

# N Holding AB

## Corporate Sustainability Report

### 2018





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### The Directive on disclosure of non-financial and diversity information

The Directive on disclosure of non-financial and diversity information was adopted into the Swedish annual accounts act (ÅRL) and became mandatory to businesses December 31, 2016. From January 1, 2017 all companies of a certain size shall report on sustainability according to ÅRL chapter 6, § 10-14. The sustainability report should contain the sustainability information needed for understanding the company's development, status and results and the impact of the business, including information on environmental, social, human, human rights and anti-corruption issues. The report has been submitted to the company's auditor at the same time as the annual report.

#### Address

N Holding AB  
Haukadalsgatan 8A  
164 40 Kista, Sweden

#### Editorial Staff

Hans af Sillén  
Alexandra F Collins

#### Assurance

Ernst & Young

## 1 INTRODUCTION

### 1.1 Letter from our CEO

Sustainability is fundamental to our vision and an integral part of our corporate governance and workplace practices. We are committed to minimizing our environmental impact and continue to develop sustainable practices for our business, customers and community. To ensure continuous improvement, we have developed a global framework to track and report our performance.

In this sustainability report, we demonstrate positive results including:

- Reduced CO<sub>2</sub> emissions from transporting finished products
- A decrease in average employee blood lead levels in our production sites
- Reduced water usage and hazardous waste per worked production hour
- Reduced concentrations of copper in our wastewater
- 88% of white-collar employees having completed anti-corruption training
- Increased proportion of women managers

In addition to this, I am pleased to share some further highlights from 2018:

#### **Missouri Water Environment Association Award**

Our East Springfield facility and West Springfield were awarded the Missouri Water Environment Association Platinum and Gold Awards, respectively. These awards are presented to companies who go above and beyond their wastewater discharge and treatment requirements.

#### **Anti-corruption training**

There are several challenging decision that can face employees on a daily basis and someone may offer or receive something in good faith without realizing that there is something alarming about it. In 2017, we decided to enroll an anti-corruption training to raise awareness about corruption and bribery. Our target is for all white-collar employees to complete the training every two years. We believe this is a positive step to preventing corruption of any form within NorthStar.

#### **World Environment Day**

In June 2018, we celebrated World Environment Day. It is a day aimed at encouraging worldwide awareness about the environment and taking action towards preserving and protecting it. The 2018 theme was “Beat Plastic Pollution” and several of our offices engaged in activities based around this topic. There were some great initiatives and I am happy to see the engagement for World Environment Day increasing every year.

#### **Human Rights Day**

As a company with global operations, I believe NorthStar can make a big impact in promoting human rights globally. On Human Rights Day each year, we take the opportunity to educate and remind our employees in the significance of the subject.

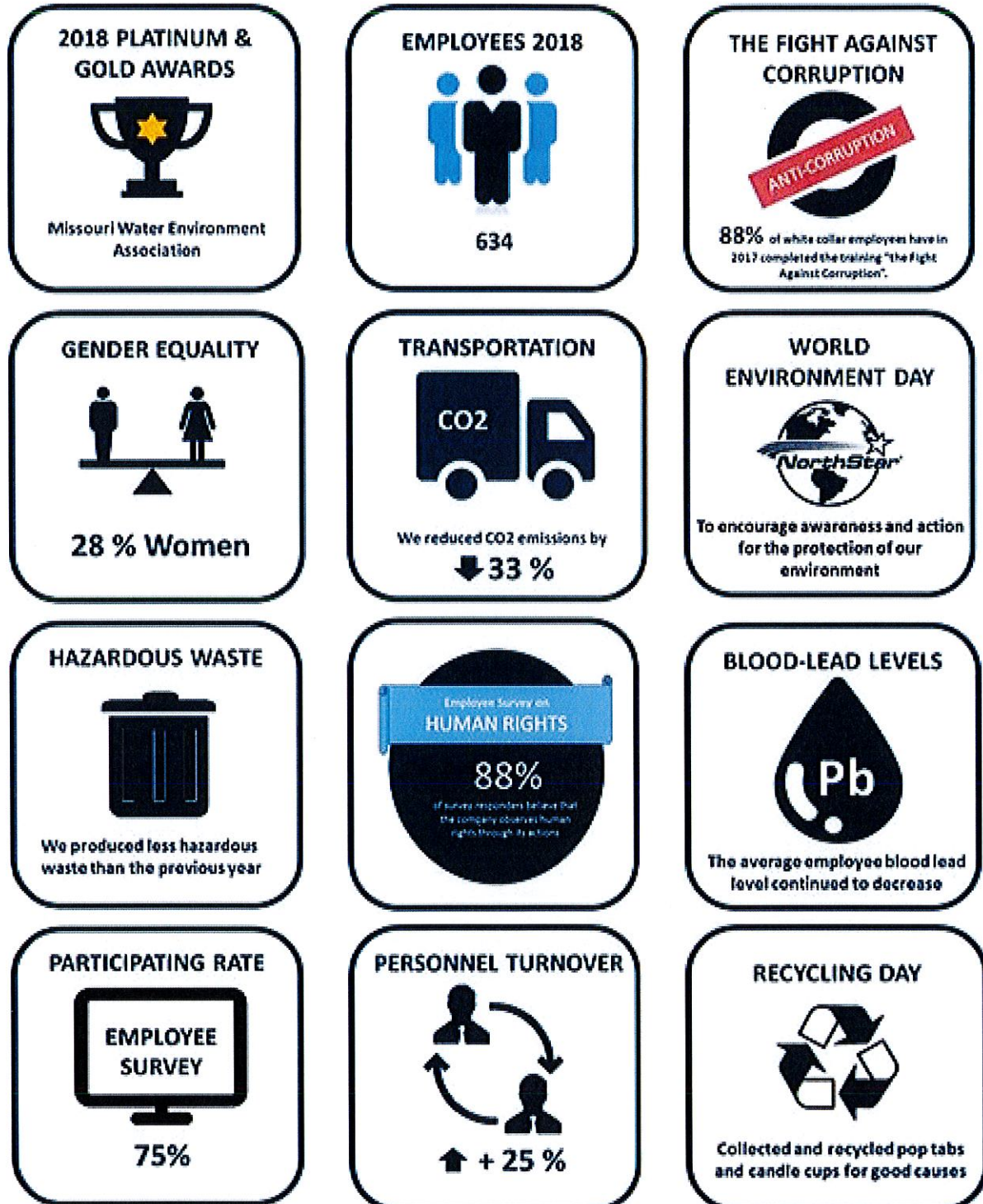
### Recycling Day

The day was all about reducing, reusing, and recycling. We focused on encouraging recycling while contributing to worthy causes. In Springfield, we continue to recycle pop tabs and the money raised is donated to support families with children undergoing medical treatment. Stockholm also collected tabs that were sent to an organization who makes prosthetic limbs out of the recycled aluminum.

