



**ANNUAL
SUSTAINABILITY
REPORT: 2018**

alö

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About Ålö

KPI's

MAKING A DIFFERENCE

In our journey to become a truly sustainable company, we work with specific measures and projects related to our impact throughout the entire value chain in order to improve our way of conducting business. Here is an overview.

-29%

REDUCING CARBON FOOTPRINT

CO2 per freighted ton kilometre has been reduced by 29% predominantly explained by reduced use of air transport.

-5%

A SAFE AND HEALTHY WORKPLACE

Number of accidents has decreased by 5% on a time period of two years.

-2%

REPAIR COSTS

Repair cost has been reduced by 2% year on year. Repair cost is the cost that Ålö incurs for the repair or replacement of the products sold.

-9%

ENERGY CONSUMPTION

Energy consumption within Operations was reduced by 9% year on year, mainly driven by the move in Ningbo and installing and implementing more energy efficient equipment in the other facilities.

+2%

WATER CONSUMPTION

Water consumption within Operations increased by 2% year on year, predominantly explained by the move of the production facility in Ningbo. Manufacturing was run in two facilities in parallel.

0

NON-COMPLIANCE

In 2018, Ålö has had no cases related to non-compliance with environmental or socio-economic legislation resulting in fines.

0

WHISTLE BLOWERS

Ålö encourages employees and external interested parties to report breaches, or suspected breaches, of the Code of Conduct. In 2018 there was no reports of breaches or suspected breaches.

0

INSTANCES OF FRAUD

In 2018, Ålö has had no instances of fraud (including both misappropriation of assets and fraudulent financial reporting).

ÅLÖ 2018 AT A GLANCE



700 employees on average



35 000 sold loaders



50 000 sold implements



4 production facilities



Sales companies in 10 countries

Letter to Stakeholders

WORKING SMARTER

For exactly 70 years, Ålö has focused on effective and smart solutions for farmers. Our passion is and has always been to increase the productivity and work environment for the end-users, to make them more sustainable. But most companies today would say that they are operating with sustainability in mind. It is clear that sustainability is a hot topic these days, as it of course should be. There is no difference at Ålö; sustainability is a hot topic for us, but it is also so much more than that. It is a prerequisite for being around for 70 more years. It is the way we make sure that we contribute to future viability for the company and for society.

And that raises some important questions: what do we mean by *sustainability* and how are we achieving it?

STAKEHOLDERS

Our stakeholder analysis highlighted five focus areas that are crucial to our development and growth. It includes to work with product innovation, to secure more environmentally friendly operations, to reduce our carbon footprint, to promote safe and healthy workspaces and highlights the importance of doing business with high ethical standards.

We seek to understand our end-users business, mindset and needs to be able to provide them with flexible solutions adapted to modern demands. Our choices of material shall reflect the link between sustainability and business, therefore we have developed our focus areas together

with expertise from members of our Sustainability Group, along with other expertise within Ålö.

NEW WAYS OF WORKING SMARTER

It goes without saying that we as a company bear responsibility to our employees, customers, shareholders and other stakeholders. As a result, we have an obligation to be act responsible over the long term. But we won't be acting sustainable unless we pursue not only economic, but also environmental and social goals.

In 2018 we made great progress in many areas. We have managed to reduce our carbon footprint by 29% whilst making sure that our suppliers act with high ethical standards. It is important that not only we but also the companies we do business with act in a sustainable way. We have also seen a decrease in accidents over a two year period.

To achieve that, we worked with specific measures and projects on our impact throughout the entire value chain in order to improve our way of conducting our business. One example is that we have a goal; "with a minimum of waste in every step". With that target, we have started our journey towards reducing waste of resources within our value chain.

Equally important for the sustainable success of our company are issues such as our commitment to human rights, doing business with high ethical standards and finding new ways of working smarter.

We are a business partner that strives to predict and understand the challenges our end-users are facing. We de-

velop, produce and deliver our products with technologies and methods, aimed to streamline and increase productivity. We contribute to sustainable farming through innovation and digitalisation. Our driving force is to bring innovative products to our end-users and make them more efficient and viable, thus contributing to a more sustainable society.

