

FORTERRO**SUSTAINABILITY REPORT 2022****1. Executive Foreword**

Industrial businesses across Europe are producing the essential components of a better future. A future where people are safer, businesses operate more smoothly, and products get to the right place at the right time. It is why Forterro's industrial software is designed specifically to help these industrial mid-market businesses, our customers, to thrive in their highly specialised markets.

Forterro's software is deeply rooted in the demands of the local geography of our customers, and each product is designed to strengthen and accelerate our customers' ability to operate efficiently and compete effectively, whilst also managing processes to reduce impact on its supply chain.

In recent years, we have all faced a multitude of challenges impacting the global economy, each having a knock-on effect on both the macro and micro economy. The impact of a global pandemic in 2020 and through 2021 resulted in a snowball of national lockdowns across the world, impacting the manufacturing supply chain at the outset from restriction of the flow of raw materials, delays, construction and delivery of goods¹. Through a history of consistently developed operations undertaking lean manufacturing processes, companies further down the supply chain were challenged with the short supply of components and were unable to respond to the shift, in terms of both supply and demand. Workforces were disrupted and new challenges faced and new synergies had to be built as employees transitioned to working remotely.

Further compounded by the Russian invasion of Ukraine in 2022, reliant on oil & gas imports from Russia as a key energy supplier and food production in both Russia and Ukraine, countries in the EU and the UK have been squeezed in terms of supply, costs of production and utilities have increased, having a cumulative effect on inflation, with every country in the EU and the UK experiencing significantly higher inflation than experienced in decades².

¹ https://www.ev.com/en_gl/supply-chain/how-covid-19-impacted-supply-chains-and-what-comes-next

² <https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog20230224-3b75362af3.en.html#:~:text=The%20war%20triggered%20a%20massive,of%20Russia's%20invasion%20of%20Ukraine.>



Forterro sees this as an opportunity to help its customers. Forterro's mission is to further enable customers to optimise their operations, enhance productivity, and data visibility in supply chain management.

But, in driving that objective, Forterro has the ability through use of its technology to support and help its customers to manage their supply chain in a more sustainable way by, for instance, re-engineering of business and operational processes, reduction in waste generation, reduction in GHG and carbon emissions, and inventory management³. Furthermore, customers can achieve growth through the use of Forterro's innovative products which enable the customer to operate in a sustainable way, through use of automation of supply chain processes, having a greater level of control over input and output, and contribute towards transformational change in business operations through its environmental, social and governance impact.

Forterro serves a diverse range of industries and prioritises the needs of its customers whilst also considering the environmental and social impacts of its own operations.

As a result, it enables the thousands of customers that Forterro services to streamline how they make and deliver the essential components that power and make our World better. It is a privilege to serve heroes of the modern economy; the back backbone of industrial society. We appreciate that what they do takes courage, tenacity and precisely the right foundations to succeed. They deserve the technical software and expertise that delivers the power that they need to create a better, more sustainable future for all of us.

Headquartered in London and backed by the investment of Partners Group, Forterro operates product companies that are headquartered in Germany, France, Sweden, Switzerland, Poland, and the UK, as well as regional service hubs and development centers around the world. Employing over 1,500 employees across 11 countries, Forterro serves over 11,000 customers globally.

Dean Forbes, CEO, Forterro

³ <https://www.eea.europa.eu/en/analysis/publications>

3. Summary

This sustainability report outlines the efforts of Forterro in improving, promoting sustainability and environmental responsibility during the reporting period. We are committed to minimising our environmental footprint, fostering social responsibility, and driving economic growth through sustainable business practices. This sustainability report demonstrates our commitment to sustainability and provides an overview of our progress in key areas.

4. Company Overview

Forterro's industry focused products are aimed at the industrial mid-market and are designed at the outset to automate, out of the box, the common business processes of mid-market manufacturing companies. Amplified by configuration tools, functional range, complementary solutions, and consulting services provided by experts with relevant knowledge and expertise, our clients can marry Forterro's solutions with their competitively unique business models. Once implemented and configured, Forterro's products function at the centre of our customers' operations.

Founded in 2012 with the acquisition of Jeeves Information Systems AB, Forterro has quietly grown to become one of the leading software providers in Europe, with strongholds in each continent's top production economies. Forterro's vision has always been to be a home to the champions who have built a premium brand by serving the mid-market with highly specialised software and local consulting services.

