

Sustainability Report 2020

**Doors
with
purpose.**

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Chairman's message

The buildings and construction sector has extensive environmental impacts, with the manufacture of building materials accounting for a substantial share of those impacts.

As the Chairman of the Board of Directors of Daloc, I am aware that climate change and the corporate environmental footprint have now reached a level where the need for change is clearly evident.

Today, climate action is a cross-sectoral task involving all businesses and organisations. We are naturally committed to ensuring that Daloc's activities have no negative impacts on natural resources. It is equally a given for us to protect the health and well-being of our employees, sub-suppliers, customers and anyone else affected by our business.

Daloc is a family-owned business, in which I am the third generation. Long-term commitment has always been our mission and success factor. Our long-term approach benefits us when we engage in the efforts to transition the building and construction sector to sustainability and circularity. We have committed to doing our part to ensure that people, the environment and society at large thrive for a very long time to come.



Fredrik Silverstrand
Chairman

Overview of sustainability at Daloc

Sustainability Policy

Daloc's business is operated in such a way as to prevent negative impacts on natural resources over the long term. We are working continuously to optimise our energy performance and minimise our waste.

We are committed to protecting the health and well-being of our employees, sub-suppliers, customers and anyone else affected by our business.

We select local and regional operators in the supply chain in terms of both products and services whenever the possibility exists.

We make requirements regarding our suppliers' conduct through our mandatory Code of Conduct (CoC).

Our financial resources are managed from a long-term perspective in the best interests of the company.

Continuous improvement is our *modus operandi*.

About this report

This Sustainability Report constitutes Daloc AB's (556239-8239) statutory sustainability report in accordance with the Swedish Annual Accounts Act, for the financial year 2020. The Sustainability Report contains information on the main factors for understanding the company's development, status and performance, and the impacts of its activities. This includes information concerning the environment, social factors, employees, respect for human rights and anti-corruption measures.

Daloc's Sustainability Policy comprises all of Daloc AB's entities and employees. Daloc's sustainability efforts are informed by corporate governance instructions and are integrated in all of the company's procedures.

The Report must be properly substantiated in order to provide an accurate impression of the company's sustainability efforts.

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Financial sustainability at Daloc

As a third-generation family firm, Daloc has always made decisions from a long-term perspective with the rationale: if something needs doing, do it right.

This means that the shareholders re-invest in the business in order for Daloc to be able to offer safe doors with high customer value and quality that protect people and the environment.

By exercising control of our group-wide processes, and with continuous improvements, we create the conditions for being a business that contributes to sustainable development while creating value-added for Daloc's customers.

The economic situation in Daloc's markets remained robust during 2020 despite the COVID-19 pandemic. Our manufacturing capacity utilisation rate was high and long-term investments were made as planned.

Several building extensions and machinery installations were carried out to ensure Daloc's long-term growth.

The UN's 17 Sustainable Development Goals

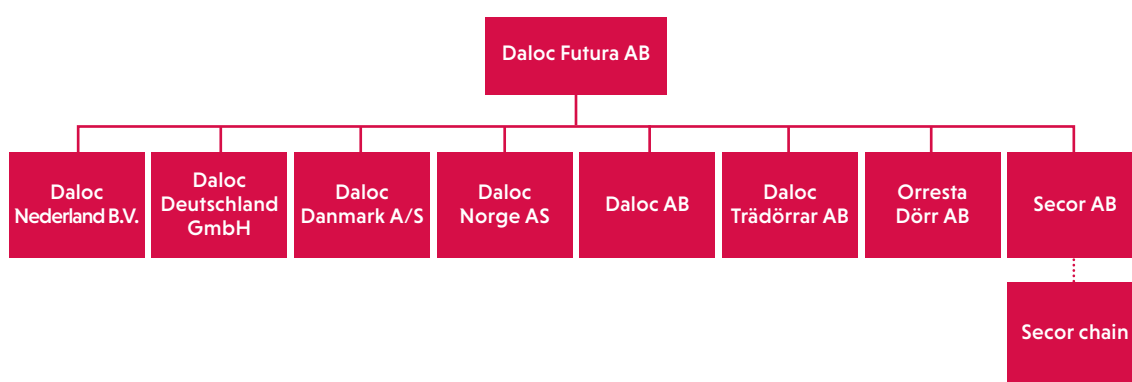
Of the 17 Sustainable Development Goals (SDG 15), in 2020 and 2021, Daloc has chosen to work with three specific targets, since these are specific to our activities.



