INTRODUCTION

THE SWEDISH PACKAGING and Newspaper Collection Service (FTI AB) has been collecting newspapers and packaging for recycling on behalf of the business sector for 25 years. The nationwide collection scheme is carried out from some 5,000 recycling stations and a large number of properties, totaling 1.8 million households. The operations are financed by packaging fees paid by companies with producer responsibility, funds from the paper industry and revenue from sales of collected and sorted materials. No dividends are paid to the organization’s owners.

FTI is owned by five materials companies – RK Returkartong AB, Svensk Plaståtervinning i Motala AB, Svensk Glasåtervinning AB, Svenska Metallkretsen AB and Pressretur AB. In turn, the materials companies are owned by retail and industry trade associations, as well as individual companies.

In this report, you can read more about how we have developed the concept of producer responsibility, based on the nationwide collection scheme, and created a more effective value chain in partnership with our owners and stakeholders. We also describe our strategy for how FTI, both today and tomorrow, can be a catalyst and driver of the transition to a circular system, with the goal of achieving the greatest possible environmental benefits.

ALLA VINNER när du ÅTERVINNER

2 FTI ANNUAL & SUSTAINABILITY REPORT 2019
PRODUCER RESPONSIBILITY

Producer responsibility for newspapers and packaging was introduced by the Swedish government in 1994, and means that all companies that produce, import or sell packaged goods has an environmental responsibility and obligation to dispose of the packaging when it is no longer used by consumers. Since the introduction, producer responsibility has been subject to many public inquiries. The most recent inquiry resulted in two new ordinances, which have been under implementation since January 1, 2019.

Read more about what that entails on page 10.
FTI ANNUAL & SUSTAINABILITY REPORT 2019

2019 IN BRIEF

ROYAL OCCASION IN MOTALA
- The ultra-modern sorting facility for plastic packaging was inaugurated in May. Since then, more than 1,000 people have flocked to Motala for a guided tour. One of these was HRH Crown Princess Victoria, who visited the facility last autumn to learn more about plastic recycling. Read more on page 23.

FLEXIBLE CURBSIDE COLLECTION SERVICES
- FTI aims to be the licensed collection scheme of choice. The current nationwide scheme provides a solid foundation for a flexible solution that meets the curbside collection requirement contained in the new ordinances. Read more on page 10.

ON THE BIG SCREEN
- During the year, FTI’s cinema ad featuring FTI’s core concept – everyone wins when you recycle – was released. As well as in Filmstaden cinemas, the ad also appeared on several social media channels. The campaign also launched ads in printed media, on billboards and on food trays on intercity trains. Read more on page 29.

A TRIO OF MANUALS
- In early 2019, a recycling manual for metal packaging (produced jointly by FTI and Metallkretsen) was launched, mainly designed for producers. Recycling manuals for plastic and paper packaging are already available, making the compilation of manuals almost complete. Read more on page 11.

NEW LABEL MAKES IT EASY TO DO THE RIGHT THING
- Efforts commenced last autumn to produce a joint Nordic label for all waste fractions, including packaging. The aim is to make it easier for consumers to sort correctly.

2019 IN FIGURES
- Collected: 62.3 kg of newspapers and packaging per person. 643,000 metric tons of newspapers and packaging. Material recovered*: 44 percent of all plastic packaging, 96 percent of all metal, and 73 percent of all paper packaging. Containers were emptied: 2.3 million times. Stations were cleaned: 515,000 times.

*According to the current method of measurement. Moving forward, household and commercial packaging will be reported separately.
A focus on environmental benefits

SUMMING UP 2019 also means looking ahead. In addition to developing our core activities within the framework of producer responsibility, we have also been working intensively to define the principles for tomorrow’s waste collection and recycling.

In July 2018, the Swedish government adopted a new framework for producer responsibility - two new ordinances with a major impact on FTI’s operations and business model.

A license requirement for newspaper* and packaging collections (LCS) will place more responsibilities on producers and these will also be intensified in the very near future. In less than one year from now, at least 60 percent of all residential properties in Sweden must be offered free curbside collection services. A quite narrow timetable especially regarding the challenges we all are facing due to the Corona-pandemic.

WITHIN THE FRAMEWORK OF our LCS project, and in consultation with Swedish municipalities and other stakeholders, we have created a proposal for a flexible and sustainable collection solution for the future.

This solution forms the basis for FTI’s license application that was submitted to the Swedish Environmental Protection Agency on March 31. By offering a flexible, accessible and sustainable collection scheme, our aim is to achieve the greatest possible environmental benefits.

But we cannot rely on improved accessibility alone to achieve new and ambitious recycling targets. Therefore, in 2019, we developed our service to help producers choose packaging that was easier to recycle, introduced differentiated fees for plastic packaging, launched a similar structure for paper packaging, participated actively in several important research projects, and focused on raising the quality of materials. The new and modern sorting facility in Motala is now able to handle all plastic packaging collected from all Swedish households.

FTI’S PRESCHOOL TEACHING KIT ‘The Material World’ continues to reign in Swedish preschools and was also featured on breakfast television. We also launched our multichannel communication campaign last summer. The campaign will continue throughout 2020, and is based on FTI’s core concept that everyone wins when you recycle, a beacon for a more sustainable society. FTI’s first formal Sustainability Report is presented on pages 41-49, and is an important tool on the path to greater circularity. With this year’s report, we have laid the foundation for a structured sustainability agenda, efforts that will be intensified in 2020 with clear targets and action plans.

Håkan Ohlsson
CEO, FTI

*Producer responsibility for newspapers may soon be phased out, read more on page 27.
Consumer behavior is undergoing a fundamental change in Sweden. Online shopping is part of everyday life and 2019 was yet another record-breaking year for e-commerce. Sales amounted to SEK 87 billion and the industry is becoming a new important sales channel in the retail sector. Six of ten books are already purchased online and in 2019, the winner was home electronics in terms of turnover.\(^\text{1}\) In pace with the growth in e-commerce, demand for packaging materials is also rising, and more and more packaging is being collected.

**WHAT FTI DOES:** Clean and accessible recycling stations are a matter of course for FTI. The more that’s collected, the greater the load on the stations, and that increases the need for cleaning and emptying. In 2019, the stations were cleaned approximately 55,000 more times than in 2015 and the number of times they were emptied increased substantially. We have a high level of preparedness for periods of intensive e-commerce, such as the weeks before Christmas, and are striving to become even more flexible to meet new needs. More and more consumers are contacting us to share their comments, ideas and views, which is a direct result of purposeful information campaigns, and presents a valuable opportunity for dialog. In the not too distant future, e-commerce companies may also be subject to producer responsibility.

**1 Consumer behavior is undergoing a fundamental change in Sweden.**

**2 Plastic takes the leading role**

Saying ‘no’ to plastic is no longer a trend – it’s very much a reality for most people. Legislation has gradually been toughened and in 2019, the Swedish government decided to introduce a tax on plastic carrier bags, and on the plastic bags for fruit and vegetables.

More and more packaging is made from renewable or recyclable plastic, while recycling processes are gradually being refined.

In 2019, the amount of plastic packaging collected rose from 7.5 kg to 7.9 kg per person compared with 2018.

**WHAT FTI DOES:** In spring 2019, a totally new sorting facility started up in Motala. From august Sweden is therefore self-sufficient in sorting capacity for plastic packaging. This is the most modern facility in Northern Europe, and is owned and operated by Svensk Plaståtervinning, one of FTI’s five owner companies.

FTI has been offering producers a Plastic Manual for several years, with guidelines, information and explanations for why certain materials and designs make separation and recycling easier.

Differentiated packaging fees were introduced in 2019, which means that plastic packaging that is easy to recycle costs less to place on the market than packaging that is more complex.
FTI aims to be a catalyst for the transition to a circular system – from collection via sorting and processing, to sales – which requires having an ear to the ground and remaining well-informed. We have been using our Recycling Barometer to monitor the gradual changes in Swedish behavior and attitudes for many years. Waste separation and recycling is now firmly established in Sweden. We have intensified our communication with consumers in recent years with initiatives such as campaigns and training. We want to achieve a behavioral change across a broad front.

Sustainability is more than a trend

2019 was also the year that climate change and the environment began to concern more people, and ‘the Greta effect’ was coined. According to Europe’s largest brand-specific study of sustainability, the Sustainable Brand Index, the percentage of Swedes who actively discuss climate change, the environment and social responsibility with their families and friends is higher than ever – 74 percent. And for nearly eight of ten people, sustainability influences their purchasing decisions. In a recent survey of Swedish attitudes to sustainability, half of all respondents also claimed that a company’s sustainability practices are important when choosing a workplace. The same survey also showed that of the 17 Sustainable Development Goals (SDGs), Goal 13 (taking urgent action to combat climate change) was most important.*

WHAT FTI DOES: A great deal has happened over the years that FTI has been collecting newspapers and packaging for recycling on behalf of the business sector. The assignment has evolved in line with changing views on climate change, the environment and sustainability. FTI aims to be a catalyst and driver of the transition to a circular system – from collection, via separation and processing, to sales, placing materials on the market and waste separation. That requires knowing what people think and staying well-informed. We have been using our Recycling Barometer to monitor the gradual changes in Swedish behavior and attitudes for many years. Waste separation and recycling is now firmly established in Sweden. We have intensified our communication with consumers in recent years with initiatives such as campaigns and training. We want to achieve a behavioral change across a broad front.

Tougher producer responsibility requirements

The Swedish government introduced producer responsibility for packaging and waste paper in 1994. Since then, the business sector – through FTI – has built up and developed a collection scheme that is helping to create environmental benefits and a resource-efficient society by saving energy and minimizing raw material use. In June 2018, the Swedish government adopted two new producer responsibility ordinances that have been gradually introduced since January 1, 2019. Just as before, anyone who places newspapers and packaging on the Swedish market must either become affiliated with a collection scheme or organize their own.

But from January 2021, a license will be required from the EPA, and to be eligible, the scheme must be simple, nationwide and appropriate, which means that at least 60 percent of all residential properties in Sweden must be offered free curbside collection services from 2021, which will subsequently be expanded to cover all residential properties from 2025. Read more on page 10.

WHAT FTI DOES: FTI aims to be the licensed collection scheme of choice. In 2019, we were deeply involved in our LCS project to submit a license application to the EPA. By offering a flexible, accessible and sustainable collection scheme, our aim is to achieve the greatest possible environmental benefits. We held dozens of meetings with various stakeholders, and engaged in a large number of consultations with Sweden’s 290 municipalities. The meetings provided insights and lessons about what will be needed to meet the tougher producer responsibility requirements. The process has been valuable and in the period until a license will be required, FTI will continue to work hard to meet these demands. Our efforts are based on the current scheme with essentially the same number of recycling stations, the same level of maintenance and improved operations.

*Swedes and Sustainability, Insight Intelligence.
Increase accessibility and make waste collection and recycling easier.
Based on the current scheme, FTI aims to lead the design of tomorrow’s waste collection and recycling.

Based on a nationwide collection scheme, FTI has developed producer responsibility and designed an increasingly efficient value chain. A more flexible collection scheme, more recyclable packaging that makes recycling easier for individuals, participation in research projects, higher quality materials and circular flows. Four key steps for meeting and exceeding ambitious recycling targets.

1. Flexible Curbside Collection Services
FTI aims to be the licensed collection scheme of choice. The current nationwide scheme provides a solid foundation for a flexible solution that meets the curbside collection requirement contained in the new ordinances.
WE HAVE CHOSEN OUR PATH

INCREASE ENVIRONMENTAL BENEFITS AND ACHIEVE AMBITIOUS RECYCLING TARGETS

FTI’s initiatives will strengthen the value chain so that even more used newspapers and packaging can become new material.

INCREASE THE PROPORTION OF RECYCLABLE PACKAGING

In partnership with its five owner companies, FTI wants to refine and develop the practical tools that are offered to producers to help them produce recyclable packaging.

DRIVE DEVELOPMENT VIA RESEARCH AND INSIGHT INTELLIGENCE

By participating in and actively contributing to research projects, FTI wants to be involved in shaping a circular society. FTI will also continue to work methodologically with insight intelligence.

