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ROL
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TABLE OF CONTENTS

Letter from the CEO	04-05
This is ROL	06-09
We are One ROL	08-09
The sustainability operating framework	10-19
The ROL Code of Conduct	10-11
Materiality analysis	12-13
ROL's 13 sustainability topics	14-15
Understanding the sustainability risk landscape	16-17
Defining a sustainability strategy	18-19
Our employees define the company	20-29
Maintaining safe workplaces	24-25
Promoting workplace safety	26-27
Supporting employee well-being	28-29
Sustainability in the supply chain	32-35
Advancing our sustainable sourcing practices	32-35
Effective sustainability and quality management	36-45
Managing waste for circularity	40-41
Water stewardship	42-43
Improving the environmental management processes	44-45
ROL Intelligent Office	48-51
Upholding customer privacy	50-51
Continuing the journey	52-53
GRI Index	55-58
About this report	58-59



LETTER FROM THE CEO

Dear Reader,
Thank you for taking the time to get to know ROL and our journey towards a more sustainable future. In this year's report, we focus on the improvements to our organization, continued investment in our future and key initiatives that are better preparing us for the challenges ahead.

Given the global pandemic, 2020 was a year that no one will forget. It was a year of stress, hardship and devastating loss for many. The year also shifted patterns in work and life, creating new opportunities to re-think the use of space. No matter if that space is at home or the office, ROL finds itself at the intersection of these changes. As companies have been reevaluating what the office and workspaces mean to them and their employees, we have seen increased interest in our ergonomic desks and RIO, ROL Intelligent Office. We are looking forward to seeing how we can further contribute to safe and stimulating workspaces in 2021.

In 2020, we embarked on our new organizational structure called "One ROL." As One ROL, we are focused on a clear vision to enable inspiring and integrated environments where we live, work, shop and socialize. This builds on the rich heritage and diverse competencies of our group of companies while also uniting our collective efforts around common goals.

I am also proud to say that we defined our new sustainability strategy in 2020. The strategy is based on a comprehensive materiality analysis and a sustainability risk assessment that collectively defines what matters most to ROL and our stakeholders regarding our stewardship practices. The sustainability strategy will guide us in our ambition to become one of the most sustainable actors in our sector – starting with supply chain operations.

Today, there are increasing initiatives related to sustainability and circularity – in products, services and the built environment. As a result, our clients are looking deeper into the value chain to understand how their

suppliers manage resources, impacts and risks. They are considering re-use, repair and recycle as alternatives. Which has led to a broadening of the total cost of ownership calculations driving innovation in materials, packaging, assembly and business models.

Creating sustainable supply chains is a strategic development area for ROL, and we remain focused on being the innovative partner of choice for the companies that share these values. As we move into 2021, we are looking forward to executing on four other priorities:

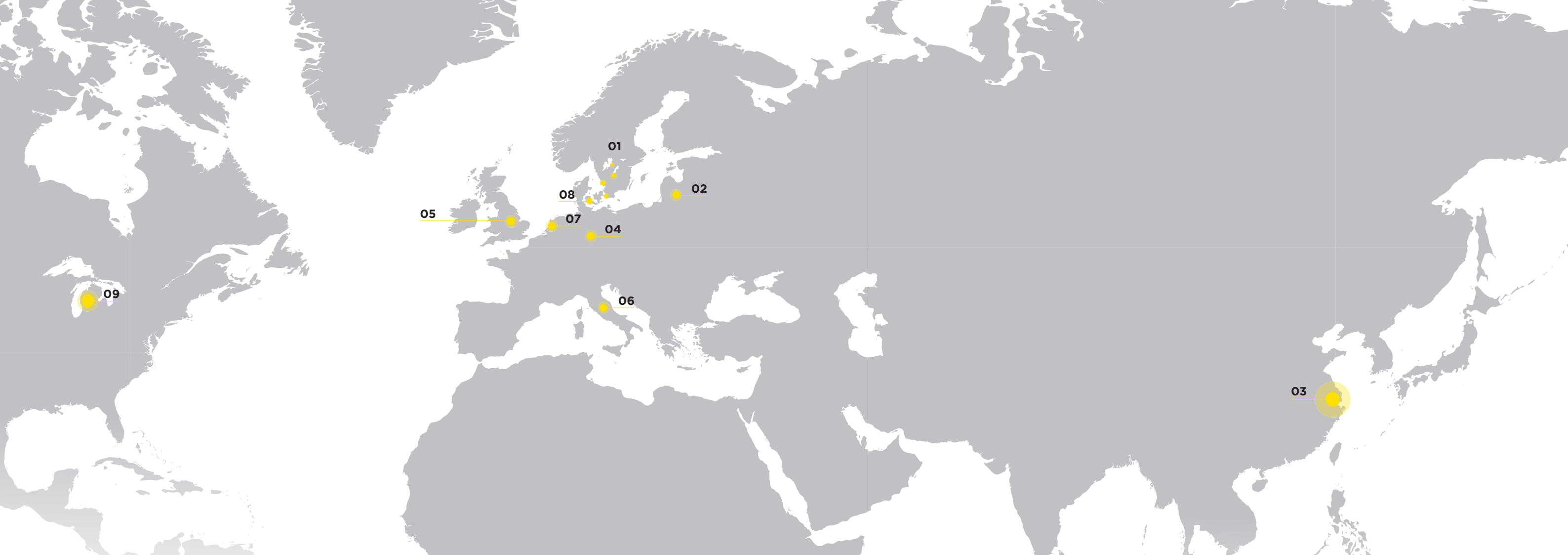
- ▶ Advancing our supply chain sustainability practices.
- ▶ Understanding and promoting ROL's reputation as a safe workplace for all our employees across our operational footprint.
- ▶ Identifying and defining our place within the circular economy.
- ▶ Investigating opportunities to collaborate with clients and partners to pilot different circularity measures. For example, we will leverage intelligent manufacturing software at our facilities in Sweden to gain an in-depth understanding of our energy and resource use. This will enable us to rationalize our manufacturing process and make improvements where needed.

At ROL, we know sustainability is an ongoing process. We still have a lot of learning to do, and we are excited to do it. In the remainder of this report, we detail specific changes, metrics and other initiatives to help our stakeholders and partners gain a deeper understanding of our path towards creating a more sustainable future.

Thank you for being on this journey with us. Sincerely,

Rod Walker

Rod Walker
CEO - ROL



THIS IS ROL

ROL was established by Kaj Hjelm in Jönköping, Sweden in 1985, and it is still a family-owned enterprise. 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 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 890 employees in 9 countries.

