



# SUSTAINABILITY REPORT 2022

CEJN AB



## Table of Contents:

Introduction .....	3
Sustainability .....	3
A few words from Marcus Allerbjær, CEO CEJN AB.....	3
Environment – one of our core values.....	7
Our environmental aspects .....	7
Overall targets in 2022 .....	7
Target fulfilment 2022 .....	8
Environmental impact of our products .....	8
Our energy use.....	8
Waste management .....	9
Transportation .....	9
Use of chemicals .....	10
Raw materials.....	10
Emissions to soil, water and air .....	10
Carbon dioxide emissions .....	11
The areas we have identified where we can contribute most to reducing carbon dioxide emissions:.....	11
Activities within our identified areas: .....	11
Sustainability in the supply chain.....	11
Our environmental requirements for external suppliers are as follows:.....	12
Our environmental requirements and assessment/audit programme have the following objectives and scope: .....	12
The specific areas of activity that we continuously assess among our suppliers include:.....	12
Quality.....	13
Risk Management.....	13
Social conditions and personnel.....	15
Health & Safety.....	16
Work environment.....	16
Job modification .....	16
Job descriptions and allocation of work environment tasks .....	16
Crisis management .....	17
Measures against discrimination and victimisation.....	17
Applications of labour law safety regulations .....	17
Employment contract, working hours and remuneration .....	17
Freedom of association and collective bargaining .....	17
Responsibility of managers and employees.....	17
Whistleblowing incidents.....	17
Respect for human rights .....	18
Anti-corruption.....	18
Policy documents.....	19
CEJN Code of Conduct .....	19
Environmental policy .....	20

## Introduction

CEJN has been producing high-quality and innovative quick connect couplings since we launched our first patented coupling for compressed air in 1955. CEJN is a family-owned global company with its head office in Skövde, Sweden. We supply quick connect coupling solutions for compressed air, high-pressure hydraulics, breathing air, hydraulic oil and other fluids to virtually every industry. Our main manufacturing facilities are located in Skövde and Lönsboda. At CEJN, we work with five core values: Safety, Environment, Quality, Innovation and Performance. These core values are our cornerstones and define who we are, how we work, what we believe in and what we stand for.

This statutory sustainability report covers all companies in the CEJN AB Group.

The Group consists of parent company CEJN AB and subsidiaries CEJN Norden AB (with subsidiary company CEJN Danmark ApS), CEJN Iberica S.L, Spain, SAS C.E.J.N. France, CEJN AG, Switzerland and CEJN UK Limited, United Kingdom.

This Sustainability Report concerns the same period as our Annual Report, i.e. the 2022 financial year.

## Sustainability

A few words from Marcus Allerbjerg, CEO CEJN AB

CEJN always thinks and acts from a long-term perspective. Carl Nyberg, the founder of CEJN, laid the foundation for this mindset through his leadership, actions and flair for designing products. The objective has always been to provide our customers with the best long-term solution – high-performance, easy-to-use, resource-efficient and long-lasting products.

“Every product should be inspected before delivery” was the direction of travel from day one. Quality is our watchword, and we work according to the “Right from Me” principle in our efforts to achieve zero faults and thus ensure satisfied customers at all times.

Carl was adamant that “We must always have good stuff.” Consideration, safety and careful choice of equipment also define our products and business. We continue to honour Carl’s way of caring for our personnel in terms of leadership, consideration, delegated responsibility and team spirit. CEJN should be a safe and stimulating place to work and develop professionally and personally. We also take health, safety and the environment very seriously at CEJN.

Since we have a high level of in-house processing with many internal processes, we are well aware of the importance of safe and easy-to-use products. Safety and security features are integrated into our product design from the start to give our customers the best alternative and help them to ensure a safe working environment. We are not merely selling a product, but providing a value-adding solution containing skills enhancement and increased safety awareness among our customers.

We are borrowing this planet from our children. Through the highest possible product performance, the customer achieves better results with lower energy requirements and reduced environmental impact. In our own processes, we mainly use renewable energy sources, in parallel with concerted efforts to choose environmentally friendly alternatives.

Proximity to the customer is one of the cornerstones of CEJN’s business, and we solve this through wholly-owned sales companies with local management. Central marketing, strategies and policies are transferred to all sales companies so that, regardless of market, the customer meets “One CEJN”, but combined with a local touch and character. This is not only to comply with local statutory and regulatory provisions, but also to provide the customer with local service and support.

We proudly look back at our history and, with our core values, commitment and team spirit, we take on the future with great confidence, where each and every employee is an important carrier of the CEJN brand.

During the pandemic, we started work on a new vision and strategy. This was launched in the Group in mid-2022 and highlights sustainability as part of our DNA. In the strategy, we present how we are tackling the challenges ahead, with a focus on People, Planet and Profit.

- People – where the key to our success lies in our proud employees and their well-being in a respectful and safe workplace.
- Planet – where our safe product solutions offer spill-free operation, the longest possible service life and the highest energy efficiency.
- Profit – where our product solutions help our customers achieve higher efficiency in their processes and together we build long-term profitability with high business ethics.

All our vision and strategy work resulted in a new tag line: “Your choice for sustainable quick connect solutions”, which will be our guiding principle in the coming years.

All underlying strategic activities are in line with our vision and our goal is to increase customer value, increase market share, increase competitiveness and increase our predictability. This will be done by weaving keywords, such as digitisation, curiosity, world-leading, innovation and sustainability, into our work.

CEJN is a family-owned company in the third generation. The owners' objective is to develop the CEJN Group with continued growth and profitability, and make it attractive for the next generations to take over ownership and continue to run CEJN as a family-owned group of companies.

Since the late 1960s, CEJN has been a world leader in high-pressure hydraulics with couplings, hoses and accessories. We continue to develop new products in this field, while also educating our customers in an increased safety mindset for a better and safer working environment. Via our sales companies, we are always close to the customer and can offer customer-unique hose kits in the product area, which are delivered in the most efficient way. Each hose kit has its unique CIS (CEJN Identification System) marking chip, where all manufacturing and test data is stored and available for identification and updating on retesting.

CEJN is a global leader in the field of compressed air. Efficiency, safety and a long service life have always defined our couplings, hoses, blow guns, hose reels and accessories. In 2013, CEJN set a new standard in the compressed air coupling market with the launch of eSafe, where ergonomics, energy efficiency and economy are added value for the customer. Following close on the heels of this success comes a new generation of hose reels, where we continue to add value for our customers in the same beneficial way. In parallel with these product launches, as well as historically through our global presence in the manufacturing industry, we have been able to educate and inform our end-customers about the sustainable benefits of compressed air economy, safety and ergonomics. In 2022, with soaring energy prices and a sometimes vulnerable power system, we were extra focused on providing information and training in energy efficiency, where we can all contribute to lower energy consumption through quite simple measures in the customer's compressed air system.

CEJN is continuing its journey towards a world-leading position with innovative coupling solutions for industrial automation, with a focus on uptime, cost-efficiency and increased environmental awareness for our industrial customers.

