

# »» A SAFE FUTURE ««

SUSTAINABILITY REPORT  
IN OUR SUSTAINABILITY REPORT  
WE PRESENT OUR SUSTAINABILITY  
EFFORTS AND HOW WE MANAGE  
OUR COMMON RESOURCES.



**MAKING YOUR WORLD SAFE**  
PROTECTING PEOPLE, PROPERTY,  
AND PROCESSES.

**TROAX – THE ORIGINAL**  
OUR PRODUCTS ARE BASED ON  
HARD WORK, GOOD IDEAS AND  
VALUES THAT ARE SOFTER THAN STEEL.  
WE HAVE BEEN WORKING ON MAKING  
YOUR WORLD SAFE SINCE 1955.

**TROAX GROUP AB**

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# 1 SUSTAINABILITY WITHIN TROAX





## 1.1 TROAX BUSINESS MODEL AND STRATEGY

# TROAX WORKS TO MAKE YOUR WORLD SAFE BY DEVELOPING INNOVATIVE SAFETY SOLUTIONS THAT PROTECT PEOPLE, PROPERTY AND PROCESSES.

Concretely, we assist our customers in ensuring that the safety solutions in their manufacturing facilities and warehouses attain a more than acceptable level. We often assist our customers with their safety solutions based on their drawings, and we have also developed configuration systems to enable customers to produce their own proposals for implementations of our safety system. For over 65 years, the mission for our high-quality, metal-based mesh panel solutions has been to meet demand for protected and safe property storage, machine guarding and warehouse partitioning. Today, we are the market leader in our industry. Troax is represented in 42 countries around the world and employs around 975 people. Our business concept incorporates three areas in which the focus is on development and quality. Specific objectives have been defined for each area, which correspond to our three business areas:

- » Machine Guarding: Products and solutions that protect people from machinery and robots in industrial environments, and safeguard people from automated manufacturing processes.
- » Warehouse Partitioning: A wide range of protection solutions that are used for conventional and automated logistics handling, including storage cages, warehouse partitions and anti-collapse panels for pallet racks.
- » Property Protection: Customised mesh panel solutions for basements, attics and self-storage facilities.

Our mission is to exceed our customer's expectations with innovative safety solutions that protect people, property and processes. Our vision is to be the first choice in innovative safety solutions

– and the leading global supplier of mesh panels, with a global presence in all key areas.

In our efforts to make everyday life safer we follow three core values, both from a long-term perspective and on a daily basis:

- » Customer focus. We are responsive, committed and put the customer first to be able to offer the highest quality solutions, products and services.
- » Respect. We are dedicated and we care about people. This helps us act with high ethics, integrity and professionalism in everything we do.
- » Cooperation. We always have our minds set on cooperation, between colleagues, as well as with present and presumptive clients and suppliers.

Our business activities are based on nine core values, which are both ethical and moral, and are reflected in the Troax Code of Conduct.

### 1.2 TROAX SUSTAINABILITY MANAGEMENT

This document constitutes Troax statutory Sustainability Report for 2020 in accordance with the Swedish Annual Accounts Act. Troax has published a sustainability report annually since 2017 and will continue to do so annually going forward. Troax is a signatory to the UN Global Compact, which aims to make human rights, decent working conditions, environmental accountability and anti-corruption practices core values in the activities of signatory organisations. As conveyed by this report, Troax sustainability efforts are undertaken in accordance with the Global Compact, and its 10 principles are integrated in the Troax Code of Conduct, Supplier Code of Conduct and in Troax Ethical Guidelines.

Sustainability within Troax activities is promoted by the company's Vision, Values and Code of Conduct, supplemented by our governance documents. Sustainability is an integral component of the Troax strategy and the highest decision-making body on corporate matters is the Board of Directors, which approves the Troax Code of Conduct, supervises Troax sustainability efforts and is responsible for the Sustainability Report. Troax Group Management is responsible for drawing up the company's Sustainability Strategy and for following up on its implementation in the company.

Troax Values define who we are and what we stand for. Troax Code of Conduct is the foundation for our actions and conduct. In addition to the Group-wide Code of Conduct, our defining principles and practices are set out in the following governance documents:

- » Troax Ethical Guidelines
- » Whistleblower Policy
- » Finance Policy
- » Quality and Environmental Policy
- » HR Policy
- » Equality Policy

Troax also has local policies further describing internal rules. These policies are reviewed and updated on a regular basis. The management system and action plans ensure that Troax addresses critical sustainability issues systematically. The management system for occupational health and safety has been implemented for the manufacturing facility in Sweden and all the production facilities regularly report key performance indicators (KPIs) for incidents and accidents. Troax's environmental efforts in Sweden are primarily framed by the ISO 14001 environmental management system.

The Code of Conduct is Troax's ethical compass and sets out the guidelines for Troax's conduct towards stakeholders and the market. The Code of Conduct helps us to translate values into action and forms the basis for exercising our ethical, environmental and social corporate responsibility. The Code of Conduct covers factors such as occupational health and safety, the environment, management-employee relations, human rights and business practices.