Daloc Group

The family-owned business Daloc is a well-established Swedish industrial group within manufacture and sale of rated steel and wooden doors which protect people and property against fire, noise, intrusion.

Today, Daloc Group consists of several companies whose product and services are mutually complementary. Since 1956, the headquarters have been located in Töreboda, Sweden, where two of our state-of-the-art factories are sited near the Göta Canal. Our doors are made in Sweden and sold through our sales offices in Scandinavia and the rest of Europe.



Organisational and governance structure

Daloc Futura AB is the Group's parent company and is responsible for coordination and corporate affairs.

Daloc AB develops and manufactures steel fire doors, acoustic doors and security doors in a unique, highly-automated manufacturing process. This entity is also responsible for sales of both steel and wooden doors on the Swedish market and for export.

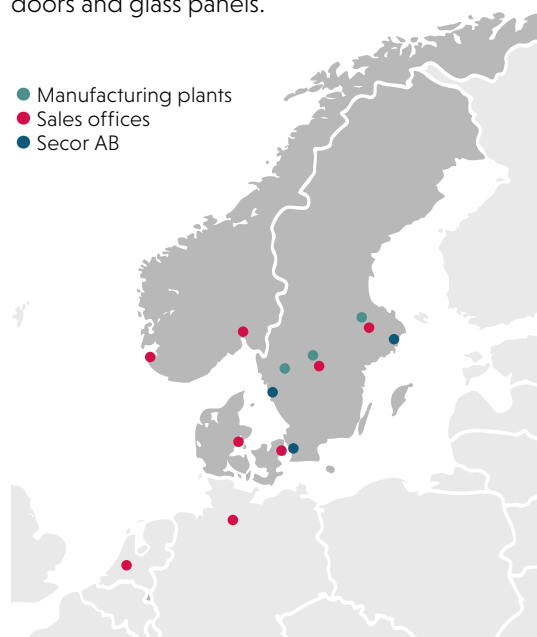
Daloc Trädörrar AB manufactures fire- and sound-rated solid wooden doors. This facility is Northern Europe's most state-of-the-art wooden door factory with unique production technologies.

Daloc AB i Mellerud, Sweden manufactures the Group's stainless-steel doors, steel sections, high-security doors and fire doors.

Daloc Danmark A/S, **Daloc Norge AS**, **Daloc Nederland B.V.** and **Daloc Deutschland GmbH** sell Daloc Group products in Denmark, Norway, the Netherlands and Germany, respectively.

Secor AB is the franchisor of Secor, Daloc's Swedish nationwide sales and installation chain serving the multi-occupancy building renovation market.

Orresta Dörr AB in Sweden manufactures and sells Daloc Group's premium bespoke wooden doors and glass panels.



Map of Daloc entities.



STAGE DOOR

BISTRO



Doors with a purpose – Daloc products

All of our doors serve an important purpose: To protect against fire, fumes, explosion, ballistic attack and intrusion. This is why Daloc doors are installed in so many apartment buildings and schools, galleries, hospitals and arenas. Basically, in locations where people need to feel safe and secure.

Our business also has a well-defined purpose: to take good care of our customers, of the communities where we operate, and of our employees, and ensure their well-being and facilitate their long-term development.

We are also committed to economical use of our common resources, to finding energy-efficient solutions all the way from the arrival of materials at our factories until the doors are installed in a building anywhere in the world.

We are committed to circularity and seeking methods of reducing our environmental impact.

In sum, our purpose is to work jointly with our suppliers, builders and property owners to pursue a sustainable way forward.

Daloc door lifecycle

By identifying which steps in the manufacturing chain have the greatest environmental impact, as a company, we can focus our efforts in the right direction and contribute to reducing negative environmental impacts. This applies equally to our own activities and those of our suppliers and our customers. Daloc's efforts to pursue a lifecycle perspective forms part of the ISO 14001 management system.



TARGET 9-4



UPGRADE ALL INDUSTRIES AND INFRASTRUCTURES FOR SUSTAINABILITY



TARGET 12-6



ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING

The result of the lifecycle analysis for each product is recorded in a formal Environmental Product Declaration (EPD). Daloc EPDs show our environmental performance for raw materials, inbound transportation to Daloc, manufacturing, and outbound transportation to our customers (A1–A4).

