

Ekman Sustainability Report 2021



EKMAN

The goal of sustainable development is to meet the needs of the present without compromising the ability of future generations to meet their needs.

This sustainability report provides information about the development, position and result of Ekman¹, as well as the consequences of doing business in regards to our personnel, anti-bribery and corruption, human rights, social responsibility and environment conservation.

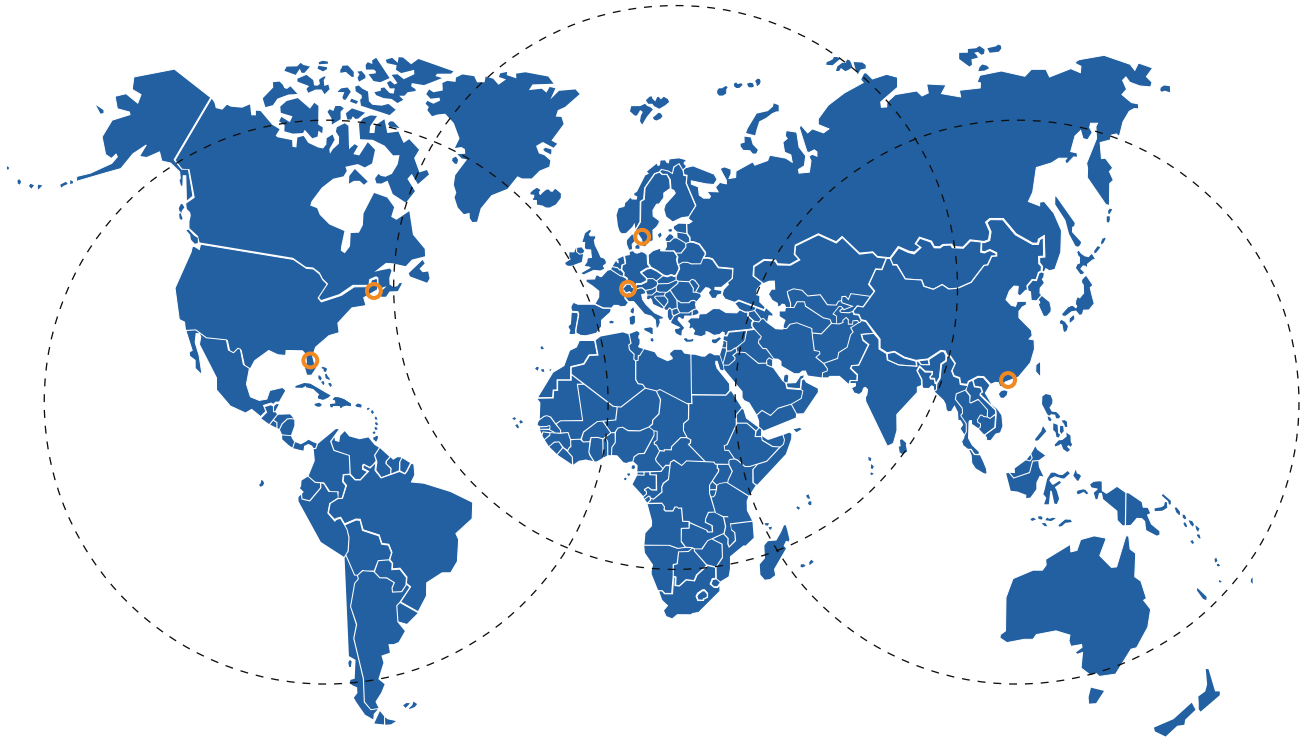
This report was issued by the Board of Directors of Ekman Invest Holding AB on March 16, 2022 and covers Ekman Invest Holding AB and all of its subsidiaries.

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¹ "Ekman" shall in this document mean Ekman Invest Holding AB and its affiliates and subsidiaries; sometimes referred to as the "Ekman Group".

Ekman around the world



Bringing the world to your business
Ekman serves about 200 countries worldwide



Incorporated in **1802**

~300 employees

About **40** locations

~4.3 million tons/year



Pulp



Paper & Packaging



Recovered Materials



Bioenergy



Innovare

This is Ekman

Around the globe, companies turn to Ekman for market guidance and knowledge.

