

Progress

For us, development is about fine-tuning processes.

A partnership with ProfilGruppen should be uncomplicated and involve personal commitment. That requires a competent organisation which continually strives for efficiency.

We take that step, every day.



next
level

profilgruppen.se

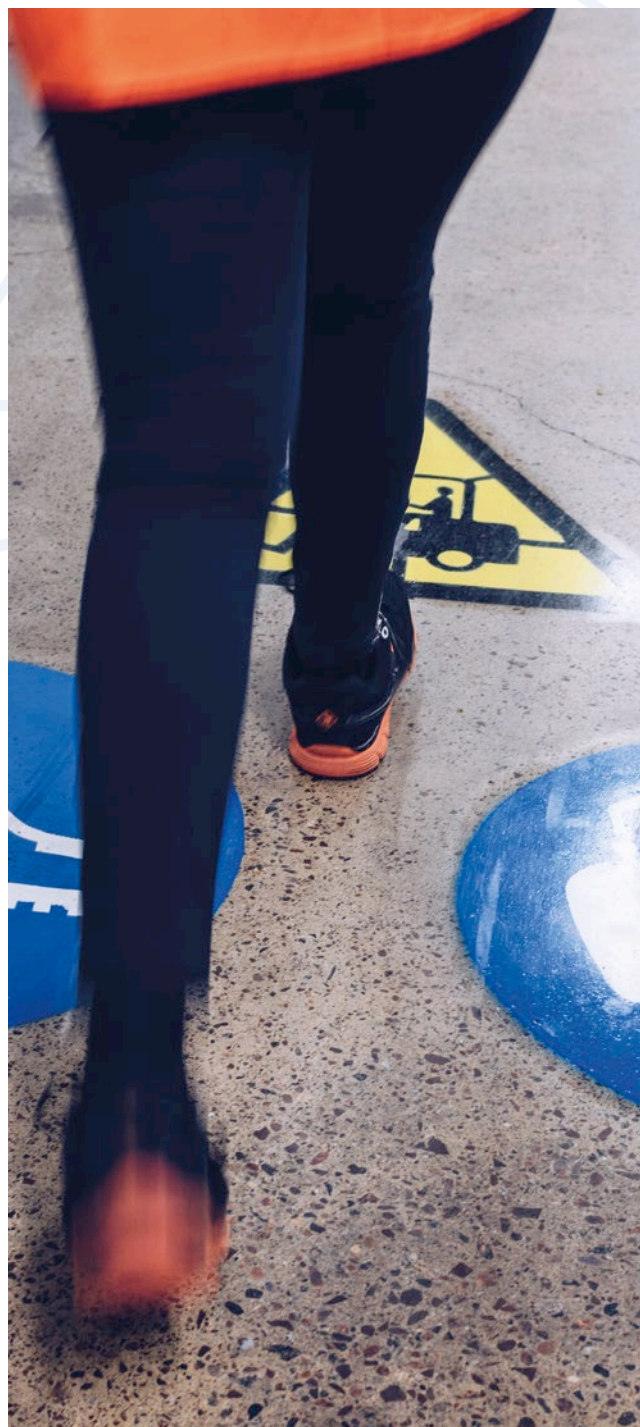
SUSTAINABILITY REPORT **2018**

**Profil
Gruppen.**

Innovative aluminium solutions

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SCOPE OF THE REPORT

This Sustainability Report has been prepared by ProfilGruppen AB (publ), 556277-8943.

The Sustainability Report covers the ProfilGruppen Group. However, not all facts and information in the report are applicable to the part-owned subsidiary PG&WIP AB. Where this is the case, this is indicated by an asterisk (*).

The Group in figures	2018	2017	2016	2015	2014
Revenue, MSEK	1,618	1,383	1,132	980	809
Deliveries, tonnes	31,975	29,700	25,800	21,950	20,550
Operating profit/loss, MSEK	114	104	69	23	7
Operating margin, %	7.0	7.5	6.1	2.3	0.9
Net debt/EBITDA	0.7	0.6	0.9	3.0	3.1
Average number of employees	459	442	379	339	331
Revenue per employee, SEK	3,526	3,129	2,987	2,892	2,443

This is PROFILGRUPPEN

Our vision is to be the preferred supplier of innovative aluminium extrusion solutions in northern Europe. That requires a competent and customer oriented organisation which continually strives for efficiency. Our environmentally smart aluminum extrusions lay the foundation for the future demand.



Construction – product development with the customer

We begin the extrusion's journey by sitting down together with the customer to produce a customised solution which optimises the product and its production process. In addition to the product's technical properties, we also assess the logistical and administrative benefits. Already at the design stage, our ambition is to achieve a sustainable long-term solution that takes account of the product's environmental impact throughout its lifecycle.

Extrusion – flexible and efficient manufacturing

Aluminium extrusions are the heart of our business. All our extrusions are produced using this method, which begins with heated aluminium ingots being pressed through a unique tool matrix. The mechanical properties of the extrusion are ensured through a combination of technology and craftsmanship. They are then packed and sent to the next processing stage or directly to the customer.



Surface treatment – strengthening the extrusion

Many of our extrusion solutions are surface-treated to create or enhance their functionality or appearance. This may refer to adding colour, corrosion resistance or durability. Anodising and powder coating are the most common surface treatment methods but other methods may also be used.

Machining – more opportunities

We offer a wide choice of processing options for extrusions. These include simple cutting and stamping, advanced milling and bending in fully automated production cells. In some cases, we also assemble and consumer-package the product. The processing is done both in-house and through our network of subcontractors.



A sustainable and unique product

At the end of the process the customer receives a component or extrusion that has been developed to improve the product and its lifecycle, for example by increasing the product life, reducing the weight and/or decreasing fuel consumption.

SUSTAINABLE BUSINESS

At ProfilGruppen, our aim is to move forward every day. We aim to be a responsive and responsible partner who strives for constant development. By offering a workplace where individuals can develop and thrive, we create the personal commitment that is essential to our ability to live up to this.

