



Our sustainability work in 2012

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Long tradition of responsible business practice

2012 was a strong year for Nolato. In it was our best year yet in terms of financials, and we also continued to perform well on sustainability.

Nolato in Hungary was commended for its initiatives in appointing impaired employees, and also received an occupational environment excellence award from the UN's European Agency for Safety and Health at Work.

At the Group's units in Beijing, China, we continued our systematic CSR efforts with a focus both on the in-house operations and strategic suppliers. An Employee Care Programme is being introduced and looks to hold great promise. One purpose of the programme is to raise employee influence and wellbeing – an increasingly important factor in China, where competition for high-calibre employees has increased.

Anti-corruption

During the year, we developed a whistleblowing system to enable employees to raise the alarm about any divergences from legislation or Nolato's Code of Conduct and policies. The system was tested in 2012 at three of our companies and is now being introduced throughout the entire group.

In connection with the sustainability report, we studied in depth how the Group companies work to counteract corruption. We also prepared a self-declaration on a trial basis of how Nolato meets the requirements in the ISO 26000 standard with respect to CSR.

Energy efficiency

At many of our facilities, energy efficiency measures are high on the agenda. In the past few years, we have therefore reduced dependence on fossil energy by, for instance, installing heat pumps, which we will continue to do where technically feasible. We view energy and climate as strategic areas and have tightened our targets with respect to reducing energy consumption and greenhouse gas emissions. Other areas which we consider to be particularly

important are replacing hazardous chemicals with less hazardous ones, and creating even safer and better workplaces.

In 2012, we enhanced systems for registering workplace incidents. In many cases, this initiative slotted perfectly into our activities and systems for sound organisation and efficient production methods – by that, I am mainly referring to 5s and lean manufacturing.

We take responsibility

Nolato has a long tradition of responsible business practice and we stand well prepared to take part in the rapid sustainability developments. As described elsewhere in the Sustainability Report, the Group has gradually introduced various voluntary initiatives, from environmental management systems to various CSR guidelines. Our commitment to the UN Global Compact and reporting under GRI guidelines remains in place. I am convinced that this benefits us, our customers and society at large.

Great expectations

Finally, I can ascertain that there is great commitment in society to matters relating to the environment, business ethics and social responsibility, and expectations on global companies are high. We are delighted that our efforts are appreciated by others, such as Swedish business periodical *Veckans Affärer*, which gave us the top score for its sustainable portfolio.

Nolato's sustainability work will continue unabated and areas such as resource efficiency, more environmentally adapted products and CSR matters are examples of such areas that we will prioritise over the next few years.

We wish you an informative read.



Hans Porat, President and CEO

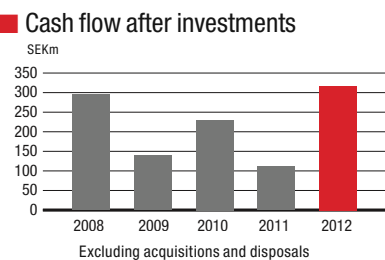
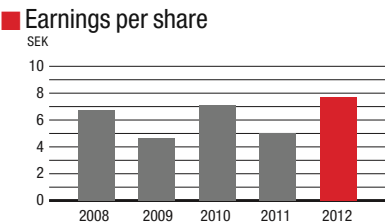
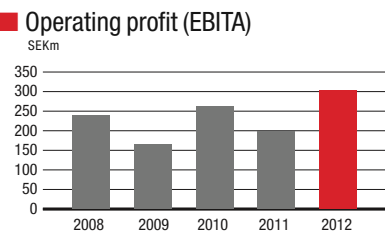
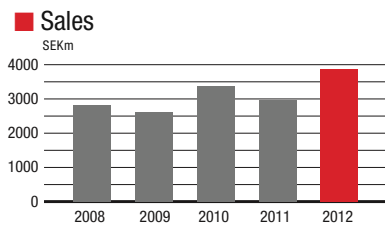
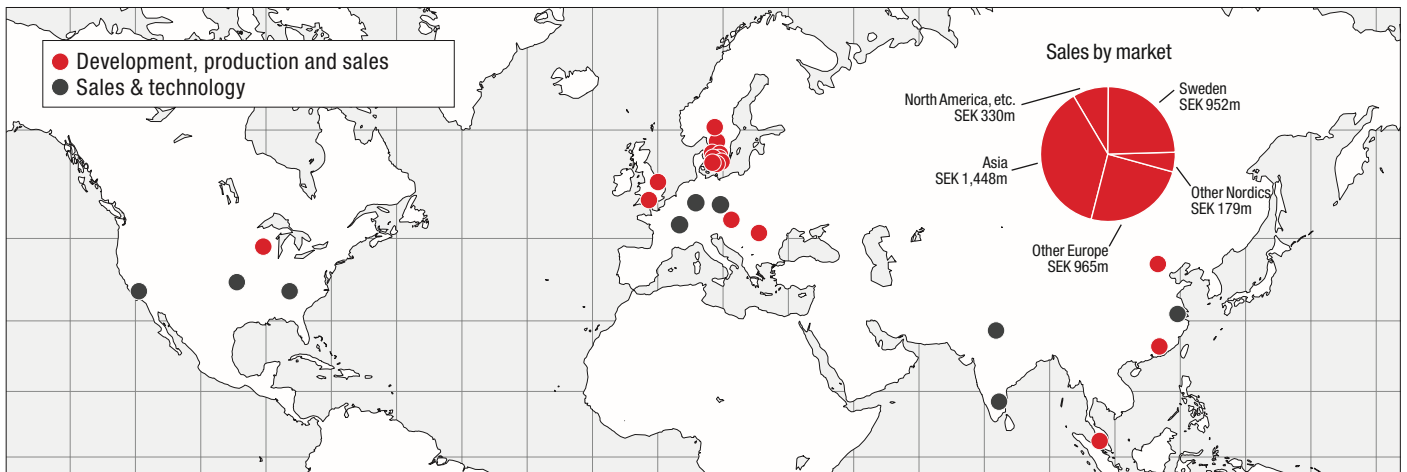


Hans Porat, President & CEO

■ 2012 sustainability/CSR initiatives in brief

- Nolato Contour and Nolato Romania are certified in accordance with ISO 14001. Work begins on certifying Nolato Jaycare's two newly acquired units in the UK during 2013.
- An Employee Care Programme is launched at Nolato Beijing in China.
- Nolato Beijing receives an award for its safe working environment.
- Disabled employees are hired at Nolato Hungary.
- Nolato Hungary receives an award for its excellent working environment from the UN's European Agency for Safety and Health at Work and the Hungarian working environment authorities.
- A whistleblowing system is introduced to enable to employees to report any ethical or financial irregularities without the risk of reprisals.
- The process of phasing out hazardous chemicals continues.
- Robur approves Nolato's shares for investments in its sustainability funds.
- For the third year running, Nolato is awarded the highest grading in the Swedish business publication *Veckans Affärer's* Sustainable Portfolio.

The Nolato Group in brief



Our operations

Nolato is an accomplished supplier with broad technological expertise and far-reaching specialist knowledge. We offer high-tech product and product system development and manufacturing based on polymer materials (plastic, silicone, TPE and rubber) within three areas:

- medical devices (such as inhalers, insulin pens and catheter balloons)
- telecommunications components (subsystems for mobile phones, often with significant cosmetic content, as well as methods and materials for shielding electronics)
- products for industrial companies (such as packaging, hygiene products and vehicle components)

Our offering

Thanks to our involvement in customers' development work at an early stage, we can contribute towards optimising design, materials and production technology, and hence help to achieve a better end-product.

We constantly try to learn more about our customers' customers in order to make proactive proposals for attractive technical solutions. This could involve retaining functionality and strength while reducing the weight of the product, developing cosmetic effects, designing components to facilitate the assembly process or reducing the product's environmental impact.

Our values

Taking responsibility is one of the cornerstones of our corporate culture, as well as being one of our Basic Principles. Topics relating to the environment, the working environment, social responsibility and ethics are therefore natural and integral aspects of our business activities.

Our employees

The average number of employees in 2012 was 8,421. Of these, 90 percent were outside Sweden.

Our shares

Nolato was listed on the stock exchange in 1984, and its B shares are listed on the NASDAQ OMX Nordic Exchange in the Stockholm Mid Cap segment, where they are included in the Industrials sector.

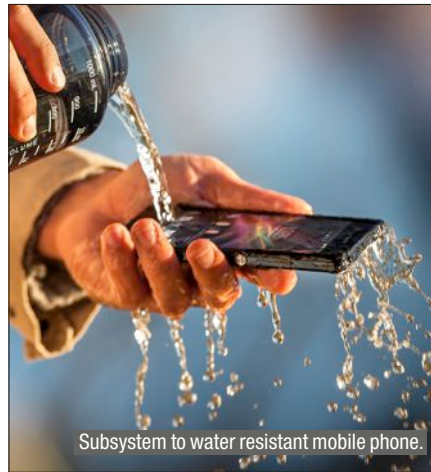
Our history

Nolato was founded in 1938 as Nordiska Latexfabriken i Torekov AB, with the trademark Nolato, which has been the company's name since 1982.

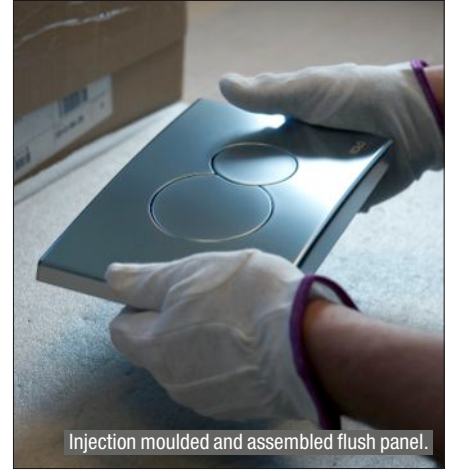
Today's global Group is the result of organic growth and acquisitions. The head office is still in Torekov, Sweden, but the majority of operations are now based abroad.



Micromoulding of medical technology component.



Subsystem to water resistant mobile phone.



Injection moulded and assembled flush panel.

Nolato Medical

Financial highlights:

	2012	2011
Sales SEKm	1,159	917
Operating profit EBITA SEKm	133	110
EBITA margin %	11.5	12.0
Average number of employees	932	719

Customer offering:

Development and manufacturing of polymer components and systems for medical technology and pharmaceutical customers, as well as plastic pharmaceutical packaging.

Geographic information:

Development, production and sales in Sweden, the UK, Hungary, the USA and China. Sales offices in Germany, France and the Czech Republic.

Success factors:

Medical understanding, broad technological offering, global production, robust quality and development expertise.

Customers include:

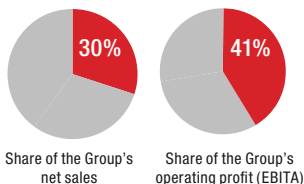
AstraZeneca, Boston Scientific, Coloplast, Gambro, Novo Nordisk, Takeda, Medtronic.

Volatility:

Low. Steady market growth. Long-term growth potential.

Product life cycle:

Long.



Nolato Telecom

Financial highlights:

	2012	2011
Sales SEKm	1,548	935
Operating profit EBITA SEKm	96	11
EBITA margin %	6.2	1.2
Average number of employees	6,741	4,052

Customer offering:

Design, development and manufacturing of components and subsystems for mobile phones, and products and systems for EMI shielding of electronics.

Geographic information:

Development, production and sales in China, Sweden and Malaysia. Sales and technology offices in the USA and India.

Success factors:

Creative development work, cutting-edge technology, advanced project management, fast production start-ups and high productivity.

Customers include:

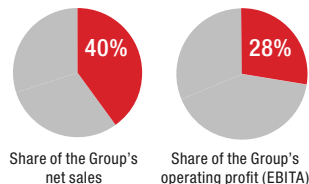
Alcatel-Lucent, BlackBerry, Ericsson, Huawei, Motorola, Nokia, Sony Mobile Communications.

Volatility:

High. Project-based operations.

Product life cycle:

Short.



Nolato Industrial

Financial highlights:

	2012	2011
Sales SEKm	1,170	1,129
Operating profit EBITA SEKm	105	102
EBITA margin %	9.0	9.0
Average number of employees	743	720

Customer offering:

Development and manufacturing of components and product systems in plastic, TPE and rubber for customers in the automotive industry, hygiene, packaging, gardening/forestry, white goods and other selected industrial segments.

