

Sustainability Report

AJ PRODUCTS



ajproducts.com

A first glance

- 03 Introduction
- 04 SUSTAINABLE DEVELOPMENT
 - 05 Agenda 2030
- 06 AJ PRODUCTS
 - 07 About us
- 08 ENVIRONMENTAL SUSTAINABILITY
 - 09 Saving resources
 - 10 Digitalisation in progress
 - 12 Our production
 - 14 On a roll
 - 16 Product care
- 18 SOCIAL SUSTAINABILITY
 - 19 Sourcing
 - 20 Supplier reviews
 - 22 Feel good at work
 - 24 Reality check
 - 25 Latest scoops
 - 26 Yennenga Progress
- 28 ECONOMIC SUSTAINABILITY
 - 29 Economy
 - 30 Environmentally-beneficial forest
- 32 SUSTAINABLE FUTURE
 - 33 Goals 2020
- 34 Used references
- 35 Key partnerships



Introduction

The Sustainable Development Goals of the United Nations concern all countries worldwide, and achieving these goals will require the contributions from, and partnerships between governments, businesses and individuals. This year AJ Products issues its third Sustainability Report. This year's Report presents our activities in the three areas that contribute to sustainable development: environmental, social and economic responsibility.

It has been rewarding and motivating to gather together and summarise these activities, and to gain a clearer picture of our positive social contribution. Our sustainability journey will never end. We're still at the beginning, and look forward to developing in collaboration with our internal and external stakeholders.

The Group's forest holdings have increased in recent years, and we are now proud to own 4 600 hectares of FSC and PEFC certified forests in Sweden and Europe. Our social engagement continues by supporting various community organisations. For the eighth consecutive year, we are donating school furniture to a school in the village of Nakamtenga in Burkina Faso. This is done through our partnership with Yennenga Progress, an organisation that promotes sustainable communities in vulnerable areas.

2019 was the first year during which we achieved sales of over SEK 2 billion from the Group's core business, and we are very pleased with our financial result. It was made possible by the joint efforts of our more than 900 fantastic employees worldwide.

Every year we conduct an employee satisfaction survey, which shows a positive trend in our employees' level of satisfaction to work for AJ Products. We are delighted about this, and aim to continue this positive trend in order to become stronger together in the future.

Caring for customers and listening to their needs is crucial. Their growing demands for sustainable development open up new opportunities for promoting sustainability in daily life, an area in which AJ Products aims to continue improving.


ANDERS JOHANSSON
CEO


ENOCK JOHANSSON
VICE PRESIDENT


DAVID BRAY
VICE PRESIDENT

01 Sustainable development



Agenda 2030

Historically, global environmental collaboration has focused primarily on the environment, by working to reduce emissions and pollution and through various environmental protection initiatives. In 2015, the United Nations adopted the Sustainable Development Goals under Agenda 2030, which apply to all countries worldwide.

WIDESPREAD MEASURES

Today, global environmental collaboration focuses on sustainable development, which means a combination of environmental and development issues. Sustainable development is divided into three focus areas: environmental, social and economic sustainability.



In 2015, the United Nations adopted the Sustainable Development Goals under Agenda 2030, with a total of 17 goals and 169 associated targets related to environmental and development issues. The idea is that they should be integrated into the sustainability work, and to achieve them all together.

The aim of the Sustainable Development Goals is that all nations in the world should achieve the following four objectives by 2030:

- End extreme poverty
- Reduce inequality and injustice in the world
- Promote peace and justice
- Solve the climate crisis



”Everybody can't do everything, but together we can all do something”

AJ Products' responsibility as a company is to contribute to sustainable development by generating economic growth while promoting social and environmental sustainability at all stages of its operations.

SUSTAINABILITY FOR US

As part of our environmental and quality management, we asked how some of our employees interpret the concept of sustainability, and received many thoughtful and well-considered responses. Overall, the responses were to do with taking care of and protecting the things we already have.

- ”The Company's global footprint”
— Erik Johannesson, Marketing
- ”We shouldn't use more resources than are available”
— Jan Bengtsson, Quality and Environment
- ”Economic, Social and Environment, you need to have all three areas running”
— David Bray, Vice President
- ”Environmental and social responsibility”
— Johan Petersson, IT

Many of the responses concerned the environment, society and people's health and well-being, but there were also thoughts about the products we sell and different types of resources.

02 AJ Products



About us

Our mission is to be entrepreneurs creating innovative, smart working environments and solutions for offices, warehouses, industry and public spaces.

ABOUT US

The AJ Group includes 13 subsidiaries and two production units. Our factory in Poland manufactures furniture for offices and schools, while our factory in Slovakia produces storage cabinets and pallet racks. The Group structure also includes a company that owns and manages forest land.

AJ Products' head office and central warehouse are located in Halmstad, Sweden. AJ Products is a wholly family-owned company. The Group has 900 employees, of which 264 are in Halmstad.

” It's great to be able to help people in their daily work and contribute to creating their work environment ”

ANDERS JOHANSSON, CEO



SUPPLIERS

We collaborate with approximately 300 suppliers. 90 % of our suppliers are in Europe and 10 % are in Asia. 30 % of total purchases are from our own factories.

MARKETS AND CUSTOMERS

We have customers in 19 European countries. Our largest market is in the Nordics, followed by the Baltics, Central Europe and the British Isles. Our customers range from small and mid-sized companies to multinationals and state organisations.

SALES

AJ Products has been improving working environments for over 40 years. We offer more than 15 000 products for offices, schools, warehouses and industry, and intelligent furnishing solutions for a pleasant and practical workplace. We sell directly to customers through catalogues, the Internet, contracts and tailored projects.



