

2020

Sustainability Report



Sustainability Highlights 2020

Kitchen door made of PET bottles

We developed and launched a kitchen front made of less wood (also 90% recycled), with a next-generation wrapping made of recycled PET bottles. This is not just a very stylish front. It weighs less, is even more scratch-resistant and, not least, is kind to nature.



More recycled material

The proportion of recycled material in our products increased in 2020:

- **Wrapping:** from 12% to 47% recycled plastic
- **Edging:** from 10% recycled plastic to 15%
- **Chipboard:** from 0% to 44% of recycled wood in particleboard.

We invest in employees

We initiated a company-specific course in Swedish for employees who want to strengthen their knowledge of the Swedish language. The aim is to allow employees to develop their linguistic skills, and to contribute to increased safety, productivity and inclusion in the workplace. The training schedule for the course focuses on everything from workplace safety to quality and sustainability.

We have implemented AEO

In 2020, Spaljisten implemented AEO to increase security and create uniform customs clearance within the EU. Companies that want to be approved as economic operators are expected to have control over their business, and risks associated with customs-related activities must be identified, avoided and minimised through self-auditing, among other ways.

A smarter working day with Lean

We are implementing the Lean Roadmap 2019-2025 for a smarter working day and even higher product quality. What we want to do is to build a zero defects culture, where work is carried out autonomously and employees can apply the brakes if something goes wrong. We must prevent quality non-conformance before it's too late. The initiative includes planning, employee training and process development.



Better indoor climate

When it comes to thermosetting plastics, we have worked actively to reduce the amount of isocyanates (ICA). We have taken measurements, improved ventilation and extraction, collaborated with our suppliers, worked to bring clean air into the factory, and carried out serviceability assessments. During the year, we took further action to improve the indoor climate, investing in more modern ventilation systems, LED lighting, new cleaning procedures and repainting of walls.



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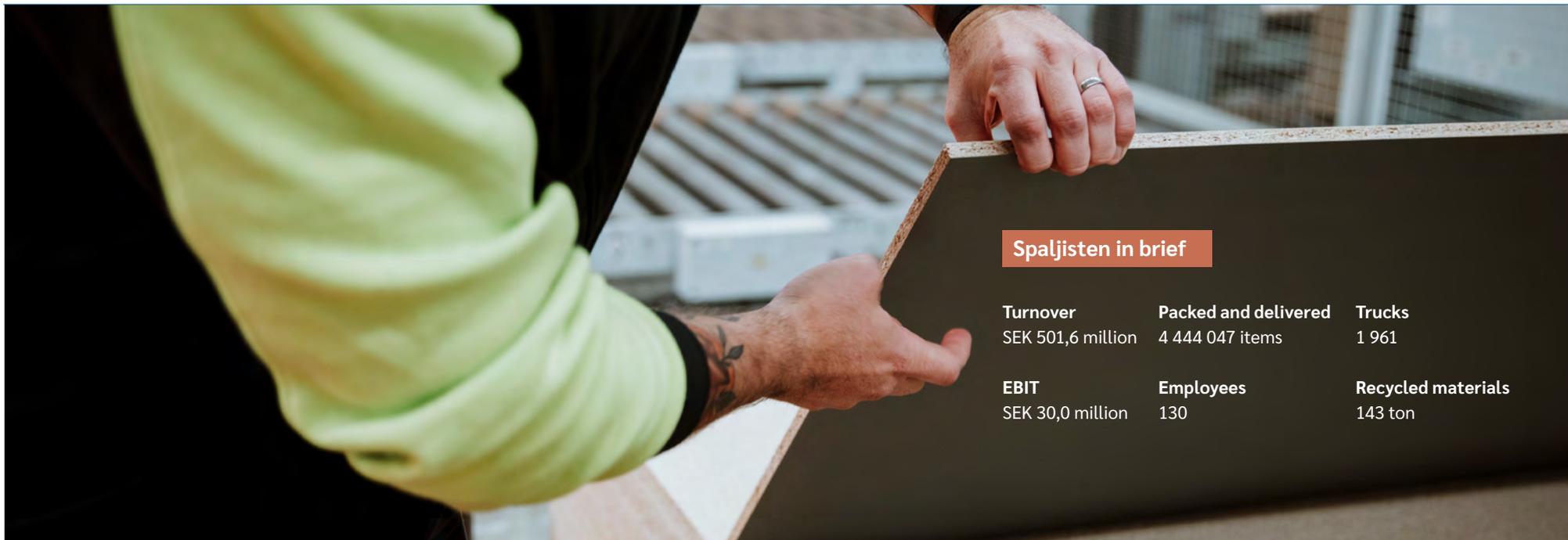
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Organisation

This is Spaljisten



Spaljisten in brief

Turnover SEK 501,6 million	Packed and delivered 4 444 047 items	Trucks 1 961
EBIT SEK 30,0 million	Employees 130	Recycled materials 143 ton

Wrapping — our ticket to the world

It started in Åseda, in the middle of Småland. The year was 1975 and the Swedish construction market was booming. Veneer was a major interior design trend, but there were few manufacturers. At Spaljisten, we spotted a need and built our business concept and product strategy to close the gap in the market.

In the 1980s, it was time for the technology shift that later became our ticket to the world.

Wrapping was an untested technology in Sweden, but we took the chance. It proved to be a good decision, which after a while bore

fruit in the shape of more and larger orders. That was when Spaljisten’s journey to becoming the company we are today began. With world-class, wrapped fronts.

Our capacity includes everything from simple production in small volumes, to complex structures in very large volumes.

Spaljisten produces wrapped fronts for furniture that now adorns bedrooms, kitchens and living rooms around the world. Are we proud of our journey? It’s just the start.

Our vision

”Spaljisten is a world-class front manufacturer with the next generation in mind”

Our mission

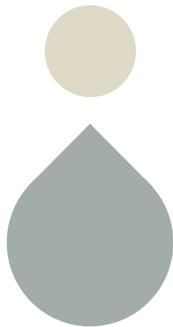
”To be an innovative partner for the development and manufacture of wrapped fronts”

Our values

Sustainability is now one of our biggest priorities. Not just because it's time, but because we really care. About the natural environment and forests, the very basis of our business. About the customers of today and tomorrow. About our passionate employees and dedicated partners, who together create innovation and manufacturing operations with respect for the next generation.



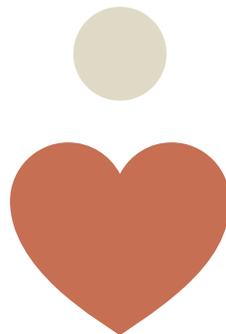
Sustainability



At Spaljisten, we care. We take care of one another, the natural environment and our customers. We help, are attentive and willing. We care about our colleagues.

Spaljisten is here now and will be in the future. And so should our forests and natural environment. We have to work sustainably so that forests, which provide us with the basis for our particleboard, can continue to grow. We also believe in the quality of our products. We take care of our materials and knowledge so that they last.

Passion



Together, we make Spaljisten a reality. We are proud of our knowledge, our products and one another. We help, encourage and motivate one another. We also have the courage to ask for help and suggest improvements.

Everyone at Spaljisten – colleagues, customers and visitors – is treated with respect. We care about one another, and we also care about our products and results. We want to move forward and see opportunities in challenges. We are simply proud of being part of Spaljisten.

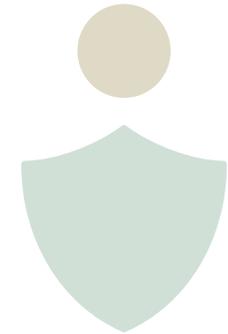
Commitment



Together, we develop and improve our products. We work to develop and become as good as possible. Everyone is equally as important for the quality of the end product.

We are committed to our work, and our desire to improve, both ourselves and our products, propels us. By being at the forefront, we become better and learn new things. We are customer-focused, and always try to meet customer requirements.

Respect



At Spaljisten, we care about one another. We respect one another; everyone has the right to be who they are. We trust one another and what we do. We show commitment to one another and our products.

We also live up to what we say. We do what we say we will do. This makes us credible and trustworthy. Our customers should always be able to trust that our products and that we ourselves live up to our word. We have a high level of professional pride.



Our products: world-class fronts

At Spaljisten, we know the art of wrapping. We manufacture wrapped fronts for furniture that adorns bedrooms, kitchens and living rooms in Sweden, the USA, India, Japan and many other countries. That's something we're proud of.

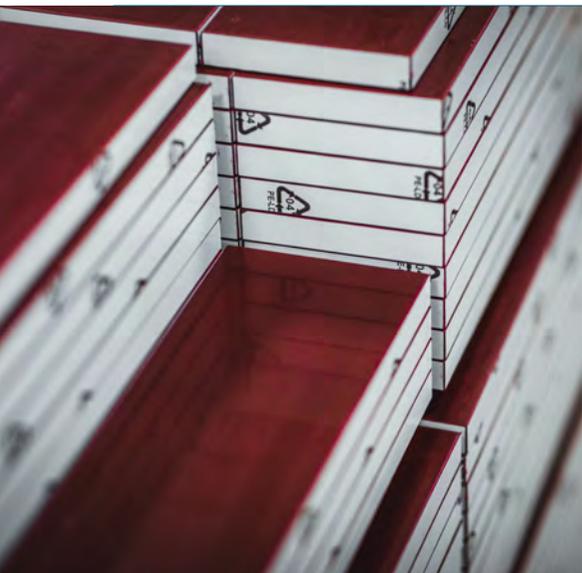
We boast the latest technology and highly automated production at our factory in Åseda, Sweden. Our capacity includes everything from simple production in small volumes, to complex structures in large volumes. Quality means everything for us, and we monitor it carefully. We work hard to create products of world class.

In 2020, one of the UK's leading kitchen companies expanded its collaboration with Spaljisten. We are now guaranteed a certain volume for the rest of 2021. The fact that they choose to invest in us in the midst of the pandemic is proof that we deliver world-class products, safely and securely.



“This wouldn't have been possible without a dedicated focus on our customer, together with highest possible product quality and secure and reliable deliveries. We hope to bring Spaljisten's sustainability concept into our collaboration with the UK's leading kitchen company”

Frederick Svensbergh
Account Manager



We incorporate sustainability into everything we do

By being a skilled and proactive partner to our suppliers, we want to increase sustainability in all areas of production. We are careful to evaluate and follow up on deliveries, and our range is constantly changing and developing in collaboration with our partners and employees.

One example is wrapping. We are in close dialogue with our suppliers to find ways of using even more recycled plastic from PET bottles and caravans.

Another example is our machinery and internal logistics, which we are continually improving in collaboration with our partners.

The raw materials we use have to be thinner and lighter in order to meet today's sustainability requirements. We only use wood that is FSC® certified.

Since 2019, we only use locally produced and renewable energy to run our 35,000 m² factory in Åseda – a huge step in our efforts to reduce greenhouse gas emissions of CO₂. The electricity we use to run our manufacturing facility is generated by various power plants in the Spaljisten area.

Spaljisten is FSC® certified (Forest Stewardship Council®) (FSC-C114672).

The natural environment is the basis of our business. We care about forests, and are working hard to reduce our climate footprint and increase the proportion of renewable raw materials. For us, sustainability is really important!

