

SUSTAINABILITY  
REPORT

2020



**elfa**<sup>®</sup>  
CREATING SPACE



It's personal now. As a company, we have always taken pride in our great tradition, resourcefulness and our respect for one another and our craft. A few years back we also added environmental awareness to that list. These were not just empty words. We realized that being part of the solution create value to ourselves, our owners and customers, but also to our society. Everybody gains. Consequently, we have been working steadily on reducing our company's impact on the environment and resources, on improving work environment, and on raising awareness and dialogue around ethics. As a proof of our commitment, Elfa is a signatory to the UN Global Compact.

And what gets measured gets done. I can't express how thrilled I am to give you the yearly low-down on our collective efforts in reducing our carbon footprint. You will learn how we now incorporate extensive lifecycle analysis to find weak spots in our operations and products. You will get direct examples of improvements we have made in our product design as well as in our production. Solid proof of good progress.

But as I started out, it has to get more personal now. We believe everyone can do more. Taking control over our consumption patterns and quickly move towards a sustainable life isn't just our responsibility as a company but also as individuals. How can we learn to make more sensible choices in our everyday lives?

Undeniably, many of us struggle to organize our living space and belongings. A more sustainable lifestyle would come easier if we kept everything in order. This is where our learnings have come to good use. Having brought orderliness into our homes for more than 70 years, we know how to get the most out of the living space. We have therefore expanded our efforts to include you. We can do this only together.

Enjoy the read!

Anders Rothstein  
CEO, Elfa Group



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# ABOUT ELFA

In 1948, Arne Lydmar had a great idea on a market that saw the need for clever storage solutions. That was the start of Elfa. Over 70 years later, we still keep that very idea close at heart, to create space in everyday life with ingenious storage solutions. That is what we do, embracing the challenges of everyday life by creating clever solutions for big and small storage needs.

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

Elfa has three factories and seven sales companies in Europe. The group reported turnover of approximately 1 155 MSEK in the 2020 fiscal year and by the end of fiscal year 2020 the group had 438 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 coincide 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 state we are customer focused, striving for exceeding their expectations, we are referring to matters such as superior quality and life-long durability. We always try to be innovative and open-minded to new possibilities of working, taking any measures to invest in and sustain our society's future. When we state 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 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.





# United Nations Global Compact

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

During fiscal year 2020 Elfa stepped up its efforts in support of UN's Sustainable Development Goals (SDG). Some of the more important activities this year were performing a Life Cycle Analysis and re-designing some of our key products. Efforts leading to a sizable reduction in Elfa's carbon footprint.

This report follows Elfa's fiscal year and covers the period April 1, 2020 to March 31, 2021. 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 2020.

# SUSTAINABILITY ATELFA





Sustainability is not just what we aspire to do, it is what we always have done. A few years ago, society didn't even think it was necessary to talk about it. But reality has proved different, and we have learnt to raise our awareness and widen our gaze. Today sustainability is at the very heart of Elfa's business strategy, and we have clear processes for how to include sustainability considerations in our decision-making.

The general objectives of Elfa's engagement in sustainability are to reduce our company's impact on the environment and resource consumption, to steadily improve working environment and to raise awareness about the matter of ethics. Elfa's sustainability efforts are therefore 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 and principles, of which the most important are:

- ONE Elfa – Expresses our core values of being customer focused, innovative, professional, humane and having a holistic approach
- TCS Code of Business Conduct and Ethics, Elfa Code of Conduct, Supplier Code of Conduct
- The 10 principles outlined in the UN Global Compact
- The 17 Sustainable Development Goals (SDG)
- Elfa's environmental policy
- Elfa's work environment policy and the Policy of diversity, equality, and inclusion

# Elfa's performance 2020

We take great pride in being an organization that fulfils its commitments, our sustainability targets are no exception.

Consequently, as we measure our business performance, our group management team also follow up on our sustainability targets using key performance indicators.