03 Environmental sustainability



Saving resources

AJ Products makes continuous improvements to daily work processes and in the organisation as a whole to reduce energy use, emissions and waste. Part of this work involves reducing emissions related to our premises.

ENVIRONMENTALLY FRIENDLIER PREMISES

At our warehouses, waste is separated in recycling stations and environmental stations, and is then collected by Stena Recycling for further recycling. All the food waste and packagings in our canteens is separated.

All cleaning is done by members of our staff, and a goal for 2020 is for our cleaning staff to undergo training in chemicals and chemical handling. The windows and slatted blinds at our facility are cleaned by external firms using 'crystal-water', which is completely environmentally friendly and chemical-free.



POSITIVE TREND

We use clean electricity from solar, wind and hydropower. Our premises are heated with district heating from a local supplier. Our energy use rose by almost 5 % in 2019 compared to the previous year, while district heating use dropped by 7 %.

3% Our greenhouse gas emissions totalled 85 tonnes of CO₂e in 2019, compared with 88 tonnes CO₂e in 2018. This signifies a reduction of slightly over 3 %.

Greenhouse gas emissions are calculated on the basis of our premises in Halmstad, Sweden, which is comprised of our central warehouse and offices. The premises was built in 2012 and has an area of 33 000 m².

OUR NEXT STEP

We aim to switch to certified district heating in 2020, which will significantly reduce greenhouse gas emissions related to our premises.

IMPROVEMENTS 2019	ECONOMY	ENVIRONMENT	SOCIAL
50 % of light fittings replaced with LED	Lower cost long-term	Uses less energy	—
Salt replaced with grit as anti-skid treatment	Lower cost	Results in fewer chemicals	Less cleaning, as salt is not spread into the building
Mast lights in loading yard replaced with LED	Lower cost long-term	Energy reduction of 65 % (4 977 W)	—
Installation of KNX lighting system	Energy savings resulting in cost savings	Lighting can be adapted to user needs	Daylight setting can be used to increase people's alertness

Digitalisation in progress

AJ Products aims to make use of digitalisation to reduce the Company's carbon footprint. We see great potential to become more sustainable in the coming years with the help of digitalisation.

CUSTOMER-DRIVEN PROCESS DEVELOPMENT

We are taking various initiatives to increase digitalisation within the Company. This will allow us to focus on improving customer experience and better enable us to meet customers needs. Digitalisation results in more streamlined internal processes, freeing up time which can instead be used to develop our human presence and our personal communication with customers.

Preparations were made during the year for a digital upgrade of our transport management system. This improvement will give us increased control of the whole transport flow and improve customer experience through greater proactivity. It will make it possible to track and respond to deviations.

Digitalisation has also enabled us to streamline customer and supplier processes through an increased share of digital orders and invoices. For instance, between 2017 and 2019 our share of digital invoices rose by just over 70 %.

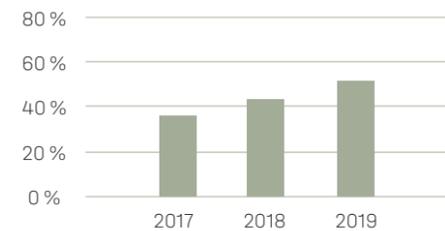
100 %-KLUBBEN

The IT department aims to contribute to sustainable development on an ongoing basis. Efforts in this area include developing our lifecycle management of IT products by increasing the share of reused and recycled units. For this reason, in 2019 we became active members of 100 %-klubben, a network for knowledge and exchange between organisations and businesses that promotes the reuse of all IT equipment.

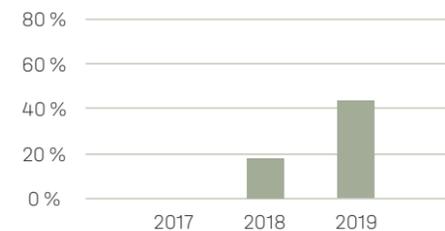
The 100 %-klubben initiative was started by Atea in the spring of 2018 to challenge companies and organisations throughout Sweden to reduce their environmental footprint relating to IT. To achieve this, it is necessary to manage the product's whole lifecycle, from the manufacturing process to what happens to the product at the end of its useful life. E-waste is the fastest-growing waste category, representing enormous amounts of material. In recent years, consumption of electronic products has increased by over 8 %, while the degree of recycling has dropped.

As part of our IT recycling efforts, we are planning to collect IT equipment from our staff that they no longer use in their homes. Smartphones, laptops, PCs, tablets and monitors can be handed in for reuse and subsequent recycling.

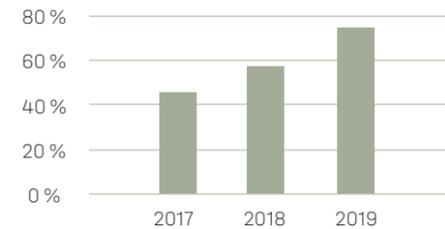
Electronic sales orders — via web/EDI



Number of purchase orders — via EDI



Share of invoices — electronic



OUR NEXT STEP

Our digital journey continues, and by prioritising projects and continuous improvements, we will continue to develop our services to customers. The aim is to increase our proximity to customers and do more sustainable business. By continuing to focus on measuring and monitoring our take-back of IT equipment, we will contribute to a sustainable future.

” The aim is for all IT equipment to be reused ”



Our production

Our factories produce office furniture, school furniture, storage cabinets and pallet racks. Our environmental efforts are under continuous development, and during the year we made several improvements to maintain high standards with a focus on sustainability.