HIGHER QUALITY MATERIAL FOR CIRCULAR Flows

In partnership with its five owner companies, FTI is working to secure circular flows by increasing the quality of materials. The plastic-packaging sorting facility in Motala and the glass recycling facility in Hammar are pioneering examples.
IN JUNE 2018, after decades of inquiries, the government adopted a new producer responsibility framework for newspaper and packaging collections.* The aim is that the new ordinances will be fully implemented by 2025, with several key milestones along the way.

“One of the biggest changes is the requirement for a licensed collection scheme from 2021,” says Henrik Nilsson. Following an intensive process, we submitted our license application to the EPA – the regulatory authority appointed by the government – in March.

In December 2018, a specific project was set up to make resources available for the application process, but also to identify and prepare for the work involved in expanding the existing scheme.

“The requirements for obtaining a license are quite tough. The scheme must be simple and nationwide, include the most common types of material, and be appropriate,” says Henrik Nilsson.

‘Appropriate’ means that at least 60 percent of Sweden’s residential properties must be offered free curbside collection services from January 1, 2021, and 100 percent from January 1, 2025.

THE NEW ORDINANCES are based on the government’s expectation that recycling will increase, while also leading to more uniform system solutions and greater cooperation. To qualify for a license from the EPA, the collection scheme must also meet a number of formal requirements, including consultation with Sweden’s 290 municipalities, prior to the application.

“We engaged in consultation across the entire country last autumn and winter, a huge but rewarding process that gave valuable insights,” says Henrik Nilsson. The consultations, combined with a large number of discussions with other stakeholders and important bodies, led to an adaptation of the solution that FTI initially presented.

“The interest and commitment to the design has been great, and our license application is now based on curbside collections of all types of packaging materials,” says Henrik. “When it comes to newspapers, there may be an adaptation pending government-level discussions.”

Could you be more specific? What kind of collection services can Swedish households expect moving forward?

“Within the framework of curbside collections, several variants already exist, and it is too early to describe the exact solution for each municipality,” says Henrik Nilsson.

When will the EPA announce its decision?

“We don’t know, but we are engaging in continuous dialog throughout the processing period.”

Is it possible to meet the 60 percent requirement? After all, there isn’t much time left.

“Yes, we see major challenges with the schedule and it will make demands on us as well as our partners. Alongside of our application, we have therefore begun to prepare, and are working towards our goal of concluding agreements for existing curbside collection (CC) services for single-family and multi-family properties, for various forms of staffed collection points and for reloading collections from single-family properties. In addition to the legal aspects, we will very soon have to focus on issues like communicating the change to consumers and a few other things,” says Henrik Nilsson.

*Producer responsibility for newspapers may soon be phased out, read more on page 27.
LAWS ARE NO LONGER the only source of demands. Higher consumer awareness and the ambitious sustainability targets of producers are driving the trend toward more types of “smart” packaging, designed for recycling. And FTI has an increasingly important role to play here, in partnership with the materials companies.

“Many producers are turning to us for advice and assistance in their design process – what changes will make a certain type of packaging easier to recycle, what type of material is best, what will work in technical terms, and so on” says FTI’s Marketing Manager Anette Löhn. And the desire for knowledge is increasing, especially since we launched the recycling manuals in partnership with our owners, the materials companies.

The plastic packaging manual was launched in 2017, the paper manual in 2018 and the metal manual came out last year. All three are practical and easy-to-access tools that are facilitating the trend toward more recyclable packaging.

“The manuals are updated on a regular basis, it’s important that they keep pace with the rapid development of technology” says Anette Löhn. “We keep producers up to speed via newsletters, physical visits and regular training sessions such as workshops and similar.”

On pages 17, 20 and 22, you can read how some producers are working with their packaging to maximize recyclability and climate-smart solutions.

THEMELY ARE INEXPENSIVE to produce and protect against oxygen and moisture. And they are popular. But PET packaging material has always been very difficult to recycle. Until now.

“The chemical process set up in the project could break down both PET bottles and clothing. PET and polyester are the same material,” says Einar Ahlström, FTI’s materials specialist who participated in the RISE project ‘Chemical recycling of PET bottles/polyester as raw material for additive and new polymer additive.’ The project was highly successful.

“The results exceeded expectations, none of our fears came true,” says Einar Ahlström. “Hopefully it will be possible to scale up the process and find a commercial player who is willing to invest in a facility,” says Einar Ahlström.

ALL PACKAGING is recycled mechanically at present, which is cost-efficient but does not work for PET thermoform packaging, for example. Another method will mean that considerably more plastic packaging can be recycled.
IN EARLY 2018, the Royal Swedish Academy of Engineering Sciences (IVA) initiated the ‘Resource effectiveness and the circular economy’ project (ReCe). The aim of ReCe has been in line with the Sustainable Development Goal to strengthen Sweden’s competitiveness in a future with limited resources.

The project was divided into five sub-projects: premises, mobility, textiles, food and plastic, where FTI was represented together with other parts of the value chain. At the end of the project in March 2020, the sub-project presented eight conclusions designed for those operators that impact and are impacted by the development of Swedish plastic flows.

There is an imbalance between supply and demand. Demand for the use of recycled plastics needs to increase, which requires more knowledge about the flows and their volumes, and about the content of the plastics and the products.

The sub-project also identified a need for a digital marketplace for recycled raw materials, and for operators that promote trading with recycled plastics. Nor is there an organization that could bring the business sectors in Swedish plastic flows together and coordinate, for example, market development and research.

FINALLY, there is a need to shift the focus from attempts to reduce the use of plastic to increasing the effectiveness of plastic. To achieve this goal, the recommendation is that the government designate a clear government responsibility for plastic, formulate an assignment to develop a Swedish strategy for plastic, and link it to the targets for resource-effectiveness and the circular economy.
THE SWEDISH PEOPLE HAVE SPOKEN

FTI SURVEYS consumer attitudes to waste collection and recycling on a regular basis. Surveys show how attitudes and behaviors have changed over the years.

“Last year we introduced the Recycling Barometer, a survey that probes a little bit deeper,” says FTI’s Director of Communications Veronica Foberg Gustafsson.

A valuable insight from the 2019 survey is the link between trust and knowledge. The more people know about the benefits of waste collection and recycling, the more they trust the scheme. And anyone who claims they don’t understand why they should recycle is actually saying that they want to know more.

“It shows how important it is to communicate – or even to educate – to gradually bring about a behavioral change,” says Veronica Foberg Gustafsson.

In 2019, the Recycling Barometer also showed that more and more people are recycling – eight of ten Swedes say they are actively involved in separating their household waste. Equally as many claim they are satisfied with the collection solution they use.

COMPETITION MAKES DEMANDS ON QUALITY

FTI HAS NOTED an annual increase in collection rates for all types of material except newspapers, and rising volumes are a prerequisite for higher recycling rates. But to be competitive with virgin material, the quality of the recycled material must be sufficiently high. Otherwise, there is a risk that it will be used for energy recovery instead of new products. The joint investment by Svensk Plaståtervinning in the plastic-packaging sorting facility in Motala is an important step along the way, as is the glass recycling facility in Hammar. But more is required to achieve total circularity, and securing high-quality materials is therefore a priority for FTI and the materials companies.
PRODUCER RESPONSIBILITY IS THE KEY TO CIRCULARITY

FTI’s core concept is that everyone wins when you recycle. By offering a flexible, accessible and sustainable collection scheme, our aim is to achieve the greatest possible environmental benefits together with our stakeholders.

QUALITY ASSURANCE OF COLLECTED MATERIALS

FTI follows the materials after they are collected, visits sorting and recycling facilities and checks the quality of deliveries and materials. We organize regular field trips to the facilities for producers, municipalities and other stakeholders.

DESIGN & MANUFACTURING OF NEWSPAPERS AND PACKAGING

It must be possible to recycle the newspapers and packaging placed on the Swedish market. To make that easier for producers, FTI offers training, manuals and consultation in recyclable design. Customer meetings and seminars are arranged on a regular basis.

NEW PRODUCTS FROM RECYCLED MATERIALS

FTI ensures that the material is recycled into new products and in partnership with our owners – the materials companies – we monitor and drive the development of technology and processes, and work to increase demand for recycled material. By continuously participating in a range of research projects, FTI is helping to shape tomorrow’s circular society.
IN SUMMER 1994, a project team made up of representatives from the trade and packaging industry was given a seemingly impossible task. In just a few short months, they were asked to survey, start collecting fees, organize a nationwide collection scheme and ensure that all Swedish households were separating their packaging.

This marked the starting point for producer responsibility, a concept that was actually conceived many years earlier, in 1972. The Organization for Economic Co-operation and Development (OECD) then launched the Polluter-Pays Principle (PPP). The principle has since been applied in a range of contexts, including the Declaration on Environment and Development adopted by the United Nations Conference in Rio de Janeiro in 1992.

After the Conference, the Swedish Riksdag adopted the Ecocycle Bill which included the Extended Producer Responsibility Act. This Act is now included in the Swedish Environmental Code.

With a law in place, the government could introduce producer responsibility for newspapers and packaging, which became effective on January 1, 1995. By then, the project team had then contacted about 50,000 companies to find out who was covered, found an administrative system for fees, procured contractors, arranged collection containers, increased recycling capacity and, not least, persuaded four million Swedish households to start separating their waste by running a huge campaign. The rest is a happy story!
EVERYONE WINS WHEN YOU RECYCLE

FTI’s operations are the new reality, at the center of people’s everyday lives. From food stores and online shopping to recycling stations and residential recycling areas, via empty milk cartons and shampoo bottles. Nearly all Swedes have some kind of relationship with waste collection and recycling. Confirmation of the value we are creating together with our stakeholders – consumers, producers, municipalities, contractors and our owners (the materials companies). Based on the five different types of material, activities are created and partnerships forged by the core concept that everyone wins when you recycle.

THE RECYCLING JOURNEY OF PAPER PACKAGING

A milk carton becomes a pizza box and a pasta packet becomes popsicle sticks in their next life. It doesn’t have to be more difficult than that. But how does it work? Here you can follow the empty paper packaging from your kitchen to a completely new product.
PASTA, GRAINS AND RICE are some of the food products that are packaged in boxes made from paperboard and müsli, granola and cereal in boxes made of recycled paperboard. All of them often with a window of plastic so that consumers can see the contents. This actually makes separation and recycling difficult, and increases the use of plastic. Axfood has therefore begun to phase-out packaging with windows mainly in its Garant range.

“We asked ourselves whether a window was really necessary, most people know what a sheet of lasagna looks like,” says Karin Grönskog, Packaging Developer at Axfood. “And for our ecological range, it’s especially important that we can offer the most environmentally friendly packaging possible to enable recycling, and that we use monomaterials.”

One of the first products with solely paperboard packaging was Garant’s glutinous rice and then other types of pasta followed.

“The conventional packaging is still available in stores, but will eventually disappear,” says Karin Grönskog.

Has FTI’s recycling manuals been useful for your work?

“Early on we didn’t, but lately we do and together with the differentiated fees it has been a push in the right direction when it comes to choosing material that’s easier to recycle.”
JON CEDNERT, 37 YEARS OLD, UX DESIGNER
Has online shopping led to more paper packaging for your family?
“Yes, it has. We buy a lot of things online, we usually order something at least once per week. We don’t buy much fresh food or groceries, usually dry goods in bulk, or hobby items such as textiles and electronics. It leads to a lot of packaging – paper and paperboard. We put the packaging in bags and drive to the recycling station every week.”

You often shop online?

TOUGHER MARKET FOR WASTE PAPERBOARD
THE MARKET FOR waste paperboard has been under pressure for some time, not least because China has closed its borders. The uncertainty continued in 2019, which is impacting the packaging fees.

TWO LEVELS FOR PACKAGING FEES
FROM 2020, a new fee structure will apply for paper packaging. The aim is that the fee will reflect the actual cost of recycling the material, and be an incentive to choose material that is easier to recycle. The change entails a transition to two fee levels – a higher level for packaging that is difficult or impossible to recycle, and a lower level for packaging with high recyclability.

There is a great deal of research into paperboard, and the future looks bright. In just a few years, we will be able to drink carbonated soft drinks from the world’s first fully recyclable paper bottles. BillerudKorsnäs has developed the paper bottle, which is made from wood-fiber pulp using a technique based on thermoforming.

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Ingrid Näsström was appointed new CEO in spring 2020. She previously served at Teknikföretagens Branschgrupper.
VENDELA BJURBERG, 23 YEARS OLD, SERVICE COORDINATOR:
Tell the truth now, where does your plastic packaging end up?