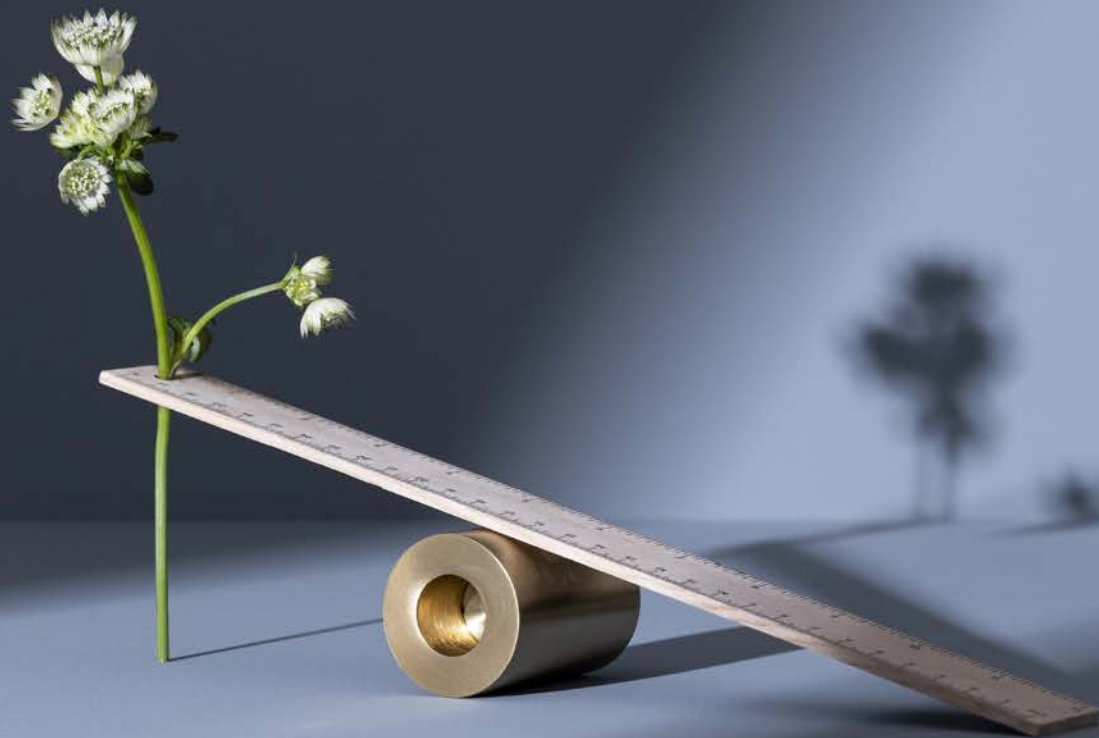
The Troax global whistleblower function gives employees the opportunity to report any violations of the Code of Conduct, and all employees are encouraged to report suspected violations. The Code of Conduct and the Whistleblower Policy apply to all Troax employees worldwide and are communicated to the employees annually by the local country managers. All new employees are familiarised with the Code of Conduct and the Whistleblower Policy during the induction programme. Over the course of 2019/2020, all employees were informed of the Troax ethical guidelines and Whistleblower Policy.

### 1.3 INDUSTRY AND COMMUNITY ENGAGEMENT

In the locations where Troax operates, the company plays a role in the local community as an employer, tax-payer, and buyer of local goods and services. Troax also supports non-profit causes and has a stake in a local wind farm. In the communities where Troax operates in Sweden, the company sponsors local sports associations, attends college fairs, offers internships to students and also supports other associations in which its employees are involved, mainly within sports.

Troax AB and Troax Lee are certified according to ISO 9001 and 14001, and the long-term objective is for all manufacturing divisions group-wide to attain both certifications. Troax actively engages in elaborating and raising the standards laid down in the EU Machinery Directive, which is a CE standard for ensuring that machinery meets EU occupational health, safety and environmental requirements, which in turn serves to improve workplace safety in industrial settings.

## 2 RATIONALE FOR TROAX'S SUSTAINABILITY GOALS



### 2.1 STAKEHOLDER SURVEY

**TROAX HAS MANY DIFFERENT STAKEHOLDERS, WHO ARE VITAL FOR PRIORITY-SETTING OF SUSTAINABILITY FACTORS. THE MAIN STAKEHOLDERS ARE THOSE IMPACTED BY TROAX'S BUSINESS AND ACTIVITIES, AND WHICH RECIPROCALLY IMPACT TROAX. THE FOLLOWING GROUPS ARE REGARDED AS BEING OUR KEY STAKEHOLDER GROUPS:**

- » Existing and potential customers
- » Existing and potential employees
- » Shareholders, investors and financiers
- » Existing and potential suppliers
- » Local communities in the vicinity of Troax's manufacturing facilities

Troax is committed to maintaining regular, honest and transparent interaction with its stakeholders. We maintain and build stakeholder relations proactively, employing information from stakeholders to develop our business, products and services. Maintaining transparent and continuous dialogue builds confidence in Troax capacity to manage risks and maximise potentials, which thereby boosts business growth.

At the turn of the year 2019/2020, Troax conducted a customer survey, which included questions about customer expectations regarding Troax's sustainability efforts. One of the survey outcomes was that customers expect Troax to address sustainability issues proactively as part of its business development, but that is not currently a general focus for customers in their supplier assessment. A smaller-scale employee survey conducted in winter 2020 indicates that Troax employees perceive that the organisation has a sustainability focus, but that communication about sustainability efforts could be improved.

**2.2 RISK MANAGEMENT RELATED TO OCCUPATIONAL HEALTH, SAFETY AND THE ENVIRONMENT**

Risk analysis is integral to management’s internal processes and is performed with the aid of policies and procedures. General risk analysis, including preventive measures, is conducted at group management level and is approved by the Board of Directors annually.