Continuous improvement is our mantra. In this Sustainability Report, we give an account of our environmental performance improvement efforts in 2020 per door produced.

A1 – Raw materials

The main raw materials in Daloc doors are steel and wood. For steel doors, the greatest environmental impacts arise when the steel is manufactured at the steelworks. This is why we set strict requirements for our steel suppliers. In 2020, our main steel supplier signed up to ResponsibleSteel™, a multi-stakeholder standard and certification initiative to advocate sound environmental and social practices in steel production. Daloc is monitoring the steel industry's efforts to reduce its environmental impacts from steel manufacturing.

Daloc's wooden doors are available as certified according to FSC (Forest Stewardship Council), a labelling scheme guaranteeing that forestry and management of timber fulfil FSC sustainability criteria, which safeguard both the environment and human health. In 2020, our range of FSC-labelled doors increased.

A2 – Inbound transportation to Daloc

Daloc has always given preference to sourcing materials from local and regional suppliers whenever possible to reduce the number of kilometres each product needs to be transported. Several of our key suppliers are located nearby, which we set great store by when planning our sourcing. This is also a way for us to support local businesses and support thriving communities in the vicinity of our operations.

We encourage our suppliers to trial non-fossil fuels, and readily share our own experience with green alternatives. See item A4.

A3 – Manufacturing

Daloc's production process uses relatively limited energy and water. Most of the energy we consume is in the form of electricity for operating machinery and other equipment. We work continuously to reduce our energy requirements and optimise our processes.

In 2020, we installed solar panels on the roof of the steel door factory, which contribute towards meeting a proportion of our energy requirement. Other electricity purchased for manufacturing and administration is 100% renewable as of 1 January 2021. This includes Orrestra Dörr AB in Kärsta, on the outskirts of Västerås, Sweden.

Our factory in Mellerud, and the Daloc R&D Centre and Daloc Customer Centre in Sweden are heated by energy-efficient geothermal heating. The wooden door factories at Kärsta and Töreboda in Sweden are self-sufficient in heating produced by efficient-combustion of wood waste from their door manufacturing.

Combustion of wood waste at Töreboda generates surplus heat, which also heats the nearby steel door factory and the adjacent headquarters. This transfer is made via a culvert in an internal district heating system.

In 2020 and 2021, the furnace was replaced so that the capacity for heat generation has been doubled. This investment helps to ensure that the steel door factory is able to reduce its reliance on a former heating system by obtaining a large fraction of own-generated district heating. This is estimated to result in a reduction of 350 tonnes of CO₂ equivalents per annum.

Wood waste combustion for space heating is classed as a form of renewable energy. Although the combustion process emits carbon dioxide, since the original tree captured carbon

dioxide as it grew, this source of energy is virtually climate neutral. At the same time, we save a large number of transport runs, which obviously also has a positive effect. No wood waste needs to be transported from the factory to the recycling station because we convert it into energy ourselves.

A4 – Outbound transportation to our customers

Daloc has all its manufacturing operations in Sweden in proximity to its main markets.

This gives us logistical advantages, and prevents needlessly long transport runs. The majority of Daloc's transport operations are carried out by a local haulage contractor operating lorries bearing Daloc's colours and logo. The haulage contractor belongs to a lorry depot, which means that they also carry freight on the return trip to Töreboda.

At the beginning of 2020, our largest freight forwarding company transitioned to only running

on HVO100 fossil-free fuel. This reduces the CO₂ emissions by approx. 30–90% (depending on how the fuel is produced).

