

NEFAB

Communication on Progress



The Global Partner for Complete Packaging Solutions

Support statement



Contents

Vision and Values.....	4	Management system – Values in action	8
Globality	6	Actions	9
Commitment	7	Performance.....	10



In October 2008, Nefab signed the United Nations Global Compact. The Global Compact is a global strategic business initiative on corporate responsibility initiated by the former UN Secretary-General, Kofi Annan in 1999. Global Compact brings together businesses with UN Agencies, labour and civil society in the common objective of achieving a more sustainable and inclusive global economy.

Being reflected in our core values and underlined in our code of conduct, the principles of Global Compact are a natural part of our way of doing business. We realize that continuous improvements are necessary in order to promote and further integrate the ten principles of Global Compact within and outside Nefab.

Cooperation with other stakeholders is an important part of our commitment and there are many opportunities to join forces with engaged customers, employees, suppliers, owners, authorities and the society in general. Employees, as example, are proud of working for a company that recognizes a wider responsibility and works actively to embody this responsibility. Customers, as another example, are interested to share ideas and work together with us in order to create win-win situations.

Being a part of the Global Compact initiative gives Nefab tools for progress and a wide range of references among other global companies, facing similar challenges.

We believe that our continuous commitment to the Global Compact Initiative will be beneficial for Nefab and its stakeholders and at the same time help to improve the conditions in general for the global community.

Consequently, I am pleased to confirm Nefab's continuous support of the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. With this Communication on Progress (COP), we express our intent to advance those principles within our sphere of influence.

Jönköping, September 1, 2011

Stefan Ekqvist
President and CEO, Nefab AB

Vision and Values



VISION

Nefab shall be the global partner for complete packaging solutions.

BUSINESS CONCEPT

Nefab meets customer expectations by offering engineered complete packaging solutions that reduce total cost and environmental impact.

STRATEGY

Target Group

Nefab targets multinational companies manufacturing high-value, transport-sensitive or theft-prone products that require engineered, complete packaging solutions.

Customer offering

Nefab provides added value through delivering world-leading packaging products, services and customer-adapted packaging solutions.

Suppliers

The ability to offer the market's best solutions requires relations with a broad supplier base. In its selection of suppliers, Nefab shall prioritize those companies that similar to Nefab seek a long-term partnership.

Global presence

To offer Nefab's global customers local service, Nefab has operations in all important industrial regions world wide.



Environment

Our efforts focus on minimizing the environmental impact of packaging during its use, and to increase reusability. All Nefab manufacturing companies have, or will obtain, ISO 14001 certification.

Employees and Organization

Nefab is a knowledge-based company. The position as a market leader is to be maintained through continuous focus on development of employee expertise.

Development possibilities shall be so attractive that existing employees remain within the organization and that qualified employees can be recruited.

To meet customer expectations, the organization shall be characterized by a proactive approach and speed.

The exchange of experiences within the organization is stimulated through forming of global networks.

The fundamental values and ethical rules that comprise Nefab’s cultural base shall be the guiding principles for how employees are expected to act. This common spirit and culture shall contribute to strengthening the unity of Nefab’s various units.

CORE VALUES

The very basis of what Nefab is and stands for is summarized in Nefab’s core values:

- *Simplicity*
- *Respect*
- *Empowerment*

These are the values that the Nefab brand represents. Nefab works actively to ensure the knowledge and observance of the core values.

Globality

Through our global organization with manufacturing and service facilities in more than 35 countries, we have not only a unique ability to support global companies with a need for packaging solutions in

several countries, but also a responsibility and ability to further implement the Global Compact principles within our sphere of influence.



