

FIBLON CORPORATE
RESPONSIBILITY REPORT

2013

2014

FOREWORD

In reaching Fiblon's business targets, our highly competent and motivated staff is our most important asset. Our long-standing determination to develop our internal processes of involving personnel is now visible in everyday actions. Stopping the whole factory once a week for a joint meeting is one example of how everyone is offered the possibility to participate and discuss company development.

For six consecutive years we have dedicated a day to define and discuss our jointly agreed-upon targets. All staff members participate and based on the outcomes, we have taken concrete actions and made

significant investments in production technology, digitalisation of our processes, and especially in the development of personnel competence. We strongly believe that digitalisation of production and delivery processes will increase at a furious pace in the future. We will stay ahead of this development and keep enhancing our cost-effectiveness while we excel in fulfilling the needs and wishes of our customers.

With our flawless operations, responsibility as a requirement for production and our equipment, and excellence in our personnel's competence, we can concentrate on offering our clients even better expertise

on the industry and products. We listen carefully and make sure that our clients receive the best possible solution with the most benefits from us.

In this report, we have summarised our achievements of the past two years and our targets for the coming years. Enjoy reading!

Pekka Ekberg
CEO, Oy Fiblon Ab



KEY PERFORMANCE INDICATORS

AND CORRESPONDING GRI INDICATORS

	2010	2011	2012	2013	2014
Revenues, 1000 € (EC1)	8 026	7 904	7 283	6 006	6 240
Operating costs, 1000 € (EC1)	4 305	4 302	3 907	2 943	3 192
Employee wages and benefits, 1000 € (EC1)	1 286	1 391	1 354	1 255	1 377
Payments to providers of capital, 1000 € (EC1)	877	1 021	1 082	1 177	1 159
Payments to government, 1000 € (EC1)	90	110	48	22	29
Community investments, 1000 € (EC1)	0	0	0	0	0
Coverage of defined benefit plan obligation % (EC3)1	100%/not paid				
Significant financial assistance received from government, 1000 € (EC4)	109	0	371	0	0
Average length of employment, years	14	11,8	12,8	13,7	13,7
Average days of absence per employee (LA7)	8,0	13,7	7,8	8,4	6
Total number of injuries (LA7)	2	3	5	3	4
Total number of lost days (LA7)	10	27	4	29	8
Percentage of employees receiving regular performance and career development reviews, % (LA12)	100%	100%	100%	100%	100%
Average hours of training per employee, total (LA10)	N/A	24	32	49	45
Office staff average	N/A	40	48	45	46
Manufacturing staff average	N/A	16	24	54	45
Total employees 31.12. (LA1 and LA2)	32	34	34	33	30
Female	18	17	18	17	15
Male	14	17	16	16	15
Permanent contract	32	33	32	33	30
Fixed term contract	0	1	2	0	0
Full-time	31	33	33	32	29
Part-time	1	1	1	1	1
New employee hires during reporting year (LA2)	2	5	2	0	2
Female	2	1	1	0	1
Male	0	4	1	0	1
Employees left during reporting year (LA2)	0	3	2	1	5
Female	0	2	0	1	3
Male	0	1	2	0	2
Total employee turnover, % (LA2)	6%	24%	12%	3%	23%
Energy consumption, MWh	1 290	1 016	1 082	917	924
Direct energy consumption by primary energy source, TJ (EN3)	N/A	0,0003	0,0003	0,0003	0,0003
Indirect energy consumption by primary energy source, TJ (EN4)	N/A	3,7	3,9	3,3	3,3
Water consumption ² , m ³ (EN8)	491	410	353	364	327
Total direct and indirect GHG emissions, tCO ₂ (EN16)	339	108	98	74	84
Total weight of waste by type, 1000 kg (EN22)	202,3	229,0	204,0	149,8	120,6
Energy waste	74,2	81,6	70,7	52,8	71,6
Biodegradable waste	0,7	0,7	0,8	2,8	3,1
Landfill waste	2,4	1,4	2,1	3,7	1,9
Landfill waste, %	1,2%	0,6%	1,0%	2,5%	1,6%
Paper and cardboard waste	120,6	142,0	129,5	90,5	41,8
Wood waste	3,3	3,3	0,9	0	2,2

1) Defined benefit plan obligation arranged through Varma Mutual Pension Insurance Company, 2) Water source: municipal water supplier

FIBLON IN BRIEF

Fiblon is a privately owned company established in 1979 and located in Pori, Finland. Our operations began as a one-man business but today we operate a high technology automated production line. As a family-owned business we are continuously developing the company and have managed to keep it agile. This means that we can quickly test new solutions and that we take bold steps while carefully listening to our customers.

