



COMMUNICATION ON PROGRESS

2020

NEFAB
SAVING RESOURCES

ABOUT NEFAB

Nefab saves environmental and financial resources by optimizing supply chains. We do this by innovating together with our customers to create smarter packaging and logistics solutions while always respecting people and high ethical standards. This contributes to a better tomorrow for our customers, for society and for the environment. With more than 70 years of experience combined with competence and presence in more than 30 countries, we offer global solutions and local service worldwide to companies in industries such as Telecom, Data-com, Energy, Vehicles, Healthcare, Aerospace and Lithium Batteries.

Sales in 2020 amounted to 5.1 billion SEK. The owners of Nefab Group are the Nordgren/Pihl family and FAM AB.

Table of Content

ABOUT NEFAB	2
SUPPORT STATEMENT	4
SUSTAINABILITY	5
VISION & MISSION	6
CODE OF CONDUCT	7
HUMAN RIGHTS	8
LABOUR	9
ENVIRONMENT	11
ANTI-CORRUPTION	12

SUPPORT STATEMENT

PRESIDENT & CEO, STAFFAN PEHRSON

The UN Global Compact was launched in year 2000. Today, thousands of companies and organizations in over 160 countries participate to work towards the goal of creating a sustainable and inclusive global economy that delivers lasting benefits to all people, communities and markets.

This year marks Nefab's eleventh Communication on Progress (COP) report. Nefab became a signatory to the United Nations Global Compact in October 2008* with the intention to strengthen our social and environmental work.

Since then have we taken many measures to ensure that the way we do business aligns with the UN's ten principles. This work will continue as we strive to save resources in supply chains, for a better tomorrow for our customers, for society and for the environment.

To achieve this, we work with our supply chain, our own operations and with our value proposition. We also focus on helping our customers reduce the environmental impact throughout their supply chains. We do this in different ways, with one major approach being to analyze their supply chains and propose new smarter packaging and logistics solutions. We also focus all our innovation activities towards new green materials and IoT solutions that can help our global customer base to further reduce their CO2-footprint.

We are convinced that our continuous commitment to the Global Compact Initiative is beneficial for Nefab and our key stakeholders, while helping to improve the conditions for the global community at large.

Consequently, I am pleased to confirm Nefab's continuous support of the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. With our tenth COP report, we express our aim to advance those principles within our sphere of influence.

Stockholm, May 2021



Staffan Pehrson
President & CEO, Nefab Group

*Reporting Cycle Adjustment 2017

SUSTAINABILITY

As markets transform to be more sustainable, it has become clear that our value proposition, to save environmental and financial resources by innovating together with our customers to create smarter packaging and logistics solutions, is more relevant than ever.

At Nefab, working with sustainability means that we care for the welfare of our employees and other stakeholders while maintaining balance in the economic, social and environmental aspects of our business.

Taking a structured approach to sustainability helps build a favourable business climate that attracts skills and strengthens our position in the market. Sustainability also facilitates business development by attracting customers that share a similar mindset. Our sustainability work is governed by Nefab's purpose, core values and code of conduct, as well as other relevant policies, laws and regulations.



OUR PURPOSE

We save environmental and financial resources by optimizing supply chains. We do this by innovating together with our customers to create smarter packaging and logistics solutions while always respecting people and high ethical standards. This contributes to a better tomorrow for our customers, for society and for the environment.

Owners

Nefab is co-owned by the founding family Nordgren/Pihl and FAM (Foundation Asset Management Sweden AB), which is a part of the Wallenberg sphere. The owners share a long-term perspective and have the common priorities of providing the financial stability and strategic endurance to realize the full potential of Nefab in a transforming market. In addition, sustainability is a key pillar in our owners' strategy.

Research and development have always been close to Nefab's heart and we are proud to be co-owned by FAM, who use a significant part of their profits to fund research and education. Our owners, Nordgren/Pihl and FAM, continuously challenge us to become more sustainable and develop environmentally friendly solutions for our customers across the world.

Our commitment to sustainable business

Nefab's sustainability work is directed by the executive management, implemented and monitored through the sustainability council and embraced by all Nefab. Nefab continuously seeks improvements related to the ten principles of the United Nations Global Compact. Nefab's Code of Conduct is an important tool, as it guides us to always live up to the Global Compact principles. The Code of Conduct is given to all new employees and we work to ensure that all staff are aware and fully understand it, by including it in our main communication channels, such as all employee meetings, employee surveys, and various trainings.

CODE OF CONDUCT

At Nefab, we believe that doing business the right way is the only way. Our Code of Conduct outlines our way of putting this approach into practice, for the benefit of our people, our customers and the world around us.

