



Our sustainability work 2009

Contents

Our sustainability work 2009.....	1
Sustainable development and social responsibility	3
The Nolato Group in brief	4
Our operations are based on shared values	5
Nolato's Basic Principles	5
The Nolato Spirit	5
Our sustainability work	6
Higher GRI level and adopting	6
the UN's Global Compact.....	6
Management of sustainability issues.....	6
Dialogue with stakeholders.....	6
Environmental reporting.....	7
Environmental management systems.....	8
Continuous improvements	8
Energy consumption	8
Water consumption.....	9
Raw materials and chemical products	9
Greenhouse gases	9
Other atmospheric emissions.....	9
Waste	10
Discharges to water.....	10
Product development.....	10
Environmental requirements placed on suppliers.....	10
Environmental requirements relating to investments	10
Our social responsibility – ethical and human principles	11
Employee information	11
Absence due to illness	11
Occupational accidents and illnesses	11
Setting salaries and union membership	11
Training	11
Human rights, diversity and gender equality	12
Business ethics	12
Political neutrality	12
Suppliers' social responsibility	12
Social commitment.....	12
Environmental risk management	13
Restoration risks	13
Hazardous substances.....	13
Accidents and uncontrolled emissions to the environment	13
Climate-related risks	13
Global Reporting Initiative (GRI) index	14
Global Compact communication on progress	17
Nolato and the UN Global Compact initiative	17
Global Compact and GRI cross reference table.....	17

Sustainable development and social responsibility

Issues relating to sustainable development and social responsibility are becoming increasingly important to industry and society. At Nolato, these issues have been on the agenda ever since the company was founded in 1938, with a focus on ethics, compassionate principles and the environment.

Since transparent reporting on our sustainability performance is important to us, we have raised the bar and, for the past two years, have been reporting in accordance with the Global Reporting Initiative (GRI) at level B. We have also adopted the UN's Global Compact principles relating to human rights, the environment and anti-corruption measures.

We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Millennium Development Goals. Here are some examples of our recent achievements:

■ Nolato's views on human rights are described in guidance documents such as The Nolato Spirit, Nolato's Basic Principles and the Code of Conduct. These documents were updated in 2009, and are available in five languages. Extensive informative work has been carried out within Nolato's companies in the countries in which we operate. These documents are also used in our contact with suppliers and customers.

■ We have implemented environmental management systems according to ISO 14001 at all our manufacturing plants around the world.

■ Nolato cooperates with industry organisations and universities on environmental issues. This involves both development projects relating to environmentally friendly technology and Nolato's units being able to accommodate people who are completing theses and research work relating to the



environment. In recent years, this development work has resulted in a number of products with a lower environmental impact. In this report we show some examples of cleantech products.

■ Our sustainability work is well recognized among 'green analysts' and our major customers. In the Swedish Folksam (insurance company) annual environmental and social evaluation of companies, Nolato was ranked 17 out of more than 250 listed companies for its environmental performance.

Finally, we recognize that a key criterion for participation in the Global Compact

is the annual submission of a Communication on Progress (COP) describing our company's efforts to implement the ten principles.

We support public accountability and transparency, and therefore commit to report on progress within one year of joining the Global Compact, and annually thereafter according to the Global Compact COP policy.

Please enjoy Nolato's first COP report.

Hans Porat
President & CEO

The Nolato Group in brief



Nolato Medical

Sales: SEK 692 million (632)
Operating income (EBITA): SEK 89 million (89)
EBITA margin: 12.9% (14.1)
Employees (year average): 467 (415)

Leading developer and manufacturer of polymer products and product systems for medical technology and pharmaceutical customers.

Sales, development and production:

- Nolato Beijing, China
- Nolato Cerbo, Trollhättan, Sweden
- Nolato Hungary, Mosonmagyaróvár, Hungary
- Nolato MediTech, Hörby, Kristianstad, Lomma and Torekov, Sweden

Sales:

- Cerbo France, Paris, France
- Cerbo Norge, Skedsmokorset, Norway

Customers include:

Major pharmaceutical and medical technology companies, e.g. Astra Tech, Novo Nordisk, Nycomed and Phadia



Nolato Telecom

Sales: SEK 1,090 million (1,243)
Operating income (EBITA): SEK 86 million (114)
EBITA margin: 7.9% (9.2)
Employees (year average): 3,295 (3,549)

A global developer and manufacturer of subsystems, primarily for customers within the mobile phone sector.

Sales, development and production:

- Nolato Alpha, Kristianstad, Sweden
- Nolato Beijing, China
- Nolato Lovepac Converting Beijing, Beijing and Shenzhen, China
- Nolato Lovepac Converting India, Chennai, India
- Nolato Silikonteknik, Hallsberg, Sweden and Shanghai, China

Customers include:

Ericsson, Huawei, Motorola, Nokia, Nokia Siemens, RIM and Sony Ericsson



Nolato Industrial

Sales: SEK 824 million (950)
Operating income (EBITA): SEK 19 million (55)
EBITA margin: 2.3% (5.8)
Employees (year average): 541 (562)

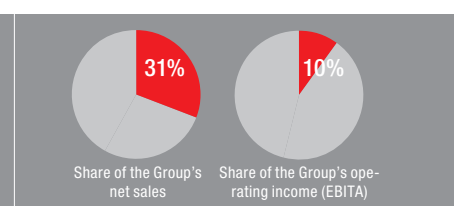
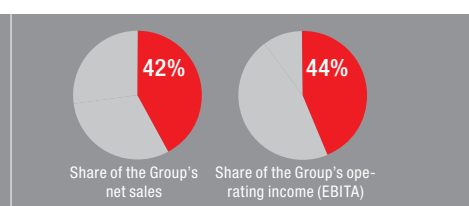
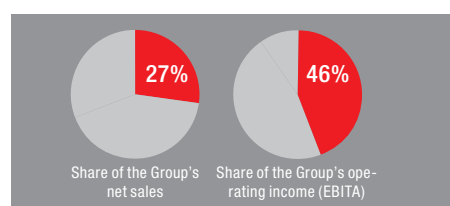
A market-leading developer and manufacturer of polymer products and product systems for customers working in fields such as the automotive industry, white goods, gardening/forestry and furniture, as well as other selected customer areas.

