



NCAB GROUP

Sustainability Report 2019



Sustainability Highlights 2019

Our vision is to be “The number 1 PCB producer wherever we are”. Here we share some of the highlights from our sustainability journey in 2019:

99.2%
Quality Performance



Employer of the Year
2nd place
Brilliant Awards
– Employee Experience

**Carnegie
Sustainability Award**
for Best Newcomer at
Nasdaq Stockholm



82
Customer Satisfaction Index



152
 technical seminars and
 9 sustainability seminar for customers

ISO 26000
 verification audit



Global Conference
 Boldness and Persistence
 - for success long-term

Launch of the
NCAB Academy
 - a digital learning
 and development platform

89
Employee Engagement Index



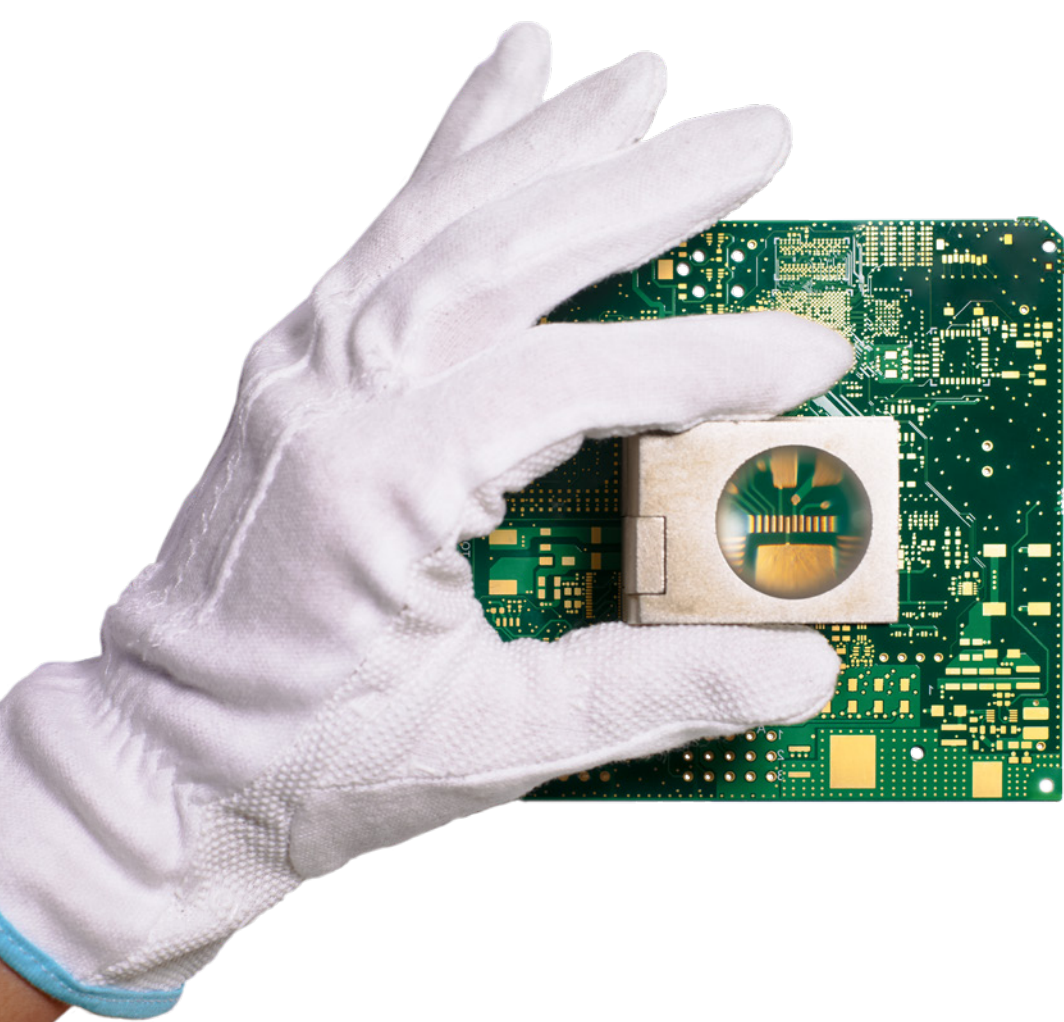
Continued growth with profit

TABLE OF CONTENTS

Our business	4
CEO's statement	6
Value chain	8
Strategy	10
Supply chain	12
Employees	18
Customers	22
GRI content index	26

ABOUT THIS REPORT
 We have since 2014 annually published a sustainability report. Our last report was published in April 2019. This is our report for 2019 and covers our entire global business (see page 4-5). It has been prepared in accordance with the GRI Standards: Core option and meets the requirements for sustainability reporting in the Swedish Annual Accounts Act. The board of directors are responsible for the statutory sustainability report for the year 2019.

WE INVITE YOU TO GIVE FEEDBACK
 We warmly welcome any feedback you may have on the report and our sustainability work to help us to develop our work even further. Please contact NCAB Group's Sustainability Manager, Anna Lothsson: anna.lothsson@ncabgroup.com.



High reliability printed circuit boards

NCAB Group is a leading global producer of printed circuit boards, PCBs. Our mission is to produce PCBs for demanding customers, on time, with zero defects, produced sustainably at the lowest total cost.



THE PCB - SMALL BUT IMPORTANT

Printed circuit boards, or PCBs, can be found at the heart of just about every piece of electronic equipment. The function of the PCB is to connect electronic components in devices. Most people use PCBs every day without even thinking about it. They can be found in industrial and consumer electronics, medical devices, automotive components, telecommunications, security equipment etc. Our focus is on high-reliability PCBs.

INTEGRATED PCB PRODUCTION

We call our production method integrated PCB production, which in practice means that we work closely with both our customers and our factories. We do not own our factories, but we “own” what is most important: the relationship and process with both customer and factory. We create optimum and flexible production conditions through our strong purchasing power and expertise in PCB production.

IN THE FRONT LINE OF TECHNOLOGY

The PCB can be a complex product and must be adapted for any extreme situation. We seek to be at the front line of

PCB technology development. We believe that the best PCB solutions can only be developed through dialogue with our customers and their customers, and we actively seek cooperation already at the design phase.

GLOBAL AND GROWING ORGANIZATION

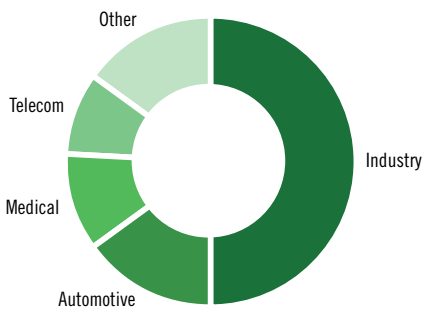
The NCAB Group is a truly global organization, with offices all over the world. Our headquarters are located in Bromma, Stockholm, Sweden. Growth is a priority for us; sustainable growth, together with our customers as we enter new markets. In 2019, we established new companies in the Netherlands and Malaysia. Growing sustainably with profit is an integral part of securing and developing our long-term business.

OUR VALUES

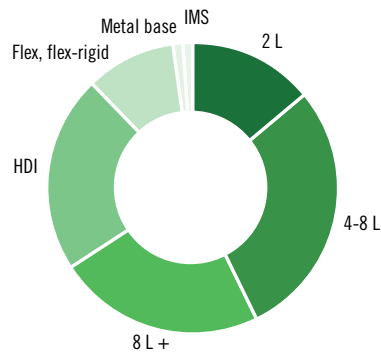
We work in accordance with our company values:

- > Quality First
- > Strong Relationships
- > Full Responsibility

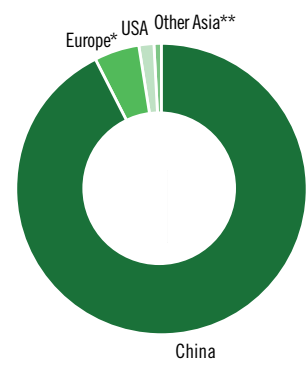
SALES SHARE PER INDUSTRY SECTOR



SALES SHARE PER PCB TECHNOLOGY



SHARE OF PRODUCTION



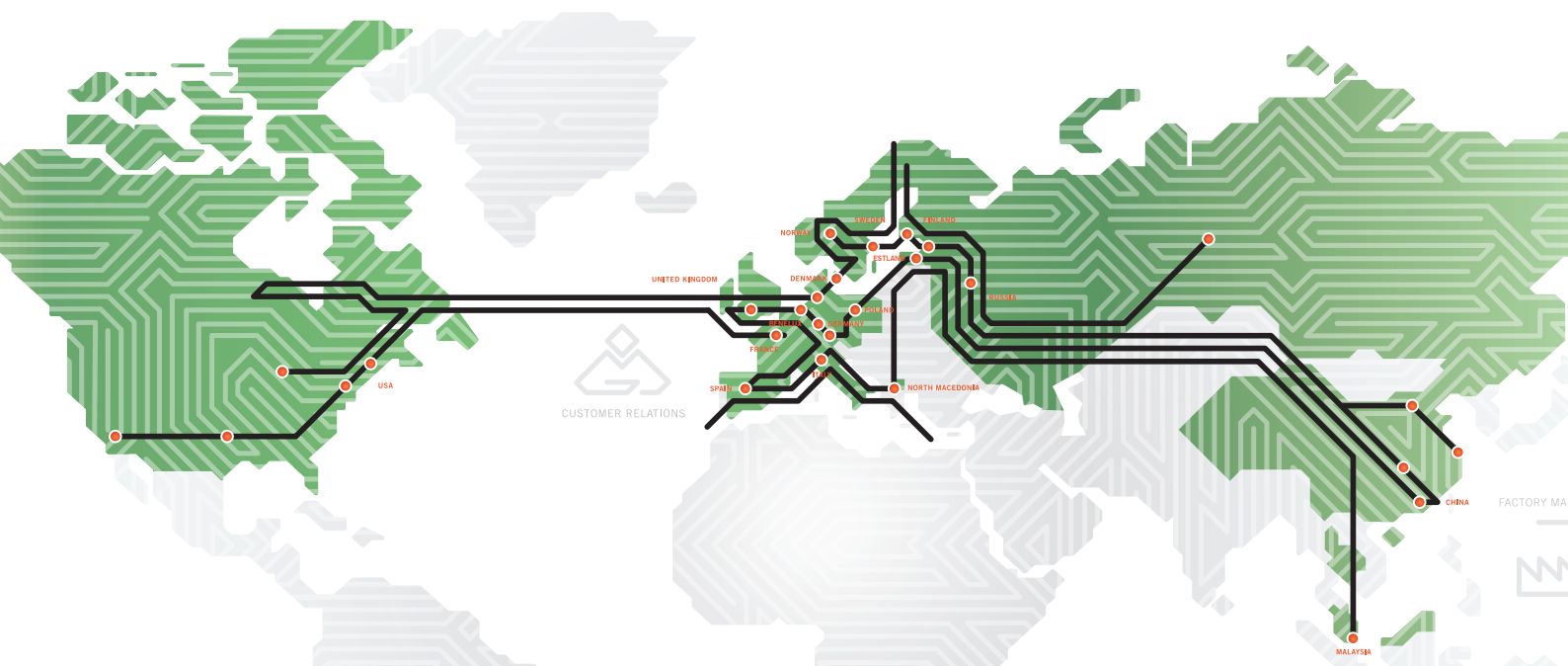
395
TOTAL NUMBER OF
EMPLOYEES

137
MILLION PCBs
DELIVERED

23
FACTORIES

EMPLOYEES / COUNTRY

Women Men NCAB Group office



NET SALES

1 781 200 000
SEK

KEY PERFORMANCE INDICATORS

96.5% DELIVERY PRECISION
(Measured per order line)

99.2% QUALITY PERFORMANCE
(Measured per order line)

100% SUSTAINABILITY AUDITED
MAIN FACTORIES

All data per December 31, 2019.

*Europe - UK, North Macedonia, Belgium, Sweden, Italy.

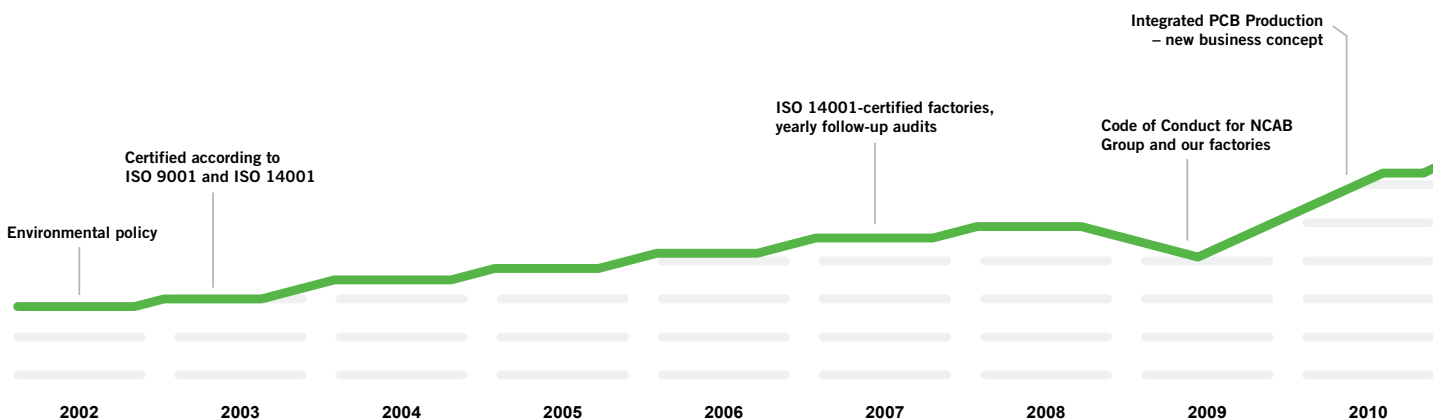
**Other Asia - Israel, Taiwan.



Hans Ståhl, CEO, NCAB Group, has been part of this journey as head of the company since 2004.

We will continue driving positive change

2019 was another strong year for NCAB Group as our business continued to grow and we expanded into new markets. Alongside our growth, we have relentlessly continued our sustainability work. For us, sustainability is not only about our long-term success, we want to drive positive changes throughout our value chain.



In 2019, we expanded our operations into two new markets; Benelux and Malaysia, and our net sales continued to grow by 10 %. The listing of NCAB Group at Nasdaq Stockholm in 2018, further strengthened our position within the global PCB industry. And our success, I believe, is strongly linked to our sustainability approach. Ever since we defined our sustainability strategy in 2014, it has provided us with a clear direction how to drive positive change along our value chain. With the combined efforts of many employees, and together with our production partners, we have set goals, allocated resources and followed up performance in a systematic way. We are experiencing a growing interest in sustainable business from customers, investors and employees, and I'm happy to say that we are ready to meet their expectations.

We achieved excellent results in our customer satisfaction survey as well as in our employee engagement survey, and last year we reached our goal of 100 % audited main factories. There are still challenges ahead, but it is important to acknowledge our employees' engagement, and the progress our production partners have made in areas such as health and safety, environment and working conditions.

Looking ahead, we must focus even more on how we can contribute to environmental protection already in the design phase. Reducing the environmental impact from transportation is another challenge we face, as lead-time demands in our industry are short. Nevertheless, it is an area we want to improve. We are also going to develop our sustainability strategy, to enable us to continue improving our sustainability work. But above all we aim to keep up our good work, creating value not only for us as a company, but also for our stakeholders.

I want to thank all our customers and partners for supporting us on this journey, and our employees, for their commitment. I am convinced that with their strong skills, bold approach and persistence, NCAB Group will continue driving positive changes within the company and the industry.



Hans Ståhl

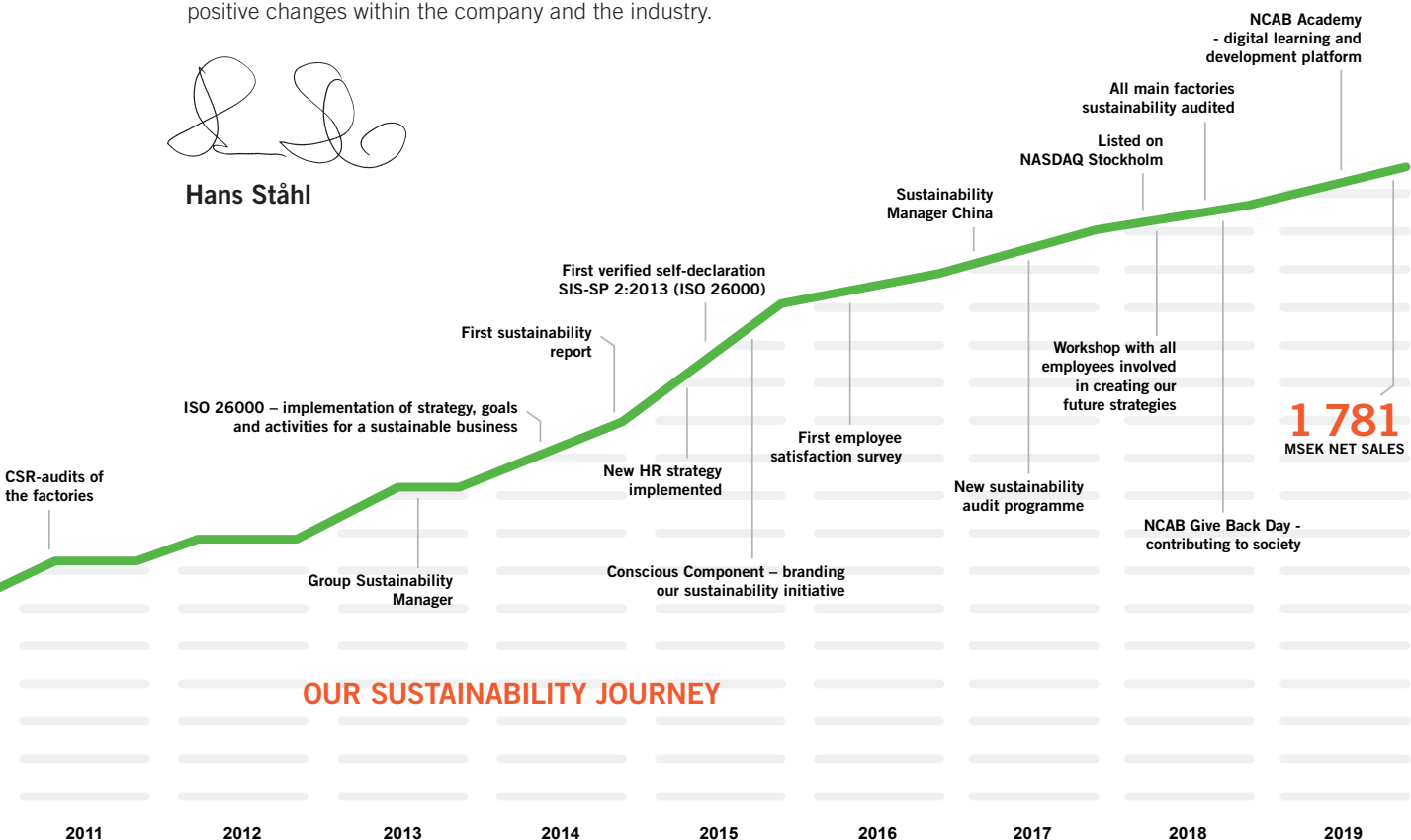
Sustainability – an integral part of our business