Commitment

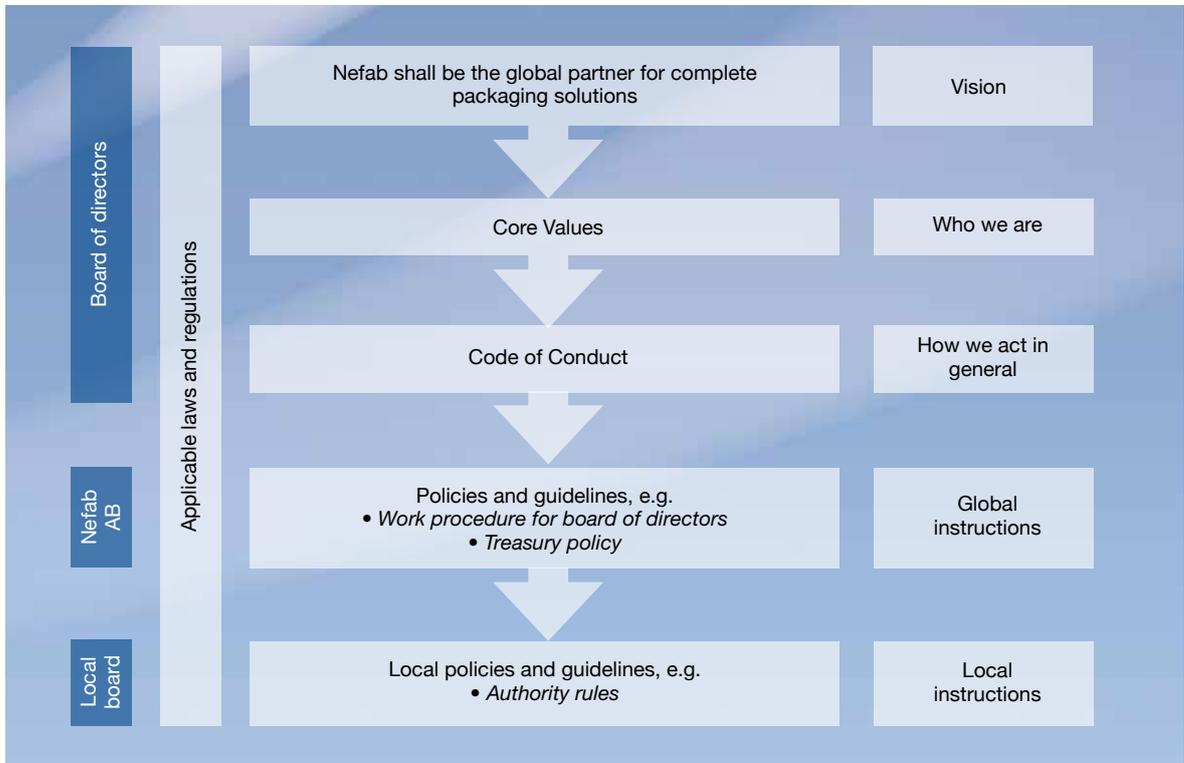
Nefab will continuously seek to implement the ten principles of the United Nations Global Compact. The Nefab Code of Conduct (latest update in 2007) is

an important document to fulfill this commitment, as it guides employee behavior to be in line with Global Compact principles.