This report has been prepared in accordance with the Swedish Annual Accounts Act. Data has been collected from our main countries of operation: China, Lithuania, Sweden and the USA. To understand our global presence, please see the world map.

- ▶ **PRODUCT GROUPS** | 5
- ▶ **DEBT** | 465 MSEK

- ▶ **NET SALES** | 1,584 MSEK
- ▶ **EQUITY** | 380 MSEK

01 | SWEDEN
Jönköping | Headquarters
Mariestad
Malmö
Halmstad
Stockholm

02 | LITHUANIA
Siauliai

03 | CHINA
Pinghu

04 | GERMANY
Witzenhausen

05 | UNITED KINGDOM
Nottingham

06 | ITALY
Perugia

07 | THE NETHERLANDS
Ter Aar

08 | DENMARK
Svendborg

09 | USA
Holland, Michigan

WE ARE ONE ROL

In 2020, ROL underwent the most comprehensive change in organizational structure to date. The restructure was aimed at future-proofing our business and streamlining our sustainability efforts. Throughout the course of our growth journey, we have perfected our product and service offering, creating inspiring and integrated environments where we live, work, shop and socialize. In an everchanging world with increased digitalization, disruptive value chain flows, and more demanding sustainability expectations from stakeholders, we saw the need to pool all of the experiences, skills and capacities of our business areas to create what we call “One ROL.”

One ROL is centered around four quadrants, as seen in the image to the right. Mandates, responsibilities and capacities have been clarified and designated to each respective quadrant. The implementation is still ongoing, and the rollout will continue throughout 2021. With our 13 sustainability topics (page 14), sustainability strategy (page 19), and vision for 2025 (page 19), we are well-equipped to take on the challenges, opportunities, and responsibilities ahead of us - as One ROL.

OUR QUADRANT BUSINESS MODEL





THE ROL CODE OF CONDUCT

Our Code of Conduct determines the fundamentals for working at ROL, no matter where or who you are; it applies to all employees and ROL representatives. Code of Conduct 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 labor rights, as well as our dedication to fighting corruption and unethical business practices in all its forms (please refer to the section on how we work with sustainability in the supply chain for more information). All ROL employees, management and board members are expected to have understood and signed the Code of Conduct, and always uphold it. In 2020, we revised the Code of Conduct with the support of a specialist sustainability consultancy, and updated it to align with more sustainability requirements expressed by our customers. An objective moving ahead is to offer training to all employees in what our Code of Conduct entails, ensuring that all employees are onboard with what it means to represent ROL. Breaches to our Code of Conduct, such as incidents of corruption, can be anonymously reported through our whistleblower mechanism. In 2020, there were no confirmed incidents of corruption. ■



MATERIALITY ANALYSIS

At ROL, we are determined to be a true steward of sustainability. Which is why we understand the need to strengthen our efforts for the benefit of our company, our environment, and our stakeholders.

In 2020 we partnered with an expert sustainability consultancy to conduct a thorough materiality analysis with the goals to:

- ▶ Gather direct insight from internal and external stakeholder groups regarding sustainability topics most impactful to them.
- ▶ Identify prioritized sustainability areas ROL should direct resources to for further progress.
- ▶ Foster trustworthy and transparent stakeholder engagements regarding ROL's sustainability efforts.

The stakeholder groups were identified following the AA1000 Stakeholder Engagement Standard (AA1000SES). In order to reach as many stakeholders as possible, we employed a hybrid approach that utilized online surveys, semi-structured interviews, and a focus group discussion. The stakeholder groups, forms of engagement and main topics of concern are presented in table 1.

During the materiality analysis, the stakeholders reviewed 21 different sustainability topics. They were asked to prioritize the sustainability topics and review the topics' associated risks

and opportunities. Upon completing the stakeholder dialogues, we compared the results against those of the sustainability risk assessment and a market intelligence analysis focusing on sustainability. The 21 topics were consolidated into 13.

The 13 prioritized sustainability topics have been assessed according to the dual materiality perspective, considering: 1.) how the company impacts its surroundings and 2.) the actual and/or potential impact that sustainability could have on business success. The prioritized sustainability topics were presented and discussed at a management workshop to ensure they align with overall business priorities.

There were two important takeaways from the stakeholder dialogues. First, it became immediately evident that there was a unison appreciation for our commitment to sustainability, particularly in initiating the materiality analysis and asking our stakeholders what matters to them. With some stakeholders, like our customers, we are constantly engaging on sustainability topics as it is a prerequisite for doing business with them. Second, facilitating a wide-reaching analysis is critical. Aspects such as internet infrastructure, access to computers and/or smartphones and language each impact participation rates. Going forward, we will carefully consider how we can further increase our reach and response rate for future materiality assessments.

TABLE 1: STAKEHOLDER DIALOGUES

Stakeholder group	Employees	Form of engagement	Main topics of concern	– Attract, retain and develop employees – Energy efficiency in manufacturing – Sustainability and quality management in manufacturing – Waste and resource management in manufacturing – Safe workplaces with fair working conditions
	Managers			– CO2 emission reduction in manufacturing – Transparent communication, marketing and reporting – Safe workplaces with fair working conditions – Safe, ergonomic and high-quality products – No child labor or forced labor
	Customers			– Sourcing of environmentally friendly and socially responsible materials – Effective and sustainable supply chain management – Energy efficiency in manufacturing – Waste and resource management in manufacturing – Circular products and services
	Key functions at ROL			– Sourcing of environmentally friendly and socially responsible materials – Sustainability strategy and governance – Safe, ergonomic and high-quality products
	Management team			– Effective and sustainable supply chain management – Sourcing of environmentally friendly and socially responsible materials – Circular products and services – Sustainability strategy and governance
	Board of Directors			– Safe, ergonomic and high-quality products – Effective and sustainable supply chain management – Circular products and services

ROL'S 13 SUSTAINABILITY TOPICS

► LEAD

- 01 | Effective and sustainable supply chain management
- 02 | Smart solutions that influence sustainable behavior and enable more efficient management of resources
- 03 | Healthy and safe workplace with fair working conditions

► DEVELOP & ACCELERATE

- 04 | Safe and ergonomic products with superior quality and circular design
- 05 | Effective sustainability & quality management systems in our manufacturing
- 06 | Attract, retain and develop employees
- 07 | Promote gender equality, diversity and inclusion
- 08 | Customer privacy and data security
- 09 | Low carbon and energy-efficient manufacturing
- 10 | Transparent communication, marketing and reporting

► MANAGE & MONITOR

- 11 | Offices, transportation and business traveling with low climate impact
- 12 | Counteract corruption in all its forms
- 13 | Partnerships for sustainable development



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UNDERSTANDING THE SUSTAINABILITY RISK LANDSCAPE

In 2020, we conducted a risk assessment to elevate our understanding of the sustainability risk landscape facing the industry and environment we operate in. During the evaluation, we assessed a total of 168 internal and external risks – ranging from global macro sustainability risks to sector- and country-specific risks – and how these risks could potentially impact ROL's ability to operate in a sustainable manner.