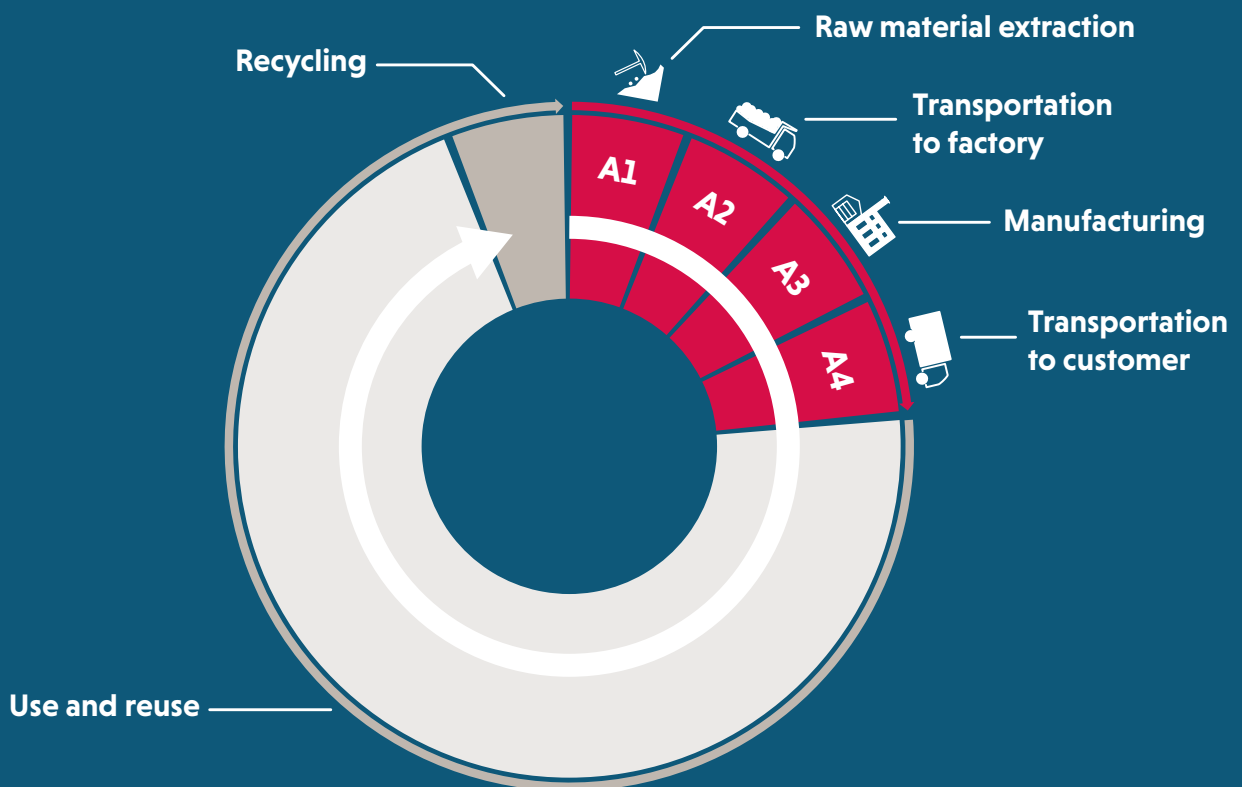
Use and reuse

Daloc develops and manufactures doors with a very long lifespan. If the activities in a building change, our doors are ideal to salvage and reuse. We assist our customers with information on door maintenance and salvage. Daloc recommends reusing rated doors in unrated environments.

Worn locks and weatherstrips can easily be replaced to extend the useful life of doors.

Recycling

When a door finally needs replacing after many years of use and reuse, in principle, the entire door can be recycled. Wooden doors can undergo energy recycling and steel doors metal recycling. All our steel doors manufactured at the Töreboda factory can be disassembled using basic manual tools.



The graphic illustrates the door lifecycle, starting from extraction of the raw material through its use, reuse and end-of-life recycling.

Environmental key performance indicators



TARGET 9-4



TARGET 12-4



RESPONSIBLE MANAGEMENT OF CHEMICALS AND WASTE

Water use

Reliable access to water is essential for the functioning of society, which needs to be able to withstand droughts and water shortages in order to maintain a constant water supply. Daloc manufacturing has few processes requiring water consumption. Naturally, this is yet another aspect we take into account in our investments, where the precautionary principle applies.

Daloc monitors its annual water consumption in order to detect any anomalies. Our consumption in 2020 for the manufacturing entities in Sweden totalled 7581 m³. This consumption also includes other premises such as offices and changing rooms.

Energy

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For more information about Daloc electricity consumption, see item A3 – Manufacturing on page 10.

Biodiversity

Daloc's manufacturing operations are sited in small communities: Töreboda, Mellerud and in Kärsta (near Västerås). This means that natural habitats and agriculture are just outside our premises. High nature-value sites such as the Borreboda dams at Töreboda and the Sagån river near the Orresta Dörr AB factory entail an extra responsibility.

