

# Spaljisten sustainability report

Together we make a difference

Sustainability. Passion. Commitment. Respect.  
**We care.**  
Together.

# Contents

At Spaljisten, the attitude and efforts of our people is what makes the real difference. This is what makes Spaljisten what we are today, and what we want to be in the future. Our philosophy is founded on the idea of shared responsibility – creating a common basis for our work – regardless of personality, competence levels, nationality, gender, age or experience. In our portfolio of products we always adapt the particleboard according to customer preferences. Colour, shape and space change continuously – but the foundation remains firm. The same is true of our values – regardless of new colleagues, facilities and machines – they always stay the same.



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**VISION**

*"Spaljisten is a company that manufactures world class fronts for furniture with the next generation in mind."*



**MISSION**

*"To be a partner of innovation for our customers, with focus on development and manufacturing sheathed products."*



# Introduction

Spaljisten masters the art of foiling. We have the capacity and know-how to produce large volumes that meet the demands of the furniture industry. We are located in Åseda Municipality, Southeast Sweden, where our story began as early as 1975.

**Spaljisten's history**

Our original product strategy and business concept was to manufacture veneered trellises (spaljée in Swedish) to supply the flourishing domestic construction and housing market which, at the time, was lacking manufacturing capacity for this type of product.

In the 1980s, Spaljisten invested in a new technology that was relatively unproven in Sweden and it wasn't until a year or so later that business started to pick up in the construction sector. The technology shift would eventually bear fruit and lay the foundation for the company's continued development.

**Ownership, staff and organisation**

Spaljisten AB is owned 100% by the business concern Surewood Industries AB which also includes the companies Anebyhusgruppen AB and KG-List AB. Our aspiration has been, and continues to be, to support an organisational structure with a strong customer focus and short decision-making paths. The company's board consists of chairmen, three directors and two union representatives. Spaljisten's management team includes our CEO, Head of Finance, Key Account Manager, CTO, Purchasing Manager, Production Manager, Sustainability Manager and HR Manager.

# Spaljisten at a glance



**TURNOVER**  
**MSEK 565.5**



**NET EARNINGS (EBIT)**  
**MSEK 23.7**



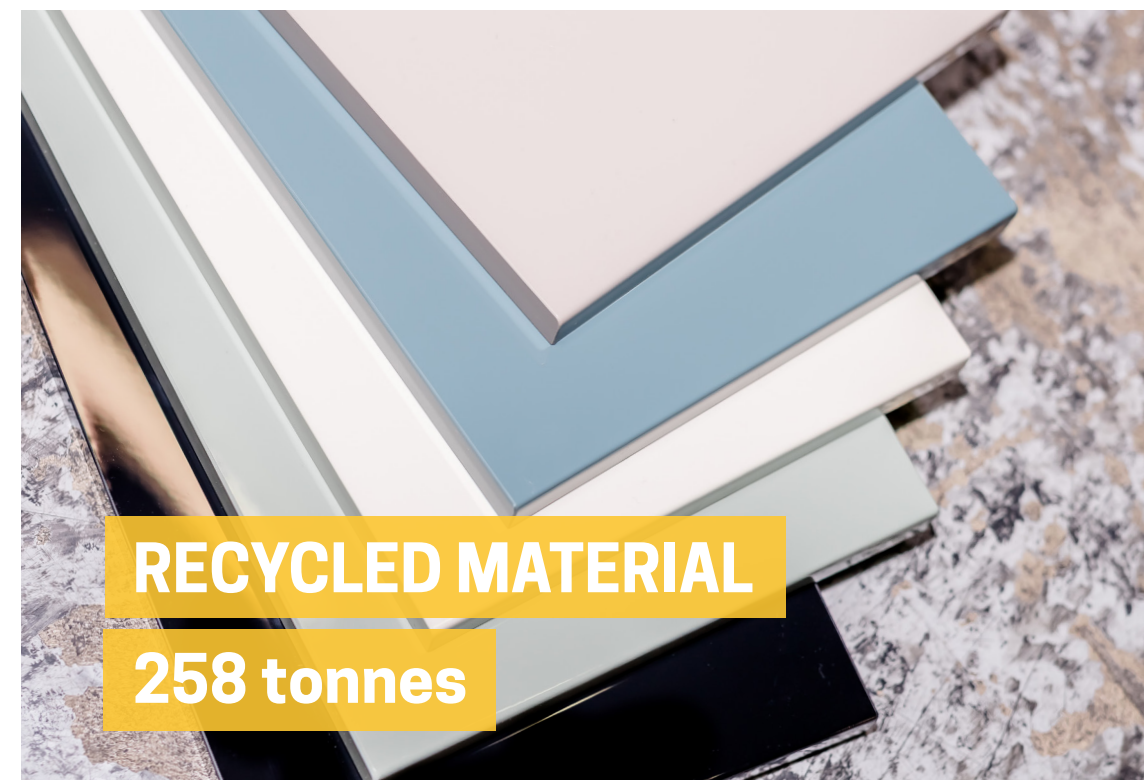
**DELIVERED PACKAGES**  
**4 950 977**



**STAFF**  
**144**



**FULLY LOADED TRUCKS**  
**1979**



**RECYCLED MATERIAL**  
**258 tonnes**

# A word from our CEO

I want to begin by thanking all of our staff, customers and sub-suppliers for excellent achievements and close collaboration during 2019.

A year has gone by since I took office as new CEO at Spaljisten. It has been educational and rewarding year that has given me many new insights. Over the course of the year, we have both enjoyed successes and tackled challenges together in the best possible ways. Engaging in discussions with staff, customers and suppliers has been the most enjoyable experience by far. The regular chats with people on our factory floor are incredibly important, that's where we advance our business in the right direction every day!

#### Sustainability

During 2019 we won the "Visa Vägen" (Lead the Way) prize for our region awarded by Samhall. This award is given to employers who understand that it is more important to recognise the skills that people have, instead of the skills they lack. Like many other companies, Spaljisten has signed up to the UN 2030 Agenda for Sustainable Development.

#### Market

We were given renewed trust in a framework agreement that will provide our business with great opportunities in the future. This is the result of many years of hard work. I am so proud of everyone's efforts!

#### The outlook

Our strategy and business plan are transparent and support a company demonstrating solid growth and profitability. Our staff, customers and sub-suppliers are key to our success. Spaljisten's employees are the backbone of our operations. I appreciate that customers as well as suppliers can benefit from our unique company culture.

World-leading customers and committed staff enable us to continue our journey toward becoming a 'World class manufacturer'.

Yes, we care. Together we continue to raise the level of Spaljisten's a sustainability performance through satisfied employees, customers and sub-suppliers in 2020.



**Florim Albborn**  
CEO Spaljisten AB  
Åseda, March 2020



*-To summarise 2019, we are very proud to have won the "Visa Vägen" (Lead the Way) prize for our region awarded by Samhall. This award is given to employers who understand that it is more important to recognise the skills that people have, instead of the skills they lack.*

*We are obviously also thrilled with the major contract renewal in a new framework agreement that will unlock great opportunities going forward. This is the result of many years of hard work and I am very proud of everyone's efforts to finalise this deal.*

**FLORIM ALBBORN, CEO**

## Our foiled products equal pure perfection

**Spaljisten has mastered the art of foil. From simple small-scale production series to complex furniture designs in very large volumes – we have the manufacturing capacity and know-how that customers need.**

During 2019 our portfolio of products was streamlined with our strategy and, by the end of the year, consisted 100% of various types of panels for bedrooms, kitchens and living rooms. We developed and launched a kitchen panel made from fully recyclable PET foil. Additional plastic foils are being tried, tested and adapted as we ramp up our efforts to increase the use of recyclable materials.

Our selection is constantly being further developed to reduce thickness and weight of raw materials and meet market demands on sustainability and price. Working as a proactive partner with our customers, we regularly reassess our machinery, production flow as well as external and internal logistics.

We want you to know that our foil products are the essence of perfection. In short, we have mastered the art of foil.

# Our sustainability work

“A sustainable development is one that satisfies the needs of today without jeopardising the opportunities of for future generations to satisfy their needs.”