“I separate most of the plastic I use at home, but sometimes I throw small bits of plastic, like ice cream wrappers, in the waste bin. I rarely eat meat, but when I do, I don’t separate the messy meat plastic cause it’s so gross.

When I’m at my boyfriend’s place, we’re not very good at separating plastic. We only separate cans, glass and paperboard. It’s a long way to the nearest recycling station and neither of us has a driver’s license, which makes it difficult to do the right thing.”

ÅSA STENMARCK is a material flow expert and works at the Swedish Environmental Protection Agency (EPA). She is helping to develop a Swedish coordination platform for sustainable plastic use, including a knowledge node for plastics and microplastics.

**Plastic has become a symbol, is there a need for nuance in the debate?**

“Absolutely. Plastic is often referred to as a bad material that should be eliminated, but that’s not the case. It’s important to make a distinction between better and worse plastics. Better plastics are renewable, recyclable and functional. Worse plastics are unnecessary, fossil-based and non-recyclable.”

**How high is demand for recycled plastic?**

“It’s low, but growing for certain types of plastic. One way to turn it around is the differentiated fees that discourage fossil-based, non-recyclable plastics. Plastics could also be taxed to create fair competition between different types of material.”

**What are the biggest obstacles to using recycled plastic instead of new raw plastic material?**

“Price could be one factor, complexity another. If you want to purchase large volumes, you have to approach several different operators. It can also be difficult to guarantee that the material is legally compliant.”

**What could be done to increase collection rates?**

“Volumes will probably increase as we get better at separating plastic, and at taking care of smaller, cleaner flows. Designing more products for recycling that carry clear labeling could make a big difference. But information and knowledge are the most important factors.”

**TAX ON PLASTIC CARRIER BAGS**

PLASTIC CARRIER BAGS will be taxed from May 1 2020, which will lead to a sharp price increase. At present, Swedes use approximately 100 plastic carrier bags per person and year, and under the EU Packaging and Packaging Waste Directive, consumption must be reduced to a maximum of 40 bags per year. The new tax will make Sweden one of the approximately 100 countries that have introduced some kind of instrument to significantly reduce the use of plastic. The tax rate will add SEK 3 to the price of a plastic carrier bag, and SEK 0.30 to thinner and smaller bags (fruit and vegetable bags). The tax therefore applies to the plastic carrier bags used by consumers to pack and carry their shopping. The total price for large plastic carrier bags will be about SEK 7.

*According to the current method of measurement. Moving forward, household and commercial packaging will be reported separately.*

**IS ALL PLASTIC BAD?**

According to the current method of measurement. Moving forward, household and commercial packaging will be reported separately. **44% of the plastic packaging was reported as recycled in 2019.**
A LITTLE BAG CAN MAKE A BIG DIFFERENCE

At Lantmännen Unibake, a little bit of plastic led to a major climate benefit. “By removing some of the seal from the hot-dog bread bags, we reduce our CO2 emissions by 121 metric tons per year,” says Pernilla Rydberg, Quality and Environmental Manager.

WITH BRANDS like Korvbrödsbagaren, Bonjour and Hatting, Lantmännen Unibake is a world-leading group with 36 bakeries and 6,000 employees. For more than 100 years, the company has supplied bread lovers with everything from fresh cinnamon rolls to burger buns. Protecting people, animals and the environment has always been a priority and today’s efforts are focused on building greater sustainability. There is a clear objective for a resource-efficient packaging evolution.

“All fossil-based plastic will be phased out by 2030,” says Pernilla Rydberg. “In addition, all of our packaging will be made from 100-percent recyclable material within two years (2022), which we have essentially already achieved.

FTI’s launch of differentiated fees marked the starting point for Lantmännen Unibake’s structured review of its plastic packaging.

“With the guidelines in place, we knew what we had to do to increase recyclability,” says Pernilla Rydberg. “FTI also provided assistance throughout the entire process via the plastic manual, for example, and by offering advice, seminars and training.” Some of the bags look slightly different now with fewer colors and less print, and some are thinner. But the biggest change proved to be as simple as it was ingenious.

“We cut off some of the seal on the hot-dog bread bags,” says Pernilla Rydberg. “Combined with changing to a thinner plastic and optimizing the fold at the bottom, that reduced our plastic consumption by 21 percent per year.”

SHORTENING THE BAG was not difficult, but it required a great deal of testing and preparation before it could be launched. “The bag has to work in production, which means it can’t be too small. Choosing a thinner type of plastic must not lead to a shorter shelf life and increase food waste,” says Pernilla Rydberg, who also hopes that the bags will be reused before they are recycled. They are also excellent freezer bags.

THE NEW BAGS have already started to appear in stores and the old bags will soon be completely phased out. So now it’s time to look into new projects.

“A bigger challenge for us will be the use of renewable raw material or recycled material in our plastic packaging,” says Pernilla Rydberg. Handling food is complex. It requires qualified purification methods so that recycled plastic can be used in direct contact with all types of food. We are hoping to launch it on the market in the very near future, however.

With the guidelines in place, we knew what we had to do to increase recyclability.

PERNILLA RYDBERG
THE HISTORY OF PLASTIC began in the 16th century, when the German alchemist B. Schobinger tried to make casein plastic out of cheese, but it wasn’t until the 1860s that the first plastic was actually used. It was made by treating cotton with nitric acid. The first completely synthetic plastic, Bakelite, appeared at the beginning of the 20th century, followed by a period of experimentation. Various agents were added to give the plastic new properties. Vinyl, acrylics and styrene were invented. During the war, plastic was used to replace rubber and a number of metals that were difficult to find, but over time, views of this modern material changed and this former symbol of development and prosperity became an environmental villain. In the 1980s and 90s, plastic recycling became an industry due to increased environmental awareness. Plastics are now part of our everyday life. There are about 700 different types of plastic.

‘Plastic’ is derived from the Greek word ‘plastikos,’ meaning able to be molded, which says a great deal about the material’s unique ability to take on different shapes.

NEW EU DIRECTIVE FOR REDUCED USED

IN JUNE 2019, the EU adopted the Single-Use Plastics Directive, with new rules to reduce the environmental impact of certain plastic products. Some single-use plastic items, such as cotton buds, straws, plates and cutlery, will be banned, some will require labeling, while others, such as take-away packaging, will need to be redesigned. Some may require specific labeling and be covered by extended producer responsibility schemes. Information campaigns will also be required to raise consumer awareness. The government has appointed an inquiry to prepare for the introduction of the directive and the EPA has been assigned to assist with the inquiry.

A NEW FEE STRUCTURE TO INCREASE RECYCLING

ON APRIL 1, 2019, a new fee structure was introduced for plastic packaging. The background is that the fee should reflect the actual cost of recycling the material. The fee therefore becomes a means for promoting a higher rate of recyclability. Plastic packaging that is easy to recycle will cost less to place on the market than plastic that is difficult to recycle with available techniques. Together with the plastic manual, this will provide a strong incentive to increase the amount of material that is recycled.
A DEPOSIT-RETURN SCHEME for aluminum was launched in 1984, and a similar scheme was introduced for PET bottles ten years later. Glass bottle recycling goes even further back.

“There is solid experience here for the new challenges facing our packaging,” says Anna Lidström. “We have ambitious goals and will gradually transition to a circular use of resources.

Developing sustainable packaging for the food industry is complex. A lot of considerations must be taken into account that are sometimes contradictory. Removing all plastic, or substituting another material is not that easy. Sometimes, the most climate-smart solution is not even obvious. Spendrups has been focused on plastic in recent years. There are major opportunities for reducing CO2 emissions here.

“Five years ago, we started making PET bottles from 50-percent recycled plastic,” says Anna Lidström. “A 100 percent transition is still not entirely simple, especially in terms of quality, but we working on it and have a long-term target.”

Spendrup’s packaging portfolio includes more than bottles and cans. One product that has received attention over the past year is the plastic wrapping that holds several cans or bottles together – usually six.

“At the same time as we started using recycled plastic in PET bottles, we also changed the plastic wrapping for Loka,” says Anna Lidström. “It worked well and we saw an opportunity here to increase the proportion of recycled material, both for brands and in manufacturing.”

In 2019, Spendrups performed a large number of tests together with a supplier and from January 2020, all plastic sold in Sweden has been 100-percent recycled.

“That has reduced our CO2 emissions by 400 metric tons per year,” says Anna Lidström, who claims that the market has now changed. Access to recycled material is more stable, which is a prerequisite for a manufacturing shift.

In addition to the plastic wrapping, Spendrups has also changed to recycled material for the single-use items they sell to festivals and other events.

“This has been welcomed by the arrangers who often have a major focus on sustainability,” says Anna Lidström, who sees a growing interest in sustainability-related issues.

“And that applies to all our customers, from Systembolaget to restaurants and supermarkets.”

FTI introduced differentiated packaging fees for plastic in 2019. What is your view of that?

“It is an excellent incentive and not least a fair system to be rewarded for choosing plastic with higher recyclability.”

What challenges do you see in relation to sustainability moving forward?

“There is a major focus on plastic, with intense discussion in the media and society in general, and I hope the debate will become more nuanced. That plastic is not just a villain but can also serve a vital function as a packaging material, for example, as well as in health care, which is highly relevant at the moment.”

In the beverage industry, there is a long tradition of recycling. But a well-functioning deposit-refund scheme is the focus today. “We are working actively to achieve smarter packaging,” says Anna Lidström, Head of Sustainability Spendrups.
New life for plastic packaging in Motala

2019 was the first year of operation for the most advanced sorting facility for plastic packaging in Northern Europe. And a great deal has taken place. Not least, approximately one billion items of plastic packaging that have been sent from the facility on to recycling. Here are some of the bright spots:

JANUARY 2 The facility’s former four employees were strengthened with thirty new employees and a three-shift schedule was introduced.

JANUARY 7 The facility commenced operations.

APRIL 1 Differentiated fees were introduced for plastic packaging. This is a major and significant step for the environment. Read more on page 21.

MAY 20 Svensk Plaståtervinning’s permanent exhibition was completed and ready to receive visitors. Customers and other interested parties can come here to improve their knowledge and understanding of plastic recycling, which is an important part of the process.

MAY 27 The facility was formally overtaken. Plastkretsen changed its name to Svensk Plaståtervinning.

MAY 28 Europe largest and most efficient sorting facility for plastic packaging was inaugurated. 150 guests attended the celebration.

“...The conditions are now in place to leverage the full value of plastic as a recycled raw material,” says Mattias Philipsson.

AUGUST 1 Motala now had the capacity to receive all of the plastic packaging collected from Swedish households.

SEPTEMBER 1 A life cycle assessment of the recycling system was completed. The assessment showed that Motala was one of the most efficient facilities in Europe, with the lowest emissions for our producer customers.

SEPTEMBER 19 Svensk Plaståtervinning received an Honorable Mention from Livsmedelhandlarna (the Swedish Grocers’ Association) for demonstrating how to constructively address one of today’s greatest challenges with innovative and targeted efforts.

“...It is a great honor to receive this distinction. It is confirmation that what we are doing is a step in the right direction towards a better and more sustainable future,” says Mattias Philipsson.

OCTOBER 17 HRH Crown Princess Victoria visited Svensk Plaståtervinning.

“The Crown Princess is well-informed and genuinely interested in issues related to climate change and the environment. We are delighted and proud to be demonstrating our facility,” says Mattias Philipsson.

OCTOBER Another 20 employees were recruited, bringing the total number of employees at the facility to 50.

NOVEMBER Svensk Plaståtervinning launched the Sustainability Award at the Motala Gala to highlight a company, organization or person who has promoted sustainability in an innovative way. Emanuelssons Transport received the award for 2019.

DECEMBER Feasibility Study for the 2025 Vision for Motala was presented to the Board. The aim of the project is to build the world’s most resource-efficient plastic recycling facility in Motala.

Mattias Philipsson, CEO Svensk Plaståtervinning AB.

SVENSK PLASTÅTERVINNING

Svensk Plaståtervinning AB, formerly Plastkretsen, is one of FTI’s five owners and owned in turn by Plastbranschens Informationsråd, the Swedish Association of Convenience Goods Suppliers, Svensk Handel AB and the Swedish Trade Federation. The CEO is Mattias Philipsson.
ALUMINUM A BABY COM-PARED WITH STEEL

ARCHAEOLOGICAL finds indicate that steel was produced as early as 1100 BC. Aluminium, on the other hand, was first produced in 1825 by the Danish physicist and chemist Hans Christian Ørsted. Aluminium products did not appear on the Swedish market until the end of the 19th century.