Achieving climate targets with a maximum average temperature rise of 2°C is probably one of the world's greatest challenges, where lower emissions of greenhouse gases, more renewable energy and better energy efficiency across the board are controlling the agenda. Rapidly increasing digitisation, with the Internet, social media, AI, Industry 4.0, Big Data and so on, requires more server capacity and storage space. Approximately 2% of the world's electricity generation is currently used to run all the data centres in the world, and approximately 50% is used solely for cooling, and the trend for new data centres is rising sharply. Liquid cooling of electronics is a more energy-efficient method and CEJN is involved in developing high-performance coupling solutions, ultraFLOW specifically for data centres, but also for other types of electronics cooling. The use of AI is increasing explosively, which means a significant expansion of data centres. CEJN is helping to provide valuable knowledge for the standardisation of effective cooling solutions for these data centres. For a couple of years now, CEJN has also been expanding its operations to include the wind power industry, where our products are part of new, more powerful wind turbines with a higher capacity. (Source: [www.energy.gov](http://www.energy.gov)).

In the hydraulic industry, CEJN is eager to seek out more demanding hydraulic applications, where we know we can make a difference. Higher availability/uptime, alongside increased cleanliness and environmental requirements, reflect current and future specifications. Our existing and future leak-free/spill-free CEJN product ranges are focused not only on extending the lifetime of components and hoses but also result in lower energy consumption and increased environmental benefits for the customer. This industry is also undergoing rapid electrification with battery operation, where CEJN is contributing product solutions and knowledge for efficient cooling solutions.

Digitisation underpins all CEJN's product development and operations. The future is all about more efficient logistics – a win-win for our customers and the environment. The customer will experience an even greater presence via our digital marketing and services, but, as always, with a local and personal touch. Our competitors, combined with the fact that we constantly expose our own products and processes to competition, help CEJN to develop positively going forward. With customer needs, business intelligence and risk management as input, CEJN will be launching more smart products with a higher level of technology to provide customers and the world around us with the necessary added value that is currently in demand and may be demanded in the future.

The trend for fewer physical meetings and reduced travel will largely continue, alongside continued increased digitisation and a greater focus on sustainability. CEJN is well ahead in digitisation, but will increase the rate of digitisation in the coming years in all business areas, in order to increase sustainability and competitiveness. Our marketing and product development continue to focus on sustainable applications, and market segments in which CEJN's expertise and product solutions make a positive contribution.

CEJN is now preparing new logistics solutions with more direct deliveries to European direct customers, where the focus is on consolidation and a higher fill rate. Our CO2 target is linked to our transportation and we are working closely with an operator that aims to be completely fossil-free by 2050. Other areas are constantly

reducing our rejects, where we strive to achieve the target of 0.9%. We also have an ongoing programme for phasing out lead and replacing it with lead-free material as far as this is technically and economically feasible. The target for 2022 was a lead percentage of 0.45% and the outcome was 0.56%.

**Business concept:**

CEJN is a leading global niche company with a local presence, which provides innovative quick connect coupling solutions, and adds value and increased productivity to the customer's applications and processes.

CEJN manufactures products of the highest quality, with a focus on performance, safety and the environment. We ensure this via our in-house product development and manufacturing, and we work ceaselessly to improve our processes, technologies and products.

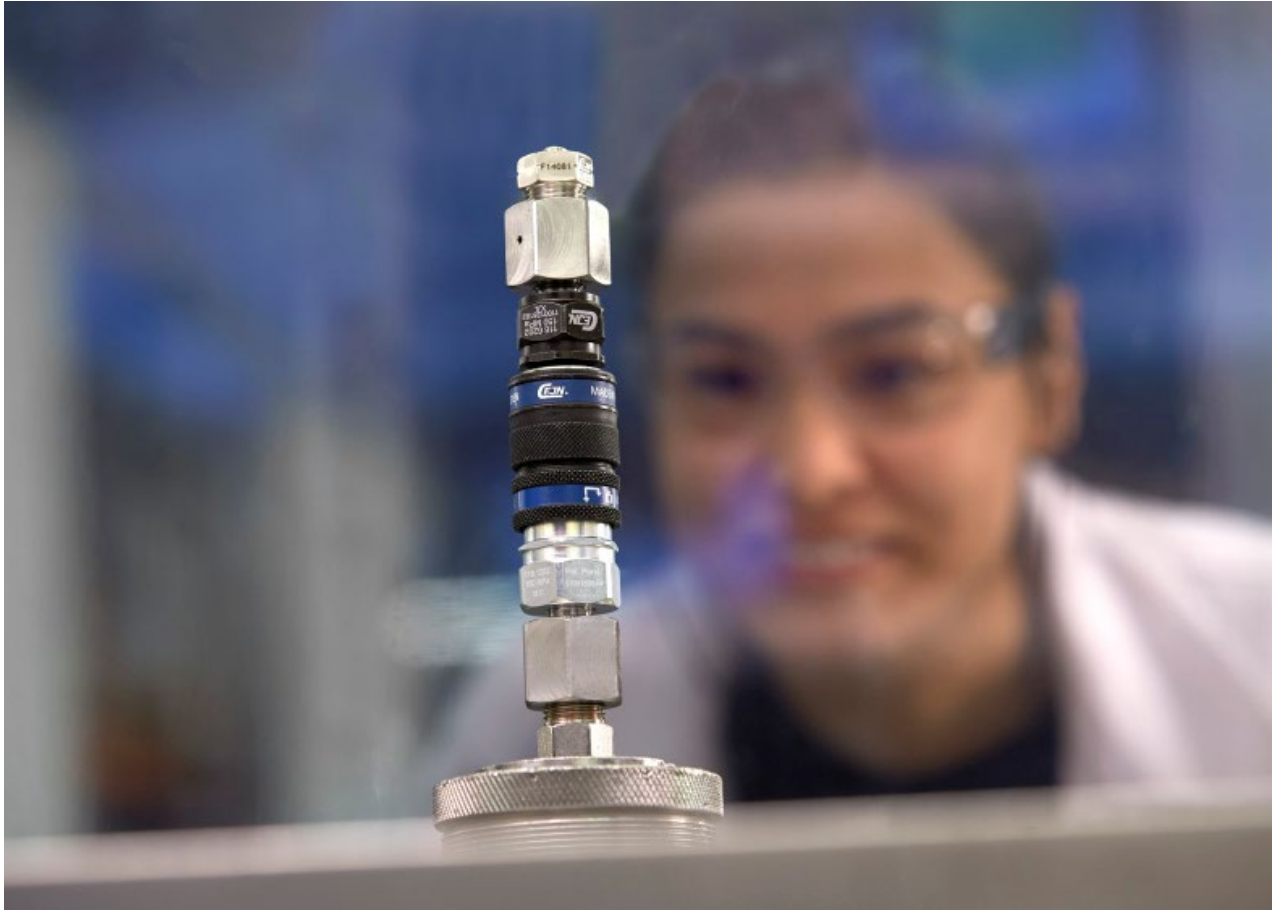
CEJN is an independent Swedish-owned family business founded in 1955. CEJN takes great responsibility for its customers, employees and the environment.

**Core values:**

At CEJN, we work with our five core values:

- Safety
- Environment
- Quality
- Innovation
- Performance

These are the cornerstones that define who we are, how we work, what we believe in and what we stand for.





