



SUSTAINABILITY REPORTING – GRI

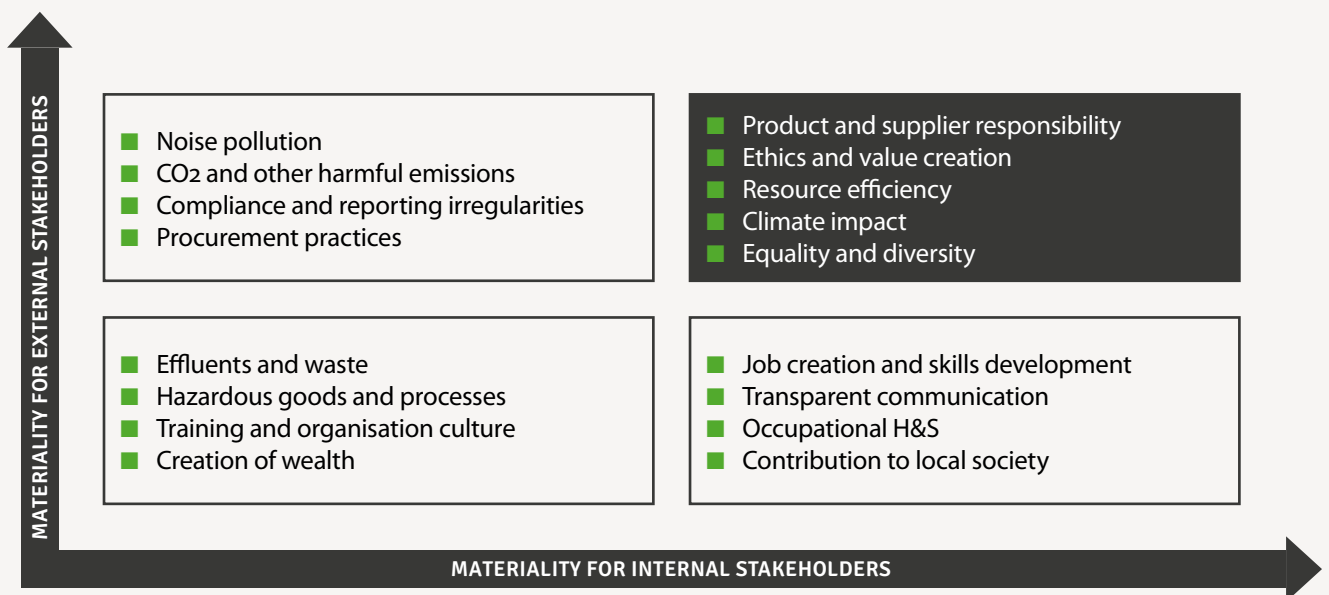
Concentric describes its work with sustainability and reports on fulfilment of financial, environment and social goals and indicators in Sustainability Report on pages 50–57 of the annual report. It follows the GRI’s guidelines (GRI G4 Core) and reports the achieved results for the accounting period 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 2017 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. We have addressed both the standard and relevant specific disclosures and provided an index of these disclosures by GRI code with a page reference on pages 132–134.

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>G4-EC1 Direct economic value generated, distributed and retained</p> <p>G4-EC9 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 	G4-PR5 Results of measuring customer satisfaction
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>G4-EN32 Environmental performance indicators</p> <p>G4-HR10 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 	G4-LA Scope of injuries, injury frequency, lost days, absenteeism and total number of work-related fatalities by region
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 	G4-10 & G4-LA 12 Breakdown by age and gender of all employees, including the composition of governance bodies
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>G4-EN1 Recycled materials used by weight</p> <p>G4-EN3 Energy consumption (total gas and electricity)</p>