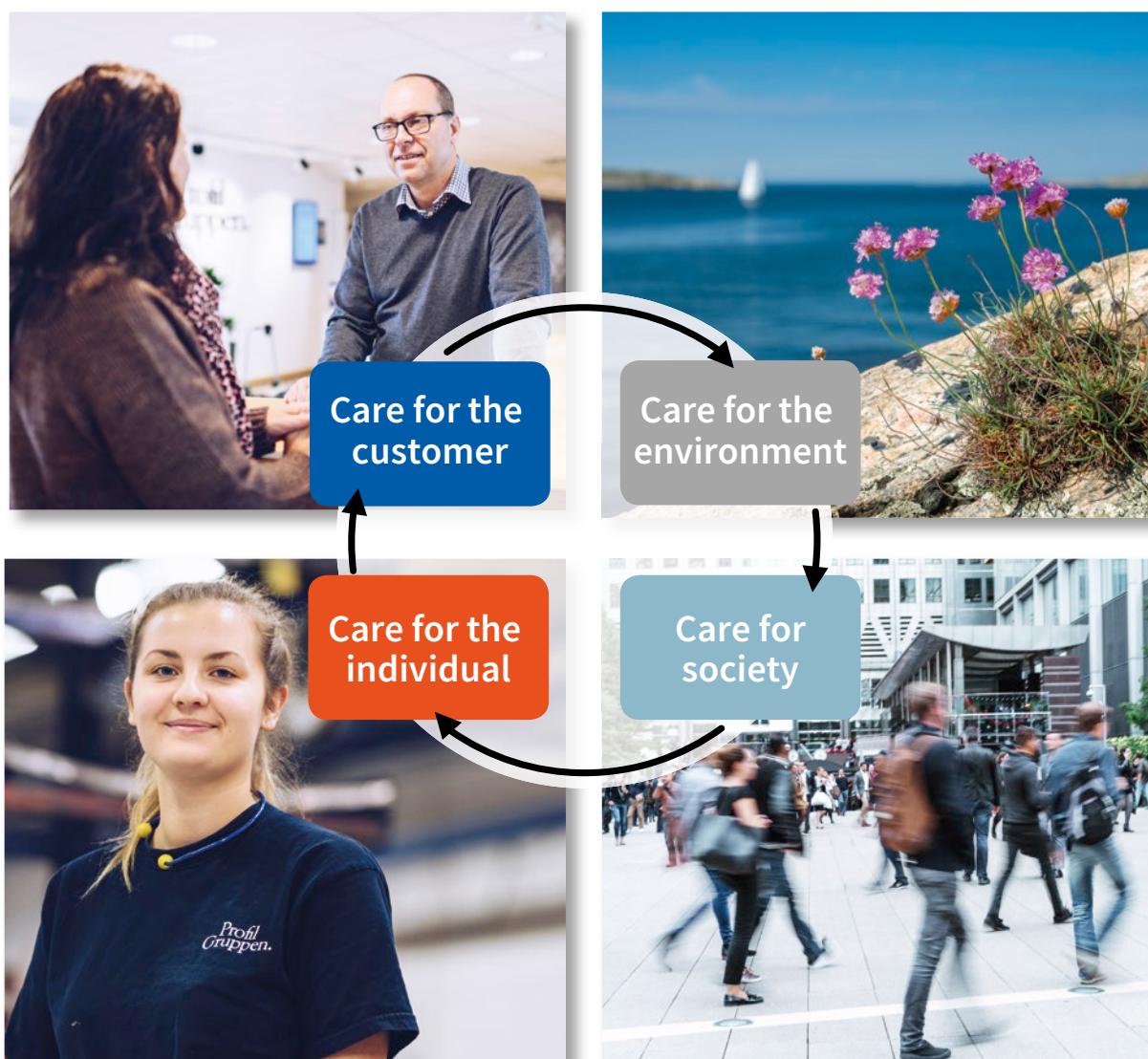
All our activities have an impact on somebody else. We are aware that we influence the world around us in many different ways and want to make the most positive footprint possible. By choosing to work with a material that is sustainable in many ways, we have a positive impact on the environment. To ensure that we remain in control of how our activities affect the environment, we also use an environmental management system*.

Through various activities and collaborative partnerships, we also want to contribute to the positive development of the society we operate in.

Profitability is essential to long-term sustainability and an indispensable

requirement from our owners. How we manage, follow up and achieve our profitability targets is described in the financial section of the annual report. We see it as indisputable that these goals are only to be achieved through honest and responsible operations.

Our core values are: personal commitment, responsiveness, speed, continuous improvement and professionalism. This means that we listen and adapt to the demands that our operational environment places on us. We want to do everything a little better, every day.



OUR BUSINESS

COMMITTED TO SUSTAINABLE SOLUTIONS

ProfilGruppen is a supplier of turnkey customised aluminium extrusions and components - that is our business concept. It is based on us contributing to our customers' development of innovative, sustainable and energy-efficient products. Our core competency - extrusion of aluminium - creates competitiveness in several different ways. One of them is the choice of material - aluminium - which is a fantastic material. The metal is the foundation for the innovative solutions that we develop together with our customers.

From a lifecycle perspective, our solutions are almost always the right choice. A detail in a vehicle, for example, will have a lower weight if it is made from aluminium rather than an alternative material, which in turn reduces fuel consumption. If it is a transport vehicle, this can increase the load weight, which also improves energy efficiency and reduces CO₂ emissions. The biggest plus in the lifecycle of aluminium, however, is that the aluminium is easy to melt down and recycle.

ProfilGruppen's manufacturing method - extrusion - provides competitiveness by being efficient and flexible. One of the effects of this is relatively low tooling costs, which creates cost efficiency even at low volumes and reduces the need for standardisation. Extrusion also allows for major freedom in the design of the extrusion cross section and possibilities for many built-in functions, reducing the need for further processing.

When we continue to refine the aluminium extrusions into a finished component, we have often cut a few links from the supply chain for the customer, and can offer a product that is ready for installation.

Our customers come from a whole host of industries and we produce details for thousands of different products - everything from vehicles and charging poles to curtain rails, light fixtures and power plants. We do not choose the product. It chooses us.



ROOTS IN SMÅLAND

THE GROUP CONSISTS OF

- ▶ **ProfilGruppen Extrusions AB**, in which the majority of the operations is conducted. This is where extrusions are manufactured and processed. All sales and administration activities are also performed in this company.
- ▶ **PG&WIP AB**, in which the processing and packaging of interior design details for one specific customer take place. The company is 70 per cent owned by ProfilGruppen.
- ▶ The parent company of the Group, **ProfilGruppen AB**, is listed on Nasdaq Stockholm Small Cap. This company has no employees and its operations consist of letting properties to other Group companies.

Our operations are based in Åseda in the southern Swedish province of Småland, where we have both our production facilities and head office, as well as the majority of our sales. Our export customers are also largely served from

Åseda, and we have only a small number of sales representatives stationed abroad. With about half our customers located in Sweden, we have also opened a sales office in Stockholm to get geographically closer to some of them.

