

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.



profilgruppen.se

SUSTAINABILITY REPORT **2017**

**Profil
Gruppen.**

Innovative aluminium solutions

CONTENTS

COMMITMENT AND RESPONSIBILITY

3

The Group in figures

OUR BUSINESS

4-5

PERSONAL COMMITMENT TO SUSTAINABLE SOLUTIONS

- We work locally

CARE FOR THE ENVIRONMENT

6-10

Aluminium – a climate-smart choice

Why aluminium

Recycling of aluminium extrusions and components

HOW WE AFFECT THE ENVIRONMENT

- The environmental aspects

THE POLICY CONTROLS ENVIRONMENTAL WORK

- Environmental Policy

CARE FOR THE INDIVIDUAL

11-13

SECURE AND MOTIVATED EMPLOYEES

- Core values
- Stable ground for individual rights
- Diversity and respect for the individual
- Safe working environment
- Wellbeing and job satisfaction
- Healthier and stronger
- Continuous improvement
- Openness provides the opportunity for self-reflection

CARE FOR SOCIETY

14

WE ARE COMMITTED TO THE WORLD AROUND US

- Local engagement
- Shared responsibility for care
- Ethical business

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 jointly owned subsidiary PG&WIP AB. Where this is the case, this is indicated by an asterisk (*).

This is a translation of the Swedish version of the sustainability report. In case of any discrepancies, the Swedish version shall prevail.

COMMITMENT AND RESPONSIBILITY

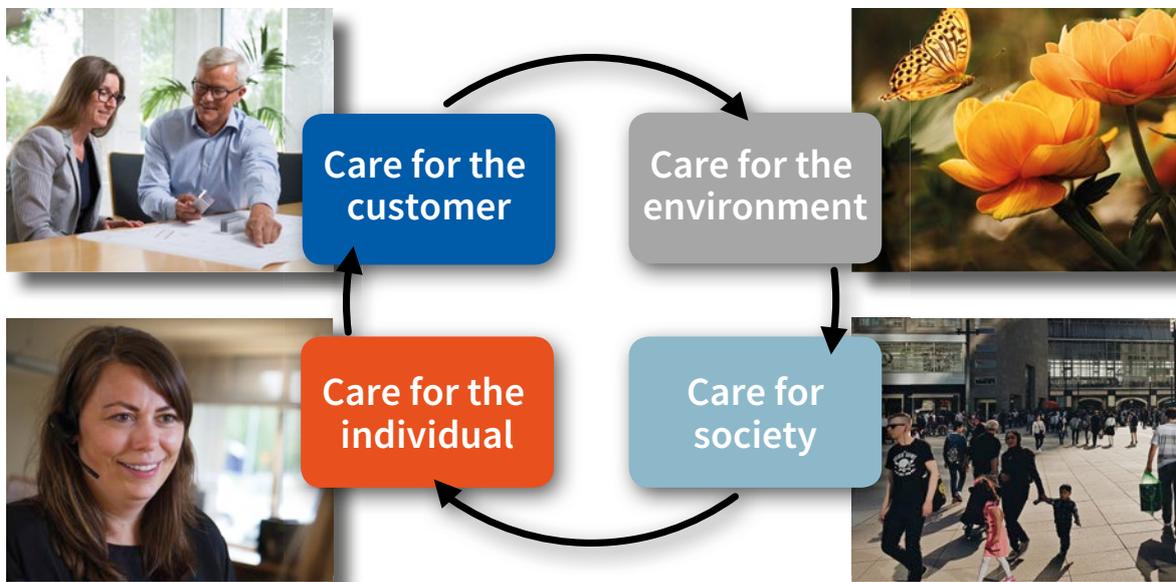
A little better all the time. This is one of the most important driving forces in ProfilGruppen. Our customers deserve a responsive and responsible partner who strives for constant development. Thanks to all the personally engaged people in ProfilGruppen, this is what our customers can have. As an employer, we must therefore create an environment where individuals thrive and develop.