Daloc is well aware that its manufacture of doors entails handling substances that must not be discharged to the natural environment. We are committed to ensuring that the biodiversity in the vicinity of our sites continues to thrive. In 2020, we made progress in our efforts to ensure that our business activities have the least possible impact on our local environs. Among other things, a macadam dike at the wooden door plant has been fitted with a shut-off valve to isolate it from rainwater run-off to ensure that water used to extinguish any fire can be collected and the risk of its discharge to the environment is minimised.

Circularity

Daloc doors are constructed from robust, durable materials in order to withstand many years of use. However, the activities in the premises where the doors are installed may change and the premises may need to be converted or remodelled. If so, all Daloc door models can easily be salvaged and reused.

Rated doors (fire, sound and intrusion) are recommended by Daloc for reuse in unrated environments. Unrated doors can obviously be reinstalled in new unrated environments.

Given that the hardware and weatherstrips are also easily replaceable on Daloc doors, the doors are ideal fixtures for a circular building sector.

All steel doors contain mineral wool for fire protection. The waste resulting from our manufacturing is returned to the manufacturer Paroc, who melts down our waste for making new mineral wool.

In 2020, we increased the circularity rate in our production. Among other things, we circulate the packaging on which the sheet steel is delivered to us. We have also started taking back freight pallets to a greater extent.

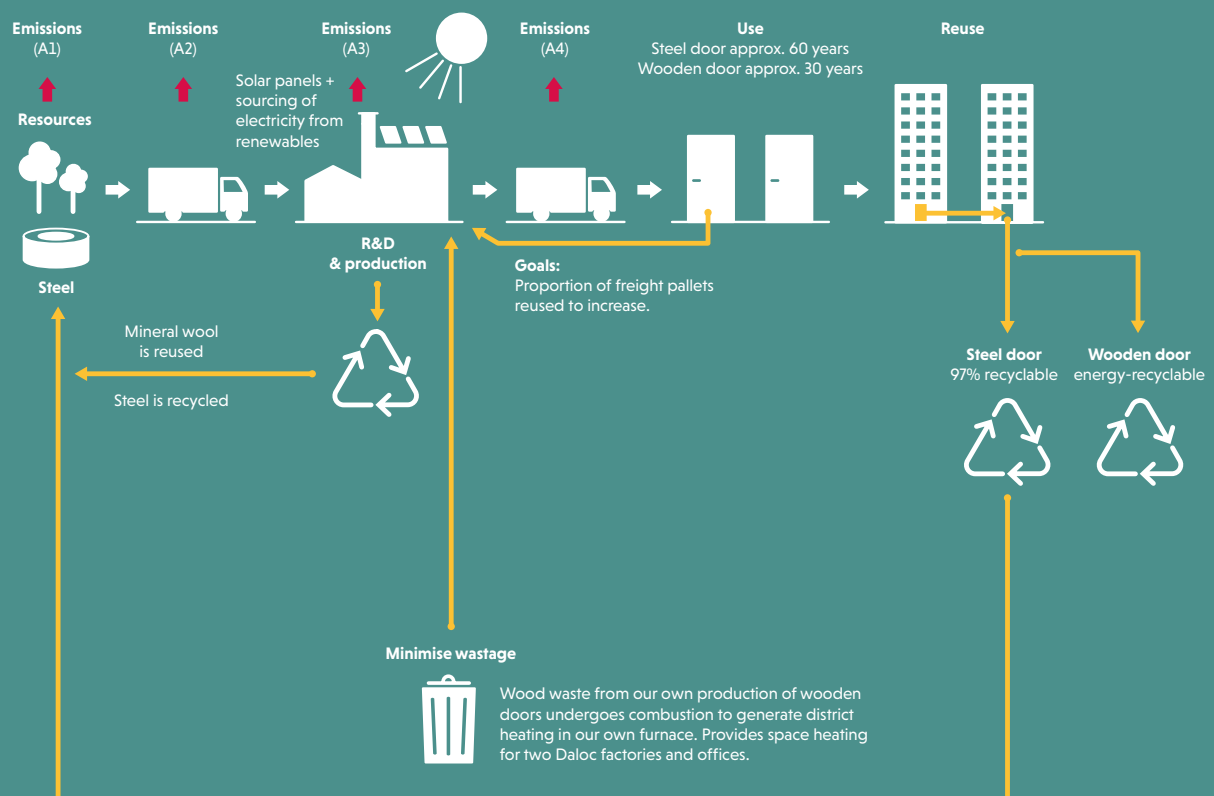
Chemicals

Chemicals essential for Daloc production are managed according to procedures specified in our management system. We regularly verify compliance with these procedures by internal and external audits. Guidelines have been

established for procedures such as chemicals handling, labelling, emergencies and storage.