In order to complement our offering, and to ensure a comprehensive delivery to our customers, we work closely with a number of subcontractors of machining services. Most of these are also based in our region. The geographical concentration of our business allows for good transparency, short decision-making pathways and creates a positive sense of community among our employees. It also simplifies the control of sustainability issues such as gender equality, human rights and environmental impact. We, and the majority of our suppliers, are located in Sweden and follow Swedish laws, collective bargaining agreements and customs - which means that the lowest level in these matters is, from an international perspective, relatively high. We can therefore concentrate on raising our ambitions to the level we ourselves choose.

Our vision is to be the most sought-after supplier of innovative aluminium extrusion solutions in Northern Europe*. Our high-quality solutions mean that we are well-appreciated as suppliers, but they can be copied. We thus become the most sought-after supplier by providing the highest reliability of delivery and the best treatment to our customers, and by being perceived as a problem-solving partner. We can achieve this through personal commitment and employees who thrive at work.

CARE FOR THE ENVIRONMENT

ALUMINIUM – A CLIMATE-SMART CHOICE

We love aluminium! Aluminium is better from a lifecycle perspective than many of its rivals and can be used to develop sustainable products. It is an excellent choice for products that need to be adapted to a circular economy. This is partly because we can create more energy-efficient and sustainable solutions and partly because it is a genuinely recyclable metal. We welcome all initiatives to impose more stringent demands on, for example, reductions of CO₂ emissions as we can contribute to the solution!

WHY ALUMINIUM?

The benefits are many, but some of the most important points are:

- ▶ Lightweight – lighter than many other materials
- ▶ High strength and durability – despite the low weight
- ▶ Good corrosion resistance – withstands weather and wind without rusting
- ▶ Easy to shape – efficient to work with
- ▶ Long lifespan – three quarters of all aluminium that has ever been produced is still being used
- ▶ High conductivity – can conduct both heat and electricity well
- ▶ Design-friendly – sets no limits on creativity
- ▶ Easily processed – major possibilities for built-in functions
- ▶ Easily recycled – can be re-used again and again without deterioration of the material's properties
- ▶ Valuable – leads to high re-sale value and profitable recycling
- ▶ Good availability – abundant bauxite resources in the Earth's crust

Aluminium extrusions are used in many different industries. In the construction industry, for example, they are used in windows, doors, doorways and balconies, thanks to their corrosion resistance and low weight. Its high level of durability is also a contributing factor in aluminium being a widely used material in load-bearing structures in aircraft. In addition, aluminium's heat conducting characteristics are exploited in solar panel design.

Aluminium is increasingly used in the automotive industry, not least because of its light weight, which means fuel savings can be achieved throughout the life of a vehicle. Reducing the weight of lorries, buses and trains increases their carrying capacity while lighter vehicles reduce the risk of injuries in case of accidents.

In the aerospace industry, the material's low weight and maintenance requirements are crucial. For the telecom industry, the low weight and the possibilities to incorporate many functions is a natural explanation for why aluminium profiles are important components.

Our untreated and anodised aluminium profiles contain no hazardous substances, and comply with both the EU regulation REACH and the EU Directive RoHS.

RECYCLING OF ALUMINIUM EXTRUSIONS AND COMPONENTS

Aluminium can be melted down and reused again and again without losing any of its valuable and sustainable properties. From a recycling perspective, aluminium is therefore an excellent option. Furthermore, the availability of aluminium in the Earth's crust is practically limitless.

A very high share – over 90 per cent – of all aluminium extrusion-based products used in the construction, design and transportation industries are returned for recycling.

Our customers often demand materials that are wholly or partly recycled, which is a natural ambition in terms of sustainability. However, we face an obstacle when it comes to the availability of recycled aluminium. Although a very large proportion of the material is recycled, more than three quarters of all aluminium ever produced in the world is still in use, because of the long life of the products. At the same time, demand is increasing. This leads to a shortage of scrap for smelting and means that the need for primary production remains high.

The available recycled metal mainly goes to foundries and other actors for which the quality requirements of the metal are lower. We and other extruders mainly use primary produced aluminium and re-melting process scrap from the aluminium industry.

The energy consumed for primary production is high and therefore the choice of power source plays a very important role in the impact on the environment. Coal power is still common among European aluminium works, but the most sustainable primary production of aluminium is carried out today in aluminium works using electricity generated entirely from hydropower.

Our process generates waste in the form of product deviations, process scrap or processing scrap such as shavings, which we recover and send for remelting.



HOW WE AFFECT THE ENVIRONMENT

Practically all activities have an impact on the environment, which may be positive or negative. Our ambition is to minimise the negative impact while helping to achieve positive effects.

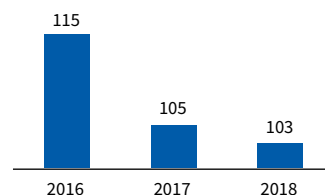
Each year, we evaluate all aspects of our business with regard to potential environmental effects and with the intention of determining which of our activities have the biggest impact on the environment so that we can address and define goals linked to these.

Information is provided below about the aspects and activities that are currently deemed to have the most significant environmental impact – and how we manage them.

The common denominator for most of the below items is that they can give rise to carbon dioxide emissions. As we know, there is a need to reduce these emissions both globally and nationally, and we are working in various ways to help achieve this reduction. In 2018, our business – the activities in which our companies are engaged, including transports of our products and employees – generated about 3,300 tonnes (3,100) of carbon dioxide emissions. The largest share, over 60 per cent, comes from the use of LPG, which we intend to reduce through energy efficiencies and by gradually shifting away from LPG. In 2018, this effort had a positive impact on emissions. The second biggest source of CO₂ emissions at ProfilGruppen is transports of extrusions, which accounted for

around 20 per cent of total emissions generated in 2018. Transports increased during the year, not just as a result of increased delivery volumes but also in relation to the volume produced, which was due to an increase in transports to and from providers of processing services. On an overall basis, we achieved our objective of continually reducing our carbon dioxide emissions per kg of produced aluminium extrusions in 2018.

Carbon dioxide emissions, kg per produced tonne of aluminium extrusions



Environmental aspect

DELIVERIES OF ALUMINIUM EXTRUSION SOLUTIONS

Environmental impact

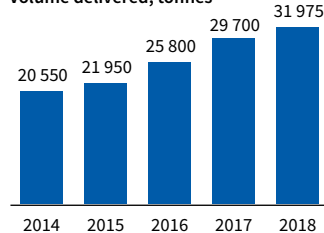
Reduced fuel and energy consumption

Management and goal setting

We work to spread the knowledge about the benefits of aluminium and to encourage customers to replace other materials with aluminium, as a means to contribute to reduced fuel and energy consumption. Read more under "Why aluminium?" on the previous page.

