

Development for **green competition and sustainable growth**

Sustainability Report 2019



Sekab
SWEDISH ETHANOL CHEMISTRY

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1909

was the year when the first drops of ethanol were produced in the region. So, it is with more than a hundred years of combined experience that we move onto the next generation of sustainable bioethanol and innovative solutions within bio-based chemistry.

Sekab BioFuels & Chemicals AB | 556263-4088

This report has been prepared in accordance with the sixth chapter of the Annual Accounts Act and forms part of the Directors' Report in the Annual Report for Sekab BioFuels & Chemicals, fiscal year 2019. The report provides stakeholders with perspectives on how we as a company create value for our owners, but also for the society in which we work and take part.



01

THE CEO TAKES THE FLOOR

FOREWORD

“Our investments in 2019 are also in line with the global trend as we see it, where awareness and focus on sustainability is increasing throughout the business community.”

We develop for sustainable growth

2019 has been a year of strategic and systematic development. It's about finding ways to work smarter and develop new and more sustainable goods, services and business models. But it is also about finding a balance between economic governance and innovative freedom.

The challenges of our time and the transition to a sustainable economy involve conditions that we must relate to in order to ensure continued competitiveness. Sustainability has also been shown to play an increasingly important role when it comes to attracting the right skills to our organisation.

Our investments in 2019 are also in line with the global trend as we see it, where awareness and focus on sustainability is increasing throughout the business community.

During the year, we have launched the ISCC plus certified and thus guaranteed sustainable base chemical bioacetaldehyde, which is used in everything from food and nappies to paints and plastics. Accordingly, Sekab is the only company in Europe that can produce renewable acetaldehyde – a step towards a fossil-free chemical industry.

2019 was also the year in which the positive trend triggered a major investment to expand the factory. The project is expected to run for three years and will, in particular, result in a significantly increased capacity to produce basic chemicals such as acetaldehyde, ethyl acetate and acetic acid.

Now that Scania has launched and thereby provides a stronger ethanol engine, we expect increased demand for the ethanol-based biofuel, ED95. We are therefore also continuing to work for the expansion of the infrastructure and an increased number of filling stations in Sweden. Transitioning to renewable fuels also requires new forms of cooperation and business models. One example is EthaDrive, where we together with others provide ED95 at filling stations around Sweden.

During the year, Sekab launched a new logo and a new website. One goal has been to better reflect the present day through a more modern and smoother design. We also want to more distinctly reflect the green direction and focus that has always been a part of Sekab – to create a better world through sustainable solutions.

Sekab's co-workers who work every day to take us one step closer to our vision of a sustainable society have, through admirable commitment, expertise and responsiveness to the market, made it possible for us to achieve our goals for the year. Our advocacy – highlighting how the economy needs to change to promote sustainable growth and our initiative to support such development – has also meant that we have become a regularly engaged party in the work towards a global bioeconomy.

We want to contribute to sustainable growth that meets today's requirements without compromising the opportunities of future generations.



TOMAS NILSSON
VD SEKAB BIOFUELS & CHEMICALS AB



02

SEKAB BIOFUELS
AND CHEMICALS AB

SEKAB AS A PART OF A SUSTAINABLE SOCIETY

- We process ethanol into biofuels and chemicals.
- We develop the technology for new, sustainable product opportunities based on cellulose raw materials.

For reduced dependence on fossil raw materials

Sekab BioFuels and Chemicals AB, called Sekab in the report, is a Swedish chemical and biofuel company and forms part of the biorefinery located in Domsjö outside Örnsköldsvik. Sekab forms part of the Sekab BioFuel Industries Group, which also includes the subsidiary, Sekab E-Technology AB.

The first drops of ethanol were produced in the region as early as 1909, so it is with over a hundred years of combined experience that we move forward to the next generation of sustainable bioethanol and innovative solutions within bio-based chemistry.

In our chemical plant, we refine and convert bioethanol into bio-fuels and ethanol-based chemical products such as acetaldehyde, ethyl acetate, acetic acid and various blend products.

Products that are ultimately found and used in so many people's everyday lives. Windscreen washer fluid, water-based paints, pharmaceuticals, perfumes, cleaning products, paints and inks are some examples of the end results of our chemistry. Everything that is produced from oil today can instead be produced from renewable ethanol with significant climate benefit.

Our ED95 fuel has been around for 30 years and has been developed for modified diesel engines in which 95 per cent of the fuel is bioethanol. This is used in buses and trucks and today both the fuel and the engines are better than ever. ED95 delivers both good energy efficiency and low climate impact through low carbon dioxide emissions.

At Sekab E-Technology AB, we develop technology and carry out research into new sustainable product opportunities based on ligno-cellulosic raw materials. The Biorefinery Demo Plant in Örnsköldsvik is a unique and important asset in this work.

DID YOU KNOW THAT...

Already today, we supply windscreen washer fluid based on bioethanol.

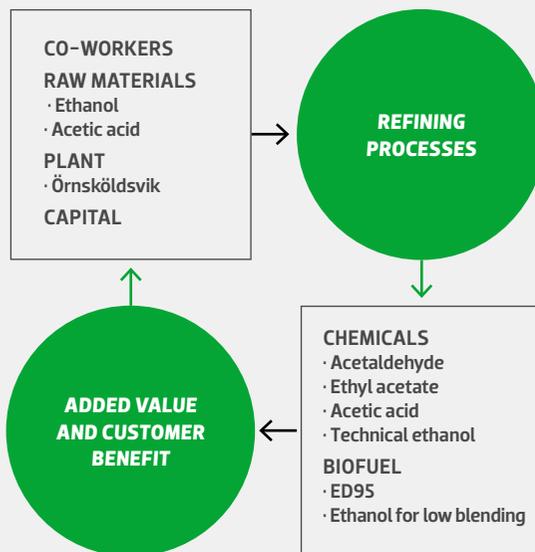


BUSINESS MODEL

Our market is global

Sekab's business model is based on the processing of ethanol into chemicals and biofuels.

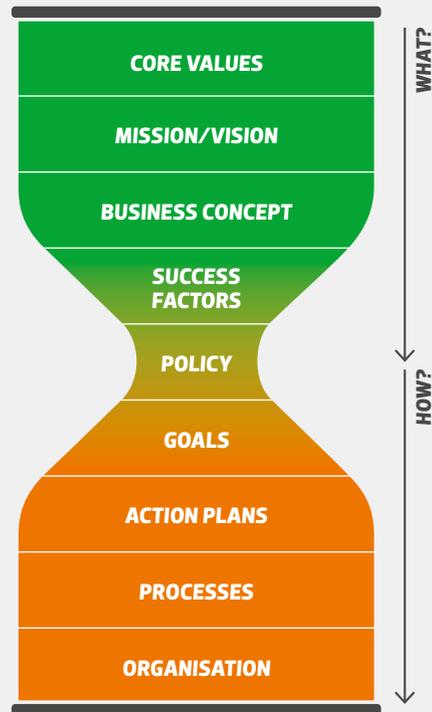
We create value for our owners, co-workers, customers and society by driving development towards a sustainable society and increasing the use of renewable raw materials and sustainable products. We want to be a benchmark company for sustainable development within the chemical and biofuels industry.



THE WAY WE WORK

Everything is connected

The hourglass symbolises Sekab's management system and is used to explain the connection between the company's strategy (what we shall do) and the operational business (how we will do it).



