

CREATING VALUE

Corporate Social Responsibility Report | 2017

Krusell Group



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Owners Statement:

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It was our renewed focus in 2017 to create sustainable and long term value, despite the challenges of a fast and ever changing environment. This included naturally also our CSR activities, with a clear emphasis of quality over quantity. We had to carefully evaluate where our initiatives could result in best possible impact, for customers, partners and employees. Many of these activities are marked under **#fairproduction**, to send a positive signal to all our stakeholders, at a time where we still continue to hear and read about exploitations within working environments.

It remains our conviction, that a fair and social production environment drives company values. It leads to engaged and empowered employees and returns high quality performances, which ultimately provide value to customers and partners.

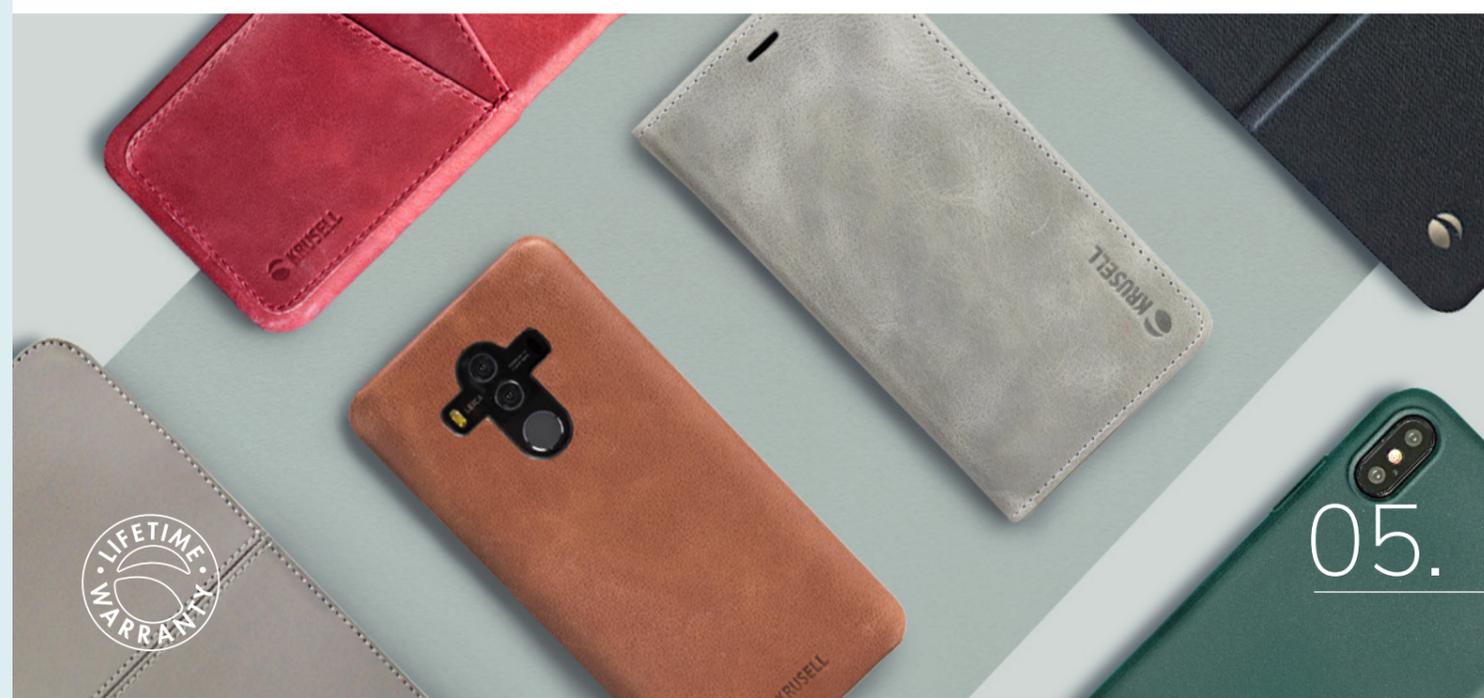
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WHO WE ARE

Krusell Group is a Swedish lifestyle house with brands such as Krusell, Pagalli and Walk on Water. After more than 25 Years in the industry, Krusell group is established as one of the leading companies in its niche, and one of the very few companies to own and maintain their own production.

