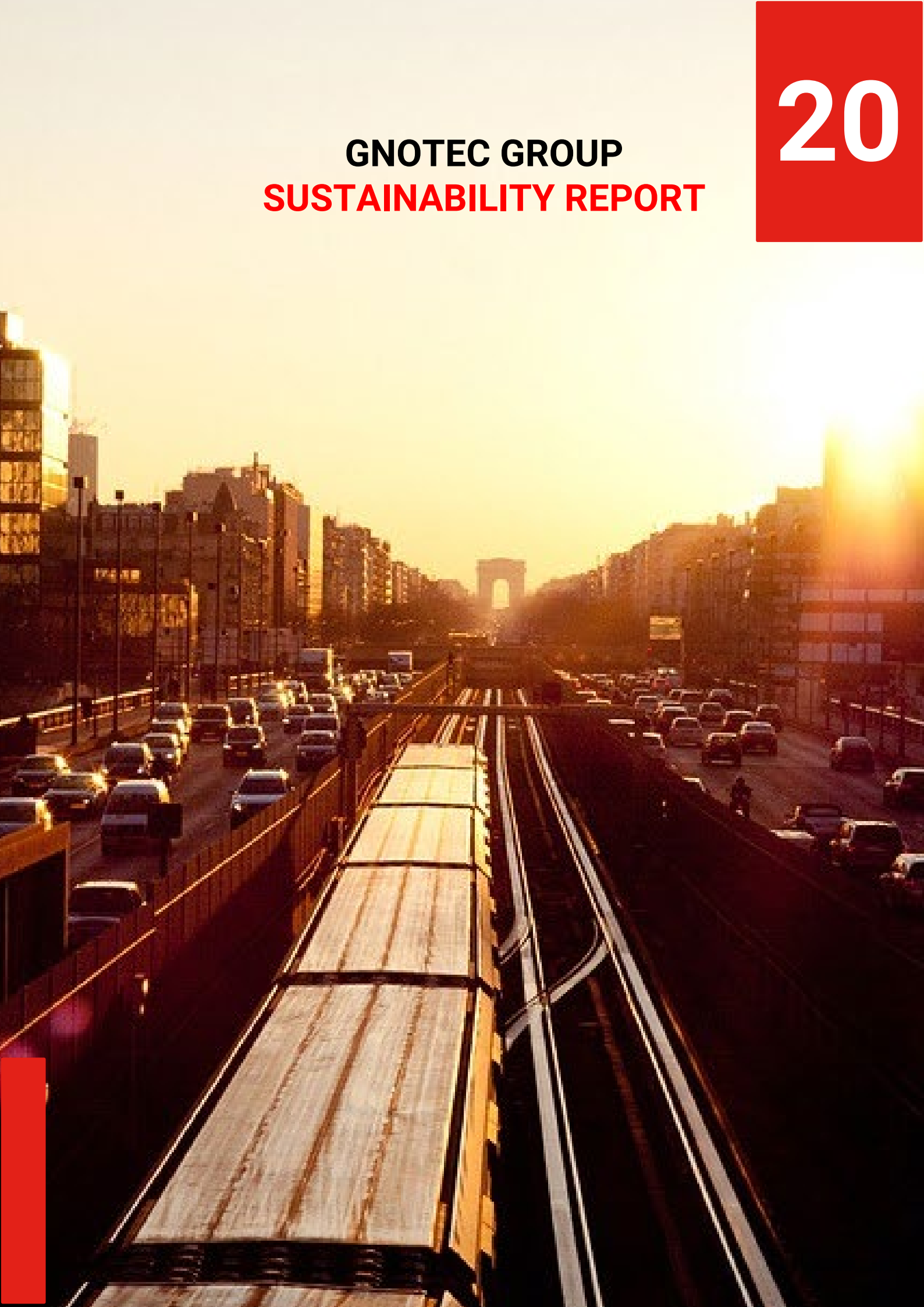


GNOTEC GROUP **SUSTAINABILITY REPORT**

20



Creating a Sustainable Business

Gnotec embrace and promote fair treatment of people, ethical business and protection of the environment.