Facts and key performance indicators for sustainability

GRI Reference	Stakeholder	Key Performance Indicator	2017			2016		
			Americas	Europe & RoW	Group	Americas	Europe & RoW	Group
ETHICS & VALUE CREATION								
Direct economic value generated, G4-EC1	Customer	Revenues generated from the sale of engine and hydraulic products	1,055	1,266	2,104	988	1,199	2,004
Direct economic value distributed, G4-EC1	Suppliers	Operating costs: procurement of goods and services, including depreciation and amortisation	-709	-714	-1,258	-666	-711	-1,221
	Employees	Wages, salaries, pensions and other benefits, including competence development	-190	-296	-448	-175	-291	-442
	Financial Institutions	Interest and similar items related to providers of capital	-77	64	-13	-74	51	-23
	The State	Tax expenses and other payments made to government	-24	-58	-82	-27	-48	-72
	Shareholders	Own share buy-backs and proposed dividends	n/a	n/a	-290	n/a	n/a	-227
Direct economic value retained, G4-EC1	Shareholders	Earnings/(deficit) retained after own share buy-backs & proposed dividends	n/a	n/a	13	n/a	n/a	19
Procurement practices, G4-EC9	Suppliers	Proportion of expenditure with local suppliers ¹⁾	53%	52%	53%	39%	57%	49%
RESPONSIBLE SUPPLIERS								
Environmental performance indicators, G4-EN32	Suppliers	Percentage of new suppliers that were screened using environmental criteria ²⁾	100%	100%	100%	100%	100%	100%
Supplier Human Rights, G4-HR10	Suppliers	Percentage of new suppliers that were screened using human rights criteria ²⁾	100%	100%	100%	100%	100%	100%
WORK ENVIRONMENT								
Work-related injuries and frequency, G4-LA6	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			5 227,091 days			14 241,933 days
Lost days, G4-LA6	Employees	Total number of absence days due to work-related injuries as a percentage of the total days worked for all employees			0.02%			0.2%
Absenteeism, G4-LA6	Employees	Total number of all absence days as a percentage of total days worked for all employees	0.9%	1.2%	1.1%	3.9%	2.7%	2.9%
Work-related fatalities, G4-LA6	Employees	Total number	0	0	0	0	0	0

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⁾ Percentages from October 2016 onwards, following introduction of formal procedures to screen new suppliers using environmental and human rights criteria.

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	2017			2016		
DIVERSITY & EQUAL OPPORTUNITY								
			Women	Men	Total	Women	Men	Total
Age and gender distribution, G4-10 & G4-LA12	Wage earners ³⁾	≤ age 25	4	39	43	1	17	18
		age 26–35	11	71	82	5	79	84
		age 36–45	19	104	123	22	82	104
		age 46–55	16	110	126	18	109	127
		≥ age 56	29	115	144	23	98	121
		Total number	79	439	518	69	385	454
	Salaried employees ³⁾	≤ age 25	3	39	42	2	67	69
		age 26–35	11	109	120	9	111	120
		age 36–45	11	41	52	14	46	60
		age 46–55	18	39	57	22	47	69
		≥ age 56	11	36	47	12	30	42
		Total number	54	264	318	59	301	360
	Managers	age 26–35	–	12	12	2	8	10
		age 36–45	1	36	37	1	41	42
		age 46–55	4	21	25	7	30	37
		≥ age 56	2	11	13	1	16	17
		Total number	7	80	87	11	95	106
	Executives	age 36–45	–	–	–	–	1	1
		age 46–55	1	3	4	1	5	6
		≥ age 56	–	2	2	–	–	–
		Total number	1	5	6	1	6	7
	Board of Directors	age 36–45	1	1	2	1	2	3
		age 46–55	–	2	2	1	2	3
		≥ age 56	1	2	3	–	1	1
		Total number	2	5	7	2	5	7
RESOURCE EFFICIENCY								
Recycled materials used by weight, G4-EN1	Society	Percentage of recycled material by weight used within grey iron and aluminium	25.9%			24.8%		
Energy consumption, G4-EN3	Society	Group consumption of gas and electricity	11.38 kWh/MSEK Sales			11.81 kWh/MSEK Sales		

2017 GRI Index

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.

Standard disclosures

GRI code	Description/indicator	Reference	Page	External assurance
STRATEGY AND ANALYSIS				
G4-1	Statement from the CEO	CEO Letter	14–17	
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	Board of Directors' Report	62	
G4-4	Primary brands, products, and/or services	Engine Products Hydraulic Products	26–27 30–31	
G4-5	Location of organisation's headquarters	Addresses	140	
G4-6	Countries where the organisation operates	Summary Group Note 4 Segment Reporting	Front flap 81–82	
G4-7	Nature of ownership and legal form	The Concentric Share	58–61	Yes
G4-8	Markets served	End-Markets	44–49	
G4-9	Scale of the reporting organisation	Board of Directors' Report Consolidated Income Statement Consolidated Balance Sheet	62–69 70 71	Yes
G4-10	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	55 83 130–131	
G4-11	Percentage of employees covered by collective bargaining agreements	50% of employees in the group are covered by collective agreements		
G4-12	Organisation's supply chain	Supply Chain	57	
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain	Board of Directors' Report Group Note 35 Investments in subsidiaries	62–69 100	Yes
G4-14	Description of how the company addresses the precautionary principle	Sustainability Report	50–57	
G4-15	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		
G4-16	Memberships in organisations and/or national or international advocacy organisations	Malcolm Baldrige, Investors in Excellence & European Foundation for Quality Management		
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Operational structure, units, business areas, subsidiaries and joint ventures	Parent Note 7 Shares in subsidiaries Foundation of corporate governance	107 117	Yes
G4-18	Definition of report content and relevant sustainability aspects	Sustainability Report Scope of the GRI report	50–57 128	
G4-19	Material aspects identified in the process for defining report content	Concentric's group-wide aspects and targets in sustainability	51	
G4-20	Aspect boundaries within the organisation	Materiality analysis	128	
G4-21	Aspect boundaries outside the organisation	Materiality analysis	128	

