



# SUSTAINABILITY REPORT 2021

CEJN AB



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## 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, 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 subsidiaries company CEJN Danmark ApS), CEJN Iberica S.L, Spain, SAS C.E.J.N. France, CEJN AG, Switzerland and CEJN UK Limited, UK.

This Sustainability Report concerns the same period as our Annual Report, i.e. the 2021 financial year.

## Sustainability

A few words from Marcus Allerbjer, 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. In 2019, the entire Swedish organisation studied the CEJN Ground Rules, based on the above-mentioned cornerstones. The Ground Rules were launched in January 2020 and were a great help during the pandemic, when the organisation faced significant challenges. The objective has remained clear, albeit with a shorter horizon and intensified customer focus, increased competitiveness and increased value creation remain our guiding principles for a sustainable, successful future.

CEJN is a third generation family-owned company. The owners’ overall goal 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 are continuing 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 e-Safe, 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.

CEJN is continuing its journey towards a world-leading position with innovative coupling solutions for industrial automation, with a keen 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. 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 on extending the lifetime of components and hoses, but also result in lower energy consumption and increased environmental benefits for the customer.

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.

After the 2020 pandemic year, 2021 was a very strong recovery year. The industry quickly adopted new behaviours – digital meetings etc. – as standard practice, and our order intake went from strength to strength.

This change in behaviour, with fewer physical meetings and reduced travel, will largely continue, alongside 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, with a focus 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 include continually reducing rejects, where we hit our target of a rejects percentage of 0.95%. 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 2021 was a lead percentage of 0.5% and the outcome was 0.58%.

**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 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.



**PON Equipment builds the world's largest battery-electric excavators  
– equipped with CEJN's ultraFLOW**



*Photo: Pon Equipment AS*

Pon Equipment, the Norwegian distributor of Caterpillar, offers heavy battery-electric excavators of 12 and 25 tonnes to the global market. This power requires an efficient liquid cooling system connected to the battery. CEJN's ultraFLOW quick couplings facilitate connection and disconnection of the liquid cooling system, make maintenance easier and ensure spillage-free operation.

Norway has come a long way in its transition to electric vehicles and machines – from ferries to cars and heavy construction machinery. The Norwegian division of Pon Equipment, part of Pon Holding and a Caterpillar machine agent, is investing in third-generation battery-electric excavators by converting 12 and 25 tonnes of diesel excavators to be fully electric, a project that they are the first in the world to present to the global market.

#### **Target of zero emissions**

Z-line, the name of the excavators, stands for Zero line – a machine with zero emissions. This is what it is all about: an attempt to reduce emissions from construction machinery and help the work of achieving climate goals.

"The construction industry is responsible for 30 per cent of carbon dioxide emissions in Norway," says Jon Einar Holum, Chief Engineer at Pon Equipment and continues:

"With this in mind, the idea of an urban construction machine was born."

#### **Same performance as diesel engines**

There are electrified construction machines on the market, but not of this size. Never has the power pack for a 12 and 25 tonne excavator been fully electrical, making Pon a pioneer in this field. "This is an all-round machine that Pon is the first in the world to present to the market," says Jon Einar Holum.

The exterior of the excavator is identical to the diesel version, but the interior is different. Pon buys the machines without diesel engines from CAT. Instead, they install a large electric motor with the same performance as the diesel engine in the excavator.

#### **Well-developed heat regulation with quick couplings needed**

The power system's integration of the electric motor, battery pack and cooling system etc. has all been developed and tested by Pon, with support from CAT. The battery pack is supplied by Northvolt and is a powerful 300 kWh battery weighing approximately 3.4 tonnes. A fully charged battery provides approximately five to seven working hours and one hour of charging equals one hour of operation. It takes two hours of fast charging to fully charge the battery. A well-designed and high-quality heat control solution is necessary to dissipate heat when output increases.