Geographic information:

Development, production and sales in Sweden, Hungary and Romania.

Success factors:

Technology, project management and productivity.

Customers include:

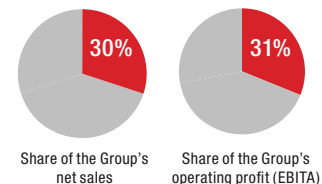
Atlas Copco, Brose, Haldex, Husqvarna, Lindab, MCT Brattberg, Sanitec, Scania, SKF, Volvo, Volvo Car.

Volatility:

Medium. Follows the Northern European industrial business cycle.

Product life cycle:

Medium/long.



Current status and further initiatives

In terms of financials, 2012 was the best year yet in Nolato's history, with sales rising to SEK 3,874 million and profit of SEK 303 million. Nolato Medical's sales rose by 26 percent, Nolato Telecom's by 66 percent and Nolato Industrial's by 4 percent. The Group also showed improvements in many areas in terms of sustainability. Many of the sustainability Key Performance Indicators relate to Nolato's sales, and they are intended to provide a fair presentation of how environmental and social responsibility work is connected with and integrated into the business operations.

In accordance with Nolato's strategic objective in sustainability and the Group's endorsement of the UN Global Compact, a series of activities was carried out during the year regarding energy efficiency, safer occupational environment, waste management, supplier evaluation and anti-corruption. As shown in the Sustainability Report and evaluation of the targets (see page 22), efforts were successful in many areas, but there are of course many areas that require further work.

Further initiatives

We understand that the journey towards sustainable development will be a long and time-consuming one, and that many circumstances are beyond our control. However, for the areas that we are able to influence, our efforts will continue unabated in accordance with the Group's overall strategy.

In 2013, we will work with measures including the following:

- Energy efficiency and reduced climate impact. We are also introducing tighter Group targets in these areas.
- Improved resource efficiency, including through reduced waste.
- Making products more environmental-ly adapted through the use of new materials and production processes.
- Activities in relation to sustainable

development/CSR in the Group's supplier chains.

- Stimulating the introduction of OHSAS 18001 and further developing our work in accordance with ISO 26000.
- Continuing to train employees on humanitarian, environmental and ethical issues.
- Introducing a whistleblowing system throughout the entire Group.

Key sustainability figures

	2012	2011	2010
Financial responsibility			
Sales, SEKm	3,874	2,977	3,375
Operating profit (EBITA), SEKm	303	199	407
EBITA margin, %	6.2	6.7	7.8
Average number of employees	8,421	5,491	7,563
Environmental responsibility			
Breach of environmental and occupational env, legisl, no. of cases	0	0	1
Energy consumption, MWh/SEKm sales	0.04	0.05	0.04
Water consumption, m ³ /SEKm sales	43.7	40.6	41.3
Emission of greenhouse gases, tonne CO ₂ /SEKm sales	15.5	15.4	13.7
Waste, tonne/SEKm sales	1.4	1.3	1.1
Certified environmental management system, % of total no. of plants	86	85	89
Social responsibility			
Workplace accidents, (cases of ≥1 day's absence; case per employee)	64 (0.007)	28 (0.005)	44 (0.006)
Female employees, %	62	71	67
Training on Nolato's Basic Principles and Code of Conduct, % of no. employees	>90	>90	>90
Application of ethical and humanitarian principles as well as corruption, number of registered breaches	0	0	0
Evaluation of sub-suppliers, % of number of plants performing environmental/social responsibility evaluations	90/90	90/90	84/58

Sustainable development creates opportunities

Nolato has a long tradition of responsible business practice, and one of our Basic Principles is that efficient and profitable business operations must be combined with ethics, responsibility and regard for the environment.

Right from the start, we have therefore taken a very down-to-earth approach to the issues that are now combined under the concepts of sustainable development, social responsibility and CSR. It is obvious to us that the Company should be a good neighbour and a good global citizen, taking responsibility for what we do and always applying sound business ethics.

Over time, Nolato's original, natural concepts – of basing our operations on professionalism, good organisation and responsibility – have been developed into a crafted sustainability strategy. This strategy is based on our total conviction that a future-oriented, responsible approach is not only necessary from a responsibility perspective, but also creates opportunities and thus benefits for our customers, ourselves and our owners:

- By making efficient use of materials, energy and water, we can achieve positive

effects for both the environment and the Group's competitiveness.

- By dealing with environmental, occupational environment and social risks systematically, the Group's risks are reduced while such activities contribute towards a safer workplace.

- By endorsing the UN's Global Compact and reporting our sustainability work in accordance with the Global Reporting Initiative (GRI), we have access to efficient tools, enabling reliable reporting on how deal with issues relating to ethics, responsibility and the environment.

- Certified environmental (ISO 14001) and occupational environment (OHSAS 18001) management systems are a natural element of our systematic approach to constant improvements. We also apply the guidelines for social responsibility (ISO 26000).

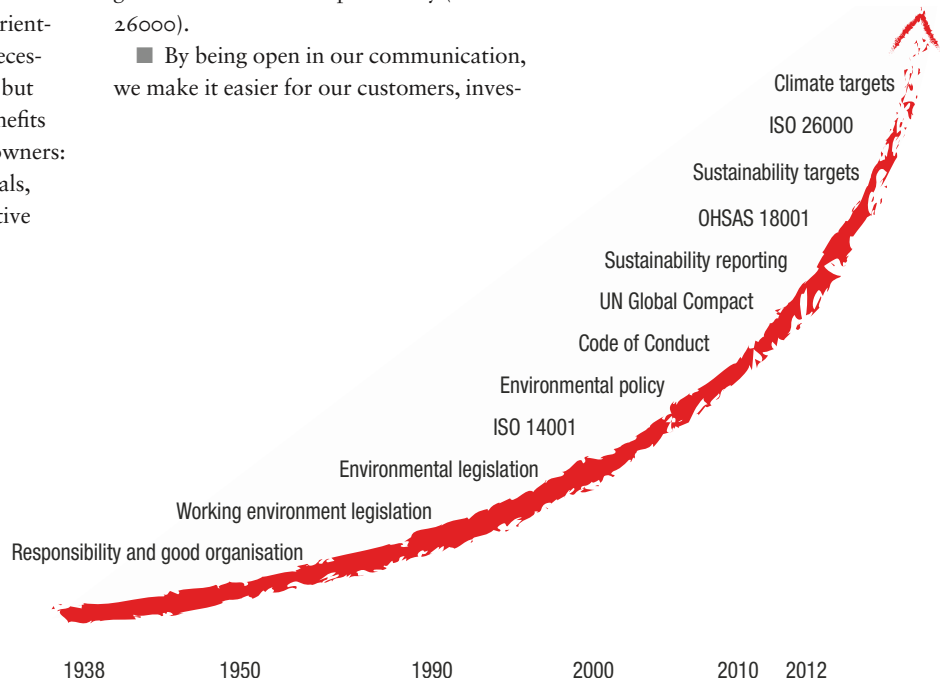
- By being open in our communication, we make it easier for our customers, invest-

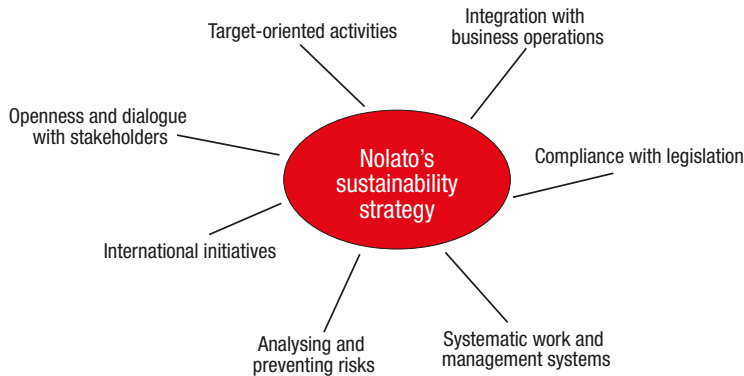
tors and other stakeholders to follow up on their requirements and evaluate our work.

- By working with sustainable development, we can identify and create business opportunities, for example through making our products more environmentally adapted.

- By making our employees aware of Nolato's Code of Conduct, they receive clear signals of the significance of our set of values.

- By working strategically and with clear Group targets, we are better able to achieve our sustainable development/CSR ambitions.





Our sustainability strategy

Nolato's sustainability strategy is based on the following cornerstones:

Integration with business operations

Sustainability issues are integrated into Nolato's way of working. This involves areas such as investments, monitoring, external communication, company acquisitions, crisis and risk management, procedures, reporting and training.

We have a clear responsibility for issues relating to the environment, occupational environment, social responsibility and ethics. This responsibility comes from the Board of Directors, and is allocated to Group management and the management of the Group companies. Compliance with the Group's Code of Conduct and related policies is compulsory. However, in accordance with Nolato's decentralised organisation, each individual unit has a relatively high degree of freedom to decide for itself how to implement this work in everyday operations. The MD of each company is responsible for all matters relating to the environment, ethics and social responsibility.

Matters relating to the overall sustainability strategy, our targets and results reporting are managed at Group level. Follow-up occurs at Board and management meetings and in production unit evaluation.

Compliance with legislation

One obvious element of our sustainability strategy is compliance with environmental and occupational environment legislation, and evaluating how future legislation could affect our operations. In Sweden, Nolato conducts operations with notification obligations in accordance with the Swedish Environmental Code at all facilities. The plants in China, Hungary, Romania, India and the

US require permits or are covered by other requirements under the environmental legislation of the country in question.

In most cases, regular reports are submitted to the environmental authorities, and the supervisory authorities carry out inspections. In 2012 a handful of units were inspected and a few minor deviations were registered.

Other environmental legislation affecting many of our facilities is chemical legislation REACH, and RoHS legislation which relates to restrictions in the use of certain hazardous chemicals. Around half of the units are affected by legislation relating to producer responsibility for packaging waste. In 2012, there were no breaches of permits, conditions or any other relevant environmental legislation.

In the occupational environment area, five of the units were inspected by the occupational environment authorities during the year. A few minor deviations were observed in the inspections.

Management systems

In the late 1990s, Nolato decided that certified environmental management systems in accordance with ISO 14001 should be in place at all manufacturing units. The decision was an important part of Nolato's environmental strategy at the time, and the first unit was certified in 1997.

The number of certified units subsequently increased, and the ISO 14001 requirement applies to all companies acquired by the Group. In 2012, Nolato Contour in the USA and Nolato Romania were both certified.

Apart from the two British units, which were acquired in 2012 and which are working on introducing ISO 14001, all our own production units are certified. In the Group, there are around 80 environmental auditors

■ The Nolato Spirit

Nolato has five fundamental value and policy documents, which convey the values, principles and attitudes that make up our core values.

Nolato's Basic Principles

The Basic Principles make up the common values platform for all Group operations, and are thus the guiding force for all Nolato employees, regardless of where in the world or in which part of the organisation they may work.

Nolato's Code of Conduct

The Code of Conduct formalises the content of the Basic Principles in terms of our ethical and compassionate principles.

Nolato's Environmental Policy

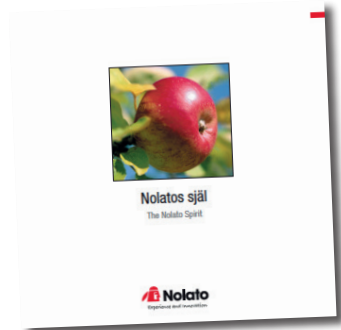
The Environmental Policy formalises the guidelines for regard for the environment in the Basic Principles.

Nolato's Quality Policy

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

Nolato's Information Policy

The Information Policy governs the dissemination of information by the Group, including in relation to listing requirements.



The five value and policy documents are compiled in the booklet the Nolato Spirit, which is available in the languages of the countries where Nolato operates.

In workplace meetings and new staff appointments, the Nolato Spirit is actively used as an aid to make all employees aware of the core values and guidelines applicable to their work at Nolato.

➔ You can find the Nolato Spirit booklet at www.nolato.com/sustainability

who conducted 48 environmental audits last year. On 16 occasions, the facilities were reviewed by external environmental auditors. Nolato is represented in the development work relating to the new version of ISO 14001. The updated environmental management standard will be published in 2015.

Largely all of Nolato's facilities are certified in accordance with the requirements of the ISO 9001 quality system. In addition, around three quarters of the units are certified according to ISO standards for the automotive industry (ISO/TS 16949) or medical technology (ISO 13485). At most facilities, the various management systems are entirely or partially integrated into the operational system.

