

”If you stop getting better,  
you stop being good”

*- Hugo Jönsson,  
the founder of Polykemi*

SUSTAINABILITY REPORT  
2021

**polykemi** 

**rondo**  **scanfill** 

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**pwc**

## Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i Polykemi AB, org.nr 556114-3461

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### Uppdrag och ansvarsfördelning

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2021 och för att den är upprättad i enlighet med årsredovisningslagen.

### Granskningens inriktning och omfattning

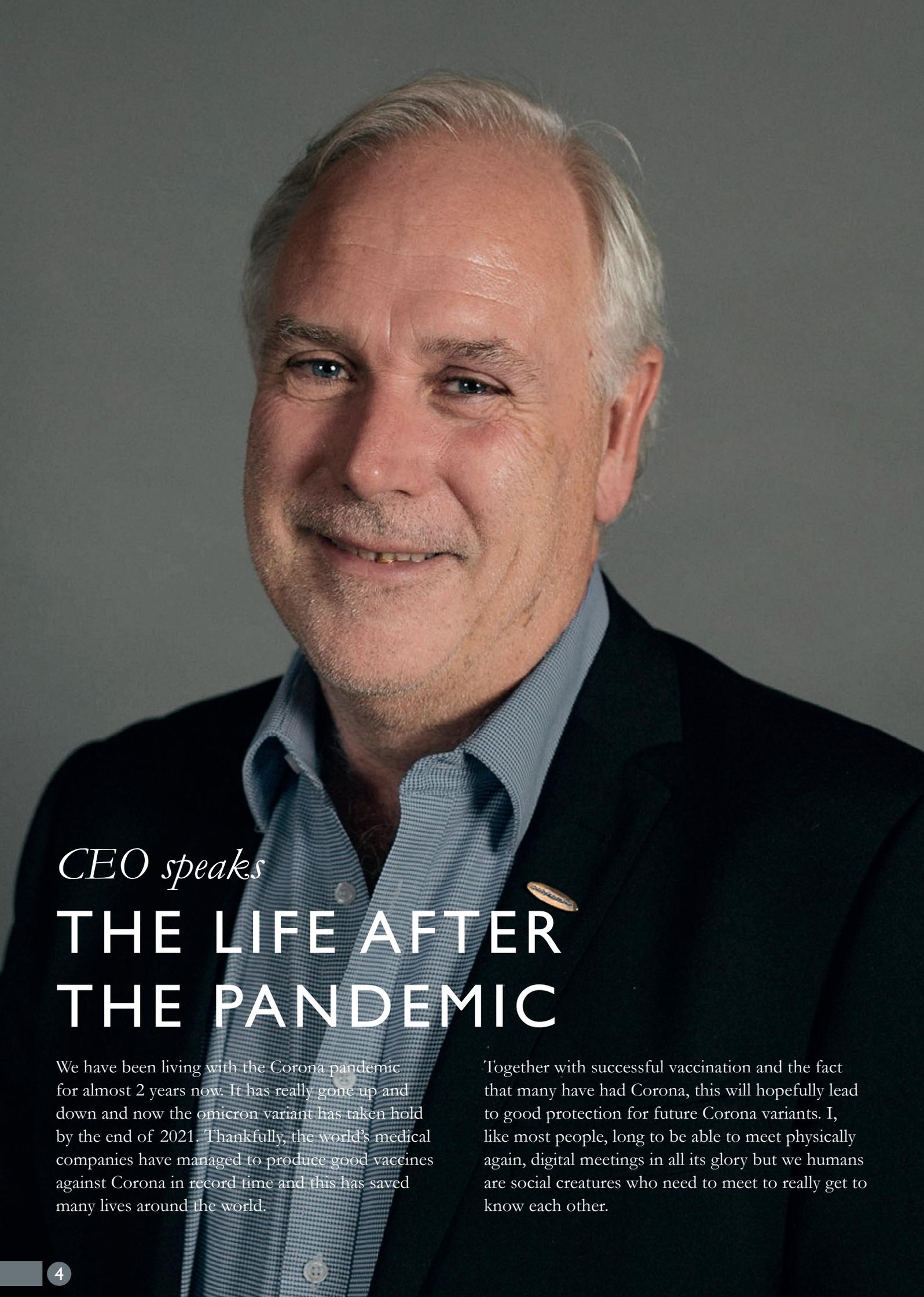
Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

### Uttalande

En hållbarhetsrapport har upprättats.

Ystad den dag som framgår av min elektroniska underskrift  
Öhrlings PricewaterhouseCoopers AB

Ann Rickard Nilsson  
Auktoriserad revisor



*CEO speaks*

# THE LIFE AFTER THE PANDEMIC

We have been living with the Corona pandemic for almost 2 years now. It has really gone up and down and now the omicron variant has taken hold by the end of 2021. Thankfully, the world's medical companies have managed to produce good vaccines against Corona in record time and this has saved many lives around the world.

Together with successful vaccination and the fact that many have had Corona, this will hopefully lead to good protection for future Corona variants. I, like most people, long to be able to meet physically again, digital meetings in all its glory but we humans are social creatures who need to meet to really get to know each other.

Like many other manufacturing companies, we are also affected by the skyrocketing raw material prices for plastic raw materials and transport costs. But it's not only the transport costs that have increased, the delivery times are very long and often uncertain. Our order intake will be as uneven as a roller coaster, as we have most of our customers in the automotive industry and they are affected by the so-called semiconductor shortage. As a result, many car and truck manufacturers have had to close their production facilities in various stages during the year. This affects us as a subcontractor of plastic compounds and therefore it has been particularly challenging for our purchasing and production departments to manage these difficulties.

Polykemi Group continues to grow internationally. We are completing another plant in China (Chongqing) and a new plant in the USA (Gastonia, North Carolina). These investments are part of a strategic initiative in which Polykemi Group aims to be a global supplier with local production on the three continents of Europe, Asia and North America. We consider it very important to be able to guarantee that our customers are supplied with the same high quality materials regardless of the continent in which they have their production facilities. We expect the new factory in Chongqing, China to be completed in Q2 2022 and our factory in the US to be completed in Q3 2022.

During the year, we have also launched the project we call material-smart (see [materialsmart.info](https://materialsmart.info)). This is based on the Life Cycle Assessment (LCA) we did, which means that we mapped the CO<sub>2</sub> impact of our entire supply chain including our own operations. We are seeing more and more customers requesting sustainability data in the form of specific CO<sub>2</sub> material data, in order to make the right material choices from a sustainability perspective and with minimal CO<sub>2</sub> impact. The response from our customers regarding the material-smart concept, along with presentations, has been overwhelming. We are really timely with presenting this concept and when many end customers in the automotive industry want to reduce their CO<sub>2</sub> footprint, we can present material suggestions on how to achieve this.

We are happy to see that we have already started several large customer projects as a result of the

material-smart project. Our assessment is that this will grow in the coming years because of the increasing demands for a shift in the industry towards a lower CO<sub>2</sub> impact.

Our expertise in high quality recycled plastic compounds is a key factor both for the future of Polykemi Group and in the work on material-smart to reduce the CO<sub>2</sub> footprint. Therefore, it is important that we continuously work to secure and develop the supply of recycled materials. This is one of the reasons why we this year invested in new equipment that enables us to process more recycled material types from different raw material sources.

Based on the above, our assessment is that Polykemi Group will strengthen its market position as a global supplier of sustainable materials in the coming years.

Polykemi Group does not have a separate sustainability organization, but sustainability issues are managed as an integral part of other business issues. All employees at Polykemi Group have a shared responsibility for how we act in relation to our customers, suppliers, employees and other stakeholders. Developing our work with our sustainability is an important component in meeting our customers' and stakeholders' expectations and our own goals for continued growth.

My pride in how we have managed 2021 together is hard to describe and I feel very grateful to have so many and such good colleagues within the Group. I am very pleased and proud of the way we have managed our business challenges during the pandemic. We show tremendous collective strength in constantly trying to find solutions in our daily work, both internally and together with customers and suppliers.

Let's work together to reach new heights in the coming years!



**Ola Hugoson**  
CEO for Polykemi AB

# IMPORTANT EVENTS DURING THE YEAR



## NEW PLANT IN USA

The investment in the plant in Gastonia, outside Charlotte in North Carolina, is the largest single investment in the company's history, and enables optimum conditions for Polykemi Inc.'s further growth in North America

The new plant in the United States means we have our own manufacturing facilities on three continents, which also means we have clear quality control. We can guarantee the same high quality in both new and recycled raw materials, as well as the same color on all materials that our plants ship.

Polykemi Inc. will produce the same material in the US as the Group does in Europe and Asia. Furthermore, shipments to American customers will come directly from the plant in North Carolina, saving time, costs and the environment.

The plant is about 50 000 square feet and is expandable up to 100 000 square feet. It will initially be equipped with two production lines, and the expected launch of manufacturing is during Q3 2022.



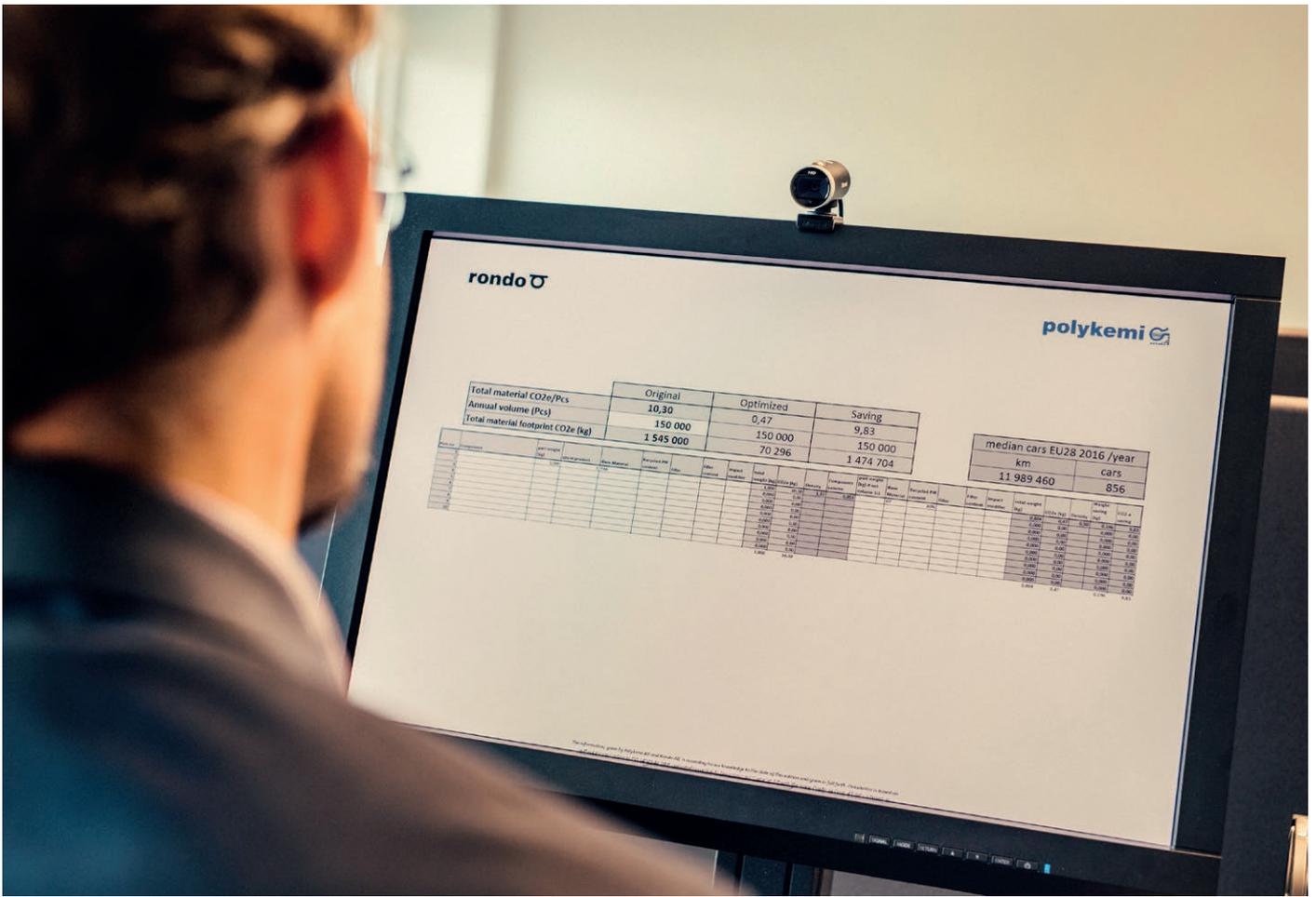
## NEW PLANT IN CHINA

Since its start in 2005, Polykemi Compounds in Kunshan, outside Shanghai, has improved its standing on the Chinese market. During 2019, a third plant expansion at Kunshan was inaugurated.

Starting from 2022, Polykemi Group will further strengthen its presence in China and open another production unit in Chongqing, situated 1600 kilometers from Kunshan. The company has already had a sales office over the past decade in Chongqing, in the populous province of Sichuan in central China, and the new plant will both reinforce customer relationships and improve our service in the region.

Many of our customers and their suppliers are based in this area, so a production plant in Chongqing ensures that we can keep our delivery times and guarantee the same high quality for both virgin and recycled raw materials. We can also guarantee that customers with production on multiple continents get the exact same high-quality concept regardless of whether they have production in Asia, the USA or Europe.

The new 9,300-square-metre plant (ca. 2.3 acres) will produce compounds from both virgin and recycled raw materials. The production is due to start up during Q1-Q2 2022.



## SCIENTIFIC STUDY PAVES WAY FOR NEW LCA SIMULATION TOOL FROM POLYKEMI GROUP

For any finished product on the shelf, between 60 and 80 percent of the carbon footprint originates from the raw materials it is produced from. That is why manufacturers have a responsibility to choose the best materials for their product in terms of function, weight and carbon footprint.

During 2020-2021, we have conducted a scientific study, analyzing the climate impact of all our products. The study demonstrates that the choice of material has a significant part to play in the fight against climate change and assists customers in making smart material choices.

Based on the scientific study, we developed a simulation tool that enables us to calculate the cradle-to-gate carbon footprint of all our materials. With this tool, we give our customers the possibility to assess the environmental footprint of the components they produce.

It's easy to select materials out of force of habit, even though there may be significantly better alternatives available that would reduce costs, save time and lower the carbon footprint.

We can now demonstrate the difference material choices make and help our customers select an optimal alternative in terms of customer requirements, costs and climate performance.

The scientific study was conducted in collaboration with a third party to ensure an objective analysis according to applicable standards. The Life Cycle Assessment (LCA ISO 14040) methodology was used to quantify the environmental aspects of existing or planned products.

## COUNT ON US

Did you know that 60-80% of a component's total CO<sub>2</sub> footprint comes from the raw materials, before even reaching the end user? The calculator below allows you to by yourself easily simulate how much the climate impact is reduced when you replace a material with a climate-smarter polymeric alternative. The results are based on Polykemi Group's production facilities in Ystad.

PIR = Post Industrial Recycled, HBK = High gloss PP

Current material	Component weight (g)	Replacement material
PA6 GF30	1000	PP GF30

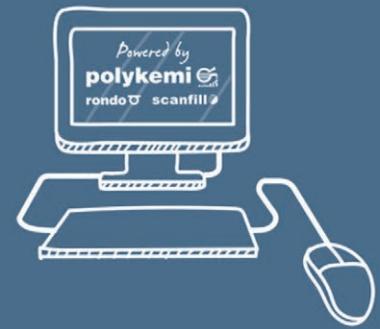
If you change from **PA6 GF30** to **POLYfill PP GF30**,

the climate impact decreases by:

**75 %**

and the component will be:

**4** times more material-smart.



Contact us and we will be happy to explain our calculations and show you how we together can make your products more material-smart with the help of our more detailed calculation tool.

