



CTEK SUSTAINABILITY 2018

About this report

This is the CTEK Group's sustainability report For FY 2018, provided by CTEK and valid for CTEK Group's operation.

The sustainability report includes the legal requirements according to the Swedish Annual Account Act.

The sustainability report has been provided to the CTEK's auditors at the same time as the annual report.

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WE ARE CTEK

CTEK SWEDEN AB develops, markets and manufactures a unique series of high-tech products and solutions for batteries of 6 V and above, for both private and professional use in order to maximize battery lives. During 2018 CTEK acquired Chargestorm AB, a Scandinavian leader in EVSE* segment to enter the EV market. To enter the EV market has been a strategic step since 2017.

The cornerstone in CTEK's successful business concept is the extensive knowledge of batteries and electronics. Safety, simplicity and flexibility are key words and requirements that apply to all the products and solutions currently developed and sold by CTEK. CTEK is also a reliable supplier to many of the world's most prestigious car and motorcycle manufacturers.

Now we take the next steps towards a sustainable CTEK – Environmental, H&S and Social engagement to create a long-term value for our stakeholders. This is our Sustainability report which will show where we are and where we are going forward.

* *Electric Vehicle Supply Equipment*



President & CEO Jon Lind

***WITH OUR CHARGERS, A BATTERY
LASTS LONGER AND THEREFORE
REDUCES THE EFFECT ON THE
ENVIRONMENT***

THE WORLD'S BIGGEST CHALLENGE?

The world and the automobile industry are about to face enormous challenges in the coming years. The governments of the world will soon have to meet the demands of CO2 reduction while maintaining and increasing employment as well as facing the expectation of economic growth. This combination implies that the energy and automotive industries will be forced to introduce new innovative solutions for transportation and energy storage. CTEK wants to and will be a part of this development and be able to provide world class customer solutions.



MADE IN SWEDEN

DEVELOPED IN VIKMANSHYTTAN

**WORKING TOGETHER WITH PRIDE AND RESPECT
ALL AROUND THE WORLD**

Our headquarters, with departments in sales, marketing and product development, are situated in idyllic Vikmanshyttan, a small mill town with a population of 900 in southern Dalarna. This is where all of the product development takes place – everything from sketches, construction, design and software to package design, manuals and marketing materials. Vikmanshyttan is also the base for our international sales force. From here, all international transports and material purchases are managed.



CTEK operates all over the world and we do it in a Sustainable way. Environment, Health & Safety and Social factors are key stones in our business.

CTEK is a global company with 6 subsidiaries and 3 warehouses located in strategic places around the globe to serve our customers in about 70 countries with a revenue of 580 msek*.

Our biggest market is Europe, including Scandinavia, where we have around 70 % of the revenue, 8 % in Americas and 22 % in rest of the world.

* preliminary

MADE IN CHINA

AND REFINED IN SHENZHEN

**PARTNERSHIPS AND BEST BUSINESS RELATIONS
AROUND THE WORLD**

The major part of our production takes place in our three contracted factories in Shenzhen, a city with a population of nine million located in the Guangdong province in southeast China. From Shenzhen, just one hour on the underground brings you to Hong Kong and one of our four Asian offices. Here, Swedish, Norwegian and Chinese colleagues work together to secure production, quality and the safe delivery of our products. When our products have been produced, packaged and approved for delivery, they are loaded onto a boat for transportation to our central warehouse in Ghent, located in northeastern Belgium. In Ghent, reloading and storage takes place and the products await further transportation to our sales teams all over the world.





WITH PRIDE FOR CTEK AND FOR WHOM WE ARE, OUR VISION IS TO BECOME THE LEADER IN BATTERY MANAGEMENT SOLUTIONS

CTEK ARE WE – AND OUR DRIVERS

CTEK is all of us who work with and for CTEK. Every day at CTEK we strive together for new ways to develop, both for our own successes and for CTEK's. Our collective creativity, efficiency, job satisfaction and courage create new business possibilities and new markets for CTEK now and in the future.

The work CTEK does is characterized with pride, transparency and respect for one another, for our company CTEK, for our customers and for our suppliers. CTEK's solutions and products are technically innovative, sustainable, the highest quality and built from proven technique.

CTEK Maximize Your Battery Performance

OUR DRIVERS

- Professional entrepreneurship
- World class customer solutions
- Best business relations
- Beyond market growth

MISSION

- Develop, market and sell innovative battery management solutions that are safe and easy to install and use

VISION

- To become the leader in battery management solutions

VISION, MISSION, DRIVERS



This is sustainability at CTEK



Sustainability is a part of CTEK business idea, to extend the battery life through Battery Management Solution

These sustainability issues are important for CTEK and we require our employees and suppliers to agree and work according to our Sustainability Program.

