

A large, light grey decorative graphic consisting of three vertical, downward-pointing arrow-like shapes of varying widths, positioned in the top left corner of the page.

#42014

INFOCUS:



Sustainable business

- A winning formula for the future



Even though the environmental impact is lower, and it's less expensive to ship by boat, most of our long distance transports are by air, due to shorter lead-times.

By taking a firm and comprehensive grip on its sustainability work, the NCAB Group is declaring its intention to assume responsibility for the social and environmental consequences of its operations. It also encompasses a desire to hand over a healthy world to future generations, but NCAB's management also maintains that it is good for business.

In the autumn of 2013, NCAB decided to invest seriously in its sustainability work. "Sustainable business involves building up one's operations in a way that combines successful business with social and environmental responsibility. It's a prerequisite for survival in the longer term," says Anna Lothsson, Strategic Purchasing Manager at NCAB and the person in charge of the group's sustainability work.

Caring about environmental and social sustainability alongside the financial aspects is not new to NCAB. The company certified its management system according to ISO 14001 in 2003 and applies the same certification in its work with its factories. In 2009, a code of conduct was introduced that applies both to the NCAB Group and its factories. This was followed up in 2011, when the CSR (Corporate Social Responsibility) factory audits started to be implemented; these audits monitoring on-site that the code of conduct was being applied and fulfilled.

"Sustainable business involves building up one's operations in a way that combines successful business with social and environmental responsibility."

ANNA LOTHSSON, STRATEGIC PURCHASING MANAGER, NCAB GROUP



"Now we have, at management and board level, decided to shape an approach where we can handle sustainability as a whole and not on a case by case basis. We want this to permeate every aspect of the company's activities," says Anna Lothsson.

STEADILY INCREASING MARKET DEMANDS

NCAB Group Chairman and co-owner, Christian Salamon, explains that it is of course easy to feel motivated from a personal perspective to take part in sustainability efforts towards achieving global sustain-

ability, but points out that such efforts are also appropriate from a purely business perspective.

"From the end-user to manufacturers, the market is putting increasingly higher demands on the way products are made. It is therefore encouraging to see that on this issue, ethics and business go hand in hand. So, by delivering quality products that our customers can stand behind in terms of social and environmental sustainability, NCAB is building a competitive advantage for themselves," he says and continues: "We are a world leader when it comes to the products and services we deliver and we're also taking leadership in sustainability. We are well positioned to do that, given our size and position within the industry. Some customers make no secret that they want to see us take the lead on the sustainability front, while others, at this time, are merely expressing appreciation and interest in how we are tackling the issue. Whatever way you look at it, by focusing on it now, we make sure we are one step ahead."

NCAB Group CEO Hans Ståhl is at one with this: "We are the first off the starting block among enterprises of our size and calibre.

CURRENT FOCUS AREAS FOR NCAB'S SUSTAINABILITY WORK

- > Working conditions in factories
- > Chemicals in the manufacturing process
- > Anti-Corruption
- > Employee Satisfaction
- > Diversity / Equal opportunities
- > Transport / CO2 emissions
- > Customer satisfaction and cooperation on issues of sustainability
- > Sustainable product development

"We are a world leader when it comes to the products and services we deliver and we're also going to be a leader with regard to sustainability."

**CHRISTIAN SALAMON,
CHAIRMAN OF THE BOARD, NCAB GROUP**



I'd say this could give us what I'd describe as 'time monopoly'. Clearly, sustainability is an area that's really in touch with the times and can generate a great deal of market appeal. When we are out describing what we are doing to customers, there is no mistaking their interest. Moreover, broadening our horizons this way and taking a greener agenda on board is a real challenge. The sustainability factor is also very important for the company as a recruiting tool and a way of attracting the best people." Hans says.

ENVIRONMENT ON THE AGENDA SINCE A LONG TIME BACK

The environmental aspect is vital, given that PCB manufacturing involves processes which utilise large amounts of water, chemicals and minerals. As a result, it is not surprising that the environmental impact of PCB production has been a discussion point for a lengthy period of time.

Hans Ståhl started in this industry back in the early 90s and recalls that even at that time it was important to keep track of emissions. "No customers want to be associated with polluters," he says, and adds: "Chinese regulatory authorities are by no means lax on issues such as these, so to manage this in a good way is absolutely crucial."