Besides protection for mobile devices, Krusell also develop, manufacture and sell specialized OEM/ODM solutions, premium private label brands, small leather goods and packaging solutions.

Krusell is a certified and audited supplier to Sony, Fujifilm, Garmin, Phonak and many other prestigious brands.



GROUP VALUES

INTEGRITY

To always apply strongest standards to our actions.

Display a high level of moral principles.

Be supportive, loyal and caring to all parties.

HONESTY

To always be truthful and transparent.

To not cause unnecessary disturbances.

To not manipulate and/or politicize.

COMPASSION

Be engaged and apply drive.

Constantly motivate and encourage.

Be proud of achievements and constantly evolve and develop.

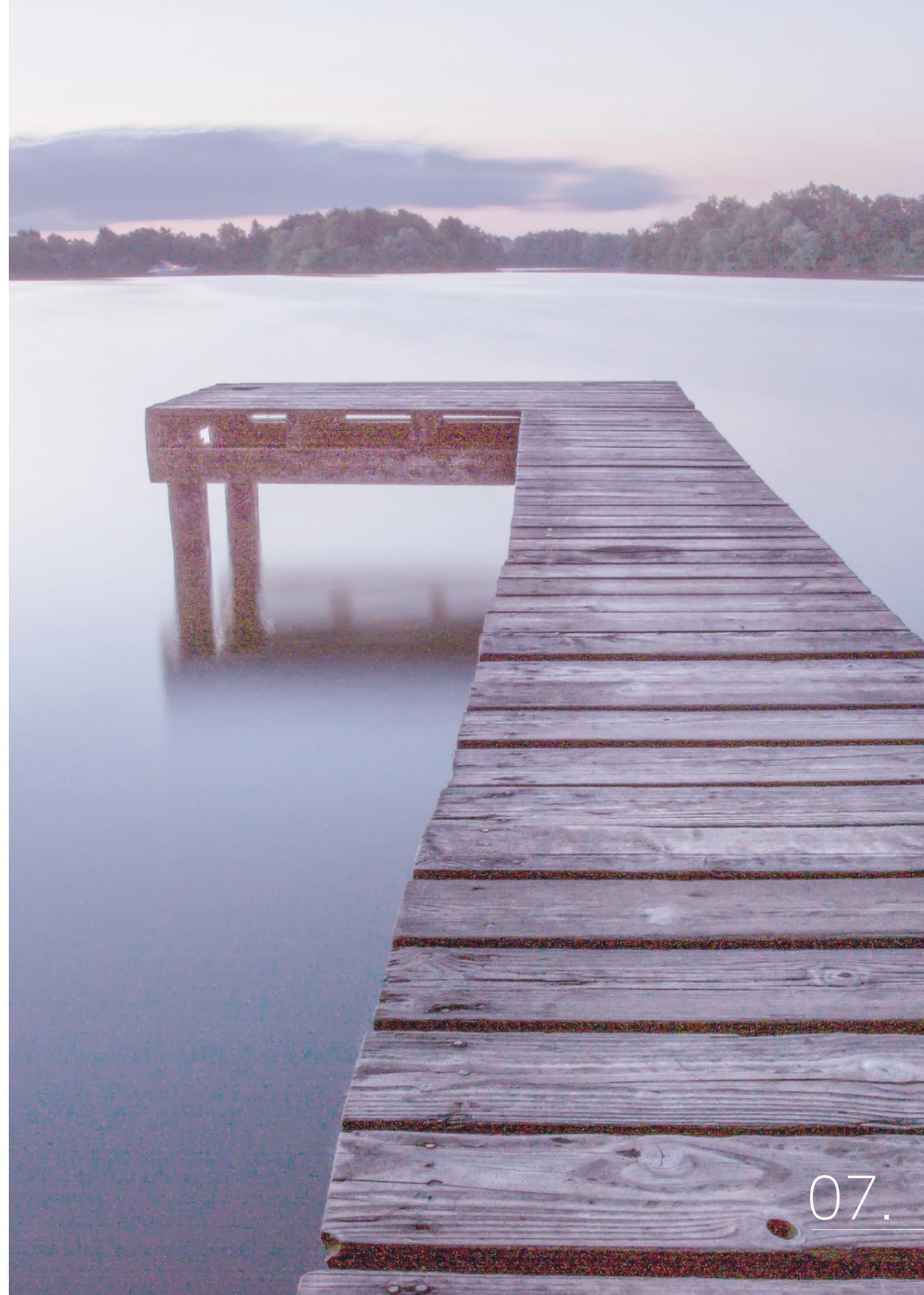
GROUP VISION & MISSION

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 at perform at consistently high levels by constantly embracing challenges.





