

Sustainability report 2018 SWEP International AB

This Sustainability report presented from SWEP International AB, Id No 556287-5392, it's covering the financial Year 2018. The sustainability report is established according to ÅRL 6th and 7th chapter. When signing the Annual Report 2018 by the board of Director, the sustainability report was also approved.

Business model

SWEP is one of the world's leading suppliers of brazed plate heat exchangers. As a world leader within the heat transfer technology, SWEP continuously strives to stay in the frontline, introducing state of the art technology to the market. SWEP's target is to offer outstanding product performance, economy and service to its customers. SWEP is close to its customers, with representation in more than 50 countries and its own dedicated sales force in more than 20 countries. Highly efficient production entities in Sweden, USA, Malaysia, Slovakia and China enable SWEP to serve customers all over the world. SWEP is part of the global Dover Corporation – with more than 28000 employees. SWEP's vision is to significantly lower energy usage in heat transfer solutions. Our purpose is that we believe in creating more from less. That our future rests on giving more energy than we take – from our planet and our people. So we are here to lead the conversion to sustainable energy usage in heat transfer, constantly creating more from less energy, material and space.

SWEP was established in 1983 by a small group of pioneers in thermal engineering who were among the first to be convinced of the possibilities of the new CBE technology. Today we are the leading supplier of compact brazed heat exchangers and related products and services. We are close to our customers, with representation in more than 50 countries and our own dedicated sales force in more than 20 countries. We have more than 1000 employees, the majority of whom work in Landskrona, Sweden, where our Headquarters are situated. We have manufacturing plants in Sweden, Malaysia, Slovakia, China and the United States.

SWEP is a stand-alone company within the global Dover Corporation. We know that effective management and open lines of communication are the key to maintaining people's confidence. Feedback is very important to us, and opportunities for giving feedback are built into all levels of communication. We also use a global employee survey to identify areas of satisfaction or concern. We will maintain the vigorous spirit of enterprise that got SWEP started in that garage, and continue the changes that drive our technical advances

Areas of expertise: Compact brazed heat exchangers, energy recovery, heating, refrigeration, heat pump etc.
More to read on our website: <http://www.swep.net>

Supply Chain

SWEP's most critical suppliers are our Metal and Machining suppliers, from whom we buy the raw materials and machined parts used to manufacture our product - brazed plate heat exchangers. We have more than 15 different suppliers, covering approximately 60% of our total spend and delivering regionally and globally to all our manufacturing sites. We also have regional and global contracts in place with different forwarding companies. They play a crucial role in our supply chain, delivering to SWEP finished goods warehouses and making sure that our customers receive their products in time. For all identified important suppliers, we negotiate contracts; on local, regional or global level. To make sure that we secure our interests and contract best alternatives. Our Sourcing organization follows our global standard operating procedures and instructions -this to fulfill all requirements from our owners, our management and external third parties.

Documents and guidelines

SWEP has a combined Quality and Environmental Policy. The Quality and Environmental Policy ensures that SWEP is committed to the highest level of integrity in quality and environmental issues in the context of our business, among our staff, suppliers, customers and local communities. Our collective task is to continuously reduce, prevent and mitigate harmful impact on the environment resulting from our total global activities.

Since 2008 SWEP International AB is certified according to ISO14001. Today all manufacturing sites are certified. In addition to the Quality and Environmental Policy, SWEP has a Health and Safety Policy that is based on SWEP basic Beliefs, which can be found on SWEP intranet:

- Respect and Value People
- Winning through customers
- Ethics
- Expectations for result
- Entrepreneurial spirit

RESPECT AND VALUES PEOPLE

- We never compromise on safety.
- We strive to improve the quality of life in the world we live in.
- We respect the well-being of our customers, partners and colleagues.
- We are committed to the success of our people, SWEP and customers.
- We motivate and inspire others.
- We build, develop and share talent.
- We are accountable for our actions and openly use mistakes as a vehicle to learn and improve.

WINNING THROUGH CUSTOMERS

- We are passionate about our customers' success.
- We listen carefully to our customer needs.
- We create customer intimacy through long-term partnerships based on trust.
- We create a value proposition for the customer.
- We provide exceptional products, services and expertise.