Hans Ståhl also emphasizes the importance of transparency: "It is important to talk about what you are doing. Sustainability is not the sort of task that you can say is finished or ever really completed, but it is important to be open about how you are tackling it. That's the only way you can really get things done."

Christian Salamon mentions another important aspect: "Whether

we're talking environmental or social responsibility, we cannot be content with just setting goals. We need to build an effective process to find out how these goals are met, a process that also allows our customers to verify what we do. What we deliver may only be a small building block in their end product, but it's crucial they are completely comfortable with all aspects of that building block. This is not easy to achieve; it requires a good deal of effort and resources, but it is precisely what generates the kind of added value that attracts customers." concludes Christian Salamon.

ISO 26000 AS A FRAMEWORK

NCAB has chosen to transform the rhetoric and ambitions into concrete action by using the ISO 26000 standard, Guidance on Social Responsibility, as a framework. It is not yet possible to be certified under this standard, but in some countries, including Sweden, companies can issue a self-declaration that they will adhere to it. This declaration is then reviewed and approved by a certification body, in NCAB's case, the Technical Research Institute of Sweden (SP). The areas covered by the standard are organizational governance, human rights, labour practices, the environment, fair operating practices, consumer/customer issues, as well as community involvement and development.

"The sustainability factor is also very important for the company as a recruiting tool and a way of attracting the best people."

HANS STÅHL, CEO, NCAB GROUP

"By implementing ISO 26000, we ensure that these issues become a natural part of our daily work and are absorbed into our management system," says Anna Lothsson. "Since we ourselves do not possess all the necessary skills, we have brought in the consulting firm Trossa, who will also help us to produce our first sustainability report."

The consultants have carried out a detailed study of the company and made an assessment of the current situation, in which they have looked at questions such as to what degree NCAB Group is applying the ISO 26000 guidelines and what could be improved and how? The process includes examining the priorities of key stakeholder groups who are in various ways affected by NCAB's operations



NCAB Group values have been developed jointly by all personnel. This simplifies responsibility-taking at all levels and gives us an efficient way of working, we do not need to develop new processes when common routines exist. At the picture Anna Lothsson, NCAB Group, Rikard Wallin, NCAB Group Sweden and Martin Magnusson, NCAB Group.

and who are important to the company's development - customers, factories, owners, employees etc.

"The result of the analysis forms the basis of our sustainability strategy, the objectives and the activities that we have established. It helps us to prioritize and find the right focus for sustainability work, which in turn helps us determine what level of ambition to apply in different areas and the amount and type of resources to be allocated," says Anna Lothsson, also emphasizing that "it's important we don't build our strategy just on what we personally think is right, without knowing why we do what we're doing."

DEMANDS ALREADY BEING MADE

Environmental issues are, as mentioned earlier, important factors in PCB manufacturing. It is satisfying to note that the NCAB Group has already made major contributions towards a resource-efficient and thus less polluting production process. Obviously, less wastage will be one result of the company's strong focus on improving quality and on helping customers to produce a PCB design that is optimized for factory production from the outset.

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ANNA LOTHSSON, STRATEGIC PURCHASING MANAGER, NCAB GROUP

Another important area of focus with regard to the factories is ensuring good working conditions. NCAB already places demands on the factories they work with, which cover both environmental and social responsibility issues. With the emphasis the company is now placing on sustainability, the improvement work in those areas will now be further intensified. This will include a greater focus on those issues in the sourcing process as well as follow-up audits on site in the factories. Transportation is another important issue to address. Today, PCB consignments from China are almost exclusively transported by air, which produces significant carbon emissions. One of NCAB's priorities is to be able to better measure and monitor emissions related to transportation and they are, together with customers and transport partners, looking at ways of cutting these emissions.

Two other important areas are combating all forms of corruption, an integral part of NCAB's Code of Conduct, as well as working towards creating equal opportunities for all, regardless of factors such as gender, ethnicity or age, for example in recruitment. The emphasis for NCAB employees should always be to achieve a good balance between work and personal life.

Anna Lothsson is very happy about the comprehensive approach NCAB is adopting: "It feels good to define clear priorities for our sustainable development in line with our strategy. One thing that is truly great is how well sustainable thinking fits in with our corporate values of 'full responsibility'. Seeing how it includes social, environmental and ethical responsibility, makes it very attractive." Anna concludes.

