

SUSTAINABILITY REPORT 2019





It wasn't so very long ago we decided to put sustainability at the very heart of our business strategy. Yet, I can't tell you how pleased I am to let you know that we have come a long way over the two years that have passed. Our 70-year-old heritage and Elfa spirit certainly got us a head start, but it didn't stop us from improving. Sustainability is not just what we aspire to do, it's what we always have done.

During fiscal year 2019, we turned words into action. All of us, every single employee, participated in training where we discussed sustainability and ethics. Making sustainability an integral part of our daily operations made us highly aware and deepened also our understanding of why this is so important. What is so positive is that effects are already apparent. As shown in this report, Elfa has reduced its overall environmental footprint, and we have done so despite the fact that from 2016 to the present, production volume has increased with about 20% in terms of turnover.

In addition, as proof of our commitment to shoulder our share of the global responsibility, we are a signatory to the UN Global Compact since 2018.

Inside these pages you'll get all the figures and numbers, as required. It is a sustainability report, after all. But we will also present our business philosophy, how we see ourselves, our customers, partners, and employees. We will get into actions we have taken to implement the ten principles within each of the four areas we are focusing on, Environment, Social responsibility and employees, Respect for human rights, and Ethics.

Now, as I'm signing off our sustainability report for fiscal year 2019, I would like to send a thought of gratitude to every employee, customer and partner for their contribution to our success. We have every reason to be proud, and I hope you'll find so too. Enjoy the read.

Anders Rothstein
CEO, Elfa Group

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ELFA'S SUSTAINABILITY REPORT FY19



Because we recognize its value, sustainability forms an important part of Elfa's strategy and our efforts are centered around four main areas - environment, social responsibility and employees, respect for human rights and ethics.

During fiscal year 2019 Elfa stepped up its efforts in support of UN's Sustainable Development Goals (SDG). One of the more important activities was the training in sustainability and ethics that all Elfa's employees participated in. This has made us even more aware of the importance of these matters and deepened our understanding. It also made sustainability an integral part of our daily operations. With that, we daresay that Elfa is well equipped to continue making further improvements along these lines.

This report follows Elfa's fiscal year and covers the period April 1st 2019 to March 31st 2020. 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 2019.

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 is 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 seven sales companies in Europe. The group reported turnover of approximately 1 203 MSEK in the 2019 fiscal year and by the end of fiscal year 2019 the group had 501 employees.

Core values for the better

Company core values do not differ from personal values, generally speaking. Values drive every major decision we make. When weighing all the factors that go into the decision, we give higher importance to matters that chime with our core values, whether we are aware of it or not.

At Elfa we do not explicitly state being sustainable as a core value. Being sustainable rather comes as an effect of our decisions and actions, in turn influenced by our values. We truly believe our values help us being more sustainable.

When we say we are **customer focused**, striving for exceeding their expectations, we are talking about matters such as superior quality and life-long durability. We always try to be **innovative** and open-minded to new ways of working, taking any measures to invest in and sustain our society's future. When we say we act **professionally** in all we do, it translates directly to how we conduct our business, ethically and in compliance with the law. We fundamentally believe in simple **humane** values and appreciate that we are all different. We act as one company and share a **holistic** view of our business. This business includes an entire eco-system of suppliers, partners and customers.

Our values are the cornerstones of this company and we refer to them as ONE Elfa. In fact, ONE Elfa is so important it forms the basis for our company's Code of Conduct.

Our position on the market and key differentiators

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

Elfa's competitive edge is the customizable, durable and ingenious storage solutions. In addition, we enjoy the advantage of having a long history, strong financials and various patents, making Elfa a good and reliable business partner.

SUSTAINABILITY AT ELFA

The main objective of Elfa's engagement in sustainability is to reduce our company's impact on the environment and resource consumption. It is also to steadily improve working environment and raise awareness about the matter of ethics. Areas covered by Elfa's sustainability efforts are centered around four main areas - environment, social responsibility and employees, respect for human rights and ethics.

