

SUSTAINABILITY REPORT
THIS IS HOW WE WORK WITH
SUSTAINABILITY AND MANAGE
OUR COMMON RESOURCES

TROAX GROUP AB - SUSTAINABILITY REPORT 2021

» HONEST FOOTPRINTS «

MAKING YOUR WORLD SAFE
PROTECTING PEOPLE, PROPERTY,
AND PROCESSES.

TROAX – THE ORIGINAL
OUR PRODUCTS ARE BASED ON
HARD WORK, GOOD IDEAS AND
VALUES THAT ARE SOFTER THAN STEEL.
WE HAVE BEEN WORKING ON MAKING
YOUR WORLD SAFE SINCE 1955.

TROAX GROUP AB

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**1 SUSTAINABILITY
WITHIN TROAX**

1.1 INTRODUCTION

THE GREATEST INSIGHT ONE CAN GAIN REGARDING A FUNCTIONING SUSTAINABILITY EFFORT IS TO REALISE THAT THE ROAD HAS NO END. SUSTAINABILITY ALSO REQUIRES COURAGE, OPENNESS AND HUMILITY IN THE FACE OF THE GREATEST CHALLENGE IN OUR TIME. OUR JOB IS TO KEEP YOU SAFE, WITHOUT COMPROMISING THE SAFETY OF OUR SURROUNDINGS AND THE WORLD AROUND US.

FINDING THE PERFECT BALANCE

Troax's task is not to save the world, but we do what we can of course, to make the future brighter and more secure. You can rest assured that we are always trying to make life safe, fair and more sustainable for everyone who comes into contact with our products or who is affected by our business. At Troax, we stand behind what we do and are always acquiring new knowledge in line with the times. We are also honest about our progress and how and where we can improve. Our aim for our sustainability efforts is that our products should protect people in factories and other vulnerable environments. In other words, our products are designed to save lives. As a result, Troax does not work towards improving safety primarily for the sake of the environment. We do so for the sake of our customers, without compromising either the environment, working conditions or ethics when it concerns ourselves or our suppliers. The key is to find a balance between safety and sustainability. Our mesh panels must be able to save lives without compromising the lives of people, animals and nature.

WE KEEP OUR PROMISES

A steel product, regardless of its field of application, will never be completely environmentally friendly

or sustainable. However, there are several environmental and sustainability benefits that come with Troax's products. Troax is a world leader in the protection of people, property and processes with mesh panels, because we make it easy for our customers to make better decisions for themselves and their surroundings. Above all, we help our customers understand what they are buying and what it entails.

We do not currently see any competitor in the world market that can offer a product that consumes less steel per mesh panel and offers the same level of safety as we do. We know this for certain, as our tests show that Troax's products weigh the least and can withstand the greatest strain.

Our goal is for Troax to create better and safer workplaces through its products and thereby reduce the risk of serious workplace accidents. Our main aim is to ensure that this takes place with as little negative impact on the environment as possible, both from ourselves, but also from our partners in the value chain. We also aim to ensure that our and our partners' operations are conducted under good working conditions and with a high standard of business ethics.

1.2 TROAX'S BUSINESS MODEL AND STRATEGY

TROAX WORKS TO MAKE YOUR WORLD SAFE BY DEVELOPING INNOVATIVE SAFETY SOLUTIONS THAT PROTECT PEOPLE, PROPERTY AND PROCESSES.

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More specifically, we help our customers ensure that the safety solutions in their factories and warehouses attain a more than acceptable level. We usually help customers with their safety solutions based on their drawings, and we have also developed configuration systems that allow customers to make suggestions for implementations of our safety systems.

For more than 60 years, the purpose of our high-quality, metal-based mesh panel solutions has been to meet demand for safe and secure storage and to function as machine guarding and partitions for warehouses. Today, we are the market leader in our industry. Troax is represented in 45 countries around the world and employs around 1,100 people. Our business concept incorporates three areas in which the focus is on development and quality. Specific objectives have been defined for each area, which correspond to our three business areas:

- » Machine guarding: Products and solutions that protect people from machinery and robots in industrial environments, and safeguard automated manufacturing processes against intruders.
- » Warehouse partitioning: A wide range of protection solutions that are used for conventional and automated logistics handling, including storage cages, warehouse partitions and anti-collapse panels for pallet racks.
- » Property protection: Customised mesh panel solutions for cellars, attics and self-storage facilities.

Our mission is to exceed our customers' expectations with innovative solutions that protect people, property and processes. Our vision is to be the first choice in innovative safety solutions – and

the leading global supplier of mesh panels, with a global presence in all key areas.

In our efforts to make everyday life safer, we follow three core values, both from a long-term perspective and on a daily basis:

- » Customer focus. We are responsive, committed and put the customer first to be able to offer the highest quality solutions, products and services.
- » Respect. We are dedicated and we care about people. This is why we demonstrate ethical principles, integrity and professionalism in everything we do.
- » Cooperation. We always cooperate, both between colleagues and with current and future customers and suppliers.

Our business activities are platformed on nine core values, which are both ethical and moral, as reflected in Troax's Code of Conduct.

1.3 TROAX'S SUSTAINABILITY MANAGEMENT

This document constitutes Troax's statutory sustainability report for 2021 in accordance with the Swedish Annual Accounts Act. Troax has prepared an annual sustainability report since 2017 and will also prepare an annual sustainability report in the future. Troax is a signatory to the UN Global Compact initiative, which aims to make human rights, fair labour standards, environmental responsibility and anti-corruption the core values of the participating companies' operations.

As stated in this report, Troax's sustainability efforts are conducted in accordance with Global Compact, and its 10 principles have been integrated into Troax's Code of Conduct, its Code of Conduct for Suppliers and into Troax's Code of Ethics.

