



SUSTAINABILITY
Communication
on Progress
Elfa Group

“ We should all be proud
of what we do
and how we do it ”





As we recognize that Elfa is an integral part of society and that what we do, goes beyond our operations, it was logical for us to sign the UN Global Compact. Accordingly, the 10 principles are integrated into Elfa's business strategy, policies and procedures, and we are driving awareness and action in support of achieving the Sustainable Development Goals (SDG) by 2030. Of the 17 SDGs, we have chosen to focus on four, which Elfa can impact more;

- SDG 5 - Achieve gender equality and empower all women and girls
- SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 12 - Ensure sustainable consumption and production patterns
- SDG 16 - Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

During fiscal year 2018 Elfa stepped up its efforts to develop and improve our work in support of UN Global Compact. To name but a few; Elfa's code of conduct was rolled out, the ten principles laid down in the UN Global Compact were implemented, and a communication- and training plan was created to raise awareness and dialogue concerning the matter of ethics and fair dealing. With that, we dare to say that during the year Elfa made significant progress and is today well equipped to continue making further improvements along these lines. Please read more in the sustainability report for fiscal year 2018, where we go deeper into our business philosophy of treating employees, customers, dealers and the societies in which we operate with respect and dignity. You also find a description of practical actions Elfa has taken to implement the ten principles in each of the four areas; human rights, labour, environment, anti-corruption.

Anders Rothstein, CEO
Elfa International AB

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ELFA'S SUSTAINABILITY REPORT FY18



At Elfa we recognise the importance of sustainability. Accordingly, our efforts in this area form an important part of Elfa's strategy and comprises four main areas; environment, health, human rights and anti-corruption.

During fiscal year 2018 Elfa stepped up its sustainability efforts. To name but a few, Elfa's Code of Conduct is rolled out, the ten principles laid down in the UN Global Compact are implemented, and we have created a communication- and training plan to raise awareness and dialogue concerning the matter of ethics and fair dealing as well as implemented environment management schemes at all manufacturing sites.

With that, we dare to say that during the year Elfa made significant progress and is today well equipped to continue making further improvements along these lines.

This report follows Elfa's fiscal year and covers the period 1 April 2018 to 31 March 2019. Elfa's Sustainability Report encompasses Elfa International AB and its subsidiaries.

As signatory to the UN Global Compact, Elfa will submit this report to the UN Global Compact as its Communication on Progress Report 2018.

ABOUT ELFA

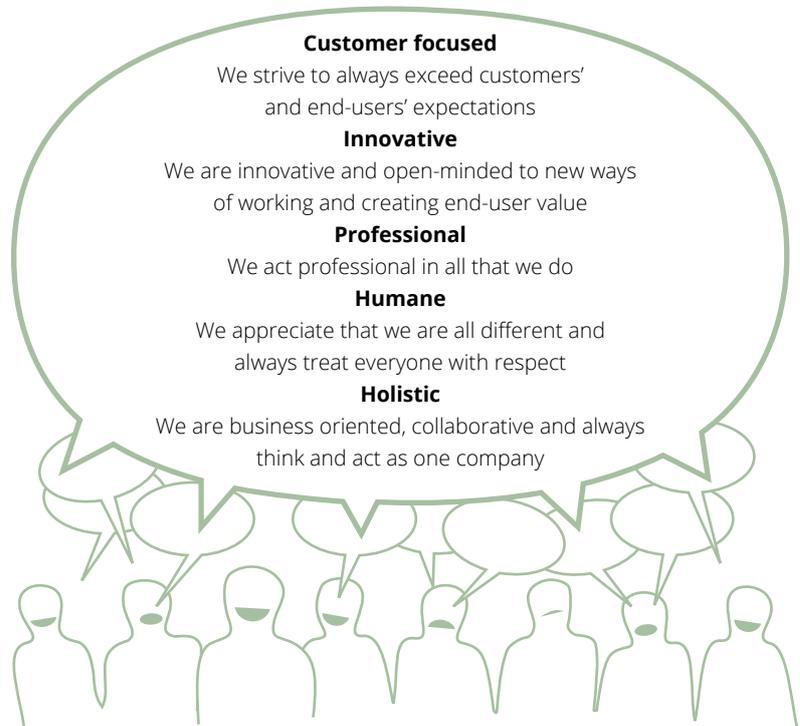
Elfa's mission is to create space in everyday life with ingenious storage solutions. Something that has become possible with the ingenious ideas we have developed since 1948, when Arne Lydmar founded Elfa. Ever since then, we have been embracing the challenges of everyday life by offering individual, clever solutions for big and small storage needs.