An occupational environment management system (OHSAS 18001) is in place at Nolato Beijing, and the intention is for the system to be further extended in the Group. In 2012 we also worked with the guidelines in the social responsibility standard (ISO 26000). This standard is based on seven fundamental concepts and provides voluntary guidelines regarding what an organisation can do to contribute to a sustainable future.

Risk analysis and prevention

The sustainability strategy includes managing risks in a systematic manner. Risk assessments are regularly performed at Nolato in many areas, and matters that pertain to the environment, occupational environment and

social responsibility constitute part of such risk analyses. When companies are acquired, we take an in-depth look at the environmental and occupational environment risks. More information about sustainable development risks is provided on page 20.

Endorsement of international initiatives

In our view, endorsing and complying with voluntary sustainability initiatives is strategically important. Nolato endorsed the UN's ten principles relating to the environment, human rights and anti-corruption measures (the Global Compact) in 2008. We report our work in a yearly report (Communication On Progress) to the UN. More information about the Global Compact is provided on page 27.

Openness

Openness is part of our sustainable development strategy. The Group's sustainability reporting meets the GRI requirements. In practice, this involves strategy, stakeholder dialogue and a number of key figures being reported according to the GRI guidelines, level B. A self-declaration according to GRI is provided on pages 24-26, and a self-declaration of how the Group fulfils ISO 26000 is provided on pages 28-29.

Stakeholder dialogue

Nolato's procedure for identifying stakeholder groups includes collating and assess-

ing information obtained through customers, employees, neighbours, investors and other stakeholders. In the environmental and quality areas, we are greatly assisted by management systems in identifying stakeholder requirements. On the whole, we can ascertain high activity among a number of stakeholder groups, and an active dialogue is in progress with, for instance, customers, suppliers, investors and employees. With other stakeholders, it is more a matter of attempting to decipher opinions and requirements and ensuring that relevant information is available. The following is an overview of the stakeholder dialogues in 2012.

Target-oriented activities

As part of the sustainable development initiative, in 2011 Nolato established long- and short-term Group targets. The table on page 22 provides an overview of the targets and the results achieved in relation to these in 2010-2012. Ahead of the period 2014-2016, we are tightening our targets with respect to energy consumption and carbon dioxide emissions. The new targets involve both energy consumption and emissions being reduced by ten percent in relation to Nolato's Key Performance Indicators.

■ Overview of stakeholder dialogue 2012

Stakeholder	Stakeholder dialogue areas	Examples of activities in 2012
Customers	Many customers place demands relating to the environment, social responsibility and ethics, particularly in telecoms, food, pharmaceuticals, autos and furniture. Customer expectations about us forwarding such requirements onto our suppliers have also become more common. Common monitoring tools are surveys and audits.	Around 75 percent of the companies were audited and evaluated by customers with respect to the environment and social responsibility. On the whole, the results were excellent and customers' requirements were met. In certain cases, a dialogue regarding improvement measures is under way.
Employees	Environment, occupational environment, safety and social conditions	Information about Nolato's Code of Conduct has been implemented at the units, with a focus on new recruits. Employee surveys were conducted at 7 units. Several training initiatives have been carried out. Dialogue with Swedish trade unions regarding environmental and safety issues.
Authorities	Complying with legislation	Inspections by authorities performed at 12 units. On the whole, good ratings from authorities with only a few minor remarks. Commended by authorities for occupational environment excellence in China and Hungary.
Investors	Assessment from a sustainability perspective	Sustainability dialogue with Swedbank Robur; Nolato is now approved for Robur's sustainability funds. Top score in the Sustainable Portfolio of Swedish business periodical Veckans Affärer.
Shareholders	Risks and opportunities in the sustainability work	Information chiefly provided by means on the Annual Report, Sustainability Report and website.
Suppliers	Nolato's own requirements regarding the environment and sustainable development. In certain cases, customers demand that we transfer their CSR requirements onto suppliers	Evaluation tools have been developed. Training auditors in China. During the year, we evaluated around 140 suppliers with respect to sustainable development.
Society	Nolato's role as a good citizen in society	Study visits, collaboration with schools and universities and financial contributions to social activities. During the year, we received a complaint regarding noise from the neighbours of a plant. Corrective measures were undertaken in cooperation with the neighbours.

Environmental responsibility

An array of environmental aspects

Nolato primarily manufactures components and product systems in polymer materials, metals and combinations of polymer materials and metals. At the Sunne unit, rubber compounds are produced both for Nolato's own use and for that of external customers. At other units, ready-made polymers and other input materials are bought in. Our base technologies include injection moulding, extrusion, dipping and die-cutting. Painting of plastic shells for mobile phones and other electronic equipment takes place at our plant in China.

Nolato's operations affect the environment in many different ways. Here, we choose to report the aspects that are essential from an environmental perspective and which are at the same time perceived as important by our stakeholders. The Group's most important direct environmental aspects are the use of energy, raw materials and chemicals, atmospheric emissions (particularly climate-changing emissions) and waste generation. We also report on work with important indirect environmental aspects such as activities in the supply chains, transportation and the use of Nolato's products.

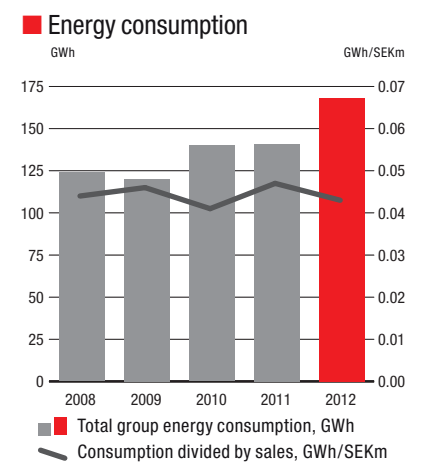
Energy

Nolato uses energy for production equipment, lighting, ventilation, cooling and much more. Indirect energy in the form of electric-

ity and district heating constitutes around 95 percent of consumption in total. Fuel oil and natural gas for heating are used at a handful of units, and there is a clear trend towards replacing fossil fuels with heat pumps. Propane is used in Beijing in one piece of air emission abatement equipment (thermal combustion) to reduce solvent emissions. Total energy consumption was 168 GWh (141), and higher production and more production units contribute to the increase. The Group's Key Performance Indicator in which energy consumption is placed in relation to sales shows a slightly declining trend. The total energy cost for 2012 was around SEK 116 million (93).

From a cost and sustainability perspective, energy matters are important to Nolato, and we are working both on Group-wide and local targets. In the last few years, several activities have been carried out to enhance energy efficiency and reduce the impact on climate, such as:

- Installation of free cooling equipment. This is now in place at a handful of plants and contributes to significant energy savings.
- There are heat pumps at three plants and there are plans to install such heating at three more production units.
- Upgrade to energy-efficient equipment, including compressors and electric injec-



tion moulding machines instead of hydraulic equivalents. Ventilation control measures are also being implemented at the plants.

- Exchanging fittings and lights with more energy-efficient alternatives, such as LED lights.
- Production planning to gain maximum efficiency from equipment. This includes measures for turning off idle equipment and machinery. While this may sound obvious, this measure requires constant attention.
- Training initiatives and energy mapping.

Energy matters a hot topic for Nolato MediTech

In a year, Nolato MediTech's plant in Hörby consumes 11 million KWh of electricity, corresponding to electricity consumption for 23,000 households.

"Our electricity bill is over SEK 7 million annually," says Johan Iveberg, MD of Nolato MediTech.

2012 saw a major initiative to train all staff in how energy can be saved. Everybody can help find "energy thieves" in the operations. For example, engines, equipment, fans

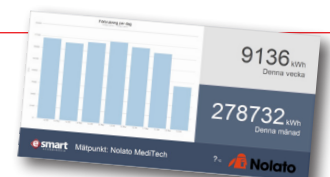
and lights can be switched on unnecessarily, leakage of compressed air, open doors and windows, and much more.

The staff were highly engaged and lots of proposals flowed into the enhancement groups. A lot of people also became more vigilant about energy consumption in their own homes.

"We have focused on visualising energy consumption and installed a system known as e-smart. On a TV screen set up near the

canteen, everybody can watch electricity consumption and electricity costs in real time. The system also shows consumption by day, week and month," continues Johan.

"So far, the project has been a great success and we are aiming for electricity savings of 10 percent," he concludes.



Greenhouse gas emissions

Emissions of greenhouse gas carbon dioxide is caused by the Group's direct and indirect energy usage, transportation of raw materials and finished products, and an array of upstream and downstream activities among our suppliers and customers. Since 2006, we have chosen to focus on emissions data inter-linked with energy consumption, and have thus far not invested resources in mapping other greenhouse gas emissions. This does not mean that such emissions are considered unimportant, but that we work with, for instance, making transport more environmentally adapted (see below).

In 2012 a particular initiative took place in Beijing to verify available information about carbon dioxide emissions from purchased electricity and district heating (the plant accounting for one third of Nolato's energy consumption and over half of carbon dioxide emissions). The picture became slightly clearer and it turned out that the district heating had, for a few years, been produced from natural gas and not from coal, which we corrected historically in the Sustainability Report for the year. We made a study visit to an electricity supplier, but did not manage to obtain carbon dioxide emissions figures that coincide with international statistics for China. We have now also obtained relevant information about the use of propane in Beijing and carbon dioxide emissions. Old data has been corrected here too.

In 2012, carbon dioxide emissions amounted to 60,000 tonnes (46,000) and the increase is linked to energy usage. Here, it is higher production in China and two newly acquired facilities in the UK that have a significant effect on the size of the emissions. Nolato has Group-wide and local targets for reducing climate impact, and the measures implemented are chiefly linked to better energy efficiency, phasing out fossil fuels for heating and more efficient raw materials usage. The potential for improvement is good and may in the future include, besides energy efficiency, the use of biopolymers, purchasing origin-labelled electricity and measures in the transportation area.

Nolato Jaycare has signed a Climate Change Agreement – a national agreement to counteract climate change. The agreement covers energy-intensive industry and, by reducing energy usage, participating companies can receive reduced charges under a system in the UK known as the Climate Change Levy. Nolato Jaycare is taking part through

the industry organisation Federation of Plastic Industries and has, for example, access to tools for calculating and reducing its impact on climate.

Other atmospheric emissions

The use of more than 850 tonnes of paints and solvents resulted in emissions of around 33 tonnes (18) of VOCs (volatile organic compounds). The majority of the paints and solvents are used for painting mobile phones in Beijing, where an efficient purification plant limits atmospheric emissions. It is the higher production in Beijing that caused higher VOC emissions, but as a whole for the Group, only a few percent of the amount of solvents are released to the atmosphere. Water-based paints are used to a growing extent in Beijing as a result of customers making their products more environmentally adapted. During the year, usage amounted to 24 tonnes (21).

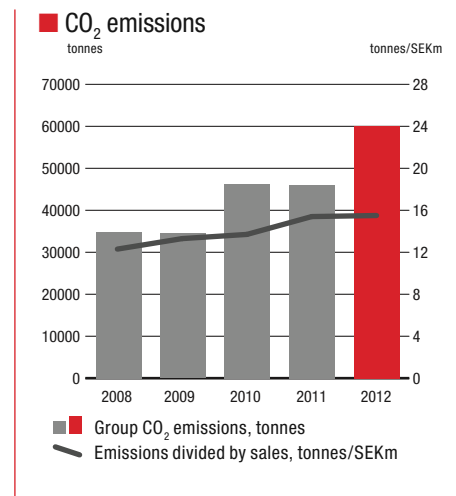
A few tonnes of ozone-depleting substances (HCFC) are contained in air conditioning equipment and other equipment at around ten plants. Minor leakages occurred during the year, and these emissions equalled less than one percent of the installed amount. Emissions of air pollutants such as sulphur dioxide and nitric oxides are low and accounted for 5 tonnes (3).

Emissions of dust and malodorous substances are very low, and no complaints were received from neighbours during the year.

Raw materials and chemicals

Nolato's base technologies use in the region of 30,000 tonnes of polymer materials. Different type of plastics dominate use (around 95 percent) and the rest comprises natural and synthetic rubber. Other materials used in more significant quantities (100–1,000 tonnes/year) are paints/solvents and metals.

