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ROL

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Sustainability Report
2019

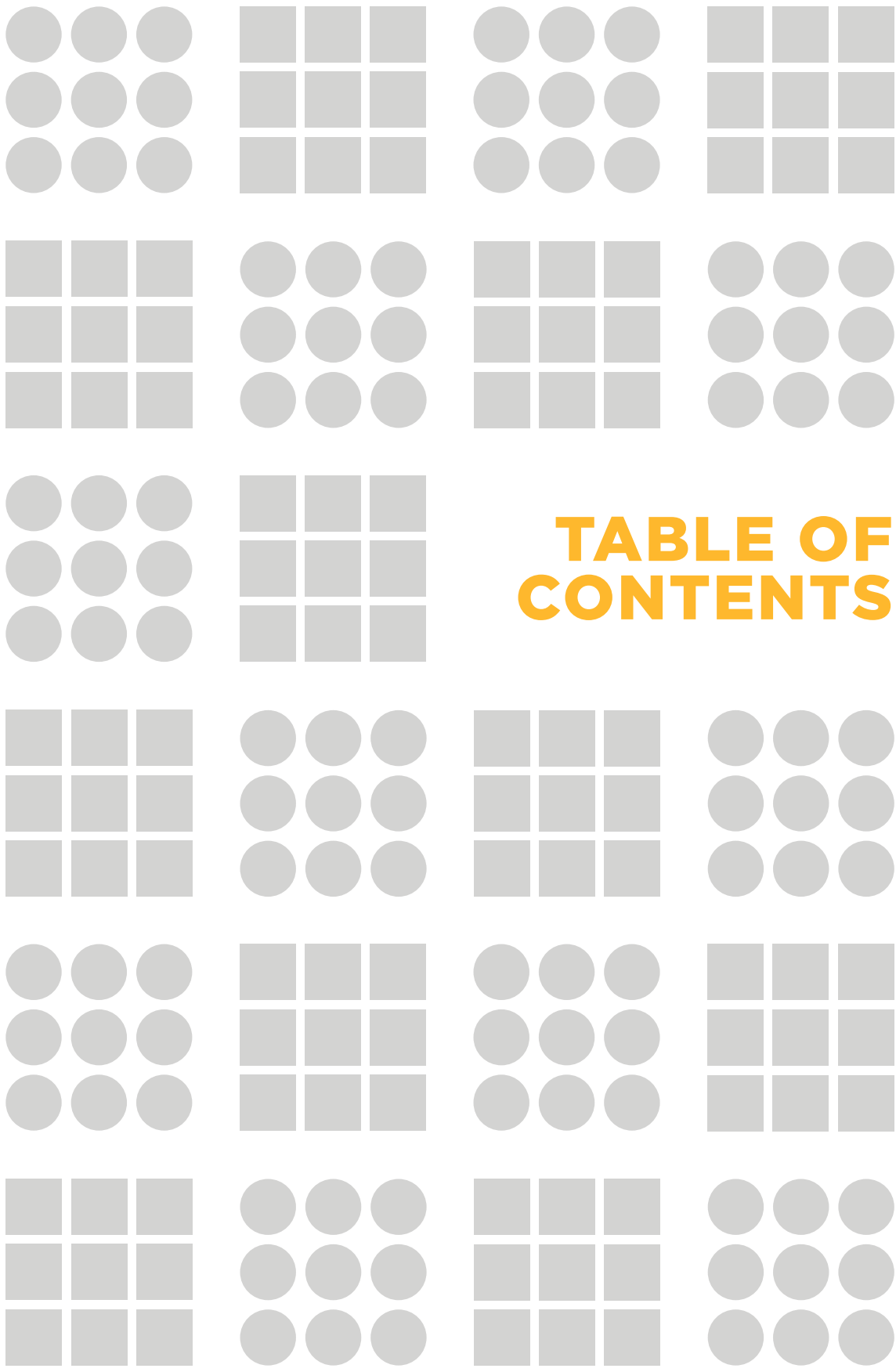


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Photo credit: Jan Torbjörnsson

Dear reader,

Thank you for taking the time to gain a better understanding of ROL and our journey towards a more sustainable future. As a global manufacturing and services company, our decisions are shaped by the potential impacts, both positive and negative, that we may have on the environments and communities that surround us.