MORE THAN A BUZZWORD

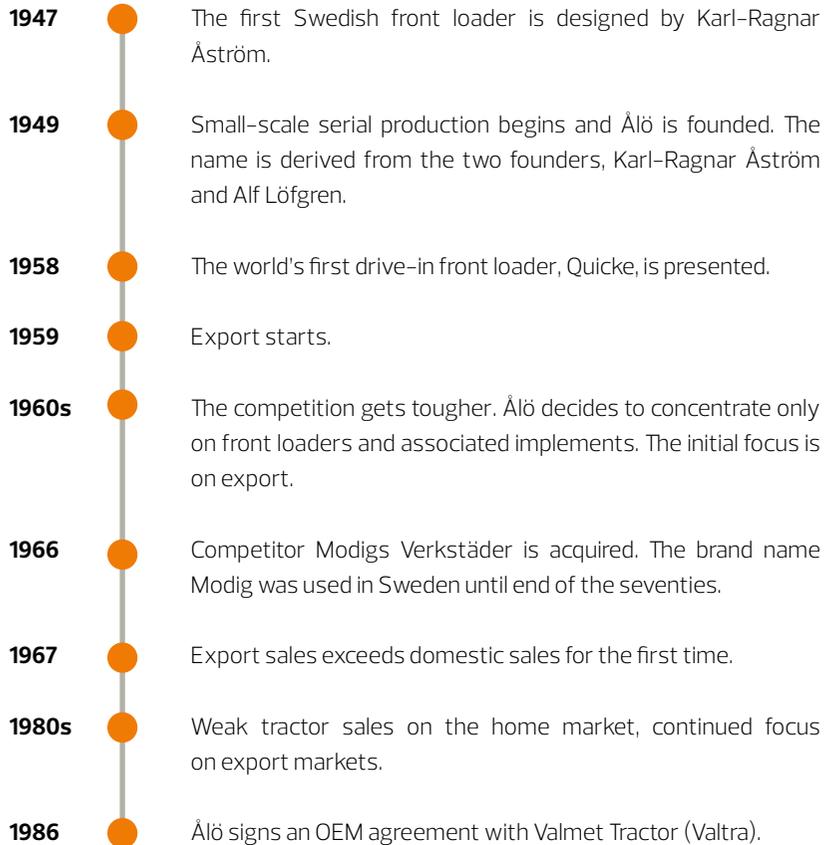
We are humbled by the challenges ahead and aware that we still have things to learn in order to fully incorporate the strategic aspects of sustainability within our core business. We would be delighted if you continue to support us through feedback and constructive suggestions. In the future as well as today, we intend to make sure that sustainability at Ålö is not a buzzword a core value in our way of doing business

We would like to thank all of our stakeholders for contributing with input to our work! Your engagement will continue to motivate us to take further and braver steps toward becoming a more sustainable company. We are proud to present this year's sustainability report that has been approved by The Board.

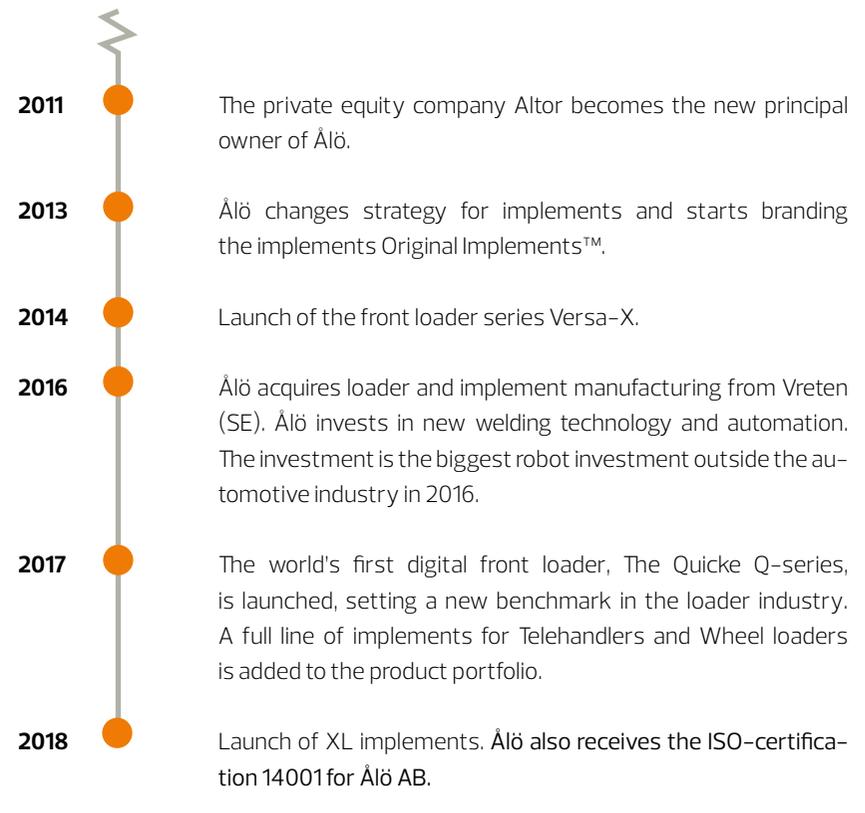
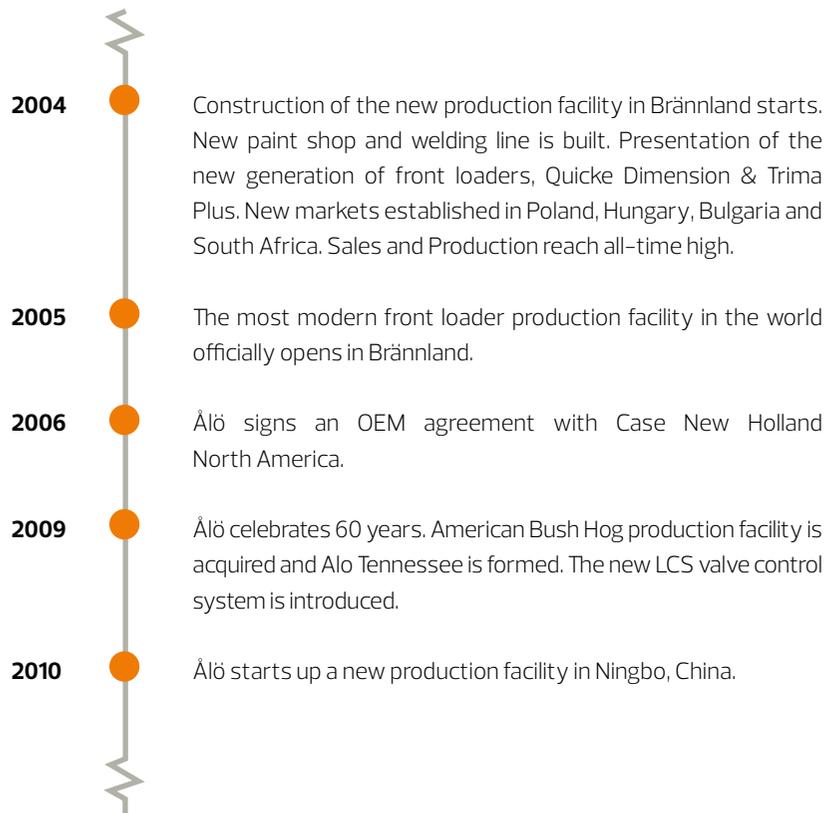