Nefab has three core values and three ways of working, and these elements combine to guide all of us in everything we do. Our core values are defined as "Respect", "Empowerment" and "Simplicity", and our ways of working as "Customer First", "Cooperation" and "Communication". In practice, this means that we respect the environment and those around us while also putting our customers first. Through our global organization, we are empowered to cooperate and communicate, as well as to innovate and simplify for our customers.

As reflected in our core values and underlined in our Code of Conduct, we continuously strive to live up to our reputation and trusted brand. Our key cornerstones, which are directly

aligned with UN Global Compact's ten principles, are ethical business behavior, fair treatment of all employees and colleagues, health and safety in our workplace, and a clear sustainability focus in all we do. These cornerstones align with those of our global customers, as well as our owners.

Since 2018, we've had an anonymous whistle-blower tool from a third-party provider, available both internally and externally. This whistle-blowing tool offers a possibility to alert Nefab about suspicions of misconduct, in confidence. It is an important tool for reducing risks and maintaining trust in our operations by enabling us to detect and act on possible misconduct at an early stage.

We strive for continuous improvements related to all areas covered by the Code of Conduct, and it is therefore mandatory for all Nefab employees to comply with it. We also expect that our suppliers comply with the Code of Conduct, which may request higher standards than required by applicable law.



REPORTING OUR PROGRESS

HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

Make sure that they are not complicit in human rights abuses.

Our Code of Conduct states that the minimum level is to support and respect the protection of internationally proclaimed human rights and ensure that the company is not complicit in human rights abuses. All companies in the Nefab Group are expected to act responsibly and understand human rights risks, not only in our own business, but also in the business they conduct with suppliers. Our suppliers are evaluated through the Nefab Supplier Evaluation to ensure that they are compliant with our Code of Conduct.

It is important for Nefab to offer good working conditions to all employees and we have therefore stipulated rules for working hours, overtime and disciplinary measures.

Progress

Respecting Human Rights is fundamental to Nefab. To ensure that employees are aware and understand the topic, we offer an e-learning course regarding Human Rights. In 2020, 102 (68 in 2019) diplomas were issued throughout the year.

Due to COVID-19, we elected to not conduct on-site audits last year, though we were able to do some before the pandemic began. During the pandemic, we started with online audits in a small scale. If a supplier evaluation is not approved, we open a SCAR (Supplier Corrective Action Request), focusing on the areas where the supplier was not compliant. A follow up audit is then usually made within 3 to 6 months.

LABOUR

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

As a leading global provider within our industry, we want to set a good example as an employer. Engaged and committed employees are vital for us to be a successful global company. Nefab takes labour rights and fair employment conditions seriously, and our Code of Conduct also includes these aspects.

As reflected in our Code of Conduct, employees are free to form and join unions of their own choosing, to bargain collectively and to engage in peaceful assembly, as well as respect the right of workers to refrain from such activities.

We want our employees to stay with us for a long time, but all employees have the right to leave their employment as stated by contract or local law. Furthermore, employees are not obliged to pay any kind of fees for their employment.

Child labour is strictly forbidden in any stage of Nefab's operations. We have established global procurement processes to evaluate new and current suppliers alike, to ensure that no children work in any of the stages of Nefab's operations.



Nefab embraces diversity and equal opportunities for all. We are committed to building teams with a variety of backgrounds, perspectives and skills. Our Code of Conduct supports our zero-tolerance approach towards discrimination of all forms.

As a manufacturing company, Nefab takes health and safety seriously. We offer safe and healthy workplaces, in regard to both physical and psychological aspects, in accordance with international standards and local laws. Our Code of Conduct and Operations Directive cover this and have defined rules for preventing accidents and injuries, so that all employees are provided with a safe and healthy workplace.

We encourage employees to communicate, give feedback and share ideas to both colleagues and management. All employees should be able to do this openly, without fear of discrimination, reprisal, intimidation or harassment.

Progress

Our employees' opinions and feedback are important for us to improve as an employer. Nefab's annual Employee Survey is offered to all employees across the world. The employee survey is anonymous and performed by a third-party provider. In 2020, 90 % (89 % in 2019) of our employees answered the survey. The employee survey consists of around 60 questions, measuring employee satisfaction, engagement, loyalty, and many more. Results are analyzed on different organizational levels and geographies. Based on the result, actions are taken to drive improvements when needed.