During the construction and design phase, ProfilGruppen's designers have excellent opportunities to adapt a product's environmental impact, lifecycle economy and potential for recycling.

Volume delivered, tonnes



Environmental aspect

PRODUCTION OF ALUMINIUM

Environmental impact

Our suppliers' production of aluminium gives rise to the consumption of resources and energy and causes emissions to water and air

Management and goal setting

Basically, we strive to increase the total use of aluminium because it is a material that has a smaller overall environmental impact than many other materials.

Through our purchasing power, we can influence our suppliers and their processes. Our ambition is for all primary raw materials to be produced exclusively with hydroelectric power. In 2017, we achieved this but in 2018 the extreme turbulence in commodity markets, triggered mainly by US trade sanctions, caused delivery problems for some of our suppliers. This forced us to quickly find alternative solutions. Yet we still managed to reach a level of primary raw materials produced solely with hydroelectric power of 93 per cent.

We can also influence total material use by minimising the amount of material used for each product. See Material efficiency on the next page.

Environmental aspect

MATERIAL EFFICIENCY

Environmental impact

The scrapping of aluminium gives rise to increased transport needs, greenhouse gas emissions and acidification, and the consumption of resources and energy

Management and goal setting

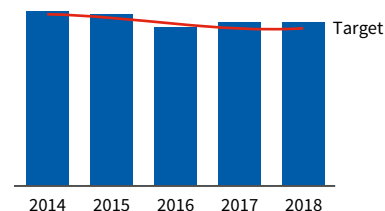
An important objective is to reduce the scrap loss that our manufacturing processes inevitably give rise to. All the scrap that is produced in our process is gathered and re-melted into a new raw material, ensuring that no material is wasted. However, reducing the proportion of scrap nonetheless affects the environment through transport and energy use during re-melting.

The largest amount of scrap metal is generated in the production of extrusions. Depending on the design and the specific requirements, the amount of scrap generated varies considerably among different extrusions. During machining, scrap is generated when material is cut off to create the required component. The share of material that is cut off varies from one product to another and can in some cases be very considerable.

It is clear that the product mix has a big impact on the overall share of scrap and that our conscious efforts to improve our performance need to take the form of operational targets broken down by process stage and product. Already at the design stage, we need to work to optimise the extrusion and ensure that the need to cut off material is minimised.

Although the overall outcome of our efforts is hard to measure due to the impact of the product mix, our target for 2018 was to reduce total scrap loss by 3 per cent. In 2018, the amount of process scrap from extrusion production decreased slightly while the share of ingot scrap and processing scrap increased slightly.

Scrap percentage



Environmental aspect

ENERGY EFFICIENCY

Environmental impact

Energy consumption can generate greenhouse gases. In addition to electricity, our production process also uses LPG, which is a fossil resource

Management and goal setting

We have chosen to use only renewable electricity, using hydropower which has been environmentally certified by the IVL Swedish Environmental Institute (EDP).

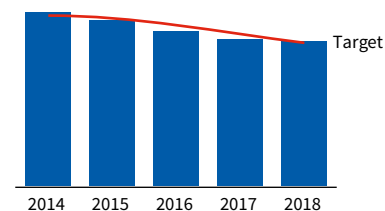
We are certified according to the Energy Management system ISO 50001*, which imposes certain demands on us while also giving us support in our work on energy efficiency. We have, among other things, an activity plan involving a wide range of actions, both large and small, to reduce energy consumption per produced kilo of extrusions. In 2018, we implemented a number of measures, such as continuing to install LED fixtures in several departments, improving the energy efficiency of the cooling system for the anodising process and increasing efficiency in the use of compressed air equipment. The high rate of capacity utilisation during the year also had a positive impact on energy use per produced unit.

LPG is still used for heating of aluminium ingots at one of three presses, for an aging furnace and for heating of two sealing baths used in the anodising process. We will gradually be replacing LPG with alternative options and new investments into LPG-powered solutions will not be permitted.

Our process gives rise to excess heat, which we have chosen to take advantage of by delivering parts of it to the municipal district heating network. This recovered energy corresponds to the annual heating of about a hundred standard detached houses.

For 2018, the goal was to reduce energy consumption in extrusion production per produced kilo of extrusions by 3 per cent compared with the previous year. The outcome was a reduction of 2.7 percentage points. In the last five years, the reduction has been a total of 17 per cent.

Energy consumption change in extrusion production per produced kg, per cent



Environmental aspect

TRANSPORT TO, FROM AND BETWEEN OUR UNITS

Environmental impact

Fuel and energy consumption, emissions of greenhouse gases and acidifying nitrogen oxides

Management and goal setting

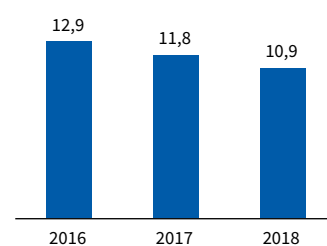
We work continuously to reduce all transport that we are able to influence.

In the first hand, we choose those suppliers that are closest to us geographically to reduce transport distances. In cooperation with suppliers of raw materials, purchased raw materials are to a large extent transported by rail instead of by road.

Our logistics personnel control, coordinate and increase the loads in the transports that go between our units and subcontractors, and to customers. Environmental work and the pursuit of cost reductions go hand in hand. More efficiently loaded vehicles and fewer transports also reduce transport costs for both us and our transport providers.

Since 2016, we have been monitoring emissions of carbon dioxide per kilogram of transported goods.

Carbon dioxide emissions, kg per transported tonnes of aluminium extrusions



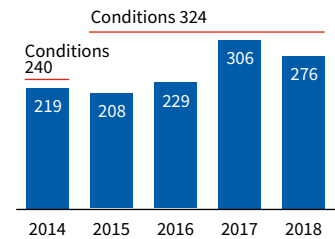
Environmental aspect**EMISSIONS TO WATER****Environmental impact**

Water emissions of sulphates. The environmental impact of this is moderate, however, as sulphates occur naturally in watercourses

Management and goal setting

Sulphuric acid is used in our anodising process, and after it has been neutralised in a treatment facility sodium sulphates are formed. The use of these substances gives rise to emissions of sulphates into water. Consumed acid baths are also used to neutralise the caustic soda used in certain cleaning processes.