Niklas Åström
CEO

The Ålö Journey of Smart Farming

- 
- A vertical timeline on the left side of the page, spanning from 1947 to 1986. It features a central vertical grey line with orange circular markers at each year. The text for each year is positioned to the right of the line. The timeline ends with a zigzag line at the bottom.
- 1947** The first Swedish front loader is designed by Karl-Ragnar Åström.
 - 1949** Small-scale serial production begins and Ålö is founded. The name is derived from the two founders, Karl-Ragnar Åström and Alf Löfgren.
 - 1958** The world's first drive-in front loader, Quicke, is presented.
 - 1959** Export starts.
 - 1960s** The competition gets tougher. Ålö decides to concentrate only on front loaders and associated implements. The initial focus is on export.
 - 1966** Competitor Modigs Verkstäder is acquired. The brand name Modig was used in Sweden until end of the seventies.
 - 1967** Export sales exceeds domestic sales for the first time.
 - 1980s** Weak tractor sales on the home market, continued focus on export markets.
 - 1986** Ålö signs an OEM agreement with Valmet Tractor (Valtra).

- 
- A vertical timeline on the right side of the page, spanning from the 1990s to 2003. It features a central vertical grey line with orange circular markers at each year. The text for each year is positioned to the right of the line. The timeline starts with a zigzag line at the top and ends with a zigzag line at the bottom.
- 1990s** Production trebles. By the end of this decade, Ålö becomes the world leading manufacturer of front loaders with associated implements.
 - 1992** The French company Agroma is acquired.
 - 1993** Balticgruppen becomes the new main owner of Ålö.
 - 1998** Ålö signs an OEM agreement with Massey Ferguson for supply of loaders in Europe, Africa and Middle East (EAME).
 - 1999** Ålö acquires loader producer Veto (DK) as well as UK based importer Lawrence Edwards.
 - 2000** Swedish loader producer Trima is acquired, giving access to a strong brand and a production facility.
 - 2002** London-based 3i becomes the principal owner of Ålö.
 - 2003** A completely new production strategy is drawn up. An extensive investment program starts based on the new strategy.



Ålö World

Sales Companies:
Scandinavia, UK, France
Germany, North America,
Poland and Australia



Production in China:
Implements, Loaders,
Subframes

Production in France:
Subframes

Core Values

Our founder, Karl-Ragnar Åström, was a clever entrepreneur who grew tired of handling hay and manure by hand. So he started looking for solutions that would improve his productivity and the solution he came up with was to build Sweden's first front loader. This ultimately led to Quicke, the world's first drive-in front loader a few years later, and the rest is history. This invention made it possible for smaller farms to easily handle material and optimise their productivity. It is in his innovative spirit that we have kept developing world-leading front loaders and implements. And with that, we are now working towards digitalising and automating several farming practices.

Today, Ålö is one of the world's leading suppliers in the agricultural machinery industry. We have been developing and manufacturing top-quality front loaders under the brands Quicke® and Trima®, and associated implements under Original Implements™, since 1949.

Ålö's values are based on the belief, that our people make the difference. We believe that when we act in accordance with our values, we create a sustainable future for everyone. Our combined knowledge, capabilities, motivation and attitude is the foundation of our business. Together with innovation and continuous improvement, we create profitable growth and become a responsible and sustainable business partner in the communities where we operate.



COOPERATION

Alone we are strong, together we are stronger! At Ålö we take pride in having a good working relationship with each other and our customers.

PARTICIPATION

We all feel involved in the work to reach our targets and understand our part of reaching the company targets. Therefore, it is vital that we communicate and recognise each other's efforts.

RESPONSIBILITY

We can, we want and we take responsibility for each other, our work, our customers and the community in which we operate.

We will achieve our vision, in being the customer's first choice, and goals by choosing ethical business practices and working with business partners who share similar standards. Throughout our company we also make sure that we have the right people on board, people who want to be ambassadors for a workplace that is fair, equal, transparent and where anything is possible.

One Ålö One Team

Our surrounding world is constantly changing, and as a company we need to ensure that we change too. By continuously adapting the way we do business, foreseeing changes on the market and incorporating our values even further in our ways of working, we will create the basis for a high-performing culture. With the launch of our One Team program 2018, work on revitalising our culture, and building stronger collaboration, accountability and innovation began. The programme has several different focus areas, ranging from leadership and employeeship to communication strategy. We will reach the greatest result by taking even more benefit from the competencies and solutions from our co-workers, working better together. The focus on becoming "One Team" will also lead to enhanced well-being, togetherness and clarity, and give our employees better preconditions to succeed and develop within Ålö. A stronger "One Team" culture will lead to stronger performance for Ålö.