Everything we do affects someone else. We are aware that we influence the world around us in many different ways and want to make the most positive footprint possible. Our Environmental Management System* helps us to achieve a measure of control over the manner in which our operations affect the environment. The most positive impact on the environment that we contribute is the choice to work with aluminium, which is a fantastically sustainable material in several ways.

We also want to contribute to the positive development of the society we operate in through various activities and collaborations.

Our owners' primary expectation is that we safeguard profitability, and we do this best by taking care of our customers. More information on how we control, follow up and reach our profitability goals can be found in the annual report. We see it as indisputable that these goals will be achieved through honest and responsible operations.

Our core values are: personal engagement, 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.



The Group in figures

	2017	2016	2015	2014	2013
Revenue, MSEK	1,383	1,132	980	809	730
Deliveries, tonnes	29,700	25,800	21,950	20,550	18,750
Operating profit/loss, MSEK	104	69	23	7	-20
Operating margin, %	7.5	6.1	2.3	0.9	-2.7
Net debt/EBITDA	0.6	0.9	3.0	3.1	23.7
Average number of employees	442	379	339	331	333
Revenue per employee, SEK	3,129	2,987	2,892	2,443	2,192



OUR BUSINESS

PERSONAL COMMITMENT TO SUSTAINABLE SOLUTIONS

Our business is built on us contributing to our customers' development of innovative, sustainable and energy-efficient products. Our core competence – extrusion of aluminium – creates competitiveness in several ways.

The choice of material is part of this. Aluminium is a fantastic material, and lays the foundation for the innovative solutions that we create together with our customers.

Our solutions are almost always the right choice from a lifecycle perspective. For example, if a component of a vehicle is produced in aluminium, it often has a lower weight than the alternative – which in turn reduces fuel consumption. A transport vehicle can increase the load weight, which also improves energy efficiency and reduces CO₂ emissions. The most significant effect in a lifecycle analysis, however, is that aluminium is easy to smelt and recycle.

Our 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 makes the need for standardisation lower. 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.

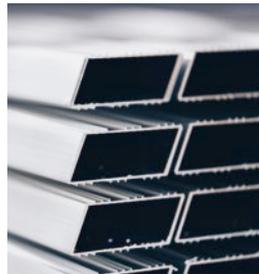
When we continue to refine the aluminium extrusions into a finished component, we have often cut a few links from the supply chain for the customer, and can offer a product that is ready for installation.

Our customers operate in a range of industries and we manufacture components for thousands of different products – everything from vehicles to patient lifters, luminaires, curtain rails and power plants. We don't choose the product. It chooses us.



Extrusion – our core competency

Our solutions are based on extruded aluminium profiles. Each extrusion is created by pressing heated aluminium ingots through a unique tool matrix. The mechanical properties of the extrusion are ensured through a combination of technology and craftsmanship. The extrusion is packed and forwarded to the next processing step or sent directly to the customer.



Processing services – increased opportunities

We can further refine extrusions in many different ways. These include simple cutting and stamping to advanced milling or bending in fully automated production cells. In some cases, we also assemble and consumer-package the product. Processing takes place in our own workshops or through our network of subcontractors.



Product development together with the customer

Together with our customers, we customise solutions in which product and production processes are optimised. In addition to the technical properties of the product, we also consider logistical and administrative benefits. In our design work, we strive for sustainable long-term solutions in which the product's environmental impact over the course of its lifecycle is factored in.



Surface treatment – strengthening of properties

To create or reinforce functions or appearance, many of the extruded solutions are surface-treated. This may refer to adding colour, corrosion resistance or durability. The most common surface treatment methods are anodising and powder coating, but other surface treatment methods may also be relevant.



A sustainable end-product

Ultimately, the customer receives a component or extrusion that has been developed to improve the customer's own product, for example, through longer shelf life or lower weight and lower fuel consumption.

WE WORK LOCALLY

THE GROUP CONSISTS OF

- ▶ The parent company Profilgruppen AB, which is listed on Nasdaq Stockholm Small Cap. This company has no employees and its operations consist of letting properties to other Group companies.
- ▶ Profilgruppen Extrusions AB, in which the majority of the operations is conducted. This company is responsible for the production of the extrusions and a large part of the further processing.
- ▶ PG&WIP AB, in which the processing and packaging of aluminium extrusions for a specific customer takes place. This company is owned to 70 per cent by the Group.