Due to the pandemic, we added a section with focus on Nefab's response to the COVID-19 situation. A majority of our employees strongly agree that Nefab has taken appropriate actions in response to COVID-19. Furthermore, we ask about Nefab's commitment towards ethical and responsible business practices, the total score was 4,45 in 2020 (4,42 in 2019) out of 5 for white collars and 4,21 in 2020 (4,20 in 2019) for blue collars.

Other KPIs used in the Employee Survey relate to employee satisfaction (Employee Satisfaction Index) and employee loyalty (employee Net Promoter Score). Employee Satisfaction Index (ESI) is defined by two questions; "How satisfied are you with Nefab as an employer?" and "How well does Nefab as an employer meet your expectations?". These questions together give a score from 1 to 100. Nefab's score in 2020 was 78 (75 in 2019) for white collars and 76 (72 in 2019) for blue collars, which is considered a high score according to external benchmarks.

Employee Net Promoter Score (eNPS) is based on the following question "How likely are you to recommend Nefab as an employer to others?". Nefab's score in 2020 was 27 (14 in 2019) for white collars and 12 (-4 in 2019) for blue collars. To better understand our score, a follow-up question was asked depending on the employees scoring, which gave us additional information about their rating. The feedback gave us a better understanding for how to improve lower scores as well as what we should maintain.

ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

Undertake initiatives to promote greater environmental responsibility; and

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

Our greatest contribution to the environment is by optimizing customers' supply chains through our innovative sustainable solutions that lower their environmental impact.

One part of our environmental commitment is the work we do with our suppliers. We have a guideline regarding restricted materials and encourage all of our suppliers to comply with our Code of Conduct. We also continuously implement supplier evaluations to audit compliance.

We strongly believe in developing environmentally friendly technologies and solutions. Driven by our global network of engineers, we continuously innovate around green materials to design sustainable, multi-material packaging solutions for our customers. Our global presence and customer relationships enable us to supply those solutions and logistics services at the locations that match our customers' demands.

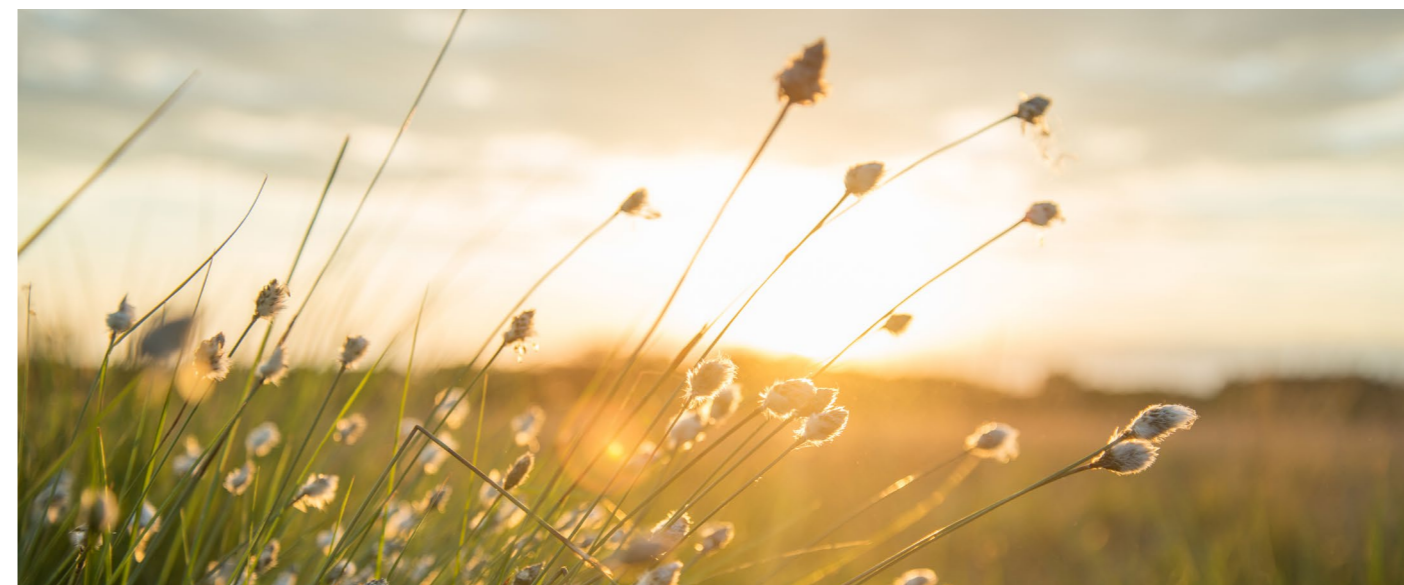
Progress

A couple of years ago, we started developing a new straw-based material that is as strong as plywood and recyclable as paper. Today, we have developed a product range where we use this material in combination with corrugated board to provide competitive solutions where sustainability is in focus.