RESULTS

Launch of our new e-learning platform "Quicke Academy", enabling training for all our employees within GDPR, our Code of Conduct and employeeship.

ACTIVITIES 2019

Launch of a course in our Code of Conduct. Completion for all employees is in progress and all new employees will be trained in the Code, as part of their introduction.

To promote a value-driven way of working and empower all employees to be ambassadors for these values in their work.

Conduct activities throughout the company, both for leaders and employees, focusing on strengthening collaboration, accountability and innovation.



Future Outlooks

Our approach to sustainability is to be proactive and in tune with global changes. Our ambition is to help solve one of the world's most critical needs – a more sustainable food system with improved food production, storage and access to market. At the same time, we have to respect the challenges ahead.

An increasing global population naturally increases food demand. By 2030, the demand for food will be 60 % higher than in 2012. Globalised markets create a new commercial reality – the emergence of global markets for standardised consumer products on a previously unimagined scale of magnitude. For example, the global meat consumption is expected to increase by four times by 2020 as compared to 2010.

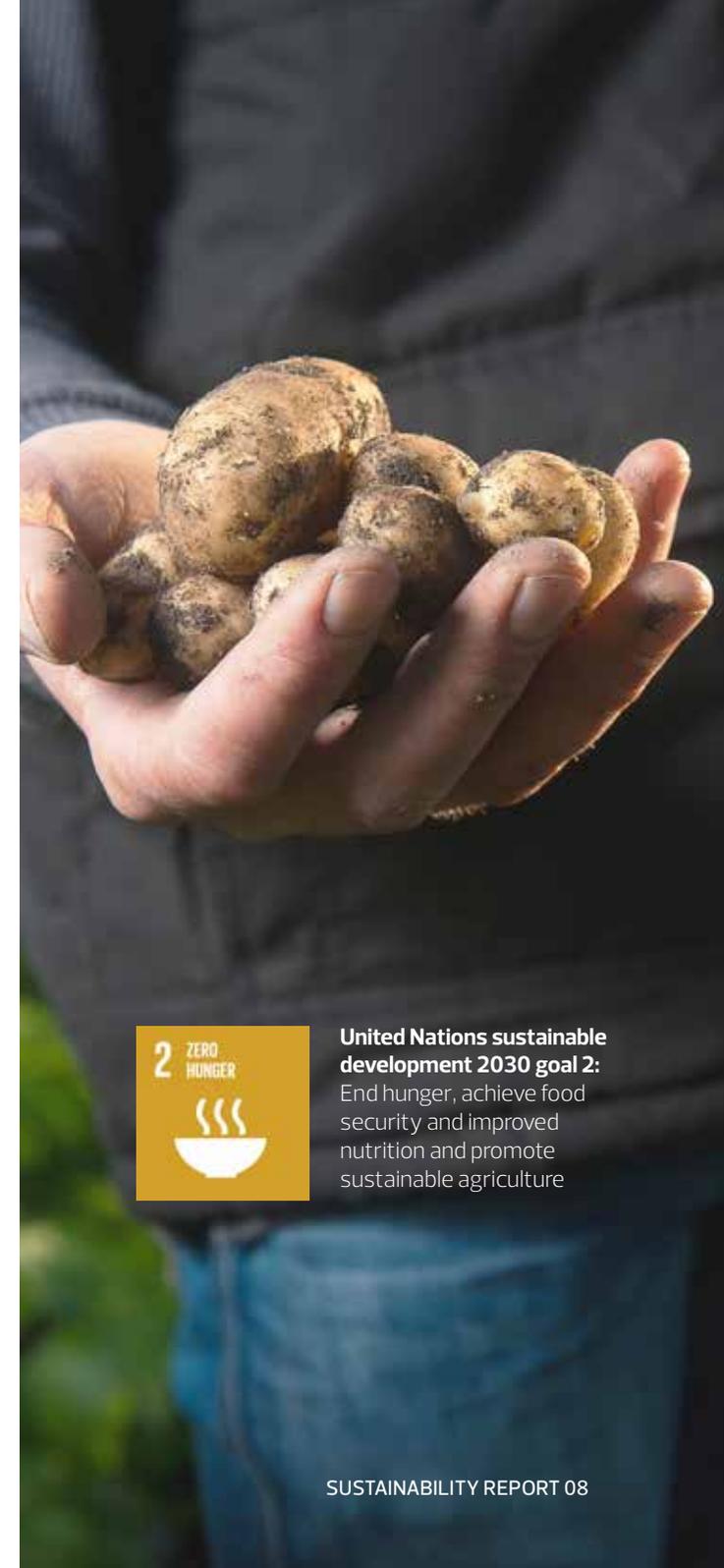
These factors have a direct impact on the agricultural business worldwide, and therefore also on our business strategy. Fortunately, technology brings major opportunities for us to keep providing solutions for effective and smarter farming. Through product innovation we work closely with our industry partners in empowering farmers all over the world to find solutions to the challenges ahead, where technology and digitalisation yield sustainable productivity increase. Combined with constantly improving our way of conducting business, we will stay ahead.

ÅLÖ'S RELATION TO THE AGENDA 2030 DEVELOPMENT GOALS

We remain committed to do our part to feed a growing population. By providing effective and smart solutions for farmers we contribute to rural development, which in a wider perspective will lead to economic, environmental and social development of these areas.