Comparison of UNGC principles and the Nefab Code of Conduct

UNGC PRINCIPLES	NEFAB CODE OF CONDUCT
Human Rights	Human Rights
1. Businesses should support and respect the protection of internationally proclaimed Human Rights	Nefab supports and respects the protection of internationally proclaimed human rights and ensures that the company is not complicit in human rights abuses.
2. Businesses should make sure that they are not complicit in human rights abuses	.
Labour	Labour standards
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<i>Freedom of association</i> As local or relevant laws allows, all employees are free to form, join or not to join unions and have the right to collective bargaining when employed by Nefab.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	<i>Forced and compulsory labour</i> No form of forced or compulsory labour is tolerated by Nefab and all employees have the right to leave their employment as stated by contracts or local laws.
5. Businesses should uphold the effective abolition of child labour.	<i>Child labour</i> Nefab shall not be complicit in any form of child labour or other forms of child exploitation. No one is employed below the completion of compulsory school or under the age of 15 and no one under the age of 18 is employed for hazardous work within Nefab.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<i>Workplace</i> Nefab shall provide a working environment that is healthy, safe and in accordance with international standards and local laws for all employees. <i>Discrimination</i> Diversity among Nefab employees is a positive attribute and no one regardless of race, color, sex, sexual orientation, nationality, parental status, marital status, pregnancy, religion, political opinion, ethnic background, social origin, social status, age, union membership or disability shall be discriminated. Harassments in the form of physical or psychological abuse are strongly prohibited within Nefab as are any kinds of intimidation or other threats.
Environment	Environment
7. Businesses should support a precautionary approach to environmental challenges.	<i>Precautionary approach</i> Sustainable development is a key concept for Nefab and finite resources is avoided as often as possible. Nefab also has a precautionary approach towards environmental challenges whereby dangerous materials are avoided when suitable and more environmentally friendly alternatives are available.
8. Businesses should undertake initiatives to promote greater environmental responsibility.	<i>Environmental responsibility</i> Innovative developments in products and services that offer environmental and social benefits as well as greater environmental responsibility are promoted and supported by Nefab.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-corruption	Anti-Corruption
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Nefab's reputation of honesty, integrity and responsibility must be upheld and any involvement in bribery, extortion or corruption is not tolerated by Nefab in any form.
	Consumer interests
	When dealing with consumers, Nefab acts in accordance with fair business, marketing and advertising practices. Nefab also ensures that the goods or services it supplies meet all agreed and legal standards.

Management system – Values in action



The picture describes the way Nefab conducts its business. As explained in the previous (Commitment), the Code of Conduct is in the center of our management system and every year we collect information on the compliance, using management reporting. For the future our intention is to add also internal audits, either by own resources or by using external consultants, in order to further strengthen the observance of all principles.

Actions



General

With the objective of strengthening the core values, Nefab re-launched the values in June 2011. Our previous version used eight words in four pairs, while the new version has three words only: Simplicity, Respect and Empowerment. By simplifying this fundamental part of our company management system, we aim at further aligning our collective behavior as a company to these basic values.

Using our internal newsletter as well as our corporate Intranet, we communicated our core values during June 2011. In addition, all group companies have been instructed to have information meetings with all employees, further underlining the importance of “walking the talk”. A second wave during the autumn with posters and follow-up articles in our newsletters is planned. Group management remains convinced that a strong culture based on Simplicity, Respect and Empowerment is key to sustainable profit and growth.

Employee development and empowerment

Nefab's intranet based e-learning system, Web Academy, continues to be an important tool in developing basic competence in a wide number of areas. The system is fairly simply constructed with the students receiving course material for online reading and then knowledge is verified with a multiple choice online test. The course "Corporate Social Responsibility" was created in January 2009 and remains one of the most popular among the 30+ courses currently available. The course material includes the Global Compact publication "Corporate Citizenship in the World Economy". Since the introduction in January 2009, 201 students have obtained this diploma.

Individual initiatives are important in creating and sharing good examples. With simplicity and empowerment as core values, this kind of initiatives should be supported by the company in different ways and means.

In Brazil, a project was launched by local employees with the objective of raising funds to "Lar do Caminho", an organization in the Sao Paulo area, supporting underprivileged children. By using plywood scrap from the own production and having local artists to decorate them, small boxes were created and used as Christmas gifts and for other purposes. The whole project was also presented at a Christmas party for the Swedish Chamber of Commerce in Sao Paulo, where many people from the largest Swedish companies present in Brazil were given the opportunity to see a good example of Corporate Social Responsibility.

Donations to charity during 2010 amounted to about 180 kSEK and receiving these funds were local sport clubs, a blood donor campaign and other NGO:s.