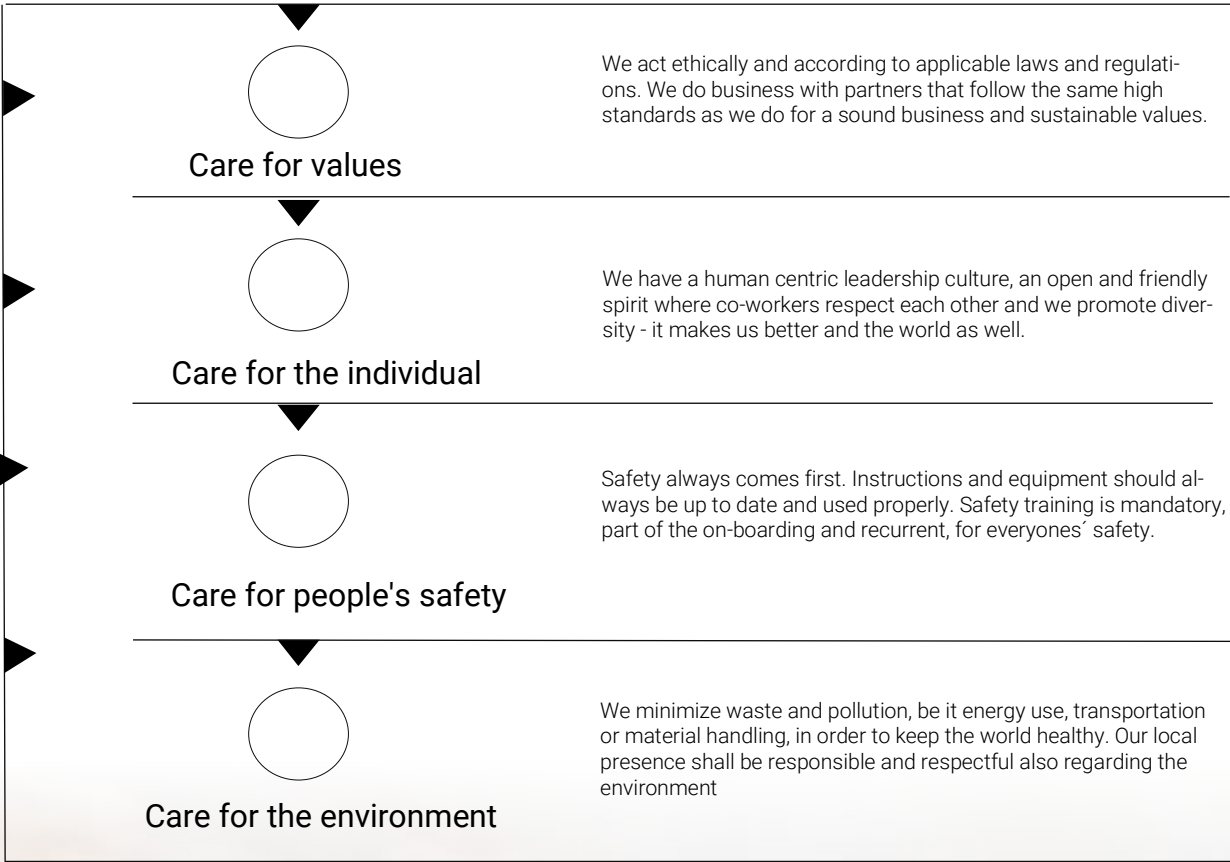




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The World We Live In

The Automotive industry is quickly transforming by customer behavior, technology shifts and digitalization.

The Gnotec Group

The shared purpose is to enable the freedom of safe individual mobility and transportation of goods through developing and producing sustainable metal components to the automotive industry of tomorrow.

Generating Sustainable Value and Growth

Gnotec and its people are proud of developing and supplying premium products to the Global Automotive and Commercial Vehicle Industry and by that generating increasing value for all stakeholders and a successful sustainable business.