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. We also serve many export customers from the head office and only have one or two sellers based abroad. Half of our customers are located in Sweden, and in order to ensure geographical

proximity to as many of our customers as possible, we also have a sales office in Stockholm.

In order to complement our offering, and to ensure a complete delivery to our customers, we work closely with a number of subcontractors of processing services. Most of these are also based in our region. The geographical concentration of our business allows good transparency, short decision-making 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 degradation. 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 relatively high. We can therefore concentrate on raising our ambitions to the level we ourselves choose.

Our vision is to be the most preferred 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 become the most preferred 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. It is a material that enables us to develop products that are, from a lifecycle perspective, more beneficial than many alternatives. This is partly because we can create more energy-efficient and sustainable solutions – one reason for this being that it is a genuinely recyclable metal. We welcome all initiatives to 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
- ▶ High conductivity – can conduct both heat and electricity well
- ▶ Construction friendly – sets no limits on creativity
- ▶ Easy to work – major possibilities for built-in functions
- ▶ Easily recycled – can be re-used again and again without affect the material´s properties
- ▶ Valuable – leads to high re-sale value and profitable recycling
- ▶ Good access – plenty of aluminium bauxite in the Earth´s crust

Aluminium extrusions are used in many 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 extrusions are being increasingly used in the automotive industry, not less because of their light weight, which means fuel savings can be achieved throughout the life of a vehicle. The lighter the truck, bus or train, the heavier load capacity it can handle. Lighter vehicles also reduce the risk of injury in case of a road traffic accident.

In the aerospace industry, the material's low maintenance requirements and weight 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.

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

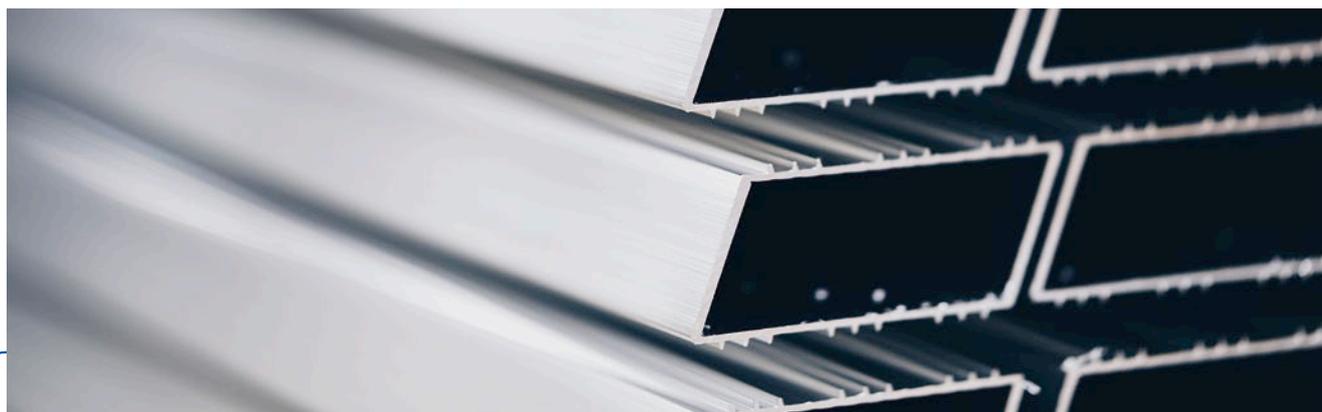
A very high proportion, over 90 per cent, of the products produced from aluminium profiles are recycled.

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, over 75 per cent of the aluminium ever produced in the world is still in use, because of the sustainability of the products. At the same time, demand is increasing. This leads to a shortage of scrap for re-melting 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. We now have agreements with all our suppliers that all our primary produced raw material should be produced exclusively using hydropower-based electricity.

Our process causes waste in the form of incorrect extrusions and process scrap as shavings, and we work actively to gather this and send it for re-melting. In return we then obtain new aluminium ingots of the same quality as primary produced ingots.