## Industrial plant saves over €40,000 per year after optimising its compressed air system with CEJN products



How much does leakage in the compressed air system actually cost? For the industrial plants at the Hägglunds site in Örnsköldsvik, Sweden, which are owned by NP3 Fastigheter AB, it turned out to be too much. After measuring and locating the leaks in their 35,000 square metre production area, they replaced all the couplings and hoses with CEJN eSafe and Stream-Line. This replacement has saved them over €40,000 per year.

With sky-high energy prices due to multiple global causes, more and more people are realising the value and importance of an optimised compressed air system. Magnus Lundberg, Facility and Technical Manager at the Hägglunds site, understood this as long ago as 2015, when he let LMS Nordic evaluate and discover leaks in the compressed air system. And they found leaks. “By measuring the compressors and machines, we collected data that showed the operating conditions during evenings, nights and weekends,” Magnus Lundberg says and continues, “We immediately saw that we had a lot of leaks from the couplings and hoses in the system, which was costing us a lot of money.”

75% of the leakage comes solely from supply line components. “Using low-quality couplings and hoses is a cheap and short-term solution to a larger problem,” says Daniel Winkler, Senior Adviser and former CEO of LMS Nordic. “Installing high-quality components from the start saves you a lot of money and ensures a safe working environment for the operators,” he adds.

### **Exceeds the theory**

After the leakage was detected, LMS Nordic suggested that all components should be replaced with CEJN eSafe quick connect couplings and Stream-Line hoses. “What I know about CEJN and their experience of quick coupling technology made the choice of supplier very easy,” says Daniel Winkler. “I would never recommend something I don’t personally believe in,” he continues.

Hägglunds invested about €30,000 in switching all couplings and hoses to CEJN in their compressed air system. “We saw it as a necessity to completely exchange the existing equipment for CEJN quick couplings and hoses,” Magnus Lundberg says. The system covers a production area of 35,000 square metres and the investment paid for itself in less than a year.

The energy consumption of the plant prior to the installation of CEJN products was more than 814,000 kWh per year. After the installation, this figure was down to 288,000 kWh per year. “The transition to CEJN has exceeded all expectations, since we’re saving as much as 520,000 kWh every year,” Magnus Lundberg says. “Since we’re paying €0.08 per kWh, this means a saving of more than €40,000 per year, and with current energy prices that saving could double,” he concludes. After the installation, they were also able to reduce the size of one of their compressors by half.

### **Better working environment**

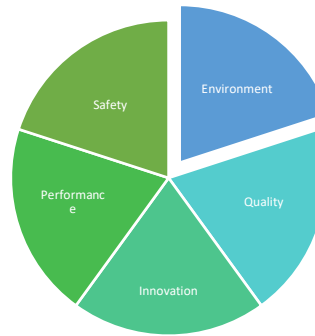
In addition to the enormous savings, the replacement of couplings and hoses resulted in a safer and more efficient working environment. The eSafe quick coupling is designed with one of the lowest pressure drops on the market and has a built-in ventilated safety feature that eliminates dangerous hose swirl effects. “After the change, the overall performance has increased, the operators have safer products to work with and the noise level in the plant has been significantly reduced,” Magnus Lundberg says.

Not having an optimised compressed air system is a global problem. Over 30% of all produced compressed air is produced to compensate for all the leaks. That’s obviously not sustainable. According to Daniel Winkler, this is due to a lack of knowledge. “There’s a mindset – if you can’t see the problem then there is no problem,” he says, adding that no one would ever refuel their car knowing that 30% of the fuel would be spilled – but this is exactly what’s happening in almost 80% of industrial plants. “We need to keep spreading the word about how much compressed air actually costs and make people understand that it’s an easy way to become more sustainable and save a lot of money,” he concludes.

## Environment – one of our core values

CEJN AB's various subsidiaries are mainly sales companies with only a limited environmental impact, since they have no manufacturing operations. This report therefore concerns environmental conditions at CEJN AB's manufacturing operations in Skövde and Lönsboda in Sweden.

Since the company was founded in 1955, the long-term perspective has been a natural part of our business. Producing energy-efficient, safe products with a long service life is a cornerstone of our business.



We have ISO 14001:2015 certification. This means that we systematically assess the environmental impact of our operations and identify measures that we can take to minimise and prevent negative impacts. For the more significant environmental aspects of our business, we draw up action plans.

Among other things, we are taking steps to limit the generation of waste, reduce the spread of pollutants and slash our CO<sub>2</sub> emissions.

In order to take responsibility for the environmental impact of our business, we have made some conscious choices. We buy wind power electricity for our production facilities in Skövde and Lönsboda. In this way, we contribute to the expansion of renewable energy. We have chosen to collaborate with a logistics and forwarding partner that has a clearly stated target of zero CO<sub>2</sub> emissions by 2050. We are working to promote environmental considerations in the value chain in our partnerships and collaborations, and by requiring our main suppliers to obtain ISO 14001 certification.

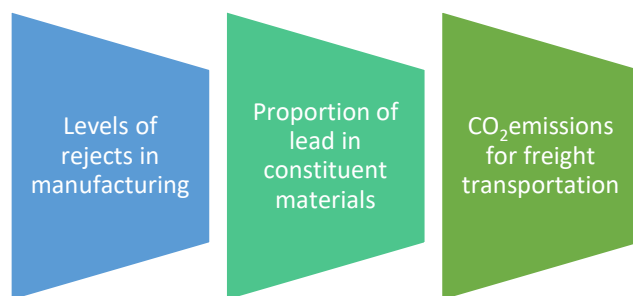
### Our environmental aspects

- Environmental impact of our products
- Our energy use
- Waste
- Transportation
- Chemicals
- Raw materials

## Overall targets in 2022

In 2022, we tracked three different metrics that represent part of our environmental impact.

The targets we have chosen to track relate to the use of materials and energy, the presence of undesirable substances in raw materials and the climate impact of transportation.



Working to maintain low levels of rejects in our manufacturing enables us to avoid generating waste. It contributes to the more efficient use of materials and energy, and reduces the amount of waste that needs to be managed, which can lead to financial savings and a reduced burden on resources.

By gradually substituting raw materials containing lead and switching to lead-free alloys, we can help to reduce the use of a harmful substance and thus help prevent pollution. Lead may be present in both steel and brass. While the bond in an alloy does not pose a risk to anyone using or coming into contact with the material, since lead has been spreading in the environment for a long time, it is important to work to phase out this type of substance wherever possible.

According to Sweden's climate policy framework, by 2045 we will achieve net zero emissions. Transportation accounts for a significant proportion of Sweden's carbon dioxide emissions, and it is important to contribute

towards a transport system that is independent of fossil fuels. By monitoring the amount of CO<sub>2</sub> generated by our transportation operations and collaborating with our freight forwarders to find ways to reduce emissions, we can help to reduce our climate impact.

