

The Best Is Yet To Come

Corporate Social Responsibility Report | 2016
Krusell Group



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Owners Statement

"Despite a year with difficult challenges, we are proud to see the CSR activities growing and to continue to nurture all the seedlings already planted. Amidst the challenges in the industry the Management team has focused on securing workplaces as a priority and providing additional training and workshops to further enhance the capabilities and competitiveness of each worker. The workers have responded with a stated appreciation and satisfaction that the company puts workers welfare and workplace safety above profitability only."

Who We Are

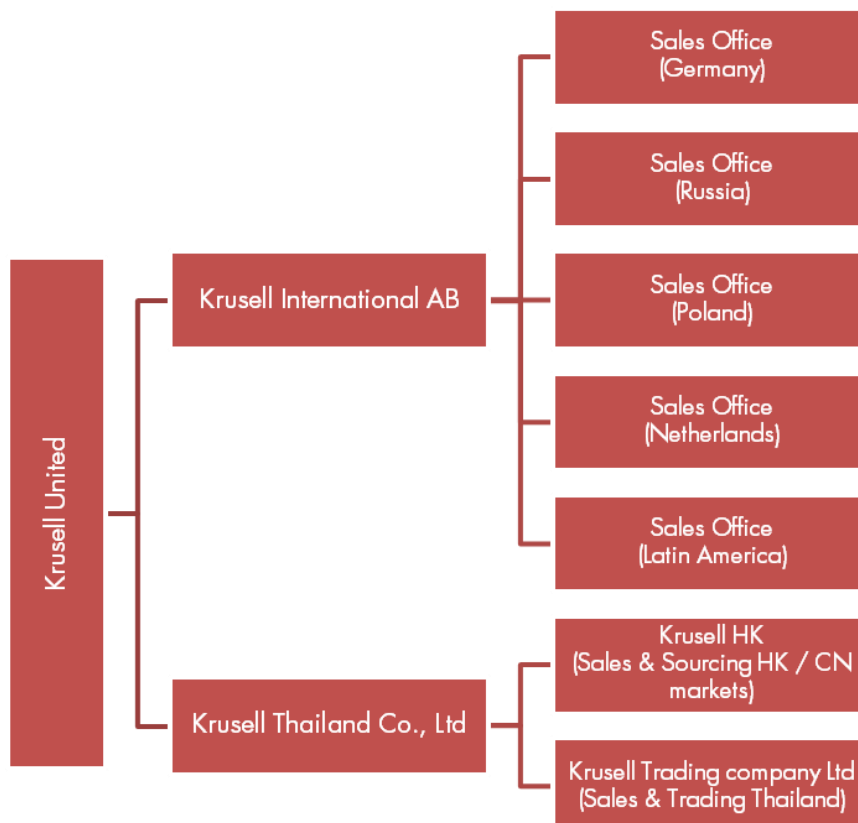
The Krusell Group with 32.1 million USD in turnover and more than 600 employees around the globe is a Swedish lifestyle house with brands such as Krusell, Pagalli and Walk on Water. After more than 20 years in the mobile phone industry, Krusell Group is established as one of the leading companies in its niche.

Besides cases for smart phones, Krusell also develop, manufacture and sell laptop-, tablet cases, premium packaging solutions, wallets and specialized OEM solutions. Moreover, Krusell is a certified and audited supplier to Sony, Garmin, Phonak, Fujifilm and many more prestigious brands.

Made for
XPERIA



Company Structure





Group Values

Integrity

To apply ones strongest standards to our actions.

Display a high level of moral principles.

To be supportive, loyal and to protect each other's integrity at all times.

Honesty

To be always truthful and transparent.

To not cause disturbances.

To not manipulate or politicize.

Compassion

To be proud of your achievements and to find ways to evolve and develop.

To apply drive, motivate and be positive.