With this sustainability report, we hope to accurately reflect our business and bring our customers, employees, suppliers and other stakeholders together on a path towards a more sustainable future.

/Hans Lidén, CEO

## SUSTAINABILITY HIGHLIGHTS



### 3 OUR SUSTAINABILITY REPORT

#### Purpose of the report

The report is an account of our progress towards the targets set out in our CSR strategy.

#### Definition

N Holding AB and its subsidiaries are in this report referred to as “the Group”, “Group”, or “company”.

#### Scope

Our Corporate Sustainability Report covers N Holding AB and its subsidiaries.

• N Holding AB	2 employees
• SiteTel Sweden AB, Sweden	23 employees
• NorthStar Battery Company LLC, USA	593 employees
• SiteTel Shanghai Co Ltd, China	8 employees
• NorthStar Battery DMCC, UAE	7 employees

#### Trade name

NorthStar Group

### 4 BUSINESS OVERVIEW

N Holding AB designs, manufactures, and distributes a range of batteries and power solutions to the telecom and transportation industries. Our products are used worldwide.

The long-term focus is driven by our vision: *To deliver reliable and sustainable power to the world.*

The Group believes that sustainability and long-term profitability go hand in hand.

#### 4.1 Our Business Model

We collaborate with our partners and customers to develop the most innovative and competitive products. Our relationship with customers puts us in a beneficial position to have longtime business opportunities and share mutual success.

We create value through development and manufacturing. Our production is efficient and to minimize lead-time we have distribution and service centers worldwide. To prevent risks of unethical behavior, all financial transactions are handled by the main operational sites in Sweden and USA.

We believe that our combination of development work, customer relationships and production is fundamental to a successful business.

Our three drivers:

1. **Product Leadership** – AGM, TPPL (thin plate pure lead) battery technology
2. **Customer Engagement** – Long-term relationships with customers
3. **Operational Experience** – Quality, delivery precision, and environmental responsibility

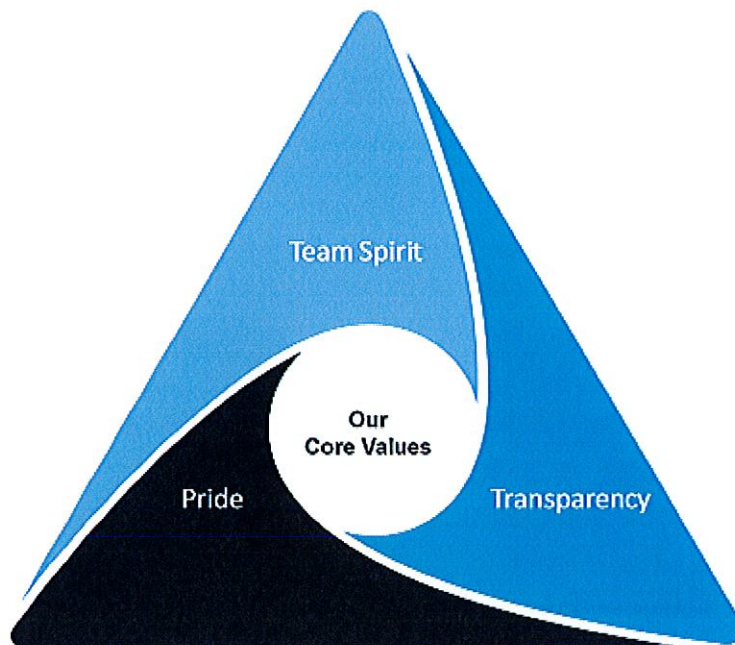
## 4.2 Our Revenue Model

N Holding AB generates revenue by developing, manufacturing and selling energy storage solutions. While only selling B2B, we have a customer-centric approach where we engage in all activities from design to supply. Our customers are primarily OEMs, operators and distributors. Together with their extensive knowledge of the local markets, we can effectively serve customers globally.

Our manufacturing strategy is based on customer forecast and historical data. We build-to-stock and are prepared to deliver to customer demand.

## 4.3 Core Values

Our core values Transparency, Team spirit and Pride are connected to our vision and sustainability.



### Team Spirit

We believe that teamwork is key to innovation and to finding ways to reduce our environmental and social impacts in our business.

### Transparency

We believe that transparency is essential for advancing CSR practices and ensuring a genuine and trustworthy business.

### Pride

We believe that company pride is fundamental to employee engagement.

## 4.4 Products

### Reserve Power

Our reserve power products are developed to deliver the most reliable and sustainable energy solutions for our customers' various applications. Our Reserve Power products are divided into four product types:

- TELECOM
  - Stable grid
  - Unstable grid
- UPS
- ENERGY STORAGE SYSTEMS (ESS)
- HYBRID



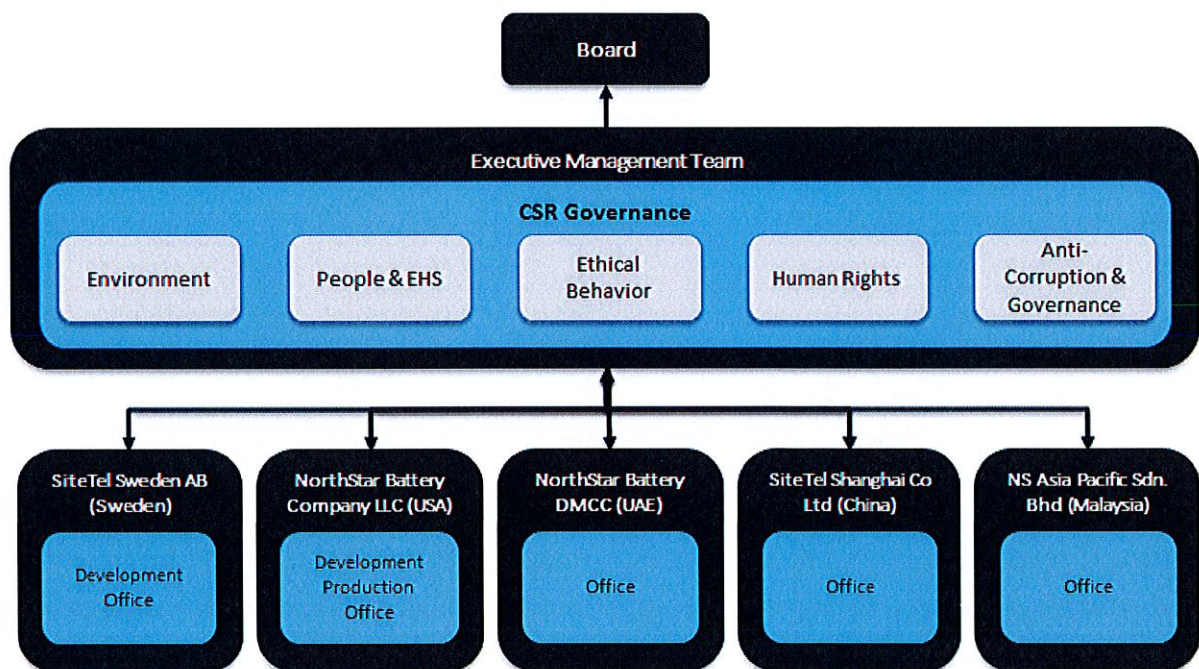
## Transportation

Our transportation products are developed to deliver reliable starting power and increased reserve capacity to power onboard electronics.