HOW WE AFFECT THE ENVIRONMENT

Many activities can have a significant environmental impact. Every year we evaluate our entire business based on its potential environmental effects. Our intention is to determine which of our activities have the greatest impact on the environment, and to be able to address and set 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.

Environmental aspect	DELIVERIES OF ALUMINIUM EXTRUSION SOLUTIONS
Environmental impact	Reduced fuel and energy consumption
Management and goal setting	<p>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.</p> <p>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.</p>

Volume delivered, tonnes

Year	Volume delivered, tonnes
2013	18 750
2014	20 550
2015	21 950
2016	25 800
2017	29 700

Environmental aspect	PRODUCTION OF ALUMINIUM
Environmental impact	Our suppliers' production of aluminium causes consumption of resources and energy and also emissions to water and air
Management and goal setting	<p>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.</p> <p>Through our purchasing power, we can influence our suppliers. We have chosen to buy only raw materials from hydropowered aluminium works with modern technology, and not from the many works in Europe that are coal-powered.</p> <p>At the same time, we can influence the total material requirement by making sure that as little material as possible is used per product. See Material efficiency below.</p>

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	<p>An important goal is to continuously reduce the amount of scrap that is inevitably produced via our manufacturing process. All the scrap that is produced in our process is gathered and smelted into 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 smelting.</p> <p>For 2017, the goal has been to reduce the proportion of scrap by 3 per cent. Scrap from the extrusion process decreased by 0.4 percentage points in 2017, while the proportion of scrap that had fallen in processing increased by one percentage point. Summed up, this means that the total proportion of scrap has increased by 2.5 per cent. The proportion of processed scrap depends on the design of the product and can vary greatly from one article to another. Our goal-oriented effort to keep the scrap proportion down is therefore performed through work with process improvements at article level every day. The outcome of this work is unfortunately difficult to measure at an overall level due to the product mix affecting. Operatively goals and follow-up broken down on different processes and per article are available.</p>

Change in scrap proportion, per cent

Year	Change in scrap proportion, per cent
2013	~1.5
2014	~1.5
2015	~1.5
2016	~1.5
2017	~1.5

Environmental aspect

ENERGY EFFICIENCY

Environmental impact

Energy consumption can generate greenhouse gases. Our production uses both electricity and 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).

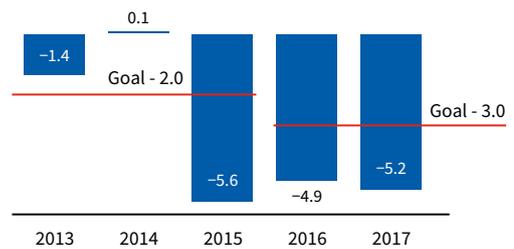
We are certified according to the Energy Management system ISO 50001*, which imposes certain demands on us while also giving us support in our work on energy efficiency. We have, among other things, an activity plan involving a wide range of actions, both large and small, to reduce energy consumption per produced kilo of extrusions. During 2017, for example we continued to replace traditional light fixtures with LED lighting in our production facilities. We have also worked intensively to streamline our use of compressed air equipment.

LPG is used primarily for the heating of aluminium ingots in one of our three presses and in an ageing furnace. When selecting new investments, we now opt out LPG-powered options.

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 hundreds of normal-sized houses.

For 2017, 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 5.2 per cent. In the last five years, the reduction has been a total of 16 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 can influence.

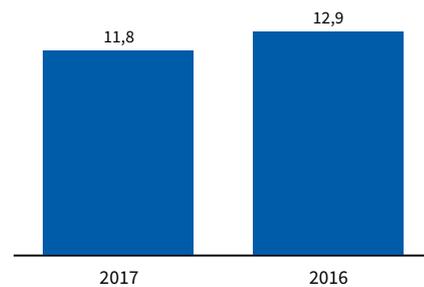
In cooperation with suppliers of raw materials, the share of purchased raw materials is mainly transported by rail instead of by road.

We also choose suppliers that are closest to us geographically to reduce transport distances.

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 here goes hand in hand. More efficiently loaded vehicles and fewer transports also reduce transport costs for both us and our transport providers.