Since our incorporation in Sweden 1802, Ekman has earned a solid reputation for reliability, competence and service. Our highly competent and motivated staff, long history in the marketing and sales of forest products, and experience in creating solutions for related financial and logistical matters, help us live up to this reputation.

Ekman offers a wide range of services, covering the entire forest products supply chain and we contribute valuable market intelligence to each stage of our business partners' enterprises.

Operations are coordinated from our hubs in Gothenburg, Miami, Hong Kong, Zurich and Wall. We are represented in over 100 countries and our own sales offices in about 40 locations worldwide, in close cooperation with an international network of partners and representatives, ensure a strong presence throughout the world in all producing and consuming areas for the forest industry.

As a trading house Ekman is, by its very nature, a flexible and responsive entity. For more than two hundred years we have assisted our business partners in making the most of change. We understand that few things are as constant as change, and that change is a natural part of business development. To be successful, we must be able to identify trends and developments and communicate this knowledge to our business partners.

At the core of Ekman's strategy is our focus on building long-term partnerships with business partners. The transparency we operate under has proven to be a successful shift in the way our industry has historically conducted business. Our partners value close and mutually beneficial relationships. Ekman strives to deepen its long-term relationships with existing partners and seek to develop opportunities through new partnerships.

In short, we understand the forest products industry and help our business partners maximize their efficiency in this challenging market.

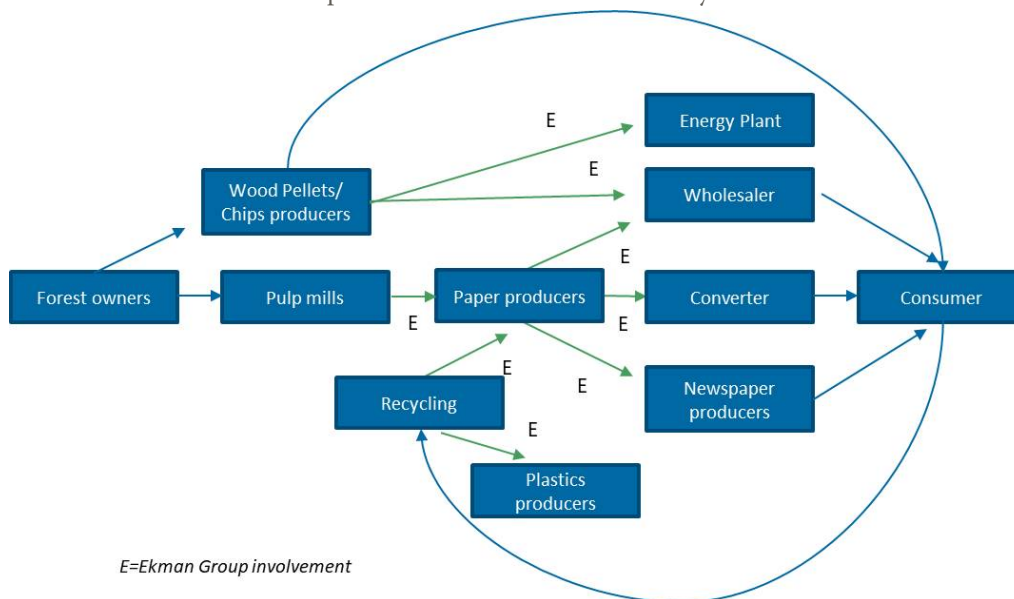


BRINGING THE WORLD TO YOUR BUSINESS

Stakeholders and risks

Management has a constant focus on minimizing risks which could impact the financial health or reputation of the company as well as that of our various stakeholders.