CORE VALUES

Coming together around a thought and a vision is one thing. Implementing it is something else entirely. We therefore have a common foundation of values that we can all have as our starting point. Our core values permeate our entire organisation and everything we do, both internally and externally. Our core values are symbolised by three words: **commitment, creativity and trust**

- | | |
|-------------------|---|
| Commitment | <p>Sekab's co-workers are committed</p> <ul style="list-style-type: none"> · We value transparency · We help each other · Together we have fun at work |
| Creativity | <p>Sekab's co-workers are creative</p> <ul style="list-style-type: none"> · We are solution oriented · We are curious and responsive · We work together for continuous improvements |
| Trust | <p>Sekab's co-workers have trust</p> <ul style="list-style-type: none"> · We respect each other · We are clear in our communication · Together we create a safe workplace |

MISSION

To create a better world through sustainable solutions

Our mission describes how we want to contribute to affirmative social development. A great deal of what we do is not visible on the surface but has a greater impact than we might expect. Every co-worker at Sekab contributes directly or indirectly to things that make a difference.

VISION

Sekab is the benchmark company for sustainable development in the chemical and biofuels industry

Sekab is at the forefront when it comes to actively contributing to the long-term sustainable production, distribution and commercialisation of renewable chemical products and biofuels. We shall manage and further develop this position.

BUSINESS CONCEPT

Sekab provides sustainable products and solutions to industrial customers by:

- Producing and distributing chemicals and biofuels
- Developing and selling technology for the processing of biomass into chemicals and biofuels

THE WAY WE WORK

Health and safety first

A number of guidelines constitute the governing documents in the area of sustainability, in which the overall corporate policy is an integrated environmental, safety and work environment policy (HSE policy). The purpose of our HSE policy is to clarify Sekab's position which requires that health and safety shall always come first and that the external environment shall be taken into consideration as far as it is environmentally motivated and economically feasible.

Our Code of Conduct also clarifies how the company shall behave as an employer and business partner. The starting point is to conduct operations in accordance with the ten principles of the UN Global Compact. Our code of conduct spans areas that are also covered by three other guidelines; equality and

diversity policy, purchasing policy, and sales policy. All of these are linked to the concept of sustainability. Sekab also manages its operations with the support of the environmental standard, ISO 14001, and the quality standard, ISO 9001.

The most important sustainability issues

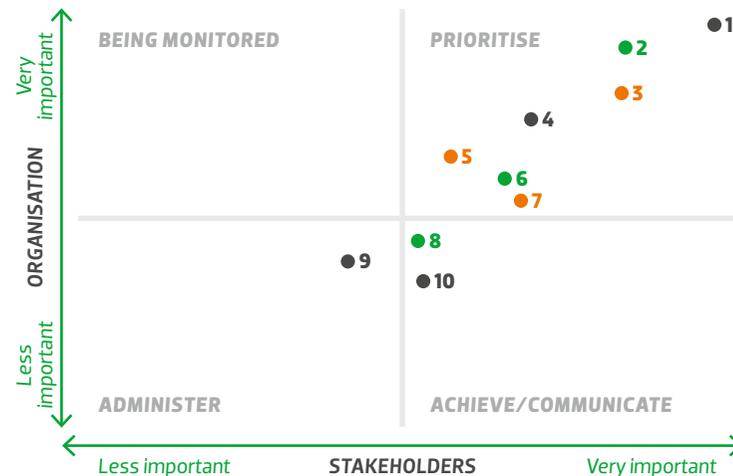
In 2019, Sekab carried out a materiality analysis to identify which are the most important issues for the company and its stakeholders from a sustainability perspective.

The work included both internal and external stakeholders (the board/owners, co-workers, customers and suppliers) and the results of the analysis provided the basis for the development of Sekab's sustainability report.

IMPORTANT FOR SEKAB ACCORDING TO THE STAKEHOLDERS AND THE ORGANISATION

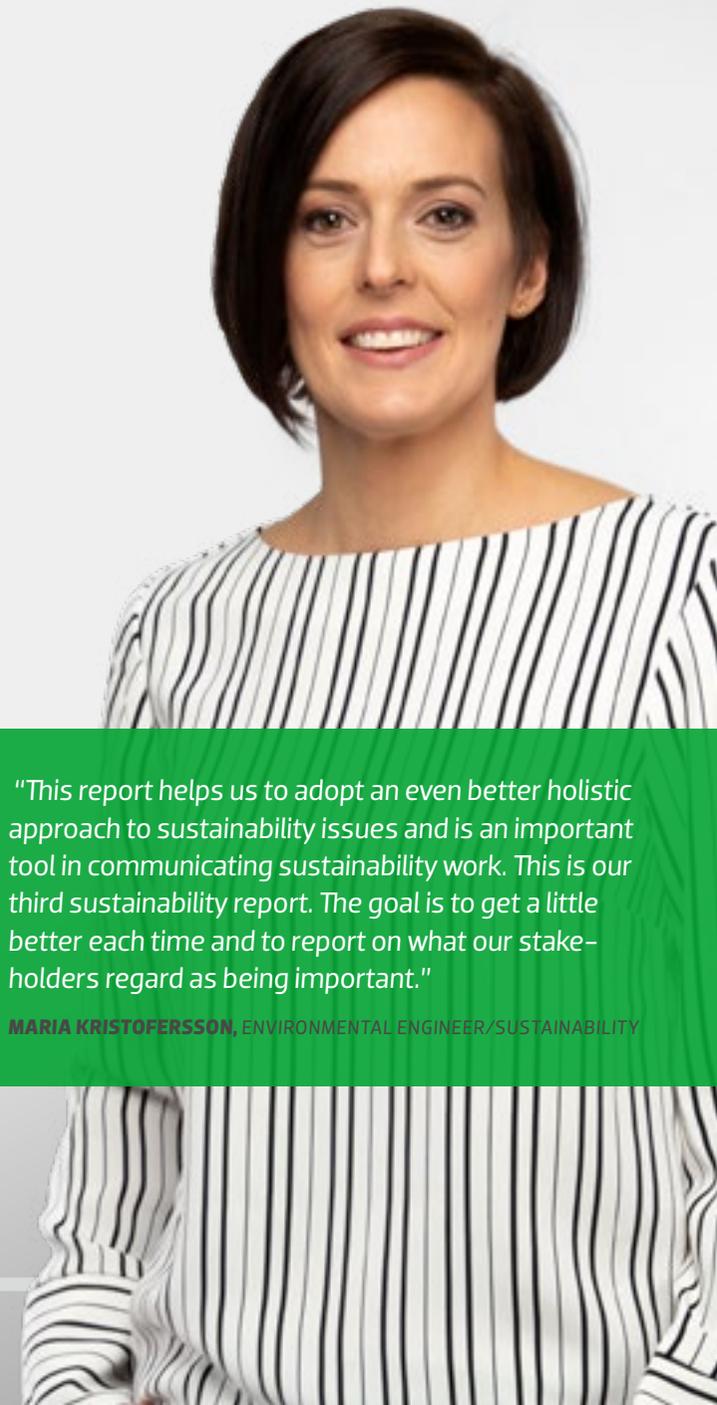
● Environment ● Economy ● Society

- 1 Safe working environment
- 2 Circular economy
- 3 Customer satisfaction
- 4 Competence provision and development
- 5 Financial strength
- 6 Air and water emissions
- 7 Advocacy/Technological development
- 8 Energy use
- 9 Business Ethics
- 10 Responsibility in the supply chain



"This report helps us to adopt an even better holistic approach to sustainability issues and is an important tool in communicating sustainability work. This is our third sustainability report. The goal is to get a little better each time and to report on what our stakeholders regard as being important."

