



SWEP Sustainability report 2021



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New challenges, new successes

After the turmoil of 2020, a range of new challenges emerged in 2021. From scarcity of materials, to health and safety restrictions, logistical issues, rising prices and energy crises: 2021 has thrown a lot at all of us!

At SWEP, we're proud that we haven't lost sight of our sustainability goals during these challenging times. In many ways, we've exceeded our expectations: we've pushed down the emissions intensity of our manufacturing, we've established a new ESG framework to better manage our sustainability work, and in Hypertwain we've made a technological breakthrough capable of dramatically reducing energy demands.

Perhaps most significantly, we have seen our efficient, clean technology make a transformative impact in residential settings. As fossil-fueled boilers become outmoded, our brazed plate heat exchangers have become key components in sustainable alternatives. It's a chance for us to be central to energy systems that protect the environment. It's a chance we won't miss.

A note from our President

Adaptation, dedication and success

2021 brought unique challenges to us all, but I'm delighted at how SWEP has adapted and thrived.

I'm especially proud of how everyone at SWEP has handled the continued impact of the COVID-19 pandemic. Regulations and restrictions have been accepted responsibly, and that's helped us to both keep each other safe and increase production. Despite the pressures, our employees have been able to continue their personal development. It's incredibly impressive that so many of our colleagues have – despite so many hindrances – earned qualifications, passed leadership courses, participated in workshops, and even won awards.

On top of that, we've pushed onwards with our ambitious sustainability agenda. We recognize that the green transition is more important than ever, and we cannot let external crises impede our commitment to environmental progress. On the contrary, crises can be an opportunity to show resourcefulness and contribute to positive change.

Electrification is a good example. Environmental concerns are driving the demand for heat pumps powered by renewable electricity. We've seen the potential benefits – in both environmental and business terms – in providing energy-efficient heat transfer solutions for these technologies, so we've committed ourselves to this sector, and it has become one of our fastest growing markets.

Increased capacity is needed to meet this demand and, again, this is an opportunity for sustainable progress. New headquarters, expanded manufacturing sites, an improved R&D center, increased automatization and digitalization: we are using these developments to innovate and make our operations even safer, cleaner and less resource-intensive. As a result, our goal of reaching carbon neutrality by 2030 is within our reach.

We have now adopted an ESG framework (environment, social and governance), in line with our parent company, Dover Corporation. Along with our partnerships with independent assessors, this increases transparency and gives stakeholders a clearer overview. It will help us to retain our focus, and to concentrate on being a positive force in an uncertain world.



Ulrika Nordqvist, President SWEP



We recognize that the green transition is more important than ever, and we cannot let external crises impede our commitment to environmental progress.

This is SWEP

SWEP's dedication to sustainability

For almost 40 years, SWEP has been dedicated to resource efficiency and sustainable heat-transfer solutions, something we continue to demonstrate in our products, our activities and our ambitions.

The company was established in 1983 by two Swedish entrepreneurs who industrialized brazed plate heat exchanger (BPHE) technology and brought it to market. Today we number more than 1,000 people, with production plants in Sweden, Slovakia, Malaysia, China and USA, along with offices in 20 countries and representation in 50 countries.

Companies change as they grow, of course, but we have been able to retain and reinforce our key principles over the years: efficiency, innovation and the optimization of energy, material and space.

This can be seen in the launch of Hypertwain®. It's a breakthrough technology in heat transfer, capable of outstanding performance with drastically lower energy consumption, refrigerant use and space demands.

While we're proud of the environmental credentials of our products, it's vital that we manufacture them in a way that is sustainable and ethical. That's one of the reasons why we have invested so significantly in our facilities. 2021 saw the additional expansion of our site in Kosice, Slovakia. Not only will this enable us to respond to Europe's increasing demand for sustainable heat transfer solutions, it will help us to further reduce the energy and emissions associated with manufacturing our heat exchangers.

In recent years, we have made some changes in how we think about sustainability. We now embrace ESG (environmental, social and governance) as a framework for measuring, reporting and shaping the way we work. We have also set ambitious emissions reductions targets, including a pledge to achieve carbon neutrality by 2030. It's one of the ways we ensure that our commitment to a cleaner and more energy efficient world continues into the future.





Our purpose:

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.

Our vision:

To significantly lower energy usage in heat transfer solutions.

The Dover Corporation

Since 1994, SWEP has been part of the Dover Corporation, a diversified global manufacturer with more than 25,000 employees in over 20 independent companies.

All Dover companies are committed to creating economic value for shareholders and customers through sustainable practices that protect the long term well-being of the environment. From greenhouse gas and waste reductions, to increased energy efficiency, Dover is striving to meet the global environmental needs of today and tomorrow.