Following were our fiscal year 2020 targets:

## 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, Byggarubedömningen and, when applicable, Svanen Husproduktportal

## SUSTAINABLE PRODUCTION

- Reduce overall climate impact from producing and transporting our products
- Reduce waste in our production process

## 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
- Ensure the employee satisfaction index remains at the current high level

## HUMAN RIGHTS AND ETHICS

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

After concluding the management review for the full year, we can proudly report that all targets for fiscal year 2020, except one, have been fully accomplished. The only exception is our target that all employees are trained in ethics. At the end of the fiscal year, most of our employees have got it. But, due to the Covid-19 pandemic, we could for safety reasons simply not organize the training. To address this, we are currently working on making the training online.

# 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, and
- 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, Elfa has continued to concentrate efforts on the prioritized aspects of sustainability. Examples are the redesign of some products in the classic assortment, the Life Cycle Analysis, the assessment of Elfa's Carbon footprint and the entry of supplier rating.

Stakeholder dialogues and an update of the materiality analysis will be conducted during fiscal year 2021.



# Sustainable Development Goals

With the 17 Sustainable Development Goals (SDG), the global community is addressing the most pressing challenges of our time. As proof of Elfa's commitment to shoulder our share of the global responsibility, Elfa is a signatory to the UN Global Compact. Accordingly, the ten principles of the UN Global Compact are integrated into our business strategy, policies, and procedures.

Signing the UN Global Compact also carries a promise to actively drive awareness and action in support of the UN Sustainable Development Goals. And this we do every day, with a particular focus on the three goals that we can impact more: 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

## Risk assessment and 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

A photograph of a factory floor. In the foreground, there are several large, cylindrical coils of metal wire, likely steel, stacked on a red metal frame. The coils are made of many thin, parallel wires. The background shows more of the same setup, with the red frame and metal coils receding into the distance. The lighting is bright, highlighting the metallic surfaces.



At Elfa we take pride in our long tradition of continuously advancing all our operations towards less environmental impact. Our efforts in the field of environmental sustainability, are centred on:

- Developing products with long life cycles and which consume a minimum of natural resources
- Developing products using materials that are possible to recycle and reuse
- Evaluating and reduce significant environmental aspects in the supply chain
- Working systematically to reduce energy in our operations
- Working systematically to reduce or eliminate the use of hazardous substances in our products
- Requiring 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

# Sustainable 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.

## DESIGN THAT REALLY MATTERS

It's a well-known fact that our storage systems are durable to last a lifetime. We are also recognized for being ingenious with our simple and functional designs. Our design principles are important to us, we don't do one-size-fits-all, neither wear-and-tear. As any of our product designs inevitably takes a toll of the environment, we are redesigning our assortment.

First out was our best-seller, a plain bracket for our classic shelving system. We changed the design and made it smaller. The aim was to reduce its height by nearly a third, a seemingly impossible equation since we didn't want to sacrifice on the bracket's load capacity and high quality. But the designers solved it by in-depth construction work and meticulous testing. Considering the high volumes these brackets are produced in, this improvement alone has resulted in a sizable reduction in our carbon footprint.

In fiscal year 2020 we redesigned more products in the classic assortment. All-in-all this redesign work entails a 12% reduction in the carbon footprint of one of our very popular standard interior solutions, that includes best-sellers like top track, hang standards and brackets.

## THINKING PROGRESSIVELY ABOUT MATERIALS USED

A long and complex supply chain makes it difficult to trace the origin of delivered materials, so we aim to choose suppliers with as short supply chains as possible. All suppliers of direct materials must in addition comply with our Supplier Code of Conduct. This declaration is partly a reflection of our own code of conduct, including both environmental and social requirements of the supplier's operations and products. Once the Code has been signed, Elfa will continuously assess the supplier based on what materials they use and what certificates and tests these materials require.

### Wood

Elfa's suppliers of wood materials are primarily located in Europe. The origin of the forestry and place of harvest is always verified. All used wood-based board, such as MDF and fibre boards, comply to Carb II and E1 with very low emissions of formaldehyde. For wood materials that are coated, Elfa mainly uses water-based products to assure very low emissions of volatile organic compounds.

### Metal

All metals used in Elfa products are, taking supply and quality requirements into account, recycled to the largest extent possible.

### Powder paint

The majority of Elfa's metal products is painted with powder coating that does not contain any substantial amounts of volatile organic compounds.

Our most common materials in per cent, based on the material's weight.

