

A low-angle photograph looking up at several tall skyscrapers, including the Freedom Tower, framed by the lush green canopy of trees. A bright sun flare is visible in the upper left quadrant, creating a warm, ethereal atmosphere.

SUSTAINABILITY REPORT

2017

ROL

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1. ABOUT ROL

ROL AB is a family-owned company with headquarters in Jönköping and a history that stretches back over 30 years. Since 1985 we have developed and delivered practical interior fittings for thousands of offices and retail stores around the world. Today, ROL has production facilities in Sweden, Lithuania, the USA and China. Our customers can be found in most parts of the world.

The ROL Group is divided into two main business areas: ROL ERGO and ROL RETAIL. ROL ERGO manufactures stands for height-adjustable desks. ROL RETAIL manufactures interior fittings for a variety of retail outlets, including filling stations, pharmacies, clothing stores and supermarkets.

ROL has a long history of building on our employees' expertise, and we believe it is a firm advantage to have our own production facilities. These factors have led us to the point where we now own a large part of our production chain, from design all the way through to electronic controls and the finished product. Thanks to this broad reach we are able to supply high-quality products while remaining cost-effective and maintaining close control over the manufacturing process.

This report presents results for the entire Group, unless otherwise stated



KEY FACTS – ROL 2017

Turnover: SEK 1.1 billion.

Number of employees: 780, of whom 40% are women.

Amount of steel used: 13,550 tons

- We fitted out around 200 stores and around 60 restaurants.
- We supplied stands for around 500,000 office desks.
- We transported 24,960.7 tons of goods, which involved a climate impact of 1,918.4 tons of carbon dioxide equivalents.
- We had 301 suppliers, of whom 36 accounted for 80% of the purchase value.
- Our employees received a total of 3,768 hours of training (figure for Sweden not available).



2. CEO'S COMMENTS

- INTERVIEW WITH PER-OLOF SVENSSON, CEO OF ROL

ROL in 2017

"2017 was a year of change! ROL Ergo replaced its operational management and external board, which required us to consolidate the organization by developing a new business plan with the goal of growing turnover and profitability. It was also an exciting year for ROL Retail. We went back to our roots and began the journey that will take us into the future as ROL Fredbergs, which will mean that in addition to having modern production technology we will be able to offer our customers turnkey solutions and greater flexibility."

Challenges in 2017

"In 2015 and 2016 we saw strong growth, which flattened out during 2017. Our profitability dropped and we were forced to consolidate our efforts in order to solve our quality problems. Today, we have solved these problems in a constructive way that will also benefit our customers. The biggest challenge is to embrace the future and at the same time give thought to the sustainability of our logistics and our products."

Measures we took to improve sustainability

"In 2017 we began building and setting up our new factory in Lithuania, which involved efforts by many employees in Sweden, Lithuania and the USA. The factory is expected to start operating in 2018 and contribute to lower energy consumption and more efficient energy generation. We are also reviewing possibilities to invest in solar panels. Such an investment could make the factory almost self-sufficient in electricity. At the end of 2017 we also set up a sustainability group to promote the importance of sustainability issues within the organization."



3. A FANTASTIC JOURNEY

– INTERVJU MED ANSTÄLLNINGSNUMMER 1

Key factors in the success of ROL AB include a culture that is based on innovative thinking, a keen interest in technology and, above all, the courage to try out new ideas. Since 1985 the family-owned company has led the way by being among the first to introduce new solutions and products. They have developed a business that is both innovative and has long-term endurance. Christer Gustafsson was one of the company's first employees and has had the privilege of following this fantastic journey.

"I joined ROL in 1986 as finance manager. As the company grew I was also given responsibility for human resources. From the mid-1990s until the end of 2010 I was HR manager, but also retained some financial responsibilities. For the last six or seven years up to 2017 my main duties were in finance. My role can be described as providing support to all the managers on HR issues, although the individual managers still had overall HR responsibility for their own areas," explains Christer.

How it all began...

ROL AB was founded in the 1970s by Olof Larsson together with his son Robert (hence ROL). Initially it was a sales company that sold interior fittings to customers such as NK, Åhléns and Shell. At that time the company had no manufacturing of its own and all production was outsourced to external suppliers. In 1985, ROL was sold to Kaj Hjelm, who was then CEO of Fagerhults Belysning. Kaj was an entrepreneur with a keen interest in technology.