Our transportation products are divided into the following sub-products:

- AUTOMOTIVE
- MASS TRANSIT
- MARINE
- HEAVY DUTY
- FIRST RESPONDER
- CAR AUDIO & SPECIALITY

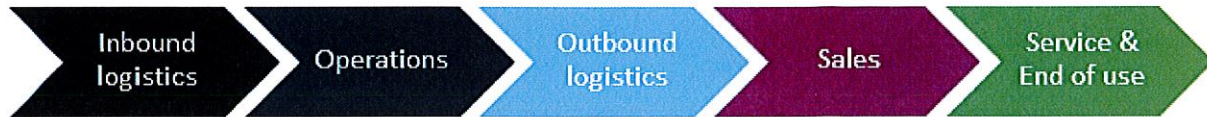
## 4.5 CSR Management Structure





## 5 OUR IMPACTS

Many of our environmental and social impacts occur in operations in which we do not directly control, but in fact influence. We have defined our main impact and level of control in each step of the value chain below.



**Inbound logistics** refers to the processes of receiving, storing and distributing raw materials for use in production. We define mining, smelters, plastic manufactures and transportation as main impact source. Our control is limited and our suppliers are critical to maintaining a sustainable business.

**Operations** are the processes needed to convert raw materials into a finished product. Operation activities are within our control, and our focus is on the water usage, wastewater, energy, lead, copper, recycling, lead contamination, emergency preparedness, employee engagement and governance.

**Outbound logistics** refers to all the processes involved in freight and storage of goods going out from operations to the customers. The primary impacts are within transportation of products and third-party hubs. This section of the value chain is driven by customer needs and it is therefore only partly within our control.

**Sales** involves all processes and activities including distribution channels, pricing and managing products to ensure we target the appropriate customer group. Our main impacts are found within governance, ethical behavior and business travel. It is all within our control.

**Service and End of use** are the activities related to maintaining the value of our product and how our products are handled at end-of-life. As a manufacturer, we have an extended responsibility to supply environmental information about our products however, our control is limited after they are sold.

Our focus is on five main areas: Environment, People & Safety, Human Rights, Anti- Corruption & Governance and Community. Each area has a defined set of business priorities.

## 6 NORTHSTAR'S APPROACH TO UN SUSTAINABILITY GOALS 2030

UN SDG 1- 3: End poverty, zero hunger, ensure healthy lives and promote well-being for all at all ages

Our contribution:

- Regular salary assessment (see chapter 7.2)
- Fair working conditions (see chapter 7.2)
- A healthy and safe working environment (see chapter 7.2)
- Community involvement (see chapter 7.5)

Policy: Corporate HRM Policy, Human Rights Policy, and Community Relationship Policy.

UN SDG 4-5: Ensure inclusive and quality education for all, promote lifelong learning, achieve gender equality, and empower all women and girls

Our contribution

- Striving for diversity and inclusion with a target to increase the presence of women in our management teams. (see chapter 7.2)
- An inclusive culture free from discrimination, harassment, and abuse (see chapter 7.2)
- Regular salary assessment (see chapter 7.2)

Policy: Corporate HRM Policy and Human Rights Policy.

SDG 6 and UN SDG 14: Ensure access to water and sanitation for all and conserve and sustainably use the oceans, seas and marine resources

Our contribution

- Monitoring wastewater (see chapter 7.2)
- Resourceful use of water (see chapter 7.2)

Policy: Quality and Environmental Policy

SDG 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

Our contribution

- A clear vision (see chapter 4)
- Developing innovative battery solutions ( see chapter 4.4)
- Integrating environmental aspects into product development (see chapter 7.1)

Policy: Quality and Environmental Policy





**SDG 8, 16 and 17: Promote economic growth, decent work, peaceful and inclusive societies, and revitalize the global partnership for sustainable development**

Our contribution

- Ensuring that human rights, including labor rights, are respected throughout our value chain (see chapter 7.3)
- Making safety the highest priority in our operations (see chapter 7.2)
- Prohibit the use of forced labor or child labor (see chapter 7.3)
- Salary assessment (see chapter 7.2)
- Anti-Corruption Training (see chapter 7.4)
- Community involvement (see chapter 7.5)

Policy: Corporate HRM Policy, Human Rights Policy, Anti-Corruption Policy, and Community Relationship Policy.

**UN SDG 9 and 13-14: Build resilient infrastructure, promote sustainable industrialization, foster innovation and take urgent action to combat climate change and its impacts**

Our contribution

- Vision (see chapter 4)
- Developing innovative battery solutions ( see chapter 4.4)
- Integrating environmental aspects into product development (see chapter 7.1)
- Striving to reduce CO2 emission (see chapter 7.1)
- Improving energy and resource efficiency in operations (see chapter 7.1)
- Decreasing CO2 emissions from transport and business travel (see chapter 7.1)
- Raising environmental awareness (see chapter 1.1)

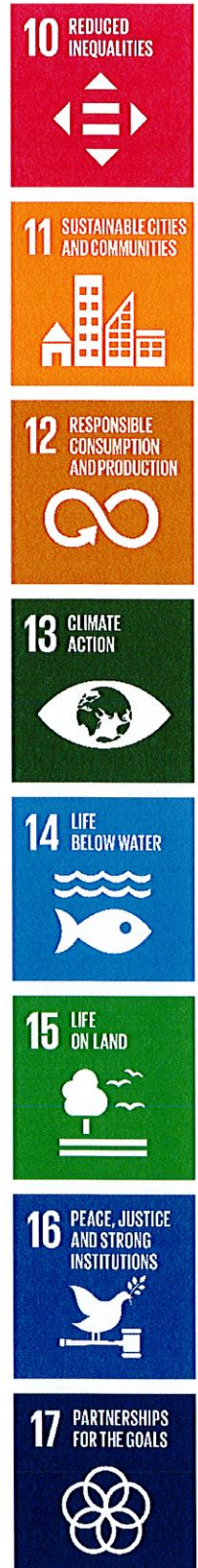
Policy: Quality and Environmental Policy and Community Relationship Policy

**UN SDG 10-12: Reduce inequality within and among countries and make cities inclusive, safe, resilient and sustainable, and ensure sustainable consumption and production patterns**

Our contribution

- Vision and products (see chapter 4)
- Integrating environmental aspects into product development (see chapter 7.1)
- Promoting efficient use resources and striving for reduction of waste (see chapter 7.1)
- Reducing the use of harmful chemicals (see chapter 7.1)
- Decreasing CO2 emissions from transport (see chapter 7.1)
- Salary assessment (see chapter 7.2)
- Supplier audits (see chapter 7.3)

Policy: Quality and Environmental Policy, Corporate HRM Policy, Human Rights Policy, and Community Relationship Policy.