Steel	72%
Wood	18%
Glass	4%
Plastic components	2%
Powder paint	2%
Aluminium	1%
Zinc	0,3%
Lighting	0,004%



# Sustainable production

We like to think that if there is one word that defines Elfa, that is ingenuity. This is not limited to how we design our products. Over 70 years ago, our founders went to great lengths when creating the machines and tools they needed to manufacture our first products. They knew that no matter how fantastic a design is, if it can't be produced efficiently, it is not worthwhile.

That's all fine, our founders' spirit is still present in much of what we do. But the times have changed. It is no longer sufficient to solely focus on operational efficiency. Our goal is also to produce Elfa's products with less of an environmental impact. What can be improved in terms of energy usage and raw materials? How much of our waste ends up in deposit? These are some of the matters we are equally concerned about.

While all our operations undergo extensive change to meet our sustainability goals, we focus in particular on our three manufacturing facilities:

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

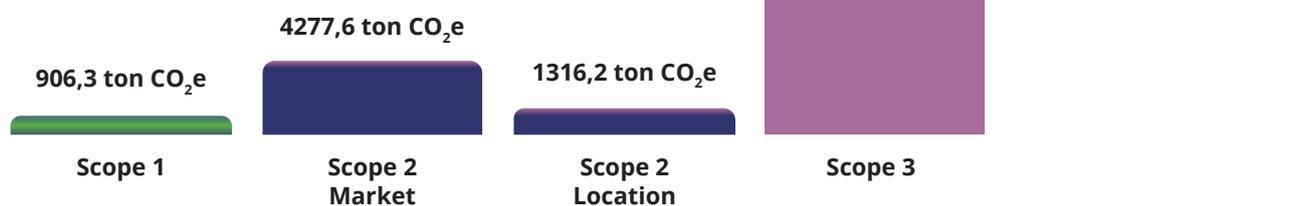
By doing so, we address over 95% of the group's environmental impact in terms of energy, carbon dioxide and waste. In order to assess our performance on these three sites we collect metrics in terms of carbon footprint, energy usage in our own manufacturing and waste.

## CARBON FOOTPRINT

Knowing our carbon footprint motivates us to change for the better. It also helps us to assess if our efforts are having the desired effect. In order to get the knowledge, we are since 2020 doing life cycle analyses and we are using the results to calculate Elfa's carbon footprint in total as well as for a typical interior solution.

Since we just started out with life cycle analysis and wanted to have something to compare with from the very start, we decided to make assessments of Elfa's total greenhouse gas (GHG) emissions for both 2019 and 2020. The measurements take into account direct emissions from our own facilities as well as indirect emissions occurring from purchased goods and services, transports and waste management.

The assessments gives that the total impact of 2020 amounted to 64 987 tonnes of CO<sub>2</sub>-equivalents, where most of it can be derived from the production of steel and other raw materials, transportation, and manufacturing. In 2019 the total impact was 66 043 tonnes of CO<sub>2</sub>-equivalents, indicating that our sustainability efforts are having effect.



Elfa's total GHG emissions for FY20, divided into three scopes in accordance with the Greenhouse Gas Protocol.

Scope 1 covers a company's direct emissions. That means all GHG emissions that can be traced to sources being owned or controlled by the company. Calculations made for Elfa include natural gas, fuel oil used in factories, leakage of refrigerants from AC equipment, fuels used in own car fleet and capital goods.

Scope 2 covers GHG emissions that can be traced to from production of electricity, steam and heating/cooling that a company purchase. Calculations made for Elfa include electricity and district heating.

Scope 3 covers GHG emissions that can be traced to activities that occur upstream or downstream in the company's value chain. Calculations made for Elfa include purchased goods and services, inbound transports, waste generated in operations and outbound transports.

## TRANSPORTATION

In fiscal year 2020, transports accounted for some 10% of Elfa's total emissions. Elfa does not own or operate the vehicles used for inbound and outbound transports. But, because transportation of goods has a significant climate impact, we still like to be given more scope for impacting these emissions. Measuring allows us to do just that. If necessary, we can also take steps to exert pressure on the suppliers carrying out the transports.

Another measure we take to reduce emissions from transport, is to optimize our purchases and deliveries. To mention just one example, we have made arrangements for goods to be directly delivered from some of our suppliers, to one of our principal customers.

