



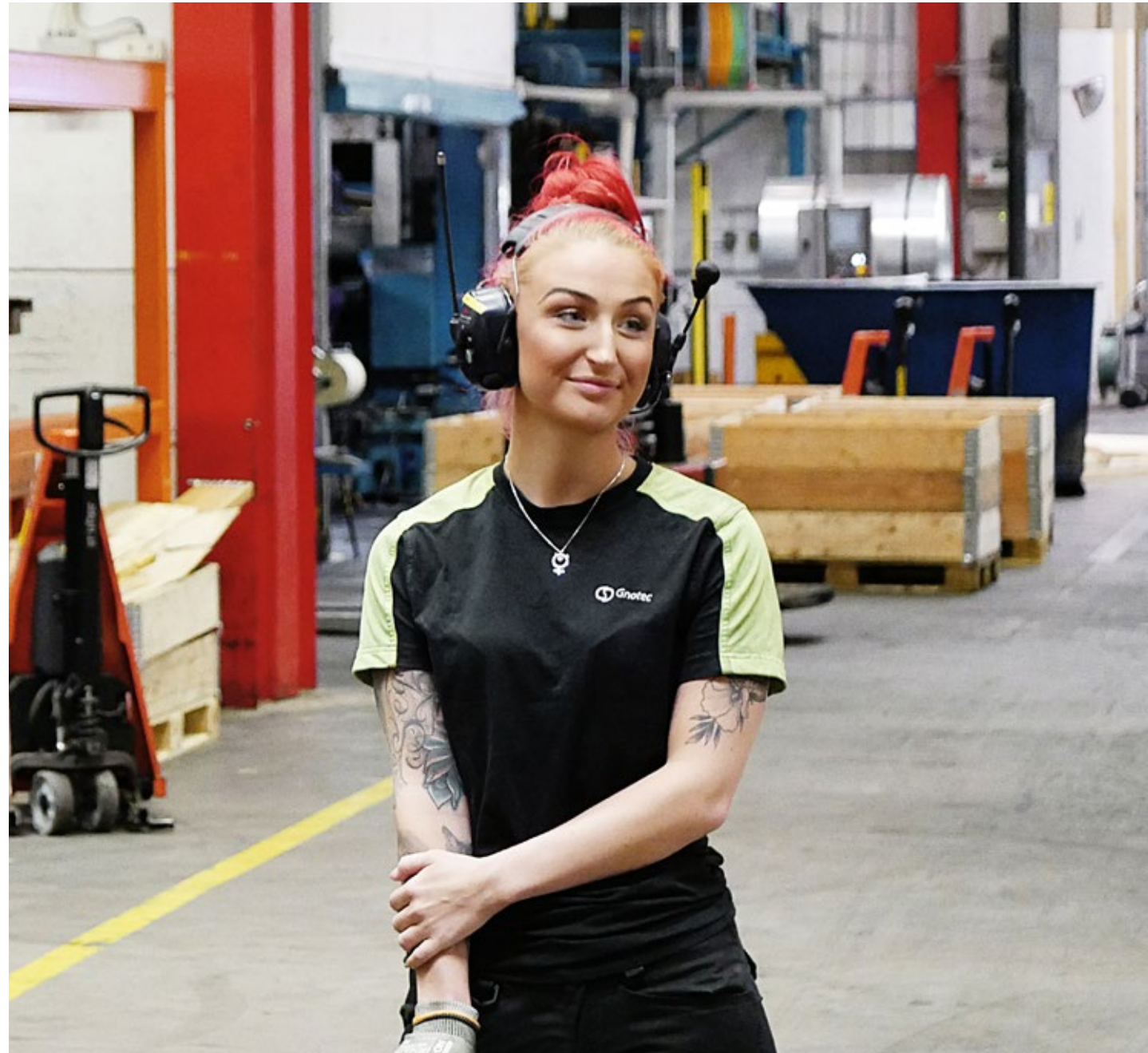
SUSTAINABILITY REPORT 2022

Frauenthal Gnotec Group



Content

About Frauenthal Gnotec Group	3
Group targets	4
Our stakeholders	5
Certificates, guidelines and associations	6
Risks	7
Management	8
COVID management and impacts in 2022	8
Frauenthal Gnotec Group sustainability management	9
Sustainability data	10
Highlights and achievements in 2022	10
Environment	11
Labour practices and decent employment	13
Diversity and equal opportunity	14
Society	14
Anti-corruption	15