In many of our products, it is a requirement that the polymer consists of virgin raw materials. This applies, for instance, to pharmaceutical packaging and medical devices. However, a number of Nolato's customers are showing an interest in increased usage of recycled plastic. This is the case, for instance, for certain mobile phone models, and also other products. The proportion of recycled plastic is currently relatively low, amounting to around 4 percent (8) of plastic raw materials for the year. A lot suggests that interest in recycled polymers will increase, and attention will turn to bio-based plastics and composites. For example, Nolato is participating



alongside the automotive industry in development projects for plastics combined with wood fibres.

Nolato is affected by legislation and customer requirements regarding chemicals, and our Group target is to reduce the risks in hazardous chemicals. Priority is of course given to substances identified on the lists of candidates in the REACH chemicals legislation.

During the year, several such substances were identified and measures to replace them are in progress. Furthermore, we are making preparations for the new CLP labelling requirements for chemical products coming into force in 2015.

Water issues

Water is chiefly used for cleaning, sanitary purposes and cooling, but there are also processes in which consumption is relatively high. This is the case for manufacturing latex rubber products in Torekov and the spray painting cleaning plant in Beijing. In order to reduce water consumption, closed cooling water systems are for example used for injection moulding machines and other equipment. The Group water footprint has increased, and two thirds of consumption is in Beijing – a region of China classified as having a water shortage.

The Company has therefore initiated a number of measures to avoid wasting water. The initiatives include information campaigns for staff as well as a number of technical measures.

The amounts of pollutants discharged to wastewater are extremely limited, and con-

sist mainly of sanitary water. All production units are connected to municipal sewage treatment plants. During the year at Nolato MediTor in Torekov, analyses were performed of wastewater to study whether the water can affect processes at the municipal sewage treatment plant. These studies are not yet completed. The costs incurred by the Group for water and wastewater cleaning totalled approximately SEK 1.8 million (1.4).

Waste

Nolato aims to reduce waste volumes, and various measures are under way at largely all plants. Measures include reducing scrap, increasing waste recycling and reuse, improving waste sorting and training staff.

Of the 5,500 or so tonnes of waste generated in 2012, 6 percent was hazardous. Such waste is dealt with according to special rules in the countries where Nolato operates. Around 40 percent of the waste was recycled as materials, such as plastic, paper and metals. Over 30 percent was recycled as energy, and 15 percent of the waste was deposited – a common method in the US and China. The volume of waste has increased in both absolute figures and expressed as the Group Key Performance Indicator. The most common reason is increased production volumes and a higher number of plants, but there are other factors too.

Our plants have an increasing focus on matters relating to scrapping and waste, and have improved their waste volume registration precision. Furthermore, we have increased demands on waste management companies in terms of providing relevant statistics. On the whole, such measures often lead to an increase in the volume of reported waste. Whatever the reason, waste reduction is a priority area and the Group target remains in place.

External waste processing costs for the year amounted to SEK 2.8 million (2.5).

Transports

We currently do not measure the environmental impact of transports, but can ascertain that a number of positive initiatives were implemented during the year.

- In order to reduce environmental impact, several units altered routes and coordinated transports.
- Several plants switched to more fuel-efficient vehicles.

- Over 60 percent of the units increased videoconferencing use.
- New packaging systems were introduced to increase the filling ratio in trucks.
- At one plant, bulk materials suppliers were encouraged to set up a safety stock at the plant and regularly replenish it. This reduces the need for unplanned transports.
- One plant increased the number of rail transports.

Environmentally adapted friendly products Nolato is an important part in the value chain of customers. For example, we contribute concept development, design, choice of materials, structure, prototypes, production tools, high-volume production, post-processing, assembly and logistics.

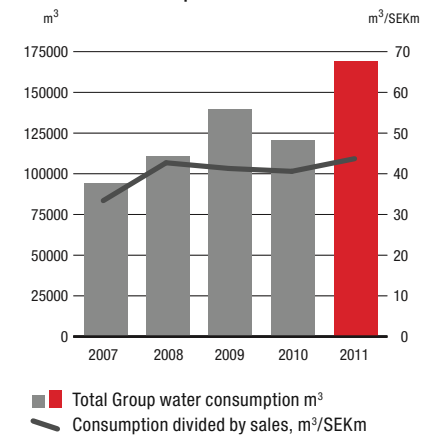
We are witnessing a clear trend of growing interest in improved environmental performance. This covers most areas – from mobile phones, pharmaceutical packaging, automotive, white goods and chain saws, to medical devices.

The Group's product range already contains a number of environmentally adapted products. However, to emphasise the importance of environmental adaptation, we set a target to increase activity in this area.

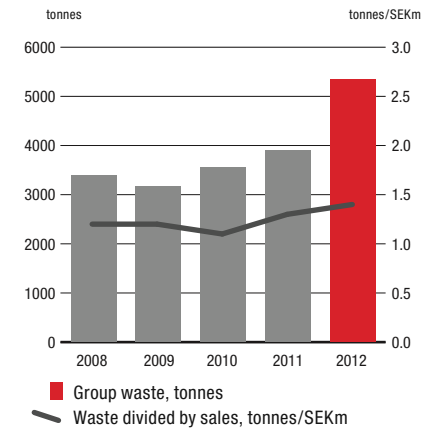
The following are examples of already accomplished environmental adaptations, and projects which can lead to more environmentally adapted products.

- At Nolato in Beijing, several development projects are being conducted in the increased use of recycled plastic and water-based paints for mobile phones and battery casings. Furthermore, customer activity is high in reducing the use of environmentally hazardous chemicals in products – for instance, phasing out halogenated flame-retardants and restrictions on PVC usage.
- Development projects continue at Nolato Plasttechnik in the use of wood fibre and plastic in composite materials used for automotive components. Here, a new type of water atomiser has also been developed, which reduces water usage in toilets.
- Plastics which replace other materials in autos, household appliances and chain saws. This results in, for instance, reduced weight and fuel consumption. Nolato Plasttechnik and Nolato Gota

Water consumption



Waste



are some of the companies conducting such product development. One product that has been in the range for some years is a plastic crate made from recycled plastic and used by clothes retailer KappAhl for transporting clothing.

- Nolato Sunne's product range includes rubber hoses and gaskets that can

withstand biofuels and reduce fuel evaporation.

- Nolato Jaycare in Newcastle has a programme for phasing PVC out of the product portfolio. In 2012, usage was more or less halved.
- Nolato Lövepac has developed gaskets Volvo Cars' Environmental project.

- Nolato MediTor has launched environmentally adapted breathing bags (see below).
- Nolato Cerbo is developing pharmaceutical packaging with a reduced amount of plastic.

Green breathing bags now even greener

Nolato Meditor's breathing bags, which have always been green, are now a little bit greener.

"Over the years, we've produced millions of breathing bags," says Anders Ekberg, MD of MediTor. "Because they end up in the waste management of hospitals sooner or later, we started to consider a more environmentally adapted product. In terms of the health aspects, we made the bags free of latex at an early stage to prevent allergies among healthcare staff," continues Anders.

"Making changes to medical devices is always a challenge. Patient safety always tops the agenda, and our products are therefore carefully specified by customers and various standards. We therefore have to justify every change in recipe and production method," continues Anders.

Breathing masks are mainly used in anaesthesiology when administering anaesthetic to patients ahead of an operation. In practice, healthcare professionals use a face-mask which seals tightly over the mouth and nose, or a tube inserted into the throat for manual ventilation of air, oxygen or anaesthetic gas via the breathing bag into the patient.

"Our breathing bags are available in sizes from 0.5 to 3 litres and are equipped with different types of connectors to suit various pieces of equipment. Some bags are for single use and others can be used several times," says Anders. "The bags are made from synthetic rubber, and when we were considering possible environmental enhancements, we focused on the material of both the bag and connectors. An important feature for customers and users is the 'rubber feel' of the product. For us,



The result of the production changes was a cheaper and greener product.

financial considerations were also important because the cost of materials is high for these products. We therefore initiated a project in which a green approach, user-friendliness and financial considerations were interwoven."

The breathing bags are produced by dipping into liquid synthetic rubber (latex), and the challenge for Nolato MediTor was to maintain the high even quality and rubber feel of the breathing bags, while reducing the rubber polymer content. The recipe was modified by an increased proportion of environmentally adapted filler, and the result was a cheaper and greener product. Because rubber polymers are based on

fossil raw materials, reduced material consumption gives lower greenhouse gas emissions. To breathing bag users, there is no difference in the product's performance, but when it is thrown away a lower amount of synthetic rubber ends up as waste.

"We also made environmental improvements in the breathing bag connectors. We used to use synthetic rubber, but we now use recyclable polypropylene (PP) or thermoplastic (TPE). So yes, of course it's possible to make green improvements in the medical device industry," concludes Anders.

Social responsibility

International company

Nolato has production operations at over 20 plants in Sweden, the UK, Hungary, Romania, China, India, the US and Malaysia. The average number of employees for the year was 8,421 (5,496), including 867 (898) in the Nordic region, 696 (404) in the rest of Europe, 159 (175) in the US and 6,699 (4,019) in Asia. 90 percent (84) of employees worked outside the Nordic region.

Around 80 percent of employees are in China, mainly at a plant in Beijing where we manufacture components for the mobile phone industry. Many of these employees are contracted from various staffing companies, and the same terms of employment apply for them as for direct employees of Nolato in China.

All of the units except the one in Malaysia, are wholly owned by Nolato, which enables a Group-wide way of dealing with matters relating to the environment, ethics and social responsibility. In Malaysia, production is contracted from a collaboration partner and is subject to the same requirements as our own units.

Social aspects

As a supplier to many companies with high sustainability ambitions, there are a number of social aspects of particular importance to Nolato. Bearing in mind that the majority of employees are in China, Nolato is a company that can come under the particular scrutiny of investors and the mass media. If we combine the circumstances described above with our own responsible business practice ambitions, the following social factors take priority for Nolato:

- Offering safe workplaces and an advanced occupational environment.
- Showing respect for human rights.
- Being seen as a positive force in the communities where we operate, and being perceived as an attractive employer.
- Developing CSR matters in the Group's supplier chains.

CSR in China

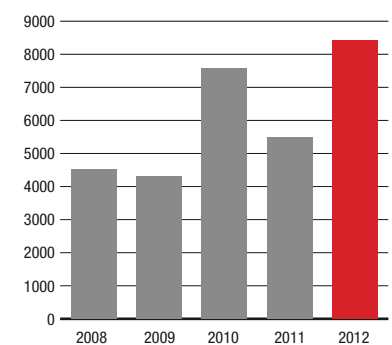
Many activities relating to sustainable development and CSR were carried out at Nolato's biggest unit in Beijing, China, in 2012. The work relating to the dedicated CSR group set up in 2011 was developed, and a number of practical improvements were implemented.

- An Employee Care Programme was set up with the purpose of increasing satisfaction in the workplace and facilitating the recruitment of qualified staff.
- An employee survey was conducted, which is probably not so common in China. As a result of some of the viewpoints conveyed, we opened a new staff canteen, the canteen's selection was improved and a new supplier was appointed to enhance the quality of the food. Other measures are improvements in storage space for personal belongings, and offering exercise in breaks between shifts.
- Workplace health and safety activities have been integrated with 5s work. Safety matters have been given higher priority with monthly meetings and monitoring.
- In 2011, training was carried out in the evaluation and auditing of suppliers' sustainability efforts. This work was further developed in 2012 with checklists, criteria and monitoring tools. Five CSR audits of suppliers were performed in total during the year.

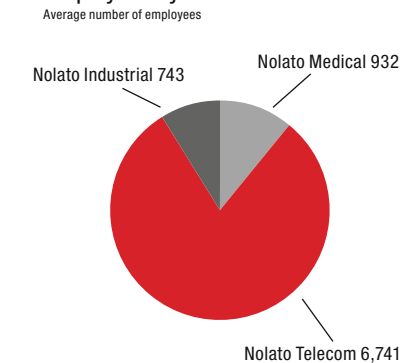
As described elsewhere in this Sustainability Report, during the year Nolato Beijing pursued a number of projects in energy efficiency, reduced water consumption, solvent recycling and environmentally adapted product development.

External audits were conducted by customers and certification bodies, and during the year, audits for ISO 9001, ISO 14001 and OHSAS 18001 were performed with good results.