Contact us

## MATERIALSMART.INFO

To further demonstrate how Polykemi Group can help its customers choose the most optimal material for the right application, we have developed a website called materialsmart.info. This includes a simplified version of Polykemi Group's calculation

tool, which our customers can use to simulate different material choices in a calculator and see the impact they have on the climate. There are also examples of various material-smart projects where significant savings have been made.



## OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

All companies are responsible for the health and safety of their employees in the workplace, as well as for other people who may be affected by the organization's activities. This responsibility includes promoting and protecting both physical and mental health at work.

For about two years, we at Polykemi Group Sweden have been building up a management system for health and safety at work and we made the decision

in November to be certified according to the Occupational Health and Safety standard (ISO 45001). This management system is available on our intranet and is accessible to all employees.

The system is based on a process approach with integration to ISO 9001/ISO14001 where it should be easy to find different descriptions and processes for different things concerning our work environment management.

# OUR SUSTAINABILITY WORK

The Polykemi Group this year publishes its eleventh sustainability report. Our first three sustainability reports, 2011 - 2013 were written in accordance with GRI (Global Reporting Initiative) version G3.1. From the 2014 to the 2016 report, our sustainability reports have been published according to the version of GRI G4 (base level Core).

This year's sustainability report is prepared according to the new GRI Standards Core, which is described at <https://www.globalreporting.org/standards/>.

The report describes the Polykemi Group's work with sustainability issues and encompasses the 2021 calendar year unless otherwise indicated in the text. In accordance with GRI Standards, we have focused the report on the areas that have been identified as being most important in dialogues with interested parties and in materiality analyses. As in last year's report, published on April 17 2020, we have done another division of our substantial areas, whose aim shall be to clarify our most important sustainability areas (see Figure 6 on page 19).

This sustainability report covers the Group's operation at the Polykemi, Rondo Plast and Scanfill companies, as well as Polykemi Compounds Ltd. in China and Polykemi Inc. in the USA. The term "Polykemi Group Sweden/SE" in the report includes Polykemi, Rondo Plast and Scanfill. Unless otherwise stated, the reported results apply to the entire Polykemi Group. The accounting principles are the same for all companies in the entire Group.

Any substantial changes, such as ownership, structure, company size etc., have not taken place during the accounting period. Neither has the Polykemi Group made any changes in business direction or in the products in 2021.

The Polykemi Group has no separate sustainability organisation, but rather the sustainability issues are governed as an integrated part of other community business issues. The overall strategic focus is established at the Group level and is governed by the Group's policies, for example, work environment policy,

environmental policy and our values (more info in Framework & Management of sustainability aspects, Figure 10 on page 23).

## ENVIRONMENT AND CSR WORK SWEDEN AND USA

Polykemi, Rondo, Scanfill and Polykemi Inc.(USA) are environmentally certified according to ISO 14000:2015. The environmental management system governs all our environmental work, and we conduct a number of projects in order continually to improve and to reduce our impact on the environment. Every year, Polykemi Group compiles an environmental report, in which all priority environmental aspects, goals, improvements and results in the environmental area are presented.

## CHINA (POLYKEMI COMPOUNDS LTD)

The environmental work in China continues, and we have been certified since 2014 in accordance with the environmental standard ISO 14001. The ISO 14001:2015 environmental management system forms the basis for our systematic continued work in developing goals, action plans and improvements within the field of environment for Chinese operation.

## LAWS AND GUIDELINES WITHIN ENVIRONMENT AND CHEMICALS

Polykemi Group uses an external consultant (Ramboll) to carry out audits of our operations, thereby ensuring that we comply with all legal requirements. Furthermore, we are connected with the Notisum law monitoring system in Sweden, and with Envitool in China, both of which ensure that we always have access to the current legislation in the country in question.

During the past year (2021), Polykemi Group has not committed any violations of environmental legislation or local directives.

Polykemi Group always works based on the definition of the precautionary principle. Practically, this means that we always take measures when there is a risk of damage to the environment or human health, which is described in our environmental management routines.



## ADDITIVES

The EU’s chemical ordinance, REACH, came into force on 1 June 2007. REACH contains among other things rules for registration of substances, prohibitions or other restrictions of substances, requirements for permits for particularly dangerous substances and rules for informing customers. A company that manufacture, import or sell goods or chemical products in EU/EES are obliged to follow these rules. The REACH regulation also contains rules for users of chemical products. All substances are covered by REACH and so consequently, most companies within the EU are affected by the regulation. In order to fulfil the requirements of the regulation are all companies affected forced to identify and handle the risks connected to the substances that you manufacture, import or sell within the EU. Everyone who uses chemicals in our line of business must comply with these regulations.

All chemicals handled by Polykemi Group must be in accordance to the demands on MSDS, and that can contain information on 16 different areas. All MSDS is on our management system for chemical handling, Eco Online, and is accessible for all employees. Eco Online also has system support against the REACH legislation and its various lists such as the authorisation list, the restriction list and the candidate list. In China, we have the same chemical management system (Eco Online) which ensures that we have access to up-to-date MSDS data for all chemicals we use in our operations.

## OUR VALUE CHAIN

In our sustainability work, we work to reduce the impact on our own operations. We are also dependent on other

actors to increase the sustainability of the value chain. We exert influence both backwards and forwards in our value chain. How Polykemi Group works with our value chain is presented in Figure 1 on page 12. We have illustrated our impact and our influence as well as what important issues and what approach we have for the different parts of the value chain.

## UN GLOBAL SUSTAINABILITY GOALS

The 17 global sustainability goals (see picture above) are indicative of the countries’ commitment to establishing a clear plan for the work that is necessary up to 2030, in order for the development to be sustainable in the long term. The rapidly growing awareness that it’s necessary to transition against a more sustainable resource utilization will place entirely new demands on the industry.

During the year we have involved ourselves in activities connected to the 17 global sustainability goals. We have locally participated in a network arranged by the local business unit in Ystad Municipality and “Tillväxt Syd”, referred to as “a smorgasbord for new businesses”. The goal with the network is to create a basis for a sustainable industry by displaying areas with competitiveness, economic gain, new business, competence provision and working in line with UN global sustainability goals.

In this Sustainability Report we have chosen to link the GRI indicators to the Global Goals, see GRI index page 44-47. The goals that Polykemi Group has the greatest opportunity to influence are goal no. 8, 9, 12, 13, and 14. These goals can also be linked to existing activities and goals within the Polykemi Group.

## OUR VALUE CHAIN

	RAW MATERIAL	PROCESSING (1:STEP) OUR SUPPLIERS	COMPOUNDING OUR BUSINESS	INJECTION MOLDING OUR CUSTOMERS	MANUFACTURE OF COMPOSITE PRODUCT	CONSUMER
<b>Impact/influence</b> Polykemi Group	Limited influence	Influence	Control	Influence	Limited influence	Limited influence
<b>Raw materials</b>	Crude oil	Manufacture of plastics such as PP, PE, ABS, PC etc.	Manufacture of custom plastic materials (granules)	Manufacturing (injection molding) of details	Composition of various components (different materials)	Use of the end product
	Mineral extraction	Processing of the minerals talc, chalk and fiberglass	Used as reinforcements in plastic compounds			
	Elements	Manufacture of additives, pigments, etc.	Used to add specific properties and color the plastic			
<b>Important issues</b>	<ul style="list-style-type: none"> <li>•Access to raw materials</li> <li>•Service conditions</li> <li>•Impact on nature, emissions etc.</li> </ul>	<ul style="list-style-type: none"> <li>•Product quality</li> <li>•Transports</li> <li>•Service conditions</li> <li>•Energi &amp; resursanvändning</li> </ul>	<ul style="list-style-type: none"> <li>•Efficient use of resources</li> <li>•Profitability</li> <li>•Product quality</li> <li>•Service conditions</li> <li>•Expertise &amp; values</li> <li>•Community involvement</li> </ul>	<ul style="list-style-type: none"> <li>•Material selection (CO<sub>2</sub> impact)</li> <li>•Product range</li> <li>•Transport</li> <li>•Resource-efficient production</li> <li>•Customer satisfaction</li> <li>•Service</li> </ul>	<ul style="list-style-type: none"> <li>•Material selection (CO<sub>2</sub> impact)</li> <li>•Product range</li> <li>•Resource-efficient production</li> <li>•Sustainable and recyclable products</li> </ul>	<ul style="list-style-type: none"> <li>•Sustainable and recyclable products.</li> <li>•Reduce plastic into nature and water (microplastics)</li> </ul>
<b>Our approach</b>	<p>Supplier selection Selection of raw materials Cooperation with our suppliers</p>	<p>Supplier selection Selection of raw materials Cooperation with our suppliers</p>	<ul style="list-style-type: none"> <li>•Environment &amp; quality management system (ISO 9001 and ISO 14001)</li> <li>•Product development</li> <li>•Responsible market behavior (values)</li> <li>•Systematic handling with work environment</li> <li>•Cooperation &amp; community involvement</li> </ul>	<ul style="list-style-type: none"> <li>•Materialsmart.info</li> <li>•Product development</li> <li>•Marketing</li> <li>•Technology training together with customers</li> <li>•Customer Interaction</li> </ul>	<ul style="list-style-type: none"> <li>•Materialsmart.info</li> <li>•Product development</li> <li>•Marketing</li> <li>•Technology training together with end customers</li> <li>•Customer collaboration (end customers)</li> </ul>	<ul style="list-style-type: none"> <li>•Product development</li> <li>•Marketing</li> <li>•Contributing to information about plastics</li> </ul>
<b>Rondo Plast</b>	Recycled material	Processing of recycled material (sorting, grinding, mixing etc.)	Manufacture of custom plastic materials (granules)	Same as above	Same as above	Same as above

Figure 1

# POLYKEMI GROUP

## KEY FIGURES



BRINGS OUT THE BEST IN PLASTICS

	2021	2020
Turnover (mSEK)	1180	895
Result (mSEK)	146	77,9
Equity ratio (%)	65	66
Employees*	231	216

(\*All employees are employed by Polykemi, but with different placements.)

### POLYKEMI COMPOUNDS LTD (KUNCHAN, CHINA)

	2021	2020
Turnover (mSEK)	182	154
Result (mSEK)	16	30
Equity ratio (%)	75	87
Employees	82	72

### POLYKEMI INC.

	2021	2020
Turnover (mSEK)	70	62
Result (mSEK)	6,5	5,4
Equity ratio (%)	59	46



BRINGS OUT THE BEST IN PLASTIC RECYCLING

	2021	2020
Turnover (mSEK)	189	134
Result (mSEK)	19	4,5
Equity ratio (%)	80	82



BRINGS OUT THE BEST IN PACKAGING

	2021	2020
Turnover (mSEK)	58	41
Result (mSEK)	4,5	3,8
Equity ratio (%)	92	91

### SUBSIDIARIES

*Denmark, Germany and Czechia*

	2021	2020
Employees	11	11

# ABOUT POLYKEMI GROUP

## POLYKEMI BACKGROUND

Ever since the company was founded in the spring of 1968, the basic concept has been the same: to manufacture customised plastic compounds and to strive to do it better than anyone else in the world. From the very beginning, Scandinavia was chosen as the principal market, and even today Scandinavia continues to be an important market, even though we currently work in most European countries and around the world.

Our strength lies in continually being one step ahead and in being able to offer customised product ranges with solutions so unique and creative that no one else can compare with us on like terms. This involves inter alia our documented skill in colour adaptation, multiple reinforcements and fibres in a large quantity of various polymers, and our ambition to co-operate closely with our customers where security, close personal contacts, a high level of skill and problem-solving abilities are our guiding principles.

Polykemi is an innovative knowledge-based company that satisfies the market's demand for absolutely world-class end products.

## FAMILY-OWNED COMPANY

Polykemi Group is a family-owned company with 324 employees. The main office is located on Bronsgatan 8, Ystad, Sweden, and houses all of the company's main functions, such as sales, technical customer support, purchasing, administrative support functions, as well as research and development.

The Polykemi Group includes the parent company, Polykemi AB, as well as the fully owned subsidiaries

of Rondo Plast AB, Scanfill AB, an independent subsidiary Polykemi Compounds in Kunshan, China, which is engaged in sales, purchasing and production. In addition, there are also our own subsidiaries and sales offices in Denmark, Germany, the Czech Republic and the United States. The companies that make up the Polykemi Group are further presented in Figure 2 on page 15.

## BOARD AND MANAGEMENT

It is the responsibility of the board and management to ensure that the work within the fields of environment, work environment, monitoring of ethical guidelines, social responsibility and sustainable economic development complies with the regulations, strategies and goals established.

This responsibility also involves presenting the sustainability report in accordance with GRI in connection with the annual financial statement. The members of the board are presented in Figure 3 on page 15. In 2021, the Board of Directors consisted of 100% men. There has also been a union representative present at the board meetings.

With regard to issues within the field of sustainability, these are repeatedly addressed at the management meetings. The management's review, which includes the reporting of sustainability work, is held four times a year and the sustainability report, which is compiled once a year (sustainability data according to GRI Standards Core), is an accounting tool that strengthens communication between owners, the board and employees. The governance of our sustainability work is presented in Figure 4 on page 15.

