

A large, stylized grey graphic element consisting of three vertical bars of varying heights that converge at the bottom into a single point, resembling a downward-pointing arrow or a stylized 'U' shape.

#2016
INFOCUS:



Responsibility as a business concept – sustainability as an integral part of our operations



Jenny Zhang, Factory Search Manager, NCAB Group China, conducting a sustainability audit at the Jove Yangmen factory.

To adopt a serious and responsible approach towards the environment, employees and the community, both local and beyond, has become a major factor that drives profitability. Scandals can, in contrast quickly attract global attention and threaten the survival of businesses. With the conviction that it is not only morally right, but also good for business, NCAB Group has in recent years been working intensively to make sustainability an integral part of their business.

"In the old days, money was the sole benchmark against which business success was measured and companies could more or less get away with focusing entirely on financial factors; today the situation is quite different," says Hans Ståhl, CEO NCAB Group.

He maintains that it has become just as important to run a company in a sustainable way as it is to properly manage its finances.

"As I see it, you really don't have a choice, which is in itself interesting. To be perceived as serious and responsible, and to be able to live up to that in practice, makes good business sense and is quite simply a matter of survival.

The scandals that have shaken a number of major international companies recently shows quite clearly what is at stake. There are examples of businesses that have lost half of their share value, while risking having to pay out astronomical sums in fines.

In the case of companies that are active on different markets, any irregularities that might come to light within the organization at the local level, could quickly generate global attention. Customers are reluctant to deal with you if you behave unethically. They understand how important it is to maintain positive public opinion and are prepared to pay for it. For this reason," Hans Ståhl says, "it makes commercial sense to manage your affairs properly."

"Internally, I feel that we can simplify matters by putting our foot down and establishing a code for ethical behaviour that can be applied in all situations. We also need to learn how to sell that same mindset to our clients in a convincing manner."

HANS STÅHL, CEO, NCAB GROUP

ISO STANDARDS AS A FRAMEWORK

"NCAB has chosen to build its sustainability work on a framework based on the ISO 26000 standard. It is an international standard to help organizations address social responsibility issues with regard to business management, human rights, labour, environment, good business practices, consumer/customer issues and how to contribute to development in the community."

ISO 26000 is not designed to serve as a certification, but organizations may make their own declaration of intent to abide

by the ISO 26000 framework and describe how they will do it. The declaration can then be reviewed and verified by a certification body. In NCAB's case, this is being done by Sweden's SP Technical Research Institute.

"Using an ISO standard allows us to work in a systematic way, as we are used to doing in other areas," explains Hans Ståhl and continues: "It is easy to be overwhelmed by the breadth and depth of the issues covered. However, by tackling deviations and striving for continuous improvement we can break down, and define and shape what we as a company can do here and now."

CHANGING ATTITUDES

Hans Ståhl feels that the response, both internally and from NCAB's customers has been positive. There is genuine concern for social responsibility, not least from the OEMs.

"It has today become just as important to run a company in a sustainable way as it is to properly manage its finances."

HANS STÅHL, CEO, NCAB GROUP

"Internally, I feel that we can simplify matters by putting our foot down and establishing a code for ethical behaviour that can be applied in all situations. Once that's done, we can look at specific issues, discuss them and get everyone thinking on the same lines. In an organization as decentralized as ours, it is vital we put time and effort into the issue here. Listing out a set of routines just isn't enough. We also need to learn how to sell that same mind set to our clients in a convincing manner," he observes.



Hans Ståhl, CEO, NCAB Group.

"In China, attitudes towards social responsibility and sustainability have changed dramatically in recent years. New factories are being built up to meet what are now extremely high demands with regard to the general environment and the working environment.

The established image of China no longer bears any resemblance to reality. The authorities have set their minds on improving the situation and changes are happening extremely rapidly. Our factories realize that the bottom line is all about improved sales and have never raised any objections to the sustainability demands we place on them. Of course there is still plenty of room for improvement and that is why we continue to actively implement audits and follow-ups," concludes Hans Ståhl.