ProfilGruppen has a permit to emit up to 324 tonnes annually, which is controlled through continuous testing and monthly analyses. New, expanded conditions will become effective in 2019. Although the environmental impact of sulphate emissions is hard to establish, as sulphates occur naturally in watercourses, we monitor the situation on an ongoing basis and work continuously on improvements to our processes with the aim of minimising emissions.

Sulphate emissions, tonnes**Environmental aspect****EFFECTS IN THE EVENT OF FIRE****Environmental impact**

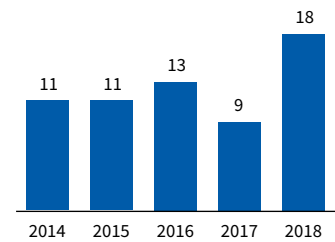
Emissions via water used to quench fire, and risk of oil or chemical emissions

Management and goal setting

In our business, it is mainly the combination of hydraulic oil and hot machines that pose a fire hazard, and it does sometimes happen that minor fires occur. Fires can cause an environmental impact through emissions via the water used to quench fire, oil or chemicals. In addition, they obviously pose a risk of damage to people and property. They can also damage the company's short-term delivery capacity, working environment, machine capacity and, indirectly, the company's financial performance.

Most fire incidents were caused by hot process residues coming into contact with grease or hydraulic oil. During the year, these unfortunately increased, which is mainly linked to one of our presses.

We use a reporting system for all accidents, incidents and hazardous conditions*. Incidents that could have led to a fire can also be reported through the system and lead to preventive measures. We apply the 5S methodology continuously and keep things clean to reduce the risk. A systematic approach to fire safety is an important means of preventing risks, and here we engage the help of external experts in the area.

Reported risks and incidents related to fire in machine equipment*

In addition to the activities mentioned above, we work systematically to reduce the negative environmental impact of our operations in other areas. The reduction and sorting of waste is one example. This effort is governed by a waste sorting manual and by activities aimed at reducing the generation of waste. Employees also receive training in how to sort waste. Together with our customers and suppliers, we try to reuse packaging, baskets, liners and pallets that are used in our production process. We have produced a packaging instruction with the aim of improving the handling of packaging in return systems and to reduce risks.

By using only tap water for all internal drinking water requirements, we help to reduce transports that cause unnecessary emissions of carbon dioxide. Our purchasing process will gradually encourage more principled stands of this kind, where a concern for the environment takes precedence over other values.

OPERATIONS SUBJECT TO PERMIT AND NOTIFICATION REQUIREMENTS

ProfilGruppen is engaged in operations that are subject to permit and notification requirements under the Swedish Environmental Code. Activities requiring a permit refer to the extrusion of aluminium at our oldest extrusion plant, anodising, mechanical metalworking and recycling of hazardous waste generated in our own operations.

The aluminium extrusion activities which take place at our third extrusion plant and the metalworking and lacquering activities carried out at other parts of the business are subject to notification requirements.

OUR ENVIRONMENTAL POLICY – THE BASIS FOR OUR ACTIVITIES

ProfilGruppen's overall environmental policy summarises our views on environmental issues and how we should act in such matters.

Our environmental management system ISO 14001 helps us to work systematically*. The certification of the system involves regular external audits, which give us valuable input and help in the evaluation of the work. We are also certified according to the energy management system ISO 50001:2011*, which gives us a further edge in our work on energy issues. Every year, internal audits in energy and environment are performed on the manufacturing processes, according to a rolling schedule. Any discrepancies are noted and followed up.

The company's environmental goals are followed up each month by management, and are given special focus at dedicated meetings. These meetings also

evaluate the relevance of, and compliance with, the environmental policy. The more concrete goals tend to take the prevailing role in our operational work – but this routine helps to keep the important purpose of the environmental policy up-to-date.

We work closely with a number of subcontractors of processing services and have relatively substantial opportunities to influence their governance of these issues. We require that they comply with our Code of Conduct for Suppliers and we also carry out supplier evaluations. We set requirements for our suppliers' environmental work, which are a prerequisite for doing business with ProfilGruppen. The aim is to increase the number of suppliers which comply with these guidelines.

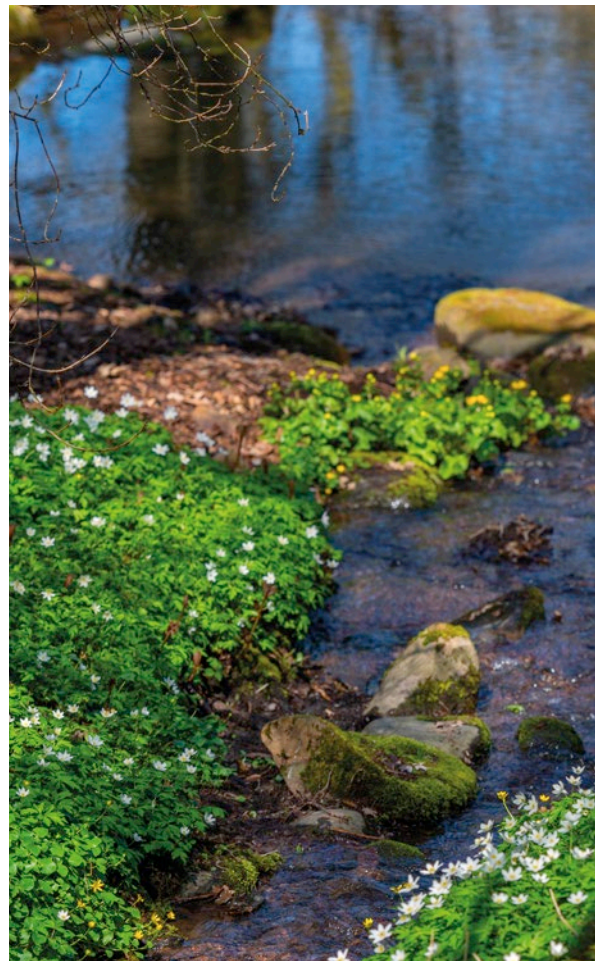
ENVIRONMENTAL POLICY

OUR BASIC OUTLOOK IS

- that the company's activities should contribute towards the long-term sustainability of society
- that products based on our aluminium extrusions should be beneficial from a lifecycle perspective
- that our business should be permeated by commitment and concern for our environment

WE WILL

- comply with laws and other binding requirements
- implement preventive measures to protect the environment and strive to achieve the lowest possible negative environmental impact
- work with the continuous improvement of our processes and management of natural resources, which means:
 - Material efficiency, reducing the proportion of scrap in our processes
 - Energy efficiency, reducing energy consumption per unit produced
 - Transport efficiency, reducing the environmental impact of transport related to our operations
 - Other resource efficiency, minimising the use of natural resources and reducing emissions and waste produced
- recycle the aluminium scrap that arises in our production processes
- when purchasing, strive to select sustainable and energy-efficient goods and services
- promote the transition to renewable energy and exploit the possibility of energy exchange with the surrounding society where possible
- help and inform customers of energy-related and environmentally sustainable structures that facilitate recycling
- provide our employees with the resources and knowledge needed to meet the requirements of this policy.