Human rights

Using our e-learning system (Web Academy), Nefab developed a basic course in "Human Rights", which was launched in June 2010 and until now 93 (of which 55 during the reporting period) students have passed the test.

The course material contains the Universal Declaration on Human Rights as well as the principles from Global Compact and more business oriented issues in terms of Human Rights.

Labour

Nefab's annual Staff Survey gives each employee the right to provide feedback on working conditions, managers' behavior, physical and psycho-social working environment, stress and more. In addition, free text comments can be submitted. All answers are anonymous and the entire survey is handled by an external partner. The response rate for 2010 was 84 %, which is considered to be very satisfying.

During 2010, Nefab slightly changed the structure of the Staff Survey, introducing two new concepts. Firstly, a combined key ratio, ESI (Employee Satisfaction Index),

was added as a generic output from each survey. The idea of a combined key ratio is to make it simple to communicate and simple to set targets in terms of improvements from one year to another.

For the entities reporting the lowest ESI, root causes were analyzed and actions designed in order to improve. Secondly, each company was given the opportunity to add their organizational structure to parts of the reports, making it easier to see how different parts of the company (e.g. a specific department) are performing. Of course the size of response group is kept on a certain size in order to fully ensure secrecy of individual answers.

Environment

Nefab's Green Team consists of individuals with different skills and organizational position, and is organized as a network with a coordinator. In 2009, the Green Team started to develop a tool for measuring the environmental impact of the complete packaging solutions that we provide to our customers. The idea is that such a calculation should accomplish every packaging solution presented to customers in order to help them to become more environmentally friendly in their supply chain by optimizing, not only their total cost of packaging but also their impact to the environment.

During 2010 this project was continued and a few customer flows were analyzed using the tool developed. During spring 2011, Nefab decided to hire a person dedicated to further developing this eco-design concept and tools within the Group.

Local initiative

Nefab Chick Packaging in Northern California entered into a project together with their utility provider, aiming at reducing the power used for lighting of the facilities. They experienced that environmental responsibility efforts pays unexpected rewards. Not only was the power reduction significant (-38 %), but the company also realized that by doing the right thing for the global environment, they were at the same time greatly improving the working environment for their own employees!

Anti-Corruption

Starting in 2009 and continuing, Nefab conducts internal anti-corruption workshops. The updated "RESIST" material from Global Compact is now the primary training tool, and focus is on training employees how to avoid corruption.



Performance

Relevant GRI indicators

Nefab has chosen, as a first step, to concentrate on a few performance indicators, defined by Global Reporting Initia-

tive (GRI). The ambition is to improve and widen the data collection for the future. All figures relate to year 2010 if nothing else is stated.

GRI INDICATOR	SUBJECT	2010	2009
EN1	Plywood consumption (m ³)	93 091	66 239
EN1	Steel consumption (tons)	8 932	7 518
EN1	Paint and laquer (tons)	38	--
EN8	Water usage (m ³)	67 594	--
EN16	Direct and indirect greenhouse gas emissions (tons) [Ⓜ]	469	--
LA4	Percentage of employees covered by collective bargaining agreements.	19 %	23 %
LA10	Training hours per employee	13,4	--
LA12	Percentage of employees receiving regular performance and career development reviews. [Ⓜ]	29%	21%
LA13	Board members by gender	5% female 95% male	5% female 95% male
LA13	Managing directors and other senior managers [Ⓜ]	15% female 85% male	16% female 84% male
S03	Percentage of employees trained in anti-corruption policies.	7%	--

Notes:

[Ⓜ] From own production, excluding in- and outbound transport.

[Ⓜ] 2010 was the second year for a new process of performance and development reviews. For the first target group, 65 % of employees had this review, while the 29 % refers to all employees.

[Ⓜ] Management team members and similar.