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:

- ONE Elfa – Expresses our core values of being customer focused, innovative, professional, humane and have a holistic approach.
- TCS Business Code of Conduct and Ethics, Elfa Code of Conduct, Supplier Code of Conduct
- The 10 principles outlined in the UN Global Compact
- 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.
- Work environment policy and the 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 are followed up on a quarterly basis by the Group Management team.

SUSTAINABLE PRODUCTS

- Building product declaration on 100% of new products
- All wood-based products fulfil the demands of formaldehyde emissions according to Carb 2
- In Sweden, registration of our project sales assortment in Sunda Hus, Byggvaru-
bedömningen and, when applicable, Svanen Husproduktportal

SUSTAINABLE PRODUCTION

- Reduce energy consumption, water consumption, CO₂ emissions

SUSTAINABILITY IN SUPPLY AND ALL OPERATIONS

- 85% of the suppliers of direct material have signed Elfa's Supplier Code of Conduct
- 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

HUMAN RIGHTS AND ETHICS

- Zero tolerance of ethical breaches
- All employees are trained in ethics

Dialogues with stakeholders and materiality analysis

Understanding the expectations of key stakeholders, in our case employees, owners, customers and partners, is crucial for being able to meet current and future customer needs. In 2018 a systematic stakeholder dialogue was conducted where we jointly identified essential sustainability aspects. The result is creating the basis for a materiality analysis.

Based on the stakeholder dialogue, impact analysis and internal workshops, the following aspects of sustainability have been identified and are prioritized:

- The strive for designing and manufacturing durable products, hence of high quality and where components can be recycled and reused
- The strive for sustainability throughout the supply chain, hence ensuring social, environmental and ethical practices
- The strive for maintaining highest standards of health and safety of employees, to embrace diversity and equality as well as to provide competence development and training to its employees

In fiscal year 2020, it is again time for stakeholder dialogues and an update of the materiality analysis will be conducted.

Risk assessment and risk mitigation

By proactively assessing and mitigating risks related to sustainability, we ensure increased resilience for the company. In this report, you find detailed descriptions of assessed risks and how these are mitigated.

The risk assessments are broken down by the four main aspects of sustainability; environment, social responsibility and employees, human rights and ethics.