MARIA KRISTOFERSSON, ENVIRONMENTAL ENGINEER/SUSTAINABILITY



THE WAY WE WORK

Agenda 2030

The countries of the world have, through the Global Sustainability Goals and Agenda 2030 for Sustainable Development, committed from 1 January 2016 to the year 2030 to:

- End poverty and hunger in all its forms everywhere
- Fight against inequalities within and between countries
- Build peaceful, equitable and inclusive communities
- Protect human rights
- Promote gender equality and women's and girls' empowerment
- Ensure lasting protection for the planet and its natural resources

The global goals help us to identify the sustainability aspects of our business, to live up to the expectations that are placed on us and to realise our vision of being the benchmark company for sustainable development within the chemical and biofuels industry.

In our sustainability report, the global goals create a structure by linking our four focus areas to the seven goals that are especially important for Sekab and our reporting. Read more on page 18.



RESPONSIBLE CARE

Sekab participates in the chemical industry's programme for Responsible Care. Participation implies that the company undertakes to work according to a number of guiding principles, to work with continuous improvements in safety, health and the environment, and to openly inform about the operations and the progress that is being made.

We annually report a number of key indicators (KPIs) within safety, health and the environment to IKEM that compiles a joint progress report for the chemical industry in Sweden.



03

STAKEHOLDERS

STAKEHOLDERS

Ongoing dialogue is the key to our progress

Co-workers, customers, suppliers, owners and the society are all important to our business and our continuous development. Our aim is therefore to always have an open, straightforward and clear dialogue with our stakeholders. Their opinions, knowledge and input are crucial for us to understand what expectations are placed on us as an employer, supplier, partner – and not least with respect to our sustainability work.

Sekab's priority stakeholders are the groups that are most affected by and/or affect the company's operations: co-workers, customers, suppliers, owners and the society at large. These main stakeholders have different expectations and requirements with respect to Sekab's sustainability work. Here we list our channels and dialogue areas per stakeholder group.



STAKEHOLDERS



CO-WORKERS

Channel for dialogue

- Co-worker survey
- Target-setting and staff appraisal meeting
- Management team
- Workplace meetings
- In-service training
- Trade union cooperation
- HSE advice and safety committee

Dialogue areas

- Safe working environment
- Positive working climate
- Core values
- Good leadership and employeeship
- Equality and diversity
- Attractive employer
- Competence provision
- Competence development



CUSTOMERS

Channel for dialogue

- Personal meetings
- Customer Service
- Networks and cooperation projects
- Conferences
- Questionnaires
- Procurements
- Digital platforms

Dialogue areas

- Certification
- Quality and traceability
- Climate impact
- Manufacturing process
- Profitable business
- Delivery security
- Code of conduct



SUPPLIERS

Channel for dialogue

- Supplier assessments
- Meetings
- Daily contacts
- Conferences
- Collaborative projects

Dialogue areas

- Profitable business
- Delivery security
- Quality
- Certification
- Climate impact
- Working environment
- Responsible business



OWNERS

Channel for dialogue

- AGM
- Board
- Annual report
- Sustainability report
- Monthly and tertiary reports
- Board evaluation
- Audit committee
- Compensation committee

Dialogue areas

- Corporate governance and development
- Profitability
- Sustainable development
- Responsible action



SOCIETY

Channel for dialogue

- Meetings with decision makers
- Seminars
- Membership in industry organisations
- Networks
- Digital platforms
- PR activities/debate articles
- Responses to public consultations

Dialogue areas

- Environmental impact
- Sustainable development
- Job opportunities
- Domestic production of chemicals and biofuels.



04

RISKS AND RISK MANAGEMENT

RISKS AND RISK MANAGEMENT

Structured risk management

An important aspect of corporate governance is to secure ongoing risk analysis and the management of the risks that may have a negative impact on Sekab. A good understanding of the risks in question and follow-up of changes in the risk profile provides the conditions for informed decisions. Decisions that, in turn, contribute towards creating opportunities and to meeting the company's strategic goals.

We work in a structured manner to identify, analyse, evaluate and manage risk to ensure a good overview of the risks to which the business is exposed. Furthermore, risk analyses are carried out on an ongoing basis in conjunction with projects, investments and operational changes. The annual strategic risk management process results in a number of identified risks with varying degrees of priority. These risks are grouped according to financial, operational or strategic risk.

Financial risks have a potential impact on Sekab's earnings and financial position. We can be exposed to interest rate risk, currency risk, credit risk, financing risk and liquidity risk.

Operational risks can be directly attributed to Sekab's business operations with a potential impact on sustainability, earnings and financial position.

Strategic risks can have long-term consequences for Sekab's business operations. This can be on account of changes in the outside world with potentially significant effects on the business and business goals.

Our risks in the area of sustainability are primarily operational. They are closely linked to our focus areas. Here follows an account of these risks.



INFRASTRUCTURE RISKS

Description/Management

Infrastructure becomes a considerable risk with a market far from the production plant. Secure and reliable on-time deliveries are a high priority for our customers. By being able to deliver using a variety of delivery methods, we become less dependent on just one mode of transport. Sekab can use road, rail and sea transport solutions in the logistics chain. Furthermore, we work actively by participating in forums, informing and maintaining dialogues with decision makers to ensure that infrastructure issues related to our operations are a high priority in our society.

Link to focus area

Responsible business



RISKS RELATED TO SUPPLIERS

Description/Management

If suppliers act in violation of applicable laws, conventions and agreed terms and conditions, this can lead to violations related to the environment, rights and the working environment. Furthermore, the actions of individual suppliers can lead to quality deficiencies, delivery delays and production interruptions, which can have a negative impact on Sekab's profitability and brand. When purchasing goods and services, Sekab uses suppliers who can continuously meet requirements, needs and expectations. Sekab's environmental code and code of conduct are always communicated to the supplier, which thus clarifies our expectations. Through supplier assessments, we acquire a qualitative assessment of our major suppliers.

Link to focus area

Responsible business



COMPETENCE RISKS

Description/Management

Attracting, recruiting, retaining and developing co-workers is crucial for our competitiveness in both the short and the long term. The right competence is important in order to succeed in achieving the business goals. Sekab shall be an attractive employer with good leadership and employeeship. We shall encourage competence development and, over time, ensure that the company has the right competence through strategic work with competence provision plans. Sekab has an ongoing dialogue with universities and upper secondary schools. We also collaborate with KOMTEK, a municipal technology and entrepreneurship centre, and we support their activities to arouse interest in chemistry and technology among children and young people.

Link to focus area

Co-workers

RISKS AND RISK MANAGEMENT



ENVIRONMENTAL RISKS

Description/Management

Sekab's operations involve the handling large quantities of chemicals. Larger emissions would affect the local environment and result in fines or other legal penalties, but also in a damaged brand.

Taking the external environment into consideration is always a high priority in Sekab's operations. As part of our environmental work, we continuously monitor and evaluate our operations from an environmental perspective in order to prevent accidental emissions.

Link to focus area

Climate and Energy



WORK ENVIRONMENT RISKS

Description/Management

Work environment accidents at Sekab can result in co-workers being injured or, in the worst case, being killed. Sekab's operations involve the handling of large quantities of flammable goods. A process accident at the plant can lead to a serious chemical accident that, in the worst case, can result in several deaths and major property damage. From a legal perspective, a serious work environment accident can result in fines or other legal penalties. A serious chemical accident can also lead to long unplanned shutdowns and a damaged brand. In order to prevent incidents and accidents in the workplace, Sekab works systematically with work environment, safety and fire protection issues. This work includes process and safety audits, regular staff training, monitoring and learning from incidents and accidents, quality assured routines for protection and safety, and work within the operations as a whole.