Further objectives

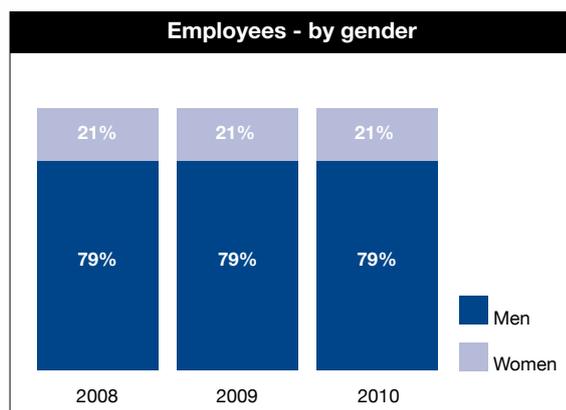
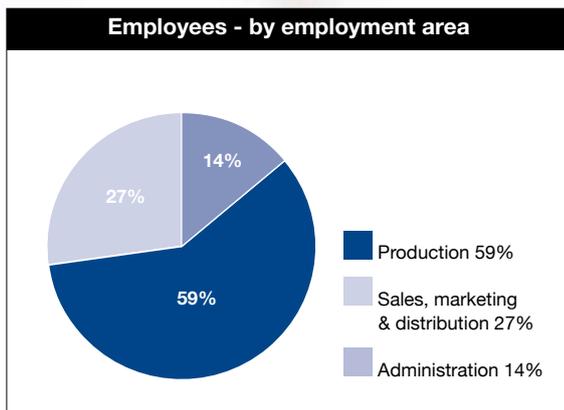
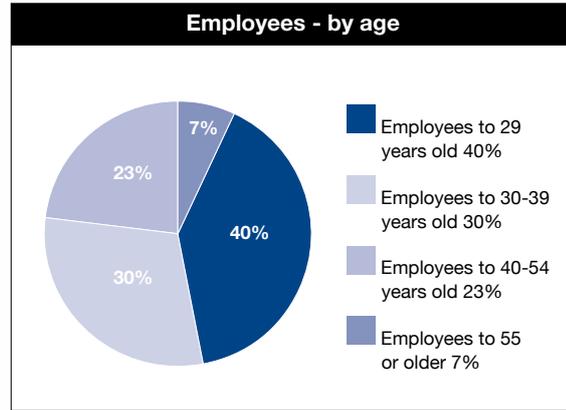
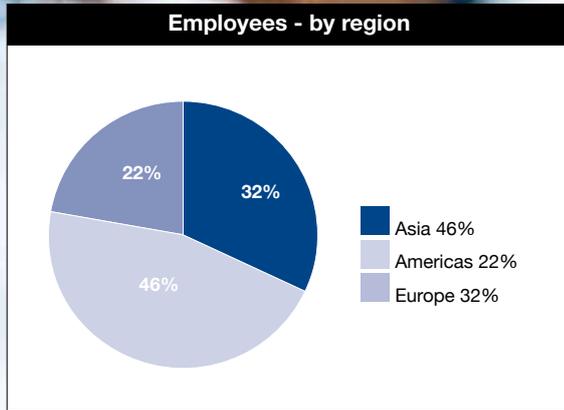
There are projects in progress to increase energy efficiency at Nefab. Reducing energy consumption is not only an environmental consideration, but also a cost component to rationalize.

Nefab is taking measures in order to be able to better measure the CO2-emissions and other relevant emissions from our operations (EN16-18).

Regarding female representation in our boards and among our managing directors and other senior managers, we aim at matching the share of women of the total workforce.

As collective bargaining is concerned, Nefab has a large number of employees in China, where collective bargaining is still developing. Also countries like the US have a very limited level of affiliation to collective agreements for employees.

Further workforce information
(GRI indicators LA1 and LA2)



Environment

We continue to focus on environmentally friendly packaging solutions, supporting customers to reduce their environmental impact from packaging logistics.

We are working to ensure that our operations are sustainable and environmentally friendly from raw material to finished goods, both from our own production units and our supply chain.



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