Sales, development and production:

- Nolato Gota, Götene, Sweden
- Nolato Lövepac, Skånes Fagerhult, Sweden
- Nolato Plastteknik, Gothenburg, Sweden
- Nolato Polymer, Torekov, Åstorp and Ängelholm, Sweden
- Nolato Sunne, Sunne, Sweden
- Nolato Hungary, Mosonmagyaróvár, Hungary

Customers include:

Electrolux, Haldex, Husqvarna, Ikea, Kinnarps, Lear, Lindab, MCT Brattberg, Sanitec, Scania, SKF, Volvo and Whirlpool



Our operations are based on shared values

Nolato's Basic Principles

We are professional

- *We are professional, and we strive for long-term profitability.*

Nolato's long-term profitability is important for our future. We must all be professional and focus on profitability – whatever we do, and wherever we work.

- *We combine skill and experience with new ways of thinking.*

Since our customers are the foundation of our business, their needs and wishes must always come first. We want to join their projects at an early stage, so that we can contribute with our skill.

- *We combine skill and experience with new ways of thinking.*

Combining our experience and expertise in polymers with new ways of thinking will bring us closer to our vision of being the customer's first choice of partner.

We are well organised

- *We build our operations on a shared foundation.*

Nolato's operations are based on a shared foundation of commitment, skill, technology and values. Active cooperation between all our units will build a Group which is greater than the sum of its parts.

- *We take opportunities and solve problems when they arise.*

Allocating responsibility and authority, with a focus on our goals, helps us to meet the needs and wishes of our customers. This also allows all employees to develop based on their own terms and goals, and those of the company.

- *We make sure our operations are well organised.*

All our operations are well-organised, right down to the smallest detail. Getting things right from the start, as well as making continuous improvements, forms a natural part of our day-to-day work.

We are responsible

- *We work actively towards sustainable development.*

We work actively to make sure that our operations have as little effect on the environment as possible. We therefore follow the guiding principles of our Environmental Policy and work towards sustainable development.

- *We focus on social responsibility, integrity and openness.*

We believe that following the ethical and human principles of our Code of Conduct is a natural part of what we do.

Nolato has strong core values, which have evolved from the down-to-earth, ethical and professional philosophy that has characterised the company ever since it was founded in 1938.

In order to convey the values, principles and attitudes which make up these core values, the Group has five fundamental value and policy documents. Together, these make up the Nolato Spirit.

In 2009, these were carefully revised in order to reflect today's circumstances and conditions in terms of professionalism, sustainable development, responsibility, quality and information.

The content of these documents and policies acts as the guiding force for all our employees, wherever they are in the world and wherever they work within the organisation. During autumn 2009 the five values documents were brought together in the publication *The Nolato Spirit*, which we reviewed with all our employees at all the Group's units.

The Nolato Spirit

Nolato's Basic Principles			
Code of Conduct	Environmental Policy	Quality Policy	Information Policy

Nolato's Basic Principles make up the common values platform for all Group operations.

The **Code of Conduct** formalises the content of the Basic Principles in terms of Nolato's ethical and compassionate principles.

The **Environmental Policy** formalises the guidelines for sustainable development in the Basic Principles.

The **Quality Policy** outlines the underlying focus of our quality work.

The **Information Policy** governs the dissemination of information by the Group, including the way this relates to exchange listing requirements.

➔ Read more about the Nolato Spirit at www.nolato.com/spirit



Our sustainability work

We are responsible is one of Nolato's Basic Principles. By this, we mean that our operations should contribute towards sustainable development through our environmental awareness, our respect for human rights and the application of sound business methods. This commitment can be summarised as "corporate responsibility", and has guided Nolato's work ever since the Group was founded more than 70 years ago.

Higher GRI level and adopting the UN's Global Compact

Nolato has stepped up its sustainability work in recent years. In 2008 we adapted our reporting system in line with GRI (Global Reporting Initiative) indicators. We have raised our level of ambition this year, and now report in accordance with level B.

In 2009, we adopted the UN's Global Compact. In this way, we are taking a clear position on key issues relating to human rights, employment law conditions, business ethics and environmental responsibility – areas with a strong foundation in Nolato's Basic Principles, Code of Conduct and Environmental Policy.

Management of sustainability issues

Nolato's sustainability efforts are decen-

tralised, which means that every company belonging to the Group is responsible for its own sustainability issues. The Group management's basic requirement is that the ISO 14001 environmental management system should be introduced at all manufacturing units, and that Nolato's Basic Principles, Code of Conduct and Environmental Policy should be adhered to.

In order to ensure that Nolato lives up to both its own commitments and the commitments of the UN's Global Compact, training in Nolato's values is mandatory for all employees. We also review the Group's performance each year in areas relating to the environment, the working environment and social issues. Within the framework of our environmental management system, internal and external environmental audits are carried out.

Issues relating to the environment, the working environment and social responsibility are also included in our contact with – and evaluations of – our suppliers.

➔ *A detailed description of the way in which Nolato complies with the UN's Global Compact and a report in accordance with the GRI G3 guidelines can be found at www.nolato.com/sustainability*

Dialogue with stakeholders

Nolato engages in ongoing communication and dialogue with various stakeholders in relation to both financial matters and sustainable development. At Group level, this communication is directed primarily at the capital market, employees and authorities. Within the individual companies, the emphasis is on communication with customers, suppliers, employees, local authorities and the local community.