The assessment uncovered that the most material sustainability risks facing ROL are those associated with supply chain management and manufacturing processes. In our supply chain, we must collaborate with our suppliers and sub-suppliers to prevent all forms of child labor, corruption and environmental mismanagement, as well as safeguard the human rights and occupational health and safety needs of all employees. With regards to corruption, we see that the risks and challenges differ depending on where in the world we are, and the situation. We are already working proactively to prevent corruption in our procurement and sourcing process, and we will look into how we can best equip all employees with the right tools to identify and counteract corruption in all its forms.

Further, we recognize climate change as one of the biggest threats against humanity and the global economy. As a result, we acknowledge the need to mitigate our direct and indirect contribution to climate change and more efficiently manage the risks facing our company due to climate change. For example, we must consider how extreme weather events can disrupt our supply chain and manufacturing practices. Additionally, we need to understand how new regulations aimed at curbing climate change make it more costly to work with non-renewable materials and energy during the manufacturing process, and create new ways to mitigate these impacts for the long term benefit of all stakeholders and the environment.





DEFINING A SUSTAINABILITY STRATEGY

The development of ROL's new sustainability strategy was finalized in 2020. The strategy is built from the foundation provided by our materiality analysis and incorporates the organization's most material sustainability risks. The sustainability strategy will also aid our success in reaching our 2025 vision where:

- ▶ ROL is a global company offering a range of products and services that enable inspiring and integrated environments where we live, work, shop and socialize.
- ▶ ROL integrates these products and services with a cloud-based platform that uses data and analytics to improve design and decision-making.
- ▶ ROL creates new possibilities for sustainable and circular environments in collaboration with our clients and partners.
- ▶ ROL is a responsible corporate citizen supporting strong values, a diverse and inclusive workforce, ethical supply chain relationships, and sustainable practices throughout the manufacturing process.

We have completed a detailed mapping of how our company can contribute to the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) most relevant to our business. In 2021, we will continue the work to identify possible actions we can take to meet these goals and will communicate our plan when ready.

In 2021, we will accelerate our work to communicate and implement the sustainability strategy, both internally and externally. Transparent communication and marketing is a priority of ours and we will continue our efforts to provide our stakeholders with the information that they value. Our sustainability report is part of that process. Our goal is to ensure that all ROL stakeholders are aware of our sustainability mission, goals and efforts as we move forward. ■

OUR EMPLOYEES DEFINE THE COMPANY

As we continue our journey of becoming One ROL, we will continue to prioritize our most valuable assets: our employees. Our team members bring the skills, drive and know-how that makes ROL the company it is today. To continue inspiring our employees and spur further growth at ROL, it is in our deepest interest to:

- ▶ Maintain safe and healthy workplaces where employees and workers operate under fair working conditions.
- ▶ Attract and retain the best candidates for the right opportunities by continuously developing employee skillsets.
- ▶ Promote equality, diversity and inclusion by continually assessing how we can incorporate these principles into our recruiting practices.

Being a Swedish company with facilities in many countries, we are guided by our Code of Conduct and local work environment guidelines. Our daily work is also governed by our whistleblower policy, diversity and equality policy and anti-discrimination policy, which was updated in 2020. In the upcoming years, we will invest in reviewing all locally developed guidelines and the implementation of policies to ensure alignment with our sustainability strategy. ▶▶

TABLE 2: DIVERSITY
DIVERSITY BY GENDER AND AGE (%)

Employment category	Women	Men	< 30 years	30-50 years	> 50
Board of Directors	40%	60%	0%	40%	60%
Management team	0%	100%	0%	25%	75%
Managers	16%	84%	2%	65%	33%
Supervisors	33%	67%	4%	83%	13%
Employees	30%	70%	25%	54%	21%

*The data represents our operations in China, Lithuania, Sweden and the USA. For communication purposes, numbers have been rounded off in order to add up to 100%.





*All numbers refer to Head Count, HC.

TABLE 3: EMPLOYEES
BROKEN DOWN BY EMPLOYMENT CONTRACT AND REGION.

Region	Total number	Permanent emp.	Temporary emp.
Total	890	838	8
China	67	67	0
Lithuania	533	528	5
Sweden	182	182	0
USA	64	61	3
Denmark	1		
Germany	2		
Italy	21		
The Netherlands	6		
Slovakia	1		
UK	13		

*The total given in this table, 890 employees, includes all employees in all countries of operation. The breakdown of permanent vs. temporary employees accounts for our main countries of operation: China, Lithuania, Sweden and the USA (total 846).

TABLE 4: EMPLOYEES
BROKEN DOWN BY EMPLOYMENT CONTRACT, EMPLOYMENT TYPE, AND GENDER

Employment contract	Total number	Women	Men
Total	846	251	595
Permanent employees	838	247	591
Temporary employees	8	4	4
Full time	840	249	591
Part-time	6	2	4

*The employee figures are given in Head Count (HC) and accounts for employees in China, Lithuania, Sweden and USA. The 102-8 breakdown of remaining countries is currently not available.

TABLE 5: EMPLOYEES
NEW HIRES AND EMPLOYEE TURNOVER BY GENDER, AGE AND REGION

	New hires HC	Employee turnover HC	New hires (%)	Employee turnover (%)
Total	173	137	20%	16%
Women	54	22	6%	3%
Men	119	115	14%	14%
< 30 years	80	56	9%	7%
30-50 years	74	57	9%	7%
> 50 years	19	24	2%	3%
China	13	10	2%	1%
Lithuania	126	77	15%	9%
Sweden	23	19	3%	2%
USA	11	31	1%	4%

*New hires and employee turnover have been calculated on the total 846 employees in China, Lithuania, Sweden and the USA.



MAINTAINING SAFE WORKPLACES

Accidents or incidents at work are a considerable risk in any manufacturing business. As a result, we are focused on establishing systematic occupational health and safety procedures across all of our facilities to reduce our overall risk exposure. We are intensifying efforts to streamline this work by ensuring all operations are compliant with national legislation and all ROL guidelines. We have implemented occupational health and management systems (OHS) at all our facilities, which has been done due to legal requirements in China (various labor laws of the People's Republic of China), Sweden (AML) and in the USA (OSHA, MIOSHA and LARA). Lithuania became ISO45001 certified in 2020, an implementation driven by our dedication to systematic OHS processes. The OHS systems cover all employees and workers except for the USA, where workers are covered by their respective employers.