SUSTAINABILITY REPORTING REFLECTS THE CURRENT POSITION

NCAB Group is also producing a sustainability report for 2014, according to the international GRI standard (Global Reporting Initiative). This document reflects the current situation leading up to the upcoming improvements, which readers will be able to monitor year by year in future reports.

"The sustainability report is our way of showing what we have already achieved and where we are heading," says Anna Lothsson and conti-

nues: "The idea is to clearly communicate what we're working on and why, to customers, factories, other partners and not least, internally. We report our long term goals, measurable objectives and describe NCAB's challenges and opportunities when it comes to sustainability."

Hans Ståhl, for his part, is convinced that NCAB's sustainability work will start bearing fruit sooner rather than later:

"I know that this will benefit our business, as well as that of our customers". Customers appreciate our efforts and I believe that our investments in this work have already begun to pay off." Hans concludes.

NCAB GROUP AND SUSTAINABILITY

PRINCIPLES

- Ensure that sustainability initiatives have the support of the board and management, and that they are part of their agenda.
- Dare to take hold of it properly and allocate resources.
- Dare to communicate, both internally and externally, where we stand today, risks and opportunities.
- Integrate sustainability into the business and in decision-making.
- Find a suitable framework to work with (ISO 26000).
- Develop a strategy for guidance and prioritization of sustainability issues built on dialogue with stakeholders.
- Where do we stand today in the focus areas? Start assessing, and setting measurable goals based on the assessed results.
- Engage external expertise if necessary, but own the issue internally.
- Consider what kind of company we want to be. Remember that we want to be attractive to customers, partners and employees.

HISTORY

- Environmental policy since 2002.
- Certified according to ISO 14001 since 2003.
- Work with ISO 14001 certified factories, basic requirements since 2007. Annual monitoring through own audits.
- Adopted a code of conduct for the NCAB Group and our factories in 2009.
- Implemented CSR audits in the factories since 2011.
- Provides design support for optimized manufacturability, which among other things, minimizes material usage and reduces waste in manufacturing.
- Follow the regulations governing ROHS, REACH and conflict-free minerals.
- Communicates about CSR to customers through various channels (seminars, newsletters, websites, blogs).
- Works in accordance with ISO 26000 as of 2014.
- Implements strategies, objectives and activities for sustainable development in 2014.
- First Sustainability Report 2014.

Sustainability, our - as well as our politicians' bad conscience

HANS STÄHL
CEO NCAB GROUP



There is much talk about sustainability today, which is good. Implementing it is unfortunately a slow process, which I think is due to it being often hard to see the relevance of the activities that are talked about most. The really significant measures, those that could really do a lot of good, often fall behind the shadow of minor things, with more populist appeal. Politicians tend to focus on issues that can win votes at an election.

I think that the debate would become more faceted if one focused on persuading all businesses to adopt a sustainability scheme, such as ISO 26000. This would, more than likely, lead to the biggest problems moving to center stage, which would, in turn enable real improvements to be achieved. The measures taken would be less arbitrary and considerably speed up sustainability efforts.

The fact that this issue generates a bad conscience among people becomes clear to me on my visits to customers around the world. Many buyers experience anxiety for failing to have done anything about it, and often I hear EMS companies say "Sure heck, our customers have talked about it, but we haven't had the energy to do anything."

I think that everyone talking about it, together with a bad conscience, is a good start. It means that we'll see action just around the corner. At NCAB, we will make sure to focus our sustainability efforts on the things that matter most and have the biggest impact. This, by producing a detailed sustainability report which will serve as our benchmark in the work ahead. In this way, we will avoid empty, symbolic gestures and hopefully make a real difference.



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 circuitboards! » [Twitter](#) » [LinkedIn](#) » [Blog](#)

Download the NCAB Group Code of Conduct at our website:

» [NCAB Group Code of Conduct](#)

Subjects we have covered earlier

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

» High-tech PCBs

2014 10 07 | NEWSLETTER 3 2014

» Looking ahead with NCAB's Market Watch

2014 05 30 | NEWSLETTER 2 2014

» NCAB Group Production Insight Trips

2014 02 14 | NEWSLETTER 1 2014

» The Components Industry

2013 11 18 | NEWSLETTER 4 2013

» High product mix

2013 09 24 | NEWSLETTER 3 2013

» Prototype manufacturing

2013 06 11 | NEWSLETTER 2 2013

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.

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