



# Sustainability report 2025



# CONTENTS

|  |    |
|--|----|
| INTRODUCTION                                     | 3  |
| THE GLOBAL GOALS                                 | 5  |
| Business model                                   | 7  |
| Materiality analysis                             | 8  |
| Risk analysis                                    | 10 |
| The year's highlights                            | 11 |
| RESPECT FOR HUMAN RIGHTS AND FIGHTING            | 12 |
| CORRUPTION                                       |    |
| Norwegian Transparency Act                       | 13 |
| ENVIRONMENT                                      | 14 |
| Our environmental efforts                        | 14 |
| Material use                                     | 14 |
| The new generation of lead-free brass alloys     | 15 |
| Environmental documentation                      | 16 |
| Energy use                                       | 16 |
| LK takes steps for the recycling of PEX material | 17 |
| LK CubicDetector and LK CubicSecure              | 18 |
| Energy-efficient pipe production                 | 19 |
| Transport  | 19 |
| SOCIAL CONDITIONS AND PERSONNEL                  | 20 |
| Employees Work environment                       | 22 |
| Absence due to illness                           | 21 |
| Functional diversity is an asset at LK           | 22 |

# INTRODUCTION

You are now reading our Sustainability Report. Here, we present a comprehensive overview of our sustainability work, our objectives, and the path towards achieving them. We want this report to increase knowledge and inspire more initiatives, both internally and externally..

Our products are market-leading in terms of both safety and quality, and we have been delivering smart products and system solutions within the HVAC and plumbing sector to the Swedish market since 1910. We maintain a strong focus on our sustainability efforts, including environmental certifications and environmental product declarations that support our work towards continuous improvement. This is fully aligned with LK's development of smarter and more sustainable solutions. Our customers can feel confident that we work continuously to strengthen quality and advance our sustainability efforts at every stage of the process, from enquiry and quotation to order confirmation, manufacturing, delivery, and aftermarket support.

"To create the best opportunities for our sustainability work, our work environment shall provide the conditions for personal development, and be characterised by job satisfaction, trust, learning and listening to each other. We create commitment and motivation by including employees in decisions and ensuring they are involved in the development of our processes. We want an open work culture, where we feel comfortable raising questions and proposing alternative solutions. With our most important resource at LK, our personnel, we will continue to be successful for many years to come," the Group Management at LK says.

We work continuously with reviews of our suppliers and inspection of our own operations. The sustainability report helps us to question and act. It not only highlights what we do well but also what we can improve. It strengthens our conviction that we should not rest on our laurels or get stuck in a rut. Every day, we are working to achieve increased sustainability for our customers, ourselves and the rest of the world. The report does not cover the operations conducted within LK Finans AB. Portfolio companies in LK Finans AB that are subject to the legal obligation prepare their own sustainability reports.



**THE GLOBAL GOALS**  
For Sustainable Development

The world's leaders have committed to 17 Global Goals to achieve four remarkable things by 2030: to eradicate extreme poverty, reduce inequalities across the world, solve the climate crisis, and promote peace and justice. Only a few years now remain, and major challenges still persist around the world. LK will continue to do what we can to help drive progress towards the achievement of these goals..

# FOR A SIMPLER AND SMARTER EVERYDAY LIFE

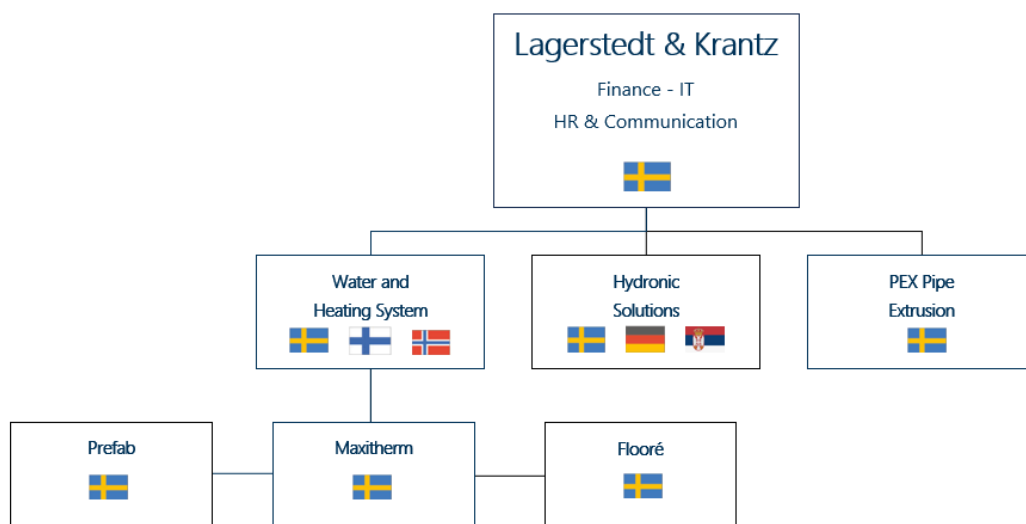
Simpler, smarter and more sustainable – at LK we always assume that there is a better way to do things. In everything we do, we prefer innovation to the status quo and simplicity rather than complexity. With this conviction, we develop smart products and system solutions at LK for heating, water and sanitation.

**Hydronic Solutions** is a leading valve and system manufacturer in Europe with an annual production of millions of valves for the global HVAC and plumbing market. Our solutions are based on a comprehensive approach to how valves, controllers, components and prefabricated products work together. In everything from standard to advanced customisations, we make sure that the solution you need today will also equip you for the future.

**PEX Pipe Extrusion** manufactures high quality plastic pipes for the HVAC and plumbing industry. Our own production of cross-linked polyethylene PE-Xa pipes with unique flexibility and pressure strength is an example of continuous product development, always with the goal of simplifying your life and securing you an even smarter future.