	FY19	FY20	FY20 vs. FY19
<b>Total Ton CO<sub>2</sub>e</b>	6 184	6 305	2%
<b>Inbound transport</b>	1 574	1 484	-6%
<b>Outbound transport</b>	4 610	4 821	5%

## ENERGY USAGE OWN MANUFACTURING

Environmental aspects and operational efficiency go hand-in-hand. By optimizing how our production lines and tools are run, by for instance avoiding unnecessary stops and restarts, we have been able to decrease our energy usage per manufactured item.

	FY18	FY19	FY20	FY20 vs. FY19	FY20 vs. FY18
<b>Total Energy MWh</b>	14 901	14 867	14 791	-1%	-1%
<b>Electricity</b>	10 264	10 205	10 098	-1%	-2%
<b>Oil</b>	1 273	1 279	1 229	-4%	-3%
<b>District heating</b>	1 671	1 640	1 914	17%	15%
<b>Gas</b>	1 693	1 742	1 550	-11%	-8%

## WASTE AND RECYCLING

Another measure of efficiency and environmental impact is how much waste we produce and how much of it we recycle or reuse. Inevitable, we can't completely avoid producing waste. Our goal is to the largest extent possible getting all waste recycled or reused. We are nearly there in Sweden, where most of our waste is recycled or renewed into energy. Less than one per cent ends up in deposit.

	2018	FY19	FY20	FY20 vs. FY19	FY20 vs. FY18
<b>Total Waste kg</b>	3 263 112	3 167 581	3 019 799	-5%	-7%
<b>Iron</b>	1 245 186	1 314 680	1 318 714	0%	6%
<b>Wood</b>	802 140	774 587	722 664	-7%	-10%
<b>Hazardous waste</b>	540 869	569 883	467 201	-18%	-14%
<b>Glass</b>	335 560	247 003	260 340	5%	-22%
<b>Other</b>	339 357	261 428	250 880	-4%	-26%

## 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.

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 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 track, we continuously analyze our products according to standardized test methods and require written declarations from our suppliers.

## ENVIRONMENTAL MANAGEMENT SYSTEM

Today Elfa Doors AB and Elfa Manufacturing Poland are ISO 14001:2015-certified. Elfa Sweden AB has an environment management system in place and are in progress to be ISO 14001:2015-certified in 2021.

# Sustainable suppliers

We expect our suppliers to fully share Elfa's values and ambitions when it comes to human rights, good working conditions and green practices. This is because we believe that only if our entire value chain is rooted in the same foundations, we can be truly sustainable. For this, trust isn't enough, we have to make certain. The Supplier Code of Conduct and 360° Supplier ratings are our two pillars to stay certain.

## SUPPLIER CODE OF CONDUCT

This agreement is our first pillar to ensure that suppliers of direct material share our values and ambitions. The Code is all but a pile of papers. The real work begins once the agreement is signed by the supplier.

## 360° SUPPLIER RATINGS

As mentioned, the real work starts after the Supplier Code of Conduct has been signed. To follow up on the work, we make assessments by using a Supplier Relation Management tool. This tool provides us a holistic overview covering not only price and quality but also environmental, humane, and social aspects.

The tool also allows us to work towards objective, measurable and monitorable indicators, taking into account factors such as human rights, labour rights, business ethics & anti-corruption, environmental performance, political stability & rule of law, economic stability, currency and tradability. We constantly press to ensure that none of our suppliers have a rating below 50%.

If a supplier scores low, we got two choices – either we phase them out, or we help them to tackle the problem. It could well be that we really would like to source a certain product, but the supplier for instance doesn't have a systematic approach to quality management. We can then offer support in setting up a system and necessary processes. It is a win-win situation.

# Risk assessment and 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.

To identify and manage supply chain risks related to what impact our suppliers make on the environment, how they respect human rights, a safe workplace and business ethics, we are using the assessment tool.



# SOCIAL RESPONSIBILITY AND EMPLOYEES





We believe employees are the most valuable assets an organization has. So naturally, endorsing the UN Sustainable Development Goal number 8 is a given to Elfa. Why wouldn't it be? The goal addresses the need to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

To fulfil the goals, we are continuously assessing our work environment by 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.