At ROL, knowledge of materials and processes is coupled with a strong heritage in engineering and manufacturing, allowing us to evolve products over time, maintain and exceed compliance with standards and regulations, and to incorporate sustainable methods and materials into our products and services. This journey also requires continuous learning, analysis and reflection – so we strive to improve in those areas as well.

During the year 2019, ROL continued to invest in people and platforms, completing one new manufacturing site and starting the re-development of another. Our skilled and diverse international workforce is growing in line with increased manufacturing complexity and capacity. Specifically, for example, our engineering teams have been focused on improving processes in our lubricant applications systems. Along with many other improvements, these initiatives support the certification of our processes, manufacturing sites and products, enabling ROL to maintain compliance with evolving and often complex regulations that are rightfully being introduced to raise the level of sustainable activity around the world.

Products developed by ROL are increasingly incorporated into solutions that enhance sustainable behavior. During 2019 our ergonomic desks reached more markets globally than in any previous year, and the continued deployment of ROL Intelligent Office is improving employee health, reducing stress, and encouraging more efficient use of resources. In the longer term, these products and services create new possibilities where design and function incorporate sustainable principles from the outset.

Finally, ROL is working closely with a global client base to support their sustainability initiatives. During 2019, collaboration on turn-key projects, product design, value engineering, packaging and logistics opened up new thinking that strengthens our role in the success of our clients' ability to reach both their commercial and environmental objectives. We believe that this balance must be achieved for sustainable practices to flourish.

On behalf of all of my colleagues at ROL, we appreciate your interest in our humble efforts to support a more sustainable future, and we look forward to elaborating further in our next Sustainability Report.

Sincerely

Rod Walker

Rod Walker
CEO - ROL

ROL SUSTAINABILITY REPORT 2019

Progressive approach

▶ As a global manufacturing and services company, ROL understands that a blend of contemporary and forward thinking is required to establish a progressive approach to sustainability and corporate responsibility. The Board of Directors and Management Team considers that a progressive approach should contribute to the UN Sustainable Development Goals, ensure that ROL conducts its business responsibly, and create efficiencies that generate value alongside positive social and environmental impacts.

To better understand and develop this approach, ROL has engaged in a program in conjunction with a sustainability consultancy based in Stockholm, Sweden. We are proud to present our third Sustainability Report in a new format. One of our goals now is to further improve the key performance indicators in future reports, as the next phases of the program drive changes in our organization and management systems.

Continuous development

▶ During 2019, various steps were taken to improve and develop a new sustainability strategy. An updated materiality analysis was completed, providing a baseline for strengthening, developing or maintaining a wide range of operations and processes. The primary objectives with this activity are to focus resources on the most important areas, set and achieve goals, and communicate our progress with all stakeholders.

A second on-going step involves an in-depth risk analysis from both macro and organizational perspectives. Risks identified by this analysis include environmental impacts caused by the manufacturing and end-use of our products, human rights and labour rights abuses in the value chain, corruption and bribery in the establishment of new and existing business relationships, and the risk of not retaining and supporting our employees. These and other steps have improved our appreciation of the challenges and opportunities that a sustainable approach brings to ROL.

This report has been prepared in accordance with the Swedish Annual Accounts Act, and forms part of the Annual Accounts 2019 of ROL AB, as prepared and assured by PriceWaterhouseCoopers AB. ■





ROL

► ROL was established by Kaj Hjelm in Jönköping, Sweden in 1985. The company initially focused on project management and turnkey solutions for retail environments but soon developed its first manufacturing site, leading to competitive advantages and a growing team of specialists in manufacturing, engineering and product development. These strengths endure today, enabling ROL to operate and compete globally, servicing some of the best run companies in the markets we focus on.

Today, our mission is to develop and deliver products and services that create inspiring and integrated environments where we live, work, shop and socialize. This mission is supported by an international platform and delivered through our four main business areas, as detailed herein.

The international platform consists of four manufacturing and assembly facilities, a centrally managed enterprise resource management system, a network of regional offices, and around 800 full time employees. Certification is a key requirement for our clients and the markets we serve.

Accordingly, Sweden is certified ISO9001 & ISO14001, Lithuania is certified ISO 9001, ISO 14001, ISO 28000. United States is certified ISO 9001 and China is certified to various client proprietary standards with an additional goal of attaining ISO 9001, during 2021.