The AJ Group owns and operates two production units in Europe. The AJ Furniture Factory in Poland manufactures furniture for offices and schools, while AJ Metal Design in Slovakia produces storage cabinets and pallet racks. Continuous improvements are being made to the factories in the form of energy savings related to premises and production as well as occupational health and safety improvements. Environmental improvements are under constant development, such as reducing waste volumes and use of

chemicals. Our transition to using water-based coatings and paints continues, and currently stands at just over 90 %. Other examples of improvements include changes to our packing routines and use of more environmentally friendly packaging material.

Our aim is to use 100 % water-based coatings by the end of 2020.



FACTORIES

Our factory in Poland is heated using recycled wood chip from production. The wood chip is recycled in a process that produces approximately 3 000 MWh/year. This corresponds to the amount of energy required to heat 150 single-family houses per year (based on annual energy consumption of 20 000 kWh/house).



The AJ Furniture Factory is certified according to ISO 9001. In 2019 the factory was certified as an FSC-approved manufacturer. This means we have committed to only sourcing timber raw materials from FSC*-certified suppliers.



AJ Metal Design is certified according to ISO 9001, ISO 14001 and ISO 45001.

* Forest Stewardship Contract



On a roll

One of the greatest environmental improvement challenges for businesses, both in Sweden and internationally, is reducing their transport emissions in order to improve their environmental and carbon footprint. At AJ Products, transport is a prioritised environmental aspect.

ENVIRONMENTALLY CONSCIOUS DISTRIBUTION

Fossil fuel combustion represents the strongest contribution to the greenhouse effect, both in Sweden and worldwide. Today, domestic transport accounts for almost a third of Sweden's total greenhouse gas emissions, of which 90 % is from road transport. In the EU, transport accounts for a third of all final energy consumption.

Because transport represents a large part of our operations, our collaboration with transport providers is especially important. We can make our transport environmentally friendlier by choosing energy-efficient transport modes and environmentally friendly fuel. In addition, it is crucial to avoid unnecessary transport and increase the fill levels during transport.

GREENHOUSE GAS EMISSIONS

For 2019, we have calculated greenhouse gas emissions from our local distribution in Sweden, Denmark, Norway and Finland, which totalled 713 tonnes of CO₂e.

This figure does not show the total picture of our emissions relating to transport, as we have not yet included transport from supplier to warehouse in the calculations, nor all outbound transport.

We will extend the calculation in future. As of 2020 we will be able to compare figures, and hope to report a positive trend.



” There is strong potential to increase our share of rail transport, and we will continue working to achieve this ”

CASE STUDY

A project we carried out to improve product packaging during transport from supplier to warehouse resulted in positive effects in all three areas.

ECONOMY

- Cost savings of 600 000 kr/year

ENVIRONMENT

- 30 fewer trucks
- 40 % fewer pallets and reduction of warehouse space
- Decrease in greenhouse gas emissions
- Reduced use of corrugated cardboard

SOCIAL

- Improved warehouse ergonomics

OUR NEXT STEP

There is strong potential to increase our share of rail transport, and we will continue working to achieve this. Another goal is to bring down our total rate of damage in transit.

EXTERNAL TRANSPORT

In 2019 we tested replacing road transport with rail transport from Slovakia. Apart from an increase in lead times, the results were positive. The challenge of rail transport is that it requires detailed planning. However, we aim to carry out more trials and a more detailed assessment of the project. We have also implemented a procurement for the transportation of return cargo, with the aim of reducing freight imbalances.

In the past year we have seen positive effects of the digital warehousing system introduced in 2018. Our stock rotation rate has risen by almost 3 % since 2018. Together with the digital warehousing system, this has contributed to reducing obsolescence.

A general goal is to load as much cargo as possible into trucks in order to raise fill levels. Measurements show a 1,3 % increase in our overall fill level compared to the previous year.

OUR ENVIRONMENTAL ASPECTS

How do our operations impact the environment? In our valuation model, we evaluate and weight the processes that impact the environment. The processes are evaluated on the basis of the extent to which they occur in our operations, their environmental impact and the potential for change. Our processes are linked to 14 environmental aspects.

INTERNAL TRANSPORT

AJ Products has a company car policy that sets out guidelines and goals for the maximum permitted CO₂ emissions of newly purchased cars. Our overall goal is to reduce CO₂ emissions from company cars by 5 % per year to achieve the target of 125 g/km by 2023, measured according to NEDC*. In 2019, CO₂ emissions from our company cars totalled 48 tonnes.

Distributed over total operations, this amounts to an emission level of 139 g/km, measured according to NEDC. This means that we achieved our target for 2019, which was an emission level of 140 g/km. For drivers of electric cars, there are ten charging stations in the car park at the head office.

Our travel policy focuses on cost-effective, environmentally friendly, safe travel. Employees are encouraged to use public transport such as train and bus as much as possible. Another step in reducing work-related transport is to consider whether meetings can be carried out digitally instead of on site. This reduces carbon emissions and time spent, while also having economic benefits

* New European Driving Cycle

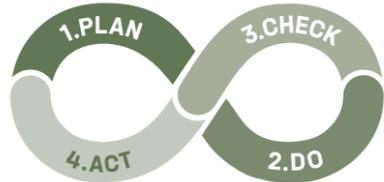


Product care

AJ Products is under constant development and places central focus on finding ways to improve our quality and environmental management systems. We are continuously developing our products and product range, as well as improving and optimising our operations.

QUALITY ASSURANCE

Our quality and environmental management systems enable us to maintain a good structure with tailored, effective tools to meet the requirements imposed on us. Our collaboration with suppliers, customers and transport providers is under constant review. In our improvement system, we make ongoing improvements using the Plan-Do-Check-Act model.