OUR PRODUCTS, MARKETS AND CUSTOMERS

SOFTLIN FIBRA

Fiblon is licensed to use the Swan label for all its tissue table top products. We also have the right to use the Finnish Key Flag for our products. Our operations apply the principles of ISO standards 22000 and 9001. Fiblon is an FSC® Chain of Custody certified company: the certificate concerns disposable table top and wiping products (BV-COC-12075). Fiblon table top products are food safe.



The Swan is the official Nordic eco-label, introduced by the Nordic Council of Ministers. The Swan label demonstrates that a product is a good environmental choice.

The Key Flag, issued by the Association for Finnish Work, is a registered collective trademark that proves a product or service is made in Finland.

CORPORATE RESPONSIBILITY IS ALL ABOUT CARING

Our business activities are based on the principles of corporate responsibility. We comply with all valid laws, rules and regulations as well as the principles associated with good governance. We fulfil our responsibility for sustainable development by taking into consideration the social, environmental and economic factors in our decision-making. We expect that our partners comply with and support our point of view on corporate responsibility issues.

This is now our third Corporate Responsibility Report that details how we have integrated corporate responsibility into our operations and provides concrete examples of our progress. We focus on our past achievements and future ambitions for each of our four key themes: Profitable Growth, Joy of Working, Satisfied customers and Respecting the Environment. Our last report was published in March 2013.

Our contact person in corporate responsibility issues at Fiblon is CEO Pekka Ekberg. The Board of Directors also plays a key part in developing our corporate responsibility strategy. The Board meets ten times a year and every decision is made taking corporate responsibility into consideration. In addition, Fiblon's management actively participates in various forums*.

OUR SENSE OF RESPONSIBILITY IS DRIVEN BY CONCRETE ACTIONS

- We listen carefully to our customers and our strong knowledge of products and the industry is at their disposal.
- Fiblon is an economic and sustainable option.
- We ensure the joy of working.
- The environment and transparency are at the core of our operations.

MISSION

Fiblon helps professional customers to profile their operations and increase their profit by manufacturing tabletop products, wiping products and travel comfort items combined with services. Profiling consolidates the customer's own way of operation.

VISION

Fiblon is on its way to the "Champions League" as a forerunner by genuinely caring, transparently communicating and continuously developing. The customer is served with both products and services, that fulfil customer needs.

VALUES

- Profitable growth
- Joy of working
- Satisfied customers
- Respecting the environment

*) Yritysvastuuverkosto FIBS, Suomen Tekstiili ja Muoti, Satakunnan kauppakamari, Perheyrittäjien liitto, Suomen yrittäjät, Porin yrittäjät, Keskuskauppakamarin valtuuskunta, EK ulkomaankauppaliittisen liiton valtuuskunta, Liikesivistysrahaston johtokunta, Finnveran neuvottelukunta.

PROFITABLE GROWTH

At Fiblon, we have continued our efforts to improve profitability according to our long-term plan. Profitable operations and growth are our financial foundation and enable us to make a positive contribution to society. Due to shrinking markets it has been challenging to maintain turnover. Renewal of our sales organisation and approach has been slower than anticipated. The flight connections to our location, Pori, have weakened and partly even disappeared, which has further challenged our operations. However, with now even more powerful sales team than before, we have decided to continue our investments in sales.

Significant improvements have been achieved due to, among others, the completion of our new warehouse in 2013 enabling deliveries and distributions to operate directly from our factory terminal. The digitalisation of our internal processes, such as automated marking of incoming and completed goods and integration of this data directly into our ERP system, has increased the performance of our factory. All these combined with intensive and broad training has improved our competence and cost-effectiveness. In addition, R&D has created excellent functional products using even less material and energy and taking into account the whole supply chain.

STRATEGIC OBJECTIVES 2013-2014

Improving profitability

ACTIONS COMPLETED

- New storage facilities completed in 2013 enable factory terminal deliveries and distribution
- Continuation of the broad training programme
- More focus on product quality
- Building of a stronger sales organisation

MEASURABLE IMPACTS

- Shorter delivery times
- Average of 47 hours training per employee in 2013/14
- Training has been given in various topics, for example inline packaging machinery
- Two new sales managers were hired in 2014

STRATEGIC OBJECTIVES 2015-2016

- Implementation of factory terminal deliveries and distribution with all clients
- Further development of product quality
- ISO 22 000 certification
- Strengthening of the sales organisation

CONCRETE EXAMPLE OF OUR EFFORTS: DEVELOPMENT OF FACTORY TERMINAL DELIVERIES AND DISTRIBUTION

Factory terminal deliveries and distribution is now used with our largest domestic merchants. To create a reliable scheme this requires joint development and matching up of different IT systems in both ends. In the new system of factory terminal deliveries and distribution, orders are submitted

as electronic messages which we receive automatically at our warehouse. There is no need to store the products at a wholesaler or in any distribution centre, only in our own warehouse. These developments speed up the delivery to the customer by 50%. The goods are dispatched from our own warehouse

within three hours from the reception of order and they reach the end user within 48 hours. In addition, when using the new delivery process, the smallest delivery unit per article is a carton. This arrangement has significantly increased our flexibility in meeting our customers' needs.