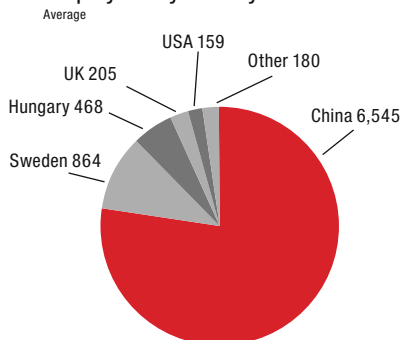
■ Average no. employees



■ Employees by business area 2012



■ Employees by country 2012



Health and safety

Workplace health and safety matters take priority, and no workplace accidents occurred at six plants during the year. At other plants, 64 (28) occupational accidents resulting in at least one day's absence occurred (Lost Work Cases). This corresponds to 0.007 (0.005) accidents per employee, and total absence caused by occupational accidents was 755 days (616). Here, long-term sick leave made a significant contribution to the figure.

As in previous years, the most common causes of occupational injuries were machinery and equipment (58 percent) and falls and slips (24 percent).

The Group target is to improve registration of incidents (near misses) – that is, events that could lead to an occupational accident. Systems are now in place at largely all units, and we can analyse the underlying causes of accidents in the Group. The number of registered incidents increased from 150 in 2011 to 515 in 2012, which we interpret as increased focus on accident prevention, and not as a poorer occupational environment. The reasons for incidents are well in line with occurred accidents, and behind each accident is a significant number of incidents. This coincides with experiences at other companies and demonstrates the importance of preventive efforts.

At Nolato's plants, preventive efforts include risks analyses, occupational environment gauging, training, safety rounds, OHSAS 18001 work on safety committees and investments in technical protective measures. Environmental and occupational environmental training is conducted regularly, and in 2012 each employee took part in an average of 4.2 (2.9) hours of training. Common training topics are first aid, fire protection, machinery and equipment safety, health risks from chemicals and energy-saving measures.

Everybody has the right of representation

A factor highlighted in international conventions, the UN Global Compact and ISO 26000 is the right to organise trade unions

and be represented by employee representatives. All Nolato employees enjoy such rights, including the right to collective negotiations and agreements.

At the units in China, there are unions in accordance with the rules applicable to large companies in China. All staff are provided with information about the union upon appointment, and can then make their own decision on membership.

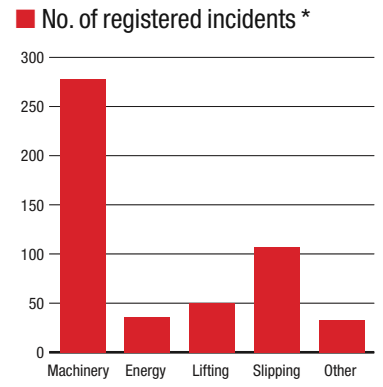
In Sweden and China, the majority of employees are covered by collective bargaining agreements. At the units in other countries, there are no unions or collective bargaining agreements, and this reflects a normal situation for privately owned companies in these countries.

Equality

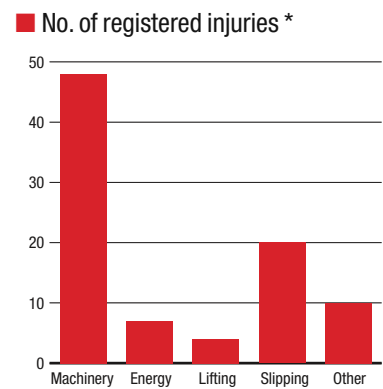
A highlighted area in international accords and our Code of Conduct is equality. Practical equality work is decentralised and conducted according to the equality plans of the individual companies. 62 percent (71) of employees were women in the year. At the European units, the proportion of female staff was 39 percent (44), 68 percent (81) at the Asian units, and 34 percent (54) in the USA.

Training

The demands of the market and customers are on the rise in many areas, and we have to further develop the technical level in product development and production. This requires qualified, highly trained staff, as do many other tasks in the Group. Expertise has to be kept up-to-date and deepened, so training is an everyday event. In 2012, employees participated in 92,000 (57,000) hours of training, equalling around 11 (12) hours per employee.



* "Near misses"



* Lost Work Cases and other registered injuries at work

Appointment of impaired employees are a hit – both compassionately and commercially

In Hungary, Nolato manufactures products in the hygiene area. Besides the injection-moulding of various plastic components, this production process also comprises quite intricate assembly. In connection with a decision made a while ago to take on an assembly task in-house that was previously carried out by a sub-supplier, the conclusion was drawn that the occasion provided an excellent opportunity to offer work to severely visually or hearing impaired people.

Jobs on their own merits

“Our basic idea was to offer these people work on purely commercial terms. By adapting the work environment, we could provide them with good possibilities of doing a good job,” says Norbert Meleg, who is head of human resources, administration, etc.

When the decision about the new work group had been taken, a specialist in the field of occupational environment for the impaired was consulted and a series of modifications were carried out at the factory. The area in which the visually and hearing-impaired employees were to work and move around was cleared of all objects that could present obstacles, guides were painted on the floor, the fire alarm was equipped with light signals, doors and barriers were made more visible, the light on the work tables was specially adapted for the visually impaired, and a noise- and vibration-free environment was created for the staff with impaired hearing.

In July 2011, the first new employee was appointed with the task of recruiting other colleagues for the new group and subsequently leading the work.

“I’d been looking for a job for three years when Nolato’s offer came up,” says Rózsika Vámosné, who has impaired hearing herself and was active in an organisation for the impaired.

“I thought I would get a pure assembly job, but saw a fantastic opportunity to be involved and build up the new work group.”

Target overshoot

Work commenced after the summer. Twenty eight new employees with different types of serious visual or hearing impairments



Rózsika Vámosné, Zoltán Peszlen, Gáborné Bokodi, Róbert Horváth, Józsefné Kiss and Lászlóné Dömötör are some of the employees with impairments now working for Nolato in Hungary.

embarked on their assembly jobs. The result was beyond every expectation.

“We had made quite a few calculations about the outcome of their work, but our plans didn’t amount to much,” says Norbert Meleg. “These employees are so dedicated and productive that the result overshoot all our calculations.

We’ve been able to cut our costs thanks to the great work of this group, which has also made our production even more competitive, to the delight of our customers.

It’s a win-win situation – for the company, customers, the community and not least the impaired employees who got jobs on their own merits.”

And the quality of the work is very high.

“Following a brief running-in period, we are very close to zero errors in this part of the production,” says Csaba Szigeti, production flow manager. “The flexibility and skilled work of the group have led us to transfer more types of assembly onto them.”

Integral part of the company

The project has gained a lot of attention in Hungary, and this year the company was presented with an award from the Hungarian

Ministry of Human Resources and the Salva Vita foundation for its efforts to create work for the impaired.

“From day one, these employees have been exemplary colleagues,” says Bart Nolden, Production Manager. “We have seen a lot of evidence of their skills and dedication. Not only are they integrated into the work itself at the company, they also take part in our joint leisure activities.” From the start, Nolato Hungary attached great importance to informing other employees about the lives and everyday situation of their impaired colleagues.

“Before they joined us, we gathered together all the staff concerned. We prepared them for different situations that could arise, and how they could help their new visually or hearing impaired colleagues,” says István Varga, Process Engineer.

“I’m pleased to say the integration was a great success and I think most have changed their attitude to people with impairments, even when they’re not at work.”

Business partners and other stakeholders

Zero tolerance on ethical issues

Under the tenth principle of the UN Global Compact and Nolato's code of conduct, integrity and responsibility shall characterise our business practices. As a Group target, we take a zero-tolerance approach to bribery, corruption and cartel formation. For a global company, these matters are complex and the perception of "normal business practice" varies between countries and cultures. We use the following methods for governance and monitoring Nolato's business principles:

- We spread shared values in the form of Nolato's Code of Conduct. Group company management teams are responsible for further conveying the values in their organisation.
- We monitor costs, expenditure and revenues on an ongoing basis.
- We pay particular attention to ethical issues in our relationships with partners. Standard business practice must be observed in each individual country, but if business practice does not comply with Nolato's Code of Conduct, we must refrain from doing business or take alternative relevant actions.
- Using UN Global Compact checklists, we conduct annual evaluations of how the companies work to counteract bribery. The evaluation for the year shows that a lot of the work is conducted in the framework of Nolato's Code of Conduct, and the target groups are chiefly employees, suppliers, customers and authorities. Many of the companies have established detailed policies and guidelines covering gifts, entertainment and expenses, and report that they have intensified their efforts in this area.

No code of conduct breaches were identified during the year. In order to further strengthen our control mechanisms in this area, we have introduced a whistleblowing system (see fact box). In 2012 the system was tested at three units and will be introduced throughout the entire Group in 2013.

Greater focus on suppliers

We aim to be more active upstream in the supplier chain, imposing relevant sustainability requirements and improving at following them up. We are progressing, and largely all Group companies require suppliers to be familiar with Nolato's Code of Conduct. Checklists for preparing questionnaires for evaluating suppliers in sustainability matters have been drawn up. In 2012, around 125 suppliers were evaluated by means of such questionnaires, and about fifteen through site visits or audits.

The criteria for which suppliers are selected varies within the Group, but in most cases focus is on new suppliers, suppliers not previously evaluated and suppliers that could potentially be associated with particular risks. A bottleneck in this context is access to experienced internal auditors, and the fact that supplier audits are costly and time-consuming activities.

Social commitment

Nolato is engaged in the local communities in its countries of operation. This involves contacts with neighbours, schools, universities, voluntary organisations, authorities, sports clubs and cultural institutions. During the year, a handful of units held open days for various stakeholder groups, ten units had study visits from schools and universities and participated in projects alongside several universities. We were visited by over 100 students in all. In 2012, Nolato continued with its sustainability collaboration with the International Institute for Industrial Environmental Economics (IIIEE) at Lund University.

Group companies provide financial contributions to healthcare, sports clubs and various community activities, and are engaged in other social activities. Our environmental initiatives have been communicated through newspaper articles and lectures in various contexts. As described elsewhere in the Sustainability Report, our efforts have gained the attention and appreciation of authorities, analysts and students.

■ Share of units reporting sustainability requirements from customers

Introduction of environmental management system	33%
Phasing out hazardous chemicals	48%
Compliance with REACH and RoSH	14%
Product-related environmental information	57%
Compliance with the customer's code of conduct	71%
Other requirements	9%

Heightened requirements from customers

As a developer and manufacturer of polymer product systems, Nolato has customers in industries where environmental, occupational health and safety and ethical aspects are important.

Over a number of years, we have witnessed demands rising and partially changing in nature. Requirements relating to the environment and phasing out hazardous chemicals have been around for a long time, but we are now witnessing growing interest in social and ethical issues.

Over 90 percent of Group companies report customer sustainability requirements, and many customers have increased their activities in following up on their requirements.

During the year, three quarters of the plants were evaluated by their customers, with particular activity in industries such as telecoms, pharmaceuticals, automotive, cosmetics and hygiene. Nolato's sustainability work is appreciated on the whole, but in some cases a dialogue regarding enhancements is under way.

We learn from our customers' evaluation methods and forward the requirements into the Group's supplier chains.

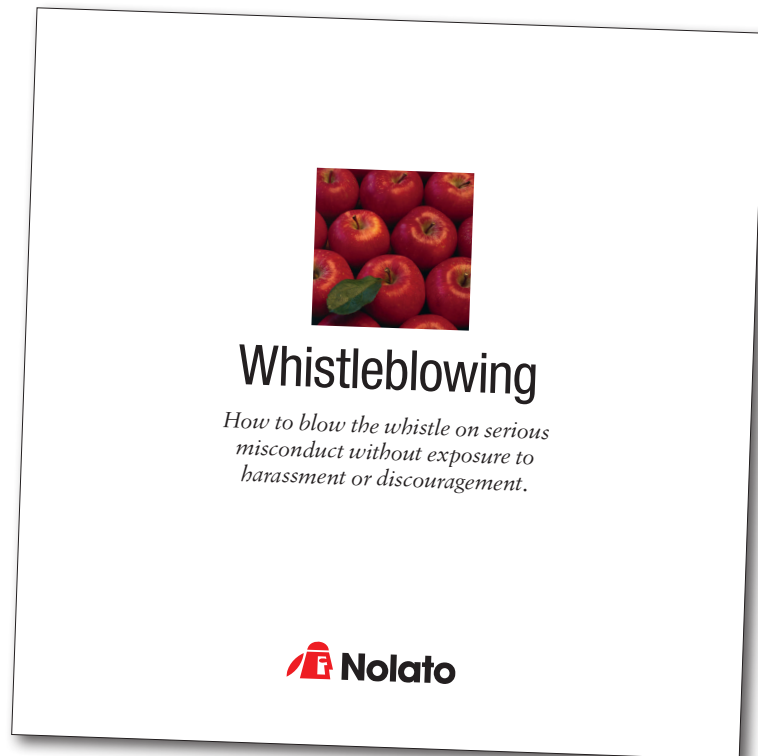
Whistleblowing – a quick way of capturing potential irregularities

Everybody has seen old films with British bobbies calling attention to a crime by blowing their whistles hard and loud. Today, whistleblowing has taken on a greater meaning for companies and employees.