Nolato's website is an important tool in this communication. The following are a few examples of how Nolato engages in communication and dialogue with various stakeholders in relation to sustainability issues.

■ **Employees:** Dialogue on sustainability issues is a natural element of the units' environmental management systems.

■ **Shareholders and investors:** Nolato's management works continuously to develop information relating to sustainability issues, in order to ensure good conditions for evaluating the Company as fairly as possible. In recent years, Nolato has been audited on matters relating to sustainable development by Robur Fonder, Folksam and Amnesty Business Group. An active dialogue was conducted during the year with some of the ethical investors.

In 2009, Nolato was included in the business newspaper Veckans Affärer's portfolio of ten shares which "have a high environmental and ethical standard, and that are worth investing in over a three to five year period".

■ **Customers:** The most important channel is the direct contact we have with our customers in connection with project work and development work. Sustainability issues are also communicated via Nolato Magazine and the Group's website.

■ **Suppliers:** Requirements and preferences in relation to sustainability are presented via the individual units' environmental management systems. These requirements are followed up via supplier visits and evaluations.

■ **Society:** The individual units interact with the local community and engage in active communication with authorities, neighbours and other stakeholders.

Environmental reporting

In 2009, Nolato was engaged in production at 12 plants in Sweden, one in Hungary and three in China. A production plant also began operating in southeast India in January 2010. As background for the year's sustainability reporting, quantitative and qualitative information has been gathered in from all plants other than the Indian plant, and from Group-wide activities.

Large-scale production is carried out, con-

sisting primarily of manufacturing products and product systems using various forms of polymer materials. Common manufacturing methods include injection moulding, compression moulding and assembly. Painting is also carried out at some plants.

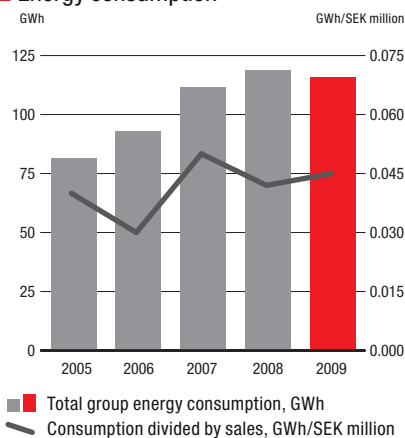
At the Sunne plant, rubber compounds are produced both for Nolato's own production and that of external customers. At other plants, ready-made polymers and other input materials are bought in. The end-products consist mainly of one or more polymer materials, sometimes combined with other materials, such as metals.

Nolato's main environmental aspects relate to energy consumption, the use of raw materials based on fossil resources (such as plastics and synthetic rubber), the handling of chemicals, the emission of pollutants and greenhouse gasses into the atmosphere, and the generation of waste.

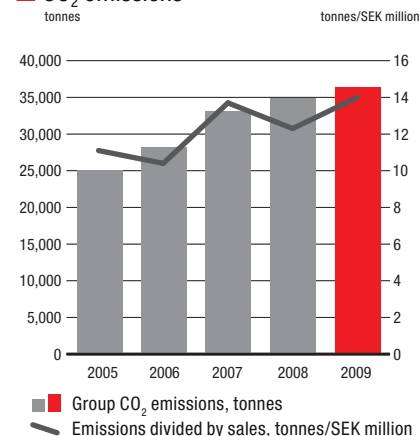
Indirect environmental aspects include supplier activities, the transportation of raw materials and finished products, and the way in which our products are used. Our environmental work over the course of the year has been successful, resulting in both reduced environmental impact and cost savings.

Over time, issues relating to sustainable development have been increasingly integrated into our business operations. One example is the development of environmentally

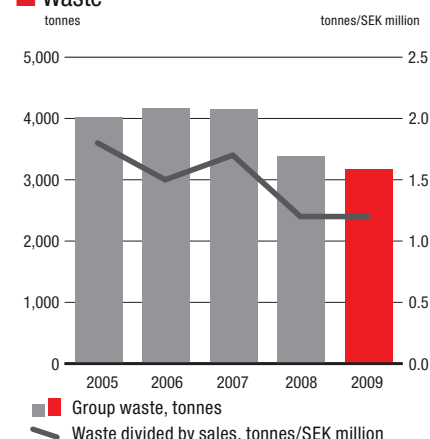
Energy consumption



CO₂ emissions



Waste



friendly products that bring concrete business opportunities for Nolato.

Environmental management systems

All production units except the one in India are certified in accordance with the requirements of the ISO 14001 environmental management standard.

In 2009, around 55 internal environmental audits and around 20 audits by external certification bodies were carried out.

Nolato Medical Rubber in Hörby was certified during the year.

At Nolato MediTech, which was formed at the end of 2009 by merging Nolato Medevo and Nolato Medical Rubber, work is currently being carried out to introduce a joint quality and environmental management system. This certification will be carried out in 2010.

At the Beijing unit in China, work is underway to introduce the occupational health and safety management standard OHSAS 18001, with certification planned for 2010.

All Nolato units are certified in accordance with the requirements of the ISO 9001 quality management system. The majority of the units are also certified in accordance with ISO standards for the automotive industry (ISO 16949) or medical technology (ISO 13485).

Nolato Cerbo is certified in accordance with the standard for pharmaceutical packaging (ISO 15378).

Continuous improvements

Continuous improvements are an important element of the environmental management systems. The most common environmental targets at the units relate to reducing energy consumption and waste. Activities are carried out continuously to make our products more environmentally friendly.

During the financial year, most units achieved their environmental targets.

Energy consumption

Around 90% of Nolato's energy consumption consists of indirect energy in the form of electricity. The remainder comes from fuel oil, natural gas, district heating and geothermal heating used for heating buildings.