Sustainability within Troax's activities is informed by the company's Vision, Values and Code of Conduct, supplemented by our governance documents. Sustainability is an integral component of Troax's strategy and the highest decision-making body on corporate matters is the Board of Directors, which approves Troax's Code of Conduct, supervises Troax's sustainability efforts and is responsible for the Sustainability Report. Troax's Group Management is responsible for the design of the company's sustainability strategy and governing documents, for following up how the strategy is implemented within its operations, and for reporting activities and outcomes to the Board of Directors at each board meeting. Troax's values define who we are and what we stand for and Troax's Code of Conduct forms the basis for our actions and behaviour. The Code of Conduct and the governing documents at group level are our most important documents. These governing documents are:

- » **Troax's Code of Conduct**
- » **Troax's Ethical Guidelines**
- » **Whistleblowing Policy**
- » **Information and Insider Policy**
- » **Finance Policy and Financial Guidelines**
- » **Export Control and Sanctions Policy**
- » **Quality and Environmental Policy**
- » **HR Policy**
- » **Equality Policy**

The following governing documents are available for our partners:

- » **Code of Conduct for Troax's Suppliers**
- » **Certification for Troax's Distributors regarding anti-corruption, export controls and sanctions**

Troax also has local policies further describing internal rules. These policies are reviewed and updated on a regular basis. The management system and action plans ensure that Troax addresses critical sustainability issues systematically.

The management system for occupational health and safety has been implemented for numerous manufacturing facilities in Sweden, and all our production facilities within the Group regularly report key performance indicators (KPIs) for incidents and accidents. Troax's environmental efforts are primarily framed by the ISO 14001 environmental management system.

The Code of Conduct is Troax's ethical compass and sets out the guidelines for Troax's conduct towards stakeholders and the market. The Code of Conduct helps us to translate values into action and forms the basis for exercising our ethical, environmental and social corporate responsibility. The Code of Conduct covers factors such as occupational health and safety, the environment, management-employee relations, human rights and business practices. During 2021, via signing a document, all employees in the Group were able to confirm that they know, understand and intend to follow the principles set out in Troax's Code of Conduct.

Troax's global whistleblowing function provides a means for employees to report any violation of the Code of Conduct, and all employees are encouraged to report suspected violations. The Code of Conduct and the Whistleblowing Policy apply to all Troax employees worldwide and are communicated to the employees annually by the local country managers. All new employees within Troax are also familiarised with the Code of Conduct and the Whistleblowing Policy during the induction programme.

1.4 SECTORAL AND COMMUNITY ENGAGEMENT

In the locations where Troax operates, the company plays a role in the local community as an employer, tax-payer, and buyer of local goods and services. Troax also supports non-profit causes and has a stake in a local wind farm. In the communities where Troax operates in Sweden, the company sponsors local sports associations, attends college fairs, offers internships to students and supports other associations in which its employees are involved, mainly within sports.

Troax AB, Satech Italy and Troax Lee are certified ISO 9001 and 14001, and the Troax Group is working actively towards ensuring that all production facilities in the Group have these two certifications within a few years. Troax actively develops and improves the standard of the EU Machinery Directive, which is a CE standard for certifying that a machine meets EU health, safety and environmental requirements, which in turn contributes to increasing safety in the workplace in industrial environments.



2 RATIONALE FOR TROAX'S SUSTAINABILITY GOALS

2.1 STAKEHOLDER SURVEY

TROAX HAS MANY DIFFERENT STAKEHOLDERS WHO ARE VITAL FOR PRIORITY-SETTING THE SUSTAINABILITY FACTORS. THE MOST VITAL STAKEHOLDERS ARE THOSE IMPACTED BY TROAX'S BUSINESS AND ACTIVITIES, AND THOSE WHICH RECIPROCALLY IMPACT TROAX.

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THE FOLLOWING GROUPS ARE REGARDED AS BEING OUR KEY STAKEHOLDER GROUPS:

- » Existing and potential customers
- » Existing and potential employees
- » Shareholders, investors and financiers
- » Existing and potential suppliers
- » Local communities in the vicinity of Troax's manufacturing facilities

Troax is committed to maintaining regular, honest and transparent interaction with its stakeholders. We maintain and build stakeholder relations proactively, employing information from stakeholders to develop our business, products and services. Maintaining transparent and continuous communication builds confidence in Troax's capacity to manage risks and maximise potentials, which thereby boosts business growth.

Some time ago, Troax conducted a customer survey, which included questions about customer expectations regarding Troax's sustainability efforts. One of the survey outcomes was that customers expect Troax to address sustainability issues proactively as part of its business development, but that is not currently a general focus for customers in their supplier assessment. From a small employee survey conducted during the winter of 2020, it can be stated that employees within Troax feel that the company is focused on sustainability in its operations, but that communication about the initiatives performed can be improved on.

2.2 UN'S SUSTAINABLE DEVELOPMENT GOALS (SDGS)

GLOBAL GOALS REQUIRE A SHARED BLUEPRINT AND PARTNERSHIPS ACROSS BORDERS. IN ADDITION, REAL CHANGE DEPENDS UPON INVOLVEMENT AT ALL LEVELS OF SOCIETY. WE TAKE RESPONSIBILITY AT OUR END OF THE VALUE CHAIN WHERE WE CAN MAKE THE BIGGEST DIFFERENCE FOR PEOPLE AND THE PLANET.

The UN's SDGs were introduced in autumn 2015 and replace the Millennium Goals, which meant that environment and development were no longer addressed as two separate concerns. The three dimensions of sustainable development – the social, economic and environmental dimensions – are integrated in the goals. All UN member states are to work towards achieving the goals, and it is the responsibility of each national government to ensure that the goals are achieved in their respective country. The goals need to be achieved by 2030.

We regard it as important to contribute to achieving these goals and we support the means of achieving them in our activities. We evaluated our business operations in terms of the 17 goals and identified several goals with implications for our activities, and for which we judge that we can achieve maximum impact. These goals are:

- » **Goal 8: Decent working conditions**
- » **Goal 12: Sustainable production**
- » **Goal 13: Climate action**
- » **Goal 16: Inclusive societies**



