



frauenthal  
gnotec



# ANNUAL REPORT

**Sustainability 2021**

Frauenthal Gnotec Group

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We have managed to be in the business for many years and our commitment is long term.

Robot welding cell, Frauenthal Gnotec Sweden

# 0

## CEO comments

# A year filled with challenges

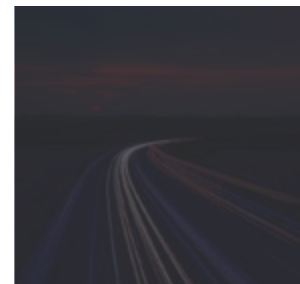


“

*The most important thing is for us to never settle, regardless of where we are.*

### Good profitability despite Covid -19

*Frauenthal 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.*



During 2021 the pandemic continued and both customers and suppliers was lacking of components. In parallel the prices of raw material and energy continued to rise.

### The year 2022

THE FRAUENTHAL GNOTEC GROUP is large and so it is only natural that we have progressed to varying degrees in our work with continuous improvement in different parts of our organization. The most important thing is for us to never settle, regardless of where we are. In 2022 we will continue to focus on doing things better in a sustainable way.

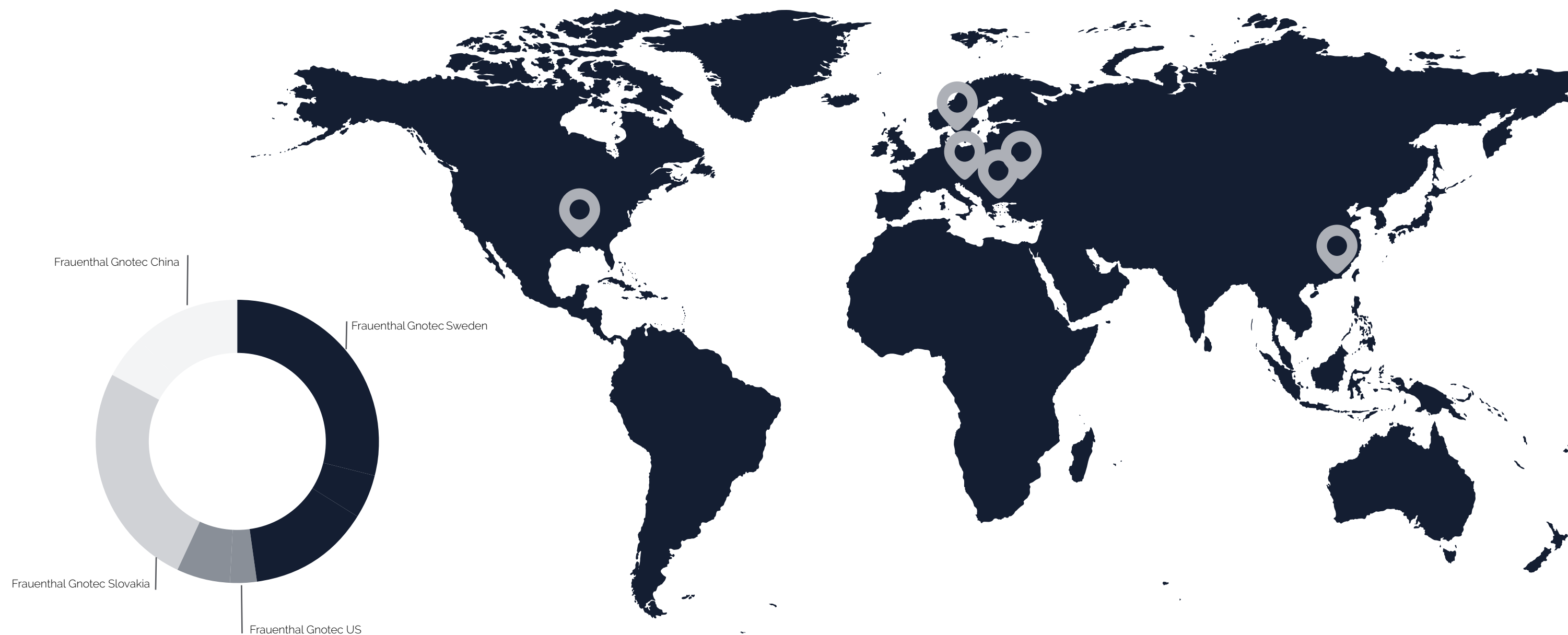
# Frauenthal Gnotec Group

## A Global Group with a strong position

We have developed and produced metal components since 1947. The first Automotive components was locking details for Volvo Cars PVs and the Volvo Amazon. Today, Frauenthal Gnotec Group is a leading international manufacturer of metal components to the Automotive and Commercial Vehicle industry. Our Company has a long history of Swedish entrepreneurship with innovative

and hard-working people- an attitude that still permeates our values: Trust, Smart Thinking and Teamwork. We have manufacturing and R&D operations in every part of the world, Asia, Europe and the US.

# 01





# Group Targets

## Our global sustainability targets

### Sustainable Business

We embrace and promote safety, 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. Our local presence shall be responsible and respectful also regarding the 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.

### Care for people's safety

Safety comes first. Instructions and equipment should always be up to date and used properly. Safety training is mandatory, part of the onboarding process and recurrent, for everyone's safety.

### Care for the individual

We have a human centric 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.



## People

### Social - People

*What we do to bring safety, development, fair treatment of people and a responsible business.*

100% Safe (Social)



## Planet

### Environmental - Climate

*What we do to minimize green house gas emissions.*

100% CO2 Neutral



## Profit

### Economical - Resources

*What we do to support a circular economy and increase efficiency and effectiveness.*

100% Effective & Efficient

**100%  
Safe**

**100%  
CO2 Neutral**