## 7 OUR AIMS

### 7.1 Environment

#### 7.1.1 Our main Environmental priorities

An environmental burden from the lead-acid battery industry cannot be denied. Lead mining contributes to climate change, depletes resources, damages the ecosystem and can cause health problems for mine workers. Battery production consumes significant amounts of energy leading to greenhouse gas emissions.<sup>1</sup> Transportation of finished product is a source of air pollutants that contribute to climate change.<sup>2,3</sup> When producing lead-acid batteries there is always the risk of lead contamination.<sup>4</sup> Water is needed in our production and with the global water crisis on the rise, resourceful water usage is essential.<sup>5,6</sup>

Battery cases are made of plastic. Plastic production is energy intensive and gases produced during production can both contribute to climate change and pollute the environment.<sup>7</sup>

Lead released from batteries that are disposed of or recycled improperly can be harmful to humans and the environment. Manufacturers have a responsibility to educate customers to responsibly collect and recycle batteries at end-of-life.<sup>8</sup> If recycled correctly lead can be recycled indefinitely without a reduction in quality.

#### 7.1.2 Our major environmental risks

Risks arise due to the organization's operational undertakings and from external sources. Several environmental risks can be found in the battery industry. We have listed the more significant risks below.

Chemicals and lead used in our operation could affect both our employees and the communities if released into the air, water, or soils. More general environmental risks like climate change and CO<sub>2</sub> could have a significant impact on the company. Extreme weather situations can lead to downtime in production, supplier failure and logistic problems.

Media exposure of accidents or a poor environmental record can damage our reputation in the eyes of customers, suppliers, employees and other stakeholders. It can furthermore negatively affect revenues and financial performance.

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1 The Sustainability Consortium (TSC), *"Lead-Acid Batteries Sustainability Insights"*, 2017

2 SLoCaT, *"Nationally-Determined Contributions (NDCs) Offer Opportunities for Ambitious Action on Transport and Climate Change"*, 2016 [<http://goo.gl/jqnQ82>]

3 KTH, *"CO<sub>2</sub> emissions from freight transport and the impact of supply chain Management"*, 2011

4 The Sustainability Consortium (TSC), *Lead-Acid Batteries Sustainability Insights*, 2017

5 United Nations (2015), *Transforming our world: the 2030 Agenda for Sustainable Development*, 2015 A/RES/70/1

6 United Nations, *"Progress towards the Sustainable Development Goals"*, 2017 E/2017/66

7 The Sustainability Consortium (TSC), *Lead-Acid Batteries Sustainability Insights*, 2017

8 The Sustainability Consortium (TSC), *Lead-Acid Batteries Sustainability Insights*, 2017

### **7.1.3 Quality and Environmental Policy**

The Group will provide its customers with the highest quality products and reliable service. World class performance will be maintained through continuous improvement and measurable objectives and targets. The Group will consistently meet customer expectations for products and distribution without risking our environment or the safety and health of our associates. Upholding these concepts, both management and associates will strive towards quality and environmental excellence through the following commitments:

- Continually improve the effectiveness of the Quality and Environmental Management Systems
- Energy efficiency and sound resource management as well as prevention of pollution
- Compliance with local and international environmental conventions, legislation, and other regulations to which the companies subscribe
- Provide and maintain the necessary competence and training within each area of responsibility
- Nurturing the mindset of continuous improvement and adaptability to change

N Holding AB manufacturing facilities adhere to ISO9001 and 14001

### **7.1.4 What we do**

Our Environmental Management System (EMS) ensures our product design and manufacturing is done with a minimum impact on the environment. All companies of the Group have a responsibility to ensure that their policies and instructions comply with local and international regulations.

Emissions produced in our production facilities are monitored, controlled and treated as required by law. Both production facilities monitor the wastewater for copper and lead. We keep track of our energy consumption and greenhouse gas footprint and ensure that the air in our plants is clean. Before air is released into the atmosphere, our air control systems filter the air and remove lead particles. Each entity within the Group work to improve resource efficiency by reducing waste and water usage. All generated waste is handled safely and either disposed of responsibly or recycled.

Raw materials and finished products are distributed either by land, sea or air. Our employees also use those modes of transportation when travelling from one point to another. We keep track of CO<sub>2</sub> caused by transporting products, and strive to use the most environmentally friendly alternatives for transportation and travel wherever possible.

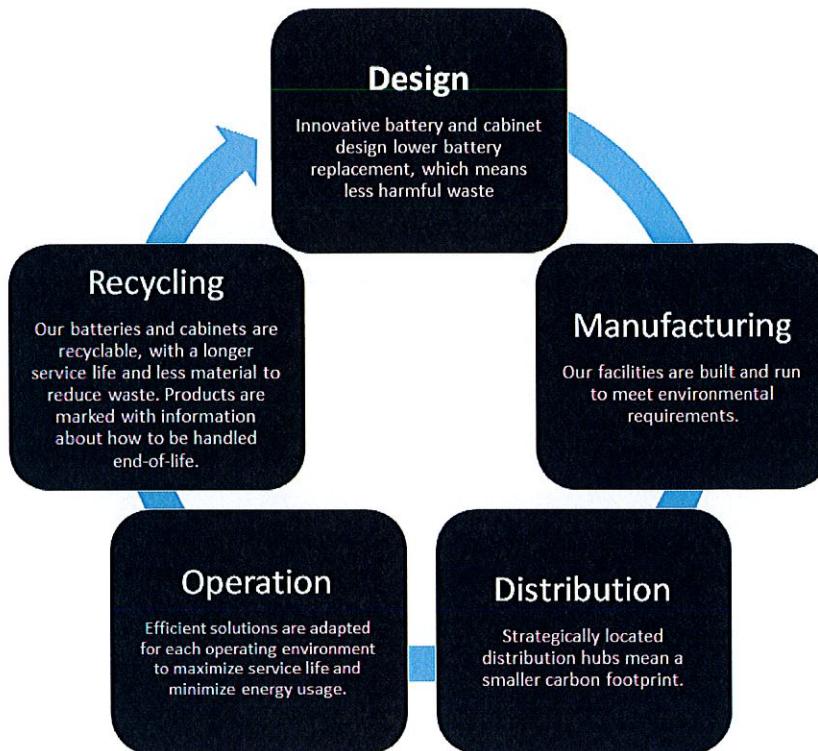
We comply with international directives such as RoHS, REACH, Directive 2006/66/ EC on batteries and accumulators, and WEEE to ensure compliance with existing and anticipated legislation. Natural resources are used responsibly and carefully.