ENVIRONMENTAL SUSTAINABILITY

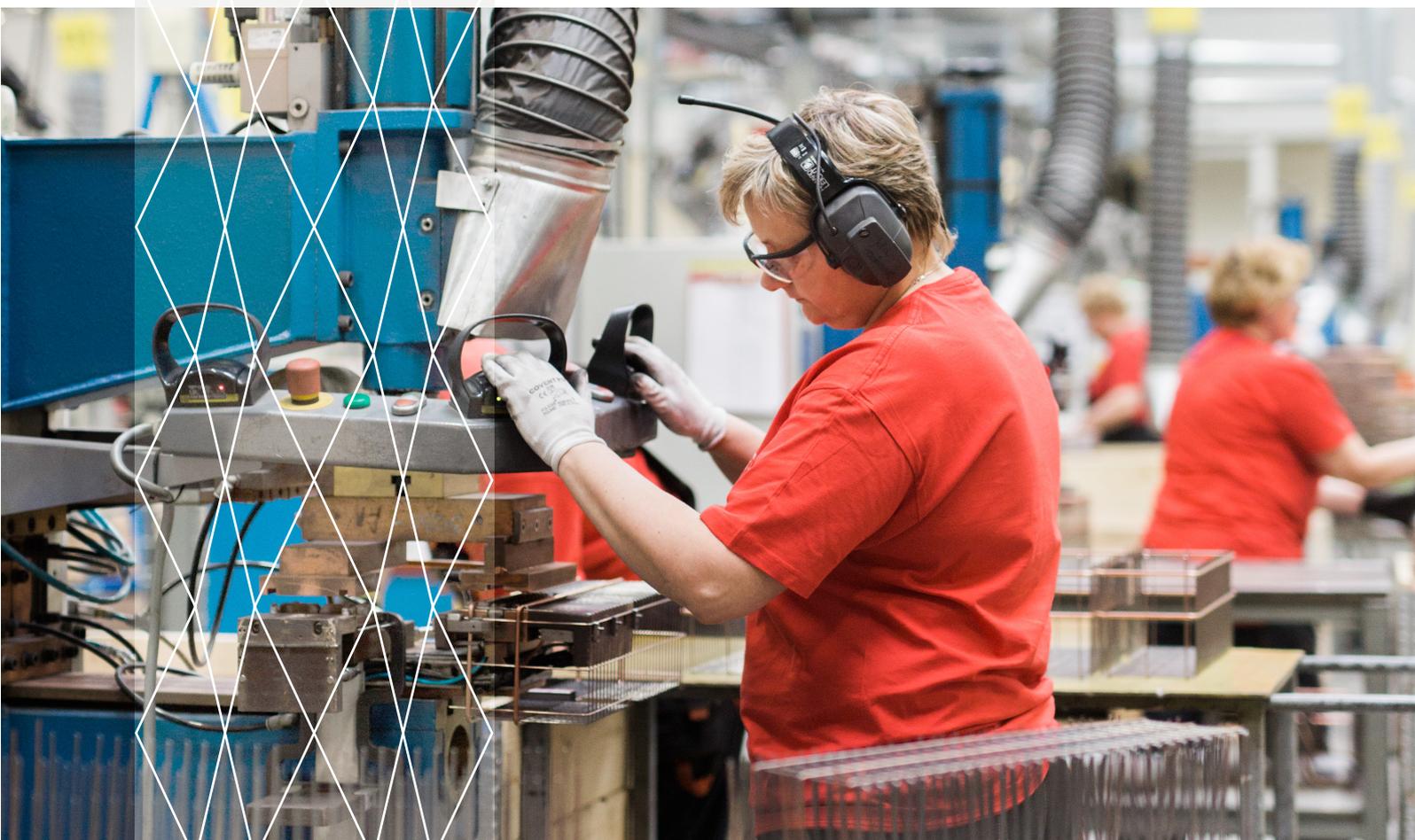
Elfa has a strong commitment to work towards a sustainable future. Our contribution to a more sustainable society is to continuously reduce the environmental impact our products have over its life cycle. We aim to continually improve the environmental performance of our projects, products and services, to reduce the environmental footprint of our business. This means that we:

- Develop products with long life cycles and which consume a minimum of natural resources
- Develop products using materials that are possible to recycle and reuse
- Evaluate and reduce significant environmental aspects in the supply chain
- Work systematically to reduce energy in our operations
- Work systematically to reduce or eliminate the use of hazardous substances in our products
- Require suppliers, sub-contractors and transport companies to comply with legal requirements in environmental legislation and chemical restrictions as well as other environmental requirements and environmental targets from the Elfa group

Durable products

UN's sustainable development goal number 12 highlights the importance of moving towards sustainable production and consumption. We believe this can only be achieved if products are easy to reuse and recycle and which contain as large a proportion of recycled materials as possible.

In fact, Elfa has developed products in this way for more than 70 years, resulting in today's variety of durable products with a high proportion of reused material. If you have an old Elfa storage system at home and want to get new brackets, you can be certain the new ones will fit. This is why Elfa's hang standards are of such high quality and still look the same as they did in the 1950s.



Sustainable production

We strive continuously to reduce the environmental impact at all stages in 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 is characterized by continuous risk assessment and a preventative approach to the business. We have defined performance indicators for observing developments in energy and water consumption, carbon dioxide emissions and waste.

In this report, figures are shown on an aggregated basis. However, it should be noted that from 2016 to the present, Elfa's production volume has increased with about 20% in terms of turnover. This increase relates to both own-produced and sourced components, and has the effect that the amount of material running in our processes has significantly increased.

ENERGY, WATER, CO₂ AND WASTE

To reduce the environmental impact of the group, Elfa has implemented a number of group-wide policies and activities. However, when measuring our environmental impact, we focus specifically on our three manufacturing facilities:

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

This makes perfect sense while these sites are accountable for over 95% of the group's environmental impact, in terms of energy and water consumption, carbon dioxide and waste.