Since 1999 the company has been owned by The Container Store, the USA's largest storage products retail chain. The Container Store is listed on the New York Stock Exchange.

Today Elfa has three factories and eight sales companies in Europe. The group reported turnover of approximately 1 105 MSEK in the 2018 fiscal year and by the end of fiscal year 2018 the group had 513 employees.

ONE Elfa Our core values

At Elfa we take pride in our culture and core values to focus on our customers, care about innovation, act in a professional manner, believe in humanitarian values and to share a holistic approach.



Our position on the market and key differentiators

Elfa provides storage systems created to fit individual needs throughout life. Our product range includes both flexible storage solutions and made-to-measure sliding doors – all in sustainable, functional design of the highest quality.

Elfa's key differentiators are:

- Customized solutions – by which we mean that we provide space smart solutions created to fit individual needs
- Durable products – by which we mean that, with products of outstanding quality and timeless appeal, Elfa provides a storage system that lasts a lifetime.
- Ingenious design – by which we mean that Elfa's products are recognized by its simple and functional design
- Reliable business partner – by which we mean that with a long history, solid knowledge of storage, financial strength and various patents Elfa allows long-term business relationships

SUSTAINABILITY AT ELFA

The main objectives of Elfa's engagement in sustainability are to reduce the company's impact on the environment and resource consumption, to steadily improve working environment as well as to raise awareness and dialogue concerning the matter of ethics. Areas covered by Elfa's sustainability work are environment, health, human rights and anti-corruption.

The ultimate responsibility for sustainability rests with Elfa's Chief Executive Officer, and the issues are regulated via a number of policies, of which the most important are:

- **Environmental Policy** – Outlines the ways in which Elfa strives to reduce environmental impact at all stages of our products' life cycle: from product development and production to waste and recycling of products and packaging.
- **ONE Elfa** – Expresses our values: we are customer focused, innovative, professional, humane and holistic.
- **TCS Business Code of Conduct and Ethics**, Elfa Code of Conduct, Supplier Code of Conduct
- **Meal and Entertainment Policy**
- **Work Environment Policy**
- **Policy of Diversity, Equality and Inclusion**

Targets and KPIs

To assure progress and compliance with policies, performance for main aspects of sustainability is measured against key indicators, which are reviewed in this report. These KPIs will be followed up on a quarterly basis by the Group Management team.

Sustainable products

- Building product declaration on 100% of new products
- 100% of the particle board products fulfilling Carb2 or E0 by 2020
- In Sweden, Sunda Hus registration and/or Svanen Husproduktportal on all project sales assortment

Sustainable production

- Reduce energy consumption, water consumption, CO2 emissions

Sustainability in Supply and all operations

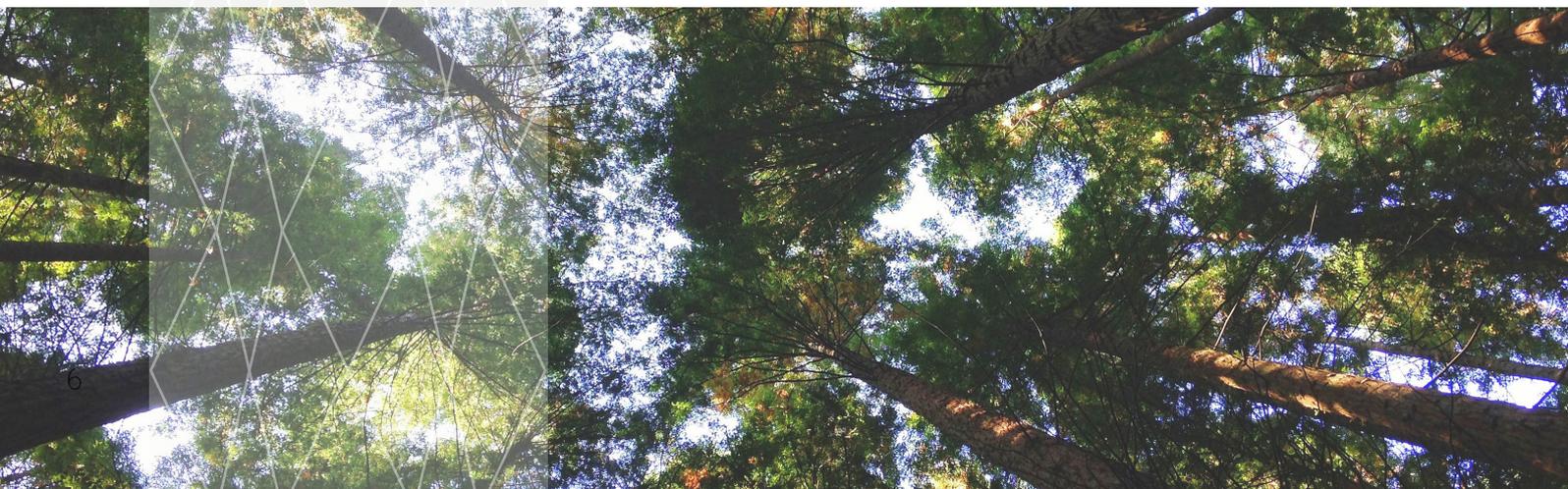
- 85% of the suppliers of direct material have signed the Supplier code
- 100% of employees have received basic training on Sustainability