1 Stakeholders

Stakeholders	Stakeholders need	How do you address these issues
<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 	Collective agreements Agreements Performance and development review Flexible working time Individual training programs Work safety committee Connected to business health organisation
<u>Customers</u>	<ul style="list-style-type: none"> Top quality On time delivery Competitive prices High service level Engineering support Global presence Financial strength Flawless launches (projects) 	Standardized way of working through the whole value chain Thorough production planning. Request long term schedules. Secure the right resources. State of the art and optimized technology. Continuous improvements. Competent, well trained and motivated employees. Routines in place. Close communication. Dedicated engineering staff and software in place Follow the customer. Global production/supply footprint Competitiveness allow us to earn money. Cost control. The right resources, competence and routines in place.
<u>Suppliers</u>	<ul style="list-style-type: none"> Basis of discussion Collaboration Logistics Contract review 	Supplier manual Gnotec Purchasing terms and conditions Logistic guidelines Form for procedure
<u>Local communities/ Municipality/Fire arms brigade</u>	<ul style="list-style-type: none"> Dangerous processes 	Close cooperation/ Continuous information
<u>Authorities/ Tax authorities</u>	<ul style="list-style-type: none"> Obeying rules 	Always being on the rights side of the law





Our Strategic Journey

Guided by our purpose to enable the freedom of safe individual mobility and transportation of goods through sustainable metal components, Gnotec Group has transformed from a Scandinavian industry company to a global automotive provider.



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

Sustainability

Gnotec embrace and promote fair treatment of people, ethical business and protection of the environment.

Care for the environment

We minimize waste and pollution, be it energy use, transportation or material handling, in order to keep the world healthy. Our local presence shall be regarded as responsible and respectful also regarding the local environment

Care for values

We act ethically and according to applicable laws and regulations. We do business with partners that follow the same high standards as we do for a sound business and sustainable values.

Sustainable Business

We have managed to be in the business for many years and our commitment is long term. A healthy profitability is the basis and efficiency, quality, continuous improvement and adding value in all we do is how we reach our goals.

Care for people's safety

Safety always comes first. Instructions and equipment should always be up to date and used properly. Safety training is mandatory, part of the on-boarding and recurring to stay safe

Care for the individual

We have a human centric leadership culture, an open and friendly spirit where co-workers respect each other and we promote diversity - it makes us better and the world as well

Code of Conduct

Gnotec code of conduct is based on the UN Global Compact and its principles of human rights, labour, the environment and anti-corruption.

The code was introduced in 2011 and has over the years been adapted to the world we live in.

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 workplaceTake 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 surveyPatenting 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 Associations

- FKG
- West cost chambers of Commerce (Sweden)
- Slovenska Obchodna Priemyselna Komora.

5 Risks

The management have identified several risk areas and in continuously working to minimize the risks. By keeping, the code of conduct updated and making sure that all employees have read and understood the message that is the best way to reduce the risks. Examples of risks that the company is preparing for are:

<u>Risk</u>	<u>Specify Risk</u>	<u>Impact on Company</u>	<u>Impact - non financial figures</u>
<u>Environment</u>	<u>e.g. Damages of ground</u> <u>Energy / Emission</u> <u>Biodiversity</u>	<u>Penalties</u>	<u>Destroying of potential agriculturally used surface</u>
<u>Employees</u>	<u>Key personnel</u> <u>Training/introduction</u> <u>Digitalization</u>	<u>Difficulties to find and keep qualified people</u> <u>Risk to not keep up in the digitalization</u>	<u>Strain the current staff.</u> <u>More time for training and not less production</u> <u>Stay with old process's</u>
<u>Corruption</u>	<u>Compliance/ Low risk</u>		
<u>Cyberattacks</u>	<u>Hijacked Mail accounts</u> <u>Fraud</u>	<u>Ransom</u>	<u>Loss of corporate secrets</u>
<u>GDPR</u>	<u>Compliance</u>	<u>Penalties</u>	
<u>Supplier impact</u>	<u>Low risk.</u>	<u>Poor Quality</u>	<u>Extra work</u>

6 Environment

6.1 301 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: Please categorize the material: e.g. steel, etc.	<u>Ot (in tons)</u>
renewable materials used:	<u>Steel 38 924 t</u> <u>Aluminium 182 t</u> <u>Stainless steel 1139 t</u>
Sum = Total use of materials	<u>40 245 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.

