

## First Annual Management Meeting (AMM) has been conducted

Swedspan strives to become an innovation leader in the wood based panels market in respects of environment, health, safety and of course best in class products. The Swedspan leadership team met for the first time to conduct the Annual Management Meeting (AMM) in order to review the development and to set the goals for the next period as well as defining crucial success factors, which every co-worker and leader should follow. AMM 2010 was held in Bratislava on April 13<sup>th</sup>.

In the last two years Swedspan has become a relevant player in the European wood based panels industry; Christian Schwarz is very proud that “already today Swedspan is able to influence the panel sourcing markets in favour of IKEA’s supply chain”. Regarding its production capacity, Swedspan is now able to deliver 1.5 Mio m<sup>3</sup> of particle board, 14 Mio of foil surfaced boards as well as 12 Mio of melamine faced boards to the IKEA furniture suppliers or third party customers. With approximately 650 employees and investments in the hundreds of millions in new equipment and technological upgrades, Swedspan has a comparable basis for further strengthening its market position in 2010.

With its consistent expansion course, Swedspan aims at achieving one of its main goals. “Currently we are ramping up 0.5 Mio m<sup>3</sup> production capacity, the main project here is the realization of our East 2 project in Poland. By 2012 we plan to have established additional 0.5 Mio m<sup>3</sup> production capacity”, Christian recapitulates; “But next to the nominal capacity figures, it is crucial for us to provide our products at highly competitive prices and therefore need to be very efficient in our daily work and investment projects.” Regarding this, the on-time realization of the investment in East Poland, the upgrade of the plant in Malacky, the smooth integration of the Lure plant and the extension of the production site in Hultsfred are key projects. Next to these investment projects, Swedspan is following additional strategic goals in 2010.

In particular these goals concern the:

- Implementation of common high EHS standards and procedures
- Further reduction of costs by introducing the STEP-process
- Introduction of a benchmarking system
- Excellence regarding lightweight, sawmilling and resin systems through smart R&T solutions.

Some major steps forward have already been taken, introducing low emission and lightweight applications. In 2008 Swedspan joined IKEA’s low emission initiative transferring Giriti Bizonas to a F\*\*\*\* level at the start of 2009, simultaneously ensuring F\*\*\*\* at Swedspan Slovakia. In 2010 Swedspan France will also start operating on a F\*\*\*\* level. The lightweight mass production started at Hultsfred at the end of last year – in the business year of 2009/2010 Swedspan already delivered 200.000 m<sup>3</sup> of lightweight boards to its customers. For the next business year starting in September 2010 it is planned to deliver up to 400.000 m<sup>3</sup>. The efforts to enlarge the lightweight production will also cover the new group member Lure, where the production of BoBoards will be established in the coming months.

### Management Compass introduced

The further establishment of a common Swedspan culture was another central element of the discussions at the AMM. Like IKEA, Swedspan has an open and transparent but also pretty focused working culture which also reflects the overall targets and positioning of the Group. “We are specialists for lightweight and low emission wooden panel boards and components.

We support IKEA's furniture range, are hard working, cost-conscious and eco-sensitive. It is our daily approach to improve continuously" explains Christian. In order to support managers in fulfilling their management tasks accordingly, Swedspan has created the Management Compass – it consists of:

- **Principles:** The most important issue is to manage by results and to trust the co-workers. Swedspan strongly demands a "yes-we-can" mentality and a strong contribution to the excellence in lightweight approach. While focussing on a few goals and the empowerment of key performers, everyone is asked to do the best he can in his area of expertise.
- **Tasks:** Swedspan demands from its managers to set clear targets. Procedures and policies will support the decision making throughout the organisation. Later on follow-up monitoring, at the end of a process, as well as the upcoming investments into training and talent management will further support managers and employees to fulfil their tasks.
- **Tools:** Processes within Swedspan need to be structured and unified. To give some examples, improved job descriptions will give a clear impression of ones job, and minutes for every meeting as well as regular performance feedback will create more transparent work streams and processes.

"The Management Compass reflects the Swedspan values and therefore also the values of the IKEA group. I kindly ask every manager within Swedspan to apply this guideline in their daily business." says Christian. The management meeting felt that the guidelines are crucial for Swedspan's success and are also the basis for a long-term promising development of our company.