Forterro invests in and optimises its products. This is achieved by honouring the decisions that made the products market leaders in the first place, and through application of the wealth of know-how, infrastructure, and capital that exists within Forterro to make them even better products. Forterro is not an international software vendor fusing products together or propagating a single flagship solution for the entire mid-market; instead, Forterro addresses markets across the globe by offering a diverse range of solutions — each one designed for the mid-market with the focus on the localised and product specific requirements.

Forterro's strong financial performance and growth track record underpins its leadership position as the leading provider of software and related services focused on industrial companies in the European mid-market.

5. Driving Sustainability through Technology

Forterro's customers are formidable team members in the global supply chain; they may be individual cogs of the microeconomy, but absent their knowledgeable employees, the contribution to production and manufacturing supply chain processes, value creation and competitive edge, their end customers may never reach their commercial objectives.

There is however a core benefit to Forterro's software. Sustainability can be and is achieved through the use of technology; it can help customers be lean, agile and competitive whilst still addressing operational management requirements in operations such as shortage of employees, succession planning, reductions in carbon consumption and compliance with regulations. Naturally, it follows that Forterro's software, through operational use in supply chain management, contributes significantly towards creating a positive environmental impact.

Forterro's software has a wide range of functionality in its standard offering. Services offered can vary, and includes the ability to otherwise customise or configure the software to align with its customers' business processes; this flexibility in approach results in the customer being able to streamline its business operations, in that the software supports complex, integrated business processes on an enterprise wide basis. Such processes are fundamental to the operations of our customers, and are therefore business critical.

By enabling the customer to focus on the efficiency and streamlining of operations, Forterro leverages its teams of local and talented product experts to maintain and develop the functional fit of Forterro software, and further standardise and streamline the delivery of additive or complementary services.

As industry shifts towards use of cloud based solutions with consolidation of data sets, reduction in data inaccuracies or inconsistencies, security and automation of processes being key drivers for transition, the ability to flex and scale through use of cloud based solutions, customers can retain close control through the manufacturing lifecycle, minimising overspend, and maximising their revenue and profit.

Forterro remains focused on its global cloud strategy, delivering its software protected by technical and organisational security measures, cost reductions for Forterro through consolidation of suppliers and technology, and subsequent reduction of impact on the environment through consumption of less hardware, software and infrastructure and utilities, whilst also leveraging such benefits internally, thereby increasing its efficacies and efficiencies both operationally and externally.

6. Sustainability & Environmental, Social and Governance (“ESG”) Strategy

As part of its own growth, Forterro has engaged in transformative change in its business operations with a drive towards operational consolidation and focus on building teams delivering shared services across multiple functions throughout the organisation, enabling a pooling of resources with the ability to perform their function and deliver on behalf of Forterro and to its customers on a wider basis.

Acquired by new investors in 2022 in the form of Partners Group, Forterro put ESG and sustainability at the top of its agenda. Embracing Partners Group’s framework approach to compliance with Forterro’s ESG and sustainability programme, the objective was to develop a more targeted and relevant strategy reflecting Forterro’s commitment towards ESG initiatives focusing on regulatory compliance, risk management and value creation benefiting stakeholders, both internally and externally.

Historically, such initiatives have been regulatory driven on an entity basis, however, sustainability is now a group wide objective, requiring a meaningful change and transformation.

Initial stages required the identification of both internal sponsors at the executive level across multiple functions, to drive initiatives through core operational functions such as legal, finance, people experience, marketing and security, and with support of its investors, has external sponsors, in Partners Group, helping to structure and shape its strategy on sustainability.

Forterro had previously indicated that it would undertake an assessment of stakeholder audiences, however with Partners Groups and its team of invaluable advisors championing sustainability and ESG initiatives, during 2022 it was determined that a re-assessment towards Forterro’s objectives was required.

Completion of an in-depth data survey and subsequent risk and gap analysis to clearly identify where Forterro is in its journey to operate in a more sustainable way took place, including the collection and collation of relevant data sets based on a set of initial key metrics and existing policies.