The business areas leverage the strengths and resources of this platform and present these products and services through four main brands – ROL Fredbergs, ROL Ergo, ROL OEM and ROL Intelligent Office. These business areas are often combined to offer unique solutions to our clients. ■

- **ROL FREDBERG** offers project management, concept development and turnkey services, building on the heritage of ROL while leveraging technology and a broad network of partners.
- **ROL ERGO** offers ergonomic solutions, building on a decade of experience in height adjustable product design and engineering.
- **ROL OEM** offers clients direct access to our manufacturing and sourcing platform, with the support of our design and engineering departments.
- **ROL INTELLIGENT OFFICE** offers a unique and comprehensive system for companies to better manage their resources and provide their employees with an integrated environment that promotes health, creativity and collaboration.

Sustainability is not yet embedded in every aspect and process within ROL, but across these business areas and the products and services ROL delivers, there are many common features and fundamentals that support our sustainability goals

Code of Conduct

Perhaps the most fundamental of all is the ROL Code of Conduct. The code is based on the ten principles of the United Nations Global Compact and outlines our care and concern for the environment, our respect for human rights and labour rights, as well as our dedication to fighting corruption and unethical business practices in all its forms. All ROL employees, management and board members are expected to have understood and signed the code, and always uphold it.

IMPROVING SUSTAINABILITY THROUGHOUT OUR SUPPLY CHAIN



► At ROL, we have always been working closely with our suppliers, ensuring the highest quality and safety of all materials and components that go into the manufacturing of our products. We own our manufacturing and assembly factories, which results in us having extensive knowledge and direct control of the manufacturing process (see pages 20 - 23 for more information on how we work with employee well-being). However, we are still dependent on around 1000 suppliers worldwide. ►►



Improving sustainability throughout our supply chain

» With a global supply chain comes a certain degree of risk exposure. The identified main sustainability risks are related to suppliers cutting corners on quality to save money, or abusing or mistreating their employees, as well as the risk of mismanagement of chemicals and toxic waste. The main materials and components that we source for our manufacturing include electronics, metal, wooden products, and plastic, all presenting different challenges and risks. Certain materials and components that we source for products going to our customers, will be quality-tested upon arrival to our facilities, as well as checked for toxic substances. If we were to encounter elevated levels of a substance, we will engage with the supplier to locate the reason for non-compliance and ensure future compliance. ROL Lithuania has implemented the security management system for supply chains, ISO 28000, which has provided us with a foundation for our ongoing systematic supply chain work.

We require all our new suppliers to sign our Code of Conduct and all other relevant sustainability requirements as defined by specific customers. Additionally, we are working with our existing suppliers ensuring their compliance »

» with the Code of Conduct. In 2019 suppliers representing 87% of our purchasing volume had signed the Code of Conduct, the goal is to reach 95% by 2022.

When we source from countries where the corruption index is high, we acknowledge that there is an increased risk of unethical conduct. The sourcing team, who is a part of the Global Purchasing Organisation, consists of a number of qualified roles; category leaders, strategic buyers, operative buyers and Supplier Quality Assurance officers (SQAs). The strategic buyers are based in our countries of operations, where they scout and initiate contact with prospective suppliers, which are later presented to the category leaders for decision-making. Separating the initial supplier selection process from the decision-making is a way to mitigate the potential risk of unethical conduct. If we are considering a supplier in a high-risk country or a supplier that we believe we need to screen more thoroughly, ROL's senior SQA officer will do a supplier audit to check against specified quality and sustainability requirements. If the SQA encounters any non-conformities, a corrective action plan (CAP) will be formulated and the supplier must comply with the CAP to



qualify for a business relationship with ROL. Our current suppliers are also subject to audits and expected to follow the corrective action plans that might be issued. The category leaders are responsible for monitoring and follow up on the supplier performance against the CAPs. In 2019 we conducted 28 audits where minor non-conformities were identified and have been addressed through corrective action plans. No major non-conformities were identified in 2019.