Ekman Group involvement in the forest industry value chain



STAKEHOLDER	PERSONNEL	ANTI-BRIBERY AND CORRUPTION	HUMAN RIGHTS	SOCIAL RESPONSIBILITY	ENVIRONMENT
OWNERS	Healthy, happy and skilled employees for future success and business growth	Compliance with laws to protect reputation and prevent loss of funds	Compliance with laws to protect reputation and prevent loss of funds	Good reputation	Business sustainability
EMPLOYEES	Safe and healthy work place, with equal treatment and opportunity	Legal and ethical work environment and job security	Legal and ethical work environment and job security	Socially responsible work environment	Environmentally friendly work place and company
SUPPLIERS	Skilled personnel	Business partner with integrity, quality and ethics	Business partner with integrity, quality and ethics	N/A	Certified products
CUSTOMERS	Skilled personnel	Business partner with integrity, quality and ethics	Business partner with integrity, quality and ethics	N/A	Certified products
OTHER BUSINESS PARTNERS	Skilled personnel	Business partner with integrity, quality and ethics	Business partner with integrity, quality and ethics	N/A	Business sustainability
BANKS, FINANCIAL INSTITUTIONS	Skilled personnel	Business partner with integrity, quality and ethics	Business partner with integrity, quality and ethics	N/A	Business sustainability
AUTHORITIES	Compliance with local and national labor laws, diversity, equality and anti-discrimination laws	Compliance with laws to prevent corruption	Compliance with laws to protect human rights	N/A	Business sustainability
SOCIETY	Job opportunities	Compliance with laws to prevent corruption	Compliance with laws to protect human rights	Benefits in different ways in form of contributions, charity work, sponsoring	Reduced negative impact on the environment

Directors' Report

Significant events during the financial year and afterwards

Like the previous year, 2021 was marked by great uncertainty, largely as a result of the ongoing coronavirus pandemic that has caused disruption to both the global economy and local and regional supply and demand patterns. The year was extremely challenging in terms of logistics, with disturbances in the global freight market resulting in a significant freight supply shortage and high freight prices.

In addition to these general market conditions, supply of pulp was also affected by production disruptions, and the combination of these factors caused pulp prices to rise sharply during the year. Prices declined during the summer but recovered towards the end of the year. The market was also characterized by a larger than normal discrepancy between demand and price trends in different markets. This was largely due to differences in freight prices.

The market for paper products remained strong in 2021. This applied particularly to the market for the Group's focus area, packaging materials, which grew strongly during the year due to the continued increase in e-commerce and the current trend of replacing plastic-based materials with fiber-based solutions. The combination of strong demand for packaging materials and high prices of input materials and freight resulted in a sharp increase in prices during the year.

As in the previous year, Covid-related challenges for recovered paper, which accounts for a significant proportion of the Group's volumes, were greater than for the Group's other segments. Both the generation and collection of recovered paper continued to be adversely affected by lockdowns in society and prices soared during the year.

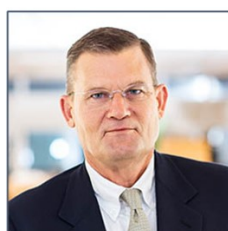
Export sales were also affected by continued regulation of imports of recovered paper in several countries, which has made global trade increasingly complicated. Problems in the global freight market and the high freight prices had a major impact on the business during the year.

The supply shortage, which affected most of the Group's products during the year, caused a decline in the Group's sales volume compared with the previous year. However, the high prices meant that revenue increased, and the Group reported its historically highest result in 2021. The Group has utilized its global diversification, extensive experience and strong business relationships to manage the effects of the market's difficulties during the year.

During the year, the Group acquired 100% of the shares in Franchi s.r.l., which is mainly engaged in pulp trading in Italy. An agreement was also entered into to sell the Group's wood pellet trading business. However, the sale is contingent on approval by the Danish Competition Authority, which had not yet been obtained when this annual report was issued.



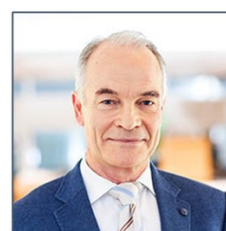
Matts Ekman
Chairman



Jan Svensson
CEO



Caroline Ekman



Oscar Ekman



Gustaf Folke



Michael Olsson



Frank Graves



Lars Dimming
Employee Rep.

5 year ratios

Five year summary

A summary of financial ratios spanning the past five years is presented below.

Financial information is prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the general advice of the Swedish Accounting Standards Board (Bokföringsnämnden) in its standard BFNAR 2012:1 Annual Reports and Consolidated Accounts ("K3").

