

Sustainability report 2023



This sustainability report forms part of the overall Alfdex annual report for 2023.

In 2023, sustainability remained at the heart of Alfdex' philosophy. Each separator integrated into a truck mitigates potential oil spills by up to 25 liters annually, resulting in up to 100 million liters less oil leaking into the environment each year. Sustainability is not only our primary message to the market but also an internal priority. As a reliable supplier, we place equal emphasis on sustainability across our organization, whether in product innovation, manufacturing, procurement, logistics, or staff development.

Throughout 2023, Alfdex revamped its product lineup in anticipation of emerging sustainable applications and new market opportunities. Alfdex remains committed to pioneering solutions that address the current needs of customers while fostering a sustainable future.

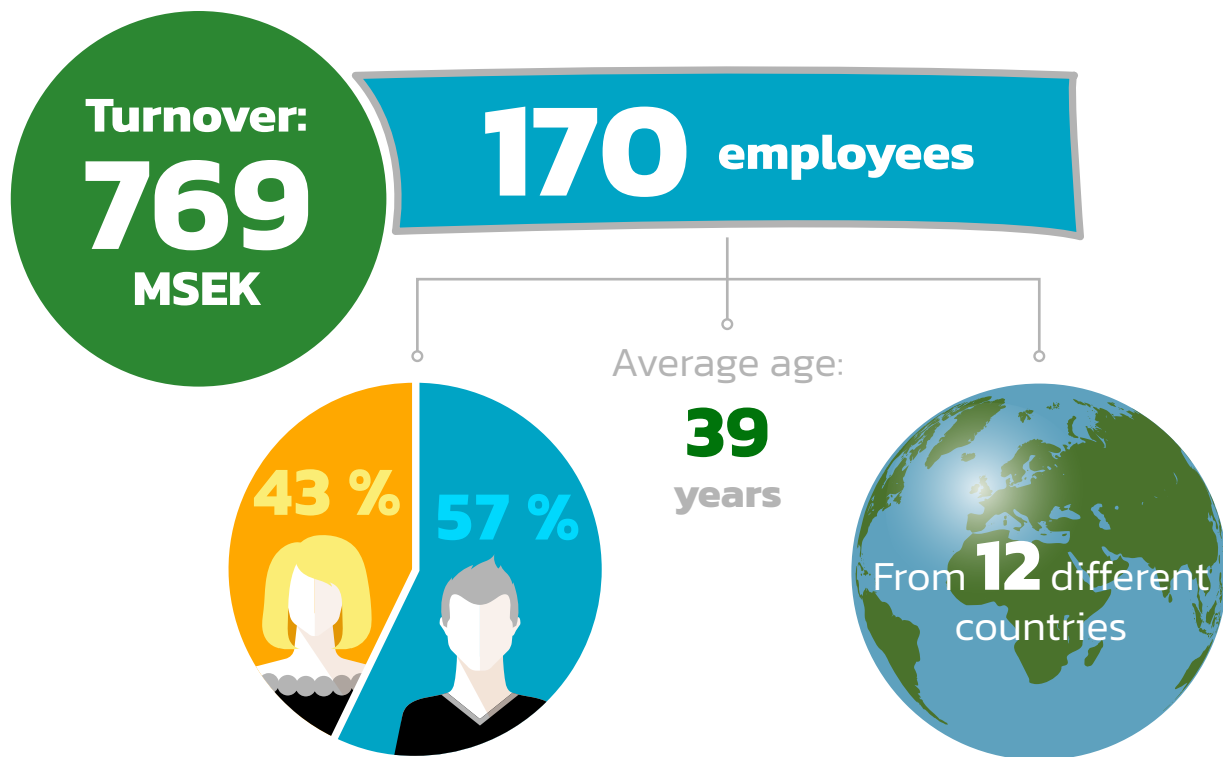


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Expected future development

Sales globally is expected to remain reasonably strong in 2024 globally in all markets even though the world economy is under pressure from geopolitical aspects and a high Inflation rate. To maintain a long-term market-leading position a new product generation has been introduced to the Chinese market.