ACTIVITIES IN 2017

UNITED NATIONS GLOBAL COMPACT

Krusell Group continues its engagement within the UN Global Compact Initiative. Thailand has established its own local chapter, of which Krusell Thailand is also an active participant. Our headquarters in Sweden continues its active information work towards customer and partners on the importance of fair conditions within the manufacturing environment. These activities are tagged internally as well as externally under #fairproduction. Unfortunately we are still facing many instances, where ultimate profitability thinking wins over the clean conscience of knowing that products are coming from a fair and compliant production set-up. This however will not deter Krusell Group to continue on its path and to adhere to UN Global Compact's 10 principles and the sustainable development goals:

1. Full protection of human rights towards employees.
2. No tolerance towards any human rights abuse.
3. Employee right of representation without any discrimination.
4. Elimination of all forms of forced and compulsory labor.
5. Zero tolerance policy towards child and minor labor.
6. Complete elimination of all forms of discrimination.
7. Pro-active and protective approach to environmental issues.
8. Promote greater environmental responsibilities.
9. Development of environmental friendly technologies.
10. Work against corruption in all its form and shape.

TRAINING & SKILL DEVELOPMENT

Providing adequate training opportunities remains a vital component of our CSR strategy. It engages our staff, gives them the needed working tools and helps them in their evolvement. Access to training is a basic need for employees to develop and it rewards the company with capable, empowered staff. The company continued to provide a wide range of training programs, involving a majority of our employees.

TRAINING STATISTICS 2017:

TRAINING COURSES PRODUCTION		Target Group	In hours	Period
1	Quality + Environment Systems	Internal auditors	200	02/17
2	Chemical Safety Management	Line leaders + staff	120	03/17
3	Fire fighting + Safety	All selected reps	240	04/17
4	Synergy + Efficiency in Team work	All	1440	05/17
5	Quality Awareness in Production Process	Production staff	800	07+08/17
6	Risk Management Principles	Supervisor Level	80	08/17
7	Workplace safety + First Aid	All selected reps	60	09/17
8	Standards of Quality Control	QC/QA/WH dept.	80	12/17
9	Basic Leather Knowledge	Prod. + WH staff	160	12/17
10	General Safety Training Introduction	All new staff	720	2017
T Total Training Hours provided			3'900	2017

TRAINING COURSES OFFICE		Target Group	In hours	Period
1	Quality + Environment Systems	Internal auditors	40	02/17
2	Photography and Design	Design	24	02/17
3	Labor Law 2017	HR	16	02/17
4	Financial Analysis	Accounting	16	05/17
5	Tax Compliance + Promotions	Accounting	48	06/17
6	Leather Skill Workshop	Product Team	64	07/17
7	Canon Smart Online SME	Design	8	08/17
8	Photography for Online Presentations	Design	16	10/17
T Total Training Hours provided			232	2017

SOCIAL COMPLIANCE

Within our CSR commitment is the guarantee to our employees to provide an International Standard of Human Rights and the company practices a zero-tolerance policy for any potential human rights violations. Furthermore, the company wants to make sure that our production environment is completely free of any form of abuse, mobbing and negative peer pressure. Respectful language and interaction build an important part of the Company's Code of Conduct. Employees must have access to reporting tools without fear of any form of repercussions, whereas any potential conflicts must be mediated and resolved, with the same fairness standards to all. HR Department successfully implemented a trust-reporting tool, which allows employees to report on potential incidents with a guarantee of proper due process.

The company continues to provide employees financial and debt restructuring advices. Production staff are prone to financial liabilities and can easily become victims of loan sharks. By providing such an advice service, employees often can avoid landing themselves into dire situations or are put in a position, where a financial restructuring plan allows them to become debt free once again.