"One of Kaj's first actions was to acquire control over the entire chain, from manufacturing to the end customer. Because the interior fittings were made from both metal and wood, this involved acquiring a couple of woodworking companies in Nässjö and Tibro, as well as metalworking suppliers. Today, the



FORMER HR MANAGER CHRISTER GUSTAFSSON



business focuses on metal fabrication, and the production of wood components is outsourced.”

Filling stations around the world

In the 1990s, ROL won big contracts with oil companies such as Shell, BP and Esso. These contracts included the installation of fittings in each country where these customers had filling stations.

“At the peak, we were delivering one filling station every hour around the world, in Europe, South America, Asia and occasionally in North America and Africa.”

The massive scope of these contracts not only led to higher turnover but also big challenges for the company. Christer recalls:

“We suddenly needed employees who were fluent in German and English. And we had never even sent an invoice abroad before. This called for an organization that could cover a large number of countries on several continents. The answer was to recruit talented and well-qualified employees.”

From interior fittings to height-adjustable desks.

At the end of the 1990s the price of oil fell and the demand for fittings for filling stations more or less disappeared. Around the same time ROL had acquired JACO-verken, which among other things manufactured height-adjustable office furniture.

“Kaj quickly realized that this was a promising future market. At that time there were only extremely heavy desks that could be raised and lowered with a crank or a single electric motor.”

Demand increased at the start of this century and ROL began supplying height-adjustable solutions, with the result that ROL Ergo now accounts for a large share of turnover. Over the past five years ROL has also invested in technology in order to continue offering both ergonomic and efficient office solutions. This enables users to create healthier and more sustainable workplaces.

A bright future

ROL will face new challenges in the future, but Christer believes that the Group has the right foundations to meet future demands.

“It takes hard work and making sure you do the right things. I’m glad to have had the opportunity to work for 30 years in a family-owned company with a long-term policy of investment. As Kaj said: ‘I don’t care about performance indicators as long as it’s good for the business.’ With a combination of far-sightedness, flexibility, innovation, curiosity and courage I believe that ROL will continue to grow,” he concludes.



4. SUSTAINABILITY – PART OF OUR BUSINESS

“Sustainability is part of the character of ROL as an organization and we aim to take a sustainable approach in everything we do.”

4.1 THE PRODUCTION AND SUPPLY PERSPECTIVE

We are a global player with production on three continents and almost 800 employees in around ten countries. In addition to our own production facilities there are all the suppliers who provide us with raw materials and parts for our products. Our global presence means we have a clear duty to ensure our employees have a good working environment, and to minimize the environmental impact of our production facilities. Because we are able to influence conditions at our suppliers, we also have a duty there towards people and the environment.

From the supplier perspective the challenge is to ensure that our suppliers live up to the requirements we have set in our Code of Conduct. At our own production facilities the challenges include meeting the various cultures that exist at our facilities on three continents, and replacing fossil-based energy sources with alternatives.



OUR PRODUCTION FACILITIES

We have four production facilities, two of which are relatively new. When we designed them we took many different sustainability factors into account. Here are a few examples:

- Modern facilities with safe and healthy working conditions.
- In powder coating, 99.9% of the paint particles adhere to the parts that are painted.
- Lower roof height to reduce energy consumption.
- Sensor-controlled lighting.
- Transport is selected based on its environmental impact (this applies to all our production facilities).
- In 2018 we also intend to install solar panels on our factory in Lithuania. The installation is expected to have an output in the range of 450–500 kW.



4.2 THE PRODUCT PERSPECTIVE

Our products contribute to sustainability. One example is our height-adjustable stands for desks, which help to improve ergonomics in many workplaces. Another is the “ROL Intelligent Office”, which is a platform for efficient office work. This platform allows the number of office work spaces to be optimized, by giving employees an easy way to book office space, while also saving time for employees. The system also has a feature that reminds users to vary their working position. It also helps to reduce the consumption of resources by reducing the need for office work spaces, as well as reducing stress and providing ergonomic benefits.