The liquid cooling system, designed by Pon, is connected with CEJN's ultraFLOW, a high flow quick coupling, to the battery from Northvolt.

"CEJN's ultraFLOW works very well when connecting and disconnecting the liquid cooling system, as the couplings are easy to connect, light and guaranteed to be spillage-free," Holum says.  
Once the battery has reached the end of its life, CEJN's ultraFLOW facilitates replacement with a new one in a quick, safe and easy way.

## 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.*

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

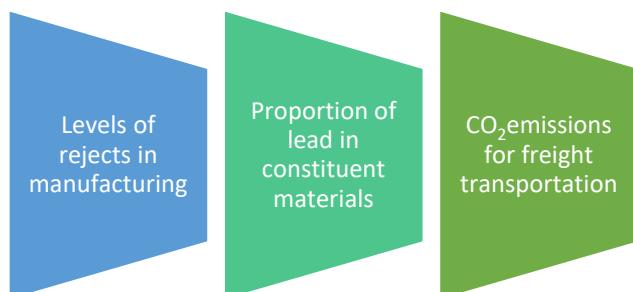
- The environmental impact of our products
- Our energy use
- Waste
- Transportation
- Chemicals
- Raw materials

## Overall targets for 2021

In 2021, 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 achievement 2021

Target 2021	Levels of rejects in manufacturing: Max. 0.95%	Proportion of lead in constituent materials: Max 0.50%	CO <sub>2</sub> emissions for freight transportation: Max. 4 tonnes/sold MSEK
Outcome 2021	0.89%	0.58%	3.3 tonnes
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 products' performance, 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

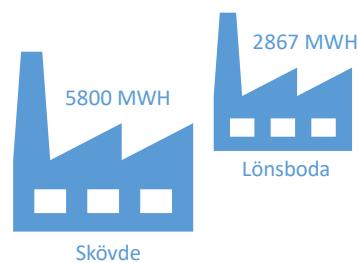
CEJN's energy consumption for the development and production of products is mainly divided between electricity consumption for operation and space heating at our facilities.

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, 5,800 MWH and 2,867 MWH respectively were consumed in 2021, for operation and heating.





*Environmental certificate from our wind energy supplier.*

## 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.

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

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

## 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 2021, we tracked our carbon dioxide emissions for freight transportation. Our target was set at a maximum of 4 tonnes/sold MSEK for 2021 and the result for our first measurement year was 3.3 tonnes/sold MSEK.

## 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 have been initiated to gradually replace materials with lead-free alternatives.

In 2021, we tracked the proportion of lead of constituent materials. The target was set at a maximum of 0.50% and the result for 2021 was 0.58%, which is not on target, although we are still seeing a downward trajectory from the result of 0.69% for 2020.

Rejects during manufacturing are another factor that affects our raw material consumption. In 2021, we tracked levels of rejects in our manufacturing. The target for 2021 was a maximum of 0.95% and the result was 0.89%.

## Emissions to soil, water and air

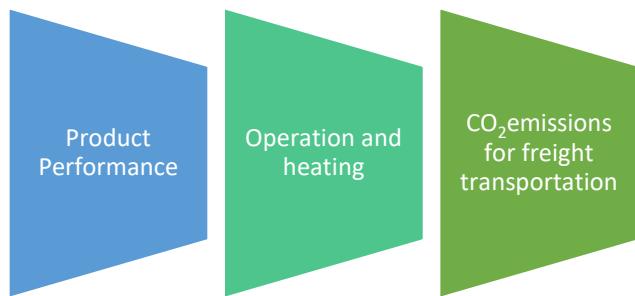
The company's property in Lönsboda has a facility for surface treatment of products. The facility is owned by an external company that is responsible for operation and maintenance, but the operations take place on CEJN's property. The surface treatment equipment at the facility maintains a high standard, 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 Skräbeå Water Conservation Committee and Skräbeå 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 operation 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 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 sustainability and environment area.
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.