**Water and Heating System** is a Nordic leader in heating and tap water system solutions. Our systems are easy to install, and we also manufacture in our prefabrication plant customised systems that further simplify the installation. From idea to finished product, this is where you find the smartest solutions, today and in the future.

## Five facts about LK



# THE GLOBAL GOALS

The world's leaders have committed to 17 global goals to achieve four fantastic things by 2030. Eliminating extreme poverty. Reducing inequalities in the world. Solving the climate crisis. Promoting peace and justice.



**THE GLOBAL GOALS**  
For Sustainable Development

LK supports Agenda 2030 and, in recent years, we have focused our contribution on five of these goals. With only a few years remaining until 2030, we will now accelerate this work.

## FOCUS ON MILESTONES

## HOW WE ARE CONTRIBUTING TO THE GOAL



**6.1** By 2030, achieve universal and equitable access to safe and affordable drinking water for all.

**6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.

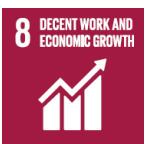
- Manufactures products for safe drinking water, promoting good health while also preventing emissions through, for example, type approvals on our products.
- Creating products that increase water-use efficiency and prevent water degradation. Page 18.
- — LK CubicSecure measures water flow in real time and detects water leaks immediately.



**7.3 Target:** By 2030, double the global rate of improvement in energy efficiency.

**7.A** By 2030, strengthen international cooperation to facilitate access to research and technology on clean energy, including renewable energy, energy efficiency, and advanced and cleaner fossil fuel-based technology, and promote investment in energy infrastructure and clean energy technology.

- By developing products that promote the use of renewable energy sources, such as water saving systems or valves that efficiently utilize renewable energy sources.
- We invest in research and development to create innovative solutions that contribute to increased energy efficiency and reduced climate impact.



**8.1** Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries. Jobs that help strengthening Sweden's GDP.

**8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and ambition to decouple economic growth from environmental degradation, in accordance with the ten-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.

**8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

- Direct jobs that strengthen Sweden's GDP. Indirect jobs that are involved in the supply chain.
- We are working constantly to improve resource efficiency and to choose sustainable materials in our production. Thanks to smart solutions, we are helping consumers to their reduce energy and resource consumption. Page 14.
- Working actively for a safe, pleasant and inclusive work environment. With the help of policies and certifications, we monitor these efforts continuously. Page 20.
- Code of Conduct regarding finances, environment and social responsibility. The Code of Conduct guarantees the ethical and legal requirements for our suppliers and employees and promotes a safe and secure working environment for all. Page 12.
- Program for work environment, health and safety. To ensure our employees can feel that they are working in a safe environment including CPR and training in the physical work environment and organizational and social work environment. The training is an essential part of our ability to identify and prevent risks in the workplace.

# THE GLOBAL GOALS



## FOCUS ON MILESTONES

## HOW WE ARE CONTRIBUTING TO THE GOAL



9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

- Working with new materials and innovations for a lower environmental impact. Page 14.
- Participates in the BRAVO II and BRAZERO projects on new-generation lead-free brass alloys. Page 15.
- LK's pipe factory and logistics center in Ulricehamn is self-sufficient in heating. This is thanks to heat recovery from the production. In addition, both electricity and water consumption have been reduced. Page 20.



12.2 By 2030, achieve the sustainable management and efficient use of natural resources.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

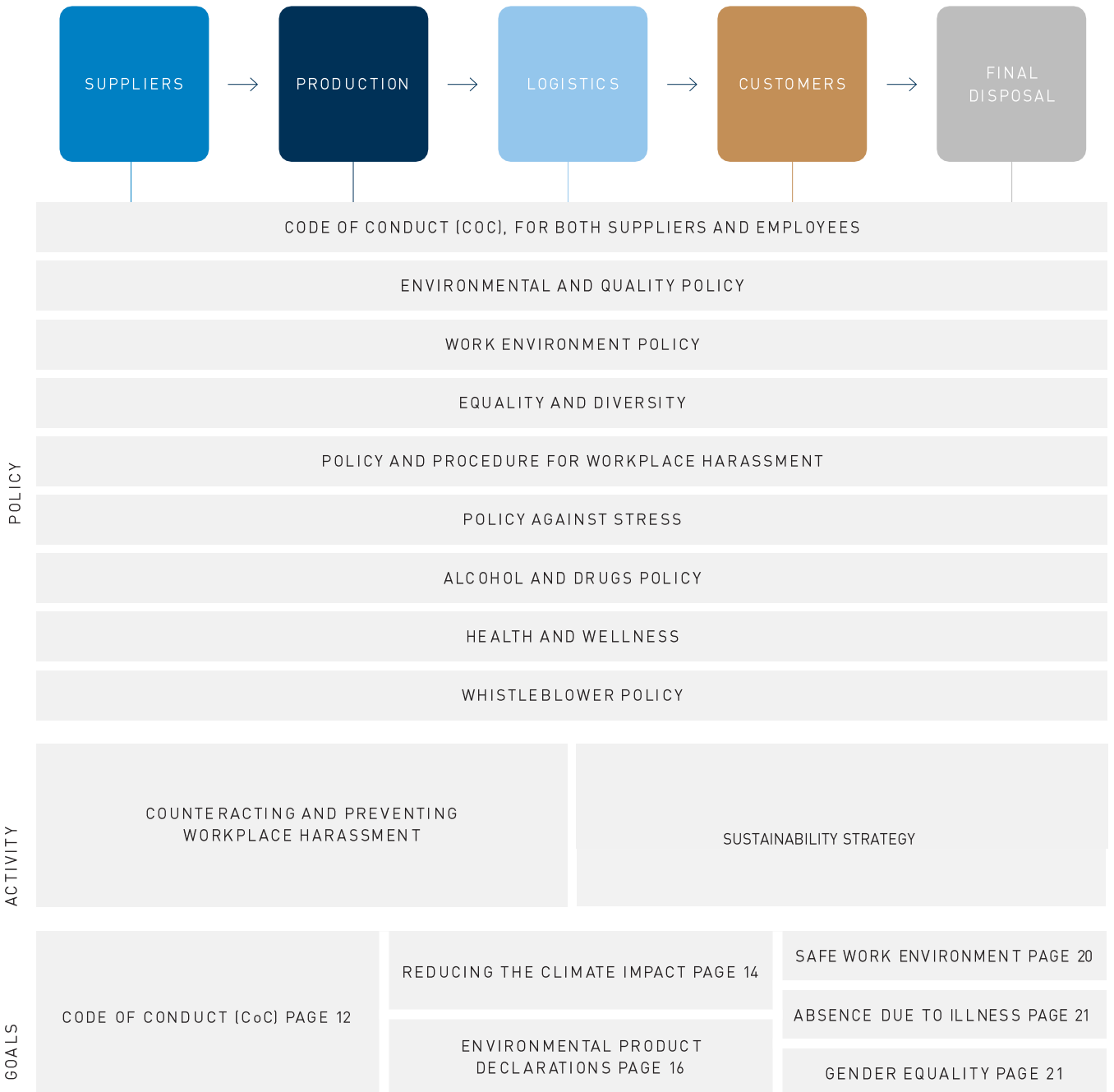
12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