Development of Alfdex' products to meet future requirements both on cost and performance have continued and is expected to progress into the next phase during the year. The introduction of an electric drive for the g-Cleaner products for EU/NA has gained strong interest and supports our customers to meet further stringent emission requirements and support future growth of the company.

Brazil introduced the legislation "ProConve 8" that stipulates tougher requirements for crankcase ventilation. The next step in Europe, "Euro 7" is expected to be implemented around 2028-29, being closely linked to equivalent legislations in North America and China, to be launched in the same timeframe. As new markets introduce legislation, expectations are that the company will continue to grow. Alfdex is also active in the alternative fuel segment and cooperating with customers with solutions for e.g. hydrogen as a fuel. Furthermore, Alfdex has launched the g-Heater concept which is the first initiative within new application areas for Alfdex. This product can be applied wherever clean heat is needed in transportation – from cab heating in an ICE driven truck, whether diesel or hydrogen, to battery heating for electric commercial vehicles.

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Environment

Alfdex is pushing technical boundaries by developing innovative solutions that target today's urgent needs for sustainability. By looking outside the box Alfdex creates opportunities for a broad range of customers to reduce their environmental impact. Our innovative g-Technology is spearheading the journey into a greener future.

Alfdex' overall aim is to:

- Utilize natural resources as carefully as possible.
- Reduce the environmental impact by developing products with focus on improved separation efficiency or reduced energy consumption during its lifetime.
- Reduce environmental impact during Alfdex' different processes.
- Design of products with consideration to long life time and efficient recycling.

Alfdex consider our company's environmental impact in all aspects and at all levels of business. We guide the process of improvement via Alfdex' environmental aspect list and by promoting daily improvements. As a minimum, Alfdex base our requirements on environmental legislation and meet the requirements of other stakeholders such as society, customers, shareholders and employees. Working with risk assessments is part of everyday life at Alfdex. Environmental aspects are identified and updated continuously. The environmental aspects and their consequences are communicated to internal and external stakeholders at meetings and digitally.