ENERGY

Energy consumption

	2016	2017	2018	2019	2019 vs. 2018
Total	16 977	15 352	15 431	14 766	-4%
Electricity	11 939	10 621	10 485	10 061	-4%
Oil	1 195	1 296	1 272	1 285	1%
District heating	2 061	1 641	1 842	1 624	-12%
Gas	1 783	1 794	1 832	1 796	-2%

Energy consumption in relation to production

	2016	2017	2018	2019	2019 vs. 2018
ESAB – Västervik¹	0,96	0,84	0,84	0,85	1 %
EMP – Koszalin¹	1,17	0,99	1,01	0,94	-7 %
EDAB – Mullsjö²	11,3	9,5	8,7	8,4	-4 %

1) MWh/MT of steel through the process

2) MWh/door

During 2019, the overall energy consumption at Elfa's manufacturing facilities decreased by 4%. This can be explained by a number of improvements. We reduced for instance the amount of material running in our processes by changing the design of one of our high-volume products. We invested, moreover, in more energy-efficient equipment by installing equipment to recover heat in one of our packing and painting departments and by installing LED light in several of our facilities.

WATER

Water consumption in m³

FACTORY	2016	2017	2018	2019	2019 vs. 2018
Total	8 201	6 472	6 874	6 800	-1 %
ESAB - Västervik	5 775	4 262	4 605	4 647	1 %
EMP - Koszalin	1 923	1 851	1 890	1 813	-4%
EDAB - Mullsjö	503	359	379	340	-2%

During 2019, the overall water consumption at Elfa's manufacturing facilities decreased by 1%.

CO₂ EMISSIONS

Carbon footprint in tons

FACTORY	2016	2017	2018	2019	2019 vs. 2018
Total	2 036	1 990	2 063	1 978	-4%
ESAB - Västervik	523	510	517	499	-3%
EMP - Koszalin	1 508	1 476	1540	1 474	-4%
EDAB - Mullsjö	5,2	3,9	5,8	4,8	-17%

CO₂ emissions decreased by 4% in 2019. This is thanks to the many improvements we made to lower our energy consumption. The CO₂ emissions was as well lowered as a result of changes in the mix of sources of heating, from district heating to electricity. This was due to the reduced number of operating hours at ESAB's washing station, which is heated with district heating.



WASTE AND RECYCLING

Compared to last year, we generated 8% less of waste. Improved waste sorting of combustible materials accounts for most of the decrease. Some of the reduction can also be derived from that we in 2019 discontinued one of our brands.

Most of the waste that Elfa's manufacturing operations produce is either recycled or used to recover energy. According to Stena Recycling, the company that handles waste from the manufacturing sites in Sweden, is 83,5% of our waste recycled, 15,8% used in energy recovery, and 0,8% deposited.

Waste at the manufacturing facility in Västervik, Sweden (ESAB) in kg

	2016	2017	2018	2019	2019 vs. 2018
Iron	1 103 639	978 950	1 020 013	934 471	-8%
Hazardous waste	392 903	381 342	294 894	339 627	15%
Wood	190 307	178 960	168 230	179 341	7%

In 2019, ESAB generated more hazardous waste. The reason for this was that the water in one of our washing systems had to be changed more than once. While in 2018, we managed to use the same water all year.

Steel waste is produced when the raw material is shaped into its final form. One reason behind the decrease in iron waste is that the new design of one of our high-volume products, has resulted in less scrap. 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) in kg

	2016	2017	2018	2019	2019 vs. 2018
Hazardous waste	187 512	269 050	245 975	228 976	-7%
Iron	127 435	150 436	225 173	288 210	28%

During the autumn of 2019, EMP started to manufacture Avera, a completely new product line. The production of sheet metal increased as well the waste from cutting and stamping operations. However, despite the added volumes of Avera required more from the painting operation, EMP managed, overall, to reduce of hazardous waste in the painting operation.

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

	2016	2017	2018	2019	2019 vs. 2018
Wood	542 000	585 000	627 750	570 600	-9%
Glass	339 280	334 790	335 560	285 140	-15%

At EDAB wood and glass account for the largest share of waste in our manufacturing operations. The reduction in wood waste is explained by the discontinuation of the Lumi brand, which has entailed less goods of wood. The reduction in glass waste is due to improved quality of glass from the supplier, leading to less waste.