### Target fulfilment 2022

Target 2022	Levels of rejects in manufacturing: Max 0.90%	Proportion of lead in constituent materials: Max 0.45%	CO <sub>2</sub> emissions for freight transportation: Max. 3.5 tonnes/sold MSEK
Outcome 2022	0.96	0.56	2.1
Outcome 2021	0.89	0.58	3.3
Outcome 2020	1.03	0.69	-
Environmental impact	<i>Efficient use of materials and energy Prevention of waste</i>	<i>Prevention of pollutants</i>	<i>Reduction of climate impact</i>

## Environmental impact of our products

CEJN's products have an important function to fill, in that they quickly, easily and without spillage can connect and disconnect different parts of our customers' systems. However, this comes at a cost. When a coupling is used in a flow system, some form of energy is always required to overcome a certain resistance. The performance of our products, in the form of high flows and low pressure drops, results in fewer losses. A life cycle analysis has been carried out, taking into account the environmental impact of the products' entire life cycle, from material consumption and manufacturing to use and recycling. The results of the life cycle analysis indicate that the performance of the products during use is the most significant environmental aspect for CEJN.

Product performance is always a focus area in product development in order to minimise these energy losses during operation in customer systems. We know through thorough testing and analysis that CEJN's products are energy efficient. Reducing energy losses reduces the environmental impact.

## Our energy use

CEJN's energy consumption for the development and production of products is mainly divided between electricity consumption for operation and space heating at our facilities.

CEJN AB purchases wind power electricity, in order to support the expansion of renewable energy. The

main electricity consumption in our business is the operation of our CNC machines.

Space heating in Skövde comes from the district heating network in Skövde. This heating is mainly produced by the combustion of biofuels and waste. Our district heating supplier aims to be climate positive by 2030. In Lönsboda, space heating is generated via an air source heat pump that runs on wind-generated electricity.

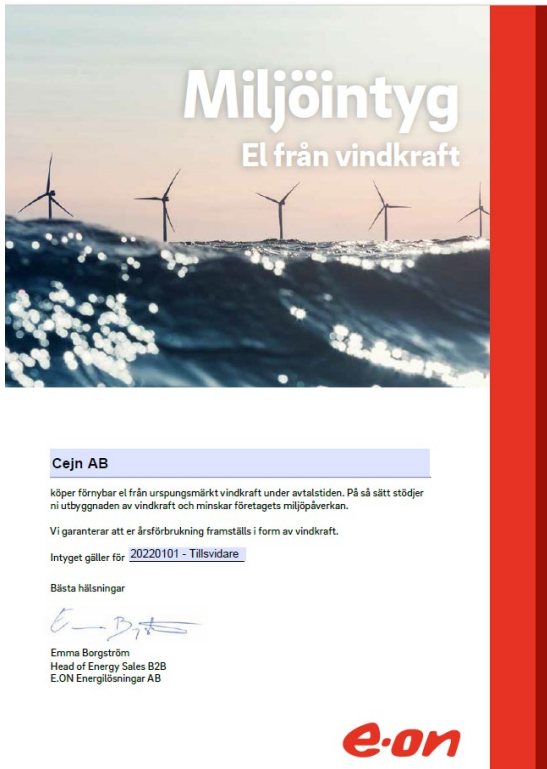
Energy surveys are carried out on a recurring basis and new measures are evaluated on an ongoing basis. Over the years, we have implemented a number of measures to streamline our energy use. Heat exchange takes place between outgoing and incoming air to recover heat at both our Skövde and Lönsboda facilities. Heat recovery significantly reduces the consumption of external heat. We also have 'free cooling' in cooling units. This means that cold outdoor air is used to a greater extent to cool the premises, which reduces the energy requirement for the cooling unit.

In Skövde and Lönsboda, 5,128 MWH and 3,414 MWH respectively were consumed for operation and heating in 2022.

*Energy consumption (MWH) for operation and heating:*

YEAR	SKÖVDE	LÖNSBODA
2022	5128	2348
2021	5800	2867





Environmental certificate from our wind energy supplier.

separated from any remaining cutting fluid/oil, whereupon the filings are returned for melting and recycling. About 80% of the raw material we purchase is eventually returned into the recycling flow. Cutting fluid/oil that has been separated is reused on site.

In 2021, we installed a compactor for corrugated cardboard, which has resulted in an improvement in the work environment, as it has significantly reduced the manual handling of corrugated cardboard in our operations. The installation of the compactor has also resulted in environmental savings, as it reduces transportation for emptying corrugated cardboard by 98%, according to our calculations. Corrugated cardboard thus leaves our operations as a compressed and pure fraction for further processing in the recycling chain.

The company's property in Lönsboda has a facility for surface treatment of products. The facility is owned by an external company that is responsible for operation and maintenance, but the operations take place on CEJN's property. A certain amount of hazardous waste is generated by this operation. The hazardous waste is stored according to special procedures and taken care of by authorised contractors.

## Waste management

Waste generated in our operations is sorted into different fractions, such as corrugated cardboard, wood, steel scrap, etc., in order to recycle material or recover energy to the greatest possible extent. The waste is taken care of by authorised contractors. Excluding cleaning fluid and emulsions, our largest waste fractions are wood, corrugated cardboard, mixed waste/post-sorting and combustible waste.

Our largest waste fractions (tonnes), excluding emulsions and washing liquids:

WASTE FRACTION	AMOUNT 2021 (TONNES)	AMOUNT 2022 (TONNES)
Wood	44	50
Corrugated cardboard	35	37
Mixed waste/post-sorting	34	26
Combustible waste	29	32
Other fractions	6	12

In connection with manufacturing parts, significant amounts of metal filings are generated when turning rods. These metal filings are collected and

## Transportation

We have actively chosen a logistics and freight forwarding partner that has a clearly stated environmental target of zero carbon dioxide emissions by 2050. This partner accounts for approximately 90% of all freight transportation. We work closely with this partner to not only monitor the development of their environmental work, but also to find measures that we can implement jointly to reduce the climate impact of our transportation.

Emissions of carbon dioxide during the transportation of goods can be affected by e.g. the choice of mode of transport. In addition to road and air transportation, we also use sea and rail transportation. In order to reduce the amount of goods that are flown long distances, we have partly switched to rail transportation to China. The global transport market is under a lot of pressure and sensitive to disruptions, so we constantly monitor developments and evaluate new solutions on an ongoing basis.

In 2022, we tracked our carbon dioxide emissions for freight transportation. Our target was set at a maximum of 3.5 tonnes/sold MSEK for 2022 and the result for our first measurement year was 2.1 tonnes/sold MSEK.

## Supporting more sustainable transport with “SEND GREEN”



*We are constantly trying to find new ways to optimise our sustainability work. Transportation is one of these ways.*

*We recently decided to further support our haulage partner DHL in its work towards zero emissions by 2050 by adding the “SEND GREEN” climate-smart option to all our domestic shipments. This option sees DHL using climate-smart technology somewhere in its network which corresponds to the tonne-kilometre emissions generated by our transportation, with the money going directly to haulage companies speeding up the transition to a fossil-free transport network.*

*Through DHL’s GoGreen initiative, we are also supporting the transition to biofuels in shipping.*

[Read more about “SEND GREEN” at dhl.com](https://www.dhl.com)

[Read more about “GoGreen” at dhl.com](https://www.dhl.com)

## Use of chemicals

The largest quantity of chemicals handled within CEJN’s area concerns the surface treatment plant in Lönsboda, which is owned by an external company responsible for operation and maintenance, but the operations take place on CEJN’s property.