Metals have an ‘eternal’ life cycle, but they can change form. Metal packaging is infinitely recyclable. The energy savings for recycling steel and aluminum are 75 and 95 percent, respectively.

1 The packaging is picked up and driven to a collection site for emptying and baling, and then transported to a sorting facility.
2 Metals are sorted using a large magnet, and steel is separated from aluminum.
3 Both steel and aluminum are mixed into different blends, depending on the alloy required for end use.
4 The blends of steel or aluminum are melted in large furnaces. It takes about one hour to convert steel from solid state to molten form, at which stage it can be cast into six-meter long strands. The aluminum is cast into alloy bars.
5 The steel strands are loaded onto trains and transported to rolling mills, where they are made into railway tracks, or end up in the auto industry. The aluminum bars are used to make tire rims or engine parts.

96% of metal packaging is recycled.*

Peter Trimmel, CEO, Svenska Metallkretsen AB.

METALLKRETSEN

Svenska Metallkretsen AB is one of FTI’s five owners and owned in turn by the Swedish Association of Convenience Goods Suppliers and the Swedish Trade Federation. Peter Trimmel was appointed new CEO in April 2020. He was most recently employed at Svensk Glasåtervinning, a company that is a co-owner of FTI. All of the materials companies have been independent since 2019.

*According to the current method of measurement. Moving forward, household and commercial packaging will be reported separately.

ARCHAEOLOGICAL finds indicate that steel was produced as early as 1100 BC. aluminium, on the other hand, was first produced in 1825 by the Danish physicist and chemist Hans Christian Ørsted. aluminum products did not appear on the Swedish market until the end of the 19th century.

INTO ETERNITY WITH METAL

Metals have an ‘eternal’ life cycle, but they can change form. Metal packaging is infinitely recyclable. The energy savings for recycling steel and aluminum are 75 and 95 percent, respectively.

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96% of metal packaging is recycled.*
SVENSK GLASÅTERVINNING

Svensk Glasåtervinning AB has been one of FTI’s five owners since 1994 and, in turn, is owned by Ardagh Glass Limmared AB, DLF, the Spirit and Wine Suppliers Association, the Grocery Manufacturers of Sweden and Brewers of Sweden.

The new CEO since October 2019 is Magnus Andersson, who has been with the company since 2013.

NEW TECHNOLOGY
AN ENVIRONMENTAL GAIN

JUST OVER THREE YEARS AGO, the first glass recycling container was fitted with a level indicator. Thousands of containers have now been fitted with indicators, which means that used glass containers have now gone digital. The emptying contractor can use a mobile device to monitor the fullness of a container via the indicator. This minimizes any unnecessary transport, which reduces CO₂ emissions. Moreover, the number of overfull containers has declined, which has also reduced the need for cleaning.

SIX REASONS TO RECYCLE GLASS

There are many good reasons why recycled raw materials should be used to produce new glass. Here are the most important.

1. Recycling saves natural resources, and the raw materials are available domestically.
2. The energy savings are 20 percent compared with melting virgin raw materials.
3. CO₂ emissions are significantly reduced.
4. Nothing goes to landfill.
5. A closed loop, all collected materials are used.
6. A better workplace environment with less glass in landfill streams.

100 BC
Glass production as we know it today already existed in 100 BC.

1870
In the 1870s, glassworks began buying back discarded bottles from the breweries to make new bottles.

1970
A pilot recycling project commenced, and consumers dropped off their used glass packaging for recycling.

1980
Gothenburg was first to introduce recycling igloos for glass packaging, and Hammar's Glassbruk accepted collected glass.

1986
Svensk Glasåtervinning was founded, with operations in the glassworks’ industrial site in Hammar, Sweden.

1991
A fee was introduced to co-finance the operations – a lead up to today’s packaging fee.

1994
Producer responsibility for the collection and recycling of used packaging was mandated.

Today
More than 90% of all glass packaging is recycled. 900 metric tons of glass jars and bottles are collected. Every day.
Just over 90 percent of all newspapers and other printed material that is collected in Sweden is recycled – which means it is used to produce new newspapers, kitchen rolls or toilet paper. But another interesting fact is that nothing is wasted – any paper that is not recycled is used for heating, which actually means that 100 percent is recycled. This is guaranteed because the paper mills are environmentally certified. Incineration releases CO2 which forests need in order to grow.

**MORE AND MORE NEWS IS GOING DIGITAL**

**THE NEWSPAPER** industry is in the midst of a paradigm shift, where a major share of our news consumption is now digital, and the recession, with a sharp decline in advertising combined with the advent of smartphones in 2008-2009, marked the turning point. A few years later, around 2013, the Swedish forest industry was hard hit by a steady decline in demand for graphic paper. The fact that this represents a major transition is especially obvious from the proportion of collected materials. Just a few years ago, Swedes recycled slightly more than 50 kg of newspapers and other waste paper per person and year. The corresponding figure for 2019 was 16 kg. Between 2007 and 2018, the volume declined by an average of 8 percent per year. Refer to the trend over the past five years on the right:

**OLD NEWSPAPERS BECOME NEW**

**PAPER FIBER** can be recycled up to seven times before it becomes worn out and then incinerated. When newspapers and other waste paper have been collected, they are driven to facilities where they are sorted before being sent on to a paper mill. The ink is removed and the paper becomes pulp, which is then pressed into new sheets of paper on the paper machine. After production, the paper is rolled onto large reels and then cut down into smaller reels, which are then sent to printing companies where they become new newspapers.

A certain percentage of the collected newspapers is recycled into kitchen rolls and toilet paper. Using recycled paper to produce paper instead of virgin fiber results in energy savings of 70 percent.
PRODUCER RESPONSIBILITY BEING PHASED OUT

At the end of April 2020, the Swedish government decided that producers would no longer be responsible for the collection and recycling of waste paper. “The amount of collected material is falling sharply due to changed media habits,” says Andreas Boo, CEO of Pressretur, one of FTI’s owner.

THE NEWSPAPER industry has been undergoing a transformation for many years, with deteriorating conditions for journalism. The government is therefore keen to find ways to strengthen conditions for independent journalism and maintains that repealing producer responsibility is the only solution that will not shift costs to the newspaper sector.

“Legislation has lagged behind and not accounted for the decline of print newspapers,” says Andreas Boo, who welcomes the government’s decision. Producer responsibility for waste paper was introduced in 1994 and exactly how the phase-out will take place is not yet clear, but the government has initiated discussions with the relevant parties and will soon announce a solution. The responsibility for collection and recycling will be taken over by municipalities and financed by the waste tax.

THE HISTORY OF NEWSPAPERS

PAPER WAS FIRST invented in China about 2,000 years ago. The technique reached Europe about 1,000 years later, but paper production did not begin in Sweden until the end of the 16th century. Paper has always been an important carrier of information for society, but can also be used for other purposes, such as packaging material and hygiene products.

There are two types of pulping processes, mechanical and chemical pulp. The mechanical method produces a weaker paper that also turns yellowish with time, and this is the paper used for newspaper.

The first Swedish newspaper – Ordinari Post Tidender – was published in 1645. In the 18th century, the name was changed to Post- och Inrikes Tidningar. At the time, it was mainly used to spread propaganda during Sweden’s period as a great power and was only read by a few people at the top economic strata of society. During the Era of Liberty (1718-1782), several newspapers with a wider distribution were started and in 1766, Sweden became the first country in the world to introduce a freedom of the press act. Under this groundbreaking law, it was now legal to produce and distribute printed matter without prior censorship. A key element of the Swedish Freedom of the Press Act is the principle of public access to official documents.

During the 19th century, it became easier to both print and distribute newspapers and they played an increasingly important role in public debate. Just over 100 years later, with the advent of computers, news has gradually become available in everyone’s phones.

PRESSRETUR

Pressretur AB has been one of FTI’s owners since 2005 and, in turn, is owned by three paper producers – Holmen, SCA and Stora Enso, Papperskretsen, Tidningsutgivarna, Sveriges Tidskrifter and several others are affiliated with Pressretur. Waste paper is collected by Pressretur’s contractors and recycled at Swedish paper mills. The CEO is Andreas Boo.
LIDKÖPING’S HOUSE OWNERS ARE SATISFIED

In 2019, Lidköping Municipality began transitioning to a new waste management system with dual-compartment bins. So far, the change has proved a success.

THE TRANSITION TO curbside collections for Lidköping’s house owners began with a pilot project in 2017. Over a six-month period, 132 households were able to replace their old recycling bins with two new bins – one for food and residual waste, and the other for paper and plastic packaging.

“The project was successful, everyone who participated was positive. Going back to the old way was impossible,” says Jan Westin, Head of Waste Management.

The collection results from the project spoke loud and clear. By the end of the project, only 3.42 kg of residual waste per household and week had been incinerated, compared with 13.3 kg before the project started.

“We received political acceptance for the project, and to launch it across a broad front, almost immediately,” says Jan Westin.

In Swedish municipalities, separating food waste is more or less standard now and in summer 2018, the Swedish government decided that this will be mandatory by the end of 2020.

“We were a bit late for various reasons, which was unfortunate, but it also meant that we could benefit from the lessons learned by other municipalities when it came to choosing solutions,” says Jan Westin. In other words, the decision to invest in a system with dual-compartment bins was well-founded.

The roll-out began in early 2019, area by area. And in 2021, all of the municipality’s residential properties will receive their new bins.

“As well as being exceptionally flexible, the scheme is also resource-efficient in terms of the equipment required – such as vehicles, bins and so forth.”

PHOTO: ANGELICA SÖDERBERG
IN 2019, FTI conducted an extensive information campaign for consumers based on the core concept of everyone wins when you recycle. “Swedes are good at recycling, but they need a pat on the back to make them feel it’s worth the effort,” says FTI’s Director of Communications Veronica Foberg Gustafsson.

The campaign was launched across multiple channels during the summer – as a cinema ad, on the food trays of intercity trains, in newspapers, on public transport posters across Sweden and via social media.

“We wanted to find a good mix of moving and printed images to reach a wide audience, and especially the 25-45 age group,” says Veronica Foberg Gustafsson. “We saw this as an opportunity to reach out with the message, a pat on the back for everyone who is managing to combine recycling with a hectic career and family life. The campaign was successful, it created a lot of interest and will therefore continue to remain relevant.

“In addition to increasing collection and recycling rates by building trust and encouraging consumers to feel proud of their efforts, we have a fairly long branding journey ahead of us. Everyone knows about our recycling stations, but not many associate them with FTI,” says Veronica Foberg Gustafsson.

FTI’S RECYCLING TEACHING KIT

was launched in autumn 2018. Today, just two years later, more than 1,000 preschools and 42,000 preschool children have gotten to know the Materialites – Ploppa, Prasslis, Flirp, Bånk, Klirr and Kras. And learnt all about separating waste at the same time, while also showing their parents how to recycle properly. This effect that was not entirely unexpected, but something that FTI was hoping for given the ability of children to influence adults. Less expected was the fact that the Materialites are now TV celebrities following an appearance on the morning news program ‘Nyhetsmorgon’ on TV4. Media coverage of FTI has continued to grow in recent times and is no longer focused on the littering at recycling stations. The tone has gradually changed and there is a growing interest in knowledge sharing.

RECYCLING PROFESSIONALS

Emma Gustafsson, living in Lidköping is quite satisfied with the new solution and so is Jan Westin, Head of Waste Management.

“The bin for food and residual waste is mandatory, while a bin for separating packaging is voluntary. So far, nearly half of the residents have chosen to have two bins and it’s no problem to add another one later,” says Jan Westin.

Emma Gustafsson participated in the pilot project and she definitely wanted to keep both bins when the project ended. She and her partner appreciate the simplicity of being able to separate and leave their plastic and paper packaging at the curbside for pick-up.

“That’s what most of our packaging is these days. We have far less newspapers, nearly no metal packaging, and dropping off our glass at the recycling station is perfectly OK.”

The results of the project inspire hopes of better collection results for packaging.

“Our previous collection results have been pretty low, especially for plastic packaging. We noted a slight increase in 2019, which hopefully indicates an upward trend,” says Jan Westin.