Our systematic improvement system was introduced two years ago, and is currently used by the quality department. Our aim is for the system to be increasingly used within the organisation in order to increase and widen the dissemination of information and strengthen our culture through continuous improvement efforts.



QUALITY AND ENVIRONMENTAL LABELLING

We want our products to be sustainable. This means they should be of consistent high quality and cause no harm to people or the environment. Our customers' needs and requirements also guide us in this regard. We have been ISO 14001 and ISO 9001 certified since 2011.



Needless to say, we comply with all applicable laws and regulations regarding quality and environmental management, such as the EU Timber Regulation, Reach, RoHS and CE marking. Because our products are used in offices, workshops, schools and industry, there may be some variation in the applicable requirements and needs relating to the products. Selected parts of our product range are certified according to Nordic Swan, Möbelfakta and BASTA.

We conduct third party testing in accordance with applicable EU standards. This includes, for instance, testing of strength, stability and dimensions. We also work with FTI, a nationwide recycling system, and El-Kretsen, a system for the collection and recycling of packaging, newspapers, electronic waste, batteries and lights. Regardless of whether we are the producer or the importer, we are responsible for ensuring that products are disposed of correctly after use.



PRODUCT DEVELOPMENT

When designing new products, our constant aim is to minimise environmental impact and take a circular approach. There is increasing demand for circular economy models that focus on longer lifespan, opportunities for reuse and material recycling. Managing and reusing our spent resources enables us to minimise our environmental footprint. Our product development process is comprised of three phases:

DESIGN

To facilitate maintenance, upgrade or recycling of products, we focus strongly on making our products easy to separate and on limiting the number of materials used in any given product.

PROTOTYPE

This phase focuses on evaluating the technical design and the choice of production method. The general choice of materials is decided on, taking into account factors such as environmental aspects and expected service life.

APPROVAL

Finally, we verify that the product meets all requirements specifications regarding quality and environmental performance.

Products we develop in-house in collaboration with our suppliers include clothes lockers, shelving and pallet racks, and school and office furniture. Many of our products are manufactured at our factories in Poland and Slovakia, which gives us control over the whole process from design to finished product. We continuously develop our products in order to meet the requirements imposed by our customers and other stakeholders.



CASE STUDY: SPLIT

SPLIT is a range of partition screens developed in close collaboration with local suppliers and produced with a focus on minimising environmental impact. The product contains few parts and is easy to separate. The materials used are metal and PET, with some recycled fibre. Moreover, the product contributes to a sustainable and positive work environment by providing privacy and partially dampening noise. It is also lightweight, which facilitates repositioning and transportation.

04 Social sustainability



Sourcing

With almost 300 suppliers in 2019, it is more important than ever to ensure compliance with the Company's guidelines. Criteria such as human rights, labour rights, quality and environmental requirements and anti-corruption are central to our sourcing activities.

STRATEGY AND VISION

With almost 300 suppliers in 2019, it is more important than ever to ensure compliance with the Company's guidelines. Criteria such as human rights, labour rights, quality and environmental requirements and anti-corruption are central to our sourcing activities.

- Supplier performance
- Sustainability
- Purchasing optimisation

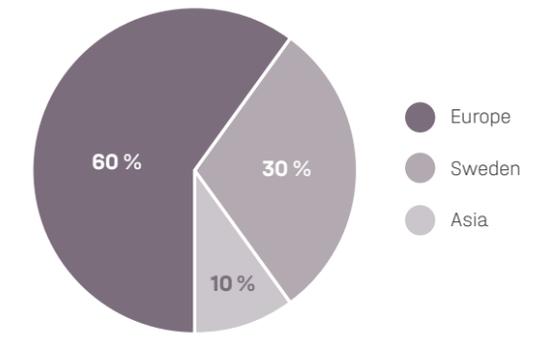
„ To identify, structure and develop a world-class supplier base that creates a competitive advantage and maximises customer benefit by supplying a modern, functional, sustainable, quality range of products at the right time and at the right market price „

AJ PRODUCTS SOURCING VISION

SUPPLIERS

AJ Products collaborated with approximately 300 suppliers in 2019. The Group carries out in-house production in two factories in Europe. The products produced at these factories include office furniture, storage cabinets and pallet racks. In-house production accounts for 30 % of the Group's total purchases. In total, 90 % of the Group's suppliers are located in Europe and only 10 % are located in Asia. We have our own staff in Asia, whose primary duty is to ensure that our Asian suppliers meet our requirements. Quality control is usually performed by the local staff, but can also be done in collaboration with staff from Sweden.

All our suppliers must meet a number of criteria. When we choose a new supplier, we assess the supplier's delivery capacity, financial



status and ability and willingness to meet our quality and environmental requirements. We aim to conduct business in a responsible and legally compliant manner at all stages. Supporting human rights, labour laws, environmental responsibility and anti-corruption are a prerequisite for us.

Our supplier contracts are negotiated and approved centrally by our head office to ensure compliance with the company's purchasing guidelines. Under the supplier contracts, our suppliers and their subcontractors are required to comply with our rules and guidelines on social responsibility, sustainable development and business ethics, as well as requirements based on the UN Global Compact. We assess our suppliers on an ongoing basis with regard to aspects such as delivery reliability, quality and communication.