The development of today's industrial societies has brought issues that damages our ecosystem. With the adoption of the United Nation's Sustainable Development Goals we have embarked on a journey towards sustainability where all countries and all sectors are expected to contribute. The United Nations sustainable development goal to end hunger by 2030 states:

- Agriculture is still the single largest industry in the world, providing a living for 40 % of today's global population. It is the largest source of income for poor rural households. The food and agriculture sector offer key solutions for development, and is central for the elimination of hunger and poverty.
- If done right, agriculture, forestry and fisheries can generate a good income level and provide food for all while supporting people-centered rural development and protecting the environment.



United Nations sustainable development 2030 goal 2:
End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Creating Value and Understanding our Impact

Sustainable development can mean a lot of different things. At Ålö it means that we produce high quality products as viably and efficiently as possible, without compromising the capacity of future generations. To be able to do that, we need to understand what our customers need if they are to manage a sustainable agricultural business.

With a growing population, the agriculture and the food production sector needs to be more sustainable on a global scale. We believe that by focusing on enhancing processes, and at the same time reducing waste, we create better value for our end-users and society as a whole. Through the potential that digitalisation brings, our aim is to help farmers save time and enhance their efficiency. We call it "work smarter, not harder". We are creating value by simplifying our end-users work environment and efficiency.

STAKEHOLDER ANALYSIS

In order to make our sustainability work relevant, we originate from our core business and focus on related material aspects. Our ambition is to create added value for our stakeholders. Our vision – "The Customer's First Choice" – means that we need to fully grasp what affects

our stakeholders and their businesses, from the outside as well as from within.

The analysis of what is considered most important for Ålö in our sustainability work was carried out by the Sustainability Group through a three-step-process.

1. We identified sixteen aspects.
2. We conducted a survey asking Ålö's stakeholders to rank the aspects based on importance.
3. Our Sustainability Group prioritised and classified the aspects in relation to Ålö's long term vision and strategic ambitions. These aspects, that are essential for the entire organisation and for our external stakeholders are the basis for our five focus areas, as they are described in this report.

The survey was answered by 84 people. The respondents were our end-users, dealers, suppliers, employees and community members.



Customers

- **End-users:** End-users in the markets where we are active.
- **Dealers:** This group included representatives from our biggest dealers in Sweden, The United Kingdom and North America.

Suppliers: This group included representatives from our most important suppliers.

Employees: 40 employees from our company were randomly selected to answer the survey.

Community: This group included regional politicians, representatives from the universities and from the Swedish Public Employment Service.

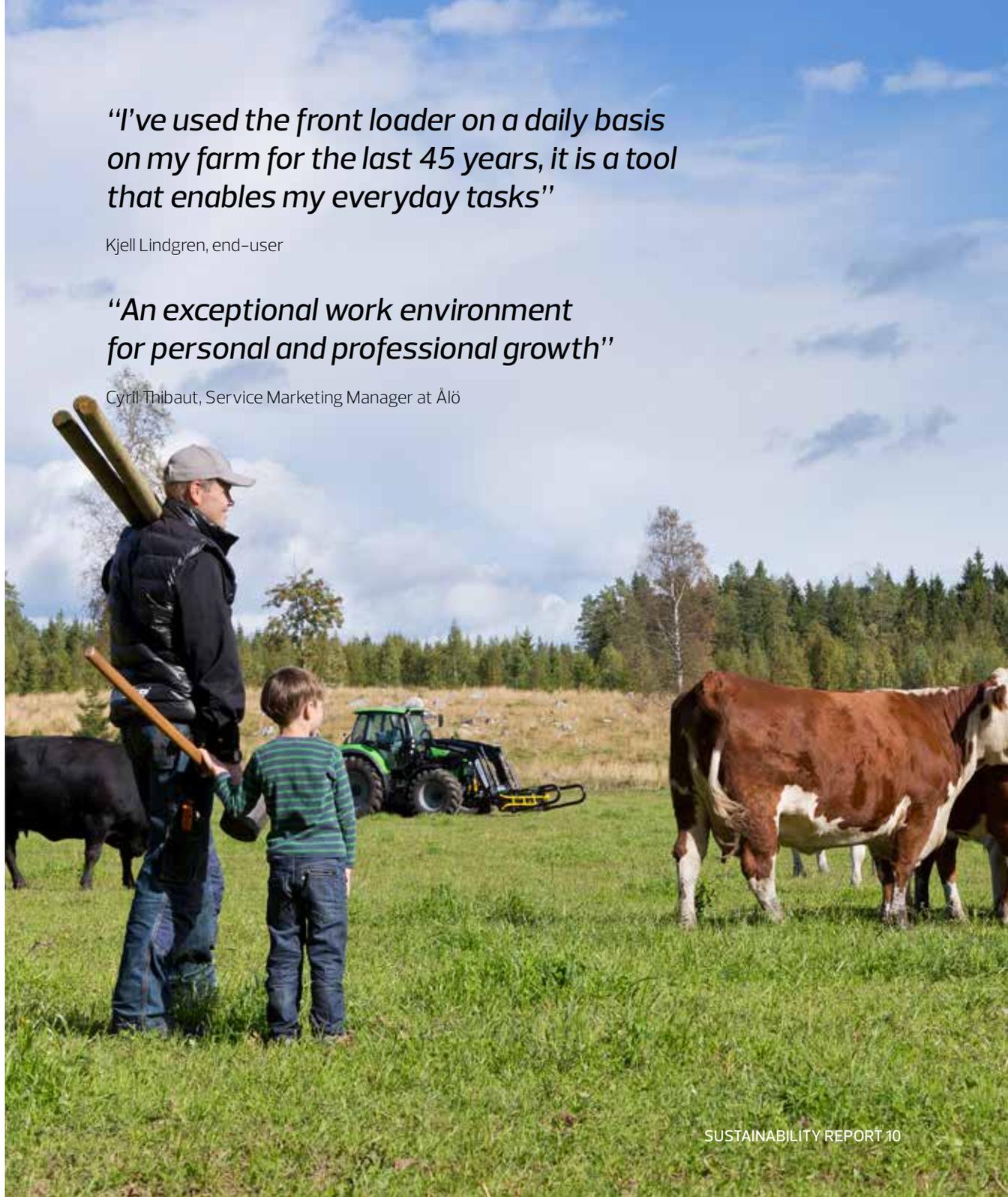
Shareholders: Survey sent by our owner Altor to our Board, to identify what our Board members find most important for Ålö to focus on.