Christian Salamon, Chairman of the board since 2007

When people ask me what sustainability achievements I am most proud of, I usually don't want to point out any single activity. It is so easy for sustainability to be seen as a set of separate achievements. What makes me proud is our overall efforts of integrating sustainability into our business model – the way we work with our suppliers, with our customers and within our own organisation. I am happy with the progress we have made across all sustainability areas, and the value we have created from a financial, environmental and social perspective.

I am, together with everyone at NCAB, happy and proud that we have been awarded The Best Annual Report, small cap companies at Nasdaq Stockholm, and the Carnegie Sustainability Award 2019 in the category Best Newcomer. We know that we are doing many things right and it is great to be appreciated for our results. However, we need to continue to work hard in order to strengthen our position as a sustainable leader in our industry. Moving forward, we will focus even more on reducing our environmental impact and continue communicating our sustainability work. By sharing our approach towards sustainability, we hope we can inspire others, as well as learn from others.



Sustainable business – a value chain approach

When developing and conducting our business, our focus is on creating value for stakeholders and take responsibility throughout our value chain. This approach helps us identify opportunities to drive positive change and minimize risks of negative impact, within and outside our area of operation.



SALES AND DESIGN SUPPORT

In the design phase we support our customers in optimizing the design of the PCBs for product reliability and for manufacturing. Optimized design means less scrap, material, water and chemicals used, as well as improved product quality. Providing a high service level and building strong relationships with our customers are key factors for our long-term business. (Read more on p. 22)



PRODUCTION

In collaboration with our production partners, we focus on quality, social accountability and environmental responsibility in the supply chain; working conditions, human rights, health & safety, resource efficiency, production and product quality, materials used (chemical content and conflict minerals), chemical handling, handling of waste and recycling. (Read more on p. 12)



OUR OFFICES AND EMPLOYEES

As a knowledge-based company, it is our employees who make us successful. To create a stimulating culture, we focus on ethics, competence-development, diversity, equal treatment, a happy and healthy work environment and high engagement. (Read more on p. 18)



“Sustainability audits are part of our factory development programme and sourcing process. This involves going through factories’ routines, compliance and practices covering aspects such as the environment, safety, health and human rights. We go through documents, carry out inspections and interviews onsite.”

Jenny Zhang, Sustainability Manager, NCAB Group China



“ We discuss sustainability issues with customers on a daily basis. A number of our customers are contract manufacturers for large product owners, who, over the years, have begun to put higher demands on sustainability throughout the supply chain. This makes the work offered by NCAB a real added value factor and serves as a competitive advantage for our customers.”

Kim Fagerström, Managing Director, NCAB Group Finland



TRANSPORT AND DISTRIBUTION

Demands for short lead times in the industry pose a challenge. Air freight from Asia to Europe and USA has a high climate impact. To reduce emissions, we need to focus on efficient logistics, delivery quality and offering our customer different freight alternatives. (Read more on p. 24)



WASTE/RECYCLING

Waste handling and recycling of the end product is normally outside our scope. Any printed circuit boards returned to us and if found faulty, are disposed of according to local regulations on waste handling.



PRODUCT USE

PCBs are used in many kinds of technical devices and it is crucial that it never stops functioning. Product quality and reliability are key factors and of the utmost importance. Delivery precision, service, claims-handling, handling of waste and recycling are other important sustainability areas. (Read more on p. 22)



“ From an HR perspective, a sustainable operation is about our employees feeling good, engaged and responsible in their work. Based on our core values, we encourage them to develop, to grow their strengths and create workplaces that are built on mutual respect. Going forward, I believe we can further strengthen both flexibility at work and diversity amongst teams in order to build up an even better working atmosphere.”

Claire-Lise Sarnin, Senior HR Manager, NCAB Group Germany

Sustainability strategy and goals

NCAB Group’s sustainability strategy defines our long-term goals and focus areas. With clear priorities the strategy guides us in the right direction, helping us to achieve the positive changes we want to see in the industry.

STRATEGY AND STAKEHOLDER DIALOGUE

Our sustainability work is divided into three focus areas in relation to our prioritized stakeholder groups; customers, employees and factories (supply chain). It illustrates how our sustainability work strengthens and adds value to these relationships. In 2018 we were listed at Nasdaq Stockholm and we see our investors as an important stakeholder group with whom we will maintain a closer dialogue going forward.

Listening to our stakeholders was crucial when identifying the focus areas in our sustainability strategy in 2014, and their views are

important in developing our sustainable business. We continuously hold main stakeholder dialogues through our regular channels:

CUSTOMERS

- > Satisfaction survey
- > Seminars
- > Meetings

EMPLOYEES

- > Engagement survey
- > Performance and development appraisals

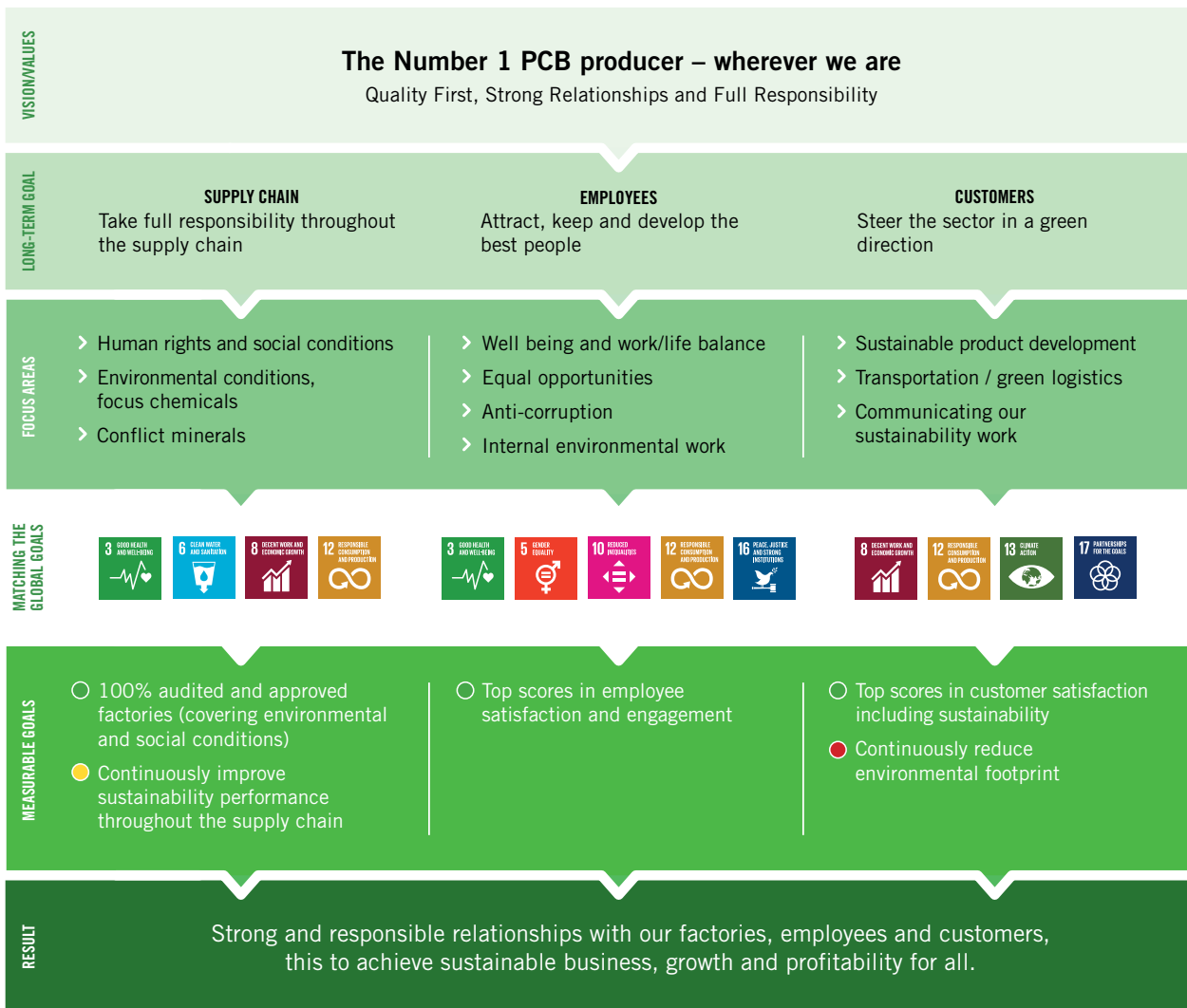
FACTORIES

- > Meetings
- > Follow-ups
- > Audits

OWNERS

- > Investor meetings

NCAB GROUP SUSTAINABILITY STRATEGY



Status December 2019 ● = not started/far from achieved ● = on track ● = completed/achieved

THE SUSTAINABLE DEVELOPMENT GOALS AND IDENTIFIED TARGETS



Through our sustainability work, together with our stakeholder, we are contributing mainly to 9 out of the 17 UN Sustainable Development Goals, including the identified targets for each goal.

NCAB AND THE SUSTAINABLE DEVELOPMENT GOALS

In 2015, world leaders agreed to 17 goals for a better world by 2030. These goals have the power to end poverty, fight inequality, promote peace and justice and address the urgency of climate change. In order to meet the goals, everyone needs to contribute. Through our sustainability work, together with our stakeholders, we are working towards achieving the Sustainable Development Goals (SDGs) and are contributing mainly to 9 out of the 17 goals (see picture above). Read more and for a full picture of the SDGs at sustainabledevelopment.un.org.

The Global Goals document, and its targets, will serve as an important guide in our work to further build our sustainability strategy and thus develop our business in line with the direction the world needs to go: to build a better future for everyone.

ISO 26000 FOR INCREASED CREDIBILITY

Our sustainability strategy is based on ISO 26000 - Guidance on Social Responsibility, an international standard that provides guidance on how businesses may operate in a sustainable way. Read more at: www.iso.org. To demonstrate that we respect and comply with the ISO 26000 standard, we issue a yearly social responsibility SIS-SP 2:2015 self-declaration. Our internal and external ISO audits also include ISO 26000.

RISK IDENTIFICATION IMPORTANT IN STRATEGIC PLANNING

Our approach to risk management has provided NCAB with a system that allows us to identify and understand emerging and existing risks, prioritize on the basis of existing actions and the impact of the risk so that we focus on the highest

risks. The risk management process also forms part of our preparations for the annual business plan. This includes an analysis of trends, business opportunities, and risks at the local company and the Group level (SWOT). The aim here is to enable us to anticipate and rapidly respond to any changes in societal, environmental and legislative demands.

Each process owner is responsible for the ongoing evaluation, development and implementation of risk control methods and processes. The highest sustainability risks identified within each of NCAB's focus areas can be found on page 12, 18 and 22.

SUSTAINABLE DEVELOPMENT AND GOVERNANCE

Working in a responsible and sustainable way is a responsibility that all our employees take on. However, the sustainability strategy is governed by the NCAB Group management team, and there is a clear division of responsibilities between the different focus areas. The Group Sustainability Manager is responsible for driving the overall sustainability work, such as sustainability strategy, policies and goals. Sustainability is integrated into our business model and processes, with each process owner responsible for activities and reporting on the progress made towards achieving their set goals.

We monitor our sustainability performance monthly at our management team meetings. The COO is responsible for the quality management system, while NCAB Group, as well as factories contracted, are ISO 9001 certified to ensure our processes are unified and the highest quality in everything we do. At Board level, the Chairman is responsible for ensuring that sustainability is part of the agenda and is addressed at board meetings.



Control of fire-fighting equipment and maintenance plans is part of our sustainability audits.

Together towards sustainable production

On the supply chain side, we work closely with our long-term production partners to improve work and safety conditions and environmental responsibility in the factories.

LONG TERM GOAL

- Take full responsibility throughout the supply chain.

MEASURABLE GOAL

- 100 % sustainability-audited and approved factories.
- Continuously improve sustainability performance throughout the supply chain.

OUR STRENGTHS

- Clear demands, strong relationships, close dialogue and cooperation, detailed sustainability audits.

GREATEST RISKS

- Toxic chemicals, health and safety risks and overtime work.

GOING FORWARD

- Continue our sustainability audit programme, focus on the environment, and health and safety working conditions.

Status December 2019 ● = not started/far from achieved ● = on track ● = completed/achieved

OUR SUPPLY CHAIN IN BRIEF

The factories we cooperate with are listed in our Preferred Supplier List (PSL). We divide them into Main, Spot and Special Project factories. 91 % of our total spend is on the 23 main factories located in China (18), in Europe (3), and in the USA (2). The 23 main factories (production partners) include 29 NCAB approved manufacturing sites. Our sustainability work is focused on the main factories in China where we have the highest risks, but also the strongest impact.

The 18 main factories in China include 24 NCAB approved manufacturing sites. Most of these are located in the Guangdong province, in the south, within commuting distance from the NCAB local office in Shenzhen. In 2018, NCAB started to map the factories into level 1-3 depending on their sustainability performance. 6 manufacturing sites are at level 1 indicating they are very well acquainted with sustainability issues, have procedures and on-site control in place, and their own teams within Quality Assurance and EHS. The rest of the sites are at level 2 (7) and level 3 (11), indicating they still have a number of improvement areas to deal with and need more advice from NCAB's sustainability team than those at level 1.

SUSTAINABILITY IN FOCUS WHEN SELECTING PRODUCTION PARTNERS

We work with our factories in long-term partnerships and place high demands on them. As part of NCAB Group's sourcing process in China, potential factories are audited on site for quality and sustainability performance. In total, 1 new main factory was approved during 2019. We discontinued negotiations with one potential factory in 2018 due to non-compliance with insurance payment regulations. NCAB's Code of conduct is part of the cooperation agreement. Once the agreements are signed NCAB's sustainability team onboards the new factories by conducting training sessions in sustainability matters to factory relevant management.

HIGH DEMANDS ON OUR FACTORIES

Our main factories must:

- Pass our quality and sustainability audits
- Be ISO 9001 certified (quality management system)
- Be ISO 14001 certified (environmental management system)
- Report on conflict minerals according to the framework provided by the Responsible Minerals Initiative (RMI) and follow the Responsible Minerals Assurance Process (RMAP)
- Follow EU legislation covering raw material content (RoHS and REACH)
- Comply with local regulations covering water quality and emissions
- Sign and comply with our Code of Conduct

WE CONTINUE AUDITING OUR MAIN FACTORIES

Besides the sustainability audits in the sourcing process, NCAB conducts regular audits in the already approved main factories to continuously improve environmental, social and ethical performance. According to a set plan, full sustainability audits of all main factories are conducted every second year, and in between, follow-up audits on specific improvement areas are carried out. In 2019 we conducted 13 full audits,

(whereof 4 in potential factories, i.e. those undergoing the NCAB approval process), and 15 follow-up audits. Read more about how we conduct our audits on page 14-15.

DEVELOPING SUSTAINABILITY IN FACTORIES

Last year we achieved our goal of 100 % sustainability-audited main manufacturing sites in China. This gives us a clear picture of the status in the main factories and what sustainability areas we need to focus more on. Going forward, we will put even more efforts on collaboration to develop sustainability work in factories. Many of our production partners still lack the required sustainability competence among their own staff. Sustainability issues are often handled in many different departments, and that is why we need to start working in a more integrated way with the factories' management, HR, Quality and EHS-teams. We will also now focus more on the level 2 and 3 factories in our auditing plan, especially within areas such as the environment, health and safety.

After several years of cooperation, more and more of our production partners realize that sustainability work is important, not just to meet regulations, but because it benefits the business as well.

CHALLENGES STILL REMAIN

Overtime work is still an area where most factories lack solutions, and gaining an overview of local regulations in China is a challenging task, since the regulations differ in different parts of the country. Even factories that have secured minimum wages, provide overtime payments, annual vacation and insurance payments, often have room for improvements when it comes to processes and systems. Environment, health and safety are areas where key findings have been identified. Whenever NCAB's audit team finds gaps, these are reported to the factory's management and solutions are suggested and improvement actions required. Read more about the result and improvements of the sustainability audits on page 16-17.