We have quite recently started to monitor CO₂ emissions per transported kilo.

Carbon dioxide emissions, CO₂, per transported kilo



Environmental aspect

EMISSIONS TO WATER

Environmental impact

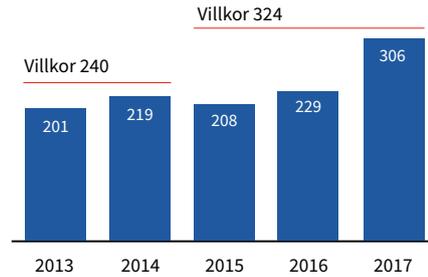
Sulphuric acid is used in our anodising process and, after neutralisation in the purification plant, sodium sulphates are formed which are largely released via rinse water. The environmental impact of emissions of sulphates into water is moderate, as sulphates are commonly found in our waterways.

Management and goal setting

In our surface treatment plant, anodising, sulphuric acid is used. Consumed acid baths are also used to neutralise the caustic soda needed in certain cleaning processes. The use of these substances gives rise to emissions of sulphates into water. Our permits for emissions allow up to 324 tonnes per year, with monthly testing.

We continuously work with process improvements to keep emissions down. During 2017, we have invested in equipment to reduce the consumption of chemicals.

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

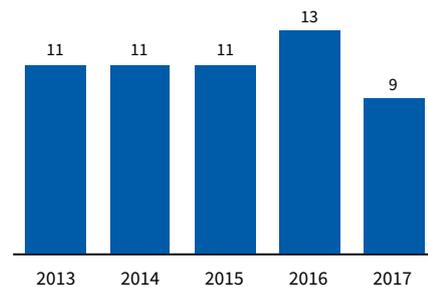
Management and goal setting

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.

During the year, a number of minor fire incidents occurred, most of which were caused by hot process residues coming into contact with grease or hydraulic oil. To prevent these incidents, we work with 5S and strive to ensure that facilities are kept clean. During the year, we have also introduced new temperature gauges in our anodising facility following an incident there.

We use a reporting system for all accidents, incidents and hazardous conditions*. Incidents that could have led to a fire have also been reported and given rise to preventive actions. In order to prevent risks, we engage in systematic fire prevention work, in which we also involve external experts in this field.

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 work is guided by sorting instructions and activities to reduce waste. Office staff can also contribute, for example, by using electronic options instead of printing. In 2017, we stopped printing payroll specifications to all employees and now use a secure, electronic mailbox.

All activities carried out by companies in our Group, including shipments and coworkers of our products, generated approximately 3 400 tonnes (3,300) of carbon dioxide emissions during 2017. The largest proportion, about 60 per cent, comes from the use of LPG, and the second largest cause

is the transport of extrusions, at about 15 per cent. Through our efforts to reduce energy consumption and transports, we also reduce CO₂ emissions per unit produced.

ProfilGruppen conducts operations that require a permit and are subject to notification requirements under the Swedish Environmental Code.

The operation are required permits and consist of aluminum extrusion, anodizing, metal machining as well as recycling of hazardous waste arising in its own operations. The extruding of aluminum, metalworking and lacquering that occurs in other parts of the business are required to be reported.

THE POLICY CONTROLS OUR ENVIRONMENTAL WORK

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

Our environmental management system ISO 14001:2004 helps us to work systematically*. The certification 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 the 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. This is done through, among other things, supplier evaluation and our requirement that they comply with our Code of Conduct for Suppliers. This Code sets minimum requirements for 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 company activities shall contribute towards the long-term sustainability of society
- that products based on our aluminium extrusions will be beneficial from a lifecycle perspective
- that our business is permeated by commitment and concern for our environment

WE WILL

- comply with laws and other binding requirements
- implement preventive actions 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 and problem-solving 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, is therefore an important strategic objective.

CORE VALUES

Creating a shared set of values is an important part of our sense of community and provides opportunities for all employees to strive in the same direction. In ProfilGruppen, we are:

Personally engaged – We are responsible and show an interest in customers, assignments and colleagues

Responsive – we adapt smoothly to new conditions

Fast – We are accessible and provide rapid responses

Continually improving – We always want to improve what we do, in a sustainable way

Professional – Our customers can trust that they get what they want

STABLE GROUND FOR INDIVIDUAL RIGHTS

In ProfilGruppen, respect for the individual is important. 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 relatively 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.

