

Sustainability report

Framework

**Company / BU:
Gnotec Group**

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1 Stakeholders

Stakeholders	Stakeholders need	<u>How do you address these issues</u>
<u>Employees</u>	<ul style="list-style-type: none"> • Fair payment • Benefits • Feedback and open communication • Work-Life-Balance • Training and development • Work safety/work environment • Healthcare 	<p><u>Collective agreements</u></p> <p><u>Agreements</u></p> <p><u>Performance and development review</u></p> <p><u>Flexible working time</u></p> <p><u>Individual training programs</u></p> <p><u>Work safety committee</u></p> <p><u>Connected to business health organisation</u></p>
<u>Customers</u>	<ul style="list-style-type: none"> • Top quality • On time delivery • Competitive prices • High service level • Engineering support 	<p><u>Standardized way of working through the whole value chain</u></p> <p><u>Thorough production planning. Request long term schedules. Secure the right resources.</u></p> <p><u>State of the art and optimized technology. Continuous improvements.</u></p> <p><u>Competent, well trained and motivated employees. Routines in place. Close communication.</u></p> <p><u>Dedicated engineering staff and software in place</u></p>

	<ul style="list-style-type: none"> • Global presence • Financial strength • Flawless launches (projects) 	<p><u>Follow the customer.</u> <u>Global production/supply footprint</u> <u>Competitiveness allow us to earn money. Cost control.</u> <u>The right resources, competence and routines in place.</u></p>
<u>Suppliers</u>	<ul style="list-style-type: none"> • Basis of discussion • Collaboration • Logistics • Contract review 	<p><u>Supplier manual</u> <u>Gnotec Purchasing terms and conditions</u> <u>Logistic guidelines</u> <u>Form for procedure</u></p>
<u>Local communities/ Municipality/Fire arms brigade</u>	<ul style="list-style-type: none"> • Dangerous processes 	<p><u>Close cooperation/</u> <u>Continuous information</u></p>
<u>Authorities/ Tax authorities</u>	<ul style="list-style-type: none"> • Obeying rules 	<p><u>Always being on the rights side of the law</u></p>

2 Certificates

ISO 14001 – 2015 Third party certification regarding environmental issues

ISO 9001 – 2015 Third party certification regarding quality management systems

IATF 16949 – 2016 Third party certification regarding quality management systems

3 Guidelines

Code of Conduct (encl. 1)

- Comply with the law
- Respect prevailing competition legislation
- Respect customs and traditions
- Maintain health and safety
- Protect the environment
- Respect basic human rights
- Conduct Business responsibility
- Choose reliable business partners
- Pursue a responsible human resources policy
- Serve Community interests
- Provide a thorough account

Environmental policy (encl. 2)

- Training and motivating our employees to have responsible environmental behaviour
- Selecting manufacturing methods and products that are gentle on the environment
- Striving to prevent pollution and waste of limited resources
- Constantly developing our environmental work

Work environment policy (encl. 3)

- Ensure that all staff are familiar with this policy and are involved in creating a safe and pleasant working environment
- Keep up to date with current laws and regulations with regards to work environment and ensure compliance with those rules
- Prevent accidents, injuries and illnesses so that absenteeism decreases
- Counteract victimization and unhealthy workloads physically or mentally
- Promote increased safety and a safe workplace
- Take advantage of the employees' skills and give them opportunities to develop and take responsibility for their own work
- Promote increased health among all employees
- Be a drug and smoke free workplace
- Constantly strive for improvement in the work environment

Equality policy (encl. 4)

Gnotec's overall objective of gender equality efforts should be a natural and integral part of all our activities. This applies to all types of workplaces and levels. For that goal to be achieved, we will work with measurable goals and concrete actions in different areas. Women's and men's conditions and rights should be equal in the group. Working conditions and development opportunities will not depend on gender or origin.

- Work environment and conditions
- Recruitment
- Training and skills development
- Salary survey
- Patenting and work
- Harassment

Wellness policy (encl. 5)

The wellness Policy aims to promote health and is therefore a good investment for both the individual and the organisation. Wellness gives increased conditions for quality and efficiency in the daily work.

Purchasing policy (encl. 6)

Gnotec purchasing policy is to procure products and services from selected suppliers of direct material and processes that meet our requirements and expectations for quality, delivery, price and environment.

This is achieved by selecting and developing suppliers who actively work with the following principles:

- Zero defects
- 100% delivery performance
- Continuous improvement of methods and processes for increased competitiveness and improved environment
- Compliance to UN Global compact ten (10) principles and to secured conflict-free supply chain

4 Environment

4.1 301 Materials & 306 Waste

The management approach and strategy regarding use of materials and waste is to minimize scrap and also by having a scrap sorting manual and a scrap code system. The scrap code system will make it possible to verify all scrap and to initiate actions to continuously improve the reduction of scrap.