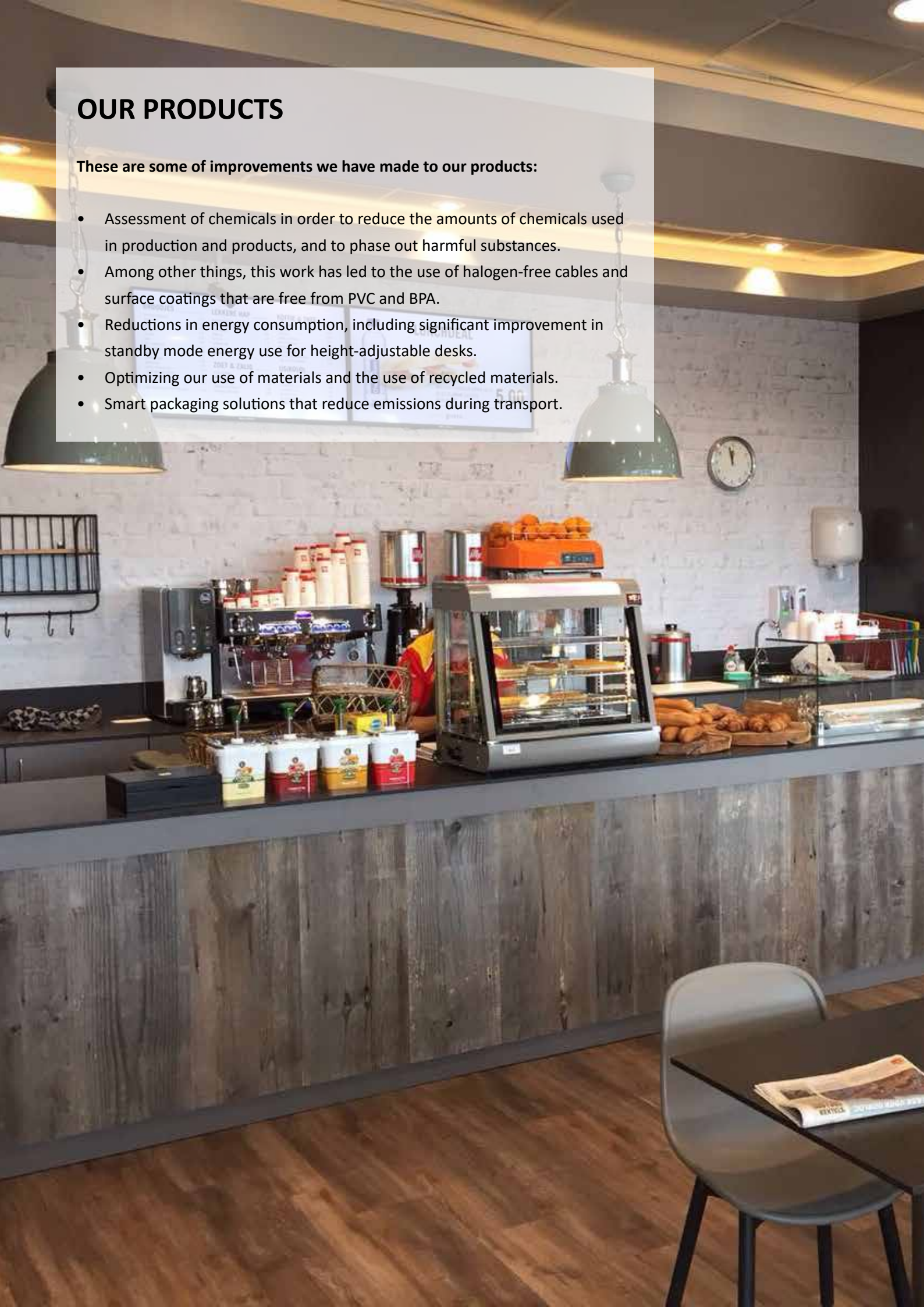
Other important aspects of sustainability that relate to our products include safety, energy use and harmful substances. We continually aim to monitor and make improvements in these areas. We ensure that our products are safe in terms of electrical safety and strength. Most electrical products on the market currently use more than 90 percent of their energy in standby mode, so there is plenty of potential for improvement. In 2013, the control systems for height-adjustable desks had a power draw of around 1 W in standby mode. Thanks to our dedicated efforts we have now managed to reduce the standby consumption to 0.4 W for i-Drive desks that are connected to the internet, and to 0.2 W for the ECS system.

Many products contain substances that are known or suspected of being harmful to humans and the environment. Our ambition is to steadily improve the sustainability of our products by continuously taking steps to replace substances that are suspected to have an impact on health or the environment.