Supplier assessment and requirements imposed

FACTORS ASSESSED WHEN CHOOSING A NEW SUPPLIER	<ul style="list-style-type: none"> • Financial status • Delivery capacity • Environmental requirements • Quality requirements
SUPPLIER CONTRACT	<ul style="list-style-type: none"> • Social responsibility • Sustainable development • Business ethics
ASSESSMENT CRITERIA	<ul style="list-style-type: none"> • Delivery reliability • Quality • Communication
RISK ASSESSMENT CSR	<ul style="list-style-type: none"> • Economic • Social • Environmental

Supplier reviews

We developed our risk assessment procedures in 2019, and have introduced a five-year plan which we will follow up on annually. Suppliers from high-risk countries came under focus in 2019.

CSR — RISK ASSESSMENT

CSR stands for Corporate Social Responsibility. There are three areas of responsibility:

- Economic
- Social
- Environmental

In addition to supplier assessment, risk assessment from a CSR perspective is carried out annually. The risk factor we chose to focus on in our 2019 CSR assessment was which country we buy the product from. High-risk countries are identified on the basis of the amfori BSCI Country Risk Classification*.

All identified suppliers were asked to complete a self-declaration (AoS — Assessment of Supplier), and we subsequently reviewed the suppliers identified in the highest risk group.

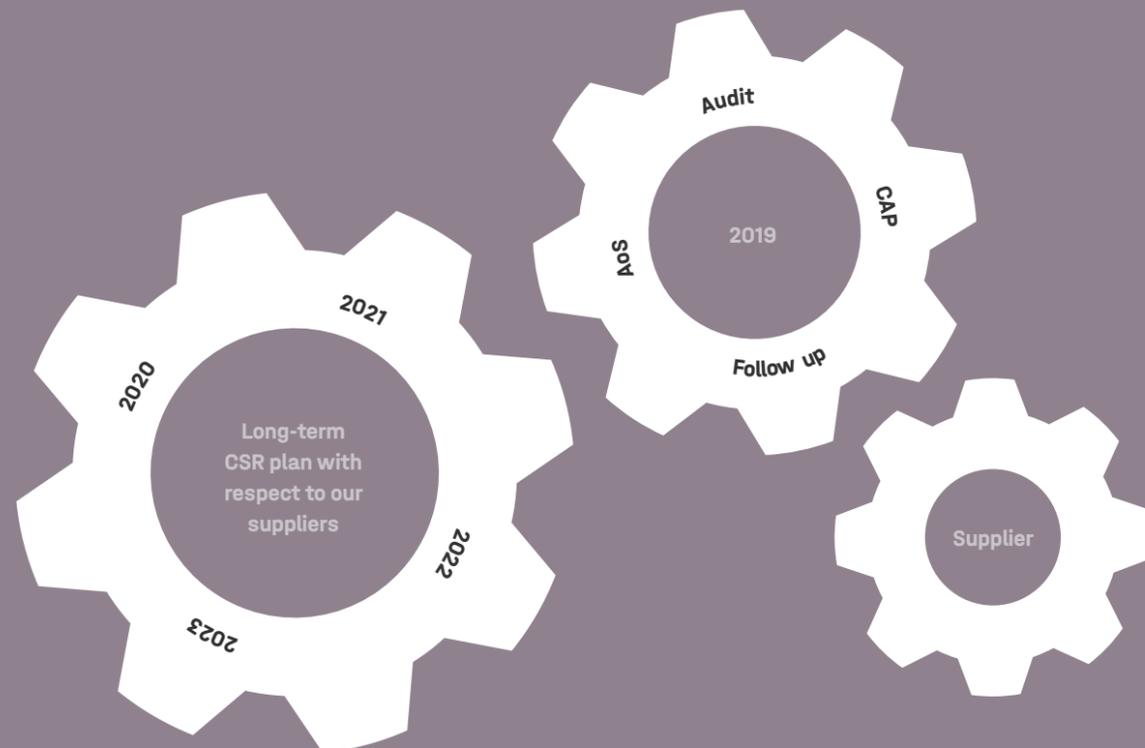
In 2019, eight high-risk suppliers were identified and subsequently reviewed. Based on the results, we ended our collaboration with one of the suppliers.

During the year we improved the templates and points system for risk assessment and established a five-year CSR plan, which will be followed up on annually.

OUR NEXT STEP

Risk assessment will be performed in 2020 as in 2019, but it will be done by carrying out in-depth reviews of those suppliers identified as high-risk according to the new templates and points system. Our aim is to carry out 10 CSR reviews.

* BSCI (The business Social Compliance Initiative) is a European business-driven collaboration initiative to help companies improve working conditions in their global supply chain. All countries in the world have been assigned a risk value based on factors such as accountability, political stability and efficacy, law compliance and corruption.



» The risk factor we chose to focus on in our 2019 CSR assessment was which country we buy the product from. »

Feel good at work



Wellness at work is determined by many physical and mental factors. Physical work environment factors such as noise, light, ergonomics, movement and exercise are important for our physical and mental health. From a social perspective, people feel good at work when they are able to use their strengths and skills and collaborate with others in an encouraging and inspiring work atmosphere. Everyone at AJ Products should know the purpose of their job and their own responsibilities. This is the type of work environment we always strive for. AJ Products should be an attractive workplace with healthy staff who want to stay with us long-term.

We conduct continuous efforts to prevent accidents and incidents, and to minimise work-related illness and unsafe conditions. Our goal is to have zero sick leave linked to work-related illness. We are continuously developing and improving our systematic health and safety management system and our internal control of the work environment. Our code of conduct and policies can be found in our employee handbook, and these guidelines form the framework for how we do things at AJ Products.

AJ Products has a flat organisation and takes pride in being a family business where co-workers know and understand each other. Although our organisation is large, we also want to be small. We aim to collaborate closely in pursuing common goals, be kind and helpful to our colleagues, and develop and succeed together.