SEK million	2021	2020	2019	2018	2017
Revenue, including agency commissions	20,869	18,429	19,576	22,052	20,331
Profit after financial items	134.2	105.0	-12.9	83.8	82.0
Net profit for the year	98.4	68.0	-41.1	53.7	59.5
Total assets	2,606	2,058	2,687	3,186	2,345
Equity	487.0	404.0	343.2	398.0	365.4
Return on equity, %	22.1	18.2	-11.1	14.1	17.4
Equity ratio, %	18.7	19.6	12.8	12.5	15.6
Average number of employees	298	298	301	296	283

Definitions

"Net profit for the year" refers to the net profit attributable to the Parent Company's shareholder

"Equity" refers to the equity attributable to the Parent Company's shareholder

"Return on equity" is calculated as income before taxes less the share due to non-controlling interests, divided by average total equity

"Equity ratio" is calculated as total equity attributable to the Parent Company's shareholder divided by total assets



Sustainability and ESG

In 2021 Ekman joined the UN Global Compact, the world's largest corporate sustainability initiative.

Ekman joined the UN Global Compact to show our commitment to conduct business responsibly by aligning strategies and operations to the "Ten Principles of the UN Global Compact".

ESG (Environmental, Social, Governance) is a dominant focus in business right now. Organizations around the world and across industries are challenged to define, implement, and report on ESG metrics. Multinational companies have to navigate increasingly complex human rights obligations and face increased scrutiny on environmental, social and governance indicators from their key shareholders. The continuing shift from voluntary to mandatory requirements, coinciding with the expanded enforcement of existing legal frameworks, makes this a top priority.

The goal is to be a company of integrity to ensure that the values, ethics, statements, commitments, relationships, and transactions are a reality in everyday work.

ESG is already very much a part of the work at Ekman, however sometimes described with other words. For example, the sections 'Personnel', 'Human Rights', 'Anti-Bribery and Corruption', 'Social Responsibility' and 'Environment', as described in this report, all fall under either 'E', 'S' or 'G'.

This year's Sustainability Report remains fairly unchanged from last year's. The focus areas have remained the same, and the continuous work has improved and solidified. While keeping the format of this year's 'Sustainability Report' the same as previous years, we have chosen to add a simplified description of the work in an simple ESG matrix:

ENVIRONMENT	SOCIAL	GOVERNANCE
Climate change/Forest management/ Deforestation	Personnel Labor law compliance	Strategic Operational
Responsible sourcing	Human Rights	(Anti-bribery and Corruption)
Circular economy/business	Social responsibility (CSR)	Economic/Financial

Changing market expectations have prompted our efforts to further develop our business portfolio. The result is Innovare, a new business area, responding to the increased demand for sustainable products and innovations in the forest industry. We work to identify, expand and commercialize products, innovations and collaborations that we believe have the possibilities to grow. Ekman has an extensive forestry and market expertise, and a network that includes stakeholders in all parts of the value chain. Together, we believe that we can push for a more sustainable and profitable business based on renewable resources.

There are pending directives and legislation around the corner, which will impact on both how we work with the ESG metrics going forward and also how we report on those. With anticipated new directions, instructions and tools, the scope, content and format of coming years' sustainability work, focus and reporting will likely look different from this year's.

Our personnel

Key focus: Provide a safe and healthy work environment, promote diversity and equal treatment and encourage employee development and advancement.

Ekman values a safe and healthy workplace with equal opportunity for employment, development and advancement for all employees, and considers the employees its most important resource for future success and continued growth. Ekman strongly believes in the concept of "decent work". This includes physical protection, well-being of people at work, contributions toward a broad social goal of diversity and equal treatment, work security, as well as providing employees with support to enhance personal skills and potential. Ekman is diverse along many dimensions. This diversity encompasses differences in employees' ethnicity, nationality, gender, language, age, religion, socio-economic status, thinking styles, experience, and education.

The main risk regarding personnel and labor is loss of key personnel, including not being able to attract, recruit and keep qualified employees. Other risks involve not keeping employees safe and healthy which could result in high employee absenteeism and low morale. This combined with lack of opportunities for development and advancement could lead to a non-motivated and non-skilled workforce. Compliance with labor laws are crucial to prevent an unfair work environment and the risk of monetary loss in forms of fines and penalties. Lack of diversity is also a risk in that this would put Ekman at a disadvantage in the international marketplace.