ENVIRONMENT, HEALTH AND SAFETY

In our sustainability audits, we thoroughly review how chemicals are stored in factories and used and handled in production. Common areas that we address are for example personal protection equipment (PPE), training on how emergency leakages are to be handled, installation of illuminated evacuation signs and emergency lights.

While we recognise the fact that the Chinese government is now paying more attention to environmental protection issues, and thereby putting more pressure on manufacturing companies, we need to continue assessing how factories manage wastewater, air emission and solid waste during our audits.

CONFLICT-FREE MINERALS SUPPLY CHAIN

Certain minerals (tin, tantalum, tungsten and gold) that are used in electronics have been linked to systematic violence and human rights abuses in certain conflict areas. Tin and gold are metals used in the production of PCBs. We require our factories to only work with smelters that are compliant with the Responsible Minerals Initiative (RMI) and we work together with our factories, training them in how to apply the RMI audit scheme to control their supply chain. NCAB Group is keeping a close eye on EU legislation covering conflict minerals, to ensure that our approach is in line with both US and EU regulations.

Our way of conducting audits

We make a point of having the audits conducted by our local employees. It helps us to get the true picture, put relevant demands on sustainability performance and collaborate with our production partners.

HERE IS OUR AUDIT PROCESS, IN BRIEF:

Normally it takes two days to complete the full sustainability audit, and one day to do the follow-up audit. Every audit is done on factory site in accordance with a detailed template comprised of six parts:

- > Management System
- > Human Rights
- > Labour and Working Conditions
- > Health and Safety
- > Environment
- > Business Ethics



1 OPENING MEETING

to explain the aim of the audit, why it is important, processes and how reporting is done. The meeting is attended by the factory's management and sustainability representatives.



4 EMPLOYEE INTERVIEWS

focusing on obtaining a more in-depth picture of working conditions at the factory.



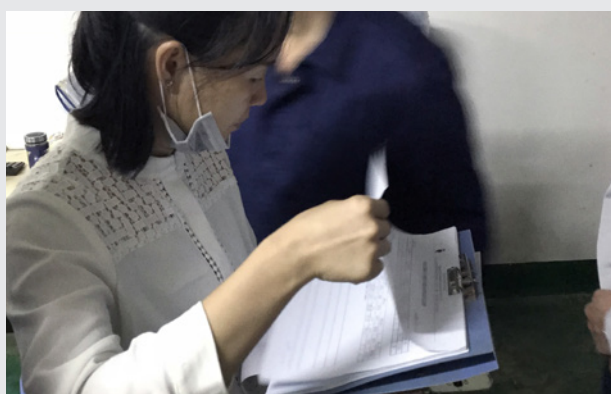
5 CLOSING MEETING

summing up the findings to give factory management a clear picture of what they are expected to improve and why, and the steps they need to take after the audit.



2 REVIEWING DOCUMENTS

and records covering policies, management systems, training plans and attendee lists, time sheets, payrolls, insurances, accidents/incidents reports, list of regulations etc.



6 THE AUDIT REPORT

includes results and findings for each of the six areas. Factory's management is given time to review the report and respond with corrective actions plan.



3 FACTORY TOUR

where we check fire protection systems and equipment, emergency exits, personal protection equipment, hazardous chemical handling, hazardous waste handling, wastewater/air handling, the canteen, dormitory etc.



7 FOLLOW-UP AUDITS

on-site to review implementation and the result of the corrective measures within six months.

Key findings and improvements 2019

Since 2017, NCAB has conducted sustainability audits in a systematic way, and auditing is a well-established work method for both NCAB and the factories. Below are some examples of what improvements our audits have contributed to during that period, and what challenges remain.

MANAGEMENT SYSTEMS

Areas of assessment:

Management systems and implementation (SA8000, OH-SAS18001, ISO14001, others), policies, goals, governance, implementation, and action plans. Roles and responsibilities. Training. Communication and Awareness. Audit and non-conformity handling. Compliance with legal and customer requirements. Supplier and sub-supplier assessment.

Improvements 2017-2019:

- › Policies for sustainability including social accountability, health and safety, and the environment have been set up
- › Goals and targets for sustainability established, as well as actions to achieve these goals
- › Improved risk-management systems
- › Training programmes introduced for all employees
- › Improved law compliance process
- › Greater awareness among factories of SA8000 and RBA (Responsible Business Alliance, former EICC) standards by external training
- › Factories have at least one person trained in SA8000 or RBA (previous EICC)

Key findings to be resolved:

- › Systems/routines for overall sustainability work need to be fully developed to avoid risks of non-compliance to local regulations and NCAB's requirements (in 22 of 24 sites).
- › Employees not fully trained and further training required. (22/24 sites)

HUMAN RIGHTS

Areas of assessment:

Human rights impact/risk assessment. Human rights policies. Humane treatment. Discrimination. Responsible sourcing of minerals.

Improvements 2017-2019:

- › Lessened risk of discrimination and abuse
- › Improved process and knowledge for better follow-up of conflict-free minerals in supply chain



Jenny Zhang and Alen Liang, Sustainability Team - NCAB China, controlling the availability and validity of First Aid Kits, as well as the competence levels and routines for accident handling.

Key findings to be resolved:

- › Some factories still levy unreasonable fines (affecting salary) on their workers if they fail to comply with the factories' work rules (eg, arrive late for work).

LABOUR AND WORKING CONDITIONS

Areas of assessment:

Labour & Working Conditions impact/risk assessment. Forced labour and freedom of movement. Child labour. Working Hours. Wages and benefits. Freedom of association.

Improvements 2017-2019:

- › Procedures in place to make sure no child labour or forced labour occur in the supply chain

- › The factories now implement comprehensive procedures for young employees including regulated work time, no night shifts, no work with harmful processes to prevent negative effects on the health of young personnel and improve safety
- › Procedures in place to calculate correct times and salary for overtime work
- › Procedures now clearly stipulate that employment contracts must be signed within one month from the first day of employment and salaries accordingly paid to comply with the local law
- › Amended employment contracts to secure that overtime work, medical insurance and pensions are correctly calculated and paid as required by law and from the start date of employment
- › One of our sourcing approval projects was put on hold due to unpaid factory worker insurances. No contract was signed until the factory paid the insurances.

Key findings to be resolved:

- › Insufficient management of young workers' working hours, night shift restrictions, dangerous working positions, occupational sickness checks.
- › More overtime during peak seasons and before/after Chinese New Year due to shortage of workers (20/24 sites)
- › Incorrect overtime calculations (5/24 sites)

HEALTH AND SAFETY

Areas of assessment:

Health and safety impact/risk assessment. Health and safety policy. Occupational safety training and competence. Accidents, incidents and injury. Medical treatment and first aid. Machine safety aids. Personal protective equipment. Chemical exposure. Physically demanding work. Workplace noise, temperature and light. Emergency preparedness and control. Fire alarms, emergency exits, firefighting equipment. Inspections by fire authorities. Workplace hygiene and cleanliness. Dormitories and canteen.

Improvements 2017-2019:

- › Improved risk assessments and related actions included in the audit process in order to minimize risks in the storage and production process.
- › Procedures in place and better management regarding handling hazardous chemical and hazardous waste.
- › Ability to manage all necessary calibrations for special equipment with qualified training implemented to avoid health and safety accidents/incidents.
- › Correct classification for hazardous waste, collecting and storage, based on applicable regulations.
- › Improved accident/incident handling processes and follow up actions to avoid similar injuries happening again
- › Improved routines covering Personal Protective Equipment (PPE) including PPE configuration, control of expiry dates
- › Improved chemical management, including storage in warehouse and production areas Improved fire protection

systems and emergency plans, as well as better control of fire protection equipment

- › Increased training in the high-performance factories
- › More dialogue with factory top management, drawing attention to the importance of sustainability issues
- › Broadened knowledge about health and safety risks and labour rights among factory workers

Key findings to be resolved:

- › Insufficient root cause analysis or follow-ups of incidents (10/24 sites)
- › Personal Protective Equipment (PPE) not used by all employees (6/24 sites)
- › Insufficient chemical management (4/24 sites)
- › Fire systems – wrongly placed exit marks, emergency lights or blocked exits (15/24 sites)

ENVIRONMENT

Areas of assessment:

Environmental impact/risk assessment. Environmental policy. Environmental permits and reporting. Resource use. Production content restrictions. Chemical handling. Waste handling. Emissions into water, air. Noise pollution. Ground contamination.

Improvements 2017-2019:

- › Better control to ensure the factory has a wastewater discharge permit and compliance control in place
- › Factories have identified and are following environmental requirements, including ROHS, REACH and customer requests

Key findings to be resolved:

- › Hazardous waste management, including classification, collecting and storage.

BUSINESS ETHICS

Areas of assessment:

Business ethics impact/risk assessment. Business ethics policy. Anti-corruption. Whistle blower procedures. Disclosure of financial information. Intellectual property. Fair advertising and competition.

Improvements 2017-2019:

- › Procedures and training to avoid bribery and corruption
- › Systems for confidential reporting

Remaining challenges:

Despite our current policies, anti-corruption and whistle blowing processes and training programmes, the nature of bribery and corruption makes control an ongoing and difficult challenge.