Our employee induction plan plays an important role in helping new employees to settle into their job and get to know their colleagues, manager, the company and their role. The induction plan includes a review of our policies, guidelines, systems and products. The induction process will be revised and updated in 2020–2021. Work is in progress to produce an "AJ Wikipedia", which will provide an easily accessible internal knowledge bank to assist employees.

SUSTAINABLE LEADERSHIP

Sustainable leadership is about acting with care and consideration with regard to the Company, our employees and the surrounding world.

“By having a shared understanding of our business concept and origins and by practicing and applying our core values, we gain clarity in our relationships with each other, our customers, our suppliers and society at large”

EMPLOYEE SATISFACTION SURVEY

Every year we conduct an employee satisfaction survey. This is an important tool that highlights what works well and what areas can be improved on. It shows us what to focus on in order to improve satisfaction and engagement within the company. The employee satisfaction survey had a 91% response rate in 2019. This demonstrates a high level of interest and gives the survey high validity.

Reality check

It is important for us to monitor the level of wellness and satisfaction within the organisation and continuously strive to develop and improve. Our annual employee satisfaction survey is a valuable tool in this regard, and we are proud to see a positive trend since the survey was introduced.

INSIGHTS

The HR department has continuous access to large amounts of data that provide us with valuable insights. We use this data in analyses to measure and monitor areas such as sick leave, salary analyses, training initiatives, gender distribution and staff turnover. The annual employee satisfaction survey is a valuable source

of insights. The results in 2019 showed a positive trend compared with 2018 with regard to eNPS*, ESI* and most of the question categories. Of course there are areas with improvement potential, and this year information and communication stood out most clearly in this respect. Our target is to achieve an ESI* of 80.

<p>*eNPS EMPLOYEE LOYALTY Measured on a scale of -100 to +100</p>	<ul style="list-style-type: none"> How likely would you be to recommend AJ products to others as an employer? 	<p>2018 = 1 2019 = 17 Benchmark = 2</p>	
<p>*ESI EMPLOYEE SATISFACTION INDEX Measured on a scale of 1 to 100</p>	<ul style="list-style-type: none"> Overall, how do you rate AJ Products as an employer? How well does AJ Products live up to your expectations? How close does AJ Products come to being an ideal employer? 	<p>2018 = 69/100 2019 = 75/100 Benchmark = 70/100</p>	

Share of women and men

We had a total of 264 employees in 2019



Share of women and men in executive positions

Managers in total was 27 in 2019



GENDER EQUALITY AND DIVERSITY

AJ Products aims to reflect society and be a workplace characterised by openness, inclusiveness and gender equality. We see it as a given that women and men should have equal working conditions and career development opportunities.

We strive to increase the share of women in the Company, and during recruitment our aim is for both women and men to apply for and be appointed to executive positions.

Everyone's position is equally important at AJ Products, even though we have different roles. It is a particular point of pride and importance to us that employees should see AJ Products as an inclusive and open workplace that they feel strongly connected to.

Latest scoops

Marketing has been in AJ Products' DNA right from the start. The company complements traditional marketing with softer values such as charitable involvement and sponsorship.

CATALOGUE

AJ Products has always focused strongly on marketing and on maintaining visibility in various channels. When the company started, consumers mainly connected with us through our catalogue. Today we are visible in a wide range of channels including the Internet, e-commerce, TV and social media.

Our catalogue is still an active channel, albeit on a smaller scale, and is regularly distributed to customers. To help us reduce the number of returns and send targeted mailings, we constantly update and manage our customer register. During the year we cut down on certain mailings and sent postcards to selected customers. We follow up on all our mailings, and customers can choose whether or not to receive a paper catalogue. Certain customers appreciate the catalogue and the overview it offers, while others prefer digital channels. To keep the catalogue environmentally sustainable, we annually review the type of paper and the printing company used. The next step is to continue reviewing the quantity and size of mailings sent per year.



SPONSORSHIP

Our passion for helping people perform optimally at work is evident in our successful history as a sponsor of individual athletes and major sporting events.

Over the years we have supported athletes including Patrik Sjöberg, Sanna and Jenny Kallur, Russian wrestling legend Aleksandr Karelin and, currently, the young Swedish golfer Julia Engström, who was named 2018 Rookie of the Year on the Ladies European Tour and won bronze at the European Mixed Team Championships. AJ Products also has a long and proud history as a sponsor of the Ice Hockey World Championship. Other sports we sponsor include basketball, bandy, floorball and events such as the World Figure Skating Championships and the European Handball Championships.

SOCIALT ENGAGEMENT

As part of our marketing, we have been involved in sponsorship and charitable work for several years. AJ Products sees it as important to contribute to social engagement in the community and support various organisations. Our sponsorship must be sustainable from various perspectives, and must also be ethical. This applies both to own perspective and the perspective of the organisation, person or event that we support and are associated with.

CHARITABLE INVOLVEMENT

Organisations and associations we work with are: BRIS, Swedish Parasports Federation, Swedish Dyslexia Association and Yennenga Progress.



» The children are hugely proud of their desks, and they each have their own place. There are many dimensions to AJ Products' furniture »

STINA BERGE, FOUNDER AND GENERAL SECRETARY OF YENNENGA PROGRESS

Yennenga Progress

We aim to support various community functions in many ways, often locally but also outside Sweden. We have been involved in a school project in West Africa since 2012.

Burkina Faso is one of the world's poorest countries, where 50 % of the population is under 20 years old and 70 % of adults are illiterate. The country also has a low educational level. In the village of Nakamtenga in Burkina Faso, intensive work is under way to build a sustainable community through Yennenga Progress, an expertise network. The Good Village concept is an initiative aimed at creating sustainable communities in countries that do not yet have a functioning welfare system, through partnerships between local entrepreneurs, socially conscious businesses and individuals.