Nolato's overall energy consumption was 115 GWh (119). The highest levels of energy consumption were reported from the plants in China, where increased production levels, a new painting line and metal working equip-



The mobile phone with a green heart and a clear conscience

Sony Ericsson's new GreenHeart range of mobile phones has been designed to be less harmful to the environment – not only while in use, but also during the design, manufacturing, shipping and recycling processes.

In other words, throughout the entire life cycle of the product.

Making the phone from recycled plastic reduces carbon dioxide emissions from production considerably, and requires less energy.

Another way of saving the environment is by using water-based paints for the plastic. This results in a significant reduction in exposure to volatile organic compounds (VOCs).

The use of local water in production also eliminates the carbon dioxide emis-

sions that transporting solvents would otherwise have generated.

For Nolato Telecom, being involved in the development of the new Elm GreenHeart phone was an innovative, exciting challenge that involved showing how an environmentally friendly mobile phone can feel just as good as any other phone.

The look and feel of a phone is an important part of the user experience, and so the meticulous testing and verification of materials and production methods were important aspects of the development process.

Every new GreenHeart phone also contributes towards the development of future phones. These new green experiences and innovations will have a real impact for years to come.

ment have contributed towards additional energy consumption.

Around two thirds of the plants showed reduced or unchanged levels of energy consumption compared with the last three years, and most of the plants are implementing energy efficiency measures. For example, these include investing in free cooling systems and replacing hydraulic injection moulding machines with electric versions. Energy-saving projects are also being carried out at a number of plants, with initiatives addressing energy measurements, the use of lighting, ventilation and cooling. In addition, educational measures have been undertaken to improve staff awareness of energy-saving issues.

The Group's total energy costs for 2009 were approximately SEK 82 million (73). Some of this increase is due to the impact of exchange rates when converting the energy costs of units outside Sweden.

Water consumption

Water is used primarily for cleaning, sanitary purposes and cooling. At Nolato MediTech in Torekov, water is used in the process for producing latex rubber. A number of Nolato's facilities have closed cooling water systems for presses and other equipment, thereby reducing water consumption. In 2009, 111,100 m³ of water (94,300) were used.

The water consumption has increased in recent years. One major reason for this is the expansion of operations in China. The costs incurred by the Group for water and cleaning wastewater totalled approximately SEK 1.2 million (1.0).

Raw materials and chemical products

Important raw materials used in Nolato's production processes include plastic and rubber polymers, metal components, paints and other constituent substances. In 2009, 15,400 tonnes (15,800) of plastic raw materials and 1,300 tonnes (1,540) of rubber raw materials were used. The majority of the plastic materials were virgin raw materials, which is a requirement in medical contexts, for example.

However, recycled plastics can be used in a number of applications, and around 175 tonnes (140) of recycled plastic materials were used in 2009.

In a project carried out together with Sony Ericsson (GreenHeart) at the Beijing plant,

recycled plastic is used in the production of mobile phones. The phones are also painted with water-based paints, reducing both solvent use and atmospheric emissions.

Around 90% of the rubber is synthetic rubber, with the remainder consisting of natural rubber. When manufacturing rubber compounds, only process oils with a maximum of 3% PAHs (polycyclic aromatic hydrocarbons) are used. Other materials of note from an environmental perspective include metals (approximately 380 tonnes) and solvents and paints (approximately 200 tonnes).

Activities to replace hazardous chemicals are an important feature of the environmental and working environment initiatives carried out at the production units. In 2009, for example, a project was carried out at Nolato MediTech to replace certain softening agents (DOP/DEHP) in PVC plastic. Work is also being carried out at the unit in Hungary to eliminate the use of adhesives in the production of a hygiene product.

Greenhouse gases

The greenhouse gas carbon dioxide is emitted as a result of the production plants' use of energy (fuel oil, natural gas, district heating and electricity). Energy efficiency measures are therefore important, and contribute to a reduction in both emissions and costs.

Overall carbon dioxide emissions for 2009 were approximately 36,500 tonnes (35,000). Of this, indirect carbon dioxide emissions

through purchased electricity accounted for more than 85%, and this figure is dependent on the types of energy sources used to generate the electricity. Since the majority of electricity and district heating in China is generated by coal-burning power stations, Nolato's energy consumption at the plants in Beijing and Shenzhen produce significant emissions of greenhouse gases.

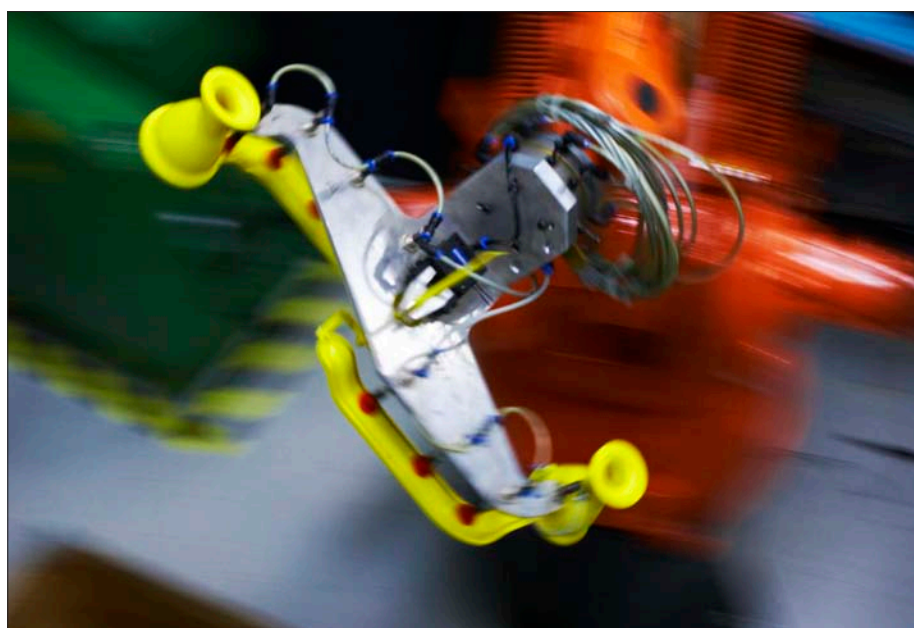
Transporting raw materials, products and staff also contributes towards carbon dioxide emissions. The extent of these emissions cannot currently be calculated. None of Nolato's facilities is affected by the EU Emissions Trading Directive.

