

ERTECO RUBBER & PLASTICS AB



SUSTAINABILITY REPORT

2020/2021

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WORDS FROM THE CEO

When I am looking back at our last fiscal year it strikes me how wrong we were in anticipating how long we would be affected by the Corona pandemic. After more than eighteen months we are still in a pandemic and despite a high degree of vaccinations in our societies, new mutations are constantly being detected.

During the pandemic we have also learned a lot and adapted to new ways of working and doing business. Most of our employees who were not already working from home offices has been working from home since March 2020 until now and several of them are still doing so as long as the situation requires us to do so.

I have heard from our personnel that they have increased their efficiency and we can also see from our performance, that we have managed the situation very well. Even though we love to see and meet with our customers, we have been able to keep up the business activities via digital meetings, both externally and internally. For this I am deeply impressed and grateful to our staff.

It has also been a challenging year with respect to balance between demand and availability. Lead times and prices has been going up constantly but to a very high extent we have handled the situation well.



We have also seen an increased demand and interest for more sustainable materials in our business. We are often involved at early stages in product developments and in these projects' bio-based and recycled materials are requested more and more frequently. The awareness about our environment and willingness to make changes for the better, is much higher now than it was a few years back.

Our own ambition as well as goal is to meet the increased demand from the market and grow our share of materials sold, which are renewable or recycled in order to contribute to a more circular economy.

CARL-OTTO OHLSSON
CEO



ABOUT ERTECO

Erteco is one of the largest distributors of plastic and rubber raw materials in the Nordic market and the Baltics. Our materials come from leading manufacturers and are of the highest quality. The materials range from bulk products such as natural rubber and polyolefins to more advanced composite materials. Erteco is an entrepreneurial and privately owned company with a strong commitment to developing the Nordic and Baltic polymer industry.

“Our vision is to support our customers and work towards increasing their competitive advantage and success in the global market.”

Local presence and nearness to our customers is of the utmost importance to provide service at highest level. We build long-term relationships with our customers, end users and suppliers.

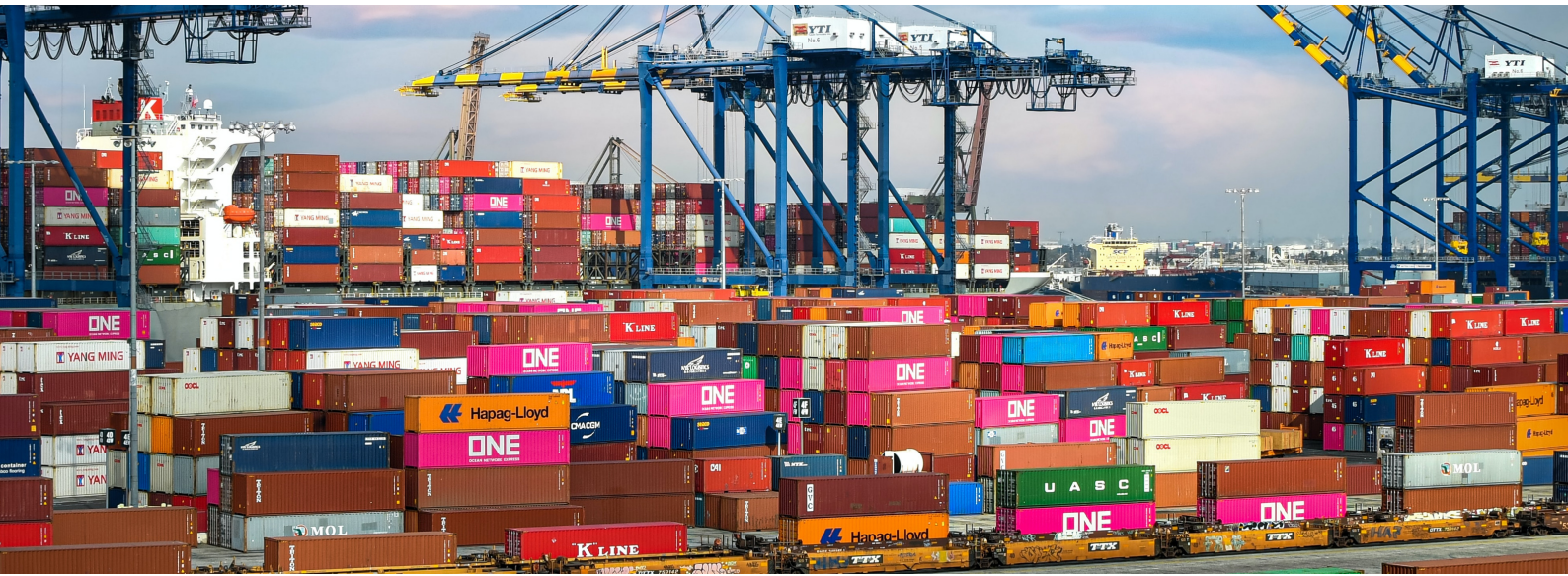
OUR IMPACT

Our responsibility extends beyond distribution. We strive to increase the power of innovation and technological development in our industry to promote sustainable development. We replace metal components in die-cast brass, zinc and aluminium with modern plastic composites, which has a number of positive environmental effects. Lower weight is one of the main effects, which means reduced carbon dioxide emissions in connection with transport from suppliers to us and from us to our customers. The lower weight also reduces energy consumption and carbon dioxide emissions that are associated with the usage of end products, for example in vehicles.