**100%  
Effective & Efficient**

**01**

# 1. Our Stakeholders

## Generating sustainable value and growth

Frauenthal 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.

Stakeholders	Stakeholder dialogue	How do you address these issues
Employees	· Fair payment	Collective agreements
	· Benefits	Agreements
	· Feedback and open communication	Performance and development review
	· Work-Life-Balance	Flexible working time
	· Training and development	Individual training programs
	· Work safety/work environment	Work safety committee
	· Healthcare	Connected to business healthcare
Customers	· Top quality	Standardized way of working through the whole value chain.
	· On-time delivery	Thorough production planning. Request long-term schedules. Secure the right resources.
	· Competitive prices	State of the art and optimized technology. Continuous improvements.
	· High service level	Competent, well trained and motivated employees. Routines in place. Close communication.
	· Engineering support	Dedicated engineering staff and software in place
	· Global presence	Follow the customer. Global production/supply footprint
	· Financial strength	Competitiveness allow us to earn money. Cost control.
	· Flawless launches (projects)	The right resources, competence and routines in place.
Suppliers	· Supplier manual	Supplier manual
	· Collaboration	Gnotec Purchasing terms and conditions
	· Logistics	Code of conduct for business partners
	· Contract review	Logistic guidelines
Local communities/ Municipality/Fire arms brigade	· Form for procedure	Form for procedure
	· Dangerous processes	Close cooperation/ Continuous information
Authorities/ Tax authorities	· Compliance with legislations	Being updated and complying with current legislation

# 2. Certificates within Frauenthal Gnotec Group

Frauenthal Gnotec Groups's ISO certificates show that our company follows quality standards and ensures that the products and services offered are always within parameters



## 3-4. Guidelines & Associations

At Frauenthal Gnotec Group it's not just about doing things right, it's also about doing the right things. Our strict code of conducts and policies ensures that we carry out business ethically and responsibly:

- Code of Conduct
- Code of Conduct for business partners
- Environmental policy
- Equality policy
- Wellness policy
- Purchasing policy

### Associations

- FKG (Scandinavian Automotive Supplier Association)
- West Sweden Chamber of Commerce in Sweden
- Slovak Chamber of Commerce and Industry



# 5. Risks

## Environment, corruption, employment and society

The management has identified several risk areas and continuously works to minimize the risks. Keeping policies relevant and updated, such as the code of conduct, informing and ensuring all employees have read and understood the guidelines, is the best method of risk reduction. Examples of risks the company prevents are:

Risk	Specify risk	Impact on company	Impact - non financial figures
Environment	eg Damage to ground		
	Energy / Emission	Penalties	Destroying of potential agriculturally useful land
	Biodiversity		
Employees	Key personnel	Difficulties to find and keep qualified people	Strain on current staff. More time for training without reducing production
	Training/introduction	Risk of not keeping up with digitalization	Keeping old processes
	Digitalization		
Corruption	Compliance/Low risk	Penalties, Financial loss	
Human rights	Respect Human Rights/Low risk	Penalties	
Suppliers	Low risk		
	Suppliers work ethically	Poor Quality	Extra work
Cyberat-tacks	Hijacked Mail accounts, Fraud	Ransom	Loss of corporate secrets
GDPR	Compliance	Penalties	

### Caring for the environment

We minimize waste and pollution, be it energy use, transportation or material handling, to help protect the environment. Our local presence shall be regarded as responsible and respectful towards the surrounding environment.

# Sustainability

## Highlights and achievements in 2021



### Environment

Switching to renewable electricity in Gnotec Sweden. Transitions to electrical forklifts and LED lights. Reducing internal transportation by finalizing the restructuring project at the end of 2021. Process improvements to save energy and other resources.



### Employees

Increased connection and digitalization for all non-desk workers in the Frauenthal Gnotec Sweden plant, enabling contact with the company and colleagues wherever they are.



### Anti-corruption

New digital whistle blowing function available on gnotec.com called "Tell us".



### Human rights

New code of conduct for business partners.



### Society

Supporting HUST, Halmstad University Solar Team for developing solar panel driven cars.



# Management

## Corona Management and Impacts 2021

### Impacts of Corona on employees and the environment

This year the pandemic has also affected Frauenthal Gnotec Group in various ways. Many employees have had confirmed Covid-19 or were restricted to home quarantine. Luckily no one has developed severe health problems and all have recovered.

### How we protected the employees

By informing about our directives and ways of behaving: keeping distance and avoiding situations where people might otherwise gather such as between shifts and in canteens; frequent hand washing; avoiding inviting or traveling to meetings by using digital meeting tools. Testing has also been made available on a regular basis during the pandemic. Employees who have been able to work from home have been encouraged to do so. If employees have shown symptoms, even mild ones, they have been asked to stay at home.

### Providing Corona-related support

We inform our employees on how the virus spreads and therefore also how to avoid spreading it. Managers have encouraged their team members to get vaccinated in order to secure health and the workplace. We also encourage people to stay home if they show any symptoms.

### Impact on production and sales

This year Covid has also had a negative impact on our business with lower volumes. Our customers have experienced shortages of certain components such as semiconductors that have therefore reduced demand of our products.

## Sustainability management

Function	Name
CFO	Christina Neumayer
Controller	Christofer Larsson
HR Director	Patrik Moberg
Head of Communication	Caroline Johansson



- 12%

### Reduced internal transport

Frauenthal Gnotec Sweden, with 50% of the Group's turnover, reduced internal transport by 12% during 2021.

05





# 36%

Percentage of recycled input materials used to manufacture our organization's primary products and services.

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 reduce the volume of scrap.

“Sustainability management work is defined in different programs across the group and functions and covers the areas of:

# 06



## 6. Environment

### Programs to reduce energy consumption

#### Materials & waste

##### 10.1 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:

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
Material use	Reducing material use to have an optimised setup in stamping process.	Continuous improvement	2022	Engineering	Yearly
Competence development Awareness	Training of people in order to reduce scrap.	Training material	2022	Engineering / CI / HR	Yearly

##### 10.2 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:

Type	Tons
Non-renewable materials used:	31 151 T
Renewable materials used:	17 518 T
Material by category:	
Steel	47 503 T
Stainless steel	1 064 T
Copper	0,08 T
Aluminium	101 T
Total materials used:	48 669 T

#### Waste

The Frauenthal Gnotec Group's total waste during 2021 was: **20 635 T** whereof **20 344 T** was recycled.

- Stainless steel
- Aluminium
- Paper
- Waste
- Steel recycled
- Aluminium recycled

# 6. Environment

## Energy

### Energy consumption / CO2 consumption

Our management approach and strategy include reducing energy use and increasing the use of renewable energy.