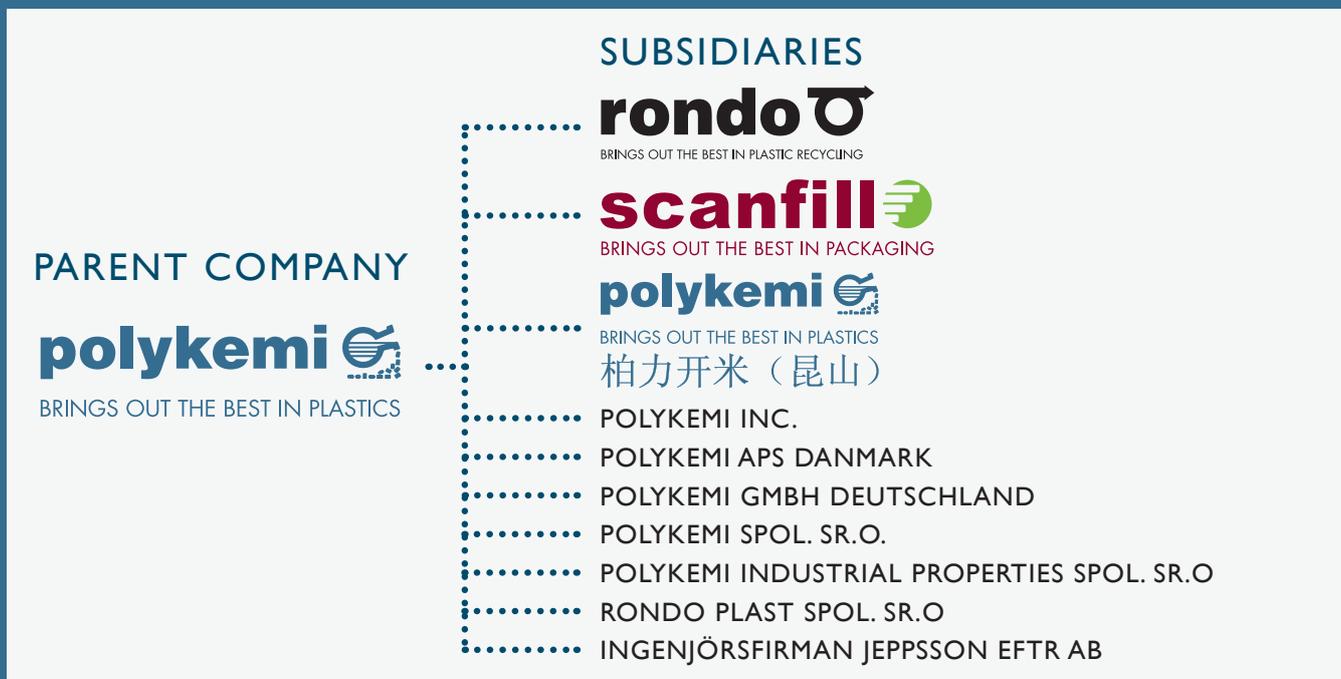


Figure 2

THE BOARD CONSISTS OF

INTERNAL

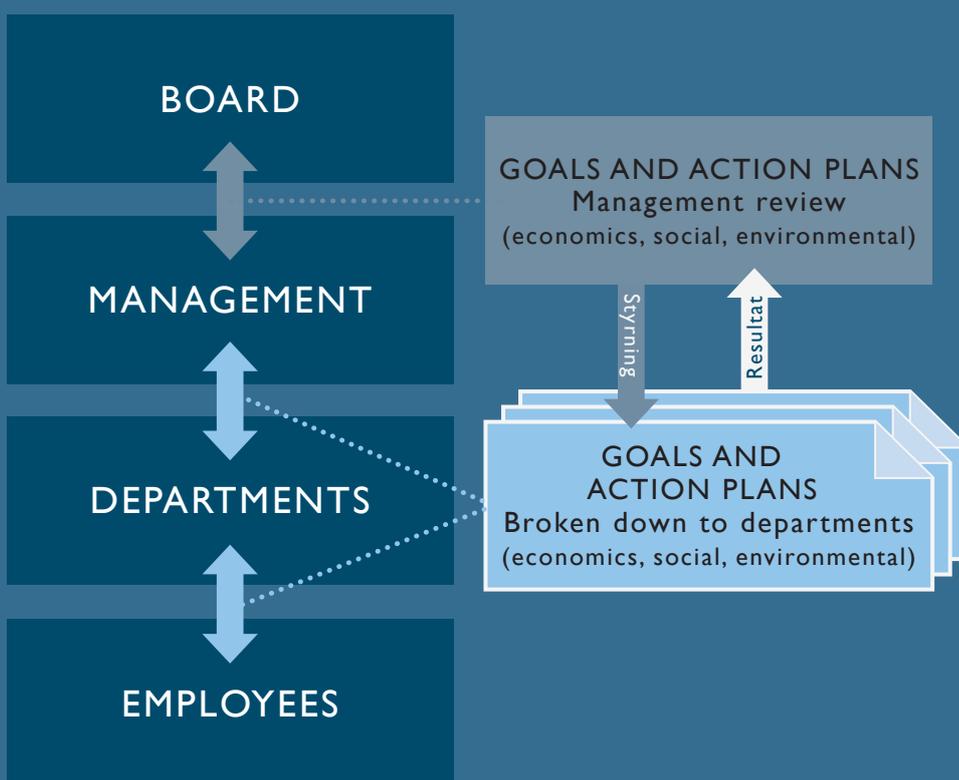
Ola Hugoson b. 1957  
 Lars Hugosson b. 1962  
 Nermin Sazic b. 1972  
 (Union representative)

EXTERNAL

Magnus Bolmstrand b. 1946  
 (external chairman of the board)  
 Torbjörn Wistrand b. 1948  
 Erik Haegerstrand b. 1959

Figure 3

MANAGEMENT OF SUSTAINABILITY WORK



The CEOs of Polykemi Group has overall responsibility for managing the daily business. The CEOs of the companies, who is also board members and owners, reports directly to the Board of Polykemi Group, which also determines the companies' strategies in the field of sustainability. Sustainability issues are reported and followed up in management through action plans of environment, economics, HR and communication. The various action plans are subsequently implemented in the organization by department managers.

Figure 4

# MARKET OVERVIEW

## POLYKEMI AB

Polykemi AB produces and sells customised plastic compounds to customers in more than 25 different countries all over the world. In spite of us encountering many different cultural differences in our day-to-day work, the way of doing business is very similar. The market for plastic use in Europe and in other parts the world is subject to constant growth, and those involved in this market know each other rather well.

As an independent compound producer, we purchase our plastic raw material, fillers, additives and colour pigments directly from the world's major manufacturers. We manufacture and then deliver plastic compounds according to the wishes and demands of our customers, so that they in turn can injection-mould and deliver parts to the end consumer. The most common industrial segments are within the automotive industry, household appliances, construction, electronics, household, medicine and more.

We are always trying to develop and improve what we do, as well as to live up to our ambition "Polykemi - a World Class Compounder".

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## SCANFILL AB

Scanfill was founded in 2008 and is an innovative knowledge company that delivers environmentally friendly packaging material. Our products meet the markets requirements in terms of sustainability and the environment. We care about the earth's resources, consciously working to ensure that our products have as little impact on our climate as possible.

Scanfill produces environmentally friendly packaging material and we have two specializations regarding material selection; Scanfoil and Scanfill Foil.

## RONDO PLAST AB

Rondo Plast works with recycling, upgrading and refining recycled plastic raw materials or plastic items.

Rondo Plast offers customers a complete standard programme of compounds based on recycled plastic, in addition to this, there is an opportunity to customise recycled plastic material solutions according to the customer's wishes.

In addition to the strong domestic market in Sweden, customers are mainly located in northern Europe.

Environmental awareness, as well as what we consider to be the obvious desire to recycle plastic, has been with us ever since 1980 when Rondo Plast was founded.

In recent years, the use of recycled plastic injection moulded plastic items has increased substantially around the world, which fact pleases us. The trend is clear that the use of recycled plastic will increase in the future.

Scanfoil is our traditional packaging materials based on PP, PE, PS or PET. Scanfill Foil is our second concept, half filled with minerals. Both of our approaches are climate smart and we focus on choosing the right plastic in the right place.

All our materials can be made from recycled raw materials or customized towards more high-tech material choices for more demanding products. Our materials are approved for food contact and are 100% recyclable.

## POLYKEMI INC.

We have had an American-registered sales company since 2013, Polykemi Inc. There is since a few years back an established cooperation between two American companies (Celanese and Trivalance Technologies) that can produce material locally in the US for Polykemi. During the recent year, Polykemi have started with several projects in the US and a large part of these material are based on recycled materials. Our assessment is that business will continue to develop further on the American market during the coming years.

The American partners in Evansville, Indiana, US, is certified on accordance to the quality standard for ISO 9001 but is still not certified in accordance to environmental standard ISO 14001.

As we presented under "Important events during the year", we will start our own manufacturing unit in Gastonia outside Charlotte, North Carolina, which is expected to be completed in Q3 2022. The new factory in the US means that we will have our own manufacturing on three continents. We can guarantee the same high quality of both virgin and recycled raw materials, as well as the same color of the material supplied from all our factories.

Polykemi Inc. will produce the same materials (both recycled and virgin) in the US as Polykemi already does in Europe and Asia. In addition, delivery to US customers will be directly from the North Carolina plant, saving time, costs and the environment.

When our business is up and running, we will certify the new facility in Gastonia according to both ISO 9001 and ISO 14001. These certifications, in turn, lay the groundwork for us to gather more sustainability data about our manufacturing operations in the US.

## POLYKEMI COMPOUNDS (KUNSHAN) CO.

Our independent subsidiary was founded in 2005 and today it is a successful and reputed compounder for high-quality and customised plastic compounds for customers in Asia.

We see the same trend in China as we see in Europe, that the interest from our customers to use recycled plastic is constantly increasing. Therefore, during the year we have invested in equipment (mill, mixing system and metal check) to upgrade recycled plastic raw material as well as quality control via XRF and DSC. We have also strengthened the purchasing department to be able to increase activity to find the right sources for recycled plastic.

The investment in refining and compounding materials is progressing in the China factory and we also see great potential for strong growth in the future.

As presented under "Important events during the year", we are building another factory in China (Chongqing), which is the center of many car manufacturers in China. We have seen a steady increase in volume growth in the Chongqing region and it has now reached a volume level that allows us to take the step with another factory in China.

The general need for customised plastic compounds continues to increase in Asia, and we feel that we have a very good opportunity to continue to develop and grow organically as this progresses.

## POLYKEMI GROUP

Different companies, we sometimes have different ways of handling different markets, but that which is common is that we will continue to work in the professional, service-minded, flexible and innovative manner that we do today and will continue to be successful in the future. We think our slogan of "If you stop getting better, you stop being good" succinctly summarises this message.

# STAKEHOLDER ANALYSIS

At Polykemi Group, we strive for long-term relations and good cooperation with our stakeholders. This applies to groups and organisations that are affected or influenced by the company's operation. The priorities of our stakeholders shall be the guiding principles for how we conduct business.

Polykemi Group regularly cooperates with our stakeholders through a number of various forums, for example customer meetings, customer surveys, networking and dialogues with various official agencies. Our local attachments in Sweden (Ystad), and various sales offices in Europe and in China (Kunshan and Chongqing) and also in the future in the USA (Gastonia, North Carolina), afford us a continual dialogue with stakeholders even at the local level.

## COMMUNICATION WITH STAKEHOLDERS

Polykemi Group is not only run by a board, shareholders and management, but is also run by the insights we get by listening to our stakeholders. We need to know and to understand what our customers, co-workers, suppliers and the outside world in general expects of a company like Polykemi Group. Every day, we meet our stakeholders in various contexts.

Understanding the expectations of our operation is a requirement for being able to be successful in the long-term and to contribute to sustainable development. That is why our ambition is always to hold a dialogue with our key stakeholders.

In Figure 5 on page 19, there is a summary with

examples of more formalised dialogues held on a regular basis with our key stakeholders. In addition to these continual dialogues, we have held focused dialogues with stakeholders with regard to sustainability.

We have also undertaken a weighing of our various stakeholders and we have employed an assessment model based on influence and interests.

## SUSTAINABILITY - MATERIALITY

Based on the Polykemi Group's long-term success and experience from dialogues held with stakeholders in previous years, as well as the GRI Standards, work began with the new framework for identifying the most important sustainability aspects. This work resulted in an initial prioritisation, which was presented in the 2014 annual financial statement, in which we had 15 sustainability areas.

Polykemi Group's materiality analysis is based on the results from the stakeholder dialogue that was conducted in 2020. For most of our stakeholders, sustainability is mostly about a entirety and having a high minimum level in all areas.

During the end of the year (2020), we carried out a new stakeholder analysis that will form the basis for sustainability work for 2021 - 2022. The results of the latest stakeholder analysis from 2020 will be discussed in various forums like the board, management group and various working groups.

In 2017, we developed a framework in which we categorized our main aspects into four sustainability areas for Polykemi Group. The purpose and goal of the framework was to provide a clearer overview

KEY STAKEHOLDERS	DIALOGUE SESSIONS	PRIORITISED AREAS
Customer	Customer visits of salesman/ technician Market research	Code of Conduct Social commitment Customer relationships
Owner	Annual meeting	Code of Conduct Recycled raw materials/techniques Waste/spill
Board	Board meeting	Code of Conduct Recycled raw materials/techniques Waste/spill
Co-worker	Performance reviews Department meeting Shift meetings	Code of Conduct Customer relationships Social commitment
Supplier	Supplier visits Procurement process/ contract	Recycled materials Supplier relationships Social commitment
Local community	Municipality Contacts Association Contacts	Social commitment Expertise Recycled raw materials/techniques
Authorities	Authority visits	Social commitment Expertise Recycled raw materials/techniques