Sustainable production (cont.)

RESPONSIBLE HANDLING OF CHEMICALS

The use of chemicals is an inevitable part of manufacturing Elfa products. We need them both as building blocks in our products and in our different manufacturing processes. The use of chemicals can, if not used in control, harm the environment and also jeopardize the health of customers and employees. Needless to say, violating environmental legislation and in particular legislation regarding the use of chemicals can also lead to long-lasting and costly legal processes.

Elfa has clear procedures and established control mechanisms for how to use chemicals in our operations. We are constantly working on finding ways to replace chemicals that may be harmful to people or the environment, with less harmful alternatives.

We have full control of what materials and chemicals our products are made of. To further reduce negative impact on the environment or harmful effects on health, we have drawn up procedures that ensure the use of hazardous substances in Elfa's products remains below the limits specified in REACH (the EU's chemical legislation) and Proposition 65 (chemical legislation in California, USA).

To ensure we are on the right track, we continuously analyze our products according to standardized test methods and require written declarations from our suppliers.

ENVIRONMENTAL MANAGEMENT SYSTEM

Elfa Doors AB (EDAB) is ISO 14001:2015-certified. Elfa Sweden AB (ESAB) and Elfa Manufacturing Poland (EMP) are in progress to be ISO 14001:2015-certified in FY20.

Sustainable suppliers

Elfa collaborates proactively with its suppliers to promote lawful, professional, and fair practices that integrate the respect for human rights, safe work place, business ethics and the environment. Our Supplier Code of Conduct sets out the minimum standards of what we expect from the suppliers in terms of business behaviour. All suppliers to Elfa must have processes in place to monitor and maintain these standards. We updated the Code in 2019, and the aim is that by the end of fiscal year 2020, at least 85% of our suppliers of direct material have signed the code.

We qualify all new suppliers of direct material by requiring a "self-assessment" including questions on sustainability. To ensure suppliers remains qualified, Elfa schedules regularly audits with existing suppliers. We conducted during fiscal year 2019, five audits on new and existing suppliers of direct material.

Risk assessment & risk mitigation

It is our responsibility to make sure that neither our products, nor our production cause any harm to people's health or the environment.

To minimize the risk of hazardous substances being administered to our products, we impose high environmental requirements on materials and components used. To verify suppliers' compliance with these requirements, we follow up with audits and tests. We do risk assessments of both materials and suppliers.

To mitigate the risk of environmental incidents, such as leakage, spillage or errors in production processes at our manufacturing premises, we have established strict procedures for how to handle waste and chemicals. All concerned people at these sites are continuously trained.

SOCIAL RESPONSIBILITY AND EMPLOYEES

Indisputably, employees are any company's most important asset. To Elfa it is therefore a given to endorse the UN Sustainable Development Goal number 8, which addresses the need to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

In our continuous strive towards a fair, healthy and safe workplace where people grow as individuals, Elfa places great emphasis on the systematic work environment management, health and safety for all employees as well as risk handling.

Progress in the matter of working environment is assessed by carefully monitoring and analysing indicators such as sickness absence, accidents, near accidents and staff turnover. In addition, an employee satisfaction survey is conducted every two years. The previous survey, conducted in October 2018, revealed that Elfa employees in general are satisfied with the company culture, leadership, strategy and working environment. We believe this is a result of Elfa's pervasive work on our shared core values, of clear policies, procedures and educational initiatives and of the many years of systematic work on health, safety and working environment.

Systematic work environment management

To steadily progress towards a fair, healthy and safe workplace, Elfa works on a long-term basis with health enhancing, preventive and rehabilitative measures such as appraisal talks, employee surveys, safety rounds, employee communication and management of occupational injuries and incidents.