Plastic is also easy to shape and requires less energy consumption than metals during processing. It is also durable and with responsible handling it can have a long service life.

Several of the plastic materials we sell are bio-based and the crops are grown in desert areas to save the arable land for food. We are implementing procedures to encourage our customers to choose bio-based and recycled plastic to an increasing extent. Among other things, we have produced a material guide and trained our sales staff. We also plan to investigate the possibility of performing life cycle analyses and climate calculations to visualise the positive effect of sustainable material choices.





CHALLENGES

Demand for plastics has increased sharply in recent decades and is expected to continue to increase in coming years. With our position as one of the largest distributors in the Nordic and Baltics market, comes a great responsibility for the supply and handling of these materials.

Plastic can be produced from fossil fuels such as crude oil and natural gas, which are the most common methods today. It can also be produced from renewable raw materials such as plant-based oils and other biological substances. The challenge with plastic is that it is difficult for nature to decompose, regardless of whether it is made from fossil or bio-based raw materials. For people and society to be able to take advantage of the many benefits of plastic without harming the environment, we must use plastic in a circular manner whereby plastic is both reused and recycled. We must also minimise waste and littering throughout the entire value chain.

As a distributor, we can set requirements, inspire and educate both our suppliers and customers as well as society at large. Knowledge is a prerequisite for behaviour change and there is a lot to learn about plastic and its handling. Today, our sales of bio-based and recycled plastics only constitute a small part of the total sales. The reason for this can be attributed to a lack of knowledge and higher prices for bio-based and recycled materials.

As a distributor, the transport of goods is where we have the greatest direct environmental impact. We can influence how we transport goods to our customers. We have a limited possibility of influencing how goods are delivered to us because of the delivery terms. We make demands on our suppliers but need to specify them and implement clearer procedures for monitoring compliance.

MANAGEMENT CONTROLS

The Board and management have the overall responsibility for Erteco's sustainability work. Managers from each country and business have been involved in the analysis of what is essential. CFO Kristina Havdelin has been assigned responsibility for the sustainability report, Quality Manager Niklas Olsson is responsible for our ISO certifications and they, together with CEO Carl-Otto Ohlsson, are responsible for goals and follow-ups in each essential area.

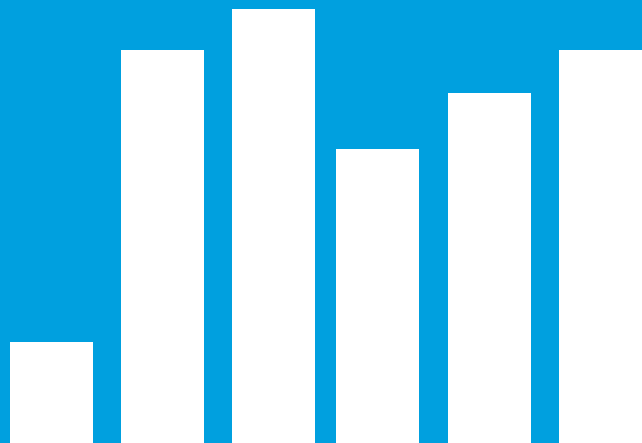
We have policies and governing documents involving the environment, purchasing, quality, working environment, traffic safety, preparedness and emergencies, gender equality and diversity, IT, data and integrity, a code of conduct and whistle blower policy. All policies are established in line with ISO 14001 and 9001.



GENDER DISTRIBUTION STATISTICS

In 2019/2020, we were a total of 31 employees, of which 35 percent were women and 65 percent men.

In 2020/2021, we were 33 employees, of which 36 percent were women and 64 percent men. Among employees in senior positions, 25 percent were women and 75 percent men.



MATERIALITY ANALYSIS

We wish to conduct our business in a way that maximises our positive impact and minimises our negative impact on society and the environment. With this ambition, representatives from each business area together with consultants from PURE ACT have analysed our internal strengths and weaknesses in environmental, social and financial sustainability. We have also analysed our external opportunities to maximise the positive effect of our sustainability work, and the external threats that could make our commitments more difficult. Based on these analyses and on requirements and expectations from our most important stakeholders, we have decided to prioritize five Sustainable Development Goals.