It is a challenge for all companies to ensure sustainability in the supply chain, and ROL is no exception. In 2020 we will investigate further how we can best direct our resources, educate our buyers and conduct more supplier sustainability audits. We will also elaborate our risk assessment process to incorporate more sustainability parameters and contribute to the work for sustainable supply chains worldwide. ■



MANAGING OUR ENVIRONMENTAL IMPACT

► At ROL we are determined to minimise the negative impacts of our business on the environment, including our contribution to anthropogenic climate change. In addition to following national and regional legislation, such as the Swedish Environmental Code (Miljöbalken) and the EU REACH-legislation, our work is led by our environmental policy and our Code of Conduct, which includes the precautionary principle and outlines our approach and applies to all countries of operation. The work is coordinated by the Corporate Sustainability Manager who is based at headquarters in Jönköping, and who reports directly to the CEO. In each country there are employees with assigned roles as responsible for the implementation and management of environmental concerns. Our environmental impact mainly comes from the consumption of energy, materials, water, and chemicals, and the related emissions of greenhouse gases, the production of waste and effluents. In this chapter we present the information related to the running of our office facilities and factories. For more information on how we work with our supply chain, please see pages 10 - 13.

Environmental management at our manufacturing and assembly sites

► The facilities in Sweden and Lithuania are ISO14001 certified and we are looking to certify the factories in the USA and in China in the upcoming years, believing in the efficiency of standardised management systems. One aspect that has proven a challenge in 2019 was the update of the ISO14001 action plan, which is a system requirement. We will review and update our internal processes for data collection and monitoring to ensure an efficient environmental management system and create added value for the organisation. From a wider sustainability perspective there are many synergy effects connected to the improvement of our environmental management system, including efficient and accurate reporting to our customers and to legislators. ►►

threshold limit, the contaminated water is treated on-site in our treatment plant, and is then put into the municipal sewage system for final treatment.

At our manufacturing facility in Sweden we store the contaminated water from the painting process in a tank approved by the municipality's environmental management office. A service supplier is in charge of emptying the tank and subjecting the contaminated water to the proper treatment. In China our factory uses some water for the powder coating line, and the contaminated water is treated in the municipal sewage system. In the USA our factory is connected to the municipal water system, but the factory does not use water for anything else but personal consumption and hygiene, implying a lower risk than in the other countries. During 2019 we implemented a new grease application process at the factory in the USA, which is projected to save considerable amounts of lubrication and oil, aiming to go beyond general compliance with the environmental legislation. In 2020 the same process is planned for implementation in Lithuania, and we will ensure accurate follow-up in order to communicate demonstrated improvements.

In 2019 it has become increasingly clear that we must improve our monitoring and evaluation of all environmental parameters that we consider material. Some of these parameters are determined by our customers' demands, some by legislation, and some will be determined in the upcoming year as we are developing our sustainability strategy (see pages 6 - 7). Our factory in Lithuania manufactures and supplies one of our most important customers, and we will ensure that our other factories will follow suit on accurate environmental reporting. The work for improved energy efficiency continues as we review and assess our manufacturing process. In 2019, we decided to start the renovation of our factory in Sweden, the projects length is planned for 2020-2021, a renovation during which we will prioritise energy efficient machines and infrastructure. As we are renovating our factory in the USA, we will prioritise energy efficient machines and infrastructure. »