Working environment

- Reverse the current trend and reduce both short and long term sickness absence
- Keep the Employee satisfaction index at the current level

Respect Human rights, ethics and anti-corruption

- Zero tolerance of ethical breaches
- During 2019, 100% of employees in risk groups will have received training in ethics.



Risk assessment and risk elimination

POLICIES

THE SUPPLY CHAIN

BUSINESS OPERATIONS/ INFORMATION

ETHICS

DESCRIPTION	ACTIONS
Elfa need to ensure sustainability related policies that covers business and value chain as a whole. If not, the risk is uncertainty within the organisation as to how to act.	<ul style="list-style-type: none"> Implementing Elfa Code of Conduct and Supplier Code of Conduct
Elfa need to follow up on targets set for suppliers' sustainability efforts. If not, the risk is that the supply chain organisation solely focuses on factors that are easily measured (cost, lead time, quality).	<ul style="list-style-type: none"> Revising purchasing procedures including evaluation of new and existing suppliers. Setting targets relating to sustainability in the supply chain and communicate with suppliers
Elfa need to ensure relevant and continuous employee communication regarding sustainability. If not, the risk is that Elfa's sustainability targets are not reached and it can be difficult to attract and retain a workforce.	<ul style="list-style-type: none"> Training and supporting managers. Setting up processes for continuous trainings for all employees.
Reputational risk is considered as important as operational and financial risk.	<ul style="list-style-type: none"> Roll-out of Elfa group Code of conduct and training for all employees.

Dialogues with stakeholders and materiality analysis

The dialogues with key stakeholders establish that Elfa's long term Sustainability work should focus on these two areas:

- Striving for designing and manufacturing durable products, hence of high quality and where each component can be recycled and reused,
- Striving for sustainability throughout the entire supply chain and by doing so, ensure social, environmental and ethical practices

Following the result from the materiality analysis carried out in 2018, Elfa is also prioritizing to maintain highest standards of health and safety, to embrace diversity and equality as well as to provide competence development and training to all its employees.

ENVIRONMENTAL EFFORTS

Elfa has a strong commitment towards a more sustainable future, based on the belief that continuously striving towards reduced environmental impact through the whole life cycle of our products, can make a major contribution to a more sustainable society. Elfa therefore aims to continually improve the environmental performance of the projects, products and services, in order to reduce the environmental footprint of our business.

This means to

- Develop products with long life cycles and which consume minimal natural resources
- Develop products using materials that can be recycled and reused
- Evaluate, analyse and reduce our impact on the environment at all stages of our products' life cycles
- Work systematically to reduce energy consumption within our business
- Work systematically to reduce or eliminate the use of hazardous substances in our products
- Set requirements for suppliers, sub-contractors and transport companies regarding compliance with legal requirements in environmental legislation and chemical restrictions as well as additional environmental requirements and environmental targets from the Elfa group

SUSTAINABLE PRODUCTION

Elfa strives continuously to reduce environmental impact at all stages of our products' life cycle - from product development and production, to waste and recycling of products and packaging.

We comply with applicable environmental legislation and pay attention to the environment in accordance with other requirements and regulations. Elfa's environmental work therefore includes continuous risk assessment of the business and a preventative approach. The performance indicators that are used to observe developments include energy and water consumption, carbon dioxide emissions and waste.