Risks are otherwise identified and managed within the group’s different divisions through the routines and systematic risk assessments conducted within the different risk areas. Preventive measures are adopted within each risk area in order to reduce the likelihood and consequences of an incident. The following summarises the risks that have been identified, and which concern sustainability within our operations:

RISK	DESCRIPTION	TROAX’S MANAGEMENT
Environmental accident risks	Environmental accidents caused by leaks, spills or process failures.	Routines for chemicals handling and waste management.  Emergency preparedness for spills and leaks. Employee training.  Test sampling for trichloroethylene concentration at the Hillerstorp site.
Working environment risks	Failures in workplace safety can result in occupational injury and disease.	Systematic working environment safety efforts through, for instance, training, regular inspections, work instructions, protective equipment and ergonomic aids.
Occupational health and safety risks	Occupational health and safety factors at Troax manufacturing facilities.	Reporting and follow-up on incidents and accidents, and action plans to prevent future incidents/accidents.
Product safety risks	Safe use of products.	Product testing in accordance with standards and third-party product certification (TÜV).
Sustainability risks in the supply chain	Environmental risks linked to production of materials and components.  Supplier violations of the Code of Conduct.	Suppliers need to sign Troax’s Code of Conduct, containing environmental requirements for materials and components. Just over 50% of the input goods to Troax AB consist of recycled steel.  The requirement for suppliers to sign the Troax Supplier Code of Conduct which sets out requirements for social responsibility and monitoring by means of supplier audits.

**2.3 UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)**

The UN SDGs were introduced in autumn 2015 and replace the Millennium Goals, which meant that environment and development were no longer addressed as two separate concerns. The three dimensions of sustainable development – the social, economic and environmental dimensions – are integrated in the SDGs. All UN member states are to work to achieve the SDGs, and it is the responsibility of each national government to ensure that the

SDGs are achieved in their respective country. The SDGs must be achieved by 2030.

We regard it as important to contribute to achieving these goals and we support the means of achieving them in our activities. We have evaluated our business operations in terms of the 17 SDGs and have identified three goals with implications for our activities, and for which we judge that we can achieve maximum impact.

**UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)**

**TROAX’S SUSTAINABILITY MEASURES**

<b>GOAL 8:</b> Decent Work and Sustainable Growth	<p><b>8.4</b> We contribute to improving resource efficiency in manufacturing by improving our energy performance through continually aiming to reduce electricity consumption in our manufacturing processes.</p> <p>We facilitate heat recovery from air and hot water from compressors, as well as adjusting general ventilation operating hours.</p> <p>When existing lighting fixtures reach the end of their useful life, we replace them with energy-saving LED strip lights.</p> <p>We reduce transport-generated emissions of greenhouse gases through local manufacturing of our products in China and the US.</p> <p><b>8.7</b> We do not tolerate the use of forced labour or unregistered labour, physical or mental punishment or harassment. We respect human rights and abide by international conventions in this area. This is described in our Code of Conduct and in our internal governance documents.</p> <p><b>8.8</b> The Troax business concept is based on an ambition for our products to make workplaces worldwide safer for our customers’ employees in order to minimise the number of accidents that occur in industrial enterprises. We also make a difference by making our own workplaces safer by investigating and preventing accidents.</p>
<b>GOAL 12:</b> Responsible Consumption and Production	<p><b>12.2</b> We contribute by means of optimised constructions and utilisation of high-strength materials combined with regular testing at our test centre to make our products more efficient in materials use and higher strength than many of our competitors’ products. The product development process always entails an environmental analysis, and we constantly seek new opportunities for reducing the use of steel in manufacturing new products.</p> <p>In Sweden, renewable biogas has replaced natural gas in manufacturing and heating of facilities.</p> <p><b>12.4</b> We contribute to responsible chemicals handling in our processes by treating our own discharge water in our own water treatment plant. The vacuum evaporator cleans contaminated water from pre-treatments and it is reused in the process, which is a closed-loop system.</p> <p><b>12.5</b> We contribute in that 99% of the constituent material in our products is recyclable steel. In addition, just over 50% of the input goods to Troax AB consist of recycled steel.</p> <p>We contribute through proactive waste sorting; for example, by recycling cardboard and plastic, recovering energy from wood and other combustible waste, and transporting residual metal waste directly to the smelters for recycling.</p> <p>Dust from metal machining and welding is cleaned in two stages via compressed air cleaning cartridge filters and bag filters before the clean air is ducted to ventilation with heat recovery.</p> <p>Water vapour from pre-treatment is routed out to the surrounding area via internal heat exchangers.</p> <p>Air from paint booths is cleaned via cyclone separation and porous layer filters, after which it is returned to the manufacturing premises.</p>
<b>GOAL 16:</b> Peace, Justice and Strong Institutions	<p><b>16.5</b> We contribute to combating corruption and bribery by making requirements of employees and suppliers through our policies, Code of Conduct and whistleblower procedure.</p>







### 3 TROAX'S FOCUS AREAS FOR SUSTAINABILITY EFFORTS

**BASED ON OUR STAKEHOLDER SURVEYS AND RISK ANALYSES, AND OUR PRIORITY UN SUSTAINABLE DEVELOPMENT GOALS, WE HAVE IDENTIFIED THREE PRIORITY FOCUS AREAS FOR OUR SUSTAINABILITY EFFORTS. THESE ARE ALSO THE AREAS WE JUDGE TO BE IMPORTANT TO OUR STAKEHOLDERS. THESE FOCUS AREAS, WHICH ALSO SUPPORT TROAX'S LONG-TERM STRATEGIC GOALS AND DIRECTION ARE:**

- » **REDUCED ENVIRONMENTAL IMPACT**
- » **DECENT WORKING CONDITIONS**
- » **HIGH STANDARD OF BUSINESS ETHICS**

All of the above three focus areas are also mandatory for Troax's main suppliers. Our Supplier Code of Conduct does not emphasise these three areas specifically, but does refer to our Environment and Quality Policy, and requires suppliers to as minimum match Troax's compliance.