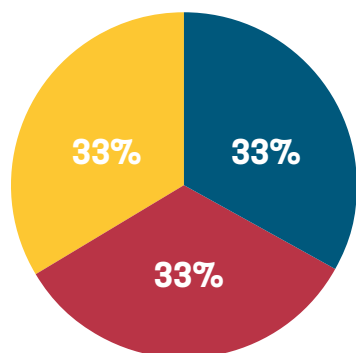
That is the definition of the term sustainable development which was first outlined in 1987 in the report ‘Our Common Future’ published by the UN, also known as the ‘Brundtland Report’. The term is often associated with environmental issues and impacts and the climate. But the fact is that the term has a much broader meaning and encompasses three large societal components namely social, economic and ecological sustainability – all of which are interlinked.

## Our policy

The sustainability policy runs through our entire organisation and is characterised in our daily operations by social sustainability, economic sustainability and ecological sustainability. We care for our employees as well as society and comply with laws and all other regulations that apply to our business. We do this through active initiatives related to quality, environmental issues, working environment and safety.

## Our focus areas:

- Within quality and safety: to meet internal and external customers’ expectations through continuous improvements.
- Within environment: minimise our impact through low resource consumption and by complying with laws, customer requirements and certificate guidelines.
- Within working environment: zero vision for occupational injuries and an open culture focusing on commitment, skills development and well-being.



### Our sustainability policy

- Environment
- Working environment & health
- Quality & safety



*- I am personally passionate about the third UN SDG goal as this relates to the soft values of sustainability performance.*

*There is no question that people have the biggest impact when it comes to upholding quality standards. In terms of health measurement, it is important to assess the well-being of the company, co-workers and society at large. My goal is to engage our employees, increase well-being and create the best conditions for each person to deal with everyday tasks, regardless of age.*

*In other words, to do the right things – at the right time.*

ERMAL DEVCE, SUSTAINABILITY MANAGER



### IWAY

The code of conduct for IKEA suppliers related to the environment and social and working conditions (including child labour).



### IWAY Forestry

A part of the IKEA code of conduct for suppliers which stipulates minimum requirements for all wood and particleboard.



### GO/NOGO

Quality assurance standard that ensures documented procedures for meeting GO/NOGO requirements.



### FSC

Ensures that materials are sourced from responsibly managed forests.



### AEOC

We are an authorised economic operator which entitles us to customs simplifications.



### AEOS

Certificate for security and safety. To be implemented 2020.

# 2030 AGENDA How and why are we committed to change?



The UN's 2030 Agenda, which outlines the global Sustainable Development Goals (SDGs), is the most ambitious agenda for sustainable development that the world's countries have ever undertaken. It has been launched to achieve four essential objectives by 2030:

1. Eliminate extreme poverty
2. Reduce inequality and injustice in the world
3. Facilitate peace and justice
4. Solve the climate crisis

The UN's project to establish sustainable development goals was launched to encourage companies to choose more sustainable ways of operating when it comes to social, environmental and economic factors in business processes. Activities related to anti-corruption and human rights are included in the UN's sustainable development goals.

Spaljisten has chosen to focus on sustainability by integrating it in our vision, defined as: "Spaljisten is a world class furniture front manufacturer that keeps the next generation in mind." With this statement we want to ensure that responsible

decisions are always made that contribute to sustainable development. We take responsibility for implementing this vision by aligning the economic, environmental and social aspects of our strategic work and operations and integrating them in our products and production. This applies to the entire value chain for customers, suppliers and the company.

Spaljisten has committed itself to this work and has decided to actively focus on the goals: 3, 5, 7, 10 and 12.



SUSTAINABILITY MANAGER  
ERMAL DEVCE

### 3 GOOD HEALTH AND WELL-BEING



Good health is an essential precondition that gives people the opportunity to reach their full potential and contribute to society, and the development of the company.

■ The goal: Good health and well-being is a basic precondition for Spaljisten.



HEAD OF HR  
MARTINA GUSTAFSSON

### 5 GENDER EQUALITY



Working actively with gender equality improves well-being, efficiency, productivity and profitability. This work is about creating the conditions for democracy, equity between individuals and groups and about adhering to laws and agreements.

■ The goal: Increase the number of colleagues from the underrepresented gender.



CTO  
STEFAN STERNISA

### 7 AFFORDABLE AND CLEAN ENERGY



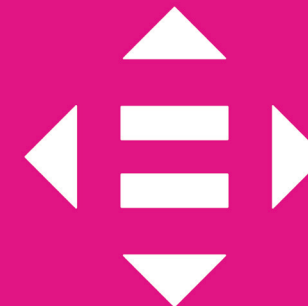
Reduce emissions of greenhouse gases and minimise environmental impacts.

■ The goal: Secure access to clean, reliable and renewable energy across Spaljisten's operations.



CEO  
FLORIM ALBBORN

### 10 REDUCED INEQUALITIES



An equal work environment is based on the principle of upholding everyone's rights regardless of e.g. gender, religion, disability age or other status.

■ The goal: To reduce inequality and ensure an equitable workplace.



BUSINESS DEVELOPMENT MANAGER  
JOHAN ENGSTRÖM

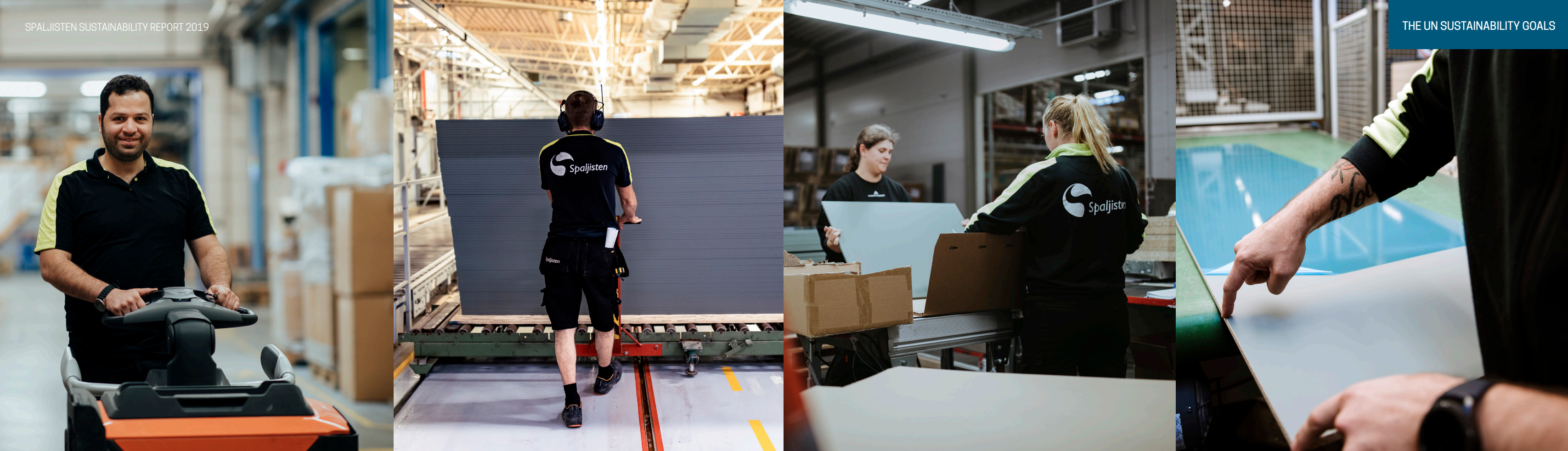
### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensuring that we manufacture products using recycled materials.

■ The goal: To work actively with customers and suppliers to ensure sustainable production and output of products.





### 3. GOOD HEALTH AND WELL-BEING



#### Actions to achieve the goal:

- Start-up of Lean roadmap with 5S training for management.
- Simplified measures to improve working environment. A handbook giving step-by-step guidance has also been developed.
- Health-focused initiative for all employees was launched in May.
- Box-opening event to improve understanding of quality requirements.
- Managers and safety officers have received training in risk analysis and WIA.
- Crisis and continuity presentation for management.
- Completed workshop themed "We are each other's working environment".