Responsible handling of chemicals

Use of chemicals is an important part of manufacturing of Elfa's products. They are used both as building blocks in our products and in the different manufacturing processes. Without control, the use of chemicals can harm the environment and can also be hazardous for the health of customers and employees. Adding to this, violating environmental legislation and in particular legislation regarding the use of chemicals can lead to long lasting and costly legal processes.

Elfa maintains good control over and clear procedures for the use of chemicals in our own systems. We are constantly working to replace chemicals that may be harmful to people or the environment with less harmful alternatives.

Elfa also maintains control of what is contained in the products we sell, and in this respect, we strive to constantly reduce our negative impact on the environment or harmful effects on health. We therefore have procedures for ensuring that the chemical content is below the limits specified in REACH (the EU's chemical legislation) and Proposition 65 (chemical legislation in California, USA), among other things.

This is assured by analysing our products according to standardised test methods and through written declarations from our suppliers.

Energy, water, CO₂ and waste

Over 95% of the group's environmental impact, in the form of energy and water consumption, carbon dioxide and waste, derives from our three manufacturing facilities:

- Elfa Sweden AB (ESAB) – Västervik, Sweden
- Elfa Doors AB (EDAB) – Mullsjö, Sweden
- Elfa Manufacturing Poland (EMP) – Koszalin, Poland

Elfa strives to reduce the environmental impact of the group as a whole and has therefore implemented a number of group-wide policies and activities. Up until today we measure and set targets for the three manufacturing facilities, but our aim is to do the same for all offices within the group. We have limited our measurements so far to measuring "gate to gate", and we use the calendar year.

ENERGY CONSUMPTION

ENERGY	2015 (MWh)	2016 (MWh)	2017 (MWh)	2018 (MWh)	2018 vs 2017
Total	17 550	16 977	15 352	15 431	1%
Electricity	12 174	11 939	10 621	10 485	-1%
Oil	1 255	1 195	1 296	1 272	-2%
District heating	2 235	2 061	1 641	1 842	12%
Gas	1 886	1 783	1 794	1 832	2%

ENERGY IN RELATION TO PRODUCTION (EFFICIENCY)	2015	2016	2017	2018	2018 vs 2017
ESAB – Västervik (MWh/MT* of steel through the process)	1,01	0,96	0,84	0,84	1%
EMP – Koszalin (MWh/MT* of steel through the process)	1,05	1,17	0,99	1,01	2%
EDAB – Mullsjö (MWh/Door)	10,2	11,3	9,5	8,7	-8%

*) MT=Metric tonne

During 2018 our overall energy consumption increased by 0,5%, which is in line with a slight production increase of 0-2% in the different factories.

As a result of the energy mapping process (EKL) that was carried out in 2016, a number of measures were implemented such as ventilation control, which contributed to this reduction in energy consumption during 2017. No further investments in energy efficiency has been made during 2017 and 2018, which is why, when taking into account the volumes, energy consumption per production unit has stayed more or less unchanged 2018 vs 2017.

WATER CONSUMPTION

FACTORY	2015 (m ³)	2016 (m ³)	2017 (m ³)	2018 (m ³)	2018 vs 2017
Total	8 327	8 201	6 623	7 012	6%
ESAB – Västervik	5 859	5 775	4 262	4 605	8%
EMP – Koszalin	1 901	1 923	1 851	1 890	2%
EDAB – Mullsjö	567	503	510	517	1%

In 2018 the water consumption increased by 6% for the group. This increase derives primarily from a problem we had in 2017 when our steel suppliers changed oil, which polluted our washing system. The problem was resolved in December 2017, but the solution entails that we need to stir the water more, leading to vaporization and a higher demand on refilling. However, the solution we have in place meets requirements on product quality and increase the

CO₂ EMISSIONS

FACTORY	2015 (tonnes)	2016 (tonnes)	2017 (tonnes)	2018 (tonnes)	2018 vs 2017
Total	1 440	2 036	1 990	2 063	4%
ESAB – Västervik	0	523	510	517	1%
EMP – Koszalin	1 440	1 508	1 476	1540	4%
EDAB – Mullsjö	0	5,2	3,9	5,8	50%

CO₂ emissions increased by 4% in 2018, due to a change of the mix, from electricity to gas and district heating, which have higher CO₂ emission than electricity from renewable sources.