The initiative started in 2001 with a preschool in Nakamtenga. Today, 19 years later, a whole new community has developed. The initiative promotes continuous growth with a focus on education, health and infrastructure based on local initiatives. We have been supporting the school in Nakamtenga since 2012. Initially it was only a preschool, but the school has gradually expanded and now has 350 students up to year group eight. Year group nine will be introduced for the first time in the autumn of 2020. During these eight years we have donated furniture for all the classrooms, and have also been paying the head teacher's salary for the past four years. In 2019 we sent school furniture for two classrooms: school benches, desks, chairs and metal lockers.

The climate and environment in Africa is very different from the Nordic climate, so the furniture needs to withstand different conditions. It is subjected to termites, which eat any wood standing directly on the floor, rainfall during the rainy season from July to September,

and sandstorms that destroy books left lying around when not in use. It was an extra challenge for us to produce furniture suitable for the climate in Burkina Faso.

Stina Berge has strong connections to the village, where she partly grew up. It all started when female villagers suggested that she start a preschool. And the rest is history. The work began at the villagers' initiative, and things have developed from there. Now other people want to build similar communities around the world. It's not just the education system that has emerged and taken shape in Nakamtenga, but also facilities such as a maternity centre, a shop, a restaurant, a guest house and a carpentry, as well as construction initiatives and improvements in agriculture, irrigation and tree planting. A health centre has also been built in the village, the Dr Denis Mukwege Center,

based on the holistic health model of Dr Denis Mukwege, who won the Nobel Peace Prize in December 2018 and has been a mentor of Yennenga Progress since the network started.

Fredrik Hentz, Business Area Manager Public Spaces, AJ Products, initially came into contact with Stina Berge and Yennenga Progress at a school expo in Stockholm.

— At the time we were looking for a way to become involved in a value-generating project somewhere in the world. Rather than making a general fund donation, we wanted to identify a concrete need. Working with Yennenga seemed like a sound long-term initiative. It's been easy for us to monitor exactly how our donations have been used and the results achieved.

05 Economic sustainability



Economy

Economy is one of the three focus areas for sustainable development. AJ Products' responsibility as a company is to contribute to sustainable development by generating economic growth while promoting social and environmental sustainability at all stages of its operations.

GROWTH AND PROFITABILITY

Long-term profitability and growth are basic prerequisites for carrying out our strategies and achieving our established targets. Profitability and growth are also prerequisites for sustainable development and sustainable enterprise. Having a stable financial position makes us a reliable business partner for our customers and suppliers and an attractive employer for skilled employees.

AJ Products is a long-term player for which incremental value, profitability and financial strength are crucial factors.

BUSINESS ETHICS

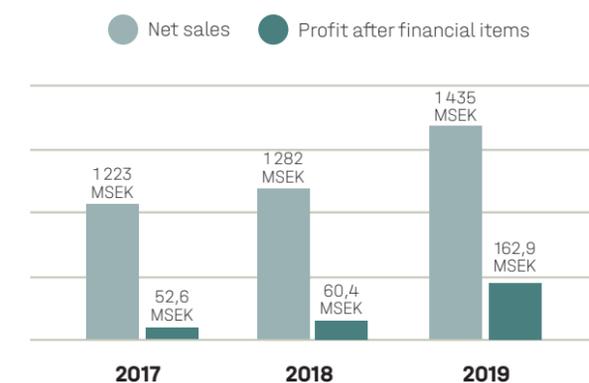
We are committed to conducting our business in a responsible and lawful manner and condemn all forms of corruption. We have a code of conduct that applies to all our employees, and we impose requirements on our suppliers and their subcontractors. These requirements are made in accordance with the UN Global Compact, and are based on the UN Declaration of Human Rights, the Rio Declaration, the ILO conventions on Fundamental Principles and Rights at Work and the UN Convention against Corruption.

„ We have a code of conduct that applies to all our employees, and we impose requirements on our suppliers and their subcontractors „

During 2018, AJ Products had no reported cases of corruption, and no partnerships with suppliers were terminated due to suspicion of corruption. New software was introduced during the year as part of efforts to step up internal financial control. It helps us monitor outgoing payments in order to protect us from fraud and other misunderstandings, and to make sure that no secondary occupations are in conflict with the company's interests.

AJ Products AB

The diagram shows long-term profitability and growth



Environmentally-beneficial forest

With our origins in Hylte in the densely forested Swedish province of Småland, we have always been close to forests. AJ Products invests part of its surplus in environmentally beneficial forest, which is also categorised as a financially sustainable investment. Forest ownership is included in AJ Products' group structure.

The forest land owned by the company is FSC and PEFC certified and controlled according to these organisations' criteria. The FSC* is an independent international organisation that promotes responsible management of the world's forests. The PEFC** is a certification system for environmentally friendly, sustainable forest management.

Nordic forests provide enormous environmental benefit. Environmental benefit is generated every year, as long as the timber stock increases and carbon continues to be stored in forests, and also through substitution. Substitution occurs when forest fuel is used to produce energy or as an alternative to plastic, steel and concrete, which generates an enormous reduction in fossil fuel emissions. Timber harvesting that is managed responsibly by means of tree replanting leads to more carbon dioxide being stored in forests.

On a global level, deforestation is a major source of greenhouse gas emissions, but in Sweden the opposite is true. Swedish forestry and land use contributes to negative figures in emission statistics.