Other atmospheric emissions

Nolato's atmospheric emissions of sulphur dioxide and nitric oxides are extremely limited, and account for less than 3 tonnes (5) each year in total. Thanks to efficient purification plants, emissions of VOCs (volatile organic compounds) are low, accounting for a total of less than 19 tonnes per year (10), despite the use of solvents.

One source of VOC emissions in the form of ethanol is the production of latex in Torekov, where emissions total around eight tonnes per year. Another source is the spray painting of mobile phones at the plant in China, where efficient purification plants limit emissions to around five tonnes per year.

Efficient purification plants also result in low dust emissions. Any emissions of odor-



ous substances at the unit in Torekov are recorded. No such emissions were noted in 2009.

At three of the production plants, leaks in cooling and air-conditioning units caused emissions of around 0.1 tonnes of substances that affect the ozone layer (HFCs and HCFCs).

Waste

Reducing the amount of waste produced and finding environmentally sound solutions for dealing with waste are a natural part of local environmental efforts.

The amount of waste, including waste sent to landfill, has fallen in recent years. One main reason for this is that the majority of the units carry out constant improvement work to reduce production waste.

The amount of waste that is recycled has increased, both in our own processes and in generating energy from waste.

At our Beijing plant, we have introduced a system whereby the packaging used to transport completed mobile phones to our customers is re-used up to five times. In addition to environmental benefits, this also results in significant savings.

The total amount of waste generated during the year was 3,170 tonnes (3,385), of which 177 tonnes (217) was hazardous waste. External waste processing costs amounted to SEK 3.1 million (2.5).

Discharges to water

Production at most of Nolato's units is designed so that the amounts of pollutants discharged to wastewater are very small.

Those wastewater discharges that do occur consist mainly of organic materials and nutrients from sanitation and cleaning premises. In addition, there are low-level emissions of cooling water.

The only significant discharge of process water occurs in connection with manufacturing latex rubber at the unit in Torekov. This is monitored by taking measurements regularly.

All our production facilities are connected to public sewage treatment plants.

Product development

Product development is mainly carried out in close cooperation with our customers. It has therefore become increasingly common for them to express specific requirements or

preferences in relation to matters affecting the environment and health. For example, these may relate to reducing the weight of a product or drawing up IMDS declarations and safety data sheets.

Nolato plays a proactive role in this development work, and often proposes new materials, designs and processes that reduce products' overall environmental impact.

Environmental requirements placed on suppliers

Nolato places requirements on suppliers in terms of environmental adaptation. This work is monitored via supplier assessments, questionnaires, site visits and audits.

The majority of Nolato Telecom's production takes place in China, and regular environmental and quality audits are carried out on its largest suppliers. No deficiencies in suppliers' environmental efforts that led to a termination of cooperation were noted in 2009.

In 2009, a procurement was carried out for transportation for the Swedish operations, with environmental requirements in accordance with the QIII system constituting a key parameter.

Environmental requirements relating to investments

A requirement was introduced during the year whereby all investments must also be evaluated from an environmental perspective. The Group's system for reporting environmental costs and investments has also been improved.

In 2009, Nolato invested SEK 2.9 million (3.5) in measures relating to the environment and the working environment. The biggest individual investments were carried out in China and Hungary, in the form of working environment improvements and better purification of atmospheric emissions from a painting plant.

Costs for the year totalled SEK 7.2 million (4.7), and consisted primarily of waste management costs and costs relating to the internal administration of environmental work and working environment initiatives.

A total of SEK 0.7 million (0.6) worth of savings were reported in relation to environmental work.

→ Read more about Nolato's sustainability efforts at www.nolato.se/sustainability



Our social responsibility – ethical and human principles



One extremely important factor in ensuring Nolato's development and profitability, whilst also fulfilling the commitments of our Code of Conduct, is our employees' efforts, knowledge and expertise. The Group therefore strives to create a positive working environment, which contributes towards our competitiveness and also promotes a view of Nolato as an attractive employer.

We also believe that the Group has an important role to play in the development of society. The individual units are important employers locally, and also generate significant levels of employment for subcontractors.

Employee information

The average number of employees at Nolato in 2009 was 4,308 (4,531), of which 3,199 (3,406) were in Asia, 798 (887) in Sweden and 311 (238) in the rest of Europe.

The number of employees at Nolato Medical was 467 (415), with 3,295 (3,549) at Nolato Telecom, 541 (562) at Nolato Industrial and 5 (5) in Group functions.

81% (80%) of the average number of employees in 2009 were outside Sweden.

Absence due to illness

The average level of absence due to illness in 2009 was 1.9% (1.9%). Of this, long-term absence due to illness made up 0.9 percentage points (0.9). The absence level in Hungary

was 8.2% (6.8%). The average figure for the Swedish companies was 5.4% (6.7%).

The lowest levels of absence due to illness were in China, with 0.3% (0.4%). The employees in China receive full payment for the first twelve days of illness. After this, they receive half their basic salary, although this amount may not be less than the social minimum salary.

Occupational accidents and illnesses

Exposure to dust, chemicals, noise, heavy lifting, repetitive work and the risk of accidents are examples of working environment factors which need to be addressed in a preventive manner.