The fact that Lidköping is rolling out a new scheme while the new newspaper and packaging collection ordinance is gradually being introduced should not pose a problem, according to Jan Westin. The opposite, in fact.

“We hope that our solution will serve a good starting point for a possible expansion to other types of material. As well as being exceptionally flexible, the scheme is also resource-efficient in terms of the equipment required – such as vehicles, bins and so forth. In other words, it is economically viable,” says Jan Westin.
ALWEX HAS been under contract to FTI to collect packaging materials from about 150 recycling stations in Kronoberg since 2004.

“We are responsible for the collection of plastic, paper and metal packaging and empty the containers six days a week, all year round,” says Hans Rogersson.

FTI’s assignment has changed over the years, not least in scope, mainly due to the fact that considerably more packaging is recycled now compared with 16 years ago.

“The amount of metal packaging is still more or less the same, but paper and plastic packaging is increasing every year,” says Hans Rogersson, who has also noticed a change in consumption patterns due to the popularity of online shopping.

“It mainly affects collection volumes at Christmas. Other peak periods are Easter, when people clean up before summer, and after the holidays when people clean up after summer.”

THE ALWEX FLEET currently comprises seven vehicles that are equipped to empty the containers at the recycling stations. Three of these vehicles are used more frequently. All of the vehicles run on fossil-free fuel – HVO – a synthetic diesel that reduces CO2 emissions by up to 90 percent compared with conventional fossil diesel.

“The advantage of HVO over other green alternatives is that no conversion is needed to switch between fossil diesel and HVO,” says Hans Rogersson. “We’ve been running on HVO for many years now and the only problem is that supplies can be difficult to find.”

Alwex is ISO-certified which, in addition to switching to fossil-free fuel, also requires compliance with a few other requirements. All vehicles are equipped with fuel computers, all drivers undergo training in fuel-efficient driving, and so forth.

“But the biggest impact has been the switch to a new and modern engine. That has delivered real environmental gains,” says Hans Rogersson.

FOSSIL-FREE FUEL

The emptying and cleaning of FTI’s recycling stations is a machine that just has to work. And be carried out as sustainably as possible.

“We’ve been using fossil-free fuel for several years,” says Hans Rogersson, transport coordinator and partner in Alwex, FTI’s collection contractor in Kronoberg.

ONE OF FTI’S GREATEST sustainability challenges is CO2 emissions from transport, and efforts to reduce the environmental impacts of the collection chain must be intensified. Here we have focused on identifying our indirect emissions and can now include most of these in our Sustainability Reporting (refer to page 41-49). In 2020, alongside of the process to calculate our total emissions, we will create an action plan. In 2019, we also joined Fossil Free Sweden and committed to their transport challenge with the aim of achieving a fossil-free vehicle fleet in the collection chain by 2025, which will affect future contracting processes.

In autumn 2019, a Sustainability Day was held for nearly 100 carriers and facility contractors at Svensk Plaståtervinning’s sorting facility in Motala, with ‘sustainable transport’ as the main theme. More training sessions planned for 2020.

ABOUT ALWEX

Alwex is a service production company owned by 80 partners, mostly haulers, including Växjö Åktrans. Växjö Åktrans performs emptying assignments on behalf of Alwex and therefore FTI.
FTI’S BOARD OF DIRECTORS

GUNNAR SVENSSON
Chairman FTI AB

KARIN BRYNELL
CEO, Swedish Food Retailers Federation, Representing Svenska Metallkretsen

ROLF JOHANNESSON
Executive Vice President, SCA, representing Pressretur

ANDERS FRÖBERG
CEO, Borealis AB, representing Svensk Plaståtervinning

GÖRAN HOLM
Representing DLF and Svenska Metallkretsen

PER SANDBERG
Chairman of, and representing, Svensk Glasåtervinning

DANIEL JACOBSSON
Employee representative, Akademikerna at FTI

HÅKAN OHLSSON
CEO FTI AB

Employee representative, deputy Carolina Landerdahl, Akademikerna at FTI

OWNERSHIP STRUCTURE
Owners with more than 10% of the number of participations in the company:

20% 20% 20% 20% 20%
RK Retur-kartong AB Svensk Plaståtervinning AB Svensk Glasåtervinning AB Svenska Metallkretsen AB Pressretur AB

THE MATERIALS COMPANIES’ OWNERS:
DLF (Dagligvaruleverantörers Förbund), Svensk Handel AB, Svensk Dagligvaruhandel, DS Smith Packaging AB, Elopak AB, Fiskeby Board AB, Holmen AB, Korsnäs AB, SCA Obbola AB, Smurfit Kappa Kraftliner AB, Smurfit Holdings AB, Stora Enso Packaging AB, Stora Enso Skoghall AB, Svenska Kartongföreningen, Tetra Pak Sverige AB, PIR (Plastbranschens Informationsråd), Holmen Paper AB, SCA Forest Products AB, Stora Enso Myfie AB, Aralag Glass Limmared AB, Spirit & Vinsleverantörsföreningen, Sveriges Bryggerier
FTI is subject to the requirements of the Swedish Annual Accounts Act to prepare a sustainability report. Sustainability data based on the disclosure requirements contained in the Swedish Annual Reports Act are presented on the following pages:

| BUSINESS MODEL AND VALUE CHAIN | 2, 14-15 |
| RISKS AND RISK MANAGEMENT       | 33, 43, 44 |
| ENVIRONMENT                     | 48-49     |
| SOCIAL CONDITIONS AND PERSONELL | 47, 49    |
| HUMAN RIGHTS                    | 44        |
| ANTI-CORRUPTION                 | 45-46     |
| RECYCLING                       | 44        |

THE AUDITOR’S REPORT ON THE STATUTORY SUSTAINABILITY REPORT
To the general meeting of Svenska Förpacknings- och Tidningsinsamlingen AB, corporate, identity number 556665-4090.

ENGAGEMENT AND RESPONSIBILITY
The Board of Directors is responsible for that the statutory sustainability report as above 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 me us with sufficient basis for our opinions.

OPINION
A statutory sustainability report has been prepared.
Stockholm, May 26, 2020

Andreas Nyberg
Authorised Public Accountant
THE BOARD OF DIRECTORS and CEO of Svenska Förpacknings och Tidningsinsamlingen AB, headquartered in Solna, hereby present the Annual Report for the 2019 fiscal year.

The Annual Report has been prepared in Swedish kronor (SEK).

INFORMATION ABOUT THE OPERATIONS
Svenska Förpacknings- och Tidningsinsamlingen AB (FTI) develops and provides coordinated schemes for the collection and recycling of newspapers and packaging on behalf of companies with producer responsibility. The operations are conducted on behalf of the materials companies – Svensk Plaståtervinning i Motala AB, RK Returkartong AB, Svenska Metallkretsen AB, Pressretur AB and Svensk Glasåtervinning AB – and are carried out under own management or via contractors. FTI supports the materials companies by offering various modules that they can opt to engage FTI for, as an alternative to performing the work under own management.

SIGNIFICANT EVENTS DURING THE FISCAL YEAR
Efforts to develop a new model for extended producer responsibility continued, based on the premise that we want to take more responsibility. FTI’s model also includes greater responsibility for direct communication with consumers and households.

EXPECTED FUTURE DEVELOPMENTS AND SIGNIFICANT RISKS AND UNCERTAINTIES
The long-term effects of the coronavirus pandemic are difficult to predict. At the time of writing, FTI’s operations are running smoothly but any future effects on the company’s operations and financial development are difficult to assess. The Board is assisting management by continuously monitoring the company’s performance in this respect, to enable a fast and efficient response to any risks and situations that may arise.

SUSTAINABILITY REPORT
In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, the Swedish Packaging and Newspaper Collection Service (FTI) has elected to prepare its statutory Sustainability Report separately from the company’s Annual Report. The Sustainability Report was submitted to the auditor together with the Annual Report (refer to page 32).
MULTI-YEAR SUMMARY (SEK 000s)

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CHANGE IN EQUITY

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</tr>
</thead>
<tbody>
<tr>
<td>Opening amount</td>
<td>100,000</td>
<td>514,146</td>
<td>24,854</td>
</tr>
<tr>
<td>Appropriation as per the year’s Annual General Meeting</td>
<td>24,854</td>
<td>-24,854</td>
<td>0</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>5,640</td>
<td>5,640</td>
<td></td>
</tr>
<tr>
<td>Closing amount</td>
<td>100,000</td>
<td>539,000</td>
<td>5,640</td>
</tr>
</tbody>
</table>

PROPOSED APPROPRIATION OF PROFIT

THE BOARD PROPOSES THAT TO THE FOLLOWING UNAPPROPRIATED FUNDS (SEK):
- Profit or loss brought forward 539,000
- Profit for the year 5,640
- Total 544,640

The company’s earnings and otherwise financial position are presented in the following income statement, balance sheet and cash-flow statement with additional disclosures.

INCOME STATEMENT

<table>
<thead>
<tr>
<th>NOTE</th>
<th>JAN 1, 2019 - DEC 31, 2019</th>
<th>JAN 1, 2018 - DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>874,850,843</td>
<td>851,560,942</td>
</tr>
<tr>
<td>Other operating income</td>
<td>19,803</td>
<td>10,554</td>
</tr>
<tr>
<td>Operating income</td>
<td>894,870,646</td>
<td>851,571,496</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>-874,797,806</td>
<td>-851,447,936</td>
</tr>
<tr>
<td>Operating profit</td>
<td>112,840</td>
<td>123,560</td>
</tr>
<tr>
<td>Profit from financial items</td>
<td>105,926</td>
<td>117,878</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>105,926</td>
<td>117,878</td>
</tr>
<tr>
<td>Tax on profit for the year</td>
<td>-100,286</td>
<td>-93,024</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>5,640</td>
<td>24,854</td>
</tr>
</tbody>
</table>

BALANCE SHEET

ASSETS

<table>
<thead>
<tr>
<th>NOTE</th>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses</td>
<td>4</td>
<td>2,799,904</td>
</tr>
<tr>
<td>Tangible assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>5</td>
<td>5,823,350</td>
</tr>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-current securities</td>
<td>7</td>
<td>56,835</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>6,879,089</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td>6,824,799</td>
</tr>
<tr>
<td>Trade receivables</td>
<td></td>
<td>93,102,898</td>
</tr>
<tr>
<td>Tax assets</td>
<td>2,675,099</td>
<td>1,162,023</td>
</tr>
<tr>
<td>Other receivables</td>
<td>6,981,864</td>
<td>9,029,818</td>
</tr>
<tr>
<td>Prepaid expenses and accrued income</td>
<td>8</td>
<td>51,135,708</td>
</tr>
<tr>
<td>Total current assets</td>
<td>174,478,022</td>
<td>188,204,884</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>235,584,155</td>
<td>255,876,777</td>
</tr>
</tbody>
</table>

EQUITY AND LIABILITIES

<table>
<thead>
<tr>
<th>NOTE</th>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td></td>
<td>10.11</td>
</tr>
<tr>
<td>Share capital</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Unrestricted equity</td>
<td>544,640</td>
<td>539,000</td>
</tr>
<tr>
<td>Total equity</td>
<td>644,640</td>
<td>639,000</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables</td>
<td>87,054,470</td>
<td>98,324,125</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>1,000,849</td>
<td>2,120,029</td>
</tr>
<tr>
<td>Offset liabilities</td>
<td>12</td>
<td>79,298,710</td>
</tr>
<tr>
<td>Accrued expenses and deferred income</td>
<td>13</td>
<td>67,585,486</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>234,939,515</td>
<td>255,237,777</td>
</tr>
<tr>
<td>TOTAL EQUITY AND LIABILITIES</td>
<td>235,584,155</td>
<td>255,876,777</td>
</tr>
</tbody>
</table>
CASH-FLOW STATEMENT

<table>
<thead>
<tr>
<th>NOTE</th>
<th>JAN 1, 2019 - DEC 31, 2019</th>
<th>JAN 1, 2018 - DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit after financial items</td>
<td>112,840</td>
<td>123,560</td>
</tr>
<tr>
<td>Adjustment for non-cash items</td>
<td>2,716,654</td>
<td>2,532,757</td>
</tr>
<tr>
<td>Interest received</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Interest paid</td>
<td>-6,914</td>
<td>-5,690</td>
</tr>
<tr>
<td>Tax paid</td>
<td>-1,787,920</td>
<td>-1,255,047</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities before change in working capital</strong></td>
<td>1,234,660</td>
<td>1,395,588</td>
</tr>
<tr>
<td><strong>Cash flow from change in working capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in current receivables</td>
<td>26,078,889</td>
<td>-55,727,073</td>
</tr>
<tr>
<td>Change in current liabilities</td>
<td>-20,298,262</td>
<td>66,946,789</td>
</tr>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td>5,015,287</td>
<td>12,615,304</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments in tangible assets</td>
<td>-4,768,944</td>
<td>-3,884,768</td>
</tr>
<tr>
<td><strong>Cash flow for the year</strong></td>
<td>246,343</td>
<td>8,730,836</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, Jan 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents, Jan 1</td>
<td>51,726,910</td>
<td>42,996,374</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, Dec 31</strong></td>
<td>51,973,253</td>
<td>51,726,910</td>
</tr>
</tbody>
</table>

**NON-CURRENT ASSETS**

Non-current assets are recognized at cost less accumulated depreciation and impairment losses.