Group Vision & Mission

Vision

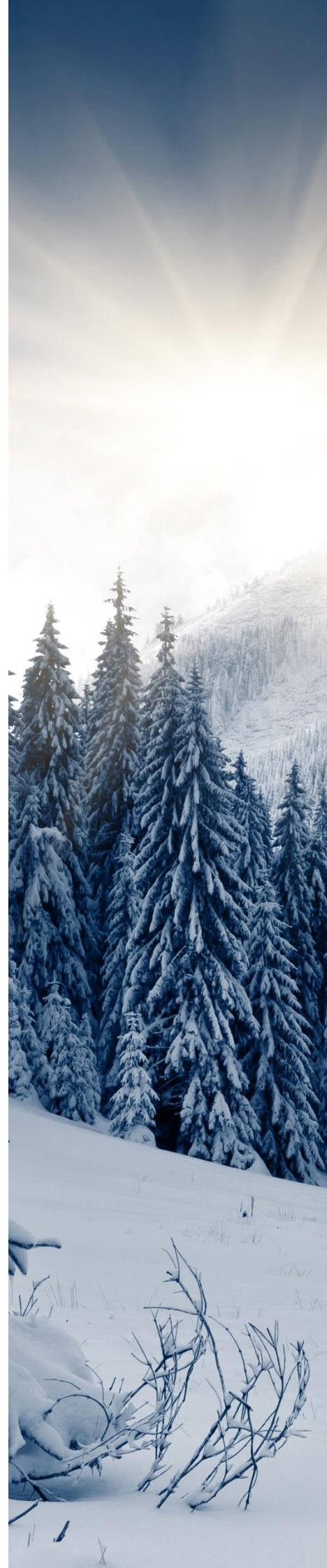
To conduct our business with integrity, honesty and compassion towards everyone at all times to the best of our abilities.

Mission

Krusell is a Swedish company with a mission to enrich its customers, partners and employees with quality products and services based on the core value principles of the company. By adhering to these principles, the company wants to create sustainable relationships with all involved and perform at consistently high levels by constantly embracing challenges.

Key Information At A Glance

Krusell International AB	Founded	1991
Krusell (Thailand) Co., Ltd.	Founded	2001
Thailand Production	Since	2006
Turnover, Group	2015	US\$32.1 Million
Employees, APAC	2015	600
Employees, EU	2015	25
Brands	-	Krusell, Walk On Water, Pagalli





2015 - 2016 In Brief

United Nations Global Compact

Since 2015, Krusell Group has been a participant of the United Nations Global Compact (UNGC), a voluntary initiative based on commitments to implement universal sustainability principles within Human Rights, Labor, Environment and Anti-Corruption. The organization expresses the continued support and serves to engage in projects and partnerships that are in relations to the UN goals and principles of the Global Compact initiative. Krusell Group is fully dedicated to its CSR program, which is constantly evolving and expanding. By doing so, the organization is certain to make a valuable difference.

Social Accountability Standard

The Social Accountability Standard (SA-8000) is a voluntary auditable certification standard that promotes organizations to develop, and apply socially acceptable practices in the workplace and supply chain. Krusell Group continues being SA-8000:2014 certified by the Social Accountability International (SAI) and actively works to improve employees' workplace conditions and rights within the organization.

Thomson Reuters Foundation's Stop Slavery Award

Krusell Group has been invited by the Thomson Reuters Foundation to submit an application for the Stop Slavery Award 2016. The Stop Slavery Award is an initiative created by the Thomson Reuters Foundation, and is derived from the 2015 Trust Women Conference. The Stop Slavery Award aims to recognize organizations that have implemented initiatives and procedures that eradicate modern-day slavery from their supply chains. Krusell Group is happy to have applied to this award and hope to offer insights into how the organization are taking necessary steps to remove instances of modern slavery.