In order to attract and keep personnel satisfied, a healthy, safe, diverse and equal work environment is defined in the Ekman "Code of Conduct" and "Human Rights Policy". To confirm compliance with labor laws, the company is kept up-to-date through continued education, and support from external professional expertise. As a global player, the company recruits people from/in different countries. Ekman believes that employees from many different cultural, linguistic and national backgrounds provide the group with valuable knowledge for understanding complex international markets which adds value for the customers. Employees are recruited in the local markets and countries in which Ekman operates. A more skilled workforce enhances the organization's human capital and contributes to employee satisfaction, which correlates strongly with improved performance. Hence, Ekman employees are encouraged to strive for personal and professional development and both internal and external training is available and encouraged. To encourage improvements and further development, the company also has a toolbox for personal annual reviews and follow-up meetings between managers and employees.

The past year the communication via digital tools has continued to be an important and valuable part of the daily work, internally and externally. These tools support collaboration and information sharing and facilitates the possibility to reach out and connect.

During 2021 Ekman has invited all employees to two digital events, Ekman Focusing Forward, where the main purpose has been to get the company together, to meet even if travel has not been possible. The events contained relevant and inspiring company updates, and the goal was to generate a positive spirit. The feedback from the events has been positive. The surveys show that the employees felt that the meetings were informative, inclusive, and educational, and a good substitute to physical meetings which have not been possible during the pandemic.

Due to the continued situation with the Covid pandemic, several planned human relations initiatives were delayed or postponed.

The protective measures taken from the outset of the Covid pandemic have continued and have been adjusted according to the development worldwide. Group wide as well as local recommendations have been updated to ensure the health and safety of the employees. The task forces created in 2020; the Ekman Corona Communication Team (with focus on HR matters) and the Ekman Corona Commercial Group (with focus on business matters) have continued to work within their areas of responsibility. In addition to these task forces, working groups have been put together to decide on guidelines on remote work and business travel. The various Ekman communication platforms have actively been used and have facilitated an open and frequent dialogue with and within all parts of the Group.

The CEO has continued to engage personally in systematic and direct communication with a large number of employees which generated both trust in the measures taken and very important feed-back to management.

The “Ekman Digital Inspiration Team” has continued the work to give inspiration and to create awareness around Ekman’s development in a digital world. The team, consisting of ten members from different offices and in different roles and tasks, has worked to create digital change across the organization, bridge any cultural obstacles to digital change and be the forum where innovation is handled.

Personal annual reviews and follow-up meetings are encouraged globally.

No cases of discrimination have been reported to the Ekman Whistleblowing service.

It is all about the people



Anti-bribery and corruption

Key focus: Provide an ethical work environment and assist in preventing bribes and corruption in the supply chain.

Ekman's history and reputation for transparency and fairness provide the platform for strong partnerships around the world. Ekman believes openness and trust are key factors, as well as integrity and ethical behavior. Ekman's business is global and involves transactions in different countries, cultures and markets. The company has a long-standing commitment to conduct its business in compliance with applicable laws and regulations where it operates and in a manner consistent with the highest ethical principles.

Suppliers and customers are expected to comply with anti-corruption laws and regulations (as specified in the "Ekman Code of Conduct for Business Partners" found on ekmangroup.com) and Ekman will sign their Code of Conducts upon request.

The existence of corruption is a global reality and the risk of corruption is therefore something that needs to be considered by anyone doing business on a global basis and especially when dealing with so called "high corruption risk countries". Bribery and corruption in the supply chain could seriously damage the reputation of Ekman, prevent fair competition, create an unethical work environment and could result in monetary loss and fines. Suppliers, customers, agents and other business partners are also expected to comply with international anti-corruption laws and regulations, and are asked to sign off on the "Ekman Code of Conduct for Business Partners" (published in English, Chinese, Russian, Arabic and Italian on ekmangroup.com). Another feature to deter and detect non-compliance in the supply chain is the screening of flags and adverse media for sanctions, bribery and corruption, as well as crimes against human rights and the environment.

To deter bribery and corruption and to increase employee awareness of fraud in general as well as promoting ethical behavior, Ekman has a global Compliance Program in place. A Compliance team is responsible for keeping compliance policies up-to-date (including "Code of Conduct", "Anti-fraud, Bribery and Corruption Policy", "Trade Compliance Policy" and "Whistleblowing Policy"), offering training for employees, management, agents and board members, performing investigations if needed and monitoring of the program. A third-party administered web-based whistleblowing service is in place, for anonymous and confidential reporting of corruption and other fraudulent and unethical behavior. The members of the compliance team also receive continuous anti-corruption training and are members of the ACFE (Association of Certified Fraud Examiners), the IIA (Institute of Internal Auditors), TI (Transparency International), NBEN (Nordic Business Ethics Network) and SCCE (Society of Corporate Compliance and Ethics).