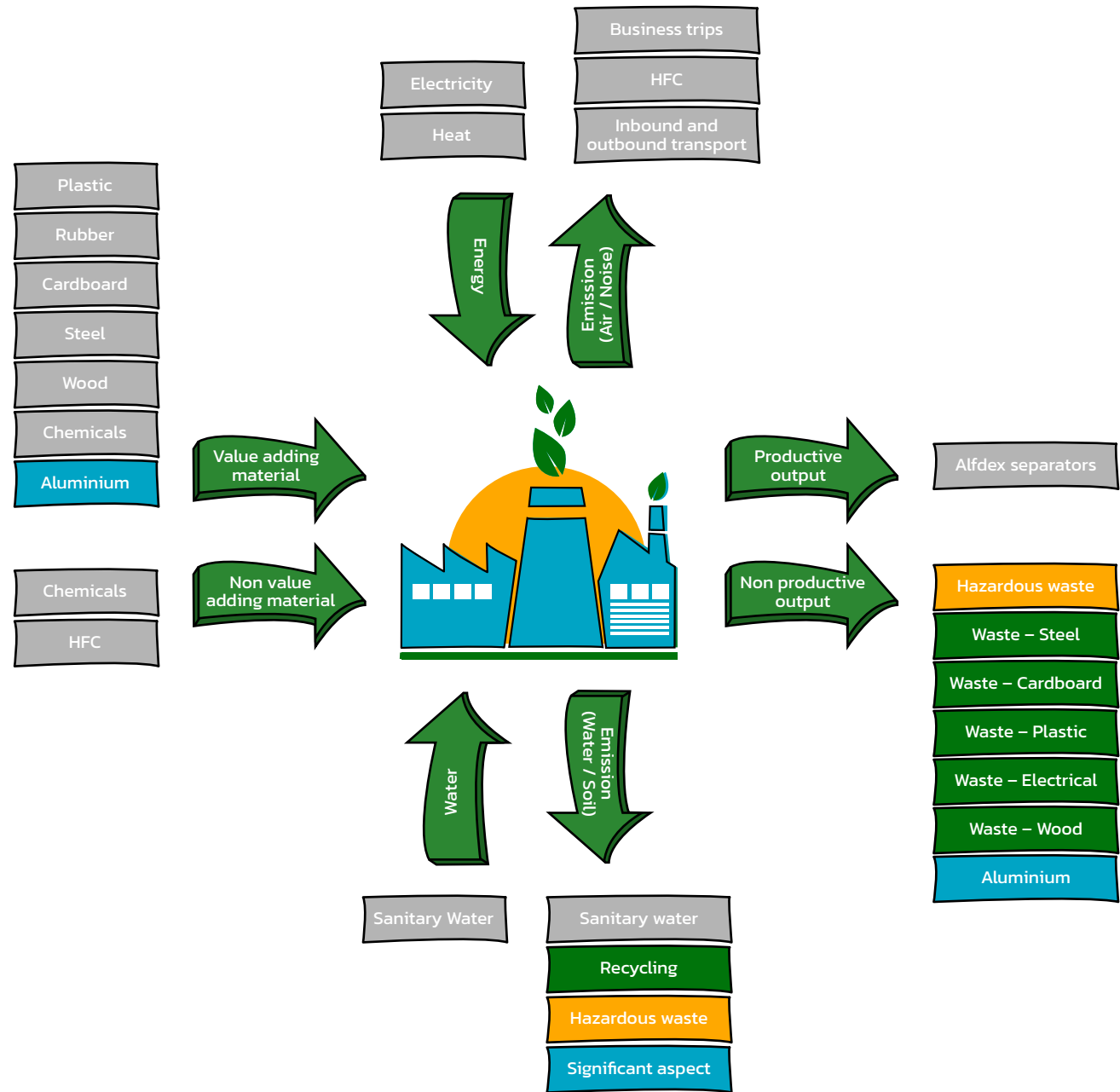
By constantly improving existing products and processes and investing in the development of new product generations, Alfdex' products and processes continue providing ever-increasing environmental benefits.

Alfdex requests all our global suppliers to map their supply chain with the focus of eliminating conflict minerals and follow the EU rules restricting the use of hazardous substances in electrical and electronic equipment to protect the environment and public health, RoHS.

Alfdex is implementing a strategy to relocate the supply base to the same region as the production and customer base, for each region. This will reduce the CO₂ impact as we significantly reduce the need for shipments around the globe.

To encourage and facilitate the transition to more environmentally friendly vehicles, there are now eight charging points for employees' cars at Alfdex in Landskrona.

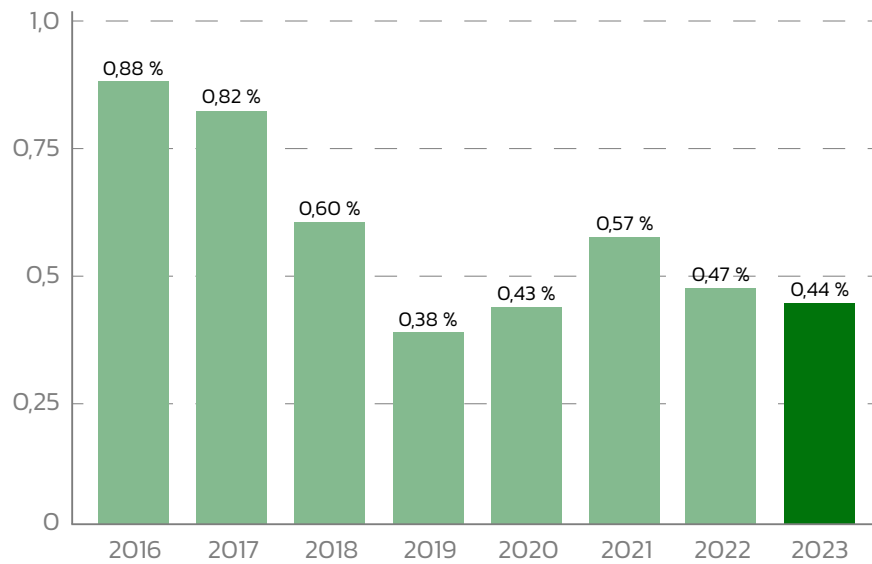
Alfdex' factory in Kunshan, China, is self-sufficient from solar power. All power delivered to the factory in Landskrona is from EPD (Environmental Product Declaration) produced hydropower, which means 0g CO₂/kWh. Solar panels (550 pcs) will be installed at Alfdex' factory roof in Landskrona during 2024.