Challenges which existed as part of this exercise included revelations that, whilst data is available, the quality and consistency of the data is not matched across all entities within Forterro. Focus is required on determining how the quality and consistency of such data can be improved on a group wide basis, with consideration towards available and existing resources against a common sense investment strategy towards external solutions and resources based on relevance to Forterro and its operations.

Results of the survey enabled Forterro to commence building out its roadmap, identifying key performance metrics to map its progress towards improving its overall sustainability objectives. There is an ongoing process to identify initiatives which underpin and have the ability to support and drive operational improvements for a more sustainable way.

Whilst Forterro intends to keep any key performance indicators under review through its journey, in 2022, Forterro identified the base line metrics to support operations.

6.1. Commitment to Cyber Security

Cyber security impacts all areas of daily life; security is therefore imperative. Adopting a regulatory based framework for assessment and development, Forterro's cybersecurity team implements a comprehensive multi-layered range of measures to protect Forterro's systems, networks, data from unauthorized access, data breaches, and other malicious activities. Forterro's proactive stance ensures the integrity, confidentiality, and availability of our technology infrastructure, fostering trust and confidence among our clients and partners. Additionally, Forterro's cybersecurity team works with product supporting training, awareness and code evaluation to continuously improve code security in line with emerging threats.

Furthermore, as a software company Forterro prioritises the protection of customer data and privacy. It strictly adheres to applicable data protection laws and regulations, implementing robust security measures to safeguard customer information. Annual audits and assessments are conducted to ensure compliance and identify areas for improvement.

6.2. Commitment to Social and Employee Focused Initiatives

Forterro firmly believes that sustainable business practices extend beyond environmental stewardship. Forterro recognises that value is created by employees and the profound impact that social and employee-focused initiatives have on the organisation, its employees and stakeholders.

Forterro's software is created by developers with market leading expertise, implemented by technically knowledgeable consultants, supported by fully versed support team members, and relationship managers supporting the customers, each of whom take pride in seeking a deep knowledge and understanding of customer's businesses, whilst they, in turn, are supported by a team of colleagues providing experienced shared resources across multi-departments, being experts in their own realm of operational expertise.

Whilst on the outset of its journey towards sustainability, Forterro's intention is that its approach towards implementing and maintaining such initiatives is such that they become deeply ingrained in Forterro's corporate and cultural philosophy. Forterro continuously strives to create a positive and inclusive workplace environment, creating a workplace that employees want to join and remain with for the long haul.

Implementation of a hybrid working policy for 100% of Forterro's workforce has been positively welcomed, reducing overall travel requirements of employees while still being able to manage Forterro's customers and partnerships.

Since Forterro is powered by people, Forterro values its employees as one of its most valuable assets and invests resources in driving such initiatives. Forterro commits to fostering a work culture that prioritises well-being, growth, and professional development. Forterro has implemented a new job matrix and career development programme to foster individual development. Forterro provides resources, training, and support systems to ensure that its employees thrive both inside and outside the workplace. Forterro further seeks to offer competitive benefits packages, including healthcare and wellness programs.

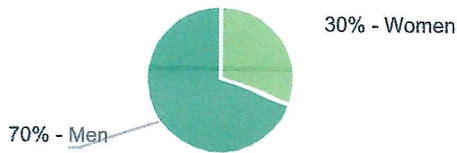
Forterro believes that diverse perspectives and experiences drive innovation and enhance its ability to tackle complex challenges. Forterro is dedicated to building a diverse and inclusive workforce that reflects the communities that it serves. Whilst the industry in which Forterro operates is typically male dominated, Forterro seeks to challenge the dynamic.

Whilst overall gender percentages have not changed over the course of 2022⁴, we have seen an increase of 9%⁵ in terms of female representation in the executive management.

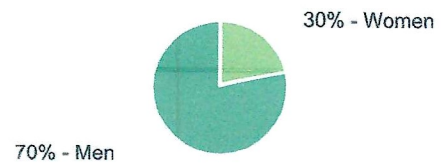
⁴ Forterro does not yet have mechanisms to sensitively manage alternative classifications.

⁵ Including a proportionate decrease in male representation.