- Collaborations with suppliers to reduce climate impact through material selection. Page 14.
- We continuously review our transport operations and how they can be made more efficient. Page 20.
- Product handbook for selecting materials with the lowest environmental impact.
- Recovery of waste heat at LK's pipe factory. Page 19. Working to increase circularity and reduce resource use in our product development process.
- Working towards optimal design and the reuse of materials.
- Ongoing internal and external work related to resource use in production. We are working towards more transparent and accurate sustainability reporting, including environmental documentation, for our products and operations. Pages 8 and 16.

# Business model

## Our vision

We are the first choice for smarter and more sustainable solutions in a simpler life.



# Materiality analysis

As a central part of LK's strategy for identifying and prioritizing issues that are significant to our operations as well as to our stakeholders, we have conducted materiality analyses at regular intervals over the years. LK has during the year updated and continued working on the previously adopted materiality analysis, while also placing strong focus on preparations for and monitoring of upcoming legislative changes related to sustainability reporting.

LK conducted a thorough materiality analysis in 2022, which has been updated annually based on the prevailing situation and changes in the business. During 2024 and 2025, new materiality analyses were carried out for all companies within the LK Group, in accordance with the principles of double materiality assessment. This was done in compliance with the ESRS standard as part of the preparations for the EU legislation on sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD). The analyses identified impacts, risks and opportunities, and assessed these using a Group-wide evaluation methodology.

Finally, the analyses were consolidated, and the final threshold for material topics was subsequently established by the steering committee. The process included an in-depth understanding of our value chain, our market and business model, as well as relevant stakeholder perspectives. Several of the companies within LK have also participated in various types of research projects together with research institutes, universities and companies.

During 2025, the EU presented planned regulatory changes in the form of the Omnibus package. In light of the Omnibus package and the uncertainties surrounding forthcoming sustainability reporting legislation, LK chose to pause its CSRD preparations and instead explore options for future analytical frameworks and reporting.

Accordingly, significant focus during the year was placed on developing a new shared sustainability strategy for LK, in which the outcome of the double materiality assessments has been a central component of this work. This work will now continue during 2026, and we look forward with great anticipation to developing and presenting a strategy for the future. Until then, we will continue to work on the basis of the existing materiality analysis, presented below.



## Our impact

We continuously analyze our impact on people, the environment and society. We place strong emphasis on using the results of Environmental Product Declarations (EPDs) to improve and develop our products so that we can work to reduce our climate footprint and negative impact. EPDs can also help our customers make informed decisions.

There are several good examples of where we have implemented sustainable improvements. For example, at one of our production facilities, we recover waste heat and recirculate water in a closed-loop system. We continuously evaluate our energy use. These measures are not only sustainable but also economically beneficial. The objective of our sustainability work is to ensure the company's long-term and sustainable development. We have strengthened our focus on the staffing side. At present, we have seven people within the Group working part-time or full-time on sustainability development, but the commitment exists throughout LK. What we do is summarized in the points below.

### Planned Measures

We have ongoing work to develop and improve our efforts across all three dimensions of sustainability. As part of this, we will now pave the way for a new shared direction going forward. We have a strong foundation, with many satisfied, engaged and proud employees within LK who want to continue our long-term work of continuous development.

For LK, sustainability means that we:

- **Conduct sustainable business** - We want to create long-term relationships with our customers. We do business ethically and in line with LK's values.
- **Are a sustainable employer** - Our staff is our most important resource, who should develop and thrive. We work actively to ensure a safe and secure working environment and take the utmost care for our staff.
- **Work for a sustainable environment** - Parts of our product range are intended to be in use for over 100 years. We are working continuously to reduce the use of resources in our operations.
- We, and our suppliers, must **follow our Code of Conduct**.



During 2025, LK maintained a continued focus on mapping our impacts, risks and opportunities. We will continue our work on mapping the impact of our products through Environmental Product Declarations (EPDs). In addition, during the year we also worked on expanded data collection, including in relation to climate impact and circularity.