OUR PRODUCTS

These are some of improvements we have made to our products:

- Assessment of chemicals in order to reduce the amounts of chemicals used in production and products, and to phase out harmful substances.
- Among other things, this work has led to the use of halogen-free cables and surface coatings that are free from PVC and BPA.
- Reductions in energy consumption, including significant improvement in standby mode energy use for height-adjustable desks.
- Optimizing our use of materials and the use of recycled materials.
- Smart packaging solutions that reduce emissions during transport.



4.3 THE CUSTOMER PERSPECTIVE

In both our business areas – Ergo and Retail – we have the privilege of working with large customers who impose strict demands on our social, economic and environmental responsibility.

The demands of our customers have led us to work proactively with sustainability issues, both internally and within our supply chain. Our customers' demands also help us to make continuous improvements and promote sustainability efforts within the Group.

Among other things, our sustainability efforts have led to our certification and/or compliance with a variety of initiatives and standards. These certifications and working routines vary between our companies and are tailored to the circumstances and requirements that apply in different parts of the world.



Intertek

Management system complies with
ISO 9001:2015 and ISO 14001:2015



5. OUR BUSINESS MODEL

ROL is a global company that operates locally. We supply height-adjustable stands, flexible office solutions, retail solutions, cash desks and interior fittings. Every day we create custom solutions for offices and turnkey retail concepts. Our extensive production facilities enable us to deliver profitability-enhancing products that meet demands for product safety, performance and design – at a competitive price.

Our flexible organization and working model allow us to grow steadily with our customers and in new markets. Our success lies in constantly remaining at the forefront of development. We apply sustainable innovations and have never lost our sense of curiosity.

5.1 VALUES AND MANAGEMENT

The extensive sustainability requirements of our customers have meant that sustainability has naturally become an integral part of our business model. The basis for our sustainability efforts is our Code of Conduct (CoC), which can be read at www.rolgroup.com. The CoC is based on the UN Global Compact and clarifies our sustainability rules and guidelines, both within ROL and for our suppliers and partners. The CoC covers both socioeconomic and environmental requirements and guidelines.

These are a few examples:

- Guidelines for purchasing.
- Rules to combat bribery and corruption.
- Respect for human rights.
- Rules concerning healthy working conditions and fair payment.
- Guidelines for diversity and anti-discrimination.
- Guidelines for respecting the environment.
- Reporting of misconduct.



In addition to our shared values, we have a number of policies at both global and local level. The foundation is the CoC, which applies in all countries, while some other policy documents are tailored to the circumstances in each country. In 2017 we began a review of all our policies. It is expected that this review will be completed in 2018.

Examples of activities implemented as a natural part of our business model:

- We set clear sustainability requirements for our suppliers.
- We carry out risk assessments on new suppliers and only approve them if they satisfy our requirements.
- Suppliers are regularly audited by our purchasing and quality organizations. In China, audits are carried out by local personnel to eliminate linguistic and cultural barriers.
- Internal audits are carried out annually by our own production facilities.
- Product development, which leads to reductions in energy consumption during the product life cycle.
- Several measures have been taken to improve energy efficiency and the use of renewable energy, such as the installation of energy-efficient solutions at our production facilities.
- Efforts to ensure equal pay for equal work have continued. The salary survey carried out in 2017 showed that the goal of equal pay for equal work was achieved in Sweden. Efforts to achieve this in other countries are continuing.
- Extensive internal training for employees.
- Control measures to reduce the consumption of materials.
- Production of turnkey solutions that involve less transport and hence produce lower emissions.
- Development of “self-service counters”, which reduce stress for our customers’ employees.
- New production facilities have been established outside metropolitan regions, which makes a positive contribution to local community development.

One challenge for us is to develop our business model and our business strategy in ways that ensure closer integration and safeguard the management of sustainability efforts. Our desire is to set the ambition level for our sustainability efforts ourselves while complying with our customers’ requirements.



Sustainability is part of our business

As described above, sustainability is an integral and natural part of our business. It is therefore also natural that sustainability efforts are managed in line with the rest of the organization. Group management has overall responsibility for strategies, goals and initiatives, as well as monitoring results. The various companies and departments in the Group have operational responsibility for their own sustainability efforts. The respective companies' CEOs and department heads have ultimate responsibility.