SDG 7

Affordable and clean energy

During the current pandemic, we have applied digital working methods, which has reduced our travelling. We intend to continue working digitally combined with regular business meetings. One of our important and growing customer segments comprises companies in the energy sector, and their environmental impact is a part of our indirect impact. Emphasising sustainable solutions and material choices comprises a part of our strategy for sustainable reconfigurations.



SDG 8

Decent work and economic growth

The working environment is one of the most central issues in our sustainability work. Our employees are one of our most important resources and we care that they feel safe, included and appreciated.

To avoid compromise when it comes to quality, design and sustainability, economic stability is a prerequisite. We are convinced that sustainability brings many business benefits in the long term, however in the short term it entails costs that we must accept to contribute to the necessary adjustments.

SDG 9

Industry, innovations and infrastructure

We have a clear connection to both national and international industry, even though we ourselves do not conduct any production. We work closely with our suppliers of plastic and rubber raw materials and our customer segments are often large producing companies. Thus, a large part of our indirect influence is governed by how these actors conduct their activities.

One of our main competitive advantages is our pursuit of innovation, sustainability and technical knowledge. We replace metal with modern plastic composites, which from an environmental point of view is often a more resource-efficient material than metal. We also strive to be involved and contribute with knowledge in new segments like E-mobility and energy storage.

SDG 12

Responsible consumption and production

Responsible handling of chemicals and waste are key factors in our sustainability work and hence we work actively to ensure good handling both internally and externally. We need to increase the common knowledge of all polymeric materials and promote bio-based and recycled materials. It is a prerequisite for us to be able to convert our offerings to more sustainable solutions. Responsible consumption is also about designing and producing with high quality to last for a long service life.

Our goal is to reduce our emissions by 5 percent each year by primarily replacing physical meetings with digital ones. When possible, we strive to choose travelling by train over flying.

Until 2019, we measured our footprint every other year, now the measurement is performed annually. The trend has been as follows:

2017: 3079 kg CO₂e

2018: Missing data

2019: 3138 kg CO₂e

2020: 1169 kg CO₂e

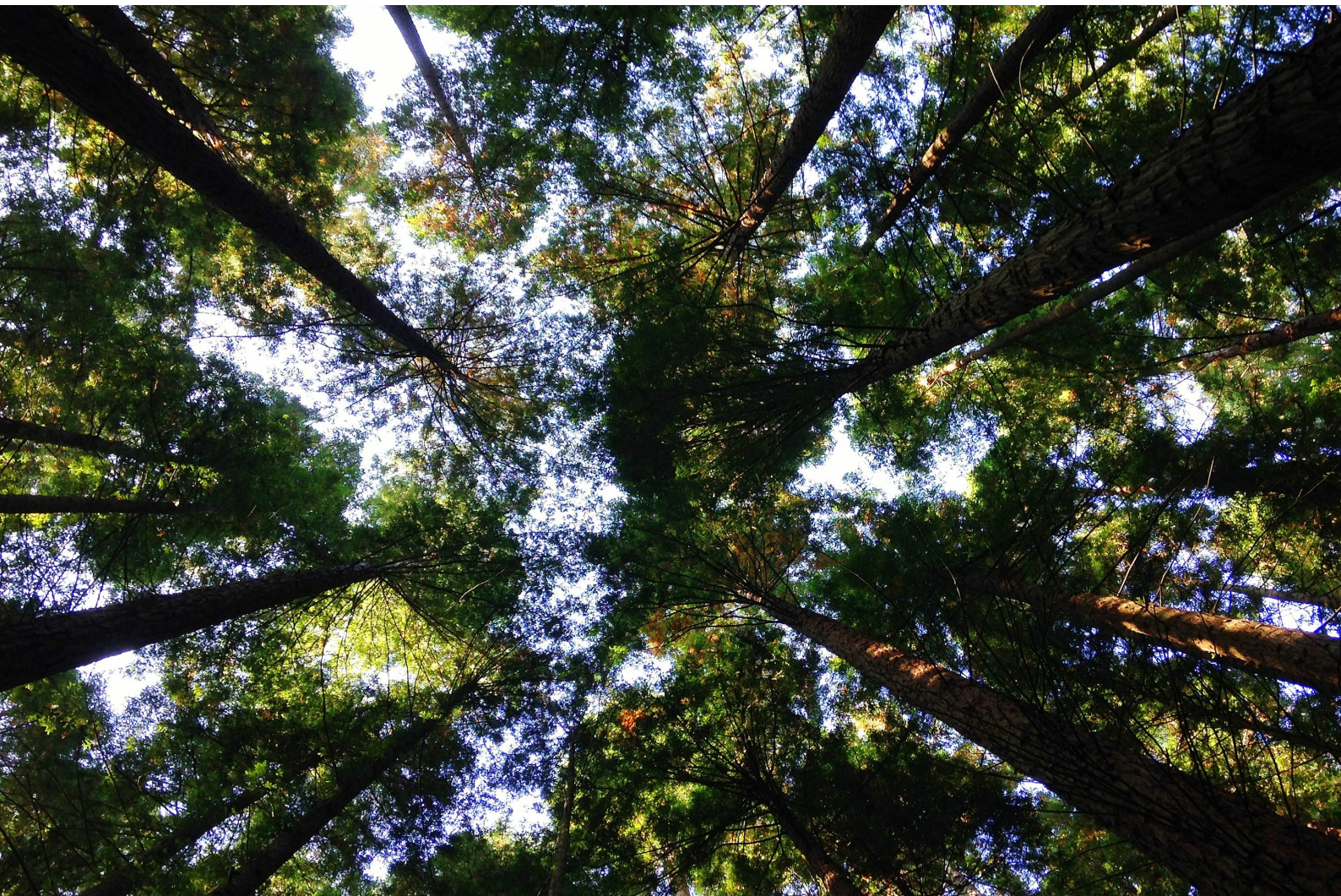
During the fiscal year 2020/2021 and due to the pandemic, the proportion of digital meetings increased, and this resulted in us succeeding a reduction of our emissions more than expected.