At the forefront, together with our partners

We manufacture fronts for furniture found in all the rooms of a regular home: bedroom, kitchen and living room. The construction is simple and becoming more and more sustainable.

In 2020, we took a major step in sustainability, in collaboration with one of our major partners. We developed and launched a kitchen front made of less wood (also 90% recycled), coated with next-generation plastic wrapping made of recycled PET bottles. This is not just a very stylish door. It weighs less, is even more scratch-resistant and, not least, it's kind to the natural environment.

“Spaljisten wants to make sustainability a competitive advantage, in collaboration with its suppliers and customers”.

Johan Engström
Business Development Manager

The total proportion of recycled materials in our production has increased in both constituent components and other materials. Our kitchen cabinet fronts are now made of 65% recycled materials. The figures for our wardrobe and cupboard fronts are 50% and 35% recycled materials, respectively. We want to do even more, and are trying to make sustainability a competitive advantage for Spaljisten.

Message from the CEO:

We will be the obvious choice

2020 will be a year that our children will remember and tell their children about. Life as we knew it stopped. Working and studying from home, outdoor activities, and even physical distancing from our loved ones become the norm. A tough year in many ways, not least for all those companies affected by the decrease in demand.



Florim Albborn
CEO

For Spaljisten, it all started off well. We signed a new framework agreement, our biggest ever, with one of the leading players in the international furniture market.

We started 2020 by forging ambitious investment plans. But soon the pandemic set in. There was a lot of uncertainty about what would happen, and a subdued confidence in the future. We had to rethink. Instead of long-term plans, we had to plan day by day. We were forced to slow down.

The pandemic still has us in its grip, with restrictions, quarantine countries and closed borders. Uncertainty is high. But Spaljisten has been able to return to more normal conditions, which went better than we dared to believe and hope for. And we're delighted about it!

Turnover record

Volumes have increased again. June 2020 was our best month ever, and just in time for our 45th anniversary in October, we broke our turnover record. A leading British kitchen company also chose to invest in us in the midst of the pandemic. This was confirmation of our strength.

Without our brilliant employees and their ability to support one another, this could never have happened as quickly and smoothly as it did. Their excellent performance and professionalism allowed us to look to the future with more confidence. We thank them for that.

Spaljisten is guided by values. But our values of sustainability, passion, commitment and

respect are not a desktop product – they permeate everything we do. From the first meeting until the final product is packed and sent to the customer.

Two years ago, we started focusing on the UN's Global Goals for Sustainable Development, which have become a natural part of our day-to-day running of the business. And this should continue. We want to run this company in an ecologically, socially and economically responsible way, with future generations in mind.

Nobody should be left out

I am particularly passionate about the UN's Sustainable Development Goal number 10 (reduced inequalities) and, in particular, integration issues. In our efforts to achieve a sustainable society, it is important that no one is left out; society should be built on the principles of equal rights and opportunities – irrespective of gender, ethnicity, religion, handicap, age or other aspect.

We will continue to develop Spaljisten in 2021, and launch our ambitious plans for 2021-2025. This involves expanding the factory in Åseda, new lines for wrapping, edge finishing, internal logistics and packing, innovation, sustainable materials and, of course, product development. It will take us to new heights!

We will be the obvious choice for anyone looking for a partner in the production of wrapped fronts. Our customers must be confident in getting sustainable, world-class products, on time and at the agreed price.



Malin och Johan Enocson
Owners, Active Invest



About our owners, employees and our organisation



Spaljisten AB is wholly owned by Surewood Industries AB, which also includes Anebyhusgruppen AB, KG-List AB and Österbymo Hardwood.

Our ambition is and has always been to create an organisational structure with a strong customer focus and short decision-making paths. The Board of Directors includes the Chairman, three members and two representatives from the trade unions. Spaljisten's management team consists of the CEO and managers of Sales, Development, Finance,

Purchasing, Production, Sustainability and HR.

Surewood Industries AB is in turn owned by Active Invest Sweden AB, an active ownership company, as the name implies. Active Invest Sweden AB invests in well-managed companies with great development potential, where Active Invest can contribute and add value. The list of priorities includes a long-term perspective, sustainability and profitability in boom times and recessions. In 2020, Active Invest AB had sales of almost SEK 1.4 billion. The company's holdings have grown by 18% since the start of 2016.

Why sustainability?

What our owners think

Active Invest Sweden AB and Surewood Industries AB see considerable value and great potential in companies such as Spaljisten working actively and in the long term with sustainability. Reducing waste, utilising nature's resources and harnessing employees' skills in a more efficient and long-term manner increases profitability for the company, creates a better environment and shows respect for future generations. Customers get better products and Spaljisten stands out as an employer

Diversity, the environment, equality, and resource and energy consumption will be the biggest priorities within sustainability for Active Invest Sweden AB and Surewood Industries AB.

For all companies within the Surewood Group, sustainability must be managed and driven by the respective management teams, and the sustainability strategy of the different companies must be approved and monitored by the respective Boards of Directors on the basis of the Global Sustainability Goals.



Sponsorship:

We support organisations that encourage young people to be active in sports

As an employer in a small town, we can make a big difference to the local community. Everyone benefits from more people wanting to come and live and work in Åseda! It is therefore important for both Spaljisten and its owners to support organisations that contribute to making Åseda and the surrounding area an even greater place.

Active Invest is not just an active and long-term owner with a philosophy of contributing to positive development in general. No, Active Invest has a moral compass that points towards a respect for customers, suppliers and employees – and the need to contribute to society. Active Invest therefore sponsors Hand in Hand, Stadsmissionen and Giving People.

“Together with Spaljisten, we have been able to develop our activities over the years. It’s important for the whole municipality that we show there is confidence in the future among companies and local associations”

Tomas Lundberg
Assistant Trainer, Amo Handboll

In turn, Spaljisten uses sponsorship as one of several means of supporting and working with health and well-being among young people. Physical activity among young people is declining, and thus adversely affecting health and well-being. That’s why we want to help more young people to stay active. In 2020, we supported: Åseda IF, Korpen i Åseda, Amo Handboll, Åseda Equestrian Club, Högsby IF, Nåshult IF, Fagerhult AIK and the ladies football association Våxjö DFF.

Collaboration:

Working together to get more people to choose our industry

Competition in the labour market is tougher than ever, and being an attractive workplace is therefore more important than ever.

Hence, Spaljisten is a member of the employers’ organisation Trä och Möbelföretagen, TMF, which helps and supports us and others in the industry in our role as employer.

We are also a member company of Epic Innovation & Technology Center, through which we can influence and collaborate on skills provision issues with other members. Technical competence is crucial to the continued development of the industry, and Epic Innovation & Technology Center is therefore working to increase interest in a career in the industry. It does so through study visits, internships, lectures at schools, among other things.

The association works actively to ensure that premises and equipment for high-quality technical training exist or can be provided. Spaljisten has the opportunity to be involved in influencing training content and direction according to our needs.

25% of the workforce in Kronoberg is employed in the technology industry, so the manufacturing industry is important for the region. The two associations, Epic Innovation & Technology Center and GoTech, merged in February 2021.

“In order to actively develop our business in the best possible way and to be able to meet our customers’ needs in the future, we need to have access to the right skills at the right time. The collaboration with Epic Innovation & Technology Center makes it possible to invest in future employees at an early stage, thereby securing a skilled workforce within the region in the future. The collaboration also gives us the opportunity to arouse the interest of young people for all the opportunities that working within the manufacturing industry has to offer”.

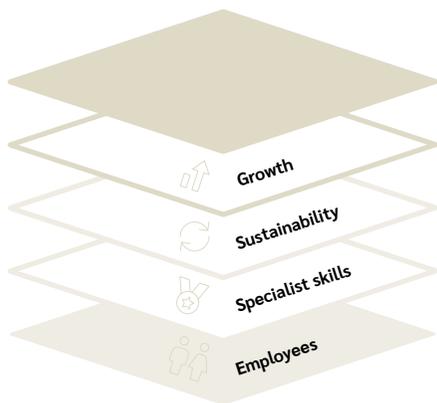


Martina Gustafsson
HR-Manager

Together, we want to be the obvious choice for customers and partners

Our goal is to be the obvious choice for anyone looking for a competent and proactive partner for the manufacture of wrapped products. In order to achieve this, we have selected four focus areas that form the basis of our work today and in the future. They can be compared to the particleboard in our products – stable and reliable.

Our focus areas are: employees, cutting-edge skills, sustainability and growth. Using them as our basis, we will achieve our goals.



Employees

People are the most important thing for us. Together, we care. About one another, our customers, our products and the environment.

Spaljisten wants to be an attractive employer where everyone is satisfied. Our management listen to employees, set a good example and understand the workings of the business. All employees focus on customers, appreciate change, strive for improvement, and believe in our products and Spaljisten as a company. There is clear division of responsibilities, with expectations, tasks and roles clearly defined at all levels.

Our core values permeate everything we do. From the first meeting until the final product is packed and sent to the customer. Sustainability, passion, commitment and respect are the foundations on which we stand. This is what makes Spaljisten what it is today, and what it seeks to be in the future. Stronger together.

Specialist skills

We must be the best in fronts, and this places high demands on us as a company. Our employees require the knowledge and the means to maintain world-class performance. That's why



we have stable work processes, where everyone can learn from one another and from the best. Efficiency is the deciding factor for our competitiveness. As well as delivering on time and at the agreed price. By focusing entirely on our fronts, we become specialists. This creates value for customers, for Spaljisten and for employees, who are allowed to develop in their work.

Sustainability

The natural environment is the basis of our business. Sustainability is now one of Spaljisten's most important objectives.

Not just because it's time, but because it's just as obvious for us to take care of the forests as it is to take care of one another and the economy.

We focus continually on the UN's Sustainable Development Goals, and use natural resources

in the most responsible and efficient way possible. By doing so, we want to show that we take responsibility and always have the next generation in mind. At Spaljisten, we care together.

Growth

Growth is the single most important factor in creating good long-term development within the company. Spaljisten wants to grow with its customers. In order to do so, we are now putting maximum focus on our fronts, and on being the best in the segment. We can benefit from economies of scale, which in turn leads to increased and more stable profitability.

We also want to offer customers a complete delivery, from idea to end product. Our customers must be confident that they are getting high quality service, products and expertise.



Sustainability work

How we will make more customers choose us

Sustainability as a competitive advantage

“Sustainable development is a means of satisfying today’s needs without compromising the ability of future generations to meet their needs.”

→ The concept of sustainable development was actually defined as far back as 1987 in the UN report *Our Common Future*, or the Brundtland Report as it is also known. The concept is usually associated with the environment, climate and environmental impact. However, it is considerably broader, and includes three major societal components from the sustainability perspective – social, economic and environment

How we work with sustainability

Sustainability should permeate everything we do, and our sustainability policy guides us in our day-to-day work. Sustainability must have a clear link to business development and value-creating processes for Spaljisten and other companies within the Surewood Group. In this report, we turn to Spaljisten’s stakeholders: owners, employees, customers and suppliers.

Our vision, mission and values form the basis of our sustainability policy. The policy was developed according to the UN’s Sustainable

Development Goals, Agenda 2030.