Non-current assets are depreciated according to plan over the expected useful life of the asset less any residual value. The following depreciation periods are applied: Equipment 5 years.

**LEASES**

The company recognizes all leases as operating leases. Operating leases are recognized as an expense on a straight-line basis over the lease term.

**INCOME TAXES**

**Current tax**

Current tax refers to income tax for the current fiscal year and the portion of the previous fiscal year’s income tax not yet recognized. Current tax is calculated by applying the applicable tax rate at the balance-sheet date.

**Deferred tax**

Deferred tax is income tax payable in future fiscal periods due to past events. Deferred tax is recognized using the balance-sheet method. According to this method, deferred tax liabilities and assets are recognized as the temporary differences arising between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits.

Deferred tax assets and deferred tax liabilities should only be offset when there is an intention to settle on a net basis. Deferred tax is calculated by applying the applicable tax rate at the balance-sheet date. Effects of changes in applicable tax rates are recognized in the period of enactment. Deferred tax assets are recognized as financial assets, and deferred tax liabilities as provisions.

Deferred tax assets arising on loss carryforwards or other future tax losses are only recognized to the extent it is probable that the loss can be utilized against future tax credits.

Due to the relationship between accounting and taxation, the deferred tax liability attributable to untaxed reserves is not accounted for separately.

**ACCOUNTING AND MEASUREMENT POLICIES**

**General information**

The Annual Report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1, Annual Report and Consolidated Statements (K3). Receivables are recognized at the amounts that are expected to flow to the company.

Other assets and liabilities are recognized at cost, unless otherwise specified.

Receivables and liabilities denominated in foreign currencies are recognized at the closing-day rate. Currency exchange gains and losses on operating receivables and liabilities are recognized in operating profit, while currency exchange gains and losses on financial receivables and losses are recognized as financial items.

The accounting policies are unchanged compared with the preceding year.

**Revenue Recognition**

Revenue is recognized at the fair value of the amount the company has received or will receive. This means that the company recognizes revenue at nominal value (amount billed) if the company receives payment in cash and cash equivalents immediately upon delivery. Deduction are made for discounts.

**Notes**

**Employee Benefits**

Employee benefits refer to all types of compensation that the company pays its employees.

Benefits include salaries, paid vacation, paid leave of absence, bonuses and post-employment benefits (retirement). Benefits are recognized as they are earned.

**Post-Employment Benefits**

The company only has defined-contribution retirement plans. Defined-contribution plans are classified as plans in which a fixed fee is paid and there is no obligation to pay further contributions besides these fees.

Fees for defined-contribution plans are recognized as an expense in the period in which the benefit is earned by the employee.
CASH-FLOW STATEMENT
The cash-flow statement is prepared using the indirect method. The recognized cash flow only includes transactions resulting in inflows and outflows of cash and cash equivalents.
In addition to cash, the company classifies cash and cash equivalents as deposits with banks and other credit institutions, as well as short-term liquid investments that are listed on a trading venue and have a maturity of less than three months from the date of acquisition. Changes in blocked funds are recognized as investing activities.

DEFINITIONS OF KEY PERFORMANCE MEASURES
Net sales: Operating income, invoiced costs, incidental income and revenue restatements.
Operating profit: Profit after amortization/depreciation and items affecting comparability, but before financial income and expense.
Total assets: The company’s combined assets.
Equity/assets ratio (%): Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.
No. of employees: Average number of employees during the fiscal year.

NOTE 1 LEASES
Lease payments for the year amounted to SEK 4,312,266 (4,450,690). Future lease payments, for non-cancelable leases, are due for payment as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 1 year</td>
<td>3,741,169</td>
<td>4,387,523</td>
</tr>
<tr>
<td>Between 1 and 5 years</td>
<td>7,471,164</td>
<td>12,717,517</td>
</tr>
<tr>
<td>Total</td>
<td>11,212,333</td>
<td>17,105,040</td>
</tr>
</tbody>
</table>

The company has entered into the following material leases, which are recognized as operating leases:
ALD Automotive AB – cars
Fastighets AB Lysios – office premises

NOTE 2 AUDITORS’ FEES
Audit assignment refers to audits of the annual report and accounts, as well as the administration of the Board of Directors and CEO, other duties incumbent upon the company’s auditor to perform, and advice or other assistance arising from observations during such audits or the completion of such other duties.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit assignment</td>
<td>250,497</td>
<td>283,405</td>
</tr>
<tr>
<td>Other services</td>
<td>484,400</td>
<td>319,376</td>
</tr>
<tr>
<td>Total</td>
<td>735,097</td>
<td>602,781</td>
</tr>
</tbody>
</table>

Severance pay agreements
The employment contract for the CEO stipulates a six-month period of notice from the employee and a 12-month period of notice from the company. Salary is payable during the period of notice, during which time employees are obligated to work unless otherwise decided by the company. There is a bonus award agreement for the CEO comprising a maximum of two monthly salaries if the set criteria have been met. The bonus for 2019 amounted to SEK 57,600.

NOTE 3 EMPLOYEES AND PERSONNEL EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average no. of employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>30</td>
<td>29</td>
</tr>
<tr>
<td>Men</td>
<td>34</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>60</td>
</tr>
<tr>
<td>Salaries and other remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board and CEO</td>
<td>3,134,032</td>
<td>4,487,643</td>
</tr>
<tr>
<td>Other employees</td>
<td>32,212,498</td>
<td>31,558,123</td>
</tr>
<tr>
<td>Total</td>
<td>35,346,530</td>
<td>36,045,766</td>
</tr>
<tr>
<td>Social security expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pension costs for Board and CEO</td>
<td>618,096</td>
<td>496,656</td>
</tr>
<tr>
<td>Pension costs for other employees</td>
<td>5,562,797</td>
<td>5,545,285</td>
</tr>
<tr>
<td>Other statutory and contractual social security contributions</td>
<td>11,353,882</td>
<td>10,676,761</td>
</tr>
<tr>
<td>Total</td>
<td>17,534,775</td>
<td>16,718,702</td>
</tr>
<tr>
<td>Total salaries, remuneration, social security expenses and pension costs</td>
<td>52,881,305</td>
<td>52,764,448</td>
</tr>
<tr>
<td>Gender distribution among senior executives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of women on the Board</td>
<td>17%</td>
<td>12%</td>
</tr>
<tr>
<td>Share of men on the Board</td>
<td>83%</td>
<td>88%</td>
</tr>
<tr>
<td>Share of women among other senior executives</td>
<td>50%</td>
<td>46%</td>
</tr>
<tr>
<td>Share of men among other senior executives</td>
<td>50%</td>
<td>54%</td>
</tr>
</tbody>
</table>

NOTE 4 LICENSES

<table>
<thead>
<tr>
<th></th>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>2,893,363</td>
<td>0</td>
</tr>
<tr>
<td>Closing accumulated cost</td>
<td>2,893,363</td>
<td>0</td>
</tr>
<tr>
<td>Amortization for the year</td>
<td>-94,459</td>
<td>0</td>
</tr>
<tr>
<td>Closing accumulated amortization</td>
<td>-94,459</td>
<td>0</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>2,798,904</td>
<td>0</td>
</tr>
</tbody>
</table>

NOTE 5 EQUIPMENT

<table>
<thead>
<tr>
<th></th>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening cost</td>
<td>27,210,320</td>
<td>23,325,552</td>
</tr>
<tr>
<td>Purchases</td>
<td>1,875,581</td>
<td>3,884,748</td>
</tr>
<tr>
<td>Closing accumulated cost</td>
<td>29,085,901</td>
<td>27,210,320</td>
</tr>
<tr>
<td>Opening depreciation</td>
<td>-20,440,356</td>
<td>-17,907,599</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>-2,822,195</td>
<td>-2,532,757</td>
</tr>
<tr>
<td>Closing accumulated depreciation</td>
<td>-23,262,551</td>
<td>-20,440,356</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>5,823,350</td>
<td>6,769,964</td>
</tr>
</tbody>
</table>
NOTE 6 CURRENT AND DEFERRED TAX

<table>
<thead>
<tr>
<th>TAX ON PROFIT FOR</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>THE YEAR</td>
<td>PERCENT</td>
<td>AMOUNT</td>
</tr>
<tr>
<td>Current tax</td>
<td>-100,286</td>
<td>-93,024</td>
</tr>
<tr>
<td>Total recognized</td>
<td>-100,286</td>
<td>-93,024</td>
</tr>
</tbody>
</table>

RECONCILIATION OF EFFECTIVE TAX

<table>
<thead>
<tr>
<th>Recognized profit before tax</th>
<th>Current tax</th>
<th>Total recognized tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax at applicable tax rate</td>
<td>21.40</td>
<td>22.0</td>
</tr>
<tr>
<td>Non-deductible expenses</td>
<td>-77,562</td>
<td>-67,091</td>
</tr>
<tr>
<td>Non-taxable income</td>
<td>-56</td>
<td>0</td>
</tr>
<tr>
<td>Recognized effective tax rate</td>
<td>94.68</td>
<td>78.91</td>
</tr>
</tbody>
</table>

NOTE 7 OTHER NON-CURRENT SECURITIES

<table>
<thead>
<tr>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening cost</td>
<td>56,835</td>
</tr>
<tr>
<td>Acquisitions for the year</td>
<td>0</td>
</tr>
<tr>
<td>Sales/Disposals</td>
<td>0</td>
</tr>
<tr>
<td>Closing accumulated cost</td>
<td>56,835</td>
</tr>
<tr>
<td>Closing carrying amount</td>
<td>56,835</td>
</tr>
</tbody>
</table>

NOTE 8 PREPAID EXPENSES AND ACCRUED INCOME

<table>
<thead>
<tr>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid expenses</td>
<td>1,435,087</td>
</tr>
<tr>
<td>Accrued income, collection</td>
<td>46,607,664</td>
</tr>
<tr>
<td>Accrued annual fees</td>
<td>2,801,500</td>
</tr>
<tr>
<td>Other accrued income</td>
<td>91,457</td>
</tr>
<tr>
<td>Total</td>
<td>51,135,708</td>
</tr>
</tbody>
</table>

NOTE 9 FUNDS

<table>
<thead>
<tr>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Packaging fees paid, not transferred to the materials companies</td>
<td>453,791</td>
</tr>
<tr>
<td>Total</td>
<td>453,791</td>
</tr>
</tbody>
</table>

NOTE 10 OFFSET LIABILITIES

<table>
<thead>
<tr>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability to the materials companies offset by packaging fees in December: Not paid.</td>
<td>78,844,919</td>
</tr>
<tr>
<td>Liability to the materials companies offset by packaging fees in December: Not transferred.</td>
<td>453,791</td>
</tr>
<tr>
<td>Total</td>
<td>79,298,710</td>
</tr>
</tbody>
</table>

NOTE 11 NUMBER OF SHARES AND QUOTIENT VALUE

<table>
<thead>
<tr>
<th>NAME</th>
<th>NO. OF SHARES</th>
<th>QUOTIENT VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Class A Shares</td>
<td>100</td>
<td>1,000</td>
</tr>
</tbody>
</table>

