively evaluate the sustainability efforts of our key suppliers. This enhanced process will facilitate collaboration to identify improvement opportunities and set actionable targets for greater sustainability.

Logistics

Since 2021 Elvaco offers all customers fossil free transports.

Waste Management

At Elvaco, we ensure all operational waste is sorted and treated at certified waste-processing facilities. Starting in 2023, we have enhanced our waste management by collecting detailed information on how our operational waste is processed, including the recycling rate and the CO_{2e} footprint of the treatment process.

At Elvaco, we ensure producer responsibility for our electronic equipment by adhering to stringent environmental regulations and standards, including compliance with the Waste Electrical and Electronic Equipment (WEEE) Directive. We are committed to sustainable practices throughout the product lifecycle, from eco-friendly design and manufacturing to efficient recycling and disposal, guaranteeing that our products meet high environmental standards and contribute to a circular economy.

Transports and travels

Elvaco promote sustainable methods of transportation. We promote virtual meetings whenever possible as a way to reduce the need to travel. In 2023, we have increased the number of chargers for electrical vehicles for employees and visitors to use at our facilities.

Overall goals to minimize environmental impact



Energy consumption

An annual relative decrease in energy consumption of at least 5% in relation to net sales.



Energy mix

By 2030 at the latest, all operations should be using renewable energy only.



CO₂ Emissions

An annual relative decrease in CO₂ of at least 5% in relation to net sales.



Environmentally certified facilities

By 2025, all production facilities must be environmentally certified.

Social – Keep our workplace safe and inclusive

At Elvaco, our greatest asset is our people, and fostering a workplace that prioritizes health, safety, and inclusivity is paramount for organizational development. Guided by core principles of fairness, openness, and mutual respect, we are dedicated to cultivating a sustainable corporate culture where every individual plays a part in creating a safe and inclusive environment.

Recruitment

At Elvaco, we have established a clear and rigorous recruitment policy and process that all hiring managers are mandated to adhere to. Our recruitment approach centers on evaluating candidates based on their competence, motivation, and alignment with our values to ensure the best fit for the job. We firmly oppose any form of discrimination based on background, gender, or sexual orientation, reflecting our commitment to fostering a diverse and inclusive workplace.

Employee development

At Elvaco, we view employee development as a key investment in nurturing organizational growth, empowering our workforce, and fostering talent. Each employee benefits from personalized development plans, collaboratively crafted with their immediate manager. These plans are regularly reviewed and refined during biannual performance appraisals, ensuring alignment with evolving career aspirations and organizational objectives. This commitment underscores our dedication to cultivating a dynamic, skilled, and motivated team.

Whistleblowing

Elvaco maintains a zero-tolerance policy against discrimination and any form of negative or unethical behavior. We have implemented a transparent whistleblowing process, ensuring that all employees have convenient access to anonymous reporting channels. In 2023, we have taken proactive measures to make it easier for external stakeholders to use our whistleblowing function by implementing the function on our website.

Workplace safety

Ensuring a safe and secure workplace is paramount at Elvaco, as we recognize our employees as our most valuable asset. We implement systematic measures to prevent and manage both physical and psychological risks at our facilities. Regular safety trainings are mandatory for all employees to mitigate work accidents and equip everyone with the necessary knowledge to respond effectively in emergencies. This proactive approach underscores our commitment to prioritizing the well-being and security of our workforce.

Work environment

Elvaco is dedicated to providing a workplace that fosters well-being, development, and performance. We systematically work to continuously enhance the physical, social, and organizational aspects of our work environment while also focusing on meeting the development needs of our employees.

We firmly believe that open and transparent dialogue between colleagues, and strong relationships between staff and managers, are key to improving the workplace. To support this, our initiative #WeAreElvaco has focused on feedback and communication to strengthen our internal interactions and engagement.

To monitor well-being and employee satisfaction, we use an online survey tool to gauge the current climate of our work environment and identify areas for improvement.

Overall goals to keep the workplace safe and inclusive



Gender ratio

A gender ratio of 40–60% will be achieved by 2030. The measure includes the Board of Directors, senior executives and salary-setting managers.