We annually celebrate World Environment Day with the purpose to raise awareness and educate employees about our internal environmental work and the challenges the world meets today in terms of sustainability.

**Our battery plants protect the environment with a range of features:**

- A PVC liner has been laid under the factory floors to prevent leaks into the ground
- The lead oxide we use to make our batteries is unloaded from the trucks in sealed-off loading docks to contain any possible spills
- Our air filtration system keeps the air free from lead particles
- Our wastewater and acid mix rooms are built to hold any spills
- We have double-wall tanks to control any acid leaks
- We recycle scrap lead in our smelter

## Product Life Cycle



### 7.1.5 Follow-ups

We follow up the progress and our environmental work through several checkpoints.

**KPI follow-ups:** To ensure that we continually improve.

**Internal auditing:** In-house assessment to ensure that all policies and external standards are followed, implemented, and operating efficiently.

**External auditing:** Independent auditors examine our business to ensure compliance with ISO 14001.

**Customer auditing:** Assessment by customers to verify that we comply with their environmental standards.

**Supplier auditing:** Our suppliers sign a contract to declare that they comply with our Code of Conduct. We also audit our suppliers to make sure they continually improve their EMS

**Material declarations:** To fulfill our responsibilities and indicate compliance with the requirements like REACH, RoHS, Directive 2006/66/EC, and WEEE, the Group has a structured method when working with materials declarations.



## 7.1.6 Environmental results

Several indicators have been set to measure our overall environmental performance. Some of our KPIs have been measured for three years; therefore, just a general discussion of trends based on each indicator is made.

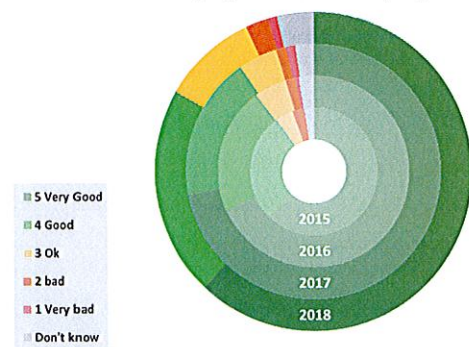


Numerous indicators show a positive trend. CO<sub>2</sub> emissions were reduced by % (see key figures) during the transportation of finished products. Less hazardous waste per worked production hour compared to the previous year. Our lead and copper concentrations in wastewater continued to be below city level limits and we received the Missouri Water Environment Association Platinum and Gold Award. Only companies that are fully compliant with all pollutant limitations, permit requirements, and reporting requirements are given this award.

Our employee survey shows that our employees believe in the Group's environmental efforts and the results have improved over several years.

More water and electricity was used in 2018 compared to 2017. Water and electricity consumption is affected by the manufactured product mix, which can differ between years. Long-term goals are set to reduce our energy and water consumption.

I believe the company is environmentally responsible



## 7.2 People and Safety

### 7.2.1 Our priorities within people and safety

We are conducting business in a global job market and numerous companies are looking for the same competences as us. To find and keep the right people it is essential to attract, develop and retain.<sup>9</sup> A company who embraces diversity will attract a wider range of candidates to their vacancies and will appeal to individuals from all walks of life.<sup>10,11</sup>

Employees that work with lead-acid battery production are exposed to lead. Lead is a toxicant that affects multiple body systems. If not handled in a safe way many health problems can occur.<sup>12,13,14</sup>

Production equipment, inconsistent maintenance, inappropriate handling of materials, and moving vehicles present numerous dangers to our employees in the production sites.<sup>15</sup>

9 Harper Business, Jim Collins, "Good to great: Why some companies make the leap and others don't", 2001

10 United Nations (2015), "Transforming our world: the 2030 Agenda for Sustainable Development", 2015 A/RES/70/1

11 United Nations, "Progress towards the Sustainable Development Goals", 2017 E/2017/66

12 The Sustainability Consortium (TSC), "Lead-Acid Batteries Sustainability Insights", 2017

13 Department of Neurology, University of Kentucky College of Medicine, "Pb Neurotoxicity: Neuropsychological Effects of Lead Toxicity", 2014

14 Health and Safety Authority, "Safety with lead at work", 2014

15 International labour office, Geneva, "Safety and health in the use of machinery", 2013

### **7.2.2 Major people and safety risks**

It is crucial to have the right people to be able to compete, innovate and grow. If not, it can result in costs associated with a high personnel turnover rate, low levels of employee engagement and even affect our relationship with external partners including customers and suppliers.

Other significant risks can be found within health and safety. Accidents and incidents could lead to health issues and injuries for employees. A non-compliance with workplace health and safety regulations could lead to legal consequences, penalties, and reputational issues for the Group.

### **7.2.3 Corporate HRM Policy**

The Group's human resources department's role is to support the Group's vision and to provide our teams with the necessary means to achieve their goals and obtain the best results.

Our objective: The right person, in the right place, at the right time.

We will do this by:

- Promoting and recruiting the best-qualified people, recognizing and encouraging the value of diversity in the workplace. We recruit and promote solely based on the job qualifications;
- Compensating our employees in a correct and fair manner in accordance with their individual performance and comply at a minimum with national laws or industry standards;
- Providing a safe and healthy workplace by minimizing the risk of accidents, injury, and exposure to health risks;
- Developing the full potential of our workforce by providing management and employee training and development for career enhancement;
- Supporting, developing and promoting diversity and equality in all employment practices and establishing an inclusive culture free from discrimination, harassment, or abuse;
- Communicating regularly with our employees and, whenever possible, partner with them to achieve desirable competitive outcomes;
- Providing working conditions that promote employees to achieve a work-life balance while fulfilling company business needs;
- Establishing, administering and effectively communicating sound policies, rules and practices;
- Respecting the right of our employees to establish and join organizations of their choosing without impacting on their employment;
- Assuring effective leadership qualities in our managers;
- Prohibiting the use of all forms of forced labor. Our employees should choose to work for us at their own discretion;
- Supporting and strictly enforce child labor laws. Child labor is strictly prohibited;
- Prohibiting harsh or inhumane treatment, including corporal punishment or the threat of corporal punishment.