The cutting fluids used in machining are found in slightly larger quantities in Skövde and Lönsboda. There are also chemical products that are used for maintenance and cleaning, or in our products, such as adhesives and lubricants.

The chemicals are registered in a chemical system where the necessary documents for safe handling and use are readily available, such as safety

sheets, risk assessments and safety data sheets. All our employees have access to this database.

We conduct an annual inventory of all chemical products. Whenever a new chemical product is introduced, we evaluated whether the product is suitable for inclusion, taking into account the product’s properties, how it is labelled and classified, and whether it is subject to any specific chemicals legislation. The principle is to choose the product with the best health, safety and environmental profile wherever possible.

## Raw materials

A great many of our products consist of metal, primarily steel and brass, which is formed by cutting and undergoes hardening and surface treatment processes in order to acquire different desired properties. The environmental impact that arises in our manufacturing operations relates mainly to the production of products. Machining metal is an energy-intensive process that also produces some waste material, known as “filings”. These filings are collected and returned to the supplier for material recovery. This allows waste material to become new raw material.

CEJN’s products contain metals with a certain amount of lead in them, which is undesirable from an environmental perspective. Lead is needed to be able to manufacture details in a technically efficient way. The proportion of lead was set in 2020 to meet a long-term goal of having lead-free products. A number of concrete activities are in progress to gradually replace materials with lead-free alternatives.

In 2022, we tracked the proportion of lead in constituent materials. The target was set at a maximum of 0.45% and the result for 2022 was 0.56%, which while not on target is still trending in the right direction.

Rejects during manufacturing are another factor that affects our raw material consumption. In 2022, we tracked levels of rejects in our manufacturing. The target for 2022 was a maximum of 0.90% and the result was 0.96%.

## Emissions to soil, water and air

The company’s property in Lönsboda has a facility for surface treatment of products. The facility is owned by an external company that is responsible for operation and maintenance, but the operations take place on CEJN’s property. The surface

treatment equipment at the facility maintains a high standard, with good opportunities for control of various operating parameters and surface treatment results. There is an environmental permit for the facility that regulates the quantities of different substances that may be released. The process is carefully controlled, and there is regular follow-up and measurement of whether emission levels remain within the prescribed levels. Emission levels are normally classified as low.

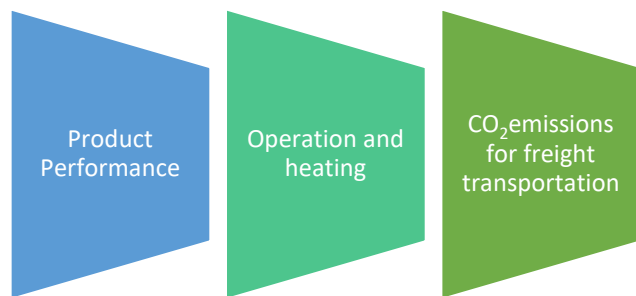
CEJN is a member of the Skräbeån Water Conservation Committee and Skräbeån Water

Conservation Area in order to participate in and monitor local interests of good water quality. Our machining operations in Skövde and Lönsboda normally generate no emissions to soil or water.

The company's contribution to air pollution is low, as no major pollutant-generating processes are used. The company's cooling plants using refrigerants are regularly managed and inspected by authorised external resources. Refrigerant reports are submitted annually to the relevant supervisory authority.

## Carbon dioxide emissions

The total carbon dioxide emissions from our business are generated by our operations and heating/cooling of premises, our consumption of materials and goods, our transportation, and the waste management and recycling processes that our operations generate. In addition to this, we can also see that the performance of our products in use has an impact that can be linked to carbon dioxide emissions, as described in the section "The environmental impact of products".



The areas we have identified where we can contribute most to reducing carbon dioxide emissions:

- product performance and service life;
- choosing environmentally friendly and fossil-free energy for operations and heating;
- making our operations more energy efficient, and
- working to reduce carbon dioxide emissions in connection with our freight transportation.

Activities within our identified areas:

- performance is one of our core values and a constant focus area in product development.
- we have actively chosen to buy wind power electricity, and to use district heating for space heating in Skövde, which is a heat source with a good environmental profile, from a supplier that aims to be climate positive by 2030.
- we have taken steps to improve energy efficiency and regularly conduct energy surveys to identify further potential measures.
- we work closely with our largest logistics and freight forwarding partner to find ways to reduce the carbon footprint of our transportation and we have an environmental target for CO<sub>2</sub> emissions for freight transportation.

## Sustainability in the supply chain

All main suppliers to CEJN in the direct area of materials are followed up specifically within the EU directives REACH and RoHS. These suppliers must report whether they have any chemicals, substances or raw materials that are classified as SVHCs (included in the Candidate List).

This information is documented in CEJN's supplier assessment and is followed up specifically in connection with quality and environmental audits, where requirements for measures and appropriate action programmes are drawn up together with the supplier concerned, with the common goal of completely removing these affected substances from the materials, products or components delivered to CEJN.

The supplier assessment is reviewed annually, and quality and environmental audits are carried out on all main suppliers at least every three years.

**Our environmental requirements for external suppliers are as follows:**

We choose to do business with suppliers who take responsibility for the environment and comply with current environmental directives and legislation. We encourage activities that can lead to environmental and sustainability improvements among all suppliers. CEJN requires all its suppliers to have a system for operational management (corresponding to SS-EN ISO 14001 or EMAS), or to have a plan to introduce such a system, or, as a minimum, to carry out concrete activities in the environmental area or to have action plans for improvement in relation to defined goals. Our main purpose is to support and develop all suppliers so that they can strengthen their own ability to progress in the area of the environment and sustainability.

**Our environmental requirements and assessment/audit programme have the following objectives and scope:**

- Ensuring that CEJN does business with suppliers who actively manage and report on their environmental impact.
- Ensuring that CEJN’s suppliers actively consider and follow up their use of resources in accordance with the precautionary principle.
- Supporting CEJN’s suppliers in continuously developing their environmental capabilities and expertise.
- Avoiding the transfer of accountability for environmentally sensitive activities to companies that have no commitment or ability to manage this correctly.
- Minimising CEJN’s suppliers’ health, safety and environmental risks.
- Protecting CEJN, to the greatest extent possible, from potential liability for environmental damage or harmful publicity.

**The specific areas of activity that we continuously assess among our suppliers include:**

1. General review of operational system for environmental management (alternatively systematic approach), organisation, policy, and overall objectives. Copy of Sustainability Report (if applicable).
2. Compliance with directives and legislation, internal knowledge (within IMDS, conflict minerals, etc.), skills level.
3. Follow-up and documentation of significant environmental aspects for operational activities, pollution, substances used, or materials (including REACH, RoHS, WEEE applicability) and associated activities and measures.
4. Control of environmental improvements linked to KPIs.
5. Control of training programmes for personnel in the field of sustainability and environment.
6. Chemicals and control of procedures to reduce use and environmental impact.
7. Control of documented environmental requirements for subcontractors.
8. Opportunities and activities for reusable packaging, products and consumables, recycling, etc.
9. Procedures and processes for waste management, as well as minimising waste.
10. Transportation of goods and personnel, policies, vehicle fleet, vehicles, “green” alternatives, programmes to reduce emissions.
11. Renewable energy (solar, wind, etc.), energy-saving programme.