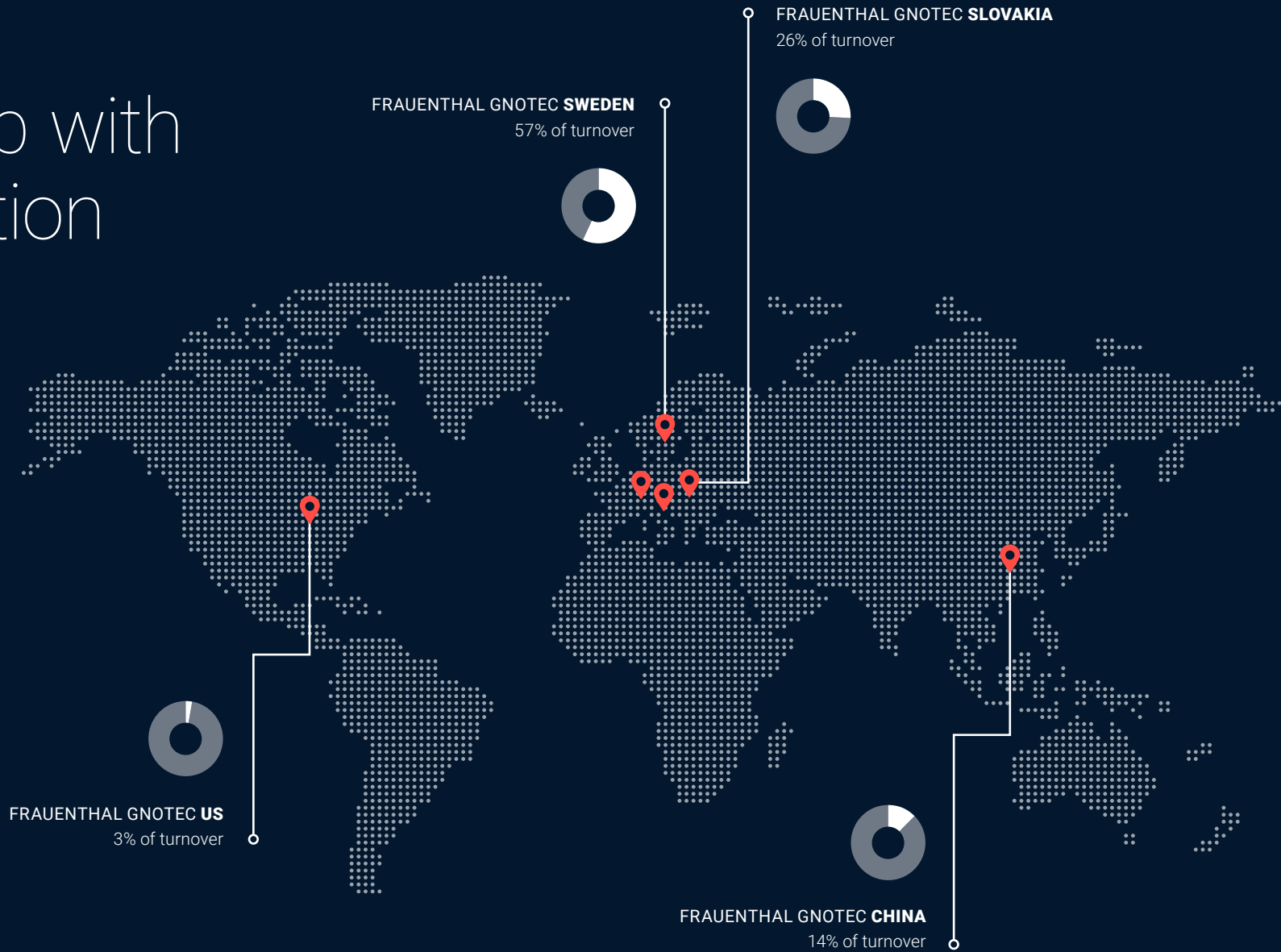


Frauenthal Gnotec Group

A global group with a strong position

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

We have developed and produced metal components since 1947. The first Automotive components were 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.





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.



100%
Safe

Social – People

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



100%
CO₂ Neutral

Environmental – Climate

What we do to minimize green house gas emissions.



100%
Effective & Efficient

Economical – Resources

Support a circular economy and increase efficiency and effectiveness.



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	Stakeholders need	How we address these issues
Employees	<ul style="list-style-type: none"> Fair payment Benefits Feedback and open communication Work-Life balance Training and development Work safety / work environment Healthcare 	<ul style="list-style-type: none"> Collective agreements Agreements Performance and development review Flexible working time Individual training programs Work safety committee Connected to business health organization
Customers	<ul style="list-style-type: none"> Top quality On-time delivery Competitive prices High service level Engineering support Sustainable business Global presence Financial strength Flawless launches (projects) 	<ul style="list-style-type: none"> 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 enables us to earn money. Cost control. The right resources, competence and routines in place.