Link to focus area

Co-workers



ETHICAL RISKS

Description/Management

Ethical risks may imply that Sekab's co-workers do not act in accordance with the company's code of conduct. Ethical risks can also be associated with violations of human rights in the supply chain. This can result in fines, legal sanctions and a damaged brand. Good business ethics and transparency shall permeate everything we do. We secure our operations by ensuring clarity in our commitments and requirements towards our suppliers. A clear code of conduct and continuous supplier controls prevent ethical risks.

Link to focus area

Responsible business



IT RISKS

Description/Management

IT is a critical constituent part of Sekab's business. It is a prerequisite that the IT environment functions satisfactorily, is secure and well protected. Identified risk areas are IT attacks and poor maintenance that can lead to immediate downtime for the business. These downtimes can become extensive and affect large parts of the business over a long period of time. This can have major consequences for both the financial result and the company's brand. We therefore carry out systematic IT security work that consists of mapping IT risks, external monitoring and ongoing maintenance. The focus is on preventive activities to ensure access to information and IT tools.

Link to focus area

Responsible business





05

FOCUS AREAS

Responsibility at all levels

Sekab's operations affect people and the environment throughout the whole value chain; from choice of raw materials and production, to distribution and end use. We run the business in a long-term and responsible manner. In dialogue with customers, suppliers and other stakeholders concerned, we focus on the issues and areas we can influence and where our sustainability work contributes to making a difference.

Sekab's sustainability work is described within these four focus areas:

- **Co-workers**
- **Responsible business**
- **Climate and energy**
- **Corporate social responsibility**

Seven selected goals

We have the opportunity to contribute to seven of the UN's global sustainability goals through our expertise and type of operations. These goals have the following numbers 5, 8, 9, 11, 12, 13 and 14. Within our four focus areas for our business, we work actively to steer towards the sustainability goals that are of relevance in each area. See also labelling in upcoming pages.



Our sustainability work is directly linked to seven of the in total 17 global goals.



Focus area

Co-workers

- Safe work environment
- Equality and diversity
- Competence provision and competence development

Goals and performance indicators

- Safety targets – Reduce the number of uncontrolled incidents that could lead to a serious chemical accident to a maximum of one occurrence per five-year period
- Absenteeism through sickness
- Gender distribution
- Number of performance reviews conducted
- Training hours/employee
- Staff turnover
- Average period of employment



Focus area

Responsible business

- Customer satisfaction
- Responsibility in the supply chain

Goals and performance indicators

- Customer satisfaction
- Proportion of completed certifications among raw material suppliers



Focus area

Climate and energy

- Renewable products and technology
- Energy use
- Emissions to air
- Emissions to water

Goals and performance indicators

- Proportion of renewable energy
- Amount of TOC to air
- Amount of TOC to water



Focus area

Corporate Social Responsibility

- Advocacy
- Technological development

Goals and performance indicators

- Number of responses to public consultations
- Number of debate articles



Co-workers

We take care of each other

We want Sekab to be a safe workplace that is characterised by good development opportunities, equality and diversity, as well as good leadership and employeeship. We all contribute to each other's working environment. Together we take responsibility for ensuring that all colleagues feel good, develop and are motivated to go to work. In this way we can also attract new and retain existing co-workers.

Sekab's HSE policy is comprehensive with respect to safety and work environment. It is our employer's responsibility to guarantee a safe workplace and health and safety always comes first. During the year, training in process safety has been held for co-workers working closely with production. Furthermore, a full-day training course in fire extinguishing and first aid was held for the same group of co-workers in collaboration with the rescue services. During 2019, several co-workers have participated in training courses such as "hot work" and lifting work in accordance with set time intervals for each area of training.

Systematic work environment efforts are carried out in collaboration between Sekab and the co-workers who are represented by the safety representative. We constantly follow up our work environment efforts and work preventively to promote good health. The work environment management system is integrated into Sekab's management system.

The systematic work environment efforts include:

- Risk analyses and safety assessments
- Measurements
- Assessments of chemical work environment risks and other work environment risks
- HSE inspections
- OSA rounds
- Follow-up of incidents and accidents
- Participation in HSE councils and safety committee

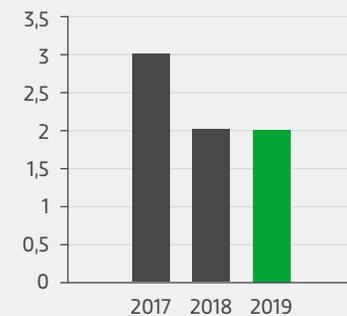
Organisational and social work environment, called OSA, forms part of our systematic work environment efforts, which include the continuous follow-up of workload and working hours. The OSA rounds are new for the year and they have been implemented operatively. Based on issues such as collaboration, special treatment, workload and mutual respect, co-workers have, in group discussions, been able to raise these types of questions in a simple and relaxed manner. The OSA work forms part of our concept of living our core values – every day.

Handling flammable chemicals on a daily basis entails extensive systematic safety work. We have set up a safety target to be able to actively control and measure our work focusing on a safe workplace. The goal is to "Reduce the number of uncontrolled incidents that could lead to a serious chemical accident to a maximum of one occurrence per five-year period". To reach this goal, Sekab is focusing on increased incident reporting, improved change management including safety audits, shutdowns and check-outs, and training. No uncontrolled incidents has taken place during the year.

UNWANTED INCIDENTS

The diagram shows the number of unwanted incidents that could have resulted in a serious chemical accident.

THE NUMBER OF UNWANTED INCIDENTS

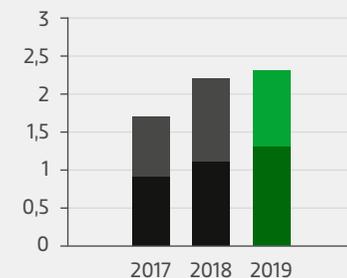


The goal is to "Reduce the number of uncontrolled incidents that could lead to a serious chemical accident to a maximum of one occurrence per five-year period".

ABSENCE THROUGH SICKNESS

The chart shows shorter sick leave and sick leave longer than 14 days (darker fields).

ABSENCE THROUGH SICKNESS, %



CO-WORKERS

Equality and diversity

Sekab's equality and diversity policy is based on the basic principles according to the law on equal treatment and non-discrimination irrespective of gender, age, disability, sexual orientation, gender identity, ethnic affiliation, religion or other beliefs. It clarifies our work on gender equality and diversity. Together, people's different experiences, education, life situations and values create a dynamic that adds new perspectives and ideas.

Each year, an equality and diversity plan is drawn up for active efforts relating to these issues. The employer and employee representatives of the trade unions go through jointly set activities and goals. Salary differences with respect to gender are also mapped and analysed on an annual

basis. This work is done jointly by employers and trade unions. No adjustment has been made in conjunction with the 2019 salary survey.

Competence

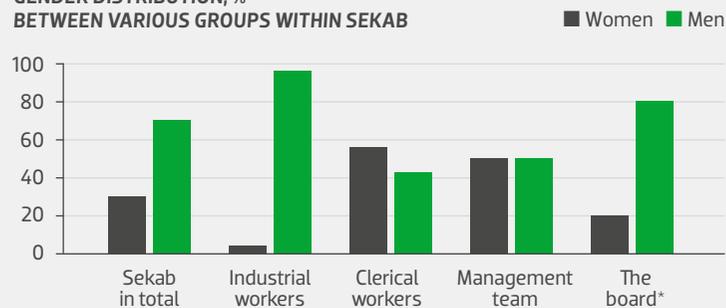
Sekab shall be an attractive employer with good leadership and employeeship. We want to achieve this by encouraging skills development. Over time, we ensure that the company has the right expertise through our strategic work with competence provision plans.