SATISFIED CUSTOMERS

Our aim is to develop our operations to be even more customer-driven. We wish to create greater value for our customers and meet their expectations. For this reason we have executed a customer satisfaction survey in the beginning of 2015 and found out about our clients' experiences from past years and expectations of value. Based on the results, our clients find Fiblon a trustworthy and professional operator whose products are of high quality. Flexibility and security of supply are key characteristics of our service and our flexible, kind and caring service separates us from others. Our clients confirm that we listen carefully to their needs and that we make things easy for them.

In the future our clients wish to gain even more knowledge, understanding and expertise from us to enable them to concentrate deeper on achieving their own goals. For us this means innovative development of our offering and active showcasing of different solutions. The feedback we have received strengthens our notion that we have chosen the right strategy and encourages us to continue the development projects already begun.



STRATEGIC OBJECTIVES 2013-2014

- Improving security of deliveries
- Sharpening of customer strategy
- Launch of Fiblon Future Concepts

ACTIONS COMPLETED

- Customer and product specific sales plans
- Development of customer strategy
- Organisational changes for better customer service
- Inspiring process of future concepts started
- A need for building of a brand hierarchy revealed
- Categorisation of the brands commenced

MEASURABLE IMPACTS

- Security of deliveries 99% in 2014
- Timely communication of all disruptions
- Preparation and execution of a customer questionnaire to enhance customer communication
- Building of a sales organisation: two new sales managers were hired in 2014
- Creation of SOFTLIN table top thinking and preparation of the product line

STRATEGIC OBJECTIVES 2015-2016

- To maintain the level of security of deliveries
- Sharpening of customer strategy and communication with customer questionnaires as a tool
- Introduction and implementation of SOFTLIN brand categories based on the clientele demands 2015-2016
- Redefining the concept of table top products with SOFTLIN

CONCRETE EXAMPLE OF OUR EFFORTS: LISTENING TO THE CLIENT – THE SOFTLIN CONCEPT

During the last few years we have developed new table top and wiping solutions with our customers to support their success. We have penetrated the markets step by step with our brands FIBRA and SOFTLIN. FIBRA – cleaning wipes for kitchen professionals – was launched in March 2010. In the beginning of 2015 we released a totally new SOFTLIN table top concept.

SOFTLIN is a completely new way to meet the everyday challenges of professionals working in the cafe, fast food, restaurant, bakery, hotel and travel business. The challenges and practices are different in various business areas. SOFTLIN is the concept designed specifically to solve the demands of each separate industry.

JOY OF WORKING

One characteristic of our operations is the spirit of collaboration. We want to create and sustain a motivating working environment, so that every employee can be proud of working at Fiblon. We fulfil our social responsibility by giving our employees challenging assignments in an international environment, supporting the continuous professional development of our employees and taking care of our employees' well-being with our extensive occupational health care system.

During the reporting period we have continued implementation of the Fiblon Common Goal Process, our management system involving Fiblon employees. The crux of the approach is to ensure that personnel have an opportunity to influence the operations of Fiblon, and to facilitate interactive cooperation between personnel and

management. Sharing of best practices and demonstrating courage to do things differently are also important objectives of the approach. In order to increase our personnel's appreciation and ability to influence their own work we have launched Fiblon Spirit, a new process building on involvement and listening to our entire personnel.

Ever since setting the first jointly agreed-upon business targets in 2010 we have emphasized development areas that link to wellbeing at work. We have received significant results in e.g. communication, training and joint targets. Our broad training programme aims to motivate employees and it is based on their own development objectives identified through a skills mapping exercise.

STRATEGIC OBJECTIVES 2013-2014

Continue to implement the Fiblon Common Goal Process. New strategic objective is skills development:

- Target to achieve 20 days training per person 2013-2014 on average
- Balance between work and personal life

ACTIONS COMPLETED

- Development discussions held once a year
- Joint discussions following the model of Work Ability House
- Implemented flexible working time arrangements

MEASURABLE IMPACTS

- Average of 47 hours training per employee in 2013/14
- 4 persons have started apprenticeship in electrical engineering and automation (executed during working hours)
- 100% of personnel have flexible/remote working arrangements

STRATEGIC OBJECTIVES 2015-2016

- Fiblon Spirit – involvement and listening of the entire personnel
- Development of ergonomics on manual production lines
- Development of the salary system to meet the new competence and self-development requirements created by automation

CONCRETE EXAMPLE OF OUR EFFORTS: THE WORK ABILITY HOUSE

Fiblon has been an active player incorporating flexible working arrangements into practise for many years. These arrangements cover our whole personnel including head office, sales, maintenance, logistics and production. To boost wellbeing at work we introduced a new concrete model at the end of 2014: The Work Ability House by Finnish Institution of Occupational Health. We started the process by jointly discussing issues affecting wellbeing, what issues are working and what issues should be developed. The identified issues were classified to indicate the level of improvement needed. The next stage will be to implement the model by tackling our list of wellbeing issues. The main development areas for 2015 were chosen as jointly agreed-upon targets.