Employee training in anti-bribery and other trade compliance issues is on-going and global. To ensure employee training participation and understanding of training subjects, tests are mandatory and documented.

To monitor and improve the work with compliance, risk assessments and internal reviews are performed continuously. The governance at Ekman includes the "Ekman Ethics Committee" (consisting of top management, the compliance team and legal counsel) as well as direct reporting to the Board of Directors.

Human rights

Key focus: Provide an ethical work environment and assist in preventing crimes against human rights in the supply chain.



Ekman's business is global and exposed to various risks via business transactions in different countries, cultures and markets. Ekman is committed to live by the highest ethical standards, and expects the same from its partners. Anyone doing business with Ekman are expected to comply with all human rights laws and regulations (as specified in the "Ekman Code of Conduct for Business Partners" found on ekmangroup.com) and Ekman will sign their Code of Conducts upon request.

Having said that, the risk of crimes against human rights is in indirect connection with business partners, where Ekman has little power or ability to confirm that principles are conformed to by other parties.

Labor rights are regarded as human rights and companies can work on these by ensuring non-discrimination in personnel practices, by ensuring that they do not use direct or indirect forced labor or child labor, by guaranteeing freedom of association, providing safe and healthy working conditions, by strategic social investment and philanthropy and by making reasonable accommodations for all employees' religious observance and practices. Ekman does not participate in any form of forced labor (bonded labor, debt bondage, forced prison labor, modern slavery, servitude or any form of human trafficking).

Ekman is supporting labor rights/human rights by providing employee handbooks, offering benefits and training, having a company "Code of Conduct", "Human Rights Policy", "Anti-fraud, Bribery and Corruption Policy", "Social Responsibility Program", as well as following international, national and local labor laws. It also includes protecting personal privacy and following occupational health and safety procedures, as mentioned above in the Personnel section and below in the Social Responsibility section. The risk and compliance program implemented in 2019 continues to be worked and improved on. The program screens business partners for flags and adverse media for crimes against human rights, and enhanced due diligence is performed as needed.

Corruption is also a human rights issue. Whichever form it takes, large or small, corruption results in countries not fulfilling their human rights obligations and in people not enjoying their rights. As mentioned in the Anti-bribery and Corruption section above, Ekman has a Compliance Program in place including an "Anti-fraud, Bribery and Corruption Policy", employee training and Whistleblowing service, to help prevent corruption.

Any crimes against human rights in the supply chain could seriously damage the ethical reputation of Ekman and could result in a loss of funds in forms of fines and penalties.

No cases of crimes against human rights have been reported to the Ekman Whistleblowing service.

Social responsibility

Key focus: Encourage involvement in local causes to benefit local communities and society in general, as well as improve employee involvement and satisfaction.

Due to size, Ekman does not have a big impact on the local communities in which the company operates, apart from providing job opportunities/securities.

The company does not see any essential risks associated with this area of sustainability, however, social responsibility is becoming a more important issue to the company itself, its employees and stakeholders and society in general. In order to create a positive work environment, maintain company reputation and to have a positive impact on recruiting and keeping key personnel, offices and subsidiaries worldwide are encouraged to engage in causes which will benefit society, as suggested in the "Ekman Social Responsibility (CSR) Program".

Ekman has always provided support for various causes, and activities are more structured in the CSR Program which was implemented in 2018. Due to the Covid-19 pandemic, most corporate social responsibility during 2021 continued to stay focused on the safety and well-being of the employees.