Suppliers	<ul style="list-style-type: none"> Collaboration Logistics Contract review 	<ul style="list-style-type: none"> Supplier manual Gnotec Purchasing terms and conditions Code of conduct for business partners Logistic guidelines Form for procedure
Universities (collaboration)	<ul style="list-style-type: none"> Halmstad University Chalmers University of Technology 	<ul style="list-style-type: none"> Supporting HU's solar team Supporting the university
Authorities	<ul style="list-style-type: none"> Obeying rules 	<ul style="list-style-type: none"> Always being on the right side of the law

“ We have been in business for many years and our commitment is long term. Healthy profitability is the goal, and we achieve this through efficiency, quality, continuous improvement and added value.





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.

Certificates

- ISO 14001:2015 Third-party certification relating to environmental management systems
- ISO 9001:2015 Third-party certification relating to quality management systems
- IATF 16949:2016 Third-party certification relating to quality management systems
- TISAX

Guidelines and 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.

Guidelines

- Code of Conduct
- Code of Conduct for business partners
- Environmental policy
- Work environmental policy
- Equality policy
- Wellness policy
- Purchasing policy
- Integrity policy
- Recruiting policy

Associations

- FKG
- West Sweden Chambers of Commerce
- Slovenská Obchodná a Priemyselná Komora