Offering a good working environment is one of Nolato's Basic Principles, and this is made clear in our Code of Conduct. In practice, we achieve this through preventive measures, training, safety rounds and monitoring. All units within the Group have safety committees or equivalent bodies.

At Nolato Beijing in China, the classification from standard OHSAS 18001 for working environment and safety is used as a tool in this work. A number of preventive working environment activities were carried out in 2009, and Nolato Beijing plans to be certified in accordance with OHSAS 18001 in 2010.

In 2009, 46 (26) occupational accidents resulting in more than one day's absence were

reported. Total absence due to illness caused by occupational accidents was 283 (430) days. The most common causes were injuries caused while working with machinery and equipment, heavy lifting, repetitive work, falls and slips.

No occupational accidents relating to contracting companies were reported in 2009.

A handful of work-related illnesses were noted during the year, including a few cases of allergies and stress.

Setting salaries and union membership

All of Nolato's production units are run under the Group's own management. The units in China and India are also wholly-owned, and are operated in accordance with the same rules and values as those which apply to Nolato's other units. Salaries are set in accordance with legislation, exceed social minimum salaries and are fully in line with the market.

Nolato's Code of Conduct recognises employees' rights to be represented by unions and other employee representatives, as well as the right to collective negotiations and agreements.

At most of Nolato's units, more than 90% of employees are covered by collective agreements.

At Nolato Beijing in China, there is a union in accordance with the rules which apply to all large Chinese companies. All staff members are provided with information about the union upon hiring, and can then make their own decision on membership. At the end of the year, all employees at Nolato Beijing were covered by collective agreements.

At the Hungarian unit, there are neither unions nor collective agreements. This circumstance is not specific to Nolato – it is representative of the normal situation at private-sector companies in Hungary. The management of Nolato Hungary uses a number of other internal channels for two-way communication with employees.

Training

The average number of training hours per

employee at the Group's production units in 2009 was 5.5 hours (3.9). Environmental, working environment and safety training was carried out at most units, and this involved an average of 1.9 hours (2.3) of training per employee.

Training with a focus on environmental issues was carried out at a number of units in 2009. One example of this is the training day on bioplastics arranged by the Chalmers University of Technology at Nolato Polymer.

Internal environmental auditor training was carried out at Nolato MediTech, for example.

In 2009, extensive informative work was carried out in relation to Nolato's Basic Principles, Code of Conduct and policies (The Nolato Spirit). The majority of units have reported that this information was passed on to all employees in various ways.

Human rights, diversity and gender equality

Adopting the UN's Global Compact and the content of Nolato's Code of Conduct mean that the Group supports and respects internationally-upheld human rights, encourages diversity, and distances itself from all forms of victimisation and discrimination. There was nothing to suggest that we breached these principles in 2009.

Our gender equality efforts are carried out on a decentralised basis at each unit, in accordance with the individual companies' gender equality plans. 68% (70%) of the Group's employees were women. This statistic is significantly affected by the large proportion of female employees in China – 78% (81%). The proportion of female employees at the Group's European facilities was 40% (35%).

Of the members of the Board of Nolato AB, 20% (20%) are women. The corresponding figures for the Group management and subsidiary management are 0% (0%) and 17% (21%), respectively.

Business ethics

In accordance with the principles of the UN's Global Compact and Nolato's Code of Conduct, Nolato's external relationships should be characterised by integrity and responsibility.

We do not offer customers, potential customers, authorities or other representatives of society any payments or advantages which would contravene applicable laws or violate reasonable and accepted business and mar-

keting practices. Nor do Nolato's employees accept gifts, benefits or payments which could affect, or give the appearance of affecting, the objectivity of our business decisions. We also avoid situations where company loyalty could come into conflict with personal interests.

There is nothing to suggest that these ethical rules were breached in 2009.

Political neutrality

The Nolato Group takes a neutral position on political issues, and neither the company's name nor its financial resources may be used for political purposes.

Suppliers' social responsibility

Issues relating to social responsibility appear increasingly often in Nolato's contacts with its suppliers. Information about our Code of Conduct is provided in connection with these contacts. The basic rule is that Nolato places the same requirements on its suppliers as it does on its own employees when it comes to dealing with social responsibility.

The guidelines for evaluating how suppliers deal with social issues drawn up in 2008 are applied by the Group companies. In China, all Nolato Telecom's main suppliers have signed a contract with Nolato, whereby they commit to following the rules of Nolato's Code of Conduct. In the event that these rules are violated, Nolato can end its cooperation with the supplier.

Social commitment

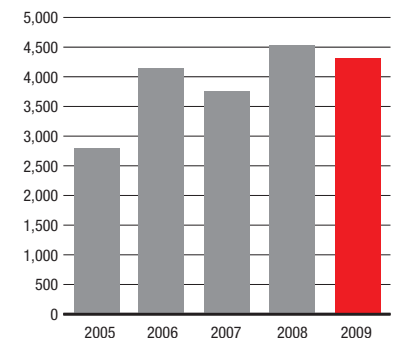
Nolato participates in social activities in connection with the various units' operations. This involves working together with neighbours, voluntary organisations, authorities and sports clubs. This involvement may take various forms, such as sponsorship and participating in activities.

The Group maintains ongoing contact with schools and universities. A number of the units accept study visits and offer opportunities for work experience and research projects.

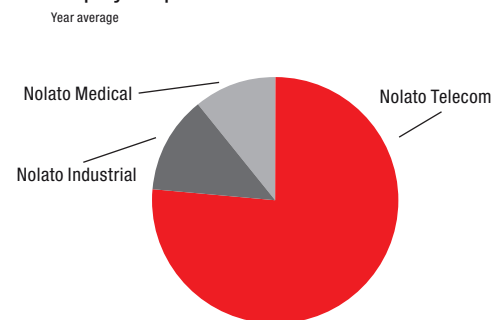
In 2009, environmental projects were carried out in Sweden and China together with students and researchers from the International Institute for Industrial Environmental Economics at Lund University.