NOTE 12 APPROPRIATION OF PROFIT OR LOSS

PROPOSED APPROPRIATION OF PROFIT | DEC 31, 2018 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit or loss brought forward</td>
<td>539,000</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>5,640</td>
</tr>
<tr>
<td>Total</td>
<td>544,640</td>
</tr>
</tbody>
</table>

NOTE 13 ACCRUED EXPENSES AND DEFERRED INCOME

<table>
<thead>
<tr>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued expenses, collection</td>
<td>58,618,403</td>
</tr>
<tr>
<td>Accrued vacation pay</td>
<td>5,837,708</td>
</tr>
<tr>
<td>Accrued social security contributions</td>
<td>883,713</td>
</tr>
<tr>
<td>Accrued social security contributions on pensions</td>
<td>1,499,485</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>746,177</td>
</tr>
<tr>
<td>Total</td>
<td>70,585,486</td>
</tr>
</tbody>
</table>

NOTE 14 ADJUSTMENT FOR NON-CASH ITEMS

<table>
<thead>
<tr>
<th>DEC 31, 2019</th>
<th>DEC 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amortization/depreciation</td>
<td>2,916,454</td>
</tr>
<tr>
<td>Total</td>
<td>2,916,454</td>
</tr>
</tbody>
</table>

NOTE 15 SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

Comments about COVID-19 will be found in the Directors’ Report under ‘Expected future developments and significant risks and uncertainties,’ The Swedish Environmental Protection Agency has determined that the Ordinance is in urgent need of review, and that such a review could affect how applications to operate a licensed collection scheme (LCS) take form. Except for these no significant events occurred after the end of the fiscal year.
SIGNING OF THE FINANCIAL STATEMENTS

The Board of Directors and the CEO attest that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and General Recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (“K3”) of the Swedish Accounting Standards Board. The annual accounts give a true and fair view of the financial status and financial results of the Company. The Management Report for the Company provides a true and fair view of the development of the Company’s business operations, financial position and financial results, as well as the significant risks and uncertainties faced by the Company. The Annual Report also contains the Company’s sustainability reporting in accordance with the Swedish Annual Accounts Act, Chapter 6, Section 11, see page 32, and the Sustainability Report in accordance with the Global Reporting Initiative, GRI, see the GRI index on pages 50.

STOCKHOLM, MAY 25, 2020

Gunnar Svensson  |  Karin Brynell
Chairman        | Göran Holm
Anders Fröberg  | Per Sandberg
Rolf Johannesson| Daniel Jacobsson

Håkan Öhlsson  
Chief Executive Officer

Our audit report was submitted on
May 26, 2020

Ernst & Young AB

Andreas Nyberg
Authorized public accountant
REPORT ON THE ANNUAL ACCOUNTS

OPINIONS

We have audited the annual accounts of Svenska Förpacknings- och Tidningsinsamlingen AB for the financial year 2019-01-01 – 2019-12-31.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Svenska Förpacknings- och Tidningsinsamlingen AB as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of Svenska Förpacknings- och Tidningsinsamlingen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises report pages 1-32 and 41-52 (but does not include the annual accounts and our auditor’s report thereon).

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If
we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS
In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Svenska Förpacknings- och Tidningsinsamlingen AB for the financial year 2019-01-01 – 2019-12-31 and the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

BASIS FOR OPINIONS
We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of Svenska Förpacknings- och Tidningsinsamlingen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR
The Board of Directors is responsible for the proposal for appropriations of the company’s profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s type of operations, size and risks place on the size of the company’s equity, liquidity and position in general.

The Board of Directors is responsible for the company’s organization and the administration of the company’s affairs. This includes among other things continuous assessment of the company’s financial situation and ensuring that the company’s organization is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors’ guidelines and instructions and among other matters take measures that are necessary to fulfill the company’s accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR’S RESPONSIBILITY
Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company’s profit or loss is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, We exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company’s profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company’s situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors’ proposed appropriations of the company’s profit or loss we examined the Board of Directors’ reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm May 26, 2020
Ernst & Young AB
Andreas Nyberg
Authorized Public Accountant

This is the translation of the editor’s report in swedish.
FTI has been assigned to collect newspapers and packaging for recycling on behalf of the business sector. Sustainability and circularity are the fundamentals of our operations. This is FTI’s first formal Sustainability Report, but we began to lay the foundation for structured sustainability reporting in 2018.

**THE CONTENTS OF FTI’S Sustainability Reporting**

The contents of FTI’s Sustainability Reporting are based on the materiality assessment conducted in 2018 which, in turn, was based on a structured dialog with our key stakeholders. Seven material topics were identified and categorized into four main areas – circularity and recyclability, business ethics and environmental compliance, occupational health and safety, and greenhouse gases. Through these four areas, FTI is contributing to the achievement of several Sustainable Development Goals. The connection with the goals is shown in the table on the next page. This year’s reporting covers the 2019 operational year, unless otherwise stated. The reporting follows the guidelines issued by the Global Reporting Initiative, the GRI Standards (Core level) and FTI’s CEO is ultimately responsible for FTI’s sustainability agenda. For future reports, FTI intends to set and report more measurable sustainability targets for the company’s material topics. FTI’s value chain is defined by statutory producer responsibility, for which the Swedish government adopted two new ordinances in 2018, and that will have a major impact on FTI’s operations in the coming years. This will also serve as guidance for the sustainability agenda moving forward.

**MATERIALITY ASSESSMENT**

- **Very important**
  - Environmental compliance
  - Circularity
  - Anti-corruption
  - Recyclability
  - Cartelization
  - Occupational health and safety
  - Greenhouse gases

- **Important**
  - Diversity and gender equality
  - Suppliers – environment
  - Suppliers – social
  - Energy efficiency
  - Continuous development
  - Job creation
  - Diversity and gender equality

Based on structured stakeholder dialog, a materiality assessment was conducted that resulted in seven material topics that were categorized into four main areas.
FTI’s sustainability efforts are based on the 2030 Agenda for Sustainable Development. The SDGs that FTI is best able to contribute to, based on the identified material topics, are Goals 8, 12, 13 and 16.

<table>
<thead>
<tr>
<th>SDG</th>
<th>DESCRIPTION</th>
<th>FTI’S MATERIAL TOPICS</th>
<th>FTI’S CONTRIBUTION AND IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Ensure sustainable consumption and production patterns.</td>
<td>CIRCULARITY AND RECYCLABILITY</td>
<td>Risk that collection volumes, material quality and recyclability are not high enough to increase circularity.</td>
</tr>
<tr>
<td>16</td>
<td>Promote just, peaceful and inclusive societies.</td>
<td>BUSINESS ETHICS AND ENVIRONMENTAL COMPLIANCE</td>
<td>FTI expects its suppliers to maintain high standards in terms of human rights and corruption. We engage in close dialogue with the EPA, Swedish municipalities, trade organizations and the business sector.</td>
</tr>
<tr>
<td>8</td>
<td>Promote inclusive and sustainable economic growth, employment and decent work for all.</td>
<td>OCCUPATIONAL HEALTH AND SAFETY</td>
<td>As laws change and new situations arise, the knowledge of what constitutes ‘corruption’ needs to be raised within the organization.</td>
</tr>
<tr>
<td>13</td>
<td>Take urgent action to combat climate change and its impacts.</td>
<td>GREENHOUSE GASES</td>
<td>Major changes in external factors are placing new and tougher demands on FTI as an organization, and on our employees and partners.</td>
</tr>
</tbody>
</table>

Our nationwide collection scheme makes it possible for all Swedish residents to recycle their packaging so it is included in the process of each materials company.

A milestone during the year was the ongoing process to calculate our total GHG emissions in order to set targets for how we can reduce FTI’s direct and indirect emissions.

The requirement on more accessible waste collection and recycling in the new ordinances will make it more difficult to forecast and set targets for FTI’s total emissions moving forward.
Circularity and recyclability are obvious and prioritized issues for us and form the basis of our value chain via our nationwide collection scheme for newspapers and packaging.

Higher recycling rates

Circularity and recyclability are the cornerstones of our operations. Our mission is to make newspapers and packaging easier to collect and recycle.

FTI’s assignment is to provide a sustainable and nationwide collection scheme for newspapers and packaging, so that these materials can be part of a closed loop and become new products. In other words, circularity and recyclability are the cornerstones of our operations, based on the core concept that everyone wins when you recycle. Interest in climate change and the environment has grown sharply in recent years, in the community as well as the business sector. And in line with this growing interest, the demands and expectations on our operations have also increased. More and more consumers are requesting packaging that is easy to recycle and for many producers, choosing a packaging material is an integral part of their product development process. Swedes are among the world’s best when it comes to separating waste and recycling. But to meet the ambitious targets, even more needs to be collected and recycled. In 2019, the material recovery rate was 44 percent for plastic packaging, 73 percent for paper packaging and 96 percent for metal packaging. Next year, the method used to calculate material recovery rates will be changed, which could affect the results.

FTI works continuously to make waste separation and recycling easier for households. For about ten years, our consumer survey, the Recycling Barometer, has provided insight intelligence. In 2019, we conducted information campaigns for both preschool children and the general public. We are also involved in a labeling project aimed at standardizing the labeling for recycling across the Nordic region.

Our goal is that all of the material that is collected will be recycled, which is not possible at present because some is used for energy recovery. Some of the challenges we face are sorting quality, the amount of material in recycling containers that is not packaging or newspapers, and that some materials are not environmentally effective to sort.

The choice of packaging materials and design is highly significant for recyclability. That is why we have produced recycling manuals for plastic, paper and metal packaging. The plastic manual was launched in 2017 and is continuously updated. The paper manual was launched in 2018 and the metal manual in early 2019. The manuals are produced on behalf of each materials company. They guide and inform producers about the materials and designs that should be chosen to make it easier to separate and recycle at the facilities currently contracted by FTI. A new fee structure was introduced for plastic packaging on April 1, 2019: one higher and one lower level. Plastic packaging that is easy to recycle will cost less to place on the market than packaging that is more complex.

In 2019, FTI collected an approximate total of 643,000 metric tons of newspapers and packaging – about 62 kg per person.

“... In 2019, an approximate total of 643,000 metric tons of newspapers and packaging was collected – about 62 kg per person.”

MATERIAL RECOVERY RATES 2019*

*According to the current method of measurement. Moving forward, household and commercial packaging will be reported separately.
BUSINESS ETHICS AND ENVIRONMENTAL COMPLIANCE

It is crucial that FTI is guided by good business ethics and environmental compliance. Our operations are based on producer responsibility for newspapers and packaging. Our success as an organization is largely determined by whether we are perceived as accountable, credible and professional.

The core of FTI’s operations

Environmental compliance is crucial for FTI, as is being perceived as credible and accountable by both our customers and society in general.

FTI’S OPERATIONS ARE BASED ON the statutory producer responsibility for newspapers and packaging. It is paramount that we are environmentally compliant, that our business ethics are sound and that we are perceived as credible and accountable by our customers, and society in general. FTI’s CEO is ultimately responsible for our efforts to maintain good business ethics and environmental compliance. Funding is provided by packaging fees, which should be completely material-independent and based on the costs incurred by the scheme.

ENVIRONMENTAL COMPLIANCE WHEN IT COMES to environmental compliance, we engage in close dialog and collaboration with the Swedish Environmental Protection Agency (EPA), municipalities, trade organizations and the business sector. That applies to collection and recycling, as well as production and development. By doing so, we can stay up to date and involved, and help to shape future developments. The laws and regulations that apply to us are mainly contained in Chapter 15 of the Swedish Environmental Code. The most important legislation is the Producer Responsibility Ordinance for Packaging, the Waste Management Ordinance and the EPA’s guidance on waste transportation.

In 2018, the Swedish government adopted two new producer responsibility ordinances that have been gradually introduced since January 1, 2019. The most important change for our operations is that, as of 2021, a license from the Swedish Environmental Protection Agency (EPA) will be required to run a collection scheme. In 2019, we worked intensively to prepare for meeting the new requirements and on March 31, 2020, we submitted our application to the EPA. The application process was carried out in a special project, and included a large number of meetings with stakeholders and consultation with Sweden’s 290 municipalities. We do not yet know when the EPA will announce its decision, but we will continue to engage in dialog throughout the processing period alongside of our efforts to achieve the target and meet the requirements of the ordinances to offer curbside collections to 60 percent of residential properties in Sweden from 2021. Our initial focus will be to secure agreements with existing curbside collection services, and to review agreements for collection and unloading sites. In 2019, FTI was not subject to any significant penalties, injunctions or fines for breaching environmental regulations.