Figure 5

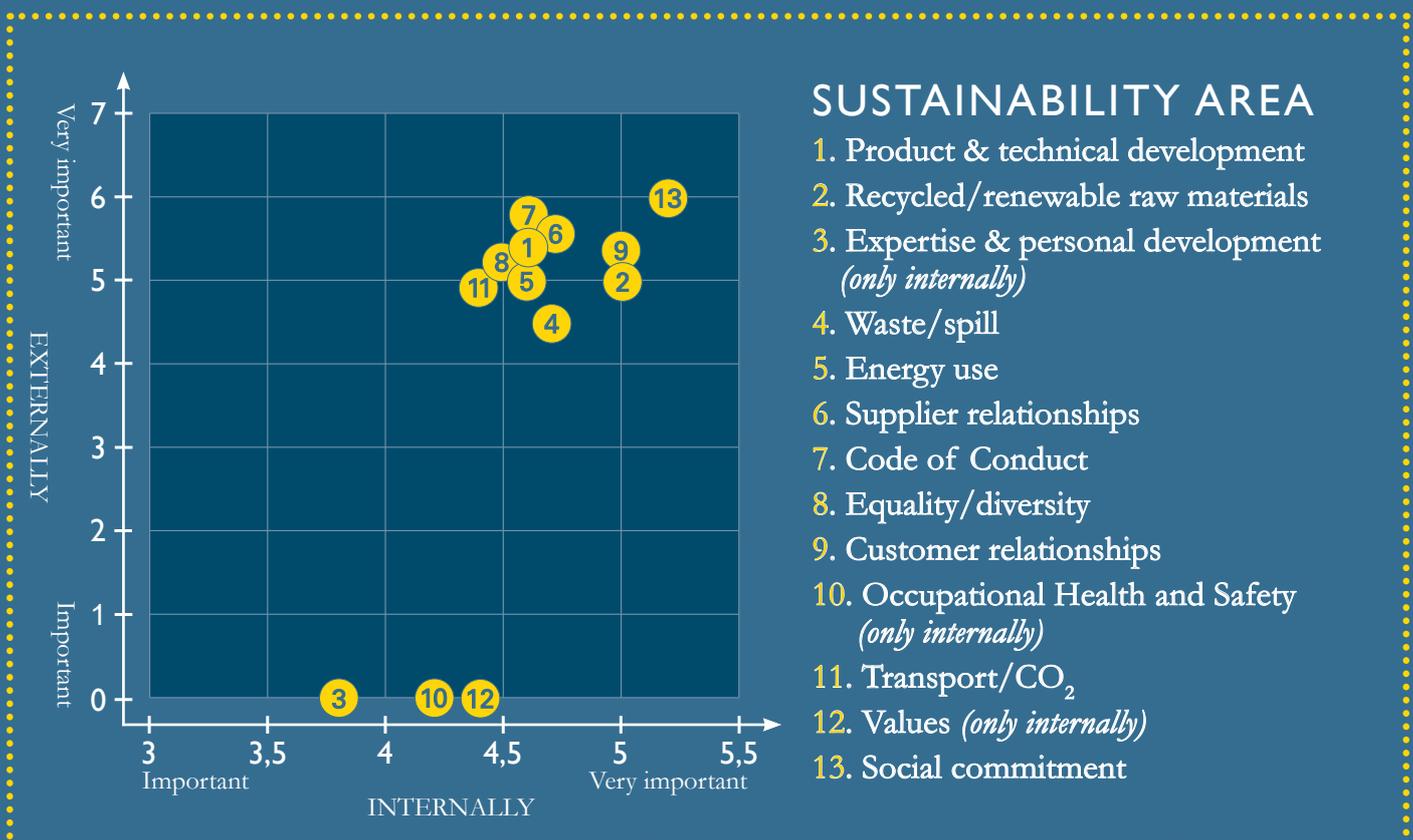


Figure 6

## SUSTAINABILITY COMPARISON - HIGHEST RANKED

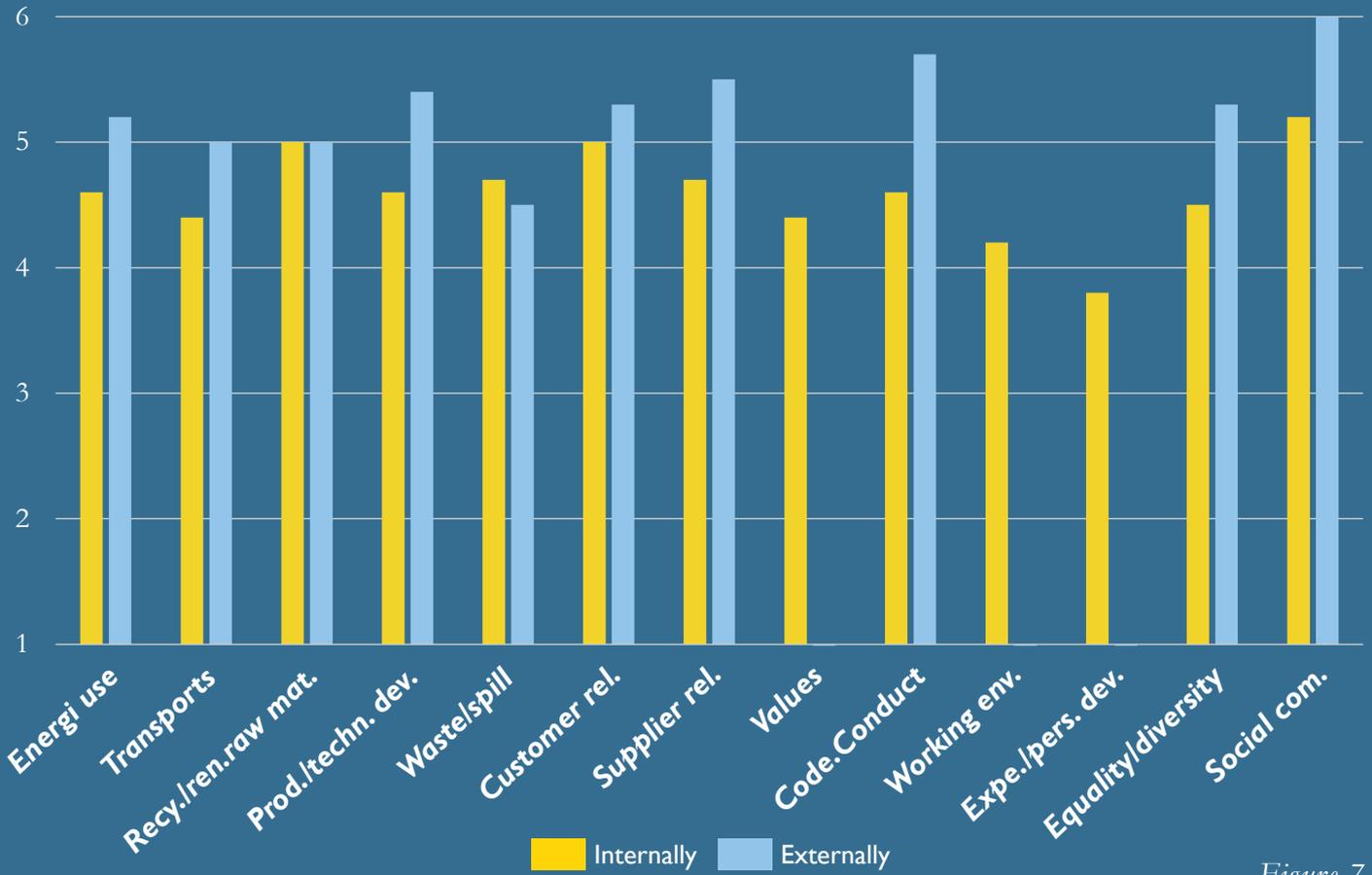


Figure 7

## RISK COMPARISON

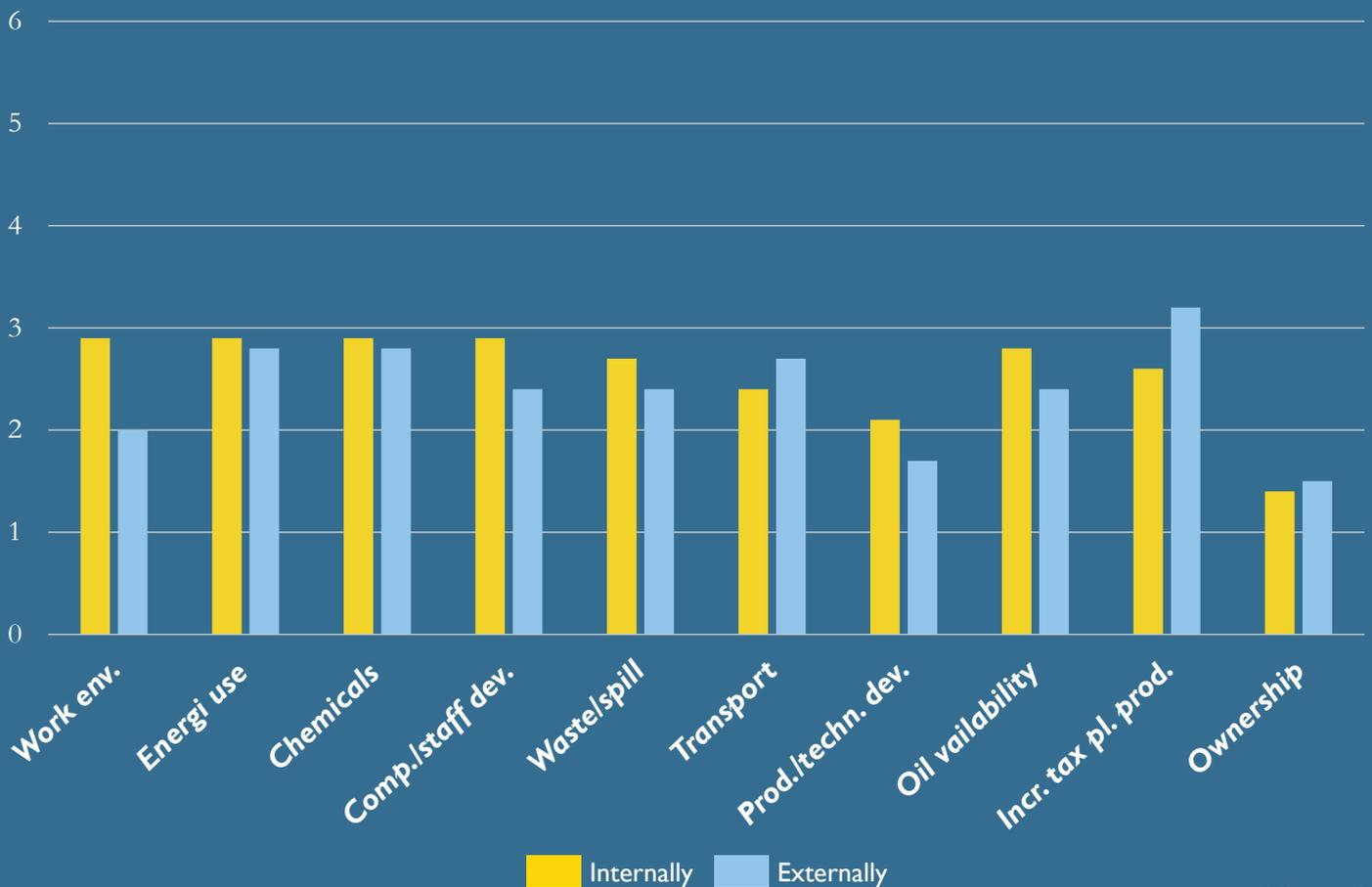


Figure 8

and connection between GRI and our business.

This work resulted in the following 4 main aspects:

- **OWN PRODUCT – SUSTAINABLE PLASTIC**
- **ATTRACTIVE EMPLOYER**
- **RESPONSIBLE BUSINESS**
- **COMMUNITY INVOLVEMENT**

## **PRIORITISED AREAS**

The stakeholder analysis, which was carried out at the end of 2020, was conducted with telephone interviews and includes a total of 46 stakeholders distributed as follows:

- 16 employees
- 5 owners/board
- 15 customers
- 8 suppliers
- 2 government contacts

The questions from the stakeholder analysis cover the areas in Figure 6 on page 19. The questions are valuation questions that are answered with 1 = very bad to 6 = very good and supplemented open questions. The employees and owners/board have answered all questions while other stakeholders have answered selected questions.

Compared to the last stakeholder analysis conducted in 2018, the perception from external stakeholders has improved for own product, responsible business, attractive employer and social engagement, which remain at the highest level.

Internal stakeholder views have improved for attractive employer. It's unchanged for own product and responsible business, and decreased slightly for social engagement.

Based on the description of the most prominent areas, a very positive picture is given, both externally and internally. Internally, we are perceived as a family-owned company with short decision-making paths, commitment and a long-term view in terms of personnel and investments. It is felt that all employees are well looked after and cared for.

Externally, we are perceived as innovative, flexible and constantly developing. Other things that are highlighted externally are that we develop products that have high product quality, are customer-focused and have a high level of technical expertise and support.

Essential or highest ranked for employees is recycled plastic/renewable raw materials, for owners/management it is social engagement, for customers and suppliers it is the Code of Conduct, for government it is social engagement that is top ranked. Internally and externally, social commitment is the highest ranked. An interesting comparison is between customers and suppliers as they have the same ranking; Code of Conduct, product and technical development, customer and supplier relationship, see figure 7 on page 20.

## **RISK ASSESSMENT**

All stakeholders have responded to the risk questions and rated the areas from 1 = very low risk to 6 = very high risk. The risk assessment we carry out as part of the stakeholder analysis covers the following areas:

- Work environment
- Energy use
- Chemicals
- Competence/staff development
- Waste/spill
- Transport
- Product/technical development
- Oil availability
- Increased tax on plastic products
- Ownership

Ownership is assessed as the lowest risk by both internal and external stakeholders. The biggest difference in assessment is in chemicals and product/technical development where external stakeholders indicate a higher risk than internal stakeholders. Our external stakeholders indicate the highest risk for increased taxes on plastic products. The results of the risk assessment are presented in figure 8 on page 20.

## **WHAT WE DO WITH THE RESULT**

By means of actively examining and gauging what our stakeholders feel and think about us, we get the basic information needed to improve and to develop our operation and its governing tools, such as the ISO 14001 and ISO 9001 environmental and quality control systems. With the help of such information, we can initiate and carry out measures whose aims are constantly to improve and develop our business operation.

## SUSTAINABILITY ASPECTS/AREAS

The result of dialogues with stakeholders, in connection with our sustainability work, has resulted in a framework consisting of four areas. Within these four areas, we have prioritised a series of aspects.

On the following pages, we describe more specifically how we control and monitor our four prioritised areas.



### OWN PRODUCT – SUSTAINABLE PLASTIC

The business operation within our various companies in the Polykemi Group is based on plastic, and that is our very core operation. Many people take it for granted that we as a company must take a great amount of responsibility for our core operation, and we now do this by addressing it as its own area.

Prioritised aspects within the area are:

- Energy use
- Transports (CO<sub>2</sub> impact)
- Recycled/renewable raw materials (LCA - CO<sub>2</sub> impact)
- Product development
- Production/technical development
- Waste/spill



### ATTRACTIVE EMPLOYER

In order for a company to develop, we need skilled co-workers and furthermore we need to attract and recruit new ones. Generating confidence, a sense of well-being and pride among Polykemi Group co-workers makes them good ambassadors.

Prioritised aspects within the area are:

- Working environment
- Expertise/personal development
- Equality/diversity



### RESPONSIBLE BUSINESS

Responsible business is about confidence and can be associated with our values.

Prioritised aspects within the area are:

- Financial results
- Customer and suppliers relationships
- Values, anti-corruption



### COMMUNITY INVOLVEMENT

Polykemi Group's owners and management have always had a big heart in being a local company that can act both locally and globally.

Prioritised aspects within the area are:

- Social commitment, sponsoring of associations etc.
- Local investments

# FRAMEWORK & MANAGEMENT OF SUSTAINABILITY ASPECTS

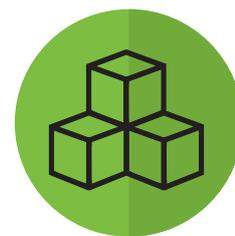
COMPARTMENT	PRIORITIZED ASPECTS	LIMITATIONS	GOVERNING	INDICATOR	RESULTS 2021*	GOALS 2022*
 <p><b>OWN PRODUCT SUSTAINABLE PLASTIC</b></p>	Energy use	Polykemi Group SE Suppliers SE	Environmental policy Environmental action program 2018 - 2020	302-1 Energy consumption within the organization 305-2 Energy indirect GHG emissions - Scope 2	0,418 MWh/ produced ton	0,405 MWh/ produced ton
	Transports	Polykemi Group SE Suppliers SE Community SE	Environmental policy Environmental action program 2018 - 2020	305-3 Other indirect GHG emissions - Scope 3	Reduction of CO <sub>2</sub> by 15% up to 2020. (base year 2015)	Reduction of CO <sub>2</sub> by 40% up to 2030. (base year 2020)
	Recycled/renewable raw materials Production/technical development	Suppliers SE Polykemi Group SE Customers SE	Environmental policy Environmental action program 2018 - 2020	301-1 Materials used by weight or volume 301-2 Recycled input materials used	Share of recycled material > 21,4 % Biomaterials > 2 tons/year	Share of recycled material > 25% Biomaterials > 200 ton/year (2024)
	Waste/spill	Polykemi Group SE Suppliers SE	Environmental policy Environmental action program 2018 - 2020	306-2 Waste by type and disposal method	Production waste < 2,50 %	Production waste < 2,3%
 <p><b>RESPONSIBLE BUSINESS</b></p>	Financial results	Owners - Polykemi	Board, Owners, management	201-1 Direct economic value generated and distributed	Profit > 9,7 %	Profit > 9,4%
	Customer and suppliers relationships	Polykemi Group Customers Suppliers	PRPP Policy (Supplier's approval)	414-1 New suppliers that were screened using social criteria 417-3 Incidents of non-compliance concerning marketing communications	96% approved suppliers 0 st	> 90% approved suppliers 0 st
	Values, anti-corruption	Polykemi Group Suppliers Customers	Code of Conduct FN Global Compact	205-2 Communication and training about anti-corruption policies and procedures 102-16 Values, principles, standards, and norms of behavior	100% implementation of training in the Code of Conduct	100% implementation of training in the Code of Conduct
	Local investments	Polykemi Group SE Suppliers SE Society SE	Purchasing Policy Code of Conduct	204-1 Proportion of purchases by local suppliers	40% of local purchases (office material, other consumption goods)	>30% of local purchases (office material, other consumption goods)
 <p><b>ATTRACTIVE EMPLOYER</b></p>	Working environment	Co-workers SE	Work environmental policy Code of Conduct Personnel vision	403-1 Occupational health and safety management system 403-2 Sick leave, injuries and accidents	Sick leave 5,5 %	Sick leave < 3,1%
	Expertise/personal development	Polykemi Group SE	Performance reviews Competence Tool	404-1 Average hours of training per year per employee	100% completed goals and development talks	100% completed goals and development talks
	Equality/diversity	Polykemi Group	Equality Policy	405-1 Diversity of governance bodies and employees	Target number missing	Target number missing
 <p><b>COMMUNITY INVOLVEMENT</b></p>	Social commitment	Polykemi Group	Sponsorship	Share of sponsorship initiatives with CSR link	Target number missing	Target number missing

Some of our sustainability aspects can have an impact even outside our legal framework with for example our customers and suppliers.

\* Results and goals refer mainly to Sweden, some results for China are reported in other ways in the report.

Figure 10

# OUR OWN PRODUCT – SUSTAINABLE PLASTIC



The main product that we purchase, refine (compound) and sell is plastic. When it comes to our own product (plastic), it is important to point out that the material is not hazardous to the environment, either on its own or in compounds. The reason why it is considered to be an important area is that our main operation is completely based on plastic and that in our environmental management system, we assessed our product to be a considerable environmental aspect based on the fact that plastic polymers are derived from crude oil, which is a finite resource that cannot be reproduced.

To our own product – sustainable plastic – we have associated the following prioritised aspects:

- Energy use
- Transports (CO<sub>2</sub> impact)
- Recycled/renewable raw materials (LCA - CO<sub>2</sub> impact)
- Product development
- Production/technical development
- Waste/spill

## RECYCLED PLASTIC RAW MATERIALS

The increased focus on the global environmental situation has in many ways changed the perspectives of producers and consumers. This along with a substantially increased competitive situation has changed the view on raw materials. The modified view has entailed, for example, a substantially increased interest in recycled plastic raw materials. It has also entailed a change with regard to the requirements on recycled plastic raw materials.