Last year wasn't easy to anyone. As this report is produced, most people and businesses are still coping with the impacts of the COVID-19 pandemic. Elfa has not been spared, but we have ensured Elfa remained a fair, healthy, and safe workplace. All administrative personnel have now the possibility to work remotely in home offices. At our manufacturing sites, we provide all employees with facial masks. Everyone has now easy access to multiple sanitation stations. To also help staff keeping distance, we have re-organised all breaks to take place in smaller groups. Although it has not been easy to anyone, we are trying to make the best of our situation.

According to our most recent employee survey, conducted in October 2020, we, all employees of Elfa, are still very satisfied with the company culture, leadership, strategy and working environment. Our many years of systematic work on health, safety and working environment are in effect.

To learn more about what we have done to improve our company in terms of social responsibility and work environment, we encourage you to carry on the reading.



# Systematic work environment management

To ensure a fair, healthy and safe workplace, Elfa works long-term by taking 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	<ul style="list-style-type: none"> <li>■ Induction programme</li> <li>■ Appraisal talks</li> <li>■ Skills development</li> <li>■ Clear &amp; realistic targets</li> <li>■ Feedback</li> </ul>	<ul style="list-style-type: none"> <li>■ Occupational health care</li> <li>■ Health check-ups</li> <li>■ Walkthrough of ergonomics</li> </ul>	<ul style="list-style-type: none"> <li>■ Rehabilitation efforts</li> <li>■ Occupational health care</li> </ul>
TEAM	<ul style="list-style-type: none"> <li>■ Clear &amp; realistic targets</li> <li>■ Culture of cooperation</li> <li>■ Team recognition</li> <li>■ Daily management meetings</li> </ul>	<ul style="list-style-type: none"> <li>■ Safety rounds</li> <li>■ Risk assessment</li> <li>■ Risk, incident and accident reporting</li> </ul>	<ul style="list-style-type: none"> <li>■ Implementation of measures</li> <li>■ Change management</li> </ul>
GROUP	<ul style="list-style-type: none"> <li>■ Management system</li> <li>■ Systematic work on health, environmental and safety (HES)</li> <li>■ Skills development</li> <li>■ Employee satisfaction surveys</li> <li>■ Employee communications</li> <li>■ Core values and Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>■ Management</li> <li>■ Collaboration</li> <li>■ Complying with laws and regulations</li> <li>■ Work environment meetings</li> <li>■ Policies &amp; procedures</li> <li>■ Employee communications</li> <li>■ Daily management meetings</li> <li>■ Continuous assessment and follow up</li> </ul>	<ul style="list-style-type: none"> <li>■ Investigate incidents, risks and accidents</li> <li>■ Management</li> <li>■ Occupational health care</li> <li>■ Supporting resources</li> <li>■ Rehabilitation</li> </ul>

# Health & Safety

Ensuring a healthy and safe workplace means dealing with all matters in our daily work, that may affect employees' health and safety. It is an activity that requires systematic work and a long-term approach. To measure our progress on health and safety, we carefully monitor and analyse overall sickness absence, the number of accidents, near accidents and overall well-being of our employees.

Taking preventative measures to safeguard our employees and reduce the risk of accidents and injuries are of outmost importance to us. We have for this reason introduced job rotation at the manufacturing entities. We also invest in ergonomic solutions, sound insulation and heating control.