All sites practice systematic processes for risk assessment, such as involving safety committee representatives, holding monthly health and safety reviews and conducting internal audits of the management system. Employees can report occupational hazards through an anonymous whistleblower mechanism managed by a third-party partner, verbally or at some sites, through a letterbox. Our employees are protected against reprisals by our whistleblower policy and, in some cases, through national legislation. When occupational health and safety non-conformities are encountered, the reason will be thoroughly investigated and documented. Incident reports are written by the employee together with his or her manager and the safety representative. The investigation may ultimately lead to changes in procedures and processes to ensure worker health and safety at all times. All our employees have the right to remove themselves from work situations that they believe could cause injury or ill-health, and we will direct resources to clarify this in our local work environment guidelines.

We can only control how occupational health and safety is dealt with in our own operations. When it comes to situations where we cannot control the work or the workplace, we express clear requirements in our Supplier Code of Conduct. For more information about how we enforce and follow up on that, please see 33.

► TOTAL NUMBER OF WORK-RELATED RECORDABLE INJURIES | 18

*We have had no fatalities or high-consequence injuries in 2020. Main types of work-related injuries are minor cut injuries and injuries resulting from tripping and falling.

PROMOTING WORKPLACE SAFETY

Workplace safety is about the psychosocial aspects as much as the physical. Our employees shall feel safe and appreciated at work, protected from all forms of discrimination. Our anti-discrimination policy includes the seven protected grounds of discrimination as outlined by the Swedish legislation.

Our goal is to continue developing our employees' skillsets by offering training to strengthen the occupational health and safety practices at all ROL facilities. The scope and character of trainings differ from country to country depending on the requirements of the facility and any domestic legislation. For example, USA-based employees are provided training on 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 opportunities, there are several safety trainings designed for forklift and truck drivers, material handlers and noise pollution standards. Training is repeated annually, as are fire drills. Employees have access to first-aid kits and the emergency exits are never obstructed. Adequate protective gear is required at all times when in such a setting.

► **NO INCIDENTS OF DISCRIMINATION WERE RECORDED IN 2020.**





SUPPORTING EMPLOYEE WELL-BEING

When it comes to collective bargaining agreements, we understand that there are differences in local systems and try to do our part to complement what is in place domestically. All of our employees (100%) are covered by collective bargaining agreements in Sweden. In China, all employees (100%) are covered by the labor union collective bargaining agreement. There are no collective bargaining agreements in place in Lithuania and the USA, but we try to mirror the highest labor standard and employee benefits.

Occupational health services are offered by contracted third parties, and in some cases, by trained in-house staff. These services involve different components depending on the country. For example, in China, annual occupational health examinations are conducted, while in Sweden, occupational health services include preventative care. Additionally in Sweden, we offer a wellness allowance to our employees, and in the USA, our employees receive a contribution to medical, dental and vision insurance. All employees are entitled to yearly performance development reviews. However, no performance reviews were completed in Sweden in 2020 due to the pandemic. The performance reviews in Sweden will be reinstated and performed at the beginning of 2021.

TABLE 6: NUMBER OF EMPLOYEES THAT HAVE RECEIVED PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

Employment contract	Total	Women	Men
Managers	22	3	19
Supervisor	20	7	13
Employees	608	202	406

*The data covers China, Lithuania, Sweden and the USA.



SUSTAINABILITY IN THE SUPPLY CHAIN

At ROL, we work closely with our suppliers to ensure the safest, highest quality materials and components go into the manufacturing of our products. We have the benefit of owning our manufacturing and assembly facilities, which results in having extensive knowledge and direct control of the manufacturing process.

Yet, a global supply chain always comes with a certain degree of risk exposure. Despite our ownership over the manufacturing process, we are dependent on our many suppliers and sub-suppliers. That means if we source from countries where the corruption index is high, we proactively acknowledge the elevated risk of unethical conduct and take responsible measures to mitigate those risks.

Advancing our sustainable sourcing practices

The sourcing team is part of ROL's Operations quadrant and consists of several qualified roles, such as category leaders, strategic buyers, operative buyers and Supplier Quality Assurance officers (SQAs). The strategic buyers are based in our countries of operations, where they research and initiate contact with prospective suppliers. These prospects are later presented to the category leaders for decision-making. We view the separation between initial supplier selection and decision-making as another way to mitigate the potential risk of unethical conduct and corruption.

As part of the materiality analysis and sustainability strategy development conducted in 2020, we identified our supply chain as an area where we need to focus more resources. Our ambition to create a sustainable supply chain is ongoing, but we are already taking action.

- ▶ At the end of 2020, we conducted a sustainability risk assessment of 113 out of 200 reoccurring suppliers. We identified high-risk suppliers that will be reviewed and further assessed to ensure they are compliant with ROL's sustainability requirements.

- ▶ We developed a set of sustainability screening criteria which we now use to screen new, prospective suppliers.

- ▶ We are actively working with existing suppliers that need assistance in complying with the Code of Conduct. In 2020, suppliers representing 90% of our purchasing volume had signed the Supplier Code of Conduct. The goal is to reach 95% by 2022.

- ▶ We require all our new suppliers to sign our Supplier Code of Conduct and acknowledge their compliance to relevant sustainability requirements as defined by specific customers.





In 2021, our goal is to not only make ROL a more sustainable company but to also contribute to the sustainability agendas of our suppliers and their stakeholders. As a result, we are committed to:

- ▶ Reviewing our Supplier Code of Conduct to ensure it is up to date and easy to comply with.
- ▶ Offering sustainability training to our category leaders, strategic buyers and SQA auditors.
- ▶ Broadening skills and capacity of conducting site visits and sustainability audits when the pandemic permits.
- ▶ Implementing a new supplier management system, which allows easy follow-up on self-assessment questionnaires, audits, non-conformities and corrective action plans, as well as lead times and quality aspects.

We are working diligently to build next-generation sustainability practices throughout our organization. Our facility in Lithuania is ISO28000 certified and we are working on the certification for our operations in Sweden. Within supply chain management, we are focused on deepening our long and fruitful relationships with customers. However, a growing mandate to fostering those relationships is supporting their transition to circularity. At ROL, the primary materials we purchase are steel, plastic, wood and electronics, all of which are challenging from a sustainability and circular economy perspective. We know we have a long way to go, but we are committed to strengthening the stewardship capacity within our sourcing department as well as on the product development side to contribute to our and our customer's long-term sustainability success.