There are two main reasons for the changed mix. One is the increase of operating hours in ESAB's washing station, which is heated with district heating. The other reason is that when EDAB went from shrink film packaging to stretch foil wrapping, more heating was needed in the hall as the shrink film oven was removed.



WASTE AND RECYCLING

Overall there was a 3% increase in waste. While iron, wood and combustible accounted for the largest increase, hazardous waste decreased the most. However, the greater part of the waste from Elfa's manufacturing operations is either recycled or is used to recover energy.

According to Stena Recycling, the company handling waste from the manufacturing sites in Sweden, 83,9% of our waste is recycled, 15,5% goes to energy recovery and 0,6% to deposit.

Waste at the manufacturing facility in Västervik (ESAB)

FRACTIONS	2015 (kg)	2016 (kg)	2017 (kg)	2018 (kg)	2018 vs 2017
Iron	1 224 577	1 103 639	978 950	1 020 013	4%
Hazardous waste	333 032	392 903	381 342	294 894	-23%
Wood	205 027	190 307	178 960	168 230	-6%

During 2018 our overall waste fell by 2% compared to 2017. Solving our problems in the washing process during end of 2017 and fine tuning the process during 2018 have resulted in significant reduction of hazardous waste.

Steel waste derives from our manufacturing, in which the raw material is shaped into its final form. Wood waste derives primarily from worn-out load carriers (pallets) that can no longer be used.

Waste at the manufacturing facility in Koszalin, Poland (EMP)

FRACTIONS	2015 (kg)	2016 (kg)	2017 (kg)	2018 (kg)	2018 vs 2017
Hazardous waste	238 920	187 512	269 050	245 975	-9%
Iron	66 870	127 435	150 436	225 173	50%

Our new product line, Avera, has had a big impact on the EMP production during the autumn 2018. It has significantly increased the sheet metal production leading to more waste from cutting and stamping operation.

Despite the fact that the increased volumes of Avera entailed increased painting operations, EMP has managed to reduce the hazardous waste from the painting operation.

Waste at the manufacturing facility in Mullsjö, Sweden (EDAB)

FRACTIONS	2015 (kg)	2016 (kg)	2017 (kg)	2018 (kg)	2018 vs 2017
Wood	529 860	542 000	585 000	627 750	7%
Glass	351 640	339 280	334 790	335 560	0%

At EDAB glass and aluminium are the largest waste items in manufacturing, hence their appearance in this report. During 2017 solid wood from pallets and other packaging support was added to the statistics, which explains the increase 2017 and 2018.

Sustainable product life cycle

DURABLE PRODUCTS

ENVIRONMENTAL MANAGEMENT SYSTEM

SUSTAINABLE SUPPLIERS

Elfa strives to reduce environmental impact at all stages of our products' life cycle: from product development and production to waste and recycling of products and packaging.

To reduce our environmental impact, it is important that products last as long as possible: i.e. they must be of high, consistent quality. We are also ensuring long term customer usage of our interior products as we make sure that all new developed products are fully compatible with older products. For instance, the Elfa hang standards have been exactly the same since the 1950s. We offer customers a warranty that lasts for ten years covering material and production faults in interiors and sliding doors.

Elfa Doors AB (EDAB) is ISO 14001:2015-certified and work is ongoing to have Elfa Sweden AB (ESAB) and Elfa Manufacturing Poland (EMP) ISO 14001:2015-certified in FY20.

Elfa steadily strives to establish a proactive collaboration with its suppliers in the promotion of lawful, professional, and fair practices that integrate the respect for human rights, safe work place, business ethics and the environment. Further clarifications and easy to use guidelines were therefore made in Elfa's Supplier Code of Conduct.

The Code sets out the minimum standards of business behaviour expected of Suppliers, who must have processes in place to monitor and maintain these standards. The updated version of the Code will be rolled out in fiscal year 2019 and we strive towards having at least 85% of the suppliers of direct material signing the Code.

In addition, Elfa qualifies all new suppliers of direct material by requiring a "self-assessment" in which questions on sustainability is integrated. Before final approval of a supplier, the self-assessment is followed up via a visit to the supplier.

Elfa also performs audits of existing suppliers of direct material according to an audit schedule. The aim of this is to ensure that suppliers are still qualified to supply Elfa. In 2018 6 audits were performed on new and existing suppliers of direct material.



SUSTAINABLE WORKING ENVIRONMENT

Our engagement in a good, sustainable working environment is outlined in our Working Environment Policy and the indicators we work with include sickness absence, staff turnover and risk analyses.