301-1 Materials used by weight or volume

Total weight or volume of materials that are used to produce and package the organization's **primary products and services during the reporting period, by:**

non-renewable materials used:	<u>0 t (in tons)</u>
renewable materials used:	<u>Steel 43 855 t</u> <u>Copper 18 t</u> <u>Aluminium 172 t</u> <u>Stainless steel 1349 t</u>
Sum = Total use of materials	<u>45 393 t</u>

301-2 Recycled input materials used

Some of the material purchased from the suppliers consists of recycled material. The percentage is informed to us by our supplier.

Recycled material/Total materials	<u>4,3 % of total steel material is coming from recycled materials</u>
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306 Waste

A certain part of the material is considered as scrap. Almost all scrap is being sold to recycling companies.

Hazardous waste consist of e.g. emulsion, paint, glue, batteries, oil, acids and electronics. All these items are being limited as much as possible and all items are being delivered to recycling companies for further processing.

Total waste	<u>15 267 t</u>
Type of waste:	
Steel	<u>14 932 t</u>
Copper	<u>2 t</u>
Aluminium	<u>51 t</u>
Stainless steel	<u>213 t</u>
Hazardous waste	<u>47 t</u>
Paper	<u>22 t</u>

4.2 302 Energy

The management approach and strategy regarding energy use is to minimize the use of energy as much as possible and also to increase the use of renewable energy.

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
<u>Heating</u>	<u>Reducing fossil footprint</u>	<u>Installing a wood pellet burner for central heating</u>	<u>2019Q1</u>	<u>Plant manager</u>	<u>On-going</u>

302-1 Energy consumption

Energy consumption		<u>Fill in</u>	% renewable
fuel consumption from non-renewable sources	In liter	<u>210 751</u>	0 %
fuel consumption from renewable sources (e.g. biofuels)	In liter	<u>0</u>	100 %
Electricity consumption (please separate from the sources below)	MwH	<u>7 990</u>	<u>55 %</u>
Separate to sources.:	<u>---</u>	<u>n/a</u>	<u>n/a</u>
e.g. mined coal – nuclear power		<u>2 792</u>	<u>0 %</u>
gas from oil gas extraction			
renewable sources - hydroelectric		<u>4 545</u>	<u>100 %</u>
Heating consumption - oil	MwH	1 627	<u>0</u>
Cooling consumption	MwH	<u>0</u>	<u>0</u>
Steam consumption	MwH	<u>0</u>	<u>0</u>
Energy sold?	<u>0</u>		n/a

302-2 Programmes to reduce the energy consumption

In some areas consumption of energy has been reduced. This is areas such as environmental friendly fork lifts, energy efficient lightning etc.

Furthermore, energy audit with efficiency initiatives will be presented during 2019.

302-3 Energy intensity

Please insert the energy efficiency

Energy intensity ratio (Energy kWh/ unit produced)	<u>0,058 kWh per unit</u>
Energy intensity ratio (Energy kWh / unit sold)	<u>0,058 kWh per unit</u>

302-4 Reduction of energy consumption

During 2018 there have been no CO2 reduction programs. However, there is an ongoing mapping which will show possible reductions. Reduction actions are planned to start in 2019.

Please describe the Carbon Dioxide (CO2) savings through modern technology and Energy efficiency.

Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives.	<u>... Joules</u> Please see above
Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.	Please see above
Basis for calculating reductions in energy consumption, such as base year or base-line .	Please see above

Reduction initiatives can include:

- process redesign
- conversion and retrofitting of equipment (e.g. new machinery)
- changes in behaviour
- operational changes

4.3 303 Water

The management approach and strategy is to reduce the consumption of water as much as possible. This has been achieved partly by using recycling water for the welding cells (sustainable water system).

303-1 Water withdrawal by source

Total volume of water	6 165 m3
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The machines does not consume any water. Welding cells and cleaning systems are having closed water systems.

303-3 Water recycled and reused

All water in the production is recycled.

Total volume of <u>water recycled and re-used</u>	900 liter
Total volume of water recycled and re-used as a percentage of the <u>total water withdrawal</u>	0,015 %

All water in the production is recycled.

4.4 304 Biodiversity

The management approach and strategy is to try to achieve an environmentally friendly infrastructure expansion. All owned buildings in the group are places in places where they do not have a huge impact on the environment.