The Group supports internationally recognized human rights principles, as set out in the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. We recognize our responsibility to respect human rights and avoid complicity in human rights abuses, as stated in the UN Guiding Principles on Business and Human Rights. Moreover, we shall always comply with local laws and regulations.

#### 7.2.4 What we do

We recruit, hire, train, pay, and promote solely on the basis of the employees' qualifications for the job. We strive to be a workplace that has a diverse and balanced work environment, and that is promoting gender diversity and equality.

Health and safety is the main focus in our production sites. As such, we provide our employees with training and safety equipment. We also monitor our employees blood lead concentrations to make sure they don't get exposed to unhealthy levels of lead.

Knowing that the unexpected can occur, our operation has implemented policies and processes required to keep our employees safe. Health, safety, and emergency preparedness are part of our everyday work to prevent accidents.

#### 7.2.5 Follow up

Headcount and turnover are monitored monthly. We follow up on the gender diversity progress and our salary structure through annual salary reviews.

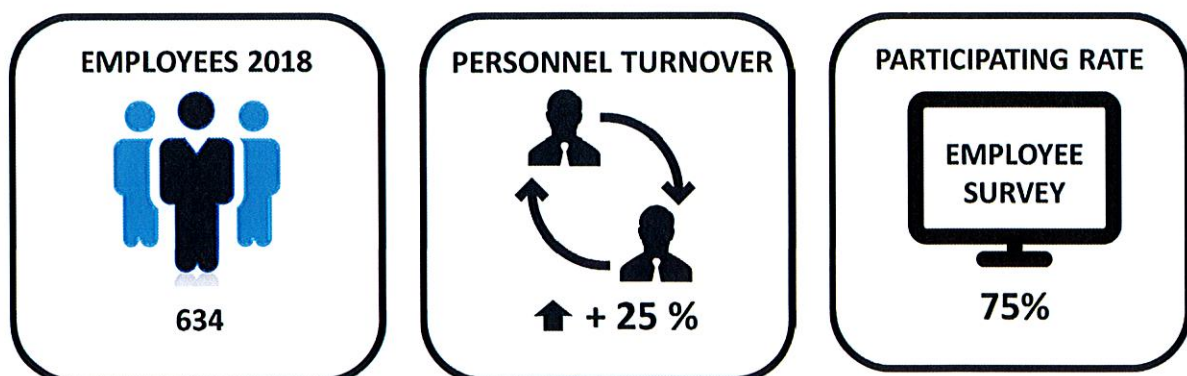
The blood lead test is used to screen for exposure to lead, take actions when needed, and to monitor the effectiveness of EHS practices. All employees that work in the productions sites are regularly monitored.

Safety audits are regularly conducted and documented in our operations sites to ensure a safe work environment and continuous improvement.

We collect employee perceptions in our annual employee survey. It is an excellent way to follow up on employee engagement, work environment, leadership, work tasks, skill development, gender diversity, equality, and CSR issues.

#### 7.2.6 Result

The overall results of the category People and Safety show improving trends. The personnel turnover increased by approximately 25% between 2017 and 2018. A lower percentage of our employees participated in our annual employee survey compared to 2017. The number of employees increased from 457 to 634 which is a 39% increase. We still have a gap between the percentage of female employees and the percentage of female managers. However, the proportion of female managers improved in 2018. Within health and safety, we continued to show positive trends in lower employee blood lead levels in our production sites. Overall, our 2018 employee survey showed a high average rating of 3,95 (on the scale 1-5) within gender equality, anti-discrimination, bullying, work environment, safety, and emergency preparedness. The survey also showed that our core values are an integrated part of our daily business.





## 7.3 HUMAN RIGHTS

### 7.3.1 Our Priorities within Human Rights

In a globalized economy, businesses source goods and services from suppliers with different legal, regulatory, and human right practices. Many people work in the global supply chains, and it is critical how companies conduct business to prevent human right issues. There are many global concerns including child labor, unsafe or unhealthy working conditions, forced or bonded labor, and discrimination.<sup>16, 17, 18</sup>

Global companies are also exposed to the risk of having conflict minerals in their supply chain. As a global company, we have the responsibility to source with respect of human rights, prevent any contribution to armed conflict, and have sound supply chain practices.<sup>19,20,21</sup>

### 7.3.2 Our major human right risks

To not have control over our supply chain and get involved in Human rights issues such as child labor, unsafe working conditions, or unethical sourcing activities.

Any involvement could cause legal costs, damage to reputation and relationships, and revenue loss.

### 7.3.3 Human Rights Policy

Respect for human rights is fundamental to the sustainability of N Holding AB. We are committed to ensuring that everyone in the Group - and everyone with whom we come into contact with - is treated with dignity and respect.

Our Human Rights principles:

- We conduct our business in a manner that respects the rights and dignity of all people, complying with all legal requirements.
- We prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor and any form of human trafficking.
- Child labor is strictly prohibited within the Group. We do not employ any person below the age of 15 or applicable higher legal minimum age.
- We treat everyone who works for the Group equally and without discrimination. The basis for recruitment, hiring, training, and promotion is solely on the qualifications for the job.
- We are committed to maintaining a workplace that is free from harassment and other unsafe or disruptive conditions due to internal or external threats.
- We are dedicated to providing a safe and healthy workplace by minimizing the risk of accidents, injury, and exposure to health risks. We comply with applicable safety and health laws, regulations, and internal requirements.
- We compensate our employees in a correct and fair manner in accordance with their individual performance and comply at a minimum with national laws or industry standards.
- We strive to provide appropriate training opportunities for employees to help them develop relevant skills, grow with the company and progress their careers.

<sup>16</sup> The Sustainability Consortium (TSC), *Lead-Acid Batteries Sustainability Insights*, 2017

<sup>17</sup> United Nations (2015), *Transforming our world: the 2030 Agenda for Sustainable Development*, 2015 A/RES/70/1

<sup>18</sup> United Nations, *"Progress towards the Sustainable Development Goals"*, 2017 E/2017/66

<sup>19</sup> The Sustainability Consortium (TSC), *Lead-Acid Batteries Sustainability Insights*, 2017

<sup>20</sup> Amnesty International, *"TIME TO RECHARGE"*, 2017

<sup>21</sup> Shift et al, *"Doing business with respect for human rights: A guidance tool for companies"*, 2016

- We respect freedom of association and our employees right to join, form, or not to join trade unions or similar external representative organizations, without fear of reprisal.
- We respect the rights of people in communities impacted by our activities. We will seek to identify adverse human rights impacts and take steps to avoid, minimize and/or mitigate them.
- We will seek to make contractual commitments with suppliers that encourage them to adhere to the same principles.
- We will monitor the implementation of this policy annually to ensure that it is followed by the Group.