Daloc handles a large volume of paint products every year. Efforts are made continuously to reduce the concentration of solvents in the paints. One key decision was made when Daloc switched to painting both steel and wooden doors in water-based paint. Although Daloc manufactures almost three times as many doors now as it did two decades ago, our consumption of solvents has not increased.

Circularity at Daloc



The illustration exemplifies circularity in the manufacture and use of Daloc steel or wooden doors.



Employees

Diversity and equal opportunities

Everyone shall be treated equally at Daloc, regardless of gender, disability, sexual orientation, ethnicity, religious or other beliefs. Everyone shall be accorded equal rights as regards work, employment and other labour conditions and occupational development opportunities.

To fulfil this goal, an action plan has been drawn up, stating, for example, that physical and psychosocial working conditions shall be adapted to both women and men. This means, among other things, that adaptations are made when acquiring new machinery and other equipment.

Furthermore, the company shall enable both women and men to combine parenthood with employment.

When new employees are recruited, the company shall strive to achieve a more equal distribution of women and men within the different categories and different types of work.

Statistics Daloc AB	All employees	Executives
Proportion of women	24 %	19 %
Proportion of men	76 %	81 %

Health and safety at Daloc

Daloc's occupational health and safety policy requires the workplace to be organised so as to maintain safety and retain motivated employees. This shall be achieved by, for example, working together to ensure increased employee co-determination in work processes.

Safety Committees have been established for all manufacturing entities and meet four times a year. They monitor developments pertaining to both the physical and psychosocial work environment and their role is to advocate satisfactory working conditions. They are responsible for annually defining and continuously following up on measurable targets, such as incidents and accidents.

A goal for 2021 is for zero accidents at Daloc to result in sickness absences.

Daloc strives to put in place comprehensive procedures for guaranteeing a sound work environment for our employees. Daloc's ambition has always been for door manufacturing not to be done during anti-social hours (night shift). This ensures that family members can spend time together rather than only passing each other in the doorway on the way to or back from work. There are also several advantages for the work environment and human health of avoiding night work.

Daloc has well-defined routines and processes regarding continuous medical checkups for employees in environments that pose potential health risks. In compliance with statutory requirements and depending on exposure, hard plastic tests and auditory tests and continuous health checkups are made in the case of evening work. The results of these are monitored and followed up by the occupational health service. In addition to statutory provisions, Daloc has a well-designed rehabilitation programme and a close cooperation with the occupational health service. This facilitates rapid identification and counteraction of health problems within the organisation in order to direct focus at health-promoting activities.

ISO 45001 – An occupational health and safety management standard

In 2021, Daloc AB gained ISO 45001 certification in furtherance of our systematic occupational health and safety efforts. This management system entail efforts on occupational safety measures, the psychosocial work environment, management commitment and ensuring employee participation. Regular internal and external audits are conducted to verify compliance with the standard.





	2015	2016	2017	2018	2019	2020
Daloc*	4,10 %	3,90 %	3,54 %	3,99 %	4,21 %	6,13 %****
Benchmark, Rest of Sweden**	4,10 %	4,40 %	4,10 %	3,90 %	3,90 %	---***

* Total annual sickness absences among hourly paid workers and salaried employees.

** Source: FOLA (wage and working hours statistics) 2018, Confederation of Swedish Enterprise. The data refer to private sector hourly paid workers and salaried employees. The data source is Confederation of Swedish Enterprise time-keeping statistics based on a sample of approx. 150 companies and 130,000 workers.

*** The figures for 2020 were not available when the present report was compiled.

**** Only applicable to Daloc AB.

Sickness absence rate

Order intake and productivity remained robust despite the COVID-19 pandemic impacting much of the global economy. An increase in the sickness absence rate at Daloc in 2020 was largely attributable to extra precautionary measures for employees with viral symptoms. Daloc's main goal is for the total sickness absence rate to be less than 3.5% per annum. Training and competence development For Daloc, competence means know-how, experience, creativity, network, willpower and performance.

Each supervisor or manager is responsible for giving subordinate employees the opportunity for developing their competence supported by various training programmes.