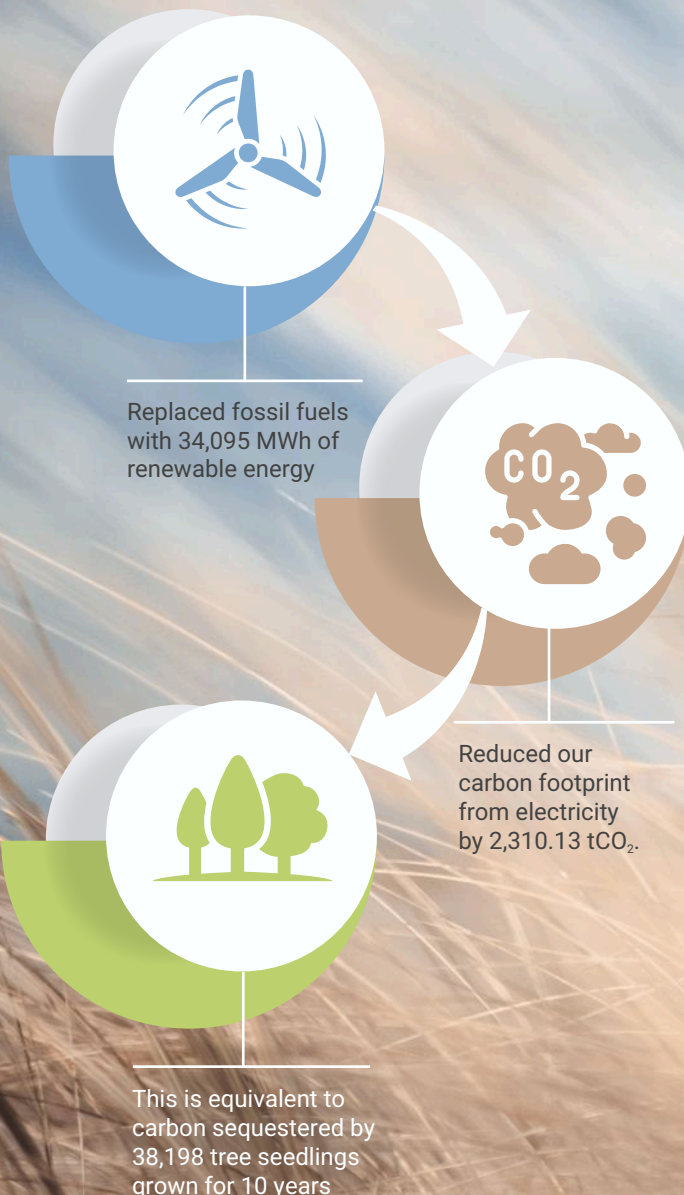
In accordance with its sustainability policy, Dover is committed to:

- Managing the potential physical, regulatory, operational and financial risks and opportunities to our businesses related to climate change.
- Monitoring, reviewing and improving the energy and greenhouse gas efficiency of our products, services and operations.
- Communicating and engaging with customers, shareholders and employees regarding our energy and greenhouse gas performance.



Sustainable performance in 2021

SWEP is continuing to fight for sustainability on multiple fronts. Here are some of the achievements we're most proud of.



ESG and Sustainable Development Goals

A framework for making a positive impact

In 2021, we introduced a new framework for addressing our sustainability goals. ESG – environmental, social and governance – is an approach that lets us set targets and evaluate our impact in a more holistic way. SWEP has always been run as an ethical, responsible company, and adopting ESG helps us to understand more fully the implications of our activities and to ensure that they ultimately benefit our planet and its inhabitants.

As well as supporting our internal evaluation and planning, ESG makes it easier for external parties to assess our sustainability and ethics.



Dover Corporation reports to CDP for all of the companies in the corporation, including SWEP.

For 2021 the results in CDP were A- in Climate change and B in Water security.



Internationally accepted metrics can be monitored by external assessors for transparent, impartial analyses of our performance.

The three ESG criteria are:

Environmental: We want to get the full picture of the environmental impact of all our actions. That means not only evaluating our operations, but also assessing our supply chain and getting an understanding of the effects of our products after they leave the factory.

Social: The social criterion is about our interactions with people, both within SWEP and in the wider world. It covers internal matters – like ensuring co-workers' safety and fair treatment – as well as external issues like community engagement and our suppliers' labor conditions.

Governance: The third criterion is about ensuring that we operate ethically, legally and with transparency. Internally, this includes maintaining safe and equitable work environments; externally, it includes choosing partners who share our ethical standards. In all we do, it demands that we act with honesty and accountability, and in compliance with all regulatory requirements.