Nolato Beijing received official recognition in 2009 from the Chinese authorities as an employer offering stable working conditions during the economic crisis.

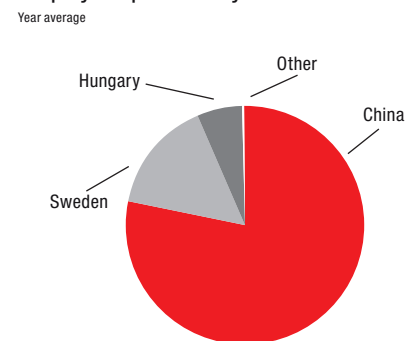
Average number of employees



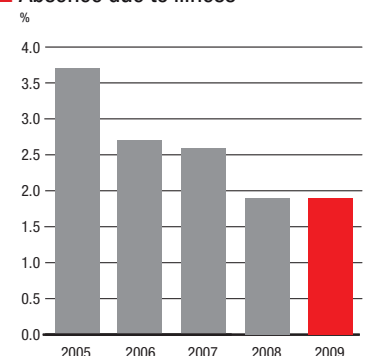
Employees per business area 2009



Employees per country 2009



Absence due to illness



Environmental risk management

Restoration risks

The introduction of new environmental legislation and other authority-related requirements in terms of preventive environmental measures and restoring damaged environments can entail significant costs for industrial operations.

Nolato's production facilities have the permits required for operations, and the risk inventory has not identified any current commissions or requirements that could cause significant cost risks.

We are not aware of any contaminated soil at the plants owned by the Company. In 2009, the unit at Torekov was classified in accordance with the Swedish environmental authorities' MIFO system in risk class 2 in terms of soil contamination. This is an administrative classification based on the fact that trichloroethylene was present at the plant approximately 20 years ago. The plant at Götene has been classified in accordance with MIFO in risk class 3 (the lowest risk). There are no legal or other requirements in terms of investigations or decontamination at these or other units, and hence there are no costs associated with this.

Hazardous substances

It is extremely unlikely that asbestos is present at our newer plants. Asbestos audits have been carried out for Nolato's older plants in a few cases. In other cases, no asbestos has been deemed to be present in buildings and installations. At the unit in Trollhättan, asbestos was removed from the flooring of part of the building's workshop in 2009.

Nolato is of the opinion that all chemicals used in the Group's operations are recorded in the EU's REACH register.

In accordance with applicable legislation, the presence of the environmentally harmful substance PCB (polychlorobiphenyl) has been inventoried at the Swedish plants. PCBs are present in transformers in Götene. The levels are low, and no action is required. PCBs are also present in the seals around windows in the building in Trollhättan. These seals will be removed in accordance with legal requirements by 2013.

Accidents and uncontrolled emissions to the environment

Procedures to minimise the risk of fires, leaks and other accidents are included within the framework of the environmental management systems and legal requirements. In

2009, there were no fires or explosions at our production plants.

No complaints were reported during the year from neighbours or other stakeholders in relation to environmental matters.

Climate-related risks

Two of Nolato's Swedish plants are located in areas where future climate changes could cause landslips (Gothenburg) or flooding (Kristianstad). In Kristianstad, the authorities have carried out comprehensive damming of the areas that are vulnerable to flooding. Nolato is not otherwise currently taking any action, but is monitoring the risk and vulnerability analyses carried out by the authorities.



Global Reporting Initiative (GRI) index

The organisation GRI (Global Reporting Initiative) has drawn up voluntary global guidelines for how companies and other organisations should report on activities relating to the concept of sustainable development. GRI's guidelines (version G3) place requirements on reporting sustainability data in terms of economic, environmental and social performance indicators. According to GRI, sustainability reporting should provide a balanced and reasonable picture of the organisation's results within the field of sustainability, including both the positive aspects and the negative aspects. The GRI Guidelines are the most

widely accepted and used standard for sustainability reporting with more than 1,500 companies around the world applying the guidelines.

GRI's guidelines allow organisations to choose for themselves the level (A to C) at which they wish to report. Nolato has chosen to report in accordance with level B. GRI's website (www.globalreporting.org) provides a full picture of the organisation and its guidelines for sustainability reporting. The tables below show the degree to which Nolato meets the minimum reporting requirements in accordance with GRI G3 level B.



The figures relate to averages and performance indicators in accordance with GRI G3. AR (Annual Report) refers to page numbers in the 2009 Annual Report.

Profile		
1. Strategy and analysis		
1.1	Statement from the President and CEO.	AR 6-7, COP 3
1.2	Description of key impacts, risks and opportunities.	AR 32-33
2. Organisational profile		
2.1	Name of the organisation.	AR 4-5, COP 2
2.2	Primary brands, products and services.	AR 4-5, COP 4
2.3	Operational structure of the organisation.	AR 4-5, 72-73, 75
2.4	Location of organisation's headquarters.	AR 5, 34
2.5	Countries where the organisation operates.	AR 4, 34-35
2.6	Nature of ownership and legal form.	AR 34-35, 45, 71
2.7	Markets served.	AR 4-5, COP 4
2.8	Scale of the reporting organisation.	AR 4, 34-35, COP 4
2.9	Significant changes during the reporting period.	AR 4, 6-7
2.10	Awards received during the reporting period.	Ar 26, 31, COP 12
3. Report parameters		
Report profile		
3.1	Reporting period.	AR 26
3.2	Date of most recent previous report.	AR 2009
3.3	Reporting cycle.	AR 26
3.4	Contact point for questions regarding the report or its contents.	CEO
Report scope and boundaries		
3.5	Process for defining report content.	AR 26, COP 7
3.6	Boundary of the report.	AR 26, COP 7
3.7	Any specific limitations on the scope or boundary of the report.	AR 26, COP 7
3.8	Basis for reporting on joint ventures, subsidiaries, etc.	AR 26
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	AR 26