At a sustainability audit, it is just as important to check personnel areas such as dormitories, kitchens etc. as the factory premises themselves. Pictured here are the dormitories at Jove Yangmen.



Jenny Zhang, NCAB Group China at a treatment plant at Jove Yiangmen. "Audits are a great method that we are thoroughly familiar with at NCAB. It's not about making accusations, but identifying what can be improved," says Anna Lothsson, Strategic Purchasing Manager, NCAB Group.

A sustainability strategy for the entire group

NCAB Group has since 2014 been following the guidelines of the international ISO 26000 standard for social responsibility as an instrument of guidance and support in their sustainability efforts. The company's sustainability strategy has now been fully implemented, with all the NCAB complying by them.

ISO 26000 covers several aspects of sustainability, both environmental, as well as social and ethical.

"While working on our sustainability strategy, with the help of ISO 26000, we have been able to identify the issues that are most important to NCAB, taking into account our impact on the environment, our stakeholders' expectations and the improvements we can achieve," explains Anna Lothsson - Strategic Purchasing Manager at the NCAB Group. Anna is heading the Group's sustainability work.

With the three stakeholders: the supply chain, employees and customers, as starting points, NCAB has identified a number of focus areas (see box) for which to set up measurable goals. The overall objective is to achieve strong and responsible relationships with factories, employees and customers in order to jointly achieve sustainable business, growth and profitability.

"Since starting our work in 2014, we have implemented the sustainability strategy throughout the Group. We have incorporated the strategy into our business model and all our 13 companies abide to it. Moreover, we have communicated it to our factories and customers," explains Anna Lothsson.

EMPLOYEE SURVEY AND BUSINESS ETHICS

The measurable sustainability goals within each area are monitored in the same way as other key performance indicators in the business. When it comes to its employees, NCAB has for example,



"Since starting our work on building a sustainability strategy in 2014, we have implemented it throughout the Group and incorporated into our business model."

ANNA LOTHSSON, STRATEGIC PURCHASING MANAGER, NCAB GROUP

conducted the group's first global employee survey this year.

Even here sustainability goes hand in hand with business. If our employees aren't motivated, they won't perform as well as they could and you will risk losing them, while at the same time you will find it hard to recruit the best qualified and talented new employees.

NCAB has also adopted a business ethic to combat all forms of corruption, although it is not enough to just lay out a set of rules and documents.

"During the CEO Summit in October 2015, we carried out an exercise where all our company managers were given scenarios to discuss and highlight various dilemmas of a business ethical nature. It is important to bring these issues out into the open so

that everyone can discuss them and understand what the guidelines signify in practice, and then pass that knowledge on to their respective organizations,” says Anna Lothsson, adding: “In this way, we can achieve a common, reliable approach.”

CONSCIOUS COMPONENT – A SUSTAINABLE BRAND

NCAB is continuously striving to inform its customers and raise their interest in the work we are putting into sustainability issues; through seminars, in the annual sustainability report and in the newsletter you are reading now.

To show that the company is taking full responsibility for everything it embarks upon, it has built up a dedicated brand, Conscious Component, which covers the ethical, social and environmental aspects of NCAB’s sustainability work and its use of ISO 26000.

“We make a point of drawing attention to our use of an ISO standard,” says Anna Lothsson. “It serves as a signal to our customers that we are working systematically with these issues and that they can feel comfortable with us; especially since our work is regularly monitored by an external, impartial body.”

Sustainability aspects are also highlighted in NCAB’s day-to-day meeting with customers. Carbon emissions from goods transports is a major and complex issue.

“The vast majority of transport takes place by air. An environmentally better choice would be sea transport. That however, requires large volumes and takes longer, which can lead to problems for the customer in instances involving PCBs with special finishes that cannot be held in storage for too long. We do however engage with our customers to find greener solutions for transport issues such as these,” says Anna Lothsson.

NCAB also helps many customers with product development and offers design tips and advice for optimizing PCB production, reducing internal waste and improving better quality, which, in turn, leads to more durable end products.