4.5 305 Emissions

The management approach and strategy regarding emissions is to reduce this as much as possible. This is partly achieved via the start-up of a project which aims to set up rules for e.g. company cars.

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
<u>Company cars</u>	<u>Reduction of emissions from company cars</u>	<u>Change in company car policy</u>	<u>2019</u>	<u>CFO</u>	<u>Started</u>
<u>Fork lifts</u>	<u>Reduce fossile emissions</u>	<u>Change of fuel from diesel to bio diesel</u>	<u>2018</u>	<u>Plant manager</u>	<u>Implemented in Sweden</u>

Initiatives have been taken in 2018 in order to reduce emissions. E.g.:

- Replacing an oil burner with a wood pallet burner for central heating
- Changing fuel in all fork lifts from diesel to bio diesel

305-1 CO2 emissions

For example, CO2 emissions from the energy use – which is stated in energy invoices, etc. There are further examples below. Please mention your sources.

Gross direct CO2 emission	<u>733,5 t</u>
Biogenic CO2 emissions	<u>0 t</u>

CO2 emissions can come **from the following sources** owned or controlled by an organization:

- Generation of electricity, heating, cooling and steam: these emissions result from combustion of fuels in stationary sources, such as boilers, furnaces, and turbines – and from other combustion processes such as flaring
- Physical or chemical processing: most of these emissions result from the manufacturing or processing of chemicals and materials, such as cement, steel, aluminium, ammonia, and waste processing
- Transportation of materials, products, waste, workers, and passengers: these emissions result from the combustion of fuels in mobile combustion sources owned or controlled by the organization, such as trucks, trains, ships, airplanes, buses, and cars.

305-4 CO2 emissions intensity

CO2 emissions ratio (CO2 Emission t / unit produced)	<u>0,0039 kg per unit</u>
CO2 emissions ratio (CO2 Emission / unit sold)	<u>0,0039 kg per unit</u>

4.6 307 Non-compliance with environmental laws and regulations

The group is in compliance with all known environmental laws and regulations.

Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of:	
Total monetary value of significant fines	<u>0</u>
Total number of non-monetary sanctions	<u>0</u>
Cases brought through dispute resolution mechanisms.	<u>0</u>

4.7 308 Supplier Environmental Assessment

All suppliers have to comply with Gnotec's supplier manual. The manual states that they shall have the ISO 14001 certificate. By this they have to set up goals for their strategic environmental work. The purchasing department in Gnotec are regularly following up the suppliers in this area. There are no differences in this behaviour in the Chinese company, Gnotec Automotive Parts (Kunshan) Ltd.

5 Labour practices and decent employment

5.1 401 Employment

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
<u>Merge</u>	<u>Coordinate two organisations</u>	<u>Different type of action plans</u>	<u>2018</u>	<u>Plant manager</u>	<u>Implemented</u>

The management approach and strategy regarding personnel is to offer adequate payment and to have good work environment policy, equality policy, wellness policy etc. There are also yearly appraisal talks with all employees.

401-1 New employee hires and employee turnover

Total number of new employees (2018) Sweden	Region: Sweden	
Gender	Male	female
• Total number	<u>223</u>	<u>95</u>
• Under 30 years old	<u>27,5 %</u>	<u>15%</u>
• 30-50 years old	<u>11,6 %</u>	<u>13,8 %</u>
• Over 50 years old	<u>1,8 %</u>	<u>9,1%</u>

Employee turnover	Region: Slovakia	
Gender	Male	female
• Total number	<u>135</u>	<u>91</u>
• Under 30 years old	<u>3,3 %</u>	<u>3,6%</u>
• 30-50 years old	<u>2,3 %</u>	<u>2 %</u>
• Over 50 years old	<u>1,6 %</u>	<u>2 %</u>

Employee turnover	Region: China	
Gender	male	female
• Total number	<u>73</u>	<u>62</u>
• Under 30 years old	<u>12,5 %</u>	<u>11,7 %</u>
• 30-50 years old	<u>9,5 %</u>	<u>7,7 %</u>
• Over 50 years old	<u>0,0 %</u>	<u>0,0 %</u>

401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees

Benefits, which are standard for full-time employees of the organization, are also provided to temporary or part-time employees, e.g. such as:

- Life insurance
- Health care
- Disability and invalidity coverage
- Parental leave
- Retirement provision
- Supporting training activities
- Bonuses

5.2 403 Occupational Health and Safety

403-1 Workers representation & worker health and safety committees

The employee's (unions) nominee's participants to the safety work committee.