HEALTH ENHANCING

PREVENTATIVE

REHABILITATIVE

INDIVIDUAL

- Induction programme
- Appraisal talks
- Skills development
- Clear & realistic targets
- Feedback

- Occupational health care
- Health check-ups
- Walkthrough of ergonomics

- Rehabilitation efforts
- Occupational health care

TEAM

- Clear & realistic targets
- Culture of cooperation
- Team recognition
- Daily management meetings

- Safety rounds
- Risk assessment
- Risk, incident and accident reporting

- Implementation of measures
- Change management

GROUP

- Management system
- Systematic work on health, environmental and safety (HES)
- Skills development
- Employee satisfaction surveys
- Employee communications
- Core values and Code of Conduct

- Management
- Collaboration
- Complying with laws and regulations
- Work environment meetings
- Policies & procedures
- Employee communications
- Daily management meetings
- Continuous assessment and follow up

- Investigate incidents, risks and accidents
- Management
- Occupational health care
- Supporting resources
- Rehabilitation

Health & Safety

Ensuring a healthy and safe workplace is about noticing and considering all the various aspects of the working environment in the daily work, that may affect employees' health and safety. It also involves systematic work and a long-term approach.

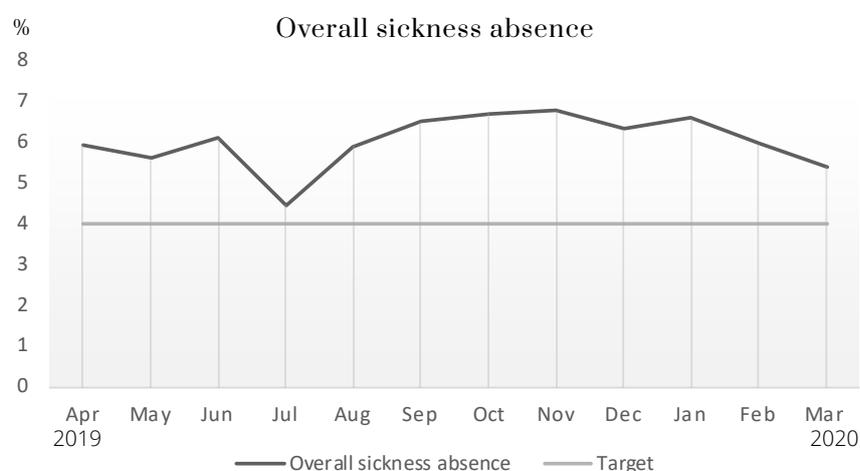
Thus, to safeguard its employees and reduce the risk of accidents and injuries, Elfa attaches high importance to preventative measures. To quote a few examples, job rotation is introduced at the manufacturing entities, we invest in ergonomic solutions, sound insulation and heating control. A very practical example is the additional breaks and access to modified water ducts that employees in Poland get on high temperature days. Elfa also emphasis on health promotion, for instance by providing flu vaccinations and facilitating for employees to attend physical exercises.

As a means of measuring progress on health and safety, we carefully monitor and analyze overall sickness absence, the number of accidents, near accidents and overall well-being of our employees.

SICKNESS ABSENCE

Sickness absence at Elfa is relatively high at the manufacturing entities. However, Elfa is actively working towards reversing the trend and reducing sickness absence. For example, we take early actions in case of repeated short-term absences and do rehabilitation investigations when there is a risk the absence will be more than 60 days. In addition, we are placing a significant emphasis on measures such as skills development, clear and realistic targets and appraisals.

Elfa's target is to have a short-term absence of no more than 3% R12 by 2023. For overall sickness absence we have a target of less than 4% by 2023. To achieve this, we carefully monitor all sites and take further steps where needed.



SAFETY

Employees' safety always comes first, and Elfa's approach is clear - an injury-free working environment where each and every employee that leaves home for work, comes back home in good health.

A lot of work therefore goes into raising awareness amongst employees, as well as to ensure a culture where risks are properly addressed and where everyone takes a serious approach to risk handling. Two of the more important activities in this work are continuous communication on safety matters and regular management meetings dedicated to safety.

To ensure all safety risks are brought to light and handled properly, all employees are granted access to TIA, a web-based tool for risk handling. TIA allows employees to quite easily report any observed risk or hazard. And, it allows managers to work systematically with reported risks and hazards, analyse data, handle risks and do the reporting.

Fair and inclusive workplace

At Elfa, we believe in simple humane values and appreciate that we are all different. We therefore take great pride in being a workplace where all employees are treated with respect and have the same rights, obligations and opportunities, irrespective of their gender, age, nationality or ethnicity, religion or belief, disability, sexual orientation, and union affiliation.