AJ Products' forests in Sweden sequestered almost 12,000 tonnes of carbon dioxide in 2019. This calculation is based on annual growth and the effect of substitution on annual timber harvesting.

Forest ownership is included in AJ Products' group structure.

* Forest Stewardship Council
** Programme for the Endorsement of Forest Certification Schemes

” Swedish forestry and land use contributes to negative figures in emission statistics. ”

06 Sustainable future



Goals 2020

GOALS 2020	ECONOMY	ENVIRONMENT	SOCIAL
Initiate reuse of our furniture through collaboration with other companies	●	●	
Reduce greenhouse gas emissions related to our premises by only using certified district heating		●	
Improve communication and delivery precision to our customers	●	●	●
Reduce emissions from company cars by 5 % to achieve our target of 125 g/km by 2023	●	●	
Increase use of our systematic improvement system within the organisation to increase employee engagement	●	●	●
Continue reviewing our suppliers according to the five-year CSR plan	●	●	●
Work to achieve an NMI of 80 in the annual employee satisfaction survey	●	●	●
Develop a systematic process for following up on all our policies	●	●	●
Calculate and offset carbon emissions from our transport during 2020 related to the Group's forest holdings	●	●	
Measure and monitor our departments' KPIs to bring them in line with the Group's overall KPIs	●	●	●

2019

2020

2021

2022

2023

Used references

SOURCES

SUSTAINABLE DEVELOPMENT

www.globalamalen.se/om-globala-malen

www.fn.se/globala-malen-for-hallbar-utveckling

Book, Sustainable Development: Nuances and Perspectives / Fredrik Hedenus, Martin Persson and Frances Sprei

E-WASTE

www.atea.se

www.100procentklubben.se

TRANSPORT

www.trafikverket.se/for-dig-i-branschen/miljo---for-dig-i-branschen/energi-och-klimat/

Transportsektorns-utslapp

www.eea.europa.eu/sv/themes/transport/intro

www.naturvardsverket.se/Miljoarbete-i-samhallat/Miljoarbete-i-Sverige/Uppdelat-efter-omrade/Transporter-och-trafik

FOREST

<https://nordicforestresearch.org/wp-content/uploads/2017/11/svensk-A4.pdf>

www.ekonomifakta.se/Fakta/Miljo/Utslapp-i-Sverige/Vaxhusgaser

CERTIFICATIONS AND PARTNERSHIPS

www.ri.se

www.sundahus.se

<https://se.fsc.org>

www.byggvarubedomningen.se

www.trygghandel.dhandel.se

www.ftiab.se

www.bisnode.se

www.atea.se

www.bastaonline.se

www.mobelfakta.se

www.svanen.se

AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

TO THE SHAREHOLDERS OF AJ PRODUCTS AB, CO. REG. NO. 556190-7329

ASSIGNMENT AND DIVISION OF RESPONSIBILITIES

The Board of Directors is responsible for preparing the Sustainability Report for 2019, and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act.

FOCUS AND SCOPE OF THE AUDIT

I conducted my audit in accordance with FAR's auditing standard RevR 12 Auditor's opinion regarding the statutory sustainability report.

This means that my review of the Sustainability Report has a different aim and is of significantly smaller scope than the aim and scope of an audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that this audit provides sufficient grounds for my opinion.

STATEMENT

A sustainability report has been prepared.

Halmstad 2020-05-20

Öhrlings PricewaterhouseCoopers AB



Bengt Karlsson

Authorised public accountant

Key partnerships

COMPANY-SPECIFIC



TRYGG E-HANDEL

Trygg e-handel is a certification for e-commerce companies. This symbol shows the consumer that the company is serious and stable and that all purchases are safe and secure.



AAA HIGHEST CREDIT QUALITY

Triple-A (AAA) is the highest credit rating a limited company can have and is awarded to companies that demonstrate stability over time, both in periods of economic growth and decline.



100 %-KLUBBEN

AJ Products is a member of 100 %-klubben, a network for knowledge and exchange between organisations and businesses that promotes the reuse of all IT equipment.



PACKAGING AND NEWSPAPER COLLECTION

AJ Products works with FTI, a nationwide recycling system, and thereby fulfils its producer responsibility for collecting and recycling packaging materials.



ISO

Certification of quality management and environmental management systems.

PRODUCT-RELATED



BASTA

Through its work with BASTA, AJ Products actively contributes to reducing hazardous chemicals in its products and product ranges.



NORDIC SWAN

Nordic swan is the official ecolabel for the Nordic countries. It examines the environmental impact of goods and services throughout their lifecycle and places requirements on function and quality.



SUNDAHUS

SundaHus offers a comprehensive solution for systematic efforts at phasing out hazardous substances throughout a building's lifecycle.



MÖBELFAKTA

Möbelfakta is a complete reference and labelling system for furniture, covering technical, environmental and social responsibility requirements. Möbelfakta-labelled furniture meets environmental requirements, is manufactured according to ethical guidelines and complies with the relevant quality specifications.



BYGGVARUBEDÖMNING

Byggvarubedomningen assesses construction materials on the basis of their chemical content, their lifecycle environmental impact and their wider social impact in the supply chain.



FSC

FSC is a certification system that promotes environmentally, socially and economically sustainable management of the world's forests.



ajproducts.com



This is AJ Products' third Sustainability Report and regards the 2019 financial year.
The Sustainability Report concerns AJ Products AB (556190-7329), a wholly owned subsidiary of AJ Postorder AB.
The Sustainability Report is prepared in accordance with the Swedish Annual Accounts Act, Chapters 6 and 7.

The Board of Directors of AJ Products AB has approved this Sustainability Report along with the Annual Report and consolidated financial statements.