CARE FOR THE INDIVIDUAL

SECURE AND MOTIVATED EMPLOYEES

The success of ProfilGruppen is based on our customers getting the best treatment, and the fact that we are perceived as a competent, problem-solving and forward-leaning partner. To achieve this, we need personal commitment and employees who thrive at work. To work consistently and consciously to be an attractive workplace, so that we are able to attract, retain and develop individuals with the right skills profiles, is therefore an important strategic objective.

A STABLE BASIS FOR INDIVIDUAL RIGHTS

Respect for the individual is fundamental to ProfilGruppen.

Our Code of Conduct states that we, as a company and as individual employees, are to comply with the UN Universal Declaration of Human Rights and the ILO core conventions. All our employees work in Sweden, Norway or Germany, where the levels of worker protection and the like are high, which facilitates our control in the area. We comply with laws and collective bargaining agreements regarding, for example, salaries and working hours and no unjustified pay differentials may occur. Salary surveys have shown that existing salary differences are objectively justified.

The majority of our subcontractors are located in the Nordic countries, which means that we feel confident that they also follow the guidelines relating to occupational safety and similar. We require that all our machining suppliers follow the Code of Conduct for Suppliers that we have produced. The plan is to spread this further to other suppliers. We never cooperate, either indirectly or directly, with suppliers where we have reason to believe that child labour laws are or will be disregarded.

So far, we have never identified any shortcomings, either in our own operations or when scrutinising any supplier, concerning human rights or the ILO core conventions. As we grow and expand the number of subcontractors we use for, for example, components, the risk increases that we may engage a company that does not meet the demands we make in this area. We must prevent this by ensuring that new suppliers are carefully screened before being engaged.

DIVERSITY AND RESPECT FOR EACH OTHER

We see diversity as being both self-evident and a strength, which is clarified in our equal treatment policy. This policy also sets out that neither discrimination nor sexual harassment may ever occur. There are specific action plans to ensure this.

The company and the local trade union groups* have carried out a joint evaluation and drawn up a plan for how to prevent and combat discrimination in various forms. The work has resulted in a documented record of where risks of negative discrimination exist, as well as a number of active measures to prevent this. We have also agreed on measures to promote a more balanced gender distribution.

In ProfilGruppen, about 28 per cent of employees are women – but the proportion of women among leaders and managers is lower. We work to encourage a positive development in this area.

With us, employees with origins from around twenty different countries and with a range of different cultures, languages, knowledge, ages and genders, are all intermingled. By following our core values in a simple organisational structure, all individuals are given the opportunity to develop in a down-to-earth and humble environment. When recruiting, we place a strong emphasis on the candidate's personal qualities and how well they fit in with our core values. An understanding of each other is fundamental to equal treatment and wellbeing at work. All employees have received training in communication and behaviour styles, which included a self-assessment exercise. The intention was to help us understand each other better and appreciate our differences.

ProfilGruppen includes local union clubs* for the Swedish trade unions IF Metall, Union and Ledarna. The presence of these clubs provides the opportunity for a clear dialogue between the company and employees, as well as local agreements that benefit both parties.

A SAFE AND SECURE WORKPLACE

A prerequisite for committed and secure employees is a safe working environment. Our health and safety policy clarifies our common starting point on the working environment. The content and relevance of the policy are evaluated each year

by the safety committee, which is composed of representatives from different parts of the company – including management and safety representatives. We have a Head of Safety, who works on health and safety issues across all areas of the company, supporting and challenging other health and safety officers in the organisation.

The goal of our safety work is to create a physically and mentally healthy and stimulating workplace for all employees, where we prevent work injuries and occupational illness. The safety committee and the safety representatives have important roles in this proactive work. We try to eliminate the sources of risk through routines, work equipment, protective equipment, work arrangements and employee training.

In order to enable us to build up an overview and work proactively, we have an internal reporting system* where all our employees can report any hazardous circumstances, incidents and accidents. All reports and recommended measures are accessible to all members of staff. Employees are encouraged to report all risks so that they can be remedied before any incident occurs. All employees are also trained in safety work through various training courses.



The risks in our physical working environment are primarily related to pinch and cut injuries, and repetitive strain injuries after long service. Unexpected events that employees are exposed to are the root cause of injuries suffered, primarily to the hands and fingers.

These incidents are particularly difficult to eliminate in areas where materials are handled manually. Instead, we use protective equipment such as gloves, which minimise tears and cuts. To prevent strain injuries, we work long-term with preventative health care and lifting aids.

Our vision is zero accidents in our operations, which we work systematically to achieve. Our definition of an accident is an incident causing at least one day of absence from work – which means that even minor injuries, such as sprains, can constitute an accident.

CORE VALUES

ProfilGruppen's day-to-day work is governed by five core values that describe how employees are expected to behave:

COMMITTED - RESPONSIVE - PROFESSIONAL - FAST - CONTINUOUSLY IMPROVING. These values act as guiding principles for each and every one of us in our respective work situations.



Responsive – Monica Holmberg

"At the reception, things really change all the time, so I need to adapt smoothly to new situations – be responsive to our visitors' needs and wishes as well as to those of my colleagues. My colleagues all work in the same way – we try to adapt to new situations that arise and help our customers until they are satisfied. And that, of course, is always our goal: satisfied customers!"



Continuous improvement – Mensur Visocanin

"To improve our process, we need to be alert and stay on top of what the customers need. Continuous improvement is essential in today's society. Everyone can do their little bit, which in the long run will make a big difference. Those of us who work in machining deliver to the end customer, and continuous improvement increases our margins on our deliveries. Every time I discuss an idea with my colleagues, however small, I encourage them to write a PDCA (suggestion for improvement). We hope that each little idea can lead to improvements and help us develop – operationally, production-wise and as employees."



Personally committed – Lars-Göran Nilsson

"For me, personal commitment has always been important, even crucial at certain junctures of my professional life. There is research which supports the thesis that personal commitment which inspires an employee rubs off on other employees so that this commitment spreads through the organisation, like rings on water. This is very inspiring to implement, drive and then see the results of, as part of our effort to grow and develop together. It is my conviction that this is an important parameter for our ability to retain and develop employees as well as customers, but it is also crucial to our ability to attract new ones."