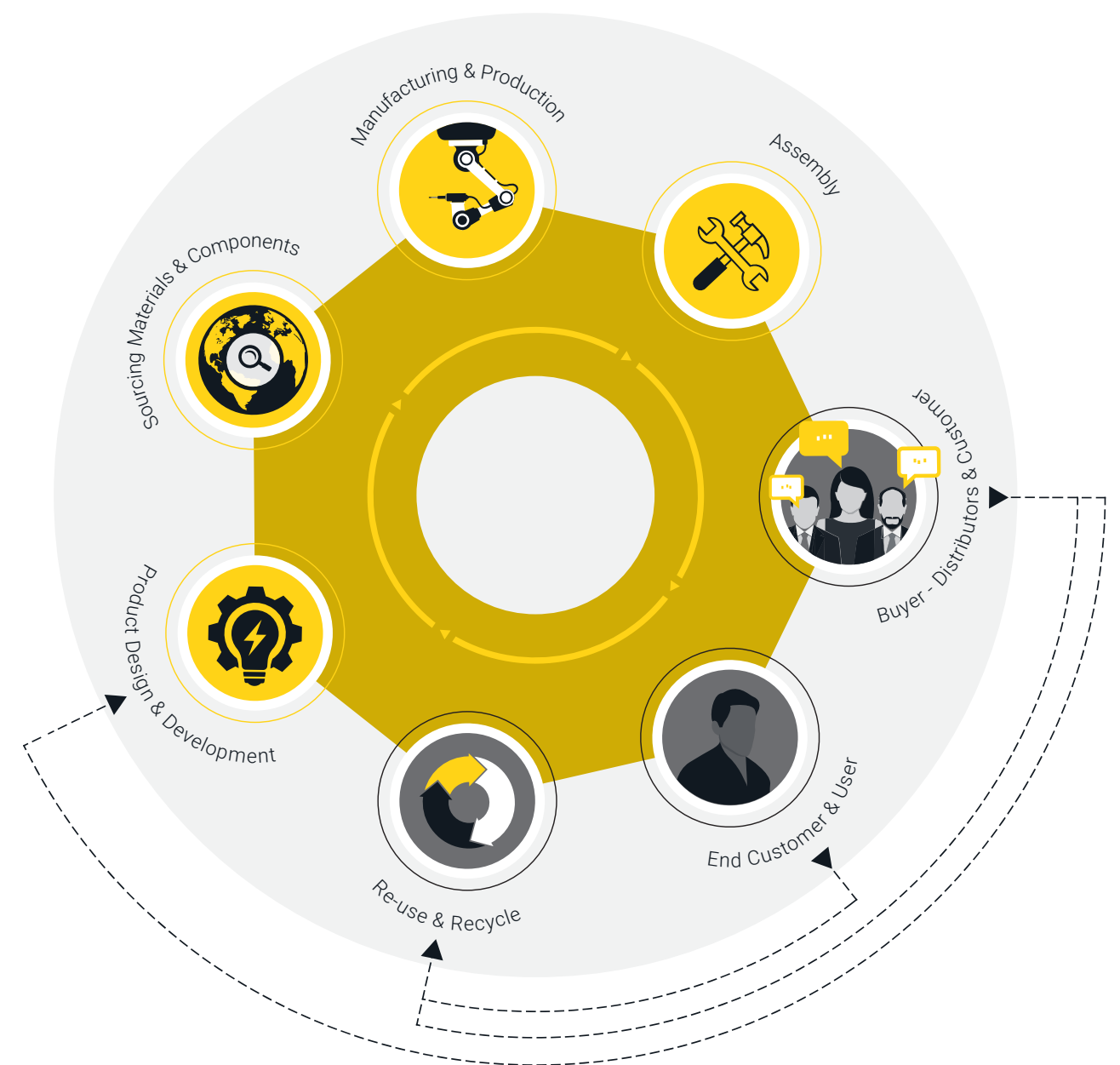
Environmental working group

» ROL established an environmental working group in 2019, consisting of 13 employees in operative roles and lead by our Corporate Sustainability Manager. The objectives for this group are to analyse, support, prioritize and advance our global efforts to improve the organization's impact on the environment. The group is developing processes to achieve these objectives through education, audits, increasing awareness, understanding regulations, data collection and promoting best practice in the organization. At the first of three meetings in 2019, the group took the decision to first focus on chemicals management at ROL, acknowledging that knowledge and processes differed across our manufacturing sites and suppliers. With support from data providers, including EcoOnLine, ROL now has more accurate information about specific chemical groups, including data sheets and risk assessment methods. This has proven to be a useful first step towards improving the level of understanding of chemicals at ROL, and during 2020 the group will seek to educate more employees in this area.

Responsible management of resources

In Lithuania our updated and remodelled factory upholds the highest environmental standards in terms of energy consumption, handling of chemicals, monitoring of waste and water, providing accurate environmental data to our customers. On the roof of the factory are solar panels that supply 375302 kWh of the energy in a year, the rest comes from the national grid. The water used in the painting process is supplied by the municipal water company, and the contaminated water that results from the painting is tested by ROL engineers on a daily basis. As long as the contamination levels are within approved limits, the water is recirculated and reused in the painting process. Once the contamination level reaches the