TABLE 7: MATERIALS USED TO PRODUCE OUR PRIMARY PRODUCTS AND PACKAGING.

	Metric tons
Non-renewable materials	19134
Renewable materials	911
Total	20 045
Percentage of recycled material used in the production of primary products	8%

* The data has been extracted from our business system and includes direct materials.



EFFECTIVE SUSTAINABILITY AND QUALITY MANAGEMENT

At ROL, we are determined to minimize the negative impacts of our business on the environment, including any anthropogenic climate change contributions. We apply the precautionary principle in our business, which is especially important during product development, to safeguard human health and the environment. In addition to following national and regional legislation, such as the Swedish Environmental Code (Miljöbalken) and the EU REACH-legislation, our work is governed by ROL's environmental policy and Code of Conduct. In 2021, we will invest in aligning the environmental policies in each of our countries of operation to both local-level environmental guidelines that encompass domestic legislation and the overarching environmental policy.

ROL's Head of Sustainability and Foundation, who is based at headquarters in Jönköping in Sweden and reports directly to the CFO, leads the company's sustainability efforts. In each country where we have manufacturing and assembly facilities, there are employees responsible for implementing and managing environmental concerns. Our environmental impact mainly comes from:

- ▶ The consumption of energy, materials, water and chemicals
- ▶ The emissions of greenhouse gases
- ▶ The generation of waste and effluents

We have a long history of working with quality management which we consider to be at the core of our business and intimately linked to our sustainability vision. ROL facilities in Sweden, Lithuania and the USA are ISO14001 and ISO9001 certified. In 2020, we met our goal of attaining the ISO9001 certification for our facility in China. All sites have assigned quality assurance roles, such as our Quality Technicians. At our facility in Sweden, we do daily quality walkarounds to assess and identify eventual non-conformities with our quality protocol. In case of a non-conformity, we will troubleshoot the issue and provide suggested solutions. In 2020, there were no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products. The materials we use are of the highest quality and we will continue our efforts to strengthen the sustainability of them. One challenge lies in our ambition to use more recycled steel since the availability is still limited. Furthermore, additional research on how we can increase the percentage of recycled steel in our products, without compromising the quality and function, is needed.



In 2020, our environmental group based at company headquarters continued its efforts in working with chemicals and waste. The purpose of the environmental group is to:

- ▶ Advance and support ROL's systematic environmental work
- ▶ Support internal processes as defined in our environmental management system
- ▶ Educate team members
- ▶ Spread awareness throughout the organization
- ▶ Identify areas for improvement and urgent action

The environmental group consists of 13 persons and is managed by our Head of Sustainability and Foundation. The other team members all hold operative positions within the company and provide in-depth information on how to handle environmental concerns on a daily basis. As a result, these team members enable the working group to prioritize resources where they are most needed.

Three group meetings were held during 2020, one of which consisted of training in chemicals risk management. The group identified a need to have a coordinating function, and one group member was assigned the responsibility for chemicals, with the help of the digital software EcoOnline. The software provides access to accurate information on specific chemicals, including safety data sheets with thorough risk assessments. The group's work will continue to be overseen in Sweden primarily; however, the addition of the new coordinating function continues to support our ambition to improve chemical management practices throughout the organization. ■





MANAGING WASTE FOR CIRCULARITY

On our path toward creating a sustainable future, we understand that we must manage waste in a sustainable manner. We must also evolve our viewpoint on waste as a resource to be used in a circular system rather than something to simply dispose of. The primary sources of waste generation are related to the manufacturing and packaging of our products, keeping in mind that what is packaging at one ROL site can become waste at another. Metal waste originates in our manufacturing process, while the waste from packaging, such as wood, paper, cardboard and plastic, results from our suppliers' processes.

We are working closely with our suppliers to reduce the amount of waste from packaging through stricter requirements on packaging materials. It is a work in progress and partly dependent on the availability of materials, local infrastructure and the quality of the materials, so as not to damage our products during transport. All waste is collected by third-party well-established waste and recycling companies.

In Sweden and Lithuania, the infrastructure for recycling is long since developed and quite advanced, while the circumstances in China and the USA are slightly different. We will assess how we can further reduce our overall waste generation and increase the amount of waste diverted from disposal to reuse and recycling.

TABLE 8: WASTE

	Metric tons
Total	5391
Hazardous waste	1211
Non-hazardous waste	4180

*In the upcoming year, we will collect more waste data, including disposal methods.

WATER STEWARDSHIP

Even though we do not consume a lot of water, the responsible handling of water resources remains one of our environmental stewardship priorities. We have systematic work processes in place at all our facilities that comply with local legislation and customer requirements. However, it has become apparent that we must enhance our localized knowledge around how we interact with water and additional actions we can take to truly be sustainable water stewards. At ROL, we acknowledge the interconnectivity between climate change and water usage. We will continue to deepen our knowledge of water consumption and set goals and targets that go beyond those already in place.

In Lithuania, our updated and remodeled factory upholds the highest environmental standards in terms of consuming energy, handling chemicals, monitoring waste and water and providing accurate environmental data to our customers. The municipal water company supplies the water used in the painting process, and any contaminated water resulting from painting is tested by ROL engineers daily. As long as the contamination levels are within approved limits, the water is recirculated and reused in the painting process. Water effluents are first treated at a local treatment

facility. Once the water reaches the legally approved contamination levels, effluents are discharged through the municipal sewage system for final treatment at a government-owned facility.

Our water consumption is monitored and reported on an ongoing basis. In 2020, the total water consumption at our four manufacturing and assembly facilities accounted to 15,5 megalitres of water. At our manufacturing facility in Sweden, we have a tank where the contaminated water from the painting process is stored. A service supplier is in charge of emptying the tank and subjecting the contaminated water to the proper treatment per environmental legislation. In China, our factory uses some water for the powder coating line, and the contaminated water is treated on-site in accordance with environmental legislation. Then, the water is circulated into the municipal sewage system. In the USA, our factory is connected to the municipal water system, which withdraws from Lake Michigan. The factory does not use water for anything other than hygienic and personal consumption purposes.

PHOTO CREDIT: HOLLAND HARBOR LIGHTHOUSE, LAKE MICHIGAN





TABLE 9: ENERGY CONSUMPTION, MWh

Energy consumption within the organization	Renewable	Non-renewable	Total
Fuel consumption	0	1006	1006
Self-generated energy (solar energy)	411	0	411
Electricity	4714	3475	8189
District Heating	0	1435	1435
District Cooling	0	0	0
Steam	0	0	0
Total	5125	5916	11041

*We currently do not have data on the fuel used in company vehicles, which will be addressed in the upcoming year. Locally used energy units have been converted using commonly applied standards.

