

SUSTAINABILITY – A NATURAL PART OF OUR BUSINESS

Bulten has a responsibility and an ambition to manage its operations in a sustainable way for the long term.

Bulten aims to be a reliable and robust partner to its customers and suppliers, adding value to its owners and being an attractive employer.

Bulten has a long history of developing its operations in a responsible manner aiming to be an attractive, long-term associate to our employees, customers and partners.

SUSTAINABILITY REPORTING

The aim of sustainability reporting is to provide an overview of our sustainability work and progress. It is an integral part of the Annual Report and is prepared in line with GRI Standards, Core level, as summarized in a GRI index on page 42.

Our ambition and sustainability strategy is that the entire business is being permeated by sustainability-oriented corporate governance, environmental principles and social responsibility, see the model below.

OUR VIEW ON SUSTAINABLE DEVELOPMENT

Environmental principles

- To conduct business that has as little negative environmental impact as possible while being economically viable.



ROAD MAP AND GOALS

Deploying systematic sustainability efforts enables us to better deliver higher value to all stakeholders in a sustainable way. During the year we have developed our efforts and have harmonized our sustainability approach, governance, processes, and in reporting and follow-up.

Several activities have been carried out in 2017. For instance, a Sustainability Committee has been established, with representatives from all Functions. The purchasing, quality and logistics departments have been trained in minimizing sustainability risks in the supply chain. We have mapped our stakeholders, conducted a materiality analysis, and defined our sustainability goals.

A couple of the policies are based on existing ones, such as a special code of conduct for business partners and suppliers, and a global HR policy. We have also drawn up a new competition policy. In addition we have chosen to sign the UN Global Compact, a voluntary initiative that aims to guide companies to implement and assure compliance with internationally accepted sustainability principles, and have identified which of the United Nation's 17 Sustainable Development Goals we can have the greatest impact on.

We continue to invest in sustainable concepts, technology and production development which enable us taking the lead in our industry, but also in cost efficiency and sustainable in-house production of the highest quality.

Responsibility and implementation

To ensure that our sustainability efforts are realized, they are an integral aspect of operational management with a clear division of responsibility. Bulten's Board of Directors has the overall responsibility for the company's sustainability activities, with the CEO having the operational responsibility while the SVP HR & Sustainability manages and coordinates the efforts. The aim of the Sustainability Committee is to coordinate, draft, develop and assess the company's sustainability work. The various activities are then implemented by the people in charge of different areas of the operation.

We manage and monitor our sustainability work using a management system comprising shared policies/guidelines, measurable goals, and action plans. Work is carried out locally at each subsidiary, and is followed up and reported out regularly to the Group management in management reviews.

All our employees have a responsibility to actively contribute to our sustainability efforts in their areas of responsibility, but each manager is responsible for monitoring and ensuring compliance.

STAKEHOLDERS AND MATERIALITY ANALYSIS

Bulten's main stakeholders are defined as those that are affected by our operations to a large extent, and that in turn affect us to a large extent. We have identified these through workshops attended by all departments and subsidiaries, as well as the company management. Having an insight into the issues that are relevant to Bulten's stakeholders is crucial in prioritizing the right activities.

Stakeholder	Channels for dialog	Expectation/main issue
Customers	From initial sales contact to ongoing contact. Sustainability assessments and customer sustainability seminars, which have been held in 2017 primarily to define important sustainability issues.	Contribute to making customers' products and processes more sustainable. Sustainable in-house production and supply chain. See examples of how we deal with these issues on pages 7, 12-13, 22, 24-26.
Employees and their representatives	Local employee surveys once a year. Interviews were conducted with managers and employees, especially to determine which sustainability issues were important to them from an employee/manager perspective. Regular dialog with union representatives, personnel appraisals.	Attractive employer; working conditions, fair pay, fair treatment, zero tolerance of discrimination, well-being (incl. health and safety), professional development. See examples of how we deal with these issues on pages 28-31, 32-33.
Business partners (JV partners, suppliers etc.)	Sustainability is reported, discussed and followed up at JV board meetings. Dialog in connection with audits. Meetings have been held with suppliers in connection with introduction of the enhanced CoC during 2017.	Values and commitment for sustainability. Fair business practices/ethics and compliance (long-term relations). Examples of how we deal with these issues on pages 11, 26.
Owners, investors, analysts etc.	Owners represented on the board - regular dialog, reporting and follow-up at about 8-10 board meetings a year. Capital market days, investor meetings, interviews, quarterly reports, AGM.	Support and guidance, openness and information, responsible profitability, business ethics and rule compliance. Examples of how we deal with these issues on pages 7, 8, 12-13, 18-19, 37-39.
Local community (residents, local management and authorities, etc.)	Student fairs, collaboration groups in the local community, cooperation with colleagues/universities, establishment of new operations, permit processes etc.	Good neighbor (environment, no pollution, noise, traffic). Continuous improvement, openness, contributions to local development e.g. by purchasing, attractive employer and local recruitment, proactivity. Examples on page 33.
Governments, legislators, authorities	Legislative texts, reporting, directives, establishment and permit processes, interest and industry organizations.	Openness, compliance, reporting (contribute to sustainability plans, legislation and strategies). Examples of how we deal with these issues on page 33, reporting in line with GRI standards, Core level pages 42-48, reporting according to Swedish law page 49.