*The environmental impact that occurs in our manufacturing operations is mainly related to our operations in the production and manufacture of products. The use of materials and energy, the presence of undesirable substances in raw materials and the climate impact of transportation are areas that we focus on.*

*Working to maintain low levels of rejects in our manufacturing means that we can achieve more efficient use of materials and energy, which reduces the amount of waste that needs to be handled and reduces resource consumption.*

*Lead may be present in both steel and brass alloys. Some of our products are made from alloys containing a small amount of lead. We are working to replace these and switch to lead-free alloys.*

*The total carbon dioxide emissions from our business are generated by our operations and heating/cooling of premises, our consumption of materials and goods, our transportation, and the waste management and recycling processes that our operations generate.*

*In addition to this, we can also see that the performance of our products in use has an impact that can be linked to carbon dioxide emissions. Our products’ performance, in the form of high flows and low pressure drops, results in fewer energy losses.*

## Quality

The quality management system and working method for CEJN AB should, as a minimum, meet the requirements of the ISO 9001:2015 standard.

The quality of our products and services should be world-class in their respective industries, and meet our customers' requirements and expectations. Zero errors and the "Right from Me" principle should apply in all areas.

Safe, energy-efficient and fault-free products with a long service life contribute significantly to sustainable development.

We take great responsibility for our product, even after it leaves us, and if a customer has a problem, we investigate thoroughly to find out what might have happened. Close collaboration between our sales companies, the customer, our complaints department and our product development department is a prerequisite for continuing to provide world-class products and to meet customer requirements and expectations.

## Risk Management

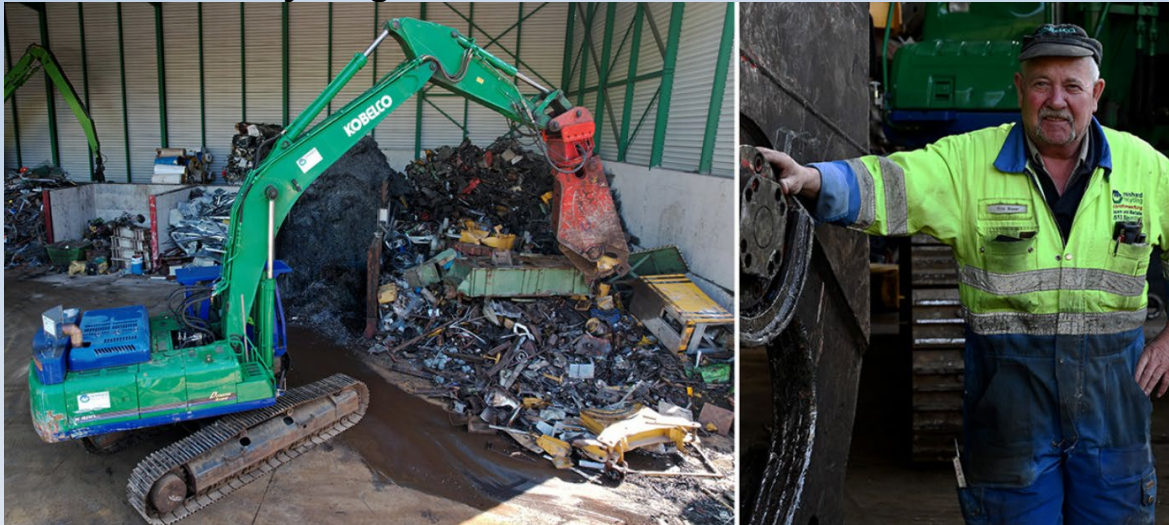
Managing risks and opportunities is important from a sustainability perspective. One keyword in this context is "prevent". Our aim is to prevent undesirable events and mitigate their effect if something undesired should nevertheless occur, and to identify opportunities for development and improvement.

Risks are managed at different levels in the company. At a company-wide level, there are identified risks where the probability and severity of various conceivable scenarios for the company are evaluated and activities to safeguard long-term operations are documented. In order to ensure fault-free products and processes, risk analyses are carried out, such as FMEA (Failure Mode and Effects Analysis). Risk analyses are also carried out to prevent accidents and ill-health.





## **Enhanced performance and no more oil leaks for Reinhard Recycling after installation of CEJN's TLX**



*Reinhard Recycling was having problems with oil leakage when their couplings were disconnected from the hydraulic attachments. They were recommended CEJN TLX, a heavy duty coupling solution designed to work with the largest shock flows and toughest pressure impulses. TLX has now been installed on all their machines and attachments, making day-to-day work easier and safer for the operators.*

*High flow rates are the most common cause of failure for quick connect couplings in heavy-duty applications. The overflow flows can be several times greater than the normal flow rate in the machine, causing seal failure and internal damage resulting in leakage and machine downtime. Reinhard Recycling, a Swiss recycling company, has experienced this. "Our previous coupling solution spilled one decilitre of oil at every disconnection," says Fritz Blaser, co-owner of Reinhard Recycling.*

### **Designed to withstand the highest shock flows**

*Founded in 1920, Reinhard Recycling recycles a wide range of materials. Demand for their machines, hydraulic attachments and components is high, which also places high demands on their suppliers. After suffering large oil losses when disconnecting the hydraulic attachments, they turned to CEJN. "We've been using CEJN TLX 907 for about three years now and have never had any problems," says Fritz Blaser.*

*In addition to oil leakage, couplings not specifically designed to withstand higher flow rates will fail more easily and may cause accidental disconnections. Fritz Blaser points out that before CEJN TLX was installed, the couplings would frequently disconnect and/or fail, resulting in time-consuming downtime and maintenance work. "Since the implementation of CEJN TLX, we've seen a significant increase in work performance and flow rate."*

*"Since CEJN TLX was installed, we've increased performance and no longer have oil leaks or accidental disconnections"*

**Fritz Blaser**

### **High demands on the supplier**

*Customer satisfaction and the ability to serve the customer in the best possible way is a top priority for Reinhard Recycling. Work at the station must therefore run smoothly. High demands are placed on the employees who handle and need to understand the machines and their equipment. "By using high-quality couplings, operators can focus on their job without worrying about leakage or downtime due to accidental disconnections," Fritz Blaser points out.*

*The same demands apply to their suppliers. "We expect our suppliers to give us the service and help we need," concludes Fritz Blaser.*

## Social conditions and personnel

*Detailed procedures within the areas below mainly apply to CEJN AB. However, all CEJN companies work with general guidelines as described below.*

CEJN should be an attractive workplace with committed and skilled employees in constant development. This involves undertakings from everyone working at CEJN. Building, improving and continually developing your career requires the ability to organise your work, collaborate and hone your skills.

By acting ethically, we safeguard and take responsibility for the good name of CEJN. Meeting each other, our customers and our partners with honesty and respect is the basis for our actions. As CEJN employees, we are aware of the importance of high integrity in our working relationships.

We strive for timely, clear and honest communication. This gives us an open climate and creates the conditions for a sense of belonging. Each and every one of us should also actively seek information, participation and influence.

CEJN's ground rules are based on our core values. Through our ground rules, we create awareness and a common approach. They reflect our fundamental values and it is important that we continuously work with our ground rules, since they are an integral part of our day-to-day work.