We shall by this be a reliable partner for our identified stakeholders.

CTEK stakeholders

CTEK integrates Sustainability into our business operations. During the year, we identified our stakeholders and to understand their expectations on CTEK related to sustainability. A number of stakeholders are prioritized by CTEK’s management. For these stakeholders, targets has been set in line with expectations and requirements.

Interaction and contacts with our stakeholders on sustainability is integrated into our business operations, ensuring that their expectations are an integral part of CTEK’s long term focus for sustainability.

Some of the key expectations from our stakeholders include Business ethics, systematic Health & Safety (H&S) and take the social responsibility according to international laws and regulations.

Stakeholders	Expectations & Requirements
Customers	Follow laws and regulations, Corporate Social Responsibility, Code of Conduct,
Insurance companies	High quality of product, H&S, Facility meet legal requirement
Employees	Follow laws and regulations, Corporate Social Responsibility, proudeness, deliver message, Career opportunities
Owners/Investors	Demands & targets, reporting, profitable, strategy, Corporate Social Responsibility
Authorities	Follow legal requirements -> waste, recycling, chemicals etc
Unions	Follow laws and regulations, Corporate Social Responsibility, proudeness, deliver message, Career opportunities
Neighbors	Fire safety, waste, pollution, traffic
Community	Fire safety, waste, pollution, transports, recreation areas
Suppliers	Long term agreements, specified demands both for products and H&S, Business ethics
NGO`s	Meet legal and social requirements, communication
Partners	Legal requirements, contracts & agreements, negative publicity, decide direction and targets, proactive
Standards	Input for product specs, requirements, certifications, guidance
Media	Open communication, press release, Code of Conduct
Competitors	Follow laws & regulations, Contracts & agreements, Patents
Banks	Reporting, profitable, Business ethics
Government	Long term sustainability, Follow legal requirements -> waste, recycling, chemicals etc
Next generation	Corporate Social Responsibility, Long term sustainability,
CTEK Ambassadors	Follow legal requirements -> waste, recycling, chemicals etc, deliver CTEK message
Me	Corporate Social Responsibility, Code of Conduct, Business ethics
Bold are prioritized Stakeholders by management -> targets set and followed up annually. For decisions see MoM from Management meetings	

CTEK ENVIRONMENTAL FOCUS

We aim to minimize the environmental impact from our operations and have established an Environmental policy that outlines our commitment and ambitions related to environment. Our Environmental Policy, reviewed annually, is very well known by our employees and communicated to the public and it reflects our work in daily business and with our stakeholders. CTEK is also certified according to **ISO 14001:2015** which is a result of a long and focused work by the whole company.

We are proud to be one out of very few in our business segment that are certified in accordance with ISO 14001:2015, which requires internal and external audits to verify that we fulfill standard requirements.

CTEK ENVIRONMENTAL POLICY

CTEK develops, markets and sells a unique range of products and solutions for simplified battery management for both private and professional users in order to maximize battery lifetime and performance.

CTEK

- provides products that maximize the lifetime of batteries significantly and thereby reduce the disposal of exhausted batteries,
- provides products designed for long term use making efficient use of resources,
- follows customer, current legal and operational requirements
- commit to continuously improve our processes and reduce negative environmental effects from our business

This policy is a commitment from management and personnel.

**ISO 9001
ISO 14001
BUREAU VERITAS
Certification**



CTEK Environmental aspects

CTEK have performed an analysis of significant environmental aspects for our operations, based on a life cycle perspective, risk and severity analysis. As a result, we identified a number of prioritized aspects: Manufacturing, Gift boxes, Waste and Transport. We see that targeting these aspects can have the biggest impact to work more environmental friendly. For these aspects, targets have been set and these are followed up on annual basis.