### 5. GENDER EQUALITY



#### Actions to achieve the goal:

- Revise wages and gender equality plan on an annual basis.
- Conduct all recruitments according to established recruitment policy.
- Select the underrepresented gender when two candidates are equally qualified for a position.
- Prioritise the underrepresented gender when selecting trainees, thesis candidates and summer workers provided they have a relevant focus of study.
- Completed recruitments according to recruitment policy.
- Annual employee survey to be carried out.
- Completed workshop themed "We are each other's working environment".

### 10. REDUCED INEQUALITY



#### Actions to achieve the goal:

- Winner of the Employer of the Year-award in Region Öland
- Introduced newly arrived immigrants in our workforce.
- Recruited new employees with different backgrounds.
- Raised competence levels and shifted employees to more advanced work flows.
- Completed recruitments according to recruitment policy.
- Annual employee survey to be carried out.
- Completed workshop themed "We are each other's working environment".
- Choosing the right person for the right job.

*"At Spaljisten we adopt a zero tolerance policy against all forms of discrimination and harassment. We uphold a standard based on an open working environment where everyone has the same opportunities to contribute based on their experience and skills. We systematically take proactive measures to combat stigmatisation and social exclusion. No employee should ever feel discriminated against or intimidated regardless of reason and should not feel afraid to report such behaviour."*

**MARTINA GUSTAFSSON, HEAD OF HR**



## 7. AFFORDABLE AND CLEAN ENERGY



### Actions to achieve the goal:

- Three production halls have been fitted with LED lights.
- Implemented Energy Controller system to measure energy consumption (electricity, district heating, water and compressed air) at factory level.
- Completed leaking inspection (compressed air) and rectified faults.
- Signed agreement to use 100% renewable energy from windpower.
- All lights in the factory continue to be replaced by LED.
- Currently installing energy measurement systems for all machines.
- Working actively to optimise energy consumption.
- New production hall to be built according standards for high energy classification.
- New requirement set for energy efficient engines when purchasing machines.
- Planning to install solar cells in new factory facilities.

## 12. SUSTAINABLE CONSUMPTION AND PRODUCTION

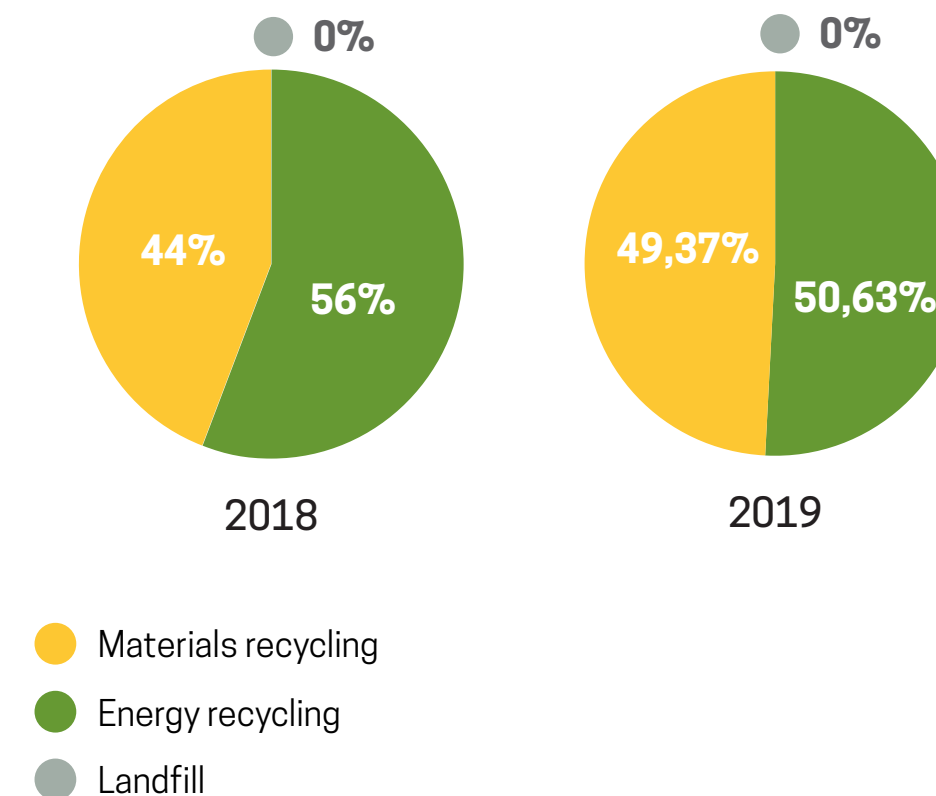


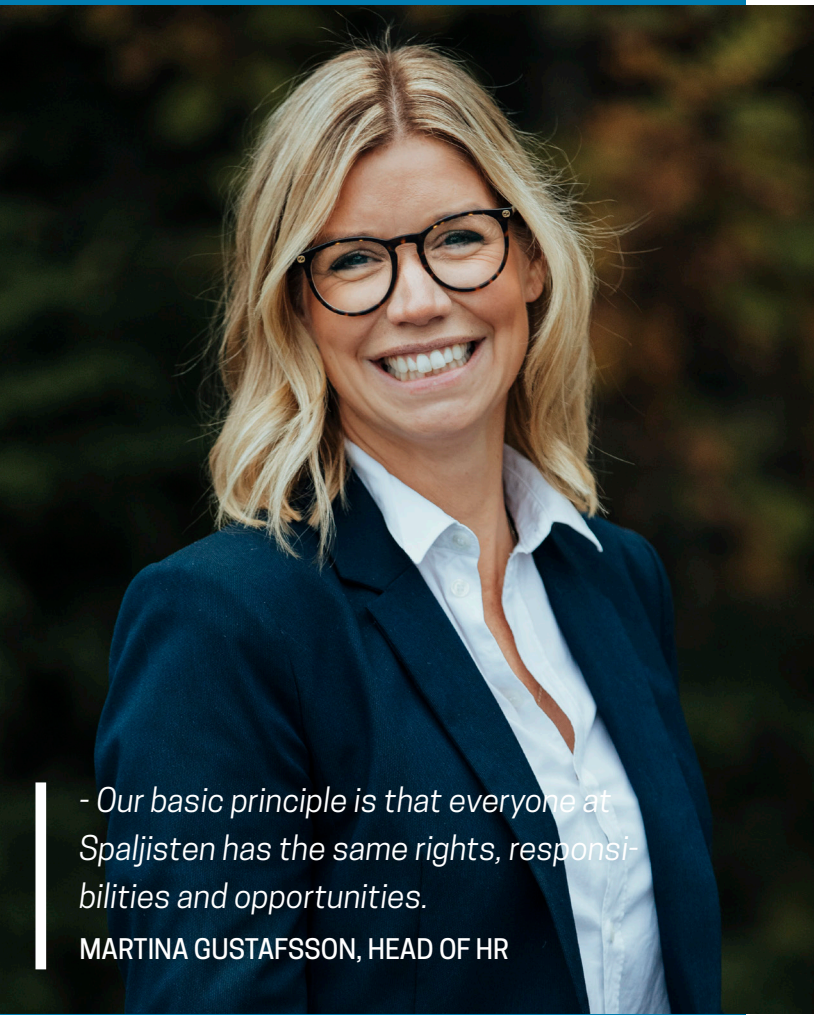
Our idea of sustainable consumption and production rests on the principle of manufacturing products using the highest possible share of renewable materials, while at the same time keeping our waste and waste products to a minimum. Over the past year we developed a kitchen cabinet front made entirely from recycled materials. Producing a cabinet front that measures 40x80 cm requires 18 PET bottles. Sustainable consumption not only creates environmental gains but also social and economic benefits, for example increased competitiveness of the global market by being at the cutting edge.

We monitor our development and percentage increases in the following areas:

- Share of recycled wood in particleboard.
- Share of recycled plastic in foil.
- Share of recycled plastic in the edging.
- Share of bio-based glue in our products.