The CEJN ground rules

1. We actively care for the CEJN brand
2. We show each other respect
3. There IS an "I" in Team
4. Today we do our best; tomorrow we'll be even better
5. Right and complete from me
6. We do what we say
7. We keep everything clean and tidy

The company's efforts to safeguard social conditions and work on personnel-related issues are described in CEJN's various policies and procedures.

Employee appraisals between manager/supervisor and employee should act as a means of planning and control, and form the basis for the individual, the group and the manager's development. The discussion is used to evaluate employee performance and development. Together with e.g. employee surveys, we can minimise organisational and social ill-health at our workplace.

The employee appraisal is conducted annually with a clear target of 100% completion rate.

Outcome of employee appraisals:	%
2016	97
2017	94
2018	96
2019	100
2020	100
2021	100
2022	100

At the end of 2021, an employee survey was conducted in which the results were worked through in 2022 in the form of departmental workshops that resulted in action plans to improve our work environment. In 2022, we decided that we will continue to conduct annual employee surveys. This enables us to monitor the development of the overall eNPS value:



\* "Comparison value 6" is the average value of eNPS for all companies that use Eleteive's employee survey tool.

Year	eNPS (employee satisfaction)
2021	20
2022	23







## Health & Safety

### Work environment

CEJN collaborates with employees and works to prevent ill-health and accident risks, as well as to create opportunities for professional and personal development.

Systematic work environment management is a natural part of what we do, and underpins the decisions we make and the activities we carry out. The overall objective of systematic work environment management is to achieve good physical, organisational and social health for all employees, thereby ensuring the long-term viability of our business.

### Job modification

Job modification is an umbrella term for all measures of a medical, psychological, social and working life-oriented nature that aim to help ill and injured employees to recover the best possible functional capacity and prospects for a normal working life. Active work on this is important in order to prevent and reduce sick leave and ill health. It also results in detecting and remedying work situations that may give rise to illness or ill-health.

The company is responsible for taking action. Each manager is responsible for implementing measures at an early stage and for following up on the action plan. The employee is responsible for actively participating in job modification and also for providing notification as early as possible of any need for job modification.

CEJN performs regular health checks in accordance with applicable laws and regulations.

### Sick leave 2022

2022 was also affected by the global pandemic in 2020 and 2021. Due to COVID-related guidelines issued at the beginning of the year, sick leave was higher than usual.

Sick leave, total sick leave:	Target %	Outcome %
2016	3.50	3.57
2017	3.50	2.87
2018	3.20	3.44
2019	3.20	3.32
2020	3.20	3.76
2021	3.50	4.29
2022	3.50	4.94
2023	4.20	

### Job descriptions and allocation of work environment tasks

All employees should be aware of what is expected of them at work. There should be a clear job description that specifies the content of their work duties. The work environment tasks of managers, supervisors and employees at all levels should also be clearly defined, determined and known.

## Crisis management

There are procedures for crisis management at CEJN. People active in the workplace receive information about the risks and how first aid is organised. The procedures are also reviewed during the onboarding of new employees.

## Measures against discrimination and victimisation

CEJN does not accept any form of discrimination, victimisation or harassment, and the work environment should be characterised by openness, where all individuals are treated as equals and with respect.

We respect and comply with current legislation, regulations and standards, and strive to improve the organisational, social and physical aspects of our work environment.

With regard to working conditions, regulations and practices regarding salaries and other terms of employment, recruitment and promotion, training and other skills development, as well as opportunities to combine employment and parenthood, CEJN treats its employees in a way that does not discriminate in terms of gender, gender identity or expression, ethnic origin, religion or other belief, disability, sexual orientation or age.

We make it quite clear to new employees during the onboarding process that discrimination, harassment and victimisation are completely unacceptable at our company.

All employees (employed before spring 2020) have completed a two-hour training course in this area. The purpose of the training course is to clarify the Swedish Discrimination Act and the section relating to victimisation in the Swedish Work Environment Act and CEJN's guidelines. There are also group discussions about how we can improve our work environment in these areas.

In 2023, all employees will receive basic and supplementary training in this area. This training will then be mandatory during the first year as an employee.

All events that are regarded as discrimination, harassment, victimisation, or suspected as such, should be investigated in depth, followed up and addressed. If an event/suspected event occurs, we will take action to ensure that it ceases immediately and implement activities to prevent it from occurring in the future.

The starting point is that all employees have a duty to prevent, counteract and report such incidents.

Workplace diversity is encouraged at all levels.

## Applications of labour law safety regulations

### Employment contract, working hours and remuneration

CEJN complies with local laws and agreements regarding employment contracts and working hours, including overtime and overtime pay. Employees are entitled to agreed annual leave, sick leave and parental leave, without any negative consequences. Wages are paid regularly and comply with applicable local legislation and market conditions. Employees are responsible for correctly reporting attendance and absence.

### Freedom of association and collective bargaining

Freedom of association and the right to collective bargaining agreements and/or other agreements will be respected in all activities at CEJN. No employee will risk harassment or retaliation for exercising these rights.

CEJN is a neutral workplace and no political activities are permitted within the company. The name of the Company or the assets of the Company may not be used to benefit political parties or candidates.

### Responsibility of managers and employees

It is the responsibility of CEJN managers to communicate and demonstrate the content and spirit of policy documents and the Code of Conduct within their organisations and to encourage employees to report behaviour that may be inconsistent with these principles. The implied or explicit approval of questionable acts is not tolerated. Failure to comply may result in disciplinary action.

Breaches of this Code of Conduct can be reported anonymously and confidentially to the line manager and/or the HR Manager. Persons who report violations do so in good faith and will not be subject to retaliation.

### Whistleblowing incidents

We strive for a culture that is open-minded and where there is two-way communication about any problems that arise in the business.

Our whistleblowing policy specifies how all employees or anyone else who has reason to complain about misconduct should be able to act without breaching the duty of loyalty in their employment contract or being subjected to labour law measures or other negative consequences.

Even if it is not an issue of misconduct of such a nature that raises the alarm in accordance with the whistleblower policy, we encourage all employees

to raise any problems within the company with, first and foremost, their line manager. Whistleblowing means that someone raises the alarm that something is happening, will be happening or has happened in a work-related context within the business and there is a public interest in bringing this to light.

## Respect for human rights

Within its entire sphere of interest, CEJN supports and respects the protection of international human rights, and ensures that it does not engage in or could be suspected of engaging in any form of violation of these rights. CEJN achieves this by continually communicating, supporting and spreading awareness of the importance of these issues to all employees and stakeholders.

## Anti-corruption

CEJN's contacts with business partners should always be characterised by fairness and good business acumen, where each individual employee is to be regarded as a carrier of the CEJN brand.

CEJN and its representatives shall not offer customers, prospective customers, suppliers, governments, authorities or any of its stakeholders any rewards or benefits that conflict with applicable laws or reasonable and generally accepted business practices or ethical practices.

Employees of CEJN may not accept payments, gifts or other types of remuneration from a third party,

which may affect or appear to affect the objectivity of their business decisions. Employees at all levels of CEJN shall conduct their private, other external activities and financial interests in a manner that does not conflict or appear to conflict with CEJN's interests.