TABLE 10: TOTAL EMISSIONS*, METRIC TONS CO2e

	Total
Scope 1	1481
Scope 2 (market-based method)**	848
Scope 3	13603
Total	15932

*Emissions have been calculated using AIB 2019 for scope 2 emissions and DEFRA 2020 for scope 1 and scope 3 emissions. Scope 3 emissions include business travel (45 metric tons) and logistics. Logistics data have been compiled using supplier data (WTW) and estimations based on tonne.km. We are working with our logistics partners to ensure complete and accurate data in the upcoming years.

**Scope 2 emissions, location-based method: 3547 metric tons.

IMPROVING THE ENVIRONMENTAL MANAGEMENT PROCESSES

Renovations at our Sweden facility progressed throughout 2020, where we installed new, more efficient gas burners and energy-efficient processes for heating. Furthermore, we are constantly improving our monitoring and evaluation of all environmental parameters that we consider material. In 2021, our goal is to implement a new system at our facilities in Sweden that allow us to measure energy and consumption every five minutes with the help of a supplier. This will drastically improve our impact knowledge and help us better understand what steps we can take to reduce our energy consumption and the consequential greenhouse gas emissions.

In Lithuania, we made progress in implementing a new grease application process, which had previously been conducted in the USA. The new process will extend beyond general environmental legislation compliance to save considerable amounts of lubrication and oil. The initiative is projected to be completed in 2021. The solar panels on the factory roof supplied 8% of energy in 2020, whilst the rest comes from the national grid.

Regarding our greenhouse gas emissions, we face significant challenges against the prevalent energy infrastructure in both the USA and China, where fossil fuels are still the dominating source of energy.

This will be addressed in the upcoming years, with low carbon manufacturing as a priority. During 2020 we implemented various energy saving measures at our facility in the USA, such as the installation of LED lamps, improved insulation and smart thermostats regulating the temperature when no one is in the office. In China, we reduced diesel consumption during 2020 as a result of effects of the pandemic.

In 2020, we took important steps to collect more scope 3 data. In this year's report we are proud to say that we have a better understanding of the impact of our business, which is mainly due to comprehensive logistics data. With a better understanding of the emissions resulting from logistics, we will look into how we can optimize our processes in order to reduce our environmental impact and improve our return. Nevertheless, we have a long way to go and the work to collect scope 3 data will continue. This will include closer dialogues with our logistics partners to ensure access to complete and reliable environmental reports, as well as with our suppliers in order to calculate or estimate the greenhouse gas emissions resulting from the materials used in our primary products.





ROL INTELLIGENT OFFICE

As we look towards the future of sustainability in our built environments, a more balanced approach to the use of resources is essential to achieving our goals on personal, company and community levels. When ROL considers this challenge, it seems likely that a combination of legislation, company policies and a collective determination to be better should move us all in the right direction.

ROL Intelligent Office, RIO, was not originally conceived with these higher goals in mind – our purpose in the early days was to improve efficiency of resource use in the office environment. This led to the development of a platform, built in the cloud, with IoT devices and a simple set of features that supported booking space, measuring activity and helping employees collaborate in an easy way using a simple interface.

The most recent year has accelerated longer term trends that were already established – particularly “working from anywhere”, and a focus on sustainability and the environment, given both the likely root causes of Covid-19 and political changes that have happened during this time.

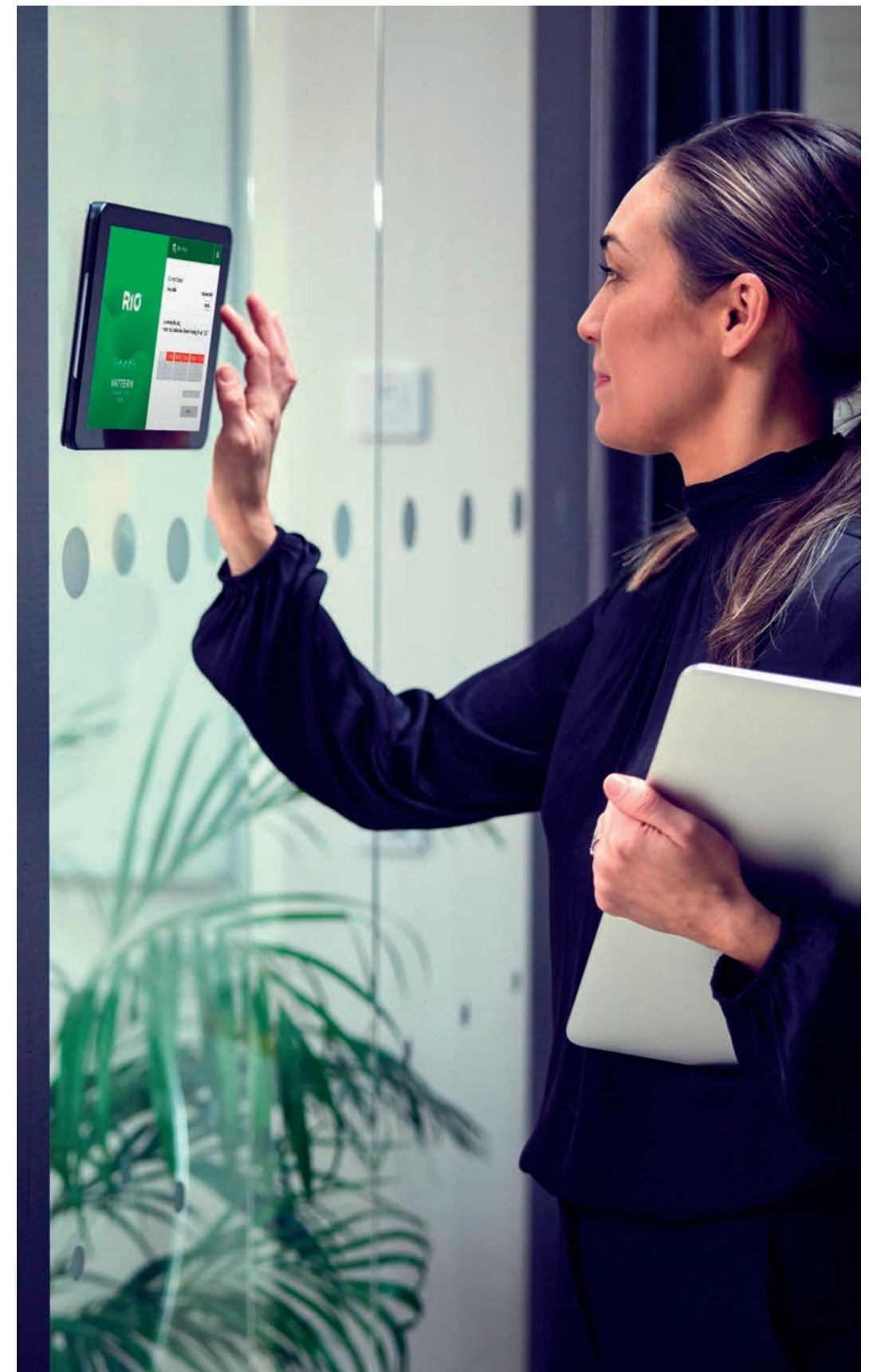
RIO remains a user-centric system, empowering users to arrange their time and needs in a simple intuitive way. Data is protected to ISO27001 and GDPR standards, but can now be processed using business intelligence systems to generate reports