### Waste





- Our basic principle is that everyone at Spaljisten has the same rights, responsibilities and opportunities.  
 MARTINA GUSTAFSSON, HEAD OF HR

# Active and engaged leaders and co-workers

Spaljisten needs to be an active choice for both current and future staff. By providing conditions that give employees the opportunity to develop and undertake new challenges we contribute to a stimulating work environment.

Spaljisten's success depends on the ability of our leaders to convert visions, values and goals into practical achievements and on an attitude that stimulates and motivates employees. This leadership is built on mutual trust between managers and staff. A successful leader at Spaljisten involves, engages and develops, and sets a good example by:

- Prioritising a good work environment.
- Displaying leadership based on clarity and courage.
- Driving change and increasing change awareness.
- Fostering participation and motivation.

Our success is undoubtedly generated by our team who are also expected to live up to Spaljisten's standards by:

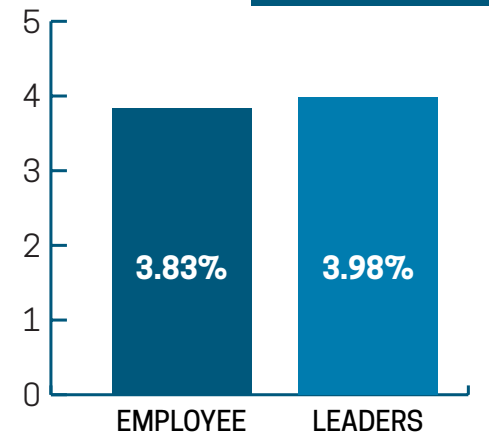
- Contributing to a good work environment through communications, relations and confident actions.
- Taking responsibility for their own tasks and mandates.
- Understanding their own role and using their competence to perform well.
- Taking initiative to improve aspects of our business and actively take part in change programmes and knowledge transfer.
- Staying informed about our operations and the workplace and to act as representatives for Spaljisten.
- Follow established policies, guidelines and routines.

## Diversity and gender equality

In our efforts to promote diversity and gender equality, our basic principle is that all staff enjoy the same rights, responsibilities and opportunities in all fields of specialisation. This attitude contributes to making our company an attractive employer and facilitates a higher degree of creativity and development.

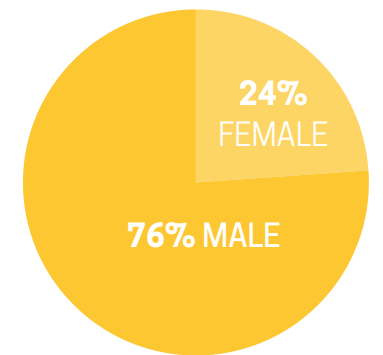
## Employers' association

We are members of the employers' association TMF, The Swedish Federation of Wood and Furniture Industry. This employers' association is our industry sector's equivalent to TMF Ledarna, The Swedish Association of Graduate Engineers and Unionen for white-collar workers and TMF-GS for cooperatives. This association provides us with support and advice in a range of employment-related issues.



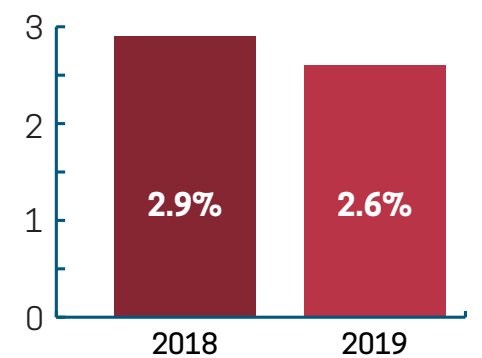
### Employee- and leadership index

Spaljisten carries out an annual employee survey that is measured on LIX (Leadership index) and MIX (Employee index) as a way of guiding the company's future development and safeguarding well-being and a prosperous workplace.



### Employees by gender

Percentage share of women/men among our 144 employees. We are continuously taking steps to even out these figures.



### Sick leave

The rate of sick leave over 1-14 days is steadily decreasing year by year as a result of our health-focused initiatives. We are proud to see such low levels of sick leave. This indicates that our efforts to improve the work environment are yielding strong results.

# Business ethics

Our ethics policy summarises the basic values that Spaljisten has adopted in a range of ethics- and values-related issues – a policy that is constantly present in our daily operations.

All employees are expected to follow the ethical and moral rules established in society by demonstrating honest behavior and sound judgement.

Everyone in the management team has signed our customers' "Business Ethics" document which covers all the requirements and criteria for anti-corruption and anti-bribery, as stipulated in the UN Global Compact.

We have done this to ensure our own awareness of the range of demands that apply to our business, and the need to meet these standards at all times.

Our customers' "Business Ethics" sets criteria for all sub-suppliers and requires that standards are lived up to and upheld through the entire value chain.

## Code of conduct och IWAY

The objective is to provide guidance regarding law-abiding, fair and ethical treatment of employees, co-workers, sub-suppliers, customers and other stakeholders.

The Code of Conduct protects our business and indicates the line drawn between appropriate and inappropriate behaviour. Needless to say, acting legislation applies first and foremost. Our business should be conducted with dignity and respect human rights, personal safety, health and the environment.

All co-workers are responsible for understanding our Code of Conduct and IWAY and to act in accordance with the guidelines. It is up to each individual co-worker to ask their immediate manager or HR if anything seems unclear.

# IWAY

## What is IWAY?

*A policy standard established by IKEA – a Code of Conduct that presents guidelines related to the environment, social conditions and working conditions (including child labour).*

*Polycyn innehåller:*

- Preventing Child Labor
- Preventing of Forced and bonded labor
- Business ethics
- Severe environment pollution
- Severe health and safety hazards
- Records of working hours and wages
- Minimum wages



*- Most of our sponsorship commitment is placed on several different sports associations and these operate mainly in our immediate area.*

*A basic requirement of the associations where we get involved is that they too engaged in active youth activities - activating young people is very important in several ways.*

**ULF ABRAHAMSSON, KAM**

## Sponsorship

In Spaljisten's efforts to work actively with health-related issues, targeted sponsorship is one of the tools we use. In the basic criteria set for organisations we collaborate with, we have stipulated a requirement that partners should also be engaged in youth activities. Getting young people activated is extremely important in many ways.

Some of the 20 associations we supported during 2019: Åseda IF, Korpen in Åseda, AMO handball, Åseda Equestrian Club, Högsby IF, Växsjö DFF, Näshult IF, Fagerhult AIK, among others.

## Health and safety

Spaljisten gives top priority to ensuring the health and safety of our staff and work environment. We work proactively and systematically with work environment and health issues. A robust safety culture that clearly outlines the responsibilities of co-workers and the importance of a strong psychosocial working climate lay the foundation for a strong work environment.

# Transformation and innovation

We have identified several opportunities and challenges for the coming year. Our forward-looking plan will focus on the following activities, among which the first has already been completed:

- Expand our product portfolio
- Digital printing
- 3D printing
- Bio-based materials

We will install several new machines and equipment during 2020/21 in order to increase our capacity and capabilities:

- New machine line for high-gloss foil and matte products
- New packaging line
- New intralogistics system with mechanised conveyors throughout the factory

## Materials

All particle board and panel material sourced by Spaljisten is FSC® certified. During 2019 the total volume of FSC material increased from 99% to 100%. The share of recycled materials in our production is also increasing steadily.

## Supply chain

We have projects running with all our major sub-suppliers to improve the sustainability performance of our products. For example, we are working closely with our foiling suppliers to increase the share of recycled plastics from consumers (PET bottles) and other sources. Our ABS foiling which uses recycled plastics from the caravan industry is a typical example. In all these projects we carefully evaluate the sub-suppliers and follow up on processes to build strong partnerships.



- Spaljisten made considerable investments in 2019 to improve the work environment and productivity in all its processes.

- New 17.5 MSEK sawing line was launched in June.
- Intralogistics (automated conveyors) were introduced during the autumn at a cost of 2.8 MSEK.
- Packaging line was upgraded to increase both capacity and capability, investing 5 MSEK.
- We replaced conventional strip lighting with LED lighting, ventilation/air extraction was also upgraded in several production halls, investing 1.1 MSEK.