We have been addressing sustainability issues for many years and have integrated them as a natural part of our business. This has been implemented partly through the introduction of various policies relating to sustainability, and partly by ensuring active sustainability efforts in accordance with ISO 14001. We track our

sustainability performance by monitoring attainment of targets set within each area. Our ambition is to continue to develop our internal sustainability programme, for instance, through continued investment in training and through additional targets that are regularly followed up within the business.

### 3.1 REDUCED ENVIRONMENTAL IMPACT

#### 3.1.1 TROAX ENVIRONMENT EFFORTS

Troax has long been committed to reducing its environmental impacts in its business processes, while working for a better environment is an important aspect of the day-to-day work. In 2020, we have also taken steps to identify in which processes Troax has the greatest environmental impact to be able to focus our climate work in these areas. In the following, we will be elaborating on Troax sustainability efforts within these areas: raw materials consumption (steel), the production process, the product development process and the logistics process, and then round off with the 2020 inventory of areas in which Troax activities in Sweden have the largest climate footprint.

In addition to active efforts to reduce Troax's environmental footprint in its value chain, Troax also has supplementary pro-environment initiatives, such as our stake in a local wind farm, and the carbon-offsets achieved through our main freight forwarders operating from our plant in Sweden.

#### 3.1.2 RAW MATERIALS CONSUMPTION (STEEL)

As pure steel products, the mesh panels made by Troax are essentially environmentally friendly in that they are 99% recyclable. In our product development process, we aim constantly to reduce our use of steel while maintaining or improving safety for our customers. To our knowledge, there is currently no competitor on the global market offering a product entailing less use of steel per mesh panel with corresponding safety to match that achieved by our products. In 2020, by collecting data from our suppliers of steel and wire, these being the main components in a mesh panel, we calculated that around 50% of the steel currently consumed by Troax is recycled. Since steel consumption is the largest single contributory factor to Troax's climate footprint, in the coming years, Troax will be directing a keen focus on increasing its share of recycled steel (or alternative steel) in its manufacturing of mesh panels.

#### 3.1.3 AN ECOFRIENDLY PRODUCTION PROCESS

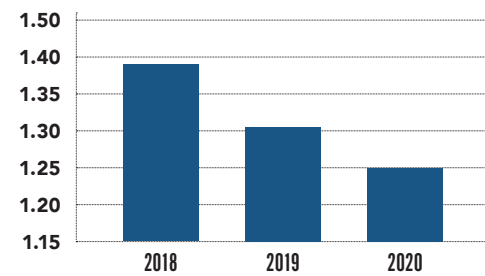
Troax maintains an environmentally friendly manufacturing process and was certified to the ISO 14001 environmental standard back in 1998. We monitor and measure our environmental performance and we seek to eliminate or reduce pollution, unnecessary materials consumption and emissions to air and discharges to water. Troax is proactive in its efforts to minimise its use of fossil fuel, and our production process results in no discharges of heavy metals. Environmentally hazardous waste from our production process consists of contaminated cleaning water from the product coating process where the discharge water is cleaned in our own water treatment plant. In addition to this, residual products such as scrap steel from trimming and cutting of steel and wire is handled by our recycling partners. This means that our production process can be regarded as having a negligible climate footprint, as also indicated by the emissions calculations for 2020 – see Section 3.1.5 below.

Our business activities in Sweden have been notifiable since 2015, and our manufacturing entities in China, Italy, the UK, Poland and the US comply with their respective national environmental regulations. Tests conducted in 2020 gave no cause for serious remarks or corrective actions except as regards an elevated level of trichloroethylene in the groundwater at the Hillerstorp site in Sweden, as described in the Annual Report's Directors' Report. Although the authorities no longer find that there is any need for remedial action on the elevated trichloroethylene level, Troax has decided to continue performing ground water sampling twice a year followed by analysis by an accredited testing body.

For some years, Troax has operated with the goal of reducing its energy consumption by 2% per annum relative to the number of kilogrammes of steel consumed by the company. This goal has been realised year on year during the measurement period and for 2020 the reduction achieved by

the Swedish manufacturing division exceeded 6%. Examples of energy-efficiency measures accomplished/ongoing within Troax include transitioning from natural gas to biogas, heat recovery from air and hot water from compressors as well as the switch to LED lighting in premises.

**ENERGY CONSUMPTION, TROAX AB** kWh/kg



### 3.1.4 ENVIRONMENTAL ASPECTS IN THE PRODUCT DEVELOPMENT PROCESS

All product development projects carried out by the Swedish division undergoes mandatory environment analysis with the aim of identifying the environmental aspects to be taken into account in the development of new products. In both the pre-study and in the project specifications, the product's environmental factors are addressed. A mandatory environmental analysis is then conducted as a dual document focused on materials, production and logistics. If the environmental analysis results in a low rating on any factor, this must be emphasised and where possible made subject to improvement measures. One example of a more sustainable product produced in 2020 would be our new 80x80 post, the thickness of which has been reduced from 3 millimeters to 2 millimeters, which lowers our steel consumption, combined with the higher resistance to external impacts on the mesh panel. Another example of our development of more sustainable products would be our new patented Smart Splice (internal locking of post height-extension), which results in reduced freight packaging volumes. The aim is to also include the organisations within Satech (Italy), Folding Guard (USA) and the newly acquired Natom Logistic (Poland) in Troax's product development sustainability efforts. These activities have been delayed, however, due to the ongoing pandemic.