Those who work at the heart of the daily operations are often the first to notice if something is seriously amiss in the form of financial fraud or severe code of conduct breaches, such as bribery or discrimination. However, many refrain from saying anything about it out of fears of harassment or opposition. In fact, the employee's colleagues or immediate manager might be involved.

By offering staff a protected channel for raising the alarm about any serious irregularities, suspicions can be investigated without the notifier risking any pressure or reprisals. The system also ensures that addressing a tip-off is not handled by people who may potentially have interests in the occurrence not becoming known or falling subject to further investigation.

“We know that our staff are very loyal to the company and we therefore want to help individuals to be able to raise the alarm about any irregularities without taking a personal risk,” says Hans Porat, President and CEO of Nolato. “This enables us to capture more quickly matters that our other risk management measures and control functions are unable to detect.”



The Group whistleblowing system was tested at three units in 2012 and will be introduced throughout the entire Group in 2013.

However, whistleblowing may not be a channel for general dissatisfaction. Any problems or suspicions about breaches of regulations should primarily be addressed by the normal line organisation. Employees should only

blow the whistle if a matter is too sensitive to bring up with a close member of staff, or if they do not believe that they received an adequate response from their managers

Financial responsibility

A good year in financial terms

2012 was the best year yet in Nolato's history. Compared with the previous year, sales rose by 30 percent to SEK 3,874 million, with operating profit (EBITA) up 52 percent to SEK 303 million and earnings per share up 53 percent to SEK 7.68. The growth in earnings gave a strong cash flow and sustained low net debt, even after the acquisition of a British pharmaceutical packaging company.

Sustainable development and finance

Investments and costs

During the year, Nolato invested SEK 11.4 million (14.9) in measures to reduce environmental impact and improve the occupational environment. Most investments were made in energy, and about a quarter of the investments in occupational environment. Investments are usually made in these areas at Nolato, but the scope of energy efficiency investments has increased in the last few years.

Environmental costs were SEK 6.0 million (5.6), with waste management accounting for the majority of that figure. The costs of environmental coordinators, reporting to authorities and other administrative operations account for around a quarter of the costs. During the year, environmental improvement measures generated cost savings of SEK 2.0 million (1.3). The majority of the savings came from energy usage, and also increased reuse of production waste.

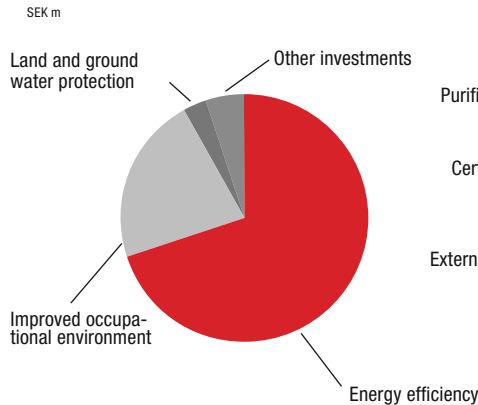
Financial value for stakeholders

Nolato's business generates a financial value that is allocated to the various stakeholders. This includes suppliers, employees, shareholders, creditors and society. In 2012, Group sales were SEK 3,874 million. SEK 3,238 million (2,846) was allocated to stakeholder groups as in the bottom table on the right.

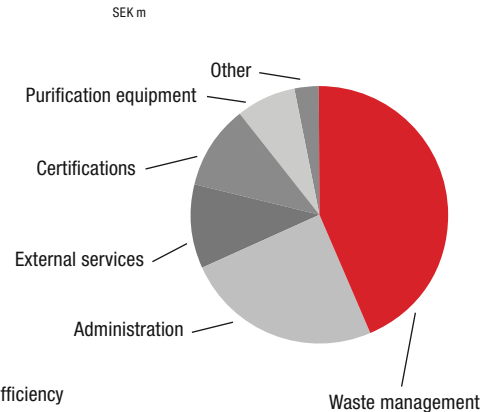
Financial highlights

SEKm (unless otherwise specified)	2012	2011
Net sales	3,874	2,977
Operating profit (EBITA)	303	199
EBITA margin, %	7.8	6.7
Profit after financial income and expense	272	183
Profit after tax	202	132
Return on capital employed %	19.5	13.9
Return on shareholders' equity	17.1	11.3
Net debt	78	82
Equity/assets ratio, %	46	54
Earnings per share, SEK	7.68	5.02
Dividend per share	6.00	5.00
Average number of employees	8,421	5,496

Environmental investments



Environmental costs



Financial value for stakeholders

Stakeholder	2012	2011	Comment
Suppliers	1,984	1,844	Comp. for materials and services
Employees	1,012	812	Salaries and benefits
Shareholders	158	132	Dividend
Creditors	14	7	Interest expenses
Society	70	51	Reported effective tax for the Group
Total	3,238	2,846	

Risks relating to sustainability

Nolato's strategy includes continuously minimising operational risks through active and planned risk management, while still capitalising on the business opportunities that controlled risk-taking brings. The main features of risk management are identification, evaluation, governance, reporting, monitoring and control. For different types of significant risks, there are routines for accepting, reducing or eliminating the risk.

Nolato's annual report provides detailed information about operational risks, legal risks, financial risks and risks in sustainable development. In terms of sustainability, we have identified a number of risks of potential importance to the Group's financial position. More demanding environmental legislation, taxes, fees and other environmental requirements can entail significant costs for industrial operations. There are also risks from a business perspective relating to the environment and social responsibility, which have gained attention in recent years, with a particular focus on production in developing countries. Nolato carries out regular risk assessments in the field of sustainability in the countries where we operate. The aim is to identify new risks and/or costs relating to the environment, ethics and social responsibility as early on as possible.

Operations with permit requirements

Nolato's production units have the permits required for their operations, and no new requirements from authorities that would involve significant costs have been identified in the year's review. The Group's units also meet the requirements of chemicals legislation REACH and other relevant legislation.

Contaminated land and hazardous substances

There has been no known occurrence of contaminated land, neither are there any requirements in terms of investigations or decontamination. In Sweden, some of the operations have been classified according to the MIFO method of environmental authorities. The classification is administrative in nature and is not based on any actual sample-taking of land and ground water. None of the facilities are prioritised by the authorities for further measures. Hazardous substances such as asbestos and PCB are not present to any material extent

Making products more environmentally adapted

Society has a growing interest in environmentally adapted products, and one identifiable business risk is our product range

including products that are no longer accepted by customers. As a supplier, Nolato has limited possibilities of countering this risk, because most products are manufactured by assignment of customers. Nolato works in close collaboration with them and constantly monitors developments to be able to initiate the exchange of existing materials with new, more environmentally adapted alternatives.

Climate-related risks

One of the Group's plants is located in an area where future climate changes could cause landslips (Gothenburg). Here, we monitor the risk and vulnerability analyses performed by the authorities.

Climate issues are important to Nolato, and an overview of how we work with such issues is provided on page 11. However, we have not yet conducted an in-depth study of how climate change may affect the Group in financial terms. Potential effects relate to damage to plants and infrastructure, and also aspects pertaining to raw materials supply, supplier circumstances and changed customer behaviour. Taxes, charges and limitations on emissions can naturally affect Nolato too.

Continual improvements

At Nolato's plants, several activities are carried out that contribute to constant improvements with respect to the environment, occupational environment and social responsibility. Examples of a number of measures taken in 2012 are described below.

Sweden

- Nolato Polymer in Ängelholm and Torekov continued to work with lean production and have focused on occupational environment issues. An investment was made in an electric kiln, and at Torekov there are plans to switch from oil heating to heat pumps. A new strategy for community engagement and sponsoring was developed, focusing on local activities and children.
- Energy efficiency efforts continued at Nolato Silikonteknik in Hallsberg.
- Nolato MediTech in Hörby and Lomma continued their Medical Excellence programme with improved ratios regarding complaints, etc. Furthermore, matters relating to the environment and occupational environment have been given greater scope in day to day work with, for instance, better incident follow-up.
- In Hörby, staff have been trained in energy matters, and monitoring systems enable management and staff to follow energy consumption and costs in real time.
- Nolato Lövepac in Skånes-Fagerhult has developed gaskets for Volvo's new fuel efficient engines according to the Volvo Environmental Architecture (VEA) concept. Waste management at the plant has become more efficient.
- The volume of waste in production has been reduced at Nolato MediTor in Torekov. Better quality control and more efficient production planning has reduced the number of transports (express deliveries). A new recipe for breathing bags has been

developed, reducing polymer material use by around 20 percent. This curbs the climate impact.

- During the year, Nolato Sunne furthered its process flow improvement measures, which reduced the number of transports and operational stages. Lean production resulted in better focus on production waste reduction measures.
- Nolato Gota in Götene worked on improving its cooling water system to reduce water consumption.
- Now, the operators at Nolato Cerbo perform quality control directly at the injection moulding machines, providing better control of the products and less waste. Environmental key ratios are heading in the right direction, and lean production work has resulted in many small improvements.
- At Nolato Plastteknik in Gothenburg, an investment was made in new, more energy-efficient compressed air and cooling equipment. A central plastic granule drying facility was also installed, replacing 14 air dryers. The company is continuing with its projects to develop environmentally adapted products, such as plastic and wood fibre composites.

The UK

- With the new acquisition of Nolato Jaycare in Portsmouth and Newcastle, many projects were conducted throughout the year with a bearing on the environment and occupational environment. They include the installation of more efficient machinery, heightened internal reuse of production waste, investment in automated systems for dealing with chemicals and reducing repetitive work tasks, the implementation of 5s and the introduction of Nolato's Code of Conduct and policies.

Hungary

- Nolato Hungary in Mosonmagyaróvár received an occupational environmental excellence award from the European occupational environment authority. Further successful work was also carried out on targets for energy and water consumption, waste, more efficient internal audits and a safe occupational environment.

Romania

- The operations Negoiesti are integrated with those in Hungary in terms of environmental management and quality systems. The plants were integrated and certified during the year under the same environmental management system as in Mosonmagyaróvár.

China

- As described elsewhere in the Sustainability Report, many CSR activities are under way at Nolato in Beijing. Examples include an Employee Care Programme, the development of environmentally adapted products, several training activities, increased use of recycled plastic raw materials, CSR evaluation of suppliers, better resource utilisation and lower energy consumption.
- Nolato Lövepac in Beijing and Shenzhen continued their work on introducing OHSAS 18001. A project to increase waste reuse from processes continued during the year.

USA

- Nolato Contour was ISO 14001 certified during the year. Furthermore, measures were taken to increase waste recycling.

Sustainability targets

In 2010, Group-wide long-term sustainability targets were introduced in a number of key areas. The targeted work leads to progress and improvements, and we are therefore maintaining the same focus in 2013.

For energy and climate, we are tightening targets as follows:

■ Based on the Group's key ratio for energy (GWh/net sales), energy consumption will decrease by 10 percent over the period 2014-2016. Average consumption in 2011-2012 is the base line. The detailed energy targets described below remain in place.

■ Based on the group's key ratio for carbon dioxide emissions from energy consumption (tonne/net sales), emissions will decrease by 10 percent over the period 2014-2016. Average emissions for 2011-2012 form the base line. The detailed climate impact targets presented in the table below remain in place.