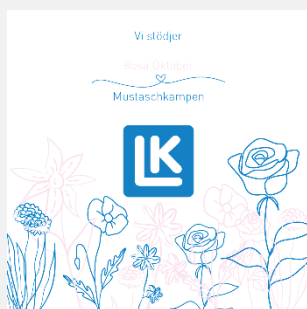
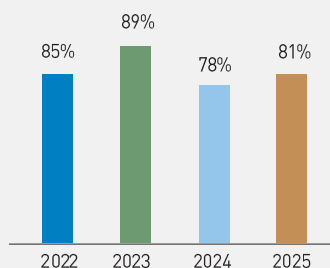
# Risk analysis

| THEMATIC AREA | IDENTIFIED RISK AREA                            | DESCRIPTION OF POTENTIAL RISK   | HOW WE MANAGE IDENTIFIED RISKS  |
|---------------|---|---|---|
| ENVIRONMENT   | Energy consumption in the organisation          | Our production unit in Ulricehamn has our greatest energy consumption.  | <ul style="list-style-type: none"> <li>• Thanks to a joint electricity contract for all our operations, we achieve better control of the electricity we buy.</li> <li>• We intend to reduce our purchases of electricity from fossil sources annually.</li> <li>• Our company, LK Pex, recovers heat from the production and delivers the surplus to Ulricehamn Energi.</li> </ul>  |
|               | Transport                                       | Our materials need to be transported and, starting from the central warehouse in Ulricehamn, the intention is to offset all transports from there.<br><br>The environmental impact of our products throughout their life cycle, from material extraction to final disposal. | <ul style="list-style-type: none"> <li>• By planting trees, we mitigate the effects of carbon dioxide emissions.</li> <li>• LK Prefab uses smarter packaging for delivering products to facilitate sorting at source.</li> </ul>  |
|               | Circularity                                     | The majority of LK's product range is designed to be installed for its entire technical lifespan. Circularity therefore does not fit well with LK's product range.  | <ul style="list-style-type: none"> <li>• In-depth studies are increasing our knowledge base, for instance, by participation in various projects, such as those below; <ul style="list-style-type: none"> <li>– BRAVO, BRAVO II och BRAZERO</li> <li>– Circular plastic building products</li> <li>– LFM30</li> <li>– Product Manual</li> </ul> </li> </ul>  |
|               | Transition to lead-free                         | The organization will not be ready for the upcoming legal requirements.   | <ul style="list-style-type: none"> <li>• We monitor upcoming legal requirements and have several different action plans depending on the outcome of the legislation.</li> </ul>   |
| STAFF         | Absence due to illness and occupational illness | Imbalance between the economic cycle, organisational changes and the workload for the staff.  | <ul style="list-style-type: none"> <li>• We continuously follow up on all sick leave.</li> <li>• Pulse surveys via Winningtemp are conducted weekly or every other week.</li> <li>• Regular employee interviews.</li> <li>• Frequent use of Avonova's occupational health services for preventive purposes.</li> <li>• Health checks every other year.</li> <li>• Continuous work environment training for managers and safety representatives.</li> <li>• Employee support for all employees via Falck Healthcare.</li> <li>• Random drug and alcohol testing.</li> </ul>  |
|               | Occupational accidents                          | The risk of accidents at work, especially in the warehouse, working with machines and in production.  | <ul style="list-style-type: none"> <li>• Safety inspections are conducted regularly.</li> <li>• Incidents and accidents are registered in a common system for the group, which is followed up by the safety committees.</li> <li>• In the pulse surveys with Winningtemp, we ask questions about the physical, organizational and social work environment as well as discrimination.</li> </ul>   |
|               | Corruption                                      | Risks associated with customer and supplier contacts.   | <ul style="list-style-type: none"> <li>• LK does not tolerate corruption, bribery and unfair conduct that restricts free competition.</li> <li>• We provide our employees continuously with information about the Code of Conduct.</li> <li>• Suppliers who do not have their own Code of Conduct, equivalent to LK's, must sign our Code of Conduct.</li> </ul>  |
| HUMAN RIGHTS  | Diversity and discrimination                    | By tradition, the plumbing industry is male-dominated, which is also mirrored in the distribution at LK.  | <ul style="list-style-type: none"> <li>• On our careers page, we highlight our business areas, benefits and career opportunities in the form of employee interviews, where we have interviewed a majority of women.</li> <li>• In recruitment, if two candidates are equal, the female candidate should always be prioritized with regard to the gender distribution of the group.</li> <li>• We measure and follow up on discrimination in our pulse surveys based on all discrimination grounds.</li> <li>• We at LK have a zero tolerance for discrimination.</li> <li>• Each company must have at least one activity related to gender equality in their respective company business plan, which should aim to increase gender equality within LK.</li> </ul> |

## Highlights during the year

81%

RESPONSE RATE FROM THIS YEAR'S PULSE SURVEYS



PINK OCTOBER AND MUSTASCHKAMPEN

LK IS PARTICIPATING IN BRAVO, BRAVO II OCH BRAZERO RESEARCHPROJECT, WHICH IS ABOUT LEAD FREE BRASS ALLOYS



VI-SKOGEN

WE PLANT

660

TREES TO CARBON-OFFSET TRANSPORTS FROM OUR LOGISTICS CENTRE.

EPD®



LK SYSTEMS HAS EPDS FOR 66% OF ITS INSTALLATION RANGE



THIS YEAR'S EMPLOYEE SURVEY.

Management..... 8,4 (8,2 – 2024)  
 Commitment ..... 8,4 (8,3 – 2024)  
 ENPS..... 22 (17 – 2024)



LK CLIP RAIL COMBI 16/20 IS MADE OF 100% RECYCLED HDPE, A PLASTIC WITH A LOW ENVIRONMENTAL IMPACT

LEAD-FREE BRASS RANGE FOR TAP WATER.

# RESPECT FOR HUMAN RIGHTS AND FIGHTING CORRUPTION

All business activities have to be conducted in compliance with the laws and ordinances applying in each country. To ensure control of our value chain, we promote long-term partnerships with both customers and suppliers.