**Making
world**

2.3 RISKS AND RISK MANAGEMENT IN THE VALUE CHAIN

STAGE IN THE VALUE CHAIN	TYPE OF RISK	TROAX'S MANAGEMENT OF THE RISKS
Suppliers	Risk that the supplier does not meet requirements for treatment of personnel in accordance with human rights, anti-corruption and/ or Troax's environmental requirements	<p>Requirements for suppliers' signing of Troax's Code of Conduct containing environmental requirements pertaining to materials and components, social responsibility and ethics.</p> <p>Troax primarily requests recycled steel from steel suppliers and has a stated sustainability goal that by 2030, 80% of all steel used will be either recycled steel or alternative steel (just over 50% of the input goods in Troax AB consists of recycled steel).</p> <p>Follow-up of compliance with Troax's Code of Conduct through visits to Troax suppliers.</p>
Product development	<p>Environmental risks</p> <p>Product safety risks</p>	<p>Environmental analysis is included as a mandatory part of all product development, where we are constantly looking for new opportunities to reduce steel consumption when developing new products.</p> <p>Optimised constructions, and the use of high-strength materials in combination with regular tests in our test centre, result in our products having a higher degree of material efficiency and a known tensile strength.</p>
Production / Employees	<p>Physical working environment risks</p> <p>Mental working environment risks</p> <p>Occupational health and safety risks</p> <p>Environmental risks</p>	<p>Systematic working environment initiatives through, for example, training, regular inspection rounds, work instructions, protective equipment and ergonomic aids.</p> <p>All our direct and indirect employees shall be treated with respect in accordance with basic human values. And Troax companies respect employees' right to organise themselves and are open to offering collective agreements to employees where possible.</p> <p>This is described in Troax's Code of Conduct and governing documents.</p> <p>Reporting/follow-up of incidents and accidents, action plans, training.</p> <p>Treatment of outgoing wastewater in Troax's own treatment plant, change from natural gas to biogas, routines for chemical and waste management, source sorting, energy recovery of wood and combustible waste, scrap metal is transported directly to smelters for recycling, training of employees, control sampling of the levels of trichlorethylene at the factory in Hillerstorp. Our manufacturing facilities in China, Italy, the United Kingdom, Poland and the United States comply with national environmental regulations.</p>

STAGE IN THE VALUE CHAIN	TYPE OF RISK	TROAX'S MANAGEMENT OF THE RISKS
Production / Employees	<p>Environmental risks</p> <p>Risk of corruption and bribery</p>	<p>Goals and action plans for achieving energy efficiencies for a continuous reduction of power consumption, e.g. heat recovery of air and hot water from compressors, replacement of light fittings with LED lamps, etc. For new investments, such as with the construction of the new factory in Italy a few years ago, an evaluation is made as to whether solar cells can be used.</p> <p>Troax helps fight corruption and bribery through annual information to all employees about Troax's Ethical Guidelines, Code of Conduct and the whistleblower function.</p> <p>This information is also conveyed with the introduction of newly hired employees within Troax.</p>
Logistics	<p>Environmental risk: Negative environmental impact from transportations from production facility to customer</p> <p>Risk of our distributors not meeting Troax's requirements for anti-corruption and/or compliance requirements for export controls and sanctions</p>	<p>The reduction of greenhouse gas emissions via transportation is achieved by the local production of Troax's products in the USA and Asia.</p> <p>Requirement for Troax's main carriers to be Euro 6 classified, carbon offset of air transportations.</p> <p>Requirement for distributors' signing of Troax's Certification Form for distributors concerning anti-corruption, export controls and sanctions.</p>
Customers	<p>Product safety risks</p> <p>Working environment risks</p>	<p>Product testing in accordance with standards and third-party product certification (TÜV).</p> <p>Troax's products make workplaces around the world safer for our customers' employees and help minimise the number of accidents that occur in industrial operations.</p>
"End-of-life"	Environmental risks	<p>99% of the components in our products are made of recyclable steel.</p> <p>Troax is actively involved with the informing of their customers regarding how they can best ensure that their end-of-life products are recycled.</p>

3 TROAX'S FOCUS AREAS FOR SUSTAINABILITY EFFORTS

BASED ON OUR STAKEHOLDER SURVEYS AND RISK ANALYSES, AND OUR PRIORITY UN SDGS, WE IDENTIFIED THREE PRIORITY FOCUS AREAS FOR OUR SUSTAINABILITY EFFORTS WHICH WE ALSO CONSIDER TO BE OF SIGNIFICANCE FOR OUR STAKEHOLDERS. THESE FOCUS AREAS, WHICH ALSO SUPPORT TROAX'S LONG-TERM STRATEGIC GOALS, ARE:

- » **REDUCED ENVIRONMENTAL IMPACT**
- » **DECENT WORKING CONDITIONS**
- » **A HIGH STANDARD OF BUSINESS ETHICS**

All three of the above focus areas will also apply to Troax's main suppliers. We have not specifically emphasised these three areas in our Supplier Code of Conduct, but we refer in it to our Environmental and Quality Policy, and that suppliers shall at least comply with what Troax complies with.

We have been addressing sustainability issues for many years and have integrated them as a natural part of our business. This was implemented partly through the introduction of various policies relating to sustainability, and partly by ensuring active sustainability efforts in accordance with ISO 14001.

We track our sustainability performance by monitoring attainment of targets set within each area. Our aim is to continue developing our internal sustainability programme, for instance, through continued investment in training and through additional targets that are regularly followed up within the business.

3.1 REDUCED ENVIRONMENTAL IMPACT

3.1.1 TROAX'S ENVIRONMENTAL WORK

Troax has focused on reducing its environmental impact in its business processes for a long time, and working towards a better environment is an important part of the day-to-day work we do. In 2020, steps were taken to identify which processes Troax has the greatest environmental impact in, in order to be able to focus our efforts concerning climate change in these respective areas. Troax continued its environmental work during 2021, focusing on the areas where our actions reduced the negative environmental impact. We will describe Troax's sustainability efforts in more detail below, in the areas of consumption of raw materials (steel), our production process, our product development process, our logistics process, and also conclude with an analysis carried out in 2021 regarding which areas Troax's operations in Sweden have the greatest climate impact.

In addition to active efforts to reduce the impact that Troax's value chain has on the climate, Troax is also working with complementary environmental measures, such as co-ownership of the local wind farm and that we carbon-offset transportation by our main freight forwarders leaving our factory in Sweden.

3.1.2 CONSUMPTION OF RAW MATERIALS (STEEL)

Troax steel products are 99% recyclable. This means that, provided that they are recycled, our products can be converted into new steel products at the end of their service life. We encourage our customers to recycle the steel and, as far as possible, also to reuse the products. All products are also designed to be easy to disassemble, take apart and to sort, which makes recycling easier and more energy efficient. Troax does not have control over the recycling process itself at the end of the life cycle, as there are large differences between different markets.