Colleagues from all around the world come together at the NCAB Global Conference, where they take part in workshops and team-building activities to help shape our future.

High engagement – our recipe for success

The high levels of engagement shown by our employees, together with their extensive knowledge and skills are key factors to our success. We offer a stimulating global environment, a unique culture with clear values, and continuous learning and development.

LONG TERM GOAL

- Attract, keep and develop the best people.

MEASURABLE GOAL

- Top scores in employee satisfaction and engagement, leadership and team efficiency.

OUR STRENGTHS

- Our culture, high level of engagement among our employees, continuous learning and development, global working environment

GREATEST RISKS

- Failure to attract and recruit the right people and technical competence in a competitive market.
- Maintaining corporate culture during growth

GOING FORWARD

- Strengthen our employer branding.
- Empowering every individual and maintaining a continuous learning culture.

Status December 2019 ● = not started/far from achieved ● = on track ● = completed/achieved

SHARING THE SAME VALUES

In a growing, global business, maintaining a robust corporate culture is always a challenge. Even though we are growing at a fast pace, we want our employees to continue sharing the same values and goals. Our Code of Conduct provides guidance on how we should act in our relations with colleagues and business partners. Our corporate values: Quality First, Strong Relationships and Full Responsibility are our guiding principles in our daily work. To continue establishing our corporate values we offer our employees opportunities to share ideas and collaborate cross-border on a regular basis, for example via leadership programmes, training sessions and NCABs global employee conference.

It is important that we welcome and onboard our new employees in the best possible way. All new employees are invited to participate in a two-day NCAB Group Global Introduction, where the main focus is on team building, our values and the NCAB way of doing business. NCAB also encourages job rotation within the Group as it opens a way towards broadening cultural and intellectual exchange.

EVEN HIGHER SCORES IN THE EMPLOYEE ENGAGEMENT SURVEY 2019

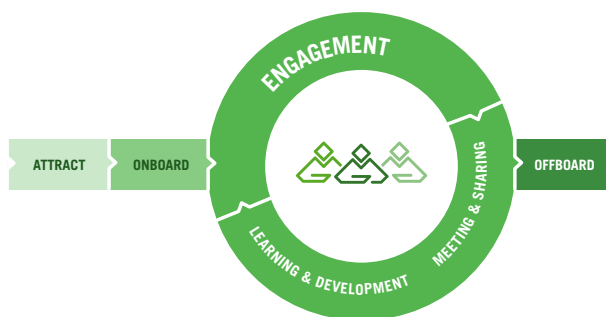
Our employee engagement survey returned even higher scores in 2019 compared to 2017. Indexes for Engagement 89 (87) and Team efficiency 84 (82) increased, whereas Leadership 86 (86) remained on the same high level. All three indexes and the Net Promoter Score (NPS) stood out well above the benchmark (see table). The response rate was very high, 98 %, which is another confirmation of high employee engagement. Our goal going forward is to keep up the high scores while continuing to strengthen our culture, values and goals. Our next employee engagement survey is scheduled for 2021.

LEARNING AND DEVELOPMENT – AN EVOLVING PROCESS

We are operating in a fast-developing industry and learning and development has to be a constantly evolving process. Training programmes are provided on a global level by and with our own skilled people, tailored to our company's wants and

needs. In November 2019, we released a new digital learning and development platform - NCAB Academy. The purpose of this new platform is to make it easier for all of our employees to continuously develop their competence and share knowledge with colleagues from different markets and countries. It includes digital courses, which are available to all employees in all locations. In combination with a mix of learning, NCAB Academy provides opportunities to increase learning experience by combining classroom activities with preparation and follow-up training sessions online.

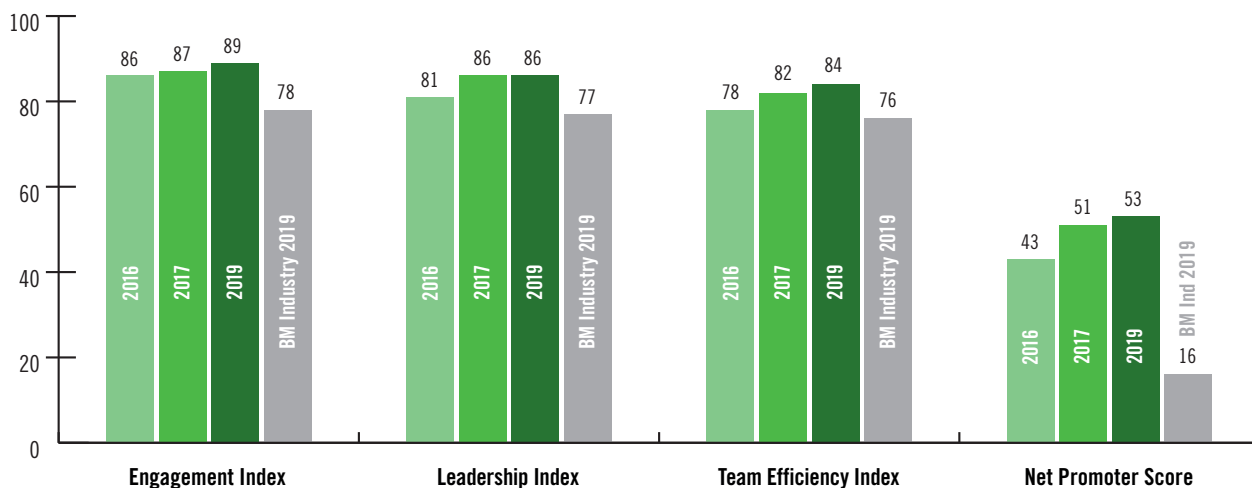
Our first online courses (4) were released in 2019 (Nov-Dec), focusing on sales and strategy. In 2019, we also hosted 7 different training occasions onsite in USA, Europe and China, and in total 119 employees attended. The main areas of training were onboarding, sales and leadership. There are also local initiatives on training, such as English, communication skills, VDA standard certification, IPC-A-600 certification.



Our employee life cycle, which is part of our People and Culture strategy.

PERSONAL DEVELOPMENT APPRAISALS

Our Personal Development Appraisal (PDA), containing an Individual Development Plan (IDP), is a critical strategic tool that contributes to increased commitment and motivated employees. Every manager holds yearly PDA meetings and follow-ups with his/her employees to discuss goals, motivation, work-life balance, leadership, development and our company values. In 2019, 90 % of employees had PDA-meetings with their managers.

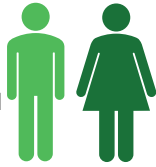


The results of our employee engagement surveys. The next survey will take place in 2021.

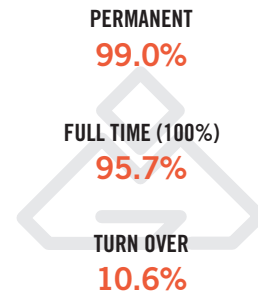
DIVERSITY

	AGE <30	30-50	>50
TOTAL	62	245	88
MD	0	10	7
MGMT TEAM	0	6	5
BOARD	0	2	5

TOTAL	214
MD	16
MGMT TEAM	8
BOARD	5



EMPLOYMENT



ATTRACTING THE RIGHT PEOPLE

We always work hard to recruit the right people. To be better at attracting people interested in working in a global value-based company we introduced a new recruitment tool improving our employer branding and communication.

We also continue to focus on recruitment via referrals and encourage our employees to recommend people who fit into the NCAB Way.

DIVERSITY AND INCLUSIVENESS

Diversity is important for NCAB Group. We have zero tolerance towards harassment or discrimination of any kind, whether we are talking about unequal opportunities, sexual harassment or bullying on the basis of ethnicity, religion, gender, sexual orientation, political opinion, age or disability.

To create greater awareness of our zero-tolerance policy towards discrimination, the topic was highlighted and discussed in various work meetings and programmes in 2019.

ANTI-CORRUPTION AND WHISTLE-BLOWER

As a global company, we are aware of the risk of corruption within

our value chain. Corruption aggravates poverty in the world, undermines democracy and protection of human rights, damages trade and reduces trust in societal institutions and the market economy. Consequently, it is vital to counteract any form of corruption.

NCAB Group's Code of Conduct is our guiding document wherever we do business, and it includes zero tolerance of corruption. Business ethics and anti-corruption are important topics that are always discussed with new employees at the Global Introduction days, led by our CEO.

In September 2019, we set up a whistle-blower hotline that can be used by our employees, customers and other stakeholders to report any irregularities that violate our Code of Conduct or laws. The service is provided by an external party, which means that stakeholders can send in their reports anonymously. Concerns are handled by the Group People & Culture Manager, and reported to the Group Management Team. Any proven violation will be addressed and subject to disciplinary action.

This year we abandoned negotiations with a potential supplier in the sourcing process, due to that supplier's attempt at bribery. This incident was reported internally by our own employees. No other incidents were reported to NCAB Group in 2019.