The symbol of our sustainability efforts: It covers ISO 26000, ethical, social and environmental aspects, and affirms that we take full responsibility for everything we do.

AUDITS AT ALL THE FACTORIES

NCAB has for a long time been carrying out comprehensive, continuous quality reviews and monitoring at the factories entrusted with producing PCBs for NCAB. These measures have recently been extended to include special audits based on sustainability criteria.

This type of monitoring work began back in 2010 - 2011, with the aim to complete all audits of all NCAB’s Chinese factories no later than 2018. Last year, sustainability criteria based audits were carried out at three factories in China. These audits now form part of NCAB’s sourcing process.

“Audits are a great method that we are thoroughly familiar with at NCAB. It’s not about making accusations, but identifying what can be improved. We examine the factories record with regard to respecting human rights, their working conditions and treatment of employees. We look at how chemicals and emissions are managed in the manufacturing process and verify that no so-called conflict minerals are used,” Anna Lothsson explains and underlines that NCAB is transparent with the results of its audits. “An audit with a totally clean sheet lacks credibility,” she says, “and whatever is revealed has to be addressed.”

“Our initiative has been well received by the factories. They realize that it is important for business. We are eager to cooperate with the factories and want both parties to feel proud of what we achieve,” concludes Anna Lothsson.

FOCUS AREAS FOR NCAB GROUP'S SUSTAINABILITY WORK

The supply chain

- > Human rights and social conditions
- > Environmental impact, particularly the use of chemicals
- > Conflict Minerals

Coworkers

- > Employee satisfaction
- > Equality
- > Anti-corruption
- > Internal environmental work

Customers

- > Sustainable product development
- > Transport/green logistics
- > Communicating our sustainability efforts

Rapid developments in China

What is the situation like at the Chinese factories when it comes to sustainability issues? We asked Jenny Zhang, Factory Search Manager at NCAB China, to answer some questions on that topic.



A sustainability audit includes among other things monitoring how a factory manages chemicals in its manufacturing process. All factories that NCAB uses are ISO 14001-certified and have procedures to control waste and emissions.

How would you describe the progress the PCB factories have made generally with sustainability issues, compared to ten years ago?

“The situation is entirely different today. Ten years ago, the PCB factories were starting to look just at environmental impact, which of course is only part of the wider area of sustainability. Some plants had gained certification according to ISO 14001. Today, all NCAB’s factories have this certification and have good control of waste and emissions, particularly waste water. ISO 14001 is now a prerequisite from our side in the selection process for new factories.”

“We find that more and more PCB factories have familiarised themselves with sustainability and all its aspects and they realize how important it is for their development as manufacturing plants.”

**JENNY ZHANG, FACTORY SEARCH MANAGER,
NCAB GROUP CHINA**

And how about when it comes to aspects other than environmental?

“We find that more and more PCB factories have familiarised themselves with sustainability and all its aspects and they realize how important it is for their development as manufacturing plants. Increasingly, factories are certifying their social responsibility according to SA 8000 and their occupational health and safety management work with OHSAS 18001. Some of our plants have these certifications and others are considering acquiring them. Since 2015 NCAB has monitored sustainability as part of our evaluation process for new factories, including a sustainability audit.”

How would you describe the situation for the employees at the factories?

“We see a marked difference here as well when compared to ten

years ago. It used to be sufficient for the factory to provide the employees with a job and a salary. Now they also need to guarantee their human rights, health and safety. Factories must also take into account their employees training and job development needs in a socially responsible manner.”



Jenny Zhang, Factory Search Manager, NCAB Group China

How many sustainability audits did you carry out at NCAB’s factories in 2015?

“All in all, we conducted audits at three factories. Two of them were at plants we already use, and the other was a new factory that we approved in 2015.”

What did you find in the main?

“We found and drew attention to, among other things including shortcomings in the documentation and management systems, with ill-defined roles and responsibilities in different areas for example. Moreover, at one of the factories, we found 16-18-year-olds on night shifts, despite it being prohibited by law. Generally, the industry is having to grapple with a serious problem of excessive overtime.