Area		Overall targets	Outcome 2012
Environmental responsibility	Energy	Energy consumption and emissions of greenhouse gases shall be reduced in relation to the Group's key ratios. As an intermediate target, every unit shall report energy targets for 2013 and carry out at least one energy efficiency project during the year.	▲ Lower consumption in relation to sales, but more units and higher production increase total consumption. Energy efficiency measures in lighting, ventilation and equipment at most plants.
	Climate	Emissions of greenhouse gases shall be reduced in relation to the Group's key ratios. As an intermediate target, every unit shall report climate targets for 2013 and carry out at least one project during the year.	► More units and increased production result in higher emissions. Energy efficiency measures and installation of heat pumps reduce emissions.
	Chemicals	Chemicals that are particularly hazardous to the environment or health shall be identified and phased out.	▲ Several substitutions were made during the year, and these efforts will continue for the foreseeable future.
	Waste	The waste volume produced shall be reduced in relation to the Group's key ratios. As an intermediate target, every manufacturing facility shall report waste targets for 2013 and carry out at least one waste-related project during the year.	▼ Increased production volume, more plants and more advanced reporting result in a higher waste volume. Measures to reduce waste are in progress but do not compensate for the higher waste volume.
	Environmental management systems	Certified environmental management systems shall be introduced at all units. Company acquisitions and other changes may, however, mean that there are at times units that are not certified.	▲ Work has begun on introducing ISO 14001 at the newly Acquired Nolato Jaycare in the UK. To be completed in 2013.
	Environmentally friendly products	During 2013, Nolato shall take part in at least three projects aimed at reducing the environmental impact of new or existing products. These projects can be carried out under Nolato's own management and/or together with customers or other partners.	▲ Projects and adaptations carried out, but also an area where we expect heightened requirements from customers.
Social responsibility	Safe workplaces	Sustained preventive work shall minimise the number of workplace-related accidents and diseases. The reporting of incidents (near misses) at production units shall be improved.	▼ More accidents compared with 2011. A positive aspect is that many preventive measures were taken and systems for incident registration (near misses) were introduced at largely all units.
	Ethical and compassionate principles	There shall be no cases of infringements of human rights, discrimination or forced labour. Active information shall continue to be provided to employees and new employees.	▲ Information and training initiatives about the <i>Nolato Spirit</i> conducted at most units. Newly appointed employees are the primary target group.
Business partners and other stakeholders	Anti-corruption	There shall be no cases of bribery, corruption or cartel formation. Active information shall continue to be provided to employees and new employees.	▲ Internal evaluation based on the UN Global Compact shows heightened efforts to counteract corruption. A whistleblowing system is being introduced.
	Suppliers	In agreements with suppliers, environment and social requirements shall be imposed. Every company shall have evaluated at least five sub-suppliers in 2013 with regard to the environment and sustainable development.	▲ A greater number of suppliers were evaluated regarding both the environment and social responsibility.
	Customers	Environmental and social requirements shall be met by a comfortable margin. In 2013, collaborative projects with key customers on sustainability issues shall be developed further.	▲ Customer requirements are gradually increasing, but the results of evaluations and audits are mainly very good.
	Society, investors and analysts	Reporting in accordance with the GRI, level B. We shall continue to endorse the UN Global Compact. We shall achieve good results in evaluations by our stakeholders through transparent information in the field of sustainability.	▲ Sound evaluations of sustainability efforts in the business press and by investors. Self-declaration according to ISO 26000 introduced on a trial basis.

▲ Target achieved or positive trend for achieving target. ► Unchanged situation. ▼ Deteriorated situation.

About the Sustainability Report

Content of the Sustainability Report

Nolato's 2012 Sustainability Report covers aspects relating to the environment, occupational environment and social matters. Our ambition is for the report, together with supplementary information, to provide staff and external stakeholders with a clear presentation of the Company's sustainability activities, and how this is interlinked with the business operations. We hope the report is of interest and welcome any comments and suggestions about future improvements.

Scope of the Sustainability Report

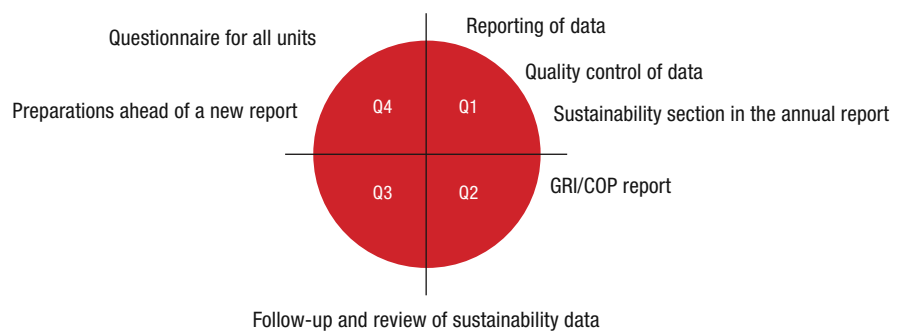
The Sustainability Report covers matters pertaining to the environment, occupational environment and social conditions at Nolato's manufacturing units worldwide. All the units belonging to the Group in the financial year are included in the report, except the unit in Malaysia which is contracted with a subsupplier. A total of 21 out of 22 units thus contributed data.

Reporting principles

Each production unit contributes data according to the Group's sustainability reporting form. The head of each unit is responsible for assuring the quality of the submitted information. Performance for the year is compared and checked against last year's information. Further quality controls are conducted in connection with interviews and site visits.

Emissions of carbon dioxide, sulphur dioxide and nitric oxides from direct energy usage are established using conversion factors. These are based on the energy content and quality of the fuels used. Carbon dioxide emissions from indirect energy usage (mainly electricity) are based on emissions data from the Greenhouse Gas Protocol Initiative (GHG Protocol) for the countries where Nolato operates. Information about VOC emissions (Volatile Organic Compounds – solvents and paints) is mainly based on mass balance calculations. In this year's Sustainability Report, we have corrected carbon dioxide emissions data for the plant in Beijing, China (see page 11).

Company/plant	Average number of employees	Significance for the report
Nolato Beijing, Beijing (China)	6,089	High
Nolato Hungary, Masonmagyarovar (Hungary), Negoiesti (Romania)	468	High
Lövepac Converting, Beijing and Shenzhen (China), Chennai (India)	574	High
Nolato Polymer, Torekov and Ängelholm (Sweden)	82	Medium-high
Nolato MediTech, Hörby and Lomma (Sweden)	201	Medium-high
Nolato MediTor, Torekov (Sweden)	61	Medium-high
Nolato Jaycare, Portsmouth and Newcastle (UK)	205	Medium-high
Nolato Gota, Götene (Sweden)	103	Medium-high
Nolato Contour (Baldwin (USA)	159	Medium-high
Nolato Cerbo, Trollhättan (Sweden)	108	Medium-high
Nolato Plastteknik, Göteborg (Sweden)	96	Medium-high
Nolato Sunne, Sunne (Sweden)	106	Medium-high
Nolato Lövepac, Skånes Fagerhult (Sweden)	35	Low
Nolato Hertila, Åstorp (Sweden)	25	Low
Nolato Silikonteknik, Hallsberg (Sweden)	35	Low



Nolato and GRI

The organisation behind GRI (Global Reporting Initiative) has established voluntary comprehensive guidelines for how companies and other organisations should report their sustainable development activities. The guidelines, which are now available in version G3.1, cover requirements on the reporting of sustainability data for finance, the environment and social responsibility. The reporting is to provide a comprehensive, balanced, comparable, thorough and credible presentation of the organisation's sustainability performance. It should cover both positive and negative aspects.

The GRI guidelines are the most used and accepted standard for sustainability reporting, with more than 5,000 participating organisations globally. On the GRI website, there are around 12,000 available sustainability reports, a handful of which are Nolato's. Within the guidelines, the organisation can choose at which level (A-C) its wishes to report. Nolato has chosen to report according to level B.

A comprehensive description of the reporting requirements of each level is provided on www.globalreporting.org.

In this year's Sustainability Report, we

have enhanced Nolato's reporting under GRI G3.1, and the table shows the extent to which Nolato meets the minimum requirements of level B. For instance, we have broadened the sections on strategy, analysis and materiality and supplemented the information about certain key indicators.

SR in the table refers to pages in the Sustainability Report, and AR to pages in the Annual Report for 2012.

Profile		
1. Strategy and analysis		
1.1	Statement from the most senior decision-maker of the organisation	AR7, SR 3
1.2	Description of key impacts, risks and opportunities	AR35-37, SR 7, 20
2. Organisational profile		
2.1 – 2.7	Name of the organisation. Primary brands/products and/or services. Operational structure of the organisation. Location of organisation's headquarters. Countries where the organisation operates. Nature of ownership and legal form. Markets.	AR9-25, SR 4-5
2.8	Scale of the reporting organisation	SR 4-5, 23
2.9	Significant changes during the reporting period	SR 23
2.10	Awards received in the reporting period	SR 3
3. Information about the report		
Report parameters		
3.1 – 3.4	Reporting period. Date of most recent previous report. Reporting cycle. Contact point.	SR 23
Report content and boundary		
3.5 – 3.8	Process for defining report content. Boundary of the report. Specific limitations on scope or boundary. Basis for reporting on joint ventures, subsidiaries, etc.	SR 23
3.9	Data measurement techniques and the bases of calculations	SR 23
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	SR 11, 23
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods	SR 23
GRI table of contents		
3.12	Table identifying the location of the Standard Disclosures in the report	This table
3.13	Policy and current practice with regard to seeking external assurance	Self-declared

4. Governance, engagements and stakeholder relations		
Governance		
4.1 – 4.8	Governance structure. Governance structure for sustainability matters. The Chair's position. Independent and/or non-executive members. Mechanisms for shareholders and employees to provide recommendations to the highest governance body. Management compensation. Processes to avoid conflicts of interest. Business concept, values and code of conduct.	AR 72-77, SR 8-9
Undertakings with respect to external initiatives		
4.11	The organisation's management of the precautionary approach	SR 10-20
4.12	Externally developed charters, principles or other initiatives to which the organisation subscribes or endorses	SR 7, 27
Communication with stakeholders		
4.14 – 4.17	List of stakeholder groups. Basis for identification and selection of stakeholders. Approaches to stakeholder engagement. Key topics and concerns raised through stakeholder engagement.	SR 9, 17
Performance indicators		
5. Economic performance indicators (EC)		
Economic performance		
EC1	Direct economic value generated and distributed	SR 19
EC2	Financial implications and other risks due to climate change	SR 20
EC3	Coverage of the organisation's defined benefit plan obligations	AR 47-48, 63
EC4	Significant financial assistance received from government	Nothing during the year
6. Environmental performance indicators (EN)		
Materials		
EN1	Materials used by weight or volume	SR 11
EN2	Percentage of materials used that are recycled input materials	SR 11
Energy		
EN3	Direct energy consumption by primary energy source	SR 10
EN4	Indirect energy consumption by primary energy source	SR 10
EN5	Energy saved due to conservation and efficiency improvements	SR 10, 21
Water		
EN8	Total water withdrawal by source	SR 11-12
Emissions, effluents and waste		
EN16, 17	Total direct and indirect greenhouse gas emissions by weight	SR 11
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	SR 10-11, 21
EN20	NO _x , SO ₂ and other significant air emissions by type and weight	SR 11
EN22	Total weight of waste by type and disposal method	SR 12
EN23	Significant spills	SR 12
Products and services		
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	SR 12-13
Compliance		
EN28	Fines and sanctions for non-compliance with environmental laws and regulations	SR 8-9

Overall		
EN30	Total environmental protection expenditures	SR 19
7. Social performance indicators. Labour practices and decent work (LA)		
Employment		
LA1	Total workforce by employment type, employment contract and region	SR 5, 14
Labour/management relations		
LA4	Percentage of employees covered by collective bargaining agreements	SR 15
Occupational health and safety		
LA7	Rates of injury and occupational diseases	SR 6, 15
Training and education		
LA10	Average hours of training per year per employee	SR 15
Diversity and equal opportunity		
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, etc.	AR 53, SR 15
8. Human rights (HR)		
Investment and procurement practices		
HR2	Percentage of significant suppliers and contractors that have undergone human rights screening	SR 6, 9, 17
Non-discrimination		
HR4	Total number of incidents of discrimination and actions taken	SR 15
Freedom of association and collective bargaining		
HR5	Operations in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken	SR 15
Child labour		
HR6	Operations with significant risk for incidents of child labour and measures taken	SR 14, 17
Forced and compulsory labour		
HR7	Operations with significant risk for incidents of forced or compulsory labour, and measures taken	SR 14, 17
9. Social performance indicators (S0)		
Society		
S01	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of op. on communities	SR 8-9, 17
S03	Percentage of employees trained in organisation's anti-corruption policies and procedures	SR 6, 17-18
S05	Public policy positions and participation in public policy development and lobbying	Nothing during the year
Compliance		
S08	Fines and other sanctions for non-compliance with laws and regulations	SR 14-17
10. Product responsibility performance indicators (PR)		
Customer health and safety		
PR1	Evaluation of health and safety impacts of products	SR 9, 11-12

UN Global Compact

Nolato and United Nations Global Compact

In 2009, Nolato endorsed the UN initiative for responsible business, Global Compact. The Group consequently became part of a global network which now comprises around 11,000 companies and other organisations in 135 countries and which supports ten basic principles in human rights, working conditions, regard for the environment and anti-corruption.