Monitoring of sustainability efforts is carried out within the line organization, and through internal and external audits. Our customers audit us regularly, and the results of these audits provide valuable tools for our own monitoring and development. Our ambition is to further strengthen the organization for handling sustainability issues during 2018. It is vital that we are made aware of any irregularities within the organization or in our relationships with suppliers and others.

We strive for a culture that allows everyone to speak freely, so that any suspected irregularities can be reported without fear of reprisals. For added assurance we have a whistleblower process that employees can turn to in order to highlight any suspected irregularities.



6. OUR KEY SUSTAINABILITY ISSUES

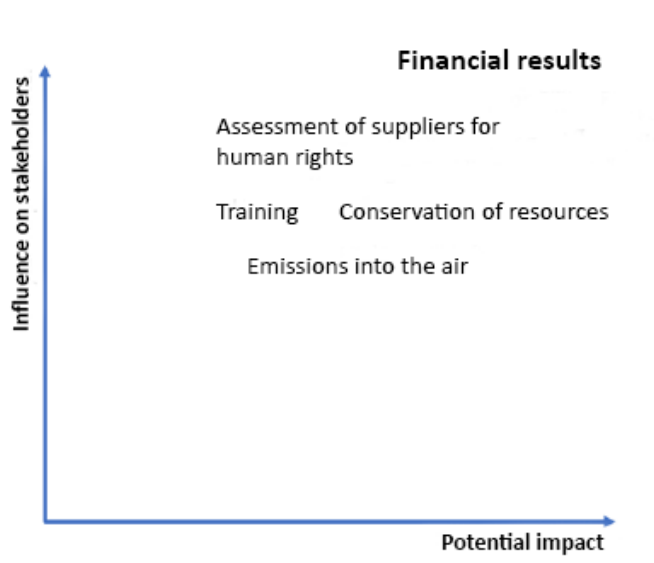
In the process of identifying our key sustainability issues we began with the GRI standard, with the limitation that no stakeholder dialogue has been implemented yet. Consideration was however given to the sustainability demands of our customers. Issues that are important to our customers include:

- Monitoring of social responsibility in the supply chain.
- Measures to reduce water consumption.
- A high degree of recycling in order to minimize the volume of waste for disposal.
- Reducing the use of non-renewable energy sources.

Taking our customers' requirements as a starting point, we have conducted an evaluation of sustainability issues in line with GRI. This evaluation took the form of workshops with employees from different parts of the organization. The results were analysed and then reviewed by the management group for ROL AB. This work has resulted in the identification of five areas as our key sustainability issues.

As shown in the figure below, our key sustainability issues are seen to be:

- Financial results: The good, long-term financial performance of ROL allows us to contribute to the well-being of society.
- Conservation of resources: ROL strives to reduce its consumption of resources (energy, raw materials, chemicals, water and fuel for transport) and use renewable and/or recycled materials wherever possible.
- Emissions into the air: ROL aims to reduce emissions of climate-changing substances.
- Training: Employees of ROL are given opportunities to develop within the scope of their regular duties.
- Assessment of suppliers for human rights: ROL conducts assessments of human rights at suppliers in order to identify any irregularities and encourage suppliers to respect human rights.



Other issues that are also considered to be highly relevant, but which have been given slightly lower priority, are:

- Fair starting wages for new employees.
- Indirect economic impact in communities where our production facilities are located.
- Combatting corruption.
- Assessment of suppliers for environmental conditions.
- Diversity and equality.
- Combatting child labour.
- Combatting forced labour.

Systems for monitoring our key sustainability issues are not yet fully developed and we therefore only have a few examples of measurable figures for our key sustainability issues:

- Steel purchases comprise 20–25% of recycled steel.
- Aluminium purchases comprise 100% of recycled aluminium.

During the process of identifying our key sustainability issues, it became clear that several areas need to be improved and developed. At present we largely lack the information for monitoring, evaluating and improving our key sustainability issues. A more systematic approach to this work is also required in order to monitor developments over time. In the case of issues for which we currently lack reliable data, our ambition is to develop a system to enable monitoring.



7. OUR SUSTAINABILITY GOALS

As described earlier, sustainability efforts have mainly focused on environmental issues and the demands that our customers place on us regarding social responsibility. Our environmental goals are currently being evaluated to bring them in line with the life-cycle perspective. To complement our sustainability goals, new environmental goals will be developed in 2018.