#### 7.3.4 What we do

We inform and educate our employees on Human Rights and what we as a company stand for. We do not purchase products, components, or materials that contain conflict minerals. Our supplier relationships are vital to our operations and to the delivery of safe, reliable, and sustainable products to our customers. We expect our suppliers to run their business in a responsible way, and they declare in writing that they comply with our Code of Conduct.

#### 7.3.5 Follow-ups

- **External auditing:** Independent auditors and customers examine our business to ensure compliance with Human Rights, CSR standards, and our code of conduct.
- **Supplier audits:** Our major suppliers are audited to a number of different criteria, including corporate responsibility and environmental standards. We ensure that they follow local regulation, NorthStar Code of Conduct, and continuously improve their business.
- **Declaration:** Suppliers need to declare (a signed contract) that they comply with the NorthStar Code of Conduct and ISO 14001.
- **Employee Survey:** We provide our employees the opportunity to anonymously give open feedback on how we as a company follow the human rights.

#### 7.3.6 Results

Our Human Rights results progress, and we can see continuous improvement in several areas.

We went through two major external audits within CSR. One global audit for the Group where we were awarded a silver medal and another where an independent auditor reviewed our production sites with excellent results.

Our employee survey measures our employees' perception of how the company handles human rights. The rating scale is from 1 (very bad), 3 ok, to 5 (very good). The results have been steady and over an average of 4,25 for the last four years. In 2018 88,0 % of the employees believed that the company observed human rights through its actions.



## 7.4 ANTI-CORRUPTION AND GOVERNANCE

### 7.4.1 Our Priorities

Corruption promotes poverty, hunger, disease, crime, and is one of the leading obstacles to economic and social development around the world.<sup>22</sup>

Global business dealings have increased risks for parties to seek advantage from corruption and bribery. Even if corruption is illegal and unethical, there is behavior that falls into a gray zone that can be difficult to detect.<sup>23</sup>

Companies that work internationally also need to consider local laws and regulations in their business dealings. International law is highly complex, and laws about trade, taxes, currency conversion, and contracts vary from country to country.

Global companies have the opportunity to take an active role in setting a proper tone to business and make sure that each leader and employee understands the type of conduct that is acceptable and those that are not.

### 7.4.2 Our major corruption risks

As a global business, we face several potential threats in our business dealings. It could for example be associated or involved with corruption, bribes, kickbacks or other unethical behaviors, or that we do not fully know and obey international and local laws that differ in the world. Wrongdoings could result in reputation damage, legal consequences, loss of public confidence, financial loss and discourage shareholders and investors.

### 7.4.3 Anti-Corruption Policy

It is our policy to conduct business in an honest and ethical manner implementing and enforcing effective systems to counter corruption and bribery. We are committed to act professionally, fair and with integrity in all our business dealings and relationships wherever we operate.

- **Zero-tolerance** – We take a zero-tolerance approach to bribery and corruption.
- **Gifts, Entertainment and Hospitality** whether given or received – should be limited in value, for a business purpose, well documented and reasonable. Expenses involving Officials are closely monitored.
- **Facilitation payments** – The Group forbids facilitation payments, and we will not pay if faced with demands.
- **Procurement, Contracting, and Purchasing** – Supplier selection shall be a formal, structured invitation for the supply of products or services. Payments will only be made following receipt of a valid invoice. No side agreements of any kind will be accepted.
- **Political, Religious, Community and Charitable Contributions** – The Group does not make political or religious donations. Community and charitable contributions must be for a legitimate purpose.
- **Recordkeeping** – All expenses, including entertainment, travel and gifts, must be promptly and accurately documented.
- **Business Representatives** – The Group could be held liable for the acts of its Business Representatives. Those engaged to act for or on behalf of The Group are expected to comply with our Policy.
- **Everyone must comply** – The Policy applies to all employees of N Holding AB.
- **Reporting** – Any actual or suspected violations are reported to management, Local HR Department, CFO/Legal/CSR, or through the whistleblower function.

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<sup>22</sup> SIDA, "Fighting corruption – a prioritated issue", 2006

<sup>23</sup> Steve Berkman, Nancy Z. Boswell, Franz H. Brüner, Mark Gough, John T. McCormick, Peter Egens Pedersen, Jose Ugaz, Stephen Zimmermann, Journal of Financial Crime, "The fight against corruption: international organizations at a cross-roads", 2008



#### **7.4.4 What we do**

To prevent corruption, we empower and train employees to make the right decision when ethical dilemmas occur. White collar employees are obligated to complete UNs online training tool “The Fight Against Corruption” every second year.

All financial transactions are handled by the operational sites in Sweden and USA. This arrangement reduces the risk of unethical behavior by eliminating the direct personal contact that results from interaction with customers and suppliers.

To ensure anonymity, we have a whistleblowing channel that is provided by an external partner. Any employee that suspects corruption or other improprieties can use the system.

#### **7.4.5 Follow up**

We follow up and monitor the percentage of employees that have completed our Anti-Corruption training. Reported whistleblowing cases are investigated, handled, and controlled. Our annual employee survey addresses corruption and other ethical issues. We monitor their perception of company behavior.

#### **7.4.6 Result**

Good results and definite improvements can be shown within anti-corruption and governance.

The goal is that 100% of our white collar employees should complete the anti-corruption training every two years. We made vast improvement towards our goal. At the conclusion of 2018, 88% of our white collar employees had completed the training.

No whistleblowing cases were reported in 2018 nor 2017. We address and measure our employees’ knowledge on what to do if faced with unethical behavior. We want to ensure that a lack of knowledge of the reporting system was not responsible for the results. Our result from the employee survey shows that our employees know how to report violations.

The result from our employee survey shows high ratings from our employees with an average above 4 (on a rating scale 1-5).

## **7.5 COMMUNITY**

### **7.5.1 Our Priorities**

Companies impact their societies and can become a force for good by operating responsibly, ethically and by established values. The existence of companies is dependent on good relationships with the societies in which they operate.

### **7.5.2 Our major community risks**

Lack of trust, confidence, and support from the local community can cause problems to find and retain a workforce, can affect customer relations, and cause reputational damage.

### **7.5.3 Community Relationship Policy**

N Holding AB values the importance of relationships with the communities in which we operate. Through community participation, we develop a long-term commitment and create positive relationships built on mutual understanding, respect and trust. We recognize that each community is unique.

#### **We Believe**

- Supporting our communities will encourage support of our business;
- Good communication is essential to good community relations;
- Open and honest communication is essential to credibility and trust;
- It is important to be an active member of the community through involvement in social, recreational, wellbeing, charitable, and cultural initiatives;
- We have a responsibility, together with government and other partners, to mitigate the impacts of our operations and to capitalize on opportunities to enhance sustainable socio-economic development;
- It is important to encourage, where practical, suppliers and contractors to adopt the same or similar policies, standards, and practices;
- We as a company are accountable for our actions.