Training & Development

During 2015 – 2016, Krusell Group has been actively working with employee trainings and skill developments. The purpose has been to enable a positive increase in the employees' efficiency, leadership capabilities and work standards. Therefore, trainings regarding; mentoring capacity, leadership development and working by best practice have been some of the cornerstones in the offered trainings. Krusell Group is pleased to share that the investments in training has resulted in a positive development in our human capital and has developed the knowledge- and skill set of our employees.

As employees develop their skill sets they also become more attractive on the labor market. As a result, we have had skillful and talent employees leaving the company to further pursue their set career path and plans. Krusell Group wishes these employees all the best in their chosen career path and are very pleased to have been part of developing and offering a knowledge base for employees that improved their work environment and indirectly their life.

Joint Article Management Promotion-Consortium

Krusell Group believes in manufacturing products that are transparent in regards to used raw materials, chemicals and substances. Since 2016, Krusell Group has in collaboration with partners implemented the tools MSDSplus and AIS in the management system. The MSDSplus and AIS tools are used for communicating, recording and tracking the use of different components and chemical substances within manufactured products and are used throughout the supply chain.

The tools are provided by the Joint Article Management Promotion-Consortium (JAMP) that aims to transmit chemical information through companies and their supply chains transparently and efficiently.





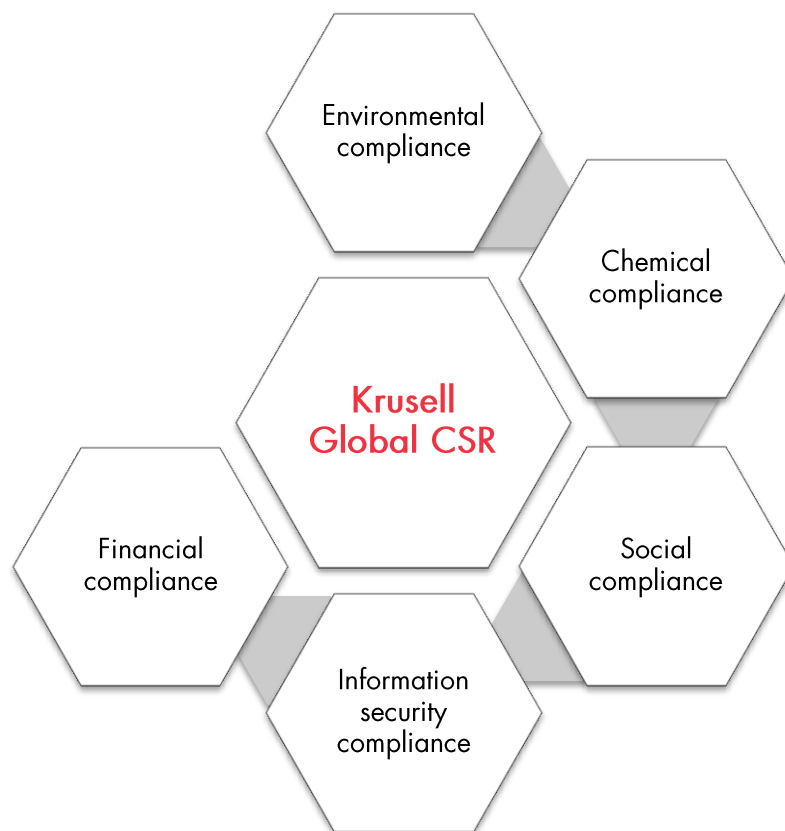
New Brand – Pagalli

In 2016, Krusell Group launched a new brand named Pagalli via the crowdfunding platform Indiegogo. Pagalli is one of the few brands in the world to use technology that completely eliminates current RFID/NFC threats. Pagalli wallets bring timeless design, innovation and quality – at a fair, honest price.

Pagalli has the industry's leading data theft security foil – CRYPTALLOY- built right in. CRYPTALLOY is TÜV and ASTM certified, and blocks 100% of all known radio frequencies. Pagalli is one of the very few brands in the world to have been certified by an independent body for data theft protection.