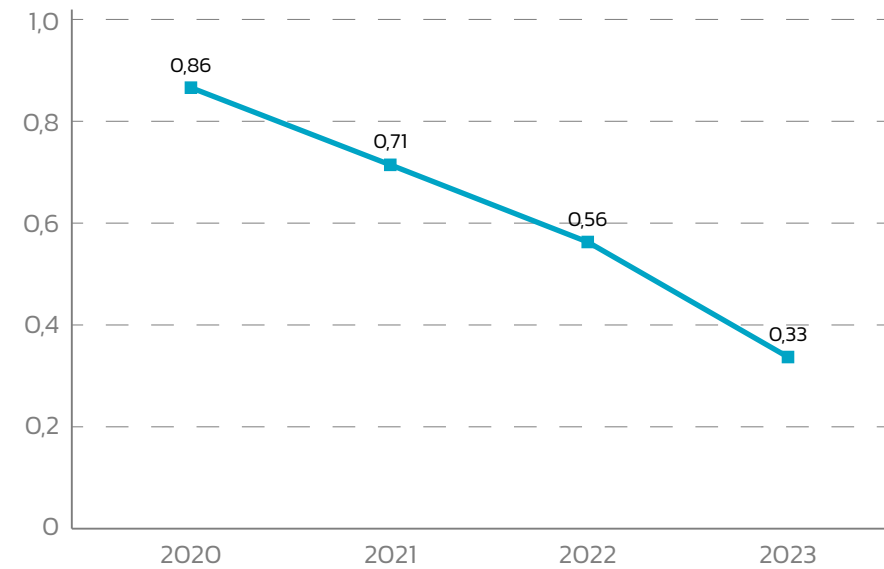
KPI's

Example: Alfdex' continuous improvement work to reduce the number of aluminium parts sent for recycling continues. Reduced waste means reduced impact on the environment!

Aluminium scrap Landskrona (%)



CO₂ consumption from transports of components to the factory in Landskrona (Kg CO₂/per sold unit)



The largest reasons for reduction of CO₂ per sold unit is fewer air transports and localization of material.



Social responsibility

Alfdex recognizes its role as a corporate citizen with various stakeholders in the community, aware of the impact it has beyond its internal operations. As an employer Alfdex always strives to act in ways that are both in line with rules and regulations regarding working conditions and in ways that enables a long and healthy work life.

To give more young people the opportunity to take their first steps into the working life, Alfdex actively collaborates with schools and the municipality. Alfdex does this by attending job fairs, open for study visits from schools and offer internships. A lot of our employees have started their career at Alfdex by taking their first summer job here as an assembly worker and later growing into more senior roles.

Our workforce, consisting of individuals from 12 different nationalities, mirrors the diversity of the surrounding community. This diversity enriches our team, fostering a blend of backgrounds, experiences, and skills, crucial for our success.

Alfdex maintains a strict policy against discrimination and harassment, easily accessible on our intranet and integrated into the onboarding process for all new employees.

In 2023, Alfdex contributed funds to the Swedish Cancer Fund and Stadsmissionen i Skåne to support families in need, exemplifying our commitment to giving back to society.

