
CSR – Corporate Sustainability Report 2019 Sydmeko Industri AB

History and company development in short:

Sydmeko Industri AB is a family owned company starting 1936 in Malmö, Sweden by Nils Harde who was the grandfather of the current owner and managing director Mats Harde. The company name at the time was "Malmö Smides & Kassaskåpsfabrik" and the products were safes and heavy industrial products. The name was changed in 1971 to "Sydmeko Industri AB" In year 2000 the company moved to new locations in Arlöv, Sweden and the transition into the current business areas; Comfort Armrest Systems® and Stand-Out® banner systems was made in the years of 2000-2010. The international company break-through in the automotive industry came in 2013 which also led to higher focus on company core development and strategies as the demands of this category of customers were considerably higher. Sydmeko Industri AB introduced LEAN-manufacturing in 2016 and development and implementation of a company management system took place in 2017-2018 when the company also received ISO 9001:2015 and ISO 14001:2015 certification.

The business concept is:

"to develop, manufacture and market niche products with recognized high levels of innovation, design, and quality - which are viable in an international market"

In order to keep the company's position on the platform of high developed customers with high expectations on their suppliers and continue developing the company to be an attractive business partner with long-term relationships with customers and suppliers, Sydmeko Industri AB depends on several factors such as:

- Motivated and competent staff with high degree of engagement
- A close and fruitful communication and relationship with the stakeholders
- A long-term based chain of competent and high performing suppliers of materials and services
- A sustainability governance that ensures a continuous progressive development of the business in a sustainable manner

This CSR report is the first sustainability report ever generated by Sydmeko Industri AB. It has been established by the management team of Sydmeko Industri AB during the spring in 2019

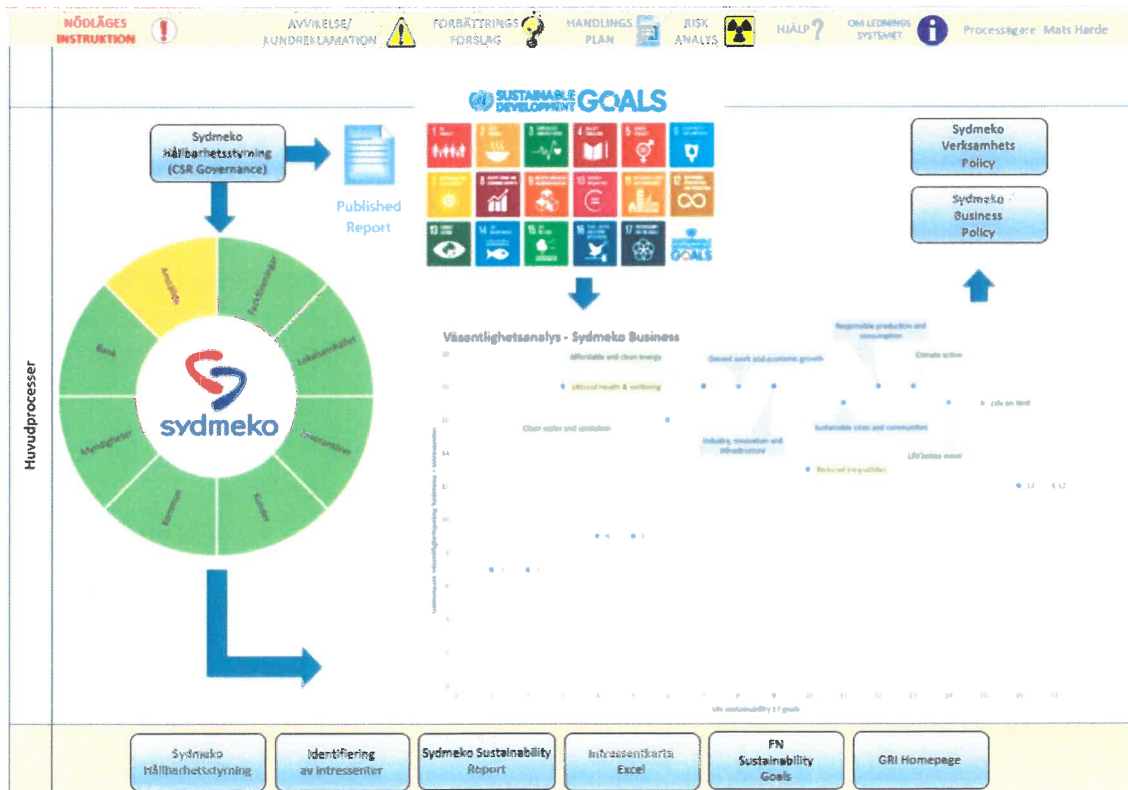
The term “Sustainability” is a very wide and still growing field with many possibilities of definition and we have considered it essential to derive out the areas that we feel are most valid for our business and where we can have the best possible impact on the outcome. We will continuously keep us informed by new developments and demands as they appear. Above is achieved by a structured and well-defined approach standard stated in the “CSR - Governance document”

Our definition of “Sustainability “is;