Today, recycled plastic raw materials are used more and more often in highly qualified applications, which places more stringent demands than ever on recycled plastic raw materials. For more demanding applications, having a major environmental benefit

and an attractive level pricing is not enough. Superior technical know-how is crucial in ensuring that the commodity has the sufficient, necessary and essential product quality.

With environment, expertise, quality and history, Rondo has a unique advantage and more than 40 years of experience in upgrading and refining recycled plastic raw materials. Our parent company, Polykemi AB, for more than 40 years has, in many regards generated world-leading skills within the field of technical compounding.

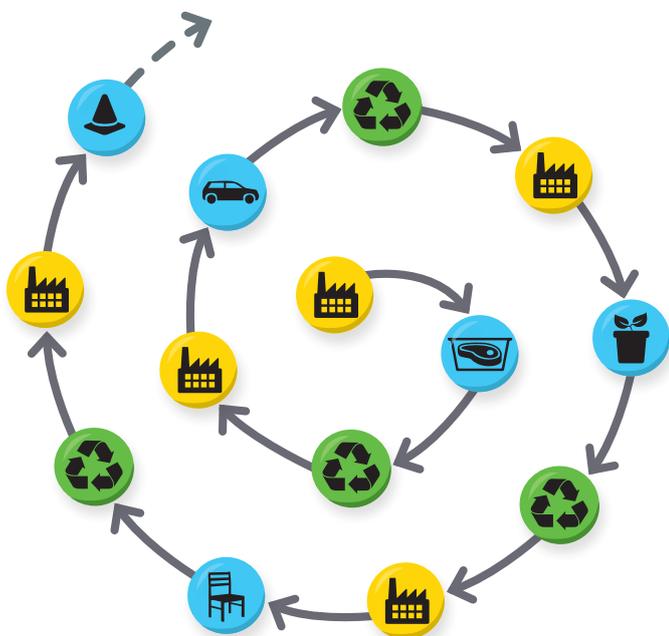
The goal for Polykemi Group is to increase the proportion of recycled plastic raw material in our production. The goal (2021) for Polykemi Group Sweden is to use at least 25% of recycled material in our production.

## RENEWABLE MATERIALS

Polykemi's subsidiary, Scanfill, launched a bio-based packaging material in 2015 which is made of 100% oil-free material. The material consists half of non-oil-based polymers (polyethylene from sugar cane) and the other half is made of a mineral with a relatively low impact on the environment.

The material is now commercially available and is being sold to a number of clients; we are working constantly to make deals with other customers who are interested in bio-based materials.

There will be a bio-based PP on the market next year and since PP is our largest material group, we believe that the interest from our customers will increase in using bio-based PP. It can also, just as in the case of recycled plastic, be mixed in different % units of Bio PP with oil-based PP in order to both achieve a better sustainable product that can meet the customer's requirements.



Figur 11

## SPIRALEKONOMI

We have a concept that we call Spiral Economy (see Figure 11) where we create valuable raw materials from waste materials. By creating cooperations between different industries and reusing our resources, we see opportunities for a sustainable future.

The plastic that once was a juice bottle, dairy packaging or toothpaste tube is not waste. It is a valuable raw material that can be used in a completely new way. Plastic packaging can be recycled up to seven times before it will lose those mechanical properties needed for it to be used in a product; at which point it is better to convert it into energy.

Recycled plastic reduces carbon dioxide emissions by at least 70-90 % when compared to new oil based plastics. A major advantage of distributing recycled plastic to different segments or industries, through the spiral economy concept, is that the demand for recycled material will be much higher. The demand gets higher when compared with materials that must stay in the same sector to maintain a closed cycle where restrictions can easily be found through legislation or demand.

Do you see plastic waste as a danger to the climate? Please don't! It is a valuable raw material that helps us create a sustainable future. A shampoo bottle can become part of a car, or a toothpaste tube can

become a part of a designer chair.

## MATERIAL-SMART LCA SIMULATION TOOL FOR THE CO<sub>2</sub> FOOTPRINT OF MATERIALS

Between 60 and 80 percent of a product's carbon footprint comes from the material it is made from. Therefore, the manufacturer has a responsibility to make the right choice of materials for the right product, including function, weight and carbon footprint.

As we have told you under "important events during the year", during the year we launched a simulation tool that allows us to calculate the carbon footprint of all our materials when they leave our production facilities. This provides the customer with the correct and necessary information for calculating their own environmental impact on their produced product.

## PRODUCTION & TECHNICAL PRODUCT DEVELOPMENT

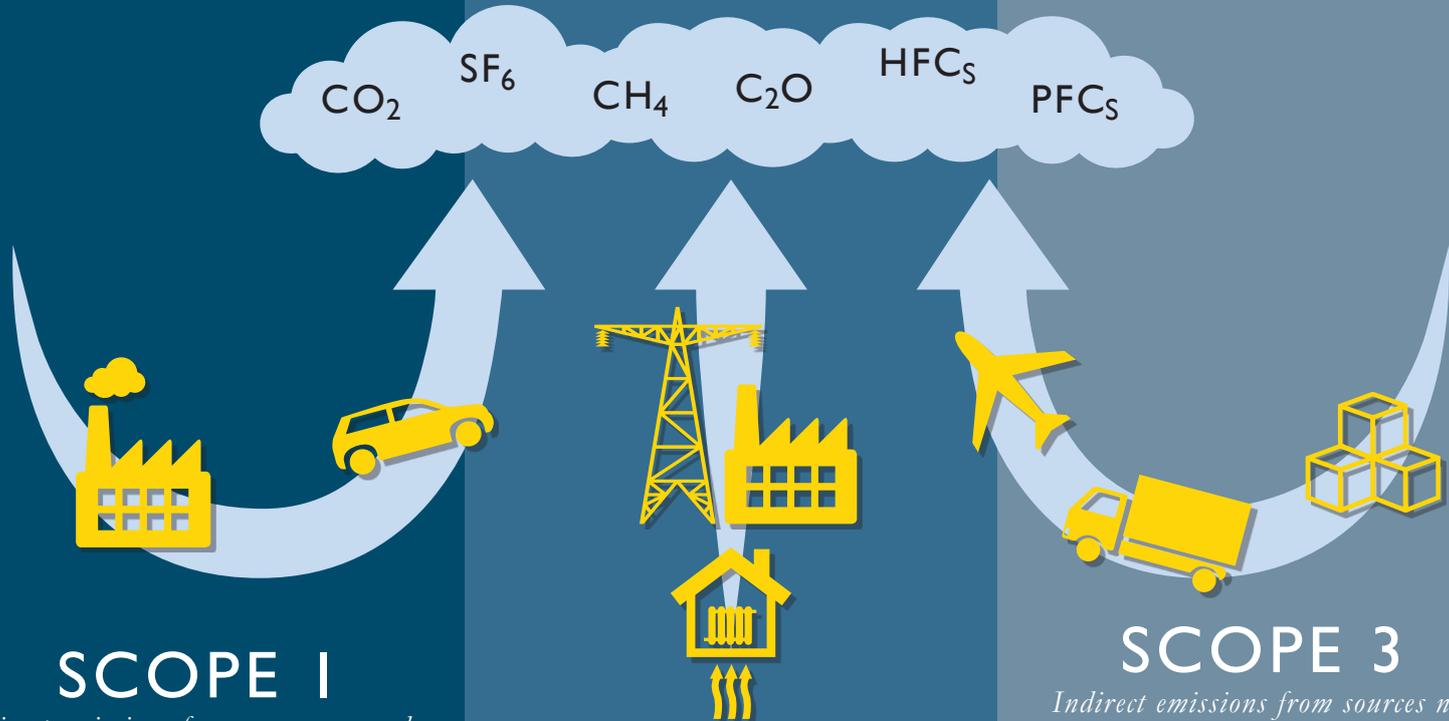
Our product development department is driven by an immense curiosity with an attitude that nothing is impossible. With a well-equipped development department and other staff members with a passion for the job, Polykemi Group can face even the most demanding of challenges. Polykemi Group constitutes a flexible alternative to the major players on the market. See Figure 26 on page 31 for more information on our compounding process.

Without the inertia found in major organisations, the development department can quickly start a project for a customer, no matter whether it pertains to white goods, household appliances, vehicles or some other end product. In dialogue with the customer, we offer creative and unique solutions that are not restricted to a static product range.

## LABORATORY – COLOUR ADAPTATION FOR PLASTIC

Polykemi Group feels that one of the fundamental pillars behind giving our customers high-quality compounds is that we have a well-developed laboratory. At present, the laboratory can conduct around 50 different tests in order to ensure that the compound for the customer has the desired properties.

The work of the laboratory is conducted by well-



## SCOPE 1

Indirect emissions from sources owned or controlled by the organization.

ENERGY USE IN THE ORGANIZATION	2021	2020
Direct energy use: Gasol Sweden (ton)	0,40	0,43
CO <sub>2</sub> -e Gasol Sweden (ton)	1,3	1,4

Figure 12

COMPANY CARS	2021	2020
Total CO <sub>2</sub> -e (ton) Sweden	23,2	22,7
Number of cars Sweden Fossil fuel	19 st	28 st
Number of cars Sweden, El/electric hybrid	24 st	16 st
Total CO <sub>2</sub> -e (ton) China	30,4	29,9
Number of cars China Fossil fuel	5 st	5 st
Number of cars China, El/electric hybrid	0 st	0 st

Figure 13

## SCOPE 2

Direct emissions that come from electricity generation, heat or steam purchased by the organization.

ELECTRICITY CONSUMPTION	2021	2020
Total energy use Sweden (MWh)	22 816	19 903
Total CO <sub>2</sub> -e emissions Sweden (ton)	570	498
Energy use per ton produced Sweden (MWh)	0,42	0,42
CO <sub>2</sub> missions per ton produced Sweden	0,01	0,01
Total energy use China (MWh)	3806	4 031
Total CO <sub>2</sub> -e emissions China (ton)	2 720	2 870
Energy use per ton produced China (MWh)	0,42	0,42
CO <sub>2</sub> -e emissions per ton produced China	0,38	0,38
District heating Sweden (MWh)	454	349

Figure 14

## SCOPE 3

Indirect emissions from sources not owned or directly controlled by the organization but related to it.

CO <sub>2</sub> EMISSIONS DURING TRANSPORT	2021	2020
Inbound raw material (ton)	6 946	5 875
Deliveries (ton)	3 108	2 609
Internal transport Sweden	2 ton	2 ton

Figure 15

FLIGHTS (TON)	2021	2020
Total CO <sub>2</sub> -e emission	9,8	13,9
CO <sub>2</sub> -e emission Europe	6,4	10,5
CO <sub>2</sub> -e emission Asia/USA	3,4	3,4

Figure 16

MATERIAL USE	2021	2020
Total material use Sweden (ton)	52 827	47 325
CO <sub>2</sub> -e emissions Sweden (ton)	131	110
CO <sub>2</sub> -e/ton emissions Sweden	2,760	2,730
Recycled material Sweden (ton)	10 940	10 810
Recycled material Sweden (%)	21,4%	23%
Total material use China (ton)	7 154	7 024
CO <sub>2</sub> -e emissions China (ton)	20 585	20 647
CO <sub>2</sub> -e/ton emissions China	3,005	3,058
Recycled material China (ton)	528	430
Recycled material China (%)	10,7%	7,7%

Figure 17

trained workers with specialist knowledge in the fields of polymers, additives and pigments, and have at their disposal access to a large selection of speciality instruments for testing or inspecting plastic raw materials.

One of the absolute strengths is that we can adapt the colour of all of our compounds as our customers wish. The laboratory is covered by a matching department whose task is to contribute with specialist expertise within the field of pigment – nuance – tolerance development. The matching department serves customers by producing desired colour samples in various compounds in our formulations.

## ENERGY CONSUMPTION

In order to reduce emissions of CO<sub>2</sub>, it is important that we as a company both work at reducing energy consumption and in choosing energy from sustainable sources. We only use electricity and district heating as energy sources to feed our premises and our other business operations. The lion's share of our energy consumption is found in supplying our extruder lines with electricity.

The electricity that is purchased by Polykemi Group Sweden comes 100% from renewable energy sources such as solar energy and wave energy. The company has a cross-functional energy group with representatives from environment and quality, maintenance (electricity) and production (the same organizational model is also available in our factory in China). The energy group works to execute the goals/action plans put forth to reduce the company's energy consumption.

In 2017, we joined an energy efficiency network operated by the County Council in Scania. The purpose of the network is to strengthen the competitiveness of companies and their trademarks by increasing skills in energy-efficiency measures. During the network meetings, the companies receive qualified advice from an energy expert, as well as an opportunity to exchange experiences with other companies in the network. The network and its various corporate meetings will continue until 2021, when a compilation and evaluation will be made by these energy networks that exist throughout the country.

In late 2021, Polykemi Group Sweden has chosen to join a new energy efficiency network called NUDGE (contributing to a digitalization and green transition). The project, which is an EU-funded project, builds on previous experience and will work with four energy networks where a total of 40 companies will be supported in energy-saving measures in processes such as heating, cooling and ventilation. The project's activities will run until August 2023.

Polykemi Group Sweden is covered by the Act (2014:266) on energy mapping for large companies, this means that we must implement and report the following elements to the Energy Agency:

- Overall energy mapping.
- Detailed energy mapping (at least every 4 years).
- Follow-up energy reporting/energy efficiency improvements (every year).

We at Polykemi Group Sweden have carried out a comprehensive energy mapping exercise this year (2021) and plan to carry out a detailed energy mapping exercise next year (2022). A certified consultancy will be hired to conduct both energy mapping exercises.

We have a number of projects within the Polykemi Group with the ambition to lower and optimize our usage of our electricity. One of the most interesting projects we have initiated is that we use process data from existing system and coordinates this data with the aim of lowering our energy consumption. By measuring the consumption online (Siemens Desigo System) and both control and measure the extruders SME (Specific Mechanical Energy, see Figure 19 on page 29), we can optimize the electricity consumption and add the right amount of energy needed to melt the plastics during the compounding process.

Other measures to reduce energy use are presented in Figure 18 on page 29.

## HEAT ENERGY IN OUR PROCESS WATER

In 2021, we commissioned a new cooling water system (geocool) for Polykemi in Ystad, Sweden. We will use cooling water from the bedrock as a refrigerant via a heat exchanger to cool down our process water in production. The water taken from the bedrock is pumped directly back into the ground, so there is no consumption of groundwater, it is just used as a refrigerant in the heat exchanger.

In addition to the above cooling system, we also heat exchange our process water so that we can heat parts of our own office buildings with the waste heat and energy that comes from our own process water.

## TRANSPORTS

A considerable environmental aspect for Polykemi Group is our transports. Transport of various kinds have a major impact on CO<sub>2</sub> emissions in the world. Today, we make considerable use of truck transports for delivery of the company's raw materials and finished materials.

In order to reduce the impact on the environment, our transport and logistics department works to optimise transportation to our customers. This is done by means of a consolidated shipment of materials, as well as warehousing at the subsidiary in the Czech Republic and concession warehouses at a number of customer locations.

In 2021, the company did a follow-up on the CO<sub>2</sub> emissions of our transports with respect to the transportation of the company's raw materials and finished materials. As a requirement for 2020, our expeditors shall apply European standard EN16258 (c- emissions calculation) in order to calculate their CO<sub>2</sub> emissions.

Transportations in China is done both with trucks and by boat (via river); however, in the current situation we have no information to report with regard to CO<sub>2</sub> emissions for Chinese transports.

We also report the CO<sub>2</sub> emissions concerning our business trips. This is presented in Figure 13 and 16 in page 26.