Governance

Ensuring Ethical Business Practices

At Alfdex, we maintain a steadfast commitment to eradicating bribery and corruption. We firmly believe in conducting our affairs responsibly, in strict adherence to laws and ethical business standards. Bribery and corruption not only disrupt fair competition and damage reputations but also pose significant risks to both companies and individuals.

Adherence to Alfdex' Anti-bribery & Anti-corruption policy is mandatory for any company wishing to be considered a credible and trustworthy business partner. We also expect all employees to uphold these principles without exception, reinforcing our commitment to ethical conduct.

Benefiting from Sweden's high ranking on the Transparency corruption index, Alfdex is positioned well to combat such issues effectively. We extend these ethical principles not only to our interactions with customers but also to our extensive supplier network. The Alfdex Supplier Manual, a cornerstone of our supplier engagement, includes an anti-corruption section that all suppliers must endorse before commencing any joint ventures.

Compliance with an anti-bribery policy is a requirement outlined in the IATF 16949 standard, which all our strategic suppliers are certified against. Alfdex places a premium on responsible sourcing, expecting all suppliers to align with our business principles as outlined in the Supplier Manual.

With a global footprint, Alfdex holds all suppliers, regardless of location, to the same high standards,

emphasizing compliance with local regulations and ethical conduct, particularly regarding human rights.

Minimum requirements for suppliers include third-party registration to ISO 9001, with a quality management system aimed at conforming to IATF 16949 standards. Given the critical importance of a stable supply chain, we prioritize cultivating long-term partnerships with dependable suppliers.

All identified Strategic Suppliers hold certifications in both IATF 16949 and ISO 14001. When evaluating and selecting new suppliers, adherence to the Alfdex Supplier Manual, including commitments to human rights and core conventions in International Labour Organization (ILO), is non-negotiable.

Alfdex have introduced a global whistleblower system to enable confidential reporting of any suspected misconduct connected to our operations. This initiative underscores our steadfast commitment to ethical conduct and accountability. The whistleblowing system is found at both Alfdex' web site and intranet.



Certification

Alfdex is certified since many years according to ISO 14001, IATF16949 and is working towards a certification to ISO 45001 Occupational health and safety.

Integrated control processes are used and audited yearly according to the standards set up by the ISO committee for quality and environmental perspectives. All suppliers, excluding two specially assigned by our customer, are certified by ISO 14001, covering more than 99% of the sourced material.

Contributing to the UN Global Goals

Alfdex actively supports the advancement of the UN Sustainable Development Goals for 2030. We consistently enhance our sustainability efforts and facilitate change by assisting customers in achieving their environmental objectives. Among the UN objectives, Alfdex has pinpointed five goals that we have the ability to significantly impact as a company.



**SUSTAINABLE
DEVELOPMENT
GOALS**





Good Health and Well-being

At Alfdex, we prioritize the well-being of our employees by fostering a healthy balance between work and personal time. Recognizing the importance of sustainability throughout the career, we advocate for adequate rest and recovery periods, facilitated by reasonable working hours. No employee is pressured to exceed their capacity or work overtime beyond what is favourable to their health.