As part of this work, we are members of a joint and member-owned education and training company. The purpose is to increase the proportion of required and qualitative training locally through collaboration with companies in

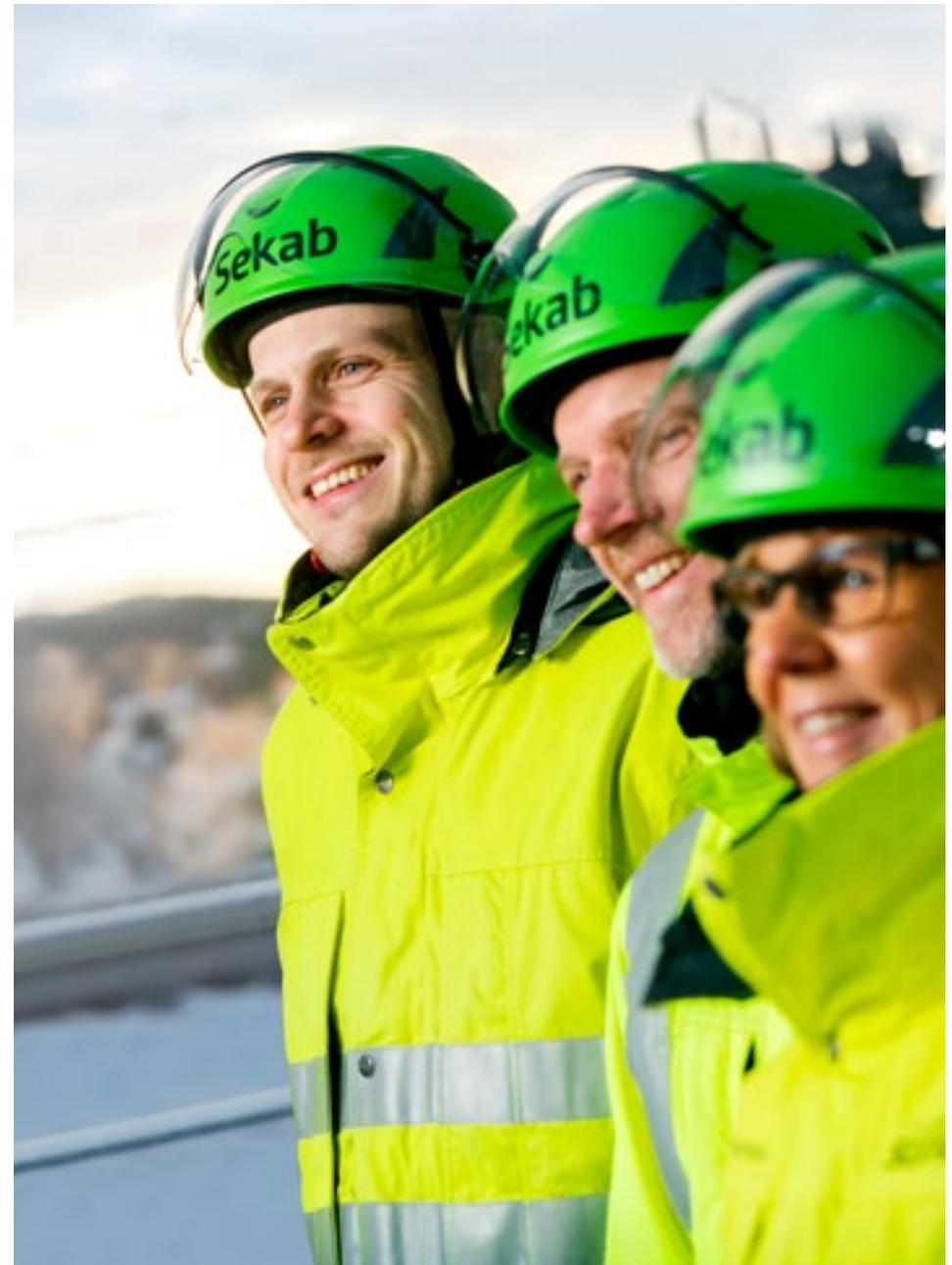
GENDER DISTRIBUTION

Sekab has a predominant proportion of men in the established group of industrial workers. Within the clerical worker group, the proportion of women is somewhat higher, which levels out the overall gender distribution.

**GENDER DISTRIBUTION, %
BETWEEN VARIOUS GROUPS WITHIN SEKAB**



* Including the Board of Directors of the parent company Sekab BioFuel Industries AB (BFI). The board work for BFI and Sekab BioFuels & Chemicals AB is done concurrently.



CO-WORKERS

the local area. We thereby reduce our travelling and also the costs for training, travelling and accommodation. The collaboration also increases the possibility of local networking between co-workers with different employers.

Sekab has an ongoing dialogue with universities and upper secondary schools. We also cooperate with the municipal technology and entrepreneurs centre, KOMTEK, and support

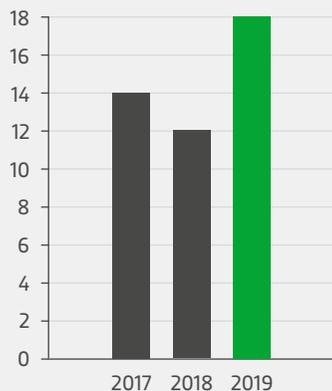
their activities to arouse interest in chemistry and technology among children and young people.

At the annual staff appraisal interview a development/training plan is established by the manager and co-worker. Co-workers are at the same time called to health and safety training. All managers within the company take part in manager development programmes.

THE NUMBER OF HOURS OF TRAINING

Alternative skills development channels are increasing, and they provide a positive complement to the overall competence development provided and can sometimes take place without having to travelling.

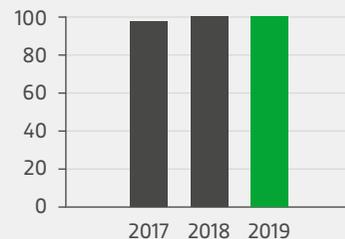
NUMBER OF HOURS OF TRAINING PER EMPLOYEE



PRIORITISED STAFF APPRAISAL INTERVIEWS

Staff appraisal interviews are an opportunity for the co-worker to express his or her thoughts, ideas and wishes about the collaborative climate, the working environment, skills development, tasks and their relationship with colleagues and manager. For the manager, staff appraisal interviews provide an opportunity to support, remind and motivate employees in their work towards achieving set goals. Sekab works actively to ensure that 100% of its co-workers shall have an annual staff appraisal interview.

PERCENTAGE OF STAFF APPRAISAL INTERVIEWS COMPLETED, %



**Commitment
Creativity
Trust**

AT SEKAB WE WORK
VALUES-BASED
FOR THREE REASONS:

1

WE HAVE MORE FUN AT WORK

By being committed, creating trust and thinking creatively, work becomes more fun.

2

WE DEVELOP IN OUR PROFESSIONAL ROLES

Through our commitment, exchange of experiences and learning from each other, we grow and develop.

3

WE CONTRIBUTE TO A BETTER WORLD

Our mission is to create a better world through sustainable solutions. When we live according to our core values in our daily lives, it becomes easier to realise them.

CHRISTINA HAS THE FLOOR

We practise what we preach

CHRISTINA BAS, HEALTH AND SAFETY ENGINEER.

At Sekab we say that health and safety must always come first. I also think we are managing to practise what we preach. Since we handle highly flammable chemicals, all our co-workers, not least those who work in production, are highly committed to these issues.