Environment, corruption, employment, and society

Risks

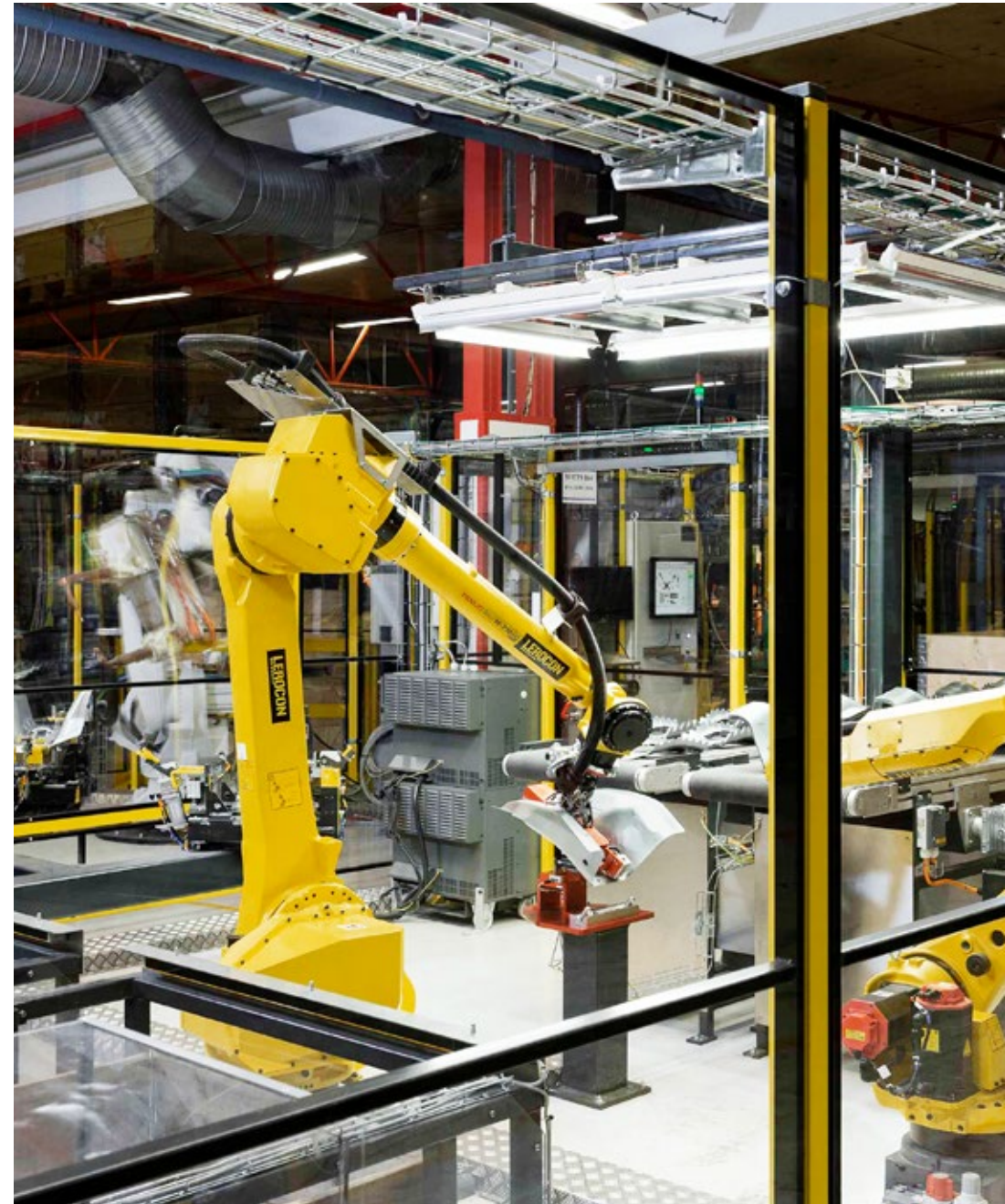
The management has identified several risk areas and continually works to minimize the risks. Keeping policies relevant and updated, such as the Code of Conduct, and ensuring all employees have read and understood the guidelines, are the best ways to reduce risk.

Examples of risks the company prevents are:

Risk	Specify Risk	Impact on Company	Impact – non financial figures
Environment	<ul style="list-style-type: none"> e.g. Ground damage Energy/Emission Biodiversity 	<ul style="list-style-type: none"> Penalties 	<ul style="list-style-type: none"> Destroying potential agricultural land
Employees	<ul style="list-style-type: none"> Key personnel Training/introduction Digitalization 	<ul style="list-style-type: none"> Difficulties to find and keep qualified people Risk to not keep up in digitalization 	<ul style="list-style-type: none"> Strain current staff More time for training and no loss of production Stay with old processes
Corruption	<ul style="list-style-type: none"> Compliance/Low risk 	<ul style="list-style-type: none"> Penalties Financial loss 	
Human rights	<ul style="list-style-type: none"> Respect Human Rights/ Low risk 	<ul style="list-style-type: none"> Penalties 	
Suppliers	<ul style="list-style-type: none"> Low risk Suppliers work ethically 	<ul style="list-style-type: none"> Poor quality 	<ul style="list-style-type: none"> Extra work
Cyberattacks	<ul style="list-style-type: none"> Hijacked e-mail accounts Fraud 	<ul style="list-style-type: none"> Ransom 	<ul style="list-style-type: none"> Loss of corporate secrets
GDPR	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Penalties 	

Caring for the environment

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





Management

COVID management and impacts in 2022

Impacts of COVID on employees and the environment

In Europe and the US, COVID has had a significantly less direct impact on our people compared with the previous two years in terms of restrictions. Many have had mild symptoms but since testing has decreased, we do not track COVID infections specifically. In China it has been different: Government COVID restrictions in China meant that the company was closed during the whole month of April as employees had to isolate at home. Furthermore, the authorities mandated mask usage and frequent COVID testing during most of the year. When the restrictions ended in December, we had high absenteeism during a three week period.

How we protected employees

During 2022, our previous actions have faded out in Europe and the USA. In China, continued restrictions and mask usage were part of the work environment until December 2022.

How we supported society regarding COVID

In Europe and the US, our previous actions have faded out and there have been very few directives. In China we have continued to follow all directives and restrictions.

Impact on production and sales

As China has continued with strict restrictions most of the year, and a complete lock-down in April, disturbances in distribution and the supply chain have continued to affect our customers and us. COVID may have indirectly continued contributing to market fluctuations and issues including volatile sales volumes, high prices and poor access to some materials and commodities. Other disturbances have included Russia's attack on Ukraine.



Management

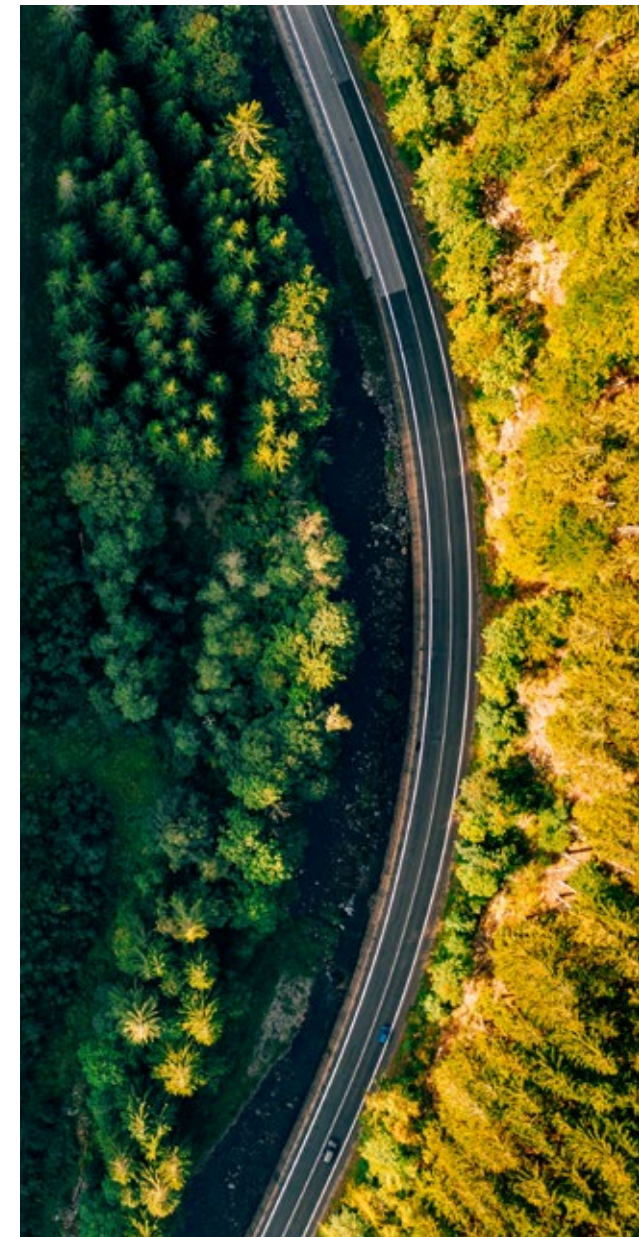
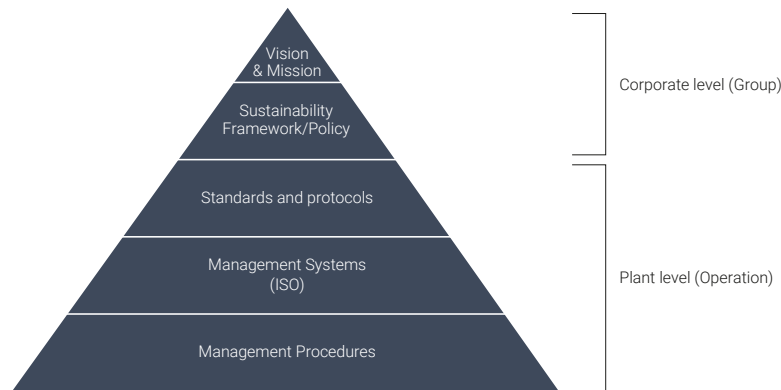
Frauenthal Gnotec Group sustainability management