Boldness and Persistence

The NCAB Global Conference is a major investment in relationship building, inspiration and reaffirming our company culture and values. It provides a massive motivational boost, and unites us as a global company. Colleagues from all around the world come together in workshops and team-

building activities to take part in forming our future.

The theme of the conference 2019 was the Marathon, with the key words: boldness and persistence, focusing on what we, as a company, need to do to maintain our success long-term.



Give back day

In 2018, all employees were given one working day per year to spend on any non-profit activity of their choice – a Give Back Day. In 2019, we decided to continue this initiative.

We know that giving makes people happier, and we are convinced that this day is not only an opportunity for joy and

wellbeing, but also inspires us and others to give back to the society. Employees have the opportunity to support local charities, organisations, schools and events, or any other kind of voluntary work.



USA - Celine, Sanna, Steve and Chris in NHL helped to tackle plastic pollution in our oceans and spend the day cleaning beaches. In total they collected over 122 lbs / 55 kgs of waste.



China - On the World Autism Awareness Day (April 2nd), colleagues from our Factory Management Team, visited a Special School, to learn more about autism and cooperated to complete a series of game tasks together with the kids.



Italy - NCAB Italy organized a charity dinner for raising funds for the Cystic Fibrosis Association. Great and meaningful experience with families and friends collecting over 2800€.



Germany - Stefan and Sergej, Christin and Sabine spent a day helping out in a social second hand store, which provides jobs and training to people who have difficulties finding an employment on the primary labour market.



Customers from Finland and Estonia visiting one of our factories, as part of a Production Insight Trip hosted by NCAB Group Finland and our Factory Management team in China.

Together towards sustainable products

Working together with both customers and factories, we produce high quality PCBs in a sustainable way. Quality First is one of our values and it guides our everyday decisions. We are particularly proud that our customers value our approach for customer engagement and our PCB expertise.

LONG TERM GOAL

- Steer the sector in a green direction.

MEASURABLE GOAL

- Top scores in customer satisfaction including sustainability.
- Continuously reduce our environmental footprint.

OUR STRENGTHS

- Systematic work with sustainability and quality issues, close relationships and dialogue with customers and factories, PCB technology and manufacturing knowledge and experience.

GREATEST RISKS

- Environmental impact through transportation.

GOING FORWARD

- Continued quality work in the factories, and cooperation with customers for optimized design of the PCB to reduce environmental impact through reduced waste and resource use in production.
- Examine and assess transport flows and more actively offer different transportation alternative for reduced environmental impact.

Status December 2019 ● = not started/far from achieved ● = on track ● = completed/achieved

SUSTAINABLE PRODUCT DEVELOPMENT

Designs are constantly changing as the demands on the PCB continue evolve. Modern electronic products are today expected to offer more and more advanced functions, while the products themselves are becoming smaller and smaller. Moreover, there is no such thing as a standard printed circuit board. Each PCB is bespoke in a unique design which has been generated for a unique function specific for the product that it is built into. This requires both a robust design process so that we are able to produce PCBs that are fit for function and ready for market in the best possible time, at an attractive lowest total cost. In addition the production process has to ensure efficient use of resources such as energy, water and chemicals.

NCAB customers are responsible for the design of their PCBs. For each part number, an NCAB engineer will provide design support and reviews the product from a design for manufacture perspective (according to IPC standards and beyond). NCAB also offers customers the following support:

- [Design guidelines](#) to facilitate the design of products for serial production, which can be downloaded for free on our website.
- Answers to [frequently asked questions](#), available on our website.
- [Videos](#) and seminars that present ways of improving quality, reliability and cost through optimizing the designs.



NCAB's [design guidelines](#) for Multilayer, HDI, Flex / Rigid Flex and Semi-Flex boards are available for download on our website.

RIGHT PRODUCT IN RIGHT FACTORY

Once the PCB design is finalized, NCAB local offices select the factory best suited to the technical and commercial requirements of each specific customer product.

We have a well-defined process for identifying, evaluating and selecting potential new factories. We see them as long-term partners. We evaluate each factory's capability and approve the areas where we are convinced the factory will be able to deliver excellence, irrespective of what and how much the factory itself claims it can produce and deliver. Once the factory has passed our qualification process, it is included on our Preferred Supplier List (PSL). Initially we apply an added level of order management control until we have established that the performance during this probationary period has met expectations and the factory is wholly ready for full release. Even after the probationary period, we work very closely with the factories.

*Benchmark - average result among other companies using the survey.

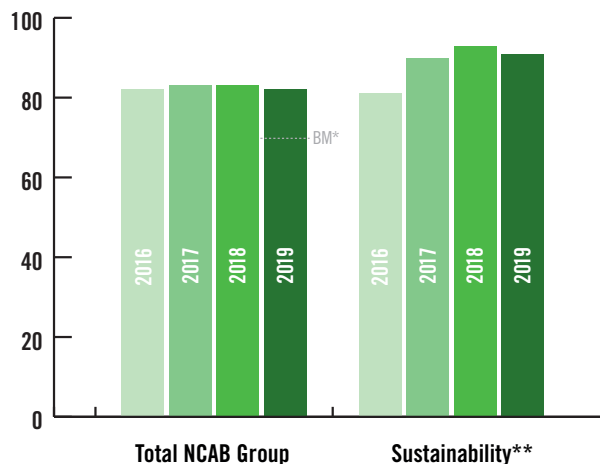
**No benchmark for Sustainability, as this is a specific NCAB question in the survey.

CUSTOMER SATISFACTION

Our continuous work with quality resulted, as in previous years, in top scores in customer satisfaction, including sustainability. We manage and follow-up customer satisfaction in close dialogue with our clients. At NCAB Group we strive to manage potential problems, such as unexpected delivery issues, before they occur. We are keen to share feedback from our customers internally, as well as with our factories and use it as input for continuous improvement.

Our customer survey for 2019, with over 1000 responses, shows that our greatest strength is our high level of service (high quality of quotes, easy to do business with NCAB, handling of delivery issues, technical expertise). Areas that received lower scores in the survey are related to our prototype offer, price and lead time requirements. In order to address these areas for improvement we plan activities at company level, which are followed up by management each month. Overall, we are very proud that customer satisfaction returned a score of 82, which is almost on target (83) and is significantly better than our benchmark 76. Our next customer satisfaction survey is scheduled for 2021.

CUSTOMER SATISFACTION INDEX



CONSTANT QUALITY IMPROVEMENTS

Quality management has been important to the NCAB Group for many years and is a key differentiator from our competitors. For many of our customers quality is of paramount importance given that their PCBs may be used, for example, in medical, aerospace or railways applications, where failure is not an option, as it can have severe consequences for humans and nature.

We continuously work to improve our processes and enhance on-site factory management including the related production control. When our production quality engineers work together with factory employees and continuously monitor activities and development on the various improvement projects, this improves our performance through preventing quality issues from arising during production. As part of our work in this area, all of our main factories are continuously evaluated through:

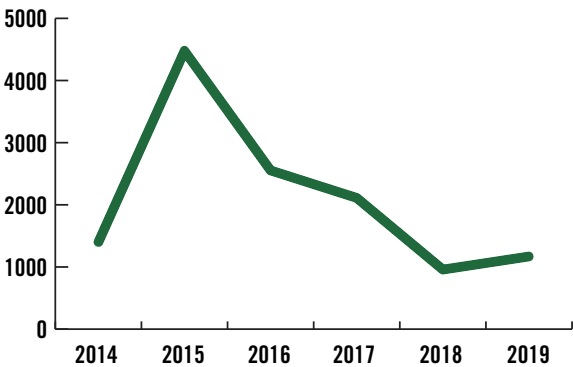
- Daily analysis of KPI data, analysis of physical products and laboratory analysis, daily on-site follow-ups relating to any issues identified, constant engineering activity evaluation and continuous monitoring of the NCAB order book at the factory.
- Monthly performance review meetings and reporting figures for quality performance, delivery performance and service level attributes and process audits.

- Annual full factory audits for both quality and engineering.
- Capability evaluation along with a review of how they fit within the NCAB PSL.
- Biennial sustainability audit.

The vast majority of our factories are located within a reasonable commute from our China factory management office, which helps to facilitate both effective communication, onsite proactive quality work, and rapid reaction to any issues that arise. Every local NCAB company also has personnel responsible for engineering and quality related aspects as this enables ownership and a better knowledge of customer demands. This allows us to secure the customers’ needs and act as their voice when dealing with any issues that may cause them disruption. This at the same time as enabling us to focus on delivering the factory performance necessary to meet the needs of the customer.

To measure our quality performance, we analyse not only quality in terms of claims but also in terms of defective parts per million (ppm) produced per factory. The total ratio of defective parts per million produced PCBs rose from a final figure of 958 in 2018 to 1169 in 2019. We are happy to see that last year’s issues were successfully resolved and that the majority of defects during 2019 were caused by just two single events. A corrective action report is drawn up for each complaint and implementation status is checked on a regular basis. We value and encourage internal knowledge sharing both related to challenges as well as best practice.