SDG 15

Life on land

Plastic waste poses a threat to forests, the sea, humans and animals. Hence, for many years we have supported various projects and associations that are dedicated to cleaning, saving and conserving ecosystems and biodiversity. We are the Rainforest Association's largest donor and since 2001 we have donated 5 percent of our profits to various projects that are dedicated to saving and conserving rainforests in South America. We are members of the industry initiative Operation Clean Sweep, which aims to prevent and minimise material waste in the distribution chain, especially plastic waste in oceanic and marine environments.

In our statutory sustainability report, we describe tangible activities and goals for each material area.



RISKS AND RISK MANAGEMENT

Based on our material areas, we have analysed which risks could arise and how we will prevent and/or manage these.

If the plastic we distribute is not handled responsibly, there is a risk that it will end up in the nature, which will have negative consequences for the environment as well as for animal and human health. To prevent plastic from ending up in nature, we follow the general provisions for suppliers as per the Swedish Plastics Industry Association and the Plastics and Chemicals Federation for our deliveries. We are also part of Operation Clean Sweep which is a project initiated by Plastics Europe and aims to prevent raw materials waste along the production and distribution chain. The plastics industry must ensure the correct use of its products that are sold and used.

Synthetic plastic and fossil fuels are made from crude oil, a natural resource that depletes over time. As the supply of crude oil decreases, the production and transport costs for synthetic plastic increase. It is also likely that taxes and fees for plastic and fossil fuels will be raised. At the beginning of 2021, a ban on disposable plastic was introduced within the EU and similar bans may also apply to other types of plastic products in the future. However, there are few indications that the total demand for plastic will be decreasing as it constitutes a large and important component in our societies.

To maintain Erteco's viability, we are working proactively to reorganise our offerings so that they consist to a greater extent of bio-based and recycled plastic. We also support research and development to raise the quality of recycled plastic. Regarding our transports and cars, we have begun to investigate the possibility of gradually switching to fossil-free fuels and means of transport.

Interest in environmental issues is increasing sharply and the public's attitude towards plastic is generally negative. Hence it is important that we show existing and potential employees that we take responsibility for the impact that our activities have on the environment. It is important that we are responsive to our employees' demands and expectations in order for us to remain an attractive employer. Other issues that are important for employees are gender equality and good working conditions. We advocate a balance between work and leisure, which is why we give our employees the opportunity to influence the working environment themselves. Today, the majority of our employees are men, but to become a more attractive workplace for women, we offer good opportunities to combine careers and parenthood.

COMMUNITY ENGAGEMENT

We support actors in our immediate areas to broaden our social and environmental responsibility. We provide financial support to organizations such as the Swedish Childhood Cancer Fund in Sweden, Children's Rights in Denmark, Save the Children in Finland and to local sports associations where our employees' children are involved.





OBJECTIVES 2022

Our sustainability work is continuous endeavour and we strive to constantly broaden the responsibility we take in both environmental and social sustainability. We have set the following goals for our sustainability work during the year 2022.

- Streamline our energy use and switch to renewable energy.
- Investigate the possibility of offering more sustainable goods transports to our customers.
- Increase sales of durable plastic materials.
- Employee survey with a focus on well-being and equality.
- Employee training in the fight against corruption.



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Our complete and audited sustainability report is available (in Swedish) on our website
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