## WASTE AND REFUSE

### Plastic lumps

The largest fraction of waste occurring in our production consists of plastic lumps. We take care of these ourselves and sort them out according to material in order then to be able to grind these clumps in their own shredders into smaller plastic particles/bits. The ground material then becomes a new input plastic commodity that we can use again in our production. We take care of our own waste in the same way in both Sweden and China.

### Plastic bags

Another major waste fraction is our empty plastic bags (25kg bags) in which we receive our raw material. These plastic bags are collected and compressed (a total of approx. 52 tonnes during the year) into larger plastic bales. These plastic bales can then be processed by a special machine (Ereman) that we have at the Rondo plant. Ereman transforms (tears or melts down) these plastic bags so that we get a regranulated material which we can in turn use as our own produced recycled input material during the compounding at Polykemi Group.

### Waste water - water treatment

In our flushing system, we handle filter cleaning, water drainage from sweeper and process water from vacuum pumps. From this facility, we have connected an internal filter cleaning which ensures that we can purify all water that passes through this flushing facility. After this filter cleaning, the water passes through an oil separation plant before being discharged into the municipal wastewater. We regularly verify that we meet the requirements for municipal wastewater by sampling the outgoing water.

### Other Waste

All other waste (including hazardous waste) is handled by our contractor Stena Metall. Follow-up of our waste fractions is presented in Figure 20 on page 30. In China, we have a hazardous waste collection system and there is a certified and approved company that takes care of this waste.

## PROJECT FOR REDUCING PLASTIC WASTE IN OUR SEAS

Sometimes we can read in the media that plastic is one of the greatest environmental threats. The seas are littered with discarded plastic containers, fish die of microscopic plastic particles and what are known as ghost nets float around in large islands killing fish. As a company within the plastic industry, we find it is important that we take our responsibility with regard to this plastic waste found in our oceans.

Even if Polykemi Group is not causing this plastic waste to occur in its own business operation, we want to reinforce our will and ambition to take part in an international effort to reduce the amount of plastic waste. That is why we have joined Operation Clean Sweep during the year (<https://opcleansweep.org/>), it is a global body dedicated to the reduction of plastic waste in our seas.

## ENERGY EFFICIENCY AREA – PROCESS/EXTRUDERS – COOLING/HEATING CONTROL (POLYKEMI GROUP SWEDEN)

MEASURES	SAVINGS (KWH/YEAR)	INVESTMENT (SEK)	REPAYMENT	PLANED IMPLEMENTATION (YEAR)
Digitization project.	(Gives us measurement data for future savings)	600 000	5 years	Starts 2022. 1-2 extruder lines.
Management SME (Specific Mechanical Energy)	1 000 MWh	200 000	1 year	Finished 2021. Savings about 2% of total.
Management SME Part 2, three more extruders.	500 MWh	200 000	1 year	Started 2021.
Using heat energy from "Öster" to heating "Väster"	Calculations perhaps up to 2,000 MWh.	Large pipe costs.	10 years	Decided after the next energy mapping.
Ventilation improvements extruders in "Väster". Heat recovery from extract air fans.	Ongoing project.	Maximum 500 000	5 years	2022

Figure 18

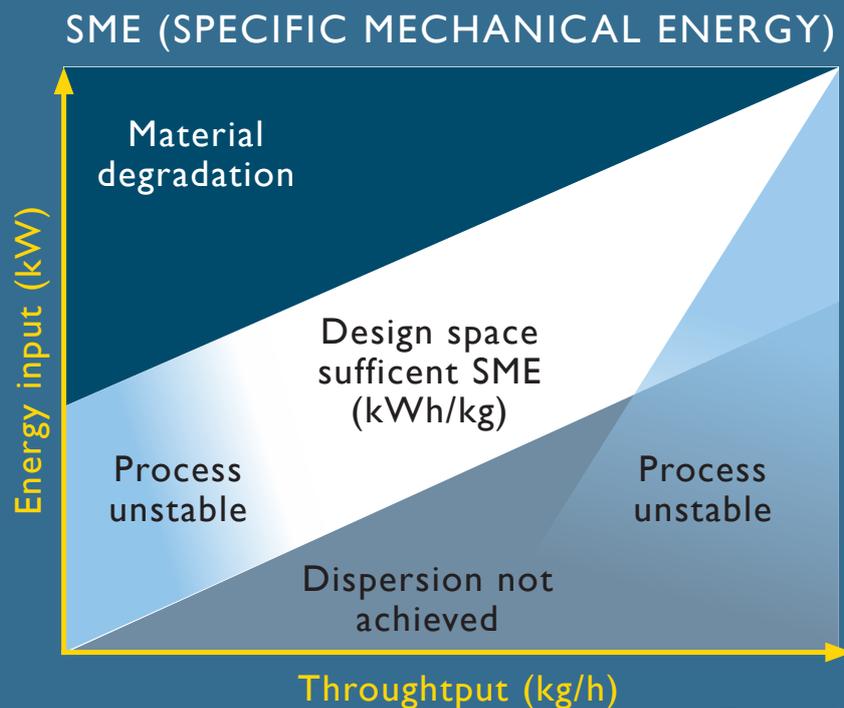


Figure 19

TOTAL WASTE WEIGHT	2021	2020
Burnable waste Sweden (ton)	930	697
Burnable waste China (ton)	43,8	35,8
<b>ÅTERVUNNA TYPER SVERIGE</b>		
Cardboard (ton)	238	193
Plastic package (ton)	125	111
Metal (ton)	61	45
Electronics (ton)	1,4	1,2

Figure 20

USED PACKAGING MATERIAL	2021	2020
Plastic material Sweden (ton)	171	111
Plastic material China (ton)	34	39
Cardboard/paper Sweden (ton)	560	403
Cardboard/paper China (ton)	19	32
Metal Sweden (ton)	37	13
Pallet China (ton)	238	252

Figure 21

HAZARDOUS WASTE CHINA (by selection)	2021	2020
Waste oils (ton)	2,5	1,9
Oil products fixed (ton)	0,2	0,2
Packaging plastic waste (ton)	48,7	31,9
Dust waste (ton)	18,1	3,9
Avfall, aktivt kol (ton)	6,5	6,7

Figure 22

HAZARDOUS WASTE SWEDEN (by selection)	2021	2020
Waste oils (ton)	2,0	1,8
Oil products fixed (ton)	0,4	0,26
From oil separator (ton)	14	22
Paint waste (ton)	0,2	0,5

Figure 23

COMPLAINED MATERIAL*	2021	2020
Sweden (ton)	149	92
Sweden (%)	0,29	0,25
China (ton)	38,3	12,4
China (%)	0,69	0,21

Figure 24

WATER USE	2021	2020
Polykemi (m <sup>3</sup> ) <i>Municipal water</i>	31 877	33 120
Rondo and Scanfill (m <sup>3</sup> ) <i>Municipal water</i>	19 784	16 171
China (m <sup>3</sup> )	9817	10 080
China (drinking water, m <sup>3</sup> )	255	266
Total water use (m <sup>3</sup> )	61 733	59 637
Recirculation (m <sup>3</sup> )	10 718 27 times	7 595 33 times
Recirculation (%) China	55	55

Figure 25

Collection data is done using either internal computer systems or by means of external data collection.

# OUR COMPOUNDING PROCESS

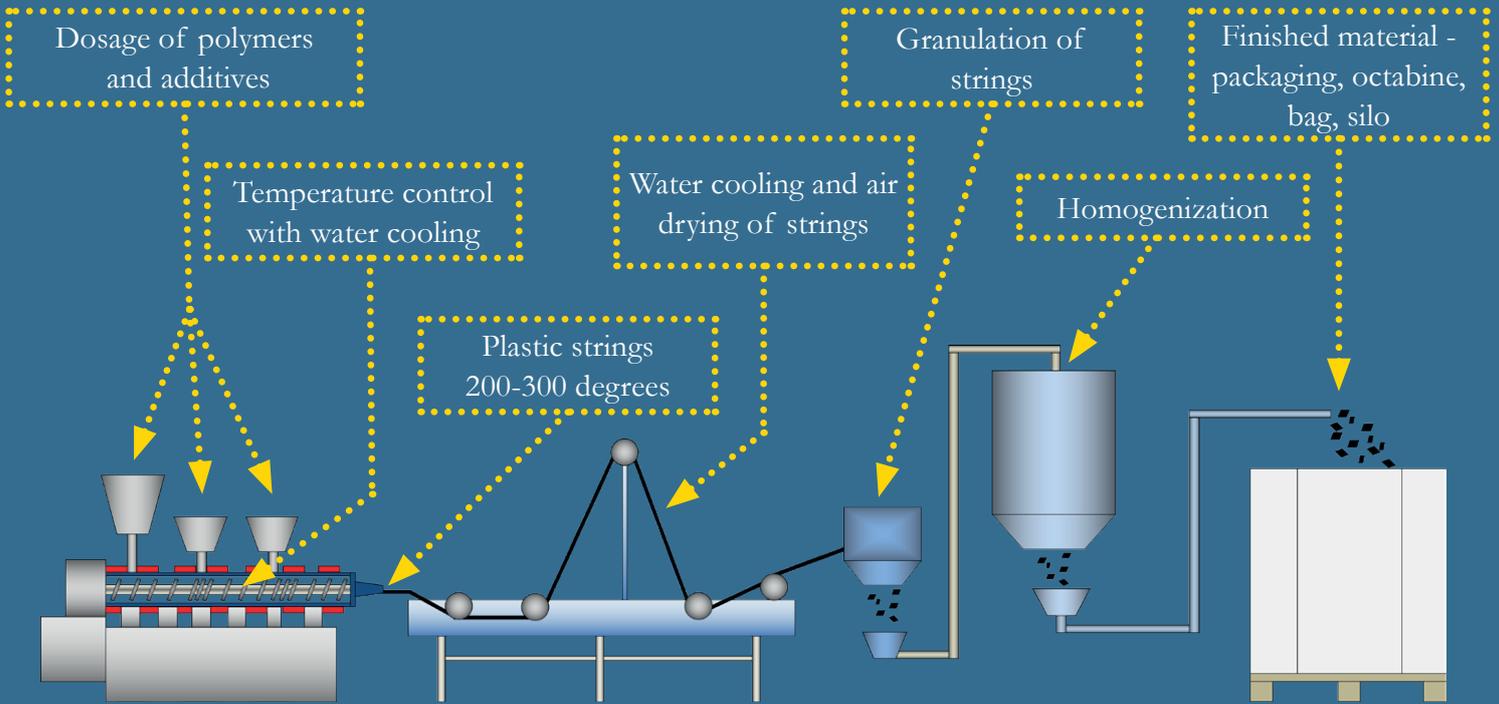


Figure 26

# SUPPLIER CHAIN FOR RAW MATERIAL

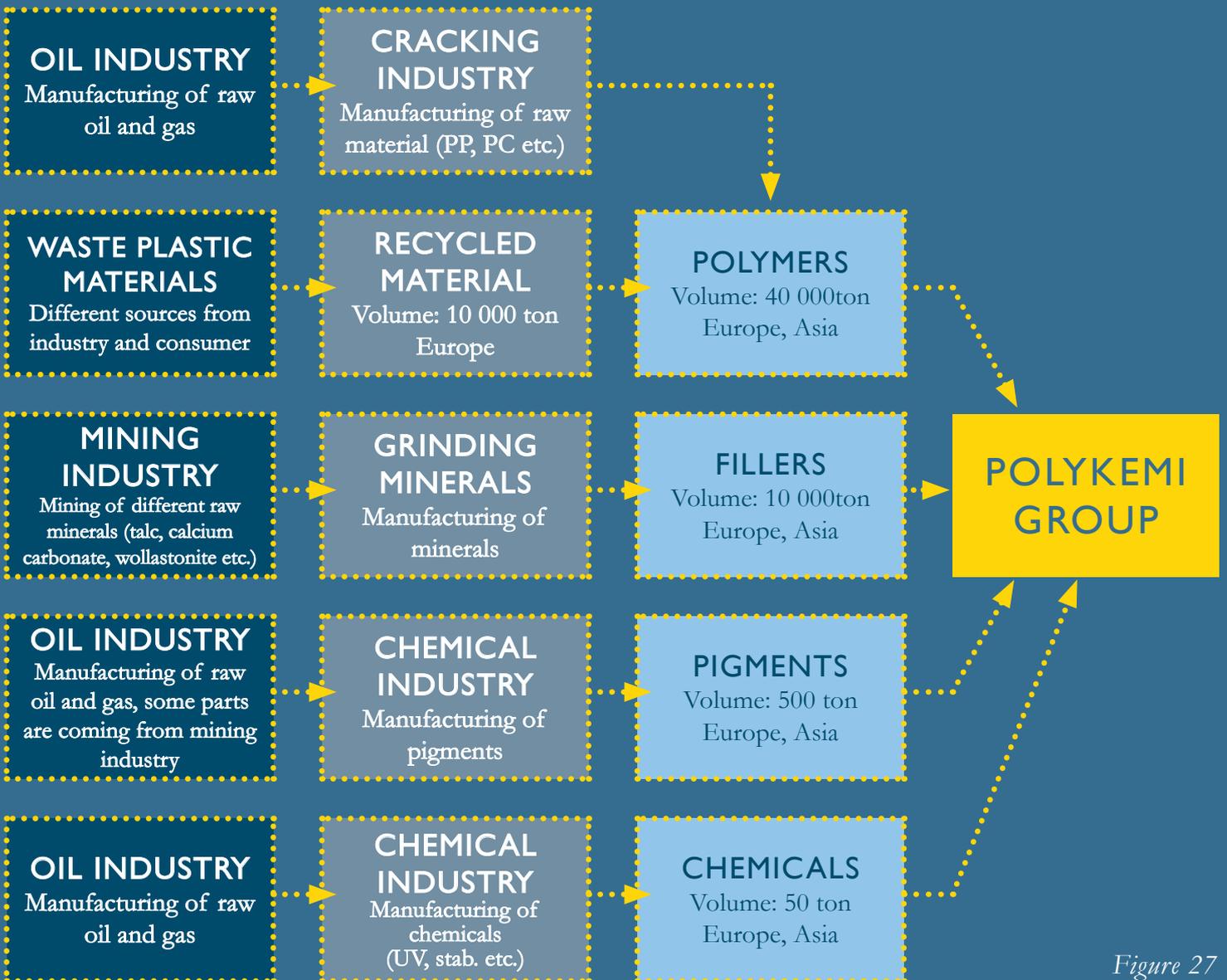


Figure 27





# RESPONSIBLE BUSINESS

## FINANCIAL RESULTS

For us, it goes without saying that our trademark should stand for sound values, and our financial responsibility is a prerequisite in order for us to be able to take responsibility for our part of the development of the community.

Polykemi Group's overall goals and strategies set out that the company is to have a business concept for growth and be regarded as a "World Class Compounder" by our customers. Our sustainability work must be integrated with the economic goals that the Board of Directors has established for the business operation, as both aspects affect each other – everything is connected.

Polykemi Group's financial goals are to be able to demonstrate:

- Turn-over
- Profit
- Equity ratio

Achieving economic goals also has other aspects regarding the opportunities to contribute to sustainable development. A solid economic basis is a requirement in order to be able to be a stable business partner for suppliers and customers.

Economic success is also a vital factor in order to be able to be an attractive employer. This gives us the possibility for our co-workers to improve, which in turn gives us the possibility to attract the right staff. We must attain our economic goals in order to be able to invest in an a sustainable working procedure; at the same time, we need to work toward sustainability in order to be able to attain our economic goals in the long run.

## CUSTOMER RELATIONS

Polykemi Group strives toward long-term customer relations based on credibility and attentiveness.

We see clear connections between satisfied customers and profitability – both for Polykemi Group and for the customer. Regularly visiting our customers serves as a good tool for us in better understanding our customers' conditions, development, needs and wishes, as well as following up on our own performance. We feel that it is also important as much as possible to invite customers to visit Polykemi Group. Each year, the respective agent and subsidiary prepares a market report.