To ensure everyone respects and supports Elfa's viewpoint on diversity, equality and inclusion, these matters are an important part of the annual ethical training that all employees participate in. A further step is the development of a diversity training program for all leaders. The aim is, by the end of fiscal year 2021, all leaders managing personnel have undergone the training.

The employee satisfaction survey conducted in October 2018, revealed that Elfa employees in general are satisfied with how Elfa is working on matters related to diversity. However, this is an ever-continuing undertaking, and Elfa is therefore steadily taking actions to promote an inclusive culture.

Employment and staff turnover

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. In selected entities, we use recruitment agencies to handle increases and decreases in production rates. This provides security for Elfa's employees, the majority of whom are permanently employed full-time.

In Poland, we have managed to reduce the turnover ratio by 50% compared to last year, mainly due to the introduction of an internal recommendations program and improvements made in the onboarding process. Our aim is to have fully standardized introduction and training procedures in place by end of March 2021, allowing all new recruits to become self-sufficient within 90 days.

	SE	PL	FI	NO	DK	DE	FR	Total
Recruited	22	71	1	1	0	0	0	95
Resigned	28	31	1	0	0	1	7	68
Average no of employers	292	171	14	23	3	2	7	512
Staff turnover %	10	18	7	0	0	50	100	13
No of employees March 31, 2020	293	167	13	23	3	2	0	501

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.

Risk assessment & risk mitigation

Safety and equal treatment for all employees are fundamental and we need to ensure risks are dealt with notwithstanding where someone work, or which position they hold. Elfa is therefore in the process of unifying risk assessment norms and the definitions of types of hazards. In addition, we are working to streamline how risks are measured and communicated as well as how to mitigate reported hazards.

The risk of accidents or somebody getting injured are mitigated by steadily raising awareness amongst all employees on matters of safety, by ensuring all managers undertake work environment trainings, and by systematically report, analyze and handle risks.

The risk of employees being stressed and overworked, which may result from high sickness absence, is mitigated by taking early actions in case of repeated short-term absences, doing rehabilitation investigations when there is a risk the absence will be more than 60 days and by working on health promotion.

RESPECT FOR HUMAN RIGHTS

Our respect for human rights is founded within one of our core values, being humane. It stands for our firm belief in humane values and our appreciation of our differences. We respect each other. We protect and promote equal value and the rights of all people, no matter our gender, age, nationality or ethnicity, religion or belief, disability, sexual orientation, and union affiliation.

We have a thorough understanding of how Elfa as a corporation has a responsibility in our society that goes beyond our operations. To act upon this, we signed the UN Global Compact in 2018. The ten principles of the UN Global Compact have been integrated into our business strategy, policies and procedures. We are actively driving awareness and action in support of achieving the Sustainable Development Goals (SDG) by 2030.

Sustainable Development Goals

Out of the 17 goals that the UN Global compact defines, we have chosen to focus on the three we can impact most: Decent work and economic growth (SDG 8), Responsible consumption and production (SDG 12) and Peace justice and strong institutions (SDG16).

DECENT WORK AND ECONOMIC GROWTH

SDG 8 is about promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Elfa contributes by:

- Striving 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
- Requiring that suppliers of direct material sign and align with Elfa's Supplier Code of Conduct

RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12 is about ensuring sustainable consumption and production patterns. Elfa contributes by:

- Striving towards reducing the environmental impact at all stages in the life cycle of our products, from development and production to waste and recycling of products and packaging
- Working systematically towards reducing or eliminating the use of hazardous substances in our products
- Having an environmental management system in place at all three manufacturing sites
- Requiring that suppliers of direct material sign and align with Elfa's Supplier Code of Conduct

PEACE, JUSTICE AND STRONG INSTITUTIONS

SDG 16 is about promoting peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels. Elfa contributes by:

- Raising awareness of the importance and deepening the understanding of these matters within the company and our supply chain
- Making clear how to report concerns, with information available both internally and for external parties
- Making charity contributions

Preventing harassment and offensive treatment

As a direct consequence of Elfa's core values, to respect and value our differences, we have a zero-tolerance policy regarding all forms of offensive treatment, harassment and discrimination. To enforce this policy, we continuously run trainings for all employees. We actively measure and follow up on their adherence. All managerial issues are acted upon. There are clear rules of how the employee, manager and company should react if the policy is violated.