One example to illustrate this is our training in fire extinguishing and first aid which always has a fantastically high participation rate and arouses great commitment. But we are also good at taking care of each other in our daily work, reminding each other and paying attention to risks. This is something that I think is easier to do in a slightly smaller company such as ours. A newly hired operator works side by side with an experienced colleague for a long time and may thus under their guidance experience and learn to cope with unusual incidents.

Our goal of preventing uncontrolled incidents that can lead to serious chemical accidents has helped us to look long-term at our safety work and ensure that the issue is high on the agenda. It is never possible to predict everything, but all the measures we take to achieve this goal help us to be ready to take the right action in the event of an incident. In this way we can prevent an incident from developing into an accident.

During the year, the company has carried out some projects aimed at increasing the production of acetaldehyde. During these projects, we carried out targeted safety inspections and risk assessments. It was gratifying to see the high level of risk awareness and how all co-workers used protective equipment and had a high safety mindset. There were no incidents during the project period, and this makes me both proud and happy.

We have also carried out internal training in process safety for all production-related personnel during the year. This is a new holistic approach for us compared to previously. The training provided tangible examples of accidents and incidents from other industries and workplaces. The programme was received very positively and has hopefully aroused interest in continued further education and in-depth study of the subject.



CO-WORKERS

Number of employees

61



56%

of our clerical workers are women



Average period of employment

17 YEARS



OPEN CLIMATE FOR COMMUNICATION

We want to be a communicative organisation with space and scope for information, discussion and reflection – this creates trust and is a prerequisite for an organisation's existence, goal fulfilment and success. We have come a good way in this process and here are some examples of existing communication opportunities:

- Collaborative meetings – regular information meetings between management, HR and trade union representatives.
- Co-worker meetings – all co-workers meet twice for information and discussions around events and developments in the company.
- Co-worker appraisal meetings/interviews – conversations between manager and co-workers that focus on the individual co-worker's situation and development.
- Co-worker survey – carried out digitally, individually and confidentially. Here we get input on the areas we need to develop and improve.
- HSE councils are held quarterly and urgent matters are forwarded to the Safety Committee.
- Workplace meetings are held at least once a month in each work area.

In addition, the intranet is an important information channel. Here, the information that is necessary to manage one's work is compiled, as well as information about new employees and news from the management.

SUSTAINABILITY FOR CO-WORKERS

Sekab cares for its co-workers and makes no difference between industrial and clerical workers, shift workers, daytime workers, women and men. Everyone gets the same benefits and offers, such as:

- Everyone is offered the same health insurance
- Everyone gets coffee and fruit at work
- Everyone has the opportunity to book a massage at the workplace
- Committed health inspirers organise health promotion activities
- Everyone receives a wellness allowance



Responsible Business

Mutual understanding is **the key to success**

Sekab's sales policy and purchasing policy together constitute the framework for how the business shall manage its sales and purchasing work and also our approach to customers and suppliers. Through in-depth dialogue with customers and suppliers, we can make continuous quality improvements.

We manage risks and prevent irregularities throughout the whole chain from supplier to customer. Zero tolerance applies with respect to bribery, corruption and other anticompetitive measures. Good business ethics and transparency permeate everything we do, and we safeguard our operations through clarity in our commitments and requirements with respect to our suppliers. Sekab shall be a reliable and competent partner that always delivers the quality that the customer demands.

Customer satisfaction

Our sales work is characterised by a long-term approach, sincerity and respect. We always work based on the individual customer's needs and try to reach a mutual understanding. In this way, we can also convey added value with our sustainable

products and develop joint business and partnerships. Good customer understanding thus determines which products and services Sekab provides in the market. It also increases our ability to build long-term customer relationships, which strengthens the brand and provides new business opportunities.

Customer satisfaction is a measure of how well our products and services meet or exceed our customers' expectations. Sekab has a way of working that creates good customer understanding, and here the main tools are our customer care system CRM, our case management system, together with good business intelligence.

A customer satisfaction survey was conducted in 2018, in which the result was 4.05 on a five-point scale. We are very proud of this result and it can be seen as recognition of good customer cooperation. The next survey will be conducted in 2020. The customer survey gave us a direction in which to continue our efforts and in 2019 the focus has been on strengthening our customer's awareness of Sekab's sustainable chemical products.

Responsibility in the supply chain

Sekab's procurement work is about doing sustainable business that takes responsibility for both business ethics and the economy, as well

as for the environment and social factors. When procuring goods and services, we use suppliers who can continuously cater to requirements, needs and expectations.

Suppliers' competence and willingness to cooperate shall also be taken into account. Relations with our suppliers shall be conducted professionally and in a business-like manner and be characterised by mutual understanding and respect. Quality, price, security of supply and durability are essential factors in our contacts with suppliers.

Sekab divides its suppliers into two groups; raw material suppliers and other suppliers. A supplier of raw materials must always be approved according to Sekab's supplier qualifications, which include that they comply with Sekab's environmental and conduct requirements. In 2019, six supplier qualification assessments of our raw material suppliers were carried out. None of the qualification assessments led to any further action. In 2019, one supplier assessment was carried out in conjunction with the procurement of new agreements. The assessment



addresses issues regarding the supplier's finances, quality and environmental systems, as well as the working environment and it contributes to creating a better overall picture of the supplier in the procurement work. In 2019, audits were also carried out on two transport service providers.

Delivery Security

We do everything we can to make our customers feel confident and know that we always deliver what we have agreed upon. This means, among other things, comprehensive service around logistics and warehousing. In the biofuel area we monitor our customers' inventory and ensure their trucks never run empty. We have a warehouse in Antwerp for the chemical product ethyl acetate, that both gives us proximity to the market and ensures that we can, through good dialogue, provide our loyal customers with continuous volumes as required. We also monitor that rail transport functions as it should so that we can avoid interruptions and delays. This is because just-in-time deliveries are of the highest priority for our customers.

SOFIE HAS THE FLOOR



Our customers value sustainability

SOFIE INDEVALL, MANAGER MARKET AND LOGISTICS

I am pleased to note that we are experiencing a clear increase in awareness of sustainability and an increasing interest in our products and solutions. More and more, we are also receiving inquiries from customers and new stakeholders who want to explore the possibilities of choosing sustainable chemicals and transport in their operations.

In 2019, we have seen a clear increase in the sales of our sustainable acetaldehyde, which is an example of how, through customised product development, we have listened to the market and our customers to create added value. Acetaldehyde is a basic chemical that is included in many of the commonplace products we surround ourselves with daily. In 2019 we also launched ISCC plus certified bio-acetaldehyde. This means that the customer always receives a guaranteed green chemical product that is traceable at every stage.

In 2019, EthaDrive was launched – a rolling showcase for ethanol vehicles and ED95, which we operate together with Agro-ethanol and Scania with support from Norrköping Municipality and the Swedish Energy Agency. The purpose of this project is to create an incentive to encourage heavy transport to convert more quickly and thereby reduce its climate impact. Haulage

companies and freight buyers who participate with their ethanol vehicles continuously contribute with their experience and operating data, which provides verified evidence for future investment decisions around climate-smart transports.

I am convinced that over the next few years we will find that business shows an interest in converting to sustainable solutions at an ever-faster pace. I hope that our politicians and policy makers will come together, reach agreement and make long-term decisions that will allow the business community to convert and the bio-economy to develop.

At Sekab we have taken a stand for a fossil-free society and we have both sustainable products and solutions to offer, here and now!