## Code of Conduct

Our Code of Conduct permeates our entire business. We do not tolerate corruption, bribery and any other action that restricts or distorts competition. It clarifies our demands and the expectations we have of our suppliers, such respect for fundamental human rights and treating their employees fairly and with respect. All suppliers must sign our Code of Conduct or present a version of their own that is equivalent to ours. Our employees receive regular information about our Code of Conduct.

“ALL SUPPLIERS MUST SIGN THE CODE OF CONDUCT (CoC) OR PRESENT ONE OF THEIR OWN THAT IS EQUIVALENT TO OURS.”

In our operations, we have clear information about the importance of our suppliers and ourselves complying with these principles and requirements.

## LK Systems works to ensure compliance with the Norwegian Transparency Act (Åpenhetsloven).

The aim of the Norwegian Transparency Act is to promote companies' respect for human rights and decent working conditions. LK Systems is a leading Nordic supplier of solutions for heating and tap water systems. Our systems are easy to install, and in our prefabrication factory we also produce tailored systems that further simplify the installation process. From idea to finished product, we provide our customers with the smartest solutions, today and tomorrow.

Our products are market leaders in terms of both safety and quality, and we have been supplying smart HVAC products and system solutions to the Swedish market since 1910. We have strong focus on sustainability including, among other things, environmental certifications that enhance our work aimed at achieving continuous improvements. This is completely in line with LK's development of smarter and more sustainable solutions. Our customers can feel safe in the knowledge that sustainability is ensured in all aspects of our products and our operations, from enquiry to offer, order confirmation, production, delivery and aftermarket.

LK Systems' work with the Norwegian Transparency Act:

- To ensure compliance with the Norwegian Transparency Act, we actively work on the documentation and reporting of our operations.
- We inform all employees about LK's Code of Conduct.

Assessment of suppliers:

- We assess our suppliers on the basis of criteria regarding social responsibility, including working conditions, environmental performance and human rights.
- We regularly perform second-party audits to prevent and stop actual negative consequences or limit any significant risk of negative consequences.
- We perform regular supplier reviews to ensure that our suppliers are complying with our requirements regarding social responsibility and sustainability.

- We also perform regular audits of our reporting to ensure that it is correct and up to date, and we provide training to the individuals responsible for carrying out the audits.
- We aim to only work with companies that are certified to ISO 9001 and/or ISO 14001. We feel safe in the knowledge that certified companies are subject to audit by an accredited third-party auditor.
- All our suppliers must sign our Code of Conduct or work on the basis of their own equivalent code, in which case they must be able to provide evidence to this effect.
- Our products are subject to type approval and third-party audit, where the environment is one of the aspects taken into account.

We are determined to maintain the highest possible standards when it comes to transparency, as this enables us to create credibility, trust and long-term relationships with our customers and business partners. We treat the Norwegian Transparency Act seriously, and we will continue to strive to be a role model in terms of promoting companies' respect for human rights and decent working conditions.



Tomas Strand  
CEO



Michael Söderberg  
Chairman of the board

# ENVIRONMENT

## Our environmental efforts

At LK, we always start from the belief that there is a better way of doing things. This mindset also permeates our sustainability work, where we continuously seek more sustainable ways forward. As a leading player in the HVAC and plumbing industry, we recognize a responsibility to lead by example. We regard laws and customer expectations as minimum requirements and always strive to stay one step ahead in order to accelerate progress towards a sustainable future.

To ensure a strong focus on quality and the environment, we are ISO-certified\*. This provides direction within the organization, while also giving credibility with our external stakeholders. We also place requirements on our suppliers and their environmental performance through a Code of Conduct (CoC). Among other things, it states that the supplier must have knowledge of and control over its environmental impact and must work actively to reduce negative environmental effects.

However, to continuously develop more environmentally sound products, solutions and systems, it is not enough merely to have regulations and stated environmental objectives. Long-term commitment, changes in attitudes and practical tools in day-to-day operations are also required. We therefore devote time and resources to embedding sustainability work throughout the organization. At LK, improvement work is ongoing every day.

## Material use

The materials used in our products account for a significant share of LK's environmental impact. Our knowledge of which material alternatives can be used has increased through LK Systems' Product Handbook, which includes guidelines on which materials are appropriate to use depending on the intended purpose. The basic principle is that we aim to create the greatest possible benefit with the lowest possible climate footprint. The climate footprint is measured during product development and in the preparation of an Environmental Product Declaration (EPD). The purpose of the Product Handbook is to create products with the lowest possible climate impact in relation to their design and expected service life.

We strive to use materials that we believe will remain attractive in the future. By this, we mean materials that will be in high demand for material recycling and thereby contribute to circularity. This also gives us the opportunity to influence and place higher demands on our suppliers. We see great value in participating in various industry and standardization organizations such as the Association of Swedish HVAC Manufacturers, Säker Vatten, SINTEF, TEPPFA and the Swedish Valve Industry Association. This supports our work in keeping up to date with developments in the industry.

### \*ISO CERTIFICATION

LK SYSTEMS AB  
- ISO 14001/ISO 9001  
LK PREFAB AB  
- ISO 14001/ISO 9001  
LK ARMATUR AB  
- ISO 14001/ISO 9001  
LK PEX ABX  
- ISO 14001/ISO 9001  
LK MAXITHERM AB  
WORKS ACCORDING TO ISO 9001  
FLOORÈ AB  
WORKS ACCORDING TO ISO 9001  
LK SYSTEMS OY  
WORKS ACCORDING ISO 9001

### RECYCLED MATERIALS IN OUR PRODUCTS

We always strive to use materials with the lowest possible climate impact in our products wherever feasible. This is a matter that we prioritise and follow up with our suppliers. The Product Handbook governs which material is most appropriate. In some cases, this may involve recycled material, and in those cases we always strive to use it. The proportion of recycled material in a product is presented in the product's EPD (Environmental Product Declaration).