In some cases we might require a factory to remedy purely practical things, such as ensuring that employees who work different shifts do not share the same dormitory, or to put up better evacuation maps. Other cases may require more extensive measures, for example, to improve a factory’s control of the chemicals it uses, or of its waste and emissions. The factories have responded well and taken steps to remedy the shortcomings we found.”

What are your plans for 2016 and going forward?

“As far as the factories we have already monitored are concerned, we aim to follow up the improvements on the basis of the report and action plans we drew up. With regards to the other plants, we are working on a plan to carry out the remaining sustainability audits.”

EXAMPLES OF MEASURES TAKEN FOLLOWING A SUSTAINABILITY AUDIT:

- The factory has introduced a management system for sustainability issues including policies, objectives, activities, etc.
- The factory has introduced clear and precise procedures for handling hazardous chemicals.
- The factory has set up a system for dealing with ethical issues, including anti-corruption.
- The factory has clearly distanced itself from all kinds of discrimination and is providing training to its employees in the issue.



The Audit – a part of our quality efforts

An important component in NCAB's work is our efforts to continuously ensure the quality standards of the factories we work with. Our audits play a central role in this work. We carry them out both in connection with the possible partnership with a factory and as part of our sourcing process. We continue to ensure that the factory always delivers according to our requirements.

We have now produced a film about our audits, you can see it here:

<https://www.youtube.com/watch?v=8PSFAPQ710k>



Questions around the world: How would you describe the interest shown for sustainability issues in your local market?



USA

JETTIE MCCARTNEY

Key Account Manager, Western division, NCAB Group USA

“Historically, the US has a long tradition of leadership in environmental issues. Today, however, we have fallen behind when it comes to developing more sustainable economic processes and energy systems. As a leading nation, we need to do more to create a sustainable society and educate our citizens about what this really means. We hope that NCAB's efforts in the area of sustainability can contribute to a higher awareness and add value to both our business and our customers.”



GERMANY

STEPHAN VON BARGEN

Key Account Manager, NCAB Group Germany

“In northern Germany, sustainability is mainly associated with food purchases, but it is starting to appear in new areas, such as technological products. When we proactively discuss sustainability with our customers and tell about ISO 26000 and describe our business ethics and sustainability strategy, we get very positive responses. The Sustainability Report from 2015, with its descriptions, reports, facts and figures, serves as an excellent aid. Perhaps it will be a while before ISO 26000 is more widely used, but this is the NCAB Group forging ahead in the electronics industry.”



DENMARK

BJARNE NIELSEN

VD, NCAB Group Denmark

“In the Danish market, our way of approaching sustainability has been received very positively. Customers who have received our sustainability report for 2015 are very impressed by the work we are doing. We are the only PCB supplier in the Danish market that supports our customers and end users with a “green” attitude. What stands out in particular is that we are working on our own declaration of social responsibility in accordance with ISO 26000.”



NCAB Group in Social Media

For a few months now, customers and other interested parties have been able to follow us on Twitter and

LinkedIn. We have also started a blog where we immerse ourselves in the versatile world of circuit boards! Follow us on:

» [Twitter](#) » [LinkedIn](#) » [Blog](#) » [YouTube](#)

Subjects we have covered earlier

Do read our earlier newsletters. You will find them all on our website, www.ncabgroup.com/newsroom/

» China's economy

2016 04 08 | NEWSLETTER 1 2016

» UL Approval

2015 12 09 | NEWSLETTER 4 2015

» Transition to outsource

2015 09 29 | NEWSLETTER 3 2015

» Purchasing PCBs

2015 06 01 | NEWSLETTER 2 2015

» Sustainable business

2014 12 22 | NEWSLETTER 4 2014

» High-tech PCBs

2014 10 07 | NEWSLETTER 3 2014

Are we taking up the wrong subjects?

We are always looking for interesting subjects that we could take a more in depth look at. If there is something you would like to learn more about, or perhaps you would like to comment on anything we have written, do get in touch with us and tell us more.

Mail: sanna.magnusson@ncabgroup.com