“I’ve used the front loader on a daily basis on my farm for the last 45 years, it is a tool that enables my everyday tasks”

Kjell Lindgren, end-user

“An exceptional work environment for personal and professional growth”

Cyril Thibaut, Service Marketing Manager at Ålö



Result of Stakeholder Survey

What is Ålö's most important contribution to sustainability?

80 % of our Suppliers say:

Ålö's corporate actions – How we act and take responsibility for the society and the environment, to make our operations more sustainable

54 % of our Customers say:

Ålö's offering – How our products enable our customers to become more sustainable

What are the most important Environmental issues to you as a stakeholder in Ålö's sustainability performance?

54 % of our Employees say:

Resource efficiency (water, energy)

43 % of our Customers say:

Innovation of products that promote a sustainable environment through a more efficient usage of natural resources

What are the most important Social issues to you as a stakeholder in Ålö's sustainability performance?

75 % of our Suppliers say:

Safe and healthy work environment

What are the most important Social issues to you as a stakeholder in Ålö's sustainability performance?

67 % of our Community and our Employees say:

Safe and healthy work environment

What are the most important issues to you as a stakeholder in Ålö's sustainability performance?

91 % of our Customers say:

Customer Satisfaction

67 % of our Community says:

Ethical Business Practices

THE ÅLÖ SUSTAINABILITY AGENDA

We strongly believe that respecting and following international policies on human rights and fundamental work principles are essential for every company. Our stand is manifested in our policies; Code of Conduct, our Employee and Supplier Policy and our Environmental, Social, and Corporate Governance Policy. We continuously work to improve our footprint in the communities where we operate, creating fair employment opportunities for people, in terms of long-term business commitment and growth opportunities. Choosing and rewarding responsible partners locally is another important step, partners who share our values and are willing to work transparently with us to improve their social and environmental performance.

Originating from our overall strategy, combined with our analysis we have narrowed our sustainability scope to five focus areas that we have assessed as essential for our customers, other stakeholders and profits. These are:



International Policies

We work according to:

- The UN declaration of Human rights
- The UN declaration of the Rights of the Child
- ILO's Declaration on Fundamental Principles and Rights at Work
- UN Global Compact
- The OECD Guidelines for Multinational Enterprises

These are translated into our own Code of Conduct, our Employee and Supplier Policy and our Environmental, Social, and Corporate Governance Policy. We are continuously working on incorporating these into every day operation and business via our processes and routines.

To enhance our positive impact on communities, we also have a strategical view on sponsorship. The Sponsorship Group is responsible for establishing successful partnerships with a range of organisations. Today we have partnered up with organisations within a wide range: from working towards ending child poverty or economical vulnerability, to organisations that educate and strengthen

women to start their own agricultural businesses. For 2019, we also aim to increase the level of marketing resources used for our partnerships. Raising awareness and advocacy amongst our employees and people outside of our business, can prompt further actions and initiatives in favour of this important work.



Innovating Products for the Future

Securing food supply and producing more with less, is one of the big challenges for our end-users. Efficient agriculture is crucial, and farmers need digitally savvy business partners. Ålö provides solutions to meet these challenges; high quality innovations for greater productivity.

When innovating new products, we strive to meet our end-user's needs and at the same time reduce waste by making products last longer. For example, we focus and track product repair costs, which we believe our end-users will gain from. We also work with end-user satisfaction through dialogue and surveys, where we examine how and if farmers experience that our products contribute to sustainable smart farming.

We believe our products are more than tools. It is an entire system designed to get the maximum output to farming. It is part of our growing involvement in a greater movement. Where big data reveals underlying patterns, helping us develop new equipment to make farming more smart and efficient. Today, we enable digital screens and smart sensor technology to our offering. Tomorrow, all Quicke products will be able to communicate with each other and help manual processes become automated.

A good example of our new products which support smart farming is Q-Companion. The Q-companion is a driver support system that keeps track of how the loader is used, and reminds the user when it is time to perform maintenance on the product, further ensuring its extended durability. This is a feature that saves resources for the end-users as well as the planet. While helping our end-users to improve productivity by preventing issues caused by standstill, the product also contributes by reducing quality related material waste. We are humbled by the feedback we received in our survey to dealers, where eight out of ten had the opinion that Ålö develops and produce products that can contribute to a more sustainable farming.