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. To clarify our requirements, we have developed a Code of Conduct for Suppliers, which we demand that all processing providers follow. 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 are or will occur.

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 counteract this by ensuring the proper scrutiny of new suppliers before they are engaged.

DIVERSITY AND RESPECT FOR THE INDIVIDUAL

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.

During 2017, the company has collaborated with the local union clubs* on how to prevent and counteract discrimination of varying kinds. 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 actions to promote a more balanced gender distribution.

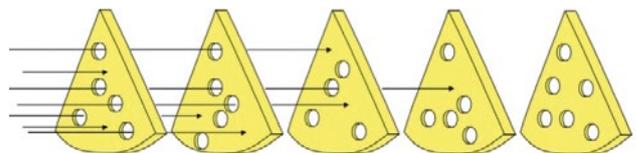
In ProfilGruppen, about 28 per cent of employees are women – but the proportion of women among leaders and managers is lower. This is one of the areas we have given particular attention to in this work. The proportion of women among new employees is significantly higher than that of the overall staff group, so the work towards a more balanced gender distribution is moving in the right direction. 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 values in a simple organisational structure, all individuals are given the opportunity to develop in a down-to-earth and humble environment. When we recruit, we place great emphasis on the individual's personal characteristics and how well they match our core values. We believe that understanding each other is the foundation of equal treatment and satisfaction. All employees have therefore, during 2017, attended a course in communication and behavioural styles, which also included a self-assessment.

ProfilGruppen includes local union clubs* for the Swedish trade unions IF Metall, Unionen 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.

SAFE WORKING ENVIRONMENT

A prerequisite for committed and secure employees is a safe working environment. Our working environment 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 safety manager who works company-wide with working environment issues, to support and encourage others in the organisation with working environment responsibilities.

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. All these barriers have their own shortcomings – but together they provide a high level of security, like the Swiss cheese model.

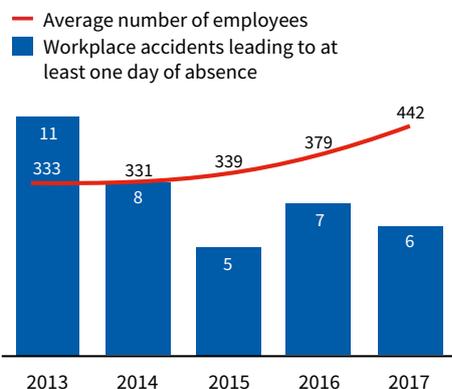


In order to enable us to build up an overview and work proactively, we have an internal reporting system* where all our employees can report any hazardous circumstances, incidents and accidents. The system makes all reports and its actions available to everyone. Employees are encouraged to report all 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. It is the unexpected events that employees are exposed to which are the root cause of injuries that primarily occurs to the hands and fingers. These events are difficult to eliminate from the areas that require manual handling. Instead, we work with protective equipment and are currently testing, for example, various types of gloves to minimise scratch and cut injuries without reducing the flexibility of the glove. To prevent strain injuries, we must work long-term with preventative health care and lifting aids. During the year, we have also increased the use of light crane beams in many production divisions.

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.

Workplace accidents leading to at least one day of absence



During 2017, two accidents occurred that caused absences lasting over one month, both of which were leg and foot injuries. Other accidents occurred which caused a few days of absence. Even if we have not achieved our vision of zero accidents, we can state that, with an increased number of employees and a large percentage of new and inexperienced employees, there has been no increase in incidents.

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

During 2017, ProfilGruppen has intensified its work with alcohol and drugs to further enhance 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 to employment, as well as

random tests of employees*. The tests, carried out by occupational health services, 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

At ProfilGruppen, we care about our employees in many ways, including through various health initiatives. We have contributed to the construction of a swimming pool and exercise hall in Åseda, where our business is based. In this hall, our employees can swim and train at heavily discounted prices*, as we sponsor the business. In our main factory, there is also an exercise room with equipment which can be used free of charge.