An action plan with clear goals has also been created based on Agenda 2030. It analyses the current situation, existing processes, the different needs of stakeholders, and the plan for business development.

Our sustainability policy focuses on seven areas in particular:

- Environment
- Human rights
- Diversity
- Equality
- Business ethics
- Anti-corruption
- Work environment

Our focus areas will help us to achieve our goals in a sustainable manner

An important part of our ongoing sustainability work is our four focus areas – employees, specialist skills, sustainability and growth. Using them as our basis, we will achieve our goals in a responsible and sustainable manner.

When it comes to the work environment, we want no one to be injured at work, to create an open, friendly climate between colleagues, and to take advantage of and focus on commitment, skills development and well-being.

In the area of quality and safety, we have to meet internal and customer expectations by constantly striving to develop and improve.

When it comes to the environment, we intend to minimise our environmental impact through the lowest possible consumption of resources, and to comply with the law, listen to what customers want, and ensure that we carry out our business in accordance with the certifications we hold.

In the area of sustainable management, we will ensure that Spaljisten complies as a supplier with all the quality standards and certifications that we have implemented in the business. Examples include: the IKEA Way (IWAY), GO/NOGO and the Forest Stewardship Council (FSC). We must also fulfil the conditions and



criteria set out to be approved as an Authorised Economic Operator (AEO).



Ermal Devce
Sustainability Manager

Focusing on sustainability creates profitability, and satisfied employees and customers

Since the company was founded in 1975, Spaljisten has worked with sustainability in different ways. In 2019, we decided: Spaljisten will be a company to be reckoned with when it comes to the global Sustainable Development Goals. Since then, the UN Goals have formed the framework for our sustainability work.

“We took a responsible and business-oriented decision to work with all three dimensions of sustainability: social, economic and environment,” says Ermal Devce, Sustainability Manager at Spaljisten. Spaljisten links

sustainability with its four focus areas. By attaching greater importance to quality, the environment, the work environment and safety, we will achieve our business goals in a responsible and sustainable manner:





Quality

We work actively with customers and suppliers to develop more environmentally friendly products with a greater proportion of recycled material.

By working with process optimisation, standardisation, supply security and LEAN, we are building a culture in which we constantly strive to develop and improve

Environment

The pandemic has had a negative impact on the world in different ways. But from an environmental perspective, it has generated more awareness of the impact of travel, for example. Issues related to our climate footprint are becoming increasingly important. Our goal is to become climate-neutral. We therefore spend a lot of time improving our sustainability profile, for example by continually reviewing our sustainability index. At Group level, we also conduct surveys on our energy mapping.

Work environment and safety

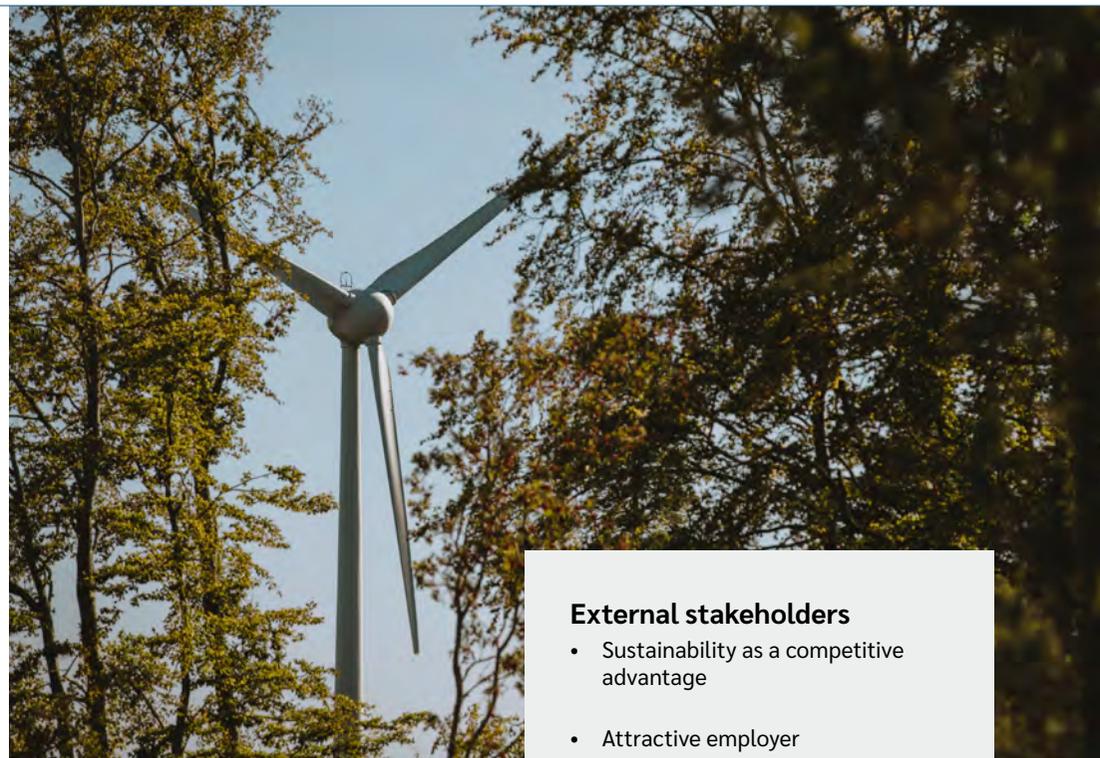
Our employees are our most important resource, which is why we work actively to ensure that everyone, regardless of gender, age or ethnic background, is happy and has the opportunity to develop with us. Employees lie at the centre of our improvement work, and also form the basis of our relevancy in the future. It is important to show that we care, and a systematic approach to the work environment is the proof. Spaljisten has developed ways of dealing with occupational injuries, near-accidents and similar cases in an efficient manner.

In the short term, Spaljisten's sustainability work involves protecting nature's resources, working actively with our sustainability strategy, and engaging the entire business. We have sustainability in our DNA!

Going forward, we will aim even higher, towards more innovative solutions and the next level. Focusing on our customers, goals and the courage to challenge ourselves. This will take us to new heights, where we are the obvious choice for everyone looking for a partner in the manufacture of wrapped fronts.

When it comes to sustainability, we have to look 10 or 20 years ahead, and the way in which Spaljisten can contribute to the environment, the society and its employees. This means looking at how we can do things differently and better, and how we can contribute to achieving the UN's Sustainable Development Goals.

"We'll be embracing sustainability in everything we do," says Ermal Devce.



Stakeholder analysis

Our stakeholders are owners, employees, customers and suppliers. By being a competent and proactive partner, Spaljisten wants to increase sustainability in all areas of production and be at the forefront.

Together with our stakeholders, we will develop the business in line with our business objectives and market and societal demands. The dialogue takes place regularly and in different contexts, and together we have concluded that the following issues are particularly important in order to be able to work strategically and continually with sustainability:

External stakeholders

- Sustainability as a competitive advantage
- Attractive employer
- Sustainable products and innovation
- Prevent occupational injuries and focus on safety
- Reduce Cost of Poor Quality (COPQ)

Internal stakeholders

- A sustainable value chain
- Attractive employer
- Equality and equal treatment
- Skills provision and development
- Sustainability as a competitive advantage

Sustainability-related risks

The table below describes identified risks within Spaljisten, as well as outcomes in the areas of work environment, environment, human rights, diversity, equal opportunities, business ethics and anticorruption, i.e. all the areas included in our sustainability policy.

Sustainability area	Material issues	Risk description	Management	Goal/KPI	Result	UN Sustainable Development Goals	Where is the risk?
Environmental	Increased sustainable consumption and recycled materials	Economise on resources, recycling and price	Business plan, sustainability index and Agenda 2030	100% recycled wood	50% recycled wood	12. Sustainable consumption and production	Operations, customers and suppliers
Environmental	Reduced climate footprint	Carbon dioxide, internal transport, energy and refrigerants	Management system, business plan and sustainability index Agenda 2030	Reduce internally generated carbon emissions by 80% by 2030 compared with 2016	Reduced internally generated carbon monoxide emissions by 1380 tonnes compared with 2018	7. Affordable and clean energy	Everyone
Environmental	Reduced waste, material wastage and climate footprint	Recycling energy and materials	Management system, business plan and sustainability index Agenda 2030	Recycling waste and briquettes	154 tonnes of CO2 savings for 2020.	12. Sustainable consumption and production	The business and employees
Economical	Sustainable profile/increase sustainability in energy systems	Energy impact, carbon dioxide	Sustainability policy, Agenda 2030	Sustainability index above 75%	Sustainability index above 76%	7. Affordable and clean energy	The business and customers
Economical	Safeguard legal requirements, work environment and human rights	Laws and other requirements	Employee handbook, equal opportunities and diversity policies, and victimisation	Employee and leadership index	Average of 3.8 out of 5.	Goals 5 and 10. Equality and reduced inequalities	The business and employees
Economical	Skills provision	Risk to recruitment, skills development and resources	Attractive employer, recruitment process and skills development plan	The main objective is to have the right person in the right place at the right time	Basic safety training and 5-second training for everyone	Goals 5 and 10. Equality and reduced inequalities	The business and employees
Social	Good work environment and health	Ill health (physical and mental) and personal injury	Systematic work on the work environment, wellness policy and Agenda 2030	No occupational injuries resulting in sick leave	Occupational injuries more than halved compared with sick leave in the previous year	3. Good health and well-being	The business
Social	Proper chemical handling	Occupational injuries or illness	Systematic work on the work environment, safety data sheets and risk assessments as well as Agenda 2030	No chemicals on the candidate list and 100% risk assessments completed	All chemicals risk-assessed, and phase-out of 50 chemicals by 2020	3. Good health and well-being	Employees
Social	Committed employees	Discrimination and victimisation	Policy for victimisation, whistleblowing	The main goal is a safe and good work environment	Average of 3.8 out of 5.	Goals 5 and 10. Equality and reduced inequalities	The business and employees
Social	Safe workplace	Risk of injury including the pandemic and work risks	Systematic work on the work environment, wellness policy and Agenda 2030	Tools for reporting and managing the work environment	All safety inspections performed and risk observations noted	3. Good health and well-being	Employees and the business
Social	Business ethics and anti-corruption	Risk to human rights and corruption	Code of Conduct, ethics policy and IWAY	Ensure compliance throughout entire supply chain	Management team signed and read Business Ethics Suppliers signed IWAY Compliance Commitment	3. Good health and well-being	The business, employees and suppliers



Agenda 2030

Our focus on the UN's Sustainable Development Goals is about running Spaljisten in a responsible and sustainable manner and taking into account social, environment and economic factors in the various processes. Activities linked to anti-corruption and human rights, for example, are included in our work to make the UN's Sustainable Development Goals a reality.

Sustainability with the next generation in mind



Sustainability is now one of Spaljisten's most important objectives. Not just because it's time, but because we really care. About the natural environment and forests, the very basis of our business. About the customers of today and tomorrow.

About our passionate employees and dedicated partners, who together create innovation and manufacturing operations with respect for the next generation.

Therefore, Agenda 2030 and the Global Sustainability Goals are an important part of our business.