STEFAN STERNISA, CTO

- Our goal over the next few years is to maximise the percentage share of our products that are manufactured using recycled materials. Together with customers and suppliers we set targets for the percentage share we want to achieve for each material.

One example is the particleboard where our current target is to ensure that 20% of the board material is sourced from recycled wood and within a few years 70-90%. If we can also make the board lighter we will save a lot of CO2 emissions and be able to use fewer trucks per year.

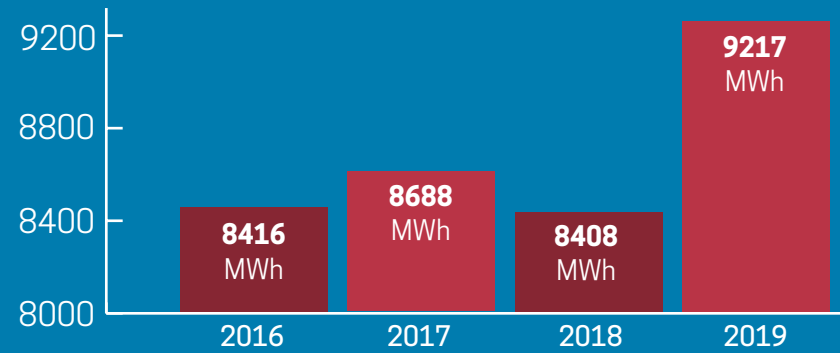
At the moment we are running a project where more than 50% of the ingredients for a new bio-based glue come from sugar cane, coconuts, corn, soy, resins, lignin etc. This is a fast-changing field of development.

JOHAN ENGSTRÖM, BUSINESS DEVELOPMENT MANAGER



# Statistics for Spaljisten's energy, water and heat consumption

Energy consumption in MWh



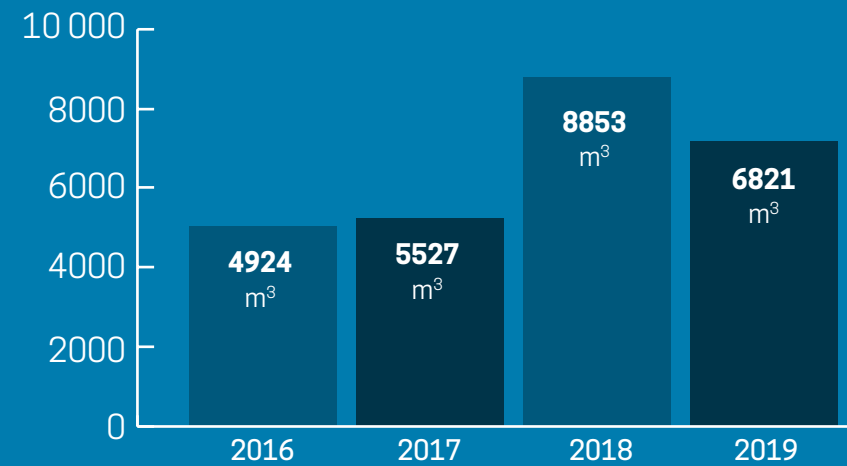
## Energy consumption

Energy was a key focus area for Spaljisten during 2019 and will continue to be highly prioritised in coming years, given that energy is one of the UN's sustainable development goals.

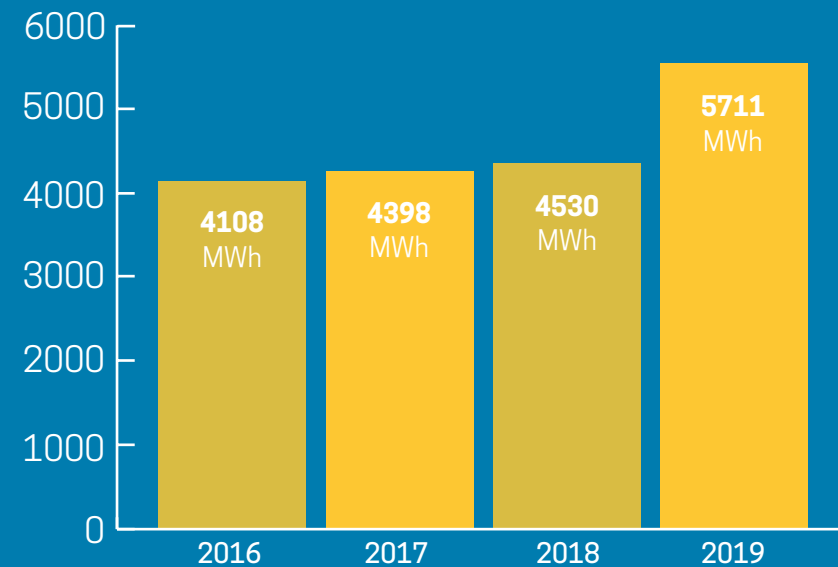
Since a while back, our company's production facilities only use locally produced renewable energy from windpower stations in the region. The power is generated so close to home that we can point out the specific windpower installations where our energy comes from.

During 2019 our energy consumption increased which resulted from several factors. Our turnover increased in 2018, we launched new products, we had to tackle certain disruptions during the summer and autumn, and we also reorganised our staff and shifts.

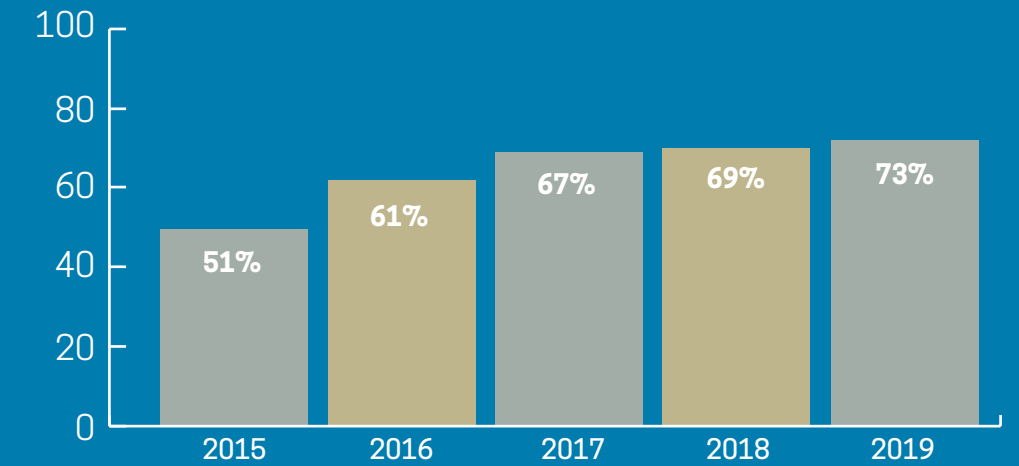
Water consumption in m3



District energy consumption in MWh



Spaljisten's sustainability index



## Index for energy, waste and water

Every year we provide one of our larger customers with a detailed report on Spaljisten's Sustainability Index (SSI). This report is based on a comprehensive list of questions and data gathering regarding energy, waste and water.

Our customer's goal is 75% FY20. During 2019 Spaljisten's reached an index of 73% which is an increase from the previous year when we achieved an index placing of 69%. We always strive to develop and improve our performance.

We primarily use particleboard and various types of plastic foiling in our production. Our objective is to increase the share of recycled materials in the final products, which requires that we place this same demand on our sub-suppliers.

All particleboard material that Spaljisten purchases is FSC® certified. The share of recycled materials in the board is also increasing steadily – which we are very proud of.



*- I greatly appreciate everyone's dedication to our change processes and improvement goals. By focusing on improvements we ensure that the company is always moving forward where collaborative efforts create the recipe for success.*

JOHANNA LINDGREN – PRODUCTION ENGINEER

## Quality assurance

By focusing actively on technology, competence development, regulations and standards we aim to develop our business so that Spaljisten can remain the customer's first choice. We are committed to delivering the right products with the right quality, at the right time. Quality is integrated in all our ways of working and day-to-day processes which means that staff can fully participate and contribute to making continuous improvements.

Our quality assurance work involves:

- Reducing KPIs related to cost of poor quality.
- Issues management and root cause analysis.
- Internal and external auditing.
- Systematic measures together with sub-suppliers and customers.
- Dedicated change teams and steering group meetings.
- Risk analysis and process development.
- LEAN production – working smarter with daily tasks.