We also conduct customer surveys to find out what our customers think about us. The positive opinions about us or that we are very flexible and that we hold personal dialogue with the customer. We also have a technical customer support that helps us out at our customers' locations with regard to fine-tuning new materials, injection moulding or other projects.

Some customers find that our pricing is too high compared to the competition. Some customers question our wide product range and feel that we should focus on a smaller number of materials in order to develop these materials better as time goes on.

With the help of the reports, we can investigate and initiate improvements in general for Polykemi Group Sweden as a whole, for a specific market or a specific customer. The report is submitted to the Managing Director, and together with the salesman in charge and the subsidiary or agent, a decision is made concerning any improvements or measures.

## SUPPLIER RELATIONS

Polykemi Group has a supplier standard where we make demands of our suppliers' performance with regard to quality, product safety, environment, chemicals, codes of conduct and human rights. The

supplier standard is produced in order to mirror the 10 principles set out in the UN Global Compact.

Those responsible for implementing the supplier standard are those working in the purchasing department. Follow-up is conducted using supplier assessments, questionnaires, site visits and even audits in certain cases.

All major global raw materials suppliers and more than 92% of the total supplier base in 2020 were approved suppliers according to the aforementioned standard. In 2021, 95% of the new suppliers also signed on to our supplier standard. No essential major changes have been made in our supply chain/organisation in 2021.

We will continue the work involved in constantly improving and monitoring the performance of our suppliers. More information about our supply chain can be found in Figure 27 on page 31, and more information about our entire value chain is found in Figure 1 on page 12.

## LOCAL SUPPLIERS

Polykemi Group has an express focus in various manners on supporting local suppliers and dealers. We know the importance of having those in a small town help each other in those situations where one can. We do this because local suppliers know that we can strengthen the vibrant business and industrial town that Ystad is. That is why Polykemi Group chooses to deal with suppliers from Ystad in those situations where the conditions are essentially equal.

However, this does not apply to production raw materials, but to products and services that support the production, as well as certain marketing products and that which is needed at our offices and for our administration. Of these purchases, 40% correspond to purchases from local suppliers.

## VALUES, ANTICORRUPTION

A new updated Code of Conduct for Polykemi Group has been developed during the year. The new Code of Conduct has been supplemented with an update on the new legal requirement for Whistle Blowers. The new Code of Conduct is available on our website and applies to all employees of the Polykemi Group. It is produced

by the management, and along with the Board of Directors they are responsible for implementing this among all employees. This is followed up during an management review. The Code of Conduct is also addressed in the introduction programme for all new employees.

## WORKSHOP IN SUSTAINABLE BUSINESS DEVELOPMENT

On a number of different occasions, we have conducted education and workshops with regard to CSR work associated with sustainable business development, as well as our Code of Conduct. The education have been conducted both in Sweden and China and with different groups and departments.

That these workshops, the various concepts are clarified and then our core values associated with the company's sustainability work are discussed. Discussions are held with regard to how the individual employee can contribute to improving the sustainability work as time goes on. There was a particular focus on implementing the company's Code of Conduct, where all participants had an opportunity to discuss the various parts of the Code of Conduct based on their own work situations. The workshop will also address situations concerning bribery and corruption, as discussed in the groups.

The result of the employee discussions was that Polykemi Group's sustainability work needs to extend over the entire value chain, both backward in the supply chain and forward toward customers and consumers. The result also showed that a high level of ethics and non-corruption are important principles behind how we are to conduct our operation.

## GLOBAL COMPACT

Global Compact (GC) was presented at the UN "Millennium Summit" in 2000. The GC provides a guideline and a tool for companies and organisations in the exercise of their operations to be able positively to influence the area of human rights, working conditions, environment and corruption. Polykemi Group has not signed onto the Global Compact, but it stands behind the 10 principles and has incorporated them into the code of conduct, as well as into our policy (see Figure 28, page 35). Neither is Polykemi Group connected to any political organisation.

## CODE OF CONDUCT

Our Code of Conduct is the basis for all company actions, Polykemi Group companies and employers should in all circumstances act on the Code.

### COLLEAGUES

Polykemi Group respects and supports the UN Convention on Human Rights and encourages its businesses and employees to promote compliance with the Convention.

All of the company's work should be conducted in a safe and healthy working environment to be maintained in accordance with applicable laws and regulations. Child labor or work, carried out by force or threat of force, is not accepted by the company according to ILO Convention C138 and C182. All employees should be treated with respect and dignity. No employee should be subjected to physical, sexual, psychological or verbal abuse.

All employees should be treated equally. No job applicant or employee should be subjected to discrimination or harassment based on gender, race, religion, lifestyle, background or origin.

All employees should have working hours that are paid for consistently with applicable law, regulations and collective agreements.

Freedom of association and right to collective bargaining and agreements shall be respected throughout the company, in accordance with applicable law, regulations and ILO Convention.

### ENVIRONMENT

Polykemi Group has been certified according to the environmental standard ISO 14000 since 1998, meaning that we are committed to work for a positive development in the environmental field and actively minimizing or, where necessary, completely removing the risks to the environment from our operations. The company will follow its environmental policy and operate in compliance with all applicable environmental laws and regulations.

Chemicals and other materials that are considered hazardous to people or the environment should be handled, moved, stored, reused and disposed of

safely. Hazardous substances should be minimized or replaced by less hazardous alternative substances. Waste and all types of emissions to air, water and soil shall be minimized and monitored.

Use of natural resources should be continuously reduced through systematic improvement and more efficient production processes.

### BUSINESS PRINCIPLES

Polykemi Group must maintain high standard of business ethics, to respect local laws and not take advantage of actual or incorporated corruption, bribery, fraud or extortion.

Polykemi Group shall not enter into transactions in which gifts, payments or other benefits can be awarded to affect any party.

## UN GLOBAL COMPACT

The ten guiding principles of the Global Compact member companies and organizations:

### HUMAN RIGHTS

1. Support and respect for the protection of international human rights within their sphere of influence.
2. Not being involved in human rights violations.

### WORKING CONDITIONS

- 3 Uphold the freedom of association and right to collective bargaining.
4. Eliminate all forms of forced labor
5. Abolition of child labor.
6. Do not discriminate in employment and occupation.

### ENVIRONMENT

7. Support a precautionary approach to the environmental challenges.
8. Take initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.

### CORRUPTION

10. Work against all forms of corruption, including extortion and bribery.

Figure 28

Figure 29



# ATTRACTIVE EMPLOYER



Polykemi Group's co-workers, within all levels and areas, form the driving force that allows us to reach our set goals. The company's responsibility therefore involves creating the very best opportunities for co-workers to succeed in their tasks. We do this fundamentally by means of creating secure employment, clear divisions of responsibilities and decisions, good information and opportunities to make a difference and to develop within the company.

## PERSONNEL VISION

The company's work on issues involving organisation, teamwork, leadership, issues concerning conditions, working environment and education, is governed by our personnel vision.

The vision consists of five points (see Figure 31 on page 39) that clarify that we want to be considered an attractive employer, both by our employees and by the outside world, as well as by those seeking employment from us. The vision is developed in dialogue with all co-workers, where everyone during a number of seminars has had the opportunity to acquaint himself with and offer viewpoints on the content within that vision. The changes and the measures we implement shall always resonate with the staff vision.

## EDUCATION

The opportunities for education and personal development are very important parts. For Polykemi Group, education does not only involve classroom instruction, but rather above all it is about the opportunity to learn more on the job, via colleagues, and the opportunities to try new tasks. Education and development are planned at our goal and performance reviews, which are held each year between the employees and their immediate supervisors. All employees (100%) during the past year have undertaken a goal and performance review. Education hours distributed among our co-workers are presented in Figure 32 on page 39.

## EXPERTISE/PERSONAL DEVELOPMENT

In 2021, we continued with the implementation of an IT system called Confidence Tool in Sweden. It's an IT tool that affords us better monitoring/verification of all of our employees' skills both in terms of the current situation and from a development perspective. Here on in, this tool will be able to support and develop the following processes:

- Introduction and education of new employees
- Goal and performance review
- Skills assessment/development
- Educations

## SIGNIFICANCE OF LEADERSHIP

In order to achieve a responsibility and participation among the co-workers that the company finds necessary in order to achieve good results, positive leadership is required. Managers and supervisors within the company are those co-workers that can generate a good basis to allow all of our co-workers to feel that they have an opportunity to reach both personal goals and common goals.

During 2021 we have continued with our successful concept of a "Training Day" for senior operators. We know that we need to develop our leadership and the competence of our leaders and employees in our production.

As part of our internal Golden Globe development work, we have continued to implement our leadership programs for all department managers, senior operators and pool coordinators. To achieve the vision and goals of the future Polykemi Group, we need to develop the leaders of the future.

### **What is the goal with the leadership training program?**

The leadership training program aim to contribute to a sustainable workplace with common goals and a shared vision about the future. We would like for the training to create an open dialogue, engage in

commitment, participation and fun. We believe that if we can achieve this we will also get better results.

### What is the agenda of the program?

Polykemi Group is supported by an external company to help with the leadership training programme, and the ambition is to have the programme running from autumn 2019 until the end of 2020. The training programme is built around three different themes; “Lead myself”, “Lead others” and “How to communicate when being a leader”.

- **Lead myself:** Development of a good leadership at Polykemi Group. We create a consensus on how the leadership at Polykemi Group should be and what company values to lead from. Polykemi Group also works with how to develop self-leadership and awareness on how your own behaviour affects others. In order to lead others you need to be able to lead yourself.
- **Lead others:** Development of cooperation on work groups and organisations. We create understanding for how groups works and what prerequisites there needs to be in order to create efficient groups and good cooperation’s. We also work with how you as a leader can work active with creating a good cooperation within your own group and between groups.
- **How to communicate when being a leader:** Development of a leaders ability to communicate and give feedback. We work with methods that enables us to delegate, involve and provide continues feedback to co-workers. We also work with handling attentions and difficult situations in the everyday life.

### Sustainable development

Another focus is to translate theories and knowledge into practice. This is conducted through hands-on training and using case-stories from everyday situations to train on. A lot of good framework is already existing in the organization, for example the long-term work with Going for Gold, the view of leadership and employeeship, the internal work philosophy, the staff vision and the values. The idea is that everything we do should be taken advantage of and connected to each other. We try to support each other into finding an efficient and good way forward.

### How do we know that it works?

After completing the programme, a follow-up event is being held with the groups where we follow up on how the learning has worked, a sort of guarantee to make sure that they have had use for the training. An evaluation of the programme is also conducted, where we link goals and expectations to achieved results.

As an example, the results from the stakeholder analysis in 2020 showed that the comparison between manager and employee is largely the same perception of how we work with competence and leadership (3.9 and 4.0).

## WORK ENVIRONMENT

We are constantly working to improve our working environment, both physically and psycho-socially. As described under ”Important events during the year”, we have completed the certification of the ISO 45 001 work environment management system in November. The ISO 45 001 certification applies to Polykemi Group Sweden.

For about two years, we have built up a management system for work environment, the management system for work environment is on our intranet and is available to all employees. The system is built with a process approach with integration to ISO 9001/ ISO14001 where it should be easy to find different descriptions and processes for different things regarding our work environment management.

The priority areas for Polykemi Group Sweden are presented below in Figure 30.

PRIORITERAT ARBETSMILJÖ-OMRÅDE	MÅLOMRÅDE/ TAL	RESULTAT 2021
Minska lyften i produktionen	<170 kg/h	186 kg/h
Förbättra inomhusluften i produktionen	VOC mätning <0,13 ppm	0,08 ppm
Ledarskapet	Arbetsglädje (enkätundersökning) >3,7	3,79
Kemikaliehantering i produktionen	Minska exponerings/hanteringstid	Ta fram måltal under 2022

Figure 30

In a move to further improve both lift and air for operators, next year (2022) we will invest in a new automated robot for handling 25kg bags. The purpose with this equipment is to significantly reduce lifting. We will also undertake an investment program for improved air quality in our production facilities where different types of air filters will be installed on the extruder ventilation.

Work environment issues have overall been the focus this year at our factory in Kunshan, China. Production safety controls have been carried out by the Chinese authorities, among other things. All audits have had very good results.

### SICK LEAVE & OCCUPATIONAL INJURIES

Polykemi Group works to prevent the need for sick leave and occupational injuries. This is done in close cooperation with the occupational health services, physiotherapists and preventive healthcare consultants.

Training is conducted on an ongoing basis during working hours to those co-workers that have incipient problems with their backs, necks and shoulders. Sick leave is quickly addressed in a discussion between employees and their immediate supervisors in order to plan for what support or activities a co-worker needs in order not to end up spending a protracted amount of time on sick leave. See Figure 37-38 on page 41 for more information about sick leave.

Sport and fitness exercise have in many ways been an important issue for Polykemi Group. Since 2006, the company's exercise and strength training facility in our premises, named Byggeriet, has been available for all employees at Polykemi Group.

### SAFETY COMMITTEES

The safety committee is responsible for the overall work concerning the work environment at the company; it is they that produce the goals and action plans for the various activities that are to be implemented. We have safety committees both in Sweden and in China they consist of: Technical manager, work environment technician, production manager, staff manager, department manager and safety representatives from various departments. In total there are 12 (4.7% of the labour force) people working on the safety committees.

## PERSONNEL VISION

### 1. Professionalism

- Focus on customers. We are there for the customers and must satisfy their needs.
- Targeting. See your role in the big picture, we are working towards common goals.
- Cost consciousness. Do your work as if you owned the business.

### 2. Responsibility

- Take responsibility for your workplace, tasks and yourself.
- Dare to try new ways, but learn from mistakes. Delegate as much as possible.
- Keep your promises. A seemingly small mistake can have major consequences later.

### 3. Respect

- Have respect for your colleagues. Accept that others sometimes do better.
- Follow the decision. Then you can demonstrate respect for the wholeness and strategy.
- Listen to others. Assume that all people mean well and want to develop Polykemi Group.

### 4. Interactivity

- Be friendly towards customers, insiders and suppliers.
- See the general picture. Think about the needs and wishes the surrounding people have.
- Be involved and influence others. Your thoughts are important. Make your voice heard.

### 5. Honesty

- Be clear, direct and honest. You will receive the same in return.
- Dare to speak up. Say it openly and constructively.
- Give both praise and criticism. Both are essential for success.
- Allow to reconsider. Those who are listening and want to improve can also reassess.

Figure 31

EDUCATED HOURS IN AVERAGE	2021
Women	20 h
Men	14 h
White collar workers	19 h
Blue collar workers	15 h
All employees	16 h
<b>All employees in total</b>	<b>5 362 h</b>

Figure 32

## LAWS AND GUIDELINES

Polykemi Group naturally abides by all contracts and by all labour legislation. Health and safety issues are managed and comply with EU legislation. There are also several other governing policy documents:

- **Personnel vision**
- **Work environment policy**
- **Equality and diversity**
  - Equal-opportunities policy
  - Policy against harassment
- **Code of conduct: Rules of behaviour**
- **Global Compact**

All co-workers within the Polykemi Group (except China) are covered by collective agreements, both collective agreement employees and salaried personnel. This means that the companies base all issues concerning conditions and negotiations on the guidelines set out in the collective agreement. For more important changes in the operation, no period of notice is stated in the collective agreement; however, the company initiates discussions with the relevant union and provides notice of any changes in accordance with the Employment (Co-determination in the Workplace) Act. All co-workers have been trained with regard to the various policy documents. All the employees receive a welcome binder with complete documentation and a course concerning policy issues.

In China, there is a professional central organisation, ACFTU, which has ten subordinate trade associations. No other unions are allowed in China. ACFTU can sign collective agreements, but it only does this with major multinational companies.