## The new generation of lead-free brass alloys

Since 2022, LK Systems has been involved in several research and development projects focused on the transition to lead-free brass alloys. In 2025, the NewLeaf and BRAVO projects were concluded, with the aim of developing, testing and identifying the conditions required for the industrial use of lead-free alloys in a Nordic context. At the end of 2025, the next step was taken with the launch of the BRAVO II and BRAZERO research projects. These projects address the remaining technical and system-related challenges linked to recycling, material flows and acceptable levels of residual elements in alloys. This work is being carried out against the backdrop of new EU requirements for lead-free materials in drinking water products from 2027 and aims to enable a circular, resource-efficient and long-term sustainable transition of the brass industry.

The Swedish brass industry is highly circular, based on a collaboration in which brass production is largely founded on recycled material returned to the producer by customers who cast and machine the brass. Over the past decade, alloys with low lead content have been developed and optimized in several research projects to replace traditional brass alloys containing 2–3% lead. The main focus has been on machinability and productivity, as well as on lead removal methods.

In 2024, new requirements were adopted under the EU Drinking Water Directive regarding the hygienic properties of materials in contact with drinking water. These requirements mean, among other things, that brass products used in drinking water installations must be virtually lead-free. To meet these requirements, a transition is needed across the entire HVAC and plumbing industry. LK Systems is therefore actively engaged in internal development projects to produce products that meet the new requirements, while also participating in research projects related to lead-free brass alloys.

To ensure long-term sustainable solutions, life cycle assessments must be carried out for the production and purification alternatives that meet both current and future requirements. The analyses are to focus on carbon dioxide emissions and the consequences for the brass industry. A holistic perspective is crucial, taking into account product service life, lead leaching and climate impact.

The results of the NewLeaf and BRAVO projects show that, at present, there is no universal solution for a full-scale transition to lead-free brass alloys. The projects have identified several technical and industrial challenges related to, among other things, machinability, robustness and recycling. Industrial implementation will require continued development of materials, processes and tooling solutions, as well as investments in more flexible and adaptable production systems.

As part of the effort to continue paving the way for lead-free alloys within the HVAC and plumbing industry, the BRAVO II and BRAZERO projects were launched in November 2025. LK Systems participates in both projects as an industry representative, sharing knowledge and experience related to, among other things, life cycle assessment and the challenges and solutions involved in a transition to lead-free materials. The long-term objective of the projects is to enable a sustainable circular system for lead-free alloys in the Nordic region.

### **BRAVO II**

Duration - 3 years  
Total budget - SEK 5,200,000  
Financiers - Vinnova, Impact Innovation

### **BRAZERO**

Duration - 2 year  
Total budget - SEK 3 500 000 SEK  
Financiers - The Swedish Energy Agency  
(Energimyndigheten) Impact Innovation

## Environmental documentation

To discover which substances our products contain and the climate impact, we request comprehensive and relevant information from our suppliers. We present this information in our Building Product Declarations and Environmental Product Declarations (EPDs). Our environmental product declarations describe the product's environmental impact throughout its entire life cycle and they are third-party audited by an independent party. At present, we have environmental product declarations for 66% of our range, products that are installed in buildings and, in 2026, we expect to have environmental product declarations available for 90% of the range.

We have building product declarations for 90% of the items installed, and this figure is steadily increasing. We submit the building product declarations (BVDs) to various product assessment bodies for review, as needed. In this way, we also gain further insight into the environmental impact of our products.

We also ensure that suitable products are registered in the Nordic Swan Ecolabel Portal and the Swan Supply Chain Declaration Portal. Two of our products — LK HeatFloor 22 Grooved Board and LK HeatFloor 22 Turning Board — meet the stringent requirements of the Nordic Swan Ecolabel and carry its label. **We are proud of this!**



## Energy use

LK's production units account for the majority of our electricity consumption. This area is continuously being developed, both as part of our strong environmental commitment and to enhance our competitiveness. Each year, targets are set to increase productivity and reduce waste in our production units. This helps to reduce the amount of energy used per cabinet or metre of pipe produced.

### ENVIRONMENTAL DOCUMENTATION

---

#### GOALS

By 2027, all our installed products will have an EPD.

#### STATUS

By 2026, 90% of the installation range will have an EPD.

#### ACTION

Continuous work to develop EPDs for the remaining range.

---

Goal, status and action apply to LK Systems AB.

## LK Takes Steps Towards Recycling PEX Material

LK has taken a significant step towards increased circularity by recycling PEX scrap. PEX is a high-performance material used in the plumbing industry for its pressure resistance and flexibility, but it is often considered very difficult to recycle. Now, we are demonstrating that it is possible to transform this material into new products.

"This is a major step for us in finding a sustainable solution for recycling PEX, and it is a challenge we are proud to take on," says Hans Bramevik, Sustainability Manager at LK Systems.

So far, the results look very promising. Tests and evaluations are ongoing to determine which products are best suited for the material. "We see great potential in scaling up this process and using recycled PEX in various products. It is not only a way to reduce our footprint but also a way to create value from material that would otherwise go to waste," Hans adds.

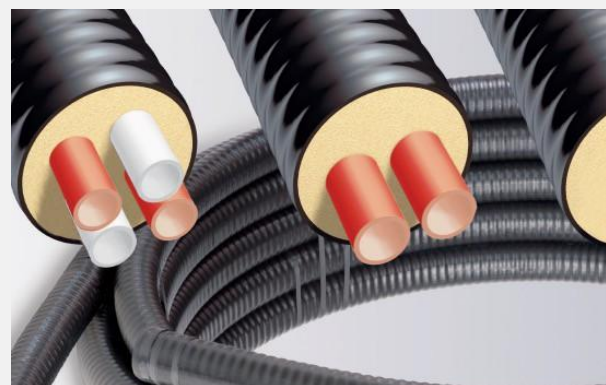


## Maxitherm's low lambda value contributes to lower heat losses

Maxitherm's pre-insulated pipe solutions are part of LK and supplement LK's portfolio of similar products. They provide LK's customers with energy-efficient solutions and low heat losses. Thanks to years of research, LK Maxitherm's lambda value has crossed a magical threshold. With our pre-insulated pipes energy losses can be reduced by up to 50% per year compared with other brands.