### 3.1.5 ENVIRONMENTAL ASPECTS IN THE LOGISTICS PROCESS

Troax works actively and in collaboration with a number of other companies to use means of transport with as low an environmental impact as possible for freight from our factories to our customers. Our ambition is whenever feasible to use the most environment-friendly vehicles for transportation by road with the aim, in a few years' time, for 70% of transports within Europe to be

Euro 6 rated. We are working to achieve this with our main freight forwarders and following up on the outcome with them on a regular basis. In cases where we are obliged to transport freight by air at our customer's request, 100% carbon offsets are made for main freight forwarding companies. This also includes courier and express parcel deliveries.

We pack our products upright as far as possible to maximise lorry freight space efficiency, thereby reducing the number of transports. In addition to the efforts to reduce our climate footprint from transportation, we also aim to reduce the number of transports by increasing the manufacture of Troax products in the USA for the North American markets and in China for the East and Southeast Asian markets.

### 3.1.6 TROAX EMISSIONS CALCULATIONS 2020

In 2020, Troax for the first time made a mapping and calculation of the environmental impact of its business in accordance with the international Greenhouse Gas Protocol standards, (GHG Protocol). As a first step in this work, we chose to concentrate on calculating the emissions attributable to our manufacturing unit in Sweden. The goal is to expand this calculation to the entire Troax Group in order to set a science-based climate goal for our entire business, in accordance with "Science Based Targets (SBT)".

Troax has adopted an operational control approach with the intention of providing a comprehensive picture of emissions resulting from its Swedish activities. The overall result of the climate impact emissions calculations are presented in the charts below, where emissions are represented with reference to the three-scope GHG Protocol.

Scope 1 denotes direct greenhouse gas emissions from our activities, which include combustion of diesel and petrol in Troax-owned vehicles and leakage of refrigerants.

Scope 2 denotes indirect emissions from purchased electricity, heating and cooling in our activities. Scope 2 emissions are broken down in accordance with the GHG Protocol into market-based and site-based emissions. The market-based emissions are obtained from supplier-specific data, as Troax purchases electricity from 100% renewable sources. The site-based emissions, however, are calculated by applying an emissions factor based on the Nordic electricity mix.

Scope 3 denotes indirect emissions within the Troax value chain. As a first step in the mapping of Scope 3, our focus was on four categories; outbound transportation (to customers), business travel, waste, and steel purchases. The result is expressed in tonnes of carbon dioxide equivalents (CO<sub>2</sub>e) calculated from GWP100.

The comparison below of emissions data for the years 2018, 2019 and 2020 demonstrates that the majority of Troax emissions were Scope 3, and that Scope 1 and Scope 2 emissions are almost non-existent relative to Scope 3 emissions.

EMISSIONS CATEGORY	TONNES OF CO <sub>2</sub> e 2018	TONNES OF CO <sub>2</sub> e 2019	TONNES OF CO <sub>2</sub> e 2020
<b>Scope 1</b>	0.01%	0.01%	0.01%
<b>Scope 2</b>	–	–	–
<b>Scope 3 purchase of material</b>	93.3%	94.1%	94.9%
<b>Scope 3 outbound transportation</b>	6.68%	5.88%	5.08%
<b>Scope 3 other emissions</b>	0.01%	0.01%	0.01%
<b>Total scope 1 &amp; 2</b>	0.01%	0.01%	0.01%
<b>Total scope 3</b>	99.99%	99.99%	99.99%

This means that the main activities for reducing Troax's environmental footprint will be to continue the efforts to minimise consumption of steel in the mesh panels without reducing safety, and working to use more recycled steel (or a future alternative steel) in our production of mesh panels. Increasing the share of recycled steel at Troax's manufacturing plant in Sweden from the current 53% to 80% by year 2030 will be equivalent to reducing our emissions by 28%. Troax will also be actively seeking to partner with a freight forwarding company capable of offering an environment-friendly alternative.

# 3.2 DECENT WORKING CONDITIONS

**WE ARE COMMITTED TO BEING AN ATTRACTIVE AND RESPONSIBLE EMPLOYER WITH A DEDICATED WORKFORCE, AND WE ARE CONFIDENT THAT THE COMPANY'S SUCCESS IS FOUNDED ON A STRONG COMPANY CULTURE WITH DIVERSIFIED, CONTINUOUSLY LEARNING AND SKILLED EMPLOYEES. A KEY PRECONDITION FOR ACHIEVING THIS IS TO OFFER TROAX EMPLOYEES GOOD WORKING CONDITIONS.**

### 3.2.1 OCCUPATIONAL HEALTH, SAFETY AND WELLBEING

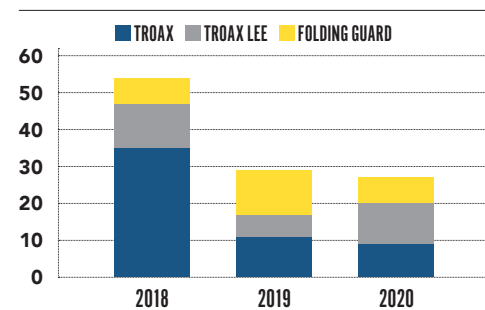
Good health is a fundamental requirement for people to be able to realise their full potential and contribute to the development of society. Troax's companies are committed to providing a healthy and safe working environment, and operate with a zero vision for employee accidents and customer accidents caused by our products. A strong occupational health and safety culture supported by employees who take good care of each other helps us to realise that vision.