"Ålö's heritage and craftsmanship paves way for a sustainable and reliable product"

Kjell Lindgren, Customer and Farmer



LAUNCHED IN 2018

Q-Companion

During the autumn 2018 we launched Q-Companion with Bluetooth®. Q-Companion also includes a free-of-charge smartphone app for iOS and Android. Using Bluetooth® technology, you can easily export weighing results from the Q-companion display to the cloud service and later access it on your computer or tablet.

XL Implements

Ten new XL implements were launched in 2018. The new implements include: Pallet Fork XL, Silograb XL, Manure Fork XL, HDXL Bucket, XV Bucket, HDX Bucket, Multi-benne XL, Powergrab XL, Stone Fork XL and Grading Bucket XL.





Securing an Environmentally Friendly Operation

ENVIRONMENTAL POLICY:

We contribute to a healthy environment and a sustainable society by:

- Preventing adverse environmental impact by taking into account environmental considerations during decisions.
- Reducing the environmental impact of our facilities, transport, services and products.
- Taking safety, health and environment into account when we develop new products and services.
- Continuously improving and communicating our environmental management system and its performance.
- Complying with laws, agreements and requirements to fulfill compliance obligations.

WIN-WIN

Ålö is depending on an ecosystem in balance. We can contribute to good environmental performance through an increased focus on sustainability in the R & D process, our production process, transports, sourcing and utilisation of our products.

We work to gain win-win situations for both the environment and Ålö when we set new goals to reduce our environmental impact. We focus on continuous environmental improvements through innovation for the end-user, energy efficiency, water aspects, reduced emissions and efficient use of resources. We therefore measure our energy and water consumption in percent of net sales in our manufacturing units.

RESULTS 2018

- During 2018 we received the ISO-certification 14001 for Ålö AB. We have continued our long term journey towards incorporating all our production facilities into a multi site certificate for ISO14001 and this journey will continue.
- Our production facility in France has continued with their significant improvements of the sheet metal utilization. We have also utilised the space in our facilities in a better way with sub lease to a third party.
- Our production facility in USA have improved their

forecasting of material supply with the aim to reduce air freights and reduce waste in our delivery performance. Alo Tennessee has also implemented a routine to replace all broken lamps with LED-lights.

- A new operations organisation which among other is more focused on development of environmental, quality and process development.
- Our production facility in Sweden has improved temperature management, resulting in energy savings. Brännland has also installed a new End-of-line testing equipment for loaders which has reduced internal transportation, energy consumption for fork lifts and waste of oil.
- Our production facility in China has made significant progress in energy efficiency and water consumption thanks to the newly installed paint shop in our new production facility. They have also reduced energy by installation of LED-lights and solar heated showers.

All initiatives clearly linked to our environmental operations performance indicators.

ACTIVITIES 2019

We will continue the implementation of our environmental management system within Alo group which during 2018 lead to a ISO14001 certificate for Älö AB. With our new operations organisation we will strengthen our systematic reduction of operational waste.

We will continue to encourage a systematic approach and a high standard for our environmental work. Every production facility is responsible to develop 1–2 improvement initiatives per year regarding water and energy.





Reducing our Carbon Footprint

At Ålö we believe that a low-carbon economy is under-way and is accelerating globally. During 2018 our focus has been to reduce our impact on climate change mainly through energy efficiency in our supply chain. Since transports have a high climate impact, and are an important part of our value chain, it is important for us to continuously take actions to reduce carbon emissions generated by our transports. CO2 emission per freighted ton kilometre on our main transport lanes is our way to measure that the actions we take give effect, but also to provide a basis for further improvements.

ACTIVITIES 2018

During 2018 we conducted an Order To Delivery (O2D) improvement program in our European supply chain. The aim with the program was to improve our delivery performance towards our customers in terms of delivery precision and lead-time. Apart from increased customer service, this also led to reduced waste in the supply chain by reducing the need of express deliveries and reduced number of incomplete shipments. By doing this, we have been able to reduce the environmentally unfriendly air-transports, but also reducing the number of part shipments (increasing fill-rates in our transports).

The program was completed in November 2018 and we have now started to gain the effects from the program.

RESULTS 2018

During 2018 we have been able to reduce the freighted weight by air from 439 ton to 163 ton (-63%). The effect of the reduction of air-transports, is that we have been able to reduce CO2 per freighted ton kilometre with 29% from 2017 to 2018.

ACTIVITIES 2019

In 2019 we will continue implementing the results from the O2D program in our North American supply chain. We will continue our work with increasing the fill-rate in the transports on our main transport lanes.





Promoting a Safe and Healthy Workspace

Ålö is a reliable and responsible company when it comes to our ways of securing and promoting a safe and healthy workplace. We work with a systematic approach to achieve organisational, social and physical work environment and it is an integrated part of how we conduct business, support our people and operate throughout our value chain. We are performing regular and thorough risk assessments, to prevent accidents and work-related illness, and are continuously encouraging all employees to report all recordable and non-recordable accidents. We conduct training to eliminate the risk of accidents and work-related illness. The impact of these actions are tracked in KPI:s of short and long term sick leave. Any increase in numbers is followed by appropriate activities.

Our Code of Conduct describes our standard of professional conduct and what every employee is expected to respect and follow. Our whistleblower service WhistleB also ensures there is a secure way of reporting any malpractice or serious unethical behavior identified, which are then handled according to our procedures.