### LAB operations

Spaljisten has an internal quality assurance lab ensuring that all quality requirements are complied with and that expectations are met. The lab focuses on measurements of steam, water and heating in several steps. We also carry out stain testing on a running basis for products in all product groups. We want to meet regulations and other requirements and live up to customer agreements, which is why we place strong focus on testing. We can confidently promise high quality products!

Visual control is a key aspect of this work. By documenting all QA processes we can quickly initiate activities to adjust production. If products are faulty, we handle all defects according to a set non-conformity process.

*- Not single product leaves our factory flow without rigorous testing. We never compromise on quality.*

CARL-MAGNUS LUNDIN, QUALITY CONTROLLER

## LEAN production – a smarter way of working

This project includes a start-up plan for initiating change across our operations. All the activities are interlinked and the objective is to make sure that the right decisions are taken at every step. This work involves planning, training and development for co-workers and processes.

The goal of this initiative is to achieve “zero defects” and to foster a culture where people focus independently on continuous improvements and intervening when quality standards are not met. Preventing quality deviation in production lines before it's too late is critical – taking early action is our key focus.

We conduct workshops and provide training packs according to our roadmap. As a first step, we have chosen to focus on 5S training for all company managers with a view to ensure that all decision makers understand the benefits of keeping “the house in order”. This initiative gave our staff an important confidence boost and had an immediate effect in terms of improving our performance.

During 2020 we will work with:

**5S the house in order:** involving a number of training practical and theoretical training sessions and new guidelines.

**Guidance notice boards:** each respective department of the company will put up a notice board to provide continuous guidance and engage co-workers. By communicating waste issues in a visual context we will facilitate change and make areas of improvement easy to grasp.

**Statistical process control:** develop process parameters for quality control in each sub-process in machines and equipment.

**Measurement system analysis:** organise events focusing on identifying quality deviation and improvement opportunities, learning and development.

**Preventive maintenance:** develop ways of working related to preventive maintenance. Who does what – operator, maintenance and external partners?

# Cost of poor quality (COPQ)

Spaljisten is actively engaged in efforts to avoid the economic impact of poor quality, or cost of poor quality (COPQ). Lacking quality should always be viewed as a risk that needs to be proactively addressed. If not, costs will accrue across all stages of production. In order to avoid quality issues we are highly dependent on maintaining a clean environment in the factory and close monitoring of process parameters. For this reason, we follow a strict cleanliness protocol and pay close attention to identifying defects and risks.

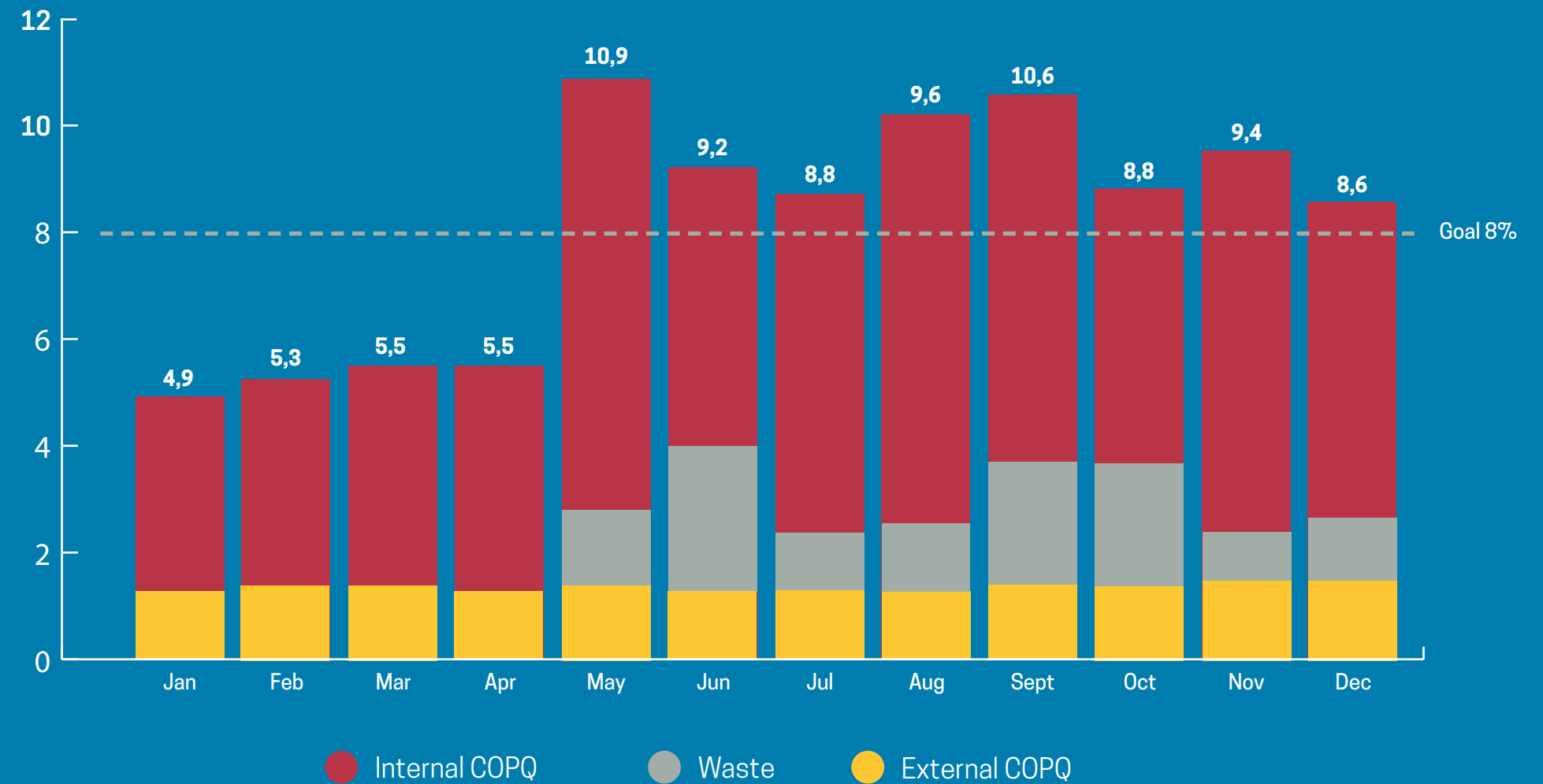
Spaljisten's quality-related initiatives were further developed in 2019 to include waste which came into effect in May. The cost of poor quality issues are divided into three categories:

1. Internal COPQ – scrapped material.
2. Waste – availability / performance / quality deviation.
3. External COPQ – the material from customers.

We do not consider the increase of internal costs of poor quality as unusual. The company has increased its requirements and guidelines and our teams are now working in a more proactive way to address quality issues. We strive toward “zero defects” and our ambition is always to deliver flawless products to customers. We do this by developing our culture, processes and methods and by focusing on our equipment fleet and staff training.

We have put conditions in place to ensure that each staff member has the mandate and authority to stop production when faults occur. The problems/defects are addressed using the support functions and various improvement groups. This increases awareness about our risk indicators and helps us improve output.