IMPORTANT FOCUS AREAS BASED ON BULTEN'S VALUE CHAIN

Stakeholder dialogs as well as other external factors are fundamental in assessing Bulten's impact on the economy, society and environment. The materiality analysis below has been developed internally through workshops, and is a balance of the issues we consider to be of strategic importance.

New solutions that have an environmental and economic impact throughout the value chain; choice of materials, waste generation, surface treatment, production, pollution, transport, recycling opportunities. See pages 20-26.



Delivering sustainable solutions:
Product quality, packaging, logistics and transport emissions.
See pages 25-27.

Sustainable, responsible production: energy, waste/scrap and chemicals, greenhouse gas emissions, health and safety, employee well-being, lifelong development and commitment, reduce the use of non-renewable energy sources and increase recycling, impact on local community. See pages 25-27 and 32-33.

Continuous development of products, processes and technology: Enabling customer to improve the sustainability performance for their products and processes (materials, weight, energy use in production, surface treatment). See pages 20-26.

Sustainable, responsible purchasing and logistics: raw materials and conflict minerals, human rights and working conditions in the supply chain and logistics, greenhouse gas emissions from transports and manufacturing, energy use, waste, business ethics and compliance. See page 26.

Code of conduct with clearly defined requirements
Since 2011, Bulten has had a code of conduct for its own organization, and in 2017 it was further developed to a separate code of conduct for business partners and suppliers of products and services. It has been adopted with the aim of expressing the fundamental principles that form the basis for the company's relations with personnel, customers, suppliers and other stakeholders. All personnel shall be aware of and follow the code of conduct. Alongside the company's other policies, the code outlines the fundamental principles for how the Group works. Examples include the anti-corruption policy and policies on conflict minerals, as well as REACH (Registration, Evaluation, Authorisation and restriction of Chemicals).

As a further step in Bulten's strategy to support human rights, the company has formulated a separate policy against modern slavery and human trafficking. It describes how Bulten's companies are working to ensure that slavery and trafficking do not occur in our value chain or in any other activity related to our business.

Global HR strategy and policy

During 2017 we have further developed the Group-wide HR strategy and policy so as to ensure a long-term sustainable HR policy, competence supply and an attractive workplace. The aim of the global HR policy is to communicate and guide the organization in its implementation of the HR strategy.

Human rights

Bulten supports and respects the international conventions on human rights, and works actively to ensure that all universally recognized human rights are respected throughout the value chain. As part of this, we have increased the dialog with and monitoring of our suppliers. Through our code of conduct, we communicate our posture and encourage transparency by making it possible for employees and other stakeholders to turn to us to report serious deviations from our code of conduct without the risk of reprisal.

We strive actively not to participate in or support slavery or forced labor in any form, whether directly or indirectly in the supply chain, for example. We never require any form of deposit nor do we confiscate ID documents from our employees. Each employee has the right to terminate his or her employment after a reasonable period of notice, in line with prevailing laws and agreements. We always check the ID and relevant work permits of all new employees or contracted personnel.

During 2017, we have communicated clear requirements and have developed the qualification process for suppliers further, so as to minimize the risk of human rights violations in the supply chain.

Environmental policy

To reduce our negative environmental impact, we systematically assess and work on all aspects of our operations. We follow an environmental policy, and the work led by the Group environmental director, who oversees and develops our environmental efforts and makes sure they continually improve. All units in the Group have integrated their environmental and quality

management in their management system. In 2017 we revisited our environmental policy to clarify which areas are essential and how we should set priorities moving forward.

We contribute to the environmental benefit of customers, end users and society by being a full service provider that considers the environment in several parts of the value chain – from pre-development to application and in use.

Reporting breaches against the code of conduct and other ethical policies

Our core values describe the open culture and the professional, responsible attitude we represent. Everyone who works at or with Bulten should feel that there is room to raise issues or report violations against our ethical guidelines and policies, without the fear of reprisal.

All employees and Board members in the Group have a responsibility to report conflicts of interest, and breaches or infringements of the code of conduct. Any reports should be made to the immediate manager or his/her superior in accordance with local internal communication and reporting channels.

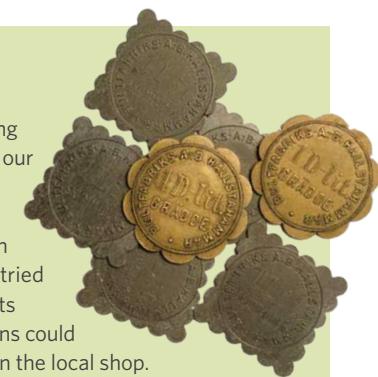
Any questions on reporting violations should primarily be directed to the company's sustainability director, as described in all policy documents.