Function	Name
Finance	Mikael Mårtensson
Finance	Cansu Tutkunkardas
HR	Patrik Moberg
Communication & Digitalization	Caroline Johansson

Each plant has its own sustainability champion, working in close collaboration with Finance, HR and Environmental/ Sustainability Manager.

Our sustainability management work

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



Material topics for the company

Frauenthal Gnotec Group has done a lighter materiality analyze by stakeholders dialogues and the incoming data from our CO₂ measures. The result showed that our input material is one of the major sources to our CO₂ consumption. Therefore, we have started a dialogue with the First Movers Coalition (FMC) about a green buying commitment for aluminium and steel.

The FMC was launched at the November 2021 UN Climate Change Conference (COP 26) in Glasgow. It is a global initiative harnessing the purchasing power of companies to decarbonize seven "hard to abate" industrial sectors that currently account for 30% of global emissions.

During 2023 we will do a deeper materiality analyze on Frauenthal Automotive group level, led by our owner Frauenthal Group.

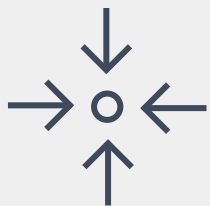


Sustainability data

Highlights and achievements in 2022

Environment

Reducing transports by installing waste container with compriator.
Change of gates to fast moving ones to save heating.



Employees

Continuing the roll-out of mobile communication platform for all employees Gnotec Go. We have rolled out the Gnotec Go app to the US.



Anti-corruption

New anti-corruption software.

Human rights

New digital Code of Conduct training.

Society

Supporting HUST, Halmstad University Solar Team for developing solar panel driven cars.
Collaborating with the organization Better Shelter, an organization driven by the mission to improve the lives of forcibly displaced persons, by providing a safer and more dignified home away from home.



Sustainability data

Environment

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.

Energy

Our management approach and strategy include reducing energy use and increasing the use of renewable energy. In Sweden we have already managed to switch over to 100% renewable

energy. We have also set a roadmap for the plants in China, Slovakia, and US where we aim for the same target.