A second round of Daloc's internal mentorship programme was launched in 2020. Under the supervision of Daloc's HR Department, mentors

and mentees met regularly and also engaged in various activities to exchange experiences.

Anti-discrimination commitment

According to our anti-discrimination policy, Daloc executives are required to deal promptly with any signs of discriminatory differential treatment in the workplace. They are required to prevent and give due attention to differential treatment as early as possible, through, for example, employee interviews. Further, they are required to listen to and interview those implicated, treat such matters in complete confidence and act impartially and objectively. Support must be given to the victim, and matters concerning discrimination must be dealt with promptly.

In 2021, it was decided that all executives are to be given additional training in discriminatory differential treatment.

Social factors

Community engagement

Daloc has always engaged in close collaboration with colleges and universities and with local authorities and other public-sector entities in the regions we operate in. By offering people opportunities for work experience placements and jobs, sponsoring sports and athletics associations, offering examination projects, hosting study visits and contributing actively to creating technical training curricula, our aim is to contribute to dynamic and vibrant local communities. As of 2021, associations sponsored by Daloc will be required to commit to providing youth activities in conformity with the UN Convention on the Rights of the Child.

Supplier audit (human rights)

In 2017, Daloc implemented a Code of Conduct clarifying our expectations from all potential and existing suppliers. The Code of Conduct is based on the UN's ten Global Compact principles. We expect our suppliers to promote environmental, social and economic sustainability in the communities they operate in. Criteria concerning human rights, labour law, the environment and anti-corruption shall be fulfilled in a satisfactory manner. We are convinced that sustainable development can be achieved together with suppliers who share our values.

All companies supplying manufacturing materials to Daloc, and suppliers of products, services, machinery or contracted works worth in excess of SEK 500,000 per annum are required to sign Daloc's Code of Conduct.

Daloc has a small number of suppliers located outside Europe, mainly in China. In 2021, selected suppliers will be audited. Audits of Daloc's largest suppliers are conducted over a five-year period.

In addition, Daloc strives to keep as much manufacturing as possible in our factories in Sweden.

This benefits the quality of the products, and also means that we retain full control of occupational health and safety at each site.

Anti-bribery and corruption

Daloc counteracts corruption through internal built-in structures for radically reducing the risk of bribery and corruption in interactions with customers and suppliers. Daloc's supply and distribution chain is contained within a limited area, which is conducive to risk surveillance and minimisation. Daloc assesses the risk of corruption as being limited, although it obviously cannot be excluded altogether.

Daloc has a tradition of refraining from attending any event of a social nature hosted by any supply chain entity. Our hospitality budgets are extremely limited and always require the approval of the chief executive officer.

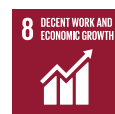
We have procedures for sponsorship in terms of both what can be sponsored and decision-making authority. In practice, this means that Daloc sponsorship consists mainly of a donation to junior sports and athletics associations in the local vicinity of Daloc's manufacturing sites.

Daloc has procedures to control discount rates linked to customer purchasing volumes. Any deviation from the established discount rates is subject to prior approval by the managing director.

Customer health and safety

The doors we make are designed to last a long time. This places a great responsibility on us as a supplier. All occupants of apartments with a security door from Daloc are to have complete confidence that the door provides protection against fire, noise and intrusion and that it emits no hazardous gases. To be certain of this, Daloc performs tests to measure the levels of emissions.

Safe and secure door installation is offered by Secor, which is one of Daloc Group's nationwide installation chains for doors in apartment blocks in Sweden. Secor guarantees that door replacements are carried out correctly by certified installers.



TARGET 8-6



PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING

TARGET 8-7



END MODERN SLAVERY, TRAFFICKING AND CHILD LABOUR

TARGET 8-8



PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS

2025 sustainability goals

CLIMATE ACTION TARGETS	
Reduce CO ₂ emissions from our manufacturing and our premises by at least 50% by 2025 . <small>(comparison with 2019)</small>	Reduce CO ₂ emissions from our transport operations for every 10 km clocked by at least 50% by 2025 . <small>(comparison with 2019)</small>
SAFETY	LONG-TERM VISION
Safe work environment with a vision of zero occupational injuries. Monitor supplier compliance with the Code of Conduct they have signed. <small>(comparison with 2019)</small>	Continue to manufacture and sell doors with a long lifespan and promote a circular buildings and construction sector

**Doors
with
purpose.**