We are constantly working to reduce the consumption of steel in our product development process, while maintaining or increasing safety for the customer. As we see it, there is currently no competitor in the world market that can offer a product that consumes less steel per mesh panel and offers the same level of safety than our products do.

Troax's climate calculations (see section 3.1.6 below) show that steel consumption is the single largest contributing factor to Troax's negative impact on the climate. In the coming years, Troax will therefore continue to really put the focus on our efforts with increasing the proportion of recycled steel (or alternative steel) in our manufacturing of mesh panels, with the aim of using 80% recycled steel or alternative steel by 2030.

Troax uses different proportions of recycled steel in our factories, depending on the market and availability of supplies. In the ideal world, we would only use recycled steel, but it is not as simple as that in reality. The world market for recycled steel is

largely governed by steel mills. The recycling rate of steel is generally high or very high, but all the recycled steel in the world is not enough to meet everyone's needs.

2021 was a turbulent year with disruptions in the global supply chain. Raw material shortages, suppliers' production hampered by Covid-19 quarantine procedures and imbalances in the transport sector were some of the challenges we faced during the year. A supply shortage of recycled steel in 2021 meant that we failed to increase the proportion of recycled steel in pipes and wire, but the figure ended up at 51% for the year (53% for 2020). Our aim is to improve this figure for every year that passes, as we are placing a lot of focus on increasing the proportion of recycled steel for our goal of using about 80% recycled steel or alternative steel by 2030.

3.1.3 AN ENVIRONMENTALLY FRIENDLY PRODUCTION PROCESS

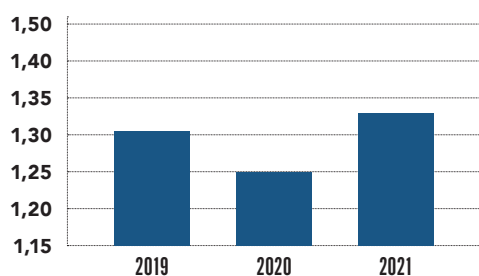
Troax maintains an eco-friendly manufacturing process and was certified to the ISO 14001 environmental standard back in 1998. We monitor and measure our environmental performance and we seek to eliminate or reduce pollution, unnecessary materials consumption and emissions to air and discharges to water. Troax works actively towards minimising the use of fossil fuels, and there are no emissions of heavy metals in our production process. Environmentally hazardous waste from our production process consists of contaminated washing water from the painting process, where the outgoing waste water is treated in our own treatment plant. Furthermore, residual products in the form of scrap steel from the cutting of steel, and offcuts from the cutting of pipes and wire, are dealt with by our recycling partners. Our production process can therefore be considered to have very minimal climate-affecting impacts, which is also evident from the climate calculations made in 2021 (see section 3.1.6 below).

Our business activities in Sweden have been notifiable since 2015, and our manufacturing facilities in China, Italy, the UK, Poland and the US comply with national environmental regulations. Apart from an elevated level of trichlorethylene in the groundwater at the property in Hillerstorp, investigations carried out have not given rise to any serious remarks or corrective measures. Although, according to the authorities, there is no longer a need for action to be taken regarding the elevated level of trichlorethylene, Troax has decided to continue performing groundwater inspections twice a year, by means of an analysis by an accredited testing institute.

For several years, Troax has had a goal of reducing energy consumption within its operations by 2% per year in relation to the number of kilogrammes of steel that its operations consume. The goal was achieved every year until 2020, but for 2021,

energy consumption within its operations increased when compared with 2020. The main reason for the increased power consumption is an increased consumption of electricity for the heating of premises owing to this year's cold weather, where we have had months with temperatures averaging below zero degrees for the first time in four years. An example of energy-saving measures that Troax implemented in 2021 is its continued efforts towards switching to LED lighting in its premises, with the goal in view of 100% of its lighting being LED-based. During the year, Troax also maximised opportunities with purification technology in existing evaporators for suitable residual products.

ENERGY CONSUMPTION, TROAX AB kWh/kg



3.1.4 ENVIRONMENTAL ASPECTS IN OUR PRODUCT DEVELOPMENT PROCESS

All product development projects carried out for the Troax brand undergo an environmental analysis in order to highlight the environmental aspects in our development of new products. The analysis is mandatory, and the product's environmental considerations are also taken into account in the feasibility study and in the project specification. With the environmental analysis, we carry out a critical review of both materials and construction in accordance with a standardised method, and we also record minutes. In this phase, we also assess production and logistics. The products that receive a high rating contribute with greater climate benefits, while products with a low rating have the potential for improvement and are flagged for improvement measures where possible. With Troax's products being intended to protect lives, machinery and goods, it is important to find a perfect balance between safety and climate benefits.

There are several good examples where Troax's environmental analysis has resulted in better and more environmentally efficient products. An example of a more sustainable product that was recently developed is our new 80x80 post, where the thickness of the post was reduced from 3 millimetres to 2 millimetres (which reduces the consumption of steel) whilst offering a higher tensile strength against external influencing forces on the mesh panel. Another example of our development of more sustainable products is our new patented Smart Splice (internal locking when extending the post height) which reduces the need for packaging in connection with transportations. We are currently working on several development projects where we see opportunities to reduce material consumption in our products while maintaining or improving tensile strength.

During 2021, our operations in Satech (Italy) and Folding Guard (USA) began with environmental analysis initiatives in their R&D operations, while our latest acquisition Natom Logistic (Poland) has not yet introduced an environmental analysis in its product development process.

3.1.5 ENVIRONMENTAL ASPECTS IN OUR LOGISTICS PROCESS

Troax works actively, and in collaboration with several other companies, towards using means of transportation with as low an environmental impact as possible for shipments from our factories to our customers. Our aim, to the extent possible, is to use the most environmentally friendly vehicles for road transportation, with the goal of eventually having 70% of the transportations that take place in Europe being classified Euro 6. With this in mind, we have an active on-going dialogue with our main freight forwarders and follow up on outcomes with them at regular intervals. In 2021, the goal was achieved of at least 70% of road transportation within Europe taking place in alignment with the Euro 6 standard.

In cases where, at the customer's request, we have to fly goods, Troax shall, as far as possible, use air freight forwarders who apply carbon offsetting for their shipments. This also includes courier and express deliveries of packages.