Our production and office environment is a drug free zone. Random checks are regularly performed, as per mutual agreement with employees and in accordance with legal regulations. The company practice a 2nd-chance approach with any employees caught and will support their rehabilitation, rather than immediately criminalize the person. However employees caught a second time on random checks are immediately released as they endanger the well being of other employees and the good of the company.





ENVIRONMENTAL COMPLIANCE

Another milestone in the company's environmental protection program has been reached by achieving ISO 14001:2015 certification in March 2017. ISO 14001 standards relates to environmental Management and the company's ability to minimize their operation and production procedures, which could negatively affect the environment. By achieving compliance with this demanding standard, Krusell Group clearly demonstrates that environmental sound practices are an integral part of how the company operates.

SUSTAINABILITY & QUALITY

A return to the roots in terms of sustainability and quality of products meant, that the company had to forge new partnerships with suppliers that represents the same values and conduct their business equally sustainable. In terms of raw material selection, specifically premium leather, only established suppliers with impeccable track records were evaluated. Over the course of the year, this ended in rewarding partnerships with some of the best suppliers in their field.

PRODUCTION SUCCESS

Production line 1 has been certified to produce the full range of premium leather cases for a Japanese Premium brand. The prestigious Japanese brand has initially produced both in Japan and Korea, due to the required high standard in craftsmanship and quality. Earlier attempts to transfer production to Chinese manufacturer were all met with failure and refusal by end consumer to buy the products. Krusell Group was finally able to meet the customer requirements after a long development period and intense collaboration by the parties.

This marks a substantial achievement by the manufacturing team and the full production line was promoted to a level 3 standard as a reward. They will serve as an example for other production lines and have set the standard.

Fujifilm HQ has intensified the collaboration with Krusell Group. Based on previous and current performances, the company was selected as the default, official supplier of leather camera cases. The collaboration continues to further expand the reach of the project work.

Gauss Lab Inc., HK, confirms Krusell Group as the selected OEM/ODM supplier for its VR goggles accessories range. The collaboration started early 2017 and has allowed Gauss Lab to establish itself as the main supplier of such accessories. A new project foresees a substantial expansion of target market reach.





GROUP CSR STRUCTURE IN SUMMARY

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



ENVIRONMENTAL COMPLIANCE

Krusell Group and its manufactured goods are 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. Additionally Krusell Group is certified ISO 14001:2015, for its ability to manufacture products within an effective environmental Management system and comply with International standards set by European Union's Eco-Management and Audit Scheme (EMAS).

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 correct work procedures in handling chemicals, the employee safety measures and the storage regulations in the production facility.

Krusell Group actively works on developing the chemical compliance, so that workplace safety and occupational health procedures are maintained at all times. Chemical compliance is part of annual safety audits by the related governmental departments of the Ministry of Labor in Thailand.

SOCIAL COMPLIANCE

Social Compliance protects and covers the integrity of all employees within Krusell Group and is a framework for creating the standard for a fair and decent workplace environment. Social Compliance constitutes a core commitment of Krusell Group and is part of the social standards and values that the Organization represents.

INFORMATION SECURITY COMPLIANCE

Information security compliance protects customers, specifically in OEM/ODM projects where data security and the professional handling of confidential information are of utmost importance. Information security compliance is part of the internal ISO Management System. Employees are constantly trained and audited on the safe and secure handling and storage of customer data and information.

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 entities are compliant with all relevant fiscal obligations, subject to yearly audits by third party auditors and authorities. This substantially reduces the potential risk exposure for partners and customers, and allows them to trust on a professional handling of their projects.

ANTI-CORRUPTION COMPLIANCE

Integrity and honesty are two of the three basic core values within Krusell Group. The company will never tolerate 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 control mechanism that avoids creating opportunities for misconduct. The principles of a fully corruption free environment are applied to all employees, suppliers, service providers, customers and any other person engaged in business with Krusell Group.

Would you like more specific information details?

Contact e-mail provided at the end of report.



Krusell EU Headquarter
Krusell International AB
Nellickevägen 22, 10th floor,
SE-412 63 Gothenburg
Sweden

APAC Headquarter & Production
Krusell (Thailand) Co., Ltd.
3656/78-79 Green Tower, 23rd floor,
Rama 4 Road, Klongtan, Klongtoey,
Bangkok 10110, Thailand