The goals are aimed at eradicating poverty and hunger, realising human rights for everyone, achieving equality and empowerment for all women and girls, and ensuring lasting protection of the planet and its natural resources. By

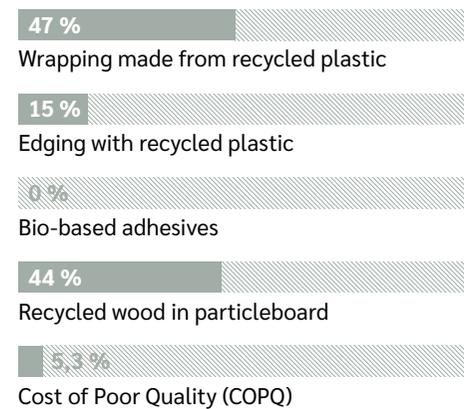
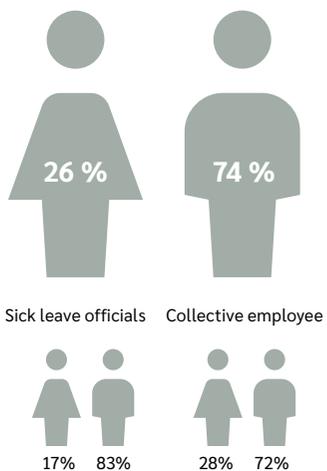
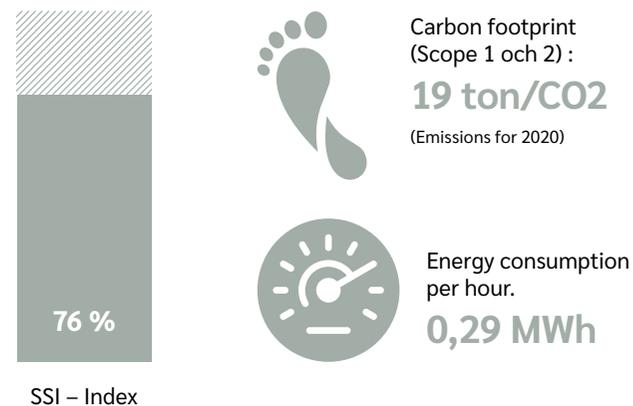
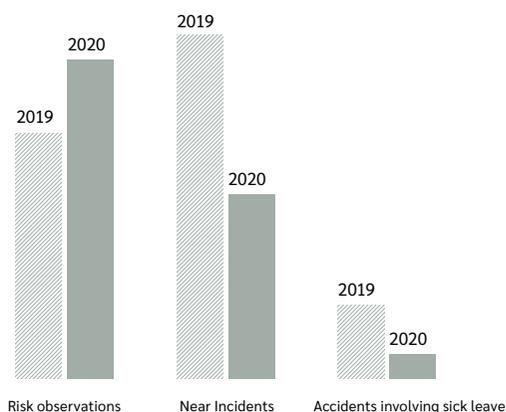
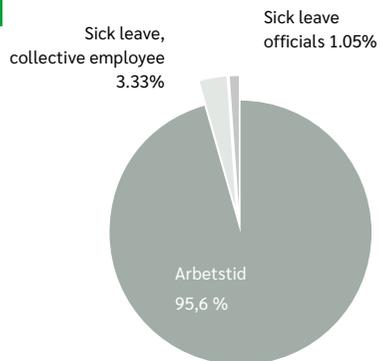
integrating Agenda 2030, we want all decisions to be based on sustainable development.

For all companies within the Surewood Group, sustainability work must be managed and run by the respective management group. The work takes place in accordance with the PDCA model - Plan, Do, Check and Act.

We have selected five goals that we give extra attention to. They are: good health and well-being, equal opportunities, affordable and clean energy, reduced inequalities, and sustainable consumption and production.

Agenda 2030

KPI:er



Agenda 2030

Activities 2021



Being an attractive employer increases job satisfaction, profitability and loyalty. Our employees are our most important resource. Good health and well-being are fundamental prerequisites for us to be able to perform well and reach our full potential. Each employee must understand their own significance to the whole, and that each part is important. Committed employees who are happy and satisfied are also the company's ambassadors.

This leads to success and progress, for ourselves, the company and society at large. We will achieve this by providing the right conditions for doing a good job. We apply the Lean production method, create an accident-free workplace/safety culture, and work with skills development.



Our organisation must reflect diversity in society. Active work on equal opportunities and equality leads to increased well-being, productivity and profitability. It is also about creating the right conditions for individuals and groups regardless of gender, religion, handicap, age, transgender identity, ethnic origin or sexual orientation. It also makes it easier for us to attract, retain and develop our employees.

We achieve this by providing the right conditions for everyone to be able to work at Spaljisten if they want to. We apply the employee and leadership index, the relevant recruitment policy, and the equal opportunities and equality plans.



Our organisation must have access to sustainable, reliable and renewable energy. This is a prerequisite for growth and climate change. Affordable and Clean Energy is a prerequisite for us to be able to develop our sustainable profile and reduce greenhouse gas emissions.

Every employee has their part to play by ensuring that we manage our resources correctly.



For us, sustainable consumption and production means trying to manufacture our products with as much recycled material as possible, while reducing waste and keeping residual products to a minimum.

In recent years, we have developed a kitchen door of purely recycled materials. To make a 40x80 cm door, 18 PET bottles are required. Sustainable consumption brings not only environmental benefits, but also social and economic ones, such as increased competitiveness on the global market by being at the forefront.

We achieve this by working with the entire supply chain, from supplier to customer. We work actively to increase the proportion of recycled material in our products, reduce wastage and reduce our climate footprint.

Agenda 2030

The management team – what sustainability means to us

Sustainability is one of our most important tasks and should permeate all areas of our business, from product development and production to finance and us as employers. Spaljisten’s management team give their views on what sustainability means to them.



Ulf Abrahamsson
Key Account Manager



“I care a little more about this goal because it relates to how we manage our shared resources. For me, this means that we’ll continue the journey that started a couple of years ago, based on renewable energy sources, and that we take an active approach when we invest in machinery and buildings for example. I think it’s gratifying that we’ve already come a long way in such a short time, and are still keeping our focus on Goal 7.”



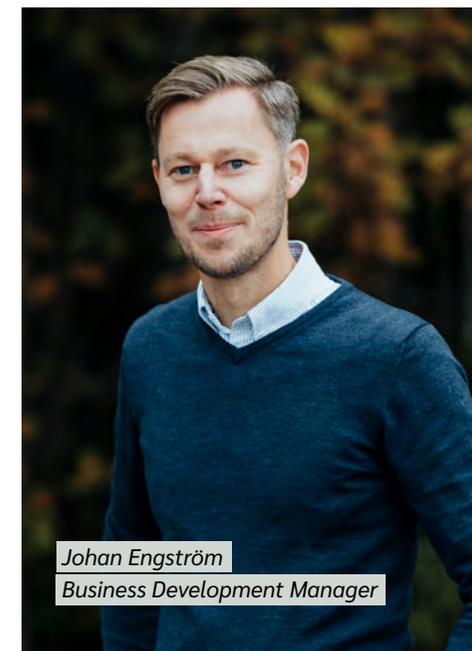
“Health, well-being and performance are interrelated. If our employees perform well, we perform better, which develops the company. As an employer, we want to create the best conditions for achieving this. We have a strong focus on safety, and strive to ensure that everyone feels safe in their work and know what is expected of them, regardless of their role. It’s also about having a corporate culture that supports an open climate, where everyone is given the opportunity to grow and develop with us.”



Martina Gustafsson
HR Manager



“Together with our customers and suppliers, we can create products that make a big difference. We supply around 47,000 tonnes of products from our factory, and our ambition is for our fronts to contain at least 50% recycled material. It goes without saying that this has an effect.”



Johan Engström
Business Development Manager



Ermal Devce
Sustainability Manager



“Sustainable development meets today’s needs without compromising the ability of future generations to meet their needs.” This is the UN definition of sustainable development. Personally, I feel very strongly about Sustainability Goal number 3 because it’s linked to the soft values of sustainability work. At the heart of our quality management are the people. When talking about health, it’s important to consider how the company, employees and society are doing. My goal is to engage, increase well-being and create the best conditions for finding a work-life balance, regardless of age. It’s about doing the right things at the right time.”



Malin Kirejs Hellbjer
CFO



“I think the goal of responsible consumption and production is particularly interesting and motivating. For me, this means finding new ways to reuse and create materials and products that have less environmental impact in order to create a stable and sustainable future for coming generations and the world in which my children and grandchildren will live. Spaljisten works very actively on this, not least by developing new solutions together with its suppliers and customers.”



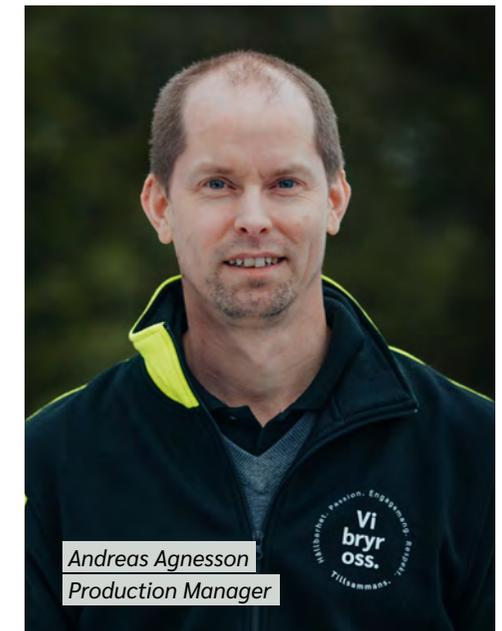
“For me, sustainability means that the Earth’s resources we have inherited and will hand over to our successors will grow, not shrink. With the help of smart and innovative technology, we can ensure that we constantly get more out and consume less. By consuming less, we create the right conditions for a stable, sustainable climate in the long term.”



Manfred Piesack
Technology and Innovation Manager



“I think everyone needs to make a climate transition. We’re all part of a larger system and therefore everyone should contribute. By raising awareness of sustainability and why it’s important, the understanding that everyone needs to help will increase. Sustainability for Spaljisten is very much about doing the right things in the most efficient way possible. We throw away less, try to escalate processes, work with non-conformities and move towards a greater amount of recycled material.”



Andreas Agnesson
Production Manager



Employees

Sustainability in our daily work

We are Spaljisten

→ **What does sustainability mean to you?**
 In the short term and at home, it's about managing waste and disposable items. Instead of plastic bags, you can use cloth bags. In the long term, you can work to reduce carbon dioxide emissions and use more wind power.

What's the best thing about the workplace?
 Our fantastic work environment, with clean and healthy premises. And the company is constantly developing, with employees being given the opportunity to be a part of it all.

How do our values permeate the company?
 Anyone starting at Spaljisten recently can probably express this better than those of us who have been here for a long time. I think we need to work more together, and our values will help us along the way, when more people have understood what they mean and how we can apply them.

Which value are you most passionate about?
 I'm most passionate about "Respect". It's important that everyone understands that we respect an individual for their ability, not for their appearance, gender or background.