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
Reduction of powerconsumption/CO2	Reducing the power consumption	Heating of the material tent with the waste heat from the press machines.	2022	Frauenthal Gnotec Sweden	Open
Reduction of powerconsumption / CO2	Reducing the powerconsumption	Start to install solarpanels	2022	Frauenthal Gnotec Sweden	Open
100% CO2 neutral	15% decrease CO2 by 2025, 50% by 2030	Monthly reporting and follow ups on environmental actions.	2025/2030	Frauenthal Gnotec Group	Open
Competence development Awareness	Training of people in order to reduce scrapped semi- finished parts	Training material	2022	Engineering / CI / HR	Yearly

### Energy consumption / CO2 consumption in 2021

Fuel	Unit L	Co2 calculation including Supply chain
Benzine (for vehicles, cars, trucks)	27 946	2,73 kg/l
Diesel (for vehicles, cars, trucks)	23 800	3,08 kg/l
Fuel (oil for machinery)	3 751	3,37 kg/l

Energy	Unit MwH	Co2 use in tones
Water / wind / solar	1 673,28	0
Coal energy supply	535,27	247,34
Nuclear energy	5 134,2	0
Total:	7 342,75	247,34

Heating	Unit MwH	Co2 calculation	Co2 use in t (tone)
Gas	524	0,22 kg / Kwh	115,28
Fuel	354,38	0,28 kg / Kwh	992
District heating	20,59	0,12 kg / Kwh	2
Pellets & oil	996 + 30 m3	19 kg / mwh & 3t / m3	123,9
Total:	1 894,97		1 233,18

06

## Programs to reduce the energy consumption

We are continuously working to reduce Frauenthal Gnotec Group's energy consumption in many areas. The following actions have been taken during 2021:

- Continuing switching to LED lights
- Continuing switching Electrical forklifts
- Continuing switching Electric cars
- Pre study of developed an energy tracking software system
- Pre study of solar panel installations
- Pre study of air locks

Other Reduction initiatives can include:

- process redesign
- conversion and retrofitting of equipment (for example new machinery)
- changes in behavior
- operational changes



The Frauenthal Airtank plant in Elterlein

## Water

### Water withdrawal

Sum water consumption in m3: 7 143

### Water recycled and reused

Thereof recyclecd water consumption in m3: 2 007  
The water comes from ground water.

## Biodiversity

We have not built any new plants. We have moved one plant to a new existing building.

## Emissions

We need to continue with the targets that we had for 2021 in 2022. For several reasons we have not been able to reach the targets. Corona being the major one.

Some of our reduction initiatives:

- Process redesign
- Conversion and retrofitting of equipment
- Fuel and electricity switching
- Changes in behaviour
- Offsets



# 7. Labor practices & decent employment

## Employment

Challenges / Topics	Specific targets	Actions	Time target	Responsibility	Progress
Culture and leadership*	To inform and supply training about Frauenthal Gnotec Leadership & Culture principles X through-out the organization	Run workshops with management teams in all countries on Frauenthal Gnotec Culture & Leadership	22020-Q1 2021	HR Director	Done
Culture and leadership*	Strengthen Gnotec as a learning organization, enabling the company to quality assure, offer, track and analyze learning efforts over time.	Identify and set structures to strengthen learning	2020-2023	HR Director / Head of Communication	Ongoing Pilot implemented in Sweden 2021 named Act mo/"Gnotec Go"
Culture and leadership*	Current lack of system support for many critical people-related processes, a variation in practices in different parts of the organization, an identified need to move towards digitalization and improvement of administrative routines, better output and fact-based decisions, improved employee experience and in accordance with GDPR	Identify and establish new/improved HR Management system(-s) throughout the group.	2020-2023	HR Director/ local HR/GMs	Ongoing, New HRMs identified and planned to be implemented in 2 countries in 2022
Culture and leadership*	Insufficient and various introductory routines, causing too low output of new hires and temps and lack of knowledge/engagement	Produce and launch a standardized and digital onboarding process	2020-2022	HR Director/ Head of Communication	Ongoing, launched in Sweden and Slovakia, all-group plan 2022

\* To affect Culture and leadership in line with our "Wanted State" and People Strategy.