Awareness of the issues surrounding corruption and the approach within CEJN is disseminated to each individual employee through training and continuous information.

Each new employee at CEJN whose job involves some form of contact with suppliers undergoes documented basic training in purchasing, and about the attitudes and regulations in force at the company specifically regarding combating corruption, and the avoidance of subjectivity and special interests in various purchasing issues.

If a suspected or obvious conflict of interest arises in these areas, it must be reported immediately by the person concerned to their line manager. If a report is made, an investigation will need to be launched and an action plan drawn up. In cases where the results indicate a clear breach of these rules, this may lead to termination of employment, dismissal and/or a police report.

All employees have signed a statement that they have read and understood the CEJN Code of Conduct. During the onboarding of new employees, these documents are reviewed and the new employee signs the documents.

No cases of corruption or bribery have been reported to the company so far.

*We respect and comply with current legislation, regulations and standards, and strive to improve the organisational, social and physical aspects of our work environment.*

*Risk analyses are also carried out to prevent accidents and ill-health.*

*We work actively with work adaptation to prevent and reduce sick leave and ill-health.*

*We carry out annual employee appraisals to evaluate employees' performance and development, and to minimise organisational and social illness at the workplace. We also conduct employee surveys.*

*There are procedures for crisis management at CEJN. People active in the workplace receive information about the risks and how first aid is organised.*



## Policy documents

### CEJN Code of Conduct

#### Introduction

By acting ethically, we safeguard and take responsibility for the good name of CEJN. Meeting each other, our customers and our partners with honesty and respect is the basis for our actions. As CEJN employees, we are aware of the importance of high integrity in our working relationships.

The company's efforts to safeguard social conditions and work on personnel-related issues are described in CEJN's various policies and procedures.

#### Work environment

CEJN collaborates with employees to prevent ill-health and accident risks, and to create opportunities for professional and personal development. Systematic work environment management is a natural part of what we do, and underpins the decisions we make and the activities we carry out.

The overall objective of systematic work environment management is to achieve good physical, organisational and social health for all employees, thereby ensuring the long-term viability of our business.

#### Employee appraisals

Annual employee appraisals are conducted in order to be able to chart, analyse and improve. Activities such as this, together with e.g. employee surveys, enable us to minimise organisational and social ill-health at our workplace.

#### Job modification and rehabilitation

Rehabilitation is a collective term for all measures of medical, psychological, social and working life-oriented nature that aim to help ill and injured employees to recover the best possible functional capacity and prospects for a normal life. Active rehabilitation work is important in order to prevent and reduce sick leave and ill-health. The employee is responsible for actively participating in their own rehabilitation.

#### Job descriptions and allocation of work environment tasks

All employees should be aware of what is expected of them at work. There should be a clear job description that specifies the content of their work duties. The work environment tasks of managers, supervisors and employees at all levels should also be clearly defined, determined and known.

#### Discrimination and victimisation

CEJN does not accept any form of discrimination, victimisation, harassment or sexual harassment, and the work environment should be characterised by openness, where all individuals are treated as equals and with respect. We respect and comply with current legislation, regulations and standards, and strive to improve the organisational, social and physical aspects of our work environment.

With regard to working conditions, regulations and practices regarding salaries and other terms of employment, recruitment and promotion, training and other skills development, as well as opportunities to combine employment and parenthood, CEJN treats its employees in a way that does not discriminate in terms of gender, transgender identity or expression, ethnic origin, religion or other belief, disability, sexual orientation or age.

#### Employment contract, working hours and remuneration

CEJN complies with local laws and agreements regarding employment contracts and working hours, including overtime and overtime pay. Employees are entitled to agreed annual leave, sick leave and parental leave, without any negative consequences. Wages are paid regularly and comply with applicable local legislation and market conditions.

#### Freedom of association and collective bargaining

Freedom of association and the right to collective bargaining agreements and/or other agreements will be respected in all activities at CEJN. No employee will risk harassment or retaliation for exercising these rights.

Within the company, there is regular collaboration, information and negotiation with trade union organisations in connection with, among other things, changes and risk analyses.

CEJN is a neutral workplace and no political activities are permitted within the company. The name of the Company or the assets of the Company may not be used to benefit political parties or candidates.

### **Business travel**

When travelling on business for CEJN, the employee represents the company at all times. This applies throughout the trip, even outside working hours.

When travelling to foreign cultures, it is important to be familiar with and respect the country's laws and culture. This is provided this does not conflict with the company's values, and the laws and regulations of the employee's own country.

### **Workforce**

No form of forced labour or child labour is tolerated at CEJN. The minimum working age is the age of completion of compulsory schooling or as per current legislation.

### **Respect for human rights**

Within its entire sphere of interest, CEJN supports and respects the protection of international human rights, and ensures that it does not engage in or could be suspected of engaging in any form of violation of these rights. CEJN achieves this by continually communicating, supporting and spreading awareness of the importance of these issues to all employees and stakeholders.

### **Anti-corruption**

CEJN's contacts with business partners should always be characterised by fairness and good business acumen, where each individual employee is to be regarded as a carrier of the CEJN brand.

CEJN and its representatives shall not offer customers, prospective customers, suppliers, governments, authorities or any of its stakeholders any rewards or benefits that conflict with applicable laws or reasonable and generally accepted business practices or ethical practices.

Employees of CEJN may not accept payments, gifts or other types of remuneration from a third party, which may affect or appear to affect the objectivity of their business decisions.

Employees at all levels of CEJN shall conduct their private, other external activities and financial interests in a manner that does not conflict or appear to conflict with CEJN's interests.

### **Responsibility of managers and employees**

It is the responsibility of CEJN managers to communicate and demonstrate the content and spirit of policy documents and the Code of Conduct within their organisations and to encourage employees to report behaviour that may be inconsistent with these principles. The implied or explicit approval of questionable acts is not tolerated. Failure to comply may result in disciplinary action.

Breaches of this Code of Conduct can be reported anonymously and confidentially to the line manager and/or the HR Manager. Persons who report violations do so in good faith and will not be subject to retaliation.

## **Environmental policy**

CEJN is a leading global niche company with a local presence, which provides innovative quick connect coupling solutions, and adds value and increased productivity to the customer's applications and processes.

This environmental policy applies to CEJN AB with its units in Skövde and Lönsboda.

- We have a responsibility to the environment, as well as to our customers, employees, owners and society.
- We aim to reduce our environmental impact as far as is ecologically justified, technically possible and financially feasible, and work to create sustainable development for present and future generations.
- We shall comply with current environmental legislation; work with continuous improvements; establish, follow and develop new environmental targets; and strive to replace methods and products with more environmentally friendly and efficient alternatives.
- The quality management system and working method shall, as a minimum, comply with the requirements of ISO 14001.

We do this by:

- paying close attention to and respecting customer requirements and expectations in the environmental sphere.
- developing our employees' knowledge and motivation in the environmental sphere.
- increasing our customers' opportunities for environmental improvements by developing new environmentally adapted products
- with continuous improvements ensuring resource-efficient and energy-efficient operations that include preventive work to limit the occurrence of pollutants.
- complying with applicable laws and regulations in applicable environmental legislation.
- considering environmental issues in supplier assessments and procurement.
- openly reporting environmental facts.