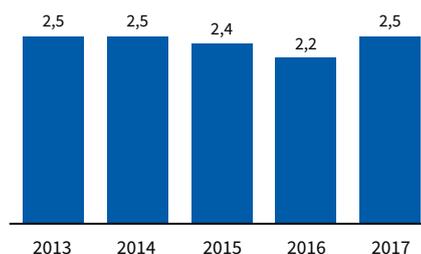
To employees who do not want to use any of these facilities, or supplement them with anything else, we offer a reimbursement grant for health-promoting activities*. We arrange internal exercise sessions, specially adapted to match the preventive and rehabilitative needs we have. These sessions currently take the form of water aerobics and stretching. We also subsidise massages and offer our employees free fruit, among other things.

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.

Absence due to illness 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 mentioned wellness initiatives, we have worked closely with occupational health services during the year on the coaching of individuals to get back to work.

The goal for 2017 was short-term absence of 2.3 per cent, which meant a decrease compared to previous years. The outcome was 2.5 per cent, so we did not fully achieve our objective. The measures to be taken for next year are under evaluation.

Short-term absence due to illness



Although the outcome for 2017 does not reach the objective we set, it is at a satisfactory level.

CONTINUOUS IMPROVEMENT

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 appraisal that should take place at least once a year*. In these appraisals, we set up individual goals and development plans, and discuss core values. 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.

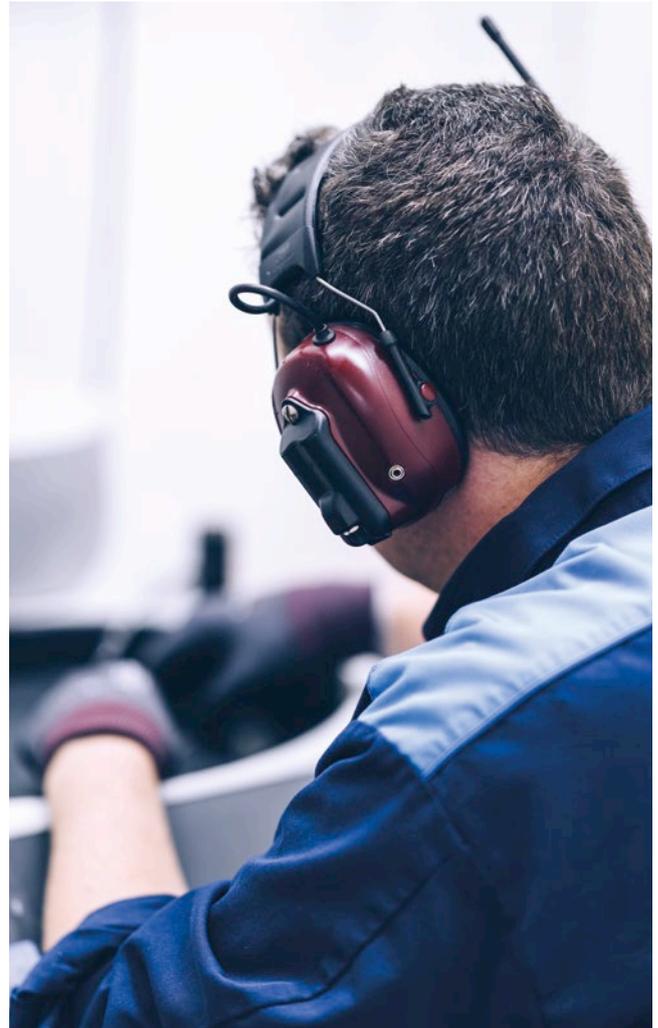
In order to increase the chances of finding new talents, we connect with young people. We work with secondary schools in the local area and are part of their apprenticeship programme – although the number of applicants has meant that we have not been able to take on more than a handful of apprentices so far. To market ourselves and the industry, we therefore arrange study visits from pupils of primary school age. During 2017, we have started a collaboration with Linnaeus University's mechanical engineering programme, while we continue to market ourselves to students in different ways.