## 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.

## **CEJN TLX is part of Fredsund's standard hose package for Epiroc hydraulic breakers**



Nils Almkvist, Business Area Manager Hydraulic Attachments at Epiroc Service Centre

Fredsund Maskin is an authorised Swedish partner of Epiroc, with more than 50 years' experience of hydraulic breakers. They work closely together to have the best and most efficient demolition tools for their customers' excavators. To further improve their customer service, they now offer the Epiroc hydraulic breaker as a complete kit, including the CEJN TLX made to withstand hydraulic pulses.

In 2017, *Fredsund Maskin* became an authorised partner of Epiroc, a world leader in construction machinery and tools for both surface and underground applications. Together they help their customers to choose the right equipment and accessories for their machines.

"Many people give no thought to the couplings and hoses between machine and attachment, but selecting components that work optimally with our tools is very important in order to avoid downtime and costly maintenance work," says Nils Almkvist, Business Area Manager for Hydraulic Attachments at Epiroc Service Centre.

### **Quality – a core value**

Quality is a top priority and an essential feature of both the Epiroc and Fredsund brands. This also places high demands on their suppliers. "We sell premium products, which inevitably involves at using premium components," says Tomas Ulander, sales director at Fredsund Maskin.

In addition to working with suppliers and partners who maintain a certain level of quality, they feel a responsibility to educate customers on the importance of using equipment designed to handle hydraulic pulses.

"For the complete solution to work, the customer must not only have the right hydraulic breaker, but also high-quality components such as the right type of couplings," says Ulander.

### **Low-quality equipment is more expensive in the long run**

Since many customers use their machines for more than just hydraulic breaker applications, safe and leak-free tool changes are essential. However, the breaker application is the most demanding application and determines the type of quick coupling to be installed on the machine.

A fairly common problem is when customers use a coupling solution that is unsuitable for the task. "The biggest problem we see is when customers choose the wrong type of couplings that break easily, which leads to metal parts falling into the hydraulic breaker," Nils Almkvist points out. "Renovating a broken breaker is much more expensive than installing couplings designed to handle hydraulic pulses from the start."

### **Environment in focus for customers**

Environmental awareness has not escaped anyone. Customer awareness of choice of equipment and suppliers with an environmental focus has become an important part of their everyday lives. "Our customers will often be working for private customers, municipalities or other workplaces with environmental requirements, such as avoiding oil leaks," says Ulander and continues:

"Our customers need to comply with the requirements for all components, including spillage-free connections."

A common problem is spillage, as a consequence of choosing couplings that are not designed for hydraulic pulses. CEJN TLX is a spillage-free flat-face coupling that ensures that any spillage of hydraulic oil when disconnecting is minimised.

"The TLX coupling is a good fit for Epiroc's environmental profile as it meets the stricter environmental requirements on different construction sites," Almkvist concludes.

## 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 them and make them 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

At the end of 2021, we conducted an employee survey. The results of this survey will be reviewed in 2022 in the form of departmental workshops. Our overall ePNS (employee satisfaction) score for 2021 is 20.

## 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 leads to discovering and remedying work situations that can 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 2021

2021 was the second year of the COVID-19 pandemic. Sick leave was higher than usual due to COVID. The pandemic has placed high demands on all employees, and we have been pleased to see how everyone has risen to the occasion, shown consideration and adopted the recommended behaviours.

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	-

Remote working, limits on the size of gatherings, and bans on visits and travel have all led CEJN to develop our digital tools and their use.

### 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.



## 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. There is a plan for training those employed after the pandemic.

All events that are regarded as discrimination, harassment, victimisation, or suspected as such, should be investigated in depth, followed up and addressed. No incidents/suspected incidents were reported in 2021. 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.

## 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 and bribery have been reported to the company so far.



## Policy documents

### CEJN Code of Conduct

#### Introduction

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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.

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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**

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

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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 shall reduce the impact on the environment 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.