The global automotive industry is dynamic and rapidly changing. It requires cooperation and development of processes between different departments, facilities and countries. The digitalization of HR does not happen in a vacuum – our digitalization and process development occurs in many areas at the same time.

Patrik Moberg, HR Director

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
- Healthcare
- Disability and invalidity coverage
- Parental leave
- Retirement provision
- Supporting training activities
- Bonuses



## Occupational Health and Safety

### Workers representation & worker health and safety committees

The employees’ (unions) nominees participate in the safety work committee.

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

Types	Male	Female
No. of employees	506	245
No. of injuries	10	4
Average Absentee days	19	
Work related fatalities	0	

### Workers with high incidence or high risk of diseases related to their occupation

There are no high incidences or high risks of diseases related to occupations within Frauenthal Gnotec. There are continuous information and education to minimize all kinds of injuries.

Continued information and education to the employees and also committees who are following up on all present working conditions. We have daily follow-ups if there are any incidents or accidents, everything is documented and an action plan is implemented. This is the same for leased personnel. All of this is in line with legal requirements.

### 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.

## Training and Education

### Training per employee

Different trainings for those groups

Category	Please describe your programs
Desk worker	Individual training schedule
Management	Individual training schedule
Non-desk worker	Training videos on how to handle the machines are online on the app

Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment:

Type and scope of programs implemented and assistance provided to upgrade employee skills: Possibility to enter new positions where new skills are needed. There are individual training programs in order to upgrade skills There are no mutual program for early retirement. Sometimes individual agreements can be made.

# 8. Human Rights

## Frauenthal Gnotec Group’s Expectations from its Business Partners

Business Partners are required to meet all of the following requirements in the course of their business relationship with Frauenthal Gnotec Group, and we expect them to be managed professionally and systematically.

### Principles

Frauenthal Gnotec Group is committed to responsible business and intends to demonstrate this commitment to integrity, business responsibilityand trust through its value chain.

Therefore, Frauenthal Gnotec Group expects the same level of commitment from its Business Partners. By entering into a business relationship with Frauenthal Gnotec Group, Business Partners are required to:

- conduct their business in compliance with all applicable laws and regulations (which requires Business Partners to maintain awareness regarding these laws and regulations) and with the principles stated in our code; and
- ensure that their employees and subcontractors are made aware of and comply with applicable laws and regulations and with the principles set forth in Frauenthal Gnotec Group’s code of conduct.

Business Partners are expected to choose the suppliers they retain in relation with Frauenthal Gnotec Group business with appropriate due diligence, communicate the principles set out in this Code (or equivalent principles) to their suppliers and ensure compliance with these principles. This code includes requirements that are based on internationally recognized principles that Frauenthal Gnotec Group strongly support such as: The 10 principles laid in the UN Global Compact, which covers human rights, labor, the environment and anticorruption.







## 9. Society

### Customer Health and Safety

#### Customer Health and Safety

Our product safety and sustainable product innovation; safe and efficient products are performed by:

ISO certifications, customer audits, regular check inspections by measuring the products during production.

