"We take a holistic approach to sustainable development. This means respecting and protecting the environment, human rights, employee rights and good business ethics. We strive to continuously improve our operation, and comply with rules and relevant requirements in all areas. Our intention is to work with contractors and suppliers who share our values when it comes to sustainability and business ethics."

Extract from Hexatronic’s Sustainability Policy

About the Sustainability Report

THE GROUP’S FIRST SUSTAINABILITY REPORT
This is the Hexatronic Group’s first Sustainability Report in accordance with the Swedish Annual Accounts Act’s information requirements in the areas of environment, social aspects, personnel, respect for human rights and combating corruption, chapters 6 and 7, and encompasses the 2018 financial year. Inspiration and guidance for the report have been taken from the practices and guidelines available for meeting the legal requirements, as well as international systems such as: GRI Standards, UN global Sustainable Development Goals – Agenda 2030 and the Global Compact.

THE FOLLOWING COMPANIES ARE INCLUDED
The Sustainability Report encompasses the Parent Company Hexatronic Group AB, reg. no. 556168-6360, and the following subsidiaries: Hexatronic Cables & Interconnect Systems AB, Hexatronic Fiberoptic AB, Proximion AB, Edugrade AB, ICT Education AB, Blue Diamond Industries LLC, Gordon Franks Training Ltd., Hexatronic AS, Hexatronic UK Ltd., Hexatronic New Zealand Ltd. and Opternus GmbH. For further information about the Group, the number of employees and sales, see pages 5 and 21.

Central policy documents and risks

During 2018 Hexatronic adopted three central, Group-wide policy documents related to steering and guidance in the field of sustainability: a Sustainability Policy, an internal Code of Conduct for the Board of Directors, Executive Management, employees and hired labour, and a Code of Conduct for Suppliers. Extracts from the policy documents can be found in the sustainability sections on our economic, social and environmental responsibility. To see the documents in their entirety, please go to the website: hexatronicgroup.com/en/sustainability/policies/.

DIVERSITY POLICY – BOARD OF DIRECTORS
As regards the Diversity Policy for the Board of Directors’ composition, the stipulations of point 4.1 of the Swedish Corporate Governance Code have been applied.

SIGNIFICANT RISKS
Significant sustainability risks are included in the mapping of the Group’s other risks. These risks and the Group’s risk management are presented on pages 42–43.

WHISTLEBLOWER FUNCTION
In autumn 2018, Hexatronic introduced a system enabling employees, customers or anyone else in contact with the Group to anonymously report suspected serious anomalies that conflict with business ethics, and which could seriously affect Hexatronic as an organisation, or human life or health. The whistleblower function is important in ensuring good corporate governance and maintaining trust among our customers and the general public. Further information can be found on the website: https://hexatronicgroup.com/en/about-us/whistleblower-policy/.
How Hexatronic creates value

With smart, reliable product and system solutions for passive fiber infrastructure, we accelerate the digital transformation for the benefit of businesses, individuals, and society at large. The diagram below illustrates how we create value for our customers, society at large, employees and owners. Hexatronic’s business model can be found on page 8.

Input resources
- Employees
- Suppliers
- Products and services
- Financial capital
- Raw materials
- Competence

Hexatronic creates value through:
- Product and system solutions for passive fiber infrastructure
- A healthy, inspiring workplace
- Being a responsible industry player

Output resources
- Products and solutions for constructing fiber networks
- Training services
- Knowledge & experience
- Field support

Created value

Customers
Efficient fiber network installations
Reliable fiber networks with a long life
Low environmental impact

Society
More people have access to digitalisation
Jobs and tax income
Sustainable supply chain
Support for local community

Employees
Pay and pensions
Good health, safety and working environment
Gender equality, inclusive workplace
Development opportunities

Owners
Long-term profitable growth
Industry player with strong business ethics
Significant role in ongoing digitalisation

Significant sustainability areas

During the year, Hexatronic’s most significant sustainability areas have been reviewed. The table below shows the areas which are deemed most important to steer, develop and improve. To find out more about developments in each area, please see the results indicators on page 36.