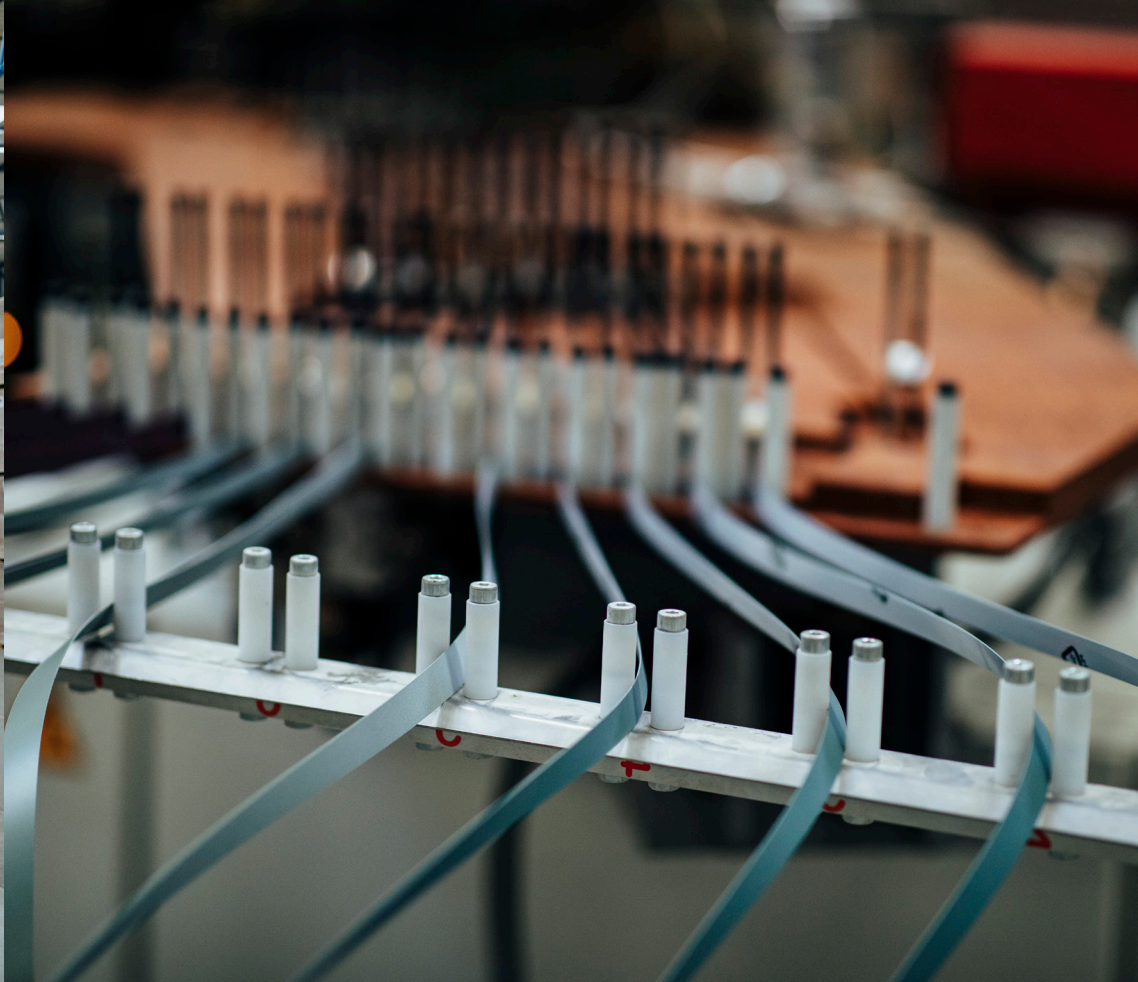
During 2020 we will focus on minimising costs through LEAN ROADMAP, investments and activities from various improvement groups. Continuous improvements are carried out from based on the readiness of our personnel, who are at the heart of our quality control measures. Close collaboration with customers and sub-suppliers is also a key driving force for continuous improvements.



- The most important thing for me is to take decisions at the right level to halt production when errors occur. By engaging the staff, setting up a structure, giving a mandate and authority to address quality issues in every phase of production we create a common understanding of the expectations and demands on our products.

ERMAL DEVCE, SUSTAINABILITY MANAGER





## AEO-S permit

During 2019 we completed our application for an AEO-S permit which involved carrying out an external audit. We expect to be granted the permit during Q1 2020.

Carrying an AEO-S permit certifies that your production facility is secured against intrusion, both physical and digital, for example in order to prevent manipulation and goods smuggling.

This certificate also requires that the company demonstrates a high awareness level regarding security and safety measures both internally and in business relationships with customers and sub-suppliers.

*- The process of ensuring that our operations comply with the AEO-S permit has made us confident that our business is secure – both in a pure physical sense but also digitally.*

**ULF ABRAHAMSSON, KAM**



### Complete confidentiality

All our employees are bound by confidentiality.

This is clearly stipulated in our employment agreements and in the agreements with contractors who are asked to sign our “General Safety Regulations”.



### Alcohol and drug policy

We exercise a zero tolerance policy toward alcohol and drugs consumption in the workplace.

We perform alcohol and drug testing for each recruitment, if a person is suspected to be under the influence of alcohol or drugs and during tests.



### Handling of personal data

Our integrity policy describes which type of personal data we may use and for what purpose. We also outline how we deal with personal data and the choices and rights you have in relation to these.

# Financial report 2019

Kitchens, which is a new product category for us since 2018, has been a successful segment and demonstrated high volumes. This is the main reason why our turnover increased by 29 MSEK. The transformation of our production capacity to adapt our manufacturing to this segment has been initiated and will continue over the next few years before the full potential of profitability can be achieved. This, coupled with a weaker krona which leads to higher raw material prices, has had an impact on our profitability.

The turnover for 2019 was 566 MSEK which corresponds to an increase of 5.4%. The financial results amounted to 108 MSEK before final allocations and taxes.

Conducting business in a proper and ethical way is a natural necessity for us. We exercise zero tolerance against bribery and corruption. We refrain from giving or receiving gifts or favours that may risk or be perceived to create undue loyalty and in 2019 we had no reported cases corruption or bribery.

Everyone in the management team has signed our customers' "Business Ethics" document which covers all the requirements and criteria for anti-corruption and anti-bribery, as stipulated in the UN Global Compact. This is done to ensure awareness of the range of demands that apply to our business, and the need to meet these standards at all times.

Our customers' "Business Ethics" document sets criteria for all sub-suppliers and requires that standards are lived up to and upheld through the entire the value chain. We follow up on these criteria in our constant dialogues with customers and sub-suppliers, in order to maintain a strong level of cooperation that is based on mutual trust and respect.



*- This year's financial results were influenced by a weakened krona, a new investment drive for the kitchen segment, but more than anything, we have ramped up our focus on monitoring our processes in order constantly improve our performance. The profitability outcome is clearly linked to events related to both processes and our products.*

*The goal is to shift the focus of our production units from cost responsibility to overall results responsibility and we have made solid progress over the year. I am excited to see the level of staff commitment that this has generated, and I very much look forward to 2020 and further advances in this area.*

HENRIK BÜLOW, CFO



## Profit and loss statement

| AMOUNT IN SEK   | 2019-12-31     | 2018-12-31     |
|---|----------------|----------------|
| <b>Operating income</b>   |                |                |
| Net turnover  | 566 466        | 537 257        |
| Change of stock items during manufacturing,<br>completed items and ongoing operations | 4 633          | -13 047        |
| Other operating income  | 97             | 1 712          |
|   | <b>571 196</b> | <b>525 922</b> |
| <b>Operating costs</b>  |                |                |
| Raw materials and basic requisites  | -378 293       | -343 633       |
| Other external costs  | -70 120        | -63 904        |
| Staff costs   | -81 259        | -76 470        |
| Depreciation of material and immaterial<br>facility assets                            | -17 482        | -15 686        |
| Other operating costs   | -306           | -              |
|   | <b>23 736</b>  | <b>26 229</b>  |
| <b>Operating profit</b>   |                |                |
| <b>Profit from financial items</b>  |                |                |
| Income from shares in group undertakings  | 84 984         | 2 800          |
| Interest income and similar income  | 45             | -              |
| Interest expenses and similar expenses  | -705           | -701           |
|   | <b>108 060</b> | <b>28 328</b>  |
| <b>Profit after financial items</b>   |                |                |
| Allocations   | -13 579        | -25 877        |
|   | <b>94 481</b>  | <b>2 451</b>   |
| <b>Profit before tax</b>  |                |                |
| Taxable profits for the year  | -2 160         | -              |
|   | <b>92 321</b>  | <b>2 451</b>   |