Apart from intra-company and external support with Covid-19-related protection items, this year's support by Ekman Group companies includes money, items and/or time donated to various causes and organizations, such as supporting the volunteer organization Soroptimist's work for girls and women globally (Oregon, US), donation of face masks to workers at a local mill (Belarus), volunteering at the Cutting Edge Health Team/Flannel check and Community Benefit Tree, volunteer work at and support of Feeding America, Fox Cities Hygiene Drive and Habitat for Humanity (Wisconsin, US) donation to Saint Vincent's CEO Sleepout and Veteran's Remembrance Day WW1 (Australia), support of a local NGO association helping/supporting children in the Raval area of Barcelona (Spain), sponsorship of a local handball club and enabling an On-the-job-training opportunity (Denmark), donation of hygiene products and funds to the retirement home "Assistência Vicentina Lar Bussocaba", monthly volunteer work at and donation to "Instituto Velho Amigo", donation of hygiene products and food to people in need (Brazil), support of local non-profit associations assisting elderly and disabled persons, donation to research institutes for heart disease and cancer treatment, supporting a shelter for abandoned dogs, regular blood donations in Milano (Italy), support of Saint Jude's Children Hospital, the Make-a-wish Foundation and Shriners Hospitals for Children and annual sponsors of the West Coast Pulp Charity, as well as contributions to Direct Relief, White Rock City Orchestra and Forest Legacy Foundation (Florida, US), regular donation to organization supporting those who suffer from serious illness and poverty (South Korea), donation and support to the Gothenburg City Mission and sponsor children in Ethiopia and Uganda (Sweden), sponsorship of local handball player (Switzerland) and more.

The company had chosen a building project with *Habitat for Humanity*, which should have taken place in Portugal in April 2020. Due to Covid-19 the event was postponed.



Environment



Key focus: To promote the circular forest industry through sustainable forest management and responsible sourcing.

The environmental dimension of sustainability concerns an organization's impact on living and non-living natural systems, including eco-systems, land, air and water, and is of outmost importance for the future. The very nature of Ekman's business is trading in sustainable, recyclable and renewable resources. In addition to pulp and paper, the company also trades in recycled products and bioenergy – both divisions promoting an enhanced circular economy. Ekman's recycling division plays a role marketing recycled material and the overall industry helps avoid filling landfills or burn facilities. Ekman encourages all local offices to become more environmentally conscious as suggested in the "Corporate Sustainability Policy" (including recycling, saving electricity, using eco-friendly products etc.).

The main environmental risk is that the use of non-certified products in the supply chain could be from sources that are not managed in a sustainable manner. In order to promote the sustainable forest industry, certified products are marketed/traded and customer awareness of such products is increasing. The Ekman Group has the following certifications related to environmental sustainability.

FSC® (Forest Stewardship Council), FSC® license codes FSC-C013203, FSC-C103598, FSC-C106172, FSC-C016305; an internationally recognized certification scheme in place to ensure the responsible management of the world's forest;

PEFC™ (Program for the Endorsement of Forest Certification); an international non-profit, non-governmental organization dedicated to promoting sustainable forest management;

SBP (Sustainable Biomass Program); an economically, environmentally and socially sustainable program for the woody biomass supply chain; and

RCS (Recycled Claim Standard), license code CU1071172; an international, voluntary standard that sets requirements for third-party certification of Recycled input and chain of custody. The goal of the certification system is to increase the use of Recycled materials.

Many of the Ekman entities spread around the world are certified and the company can handle certified products in the above mentioned programs in all major global markets. Although trading in certified products only represents a part of the company's business today, more certificates and more sites continue to be added. Some Ekman offices are also ISO 9001 certified.

The aspects of transport of goods from supplier to customer also represent an area in which the company's business further impacts the environment, although through other parties such as suppliers of logistics services. The main shipping lines used globally by the company are certified, signatories of the UN Global Compact, and committed to contribute to "UN's 2030 Agenda for Sustainable Development".

In an effort to tackle climate change and deforestation, and to be part of a sustainable supply chain, Ekman has several on-going collaborations with various business partners.

If Ekman makes transactions with an existing business partner whose activities prove to have significant negative effects on the environment, Ekman will actively encourage them to reduce such effects. If Ekman should be offered transactions with a new business partner whose activities have significant negative effects on the environment, Ekman will actively encourage them to reduce such effects or abstain from making business with such a partner.



ENVIRONMENT

Climate change/Forest management/
Deforestation
Responsible sourcing
Circular economy/business



SOCIAL

Personnel
Labor law compliance
Human Rights
Social responsibility (CSR)



GOVERNANCE

Strategic
Operational
(Anti-bribery and Corruption)
Economic/Financial



Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Ekman Invest Holding AB, corporate identity number 556712-1602

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year 2021 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Gothenburg March 16th 2022
Deloitte AB

Signature on Swedish original

Hans Warén
Authorized Public Accountant