Our sustainability goals:

- To develop an overall strategy and organization for sustainability efforts at ROL globally in 2018.
- To increase the proportion of renewable energy compared with 2017, measured as a percentage of total energy use.
- To carry out a risk assessment of our suppliers from the sustainability perspective. By 2019 all suppliers who were assessed as posing “significant risk” will have been reviewed against the requirements of our Code of Conduct.

We intend to report progress on the above goals in the sustainability report for the financial year 2018.



8. OUR ROAD TO THE FUTURE

Our business and our products have undergone exceptional development in recent years. Our development and innovation efforts have continued to show good results in 2017.

Based on the current status of our business and product portfolio, we believe that we are well equipped to meet future demands. ROL has a long history of ambition, innovation, curiosity and courage in its approach to the future and new challenges.

In order to prepare and strengthen ourselves to tackle future changes, we began a review of our business plan, including our sustainability strategy, in 2017. This review is expected to continue throughout most of 2018. We therefore intend to come back to this subject with a report on our business strategy in the sustainability report for the financial year 2018.

8.1 RISK AWARENESS – A REQUIREMENT FOR ADAPTING TO FUTURE CHANGES

To be successful in the long term, it is vital to continuously adapt to changes in the outside world. As part of this work, we have identified and ranked our sustainability risks. This work was carried out in the form of workshops with employees from different parts of the organization. Risks were identified from a broad perspective that included the environment, social conditions, employees, respect for human rights and combatting corruption.

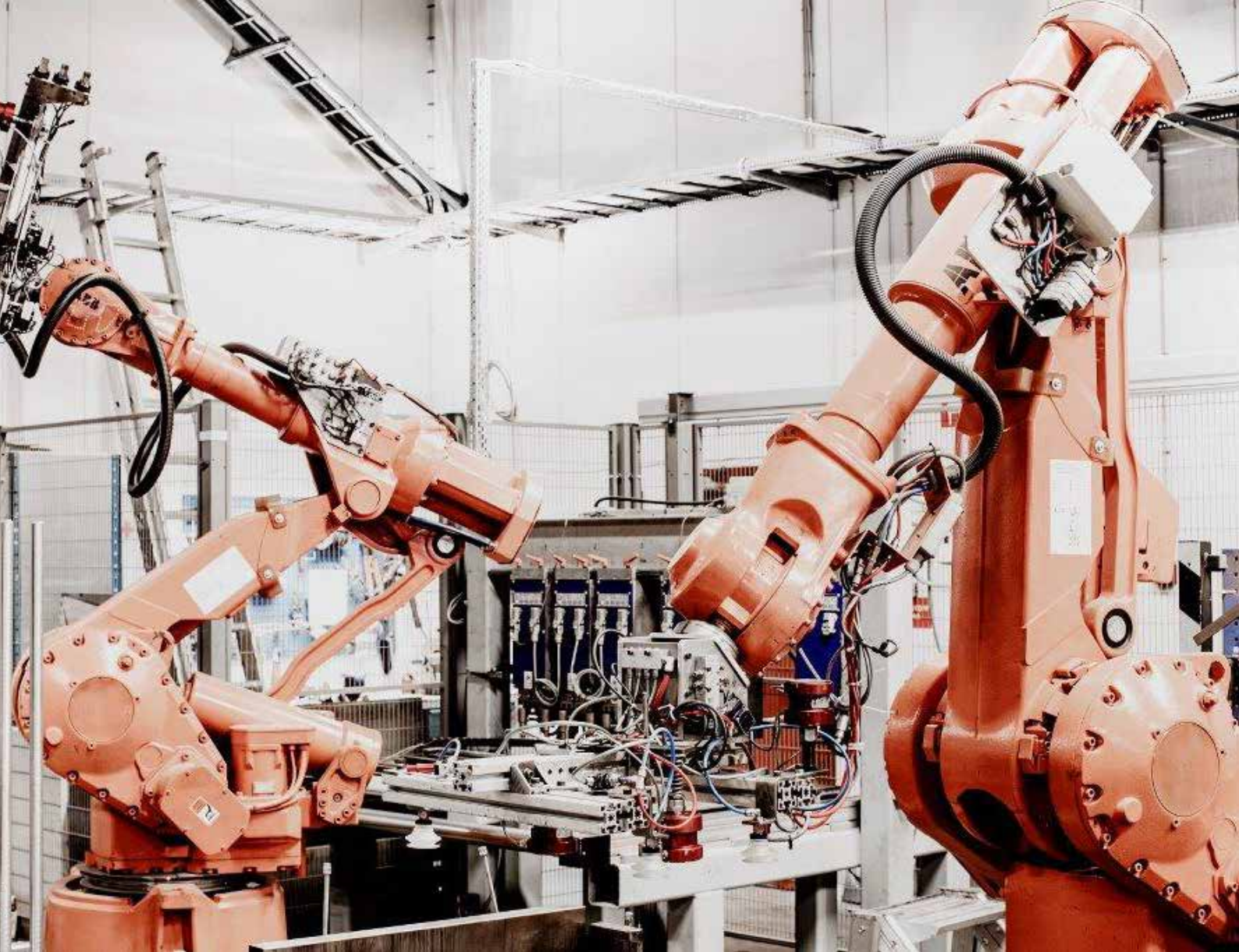
The risks that were ranked highest of all and which require action are as follows:

No.	Environmental risks	We handle risks in the following ways
1.	Energy supply in China (KH factory).	There is potential to transfer production to other facilities if energy shortages arise.
Business risks		
2.	The risk of conflict in the Baltic region could affect the production facility in Lithuania.	We are monitoring developments. There is potential to transfer production if problems arise.
3.	Barriers to trade (import duties, etc.)	We are monitoring developments. There is potential to transfer production if barriers arise.
4.	Development of circular business models; this presents both an opportunity and a risk.	We are considering the possibility of developing the business in a circular direction.
5.	Corruption risk in the selection of suppliers.	Decisions are taken by a team, the Code of Conduct is applied to supplier contracts, an anti-bribery policy and authorization routines are in place.
Social and economic risks		
6.	Risk that enlisted suppliers do not fulfil our expectations and requirements.	Clear directives are set by management, e.g. through the Code of Conduct. Supplier contracts and self-assessment are applied. Audits are carried out by the quality department when purchases are made from a new supplier.
7.	Routine for supplier assessment is incomplete. Risk that important issues are not considered.	A review and update of routines, checklists and reporting systems will be carried out in 2018.
8.	Risk that unclear internal communication could lead to failure to meet customer expectations and requirements.	A review and clarification of our processes and internal specifications of requirements between departments will be carried out in 2018–2019.
9.	Shortage of resources could pose a risk that ambitions and goals for the working environment are not achieved.	A review of resources will be carried out in 2018 to ensure that adequate resources are available or brought in.
10.	Shortcomings in the system for safeguarding skills have been identified. Any shortage of skills could entail a risk that tasks such as supplier audits are not conducted in line with the ambition level of ROL.	A review of the system for meeting skills requirements will be carried out in 2018 to clarify skills requirements and ensure that our employees have the right skills.
11.	Risk that irregularities will not be brought to light because the whistleblower process is not anonymous.	Alternative systems will be examined in 2018.

The table below shows the risks that have been identified and how they have been evaluated. The numbers refer to the table on the previous page.

Influence ↑	High	Minimize 6 7 8	Minimize	Eliminate
	Medium	Monitor 1	Minimize	Minimize 4 9 10 11
	Low	Monitor 2 5	Monitor	Monitor
		Low	Medium	High
		Probability →		

Risks that have a lower score (1, 2, 3 and 5) are not considered to require action at the present. In the case of risk number 5, reliable systems already exist and have been implemented.



9. ABOUT THE SUSTAINABILITY REPORT

The sustainability report for the financial year 2017 is the first sustainability report prepared by ROL. The report applies to ROL AB. ROL is subject to the statutory requirements for sustainability reporting in the Swedish Annual Accounts Act (årsredovisningslagen). This sustainability report has been prepared in accordance with the sustainability reporting requirements set out in chapter six of the Annual Accounts Act.

The GRI standard has been used in part as guidance for the preparation of this report. For the coming year's sustainability report, we intend to carry out further work on the development of the report, for example, by conducting a stakeholder dialogue in 2018.

The process of identifying ROL's key sustainability issues and sustainability risks was carried out by a working group consisting of employees from different parts of the organization. The identified sustainability issues and sustainability risks have been approved by ROL's management team.

If you have any questions regarding the sustainability report you are welcome to contact: info@rolgroup.com.

(This sustainability report was prepared by ROL AB in collaboration with Sundberg Sustainability AB).