GRI code	Description/ indicator	Reference	Page	External assurance
STAKEHOLDER ENGAGEMENT				
G4-24	Stakeholder groups	Stakeholder engagement	52	
G4-25	Identification and selection of stakeholders	Stakeholder engagement	52	
G4-26	Approaches to stakeholder engagement	Stakeholder engagement	52	
G4-27	Key topics raised through stakeholder engagement	Stakeholder engagement	52	
REPORT PROFILE				
G4-28	Reporting period	Board of Directors' Report	62	
G4-29	Date of most recent previous report	2016 Annual Report, published in 2017		
G4-30	Reporting cycle	Scope of the GRI report	128	
G4-31	Contact point for the report	Board of Directors & Group CEO		
G4-32	Table showing information for all parts of the GRI's standard disclosures	2017 GRI Index	132–133	
G4-33	Policy and current practice for external assurance	2017 GRI Index	132	
GOVERNANCE				
G4-34–55	Corporate Governance	Integrated governance processes Corporate Governance in Concentric	50 128–135	Yes
ETHICS & INTEGRITY				
G4-56–58	Values, principles, standards and norms of behaviour	Values Social issues	9 54–57	

Specific standard disclosures

GRI code	Description/ indicator	Reference	Page	External assurance
G4-DMA	Disclosure on management approach	Concentric's management approach to sustainability	128	
ECONOMIC PERFORMANCE INDICATORS				
G4-EC1	Direct economic value generated and distributed	Consolidated Income Statement Consolidated Balance Sheet	70 71	Yes
G4-EC3	Defined benefit plan obligations	Group Note 25 Pensions and similar obligations	94–97	Yes
G4-EC9	Procurement practices	Facts and key performance indicators for sustainability	130	
ENVIRONMENTAL PERFORMANCE INDICATORS				
G4-EN1	Materials used by weight, analysed between renewable and non-renewable	Facts and key performance indicators for sustainability	131	
G4-EN3	Energy consumption within organisation	Facts and key performance indicators for sustainability	131	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Facts and key performance indicators for sustainability	130	
SUPPLIER HUMAN RIGHTS				
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Facts and key performance indicators for sustainability	130	
EMPLOYMENT CONDITIONS AND WORK CONDITIONS				
G4-LA6	Rates of injuries, lost days, absenteeism, and number of work related fatalities	Facts and key performance indicators for sustainability	130	
G4-LA12	Composition of governance bodies and breakdown of other employee types according to gender and age group	Facts and key performance indicators for sustainability	131	
SOCIETY				
G4-S03	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		
G4-S07	Number of pending/completed legal actions brought for anti-competitive behaviour, anti-trust and/or monopoly practices	None		
PRODUCT RESPONSIBILITY				
G4-PR2	Number of incidence of non-compliance with regulations concerning the health and safety impacts of products provided to customers during their life cycle	None		
G4-PR5	Results of measuring customer satisfaction	Concentric's group-wide aspects and targets in sustainability	51	

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	Reference	Page
HUMAN RIGHTS		
1. Support and respect the protection of internationally proclaimed human rights in the spheres the company can influence	Social policy	54
2. Make sure that the company is not complicit in human rights abuses	Human rights	54
LABOUR LAW		
3. Uphold freedom of association and the effective recognition of the right to collective bargaining	Freedom of contract and association	54
4. Elimination of all forms of forced and compulsory labour	Forced labour	54
5. Effective abolition of child labour	Child labour	54
6. Elimination of discrimination in respect of employment and occupation	Equal opportunities	55
ENVIRONMENT		
7. Support a precautionary approach to environmental challenges	Sustainability Report	50–57
8. Undertake initiatives to promote greater environmental responsibility	Sustainability Report	50–57
9. Encourage the development and diffusion of environmentally friendly technologies	Sustainability Report	50–57
ANTI-CORRUPTION		
10. Work against corruption in all its forms, including extortion and bribery	Anti-corruption	57