Troax's subsidiaries are responsible for ensuring workplace safety in compliance with local regulations, and within the Group's manufacturing companies, regular reports are compiled of employee statistics covering overtime, sickness absences, incidents and

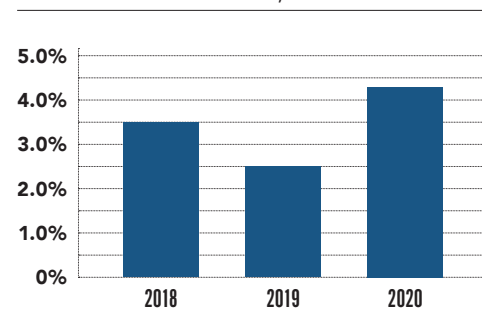
accidents. Abnormal sickness absences, as well as incidents/accidents, are investigated and accidents are reported to the authorities in accordance with applicable legislation. We undertake internal fire safety inspections to prevent damage to property and personal injury, and to maintain a high standard of employee welfare and occupational health and safety.

For sickness absences, we registered an increased rate during 2020. This was due largely to the coronavirus pandemic, partly in that employees were not permitted to attend work if they showed the least symptoms of illness, and partly in that a number of symptom-free days were required before an employee was permitted to return to work. We have not registered any other cause underlying the increase in the sickness absence rate.

ACCIDENTS REPORTED



AVERAGE SICKNESS ABSENCE RATE, TROAX AB



### 3.2.2 UNIVERSAL HUMAN RIGHTS

Troax respects human rights, meaning that we support, abide by and respect international conventions in this area. We do not accept child labour or any form of forced labour, servitude or slavery. All of our direct and indirect employees must be treated with respect according to basic human values. Troax supports freedom of association, which means that we respect our employees' right to organize and to bargain for collective agreements. We also respect the right of employees to refrain from joining a trade union. Troax is open to offering collective agreements to employees in markets where this is possible.

Our commitment to respecting human rights is conveyed in our Code of Conduct and in our Sustainability Policy for Suppliers in which we express our support for human rights regulations and the UN Guiding Principles on Business and Human Rights for example. To prevent risks regarding human rights, we are committed to compliance with national legislation and international conventions on human rights.

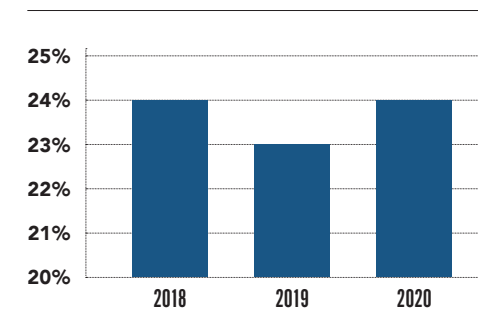
### 3.2.3 DIVERSITY AND EQUAL OPPORTUNITIES

Troax' primary goal is for diversity and equal opportunities to be a natural and integral element in all of our activities. As an employer, Troax has a responsibility for ensuring that all employees are treated equally and with respect. This applies to all types of workplaces, levels and also to management and decision-making bodies. An equal opportunities workplace with diversity is conducive to an attractive and dynamic workplace. We strive to promote an inclusive culture where employees enjoy respect and where the workforce reflects society at large. Troax has zero tolerance of all forms of discrimination and harassment, be they based on gender, gender identity or expression, national origin, race, colour, religion or creed, disability, sexual orientation and/or age.

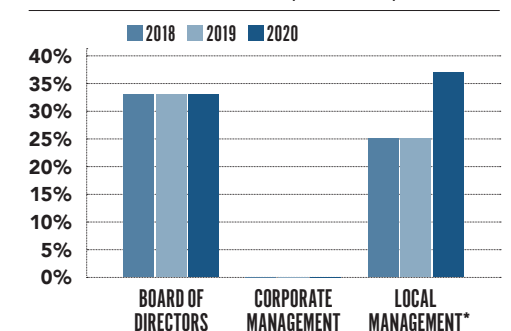
Gender equality is a prerequisite for sustainable development. The Group is committed to achieving no difference in pay between men and women who perform similar jobs. For Troax, diversity means not only a diversified workforce possessing relevant skills, but also an inclusive workplace. The diversity policy is observed in all HR processes, and the company adheres to a strict policy on non-discrimination. Troax is committed to increasing the number of women in managerial positions and the board of the parent company promotes gender equality and diversity in its recruitment process for new board members. Like many other industrial companies, a higher proportion of the workforce is made up of men, but the proportion of women increased from 23% in 2019 to 24% in 2020.

For executives, the Board of Directors of Troax Group AB consists of 33% women, while the central management group still lacks women representatives. Within Troax local management groups, women representatives increased from 25% in 2019 to 37% in 2020.

PROPORTION OF WOMEN EMPLOYED IN THE TROAX GROUP



PROPORTION OF WOMEN MANAGERS/EXECUTIVES/DIRECTORS



\* denotes local management teams in the four largest manufacturing divisions within the Group.









### 3.2.4 GOOD PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Troax has a strong company culture and a work ethic informed by our core values of customer focus, respect and cooperation. We offer market-rate wages and employee benefits, a multicultural and inclusive workplace and terms of employment respecting employee needs.