Workplace accidents

Elvaco has a vision of zero accidents at work. This key ratio measures workplace accidents that have led to at least one day's sick leave.



Workplace incidents

Report everything and work proactively. It is important to pick up on incidents to prevent future accidents from occurring.

Financial – Maintain a high level of business ethics

Economic growth and profitability serve as essential drivers for advancing our business and enhancing the likelihood of achieving long-term sustainable development. At Elvaco, we uphold these objectives while adhering to the principles outlined in our Code of Conduct. This code ensures that our business operations are conducted with the utmost professionalism, ethics, and responsibility, thereby fostering trust both within our organization and beyond.

Employees

As an employee of Elvaco, you are expected to act as a role model and conduct business with integrity and consistently upholding the highest ethical standards. Our Anti-Corruption Policy underscores our firm commitment to zero tolerance for corruption and unethical conduct. All Elvaco employees undergo comprehensive training in anti-corruption measures and our Code of Conduct, ensuring they are well-versed in relevant laws and regulations within the scope of their professional roles. This proactive approach reinforces our dedication to ethical business practices and accountability.

Suppliers

At Elvaco, we carefully assess suppliers based on environmental, quality, and financial factors. We expect them to uphold our ethical standards and operate in line with environmental and human rights norms. Through annual audits of strategic suppliers and adherence to our Code of Conduct, we ensure transparency and integrity in our partnerships. This approach reflects our commitment to sustainable and ethical practices throughout our supply chain.

Partner Code of Conduct

At Elvaco, our partner network is key to delivering our products and serving our end-customers effectively. To ensure they maintain our standards of business ethics and contribute to customer satisfaction, we have implemented a Partner Program. This program outlines our shared ways of working and requires partners to sign off on and adhere to our Partner Code of Conduct. This collaborative approach strengthens our partnerships and reinforces our commitment to ethical business practices.

Society

At Elvaco, we are committed to making a positive impact on society and the world around us. Our products are designed to consistently contribute to a more sustainable world, and we prioritize sustainability and ethical business practices throughout our entire supply chain. By upholding principles of pride, honesty, and integrity in all that we do, and by adhering to laws and regulations rigorously, we are confident that Elvaco can play a significant role in driving sustainable development forward.

Overall goals to maintain a high level of business ethics



Code of conduct

All employees must perform according to Elvaco's Code of Conduct.



Whistleblowing

Implement a clear process on how to manage whistleblowing through-out the company.



Supplier code of conduct

All relevant suppliers and partners to sign the Elvaco's Code of Conduct.

Sustainability in figures

	KPI	Target	2020	2021	2022	2023
ENVIRONMENTAL	Energy consumption <i>MWh/SEK</i>	-5% relative annual decrease in relation to net sales	0.84 (Base year)	0.71 (-15%)	0.53 (-25%)	0.42 (-21%)
	Energy Mix <i>% of total</i>	100% renewable by 2030	83	83	83	83
	CO₂-emission <i>Ton CO₂</i>	-5% relative annual decrease in relation to net sales	3.1* (Base year)	4.1* (+22%)	8.3 (+45%)	9.2 (-8%)
	Environmental certified production sites <i>% of total</i>	100% by 2025	100	100	100	100
SOCIAL	Gender equality <i>% of total</i>	40-60% by 2030	13	18	29	27
	Near-miss (incidents)	Transparency	0	0	0	1
	Lost time injury <i>Number of incidents</i>	0 incidents	0	0	0	0
FINANCIAL	Code of Conduct <i>% of total</i>	100%	100	100	100	100
	Whistleblowing <i>Number of cases</i>	Transparency	0	0	0	0
	Supplier Code of Conduct <i>% of total</i>	100%	100	100	100	100

* Business travels during 2020 restricted by Covid-19

Sustainability

By creating business built on a sustainable development, Elvaco has a place today and in the future. By providing products and services that reduce the overall energy consumption, Elvaco has a positive impact in the sustainable world.

Elvaco is today enabling thousands of companies around the globe to become more energy efficient by continuous innovation and new solutions within energy connectivity.

The Elvaco logo consists of the word "elvaco" in a bold, lowercase, blue sans-serif font. The letter 'l' is significantly taller than the other letters, creating a distinctive vertical element in the brand name.