KEY ASPECTS OF WELLBEING FOR FIBLON

(floors of the Work Ability House)

1. HEALTH AND FUNCTIONAL CAPACITIES

- The foundation of wellbeing
- Comprehensive health care and support for exercise and culture are sponsored by the employer; but the employee carries the ultimate responsibility

2. COMPETENCE

- The employer encourages the entire personnel to update professional competence and skills, including new skills

3. VALUES, ATTITUDES AND MOTIVATION

- Values of the company must materialise in all actions
- The most important factors of success are competence, attitudes and motivation. We try to influence these using the Work Ability House.

4. WORK, WORK COMMUNITY AND LEADERSHIP

- Open leadership that involves personnel
- Special attention is paid to work safety training

RESPECTING THE ENVIRONMENT

Fiblon's environmental mindset directs our products in every step of their life cycle. It starts from choosing the raw material suppliers and continues through to production, packing, transportation, end-use and recycling of the product. We aim to reduce the amount of materials, water and energy we consume and the amount of waste we generate.

We have made small changes and new investments to decrease our environmental impact in both our manufacturing, R&D and administrative operations. We have managed to further decrease our overall energy consumption, water consumption and amount of waste generated, for example, by developing automatic process steering and improving our product development process.

In 2014, Fiblon received FSC Chain of Custody certification. We can also proudly announce that all our tissue napkins are now Nordic Ecolabel certified. Since our first Nordic Ecolabel certification in 2004 we have introduced new certified products step by step and we aim to still expand the number of ecolabeled products. However, there are certain product groups which lack the criteria at the moment and therefore cannot be certified yet. We will continue our work to support the introduction of such ecolabel criteria.

STRATEGIC OBJECTIVES 2013-2014

- Continuous improvement (e.g. yield) by personnel training and machine improvement.
- Systematic development of product and material portfolio
- Continuous decreasing of environmental impacts

ACTIONS COMPLETED

- Personnel training program
- Updated control and steering systems on 65% of the converting machinery (e.g. material web tension control, unwinding control).
- Renewed product development process.
- Material development in co-operation with suppliers.
- Expansion of certified ecolabeled products.
- Introduction of FSC Chain of Custody certification.

MEASURABLE IMPACTS

- Increased efficiency by approx. 10% through less web breaks, higher machine speed and better yield.
- Improved usability by consistent personnel feedback.
- A hundred (18%) more new products without introducing any new raw-materials
- 16% less capital bound to supply chain by developed material composition and increased speed of circulation.
- Decrease in material consumption per product by 15% on certain products.
- All products that do have criteria for Nordic Ecolabel are certified.
- All products where applicable and customer approves are available as FSC Chain of Custody certified.

STRATEGIC OBJECTIVES 2015-2016

- Increased involvement of clients and personnel in R&D
- Reuse of materials

CONCRETE EXAMPLE OF OUR EFFORTS: COMPOSTABILITY

Environmental factors have been emphasized in Fiblon's operations for decades. We consider the whole life cycle of materials as well as the impacts of the final product. All our products are biodegradable and some of them even compostable. Compostability and biodegradability describe similar actions

where given enough time and the right conditions the micro-organisms normally break down anything made of organic materials. Biodegradability involves a lengthy process, for example, in nature: a whole tree will biodegrade in time but it will take a very long time. Compostability, on the other

hand, means that the timeframe and type of break-down process is defined. However, it should be noted that the arrangements of industrial composting may vary from country to country. To investigate the possibilities for composting we advise you to contact the local authorities.

A close-up photograph of a clear glass filled with a light-colored beverage, likely wine, resting on a bright yellow placemat. A white lace doily is placed under the base of the glass. The background is softly blurred, showing more of the yellow placemat and a hint of an orange surface at the top.

CONTACT US

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REPORTING PRINCIPLES

The aim of this report is to describe Fiblon's past achievements and future ambitions in demonstrating our corporate responsibility in a comprehensive manner. The reporting period for this report is 2013-2014. As a basis for reporting, Fiblon has followed the international Global Reporting Initiative (GRI) G3 Guidelines on the contents and reporting principles. Based on Fiblon's own evaluation the report corresponds to GRI's application level C. This report will be updated every other year.