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

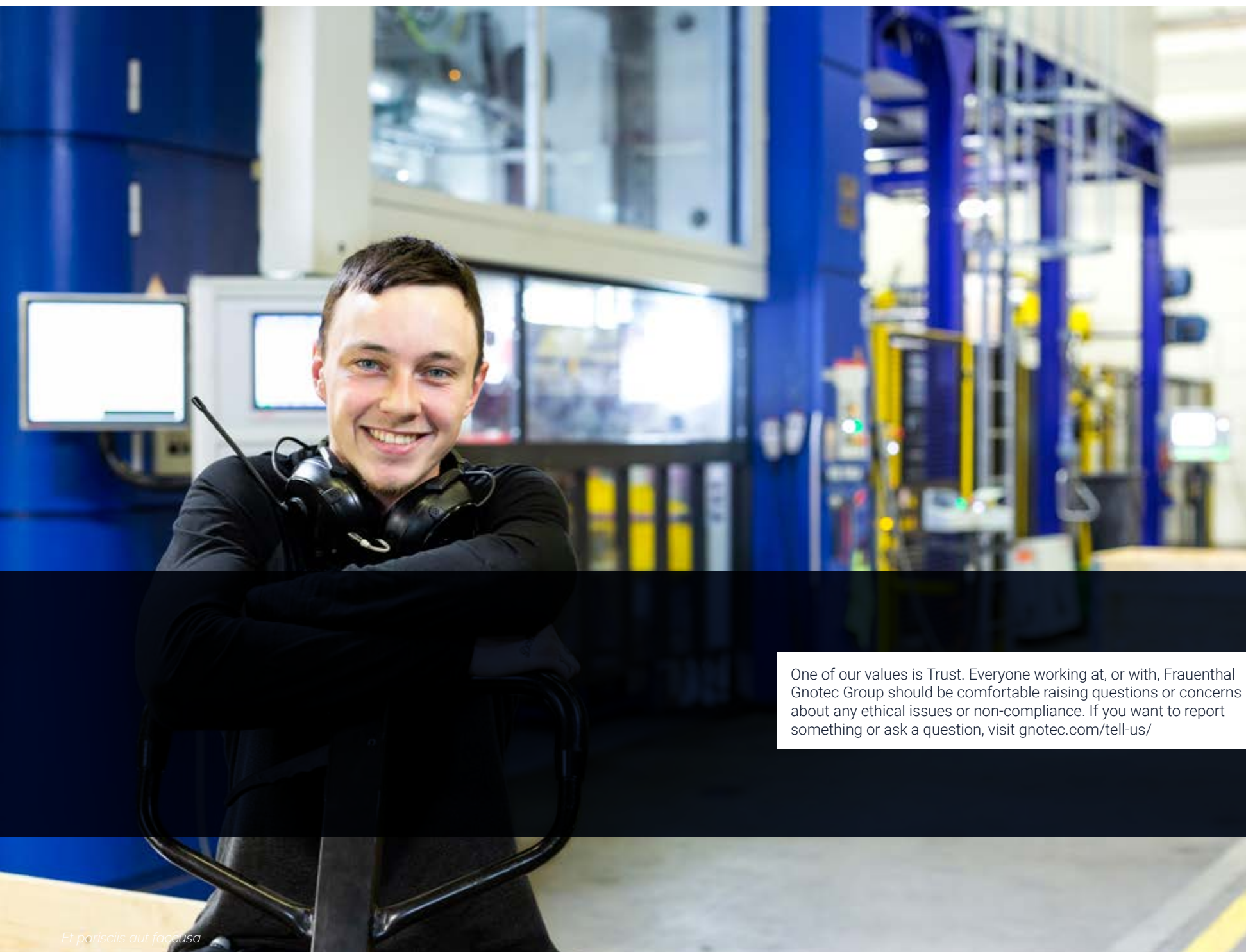
According to group policy no employee has the right to be the only signer of any bankaccount or similar. There should always be two employees who jointly will sign such documents or bank internet applications.

#### Socioeconomic Compliance

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

Reported cases: 0

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



One of our values is Trust. Everyone working at, or with, Frauenthal Gnotec Group should be comfortable raising questions or concerns about any ethical issues or non-compliance. If you want to report something or ask a question, visit [gnotec.com/tell-us/](https://gnotec.com/tell-us/)

*Et parscis aut faccusa*

# 10. Anti-corruption

## Our approach and way of working

One of the core values of Frauenthal Gnotec Group 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.

### Operations assessed for risks related to corruption

The management's approach for minimizing corruption-related risks is to use the four-eyes principle as much as possible. This is used for all payments within the group. Every year Frauenthal Gnotec updates the DoA, and the CEO of Frauenthal Gnotec is responsible for anti-corruption.

### Confirmed incidents of corruption and actions taken

#### Total number and nature of confirmed:

Incidents of corruption: 0  
Political donations: 0



0% Political donations

0

Incidents of corruption

10



[example@example.com](mailto:example@example.com)



[www.example.com](http://www.example.com)



123 456 789