## Two years of Swedspan

In March 2008 INGKA Holding decided to create an in-house wood based panels producer which is dedicated to support the further growth of the flat line furniture business of the IKEA group: Swedspan was founded as a spin-off of Swedwood. Shortly after that, in August, Swedspan started to create the Corporate Centre in Bratislava and took over the production plant Giriu Bizonas in December 2008. The supervisory board of the group had also permitted the investment project in Poland by December. During the last year Swedspan managed the integration of the plants in Swedspan Sweden and Slovakia as well as the TechCentre in Hultsfred. Just some weeks ago the takeover of Swedspan France was another success to be celebrated.

The Corporate Centre tasks are to ensure the long term development of the Swedspan Group and to support the management board of the holding (Swedspan Holding B.V, Leiden/Netherlands). With their effort, proper decision making is ensured and high standards and procedures will be established to help the whole group create "Övertag". The Business Units are first of all responsible for the day-to-day operational business. Among others they are also responsible for team building the on plant level as well as management of local HR relations. By applying this organizational set-up the Swedspan Group becomes more agile, flexible and adaptive and therefore can realize competitive advantages.

## EHS Team Meeting in Bratislava

From April 26-29, EHS Managers from all Swedspan facilities came together for the first time in Bratislava, to set up the management structure for environmental, health and safety issues within the Swedspan Group. They created two main policy documents, Swedspan EHS policy and goals. These documents will be published in the next regular OnBoard issue.

EHS policy and goals are the starting point for the creation of complete set of Cardinal Rules and EHS manuals – the EHS team will prepare these guiding documents together with Swedspan's Group management by end of callendar year 2011. These documents will cover all relevant aspects of EHS within Swedspan:

- Workers' Safety and Health Manual
- Fire Prevention Manual
- Environmental Manuals: Emission, Waste and Chemical Manuals.

Additionally the EHS team prepared a new policy on personal protective equipment (PPE) during the meeting. It will be presented to the plant's management in the following weeks. The distinctions to the old PPE policy are that all employees will be required to wear eye protection and bump caps on the woodyard and bump caps during maintenance stops. "We chose to implement the safety glasses on Swedspan woodyards to prevent eye injuries and secondary inflammations from splinters", says Annamarie Velic, Corporate EHS Manager Swedspan International. The bump caps were chosen as head protection against bumps and head lacerations which can occur during maintenance stops. Velic: „Bump caps are a comfortable personal protective equipment which we believe provide adequate head protection, but is also lighter and fits better than a hard cup helmet. A local EHS manager will brief employees on how to use this equipment in the coming weeks.“

### Boost safety by smart cleaning approach

As part of the meeting, on April 28th, Johan Wong of Swedwood delivered an ATEX (explosive atmosphere) training where EHS managers and production representatives from Malacky participated. During the training, Johan explained the danger of airborne wood dust to form an explosive mixture. One particular thing should be remembered by all employees: most explosions occur inside an equipment and often stay inside the equipment or are vented outside to the atmosphere where the risk of injury is relatively low. What increases the danger of injuries are the **secondary explosions**. These happen when the explosion and fire finds its way to areas where other airborne dust is located. So if the first explosion shakes the nearby building enough to bring the dust on the floor, machinery and on the high beams to the air, a secondary explosion may occur. This is very dangerous as people may be present near-by. Many past accidental explosions from other companies resulted in these secondary explosions when dust accumulated on structures from air blowing exploded injuring or even killing employees. Therefore, it is

extremely important to use vacuuming at all times for cleaning reasons and avoid cleaning machines on floors using air blowing. One of the fire prevention goals for the FY 2010/2011 at Swedspan will be to avoid cleaning with blowing air at pressures over 2 bars at all production areas (below 2 bars, the wood dust moves but does not become airborne).



*In the evenings, the EHS Managers enjoyed warm spring weather in Bratislava, the picture below was taken in front of the Opera house; left to right: Bertil Winér (Hultsfred), Johan Wong (Swedwood), Magali Colney (Lure), Annamarie Velic (CT), Ewa Bilmin (Orla), Emilija Jeliseviene (Kazlu Ruda).*