Environmental Aspects base on Life cycle perspective

Aspects	Requirements	Risk	Severity
Improve product life cycle	Expectation in product development	Not follow laws & regulations, social responsibility, research without validation ,	4
Manufacturing	Efficient and legal production, Business ethics, Code of Conduct	Unclear requirements and expectations, Different level of Sustainability, profit vs requirements	6
Gift boxes	Design & Material, Efficient and legal production, Business ethics, Code of Conduct	Unclear requirements and expectations, Different level of Sustainability, profit vs requirements	7
Waste	Legal requirements, stakeholder requirements, WEEE	Recycling, Minimize lanfill, Waste handled in social responsible way	5
Metals	Different metals are specified in product tech specifications (see also Conflict mineral)	Supplier use sub supplier with poor control and poor sourcing	3
Chemicals	Very limited use of chemicals locally, mainly cleaning and in lab	Use of non approved chemicals meeting legal requirement, toxic products	2
Conflict minerals	4 specified minerals with need of control to be used to customers in US	Documentation required from suppliers of source, melting, mining etc	3
Plastic	Mainly used in packaging between sub supplier and supplier. Limited use locally	Use of non approved materials not meeting legal requirement, toxic products	4
Transports	Reduction of CO2 required in Supply chain		5
Energy	Heating of buildings is the main reason, must find more efficient supply	Big investment and long term solutions. Energy savings made and will continue.	5
Feed humans -> consumption	Improve product life cycle to reduce consumption. Education of end user	Lack of knowledge why charge a battery and not replace with new -> consumption	3
Travel	Travel smart end environmental friendly; Travel policy	Global company require travel but can be made smarter and more efficient.	3

Bold are prioritized Aspects by management -> targets set and followed up annually during strategy meeting

Aspects shall be Prioritized based on a Life cycle perspective

Environmental targets -> 2021

MATERIAL & PRODUCT

1. Minimize the environmental impact from our products
2. All critical and key suppliers comply with CTEK's sustainability demands
3. Minimize the environmental impact from our packaging material
4. Indirect spending shall always include environmental demands

CO2

5. Minimize the environmental impact from our energy consumption at HQ Vikmanshyttan
6. Reduce the CO2 emissions from our goods transport



WASTE HANDLING

7. All waste from CTEK's products are taken care of in a sustainable way
8. From HQ Vikmanshyttan we will minimize the environmental impact caused by waste.

Based on our analysis of significant environmental aspects, we have identified a number of targets which in turn is broken down to action plans. Each of these targets have been assigned an "Ambassador" from CTEK management team to ensure focus on achieving our short and long term targets

Environmental actions by target – status and where we are 2018

MATERIAL & PRODUCT

By 2018 set improvement targets for identified risk areas

The strategies to reach the target;

- Investigate how Environmental Product Declaration (EPD) can be part of our development work
- Set an implementation plan for CTEK Repair and Service Network
- Establish a procedure to continuously identify new ways of using our products
- Develop sustainability training modules for identified training programs

Achievements

- EPD is not an alternative tool in our development work
- Plan for service and repair presented for management, first partner identified
- Risk material alternatives evaluated in development of new products, first is the new Consumer Series, checking for alternative materials in spec.
- Overall Sustainability training planned and performed in SE

By 2018 develop a plan for how to make our packages more sustainable

The strategies to reach the target;

- Implement the new ways of securing correct information in our packages
- Examine and evaluate all parts of our packages in order to identify improvement ideas.
- Identify the environmental impact from the various materials

Achievements

- CTEK follow legal requirement in all gift boxes and information
- Take away plastic window in products going forward and reduce transport of "air" (reduce size when possible). Environmental demands is included in product specifications from 2018.
- New gift box without plastic window for MXS 5.0 NA and updated Powersport in CT5 series.
- Product EOL will not be changed, only new products.

Environmental actions by target – status and where we are 2018

MATERIAL & PRODUCT – Targets 1 - 4

By 2018 all Tier 1 suppliers have received CTEK's Sustainable demands

The strategies to reach the target;

- Create a communication plan to suppliers
- Establish working procedures for how to audit and monitor the various categories
- Establish procedures to continuously identify critical suppliers
- Secure that supplier understands expectations

Achievements

- Training for all employees in Shenzhen, China performed October and December 2018
- Training for Tier 1 suppliers performed December 2018
- Audit procedure partly implemented regarding Sustainability
- Critical vendor list available in Management system, responsible Sourcing and SQ team (Operations)

Include environmental demands in marketing sourcing and social activities

The strategies to reach the target;

- Establish demands for purchase of conferences, hotels etc
- Establish demands for social and environmental demands on profile clothes

Achievements

- Hotels and flights via Altor agreements in line with CTEK Sustainability requirements
- Agreement with supplier of profile clothing in line with CTEK Sustainability requirements. Supplier ISO 14001-certified.