that enable companies to focus on more sustainable behaviour – through investment in new ways of working or rationalization of existing resources.

ROL will offer this platform to other environments in 2022, such as retailers, food chains and education facilities, enabling more data-driven insights that lead to better decisions and allocation of resources. Our clients are currently considering the challenges of emerging from the pandemic. ROL is supporting in various ways – developing products to keep people healthier, offering project management services to smooth changes in the use of space, installing RIO to help create insights and empower employees.

RIO could be a stepping-stone for companies to reach a more sustainable level of activity and broaden horizons for future sustainability initiatives. It is also now a cornerstone of the future of ROL, as the core technology is being adapted for use in other environments where we live, work, shop and socialize.

Our Vision is to create inspiring and integrated environments where sustainability and circularity are central to the solution. This creates a new type of partnership between ROL and our clients, and we welcome the opportunity to discuss these ideas with you and offer some insights for your consideration.





UPHOLDING CUSTOMER PRIVACY

In an increasingly digitalized and data-complex world, cybersecurity and the protection of customer privacy are fundamental to doing good business. More products and services are being offered online, employees are working remotely and vast amounts of information are being stored in the cloud. When it comes to data protection, our priorities are:

- ▶ Earning and maintaining the trust of all our stakeholders
- ▶ Protecting the integrity of our customers, clients and partners' information
- ▶ Ensuring that our business is kept safe from malicious software and activity

At ROL, our data privacy and cybersecurity practices are governed by our Personal Data Policy. The policy outlines how we handle customer data, and it is the steering document governing our General Data Protection Regulation (GDPR) processes and procedures. The Chief Financial Officer, who reports to the CEO, has direct ownership over the policy's execution. All employees are obliged to strictly follow the policy's guidelines and uphold GDPR processes.

In our ongoing implementation and maintenance of GDPR processes and procedures, we are working with an external law firm to ensure we stay updated with continuous legislative developments and daily execution practices. Together, we conduct quarterly meetings on GDPR, discussing both progress made to date and necessary future actions.

Data privacy and cybersecurity risk mitigation are a primary goal at ROL. Nonetheless, we have established a resolution procedure to report any incident and/or breach through the company management system. Any reported incidents are reviewed by our Global Head of IT and team, who are responsible for completing the required steps outlined by our GDPR procedures. The management system also provides readily available guidance and information on GDPR to all employees. The IT team has local presence in Sweden and in Lithuania. In 2021, we are looking to expand the team, such as recruiting a cybersecurity specialist, to meet the growing demands of the business. No substantiated complaints concerning breaches of customer privacy or losses of customer data have been identified in 2020.

CONTINUING THE JOURNEY

Our sustainability strategy centers around what is material to us at ROL and our daily operations, acknowledging that we can make the biggest difference through changing and strengthening our own practices. However, we believe that we can contribute to positive impacts in other ways, such as through partnerships for sustainable development. In our hometown Jönköping we are supporting Circular Centre, a social enterprise working for the inclusion of women who have been excluded from the employment market. Our support has contributed to a part-time position (70%) for one woman.

We will continue our journey as One ROL and advance our sustainability strategy. With the 2020 data collection we have been able to establish a baseline for our environmental data, which allows us to better assess our future direction. One of our main priorities for the upcoming year is to define and establish goals and targets related to our 13 sustainability areas.

Our customers and clients should feel confident that we are determined to remain a valued and trusted partner offering a range of products and services that enable inspiring and integrated environments where we live, work, shop and socialize. We will direct resources, such as the recruitment of competent individuals that will bring much-needed skills and insights to ROL, to discovering how we can best contribute to the circular economy and a low-carbon society without compromising the quality and reliability of our product.



GRI CONTENT INDEX

Disclosure	Page number	Comment
GRI 102: GENERAL DISCLOSURES		
102-1 Name of the organization	54	ROL AB
102-2 Activities, brands, products, and services	6-7	
102-3 Location of headquarters	7	
102-4 Location of operations	7	In addition to the countries seen on the world map, ROL was previously present in Slovakia where we had one employee. We sold our subsidiary in Slovakia at the end of 2020.
102-5 Ownership and legal form	6	
102-6 Markets served	6-7	
102-7 Scale of the organization	7	
102-8 Information on employees and other workers	23	
102-9 Supply chain	32-35	
102-10 Significant changes to the organization and its supply chain	8	The organizational change described on page 8 has not meant any significant changes to our supply chain.
102-11 Precautionary Principle or approach	37	
102-12 External initiatives	54	Circular Centre Jönköping SIS, Svenska Institutet för Standarder
102-14 Statement from senior decision-maker	5	
102-16 Values, principles, standards, and norms of behavior	11	
102-18 Governance structure	8-9	
102-40 List of stakeholder groups	13	
102-41 Collective bargaining agreements	29	
102-42 Identifying and selecting stakeholders	12	
102-43 Approach to stakeholder engagement	12	
102-44 Key topics and concerns raised	13	
102-45 Entities included in the consolidated financial statements	54	Please refer to ROL Annual Report 2020 for a full disclosure of entities. Please read "About this report" for information on which companies are covered by the report. The delimitation has been made for reporting technical purposes, and the included companies represent the biggest impact of ROL as a whole.
102-46 Defining report content and topic Boundaries	12-14	
102-47 List of material topics	14	
102-48 Restatements of information	54	No restatements of information.
102-49 Changes in reporting	54	This is our first report in accordance with the GRI Standards, level Core. The structure and content of the report is therefore different compared to previous years.
102-50 Reporting period	59	
102-51 Date of most recent report	59	