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

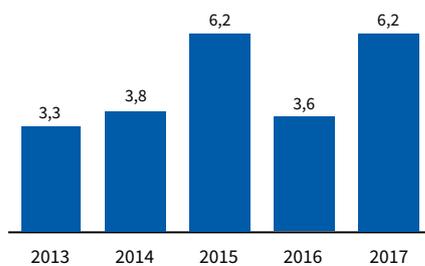
Continuous improvements are part of our corporate culture, and to allow all employees an involvement in this work, ProfilGruppen has a digital system for suggesting improvements*. All employees are able to make suggestions for improvements and development opportunities in the system, and can follow how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

OPENNESS PROVIDES THE OPPORTUNITY FOR SELF-REFLECTION

Because we are geographically concentrated, it is easy to communicate between 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. Whichever of these receives a report from an employee, it is clearly stipulated that the employee's identity must not be disclosed when the case is passed on.



Staff turnover



During the year, we have made many new recruitments, but also experienced a large number of retirements.

CARE FOR SOCIETY

WE ARE COMMITTED TO 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 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. 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.

Our water consumption is likely to have consequences for 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.

That Åseda is an attractive place of residence is important to us and our employees, therefore we sponsored the building of Hålsans Hus, a swimming pool and exercise hall in Åseda, the operations of which we provide significant annual contributions to. The importance of the hall for the area's development should not be underestimated, as it serves as a meeting place where local residents, and all of our employees, can engage in recreation and training. During 2017, the operations have been further expanded.

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.

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 engage in initiatives such as Teknikcollege, a collaborative concept that will improve the quality of technological training in the local region.

SHARED RESPONSIBILITY FOR CARE

To make a positive contribution to the local community is an unarguable fact, 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 therefore chosen to involve ourselves in the Vi-skogen agroforestry aid organisation. Vi-skogen plants trees to help people out



Image: Press image Vi-skogen, picture of dairy farmer Margaret Muchanga.

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 form nutrient-rich nitrogen in the ground. Small-scale farmers in Kenya, Rwanda, Uganda and Tanzania are trained in tree planting.

Both ProfilGruppen and our employees regularly donate funds to Vi-skogen. In this way, we are helping people in Africa to achieve better living conditions, while also helping to improve the environment.

ETHICAL BUSINESS

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 may never give or receive gifts or equivalent from either customers or suppliers that are outside the normal framework of hospitality. We shall always act responsibly.

Our ongoing reviews of the costs of customer events and business travel indicate that such costs are not only rare, but that they also remain within a restrictive framework. With regard to suppliers, we try to transmit a clear message that we do not accept anything outside the aforementioned framework, including through our Code of Conduct for Suppliers*. 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.

AUDITOR'S STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

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

Assignment and allocation of responsibility

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

Focus and scope of the audit

We have conducted our audit in accordance with to FAR's recommendation RevR 12 The auditor's opinion

regarding the statutory sustainability report. Our review of the sustainability report has a different focus and significantly narrower scope than a full audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe our audit provides a sufficient basis for our opinion.

Opinion

A sustainability report has been prepared.

KALMAR, 28 FEBRUARY 2018

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 ISO/TS 16949, ISO 14001 and ISO 50001 standards
- All in-house production takes places in Åseda and comprises:
 - Three aluminium extrusion lines
 - Anodising facility for surface treatment
 - Processing in the form of machining, bending and punching
 - Fully automated facility for processing, coating and packaging of interior design details
- Partnerships with a dozen or so subcontractors about ten 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
Code of conduct	Documented requirements for certain behavior
Extrusion	Manufacturing extrusions by pressing an aluminium ingot through a die
Machining	Generic term for a variety of processes that further refine the aluminium extrusion, for example, bending, milling or surface treatment
Primary production	To produce a material, in our case aluminium ingot, for the first time from it's original shape in the Earth's crust
Recycling	To recycle and reuse a material included in a product that has reached the end consumer



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

ProfilGruppen AB

Box 36 | SE-364 21 Åseda | Tel +46 474 550 00 | www.profilgruppen.se

Follow us on: facebook.com/profilgruppenab | linkedin.com/company/profilgruppen-extrusions-ab