No fines, sanctions or other legal measures have been taken against us regarding anti-competitive activities, violations or breaches of laws or directives having to do with the provision of products or services, fraud, discrimination at the workplace or anything similar. No incidents have occurred with regard to corruption. We have not violated any provision regarding the labelling of products, nor the social or economic fields or within marketing communication.

## EQUALITY AND DIVERSITY

Crucial to our striving to attain a positive diversity with a great degree of openness is our policy document for equal opportunities, as well as our policy against harassment.

## EQUAL-OPPORTUNITIES POLICY

We believe in a business operation based on openness and diversity. This creates a positive working climate and greater opportunities for the company to achieve successes within various fields. There shall be no obstacle against working in our work environment on the basis of sex. Neither shall there be any discrimination on the basis of sex, age, creed, sexual proclivity or ethnic and national background. We reject all forms of discrimination. We do this through active work in our everyday operation, where the corporate administration, supervisors and co-workers together take responsibility for noticing and for dealing with discriminatory behaviour. In 2021, no cases of discrimination reported.

## POLICY AGAINST HARASSMENT

Co-workers within Polykemi Group shall have a safe working environment where everyone is treated with respect. One of the company's values is respect, which is about treating other people in the way one wishes to be treated, and on all occasions showing respect for one's co-workers. This entails not needing to be subjected to any type of workplace bullying. Polykemi Group does not tolerate any employee subjecting his work colleagues to bullying, sexual harassment or harassment on the basis of sex. This means that someone having bullied another person at work may be subjected to disciplinary measures within the framework of the legal system.

The Managing Director is responsible for the policy. Every person in a supervisory capacity is responsible for the implementation of the policy and for carrying out measures according to the action plan, with the support of the human resources manager.

## ORGANISATION AND EMPLOYEES

On 1 January 2021, number of employees amounted to 324 co-workers within the entire Group. See Figure 33-36 on page 41 for more information.

Polykemi Group constantly conducts payroll surveys prior to the annual payroll review to ensure that salaries are in phase with responsibilities and authorisations. We apply individual pay structures, and within the proximate future, we will introduce a model to facilitate the work of evaluating performance in relation to the requirements of the position.

# ORGANIZATION AND EMPLOYEES POLYKEMI GROUP

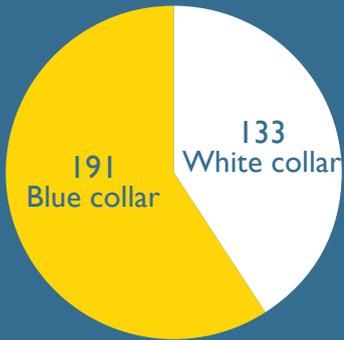


Figure 33

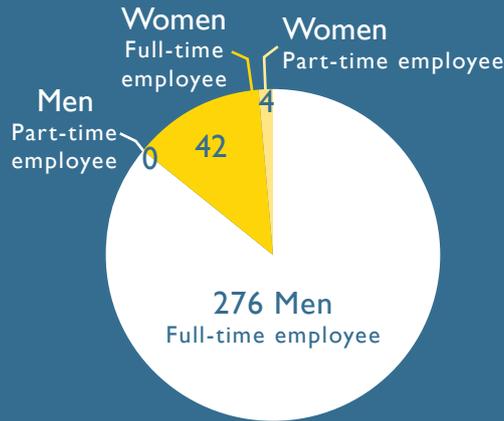


Figure 34

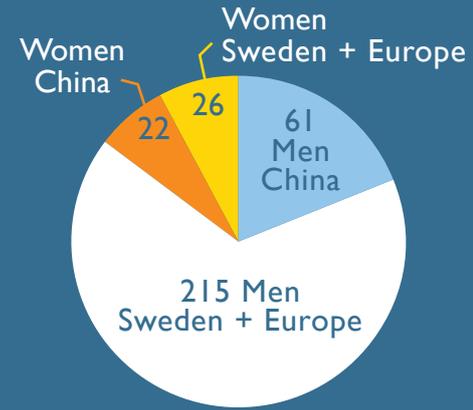


Figure 35

Total number of employees = 100 %

## AGE AND GENDER DISTRIBUTION 2020

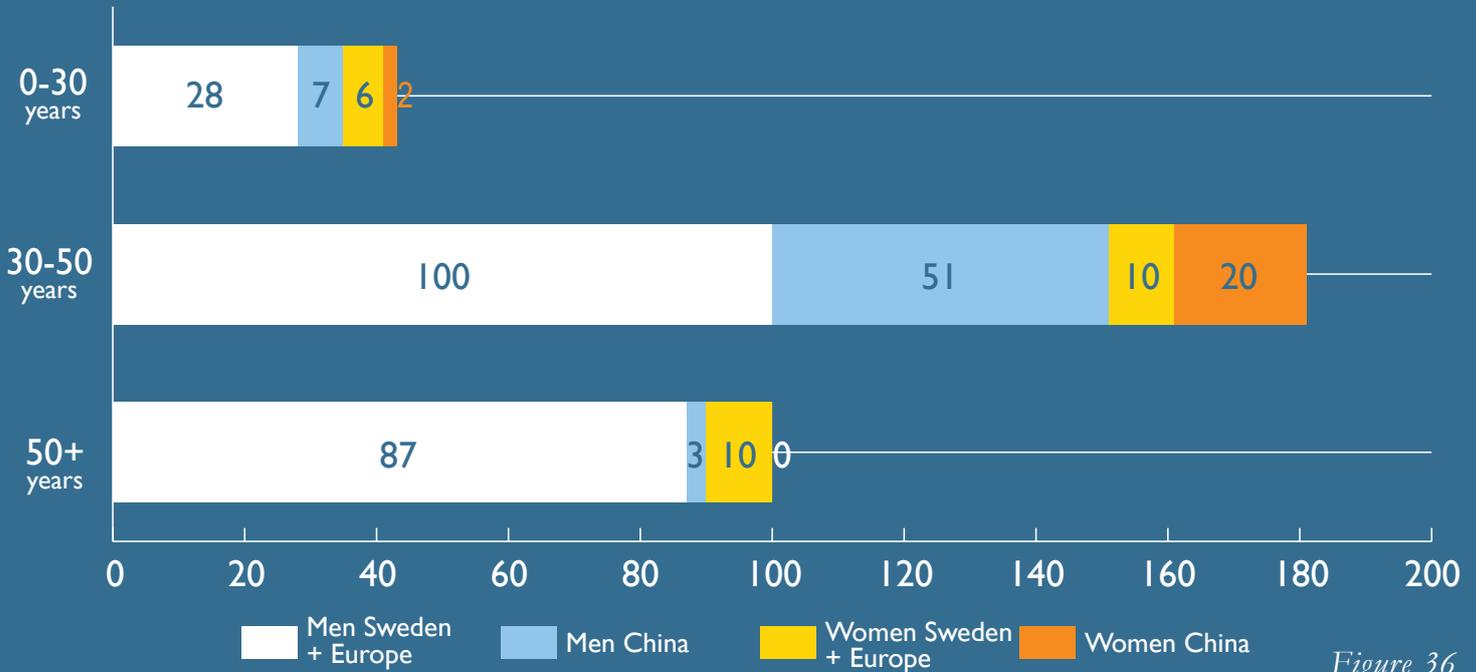


Figure 36

### SICK LEAVE ACTIVITIES SWEDEN 2021

Sick leave, short-term	2,4 %
Sick leave, long-term	3,1 %
Sick leave, total	5,5 %
Workplace accidents with sick leave (number/100 pers)	6 st
Injury rehabilitation	0 st

Figure 37

### SICK LEAVE ACTIVITIES CHINA 2021

Sick leave, short-term	0,73%
Sick leave, long-term	0 %
Sick leave, total	0,73 %
Workplace accidents with sick leave (number/100 pers)	0 st
Injury rehabilitation	0 st

Figure 38

Data collection is done via personnel data systems.

# COMMUNITY INVOLVEMENT



## GLOBAL AND LOCAL

CSR and sustainability are very much about how a company, through its activities, can affect social conditions in the community at large, and even on the international level. Our company has an opportunity to influence the situation both in and around our community, and partly also to influence all our stakeholders in any way, both on the local and global scale.

## COMMUNITY

Polykemi Group plays an active role in a public debate in Ystad. Through various forums, we discussed the most important entrepreneurial and social issues with other business owners and municipal and parliamentary representatives. For Polykemi Group it is important to participate in the debate in order both to influence and to create an open dialog with our key stakeholders - in the municipality. We also cooperate with a school where we can offer internships, and we can help to inform the students about different career options. There will be school classes in the form of field trips in order to be able to see our work progress.

## AMBIENT ENVIRONMENT

By ambient environment we refer to companies or individuals living or staying close to our operations. Because our manufacturing activities are ongoing around the clock, it is primarily three things that can be affected by us: transportation by trucks, noise and plastic smell. To minimize the damage to our environment, we have a single access road to Polykemi Group Sweden for trucks. As noise and plastic smell are concerned, there are various controlling programs (internal procedures), which ensure that we are acting within the given rules and restrictions.

## INVOLVEMENT IN THE LOCAL COMMUNITY, SWEDEN

A commitment to the community is one of the driving forces for Polykemi Group and its owner. We have a large voluntary involvement in the local clubs and culture. Examples of such involvement

and financial donations is presented in figure 39 on page 43.

Can you really sell more plastic materials or do business that benefits Polykemi Group through local sponsorship? No, it is highly doubtful whether the sponsorship in this case is about increasing its market share. Instead, of course, this question is very much about the owner families having their hearts in the right place.

For Polykemi Group, it is also important to use the network to establish contacts with various local suppliers and thus also be involved and contribute to a healthy and prosperous business life. In addition, sponsorship is a way to build the company's brand internally among the staff. Something that you as an employee can be proud of when you also know that your employer's contribution plays a big part in the social responsibility that the sports club takes.

## INVOLVEMENT IN THE LOCAL COMMUNITY, CHINA

At our factory in Kunshan, China, we are engaged in the local community. In China, there is a Hukou system for preventing uncontrolled migration to cities among other things. In Hukou, you are entitled to social benefits, but only in the area you are registered in, which is usually your local community. This, in its turn, means that migrant workers' children do not have the right to education in the area where their parents work and live. As a solution to this problem, there are, therefore, private schools for such children.

In addition, one of the problems is that the fees are high and the education cycle is often not at the same level as at the state schools. Since February 2012, we have been involved in Xinkunskolan project to arrange a nearby private school for migrants' children. As a part of this project, we sponsor student's education and help with teaching English in the absence of English teacher at school. Our staff conducts English classes twice a week in the sixth grade.



## EXAMPLES OF INVOLVEMENT AND FINANCIAL DONATIONS SWEDEN

- YIF Handball
- Öja FF
- Österlens FF
- Österlens Equestrian Club
- Swedish Paraspots Federation
- The Summer Theatre in Ystad
- The Night Patrols Sweden
- The Cancer Rehab Fund
- The FTS Foundation - Secure Every Child

Figure 39

# GRI-INDEX

## PERFORMANCE IN SUSTAINABILITY

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GRI 102-4	Location of operations		16-17
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GRI 102-46	Defining report content and topic Boundaries		10, 18
GRI 102-47	List of material topics		18-23
GRI 102-48	Restatements of information		10
GRI 102-49	Changes in reporting		10
GRI 102-50	Reporting period		10
GRI 102-51	Date of most recent report		10
GRI 102-52	Reporting cycle		10
GRI 102-53	Contact point for questions regarding the report		48

<b>GRI 102-54</b>	Claims of reporting in accordance with the GRI Standards		10
<b>GRI 102-55</b>	GRI content index		44-47
<b>GRI 103-1</b>	Explanation of the material topic and its Boundary		22-23
<b>GRI 103-2</b>	The management approach and its components		15, 22-29, 34
<b>GRI 103-3</b>	Evaluation of the management approach		22-42

GRI NR	EKONOMISKA	SDG 2030	SIDA
GRI 201-1	Polykemi*	 8.1 + 8.2 + 9.1 + 9.4 + 9.5	13
GRI 201-1	Rondo	 8.1 + 8.2 + 9.1 + 9.4 + 9.5	13
GRI 201-1	Polykemi Kunshan	 8.1 + 8.2 + 9.1 + 9.4 + 9.5	13
GRI 201-1	Scanfill	 8.1 + 8.2 + 9.1 + 9.4 + 9.5	13
GRI 201-1	Subsidiary - Denmark, Germany, Czechia	 8.1 + 8.2 + 9.1 + 9.4 + 9.5	13
GRI 201-1	Polykemi Inc.	 8.1 + 8.2 + 9.1 + 9.4 + 9.5	13
GRI 204-1	% from local suppliers	 8.3	34
GRI 205-2	Communication and training about anti-corruption policies and procedures ( <i>Code of conduct</i> )	 16.5	34-35
GRI 205-3	Confirmed incidents of corruption and actions taken ( <i>None</i> )	 16.5	40
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices ( <i>None</i> )	 16.3	40

GRI NR	MILJÖMÄSSIGA	SDG 2030	SIDA
GRI 301-1	Materials used by weight or volume	  8.4 + 12.2	26, 30-31
GRI 301-2	Recycled input materials used (%)	  8.4 + 12.2 + 12.5	26, 30
GRI 301-1	Total materials used by weight or volume	  8.4 + 12.2	30
GRI 301-3	Complained material	  8.4 + 12.2 + 12.5	30
GRI 302-1	Energy consumption within the organization*	    7.2 + 7.3 + 8.4 + 12.2 + 13.1	26-29
GRI 302-3	Energy intensity	    7.3 + 8.4 + 12.2 + 13.1	26-28
GRI 302-4	Reduction of energy consumption	    7.3 + 8.4 + 12.2 + 13.1	27-29
GRI 303-1	Interactions with water as a shared resource	  6A + 6B + 6.3 + 6.4 + 12.4	30
GRI 303-3	Water withdrawal	 6.3	30
GRI 305-1	Direct GHG emissions - Scope 1*	     3.9 + 12.4 + 13.1 + 14.3 + 15.2	26, 28
GRI 305-2	Energy indirect GHG emissions - Scope 2*	     3.9 + 12.4 + 13.1 + 14.3 + 15.2	26-29
GRI 305-3	Other indirect GHG emissions - Scope 3. (Upstream & downstream categories)*	     3.9 + 12.4 + 13.1 + 14.3 + 15.2	26-28
GRI 305-4	GHG emissions intensity*	   13.1 + 14.3 + 15.2	26

GRI 305-5	Reduction of GHG emissions*	 13.1 + 14.3 + 15.2	26-28
GRI 306-2	Waste by type and disposal method	 3.9 + 6.3 + 12.4 + 12.5	30
GRI 306-2	Hazardous waste*	 3.9 + 6.3 + 12.4 + 12.5	30
GRI 307-1	Non-compliance with environmental laws and regulations	 16.3	10
GRI 308-1	New suppliers that were screened using environmental criteria		34

GRI NR	SOCIALA	SDG 2030	SIDA
GRI 403-1	Occupational health and safety management system		39
GRI 403-2	Sick leave		41
GRI 403-2	Injuries and accidents		41
GRI 404-1	Hours of training		39
GRI 404-2	Programs for upgrading employee skills ( <i>Competence tool</i> )		37-38
GRI 404-3	Percentage of employees receiving regular performance and career development reviews		37-38
GRI 405-1	Diversity of governance bodies and employees	 5.1	14-15, 41
GRI 406-1	Incidents of discrimination and corrective actions taken		40
GRI 413-1	Operations with local community engagement, impact assessments, and development programs*		34, 42
GRI 414-1	% of suppliers screened for social factors	 5.2	34
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling ( <i>None</i> )		40
GRI 417-3	Incidents of non-compliance concerning marketing communications ( <i>None</i> )		40
GRI 419-1	Non-compliance with laws and regulations in the social and economic area ( <i>No incidents</i> )		40

\*Other information is missing/not available.

\*\*Information is missing in whole or in part but is collected for next year's sustainability report.



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