Standards

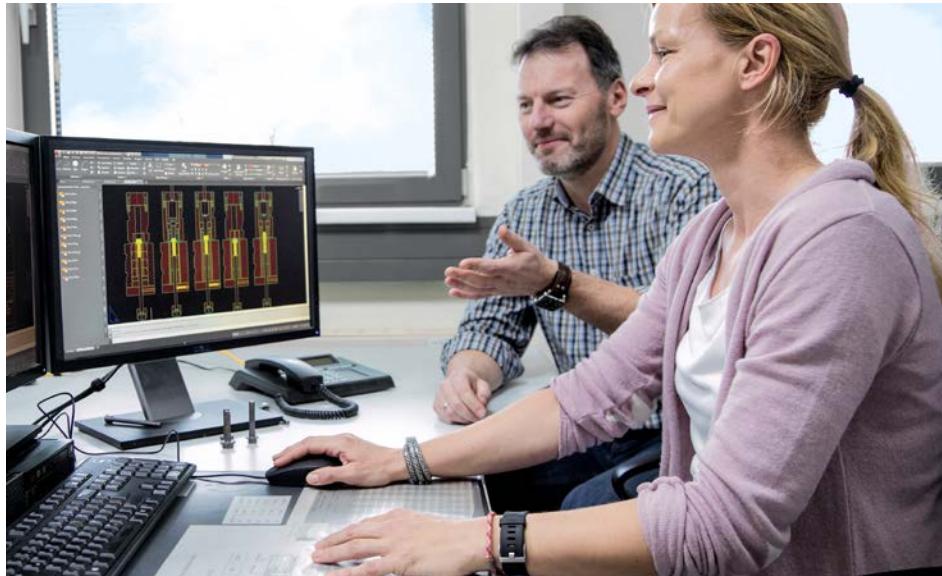
Bultens subsidiaries are certified to ISO/TS 16949, ISO 9001, ISO 14001 and meet the requirements of OHSAS 18001, as well as ISO 50001 for production companies.

SOCIAL RESPONSIBILITY A CENTURY AGO

Even 100 years ago, we at Bulten in Hallstahammar were doing our best to think and work sustainably with the best interest of our employees in mind. The factory workers were paid every two weeks, as was common in Sweden in those days. One problem at the time, however, was that the wages were often spent on intoxicating beverages rather than feeding the family. Bulten tried to relieve this social problem by introducing its own payments system, whereby part of the wage was paid in tokens. The tokens could then be exchanged for butter, milk, coal and other necessities in the local shop. The proportion of tokens was based on the daily need for each family and meant great peace of mind for many households.



UN's SUSTAINABLE DEVELOPMENT GOALS



By using cad systems, processes can be analyzed and we can therefore avoid problems and mistakes before production. On the picture Torsten Maron and Janna Spangenberg.

ROADMAP 2018 AND BEYOND

Bulten's sustainability work is managed in a determined manner through ongoing, in-depth interaction with our stakeholders, follow-up of plans and activities, and our set goals. Examples of activities moving forward:

Business ethics: Monitor compliance with policies. Ongoing training of personnel in anti-corruption and other policy issues.

The environmental perspective: The new policy will be implemented, training of personnel, secure activities that drive Bulten's ambition to reduce negative impact on the environment.

The social perspective: Bulten creates more jobs through its expansion. There will be further initiatives for employee health and safety, and we have started a global project to support the zero accident vision. A global employee survey will be launched and conducted in order to better define HR goals and prioritize activities. Personnel will also be involved and trained in sustainability issues, partly via online learning.

Through internal management discussions and on the Sustainability Committee, Bulten has analyzed how the company contributes to achieving the United Nation's 17 global Sustainable Development Goals (SDGs). As company you can have both a positive and a negative impact (see e.g. our sustainability risk analysis on pages 37–39). Bulten can contribute positively especially to the SDGs outlined below.



Ensure access to affordable, reliable, sustainable and modern energy for all.

- Bulten is working on several levels to increase its energy efficiency.
- Investments in energy efficiency in Bulten's production plants.
- ISO 50001 certification in Bergkamen and Bielsko-Biała (management system for energy efficiency).
- Increase the share of renewable energy, e.g. purchasing certificate for renewable energy.



Build resilient infrastructure, promote sustainable industrialization and foster innovation.

- Investments in new and existing plants.
- Supporting suppliers in their development, contributing to global trade
- Cooperation with universities in sustainable technology.



Ensure sustainable consumption and production patterns.

- Environmental certification.
- Responsible consumption of transportation services.
- Wastewater treatment



Take urgent action to combat climate change and its impacts.

Training of employees/suppliers and communication help to raise awareness.
See also SDG 7.