Benny Karlsson
 Production Technician



Johanna Lindgren
 Production Technician

Sustainability in our daily lives.

What does it mean to you?
 It's about helping to reduce unnecessary consumption and our climate footprint. This can be anything from trying to travel together if you have to go by car, taking your own shopping bag, buying clothes and things that last longer, growing your own vegetables and sorting waste. Everyone can do something, and every little helps.

How do our values permeate the business?
 They have probably not gone unnoticed. I think we need to work even more collectively to integrate them fully into our lives and the business.

Which word are you most passionate about and why?

The words I'm most passionate about are "passion" and "commitment". If everyday we all go to work with passion and commitment, then performance and results will improve. If we all work together towards the same goals, they will be achieved easier and faster.

What's the best thing about the workplace?

The people who work here and drive the company forward. Spaljisten is a safe and stable employer, and has been around for a long time. The feeling of a family business really exists and many people are proud to be working here. We have a very exciting future ahead of us, with new production lines being installed and commissioned.

→ **What does sustainability mean to you?**
 For me, it's about thinking smartly by buying local produce, having a sustainable energy mindset, caring for everyone's well-being, protecting the natural environment, and contributing to reduced inequality

What's the best thing about the workplace?
 Pride in the products, the company we represent and our colleagues. The company cares in many different ways. Even as a private individual, it's great to see that so many people within the company are proud of the products.

How do our values permeate the company?
 When it comes to sustainability, the company is very active and engages local suppliers in the first instance. We treat all employees and colleagues with respect and offer them a good workplace. By choosing an electricity supplier with care and having a sustainable energy mindset in the factory, Spaljisten takes great responsibility.

The pride we have in our products and the knowledge that exists in the company make for proud and committed employees.



Mirena Lillhav
 Accounting Manager



Malin Rosenholm
 Machine Operator

What does sustainability mean to you?
 It means respect for future generations and actually thinking about how I myself can improve in order to promote a better existence for my children and future grandchildren.

Which value are you most passionate about?
 No doubt about it, it's "Together" that I'm most passionate about. No one can do everything, but many can do a lot together.



Mats Hedgårds
 Machine Operator

What does sustainability mean to you?
 Sustainability includes recycling, and not just intending to buy new products and throw away the old ones.

What's the best thing about the workplace?
 The best thing is that the company cares for its employees and offers them the opportunity to develop

Which value are you most passionate about?
 The most important value for me is commitment in terms of the environment and quality, and to invest in the future.



Martina Gustafsson
HR-Manager

Leadership

Leading change is more important than ever

In order for Spaljisten to continue to be a successful company, our leaders need to be able to translate strategies, goals and values into practice. They need to be able to lead employees in a way that stimulates and motivates them. Leadership is based on mutual trust. A good leader believes in and involves employees, creates commitment and ensures that they can develop. As the world around us changes at a rapid pace, leadership is more important than ever.



→ We offer healthy working conditions in which employees can develop, thrive and have fun together. We prioritise the safety, health and well-being of our employees. An open and permissive climate creates a good work environment.

Strategic skills provision is high on our agenda and the goal of our work is to attract new employees, while retaining and developing those who already work for us. With the help of research and business intelligence, we keep track of and ensure that we gain access to the expertise we need.

No one should be exposed to the risk of infection unnecessarily

COVID-19 has impacted Spaljisten, and continues to affect us with restrictions, countries on quarantine and closed borders. There is considerable uncertainty.

Our priority is to help reduce the spread of infection, and we are doing everything we can to ensure that our employees can travel to work in a safe and secure manner, and have all the information they need on how the company is handling the situation. We also need to protect the business. Work should continue to the extent possible without exposing one another,

customers or partners to unnecessary risks of being infected. The management group therefore works continually with risk and consequence analyses in order to avoid infection.

We are all given the same opportunities

In our efforts to increase equality and reduce inequality, the principle is that everyone at the company has the same rights, obligations and opportunities. We are inclusive and work actively with diversity. Zero tolerance applies to all forms of bullying and victimisation. We are convinced that this makes us an attractive workplace, where employees develop, thrive and have fun together.



We want equality and equal opportunities

The fact that everyone has equal opportunities is important to us at Spaljisten, which is why we work hard to increase equality and reduce inequality. In 2021, we will be conducting a company-adapted course in Swedish for employees who want to strengthen their knowledge of the Swedish language. The purpose is language development and increased inclusion in the workplace.

How does Spaljisten work with equality and inequality?

We try to ensure that everyone who starts working for us gets a good introduction, with an emphasis on equality, and we talk about the policies and ways of working that we apply in the company. We then carry out ongoing follow-ups in the form of employee surveys.

Can you give an example?

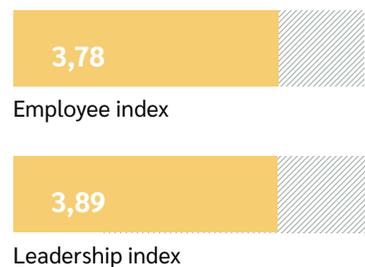
We have chosen to run a company-adapted course in Swedish for employees who want to strengthen their knowledge of the Swedish language. It will be implemented this year, and deal with concepts that are important for all of us working at Spaljisten. I think it shows that the company takes responsibility and invests time and money in the softer values that affect its employees.

We also use interpretations in our employee appraisals when needed, to avoid any misunderstandings and to focus on what is important, namely how we can continue to develop the company.

Our team leaders are an important part of efforts to increase equality and reduce inequality. Working groups are set up with the goal of everyone learning from each other's differences.

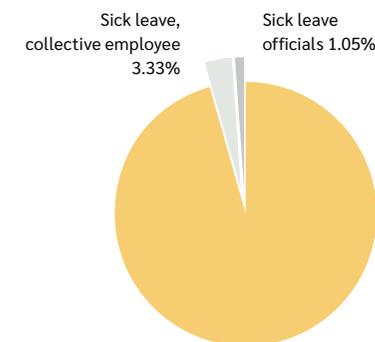
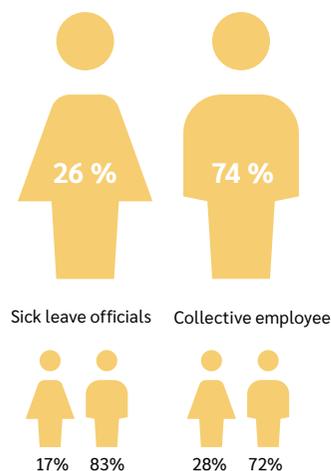
Employee Index/Leadership Index

MIX (Employee Index) and LIX (Leadership Index) are values that we obtain by asking a number of questions linked to employment and leadership in the annual employee survey. They indicate how we are perceived by our staff, and allow us to follow trends from year to year and develop relevant activities to maintain/develop the results.



Nicklas Frisk
Production Leader

Equality 2020



Sick leave 2020

Sick leave for 1–14 days. Despite the pandemic, we have low sick leave. This shows that our precautions have produced results.

We prioritise our work environment

→ We measured isocyanates, ICA, and discovered elevated values in certain areas of the business. ICA is formed when urea is heated, a component of particleboard. That is why we have implemented the following:

- Extensive measurements using an external party
- Improved ventilation and spot extraction
- Discussions with professors and other experts in the field
- Worked with our suppliers
- Informed everyone in the business
- Undertaken work to bring clean air into the factory
- Serviceability assessments

In the longer term, the following measures are needed:

- Install heat exchangers to reduce ICA value
- Perform new measurements for status and current situation

Spaljisten has been using the WIA tool from Afa insurance for some time now. We use it to report risk observations, near misses and occupational injuries in the workplace

Risk observations

When someone sees a potential accident risk.

Near incidents

When a serious incident occurs, but no one is injured

Accident

When an event that causes any personal injury occurs.

Cases reported are followed up on an ongoing basis as part of the systematic work with Spaljisten's work environment. Only the Head Safety Representative has the right to close or terminate cases that have been reported.

There have been some changes in 2020:

- The ability to report risk observations, near misses and accidents via app/telephone
- Safety rounds via the system have been introduced
- The idea and purpose of risk observations have been further developed.
- All managers and team leaders have received training on how to work with WIA.

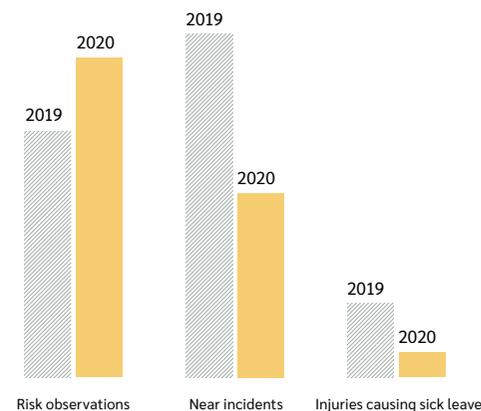
Near incidents and risk observations

By integrating our health and safety work more and more into the WIA tool, we have succeeded in completing a total of 60 cases in 2020, thus reducing the time it takes to handle open cases, and reducing occupational injuries resulting in sick leave by more than 50% compared with 2019.

Our ambition is to continue to report near misses and risk observations in order to avoid accidents. Spaljisten has committed to becoming an accident-free workplace in 2021, with a goal of a maximum of two risk observations reported per employee.



Michael Stübner
Production Leader



What do you think about WIA?

It's very easy to use to report and document safety points, safety inspections and audits.

What do you think about the new way of working implied by WIA?

It's much more user-friendly. When you perform a safety inspection or audit, you can save images linked to each item documented, on site, in real time, and all you need is a mobile phone. It is easy for everyone to report accidents, near-accidents or risk observations.

Spaljisten's Code of Conduct

Spaljisten has ethical guidelines for how we should conduct ourselves. We call them the 'Code of Conduct' and the purpose is to provide guidance on how employees, colleagues, suppliers, customers and other stakeholders should be treated in a lawful, fair and ethical manner.

The Code of Conduct shows where the boundary is between appropriate and inappropriate conduct. Obviously, current legislation comes first, and we must take into account human rights, human safety and health as well as the environment.

IWAY, The IKEA Way, is a code of conduct established by IKEA that contains policies on the environment, social conditions and working conditions (including child labour). This means that:

All Spaljisten's employees have a responsibility to understand our Code of Conduct and IWAY, and to act accordingly.

We also have our set of **business ethics**, which everyone in the management team has signed,

and which contains all the requirements set out in the UN's global anti-bribery and anti-corruption programme.

Our business ethics also include our suppliers, and must be complied with throughout the supply chain. We have to ensure that everyone is aware of the demands placed on us, and understand the importance of following them.

Confidentiality

Spaljisten's employees have a duty of confidentiality, which is clearly stated in our employment contracts. Confidentiality also applies to our suppliers and partners.

Zero tolerance for alcohol and drugs

Spaljisten operates a policy of zero tolerance for alcohol and drugs. We conduct alcohol and



drug tests in connection with recruitment, in the event of suspicion of the impact of drugs or alcohol, and randomly.

We fight corruption

Bribery and corruption of any kind are unacceptable to us. The Swedish Tax Agency's guidelines and regulations apply to gifts. External and internal entertainment is permitted, but must be kept moderate

We respect personal privacy

Our privacy policy clearly sets out what personal data we process and for what purpose. We also describe our overall approach to the processing of personal data, as well as the choices and rights of our customers, suppliers and partners.