Never before has a pre-insulated pipe supplier's fixed pipe system received such a low certified lambda value from IMA in Dresden, Germany, which is an accredited laboratory.

The lambda value in question is an incredible 0.0199 W/mK, which will result in great savings for both customers and the environment. The incredibly low value of 0.0199 W/mK contributes in several ways to a sustainable environment. The good insulation properties improve energy efficiency, which reduces the need for energy for heating and cooling. Our flexible range accommodates everything from traditional heating, cooling and domestic water systems to systems where the water temperature can reach up to 180°C.



# Prevent water damage with LK CubicSecure and LK CubicDetector

Water damage is the single largest cost item in Swedish insurance claims. Every year, more than 40,000 water-related damage incidents are registered. One third of these occur in kitchens, often in connection with household appliances less than five years old. LK CubicSecure is a leak detector that continuously monitors the water flow and quickly detects both sudden leaks and minor deviations.



## LK CubicSecure ensures a safe home without water damage

LK CubicSecure continuously monitors the property's water system and provides preventive protection from day one. In the event of a deviation, the leak detector immediately shuts off the water supply. Alarms can be triggered locally via an audible signal or remotely through notifications to connected mobile phones. The leak detector also measures water consumption and temperature, providing increased control and a better overview of the water system.

## LK CubicDetector extends protection in risk areas

LK CubicDetector is a water alarm used to monitor areas where the risk of hidden leaks is high. In new construction and kitchen renovations, stricter requirements for leak monitoring apply under industry regulations that entered into force on 1 January 2026. The reason is that modern kitchens contain more water-connected products where leaks may occur without being immediately detected.

By connecting one or more water alarms to the leak detector, you gain extended protection. The detectors react to direct contact with water and continuously measure temperature and relative humidity.



They are installed, for example, in kitchen cabinets under the sink or near other water-connected installations.

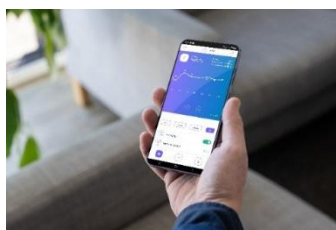
For properties requiring monitoring in multiple locations, LK CubicSecure units can be interconnected for more detailed control of the water flow.

## Full control with the MyLK app

When LK CubicSecure registers a deviation, an alarm is sent directly via the MyLK app. The app provides full control of the water system and displays, among other things, water consumption and temperatures.

LK CubicSecure can also operate without an internet connection. In the event of an alarm, a clear audible signal is emitted and the valve can be operated manually, for example during a power outage.

At LK, sustainability is important to us. With LK CubicSecure and LK CubicDetector, you get a solution that contributes to increased safety and a reduced risk of costly water damage in both homes and properties.



## Energy-efficient pipe production

LK's pipe factory and logistics center in Ulricehamn is self-sufficient in heating, thanks to heat recovery from production. In addition, both electricity and water consumption have been reduced.

When the factory in Ulricehamn for the manufacture of plastic pipes for the HVAC and plumbing industry was built, the aim was to increase capacity while also transitioning to more energy-efficient production. Using a heat exchanger, we recover heat from the water used to cool the pipes during production.

Through this heat recovery, we are able to heat the entire factory premises as well as our nearby logistics centre, corresponding to a total area of just over 20,000 square metres. In addition, excess heat is used to melt snow and ice at the loading bay to prevent slipping hazards when lorries collect outgoing deliveries. Any further surplus heat is supplied to Ulricehamns Energi and its district heating network.



## Transports

We continuously review our transport operations and how they can be made more efficient. An important part of this is ensuring that the freight carriers transporting the majority of our goods operate sustainably. It is worth noting that our main freight carrier is continuously reducing its climate impact per volume of goods transported.

This is something we can see from our transport data. Another initiative we undertake is to compile the emissions generated by outbound deliveries from our central warehouse. We then convert that total into trees, which we plant through Vi Agroforestry (Vi-Skogen) as a form of carbon offsetting for our transports.



### VI-SKOGEN

We are planting 660 trees to carbon-offset transports from our logistics center.

# SOCIAL CONDITIONS AND PERSONNEL

## Employees

We want to create a sustainable organisation and to be an attractive workplace for existing and new employees. Our organisation shall be characterised by satisfied and committed employees, good leadership, a safe working environment, low levels of absence due to illness, great diversity and gender equality.

Our leadership is a key factor in ensuring that our employees thrive and develop together with our customers. **We carry out regular pulse surveys in Winningtemp, with very positive results. All results are above benchmark. The surveys also show how we can continue to develop as leaders and as an organisation, and what actions are needed. The pulse surveys mean that we continuously have up-to-date results that we can act on quickly.**

## Work environment

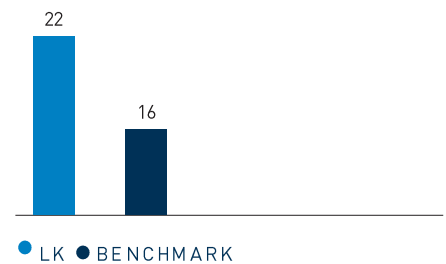
We want all of our employees to feel safe at work. As part of our work to develop the work environment, we have digitalized our accident and incident reporting. This makes it easier to follow up on accidents, spread knowledge about the risks in the work environment more quickly, and implement comprehensive measures for safer workplaces.

To ensure that our employees feel they are working in a safe environment, we provide training in occupational health and safety, including CPR and training in occupational health and safety and organizational and social work environment. The training is an important part of our ability to identify and prevent risks in the work environment.