## CASH FLOW ANALYSIS

| AMOUNT IN SEK  | 2019-12-31     | 2018-12-31     |
|--|----------------|----------------|
| <b>Operating activities</b>  |                |                |
| Profit after financial items   | 108 060        | 28 328         |
| Adjustments for items not included in the cash flow, etc.                        | -66 049        | 15 309         |
|  | <b>42 011</b>  | <b>43 637</b>  |
| Paid tax   | -1 509         | -4 134         |
| <b>Cash flow from operating activities before<br/>changes in working capital</b> | <b>40 502</b>  | <b>39 503</b>  |
| <b>Cash flow from changes in working capital</b>                                 |                |                |
| Increase (-) / Decrease (+) of inventories                                       | -5 054         | 10 428         |
| Increase (-) / Decrease (+) of operating receivables                             | 5 581          | -75 059        |
| Increase (+) / Decrease (-) of operating debt                                    | -57 296        | 11 949         |
|  | <b>-16 267</b> | <b>-13 179</b> |
| <b>Cash flow from operating activities</b>                                       |                |                |
| <b>Investment activities</b>   |                |                |
| Acquisition of material facility assets  | -13 059        | -11 682        |
| Divestment of material facility assets   | 35             | 3 781          |
| Acquisition of financial assets  | -3 678         | -42            |
| Divestment of financial assets   | 85 084         | -              |
|  | <b>68 382</b>  | <b>-7 943</b>  |
| <b>Cash flow from investment activities</b>                                      |                |                |
| <b>Financing activities</b>  |                |                |
| Change group account   | -52 673        | 28 038         |
| Amortization of loans  | -3 270         | -4 160         |
|  | <b>-55 943</b> | <b>23 878</b>  |
| <b>Cash flow from financing activities</b>                                       |                |                |
| <b>Cash flow for the year</b>  | <b>-3 828</b>  | <b>2 756</b>   |
| <b>Cash and cash equivalents at beginning of the year</b>                        | <b>5 176</b>   | <b>2 420</b>   |
| <b>Cash and cash equivalents at end of year</b>                                  | <b>1 348</b>   | <b>5 176</b>   |

## Balance sheet/Assets

AMOUNT IN SEK

|   | 2019-12-31     | 2018-12-31     |
|---|----------------|----------------|
| <b>Fixed assets</b>                     |                |                |
| <b>Tangible fixed assets</b>            |                |                |
| Buildings and land                      | 1 311          | 1 477          |
| Machinery and other technical equipment | 50 962         | 44 400         |
| Inventory and tools                     | 1 399          | 909            |
| Current new facilities                  | 9 239          | 20 887         |
|   | <b>62 911</b>  | <b>67 673</b>  |
| <b>Financial assets</b>                 |                |                |
| Shares in group companies               | -              | 100            |
| Other long-term securities              | 115            | 115            |
| Other long-term receivables             | 3 301          | 773            |
|   | <b>3 416</b>   | <b>988</b>     |
| <b>Total fixed assets</b>               | <b>66 327</b>  | <b>68 661</b>  |
| <b>Current assets</b>                   |                |                |
| <b>Inventories etc.</b>                 |                |                |
| Raw materials and consumables           | 14 473         | 14 051         |
| Goods in production                     | 4 376          | 5 088          |
| Finished goods and goods for sale       | 20 578         | 15 233         |
|   | <b>39 427</b>  | <b>34 372</b>  |
| <b>Current receivables</b>              |                |                |
| Tax receivables                         | 2 363          | 3 014          |
| Accounts receivables                    | 31 033         | 48 130         |
| Receivables from group companies        | 66 474         | 29 509         |
| Other receivables                       | 9 456          | 3 788          |
| Prepayments and accrued income          | 10 598         | 3 848          |
|   | <b>119 924</b> | <b>88 289</b>  |
| <b>Cash and bank balances</b>           | <b>1 348</b>   | <b>5 176</b>   |
| <b>Total current assets</b>             | <b>160 699</b> | <b>127 837</b> |
|   |                |                |
| <b>TOTAL ASSETS</b>                     | <b>227 026</b> | <b>196 498</b> |

## Balance sheet/Equities and liabilities

AMOUNT IN SEK

|   | 2019-12-31     | 2018-12-31     |
|---|----------------|----------------|
| <b>EQUITY AND LIABILITIES</b>             |                |                |
| <b>Equity</b>                             |                |                |
| <i>Restricted equity</i>                  |                |                |
| Share capital                             | 840            | 840            |
| Statutory reserve                         | 2 598          | 2 598          |
|   | <b>3 438</b>   | <b>3 438</b>   |
| <i>Unrestricted equity</i>                |                |                |
| Balanced gain or loss                     | 37 323         | 34 872         |
| Profit for the year                       | 92 321         | 2 451          |
|   | <b>129 644</b> | <b>37 323</b>  |
| <b>Total equity</b>                       | <b>133 082</b> | <b>40 761</b>  |
| <b>Untaxed reserves</b>                   |                |                |
| Accumulated depreciation and amortization | 31 899         | 33 125         |
|   | <b>31 899</b>  | <b>33 125</b>  |
| <b>Long-term liabilities</b>              |                |                |
| Other liabilities to credit institutions  | 4 800          | 4 510          |
|   | <b>4 800</b>   | <b>4 510</b>   |
| <b>Current liabilities</b>                |                |                |
| Liabilities to credit institutions        | 600            | 4 160          |
| Accounts payable                          | 39 955         | 32 757         |
| Liabilities to group companies            | 807            | 67 423         |
| Other current liabilities                 | 3 611          | 2 844          |
| Accrued expenses and prepaid income       | 12 272         | 10 918         |
|   | <b>57 245</b>  | <b>118 102</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>227 026</b> | <b>196 498</b> |

# Production of sustainability report

## Risk analysis

Spaljisten's management team performed risk analysis during 2017. Our greatest risks related to this report are competence provision, raw materials sourcing and cost of poor quality.

The management team analyses strengths, weaknesses, opportunities and threats (SWOT). In our latest SWOT analysis we could see a slight improvement, but the above risks are still present as the most important issues for the future.

## The process

In the production of this report Spaljisten has adopted the following process:

**LEGAL OBLIGATION:** There are reporting requirements in Sweden stating that companies above a certain size need to produce a sustainability report. The reporting requirement is based on an EU directive from 2014 aimed at making all information related to corporate sustainability initiatives more transparent and comparable.

**ANALYSIS & PRIORITISATION OF SUSTAINABILITY ISSUES:** The management team has collectively decided which sustainability issues should be prioritised and focused on during the year.

**DATA COLLECTION AND PRESENTATION:** Ermal Devce, Sustainability Manager, has been responsible for collecting data for 2019, as well as presentation.

**REVIEW:** The management team has reviewed the report, the board as well as a certified accountant have approved the report.

**PRESENTATION:** The sustainability report is presented in digital format on our platforms and is accessible for everyone.

## Adjustments since 2018

Considerable adjustments have been made since the previous report

- Focus on the UN Sustainable Development Goals (SDGs)
- New values
- More descriptive words/images
- Description of specific activities
- LEAN-investment



Legal obligation »



Analysis and prioritisation of sustainability issues »



Data collection and presentation »



Review »



Presentation



# Auditor's opinion regarding the statutory sustainability report

For Annual General Meeting at Spaljisten AB, company registration no. 556190-7709

## Assignment and division of responsibilities

The board is responsible for producing the sustainability report 2019 and for ensuring its compliance with the Annual Accounts Act.

## Focus and extent of the review

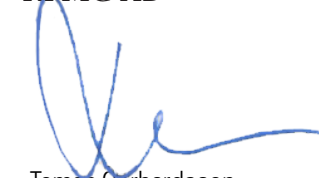
Our review was conducted in accordance with FAR's recommendation RevR 12 "The auditor's opinion on the statutory sustainability report". This means that our review of the sustainability report has a different focus and a significantly narrower scope compared to the focus and scope of an audit that follows the International Standards on Auditing and Generally Accepted Auditing Standards in Sweden. We believe that this review provides us with a sufficient basis for our statement.

## Statement

A sustainability report has been produced.

Stockholm, 31 March 2020

KPMG AB



Tomas Gerhardsson  
Chartered Accountant  
Chiefly responsible accountant



Olle Nilsson  
Chartered Accountant

Sustainability. Passion. Commitment. Respect.  
**We care.**  
Together.

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