<table>
<thead>
<tr>
<th>Three dimensions of sustainability</th>
<th>Significant sustainability areas</th>
<th>Link to the sustainability reporting requirement</th>
<th>Page reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our economic responsibility</td>
<td>Sustainable supply chain</td>
<td>Environment, social aspects and personnel, respect for human rights and combating corruption</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>Strong business ethics</td>
<td>Combating corruption</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Stable profitability</td>
<td>No direct link to the requirement</td>
<td>30</td>
</tr>
<tr>
<td>Our social responsibility</td>
<td>Good health, safety and working environment</td>
<td>Social aspects and personnel</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td>Diversity and gender equality</td>
<td>Respect for human rights</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Social involvement</td>
<td>Social aspects</td>
<td>33</td>
</tr>
<tr>
<td>Our environmental responsibility</td>
<td>Environmentally sound products</td>
<td>Environment</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>Low climate impact</td>
<td>Environment</td>
<td>35</td>
</tr>
<tr>
<td></td>
<td>High resource efficiency</td>
<td>Environment</td>
<td>36</td>
</tr>
</tbody>
</table>
## Our stakeholders – the key to success

Hexatronic’s activities affect and are affected by various stakeholders. By listening to these stakeholders, we become better at understanding which issues are important, how to prioritise them and what we need to develop.

The table below shows the most important stakeholder groups, how we come into dialogue with them, and what the primary expectations of the Group’s sustainability work are:

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Dialogue through</th>
<th>Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders</strong></td>
<td>AGM</td>
<td>Positive share development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strong business ethics</td>
</tr>
<tr>
<td><strong>Board of Directors</strong></td>
<td>Board meetings</td>
<td>Stable, profitable development</td>
</tr>
<tr>
<td></td>
<td>Annual strategy meeting</td>
<td>Strong business ethics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High resource efficiency</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good health, safety and working environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainable supply chain</td>
</tr>
<tr>
<td><strong>Customers</strong>*</td>
<td>Customer survey</td>
<td>Strong business ethics</td>
</tr>
<tr>
<td></td>
<td>Customer visits</td>
<td>High, reliable product quality</td>
</tr>
<tr>
<td></td>
<td>Supplier assessment from customer</td>
<td>Low environmental impact</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>Employee survey</td>
<td>Good employment terms, working environment, health and safety</td>
</tr>
<tr>
<td></td>
<td>Green All The Way project</td>
<td>Combing discrimination, harassment and victimisation</td>
</tr>
<tr>
<td></td>
<td>Performance reviews</td>
<td>Gender equality and diversity</td>
</tr>
<tr>
<td></td>
<td>Departmental meetings</td>
<td></td>
</tr>
<tr>
<td><strong>Trade unions</strong></td>
<td>Working environment committee</td>
<td>Good work conditions</td>
</tr>
<tr>
<td></td>
<td>Negotiations</td>
<td>Safe, secure working environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gender equality and diversity</td>
</tr>
<tr>
<td><strong>Suppliers</strong></td>
<td>Orders/contracts</td>
<td>Strong business ethics</td>
</tr>
<tr>
<td></td>
<td>Supplier visits</td>
<td>Clear demands and follow-up</td>
</tr>
<tr>
<td></td>
<td>Supplier surveys</td>
<td></td>
</tr>
<tr>
<td><strong>Society and the wider world</strong>*</td>
<td>Social media/web</td>
<td>Help find solutions to social challenges</td>
</tr>
<tr>
<td></td>
<td>Media contacts</td>
<td>Complying with industry agreements</td>
</tr>
<tr>
<td></td>
<td>Conferences/industry organisations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Schools/academic world</td>
<td></td>
</tr>
<tr>
<td><strong>Authorities</strong>*</td>
<td>Regular meetings</td>
<td>Legal compliance</td>
</tr>
<tr>
<td></td>
<td>Reporting</td>
<td>Low environmental impact</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Good working environment</td>
</tr>
<tr>
<td>**Banks, insurance companies,</td>
<td>Regular meetings</td>
<td>Good financial management</td>
</tr>
<tr>
<td>creditors, investors**</td>
<td>Reporting</td>
<td>Transparent reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainable enterprise</td>
</tr>
</tbody>
</table>

* Telecom operators, network owners, data centre companies, telecom companies and installers.