Environmental actions by target – status and where we are 2018

CO² REDUCTION – Targets 5 - 6

By 2018 establish routines to reach target to reduce the environmental impact from our transports

The strategies to reach the target;

- Investigate carriers used and prioritize
- Develop procedures for measurement and follow up

Achievements

- Decided 2018 as base year for measurements
- Decided to follow prioritized carriers.
- Developed yearly routines.
- All measurements are to be made in CO₂eq and be compared to company turnover
- Goal for 2019 to reduce CO₂eq by 10%
- Follow up fill rate started with supplier in new shipping agreement
- New agreement signed with supplier of sea, air and train freight in line with 2017 targets

By 2018 establish energy efficiency targets

The strategies to reach the target;

- Decide method to transform energy consumption
- Decide base year for measurement
- Long term target is reduction of CO₂eq with 30 % until 2023
- Apply for authority support for installation of EV chargers

Achievements

- Method to transform energy consumption decided to CO₂eq
- Decision that 2016 is to be base year for measurement
- Approved application for support of EV chargers, 2 units installed with 4 charging points for EV & PHEV vehicles

Environmental actions by target – status and where we are 2018

WASTE HANDLING – Targets 7 - 8

By 2018 waste from all CTEK products sold on Swedish market is taken care of in a social and environmental responsible way

The strategies to reach the target;

- Establish cooperation EL-kretsen to secure producer responsibility in Sweden
- Communicate the change to all relevant stakeholders

Achievements

- CTEK assigned to EI-Kretsen, a part of WEEE. Reporting monthly volumes from late 2017
- Understanding and fulfillment of updated regulation, valid from 2019

Secure routines of waste handling to minimize waste for energy recovery

The strategies to reach the target;

- Develop a routine for yearly identification of all fractions and to follow 3 of them with the aim to reduce the environmental impact of these 3 fractions
- Implement sorting fractions for waste handling

Achievements

- Waste mapping performed. As a result of the waste mapping we have created possibilities for scrapping and waste sorting by fractions on site
- Implemented waste handling in fractions for kitchen areas.
- Performed a waste fraction education for the staff.
- Developed yearly routines
- Decided that CO₂eq is the best way to measure the environmental impact

Health & Safety

Health & Safety is one of the three key areas for CTEK's sustainability efforts and we have a long history of working with workplace safety issues in a systematic way, following all applicable laws and regulations. At CTEK we ensure Health & Safety at the workplace through performing safety inspections, safety committee meetings and monitoring the sick leave rate.

The only safety critical operations CTEK perform is in our verification lab, where access is denied to unqualified persons and no work must be done alone.

Safety inspections

- ✓ Safety inspections performed in line with plan
- ✓ No major deviation open
- ✓ Safety inspections implemented at Chargestorm
- ✓ Employee survey performed, partly as health survey – result will give guidance for activities during 2019

Sick leave

- ✓ Sick leave is monitored every month and reported in company KPI
- ✓ Target is max 3,5 % in average for CTEK Group
- ✓ 2018 the outcome ended at 2,1 %

Safety committee

- ✓ Safety committee meet 4 times/year
- ✓ Representatives are members from Management, Union and Facility
- ✓ Agenda consists of
 - Accidents & Incidents
 - Management info
 - Union info
 - Risk analysis and actions
- ✓ 1 reported accident and 1 major incident reported during 2018

Social factors

Social factors is another of the three key areas for CTEK's sustainability efforts. CTEK implemented already in 2015 a Code of Conduct and continue to improve that work internally and together with our stakeholders.

The CTEK Group has chosen to pursue 6 ethical and moral business principles as our Code of Conduct, which are important to us and part of CTEK Sustainability program
CTEK require that our employees and suppliers agree and work according to the Sustainability program
By this we shall be a reliable partner for our identified Stakeholders

Anti corruption

- ✓ Target within CTEK is zero tolerance by employees or 3rd party
- ✓ No form of bribes or corruption will be tolerated
- ✓ Report conflict of interest
- ✓ 2018 no incident reported internally and/or externally

Code of Conduct

- ✓ Legal requirements
- ✓ Respecting Human Rights
- ✓ Employees
- ✓ Health & Safety
- ✓ Environment
- ✓ Child labour

Anti Trust

- ✓ Target within CTEK is zero tolerance by employees or 3rd party
- ✓ Conduct every business transaction with integrity, regardless of differing local manners and traditions
- ✓ Includes Anti Money laundering
- ✓ 2018 no incident reported internally and/or externally

The auditor's report on the statutory sustainability report

To the general meeting of CTEK Holding AB, corporate identity number 556853-7558

Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report on pages 1 – 17 has been prepared in accordance with the Annual Accounts Act

The scope of the audit

My (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 sustainability report*. This means that my (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. I (We) believe that the examination has provided me (us) with sufficient basis for my (our) opinions.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 2019-03-04

Ernst & Young AB

Jesper Aarenstrup

Auditor