Whistleblowing

Transparency is important to us at Spaljisten. Therefore, our employees and anyone outside our organisation can report any irregularities and suspicions anonymously via a whistleblowing system by filling in a form on our website. The form can be accessed both via our internal and external networks.

The ambition of Surewood Industries and its member companies is to have a high level of transparency and a well-developed system for reporting and handling any irregularities or suspicion of such. Through this approach and the provision of a whistleblowing system, we can minimise the risk of serious damage to the company, the organisation or its employees.



Quality and safety

Our goal is to develop
and become even better

Spaljisten stands for innovation and supply chain

In order to continue to deliver world-class, wrapped fronts and attract more partners, we need to be able to scale up our business without using more of nature's resources. That's why we work actively to reduce our environmental impact and develop our internal processes so that we work in a smarter, safer and more efficient way. Our goal is to constantly improve on what we are already doing.



Manfred Piesack
Technology and Innovation Manager

"In 2020, Spaljisten took the first step towards more automated material handling. This has meant that we have been able to reduce our internal use of manual forklift trucks. This in turn increases staff safety in the factory, while also ensuring that the right material is used at the right moment in the production process."

Focus activities

- Efficient and sustainable growth by increasing capacity in existing operations without increasing resource use
- Reduce the amount of constituent material in products through increased-utilisation rate

What we've done

- Increased tool lifespan
- Automated material handling
- Installed heat exchangers to reduce ICA value
- Reduced incidence of harmful substances in indoor air

What should we do going forward?

- Develop our raw material to reduce transportation weight
- Investigate whether machine learning, AI and vision systems can help increase process efficiency
- Evaluate bio-based adhesives

Materials

All the materials we purchase for our particleboard are certified in accordance with the Forest Stewardship Council, FSC, and the proportion of recycled material in our particleboard is steadily increasing.

Supply Chain

By being a competent and proactive partner to our major suppliers, we want to increase sustainability in all areas of production. We are careful to evaluate and follow up on deliveries, and our range changes and develops in collaboration with our partners and employees.

One example is the wrapping. We maintain a close dialogue with suppliers on how we can use even more recycled plastic from PET bottles and caravans. Another example is our machinery and internal logistics, which we are continually improving together with our partners.

Sustainable supply chain

All Spaljisten's suppliers follow The IKEA Way (IWAY). A code of conduct for purchasing products, services, materials and components responsibly.

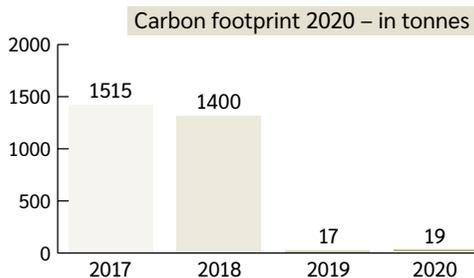
All our suppliers have signed the IWAY Compliance Commitment, which contains standards for the work environment, working conditions, business ethics, environment, chemicals, resource utilisation, sustainability, diversity and equality.

Environmental impact – Our responsibility and contribution

→ Work to reduce our environmental impact is high on Spalisten’s agenda. One problem we face is that we do not control the entire supply chain ourselves. We have therefore chosen to work with Scope 1 and 2, which show that we have reduced our carbon dioxide emissions by more than 90% compared with 2017.

The biggest contribution to this progress is that, since 2019, we have only been using locally produced and renewable energy to run our factory in Åseda. The electricity we use in our manufacturing process is generated by various local power plants.

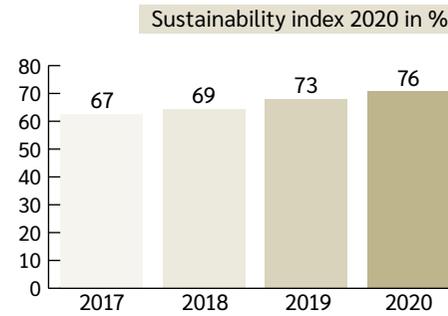
Work to reduce our environmental impact is ongoing, and our performance is measured in a sustainability index.



Spaljisten’s Sustainability Index

Each year, we evaluate our ongoing environmental work by way of a sustainability index, the results of which we report to one of our major customers.

The Index is constructed using a questionnaire and collecting data on energy, waste and water.



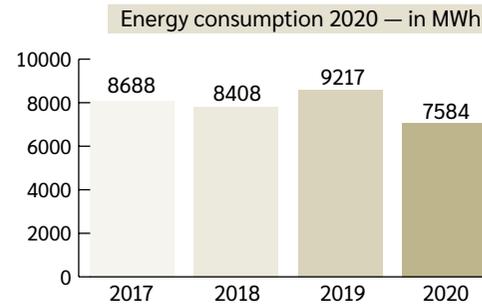
For 2020, the target set by the customer for the Spaljisten Sustainability Index was 75%. We achieved 76%, an increase of three percentage points compared to the previous year.

We strive for constant progress and improvement in our production. We are working actively to increase the proportion of recycled material in plastic wrapping, particleboard and end products. The fact that this policy has borne fruit and that we have performed above the customer’s tough requirements makes us very proud!

Sustainable energy is one of the UN’s Global Goals for sustainability, and something we focused heavily on in 2020. We will continue to do so during 2021. Since 2019, we only use locally produced and renewable energy to run our 35,000 m² factory in Åseda – a huge step in our efforts to reduce greenhouse gas emissions of CO₂.

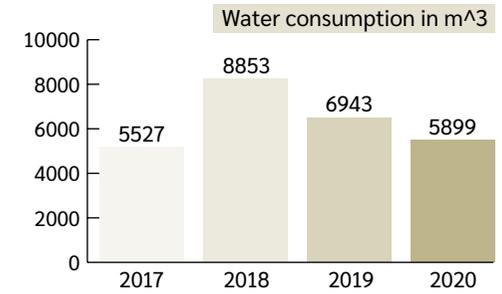
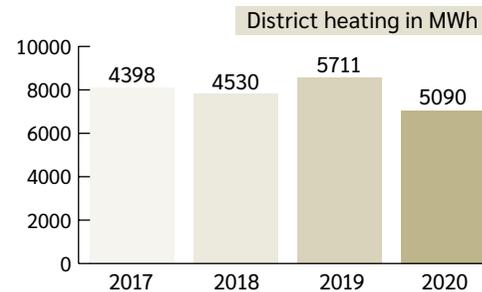
We also have two other ongoing, energy related projects. We conduct an external survey in accordance with the Energy Mapping (Large Companies) Act. This is done at Group level and in two phases. An overall phase that then leads to a detailed survey per company.

In 2020, we worked on the overall phase. The purpose of energy mapping is to analyse the most important energy use and see how it can be more efficient. The results and proposed measures will be part of Spaljisten’s work on the UN Goal of Affordable and Clean Energy.



Energy metering

A heat exchanger with A2 filter has been installed and running since the end of 2020. This means that we replace the air extracted via the filter with fresh air. We also recycle up to 60% of the heat contained in the extracted air. We made new measurements of ICA values at the beginning of February this year. They show that we have much better air, which is far below the threshold values. We are proud of our investment, which has led to a better work environment.



Solar cells in all new areas of the factory

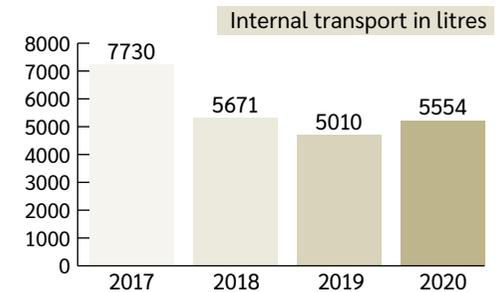
Our ambition is to use more solar cells, and we are currently working on developing a concept. Since we will need to expand our factory, the plan is to carry out a pilot study on solar panels in the new areas of the factory. We will also only use LED lighting in all new areas of the factory.

New policy for our company vehicles

In 2020, our owner, Surewood Industries, developed a new company vehicle policy. This means that everyone now has the option of choosing a hybrid or electric car as a company car. During 2021, Spaljisten will start to provide charging stands at the factory in Åseda

No more internal transport using diesel

We only have one forklift truck running on diesel. All others run on electricity/battery. As part of our work in pursuit of the UN Goal of Responsible Consumption and Production, we have formulated a plan to eliminate diesel internally.



Smart handling of chemicals is a prerequisite for a safe work environment and sustainability

→ Spaljisten works actively to create a good work environment and health among its employees. Primarily through correct purchasing and safe handling of chemical substances. All chemicals are collected with the respective safety data sheets together with all risk assessments in our chemicals management system, which is provided by Chemgroup.

The chemicals management system can be accessed both via the intranet and the app. We regularly meet Chemgroup to talk about how we can work together systematically and minimise hazardous chemicals in Spaljisten's operations. In 2020, we actually managed to phase out around 50 products!

What does sustainability mean to you?

For Chemgroup, sustainability means taking responsibility and implementing positive initiatives. Sustainability is not only about the environment, but also about economic and social responsibilities.

We work actively in all these areas. However, we can see that we have the greatest opportunity to influence from an environmental perspective. Chemgroup's own impact is relatively small compared to the one that comes from helping our customers.

How do you view the collaboration between Spaljisten and Chemgroup?

We feel that Spaljisten takes its sustainability work very seriously and we are working actively to implement improvements. When it comes to handling chemicals, we have worked actively on substitutions and risk assessments. One problem we see with several customers is that they are bound to specifications and customer requirements. This sometimes makes it difficult and expensive to replace hazardous chemicals. Another problem is that there are no alternative products. In some cases, a dangerous substance may unfortunately be required for the product to have a desired property.

What are your prioritised areas of sustainability?

We often talk about helping to make the world a better place. In order to translate that ideal into practical, positive initiatives,



Pernilla Ylander
Sustainability and Customer Manager
på Chemgroup

we have chosen to set targets in our ISO certification for the amount of improvement being implemented at our customers' premises. We will create the conditions for our customers to work more efficiently with risk assessments and substitution, thus achieving an improved way of handling their chemicals.

In the first instance, we're working to replace risky products with better alternatives. In cases where a product cannot be replaced, we ensure sustainable handling of the product.



Christer Karlsson
Quality Technician

Why is the proper handling of chemicals important?

The most important reason for the proper handling of chemicals is the health, well-being and work environment of employees.

What does sustainability mean to you?

For me, sustainability is using the Earth's resources responsibly, and constantly trying to find new, smart solutions.

Take a LED light, for example, a small detail that saves a lot of energy!

How do you view the collaboration between Spaljisten and Chemgroup?

I think it works very well. We gain access to their expertise in chemical issues, and they help us to develop better and less harmful replacement products when needed. Their system is user-friendly, clear and the module for risk assessment is a great help in the risk assessment of chemicals.

Why is the proper handling of chemicals important?

Active work on the handling of chemicals is a

prerequisite for ensuring a safe work environment, reducing environmental impact and choosing non-toxic products.

