



# ***CTEK SUSTAINABILITY 2019***

## *About this report*

This is the CTEK Group's sustainability report For FY 2019, 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. The report has been published at the same time as the annual report for 2019. The sustainability report is a part of the management 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. Chargestorm AB has during 2019 been fully integrated in CTEK Group and is now CTEK E-Mobility AB.

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.

CTEK Sustainability Program includes 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 facing 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 and to our Stakeholders.

CTEK is a global company with 7 subsidiaries and 3 warehouses located in strategic places around the globe to serve our customers in over 70 countries with a revenue of 630 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 2019

**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.



# CTEK

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

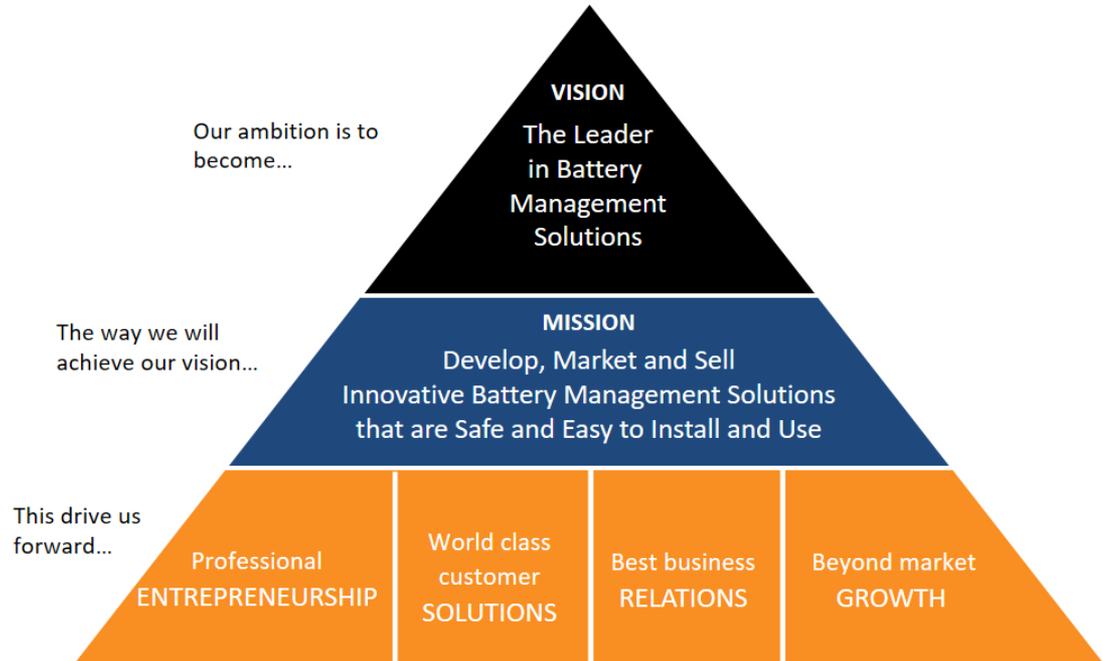
## **CTEK ARE WE – AND OUR DRIVERS**

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 Vision, Mission & Drivers**



## CTEK Sustainability Program



Sustainability is an important 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. Annually, we identified our stakeholders and to understand their expectations on CTEK related to sustainability. A number of stakeholders are prioritized by CTEK’s management, also reviewed annually. 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   |
|---------------------|---|
| <b>Customers</b>    | Follow laws and regulations, Corporate Social Responsibility, Code of Conduct,                          |
| Insurance companies | High quality of product, H&S, Facility meet legal requirement   |
| <b>Employees</b>    | Follow laws and regulations, Corporate Social Responsibility, prouidness, deliver message, Career oppor |
| Owners/Investors    | Demands & targets, reporting, profitable, strategy, Corporate Social Responsibility                     |
| <b>Authorities</b>  | Follow legal requirements -> waste, recycling, chemicals etc  |
| Unions              | Follow laws and regulations, Corporate Social Responsibility, prouidness, deliver message, Career oppor |
| Neighbors           | Fire safety, waste, pollution, traffic  |
| Community           | Fire safety, waste, pollution, transports, recreation areas   |
| <b>Suppliers</b>    | 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.

Management review 2019-10-21: Priotirized stakeholders changed. Customers, Employees, Authorities and Suppliers

## 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** by **Bureau Veritas** 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 reviewed the 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        |
| <b>Manufacturing</b>       | Efficient and legal production, Business ethics, Code of Conduct                           | Unclear requirements and expectations, use of chemicals in products/production/packaging, Different level of Sustainability, profit vs requirements | 7        |
| <b>Packaging</b>           | Design & Material, Efficient and legal production, Business ethics, Code of Conduct        | Unclear requirements and expectations, Different level of Sustainability, profit vs requirements  | 7        |
| <b>Waste</b>               | Legal requirements, stakeholder requirements, WEEE   | Recycling, Minimize lanfill, Waste handled in social responsible way  | 6        |
| Metals                     | Different metals are specified in product tech specifications (see also Conflict minerals) | Supplier use sub supplier with poor control and poor sourcing   | 3        |
| Chemicals                  | Very limited use of chemicals, 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        |
| <b>Transports</b>          | Reduction of CO2 required in Supply chain  | Climate change  | 7        |
| 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.   | 4        |

**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

Management review 2019-10-21: Priotirized aspect Gift boxes changed name to Packaging

# 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 2019***

## **MATERIAL & PRODUCT – Targets 1 - 2**

### **By 2019 set up CTEK Repair and Service network in Europe**

#### **The strategies to reach the target;**

- Set procedures how to manage CTEK Repair and service network
- Service network for PRO and OE products in Europe in place
- Start Sustainability training program for identified groups
- Investigate and prioritize improvements possibility of risk materials in our products

#### **Achievements**

- Agreement signed and implemented for CTEK Repair and Service in UK and in DE
- Sustainability training held for Tier 1 suppliers and our Chinese organization
- Sustainability program default in agenda in new employee introduction.