Early Intervention

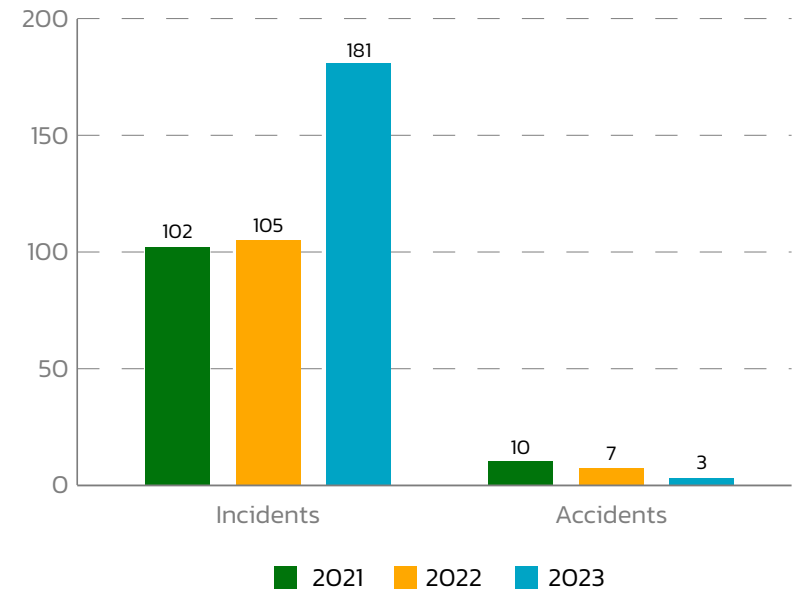
We emphasize the responsibility of every team member to take notice and respond if a colleague displays signs of distress or discomfort. Managers are especially tasked with intervening and providing support when an employee is not feeling their best, addressing both physical and mental well-being. Our partnership with healthcare providers ensures timely assistance, aiming to either prevent illness or facilitate a swift return to work.

Proactive Measures

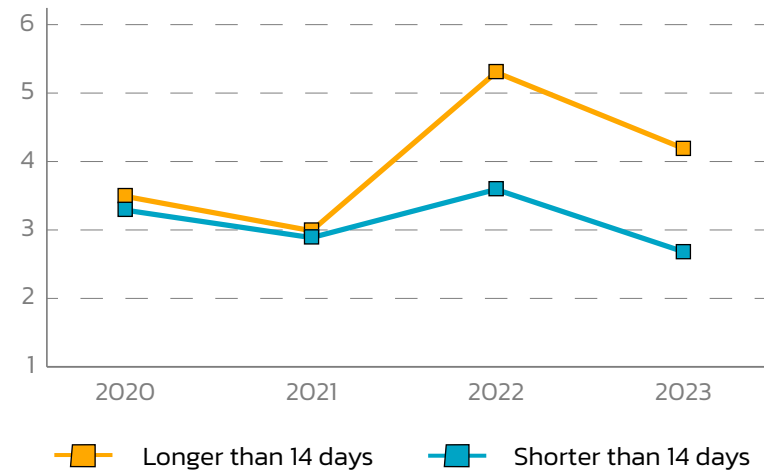
To preventively address potential health and safety risks, we conduct regular safety inspections and risk assessments, documented on our intranet and in our case management system, Canea One. Departmental managers oversee safety inspections within their areas of responsibility, while the management group overseeing the work environment take charge of company-wide risk assessments.

As part of our preventive approach, we systematically document incidents and accidents, striving for a goal of zero accidents as outlined in our Work Environment Policy, accessible on our intranet. In instances where accidents occur, our collaborative efforts with union protection agents ensure thorough reporting and analysis, contributing to a safer work environment for all. Personal safety is at the core of all management meetings and regular business performance reports.

Incidents and accident presented in part per million (PPM)



Sick leave hours divided by working hours (%)

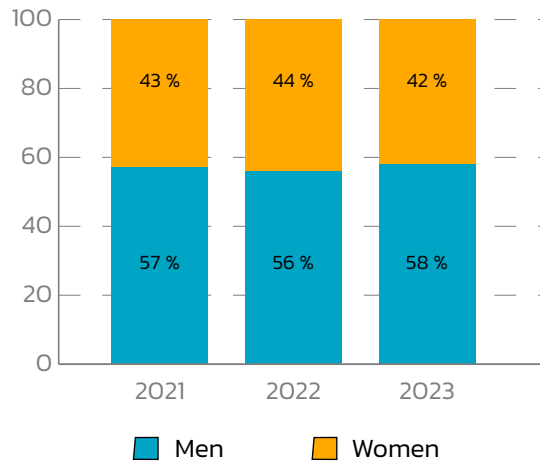




Gender Equality

Alfdex recognizes that fostering diversity and equality within our organization is central to our success. We understand that individuals from diverse backgrounds bring unique perspectives to problem-solving and tackling challenges. In our recruitment and promotion processes, Alfdex prioritizes not only the right skills and competencies but also ensures gender equality is a key consideration.