Working with organisational and social work environment

Noticing and acting early in suspected ill-health is one way to change the absence numbers in an organisation. This requires knowledge, and we therefore provide ongoing training for our executive staff and managers on work environment issues.

It is also important to work preventively, which is why we offer health-enhancing activities such as discounted prices for cultural and exercise activities.

INDIVIDUAL

GROUP

ORGANISATION

	HEALTH-ENHANCING	PREVENTATIVE	REHABILITATIVE
INDIVIDUAL	<ul style="list-style-type: none"> • Employee appraisal • Health survey • Skills development • Clear, realistic targets • Job description • Personal meetings 	<ul style="list-style-type: none"> • Induction programme • Company health care • Follow-up discussions • Information on ergonomics 	<ul style="list-style-type: none"> • Rehabilitation efforts • Company health care
GROUP	<ul style="list-style-type: none"> • Clear, realistic targets • Good climate of cooperation • Make visible • Feedback • Union member meetings 	<ul style="list-style-type: none"> • Safety rounds, KIM analyses • Risk analyses • Risk, incident and accident reporting • Union parties/safety representatives • Day-to-day control • Information on ergonomics 	<ul style="list-style-type: none"> • Attitude: knowledge, acceptance, reception
ORGANISATION	<ul style="list-style-type: none"> • Management development • Skills development • Management system • SAM – annual follow-up • Training, surveys • Information via intranet • Monthly information, Day-to-day control • Code of Conduct 	<ul style="list-style-type: none"> • Management • Cooperation • Comply with laws and regulations • Rules, resources • Work environment meetings • Policies • Monthly information, Day-to-day control • Quality and resource meetings • Employee appraisal • Statistics: sickness absence, staff turnover, overtime taken, KPI 	<ul style="list-style-type: none"> • Investigate incidents, risks and accidents • Management • Company health care • Supporting resources • Rehabilitation

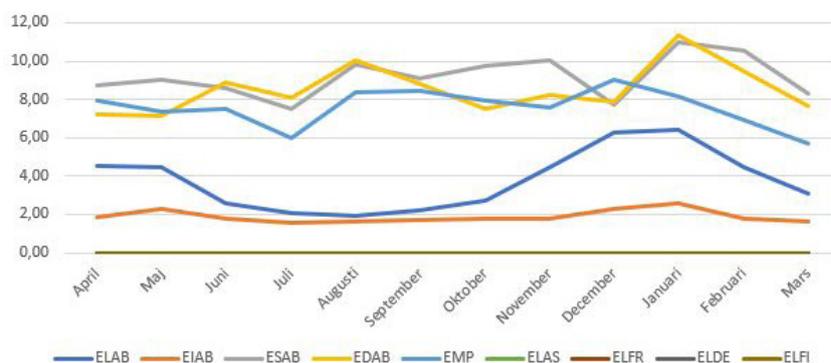
Sustainable health

Sickness absence is calculated as the number of hours of sickness absence relative to the scheduled working hours. The company tracks overall sickness absence and short-term sickness absence and reports this for each legal unit. One risk with a high sickness absence is that it creates stress among the other co-workers. Sickness absence at Elfa is relatively high in the manufacturing facilities. However, we are actively working towards reversing the trend and reduce sickness absence. The activity plan includes for example early actions in case of repeated short-term absences and rehabilitation investigations when there is a risk the absence will be more than 60 days. And, we are focusing strongly on health factors such as skills development/the ability to grow with the job, clear organisation and work management, visual targets and being seen.

There are challenges in regard to absence at our factory in Poland and one risk with a high sickness absence is that it creates stress among the other co-workers. Short-term absence is relatively common, and we continuously follow people up individually to support any rehabilitation needs. Our long-term target is to have short-term absence of no more than 3% R12 by 2023.

Our work on reducing the sick rate includes job rotation, transfers, ergonomic investment and work environment investment in the form of sound insulation and heating control. We prioritise preventive healthcare work, and offer activities such as access to a gym, swimming pool and massage, among other things.

OVERALL SICKNESS ABSENCE FY18



Note: Over the year, short-term absence at Elfa Norway AS was 2,64%, but because the figures for Elfa Norway AS couldn't be broken down by month, these are not included in the chart above.