** The local community, local residents, industry organisations, media.

How we contribute to the UN Sustainable Development Goals (SDGs)

At the UN summit in September 2015, the world’s heads of state and government adopted 17 global goals and 169 associated targets to eradicate extreme poverty, reduce inequality and injustice in the world, and resolve environmental challenges. Many say that this is the world’s most important to-do list, with 11 years left to achieve the goals. As a global player in fiber expansion, we play an important part in helping to achieve Agenda 2030.

In this Sustainability Report, SDG icons appear under each dimension to show readers which goals we are particularly focusing on and contributing to. Also see the section on sustainability results indicators on page 36, where a link to Agenda 2030 is also shown. For further information about the SDGs, go to: https://www.un.org/sustainabledevelopment/sustainable-development-goals/.

Green All The Way

During the year, the Green All The Way sustainability project has continued according to plan. For example a digital training film on sustainability has been sent out to all companies in the Group, two themed weeks on sustainability have been arranged, and a sustainability competition has been held to raise knowledge, increase commitment and involvement in internal sustainability work. For further information, see pages 29, 32 and 34–35.

“There has been great commitment and involvement among employees, which is good to see and a real inspiration. Many useful suggestions for improvement have been submitted. Green All The Way is now a familiar term, with many people reflecting on sustainability work in their jobs.”

Maria Löfgren, EHS Quality & Process Manager, Hexatronic Cables & Interconnect Systems AB
Our economic responsibility

“We strive to be a positive force with local and global presence, whereby the Group works and makes wise investments for the future. Economic responsibility – for all companies in our Group – means taking responsibility for stable, profitable, yet ethically justifiable, development over time.”

Extract from Hexatronic’s Sustainability Policy

Sustainable supply chain

Securing a sustainable supply chain is vital in our strategy to deliver value to our customers and contribute to sustainable development. We therefore want to work with suppliers who share our values when it comes to sustainability and ethics.

NEW CODE OF CONDUCT FOR SUPPLIERS

A Group-wide Code of Conduct for Suppliers was adopted and launched during 2018, with guidelines on the following areas:

- Environment
- Human rights – eradication of discrimination, avoiding child labour
- Fair employment terms – reasonable employment conditions, avoiding slavery, freedom of association
- Health and safety – working environment, safety
- Anti-corruption

We stand by and run our business in line with the ten principles for responsible enterprise as defined in the UN Global Compact.

The Code of Conduct for Suppliers has been sent to 184 suppliers, who jointly represent 62 per cent of the Group’s total purchase volume. The suppliers are spread across Europe, Asia, North America and Oceania. To date, 81 suppliers have stated that they run their operation according to the requirements we set in our Code of Conduct.

We also urge our suppliers to report any violations of our Code of Conduct directly to us, or using the whistleblower function on our website.

For further information about our requirements and the current Code of Conduct, please go to: hexatronicgroup.com/en/supplier/.

PLANNED FOR 2019

- Continued launch of the Code of Conduct
- Efforts to ensure our suppliers respect and comply with our Code of Conduct
- Inspect/review strategic suppliers
- Develop further key metrics to govern the area
**Strong business ethics**

All Group employees are expected always to act for the best of the Group and never for personal gain. If anyone feels unsure or notices something that conflicts with strong business ethics, and could seriously affect our organisation or human life or health, we expect the individual to take this up with their immediate manager.