ETHICS

- We abide by the law in all our activities.
- We are trustworthy and ethical toward others in all interactions.
- We act in the best interest of the company.
- We are honest, genuine and transparent.
- We listen openly and take appropriate action.
- We communicate timely and with transparency.
- We believe in diversity and invest in it.
- We admit mistakes.

EXPECTATIONS FOR RESULTS

- We strive to exceed expectations.
- We are results driven.
- We set goals and objectives for ourselves and our organization.
- We have a sense of urgency; we get things done.
- We believe in continuous improvements.
- We believe in celebrating our victories.



ENTREPRENEURIAL SPIRIT

- We have a passion for what we do.
- We practice informed and disciplined risk taking.
- We are optimistic and have a can-do attitude.
- We challenge the process and consider all possibilities.
- We seek, recognize and act on ideas while working collaboratively and facilitating a team approach.

It is the board of Directors of SWEP that has the overall responsibility to manage SWEP and it also comprises activities related to sustainable business.

SWEP lives and works according to DOVER Integrity Counts/Code of Business Conduct & Ethics. All employees are regularly trained, and the information is available on SWEP Intranet site. The trainings through on-line courses distributed by Dover are mandatory for all employees and participation is monitored on a regular basis. We continuously monitor Health and Safety KPIs for all our locations. Analysis and corrective actions are discussed, shared and implemented. SWEP does not tolerate any discrimination what so ever. We actively strive to have diversity in both gender and nationalities and as proof of this, we have many women in leading positions. SWEP has an active work life balance policy and works actively with CSR related questions and activities. DOVER also provides an active whistle-blower system through DOVER hotline. All employees have access to this system.

Sustainability related risks and risk management

Major risks	Description of risk mitigation
<p>Environment</p> <p><i>Climate change</i></p> <p>While producing heat exchangers SWEP utilizes a lot of non-renewable natural resources like minerals included in stainless steel and copper. Extraction of minerals and copper and manufacturing of stainless steel and copper foil has great impact on climate changes.</p> <p>For northern Europe there is an expectation that the climate change will drive milder winters and warmer summers, which will lead to increased rainfall. Even though SWEP's analysis shows that this has no major impact on our operations, there is a slight risk that the insurance costs will increase due to more severe weather.</p>	<p>To mitigate the impact on nature, SWEP actively works on reducing process scrap. If scrap occurs in the manufacturing process the material is sorted and re-cycled as far as possible.</p> <p>SWEP also controls its supplier base very carefully in order not to purchase material that contain any conflict minerals.</p>
<p><i>Co2 emissions and Carbon Footprint</i></p> <p>A carbon footprint is a measure of the impact our activities have on the environment in terms of the amount of greenhouse gases produced, measured in units of carbon dioxide equivalents (CO₂e). A carbon footprint is made up of two parts, direct and indirect emissions:</p> <p>Direct emissions:</p> <ul style="list-style-type: none"> • Are produced by sources that are owned or controlled by the reporting organization and include electricity use, burning oil or gas for heating, and fuel consumption as a result of business travel or distribution <p>Indirect emissions:</p> <ul style="list-style-type: none"> • Are result from a company's upstream and downstream activities. These are typically from outsourced/contract manufacturing and products and the services offered by the organization <p>Why is it important?</p> <ul style="list-style-type: none"> • Assessing and tracking our carbon emissions and other key environmental indicators is the first step towards running a sustainable business • Climate change – Kyoto protocol and Paris Agreement: Goal of limiting global warming to less than 2 degrees Celsius (2°C) compared to pre-industrial levels. Ideal 1,5°C. European Commission – Climate Action - target to cut emissions in EU territory by at least 40% below 1990 levels by 2030. • Dover 20-20-20 goal - 20% reduction in energy intensity and greenhouse gas intensity from 2010 to 2020. • Avoid greenwashing – it's the practice of making misleading claim about the environmental benefits of a product, service, technology or company practice. Greenwashing can make a company appear to be more environmentally friendly than it really is. • CDP – Carbon Disclosure Project is the only global disclosure system for companies, cities, states and regions to 	<p>During 2017/2018 SWEP has conducted a pre-study in order to gain better understanding of our Carbon Footprint. The result of this pre-study is:</p> <p>The most material elements of SWEP's emissions total are:</p> <p>1. Electricity consumption 2. Freight activity 3. Business flights</p>  <p>Therefore, to reduce emissions, focus should be on these elements</p> <p>During 2018 SWEP has in conjunction with Carbon Footprint Ltd, re-assessed SWEP's Carbon Footprint, which confirms that the above focus areas are still valid and KPIs need to be agreed, implemented and monitored to achieve, necessary reduction in 2018/2019.</p> <p>By achieving this, SWEP has qualified to use the Carbon Footprint Standard branding below. The Carbon Footprint Standard is recognition of our organization's commitment to carbon management</p>  <p>CO₂e Assessed Organisation</p>