403-2 Types of injury and rates of injury, absenteeism, and description of work-related fatalities

Types of injury	<u>Work place injuries</u>	
Gender	Male	female
No. of employees	<u>503</u>	<u>206</u>
Average injuries	<u>4</u>	<u>3</u>
Average absentee days	<u>22</u>	<u>28</u>
Work-related fatalities	<u>N/A</u>	

403-3 Workers with high incidence or high risk of diseases related to their occupation

There are no special high incidence or high risk of diseases related to the occupations within Gnotec. There are continues information and education in order to minimise all kind of injuries.

Please state your preventive actions for workers, which are exposed to different risks.

Continues information and education to the employees and also committees who are following up all present working conditions

403-4 Health and safety topics covered in formal agreements with trade unions and offers

Health and safety topics are according to the law, union agreements and safety work committees.

The company offer all personnel health control, massage and supporting training activities.

5.3 404 Training and Education

404-1 Training per employee

Please state different trainings for those groups	
Category	Please describe your programmes
White colour worker	<u>Supporting different kind of training activities</u>
Management	“ –
Blue colour worker	“ –
Apprentices	<u>n/a</u>
Type and scope of programmes implemented and assistance provided to upgrade <u>employee</u> skills: Possibility to enter new positions where new skills are needed.	
<u>There are individual training programs in order to upgrade skills</u>	
<u>There are no mutual program for early retirement. Sometimes individual agreements can be made.</u>	

Employee training programmes that aim to upgrade skills can include:

- internal training courses
- funding support for external training or education
- the provision of sabbatical periods with guaranteed return to employment

Transition assistance programmes provided to support employees who are retiring or who have been terminated can include:

- pre-retirement planning for intended retirees
- retraining for those intending to continue working
- severance pay, which can take into account employee age and years of service
- job placement services
- assistance (such as training, counselling) on transitioning to a non-working life

404-3 Employees receiving regular performance and career development reviews

Please state how the employees receive performance review:	
Category	
White colour worker	<u>Appraisal talks with superior once a year</u>
Blue colour worker	“ –
Apprentices	<u>n/a</u>

5.4 405 Diversity and Equal Opportunity

The management approach and strategy regarding diversity and equal opportunities are specified in the policy named “Equality policy”. The overall objective is that all efforts in this area should be a natural and integral part of all activities within the group.

The policy includes e.g. no discrimination, open culture and supporting diversity.

There is also a yearly investigation regarding salary and wage development.

6 Human rights

The management approach and strategy regarding human rights are specified in the “Suppliers Guide Line”. Here is also the social acting included. The guide line is valid and in progress. Responsible for this guide line is the purchasing manager

e.g. How do you ensure that your suppliers act socially. Also Gnotec Automotive Parts (Kunshan) Ltd. has to follow the Code of Conduct of Gnotec Group and is using Gnotec Supplier Guide line.

When agreements are being made with the supplier they ensure that they will follow our Code of conduct and also the Suppliers Guide Line. This in order to ensure that the suppliers respect human rights regarding child labour and forced labour and that they will react socially.

According to Gnotec Supplier Manual all suppliers should have a documented code of conduct and code of ethics. Furthermore the supplier shall respect the “Ten principle of the UN Global Compact for Human rights, Labour, Environment and Anti-Corruption.

7 Society

Please describe your management approach/strategy:

The management approach and strategy is to reduce possible negative impacts to the society. This is made by more efficient and more environmentally processes which is described in other places of this report. E.g. new technique for central heating is to be implemented already this year. Actions have also been taken to reduce the outdoor noise coming from the heavy presses.

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
<u>Energy</u>	<u>Reducing needs</u>	<u>New technique</u>	<u>On-going</u>	<u>Plant manager</u>	<u>In progress</u>

7.1 Social

Being a competitive and attractive employer will increase the business and by that also the number of employees.

7.2 Customer Health and Safety

Gnotec is a sub supplier and have no articles of their own. Therefore this item is not applicable.

7.3 Socioeconomic Compliance

Non-compliance with laws and regulations in the social and economic area:

There has been no reports of any cases regarding happened fines.

The group has several compliance systems and is having both internal as well as external audits. All certifications are third party approved.

8 Anti-corruption

The management is continuously following up internal routines in order to avoid all kind of corruption and frauds.

According to group policy no employee has the right to be the only signer of any bank account or similar. There should always be two employees who jointly will sign such documents or bank internet applications.

205-1 Operations assessed for risks related to corruption

Significant risks related to corruption identified through the risk assessment.	<u>There are identified certain risks related to corruption ...</u>
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8.1 205-3 Confirmed incidents of corruption and actions taken

Total number and nature of <u>confirmed</u> incidents of corruption.	<u>n/a</u>
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Political donations	<u>0</u>
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