**NEW CODE OF CONDUCT IN 2018**

A Group-wide Code of Conduct was adopted and launched for all employees during 2018, including guidelines in areas linked to conflicts of interest/anti-corruption:

- **BUSINESS OPPORTUNITIES/PERSONAL GAIN**
  
  As an employee, you may never exploit a business opportunity for your own personal gain if that opportunity has been identified in your work for Hexatronic and is in conflict with Hexatronic’s interests. Nor may you use Hexatronic’s property or information, or your position at Hexatronic, in any other way for personal gain.

- **OFFERING/RECEIVING**
  
  You may not offer or receive gifts, favours, payment or entertainment to or from third parties which could constitute a criminal offence or affect, or appear to affect, your professional judgement while carrying out work for or in service for Hexatronic or a third party.

- **BRIBERY**
  
  No person may directly or indirectly demand or receive, offer or give any kind of bribe, illegal commission or other illegal or unethical benefit to employees or other representatives or contract parties of Hexatronic or any third party. All such offers or suggested arrangements must immediately be reported to the immediate manager.

**HEXATRONIC AGAINST CORRUPTION**

We want to contribute to the UN’s global target 16.5 “substantially reduce corruption and bribery in all its forms”.

In order to boost knowledge and create an opportunity to discuss risks and ethical dilemmas, workshops on the subject were arranged during the year in the Swedish and international subsidiaries as part of our Green All The Way sustainability project.

**PLANNED FOR 2019**

- Formulate a policy for corporate representation and gifts.
- Follow up on compliance of the current Code of Conduct with an internal and/or external audit.
- Keep the discussion on ethical dilemmas and other aspects of the Code of Conduct alive.

"It’s a great idea. Our Customers naturally deserve, expect and need to know that their Supply Partners maintain the highest of standards in terms of bribery and corruption, so focus on this is important."

John Witkowski, CEO Hexatronic New Zealand.

"Blue Diamond is proud to join the Hexatronic efforts to prevent bribery and corruption in the workplace. Transparency in all business dealings is our goal and we expect our employees to act with integrity when representing Blue Diamond and Hexatronic."

Sherri Simpson, CEO Blue Diamond Industries
This year’s customer survey shows that our customers feel that collaborating on sustainability issues is very important.

**Stable profitability**

Stable profitability is about being able to deliver good value, competitive products and services of high quality. Our customers are the starting point of our operation, and by retaining existing customers and attracting new ones we lay the foundation for continued growth.

**VERY SATISFIED CUSTOMERS**

This year’s customer survey, which was conducted by five of our subsidiaries in Sweden, Norway, the UK and New Zealand, indicates that customers are still very satisfied. The Customer Satisfaction Index varies between 75 and 86 in the companies (on a scale of 0–100), with an average of 82. A figure of 75 or above signifies “very satisfied”. In the same survey, the Customer Loyalty Index indicates an even better result, varying from 84–96 out of 100 between the companies, with an average of 90.

We are of course very proud and delighted about this result, while also constantly striving to be better. Areas for improvement the Group generally will continue working on in 2019 are:

- Availability (getting hold of and being helped by the right person)
- Delivery reliability
- Ability to deal with any problems and complaints
- Right quality and service in relation to price

**HIGH EXPECTATIONS AND HIGH CUSTOMER SATISFACTION LINKED TO SUSTAINABILITY**

This year’s customer survey shows that our customers feel that collaborating on sustainability issues is very important. On a scale of 1–5, where 1 is not at all important and 5 is very important, collation of the various companies’ results shows that Economic Sustainability (including business ethics) is most important to our customers (4.3), followed by Social Responsibility for personnel and society (4.2) and Environmental Work (4.1). The same survey shows that customer satisfaction with our sustainability work is generally very high, with each sustainability dimension achieving 4.2 on average.

**LOWER COSTS AND MORE SATISFIED CUSTOMERS**

During the year, the Group has worked in different ways to contribute to lower costs, higher profitability and more satisfied customers. Examples include:

- Workforce adaptation
- Production streamlining, changing materials in certain products, energy savings, steel drum recycling, new packaging solutions
- Regular cost/income analyses, monitoring of sales statistics
- Close dialogue with leading customers, proactive sales teams and strong presence at trade fairs/congresses

**PROFIT FOR THE YEAR**

For details of profit and other financials, please see the Administration Report on page 39.