As employees, we are all responsible for our work environment. It is all employees' duty to secure a good working climate and react if a work colleague's rights are violated at work. It is however the line manager's responsibility to prevent harassment and violation of human rights. To secure the objective handling of severe cases, Elfa provides the parties involved an option of having external assistance, this to ensure an impartial judgement and to provide trust in the process.

The ways of reporting suspected or known offensive treatment, harassment or discrimination are communicated via the intranet, posted at our workplaces, in our Code of Conduct and in educational material.

Risk assessment & risk mitigation

At Elfa we are steadily striving to protect and promote equal value and the rights of all people. To mitigate the risk internally, all employees are trained in the Code of Conduct and ethical dilemmas are regularly discussed in groups. However, we do recognize the risk our suppliers are not working with Human rights in the same way. To mitigate, Elfa's suppliers of direct material are required to sign the Supplier Code of Conduct and we pursue proactive collaboration and assessment.

There is also a risk of discrimination in recruitment and promotion processes. This risk is mitigated through trainings of all leaders and the annual ethical training that all employees participate in.



ETHICS

Protecting and promoting fair competition and fair dealing is a founding principle for Elfa, it comes without thinking. It is a given to endorse UN Sustainable Development Goal number 16, which includes commitments to fight corruption, increase transparency, tackle illicit financial flows and improve access to information. At Elfa, we go to great lengths to ensure our business is conducted ethically, fairly and in compliance with applicable bribery legislation and anti-corruption laws, as well as related conventions on bribery and corruption.

All employees get training in ethics at least once per year. It is well-communicated in the organization that as Elfa employees, we are each and every one responsible and accountable for reporting suspected or known misconduct. The ways of how to do this are communicated via the intranet, posted at our workplaces, in our Code of Conduct and in educational material.

Codes of Conduct

Central to our ethos is our focus on conduct. The following lines come from Elfa's Code of Conduct:

"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."

As a whole-owned part of the TCS group, Elfa's business and ethical guidelines include as well the TCS Code of Business Conduct and Ethics.

TCS CODE OF BUSINESS CONDUCT AND ETHICS

All employees at TCS and Elfa are obliged to read and sign the TCS Code of Business Conduct and Ethics. The code of conduct clarifies the fundamental values and the business philosophy behind how we treat employees, customers, vendors, communities, stakeholders, with respect and dignity.

ELFA CODE OF CONDUCT

Elfa Code of Conduct, which applies to all Elfa employees, has been developed to help all of us live our values in everything we do, every day. It provides direction on how to conduct oneself in interaction with colleagues, customers, partners and communities, everywhere we operate. It is the source to return to when we face an ethical dilemma. It provides all the contact details needed when we are in doubt or having a concern.

ELFA'S SUPPLIER CODE OF CONDUCT

The Supplier Code of Conduct applies to our suppliers of direct material. It clarifies how to establish a proactive collaboration with our suppliers, in order to promote 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. It aims 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.

Personal integrity

Elfa strongly protects the personal integrity of customers and employees. In 2017, we adopted new policies, including the General Data Protection Regulation (GDPR) compliance commitment. Access to personal data, including the authorisation process, is protected to the highest standards.

Risk assessment & risk mitigation

At Elfa we conduct business ethically and in compliance with the law. This is the right way to do business - it builds trust with our customers as well as with society and it ultimately leads to commercial success. Still we do recognize that sometimes, all it takes is a rumour, a hint of impropriety or malfeasance, to seriously harm the company's reputation.

To mitigate the risk of ethical breaches and avoid situations that might lead to adverse legal issues or damage to our reputation, all employees participate in ethical trainings. We have implemented a zero tolerance to both giving and receiving gifts. In addition, because each one of us are expected to report any suspected or known misconduct, we have made sure it is easy for our employees to report a concern.