Leadership (%)

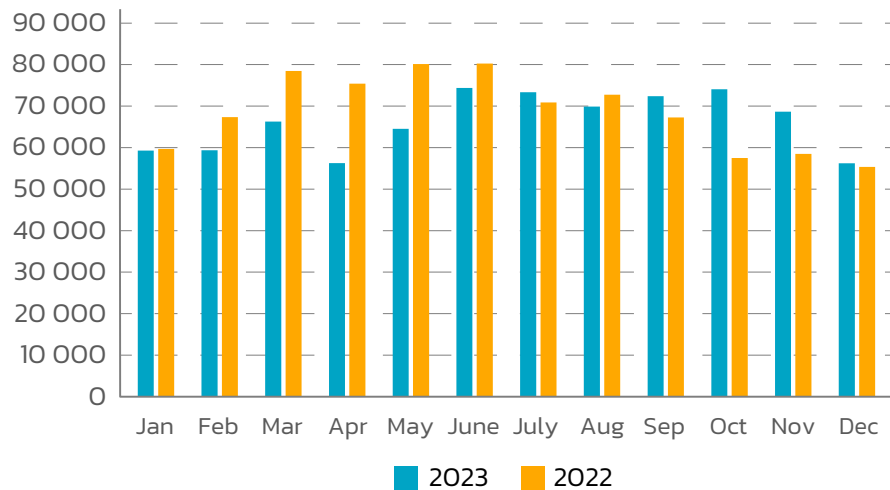




Affordable and Clean Energy

All electricity consumed in the Alfdex production consist of sources of renewable and fossil-free energy sources. Furthermore, eight charging points for cars have been installed in the parking area of the factory in Landskrona. Both the Landskrona and the Kunshan, China factories are supported by solar energy. Furthermore, Alfdex is committed to continuously work for energy-efficient methods regarding the daily operation of the properties in general. Energy consumption is a KPI central to Alfdex and is thus monitored each month.

Energy consumption Landskrona factory 2022-2023 (kWh)



Decent work and economic growth

At Alfdex, we prioritize cultivating enduring relationships with our employees. We aim for their long-term commitment, recognizing the valuable contributions they make with their expertise. This approach fosters a sense of empowerment within our workforce.

Alfdex upholds collective agreements with labour unions, ensuring equitable compensation, educational opportunities, and additional benefits for our employees. Moreover, we adhere to regulations concerning parental leave, enabling our staff to balance their familial responsibilities with career advancement.



Responsible consumption and production

At Alfdex, we prioritize environmentally responsible consumption and production methods. When designing new production systems, we focus on developing systems with minimal energy usage.

Within our factories, we are committed to minimizing waste generation and strive for zero waste production wherever possible. Any waste generated is meticulously recycled. Additionally, we adopt a reuse strategy for pallets used in material shipments from our suppliers, repurposing them to transport finished goods to our customers whenever possible.



Climate action

At Alfdex, our core mission revolves around mitigating emissions on a global scale. Our innovative g-Cleaner technology acts as a barrier, effectively halting the release of harmful oil and soot particles into the environment. By utilizing this g-Technology, our customers are supported to not only comply with but surpass environmental regulations.

We are continuously exploring new avenues beyond the combustion engine. One notable initiative, the g-Heater, involves the development of an emission-free solution for heating battery packs and cabins in commercial vehicles, representing a step forward in reducing emissions across various applications. We are currently at the prototype stage for this new concept.



“ One person cannot do everything, but everyone can do something.”

That was how Alfdex reasoned when we put two bee-hives at our roof at the factory in Landskrona. Bees play a crucial role in the reproduction of flowering plants, including many crops that human rely on for food. The bees on the Alfdex roof were busy all summer, pollinating surrounding plants, and in the end of the season they provided us with almost 50 kg of well tasting honey!



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