Again in the 2018 customer survey, Hexatronic Fiberoptic AB achieved a very high customer satisfaction rating.

– Why do you as a customer think this is?

“I’m convinced that the primary contributing factors are your high technical expertise, excellent reliability and ability to deliver, and world-class personal customer relations.”

Tony Soffiantini, Head of FTTH Projects, Eltel Networks Infranet AB
Our social responsibility

“We see differences as an asset – working with diversity strengthens our expertise and thereby our competitiveness. We aim to offer an inspiring working environment that contributes to job satisfaction, enjoyment and profitability while also preventing ill health, injury and exclusion from working life. Our workplaces shall be equal, safe and secure, and free from drugs and sexual harassment.”

Extract from Hexatronic’s Sustainability Policy

Good health, safety and working environment

Good health, safety and working environment is an important area of sustainability. Employees, customers and business partners should feel safe and secure with the way we manage the working environment. Our employees’ health is always in focus.

The Code of Conduct’s section on personnel care deals with the following aspects related to health, safety and working environment:

- Employee health and safety in the workplace shall always be the priority
- We work together in a preventive, health-promoting way to ensure a good working environment that increases well-being and job satisfaction

**ACTION TAKEN DURING THE YEAR**

The Group has taken action in the following areas, among others, to contribute to good health, safety and working environment:

- Systematic health and safety work in accordance with the companies’ management systems and prevailing legislation
- Training courses, e.g. fire safety, CPR, hot work, truck safety, safe lifting and leadership
- Evacuation and emergency exercises, formulation of a checklist for emergencies
- Regular review of safety issues in the organisation
- Health and fitness subsidies
- Regular internal communication for everyone
- Free fruit and coffee for employees
- Celebrating good news
- Proactive efforts to enable all employees to put forward their views on the working environment and well-being to the management, and then also swiftly deal with any problems/requests
- Green Cross teams that continuously monitor working environment issues in the organisation and take action where required
- Team-building activities

This year’s employee survey shows that the most important sustainability issue for our employees is health, safety and working environment.

Our work linked to the social dimension of sustainability contributes to UN SDGs 5, 8 and 10.
SUSTAINABILITY REPORT

Diversity and gender equality

We know that people with different experiences and perspectives are crucial in creating the innovative climate required for long-term commercial success. As a global corporation, we know that our strong results depend on the diversity and competence of our personnel.

HIGH DEGREE OF DIVERSITY

By diversity, we at Hexatronic mean the differences that make us all unique. These include visible differences such as age, gender, ethnicity and physical ability, as well as underlying differences such as religion, culture, and ways of thinking and acting. Many of the Group’s companies have good diversity in terms of age distribution, ethnicity and religious affiliation, level of education and socioeconomic background.

FOR A MORE GENDER EQUAL WORKPLACE

The term gender equality refers to the equal rights, obligations and opportunities of men and women Hexatronic operates in a male-dominated industry, and one challenge is to attract women to all positions in the Group. This year’s employee survey shows that what employees (87 per cent) are most satisfied with is gender equality in the workplace. Gender equality and diversity is the third most important sustainability issue among employees, according to 40 per cent of them in this year’s survey.

“I am convinced that a high diversity within the Group would have a positive effect on our development.”

Henrik Larsson Lyon, President and CEO, Hexatronic Group

SATISFIED EMPLOYEES

This year’s employee survey, which was conducted in all the Group’s subsidiaries, shows that our employees are satisfied with us as an employer, but that of course we can be better. The Employee Satisfaction Index in the companies varies between 65 and 87 (on a scale of 0–100), with the overall result for the Group being 69. A figure of 75 or above signifies “very satisfied”. In the same survey, the Employee Loyalty Index indicates excellent results, varying from 77–94 out of 100 between the companies, with an overall Group average of 80.

The survey shows that two out of three employees are satisfied with the physical working environment. By far the most important sustainability issues among employees are employment conditions and working conditions (health, safety and working environment), with 88 per cent saying this.