LEADERSHIP@ÅLÖ

With our new leadership model, Ålö has taken further steps to emphasise the importance of a safe and healthy workplace, a workplace where leaders additionally create the right preconditions for our employees, on all levels. The model defines areas of responsibility and leadership capabilities, all in line with Ålö's business strategy.

We want to ensure that all our employees can contribute with their skills and capacity to the fullest. That is why we have chosen one area of responsibility for our leaders called "Preconditions and work environment". Promoting a safe and positive climate, ensuring team capability in terms of competence, resources and mandate and clarifying priorities are all part of reaching our goals in relation to this area.

RESULTS

Ålö has continued its focus on conducting activities and training in relation to our Leadership Programme. A new leadership model and performance appraisal form has been launched, with an increased focus on specific leadership behaviors and capabilities. One example is how we work to build people capability, highlighting the importance of developing and challenging our employees to reach their best.

ACTIVITIES 2019

Our wellness group in Sweden will expand its activities in comparison to 2018, having a more proactive approach when it comes to ensuring a safe and healthy workplace.

"The Leadership Programme gave me many new insights and tools on how to handle everyday Management. The mix of theory and experience sharing with colleagues was developing on both a professional and personal level."

Lars Nilsson, Vice President After Sales





Doing Business with High Ethical Standards

"We seek business partners whose policies regarding ethical, social, and environmental issues are consistent with our own and we make them aware of our commitments and expectations."

Yenny Fredriksson, EVP Strategic Sourcing

Ålö is committed to fair and ethical business practices. Our success is based on trustworthy relationships with partners and stakeholders. At the start of a business relationship all major suppliers are expected to sign our Ålö Supplier Code of Conduct – which includes minimum requirements on social and environmental responsibilities as well as business ethics. Business partners are selected and evaluated impartially on the basis of objective factors including quality, delivery, cost and reliability, as well as their commitment to environmental and social performance and continuous improvement. At Ålö, we work against corruption in all forms and we do not make any business decisions based on personal interests. The Ålö Group complies with

applicable laws and regulations in each country regarding bribery, fraud, money laundering and tax evasion.

RESULTS 2018

- An updated version of Ålö Supplier Code of Conduct (edition 2.0) was launched in November 2018.
- Before signing new contracts with major suppliers we conduct an audit on their ability to follow Ålö Code of Conduct for Suppliers.
- A GDPR process has been implemented in our European locations.
- In the construction of our new production facility in China we used Ålö's process with tenders and contracts to ensure fair and ethical business.

"In order to maintain our strong market position, it is imperative that we act professionally, honestly and ethically in all situations."

Niklas Åström, President and CEO in Ålö Ethical Guidelines

ACTIVITIES 2019

Follow-up on randomly selected suppliers and their work to improve their work regarding ethical, social and environmental issues.

Opportunities and Threats

OPPORTUNITIES

Our most important opportunities in the sustainability area are connected to Ålö's core business. With our products, we are a part of making the farmers more efficient in their everyday lives, thus contributing to a more sustainable society. This year we are particularly proud of sustainability opportunities in our manufacturing and value chain, mainly through Ålö being certified according to ISO 14001.

Environmental opportunities in our own production that we particularly want to mention are:

- Digitalisation
- Re-use of water
- Reduction of air-freights, and reduced CO₂ emission per freighted ton
- New processes that improve material utilisation and reduction of chemical-, energy- and water consumption.

THREATS

The environmental and social impact in our value chain includes the major sustainability challenges for Ålö. During 2018 we have implemented a systematic risk management framework into our operations to identify and mitigate our strategic and operative environmental risks.

Our first environmental risk assessment highlights that our prime focus is water. In many parts of the world the availability of water is scarce, and as contamination of water may happen through our production, control and follow-ups are conducted at each of our sites as part of our continuous improvements.

All units are responsible for identifying, analysing, addressing and monitoring risks. When detecting any major risk, it is resolved accordingly. The senior management and the Board are responsible for annual follow-ups.



Sustainability Group

The Sustainability Group is a cross-functional group with the responsibility to review and revise decisions with an implication on sustainability. The group led by EVP HR Susanne Sarin is, together with the top management, responsible for our work within environmental, social and economic aspects. The Sustainability Group reports to and is fully accountable to the group management. Meetings are held approximately four times per year.

ABOUT THIS REPORT

The report describes Ålö's actions and the resulting outcomes from 2018 that are considered to be material to the business. The indicators are reported to the fullest extent possible depending on data availability.

In accordance with the Swedish Annual Accounts Act chapter 6, §11, Ålö AB has chosen to present the statutory sustainability report as a report separated from the Annual Report. The required information in accordance with the Annual Accounts Act chapter 6, §12, constitutes part of the Board of Director's report and is incorporated in this document. This report has been submitted to the auditor at the same time as the Annual Report. For further information, see the Annual Report.

The scope of the report covers Ålö Group, and all operations in the markets where our company is present unless otherwise noted.

The report was prepared with inspiration from the Global Reporting Initiative G4 Guidelines Core option.

EXTERNAL ASSURANCE

This sustainability report has been reviewed by an assurance provider to ensure that we meet information requirements of Sweden's legislation on sustainability reporting.

This is the translation of the auditor's report in Swedish

The auditor's report on the statutory sustainability report

To the general meeting of Ålö AB, corporate identity number 556081-0482

Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Stockholm June 19, 2019
Ernst & Young AB

Erik Sandström
Authorized Public accountant

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