<p>manage their environmental impacts. This information is used to evaluate a company's awareness on climate change (and other environmental issues) and how these risks are addressed and decreased.</p> <ul style="list-style-type: none"> • Green marketing, Cost saving, Corporate social responsibility, Risk reduction, Expansion of the business 	
Corporate Social Responsibility	
<p><i>Working environmental risks</i></p> <p>Parts of the operations has an increased risk of workplace accidents, that can give consequences for the employee. It can also create a bad reputation for SWEP as a company or possibly a fine for lack of legislative compliance.</p>	<p>Each SWEP location has an EHS- responsible person and works according to the country's work environment legislation. Audits are made on a regular basis to ensure that no risks are present. All incidents and accidents are recorded, and corrective actions are implemented. Best practice/ Lessons learned is shared between the different manufacturing locations.</p> <p>Safety is a big commitment at SWEP and Dover and we continuously strive to provide the best possible working environment for or employees.</p>
<p><i>Discrimination and Equal opportunities</i></p> <p>SWEP is aware that we operate in an industry that is dominated by male employees. Even though we today have a written policy regarding equality there is a historical structure and behavior in our culture that can take time to change. To discriminate people due to gender, nationality, age, beliefs and sexual relation can lead to an impaired working environment, which can lead to less productivity, difficulties to recruit and keep employees.</p>	<p>SWEP has a Non-discrimination and Equal Opportunity Policy. The purpose of this policy is to communicate the commitment of the President and the Management team to the promotion of equality of opportunity in SWEP. It ensures that SWEP complies with the equality obligations under the various anti-discrimination legislations in different countries. The principle of equal opportunity and non-discrimination serves as the framework for all human resources management in SWEP.</p> <p>It is our policy to provide employment equality to all, irrespective of</p> <ul style="list-style-type: none"> • Gender, including gender reassignment • Marital or civil partnership status • Religious belief or political opinion • Social origin • Race • Disability • Sexual orientation • Age <p>SWEP is opposed to all forms of unlawful and unfair discrimination. All job applicants, employees and others who work for us will be treated fairly and will not be discriminated against on any of the above grounds.</p> <p>Decisions about recruitment and selection, promotion, training or any other benefit is made objectively and without unlawful discrimination.</p>
Respect for Human rights	
<p>SWEP is aware that we operate in locations with higher risk of Human rights violation.</p>	<p>To mitigate the risks of Human rights violation SWEP has developed its Basic Beliefs; described above. During SWEP Management Team meetings, the SWEP Basic Beliefs are regularly discussed and evaluated, all regions/locations are represented in the top management team.</p>
Corruption and Bribery	
<p>Offering or paying bribes or other improper payments to win business is unacceptable no matter where we are doing business. Bribes and other corrupt payments may violate multiple anti-corruption laws and expose individuals and the Company to civil and criminal liability and severe penalties. Violations could also result in the loss of future government contracts. Almost all countries have laws that prohibit bribery, corruption and kickbacks.</p> <p><i>Extract from "Dover Code of Business conduct and Ethics"</i></p> <p>Our Suppliers are expected to follow the Dover Code of Business conduct and Ethics.</p>	<p>Our Company will not tolerate bribery of any form with any third party, public or private, whether done directly by our employees or indirectly through third parties, even if by upholding this ethical standard we lose business or encounter difficulties (for example, delays in obtaining permits or licenses) as a result.</p> <p><i>Extract from "Dover Code of Business conduct and Ethics"</i></p> <p>All employees are regularly trained, and the information is available on SWEP Intranet site. The trainings, through on-line courses distributed by Dover, are mandatory to all employees and participation is monitored on a regular basis.</p> <p>All major direct material suppliers sign the Dover Code of Business conduct and Ethics.</p>