Disclosure	Page number	Comment
GRI 102: GENERAL DISCLOSURES		
102-52 Reporting cycle	59	
102-53 Contact point for questions regarding the report	55, 59	info@rolgroup.com
102-54 Claims of reporting in accordance with the GRI Standards	59	
102-55 GRI content index	54-57	
102-56 External assurance	55	The sustainability report has not been externally assured.
ECONOMIC		
GRI 205: Anti-corruption (2016)		
103-1 Explanation of the material topic and its Boundary	11, 16, 32	
103-2 The management approach and its components	11, 32	
103-3 Evaluation of the management approach	11, 32	
205-3 Confirmed incidents of corruption and actions taken	11	
ENVIRONMENTAL		
GRI 301: Materials (2016)		
103-1 Explanation of the material topic and its Boundary	35, 41	
103-2 The management approach and its components	35, 37, 41	
103-3 Evaluation of the management approach	35, 37, 41	
301-1 Materials used by weight or volume	35	
301-2 Recycled input materials used	35	
GRI 302: Energy (2016)		
103-1 Explanation of the material topic and its Boundary	37	
103-2 The management approach and its components	37, 45	
103-3 Evaluation of the management approach	45	
302-1 Energy consumption within the organization	44	
GRI 303: Water and Effluents (2018)		
103-1 Explanation of the material topic and its Boundary	42	
103-2 The management approach and its components	55	Omission: We will define our management approach in the upcoming year.
103-3 Evaluation of the management approach	55	Omission: We will define our management approach in the upcoming year and disclose information on how we evaluate it.
303-1 Interactions with water as a shared resource	42	
303-2 Management of water discharge-related impacts	42	
303-3 Water withdrawal	42	We do not withdraw any water in areas of water stress. All water used is third-party freshwater.



Disclosure	Page number	Comment
ENVIRONMENTAL		
Emissions (2016)		
103-1 Explanation of the material topic and its Boundary	16, 37, 45	
103-2 The management approach and its components	37, 45	
103-3 Evaluation of the management approach	37, 45	
305-1 Direct (Scope 1) GHG emissions	44	
305-2 Energy indirect (Scope 2) GHG emissions	44	
305-3 Other indirect (Scope 3) GHG emissions	44	
Waste (2020)		
103-1 Explanation of the material topic and its Boundary	41	
103-2 The management approach and its components	41	
103-3 Evaluation of the management approach	41	
306-1 Waste generation and significant waste-related impacts	41	
306-2 Management of significant waste-related impacts	41	
306-3 Waste generated	41	
Supplier Environmental Assessment (2016)		
103-1 Explanation of the material topic and its Boundary	32	
103-2 The management approach and its components	32	
103-3 Evaluation of the management approach	32, 35	
Own KPI: risk assessment of suppliers	32	In 2021 we will work to update our supplier assessment process in order to disclose GRI 308-2.
SOCIAL		
Employment (2016)		
103-1 Explanation of the material topic and its Boundary	20, 32	
103-2 The management approach and its components	20, 32	
103-3 Evaluation of the management approach	20	
401-1 New employee hires and employee turnover	23	
Occupational Health and Safety (2018)		
103-1 Explanation of the material topic and its Boundary	25	
103-2 The management approach and its components	25	
103-3 Evaluation of the management approach	25	
403-1 Occupational health and safety management system	25	
403-2 Hazard identification, risk assessment and incident investigation	25	
403-3 Occupational health services	25	
403-4 Worker participation, consultation and communication on occupational health and safety	25	
403-5 Worker training on occupational health and safety	26	
403-6 Promotion of worker health	32	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	25	
403-9 Work-related injuries	25	Omission: Due to the pandemic and the short-time work allowance caused by the pandemic, we currently do not have accessible data of hours worked and cannot, therefore, calculate a rate as required by 403-9.

Disclosure	Page number	Comment
SOCIAL		
Training and Education (2016)		
103-1 Explanation of the material topic and its Boundary	20	
103-2 The management approach and its components	20, 29	
103-3 Evaluation of the management approach	29	
404-3 Percentage of employees receiving regular performance and career development reviews	29	
Diversity and Equal Opportunity (2016)		
103-1 Explanation of the material topic and its Boundary	20	
103-2 The management approach and its components	20	
103-3 Evaluation of the management approach	20	We will investigate how we can improve our management approach evaluation process with regards to diversity and equal opportunity.
405-1 Diversity of governance bodies and employees	20	
Non-discrimination (2016)		
103-1 Explanation of the material topic and its Boundary	20, 26	
103-2 The management approach and its components	20, 26	
103-3 Evaluation of the management approach	26	
406-1 Incidents of discrimination and corrective actions taken	26	
Supplier Social Assessment (2016)		
103-1 Explanation of the material topic and its Boundary	32	
103-2 The management approach and its components	32	
103-3 Evaluation of the management approach	32, 35	
Own KPI: risk assessment of suppliers	32	In 2021 we will work to update our supplier assessment process in order to disclose GRI 414-2.
Customer Health and Safety (2016)		
103-1 Explanation of the material topic and its Boundary	37	
103-2 The management approach and its components	37	
103-3 Evaluation of the management approach	37	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	37	
Customer Privacy (2016)		
103-1 Explanation of the material topic and its Boundary	51	
103-2 The management approach and its components	51	
103-3 Evaluation of the management approach	51	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	51	
SUSTAINABILITY TOPICS NOT COVERED BY THE GRI STANDARDS		
Smart solutions that influence sustainable behaviour and enable more efficient management of resources		
103-1 Explanation of the material topic and its Boundary	48	
Partnerships for sustainable development		
103-1 Explanation of the material topic and its Boundary	52	



ABOUT THIS REPORT

This is ROL AB's, organization number 559000-7224, statutory sustainability report covering the financial year of 2020 (2020.01.01 to 2020.12.31). This sustainability report is rendered as a separate report added to the management report of the annual report in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen). Our sustainability reports are published annually and the previous report was published on 2020-05-25. This report has been prepared in accordance with the GRI Standards: Core option. HR data is presented as Head Count (HC) and besides the total (890 HC) all the other HR figures account for our operations in China, Lithuania, Sweden and the USA (ROL ERGO AB, ROL Production AB, ROL USA, ROL Lithuania, ROL ERGO LT, KIH Hongkong, KH China, ROL Fredbergs AB, ROL Retail AB). HR data has been collected from our HR systems. CO2e emissions have been calculated using emission factors from AIB 2019 and DEFRA 2020. Some scope 3 emissions have been provided by suppliers. Baseline for our environmental date is 2020.

Any questions about the report or how we work with sustainability?

Please contact:

► info@rolgroup.com or visit our website www.rolgroup.com ■