ROL Value Chain



» As a manufacturing company we are by current definition reliant on natural resources, and consequently contributing to the strain on the world's planetary boundaries. ROL had a goal of developing an action plan for a circular business model by the end of 2019, a goal we have yet to fulfil. Having learned considerably more about the complexity of the circular economy, it is clear that the topic is crucial to the continuous success and sustainability of our business, and to understand what it means for ROL requires resources and research. To some extent we are already working with a part of the circularity cycle: within the ROL Fredbergs business area we sometimes reclaim store furnishings from closed or renovated stores. Some furnishings can be re-sold to other clients, whilst other parts will be recycled. ROL Fredbergs is working in close collaboration with customers to identify where it is possible to keep and simply upgrade existing furnishings. The business area RIO could be a decisive part of our circularity initiative. The idea of RIO is to optimise the use of office spaces, giving customers useful user data, indicating how and when a workspace is being used. Ideally this could optimise the use of office furniture, minimise the consumption of natural resources, and even reduce the amount of office space that each company require, freeing up space for other companies or other societal actors. This is still in its early stages and we are determined to invest resources into the research and development of a circular business model, and to couple this process with accurate monitoring and evaluation of measurable targets. ■



TABLE1. ENERGY CONSUMPTION WITHIN THE ORGANISATION FOR 2019

Fuel consumption (MWh)	
Non-renewable fuel	8288
Renewable fuel	268
Fuel consumption total (MWh)	8556
Energy consumption (MWh)	
Electricity	8979
Heating	1019
Cooling	0
Steam	0
Energy consumption total (MWh)	9998
Combined consumption total (MWh)	18 554

*DEFRA has been used as a source for conversion factors.

TABLE2. EMISSIONS OF GREENHOUSE GASES FOR 2019

Emissions (tonne CO2e)*	
Scope 1: Direct GHG emissions	1747
Scope 2: Indirect GHG emissions - location based	2566
Scope 3: Other indirect GHG emissions**	1628
Total (MWh)	5941

** Only business travel and 5 leased cars in Sweden have been included in Scope 3 (30 leased card in Sweden have been excluded - in the upcoming year we aim to disclose emissions data for all leased cars)

*DEFRA, AIB 2018, Li at al. 2017 and EIA have been used as a source for emission factors

CARING FOR OUR SKILLED WORKFORCE

Our employees are our most valuable assets, as they bring skills and know-how to the business. With over 780 employees in Sweden, China, Lithuania and the US, we employ group-wide policies, sometimes complemented by additional policies or guidelines as instructed by the national legislation in each country. In addition to our Code of Conduct ("the Code") (see page 9), the daily work is led by our work environment policy, our whistleblower policy, and our diversity and equality policy.

There was one discrimination incident globally in 2019, that was fully investigated. As a result, further clarifications has been planned to be incorporated into an update in 2020. There were no other reported incidents during 2019, in no country of operation. In the upcoming year we will investigate how to better train our employees in the content of all company policies, putting emphasis on anti-corruption practices and how to uphold respect for human rights in the entire value chain.

Today, all managers are required to read the Code and assign the task to their employees. In Lithuania all new employees completed an introductory session on ROL's policies, including the Code. In the US the employees also completed trainings on ethics at the workplace and sexual harassment awareness trainings. In 2019, all members of ROL's governance bodies received training on the Code.