Foreword to CSR

The Corporate Social Responsibility (CSR) report is divided into five compliance sections; environmental-, chemical-, social-, information security- and financial compliance. The coming sections present the active work that Krusell Group is conducting in order to have a responsible and sustainable growth of the company.



A large pile of brown, crumpled paper or cardboard dominates the foreground and middle ground of the image. The paper is piled high, with many layers visible, creating a textured, chaotic appearance. In the background, a warehouse or industrial setting is visible, with metal shelving units, a fire exit sign, and various equipment. The lighting is somewhat dim, with shadows cast across the paper and the floor.

Environmental Compliance

1. Environmental Compliance

Krusell Group and its manufactured goods are all compliant with the EU REACH regulation (EC No. 1907/2007) and the RoHS Directive (2002/95/EC). Therefore, any substances, e.g. of very high concern (SVHC) are all restricted in the production of goods. The compliance includes both the article and its corresponding packaging. Additionally, Krusell Group ensures compliance with Persistent Organic Pollutants (POPs) regulations and goes beyond legal requirements in ensuring halogen and allergen compliance, where applicable.

Material Analysis & Compliance

On a material level, the procurement department ensures that all sourced components and raw materials are compliant with the set REACH and ROHS regulations. For chemicals such as glues, solvents etc., Krusell Group requests a mandatory Material Safety Data Sheet (MSDS) to be provided in order to ascertain that all material are in line with the standard for the occupational safety and health of employees and the end consumer.

Testing Procedure For Finished Goods

In addition to the procedures at the material level, there are also dedicated REACH/RoHS tests performed on each finished goods category. With that method, Krusell Group ensures an additional level of security in terms of compliance and allows the detection of possible contamination in the end product.

OEM & ODM production

All Original Equipment Manufacturer (OEM) and Original Design Manufacturer (ODM) production are tested according to set REACH and RoHS regulations unless any particular material or substance used in the production already has a valid compliance. In addition, Krusell Group also ensures the implementation of customer specific standards such as; halogen, allergens compliance and others.

Obsolete Material & Waste Management

Krusell Group is dedicated to reducing waste within its best abilities. Production waste such as leather, PU, fabric and plastic are handled free of charge to specialized companies for further upcycling purposes. At the same time the company focuses on using upcycled raw material in their production process.

Waste water is passed through the industrial estate waste water treatment plant in line with applicable environmental standards.

All employees are encouraged to recycle as much as possible and receive proper information material and training regarding recycling processes. Krusell Group is constantly evaluating methods of increasing

the load utilization of freight volume in order to reduce the carbon footprint.

Joint Article Management Promotion-Consortium

Since 2016, Krusell Group has in collaboration with partners implemented the tools MSDSplus and AIS in the management system. These tools are used for communicating, recording and tracking the use of different components and chemical substances within manufactured products and are used throughout the supply chain.

The tools are provided by the Joint Article Management Promotion-Consortium (JAMP) that aims to transmit chemical information through companies and their supply chains transparently and efficiently.



A photograph of two workers in a chemical processing facility. The worker on the left is wearing a yellow long-sleeved shirt and a patterned hat, leaning over a large, dark, textured object. The worker on the right is wearing a red long-sleeved shirt and a striped hat, also leaning over the same object. In the background, there are blue plastic containers and a large metal structure. The text "Chemical Compliance" is overlaid in white on a semi-transparent dark band across the middle of the image.

Chemical Compliance

2. Chemical Compliance

The chemical compliance is a sub-section to the environmental compliance. In addition to the policies and procedures covered in the environmental compliance, this section also controls the work procedures and conditions in the production facility.

Krusell Group actively works on developing the chemical compliance so that all manufactured products are compliant with international set directives and standards. For example, all manufactured goods and raw material complies with the EU REACH regulation, (EC No. 1907/2007) and the RoHS Directive (2002/95/EC) but also with workplace safety and occupational health standards.