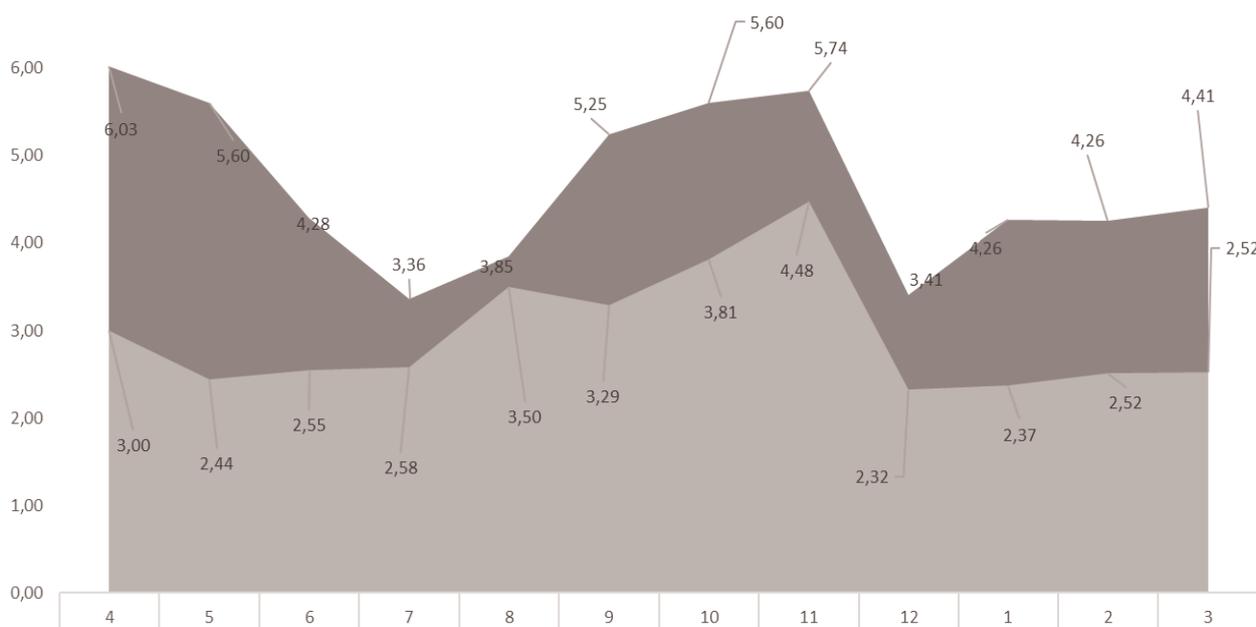
Special care has of course been taken to implement new procedures to limit the spread of the COVID-19 virus. These measures reflect the recommendations from local authorities and experts. Personal protection items have been made available to all employees.

## SICKNESS ABSENCE

Elfa is actively working towards reducing sick leave. We take actions early in case of repeated short-term absences. When there is a risk that the absence will be more than 60 days we investigate if a rehabilitation is needed. To prevent sickness among our staff, we focus on skills development, clear and realistic targets and appraisals.

Our actions have throughout the year, resulted in a 2-point drop of both overall and short-term absence due to sickness at our manufacturing sites. Elfa's target is to have a short-term absence less than 3% by 2023. For overall sickness absence, our target is to have less than 4% by 2023. To ensure this, we carefully monitor all sites and take further steps where they are needed.

The financial year 2020 ended at 2,6% short term absence and 4,4% overall sickness absence. We are nearly there.



Sick leave in total and short term

## SAFETY

Safety always comes first, and Elfa's standpoint on this matter is clear. Our work environment must be injury-free. Our employees must be able to return home in good health.

A lot of efforts are made to raise awareness amongst employees. We are actively working for a culture where risks and risk management are properly addressed by everyone. We communicate for this reason continuously on safety matters and conduct additionally regular management meetings dedicated to safety.

To ensure all safety risks are brought to light and handled properly, all employees are granted access to a web-based tool for risk handling. This allows employees to easily report any observed risk or hazard. In order to identify areas that requires special attention, we take help from statistics brought out of these reports.

The results of our actions are reflected in a reduced long-term absence and complete absence due to serious injuries.

# Employment and staff turnover

From an employment point of view, Elfa strives to keep a balance between internal talent skills and external expertise. The present balance is currently fulfilling to deliver on the company's strategy. To handle increases and decreases in production rates at selected sites, we take help of recruitment agencies. This has proven to provide security for Elfa's employees, the majority of whom are permanently employed on full-time.

But 2020 has not been a regular year.

The effects of the Covid 19 pandemic made the turnover rates at a few of our sites to seriously decrease during the first lock-down period. Sadly, this resulted in that we had to make the decision to also reduce on our permanently employed staff. Fortunately, the market has since then stabilized again. Elfa has been able to rehire some of the employees that had to leave.