The booklet *The Nolato Spirit*, which covers Group's Code of Conduct and environmental policy, is an important internal document, guiding and coordinating employee activities in line with the ten principles.

Regular reviews are conducted of the various Group companies' methods and ethics to ensure that they correspond with the Group's Code of Conduct.

For the first time this year, we are also performing our own evaluation of how Nolato adheres to social responsibility guidelines according to the ISO 26000 standard.

At the beginning of the Sustainability Report, Nolato's President and CEO Hans Porat comments on the Company's work with the Global Compact during the year.

Communication On Progress

Organisations that have endorsed the Global Compact are required to submit a yearly report on how they meet the ten principles (Communication on Progress – COP). In Nolato's case, we use the information provided in the Annual Report and the Sustainability Report. Together, these reports provide a fair presentation of Nolato's support of and compliance with the Global Compact principles.

In order to simplify Communication On Progress, we use GRI indicators and the table of cross-references below shows which indicators are relevant in the context.

Global Compact principles	GRI indicators
Human rights	
1. Businesses should support and respect internationally proclaimed human rights.	HR2, HR4-7, LA7, LA13, S05
2. Businesses should make sure 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 coll. bargaining.	LA4, HR2, HR5, S05
4. Businesses should work to eliminate all forms of forced and compulsory labour.	HR2, HR7, S05
5. Businesses should work for the effective abolition of child labour	HR2, HR6, S05
6. Businesses should work to eliminate all 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

Self-declaration of social responsibility according to ISO 26000

The ISO 26000 standard is based on seven fundamental principles which together define the concept of social responsibility. The guide provides guidelines and information on:

- Concepts, terms and definitions.
- Principles and working methods, main areas and sub-areas.
- Integration, implementation and promotion of socially responsible behaviour in the organisation and its sphere of influence.
- Identifying and involving stakeholders.
- How social responsibility is communicated.

ISO 26000 is not a management system standard and certification is not possible. There is a high level of interest among various organisations in communicating their work using ISO 14001, and a specification (Social responsibility – Systematic self-declaration SIS-SP 2:2013) which can be used as a basis for self-declaration is now available.

Nolato has prepared such a self-declaration on a trial basis, as described below. The conclusion is that Nolato's social responsibility is largely in line with the ISO 26000 guidelines, but there are a number of areas that can be developed.

How the self-declaration was carried out: The booklet Systematic self-declaration (SIS SP 2:2013) contains around 80 questions in seven main areas (4.1-4.7) of ISO 26000, and the responses determine the extent of compliance with the guidelines. We have evaluated each individual question and made an overall assessment of how the guidelines are introduced and applied.

The table does not repeat each question of the self-declaration. Instead, the questions are briefly summarised and the self-declaration pertains to the aggregated assessment of the responses in each area.

- ▲ Full compliance with the guidelines.
- ▶ Partial compliance with the guidelines.
- ▼ Limited or no compliance with the guidelines.

Systematic self-declaration of ISO 26000	Status
4.1 Limitations	
4.1.2 Limitations of the self-declaration? The questions in this section refer to the parts covered by the self-declaration, and which suppliers, contractors, agents, etc. can be directed/influenced by Nolato's social responsibility.	▲
4.2 Management's undertaking	
4.2.2 Undertaking of the organisation? The questions in this section are about how Nolato describes its overall social responsibility position, when and at which level the position was taken, and how the principles of ISO 26000 have been worked into Nolato's steering documents.	▶
4.3 Operational governance	
4.3.2 Resources, responsibility and processes? The questions in this section are about securing necessary resources, delegating responsibility and powers within Nolato, and the processes and procedures used to ensure results from the work.	▲
4.3.3 Competence, training and awareness? The questions in this section are about the methods for identifying the social responsibility training requirement, and the registration of required and acquired knowledge.	▲
4.3.4 Communication of the self-declaration? The question in this section is about how Nolato communicates the self-declaration.	▲
4.4 Identifying and involving stakeholders	
4.4.2 Stakeholder identification? The questions in this section are about the level of stakeholder dialogue, how stakeholders are identified, their specific interests, if there are stakeholder groups with difficulty in making their voice heard, which stakeholder groups represent society and the environment, how Nolato's sphere of influence has affected the choice of stakeholders, how social responsibility work has affected major collaborations and partnerships and our procedures for identifying new stakeholders.	▶
4.4.3 Stakeholder prioritisation? The question in this section is about how Nolato prioritises stakeholders.	▲
4.4.4 Method for obtaining stakeholder viewpoints? The question in this section is about Nolato's method for obtaining expectations and viewpoints from stakeholders in purely practical terms.	▶
4.4.5 Method for obtaining viewpoints from non-organised groups? The question in this section is about how Nolato obtains viewpoints from the above-mentioned groups.	▼
4.4.6 When are stakeholder viewpoints retrieved? The questions in this section are about the consequences of stakeholder viewpoints, and about the occasions on which such viewpoints are retrieved.	▲
4.4.7 Stakeholder viewpoint management? The questions in this section are about how, in its governance/planning, Nolato addresses stakeholder viewpoints, how the need for insight and integrity is managed, how stakeholders along the entire value chain are managed and how conflicts of interest between different stakeholder groups are addressed.	▶
4.4.8 Stakeholder influence in reporting? The question in this section is about whether the stakeholder dialogue is used to strengthen Nolato's communication of its social responsibility work.	▲

The table continues on the following page

4.5 Identification and prioritisation of areas and principles of ISO 26000	
<p>4.5.2 Status report? The questions in this section are about Nolato's operations and the countries/areas in which we conduct operations. They also refer to an analysis of Nolato's past and current social responsibility actions and which policy documents, etc. are available in this area.</p>	▲
<p>4.5.3 Relevance? The questions in this section are about how Nolato can influence the organisations in our sphere of influence, which areas of ISO 26000 (chapter 6) are relevant, and how the organisations have been involved with a view to getting Nolato to understand the relevance and significance of various areas.</p>	▶
<p>4.5.4 Prioritisation? The questions in this section are about relevant sub-areas and how this affects stakeholders, prioritisation, the ability to fulfil legislation, standards and norms, the rationale underlying the prioritisation of the main areas, risks associated with the sub-areas, financial consequences of the sub-areas and prioritisation follow-up and updating.</p>	▲
4.6 Targets and plans of action	
<p>4.6.2 Overall targets, detailed targets, plans of action and other activities? The questions in this section are about the structure, responsibility, resources, monitoring and implementation of targets and plans of action.</p>	▲
<p>4.6.3 Follow-up methods? The questions in this section are about methods for following up on prioritisation, evaluation of the measurement methods and the possibility of tracing the result over time.</p>	▲
<p>4.6.4 Evaluation, reporting and verification of social responsibility for strengthening the organisation's credibility? The questions in this section are about reports, indicators, external guidelines, verification systems, results evaluation, basis and execution of communication, whether items are omitted from the communication and how the result is verified.</p>	▲
<p>4.6.5 Compliance with policy documents and guidelines? The questions in this section are about how policies, etc. are made known at Nolato, internal audit methods, external audit results, consumer complaint management and management of complaints from other stakeholders.</p>	▲
<p>4.6.6 Extent of meeting overall targets, detailed targets, plans of action and activities? The questions in this section are about evaluation and monitoring methods, whether targets were achieved, whether they were suitable, whether they were in harmony with Nolato's strategies, whether action plans and activities were implemented or altered.</p>	▲
<p>4.6.7 Compliance with laws and other requirements (e.g. conventions) The questions in this section are about how Nolato keeps up-to-date on legal obligations, how compliance with laws and other requirements is confirmed, and whether there are any remarks or similar from authorities as regards compliance with laws.</p>	▲
4.7 Improvement work	
<p>4.7.2 Constant improvement work The questions in this section are about Nolato's methods for the identification, governance and follow-up of changes, improvements accomplished during the period and in relation to reference years.</p>	▲
<p>4.7.3 Review of steering documents, prioritisation, targets and plans The questions in this section are about whether Nolato's steering documents have been affected, new prioritisations made and new applicable targets.</p>	▶

Definitions and glossary

Carbon dioxide (CO₂) Carbon dioxide is formed in all carbon combustion processes, such as fossil fuel combustion. It is very likely that carbon dioxide increases global warming (the greenhouse effect).

Code of Conduct Guidelines for Nolato's employees. Supplemented by policies relating to the environment, quality and information.

Environmental aspects The parts of an organisation's activities, products or services that interact with the environment.

Environment-related costs Costs attributable to measures for preventing, reducing or restoring environmental impact directly caused by the organisation's operations. The same applies for costs in the occupational environment area. The costs include administration, purchase of services externally, authority fees, environmental management system maintenance, waste and external inspections and audits.

Environment-related investments Investments for preventing and reducing environmental impact from the organisation's operations. The same applies for investments to enhance the occupational environment.

Extrusion A method for continuously manufacturing products in strands, such as tubing.

Global Compact A UN initiative for responsible business practice. Participating organisations undertake to endorse ten fundamental principles in human rights, occupational conditions, environmental regard and anti-corruption.

GRI The Global Reporting Initiative has established voluntary comprehensive guidelines for how companies and other organisations should report their sustainability activities.

HCFC Substances that contribute to ozone depletion.

Injection moulding A method for manufacturing polymer components. The material, such as a type of plastic, is injected under high pressure into a mould in which the component is formed.

ISO 14001 International standard relating to environmental management systems that was introduced in 1996. Over 250,000 organisa-

tions globally are currently certified according to ISO 14001.

ISO 26000 International standard that provides guidance on how organisations can deal with social responsibility issues. The standard was introduced in 2010.

LWC Occupational accidents causing at least one day's absence (Lost Work Case).

NOx (nitrogen oxides) Gaseous oxides formed during combustion processes through the oxidation of nitrogen. Harmful to health and the environment and causes acid rain and eutrophication.

Occupational disease A work-related disease is a disease caused by long-term exposure to a particular factor in the occupational environment. Examples are noise, dust and solvents.

Occupational injury A work-related injury is a sudden incident (accident) attributable to work that gives rise to a wound or other injury. Typical injuries in the in the polymer industry are cuts, falls and injuries caused by heavy lifting and repetitive tasks. Nolato reports occupational injuries as an accident that causes more than one day of absence, called Lost Work Case (LWC). The rate is gauged by the number of occupational injuries per 1,000 employees (LWC/1,000).

OHSAS 18001 Standard relating to health and safety in the workplace.

PAH (Polycyclic aromatic hydrocarbons, or polyaromatics) A group of substances found in coal and petroleum that are hazardous to health and the environment. The substances are released into the environment through combustion processes.

PCB Polychlorinated biphenyls are a group of industrial chemicals that are hazardous to health and the environment. The use of PCB was prohibited in Sweden in 1972, but the substance remains in the environment due to its slow decomposition.

Polymers Chemical compounds comprising very long chains made up of small, repeating units (monomers). Plastic and rubber are examples of polymer materials.

REACH EU chemical legislation for the safer handling of chemicals. Chemical substances

must be registered for a certain use and particularly hazardous substances can have restrictions imposed on them.

RoHS EU legislation limiting the use of certain substances that are hazardous to health and the environment.

SO₂ (sulphur dioxide) Sulphur dioxide is formed in the combustion of petroleum products. The gas contributes to the acidification of watercourses and soil. Large concentrations are harmful to human health.

Sustainability Development that "satisfies today's needs without jeopardising future generations' possibilities to satisfy their needs". Sustainable development consists of three components: Ecological sustainability, social sustainability and financial sustainability.

VOC (Volatile Organic Compounds). A group of organic compounds that easily vaporise at room temperature. The concentration of volatile hydrocarbon in the air has a negative effect on health and the environment, e.g. it contributes to the formation of low ozone.

Water footprint The total volume of fresh water used to produce a company's goods and services.