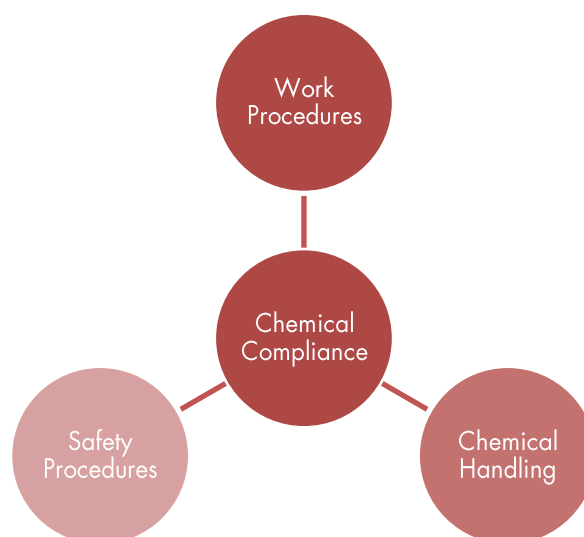
Safety & Work Procedures

A vital part of the chemical compliance is the practice of safest material handling of chemical substances by having appropriate safety- and work procedures and by having clear standards regulating chemical compliance of material sourced.

Therefore, the employees in the production facility are trained regularly regarding the work procedures needed to safely handle all materials and substances. In connection to the work procedures, safety equipment is always used and “on the job” trainings are

offered to further develop the skills of employees.

For example, the chemical compliance regulates that the production facility does not use any health hazardous material in the working environment even if allowed by local law.



Moreover, proper safety gear and work procedures aim to ensure that any physical interaction with materials and substances are done with limited skin contact. It is worth noting that the workplace safety and occupational health procedures and related trainings are part of annual safety audits by the related governmental departments of the Ministry of Labor in Thailand.

A man with dark hair, wearing a light-colored polo shirt and a blue apron with the 'KRUSEIL' logo, is focused on his work. He is using a tool to cut or shape a piece of reddish-brown leather on a workbench. The background is slightly blurred, showing a workshop environment with vertical bars or a fence. A semi-transparent grey banner with the text 'Social Compliance' is overlaid across the middle of the image.

Social Compliance

3. Social Compliance

The social compliance protects and covers the integrity of the employees within the Krusell Group and is a framework for creating a standard for a fair and decent workplace environment. Social compliance is a core commitment by the Krusell Group and is a part of the social standards and values that the organization represents. Therefore, in order to properly incorporate the social compliance into the set management system, the compliance is regulated and audited by the Social Accountability International (SAI) and is certified by the SA-8000:2014 Standard and Document.



Social Accountability

By incorporating the policies and procedures that is regulated in SA-8000:2014, Krusell Group clearly proves its mandate to protect basic human rights of employees within the organization and supply chain, beyond legal requirements. Within the supply chain the Krusell Group also requests its suppliers to follow minimum legal social accountability standards at all times as a mandatory

prerequisite. Krusell Group understands that employees are at the core of the company and its most valuable assets.

Child- & Forced Labor

Krusell Group actively makes sure that there is no employment of minors whatsoever or any constellation of forced labor in the organization and supply chain. Moreover, all employed staff needs to be compliant with the organization's standard minimum age regulation that goes beyond the local minimum age law in Thailand.

Employee Health & Safety

Employee health and safety is regulated via the workplace safety and occupational health regulation standards. In Thailand these standards are very strictly regulated, controlled and audited and therefore, Krusell Group performs regular internal safety audits in addition to the yearly audit performed by the local authorities. Krusell Group is dedicated to create a safe and beneficial working environment that not only ensures the physical but also the mental wellbeing of the employees.