We believe it is impossible to protect staff and the environment without actively working with the proper handling of chemicals. We have to have control of chemicals if we are to be able to deliver sustainable and non-toxic products. It's a competitive advantage to work with such issues nowadays, but in the long term it will be a prerequisite for consumers, employees and others.

Waste management and recycled materials

→ The cost of poor quality (COPQ) is a central part of Spaljisten’s internal sustainability work to create better waste management and increase the proportion of recycled material in our production. For us, non-conformities are an opportunity to be even better, and our ambition is to minimise waste and improve the quality of our products.

The following figures show the extent in which our work to improve waste management contributes to increased sustainability:

- We have saved as much CO2 as emitted during 1,442 car journeys between Stockholm and Copenhagen
- We have saved as much CO2 as it takes to heat 128 medium-sized houses over a year.

Recycled materials

We strive for constant progress and improvement in our production. We are working actively to increase the proportion of recycled material in plastic wrapping, particleboard and end products. Our vision of producing fronts of the highest quality with the next generation in mind is a duty.

“We continually measure how large a proportion of our wrapping is made from recycled plastic. Our ambition is for all our products to have a higher proportion of recycled material”

Johan Engström
Business Development Manager

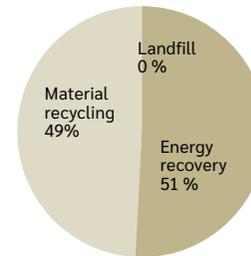
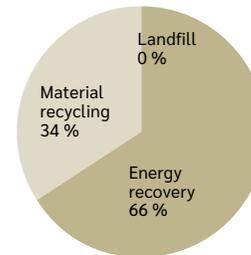
Deposit systems and recycling of PET bottles create opportunities for us to use plastics with reduced energy consumption. And for every tree that is felled and used in our production, two new ones are planted. This means that the cycle can continue over and over again. In fact, forests in Sweden are expanding twice as fast now compared to 100 years ago.

When it comes to the particleboard we use in our production, our goal is for it to contain between 70 and 90% recycled wood within two years. We are also working on making particleboard even lighter in order to reduce material consumption.

When it comes to the wrapping we use for our fronts, we are working actively to increase the proportion of recycled plastic. We use plastic from all the PET bottles returned by consumers all over Sweden to redeem their deposit. And we use ABS plastic from caravans, provided by the industry.



Waste 2020



Waste 2019

Achievements in 2020:

- We went from 12 to 47% recycled plastic in our wrapping
- We went from 10 to 15% recycled plastic in our edging
- We went from 0 to 44% recycled wood in our particleboard



Sustainability is about constantly wanting to develop and become better.

We strive for constant progress and improvement in our production. We are working actively to increase the proportion of recycled material in plastic wrapping, particleboard and end products.

By adopting smart technology, working actively on skills development, regulations and standards, we can deliver products of high quality, at the right time and at the agreed price. Quality is integrated into our day-to-day work, and our working methods and processes make it possible for everyone who works for us to contribute to Spaljisten being the obvious choice for customers, suppliers and partners.

Important cornerstones in our quality management:

- Reducing KPIs related to cost of poor quality.
- Incident management and root cause analysis.
- Regular internal and external audits
- Collaboration with suppliers and customers
- Improvement groups and steering meetings at different levels
- Ongoing risk analysis and development of processes
- LEAN production — for a smarter workday



“At Spaljisten, no product type is shipped without thorough quality control, something we are very strict about.”

Per-Ola Ljung
Logistics & Production Leader



How do we work with improvement?

We have different forums in which we handle suggestions for improvement and ways in which we can continue to develop our products and the company. There is also a work environment committee, an improvement group and the day-to-day management of the company. Other quality management tools include safety inspections, risk analyses and employee surveys. Non-conformities and improvements are registered in our internal non-conformity management system

Can you give us an example?

Thanks to a new and more ergonomic solution of lifting assistance for machine usage, employees can now work more independently

Spaljisten’s LAB

Spaljisten has an internal lab. The aim is to continually test and ensure that we meet the quality requirements placed on us. We measure steam, water and heating at several stages of production, for example. We also test stain resistance on a number of products.

With the help of our lab, we keep track on whether we are complying with laws, requirements and customer agreements. Sometimes we get help from external players to test our products. Everything is documented and leads to new measures where required. Any non-conformities are managed in a special process. All in all, we can (and dare) say that we actually deliver quality!



Andreas Agnesson
Production Manager

With Lean, we work in a smarter, not harder, way

What does sustainability mean to you?

It means a lot more than just the environmental issue itself, although that is clearly very important. We must make decisions that will enable us to grow according to our business plan. We must also have a good work environment and work actively to use resources in a sustainable manner. In practice, it's about thinking outside our own industry and seeing the entire chain. The whole way from Spaljisten to our customers, suppliers and partners.

How do you view the collaboration with Quant?

We have access to a professional maintenance business and a company that uses it as a business concept. They have procedures, methods, skills and processes for working with maintenance issues, and keep us informed accordingly. The initial problem is to build up skills so that they gain detailed knowledge of our business and to adopt Quant's various processes, such as their root cause analysis.

What are your priorities in relation to maintenance?

To have sufficient skills to be able to solve urgent maintenance requirements. It would

have been good to have both expertise and resources internally in order to achieve preventive maintenance.

In our Production 2030 Strategy, we are investing heavily in further improving quality. This includes an ambitious action plan in which the order of precedence is extremely important, as the various activities are both interrelated and interdependent.

We are aiming to build a zero defects culture, where the work takes place independently and employees themselves can apply the brakes if something goes wrong. We must prevent quality non-conformance before it's too late. The initiative includes planning, employee training and process development.

One important milestone is that we have now started using the Lean production method. We launched our training packages and workshops in accordance with the PDCA model, and, as a first step, all Spaljisten's managers have taken a 5S training course. The same training initiatives are now being rolled out in the rest of the business, and have been received with commitment and drive, which has already produced results.

Achievements in 2020:

- 5S training courses in "order and clarity" and other training initiatives.
- Each department has had to produce boards with guidelines on how the business is to be managed and how to involve employees. They have had to visualise waste, which enables both continual improvement work and communication
- We have developed "statistical process control", i.e. different parameters to ensure the quality of each sub-process and machine.
- We have tried to increase our understanding of quality non-conformities and how we can learn and continue to develop through insights gained
- We have developed ways of working with preventive maintenance and identified who does what.

At the end of 2020, Spaljisten made an active choice to outsource maintenance work to a greater extent. The fact that the choice of partner fell on Quant is an important part of Spaljisten's vision to be a world-class front manufacturer.



Louise Lindgren
Internal Site Manager at Quant Service

What does sustainability mean to you?

Sustainability is a prerequisite for our future and the business. Sustainability is an important part of Quant's service products, and can be taken into account in processes, methods and policies. This is how we run the company.

How do you view the collaboration with Spaljisten?

Working with Spaljisten allows us to align our goals and visions. We want to generate outstanding customer value through smart services and cost efficiency, and improve factory performance in a safe and sustainable manner.

What are your sustainability priorities?

Safety, integrity, quality and the environment linked to our processes.



Tapio Viitala
Production Technician



The department of
production technology



Richard Nilsson
Production Technician

We work preventively to avoid the Cost of Poor Quality (COPQ)

Spaljisten works actively in the area of Cost of Poor Quality (COPQ). Such costs must always be seen as something to avoid, otherwise they create additional costs at all stages.

In order to avoid COPQ, we depend on a cleaner environment and constant checks of our process parameters. For this reason, Spaljisten's various departments, not least on the production side, work in a structured and committed manner with cleanliness and process control in order to identify faults and deficiencies.

Our COPQ policy consists of:

Internal disposal – materials scrapped during production because they do not fulfil the requirements set by us and our

Waste – reworking, downtime and when we cannot follow the regular process

External complaint – when the customer's customer makes a complaint to our customer. Our customer then sends us feedback to rectify or raise the quality level even higher

We have seen that the ongoing work with improvement groups, Lean, focus on further improving quality and several other activities are having an impact. We also work actively to prevent and reduce the effects of defects in quality. We strive for "zero defects" and our ambition is to deliver flawless products. To get there, we are working with the internal culture, developing our processes, methods and machinery, and securing and developing the skills of our employees

We make sure that every employee has the mandate and authority to pull the handbrake when something goes wrong. Problems and non-conformities are managed with the help

of support functions and in various improvement groups. More people are aware of our risk indicators, which contributes to the development of the business.

In 2020, we focused on reducing costs by incorporating Lean, as well as investing and taking a number of different initiatives in our improvement groups. Quality improvements are made on an ongoing basis, and our employees are at the heart of this incredibly important process. Good cooperation with customers, suppliers and partners is also an undisputed part of our work to develop and make Spaljisten even better.

How we work with compliance

→ By working actively to comply with regulations, certifications and standards, we can deliver high quality products at the right time and at the agreed price.

In addition to Spaljisten's Code of Conduct and IKEA's IWAY, there is GO/NOGO, a compliance and quality system with a number of requirements that must be met in day-to-day operations.



Erik Karlsson
Logistics Administrator

These include:

- Securing documentation of all products
- Verification and securing of the documentation, which must reflect materials, components and production
- Control of processes throughout the supply chain
- Inspections and quality control according to requirements
- Handling of non-conforming goods
- Our quality management system must ensure that everyone in the company complies with our Code of Conduct, IWAY and GO/NOGO.

Laws and other requirements

There are also other laws and requirements to be observed in day-to-day operations. To do so systematically, we have implemented a system that informs us about changes, allocates internal resources and ensures implementation, follow-up and communication.

What does compliance mean to you?

Compliance ensures that the end customer is protected from exposure to hazardous chemicals and can use the product without injury, and that the product has been produced in an environmentally friendly and ethical manner. Compliance is a prerequisite for us to be able to deliver while complying with the laws and requirements that the customer wants us to live up to.

What is required to work with compliance?

Good knowledge of the systems is required where all specifications and technical descriptions are available, i.e. the content we need to follow in order to achieve compliance.

We have to be accurate, structured and always review all content, as the smallest non-conformity can have disastrous consequences for us, our customers and their customers. Knowledge of our production and the materials in our business is also important, as it determines which requirements are placed on us and which documents are to be collected.

Why is compliance important for sustainability?

Compliance is important from an environmental aspect, as we have opted to comply with the Forest Stewardship Council (FSC) and increase our use of environmentally friendly and recycled materials. Through compliance, we ensure that our suppliers meet the environmental requirements that exist to protect forests, water, air and people.

We have implemented Authorised Economic Operator (AEO) status

Companies that want to be approved as economic operators are expected to have control over their business and can identify, avoid and minimise risks associated with customs-related activities, including through self-auditing. In the spring of 2020, Spaljisten implemented AEOC (authorisation for customs simplification) and AEOS (safety and security authorisation).