Employees by Gender

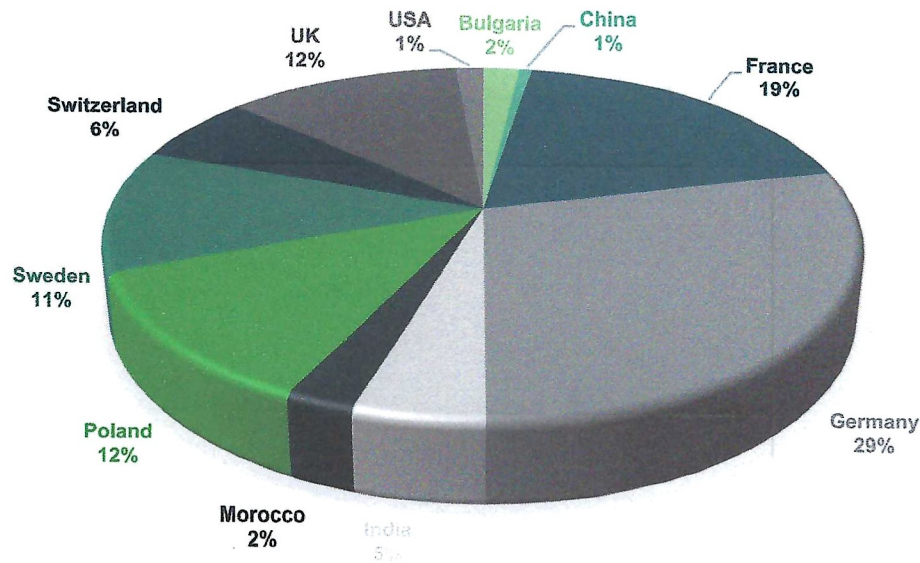


Executive Management By Gender



Forterro employs in excess of 1,500 employees across eleven countries. Through hiring practices, employee resource groups, and ongoing training, Forterro actively seeks to promote equality regardless of gender, race, ethnicity, religion, sexual orientation or any other form capable as being determined to be discriminatory and create an environment where all employees feel valued, respected, and empowered to succeed.

EMPLOYEES BY COUNTRY



Forterro is committed to transparency and accountability in all its social and employee-focused initiatives. Forterro regularly measures and reports on progress, sets ambitious goals, and strives for continuous improvement. By engaging in open dialogue with stakeholders, and implementing a periodic regime of employee surveys, Forterro seeks feedback and insights that help shape initiatives and ensures relevance and effectiveness, and ensure its employees support the shaping of its socio-economic roadmap.

By prioritising our employees' well-being, fostering diversity and inclusion, engaging with communities, and promoting social impact partnerships, Forterro remains dedicated to creating a sustainable and socially responsible business model. Forterro firmly believe that these initiatives not only benefit our employees and stakeholders but also contribute to the long-term success and resilience of our organisation and further, our contribution to the wider society and environment.

6.3. Commitment to the Environment

Implementation of a hybrid working policy across Forterro has enabled focus on ensuring that its physical footprint matches the requirements of Forterro's individual locations to support its customer base whilst also mitigating on impact to the environment, including as a result of reducing commuting or travel requirements of Forterro's employees and associated carbon emissions. Fleet policies are maintained, where applicable, with a view to increasing use of hybrid or electric vehicles.

Where possible, Forterro has dispensed with certain office locations, commenced sharing and consolidated of locations and upgraded alternative locations, to ensure such locations are occupied bearing in mind impact to the environment. Where feasible, Forterro is taking into account the construction and/or consumption of resources and utilities in order to mitigate negative impact to the extent that Forterro is able. Furthermore, such an approach is being borne in mind as it relates to its M&A activity in terms of integration.

Forterro recognises the importance of reducing energy consumption and greenhouse gas emissions associated with its operations. Through the course of 2023, Forterro will complete its first greenhouse gas emissions accounting mapping and has engaged specialist advisors to support in this process. This will enable Forterro to baseline its current emissions and thereafter focus on a clear carbon reduction strategy. Forterro will further investigate the ability to support the consumption of energy produced from renewable sources.

6.4. Commitment to Governance and Compliance

Forterro seeks to implement and uphold the highest standards of business ethics and integrity. Forterro's employees understand and are aware of expected behaviour and further that Forterro expects that its employees ensure fair practices in all business dealings.