Freedom Of Individual-, Collective Speech & Representation

Krusell Group is actively working to encourage employees to raise their voice as

part of our Management system. Flat internal hierarchies, open door policy, suggestion boards etc. all aims to encourage employees to voice their opinions. Moreover, Krusell Group respect any wish to form and join unions for employees that wishes to collectively raise their voices. The organization also ensures that employees are fairly and fully represented regardless their status or position.

Discrimination

Any acts of discriminations regarding, e.g. race, age, gender, sexual orientation, any form of harassments or mobbing are deemed as a severe disciplinary offence. Any such deed shall be handled via the process of raising appropriate understanding for the subject and for Disciplinary Punishments if needed.

Working hours

As regulated by the SA-8000:2014, all employees are offered reasonable working hours with a strictly regulated overtime (OT) cap. The working hours not including overtime is defined by local law but shall not exceed 48 hours per week. Moreover, employees are provided with minimum one day off following every six consecutive days of working. Overtime is voluntary, shall not be requested on regular basis and is limited to 12 hours per week maximum. Each employee has the irrevocable right to paid vacation days within or beyond the limits of the local labor law regulation. Krusell Group allocates additional vacation days based on service years, working attendance, and other performance parameters.



Compensation

All employees in the Krusell Group are entitled to fair and proper financial compensation that is corresponding to the position and responsibility of the employee. The compensation shall meet at least legal or industry standard or when applicable, collective bargaining agreements.

Additionally, internal and external training opportunities are offered to employees as a mean to increase their efficiency and to empower the employees. It is the absolute aim of the company to empower the employees to constantly evolve and improve and in the process to be able to assume higher responsibilities in progression to their career path.

Support of good causes

Krusell Group is always willing to support good causes specifically in relation to disadvantaged minorities. Support can be by financial means, material donations or any other form of useful donations. Krusell Group also provides the organizational platform for any employee initiative as long as it is not in conflict with Krusell Group core values.

Company values

As part of the company values, all employees in the Krusell Group shall treat each other with upmost respect. Moreover, all communication with customers, partners and suppliers as well as internal communication shall be based on honesty, integrity and transparency.