Organisation and employment

EMPLOYMENT AND STAFF TURNOVER

By the end of fiscal year 2018 Elfa as a group had 513 employees. As an employer, Elfa strives for a balance of skills including internal talent and external expertise, and we note that the balance of skills currently fulfils the company's strategy as desired. We use recruitment agencies to handle increases and decreases in production rates at our manufacturing facilities. This provides security for Elfa's employees, the majority of whom are permanently employed full-time.

	EDAB	EIAB	ELAB	ESAB	EMP	FI	NO	DK	DE	FR	TOTAL
Recruited	11	8	5	4	50	0	2	1	0	0	81
Resigned	11	9	10	11	70	11	0	1	0	5	128
Average no of employees	59	66	34	143	158	20	22	3	3	10	518
Staff turnover %	18,6	12,8	22,3	5,3	37,9	27,5	4,5	33,3	0	26,3	20
No of employees on March 31, 2019	59	68	32	141	164	14	22	3	3	7	513
Covered by collective agreement	59	68	32	141		14					314

Staff turnover – Staff turnover is calculated as the average of the number of leaving/new employees relative to the average number of employees. It is reported as a percentage.

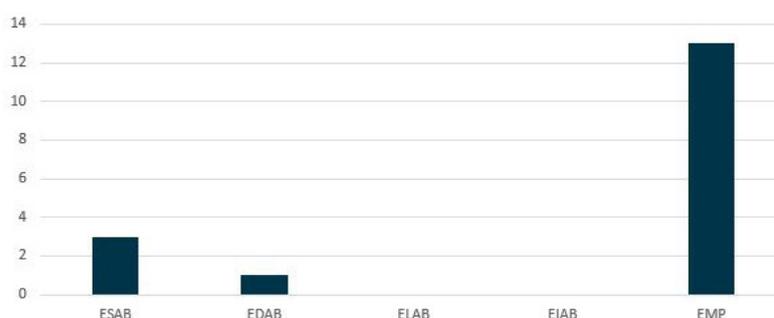
Employees – The number of people who have been employed at any point during the business year. The average number of employees is calculated for the period during the business year in which people have been employed. If an employee was employed for less than 60% of the date range, they are counted as 0.6 people.

Risks and risk management

NUMBER OF ACCIDENTS WITH ABSENCE FY18

Elfa's systematic work in regard to the work environment includes actively striving to meet high-level work environment targets, continuously performing risk assessments and analysing and handling with risks in the business. This work also includes working with 5S and continuous improvements on a daily basis.

Risk observations, incidents and accidents, are systematically reported, analysed and handled. In Sweden this is handled via the web-based tool called TIA. In our view, risk observations are an important factor in preventing accidents.



Number of accidents per company in fiscal year 2018, with absence from work

RESPECT FOR HUMAN RIGHTS

At Elfa we take pride in our culture and core values to focus on our customers, care about innovation, act in a professional manner, believe in humanitarian values and to share a holistic approach.

Also, because we recognize that Elfa is an integral part of society and that what we do goes beyond our operations, we signed the UN Global Compact, in 2018. Accordingly, the 10 principles are integrated into our business strategy, policies and procedures and we are driving awareness and action in support of achieving the Sustainable Development Goals (SDG) by 2030.

Sustainable Development Goals

The SDG is a set of 17 goals and we have chosen to focus on four of the goals, which we can impact more:

<p>SDG5 Achieve gender equality and empower all women and girls</p>	<ul style="list-style-type: none"> • We respect and value differences is a guiding principle at Elfa, and we therefore have a zero-tolerance policy regarding all forms of offensive treatment, harassment and discrimination. • We put requirements on Suppliers to sign and align with the Supplier Code of Conduct
<p>SDG8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<ul style="list-style-type: none"> • We strive towards ensuring fair dealing, combating corruption, creating a fair, healthy and safe workplace and ensuring zero tolerance regarding all forms of offensive treatment, harassment and discrimination • We put requirements on Suppliers to sign and align with the Supplier Code of Conduct
<p>SDG12 Ensure sustainable consumption and production patterns</p>	<ul style="list-style-type: none"> • We strive towards reducing the environmental impact at all stages of our products' life cycle: from product development and production to waste and recycling of products and packaging. • We work systematically towards reducing or eliminating the use of hazardous substances in our products. • We have an environmental management system in place at all three manufacturing sites and the site in Mullsjö (EDAB) is certified according to ISO 14001:2015 • We put requirements on Suppliers to sign and align with the Supplier Code of Conduct
<p>SDG16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	<ul style="list-style-type: none"> • The group's business and ethical guidelines are laid down in the TCS Code of Business Conduct and Ethics, Elfa Code of Conduct and Supplier Code of Conduct. In these documents, we make clear that we must always comply with the respective country's applicable bribery legislation and anti-corruption laws, as well as related conventions on bribery and corruption.

