

CREATING VALUE

Corporate Social Responsibility Report | **2018**

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MANAGEMENT STATEMENT

Optimal Resource Management was a vital component in a year marked by changes, adaptations, renewals and reinventions.

Collaboration and efficiency were at the forefront of all processes, extending to activities with customers, suppliers, partners and employees.

The company's continuation to manage sustainable means to be able to create positive impact on all three of a company's important cornerstones: People, Environment and Profitability.

“ The responsible and efficient Management of Company Resources; the need to reduce waste by any means possible, is an indispensable process within the modern company. By adhering to these principles a company will achieve long term sustainability and prosperity. ”



A case of Swedish Design



WHO WE ARE

Krusell is a Swedish brand and part of Jays Group, a Nasdaq First North (Stockholm) listed company. We offer Swedish designed, premium quality, tech accessories of finest craftsmanship.

We design and produce tech accessories for everyday life and for special occasions. Being at home in the borderland between tech and vogue we can create high quality tech accessories, with functions as well as boosting personalities with style.

The story of Krusell started back in the 90s when two brothers from the west coast of Sweden, with the mind set on innovation, dived into the field of protecting portable electronics. Krusell is established as one of the leading companies in its niche, and one of the very few companies to own and maintain its own production.

We feel at home in the Swedish landscapes, where the rocky cliffs are rolling, the sea contains of both sweet and salty water and where the forest seems to go on forever. These scenes are our inspiration. Expressions in the Swedish nature give imprints in tactile experiences and the concept of Swedish design is reflecting the clean lines of nature in subtle colours. We create stories from our landscape for today and tomorrow, for future generations.

We are proud to create outstanding working environments in our own production facilities. We are always there, with the ability and strength to create a fair workplace where good products are created. Krusell is a classic choice, a premium choice as well as a long-lasting choice.

Besides offering tech accessories, 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.

OUR VALUES

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

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.



HEADLINES 2018

INTEGRATION INTO JAYS GROUP

All Krusell entities were in 2018 successfully integrated into Jays Group, a Nasdaq First North (Stockholm) listed company. With that development comes a change from a privately owned business to being part of a publicly listed company.

This development signifies another step forward in the policy of the company and provides a professional, secured environment to improve the business and further expand.

Requirements of a publicly traded company are more extensive and complex, specifically around financial compliance and reporting, meaning that all Krusell entities had to put new processes in place. After a few intensive months, a new finance reporting environment was successfully engaged, under supervision of the Group's CFO.

A renewed strategy launched by the board, assigns each entity to actively expand business based on their specialties and strengths. Our Krusell offices in Europe mainly focuses on the development of our brands and their distribution on a global base, whereas Krusell in Thailand continues to drive the successful growth of Private Label and OEM/ODM accounts across the globe.

COMMUNICATION

As part of our process to engage all stake holders, the goal has been to proactively distribute our 2017 CSR report to customers, partners and suppliers. It has been of importance to engage, both internal and external parties, into a dialogue on what has been achieved and how we jointly are able to proceed forward up to the next level. Our customers have an open invitation to visit our production facilities, and to join into a dialogue on how we together can contribute to a more sustainable business.

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.

In 2018 the company continued providing adequate training opportunities and besides standard training modules, focused on specific skill training to further enhance the amount of specialized, skilled labor force.

TRAINING STATISTICS 2018:

TRAINING COURSES PRODUCTION	Target Group	In hours	Period
1. Environment Management Systems – ISO 14000:2015	Internal auditors	240	02/18
2. Chemical Safety Management	Line leaders + staff	120	03/18
3. Fire fighting drills+ Safety Evacuation	All selected staff	480	04/18
4. Environmental awareness, safety and waste Management	All	800	04/18
5. Quality Awareness in Production Process	Production staff	800	07+08/18
6. Quality Management System ISO 9001:2015	Internal auditors	600	08/18
7. Workplace safety + First Aid	All selected reps	90	09/18
8. Emergency Evacuation Training	All staff	600	11/18
9. Quality Control Standards	QA/QC/Production	160	12/18
10. Specific Leather Knowledge	Selected staff	160	12/18

T	Total Training Hours provided	4'250	2018
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TRAINING COURSES OFFICE	Target Group	In hours	Period
1. Environment Management Systems – ISO 14000:2015	Internal auditors	80	02/18
2. Solid works 3D processes	Selected staff	24	02/18
3. Quality Management System – ISO 9001:2015	Internal auditors	200	08/18
4. Transfer price requirements Thailand 2018	Mgt	16	09/18
5. New technologies injection material	Mgt	8	10/18
6. Emergency Evacuation Training	All staff	40	11/18