QUALITY STATISTICS - DEFECTIVE PARTS PER MILLION (PPM) PRODUCED



WASTE PREVENTION AND WASTE HANDLING

Even though we at NCAB Group may not be the design authority and don’t control the end-products – the electronic equipment which includes our PCBs – we do what we can to minimize waste, incorporated within the design and throughout the value chain. We want to ensure that our circuit boards are as reliable as they can be and that they last in the field. We engage with customers in an early stage, helping them to design products that are built upon optimised capabilities and at the same time are not unnecessarily complex – with the aim being to maximise factory output whilst minimising the risks of errors. This, in turn, helps to ensure that waste is minimized within the factories during production as well as during the expected working life time of the end product.

Waste prevention and waste handling are core topics during factory audits and whilst the boards are being processed we judge trends and performance of our factories through measuring and reporting upon monthly yields against factory

targets. We also comply with local waste laws and regulations, so that electronic waste may be recycled.

DEMAND FOR SHORT LEAD TIMES – A CLIMATE CHALLENGE

The major part of our CO₂ emissions arises from transportation when shipping products by air from Hong Kong to Europe and the USA. The partners we work with on the transportation side have ambitious targets to reduce their CO₂ emissions. 70% of shipments from Hong Kong are by air. Sea and rail transport are both cheaper and result in lower emissions, but due to customers’ demands for short lead times, they mainly choose the air alternative.

What we can do is to further improve communicating the environmental impact of the different alternatives to enable customers to make informed choices. In 2019, we saw a slight increase of goods transported by rail. In 2019, we continued looking into ways of improving logistics processes and efficiency, and examined different possibilities regarding our logistics offerings to our customers. However, this work has just started and we don’t have any new solutions in place as yet.

OUR CO₂e EMISSIONS

EMISSION	2017		2018		2019	
	t* CO ₂ e	kg CO ₂ e/kg GOODS	t* CO ₂ e	kg CO ₂ e/kg GOODS	t* CO ₂ e	kg CO ₂ e/kg GOODS
Air	11 535	5.90	11 666	5.49	10 484	6.41
Sea	264	0.48**	38	0.07	43	0.07
Rail	113	0.88	88	0.56	44	0.25
Total	11 913	4.52	11 792	4.16	10 570	4.42

Emissions from our transportation activities from Hong Kong to our warehouses in Europe and the USA. *t - tonne. **Uncertain result due to uncertainties in the emission data.

HOW WE AIM TO STEER THE SECTOR IN A GREEN DIRECTION

To create awareness, and to achieve change towards more sustainable and green products and production, we communicate this topic through many different channels, sharing our expertise in PCBs to steer the sector in a green direction.

In 2019, we hosted 152 technical seminars, 9 sustainability seminars, had 137 customers from 67 companies and 128 colleagues visiting our factories. Other examples are our Fresh PCB Concept, which is a team of three US-based Field Application Engineers who produce a monthly column published in digital industry publications. They cover a range of PCB topics, from highly technical to design tips, to business-related solutions. Our engineers in Sweden were involved in creating a handbook for “smarter electronics” focusing on improving quality of manufacturing and documentation (in Swedish: Smartare Elektronik-handboken), initiated by the Swedish Electronics Trade Association. We continued communicating through newsletters, social media channels and keeping our website updated with more information on sustainable business and design guidelines.

Together with our customers and production partners we reduce the environmental impact of the supply chain through optimized design for manufacturing, and product quality, as well as reducing scrap, use of materials, chemicals and energy, both during PCB production and their actual usage.



Our newest company (2019), located in the Netherlands, recently hosted their first technical seminar. Ingrid De Leeuw, MD NCAB Group Benelux together with Steve Shipway, Technical Manager NCAB Group UK, welcomed engineers to learn more about miniaturization of the PCB including PCB design guidelines.



Alexander Puzirev, CAM Engineer NCAB Group Russia, held a presentation at Stack Up Forum in Moscow, attended by PCB designers from across Russia. The presentation created great interest.



When participating in fairs, we communicate our focus on high reliability PCBs and sustainability, and the value we can add to the customer's business. NCAB Group China exhibited at Electronica in Shanghai.



Through transparency and sharing our knowledge of PCB production we aim to create awareness of the opportunities and challenges that PCB design and production can offer. Here customers and colleagues from Sweden are being shown around one of our factories in China by Kenneth Jonsson, Technical Manager NCAB Group Sweden.

GRI content index

The following GRI content index will help you navigate through the report. You will find more information about GRI on www.globalreporting.org.

DISCLOSURE	DESCRIPTION	PAGE/COMMENT
GRI 102 (2016) GENERAL DISCLOSURES		
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	Front page. Registered company name NCAB Group AB (publ).
102-2	Activities, brands, products, and services	4-5
102-3	Location of headquarters	4, Back page
102-4	Location of operations	4-5
102-5	Ownership and legal form	See bottom of page *
102-6	Markets served	4-5
102-7	Scale of the organization	4-5
102-8	Information on employees and other workers	20
102-9	Supply chain	13
102-10	Significant changes to the organization and its supply chain	4-5
102-11	Precautionary Principle or approach	13
102-12	External initiatives	11, 13, 26
102-13	Memberships of associations	IPC, local trade organizations
STRATEGY		
102-14	Statement from senior decision-maker	6-7
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behaviour	4, 19
GOVERNANCE		
102-18	Governance structure	4-5, 11
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	10
102-41	Collective bargaining agreements	0 % among employees
102-42	Identifying and selecting stakeholders	10-11
102-43	Approach to stakeholder engagement	10-11
102-44	Key topics and concerns raised	10-11, 19, 23
DISCLOSURE	DESCRIPTION	PAGE/COMMENT
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	NCAB Group AB (publ) and subsidiaries included both in financial statements and Sustainability report
102-46	Defining report content and topic boundaries	10-11
102-47	List of material topics	10-11
102-48	Restatements of information	No restatements

* NCAB Group AB (publ), org.no: 556733-0161, was listed on Nasdaq Stockholm on 5 June 2018. The number of shareholders in NCAB as of December 31, 2019 was 1463 according to Euroclear Sweden AB. NCAB's ten largest owners held shares corresponding to 65.4% of both votes and capital in the company. Foreign ownership amounted to approximately 22.1% as of December 31, 2019.

102-49	Changes in reporting	No changes
102-50	Reporting period	3
102-51	Date of most recent report	3
102-52	Reporting cycle	3
102-53	Contact point for questions regarding the report	3
102-54	Claims of reporting in accordance with the GRI standards	3
102-55	GRI content index	26-27
102-56	External assurance	Not externally assured.
TOPIC-SPECIFIC DISCLOSURES		
205 103-1, 2, 3	ANTI-CORRUPTION (2016)	12-17, 20
205-2	Communication and training on anti-corruption policies and procedures	20
205-3	Confirmed incidents of corruption and actions taken	20
305 103-1, 2, 3	EMISSIONS TO AIR (2016)	24-25
305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	24
305-4	Greenhouse gas (GHG) emissions intensity	24
308 103-1, 2, 3	SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)	12-17
308-1	Percentage of new suppliers that were screened using environmental criteria	13
308-2	Negative environmental impacts in the supply chain and actions taken	12-17
404 103-1, 2, 3	TRAINING AND EDUCATION (2016)	18-19
404-3	Percentage of employees receiving regular performance and career development reviews	19
405 103-1, 2, 3	DIVERSITY AND EQUAL OPPORTUNITY (2016)	20
405-1	Diversity of governance bodies and employees	5, 20
414 103-1, 2, 3	SUPPLIER SOCIAL ASSESSMENT (2016)	12-17
414-1	Percentage of new suppliers that were screened using social criteria	13
414-2	Negative social impacts in the supply chain and actions taken	12-17
103-1, 2, 3	QUALITY	22-24
NCAB Group disclosure	Sustainable product development and quality assurance	22-24
103-1, 2, 3	CONFLICT MINERALS	13
NCAB Group disclosure	Work for conflict mineral-free supply chain	13

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in NCAB Group AB (publ), corporate identity number 556733-0161.

ENGAGEMENT AND RESPONSIBILITY

It is the board of directors who is responsible for the statutory sustainability report for the year 2019 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally ac-


cepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

OPINION

A statutory sustainability report has been prepared.

Stockholm, 8 April 2020

ÖHRLINGS PRICEWATERHOUSECOOPERS AB
Johan Engstam
Authorised Public Accountant



High quality performance reduces the environmental footprint; less scrap means less wasted material and less energy, water and chemicals used in the supply chain. We work closely with our production partners to maintain and improve their quality and sustainability performance. We see here Wendy Liu, QA Manager, NCAB China Factory Management, inspecting the materials warehouse and management, as part of our quality audit on site at one of the factories.

NCAB GROUP

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BENELUX CHINA DENMARK FINLAND FRANCE GERMANY ITALY MALAYSIA NORTH MACEDONIA
NORWAY POLAND RUSSIA SPAIN SWEDEN UNITED KINGDOM USA