Based on this year’s results, during 2019 we will continue working on the following improvement areas:

- Involvement and empowerment
- Corporate culture and team spirit
- Competence development
- Physical and psychosocial working environment
- Work tempo/work load

Green All The Way

Third prize in this year’s sustainability competition went to Hanna Sandberg, HR manager at Hexatronic Fiberoptic, with a suggestion of introducing an ‘exercise break’ every week or month throughout the Group. This would help to improve personnel’s well-being, concentration and efficiency.
The Code of Conduct’s section on personnel care deals for instance with the following aspects related to gender equality and diversity:

- No employee may be discriminated against due to skin colour, gender, sexual orientation, civil status, pregnancy, parenthood, religion, political opinion, nationality, ethnicity, social origin, social status, belonging to an indigenous population, disability, age, union membership or any other kind of ground for discrimination protected by local law.
- Employees with the same qualifications, experience and abilities shall receive equal pay for equal work.

**NO DISCRIMINATION AGAINST EMPLOYEES**

At Hexatronic we treat all people equally with respect and dignity. Combating discrimination, harassment and victimisation is the second most important sustainability issue among employees, according to 45 per cent of respondents.

This year’s employee survey does, however, unfortunately indicate that 17 people feel they have been the subject of some form of discrimination and/or victimisation in the past 12 months. We take this result very seriously and measures will be taken in the companies in question.

**PROMOTIONAL ACTIVITIES**

During the year, the Group’s companies have made various moves to contribute to a gender equal workplace with a high degree of diversity. Examples include:

- Mapping of pay
- Work based on local action plans combating victimisation
- Broader recruitment to attract women, young people and people from different ethnic backgrounds
- Introduction of strategy input meetings, which enable employees to put forward suggestions and ideas about how the workplace can be more safe, welcoming and positive

**Social involvement**

We shall act and contribute locally and globally by supporting initiatives and operations that strive for a socially sustainable future. There are many passionate people in our Group who give their time and energy to help make a better society.

During the year the Group’s companies, along with their employees, customers and other stakeholders, have contributed to the following initiatives for a better society, among others:

- Cooperation with the Swedish Public Employment Service to help vulnerable people into working life
- Fundraising for the Swedish Cancer Society Pink Ribbon and Blue Ribbon campaigns; we auctioned some of our latest products on the market, and all the proceeds went to the Cancer Society’s work against breast and prostate cancer
- Support at the major fires in Sweden in summer 2018
- Again in 2018 the annual Christmas gift went to PLAN International, which works to ensure that refugee children have access to education and safe environments where they are allowed to be children
- School collaboration where pupils do a fourth year of high school; during an interim year they work closely alongside product developers and engineers, giving them a great introduction to a career in engineering
- Support for Situation Baltikum, an organisation that aims to improve the situation for vulnerable children and young people in eastern Latvia
- Support for children with special needs
- Hospitality and meal service for vulnerable women and families, e.g. during holidays
- Encouraging people to get involved in society by volunteering

**PLANNED FOR 2019:**

- Continue with social involvement begun in 2018
Our environmental responsibility

“We shall protect the environment for present and future generations by preventing emissions and minimizing the use of resources in our product handling. Environmental work shall be an integral part of our day-to-day work, and we strive to reduce our own environmental impact locally and globally.”

Extract from Hexatronic’s Sustainability Policy

Hexatronic will do what we can to contribute to as low a climate impact as possible.

The environmental section in our Code of Conduct for Suppliers:

- Hexatronic strives to develop, manufacture and offer products and services with excellent properties in terms of sustainability. To ensure that our products are manufactured in a sustainable way along the entire production chain from raw material to finished item, environmental commitment throughout the supplier chain is a must.

- The supplier should therefore have active environmental management in place and should take measures to avoid hazardous substances and minimize emissions and the use of resources, in areas such as energy consumption, transportation, materials handling and waste management.