16 992(Recycled materials) /40 245 (Total materials)	<u>42,2% (Percentage of recycled input materials used)</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>10218 t</u>
Hazardous waste	<u>3 401 t</u>
Non- Hazardous waste	<u>306 t</u>
Waste recycled	<u>66 120t</u>
Waste burned	

6.2 302 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.

During 2019 a pellet burner was installed for central heating.

302-1 Energy consumption / CO2 consumption

Sources for the CO2 calculation (in German):

<http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html>

<http://www.klimaneutral-handeln.de/php/kompens-berechnen.php>

Fuel consumption:

	Unit	% renewable	Co2 calculation incl. Supply chain	Co2 use in t (tone)
Benzine (for vehicles, cars, trucks)	<u>11808</u>	... %	<u>2,73 kg/l</u>	<u>86,6</u>
Diesel (for vehicles, cars, trucks)	<u>47914 L</u>	... %	<u>3,08 kg/l</u>	<u>68</u>

Biodiesel	<u>0 L</u>	<u>100 %</u>	<u>1,51 kg/l</u>	<u>...</u>
Fuel (oil for machinery)	<u>54 800 L</u>	<u>... %</u>	<u>3,37 kg/l</u>	<u>232,5</u>
<i>Kerosine (flights and CO2 consumption) Please insert here the amount of flights (... x) and also the CO2 consumption for it.</i>				
TOTAL	<u>114529 L</u>	<u>... %</u>		<u>387,1</u>

Energy consumption:

Please calculate the CO2 use by your invoices. There should be stated the CO2 use per MWh.

By using	Unit	% renewa- ble	CO2 calc. incl. Sup- ply chain	Co2 use in t
Coal supply	<u>... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Gas supply	<u>... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Waste	<u>... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Oil supply	<u>369 MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Water / wind / solar supply	<u>... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Nuclear energy	<u>10511MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Rewneable Energy	<u>1266MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Non rewneable Energy	<u>... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
TOTAL	<u>12346</u>	<u>... %</u>	<u>...</u>	<u>...</u>

Heating consumption:

By using	Unit in MWh	% renewa- ble	CO2 calc. incl. Sup- ply chain	Co2 use in t
Gas	<u>2156.... MWh</u>	<u>... %</u>	<u>0,22 kg / KwH</u>	<u>...</u>
Fuel	<u>454 MWh</u>	<u>... %</u>	<u>0,28 kg / KwH</u>	<u>...</u>
District Heating ("Fernwärme")	<u>477.... MWh</u>	<u>... %</u>	<u>0,12 kg / KwH</u>	<u>...</u>
Other types: ...	<u>... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>
Total	<u>3078.... MWh</u>	<u>... %</u>	<u>...</u>	<u>...</u>

302-2 Programmes to reduce the energy consumption

We are continuously working to reduce the energy consumption with in the Gnotec Group.

Production, We are by using the LEAN approach increasing the efficiency in our production organisation which leads to reduction of energy used in our operation.

Logistics, we have reduced our sped transport to a minimum, more environmental friendly trucks are replacing our trucks.

General, Reduced travels by using Skype/Teams. We have updated the company car policy to promote more Hybrid cars.

302-3 Energy intensity

Please insert the energy efficiency

Energy intensity ratio (Energy MWh/ unit produced)	<u>0,00006 MWh per unit</u>
Energy intensity ratio (Energy MWh / unit sold)	<u>0,00006 MWh per unit</u>

302-4 Reduction of energy consumption

Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives.	<u>887 MWh</u>
Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.	<u>Heating</u>
Basis for calculating reductions in energy consumption, such as base year or baseline .	<u>Base year</u>

6.3 303 Water

The management approach is to use as little as possible of fresh water. Our welding and press machines have a closed water-cooling system.