We pack our products standing as far as possible to utilise the trucks' cargo space as efficiently as possible and thereby minimise the need for additional transportations. In addition to our efforts aimed at reducing our climate impact linked to transportations, we also try to reduce the number of transportations by increasing the proportion of Troax's production of products in the US for the North American market and in China for the East and Southeast Asian markets (APAC). During 2020 and 2021, the proportion of local production of Troax's products in both the USA and APAC increased significantly compared with previous years, which meant less transportation from Sweden to these regions.

3.1.6 TROAX'S 2021 CLIMATE CALCULATIONS

In 2020, for the first time, Troax performed a mapping and calculation of the climate impact that its operations have, as prescribed by the international Greenhouse Gas Protocol standard, (the GHG Protocol). For the first stage of the mapping task, we chose to concentrate on emissions made by our production facility in Sweden. A corresponding calculation was made for 2021. The goal is to extend this calculation to the entire Troax Group, so that we can set a scientifically based climate goal for our entire business in the next stage, in accordance with Science Based Targets (SBT). As of January 2022, all production facilities within the Group report their environmental KPIs, and a calculation and compilation of the Group's climate impact as per the GHG Protocol will be available in the Sustainability Report for 2022.

Troax has chosen an operational control approach and intends to provide a complete picture of the emissions that our operations in Sweden give rise

to. The overall result from the climate calculations have been reported in the table to the right, where our emissions are reported based on the GHG Protocol's division into three different "scopes".

Scope 1 corresponds to direct emissions of greenhouse gases from our operations, which includes the combustion of diesel and petrol in our own vehicles, as well as leakage of coolants.

Scope 2 corresponds to indirect emissions from purchased electricity, heating and cooling used within our operations. The emissions in Scope 2 are reported in accordance with the GHG Protocol, with both market-based and site-based emissions. The market-based emissions are based on supplier-specific information, where Troax's goal is to purchase 100% renewable electricity. The site-based emissions, on the other hand, are calculated by using an emission factor based on the Nordic electricity mix.

Scope 3 corresponds to indirect emissions in Troax's value chain. As a first stage of mapping in Scope 3, the focus was on five categories: transportations out (to customers), business trips, waste, commuting to and from the workplace, and the procurement of steel. The result was reported in the number of tons of carbon dioxide equivalents (CO₂e) using GWP100.

The compilation of emission data for the last four years shows that the majority of Troax's emissions originate from Scope 3 and where emissions from Scope 1 and Scope 2 are very low in relation to Scope 3. Below, we have compiled a summary of the last two years' emission data.

EMISSION CATEGORY	TON CO ₂ e 2020	TON CO ₂ e 2021
Scope 1	0,35%	0,05%
Scope 2	1,0%	0,3%
Scope 3, procurement of materials	93,3%	92,8%
Scope 3, transportations out	4,8%	6,2%
Scope 3, other emissions	0,55%	0,65%
Sum of Scope 1 & 2	1,35%	0,35%
Sum of Scope 3	98,65%	99,65%

An increased use of recycled steel plays a substantial role when it comes to Troax wanting to reduce its impact on the climate. This, combined with continuing efforts during the product development phase to minimise the consumption of steel in the mesh panels without reducing the safety of our solutions, will continue to be two main activities in Troax's future efforts concerning climate change. Troax will also continue to actively seek cooperation with transportation companies that can offer environmentally friendly alternatives.

3.1.7 2021 TAXONOMY REPORTING

Troax performed an initial analysis during the year of which economic activities fall within the framework of the EU's taxonomy (so-called taxonomy-applicable). Troax chose to apply certain simplifications to its 2021 reporting in order to take the analysis to a more detailed level in 2022. Troax's turnover was analysed against the sectors defined within the taxonomy and no part of Troax's turnover is currently included which, according to the taxonomy, significantly contributes to the switch to a green economy. An assessment was made as to which items should be included in the taxonomy definition when it concerns Opex and Capex. For 2021, Troax chose to exclude Opex and Capex that are not related to taxonomy-applicable turnover, even though they could meet the

taxonomy's criteria. This came as a result of all the suppliers' taxonomy compliance records not being available as of January 2022. The outcome for 2021 therefore shows that zero percent of Troax's sales are defined according to the taxonomy and 100% are neutral.

Troax supports the EU's taxonomy initiative and the fundamental idea behind it. Meanwhile, it is important to remember not to equate activities not forming part of the sectors defined in the taxonomy with unsustainable activities. They are not part of the sectors that the EU considers having the greatest impact in the switch to a green economy, but may be just as important and sustainable in the industry in which they exist.

TAXONOMY-APPLICABLE CATEGORY	TOTAL VALUE, 2021 (MEUR)	PROPORTION OF TAXONOMY-APPLICABLE ACTIVITIES (%)	PROPORTION OF NON TAXONOMY-APPLICABLE ACTIVITIES (%)
Revenue ¹⁾	252,3	0%	100%
Capex ²⁾	14,8	0%	100%
Opex	7,0	0%	100%

¹⁾ refers to the Group's net sales during 2021 (see the income statement on page 12 of our 2021 Annual Report)

²⁾ refers to the Group's investments in fixed assets during 2021 (see notes 12-13 on pages 36-39 of our 2021 Annual Report)

3.2 DECENT WORKING CONDITIONS

WE ARE COMMITTED TO BEING AN ATTRACTIVE AND RESPONSIBLE EMPLOYER WITH A DEDICATED WORKFORCE, AND WE ARE CONFIDENT THAT THE COMPANY'S SUCCESS IS FOUNDED ON A STRONG COMPANY CULTURE WITH DIVERSIFIED, CONTINUOUSLY LEARNING AND SKILLED EMPLOYEES. OFFERING DECENT WORKING CONDITIONS TO TROAX EMPLOYEES BECOMES AN IMPORTANT PREREQUISITE WHEN WANTING TO SUCCEED WITH THIS.