Fast – Lina Front

"I believe one of the reasons why we do things quickly at ProfilGruppen is that we have short lines of command within the organisation. As an employee, you also receive the authority and the trust to make your own, quick decisions. We are available and always try to respond quickly."



Professional – Pål Andersson

"Measuring is knowing! We measure and check the quality of the product, ensuring that it is right for the customer. We also ensure that we follow our own and the customer's requirements for the product – all to ensure that at the end the customer receives the product they were looking for."

CORE VALUES

Creating a shared set of values is an important part of our sense of community and provides the ideal opportunity for all employees to pull in the same direction.

In ProfilGruppen, we are:

Personally committed

We are responsible and show an interest in customers, assignments and colleagues.

Responsive

We adapt without issue to new conditions.

Fast

We are accessible and provide rapid responses.

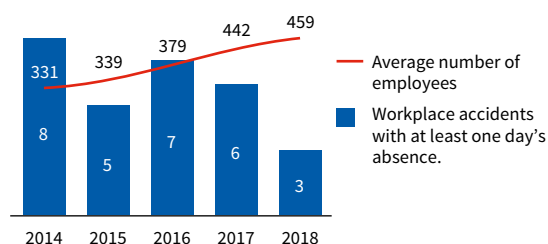
Continuously improving

We always want to improve what we do, in a sustainable way.

Professional

Our customers can trust that they get what they want.

Workplace accidents leading to at least one day of absence, days



In 2018, three accidents occurred in which employees fractured a finger or foot and injured a shoulder as a result of repetitive strain.

WELLBEING AND JOB SATISFACTION

The psychosocial and organisational working environment is often more difficult to measure and control than the physical. We assess this through, among other things, annual conversations with all employees and an analysis of absenteeism.

A transparent organisational structure, unambiguous roles and clear leadership are important parameters when we prevent ill health in this area. Respect for each individual is also a key. A good work-life balance improves our employees' wellbeing, as do the health initiatives we have taken. Physical and mental wellbeing are connected.

At ProfilGruppen, we work actively to prevent alcohol and drug abuse in order to further improve safety. Zero tolerance for being under the influence at work is self-evident. Substance abuse poses a security risk and can reduce job satisfaction. To curb abuse, we carry out tests prior to employment, as well as random tests of employees*. The tests, carried out by occupational health services, have meant that we have averted potential risks – but also that we have been able to offer employees professional help that has helped them to cease destructive behaviour.

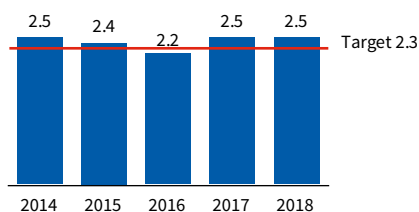
HEALTHIER AND STRONGER TOGETHER

At ProfilGruppen, we care about our employees in many ways, including through various health initiatives. We have previously contributed to the construction of a swimming pool and exercise hall in Åseda, where our business is based. As a sponsor, we are in turn able to offer our employees the chance to go swimming and take part in fitness activities at sharply reduced prices*. In our main factory, there is also an exercise room with equipment which can be used free of charge round the clock.

To employees who do not want to use any of these facilities, or supplement them with anything else, we offer a reimbursement grant for health-promoting activities*. We arrange internal exercise sessions, specially adapted for the preventive and rehabilitative needs we have. In 2018, this meant yin yoga, warm-water workouts and spinning. Subsidised massage for everyone and complimentary fruit every day are other examples of health promotion measures.

As a complement to our wellness activities, we try to promote wellbeing through, among other things, a staff club that organises activities for employees, and an art club, which the company supports.

Short-term sick leave, %



Sick leave of up to 14 days is low at ProfilGruppen.

Sick leave in our company is comparatively low, which we are grateful for. But that does not mean that we do not want to be even better. In addition to the above preventive health care initiatives, we work with our occupational health provider in providing coaching to enable employees to return to work.

Since 2016, when we had a rate of sick leave of only 2.2 per cent, we have had an ambitious target of 2.3 per cent. The outcome for 2018 was 2.5 per cent (2.5), so we did not fully achieve our goal. We believe our efforts have been successful in helping to keep us fit and healthy, and regard 2.5 per cent as a very good result compared with other companies as well as the national average.

CONTINUOUS DEVELOPMENT

Continuous competence development is crucial to the company's success. This must take place through the development of existing employees and the recruitment of new talents. The basis of each individual's development is the performance review that takes place at least once a year*. At the review, individual targets and development plans are defined, and our core values are discussed. The development plans may include both external and internal theoretical and practical training. A company-wide training plan* forms the common structure for such training and is complemented by personalised activities.

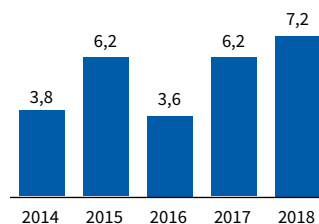
In ProfilGruppen, internal recruitment has always been common. Internal mobility creates valuable development opportunities for the individual, while the employees gain a greater understanding of the business.

To improve our ability to find new talented individuals, we establish contact with young people at an early stage in order to build contacts and encourage interest in technology in our local county. We work with local secondary schools and participate in their apprenticeship schemes. To market ourselves and the industry, we arrange study visits from pupils of primary school age, both regionally and locally. We also have a good partnership with the mechanical engineering programme at Linnaeus University and continue to market ourselves to various student groups in a variety of ways.

Our low staff turnover indicates that our staff thrive and feel motivated with us.

Continuous improvements are part of our corporate culture, and to allow all employees an involvement in this work, ProfilGruppen has a digital system for suggesting improvements*. All employees are able to make suggestions for improvements and development opportunities in the system, and can follow how the proposal is processed. To encourage proposals, the best proposal each month receives a reward.

Staff turnover, %



The level of staff turnover has been normal in the last few years. Prior to that, we had a period with few people retiring and a shortage of young people, who are more prone to move about.

OPENNESS AND WHISTLE-BLOWING

Our geographic concentration facilitates communication between different levels and functions. Our Code of Conduct encourages employees to report any situation in which they perceive non-compliance with the Code of Conduct. They can report to their immediate manager, elected representatives, HR or representatives of company management. A report submitted by an employee is of course treated in strict confidence and it is not permitted to disclose the employee's identity when the matter is taken further.

CARE FOR SOCIETY

WE CARE ABOUT THE WORLD AROUND US

Our basic principle is that we, as a company and as individual employees, should engage in and contribute positively to the development of the communities in which we operate.