Our efforts comprise to make for equal value and rights of all people, to ensure fair, healthy and safe workplaces, to have a sustainable and precautionary approach to environmental challenges in manufacturing, to steadily strive for sustainability in all product and packaging development to put requirements on our suppliers and partners.

And so, it follows from our core values and from signing the UN Global Compact that we recognize the benefits of diversity, equity, fair dealing and we always treat one another with respect.

Codes of Conduct

Our business philosophy of treating employees, customers, dealers and the societies in which we operate with respect and dignity is expressed in our codes of conduct.

TCS CODE OF BUSINESS CONDUCT AND ETHICS

TCS Code of Business Conduct and Ethics, which all employees at TCS and Elfa are required to sign, makes clear the basic and fundamental values and business philosophies about treating employees, customers, vendors, our communities, all stakeholders, with respect and dignity.

ELFA CODE OF CONDUCT

Elfa Code of Conduct, which applies to all Elfa employees, is a guide designed to help all Elfa employees to connect with our values and provide expectations for our everyday behaviour. The Code is where we find direction on how to conduct ourselves as Elfa employees when we interact with each other, our customers, the communities in which we operate and other stakeholders. It is the place to start when we face an ethical dilemma, and it provides information on who to contact when we have questions or concerns.

SUPPLIER CODE OF CONDUCT

The Supplier Code of Conduct, which applies to our suppliers, make clear how to establish a proactive collaboration with our suppliers in the promotion of lawful, professional, and fair practices that integrate the respect for human rights, business ethics and the environment. The Code is based on fundamental compliance principles such as the Ten Principles of the UN Global Compact with the aim to contribute to the UN Sustainable Development Goals and to Elfa's core values of being customer focused, innovative, professional, human and having a holistic approach.

Preventing harassment and offensive treatment

Respecting and valuing differences is one of our guiding principles, and Elfa has a zero-tolerance policy regarding all forms of offensive treatment, harassment and discrimination.

To prevent and combat all forms of harassment and offensive treatment, we therefore carry out continuous training, work on managerial issues, charting and analyses. There are also clear rules as to how the employee, manager and company should react if anyone is affected.

The employer bears ultimate responsibility for the work environment, and it is always the line manager who bears the main responsibility for preventing harassment and violation of human rights. That said, Elfa employees have a duty to respond if a work colleague's rights are violated at work.

It is difficult to deal with harassment and insulting treatment, and the option of external assistance is therefore available to ensure an impartial judgement and provide trust in the process.





COMBATING CORRUPTION

Bribery and corruption distort the market, interfere with free competition, and violate laws that carry significant penalties for the companies and individuals involved. This means that there can be no sustainable development unless we tackle corruption. Elfa is therefore engaging in Sustainable Development Goal number 16, which includes commitments to fight corruption, increase transparency, tackle illicit financial flows and improve access to information. The group's business and ethical guidelines are laid down in the TCS Code of Business Conduct and Ethics and in the Elfa Code of Conduct, where the latter reads:

"Elfa does not participate in or endorse any corrupt practices, including offering or accepting kickbacks, bribes, excessive gifts or hospitality, or facilitation payments – directly or indirectly, such as through a third party. We will not accept suppliers, vendors or partners that offer bribes and we will take necessary action if such actions are uncovered.

At Elfa we want to ensure independence in our business relation decisions, therefore Elfa employees may not offer or receive gifts or excessive entertainment."

To ensure Elfa, at all times, conduct business ethically, fairly and in compliance with respective country's applicable bribery legislation and anti-corruption laws, as well as related conventions on bribery and corruption, we are carrying out complete educational actions throughout Elfa. In addition, we have made clear that all Elfa employees are responsible and accountable for reporting suspected or known misconduct. Ways of reporting a concern are communicated via the intranet, in our Code of Conduct and in the educational material.

Personal integrity

During 2017 we have worked to strengthen the integrity of both our customers and employees. New policies, including the General Data Protection Regulation (GDPR) compliance commitment, have been adopted and the system of authorising access to personal data processed by Elfa has been reviewed and tightened up.



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