Energy consumption/CO₂ consumption

Challenges/topics	Specific targets	Actions	Time target	Responsibility	Progress
100% CO ₂ neutral		Monthly reporting and follow ups on environmental actions	2025/2030	Frauenthal Gnotec Group	Yearly
Climate compensation	Reduction of emissions consumption	CO ₂ emissions resulting from the combustion of jet fuel have been offset with Sustainable Aviation Fuel (SAF) 978 kg CO ₂ amount	2022-12-31	Communications	Done

Energy consumption/CO₂ consumption

Fuel	Unit L	CO ₂ calculation including supply chain
Benzine (for vehicles, cars, trucks)	42,460	131
Diesel (for vehicles, cars, trucks)	53,487	172
Fuel (oil for machinery)	2,912	11
Total	98,859	314

Energy	Unit MWh	CO ₂ use in tonnes
Water / wind / solar	6,436	0
Coal energy supply	835	457
Nuclear energy	1,456	14
Gas energy	21	5
Total	8,748	478

Heating	Unit MWh	CO ₂ use in tonnes
Gas	1,691	355
Fuel	289	26
District heating	9	0
Pellets & oil	729	66
Total	2,718	447

Programs to reduce energy consumption

We are constantly working to reduce Frauenthal Gnotec Group's energy consumption in many areas. The following actions have been taken during 2022:

- Continuing switching to LED lights.
- Continuing switching to electric forklifts.
- Continuing switching to electric cars.
- Continuing switching to 100% renewable energy in all plants.
- Installed system to use heat from machines to warm material tent.



Sustainability data / Environment

Materials used by weight or volume

Total weight or volume of materials 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
Reduced use of materials	Reducing the material use to have an optimised setup in stamping process	Continuous improvement	2022-12-31	Engineering	Yearly
Reduced use of materials	Reducing the material use to have an optimised setup in stamping process	Continuous improvement	2022-12-31	Engineering	Yearly

Type	Tonnes
Non-renewable materials used:	40,308
Renewable materials used:	12,849
Material by category:	
Steel	52,064
Stainless steel	1,157
Copper	–
Aluminium	84
Total	53,157

Reduction in energy consumption

Reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives	118,000 KWh
Types of energy included in the reductions, whether fuel, electricity, heating, cooling, steam, or all	Fuel, electricity, heating, material use, transports
Basis for calculating reductions in energy consumption, such as base year or baseline	Base year is 2021 when we started to measure all three scopes

Reduction initiatives

- Process redesign
- Conversion and retrofitting of equipment (e.g. new machinery)
- Changes in behavior
- Operational changes
- Process redesign conversion and retrofitting of equipment (for example new machinery)
- New sustainability software for reporting and sustainability management
- Behavior-change operational improvements
- Climate compensation for air travel

Waste

Frauenthal Gnotec Group’s total waste during 2022 was: 22,540 tonnes, of which 22,352 tonnes was recycled.

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

Water

Water withdrawal

Total water consumption in m³: 8,664.

Water recycled and reused

Of which recycled water consumption in m³ 1,599. The water is 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 our 2022 targets in 2023. Due to COVID, the war in Ukraine and other reasons, we have not been able to reach the targets.

Some of our reduction initiatives:

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

Supplier Environmental Assessment

To ensure our suppliers work with same level of commitments as we do, we conduct assessments, audits and work with supplier certificates. Our Code of Conduct for all our Business partners expresses a vision of responsible business behavior and sets forth the business principles that Frauenthal Gnotec Group requires all its Business Partners to abide by in the course of their relationship with Frauenthal Gnotec Group.