To reduce the number of workplace accidents, our production units use different methods that make risks in the work visible and increase awareness. One example is the Green Cross, where we focus on the work environment on a daily basis and follow up on incidents and accidents. We have been audited by the Swedish Work Environment Authority at several units with a positive outcome.

To further ensure a good work environment, we have introduced random alcohol and drug testing. We also offer regular health checks to all employees.

### ATTRACTIVE EMPLOYER (eNPS) 2025



Index for how many people would recommend LK as an employer.

## Absence due to illness

Healthy workplaces are important for us and for our employees. We continuously monitor our employees' absence due to illness so we can act preventively and implement early intervention measures to reduce absence due to illness among our employees. To ensure a more systematic promotion of health in our workplaces, we have a company-wide occupational health care service for LK in Sweden.

In addition, we also provide staff support via Falck Healthcare for all employees in Sweden. Via Falck Healthcare, staff can obtain counselling, financial or legal advice, even regarding private matters.

## Diversity and equal opportunity

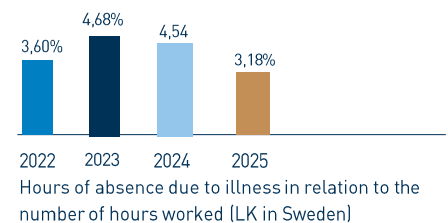
LK strives to have employees with different genders, nationalities, backgrounds, ages and experiences. We believe that this is a prerequisite if we are going to continue developing as a company. Today, we have employees from many different nationalities. Personality plays an important part in our recruitments, and we have a long tradition of including employees with functional diversity in our operations.

### Gender equality

It is a challenge to find female employees in a traditionally male-dominated industry. Few women choose the vocational training programs that exist in our business areas. There are also few women who apply for advertised vacancies. The same applies to internships. This places high demands on us as an employer. By offering an attractive and inclusive workplace where people thrive and stay, we hope that more women will choose to work at LK.

We already measure the distribution of the number of men and women who work for us. Today, 22% of our employees are women and our goal is to increase the number of women to 30% by 2030.

## ABSENCE DUE TO ILLNESS



### GOALS

2.00% for white-collar workers and 5.50% for employees on collective agreements (hours of absence due to illness in relation to hours worked).

### STATUS

A total of 3,18 % hours of absence due to illness in relation to the number of hours worked, of which 2.44% were for white-collar workers and 4,93% for employees on collective agreements.

One major reason for the difference in sick leave between white-collar workers and employees on collective agreements is that the latter group cannot work from home if they have mild symptoms.

### ACTION

Actively follow up absence due to illness and use first-day certificates in the case of very high numbers of short-term absences and rehabilitation.

## DIVERSITY AND EQUAL OPPORTUNITY

### GOALS

30% women in 2030, LK in Sweden.

### STATUS

22% women, LK in Sweden.

### ACTION

Each company should have at least one activity related to equality in their respective company's business plan that aims to increase equality within LK.

## Functional diversity is an asset at LK

LK has developed a successful model for combining social involvement with business benefits. At our facility in Helsingborg, people with various types of functional diversity are an important and appreciated part of production.

LK in Helsingborg offers employment opportunities for individuals with various types of disabilities. Today, this group consists of 10 people plus a supervisor who leads and distributes the work. They are fully integrated into production and have the same rights and responsibilities as other employees. Their tasks mainly involve simpler assembly, product labeling, and packaging. Over time, some individuals progress to more advanced tasks. The opportunity to have a real job with a salary means a great deal, and most of them stay with us for a long time.

LK Armatur has previously been named Employer of the Year (the 'Visa vägen' prize) by Samhall for our commitment and ability to highlight the business value of having a diverse workforce. Since we are entitled to wage subsidies from the Swedish Public Employment Service for these positions, labor costs are lower than usual. This means we can retain more manual work processes and avoid having to invest large sums in automation. Additionally, flexibility in production increases, as different departments can borrow staff from one another when needed.

Our social engagement and commitment to diversity contribute to a positive psychosocial work environment. Today, the company includes several different nationalities, with a variety of cultural, linguistic, ethnic, and religious backgrounds. Everyone feels welcome, and there is great respect and understanding for each other's differences.



Personnel from our facility in Helsingborg.

---

**Lagerstedt & Krantz AB**

Box 66  
(Johannesfredsvägen 7)  
SE-161 26 Bromma  
Sweden

Exchange: +46 8 506 851 00

**LK Armatur AB**

Garnisonsgatan 49  
SE-254 66 Helsingborg  
Sweden

**LK Armatur D.O.O**

Cvetna 1  
23101 Zrenjanin  
Serbia

**LK Armatur**

**Deutschland GmbH**  
Alte Reichsstraße 15  
DE-32549  
Bad Oeynhausen  
Germany

**LK Maxitherm AB**

Pikullagatan 7  
702 27 Örebro  
Sweden

**LK Pex AB**

Box 21  
(Rönnåsgatan 4A)  
SE-523 21 Ulricehamn  
Sweden

**LK Prefab AB**

Strömmavägen 2  
SE-803 09 Gävle  
Sweden

**Flooré**

Vildhussensväg 11  
SE-841 75  
Torpshammar  
Sweden

**LK Systems AB**

Box 66  
(Johannesfredsvägen 7)  
SE-161 26 Bromma  
Sweden

**LK Systems AS**

Eikenga  
NO-170579 Oslo  
Norway

**LK Systems OY**

Terästie 13  
FI-04220 Kerava  
Finland

**For a simpler and smarter everyday life**

Simpler, smarter and more sustainable – at LK we always assume that there is a better way to do things. In everything we do, we prefer innovation to the status quo and simplicity rather than complexity. With this conviction, we develop smart products and system solutions at LK for heating, water and sanitation.