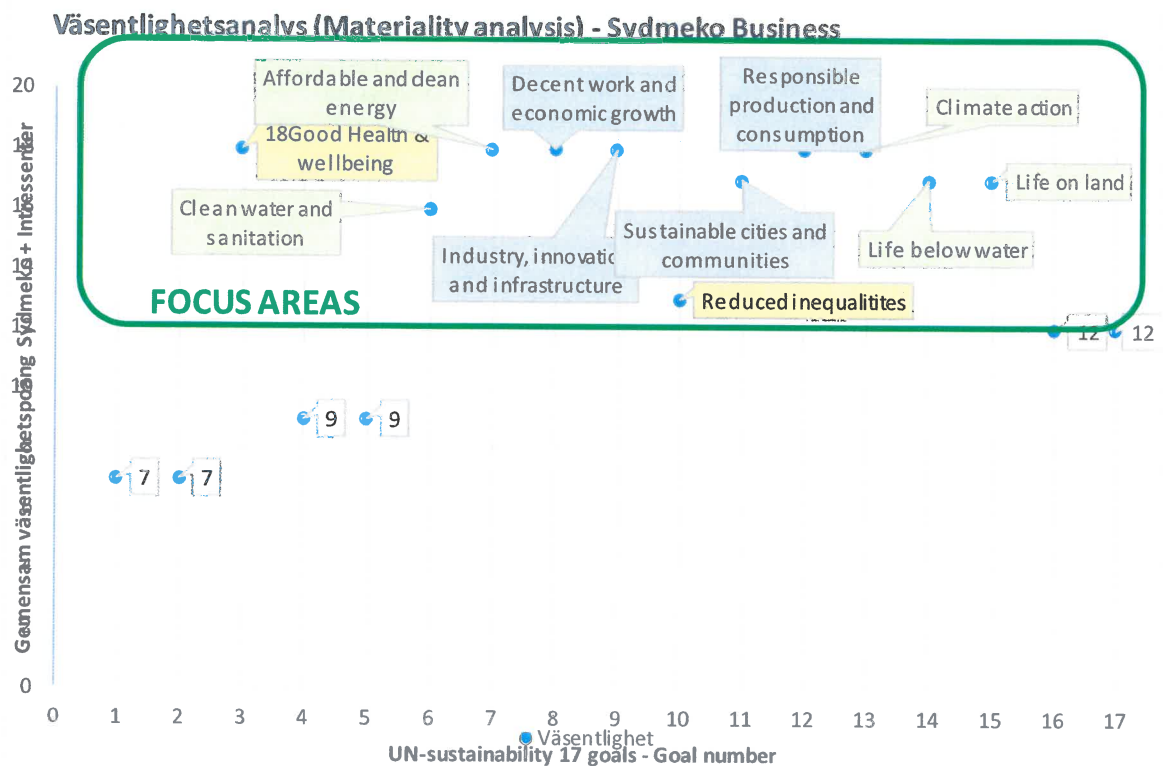
“Our company’s ability to fulfill our needs in a way that does not jeopardize future generations abilities to fulfill their needs seen from a social, economic and ecological perspective”

Our sustainability governance is based on 2 major input areas;

- Our stakeholders demand and areas of interest
- The 17 UN - Sustainability Goals



These inputs have been processed in a *Materiality analysis (Väsentlighetsanalys)* performed by the management team where the for us most applicable areas are determined, focused and prioritized



These focus areas have then generated a set of company policies to determine and guide ourselves regarding our way of working and acting internally and externally, such as;

- Sydmeko Business Policy
- Sydmeko Environment Policy
- Sydmeko Work Environment Policy
- Sydmeko Quality Policy
- Sydmeko GDPR Policy

Our ability to fulfill the demands we have set on ourselves is continuously monitored by our system of internal audits as well as external audits conducted by authorities, work unions and ISO-certification partner

Sydmeko Business Policy

This is our top-policy to which all other policies must meet up and support. The Business Policy emphasizes 3 major focus areas;

Climate and Environment

Staff and Work Environment

Business Ethics and Fair-Trade

Climate and Environment

We always strive to minimize our environmental impact by minimizing emissions to surroundings as well as the use of natural resources. Our environmental goals are continuously monitored and revised on the annual *Management Business Meeting* where new actions are planned, and new goals are set to continuously improve ourselves until next year and so on.

We measure our CO₂-emission levels based on our consumption of electricity, water, biogas (for heating), and fuel (for company cars) We have strict control over the usage of chemicals used in the manufacturing process. Purchasing of chemicals is restricted and not allowed unless checks against the restriction lists of Environmental authorities have been made.

All materials and substances used in the products are listed in REACH-directory and ROHS. The compliances are checked also when changing suppliers or implementing new suppliers. We have since 2018 a web based automatic information system keeping track of upcoming new laws and regulations affecting our businesses alerting us when there is a change that will affect us in any way.

In the Design & Development process, care is taken to "Design for manufacturing" in order to minimize usage of materials and manufacturing resources and to ensure least possible environmental impact from start to the end of the product life cycle. All our products are designed and developed in house or by subcontractors chosen by us, which assures compliance with our regulations and demands.