Opportunities for career-building and in-service training are crucial in attracting and retaining employees. High-level skills and commitment among employees are core to the Troax company culture. In order to promote competence development and commitment, the company regularly elicits employee feedback through employee surveys and annual employee performance appraisal sessions. This annual performance appraisal is vital not only in promoting employee development, but also in translating company goals into specific work-related goals for each individual employee. Opportunities for competence development are provided for both workers and management through internal and external training. Troax often recruits internal employees to new positions, and all vacancies within Troax are also advertised internally if advertised externally.

### 3.3 HIGH STANDARD OF BUSINESS ETHICS

Peaceful societies and freedom from violence are a goal and a means of sustainable development. Inclusive, responsible and fair institutions form the basis for good governance free from conflict, corruption and violence.

Troax's view of business ethics is summarised in two documents: Troax Ethical Guidelines and Troax Whistleblower Policy. We base our business on nine core values, both ethical and moral. To help our employees, suppliers, business partners and other stakeholders, we have set out our positions and perspectives on these values in the Troax Code of Conduct. All our employees are informed annually about Troax's Ethical Guidelines and our Whistleblower Policy. Our Code of Conduct is always provided to new employees and reviewed as a mandatory part of the introduction process. Troax Ethical Guidelines and Whistleblower Policy are available in local languages in the countries where the company's employees do not have English as their corporate language.

The Code of Conduct is based on the Troax Ethical Guidelines, as well as our core values: customer focus, respect and cooperation. Troax corporate governance is based on fundamentals such as our business plan, financial governance and environmental and quality management, and Troax Ethical Guidelines constitute one of the governance documents adopted annually by the Troax Board of Directors. It is the responsibility of the management to endorse the values underpinning the Code of Conduct – and to ensure that these are respected and complied with. The Code of Conduct calls for a high standard of business and personal ethics among Troax employees, and covers:

- » Undue influence: Troax maintains a zero-tolerance policy on bribery and other forms of corruption. All and any market activities/hospitality shall comply with internal rules, and the business practices and legislation prevailing in the markets we operate in. Troax tolerates no attempt to exert undue influence by existing or potential business partners, customers and other stakeholders. Undue influence must be exerted over neither Troax employees nor contractors and agents operating on behalf of Troax. No employees or contractors or agents must accept, consent to a promise of, or request, any form of benefit (kick-back) that might be construed as an anti-corruption violation. Similarly, employees and contractors or agents acting on behalf of Troax must not



commit any act that might be construed as an attempt to unduly influence the decisions of others.

- » Conflicts of interest: Troax's decisions must not be influenced by personal interests such as private economic interests, familial or friendship interests or other vested interests of no relevance to Troax's corporate interests. In case of any risk of a conflict of interest for an employee, the immediate superior must be informed and appropriate measures must be taken to eliminate that conflict.
- » Competition: Effective competition on equal terms is an important element of a healthy economy. Competition drives the development of business and industry operators, which benefits customers and society at large. This means that we must not conduct any activities that inhibit free competition.

Employees must carry out their work with a high level of business morals and ethical conduct, in accordance with the Troax Code of Conduct. The term 'employee' also denotes associates such as Troax representatives. Everyone is therefore expected to act with honesty, integrity and in accordance with applicable legislation. All employees are responsible for reporting violations, or suspected violations, of the Code of Conduct. If a business ethics issue arises in one of the Group's companies, a system is in place for how to report these issues – either directly to corporate management or to a member of the board. The practical procedures for reporting such issues are set out in the Whistleblower Policy. In 2020, 1 (0) notification was made through the Troax whistleblower procedure.

Troax also has a policy on export controls and sanctions to ensure that Troax entities comply with sanctions implemented by the UN, EU and USA.

We value our good reputation, which should apply to all our divisions and companies, both internally and externally. It is important for employees to understand how their actions both within and outside the business reflect on Troax. Our employees must therefore personally be liable for their personal statements and opinions.

### 3.4 SUSTAINABILITY IN THE SUPPLY CHAIN

Our sustainability efforts do not only extend to our own organisation, but also to companies within our supply chain. For Troax as a manufacturing company, it is important that sustainability aspects are addressed throughout the value chain, which means that our responsibility extends to ensuring that our suppliers seek to achieve a reduced climate footprint and decent working conditions and work to a high standard of business ethics.

The principles laid down in the UN Global Compact and mentioned in the introductory sections of this report are also integrated in the Troax Supplier Code of Conduct, a document which was implemented in 2020 and in which Troax sets out requirements for supplier acceptance of our terms by signing the Code. The shorter term aim is to get all suppliers who supply materials to any Troax manufacturing entity to sign the Troax Supplier Code of Conduct and in 2020, 100% of our suppliers of materials to Troax Shanghai signed.

Enforcement actions to ensure quality and compliance include audits and regular site visits to suppliers. The site visits are mainly paid to larger-scale suppliers, and suppliers in pre-defined high-risk countries. In 2020, Troax performed only a few factory audits. All audits were performed before the pandemic at suppliers in Sweden and in the USA.