T	Total Training Hours provided	368	2018
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PRODUCTION NEWS

Krusell Thailand has successfully expanded into the manufacturing of premium small leather goods, specifically wallets, purses, passport holders and other accessories. Initiated by demand of our Private Label customer, for whom Krusell Thailand was already producing premium phone cases, these new products were trialed in our R&D department, where reference samples were built. After a period of eight months, the customer was finally able to approve samples, as being equal level to their European based supplier. This signifies another successful evolution in Krusell Thailand production capabilities and a related production is now planned for a start in 2019. All designs are made by the customer in their Milan (Italy) design center. In 2019 we foresee a close collaboration including workshops and training to guarantee the workmanship and quality in par with European standards.

With a drive to integrate new technologies into our production, Krusell Thailand has throughout 2018 closely worked with Italian edge paint specialist, Giardini. Giardini is one of the most recognized edge paint manufacturers and working with prestigious brands such as Yves Saint Laurent and Louis Vuitton. It was very exciting for Krusell to have the opportunity for that collaboration and Giardini proved to be a most supporting partner. Main challenges were to find a formula that provides toughness and flexibility for premium products and actually works in a tropical climate. The climatic conditions were the main challenge in creating a new formula of edge paint. By concluding the work towards the end of 2018, the base has been created for a successful introduction of Giardini edge paint exclusively for premium product lines. Krusell is proud to join such prestigious brands as YSL and LV in the use of Giardini edge paint.

The development to create a new generation of accessories for VR goggles continued in 2018. Gauss Lab launched multiple products in this new emerging, tech market under the brand “VR Cover”. With the Project Management and manufacturing support of Krusell, Gauss Lab is now established as the world’s leading supplier of VR goggles foam accessories. Krusell will continue its development processes and has planned to integrate the full technology into its manufacturing set-up of the company.

SOCIAL NEWS

Continuing its drive to enhance the working environment of all employees, Krusell has actively pursued to enhance collaboration within different teams. The benefits of having mutual workshops and getting to know people from other geographical areas, departments or even other companies, has proven to return good results and enhanced understanding of each other’s roles, cultures and tasks. It can substantially reduce stress factors, when different teams know and understand each other and that benefits the company with more working efficiency through effective collaborations.

Krusell Thailand arranged to provide small anti-mobbing workshops to its staff, specifically within the production environment. Emphasis was to make different groups of our employees understand what mobbing consists of and what it does to the target. Guidelines were provided on how to avoid becoming either perpetrator or victim, actively or passively.

ENVIRONMENTAL NEWS

In 2018 Krusell further expanded its environmental requirement program to suppliers, in order to make sure to select and verify suppliers with appropriate environmental processes and procedures. Besides compliance testing requirements such as REACH and RoHS, other specific tests for environmentally problematic compounds were initiated.

SUSTAINABILITY NEWS

Krusell has made Resource Management an important factor of its Sustainability program. The responsible use of company resources in all areas is a mandatory process in the Value creation chain of the company. To carefully plan, assign and use resources is becoming increasingly necessary to remain fully competitive. In a first step the company’s most important resource, its employees, were subject to an analysis. Target is to guarantee the company’s most optimal use of all its HR assets and to assign work activities to the most efficient environment.



GROUP CSR STRUCTURE IN SUMMARY

The Corporate Social Responsibility (CSR) structure is divided into six compliance sections; environmental-, chemical-, social-, information security-, financial- and anti-corruption 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.



1. ENVIRONMENTAL COMPLIANCE

Krusell and its manufactured goods are compliant with the EU RoHS Directive (2015/863) and the REACH regulation (EC No. 1907/2006). Therefore, any substances, e.g. of very high concern (SVHC) are all restricted in the production of goods.

Additionally Krusell is ISO 14001:2015 certified, 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).

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

Krusell 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.

Would you like more specific information details? Contact e-mail provided at the end of report.

3. SOCIAL COMPLIANCE

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

4. 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 as well as storage of customer data.

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 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.

6. ANTI-CORRUPTION COMPLIANCE

Integrity and honesty are two of the three basic values within Krusell. 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.

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SUPPORT FOR UN GLOBAL COMPACT INITIATIVE

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.



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