We select our suppliers with care and perform regular assessments with them in order to assure that they comply with the demand stated by us and our stakeholders.

Since autumn 2018 we try to minimize transports to and from our facility by concentrating deliveries and shipments to one day per week, which means that the amount of trucks driving to and from Sydmeko is kept to a minimum. We work only with well-known transportation companies with environmental regulations and goals of their own.

Staff and Work environment

- Our staff is our most valuable asset. We are a small company which makes it possible to summon the entire company in one room. This we do every second week in order to combine business with pleasure by sharing a breakfast and also spread company information about Key Performance Indicator achievements (KPI;s), such as **delivery performance, customer claims, improvement suggestions**. We also inform about changes, new businesses and other matters concerning the company in order to create a good team-feeling. We have a familiar approach and treat each other with mutual respect. We appreciate diversity and welcome our staff members based on their competence and achievements, not on their religion or original nationality. We leave political discussions outside the company.
- We follow all regulations regarding work environment and pay fair salaries according to the union agreements.
- We perform individual employee development meetings annually where personal goals are set and revised and possibilities to personal development are discussed and planned. These meetings are held separately between the employee and his/her supervisor and are documented.
- All new employees receive a letter of welcoming on their arrival with all necessary information about the company, our safety regulations, our routines, etc. and personal training is performed by a dedicated senior employee during the time required to feel comfortable with the new position.
- Safety inspections are performed and documented every 3 months by the local Safety Board consisting of an externally trained member of the staff together with the production manager. The workers union also performs annual safety inspections
- Working overtime is kept to a minimum and working alone in the production is not allowed. Working hours stated by the authorities are always respected
- We work according to the LEAN-manufacturing principles and put hard focus on tidiness and well-structured working areas. This is achieved through the 5 - S methodology. Our goal is to have a pleasant work environment with maximum efficiency where non-value adding activities such as searching for tools and materials and handling thereof, are kept to a minimum. We have during 2019 completed 5-S in 3 manufacturing areas and a time plan is followed for implementation on the remaining areas
- We have increased the assembly efficiency by 66% in our production line for our high-volume products by methods for working smarter, not harder.
- We welcome trainees during their education to work with us in periods from 4-12 weeks. By this we spread a good reputation in the local area that helps us attract competence when we need it. We have a long and fruitful cooperation with several educational companies in Sweden specializing on education of people to industrial positions.
- During 2017 and 2018 we participated in the IUC^{*)}-event "Industrinatten" (Der Lange Nacht der Industrie) in Malmoe, with focus on attracting young students to a career within the industrial sector.
- We also contribute to UNICEF child-welfare annually.

^{*)} IUC (Industriella Utvecklingscentra) www.iuc.se

Business Ethics and Fair Trade

Our range of stakeholders is within the areas of;

- Employees
- Customers
- Suppliers
- Authorities
- Banks
- Workers Unions



- Sydmeko Industri AB is focusing on long-term relationships with our customers and suppliers that have been considered as stakeholders, the reason for this is that the process of becoming a trusted supplier both up-streams and down-streams sometimes require assessment procedures and a lot of effort to pass the criteria's. A partner failing to meet the expectations will most certainly result in inability to remain a business partner and the painstaking process of selecting a new partner is unavoidable, causing loss of efficiency and a higher risk of supply problems. Therefore, Sydmeko Industri AB will work only with well-known partners with high degree of responsibility and expectations in CSR matters. A self-assessment document is distributed to our selected suppliers in order to map and drive their CSR work towards meeting our standards.

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- We will never accept bribery or corruption in any situation or under any circumstance.
 - We will never do business with partners where doubts regarding working safety, abuse, unethical issues or similar exist. We monitor the origin of the suppliers supply of raw materials and components

Code of Conduct

- We are professionals and we act as professionals, always. This applies for all communication both internally and externally, how we treat each other and how we do business, and we also expect our suppliers to meet this requirement.
- Our communication with partners both up-streams and down-streams will always be conducted in a good civilized manner based on mutual respect, this at all occasions as well as through e-mail correspondence, physical meetings or by phone. We do not spread information that are not intended to be spread such as incoming quotations or business offers, nor do we criticize a third part in any communication.
- Our suppliers are required to sign up to this Code of Conduct in the Supplier assessment plan
- We always aim for mutual economic growth and well-being on long-term basis together with our stakeholders.

Risk analysis

- The world around us is constantly changing and various issues on the market will always occur that will affect Sydmeko directly or indirectly. Therefore, the management team of Sydmeko performs a *Business Risk Analysis* annually at the annual *Business Management Meeting* or when it is considered necessary. The aim is to react in time and take action before an upcoming issue jeopardizes our possibilities to maintain the commitments we have made in our policies and according to this document.

The report was generated by the Sydmeko Management team;

Signed by:

Mats Harde



Managing Director
Sydmeko Industri AB

Arlöv, June 07, 2019