Sustainability data

Labour practices and decent employment

Employment

Challenges/ topics	Specific targets	Actions	Time target	Responsibility	Progress
Leadership & Culture	Strengthen Frauenthal Gnotec as a learning organization, enabling the company to manage; qualify, distribute, follow-up and analyze learning efforts over time.	To source, partner with and implement a new Learning Management System for the group and establish a new practice for competence management.	2023-12-31	HR Director / Head of Communication	80%
Leadership & Culture	Increase system support for critical people-related processes, to move towards digitalization and improvement of administrative routines, better output and fact-based decisions, improved employee experience and in accordance with GDPR (General Data protection Regulation).	Implement a Global integration HR Hub, for easier distribution and follow up on trainings, competence gaps, contact updates etc across the plants.	2023-12-31	HR Director/local HR/IT/GMs	10%
Leadership & Culture	Standardize and strengthen introductory routines, to increase engagement, knowledge and output of new hires and temp.	Continue to produce and implement a standardized and digital onboarding process for China.	2023-12-31	HR Director/Head of Communication	80%

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

Occupational health and safety

Worker representation and 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	Female	Male
No. of employees	277	546
No. of injuries	56	418
Average absentee days	18	18
Work related fatalities	0	0

Workers with high incidence or high risk of diseases linked to their occupation

There are no high incidences or high risks of diseases related to occupations within Frauenthal Gnotec Group. 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

Category	Programs
Desk worker	Individual training schedule.
Management	Individual training schedule.
Non-desk worker	Training videos how to handle the machines which are online on the app.
Apprentices	We have been collaborating with university students, supporting them with projects for their master theses.

To upgrade our employees skills a new Code of conduct elearning in all languages was made.

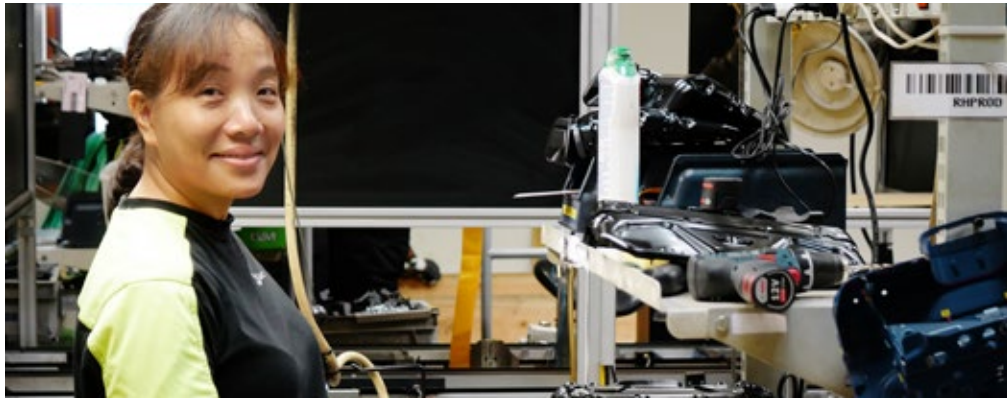
Type and scope of programs implemented and assistance provided to upgrade employee skills: Possibility to enter new positions where new skills are needed. There are individual training

programs in order to upgrade skills There are no mutual program for early retirement. Sometimes individual agreements can be made.



Sustainability data

Diversity and equal opportunity



Challenges/topics	Specific targets	Actions	Time target	Responsibility	Progress
New digital code of conduct training	To be compliant. All employees to complete training once a year.	Yearly digital training	2023-12-31	HR	50%

Human rights

Frauenthal Gnotec Group's Expectations from its 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. Frauenthal Gnotec Group is committed to responsible business and intends to demonstrate this commitment to integrity, business responsibility and 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.

Society



Social

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. Actions have also been taken to reduce the outdoor noise coming from the heavy presses.

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.

Socioeconomic compliance

Non-compliance with laws and regulations in the social and economic area: Reported cases: 0

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.

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

Zero cases (fines) during 2022. Our compliance systems include internal audits and risk management.



Sustainability data

Anti-corruption

Challenges/topics	Specific targets	Actions	Time target	Responsibility	Progress
New anti corruption software	Reducing incidents.	New contact ways established on both internal and external sites.	2022-12-31	HR	100%

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 anticorruption.