3.2.1 OCCUPATIONAL HEALTH, SAFETY AND WELL-BEING

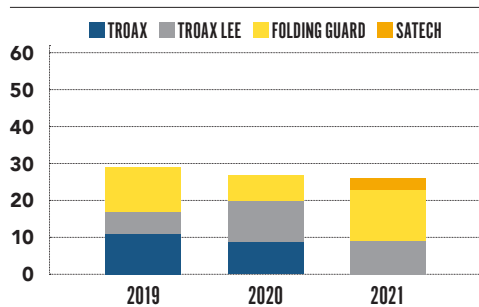
Good health is a fundamental requirement for people to be able to realise their full potential and contribute to the development of society. Troax's companies are committed to providing a healthy and safe working environment, and operate with a zero vision for employee accidents and customer accidents caused by our products. A strong occupational health and safety culture supported by employees who take good care of each other helps us to realise that vision.

Troax's subsidiaries are responsible for ensuring workplace safety in compliance with local regulations, and within the Group's manufacturing companies, monthly reports are compiled of employee statistics covering overtime, sickness absences, incidents and accidents, which are

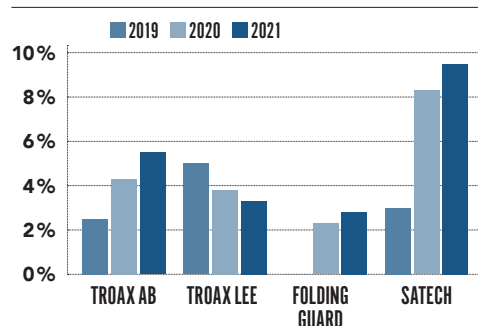
reported to Group Management on a routine basis. Abnormal sickness absences, as well as incidents/accidents are investigated and accidents are reported to the authorities in accordance with applicable legislation. We undertake internal fire safety inspections to prevent damage to property and personal injury, and to maintain a high standard of employee welfare and occupational health and safety.

We noted an increase in sick leave during both 2020 and 2021. To a large extent, this can be attributed to the Corona pandemic, partly since employees were not allowed to be at work when having the slightest symptoms of illness, and partly due to the fact that several symptom-free days were required before the employee was allowed to return to the workplace. No other reason for the increase in sick leave during 2021 could be noted.

ACCIDENTS REPORTED



AVERAGE SICKNESS ABSENCE RATE, TROAX AB



3.2.2 UNIVERSAL HUMAN RIGHTS

Troax respects human rights, meaning that we support, abide by and respect international conventions in this area. We do not accept child labour or any form of forced labour, servitude or slavery. All our direct and indirect employees shall be treated with respect according to basic human values. Troax is all for freedom of association, i.e., that Troax respects its employees' right to organise themselves and to negotiate collective agreements in the markets where this is possible, but it also respects its employees' right to refrain from joining a trade union.

Our commitment to respecting human rights is conveyed in our Code of Conduct and in our Code of Conduct for Suppliers in which we express our support for human rights regulations and the UN Guiding Principles on Business and Human Rights for example. To prevent risks regarding human rights, we are committed to compliance with national legislation and international conventions on human rights.

3.2.3 DIVERSITY AND EQUAL OPPORTUNITIES

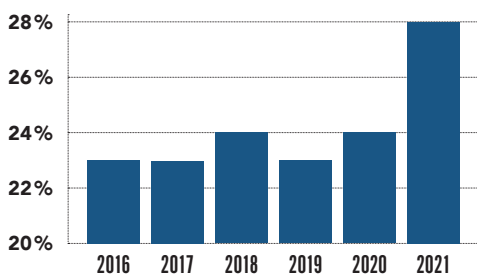
Troax' primary goal is for diversity and equal opportunities to be a natural and integral element in all of our activities. As an employer, Troax has a responsibility for ensuring that all employees are treated equally and with respect. This applies to all types of workplaces, levels and also to management and decision-making bodies. An equal opportunities workplace with diversity is conducive to an attractive and dynamic workplace. We strive to promote an inclusive culture where employees enjoy respect and where the workforce reflects society at large. Troax has zero tolerance of all forms of discrimination and harassment, be they based on gender, gender identity or expression, national origin, race, colour, religion or creed, disability, sexual orientation and/or age.

Gender equality is a prerequisite for sustainable development. The Group is committed to achieving no difference in pay between men and women who perform similar jobs. For Troax, diversity means not only a diversified workforce possessing relevant skills, but also an inclusive workplace. The diversity policy is observed in all HR processes, and the company adheres to a strict policy on non-discrimination.

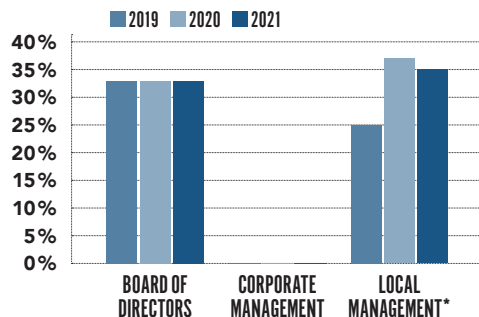
Troax is committed to increasing the number of women in managerial positions and the Board of Directors of the parent company promotes gender equality and diversity in its recruitment process for new board members. Like many industrial companies, a predominant proportion of employed personnel are men, but the proportion of women increased from 24% in 2020 to 28% in 2021. In 2021, several women were employed in senior positions within the Group's sales organisation, and the Group now also has its first female production manager of one of its factories.

When it comes to senior executives, the Board Directives of Troax Group AB consists of 33% women, while the central management group still lacks female representation. Regarding local management groups within Troax, the proportion of female representation decreased from 37% in 2020 to 36% in 2021.

PROPORTION OF WOMEN EMPLOYED IN THE TROAX GROUP



PROPORTION OF WOMEN MANAGERS/EXECUTIVES/DIRECTORS



* denotes local management teams in the four largest manufacturing divisions within the Group.





3.2.4 GOOD PROFESSIONAL DEVELOPMENT OPPORTUNITIES

Troax has a strong company culture and a work ethic informed by our core values of customer focus, respect and cooperation. We offer market-rate wages and employee benefits, a multi-cultural and inclusive workplace and terms of employment respecting employee needs. Opportunities for career-building and in-service training are crucial in attracting and retaining employees. High-level skills and commitment among employees are core to Troax's company culture. In order to promote competence development and commitment, the company regularly elicits employee feedback through employee surveys and annual employee performance appraisal sessions. This annual performance appraisal is vital not only in promoting employee development, but also in translating company goals into specific work-related goals for each individual employee.