In cases where we want to influence legislation or advocacy, activities in these matters is mainly carried out through the professional organisations of which we are members. Svenskt Aluminium is an association of around fifty companies, whose purpose is to develop the use of aluminium. The European industry association, European Aluminium Association, has essentially the same objective.

LOCAL ENGAGEMENT

Our geographical location and concentration means that we are one of the municipality's largest employers, and we are aware that our business affects Åseda as a town in many ways. That we have a mutually beneficial dialogue with the municipality is therefore important for both parties. We try to show respect for both the environment and our neighbours by not disturbing more than is absolutely necessary in terms of noise and emissions, for example.

Water is our most important food and the source of all life in nature's ecosystems. Our water consumption is likely to affect the surrounding waterways and we therefore actively participate in the Alsterån River Water Council, which is a voluntary association of municipalities, companies and organisations that promotes the sustainable management of water resources around the Alsterån river.

It is of the utmost importance for us to ensure that Åseda remains an attractive place to live. We have therefore sponsored the building of Hälsans Hus, a swimming pool and sports centre in Åseda, the operations of which we provide significant annual contributions to. The importance of this facility for the area's development should not be underestimated, as it serves as a meeting place where local residents can engage in recreation and training.

Another way for us to contribute positively to society is sponsorship and we have, in our sponsorship policy*, chosen to direct our support to local sports clubs with a focus on children and youth. In Åseda, ice hockey is a popular pastime and our sponsorship has resulted in the town's ice rink bearing the ProfilGruppen name. The local parents' association, which is run by a group of selfless firebrands who arrange activities for the children, is another example of local sponsorship.

Since 2018, we have been sponsoring Växjö DFF, a football club exclusively for girls that is working actively to promote integration and equality, which is something we want to support.

Collaboration and knowledge sharing can enable a far-reaching influence and, as a member of Sustainable Småland, a regional network that focuses on the development of innovative environmental solutions, ProfilGruppen has the opportunity to contribute to a greener and more sustainable region.

Training of the desired quality and with the right focus is important for the development of both society and business and, to contribute to this, we are members of Teknikcollege, a collaborative concept that will improve the quality of technological training in the local region.

CARING TOGETHER

The responsibility to make a positive contribution to the local community is an unarguable fact for us, but we do not want to forget that we are part of something bigger and that we all have to work together to take care of our planet. We have chosen to become involved in Vi-skogen, an organisation that plants trees as a means of helping people out of poverty. Tree planting provides fruit, animal feed, firewood and building materials. The trees also make farmers' crops grow better – the trees prevent fertile soil from being washed away in connection with heavy downpours, provide shade from the sun and bind nutrient-rich nitrogen in the ground. Together with our employees, ProfilGruppen regularly donates funds to Vi-skogen. In this way, we are working together to help people in Africa to achieve better living conditions, while also contributing to a better and more sustainable environment.



VI-SKOGEN

FREE AND FAIR COMPETITION

As a company, we want to act fairly and honestly in all situations. All employees are expected to act in this way, as evidenced by our Code of Conduct. The Code of Conduct states that we shall comply with all local laws, industry rules and similar in order to maintain free and fair competition. Our employees are never permitted to offer, give, demand or receive gifts or equivalent benefits from customers or suppliers if these could affect the commercial relationship or if they exceed the bounds of normal hospitality. We shall always act responsibly.

Our ongoing reviews of the costs of customer events and business travel indicate that such costs are rare, and that they remain within restrictive limits. We communicate to our suppliers, partly through our Code of Conduct for Suppliers*, that we do not accept anything outside these limits. At present, we have no procedure for examining the business ethics of our suppliers, but so far there has not been any situation where irregularities have been detected.

To counteract the risk of relationships between purchasers and suppliers that affect competition, we strive to rotate the respective purchasers' range.

Our Code of Conduct details how an employee who feels that rules or codes are not being complied with by our employees or our suppliers shall report their suspicions. No such suspicions have been reported during the year.



ÅIF HOCKEY.

AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the general meeting of shareholders in ProfilGruppen AB (publ.) Corporate Identity Number 556277-8943

Assignment and allocation of responsibility

The Board of Directors is responsible for the sustainability report for 2018 on pages 2-14, and that it is prepared in accordance with the Annual Accounts Act.

Focus and scope of the audit

Our examination has been conducted according to FAR's recommendation RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that

our examination of the sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with a sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

KALMAR, 5 MARCH 2019

Ernst & Young AB


Franz Lindström, Authorised Public Accountant

BRIEF FACTS ABOUT PROFILGRUPPEN

- Our vision is to be the preferred supplier of innovative aluminium extrusion solutions in northern Europe
- Started in 1981 in Åseda, Småland
- Listed on the Stockholm Stock Exchange in 1997 and included in the Small Cap list
- A large share of the company's deliveries, around 40 per cent, is exported, mainly to northern Europe
- Extruded aluminium profiles and components are used across a wide range of industries, including interior design, construction, electronics and the automotive industry
- Certified under the IATF 16949, ISO 14001 and ISO 50001 standards
- All in-house production takes place in Åseda and comprises:
 - Three extrusion lines for the manufacture of aluminium extrusions currently. Work has begun on the construction of a fourth press, which is expected to go into operation around year-end 2019/2020.
 - Anodising facility for surface treatment
 - Processing in the form of cutting, bending and punching
 - Fully automated facility for machining, coating and packaging of interior design details
- Partnerships with a dozen or so subcontractors broaden the range of processing options
- A partnership with ProfilGruppen should be uncomplicated and involve personal commitment

GLOSSARY

Anodising	Electrolytic surface treatment process that produces an insulating and decorative surface
Bauxite	A soil or rock from which aluminium can be extracted
Machining	Generic term for a variety of processes that further refine the aluminium extrusion, for example, bending, milling or surface treatment
Code of Conduct	Documented requirements for certain conduct
Extrusion	See Extrusion
Processing	See Machining
Extrusion line	The production process in which aluminium extrusions are made
Primary production	To produce a material, in our case aluminium ingots, for the first time from its original form in the crust of the Earth.
Extrusion	A detail that is designed according to the customer's requirements and then pressed through a tool matrix to acquire the desired shape, properties and appearance
Extrusion	Manufacturing extrusions by pressing an aluminium ingot through a die
Recycling	To recover and reuse a material which formed part of a product that has reached the end consumer



ProfilGruppen is a supplier
of turnkey customised aluminium
components and extrusions.

ProfilGruppen AB

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