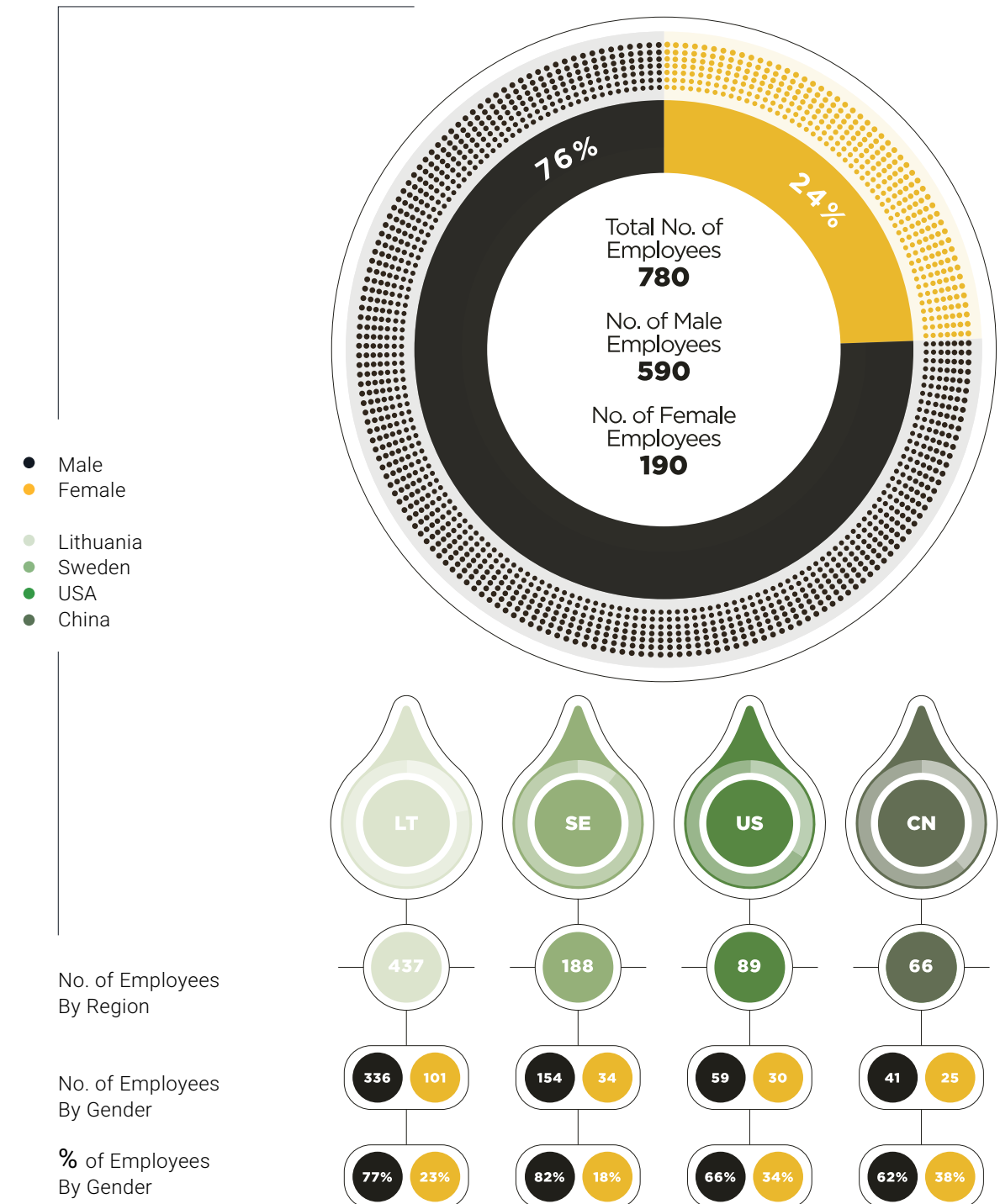
Accidents or incidents at work is a big risk in any manufacturing business and we are working systematically with occupational health and safety in all of our facilities in all countries of operation. However, we have identified a need to intensify the efforts to streamline this work, ensuring that all countries are compliant with not only national legislation but with all ROL guidelines. In the upcoming years, we will review the situation and assess how to advance these efforts together with our counterparts in each country.

Safe workplaces and fair working conditons

The occupational health & safety committee in Sweden, consisting of representatives from the senior management and line operations, provides guidance and directives to improves working conditions for all our employees in Sweden. It will further develop and systematise our work for occupational health and safety, including risk assessments and follow-up on identified risks. In 2019, safety trainings for office employees were conducted. All employees have access to an anonymous whistleblower mechanism and are protected from reprisals by law. At our Swedish facilities, our employees have access to the occupational health nurse who is situated on-site in Jönköping. All Swedish employees receive an annual wellness allowance (friskvårdsbidrag). Collective bargaining agreements cover 100% of all employees in Sweden.

At our factory in China, we have 66 employees, all of which (100%) are covered by the labour union collective bargaining agreement. The factory in China does not have an official management system for occupational health and safety, but instead follows ROL's general requirements. Occupational risks are assessed with continuity and two of the major occupational risks identified at our factory in China are high levels of sound pollution and hazardous dust pollution. These risks have been addressed using insulation and a dust removal system. To mitigate the risk of other occupational risks related to operating heavy machinery and the daily work in a manufacturing facility, our employees must undertake adequate safety training and use protective gear. In 2019 the employees underwent safety trainings in how to operate machinery, forklifts, and hand-held electric tools. Emergency evacuation and first aid trainings were also conducted. All employees have access to a first aid kit, which is stored in an accessible part of the factory. The employees in China are further entitled to an annual health check-up. »

Employees at ROL*



*Note: ROL has sales & project offices in the following countries: United Kingdom, Italy, the Netherlands, Denmark & Germany. The sustainability data from these offices has not been included in this report. It is the goal of ROL to include all our offices in the forthcoming 2020 Sustainability Report.