For further information about the demands we impose, see the supplier environmental requirements on our website: hexatronicgroup.com/en/supplier/.

Green All The Way

Winner of second prize in the 2018 sustainability competition, Oskar Gyllenhammar, Market Communicator, highlights another of the critical issues of our time: climate change, and how we can ease the transition to a fossil-free economy. Oskar suggests that the Group should have a target of running 100 per cent of its production on renewable energy, by installing solar panels on our roofs. This will help to minimise Hexatronic’s carbon footprint.
Environmental sound products

We are driven by a sense of curiosity and fresh thinking when we develop products and solutions, and strive to achieve as low an environmental impact as possible. Thanks to our products’ long life, we are proud to be able to offer the market less of a environmental footprint.

EFFORTS FOR MORE ENVIRONMENTALLY SOUND PRODUCTS

So that we can offer our customers products with as low environmental impact as possible, the following action has been taken:

• Environmentally approved product range for SundaHus and Byggvarubedömningen (which work for environmentally adapted building materials)
• Transition to 100% recyclable packaging made of water-resistant containerboard for our Stingray blown fiber
• Introduction of InONE hybrid cable, which is more resource efficient with a lower installation impact
• Packaging materials made of recycled plastic
• Introduction of the Viper range of micro cables, which has led to lower material consumption in manufacturing and 35 per cent lower freight volumes due to the smaller packaging

PLANNED FOR 2019:

• Continued monitoring and development of new environmentally adapted materials and technologies
• Replacing current plastic packaging with renewable/ biodegradable materials
• Transition from petroleum-based polystyrene to containerboard

Low climate impact

In order not to exceed a temperature rise of 1.5°C, global net emissions need to fall by about half up to 2030 (compared to 2010), and to achieve almost zero by 2050. The challenges are great and time is short. Hexatronic will do what we can to contribute to as low a climate impact as possible.

EFFORTS TO MINIMISE CLIMATE EMISSIONS

To contribute to lower climate impact, the following actions have been taken, among others:

• Coordination of product deliveries to minimise transport
• Adaptation of pack sizes for different products to reduce transport volumes
• Initiated transition from air to shipping cargo when transporting our products
• Energy mapping and energy efficiency programme
• Switch to LED lighting
• Review of production equipment to reduce the electric power requirement
• Energy recovery whereby surplus energy from cooling water and ventilation is harnessed to heat premises

PLANNED FOR 2019:

• Map our direct and indirect climate emissions (scope 1, 2 and 3)
• Continued endeavour to reduce greenhouse gas emissions from the Group’s various operations
• Carry on working on the suggestion to run the Group’s production on 100 per cent renewable energy, and look into various alternatives such as solar panels on our roofs

The winner of this year’s sustainability competition was Peter Lo Curzio, Product Manager at Hexatronic Cables & Interconnect Systems, whose entry highlights one of today’s most crucial environmental issues: our planet drowning in plastic. Plastic bags, packaging and microplastics present a major threat, particularly to life at sea.

The winning entry proposes that the plastic bags and plastic wrapping used for some of the Group’s products should be replaced by biodegradable alternatives – although above all, Peter stresses that the Group should ideally review which products need to be packed in thin plastic in the first place.
High resource efficiency

The transition to a circular economy, whereby the value of products, materials and resources is kept in the economy for as long as possible and waste generation is minimised, is very important if we are to develop a sustainable, carbon dioxide-efficient, resource-efficient and competitive economy.

HOW WE ARE ACHIEVING HIGHER RESOURCE EFFICIENCY

To contribute to a more circular, resource-efficient economy, the Group’s efforts include:

- High percentage of waste recycling
- Higher efficiency in production, thus supporting a lower proportion of scrap

PLANNED FOR 2019

- Closed system for cooling water, thus aiding lower water consumption
- Energy mapping and energy efficiency programme

Results indicators for sustainability work

For 2018, the following key metrics have been selected to monitor developments in the significant sustainability areas. Further key parameters will be developed during 2019 and 2020.