Climate and Energy

The future is renewable

Sekab is certified according to the ISO 14001 standard and parts of the production are also certified according to the German sustainability system ISCC plus. This helps us to have control over the development of our environmental work and to continuously reduce the total environmental impact of the business.

Environmental work is conducted at all levels of the organisation and forms an integral part of the business. Most of this environmental work is directly linked to our production facility, but we work systematically with environmental issues in all parts of the business.

According to the HSM policy, consideration must be given to the external environment as long as it is environmentally motivated and economically feasible. Sekab's ambition is to take responsibility for the company's environmental impact along the entire value chain. We are focusing on reducing the business's climate impact through the efficient use of raw materials,

energy, other natural resources and transport. The company develops sustainable products and, in this way, we contribute to the sustainable development of our society.

Renewable products and technology

We are convinced that the road to a sustainable future is through renewable alternatives. Sekab is one of the few chemical producers in Europe that can provide chemicals based on sustainable raw materials as an alternative to chemicals and fuels based on oil.

We also produce them with renewable input energy such as steam and electricity. We thus guarantee that our customers get 100 percent sustainable biochemicals, which in the manufacturing process generate very low emissions to air and water.

By using bio-raw materials in the process, we have good opportunities to influence the carbon footprint in society. Furthermore, Sekab E-Technology AB has developed and demonstrated the technology for producing chemicals and fuels from forest residues to further strengthen the



CLIMATE AND ENERGY

development towards a more sustainable society. This makes us a perfect partner for companies that want to reduce their climate impact. Sekab's ambition is to increase the demand for renewable products with bio-based raw materials. The goal is to contribute to a better environment by increasing sales and use of bioethanol. In 2019, by knowing what our customers want, we have been able to meet their requirements for bio-based products.

We are pleased to have seen a marked increase in demand for Sekab's sustainable products during the year, especially linked to our chemical products. During the year, we had increased deliveries of both bio-based, ISCC plus certified acetaldehyde, and Kosher certified acetaldehyde. We see this development as a strong signal indicating that the way forward is through sustainable products.

On the fuel side during the year, and as part of our ambition to have a larger proportion of fossil-free components, we have replaced one of the fossil-based additives in ED95 by a renewable additive. This has contributed to making the fuel even more sustainable.

Energy use

Sekab works continuously to reduce energy consumption in its operations. Today, all electricity used is renewable and 86.5 per cent of the steam used in the plant is also renewable. Part of the steam that Sekab uses is produced in its own steam boiler by utilising residual gases from production.

Energy consumption is monitored on an ongoing basis and is also taken into account when changes are made in the process. In 2019, the total steam consumption was 94,500 metric tons and the total electricity consumption was 4,970 MWh.

Emissions to air

Emissions to air are largely from process exhaust gases from our production, as well as through ventilation from storage tanks and unloading.

Sekab has one of the lowest NOx emissions and TOC emissions in Sweden, in relation to the amount of energy produced. In 2019, we had emissions close to zero of TOC/m³, which of course means that the conditions and requirements were met by a good margin.

In order to avoid unnecessary emissions, we have supplied all our major storage tanks with technical solutions designed to reduce emissions to air.

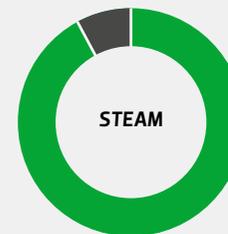
Emissions to water

The process water is purified in the biological treatment plant located in the industrial area and is then discharged into the recipient system. The biogas produced in the treatment plant is used in the industrial area in the production of electricity and district heating, among other things.

The average value for 2019 was 1.90 metric tons TOC/day, which is within the current conditions and requirements.

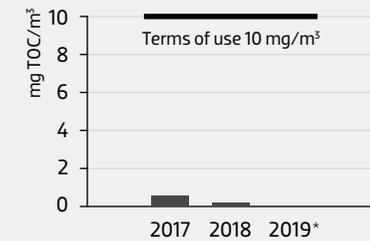
We are the only supplier in Europe of
100%
renewable acetaldehyde.

ENERGY USE



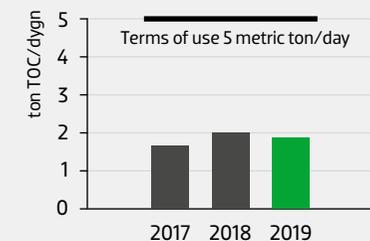
■ Renewable
■ Non-renewable

QUANTITY OF TOC AFTER COMBUSTION IN THE BOILER



* No detectable levels.

QUANTITY OF TOC GOING TO BIO PURIFICATION PER DAY



MIKAEL HAS THE FLOOR

First in Europe with durable basic chemicals

MIKAEL JONSSON, SALES MANAGER

Chemicals are to be found in everything that surrounds us – in the clothes we wear, in the food we eat and in the houses in which we live. One example is the basic chemical acetaldehyde, which is used, for example, in the manufacture of nappies, cosmetics, vitamins, medicines and paint.

Since these products are common, it is important that they are manufactured with as little impact as possible on climate and the environment. For this reason, it feels especially good that we have, during the year, launched a renewable bioacetaldehyde produced from sustainability-certified bioethanol. We produce it in a circular system, using advanced bio-purification and 100 per cent renewable energy. The production has been certified in accordance with the International Sustainability & Carbon Certification*, and we are alone in Europe to have this certification.

* ISCC-plus.

Chemicals have exactly the same properties, regardless of the raw material from which they are made. Our green chemicals thus provide an opportunity to contribute to a sustainable society, without sacrificing the quality and properties of the end product.

The economic benefits are also on the increase. As the world becomes more and more climate conscious, the demand from end consumers for sustainable products is increasing. This creates the preconditions for profitable and sustainable business.



CLIMATE AND ENERGY

Sekab is certified according to the standard

ISO 14001

DID YOU KNOW THAT...

our co-workers, together with Scania, have developed the foundations for bio-powered trucks. During the year, Scania launched a new version of engines that enables the continued development and has increased interest. The fact that Scania has chosen this route means that they adhere to and believe in ED95 as a long-term alternative.



Steam

TOTAL CONSUMPTION

94 500

METRIC TONS

86,5%

IS RENEWABLE



Electricity

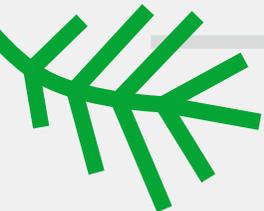
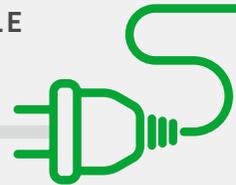
TOTAL CONSUMPTION

4 970

MWH

100%

IS RENEWABLE



Our goal is to produce and sell

100%
biobased



As the only supplier in Europe, we offer biobased,

ISCC+
CERTIFIED
acetaldehyde

NOx
TOC

Sekab generates amongst the lowest NOx and TOC emissions in Sweden, linked to the amount of energy produced.



Corporate social responsibility

A long journey towards one clear, sustainable goal

Our prosperity has historically been driven by the supply and demand of services and products. In line with increased growth, the preservation of our wealth will depend on how we manage and economise with respect to our earth's resources.

Our population is growing at an explosive rate, but the earth's assets are not growing with us – on the contrary they are declining. At the same time, the effects of climate change are becoming increasingly evident. In order to reverse this negative trend, we must all become better at finding sustainable solutions for the future. That is why we are here and do what we do every day; offer the market renewable alternatives that are sustainably produced.