ESG and the Sustainable Development Goals

By adopting this framework, we're confident that we can broaden and deepen our commitment to the UN Sustainable Development Goals (SDGs). SWEP contributes to the following SDGs, and our ESG policy will help ensure they will continue to be focal points:



3 Good health and well-being

Ensure healthy lives and promote well-being for all at all ages
SWEP's contribution: Our comprehensive health and safety policies (page 8-9)



4 Quality education

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
SWEP's contribution: Supporting our employees' professional development and providing learning opportunities for students (page 12-13)



5 Gender equality

Achieve gender equality and empower all women and girls
SWEP's contribution: Continuously evaluating the gender balance in our organization, and actively promoting equality via recruitment and training initiatives (page 10-11)



7 Affordable and clean energy

Ensure access to affordable, reliable, sustainable and modern energy for all
SWEP's contribution: Our brazed plate heat exchangers reduce electricity consumption and fossil fuel usage globally (page 22)



10 Reduced inequalities

Reduce inequality within and among countries
SWEP's contribution: Offering starting wages above national minimum wage and creating employment opportunities without discrimination (pages 10-13)



12 Responsible consumption and production

Ensure sustainable consumption and production patterns
SWEP's contribution: Reducing scrap and emissions in our production sites (page 18)



13 Climate action

Take urgent action to combat climate change and its impacts
SWEP's contribution: Our CO₂ journey. We intend to become a carbon neutral organization by no later than 2030 (pages 16-17)

Safely navigating extraordinary times

Maintaining our co-workers' safety and health is a top priority at SWEP. Like any employer, we have a moral imperative to keep our employees safe, but we take it further than that. By taking a holistic approach, we enable and encourage care for our colleagues' mental and physical wellbeing, both at work and in their private lives.

In 2021, we implemented flexible work location policies that align with the needs and opportunities at each of our sites. This is, in part, a response to the ongoing COVID-19 situation but it is also aimed at enabling a healthy work-life balance and at exploring ways of working that meet both the demands of the company and the health and happiness of our colleagues.

At all of our locations we have offered various activities and training opportunities that support health and wellbeing. Here's a selection of some of the more innovative and noteworthy enterprises.

Local health-improvement efforts

SWEP China – Doctors and health experts provide individual consultations and analyses to our colleagues in China every year. On top of that, monthly health bulletins help provide advice and spread the word about activities and events. In 2021, these have included lunchtime dance sessions and our annual table tennis competition.

SWEP Sweden – The dedicated Wellness Team in our Swedish site has been responsible for activities including free tennis sessions and a woman-only road-race. A bike-leasing scheme is in place to encourage people to cycle to work, and employees are also entitled to a wellness allowance that they can spend on health-related activities. The allowance was increased by 25% in 2021.

SWEP Americas – In 2021, the annual on-site wellness fair included biometrics health screening and assessment. Throughout the year, a range of activities and programs were arranged through the Dover Castlight scheme. These included exercise, weight loss, healthy eating and smoking cessation programs.

SWEP Malaysia – The COVID-19 pandemic and social distancing made it harder to organize sports activities, which are normally a staple of the health program in our Malaysian site. Nevertheless, SWEP employees





were motivated to exercise independently through a number of clever initiatives, including a month-long Fit & Active challenge that set a range of personal goals. Events have also been held to address mental health issues, such as stress and the impact of COVID-19.

SWEP Slovakia – There continues to be an active dialogue between employees at all levels at SWEP Slovakia, leading to active support for a number of health initiatives. Hiking has been an especially popular activity in 2021, and employees also received support to take part in the Kosice Peace Marathon, one of the oldest in Europe.

Safety at work

COVID-19 was a major consideration in all our lives in 2021. We've made adjustments and introduced safety protocols in every SWEP site, in order to keep each other safe. Our Malaysian plant, for example, offered on-site COVID testing, enhanced sanitation processes, provided personal protections equipment, and extended the visual management system to highlight the most critical safety regulations.

2021 also saw the launch of Dover's Zero Harm safety program. It is based around our parent company's commitment to providing a healthy environment and safe workplace for all employees. Among other aspects, the program emphasizes the role that every employee has in promoting safety and recognizing risk. If there are any potential dangers on-site, it's often our employees that are best placed to notice them. Zero Harm reinforces that we should stop

working if unsafe conditions exist and instead ensure that issues are reported and/or repaired.

Unfortunately, our global TRIR (Total Recordable Incident Rate) rose slightly from 1.20 in 2020 to 1.37 in 2021. This is a reasonable figure in the context of the industry we work in, but we have nevertheless taken positive steps to reduce it. Our analysis showed that many of these accidents were related to cuts from handling stainless steel, which may have been prevented by proper usage of personal protective equipment (PPE). We've increased training around the necessary use of PPE, which we believe will lead to a positive impact in this area.

In addition, all of our plate pressing plants have implemented shop floor safety measures, including installing additional safety barriers and fences. Another key initiative in 2021, has been the increase in signposting, warning lights, forklift alarms, and barriers between walkways and forklift routes. This initiative has been completed at several SWEP plants and will be rolled out to all of our production facilities.