Most of the Group's companies introduced a process in 2021 which involves a documented employee interview with the manager and employee being held at least once a year. Opportunities for competence development are provided for both workers and management through internal and external training. Troax often recruits internal employees to new positions, and all vacancies within Troax are also advertised internally if advertised externally.

3.3 A HIGH STANDARD OF BUSINESS ETHICS

Peaceful societies and freedom from violence are a goal and a means of sustainable development. Inclusive, responsible and fair institutions form the basis for good governance free from conflict, corruption and violence. Troax's view of business ethics is summarised in the documents Troax's Code of Conduct, Troax's Ethical Guidelines and Troax's Whistleblowing Policy. We base our business on nine central and ethical values. To help our employees, suppliers, business partners and other stakeholders, we have set out our positions and perspectives on these values in Troax's Code of Conduct and Troax's Code of Conduct for Suppliers. In addition to this, we also have a policy for distributors which concerns anti-corruption, export controls and sanctions. All Troax employees are informed about Troax's Ethical Guidelines and about the Whistleblowing Policy on an annual basis and the provision and review of these documents (as well as of Troax's Code of Conduct) is also a mandatory part of the introduction process for new employees. Troax's Ethical Guidelines and Whistleblowing Policy are available in local languages in countries where the company's employees do not understand English.

The Code of Conduct is based on Troax's Ethical Guidelines, as well as our core values: customer focus, respect and cooperation. Our corporate governance rests on foundations such as a business plan, financial governance and environmental and quality work, with Troax's Ethical Guidelines being one of the governing documents decided on by Troax's Board of Directors on an annual basis. It is the responsibility of the management to endorse the values underpinning the Code of Conduct – and to ensure that these are respected and complied with. The Code of Conduct calls for a high standard of business and personal ethics among Troax employees, and covers:

- » Undue influence: Troax maintains a zero-tolerance policy on bribery and other forms of corruption. All and any marketing activities/representation shall comply with internal rules, and the business practices and legislation prevailing in the markets we operate in. Troax does not tolerate attempts to exert undue influence by existing or potential business partners, customers and other stakeholders. Undue influence shall not be exerted over Troax employees, contractors or agents operating on behalf

of Troax. No employees or contractors or agents shall accept, consent to a promise of, or request, any form of benefit (kick-back) that might be construed as an anti-corruption violation. Similarly, employees and contractors or agents acting on behalf of Troax shall not commit any act that might be construed as an attempt to unduly influence the decisions of others.

- » Conflicts of interest: Troax's decisions shall not be influenced by personal interests such as private economic interests, familial or friendship interests or other vested interests of no relevance to Troax's corporate interests. In case of any risk of a conflict of interest for an employee, the immediate superior shall be informed and appropriate measures shall be taken to eliminate that conflict.
- » Competition: Effective competition on equal terms is an important element of a healthy economy. Competition drives the development of business and industry operators, which benefits customers and society at large. This means that we shall not conduct any activities that inhibit free competition.

Employees shall carry out their work with a high level of business morals and ethical conduct, in accordance with Troax's Code of Conduct. The term 'employee' also denotes associates such as Troax representatives. Everyone is therefore expected to act with honesty, integrity and in accordance with applicable legislation. All employees are responsible for reporting violations, or suspected violations, of the Code of Conduct. If an issue relating to business ethics arises in one of the Group's companies, a system is in place for how to report these issues – either directly to the Group management or to a member of the board. The practical procedures for reporting such issues are set out in the Whistleblowing Policy. During 2021, 1 (1) case was reported via Troax's whistleblowing function.

Troax also has a policy in place regarding export controls and sanctions in view of Troax's operations being able to comply with the sanction rules that have primarily been implemented by the UN, EU and USA.

We value our excellent reputation, which should apply to all our divisions and companies, both internally and externally. It is important for employees to understand how their actions both within and outside the business reflect on Troax. Our employees shall therefore personally liable for their personal statements and opinions.

PROCESSES IMPLEMENTED FOR PROMOTING A HIGH STANDARD OF BUSINESS ETHICS

2018 2019 2020 2021

	2018	2019	2020	2021
Written Code of Conduct, Ethical Guidelines, and a whistleblowing function are available that cover all Group companies	√	√	√	√
During the year, Troax's Ethical Guidelines and Whistleblowing Policy were communicated to all employees in the Group	√	√	√	√
Information about Troax's Code of Conduct, Ethical Guidelines and Whistleblowing Policy is given to all new employees in connection with their introduction			√	√
Troax's Code of Conduct, Ethical Guidelines and Whistleblowing Policy are translated into the local language in the countries where English is not a common language			√	√
Number of reported cases via the whistleblowing function	–	–	1	1



3.4 SUSTAINABILITY IN THE SUPPLIER AND DISTRIBUTOR CHAIN

Our sustainability efforts not only include our own operations, but also the companies within our supply chain. For Troax, as a manufacturing company, it is important that sustainability aspects are taken into account throughout the entire value chain, and our responsibility therefore extends to ensuring that our suppliers work towards having a reduced impact on the climate, good working conditions and a high standard of business ethics. The principles contained in the UN Global Compact and those mentioned in the introductory sections of this report have also been integrated into Troax's Code of Conduct for Suppliers, a document that was implemented in 2020, in which Troax demands the supplier's acceptance of our terms and conditions by their signing of our Code of Conduct. The goal is to get all suppliers who deliver materials to one of Troax's production facilities to sign Troax's Code of Conduct for Suppliers within the relatively near future.

In 2020, 100% of our main suppliers of materials to Troax Shanghai signed this Code of Conduct for Suppliers. During 2021, all main suppliers to Troax AB and Satech Safety Technology Spa also signed the Code of Conduct. A roll-out plan and related activities are being prepared for the Group's remaining production facilities Natom Logistic, Troax Lee and Folding Guard, and implementation for these companies will commence in 2022.

Some of the measures we take to ensure quality and compliance include audits and regular visits to suppliers. These visits are mainly aimed at major suppliers, as well as at suppliers in defined high-risk countries. In 2020, Troax only managed to carry out a few factory audits before the Corona pandemic struck and these supplier visits could not be resumed until the fourth quarter of 2021.

Troax established and distributed a certification document for Troax's distributors where they certify by their signatures that they adhere to Troax Group's policy for distributors regarding anti-corruption, export controls and sanctions.