3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	AR 25-26
GRI content index		
3.12	Table identifying the location of the GRI indicators in the report.	This table
4. Governance, commitment and engagement		
Governance		
4.1	Governance structure.	AR 9, 72-77 + "IR" on the website + COP 6-8, 17
4.1	Governance structure concerning sustainability issues.	AR 25-27
4.2	The role of the Chair of the highest governance body.	AR 72-77
4.3	Independent or non-executive members.	AR 72-77, 79
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	AR 81
4.8	Mission, values, code of conduct, etc.	AR 24, COP 5
Stakeholder engagement		
4.14	List of stakeholder groups.	AR 25-26, COP 6-7
4.15	Basis for identification and selection of stakeholders.	AR 25-26, 70-71, COP 6-7
Performance indicators		
5. Economic performance indicators (EC)		
Economic performance		
EC1	Direct economic value generated and distributed.	AR 3, 52-53
EC2	Financial implications and other risks and opportunities due to climate change.	AR 33
EC3	Coverage of the organisation's defined benefit plan obligations.	AR 56
EC4	Significant financial assistance received from government.	Not appl. 2009
6. Environmental performance indicators (EN)		
Materials		
EN1	Materials used by weight or volume.	AR 28, COP 9
EN2	Percentage of materials used that are recycled input materials.	AR 28, COP 9
Energy		
EN3	Direct energy consumption by primary energy source.	AR 26, 27-28, COP 8-9
EN4	Indirect energy consumption by primary energy source.	AR 27-28, COP 8-9
EN5	Energy saved due to conservation and efficiency improvements.	AR 27-28, COP 8-9
Water		
EN8	Total water withdrawal by source.	AR 28, COP 9
Emissions, effluents and waste		
EN16	Total direct and indirect greenhouse gas emissions by weight.	AR 26, 28, COP 9
EN20	NOx, SO2 and other significant air emissions by type and weight.	AR 28-29, COP 9-10
EN22	Total weight of waste by type and disposal method.	AR 26, 29, COP 10
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	AR 27-29, COP 8-10

Compliance		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Not appl. 2009
Overall		
EN30	Total environmental protection expenditures and investments.	AR 29, COP 10
7. Social performance indicators (LA)		
Employment		
LA1	Total workforce by employment type, employment contract and region.	AR 30-31, 54, COP 11 – 12
Labour/management relations		
LA4	Percentage of employees covered by collective bargaining agreements.	AR 30, COP 11
Occupational health and safety		
LA7	Rates of injury and occupational diseases.	AR 30, COP 11
Training and education		
LA10	Average hours of training per year per employee by employee category.	AR 30-31
Diversity and equal opportunity		
LA13	Composition of governance bodies and management.	AR 31
8. Human rights (HR)		
Investment and procurement practices		
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights.	AR 31, COP 12
Non-discrimination		
HR4	Total number of incidents of discrimination and measures taken.	AR 24, 31, COP 12
Freedom of association and collective bargaining		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and measures taken to support these rights.	AR 24, COP 12
Child labour		
HR6	Operations identified as having significant risk of incidents of child labour, and measures taken to contribute to the elimination of child labour.	AR 24, COP 12
Forced and compulsory labour		
HR7	Operations identified as having significant risk of incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	AR 24, 31, COP 12
9. Society performance indicators (S0)		
Community		
S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities.	AR 24, 31, COP 12
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	AR 24, COP 12
S05	Public policy positions and participation in public policy development and lobbying.	AR 31, COP 12
Compliance with laws and regulations		
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not appl. 2009

Global Compact communication on progress

Nolato and the UN Global Compact initiative

Nolato became a member of the United Nations corporate citizenship initiative, Global Compact, in November 2009, joining a network of more than 8,000 businesses and other participants in 135 countries in promoting ten core principles in the areas of human rights, labour, environment and anti-corruption.

As a part of this commitment, Nolato will report on the company's corporate responsibility activities and performance in an annual Communication on Progress (COP), using the sustainability section

of the Annual Report as a vehicle for this communication. The Annual Report provides a number of examples of ongoing activities, as well as key performance indicators clearly showing that we support the ten Global Compact principles in our everyday business.

The Nolato Spirit, including the Code of Conduct and Environmental Policy, is an important internal document, guiding and aligning employee behaviour with the Global Compact principles. Regular reviews of business practices are conducted throughout the organisation to ensure compliance with the Code of Conduct. Measure-

ments of performance related to the Global Compact principles are given throughout the report using indicators suggested by the Global Reporting Initiative (GRI), wherever possible.

Global Compact and GRI cross reference table

The following table shows how performance on each UN Global Compact principle can be reported via a number of Global Reporting Initiative (GRI) standard performance indicators. This is based on guidance documents published by the UN Global Compact

Global Compact Principles	GRI Indicators
Human rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights.	HR2, HR4-7, LA7, LA13, S05
2. Businesses should make sure that they are not complicit in human rights abuses.	HR2, HR4-7, S05
Labour	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4, HR2, HR5, S05
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	HR2, HR7, S05
5. Businesses should uphold the effective abolition of child labour.	HR2, HR6, S05
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	LA13, HR2, HR4, S05
Environment	
7. Businesses should support a precautionary approach to environmental challenges.	EC2, EN26, EN30, S05
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN1-5, EN8, EN16, EN20, EN22, EN26, EN28, S05
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5, EN18, EN26, S05
Anti-corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	S03, S05