For each area, the link is shown to Agenda 2030 targets. For further information on the targets, go to www.un.org/sustainabledevelopment.

<table>
<thead>
<tr>
<th>Significant sustainability areas/where the impact is</th>
<th>Link to Agenda 2030</th>
<th>Key metric</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strong business ethics</strong></td>
<td></td>
<td>Number of employees who have signed the internal Code of Conduct, %</td>
<td>78</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Where: Purchasing, sales, manufacturing, finance, market-ing</td>
<td>8.4, 8.8, 16.5</td>
<td>Number of confirmed instances of corruption</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Sustainable supply chain</strong></td>
<td></td>
<td>Percentage of suppliers who have received the Code of Conduct</td>
<td>62</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>Where: Manufacturing and goods transport</td>
<td>8.4, 8.8, 16.5</td>
<td>Percentage of suppliers who have signed the Code of Conduct for Suppliers</td>
<td>62</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td><strong>Stable profitability</strong></td>
<td></td>
<td>Percentage of ISO 9001-certified companies in the Group</td>
<td>75</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Where: Entire Group</td>
<td>No link</td>
<td>Customer Satisfaction Index</td>
<td>82</td>
<td>**</td>
<td>78</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Loyalty Index</td>
<td>90</td>
<td>**</td>
<td>85</td>
</tr>
<tr>
<td><strong>Good health, safety and working environment</strong></td>
<td></td>
<td>Percentage of OHSAS 18001/ISO 45001-certified companies in the Group</td>
<td>13</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Where: Entire Group</td>
<td>8.8</td>
<td>Sick leave, %</td>
<td>3.0</td>
<td>3.0</td>
<td>3.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee Satisfaction Index</td>
<td>69</td>
<td>**</td>
<td>66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee Loyalty Index</td>
<td>80</td>
<td>**</td>
<td>79</td>
</tr>
<tr>
<td><strong>Diversity and gender equality</strong></td>
<td></td>
<td>Percentage of women</td>
<td>25</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Where: Entire Group</td>
<td>5.1, 5.5, 10.2</td>
<td>Percentage of women managers</td>
<td>25</td>
<td>19</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of women in Executive Management</td>
<td>11</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Percentage of women on Board of Directors</td>
<td>40</td>
<td>40</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of confirmed instances of discrimination</td>
<td>17</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td><strong>Low climate impact</strong></td>
<td></td>
<td>Percentage of ISO 14001-certified companies in the Group</td>
<td>38</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Where: Energy use, fuels, business travel, goods transport</td>
<td>7.1, 7.2, 7.3</td>
<td>Electricity consumption, MWh</td>
<td>17,793</td>
<td>17,846</td>
<td>16,754</td>
</tr>
<tr>
<td><strong>High resource efficiency</strong></td>
<td></td>
<td>Total volume of waste including hazardous waste, tonnes</td>
<td>1,023</td>
<td>1,119</td>
<td>1,267</td>
</tr>
<tr>
<td>Where: Manufacturing</td>
<td>8.4, 9.4, 12.2, 12.4, 12.5, 12.6</td>
<td>Total volume of hazardous waste, tonnes</td>
<td>69</td>
<td>49</td>
<td>85</td>
</tr>
</tbody>
</table>

* Code of Conduct was launched in 2018
** No survey conducted

1 Based on total purchase volume.
2 Figure includes companies with more than 15 employees.
3 Figure based on the 2018 employee survey.
4 48% of electricity consumption in 2018 was green electricity.
Auditor’s report on the statutory sustainability report

To the general meeting of the shareholders in Hexatronic Group AB, corporate identity number 556168-6360

ENGAGEMENT AND RESPONSIBILITY
It is the board of directors who is responsible for the statutory sustainability report for the year 2018 on pages 24-36 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT
Our examination has been conducted in accordance with FAR’s auditing standard RevR 12 The auditor’s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION
A statutory sustainability report has been prepared.

Gothenburg, 9 April 2019
Öhrlings PricewaterhouseCoopers AB

Johan Palmgren
Authorised Public Accountant