KPIs, Measurements and Results

Energy consumption (SWEP Landskrona)		2018	2017	%															
	Brazed (Kg)	4 110 878	4 071 895	+ 1%															
	Energy consumption (Kwh)	14 221 486	13957 824	+ 1.9%															
	Leverage –Kwh (% x PY KWh)	-130 034	-90394	+ 0.9%															
Reduce energy consumption kWh/brazed kg with 2% per year	<p><i>Comments:</i> We missed the target by 1.1% for 2018, compared to 1.8% 2017 which is an improvement. The reason for not reach the target are initial conversion consumption due to increased volumes and additional machinery (even though new machinery has lower energy consumption). The furnaces have the highest energy consumption and multiple actions are undertaken to decrease energy usage. All energy in SWEP International AB is green energy so the total market-based emissions are zero.</p>																		
Reduction of SWEP Carbon Footprint impact – Re-assessment done	<p>During 2018 SWEP has in conjunction with Carbon Footprint Ltd, re-assessed SWEP's Carbon Footprint, which confirms that the above focus areas:</p> <ul style="list-style-type: none"> Electricity consumption Freight activity (air and express) Business travel (flights) <p>are still valid and KPIs need to be agreed, implemented and monitored to achieve, necessary reduction in 2018/2019.</p> <p><i>Comments:</i> Assessing and tracking our carbon emissions and other key environmental indicators is the first step in running a sustainable business.</p>																		
ZERO accidents (SWEP International AB)	<p>9 Accidents during 2018</p> <table border="1"> <tbody> <tr> <td>SWEF Landskrona</td> <td>• 2 accidents</td> </tr> <tr> <td>SWEF Kosice</td> <td>• 2 accidents</td> </tr> <tr> <td>SWEF Tulsa</td> <td>• 2 accidents</td> </tr> <tr> <td>SWEF Suzhou</td> <td>• 2 accidents</td> </tr> <tr> <td>SWEF KL</td> <td>• 1 accident</td> </tr> </tbody> </table> <p><i>Comments:</i> No trend is seen in the accident's statistics, the type of accidents is very random. Focus is put on incidents (clos call) to prevent future accidents.</p> <p>SWEP is part of the Dover commitment "Zero accidents by choice".</p>					SWEF Landskrona	• 2 accidents	SWEF Kosice	• 2 accidents	SWEF Tulsa	• 2 accidents	SWEF Suzhou	• 2 accidents	SWEF KL	• 1 accident				
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Reduce affectable scrap with 10 % vs CY 2014 (SWEP Landskrona)	<table border="1"> <thead> <tr> <th>Material</th> <th>2018 vs 2017</th> </tr> </thead> <tbody> <tr> <td>Scrapped BPHE</td> <td>26%</td> </tr> <tr> <td>Scrapped Stainless steel</td> <td>-9%</td> </tr> <tr> <td>Scrapped Copper</td> <td>3%</td> </tr> <tr> <td>Total</td> <td>4%</td> </tr> <tr> <td>Brazed Approved</td> <td>1%</td> </tr> <tr> <td>Leverage 2018</td> <td>-3%</td> </tr> </tbody> </table>	Material	2018 vs 2017	Scrapped BPHE	26%	Scrapped Stainless steel	-9%	Scrapped Copper	3%	Total	4%	Brazed Approved	1%	Leverage 2018	-3%				
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A **DOVER** COMPANY

	<p><i>Comments:</i> The KPI objective is very ambitious and multiple actions are undertaken to reach the yearly -10% objective.</p>
All employees shall get trained in Dover Code of Business conduct and Ethics.	<p>100% Of all employees have been trained in Dover Code of Business conduct and Ethics.</p>
	<p><i>Comments:</i> SWEP follow up and measured by Dover.</p>