Apart from innovations around green materials, we continuously strive to invest in solutions and technologies that can advance sustainability. As an example, we have continued to invest in our IoT solutions platform for connected packaging, which gives customers an increased level of transparency and efficiency in their supply chains. These solutions have been successfully used in customers' last mile optimization and in returnable flows, which have resulted in lower costs and reduced environmental footprint. During 2020 Nefab won a prestigious "Sustainability Award" which was awarded by a world-leading supplier of medical equipment.

With our unique tool, Nefab GreenCalc, we can calculate and visualize the minimized environmental impact that our solutions provide. The GreenCalc tool analyses the environmental impact from the raw material, production, logistics, use and end-of-life phases.

For Nefab's own operations, we continuously strive to further minimize our environmental impact. We support environmentally friendly initiatives and technology in our own business, such as actively choosing sustainable alternatives and minimizing our waste. During 2020, the implementation of ISO 14001:2004 was delayed due to the pandemic. We will continue our work in 2021 to support in advancing our environmental responsibility.



ANTI-CORRUPTION

Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

Nefab has a zero tolerance for corruption and supports the 10th principle of UN Global Conduct. This is covered by our Code of Conduct and clearly describes rules for how to prevent corruption. It is mandatory that our suppliers and colleagues read and comply with our Code of Conduct.

Progress

Audits are frequently done internally to ensure that everyone follow our Code of Conduct. We also make an annual risk assessment to understand and mitigate internal and external risk factors.

To further strengthen our employees' awareness and knowledge, we offer an e-learning course about anti-corruption, with 51 (65 in 2019) diplomas issued in 2020.



UNGC PRINCIPLES	NEFAB CODE OF CONDUCT
Human Rights	Human Rights
1. Businesses should support and respect the protection of internationally proclaimed Human Rights.	We support and respect the protection of internationally proclaimed human rights and ensure that the company is not complicit in human rights abuses.
2. Businesses should make sure that they are not complicit in human rights abuses.	
Labour	Labour standards
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Freedom of association As local or relevant laws allow, all employees are free to form or join unions and have the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	Forced and compulsory labour No form of forced or compulsory labour is tolerated and all employees have the right to leave their employment as stated by contracts or local laws. Employees shall not be required to leave deposits of money or identity papers with their employer.
5. Businesses should uphold the effective abolition of child labour.	Child labour No person shall be employed who is below the minimum legal age for employment. We are not complicit in any form of child labour or other forms of child exploitation. A child means a person below the age of 18 years. No one is employed below the completion of compulsory school or under the age of 15 and no one under the age of 18 is employed for hazardous work. Children shall not be employed for any work that is inconsistent with the child's personal development, including health or physical, mental, spiritual, moral or social development.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Workplace We provide a working environment that is healthy, safe and in accordance with international standards and local laws for all employees. Appropriate health and safety information and training shall be provided to employees including, but not limited to, safe evacuations of buildings and correct handling and marking of chemicals and machinery. Discrimination Diversity among our employees is a positive attribute and no one, regardless of race, color, sex, sexual orientation, nationality, parental status, marital status, pregnancy, religion, political opinion, ethnic background, social origin, social status, age, union membership or disability, shall be discriminated against. Harassments in the form of physical or psychological abuse are strongly prohibited, as are any kinds of intimidation or other threats. Employees with the same qualifications, experience and performance shall receive equal pay for equal work.
Environment	Environment
7. Businesses should support a precautionary approach to environmental challenges.	Precautionary approach Sustainable development is a key concept and finite resources are avoided as often as possible. We also have a precautionary approach towards environmental challenges whereby dangerous materials are avoided when suitable and more environmentally friendly alternatives are available.
8. Businesses should undertake initiatives to promote greater environmental responsibility.	Environmental responsibility We strive to improve environmental performance in our own operations and to promote environmental responsibility within our sphere of influence.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	We support innovative developments in products and services that offer environmental and social benefits as well as greater environmental responsibility.
Anti-corruption	Anti-corruption
10. Businesses should work against corruption in all its forms, including extortion and bribery.	Nefab's reputation of honesty, integrity and responsibility must be upheld and any involvement in bribery, extortion or corruption is not tolerated by Nefab in any form. Nefab's Code of Conduct further outlines our responsibility in this area.
	Consumer interests
	When dealing with consumers, we act in accordance with fair business, marketing and advertising practices. We also ensure that the goods or services we supply meet all agreed and legal standards.



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SAVING RESOURCES