### **By 2019 establish a plan for removing/use less plastic material in all packaging**

#### **The strategies to reach the target;**

- Identify all plastic material in packaging
- Secure that our suppliers follow legal material requirements
- Set the plan for new product platforms to change to new gift box without plastic window and plan to use new manual format.

#### **Achievements**

- A plan for implementing more environment friendly giftbox for new developed chargers has been decided. No plastic window
- A new manual and safety instruction format, with less papers, for chargers has been decided.
- During 2019, CTEK has reduced the proportion of analog production in favor of digital production regarding marketing material

# ***Environmental actions by target – status and where we are 2019***

## **MATERIAL & PRODUCT – Targets 3 - 4**

### **By 2019 all Tier 1 suppliers have received and agreed on CTEKs Sustainable demands**

#### **The strategies to reach the target;**

- Implement updated CTEK Code of Conducts for Tier 1 suppliers
- Implement CTEK audit procedures to include Sustainability demands
- Establish work procedures for how to follow up Sustainability
- Establish work procedures for how to handle non-compliant suppliers

#### **Achievements**

- CTEK Code of Conduct implemented at Tier 1 suppliers, incl knowledge and signed
- Sustainability was part of Supplier audits in October 2019

### **By 2019 all company cars are Euro class 6 or better**

#### **The strategies to reach the target;**

- Updated car policy to promote EV and/or PHEV company cars

#### **Achievements**

- Updated CTEK company car policy approved and implemented.
- Targets set that new company cars must be Euro class 6 or better and not exceed 170 grams WLTP\*, with an annual reduction of 15 grams WLTP until 2025.
- TCO calculation to promote EV/PHEV implemented

\*WLTP – Worldwide harmonized Light vehicles Test Procedure

# *Environmental actions by target – status and where we are 2019*

## **CO<sup>2</sup> REDUCTION – Targets 5 - 6**

**By 2019 establish routines to reach target to reduce the environmental impact from our transports**

**The strategies to reach the target;**

- Decide targets until 2021 to reduce CO<sub>2</sub>e
- Communication of achievements in reductions

**Achievements**

- Decided 2018 as base year for measurements
- Target to reduce CO<sub>2</sub>e by 30% 2021 vs. base year
- Agreement with carriers to declare CO<sub>2</sub>e emissions of transports
- All measurements are to be made in CO<sub>2</sub>eq and be compared to company turnover
- Decision to not use train goods transports based on low efficiency, low flexibility and cost increase
- Include goods transports from CTEK E-Mobility in measurements from 2020

## **Minimize environmental impact from energy consumption**

**The strategies to reach the target;**

- Focus area; heating of premises
- Decide base year for measurement
- Reduce CO<sub>2</sub> emission with 10 % vs. base year
- Apply for authority support for installation of EV chargers

**Achievements**

- 6,6 % reduction of CO<sub>2</sub>e reached
- Decision that 2018 is to be base year for measurement
- Tool for collection and transfer of waste to CO<sub>2</sub>e is implemented
- 16 charging points for EV charging installed. Consumption measured separate

# *Environmental actions by target – status and where we are 2019*

## **WASTE HANDLING – Targets 7 - 8**

**By 2019 waste from all CTEK products sold on EU markets are taken care of in a social and environmental responsible way**

**The strategies to reach the target;**

- Investigate if the European Directive 2012/19/EU require CTEK to take the full producer responsibility in all EU markets

**Achievements**

- According to WEEE Europe, CTEK is responsible to take full producer responsibility in EU countries where we have direct sales, which we do. For other EU countries, where the distributor has to fulfill the EU Directive, we continue to discuss if CTEK shall take the full producer responsibility.

## **Secure routines of waste handling to minimize waste for energy recovery**

**The strategies to reach the target;**

- Set targets to minimize CO<sub>2</sub>e for the 3 defined fractions, by year and per cent, and start measure.
- Prevention, reduction and/or recycling of the 3 chosen fractions

**Achievements**

- Tool for collection and transfer of waste to CO<sub>2</sub>e is implemented
- Base year for measurement is decided to 2018
- Number of containers for energy containers reduced
- Cardboard and plastic material compressed to reduce transports

# 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 issue 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 meeting 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, risk analysis is performed and no work must be done alone.

## Safety inspections

- ✓ Safety inspections performed in line with plan
- ✓ No major deviation open
- ✓ HLR training for employees performed
- ✓ Employee survey performed, partly as health survey, with improved average result 2019 (7,9) vs. 2018 (7,6). This give guidance for continuous 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
- ✓ 2019 the outcome ended at 1,5 %
- ✓ Regular health controls for employees implemented

## 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
- ✓ 0 reported accident and 2 major incident reported during 2019. Inspection from AV closed.

# 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
- ✓ 2019 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
- ✓ 2019 we had one incident reported internally with actions taken

## ***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, 2020-04-30

Ernst & Young AB

Erik Sandström

Auditor