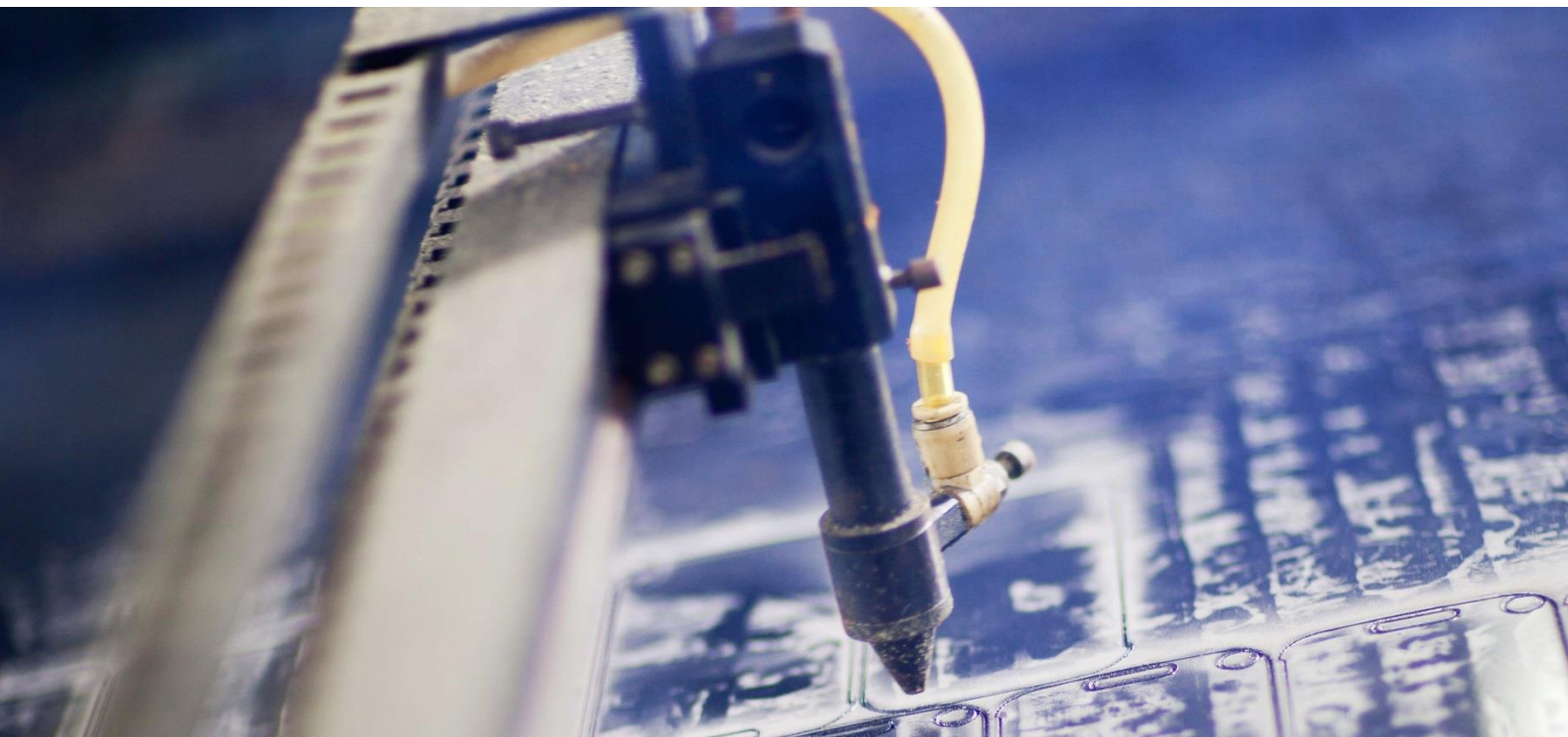
Information Security Compliance

4. Information Security Compliance

The Information Security (IS) compliance protects customers, especially in OEM and ODM projects where data security and the handling of confidential information are of upmost importance. The IS compliance is part of the internal ISO management system and is used to train the employees on how to securely handle and store information, prototypes, and data. It guarantees that customers do not suffer from unnecessary damages caused by unprofessional handling of such confidential information and is a part of the value package that Krusell Group is dedicated to offer to their customers.

The IS compliance covers:

- Data usage and information distribution during pre-public announcements periods.
- Data usage and information distribution during post-public announcements periods.
- Sales material and email correspondence policies.
- Data screening, transforming confidential- to neutral data.
- Internal handling of prototypes.
- Correct assignment and absolute protection of intellectual property.



A man with dark hair, wearing a grey polo shirt with red trim and a red apron, is working on a textile machine in a factory. He is looking down at his work. The machine has blue and black components. The background is slightly blurred, showing more of the factory environment.

Financial Compliance

5. Financial Compliance

Financial compliance guarantees partners and customers that they are working with properly registered legal entities that engage in best practice financial management. Moreover, it guarantees that the entities are compliant with all relevant fiscal obligations and is subject to yearly audit processes by the relevant authorities. With 20 years presence in the business, Krusell Group has always displayed very sound financial management practices and always met its financial obligations in the most accountable way.