Forterro, being a software company, faces potentially significant anti-bribery and corruption risks due to its interactions with clients, suppliers, and in some limited cases, indirectly, government entities. Such risks arise from the potential for illicit practices such as bribery, kickbacks, or fraud to influence procurement decisions, contract awards, or regulatory compliance. The complex nature of ERP systems, which involve multiple stakeholders and extensive data management, can create opportunities for unethical behavior.

In the limited nature of cross-border transactions, Forterro may encounter trade sanction and export risks that can significantly impact operations. These risks arise from the potential violation of international trade regulations, such as economic sanctions imposed by governments on specific countries or entities. Forterro is required, in such circumstances, to ensure compliance with applicable sanctions to prevent engaging in prohibited business activities that could lead to severe legal consequences. Additionally, they face export control risks when dealing with customers or partners involved in sensitive industries or located in countries with strict export regulations.

Data protection is of paramount importance for most companies due to several compelling reasons; Forterro is no different. Forterro may process limited personal data and confidential data belonging to its customers. Protecting such data is crucial to maintaining the trust and confidence of Forterro's clients. Data breaches can lead to severe legal and regulatory consequences, including fines and legal liabilities, as data protection laws continue to evolve and become more stringent worldwide. Data breaches may also inflict significant damage to a software company's reputation, resulting in loss of customers, business opportunities, and overall brand value. Lastly, safeguarding data is an ethical responsibility. Users trust software companies with their information, and it is therefore Forterro's duty to handle information within its possession responsibly and securely.

The ERP software supply chain can be susceptible to anti-modern slavery and human trafficking risks, primarily through the sourcing of raw materials, manufacturing processes, and subcontracting arrangements. These risks arise from the global nature of the supply chain, where various components and services may be procured from regions with higher vulnerability to such exploitative practices. By engaging in responsible sourcing practices, Forterro may help mitigate these risks and may contribute to a more ethical and sustainable supply chain while safeguarding its reputation and avoiding legal implications associated with complicity in these harmful practices.

In order to manage applicable risks in its business and operations, software companies must be vigilant in implementing robust internal controls, conducting thorough due diligence on business partners, and establishing clear procedures and policies.

Forterro champions compliance with focus on ethical laws and guidelines on a global basis through implementation of a consistent set of policies, which are reviewed locally and supplemented where appropriate. Under each policy Forterro provides points of contact in terms of questions and reporting, and seeks to embed the concepts contained in such policies through additional training to relevant employees. It is critical to Forterro to maintain transparent communication channels to address any ethical concerns and encourage a culture of accountability and responsibility.

Additionally, Forterro seeks to implement relevant clauses in contracts with our customers, suppliers and business partners, or otherwise inform our customers, suppliers and business partners through the provision of an aligned external policy.

Existing focus has been on global compliance and trade sanctions, data protection, a global code of conduct, supplier's code of conduct, whistle-blowing, anti-bribery and corruption, anti-modern slavery and human trafficking. In the twelve (12) months leading up to 31st December 2022, no notification that there has been any infringement, instance or case has been received.

Forterro prioritises working with suppliers who share our commitment to environmental responsibility, social equity, and ethical business practices. Forterro seeks to collaborate with them to drive sustainable procurement practices and reduce the environmental impact of our supply chain.

7. Future Goals and Targets

Whilst Forterro has made significant progress in our sustainability journey, we acknowledge that there is more work to be done. In the coming year, Forterro aims to:

- 7.1. Develop a policy with a focus on sustainability and environmental impact;
- 7.2. Identify sustainability risks within the organisation;
- 7.3. Develop and implement a strategy to reduce our energy consumption and seek to transition to renewable energy sources (where feasible);
- 7.4. Expand our recycling programs;
- 7.5. Enhance diversity and inclusion efforts, aiming for a more balanced workforce representation;
- 7.6. Collaborate with clients and partners to promote sustainable practices across industries.
- 7.7. Continuously improve our reporting and transparency mechanisms.

8. Applicability

This Sustainability Report for the period from 1st January 2022 to 31st December 2022 applies to Jeeves Information Systems AB and its wholly owned subsidiaries (together, the “Forterro Group”) and all Forterro Group directors, officers and employees. It applies in all countries in which the Forterro Group operates and in all circumstances.