4 OUTCOMES AND GOALS REGARDING TROAX'S SUSTAINABILITY INITIATIVES

The aim of Troax's sustainability efforts is to create value for our stakeholders. By continuously improving our sustainability efforts, we aim to minimise risks to Troax, to develop and enhance the company's offering to customers, identify new, future business opportunities and, in so doing, reinforce its financial strength. An important element in this commitment is to transparently report on Troax's performance with respect to key sustainability factors. We seek to realise, and report on, our performance within the previously stated focus areas:

1. Reduced environmental impact
2. Decent working conditions
3. A high standard of business ethics

All three of the above focus areas shall also apply to Troax's main suppliers.

Troax's sustainability efforts has focused on carrying out activities with the mind to achieve several goals, these goals are presented in the table below. The goals also include, to a greater extent than hitherto, our operations in Satech (Italy),

Folding Guard (USA), Troax Lee (England), Troax Shanghai (China) and Natom Logistic (Poland) being more included within the Group's sustainability efforts. In 2022, all production companies within the Troax Group will report environmental data, which will form the basis for the Climate Accounts for 2022. All production companies within the Troax Group currently perform activities aimed at improving impacts on the environment and report on KPIs within the environmental sphere.

There is a special working group which continuously reports our development of sustainability efforts to Group management. Troax is part of the circular economy, but we cannot ensure that the circle closes. Our products are adapted for long-term use, so that when they are no longer used, they can be recycled. At present, we cannot control what our customers do with their used products, but we urge everyone to get the steel to circulate back to become new products. As our products last a long time and can withstand tough requirements, they can also be reused, provided that they are not damaged.

SUSTAINABILITY FACTOR	2020-2030 GOAL	2020	2021
Reduced environmental impact – energy consumption	Troax will annually reduce its energy consumption by 2% at the three largest manufacturing facilities measured in kWh/kg produced.	Troax AB: 1,25 kWh/kg	Troax AB: 1,33 kWh/kg
Reduced environmental impact – transportations out	70% of all road transportation by Troax's main freight forwarders shall be in accordance with the Euro 6 emissions standard. 100% of all air transport by Troax's main freight forwarders shall be carbon-offset.	43% for transportations from Sweden 100%	67% for transportations from Sweden 100%
Reduced environmental impact – product development	All product development within the Group shall comprise an environmental impact analysis.	Troax 100%	Troax 100% Satech and Folding Guard: environmental analysis work has begun
Reduced environmental impact – consumption of steel	80% of Troax AB's steel consumption by 2030 shall come from either recycled steel or alternative steel. Other production facilities will be targeted in connection with the implementation of the GHG Protocol work.	Proportion of recycled steel Troax AB: 53% Other production facilities: Collection of data from suppliers has begun	Proportion of recycled steel Troax AB: 51% Other production facilities: Collection of data from suppliers has begun

SUSTAINABILITY FACTOR	2020-2030 GOAL	2020	2021
Reduced environmental impact / Good working conditions / A high standard of business ethics	All Troax's priority suppliers shall sign Troax's Code of Conduct for Suppliers	Troax AB: 100% of A-suppliers Troax Shanghai: 100% Satech: 80% of the purchase volume Folding Guard: the work has begun Troax Lee: the work has begun Natom Logistic: the work has not begun	Troax AB: 100% of A-suppliers Troax Shanghai: 100% Satech: 80% of the purchase volume Folding Guard: the work has begun Troax Lee: the work has begun Natom Logistic: the work has not begun
Decent working conditions – minimise the number of accidents	Troax shall employ preventive measures to reduce the number of industrial accidents across the Group.	Troax AB: 9 Folding Guard: 7 Troax Lee: 11	Troax AB: 0 Folding Guard: 9 Troax Lee: 14 Satech: 3
Decent working conditions – a more even gender distribution	In its recruitment of senior decision-makers, Troax will pursue a goal to achieve greater equal gender distribution.	Proportion women Board of Directors: 33% Corporate Management: 0% Local management teams (4 companies): 37% women	Proportion women Board of Directors: 33% Corporate Management: 0% Local management teams (6 companies): 35% women
Good working conditions – liaison unit	Manufacturing companies with more than 20 employees shall have a liaison unit, and all companies shall have procedures in place for pay reviews and recruitment to ensure that equal opportunities policy is observed in those procedures.	Process implemented for Troax AB	Process implemented for Troax AB
Decent working conditions – annual performance reviews	100% of Troax employees shall at least annually have a documented employee performance review with their immediate superior.	The Nordic group companies, as well as one other company, have a process in place for documenting annual performance reviews	Most of the companies in the group have a process in place for documenting annual performance reviews
A high standard of business ethics – information	100% of Troax's employees shall be informed about Troax's Code of Conduct, Ethical Guidelines and Whistleblowing Policy on an annual basis	100%	100%
A high standard of business ethics – training	100% of all employees with continuous contact with customers and suppliers shall have undergone training on business ethics issues	Training has not begun	Training has not begun



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HILLERSTORP, SWEDEN 2022-03-28

FREDRIK HANSSON

Board Member

EVA NYGREN

Board Member

THOMAS WIDSTRAND

CEO

ANNA STÅLENBRING

Board Member

ANDERS MÖRCK

Chair

BERTIL PERSSON

Board Member

STEFAN LUNDGREN

Employee Representative

Our statements regarding the statutory sustainability report were issued 2022-03-28.

Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN

Authorised Public Accountant

AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

*To the Annual General Meeting of Troax Group AB (publ),
corporate identity number 556916-4030*

DUTIES AND RESPONSIBILITIES

The Board of Directors was responsible for the Sustainability Report for the 2021 financial year and for ensuring that it was prepared in accordance with the Swedish Annual Accounts Act.

FOCUS AND SCOPE OF THE REVIEW

Our review was carried out in accordance with FAR's recommendation RevR 12 Auditor's review of the Statutory Sustainability Report. This means that our review of the Sustainability Report has a different focus and is significantly lesser in scope than the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient basis for our opinion.

OPINION

A Sustainability Report was prepared.
Gothenburg, Sweden, 28 March 2022
Öhrlings PricewaterhouseCoopers AB

JOHAN PALMGREN

Authorised Public Accountant



**Making your
world safe**



**Making your
world safe.**