Accounting

All Krusell accounting books are subject to yearly audits in accordance with the revenue department regulations. A yearly financial

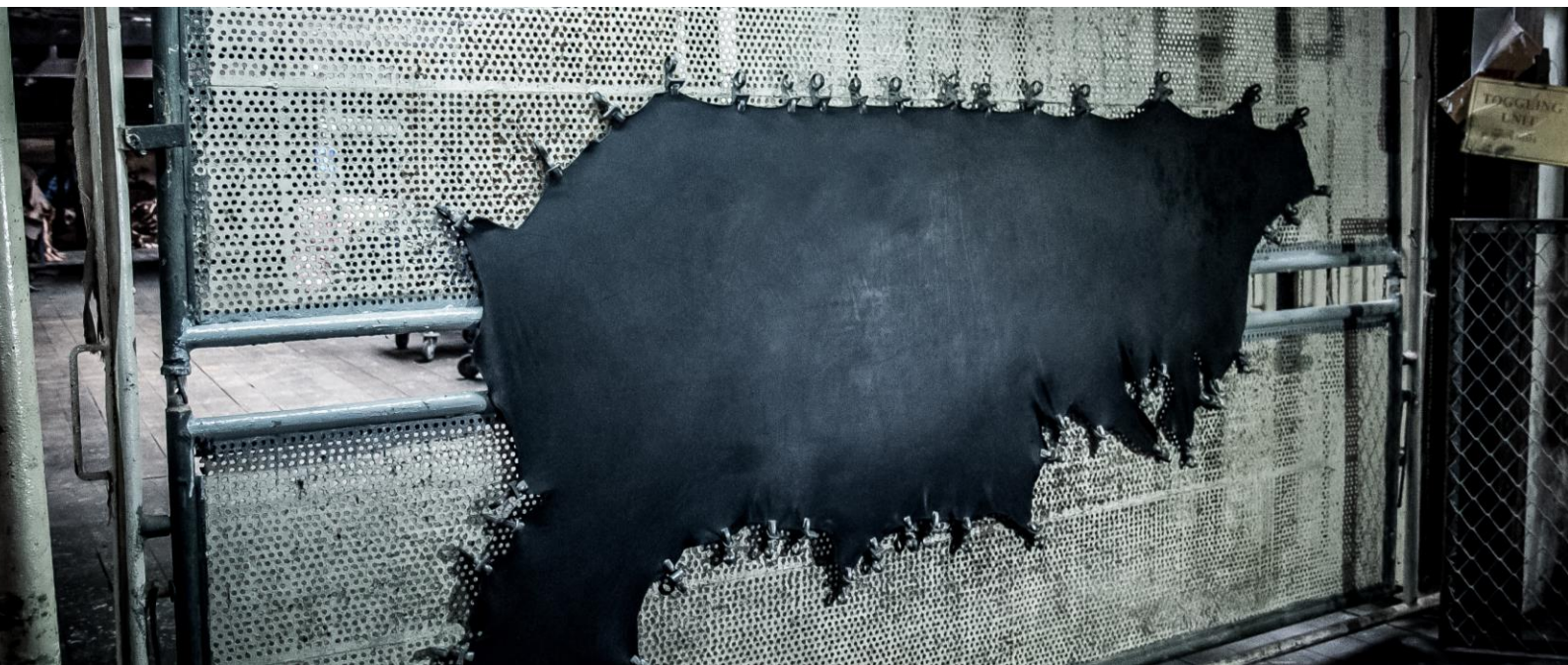
report is established and communicated internally for every year.

Credit rating

Krusell has achieved maximum credit rating of 5 by Upplysningscentralen AB (UC). Therefore, in that relation Krusell represents a financially sound and strong supplier to its partners and customers.

Financial benefits

Krusell Group strictly prohibits its employees to accept any form of financial benefits, compensation, bribes from potential customers, partners and suppliers. We actively encourage project acquirement based on our own performance and merit rather than on "bought" projects.





Anti-Corruption Compliance

6. Anti-Corruption Compliance

Integrity and honesty are two of the three basic core values within the Krusell Group. By applying these values Krusell will never accommodate for any form of corruption since corruption is an issue that contaminates any form of compliance.

The company pays utmost focus on establishing working procedures, regulations

and instructions etc. to avoid creating opportunities for misconduct. The principles of a fully corruption free environment are applied to all employees, partners, suppliers, service providers, customers and any other person engaged in business with the Krusell Group.



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