The purpose of AEO is to increase security and create uniform customs clearance within the EU. The following changes have been made in accordance with AEO:

- Risk analysis conducted with focus on physical and digital security
- Security plan established
- Implemented procedures and working methods linked to the risks of manipulation of loading units
- Introduced new ways of working for reporting and follow-up of security incidents
- Installed alarms, grilles, alarm systems and procedures to protect against illegal access
- Ensured that suppliers and partners have received information about our security regulations
- Ensured that our business partners have signed a security declaration and updated the supplier assessment process
- Everyone at Spaljisten has received a security training course with the aim of raising awareness of the importance of security issues
- AEOS requirements are included in our internal audit plan



Carl-Magnus Lundin
Quality Controller

Financial report 2020



Malin Kirejs Hellbjer
CFO

Stable in 2020 – despite pandemic

The main element of 2020 was COVID-19 and our adaptation to its effects around the world, in Sweden and in our society. Naturally, this also left a mark on Spaljisten, on the process of developing production going forward with even more sustainability and a more efficient structure.

There were major fluctuations in the market that forced us to adjust our production on an ongoing basis to cope with all the ups and downs. But despite the major problems we faced, I can confirm that in summing up 2020, Spaljisten managed to achieve sales of SEK 501.6 million and an EBIT of 5.9%.

This means that Spaljisten can look back on 2020 as a good year, despite all the ups and downs that the company was forced to deal with.

We continue to focus on our kitchens

Investments in our kitchen range continued during the year. Various parts have started to be installed on site in Åseda. The strong Swedish krona has affected raw material prices,

which has had a positive impact on the profitability of Spaljisten.

During 2020, intensive work was done on follow-up in order to create a deeper understanding and responsibility for results at all levels. This will continue in 2021.

It is incredibly inspiring to be involved in Spaljisten's development as an employee and financial manager, and to see how committed everyone is in the different areas of the business. It is with great curiosity and enthusiasm that I am looking forward to what 2021 has to offer, and can once again confirm that it is incredibly pleasing to be part of the journey that Spaljisten is on.

Income statement	01/01/2020	01/01/2019-
Amount in SEK	31/12/2020	31/12/2019
Net turnover	504,817	566,466
Change in inventory during manufacturing, finished goods and work in progress	-7,902	4,633
Other operating income	,090	97
	504,005	571,196
Operating expenses		
Raw materials and supplies	-308,911	-378,293
Other external costs	-70,184	-70,120
Staff costs	-77,491	-81,259
Depreciation and write-downs of tangible and intangible fixed assets	-15,881	-17,482
Other operating expenses	-1,559	-306
Operating profit	29,979	23,736
Profit/loss after financial items		
Profit/loss from shares in Group companies		84,984
Interest income and similar items		45
Interest expenses and similar items	-168	-705
Profit/loss after financial items	29,811	108,060
Appropriations	-29,454	-13,579
Profit/loss before tax	357	94,481
Tax on the year's profit	-100	-2,160
Profit for the year	257	92,321

Cash flow statement	01/01/2020	01/01/2019
Amount in SEK	31/12/2020	31/12/2019
Operating activities		
Profit/loss after financial items	29,811	108,060
Adjustment for items not included in cash flow, etc	17,716	-66,049
	47,527	42,011
Tax paid	107	-1,509
Cash flow from operating activities before changes in working capital	47,634	40,502
<i>Cash flow from changes in working capital</i>		
Increase(-)/Decrease (+) in inventories	6,553	-5,054
Increase (-)/Decrease (+) in trade receivables	-25,073	5,581
Increase (+)/Decrease (-) in trade liabilities	-3,152	-57,296
Cash flow from operating activities	25,962	-16,267
Investment activities		
Acquisition of tangible fixed assets	-51,332	-13,059
Disposal of tangible fixed assets	1,323	35
Acquisition of financial assets		-3,678
Disposal of financial assets		85,084
Cash flow from investment activities	-50,009	68,382
Financing activities		
Change in Group account	27,926	-52,673
Amortisation of loansn	-600	-3,270
Cash flow from financing activities	27,326	-55,943
Cash flow for the year	3,279	-3,828
Cash & cash equivalents at start of year	1,348	5,176
Cash & cash equivalents at end of year	4,627	1,348

Balance sheet			Balance sheet		
Amount in SEK	31/12/2020	31/12/2019	Amount in SEK	31/12/2020	31/12/2019
ASSETS			EQUITY AND DEBT		
Fixed assets			Equity		
<i>Tangible fixed assets</i>			<i>Restricted equity</i>		
Buildings and land	1,172	1,311	Share capital	840	840
Plant and machinery	37,547	50,962	Statutory reserve	2,598	2,598
Equipment and tools	1,776	1,399		3,438	3,438
Construction in progress	55,475	9,239	<i>Unrestricted equity</i>		
	95,970	62,911	Retained profit or loss	149,544	37,323
Financial assets			Profit for the year	257	92,321
Other non-current securities	115	115		149,801	129,644
Other long-term receivables	2,536	3,301	Total equity	153,239	133,082
	2,651	3,416	Untaxed reserves		
Total fixed assets	98,621	66,327	Accumulated excess depreciation	36,353	31,899
Current assets				36,353	31,899
<i>Inventories etc.</i>			Long-term liabilities		
Raw materials and supplies	15,821	14,473	Other bank debt	4,200	4,800
Work in progress	5,375	4,376		4,200	4,800
Finished goods and commodities	11,677	20,578	Short-term liabilities		
	32,873	39,427	Liabilities to banks	600	600
Short-term receivables			Trade creditors	36,750	39,955
Tax assets	2,155	2,363	Liabilities to Group companies	6,771	807
Trade debtors	47,185	31,033	Other short-term liabilities	2,485	3,611
Receivables from Group companies	53,317	66,474	Accrued costs and prepaid earnings	12,586	12,272
Other receivables	6,964	9,456		59,192	57,245
Prepaid costs and accrued earnings	7,242	10,598	TOTAL EQUITY AND LIABILITIES	252,984	227,026
	116,863	119,924			
Cash and bank balances	4,627	1,348			
Total current assets	154,363	160,699			
TOTAL ASSETS	252,984	227,026			



Production of Sustainability Report

Risk analysis

Spaljisten's management team carried out a comprehensive risk analysis in 2017. It shows what our greatest risks are. How those risks developed in 2020 can be read under the heading Sustainability-related risks. The greatest risks from Spaljisten's perspective are still linked to skills provision, excess wastage and defects in quality.

Process In the production of this report, Spaljisten has worked according to the following process:

Legal requirements In Sweden, there is a reporting requirement that means that companies of a certain size must draw up a sustainability report. It is based on an EU directive from 2014, which aims to make information about how companies work with sustainability issues more open and comparable.

Analysis and prioritisation of sustainability issues

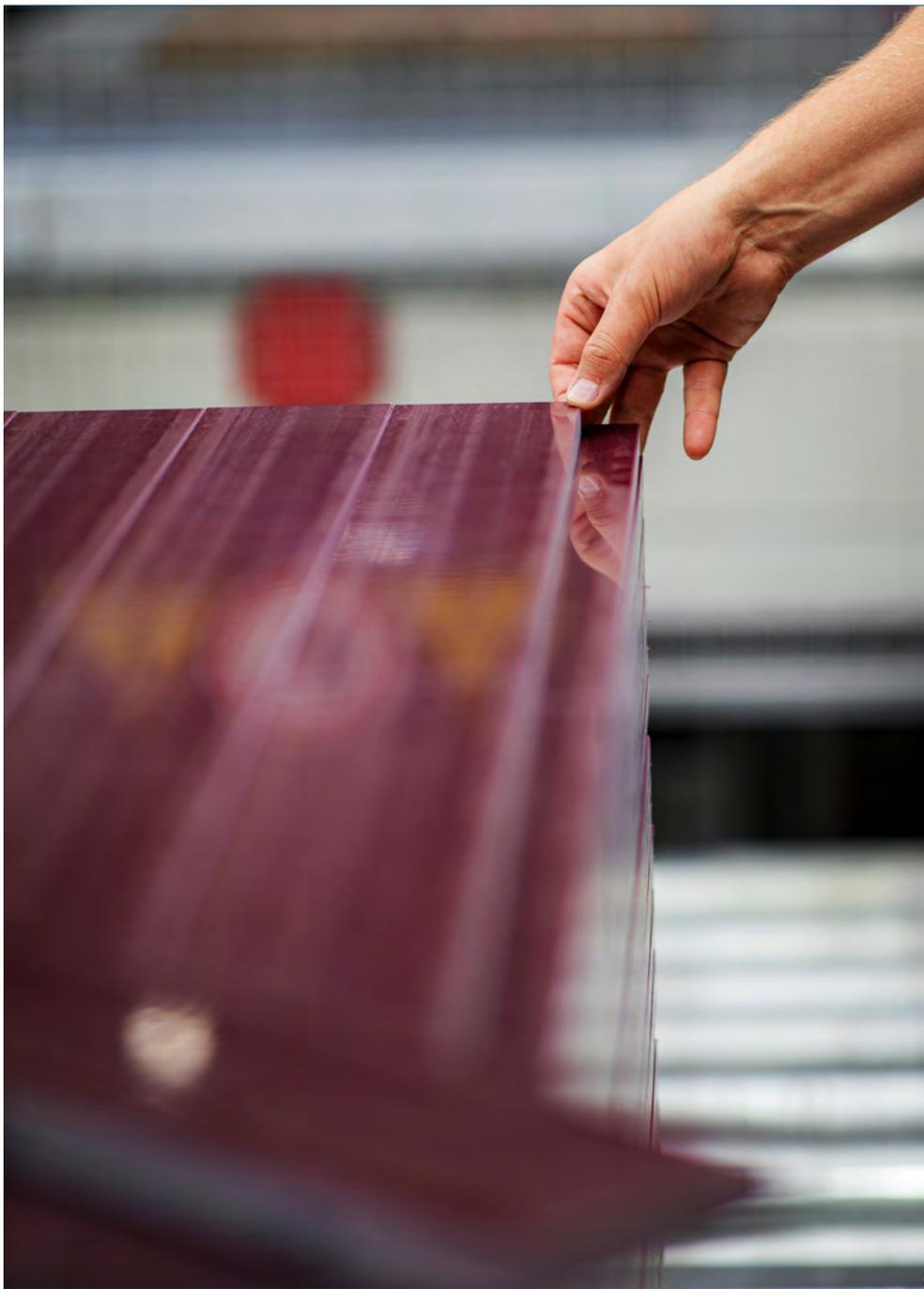
Spaljisten's management team has jointly decided on prioritisation, i.e. which sustainability issues the business will focus on during the year.

Data collection and presentation

Sustainability Manager Ermal Devce was responsible for collecting data for 2020 and the presentation.

Review The management team has reviewed the report, the Board of Directors adopted it and an authorised auditor has approved it.

Presentation The Sustainability Report is presented digitally on all our platforms and is available to everyone.



Auditor's statement regarding the statutory Sustainability Report

To the Annual General Meeting of Spaljisten AB, org. reg. no. 556190-7709

Assignment and allocation of responsibility

The Board of Directors is responsible for the Sustainability Report for 2020, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review has been conducted in accordance with FAR's recommendation RevR 12 The auditor's statement on the statutory Sustainability Report. This means that our audit of the Sustainability Report has a different focus and substantially less scope than the focus and scope of auditing in accordance with 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 prepared.

Stockholm 29 april 2021

KPMG AB

Tomas Gerhardsson
Authorised public accountant
Principal auditor

Olle Nilsson
Authorised public accountant

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

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