Forerunners within biofuels

Sweden has better access to biofuels than almost any other country. Largely thanks to the broad investment in the development of E85 that has

paved the way for clean biofuels as an important tool for a more sustainable society. Sekab was a leading player in conjunction with the introduction of the E85, which saw a very rapid rise from 2004 and the years immediately following.

This rapid upturn meant that the security of the raw material and its sustainability needed to be strengthened. Sekab thus instigated the initiative "Verified sustainable ethanol", which made it possible to follow the production all the way from the sugarcane field to the filling station in Sweden. At the World Conference "Green Power" in Brussels in 2009, Sekab was given the world award the, "Sustainable Bioethanol Award" for its work on sustainable ethanol. An independent jury of seven international researchers and scientists was responsible for the nominations, and out of which Sekab won in tough competition. One of the major goals of the initiative was to promote and develop international regulations for sustainable fuels.

The first regulatory requirements for biofuels used in Sweden came in February 2012. Sekab



CORPORATE SOCIAL RESPONSIBILITY

had already come a long way in its sustainability work and was naturally among the first four to receive the Swedish Energy Agency's sustainability recognition for biofuels and liquid biofuels.

Advocacy

We at Sekab can make a difference by working to influence the chemical industry to convert to green, and consumers to start asking to a greater extent for bio-based products. One of our goals is to produce and sell only fossil-free chemical products in the future with no or minimal environmental impact. We both inspire and give our customers the opportunity to find sustainable business, for example through adaptation to certifications in the industry. From a long-term perspective, we are monitoring and influencing political proposals and decisions that affect the chemicals industry's conditions and opportunities to convert to bio-based chemicals.

In addition, we are an active participant in the societal debate about how we should all work to achieve a fossil-free society. By demonstrating the possibilities for sustainable development in the chemical and biofuels industry, we can be part of and influence the debate, politicians and decision-makers. This work takes place through dialogue, both within Sweden and at an EU level. Sekab is an active speaker at seminars in the areas of bioeconomy and biofuels. By responding to public consultations as well as writing and publishing debate articles, we make our voice heard and work long-term for a sustainable world.

In 2010 we started Sekab's renewable blog, and since then we have through the blog

worked to promote a bioeconomy in Sweden and fossil-free transport. The blog has, among other things, been awarded prizes for "Inspirer of sustainable lifestyle" and Sweden's "Most renewable bloggers".

The company is also active in social media.

A VOICE YOU CAN RELY ON
For a future with biofuels and biochemicals, 2019:

- 8 National press releases
- 5 English press releases
- 1 County press release in 21 versions
- 1 Responses to public consultations
- 5 Debate articles



Sekab is a member of several non-profit organisations, including the 2030 Secretariat, Svebio and the BioFuel Region. In these networks, we work together for a sustainable future through societal change to renewable fuels and fuels.

Fossil-free Sweden

Sekab supports Sweden's large environmental and climate initiative "Sweden will become a fossil-free welfare country by 2045" and also participates in the Fossil-free Sweden initiative, which is a platform for dialogue and collaboration between companies, municipalities and other types of players who want to make Sweden free from fossil fuels. The initiative compiles knowledge and aspirations in all sectors of society and works towards drawing attention to the climate work that is taking place around the country. The goal is for Sweden to become one of the world's first fossil-free welfare countries. Fossil-free Sweden works to accelerate the transition, not only because it is possible but also because it is economically profitable. Several challenges have been created within the framework of Fossil-free Sweden, calling on companies, organisations, municipalities and regions to implement tangible measures to reduce greenhouse gas emissions by 2030.

We ourselves have accepted the challenge of fossil-free transport and our ambition is to achieve this goal as early as 2025. The challenge is to convert internal and external transport as and when renewable alternatives can be implemented. For Sekab, the biggest challenge is being

DID YOU KNOW THAT...
By running on ED95 instead of diesel, it is possible to reduce carbon dioxide emissions from busses and trucks by up to 90 percent.

able to influence suppliers to convert to renewable alternatives.

Developments in Technology

Sekab is one of many companies in the Domsjö industrial area. An area that together constitutes the biorefinery in Örnsköldsvik, where the cluster structure is important for efficiency and development. The cooperation with the other companies in the Domsjö industrial area gives us a wide network in the forest and process industries. We are involved in several projects in the area, which in addition to developing and strengthening the companies also strengthen the Domsjö industrial area as a centre of excellence.

Sekab is also one of the members of the Processum Interest Association, in which we together find and develop commercially interesting processes and products based on forest raw materials or industrial residual streams. We also collaborate with research institutes, universities, government agencies, vehicle manufacturers and other companies in the forest and chemical industry.

Sekab E-Technology AB has developed technology for the fractionation of biomass. This technology enables the conversion of biomass to sugar, lignin and biogas, which in turn is converted into chemical products and fuels that today are produced from fossil raw materials. Sekab E-Technology AB is jointly involved with other players in a number of projects within Sweden and the EU. An important part of this work is the Biorefinery Demo Plant in Örnsköldsvik, where we conduct advanced research and development.

CORPORATE SOCIAL RESPONSIBILITY

PROMOTING A GLOBAL BIOECONOMY

Sekab's advocacy has made us a frequently engaged party in the work to promote a global bioeconomy. For the third consecutive year, Ylwa Alwarsdotter is included in the international bio magazine Il Bioeconomista's list of women who have contributed most to the development of the bioeconomy in the world.



Kristina Nilsson and Sofie Indevall won the award Marketer of the Year

in 2019 in Örnsköldsvik. The award was presented during the local Enterprise Evening on the sixth of February 2020.



Sekab has assumed Fossil-free Sweden's challenge regarding fossil-free transport

It is one of several tangible measures at a national level to reduce greenhouse gas emissions by 2030. Sekab's ambition is to achieve this target as early as

2025

10 YEARS

of strategic and sustainable market communication

Sekab has stuck to a clear plan for ten years. It has paid off.

ENGLISH WEBSITE

+120%

more direct traffic* to our English website

+69%

more traffic from Google search

SWEDISH WEBSITE

+30%

more direct traffic* to our Swedish website

+118%

more traffic from Google

SEARCH WORDS

+140%

increase in the number of search words we rank in the top 100 (since 2016)

LINKS

More than **twice**

as many unique websites link to our website



* Direct traffic = Primary traffic from those who enter our URL directly.

CONCLUDING WORDS

Creating a better world through sustainable solutions is not only Sekab's mission but also what motivates us to do our job a little better than the day before, every day. Therefore, I am pleased to note that the demand for green and sustainable is increasing around the world.

Towards a greener future with Sekab

Now as we are increasing the capacity of our production facility in Örnsköldsvik, we are facing a growing market with both additional and more sustainable products. It also gives us the opportunity to make full use of all the experience and expertise we have in green chemistry, which feels incredibly exciting for the future.

A challenge for Sekab is that sustainable raw materials cost more than fossil raw materials, and for most chemical buyers in the world, price is crucial. Therefore, strong political incentives and long-term regulations are required in order that the industry and the society can convert from fossil to sustainable.

This is also the reason why we continue to actively promote a global bio-economy. By drawing attention to trade barriers nationally and internationally, we hope to be able to influence and make a difference. At the same time, we continue to talk to politicians, policy makers, the business community and the general public about the possibilities of sustainable solutions.

Despite such challenges, I see that we are swiftly approaching the day when we can proceed to exclusively manufacturing and marketing bio-based products and solutions.

We are ready for the transition. We want to contribute to a future where the need for fossil fuels and raw materials declines.

TOMAS NILSSON
 CEO SEKAB BIOFUELS & CHEMICALS AB





Sekab
SWEDISH ETHANOL CHEMISTRY