...Safe workplaces and fair working conditons

» In the US, our 89 employees are covered by an occupational health and safety management system (OHS system), implemented per the national legal requirements. These requirements include aspects such as discrimination, vacation, overtime, unemployment, forklift safety and more. As part of the OHS system is a 5S program with an added step for safety, the 6S program, which includes efforts to ensure a violence and injury free workplace. The OHS system also consists of a safety committee that meets monthly, discussing occupational health and safety issues at the USA factory. All permanent employees (temporary employees are excluded) are subject to a safety introduction, which includes information regarding the Emergency Action Policy, First Aid Responders, Basic 6S information, Personal protective equipment, Hearing Protection, Fire Evacuation, Tornado Shelter, First Aid, Safety data sheet, Ergonomics, and department-specific hazards. In addition to these, there are several safety trainings designed for forklift and truck drivers as well as material handlers. Temporary employees do not receive the formal introduction but are informed about the safety routines at the factory. They are required to wear adequate protective equipment and participate in drills. All full-time permanent employees are offered a contribution to a health, dental and vision insurance.

In Lithuania, we have 437 employees. We consulted an external organisation that performed the initial risk assessment and prepared the risk assessment report, the starting point of our ongoing occupational health and safety work. On a daily basis this work is led by three qualified occupational health and safety professionals, as required by the national legislation for companies with more than 500 employees. When risks are identified or when accidents/incidents occur, they are reported, addressed and logged, and available to both external and internal audits. The occupational health and safety professionals offer health and safety trainings to all employees, such as safe managing of chemical and toxic substances, noise pollution, and forklift safety. These trainings are provided to all new employees and repeated every 12 months. There is an occupational health and safety committee that meets at least every three months. All employees are covered under a social insurance scheme and have access to medical and healthcare services. There is no collective bargaining agreement for the employees in Lithuania, they are however protected under national legislation and the internal policies and guidelines of ROL. ■



Looking Forward

► ROL is on an exciting journey towards integrated sustainability in our entire business. 2020 will undoubtedly be marked by the Covid-19 pandemic and we will do our very best to continue our work for a sustainable business, despite the complicated circumstances. More challenges await in the streamlining between countries, and the alignment of our new sustainability strategy with our business model. Upon defining the new sustainability strategy, we will re-evaluate and redefine our internal goals and targets and link to the 2030 Agenda and the Sustainable Development Goals (SDGs). We acknowledge the importance of the contribution of all societal actors to the fulfilment of the 2030 Agenda, yet it is crucial to truly align efforts for the SDGs with the capacity of one's business. The completion of our new sustainability strategy and the linking to the 2030 Agenda will take time and resources. The updated risk assessment planned for completion in 2020 will require actions for mitigation and contingency planning. Our subsidiaries and factories face different challenges and realities depending on national legislation, infrastructure and capacity in each country of operation. We know that we must scale up many initiatives such as in-house sustainability trainings for all employees, including management. Resources are being directed towards the development of a more efficient data collection and reporting process, which we believe will be of great use to both us as a company and to our customers in their quest for transparent sustainability reporting. This report marks an important step for us, as we are moving towards more comprehensive and transparent sustainability reporting, coupled with measurable targets, which create value for our business and all our stakeholders. ■

About this report

► This sustainability report covers the financial year 2019: 1st of January 2019 to the 31st of December 2019. The previous report, covering 2018 was published on May 21st 2019. The report has been prepared in accordance with the sustainability reporting requirements as outlined in the Swedish Annual Accounts Act (årsredovisningslagen).

The sustainability report is a separate document from the financial annual accounts document, and the chartered accountants have provided a statement of assurance of this document's existence. The assurance statement can be found in the annual report of ROL AB and ROL ERGO.

In the months leading up to the publishing of this report (Q1-Q2 2020) the World Health Organization declared the Covid-19 outbreak a pandemic and global health and safety measures have been implemented in all countries of operation. At ROL we have managed to keep up the manufacturing and management of our business, always following the instructions from the health authorities in each country. However, the pandemic has complicated the finalisation of the sustainability report as parts of the data collection from our facilities has been impeded. The report includes data pertaining to companies with more than 25 employees, of which ROL has had full ownership or operational control throughout the year. For more information about ROL please see the Annual Report.

More information

For more information and questions about sustainability at ROL, please visit our website

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Sustainability Report
2019

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