	SE	PL	FI	NO	DK	DE	Total
<b>Recruited</b>	22	57	1	0	0	0	80
<b>Resigned</b>	62	72	3	4	1	0	142
<b>Average no of employers</b>	268	142	12	21	2	1	446
<b>Staff turnover %</b>	15,7	45,5	16,8	9,5	23	0	24,9
<b>No of employees March 31, 2021</b>	256	148	11	20	2	1	438

*Staff turnover – Staff turnover is calculated as the average of the number of leaving/new employees relative to the average number of employees.*

*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.*



## Fair and inclusive workplace

We believe in simple, humane values and appreciate that we are all different. We 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 that everyone respects and supports Elfa's standpoint on diversity, equality and inclusion, these matters are an important part of the annual ethical training that all employees participate in. A targeted diversity training program for leaders is during development and expected to be ready by 2021. Our goal is that all leaders will have taken this training by the end of fiscal year 2021.

The latest employee satisfaction survey, conducted in October 2020, reveals that Elfa employees in general are satisfied with how Elfa is working on matters related to diversity. This is of course an ever-continuing undertaking, to keep and improve our inclusive culture.

## Risk assessment and mitigation

Ensuring that risks are dealt with objectively no matter where someone work, or which position they hold, is central to keep our work environment safe and to secure equal treatment for all employees.

Elfa is currently in progress unifying risk assessment norms and definitions of types of hazards that may occur. In addition to this, we are also streamlining how risks are being measured and communicated, as well as how we take action on reported hazards.

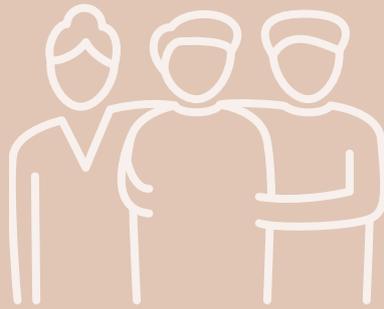
We are steadily reducing the risk of accidents or somebody getting injured by raising safety awareness amongst all employees, by encouraging all to systematically report, analyze and handle risks. In addition, all managers must undertake work environment training.

We are taking early action at repeated short-term absence. If there is a risk that the absence will last longer than 60 days, we will also make an investigation if rehabilitation is required.



# RESPECTING HUMAN RIGHTS

A young man with brown hair and a beard, wearing a blue shirt, is shown in profile on the left. He is looking towards a young woman on the right. She has long, wavy brown hair and is wearing a light-colored, textured sweater and a gold hoop earring. She is smiling warmly at him. The background is dark and out of focus, showing some blue and grey fabric. The text 'RESPECTING HUMAN RIGHTS' is overlaid in white, serif font at the top of the image.



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.

## 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.

## Donations to UNICEF

We no doubt all think that children have a right to survive, thrive and fulfil their potential – to the benefit of a better world. Unfortunately, in the world as it is, these self-evident and essential rights to children are not always respected.

Each year Elfa is therefore making a contribution to support UNICEF in their ever so important work on promoting and defending children's rights. The donation is not ear-marked to a specific project. Instead, we let UNICEF decide how to use these funds. In fiscal year 2020 Elfa's donation was used for their critical disaster relief work.

## Risk assessment and 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.

## 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 authorization process, is protected to the highest standards.

## Risk assessment and 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.



# LOOKING FORWARD

I am glad you took the time to read our report. As I opened, I no longer see our sustainability efforts as a company led mission. It is personal to me, to all of us, in fact. You too must be concerned about our environment and what we can do to protect it.

As CEO, I am proud to see that the targets we set up for 2020 have been reached, in principle. We only failed on one of the targets by not being able to conduct our training in ethics because of the pandemic. I am, however, in a way proud of this, to work for a company having such high moral standards. Because to us, people and society always come first. We have to live as we learn.

Now, as our work does not end as this report is closing, I want to share with you what we are doing, going forward. As it has proven to work well, we are continuing the lifecycle analysis of our operations. We are thinking even more carefully about the materials we use when we develop our products. This means in extension that we are intensifying our efforts with our suppliers as well as in our own manufacturing.

Step by step, we're taking Elfa towards a more sustainable future. We believe it is only together we can really make a difference. So, talk to us! What can we do to simplify your own efforts in being sustainable? What would you like us to improve? Let's carry on together.

Anders Rothstein, CEO of Elfa Group