#### **We Shall**

- Respect the human rights of all stakeholders;
- Comply with laws and regulations that govern our operations and local laws wherever we do business;
- Undertake activities to ensure that the local operating company is, and remains, a responsible member of the community;
- Be open and transparent in all communications and dealings with communities and respond in a timely fashion to any community-based grievances;
- Help foster a stable, healthy, and safe environment in which to live and work;
- Review and revise our Community Relationship Policy when needed.

#### **We Endeavour**

- To work proactively to identify and manage social risks, impacts, and obligations;
- To collaborate with host communities, governments, employees, contractors and other partners to promote sustainable social and economic development;
- To seek and continually improve our standards of community relations involvement;

- To make donations to the community and the needy with no particular ties to political or religious affiliations.

#### **7.5.4 What we do**

The Group strives to maintain a transparent business climate and high business ethics. We follow regulations and try to affect the societies positively. We arrange several charity events each year to support local communities.

#### **7.5.5 Follow up**

Our community engagement has been followed up in our previous annual CSR board report. From 2017 and forward it will be followed up in this sustainability report.

#### **7.5.6 Results**

Each year, we try to find ways to support the communities in which we operate. We can see several great initiatives that have been taken during 2017 and 2018.

##### **Recycling Day and Human Rights**

In Springfield, we recycled pop tabs and the money raised was used to support families with children that are undergoing medical treatment. Stockholm also participated in Recycling Day and started a collection of pop tabs and candle cups. Their collected items have been sent to an organization in Thailand who recycles the aluminum and makes prosthetics out of it.

##### **Clothing donation**

In 2017 the Swedish team collected and donated clothes to homeless people in Stockholm through a local organization.

##### **World Environment Day activities in 2017: Connecting with Nature**

Community gardens are favorable for the environment, can help foster a sense of ownership in the community, and provide an opportunity for people from different backgrounds to meet. To support the community, our US team volunteered at two community gardens. They assisted with mowing, weeding, and tiling.

Urban gardening is one way to help the society and the environment. Our Swedish team spent half a day to learn about urban gardening, and the effects gardening can have on the environment.

The team in China focused on wildlife by helping restore the turtle population in Wuxi. They also spent half a day cleaning and removing garbage from Wuxi beach.

In Malaysia our team connected with nature by supporting and visiting Kota Damansara Community Forest Reserve. The reserve covers 320 hectares and is all that remains of the original 6600 hectares. The area has steadily been lost to the urban extension over the past several decades. An area that today is used for recreational, educational, and research purposes.

##### **Sertoma - Chili fundraiser with the city**

Our US company attended the event with a team, cooked chili and raised money for the Boys & Girls Club of Springfield.

##### **Raffle**

Our US team arranged several raffles to support local charities, such as hurricane relief and a donation to the local zoo.



## 8 KEY FIGURES

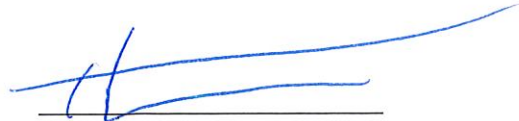
CSR Performance	2016	2017	2018	Target	Comments
CO2/cost of sales (transports)	4,19	3,84	2,55	Reduced CO2 emissions relative to business activity	
Water usage per worked production hour, l/hour	1,69	1,76	1,29	To be decided	Evaluate when 2018 is closed & compiled
Wastewater Lead Concentrations, mg/l	0,01753	0,01481	0,0158	Below city limit 0,06	
Wastewater Copper Concentrations, mg/l	0,0539	0,05629	0,00636	Below city limit 0,26	
Hazardous waste (metric tonne)	65	47	79		
Hazardous waste/ operational waste, %	48	45,75	46,83		Information
Waste per worked production hour, kg/hour	0,18	0,16	0,15	Reduce waste per worked production hour	
Used electricity per worked production hour, kWh	61,96	66,75	43,67	To be decided	Evaluate when 2018 is closed & compiled
White- collar employees, %	31,57	25,82	23,2	N/A	Information
Blue- collar employees, %	68,43	74,18	76,8	N/A	Information
Total personnel turnover, %	29,65	22,47	47,92	N/A	Information
Proportion of women employees, %	29,4	25,8	28,08	N/A	Information
Proportion of Women managers, %	11,4	12,1	15	Same proportion women managers as women employees	
Compliance with International conventions CSR (ECOVADIS)	Silver	Silver	Silver	Gold	
Average Lead in blood, ug/dl	9,8	8,9	8,7	Reduce average lead levels in blood	Track the success of lead reduction program
% White Collars completed Anti-Corruption training	29	88	88	100	
% of employees aware of the Group Whistleblowing system	83	80	78	100	
Number of reported Whistle Blowing cases	0	0	0		Information

9 BOARD

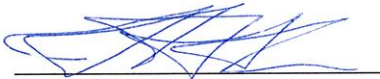
Stockholm 26 april 2019



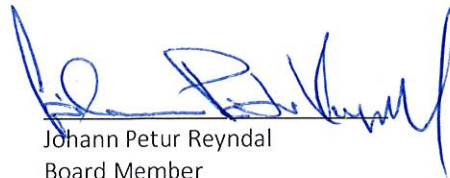
Erik Thorsen  
Chairman of the Board



Claes Ekström  
Board Member



Hilmar Kristinsson  
Board Member



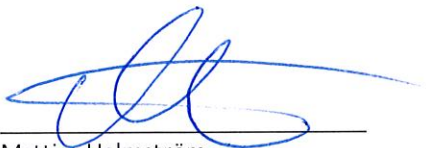
Johann Petur Reyndal  
Board Member



Henrik Roos  
Board Member



Hans Stråberg  
Board Member



Mattias Holmström  
Board Member



Hans Lidén  
CEO

To the general meeting of N Holding AB, corporate, identity number 556726-7835

#### Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report has been prepared in accordance with the Annual Accounts Act.

#### The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

#### Opinion

A statutory sustainability report has been prepared.

Stockholm 26 april 2019

Ernst & Young AB



Jennifer Rock-Baley  
Authorized Public Accountant



## Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Till bolagsstämman i N Holding AB, org.nr 556726-7835

### *Uppdrag och ansvarsfördelning*

Det är styrelsen som har ansvaret för hållbarhetsrapporten för år 2018 på och för att den är upprättad i enlighet med årsredovisningslagen.

### *Granskningens inriktning och omfattning*

Vår granskning har skett enligt FARs rekommendation RevR 12 *Revisorns yttrande om den lagstadgade hållbarhetsrapporten*. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

### *Uttalande*

En hållbarhetsrapport har upprättats.

  
Ort den 26 april 2019

Ernst & Young AB

  
Jennifer Rock-Baley  
Auktoriserad revisor