### IMPLEMENTED PROCESSES TO PROMOTE A HIGH STANDARD OF BUSINESS ETHICS

	2018	2019	2020
Written ethical regulations and Whistleblower Policy established for all group entities	✓	✓	✓
Troax Ethical Guidelines and Whistleblower Policy communicated to all employees group-wide	✓	✓	✓
Information about Troax Ethical Guidelines and Whistleblower Policy issued to all new employees as part of their induction programme			✓
Troax Ethical Guidelines and Whistleblower Policy translated into local languages in the countries where English is not a common language			✓
Number of notifications made through the whistleblower procedure	–	–	1





## 4 FUTURE SUSTAINABILITY GOALS

The aim of Troax's sustainability efforts is to create value for our stakeholders. By continuously improving our sustainability performance, we aim to minimise risks to Troax, to develop and enhance the company's propositions, identify new, future business opportunities and in so doing reinforce its financial strength. An important element in this commitment is to transparently report on Troax performance with respect to key sustainability factors. We seek to realise, and report on, our performance within the previously stated focus areas:

1. Reduced environmental impact
2. Decent working conditions and
3. High standard of business ethics

All of the above three focus areas shall also be mandatory for Troax's main suppliers.

Troax sustainability efforts have focused on implementing activities aimed at achieving a number of targets, as presented in the table below. The overall objective will more comprehensively than to date include the organisations within Satech (Italy), Folding Guard (USA) and the recently-acquired Natom Logistic (Poland) in group-wide sustainability efforts. A dedicated taskforce has been established to report continuously on sustainability improvement performance to Group Management.

SUSTAINABILITY FACTOR	TARGET 2020-2030	2019	2020
Reduced environmental impact – energy consumption	Troax will reduce its energy consumption by 2% annually at the three largest manufacturing entities, measured in kWh/kg produced	Troax AB: 1.31 kWh/kg	Troax AB: 1.25 kWh/kg
Reduced environmental impact – outbound transportation	70% of all road transport by Troax's main freight forwarders shall be Euro 6 compliant	–	43% for transportation from Sweden
	100% of all air transport by Troax's main freight forwarders shall be carbon-offset	100%	100%
Reduced environmental impact – product development	All product development within the Group shall comprise an environmental impact analysis	Environmental impact analysis is integral to product development for the Troax brand	Troax 100%
Reduced environmental impact – consumption of steel	By 2030, 80% of steel consumed by Troax AB shall be either recycled steel or alternative steel.	No data available	Recycled steel share Troax AB: 53%
	Other manufacturing plants shall be subject to targets under GHG Protocol implementation activities.		Other manufacturing plants: Data collection from suppliers has commenced

SUSTAINABILITY FACTOR	TARGET 2020-2030	2019	2020
Reduced environmental impact/ Decent working conditions/ High standard of business ethics	All Troax priority suppliers shall comply with Troax requirements regarding environmental impact and working conditions in accordance with the Troax Supplier Code of Conduct	Code of Conduct document for Troax AB's suppliers compiled	Troax AB: 100% of A-list suppliers Troax Shanghai: 100% Satech: 80% of purchased volume Folding Guard: activities commenced Troax Lee: activities commenced Natom Logistic: activities not yet commenced
Decent working conditions – minimising the number of accidents	Troax shall employ preventive measures to reduce the number of industrial accidents group-wide	Troax AB: 11 Folding Guard: 12 Troax Lee: 6	Troax AB: 9 Folding Guard: 7 Troax Lee: 11
Decent working conditions – more equal gender distribution	Troax shall in its recruitment of senior decision-makers pursue an ambition for more equal gender distribution	Proportion of women Board of Directors: 33% Corporate Management: 0% Local management groups (3 companies): 25% women	Proportion of women Board of Directors: 33% Corporate Management: 0% Local management groups (4 companies): 37% women
Decent working conditions – liaison unit	Manufacturing companies with 20+ employees shall have a liaison unit, and all companies shall have procedures in place for pay reviews and recruitment to ensure that equal opportunities policy is observed in those procedures.	Process implemented for Troax AB	Process implemented for Troax AB
Decent working conditions – employee performance appraisals	100% of Troax employees shall at least annually have a documented employee performance review with their immediate superior	Outcome not determined	Troax AB employees not covered by collective agreements: 95% Troax AB employees covered by collective agreements: 68%
High standard of business ethics – information	100% of Troax employees to be informed annually about Troax Ethical Guidelines and Whistle-blower Policy	100%	100%
High standard of business ethics – training	100% of Troax employees in ongoing contact with customers and suppliers shall have completed business ethics training	Training not commenced	Training not commenced





## HILLERSTORP, SWEDEN 2021-03-29

**FREDRIK HANSSON**  
*Board Member*

**EVA NYGREN**  
*Board Member*

**THOMAS WIDSTRAND**  
*CEO*

**ANNA STÅLENBRING**  
*Board Member*

**ANDERS MÖRCK**  
*Chairman*

**BERTIL PERSSON**  
*Board Member*

**BENGTH HÅKANSSON**  
*Employee Representative*

Our statements regarding the statutory sustainability report were issued 2021-03-29.  
*Öhrlings PricewaterhouseCoopers AB*

**JOHAN PALMGREN**  
*Authorised Public Accountant*

### AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

#### DUTIES AND RESPONSIBILITIES

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

#### FOCUS AND SCOPE OF THE REVIEW

Our review has been carried out in accordance with FAR accountancy institute recommendation RevR 12 Auditor's review of the Statutory Sustainability Report. This means that our review of the Sustainability Report has a different focus and is significantly lesser in scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient basis for our opinion.

#### OPINION

A Sustainability Report has been prepared.

Gothenburg, Sweden, 29 March 2021  
*Öhrlings PricewaterhouseCoopers AB*

**JOHAN PALMGREN**  
*Authorised Public Accountant*