CODE OF CONDUCT

FTI’s Code of Conduct for suppliers is an important policy document, based on the Universal Declaration of Human Rights, that sets out the guidelines for business ethics, including anti-corruption, health and safety and the environment. FTI’s values that apply to all employees are based on facts, simplicity, efficiency, responsiveness and collegiality.

FTI’s Code of Conduct for suppliers is an important policy document, based on the Universal Declaration of Human Rights, that sets out the guidelines for business ethics, including anti-corruption, health and safety and the environment. FTI’s values that apply to all employees are based on facts, simplicity, efficiency, responsiveness and collegiality.

BUSINESS ETHICS, ANTI-CORRUPTION AND COMPETITION

FTI PROMOTES COMPETITION, is a non-profit organization, and no dividends are paid to the owners. The costs of collection and recycling should affect the price of the packaged goods as little as possible. Through our ownership structure, in which several of our owners and their respective owners are competitors in some instances, we are committed to working as transparently and objectively as possible. We have competition law guidelines for the Board, describing how the Board and its members should act to ensure compliance with competition law. Pricing, market share, strategies, profit margins and commercial terms for companies associated with our Board are some of the issues that must not be discussed. Any discussions or exchanges of information between members of the Board shall ownedly concern matters that are necessary for the operation and management of FTI.

FTI’s Code of Conduct for suppliers
states clearly that no form of corrupt behavior, including extortion and bribery, will be tolerated. We have previously identified that knowledge of what may constitute corruption needs to be raised within the organization. We have therefore provided training for our employees who, based on their tasks, are considered most exposed to various forms of corruption risk. In 2019, we also produced an anti-corruption policy. The next step will be to arrange training for all our employees in this area. In 2019, no known cases of corruption linked to FTI or its immediate employees were reported or detected.

**BUSINESS ETHICS AND HUMAN RIGHTS IN THE SUPPLY CHAIN**

A MAJOR SHARE OF our activities are carried out by partners, contractors and suppliers and we expect these operators to act fairly and ethically. FTI has a responsibility to the people who perform services or produce products on our behalf. We must ensure that the people whose efforts contribute to our success are not deprived of their human rights, or suffer physical or mental harm.

That is why our Code of Conduct – which is included in all of our agreements from 2018 and onwards – includes a requirement that our suppliers and their sub-suppliers must support and respect universal human rights, including safe and healthy working conditions, and that they do not participate in human rights violations. This is a non-negotiable requirement on our part.

Audits of each contracting party are carried out every third year, at a minimum, to ensure compliance. We intend to work more actively with this from 2020 and onwards to ensure compliance with our Code of Conduct.

**FTI HAD THE RIGHT TO TERMINATE THE AGREEMENT WITH TMR REGARDING ACCESS TO FTI’S COLLECTION SCHEME**

On February 28, 2020, the Swedish Patent and Market Court of Appeal handed down its decision in favor of FTI in the case against the Swedish Competition Authority. FTI entered into an agreement with TMResponsibility AB (TMR) in 2012 regarding access to FTI’s collection scheme. In 2016, FTI decided to terminate the agreement, whereby TMR lodged a complaint with the Swedish Competition Authority. In early 2018, the Swedish Competition Authority ordered FTI to withdraw its termination of the agreement, which FTI did. However, FTI appealed the Competition Authority’s decision. When the Patent and Market Court dismissed FTI’s appeal, the case was transferred to the Patent and Market Court of Appeal. The Court ruled that FTI had not breached the Competition Act. The Court of Appeal’s decision, which cannot be appealed, means that FTI was entitled to terminate the agreement with TMR regarding access to FTI’s collection scheme.
OCCUPATIONAL HEALTH AND SAFETY

We aim to offer a company culture where all employees can grow and develop. In 2019, we therefore continued our efforts to clarify, formalize and improve the structure of our occupational health and safety procedures.

Our employees are our most valuable asset

At FTI, our employees are our most valuable asset. To achieve our own goals and expectations, as well as those of our owners, customers and society, we must have knowledgeable, motivated and healthy employees.

IN RECENT YEARS, FTI has experienced challenges with relatively high sick leave and staff turnover rates. In 2019, the total staff turnover rate was 18.3 percent, which is a decline compared with 2018, while sick leave rose from 2.91 percent to 4.15 percent. Short-term sick leave declined, however. During the year, we employed twelve men and four women.

To facilitate and motivate good health, we offer a fitness subsidy and work closely with occupational health services. All employees are covered by collective bargaining agreements and represented on the Board.

IN 2019, OUR EFFORTS to improve the workplace environment continued. In 2018, we appointed a dedicated HR Manager with overall responsibility for employee and workplace-related matters. The HR Manager is a member of the Executive Management Team.

We have conducted annual employee surveys for many years, in which all employees are able to share their views on the organization’s leadership and the psychosocial work environment. In 2019, this process was refined and resulted in action plans for all business areas, where the respective manager is responsible for identifying activities to be carried out, such as leadership training for all team managers.

This process with action plans will continue throughout 2020 and, if we see that the activities are not having the desired effects, they will be complemented with pulse surveys to enable ongoing monitoring and adjustments.

“During the year, we employed twelve men and four women.”
A key step is to quantify our GHG emissions. In 2018, this process commenced by calculating our Scope 1 and Scope 2 emissions. In 2019, we also included Scope 3 emissions.

One of the biggest challenges of our time is GHG emissions. As a company in the recycling industry, this is a high priority issue that we are working actively to address.

FTI’S EFFORTS in this area are strengthening legitimacy in our stakeholder relationships – with employees, customers, authorities, contractors and suppliers.

In addition to calculating our Scope 1 and Scope 2 emissions, we also included Scope 3 emissions in 2019, which has impacted our total emissions. These amounted to approximately 10,500 metric tons using the market-based method, which also includes biogenic emissions. The absolute highest share of FTI’s CO2 emissions are Scope 3 emissions, which include direct emissions from the collection of paper, plastic and metal packaging at FTI’s recycling stations, business travel (including hotel accommodation) and IT product purchasing, and indirect emissions from electricity generated by wind power with Guarantees of Origin certificates. Since Scope 3 emissions were not calculated in 2018, most of our emissions were related to direct operations (Scope 1) and derived from fuel combustion in FTI’s own vehicles. Due to the large number of visits to Swedish municipalities in 2019, most of our emissions were derived from business travel and activities under Scope 3.

Our Scope 2 GHG emissions were derived from energy use in FTI’s new head office (from March 15, 2018). The lower emissions using the market-based method instead of the location-based method are attributable to green electricity, district heating and district cooling. The slightly higher emissions in 2018 were due to a supplier breakdown.

FTI is aware that Scope 3 emissions, meaning indirect emissions caused by vendors in our value chain, account for our largest share of emissions. We included most of these emissions in 2019, and will report even more relevant Scope 3 categories in 2020. While mapping our total emissions, we will also create an action plan. In 2012, FTI became a member of Q3, an association that promotes environmentally friendly and sustainable heavy road transport, and in 2019, we joined Fossil Free Sweden and committed to their transport challenge to only purchase and provide fossil-free domestic transport by 2025. This is a material topic for upcoming procurements.

In 2020, FTI and its owner companies, in partnership with the RISE research institute, will conduct a project with the aim of measuring the environmental benefits of recycling.

In upcoming years, FTI intends to review how the collection and recycling of newspapers and packaging compares with the aims of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES, 2019). On this basis, we will be focused on the indirect effects since FTI is not a production company.

ACCOUNTING AND REPORTING PRINCIPLES

FTI calculates and reports its GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Scope 2 emissions are calculated using the GHG Protocol Scope 2 Guidance for market and location-based emissions. Scope 3 emissions are calculated using the GHG Protocol Scope 3 Guidance. Activity data is obtained from utility bills, and information reported by landlords and suppliers. Energy conversion is based on publicly available conversion factors, and emission factors are obtained from open databases, such as the International Energy Agency (2018), DEFRA (2019), Reliable Disclosure Systems for Europe RE-DISS (2016) and certified environmental declarations. The GHG gases included in the reporting are carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O). Biogenic CO2 emissions from the combustion of biofuels and biomass are reported separately from other greenhouse gas (GHG) emissions under Outside Scope.

The global warming potential (GWP) values used to calculate CO2e are based on the IPCC’s Fourth Assessment Report (AR4) over a 100-year time horizon. FTI applies operational control as the approach for reporting its consolidated GHG data. Emissions quantification is subject to inherent uncertainty due to both scientific and estimation uncertainty, with subsequent effects on measurements and estimates.
**SOCIAL DATA**

**NO. OF EMPLOYEES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>31</td>
<td>29</td>
<td>60</td>
</tr>
<tr>
<td>2019</td>
<td>34</td>
<td>30</td>
<td>64</td>
</tr>
</tbody>
</table>

**AGE DISTRIBUTION**

- 21-30 years: 2019 - 13%, 2018 - 30%
- 31-40 years: 2019 - 33%, 2018 - 30%
- 41-50 years: 2019 - 18%, 2018 - 22%
- 51-60 years: 2019 - 8%, 2018 - 18%
- 60+ years: 2019 - 12%, 2018 - 12%

**TOTAL EMPLOYEE TURNOVER**

<table>
<thead>
<tr>
<th>Year</th>
<th>2019 Rate</th>
<th>2018 Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22.6%</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

**NEW EMPLOYMENTS**

**NEW EMPLOYMENTS PER GENDER AND AGE 2018**

<table>
<thead>
<tr>
<th>Gender</th>
<th>&lt;30 years</th>
<th>30-50 years</th>
<th>&gt; 50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Men</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>7</td>
<td>6</td>
<td>16</td>
</tr>
</tbody>
</table>

**NEW EMPLOYMENTS PER GENDER AND AGE 2019**

<table>
<thead>
<tr>
<th>Gender</th>
<th>&lt;30 years</th>
<th>30-50 years</th>
<th>&gt; 50 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Men</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>7</td>
<td>3</td>
<td>16</td>
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</table>

**GREENHOUSE GASES**

<table>
<thead>
<tr>
<th>Source</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCOPE 1</td>
<td>30,300 KG CO2E</td>
<td>82,523 KG CO2E</td>
</tr>
<tr>
<td>SCOPE 2 (MARKET-BASED)</td>
<td>107 KG CO2E</td>
<td>292 KG CO2E</td>
</tr>
<tr>
<td>SCOPE 2 (LOCATION-BASED)</td>
<td>4,589 KG CO2E</td>
<td>4,877 KG CO2E</td>
</tr>
<tr>
<td>SCOPE 3</td>
<td>6,360,863 KG CO2E</td>
<td>-</td>
</tr>
<tr>
<td>BIOGENIC EMISSIONS</td>
<td>4,056,292 KG CO2E</td>
<td>1,834 KG CO2E</td>
</tr>
<tr>
<td>TOTAL (MARKET-BASED)</td>
<td>10,447,572 KG CO2E</td>
<td>84,650 KG CO2E</td>
</tr>
</tbody>
</table>

**SICK LEAVE**

<table>
<thead>
<tr>
<th>Type</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
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<tr>
<td>LONG-TERM</td>
<td>2.59%</td>
<td>0.33%</td>
</tr>
<tr>
<td>SHORT-TERM</td>
<td>1.56%</td>
<td>2.58%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.15%</td>
<td>2.91%</td>
</tr>
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**GENDER EQUALITY**

- Share of women on the Board: 2019 - 17%, 2018 - 12%
- Share of women in the Executive Management Team: 2019 - 50%, 2018 - 46%
- Share of women of total employees: 2019 - 47%, 2018 - 48%
GRI CONTENT INDEX 2019

THIS IS THE SUSTAINABILITY REPORTING for the limited liability company Förpacknings- och Tidningsinsamlingen (FTI) and its operations for the period of January 1-December 31, 2019. All information and performance measures reported refer to the fiscal year of 2019, unless otherwise stated. The GRI content index below shows where the various disclosures can be found. For questions about FTI’s Sustainability Reporting, please contact the Director of Communications Veronica Foberg Gustafsson. Phone: +46 (0)70-212 16 44, e-mail: veronica.foberg.gustafsson@ftiab.se

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**Circularity & Recyclability**

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**GREENHOUSE GASES**

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