303-1 Water withdrawal by source

Total volume of water	<u>5 566 m3</u>
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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

Total volume of <u>water recycled and re-used</u>	<u>700 t</u>
Total volume of water recycled and re-used as a percentage of the <u>total water withdrawal</u>	<u>12 %</u>

6.4 304 Biodiversity

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

Gnotecs approach is to act with a little impact on the climate and the environment as possible. Moreover, not to contribute to the climate change.

6.5 305 Emissions

We have finalized the targets we had for 2019 but for 2020 we will go through and start up a more detailed and ambitious targets for the coming next years. This will include

- process redesign

- conversion and retrofitting of equipment
- fuel switching
- changes in behaviour and mind-set

305-1 CO2 emissions

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>0,305 t per unit</u>	
CO2 emissions ratio (CO2 Emission / unit sold)	<u>0,305 t per unit</u>	

6.6 307 Non-compliance with 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>

6.7 308 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

Example of the level of details question that is in Gnotec's supplier manual

12. SOCIAL PERFORMANCE
Does your company have a code of conduct or similar?
Have you signed the UN global compact ten (10) principles?
Do you have a gender-equality policy?

Gnotec's major suppliers are:

SSAB (tibnor)	Sweden
Tata Steel	Sweden
Arcelor SSC Sverige AB	Sweden
POSCO-CSPC	China
Electropoli Poland Sp. z o.o.	Poland
Gunnar Anderssons Ind.AB	Sweden
thyssenKrupp Materials Processing Eu	Germany
ArcelorMittal G.SSC Slovakia, s.r.o.	Slovakia
Heurlins Lackering AB	Sweden
SAC Group Ltd	Slovakia
Proton Finishing Industripulve	Sweden

7 Labour practices and decent employment

7.1 401 Employment

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 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

Seasonal demand: Since we are a global supplier, we do not have a seasonal demand.

We are in the process of evaluating a global HR system but in the meantime, we are mainly using excel.

7.2 403 Occupational Health and Safety

403-1 Workers representation & worker health and safety work committee

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>491</u>	<u>261</u>
No. of injuries	<u>10</u>	<u>1</u>
Average absentee days	<u>29</u>	<u>22</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

We have daily follow-ups if there are any incidents and accidents this is documented and an action plan is implemented. This is the same for leased personnel. This is inline with the legal requirements

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

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.

7.3 404 Training and Education

404-1 Training per employee

The different trainings for those groups	
Category	Please describe your programmes
White collar worker	<u>Supporting different kind of training activities</u>
Management	" -
Blue collar 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

We are working with recurring feedback and then we have a yearly evaluation with each employee.

White colour worker	<u>Appraisal talks with superior once a year</u>
Blue colour worker	" -
Apprentices	<u>n/a</u>

7.4 405 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.

8 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.

9 Society

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.

9.1 Social

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

9.2 Customer Health and Safety

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

9.3 Socioeconomic Compliance

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

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>
---	---

10 Anti-corruption

One of the core values of Gnotec is Trust. This is something we talk a lot about and is continuously informing our people. This is done through our code of conduct and through our team meetings.

Within Gnotec there is also an internal auditing process.

10.1 205-1 Operations assessed for risks related to corruption

The management's approach for minimising risks related to corruptions is to use the 4 eyes principle as much as possible. This is used for all payments within the group. Gnotec is yearly updating the DoA and responsible for the anti-corruption is the CEO of Gnotec.

10.2 205-3 Confirmed incidents of corruption and actions taken

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

Trust

Through respect, reliability and by being fair and open, we create good sustainable relationships with our customers, business partners, colleagues and the society we live in.



Smart Thinking

We challenge ourselves every day to improve the way things are done. We solve our customers' needs smarter, faster and better. That makes us grow.



Team Work

We are all Gnotec. When we take ownership of our own and the team's performance we are unstoppable. We support each other and we add value together.