Some sites deserve particular praise for their excellent safety endeavours – our plants in Malaysia and China both recorded zero accidents throughout 2021. warehouse space was converting into meeting and break areas to ensure social distancing, while in China daily safety status reports were gathered to gauge the effectiveness of COVID-19 protocols.

Health and safety policies, TRIR, Ergonomics Safety training programmes (actions for safety improvements), Workplace accidents, Actions for improving health

Engaging employees

Creating and maintaining a great workplace

10 REDUCED INEQUALITIES



5 GENDER EQUALITY



At SWEP, we aim to offer our employees nothing less than the best place to work. This involves a committed effort by our management and human resources teams, to make sure that we engage and communicate with all our colleagues, promote a shared culture and goals, and ensure diversity, inclusion and gender equality.

Another important aspect of this is recognizing achievements in the workplace. That's why we issue two sets of employee awards, the SWEP Environmental Award Program and the SWEP Innovation Award.

SWEP Environmental Award Program

The purpose of these awards is to recognize individuals or teams who have made significant contributions to environmental improvements, such as reduced carbon emissions or resource consumption.

The leaders of the Optimizing Pressing Technology project at our Slovakia site were rewarded for their contributions. A new press line was installed at SWEP Slovakia, which consumes 75% less energy and delivers 20% more output compared to older press lines. The project is likely to reduce CO₂e emissions by around 75 tonnes.

One of our maintenance managers at SWEP Suzhou made two significant process improvements as part of the site's drive to reduce their consumption of water, energy and fuel. The installation of frequency conversion technology and a high-efficiency heat exchanger is likely to improve efficiency for years to come.

Awards were also presented in connection with the installation of the Ectogrid system at our Swedish plant. It's a heat recovery solution that recycles energy



SWEP
Environmental
Awards



SWEP
Innovation
Awards

from the furnace cooling system and uses it throughout the site. The annual reduction in energy use is around 770 MWh, and the next step is to extend the project to supply energy to the local community.

SWEP Innovation Awards

These are awarded to individuals or teams whose exceptional efforts have driven creativity and innovation. That can involve innovation in a product or

service, in manufacturing or process optimization, or even in marketing and strategy. This year, the winning innovations both have strong sustainability credentials.

A team from SWEP BU Systems were rewarded for their work in developing apartment-level energy transfer stations. Bringing together a highly responsive flow meter, an E8LAS heat exchanger and digital controls, the stations can reduce hot water use by up to 20%. Their breakthrough has already led to around 100 systems being delivered to pilot projects in Norway and China.

Another award was presented in SWEP Sweden, after a clever method of recycling stainless steel brazing paste was devised. The innovation is likely to lead to reduced waste for many years to come.

Rewarding ourselves!

In addition to these two award platforms, SWEP employees have a new way of acknowledging achievement and effort. In July 2021, a digital reward platform, eThankyou, was launched. It gives everyone at SWEP a way to signal their appreciation for colleagues who exceed expectations, and in the process strengthens the culture of recognition and community throughout the company.

Diversity, inclusion, and gender equality

At SWEP, we recognize that a diverse workforce – in terms of age, gender, and background – gives us broad perspectives that support innovation and business success. With that in mind, 2021 has seen us continue our diversity and inclusion initiatives, including actively pursuing a diverse pool of candidates during recruitment.



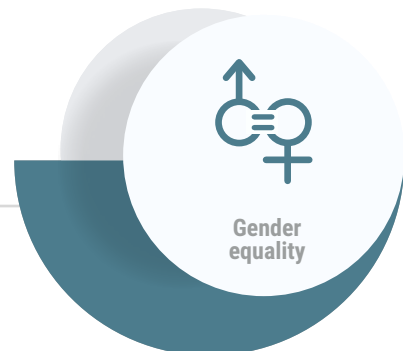
Listening and acting

SWEP employees have always had a say in how their workplace is run, and more opportunities to contribute were rolled out in 2021. In China, for example, platforms and activities were organized to encourage participation and feedback, including QR codes that invited ideas and tips on everything from safety improvements to business intelligence. A number of Basic Belief workshops were also held that brought together production and non-production staff, in order to improve inter-department awareness and understanding.

Similarly, workshops were held at our Swedish plant that focused on communication and teamwork. Among other subjects, they emphasized the value of diversity and difference in entrepreneurship. Round table discussions were held in our American site, that gave employees the chance to speak frankly with the general manager as a means to enhance communication and instigate improvements.

Remuneration

It goes without saying that a fair salary is important to all employees. With that in mind, the permanent process of analyzing, benchmarking and adjusting wages continued in 2021.



Learning and development

Lifelong learning at SWEP

In the age of digitalization and Industry 5.0, things change quickly. Working with state-of-the-art equipment and processes demands regular upskilling and reskilling. That's one of the reasons why at SWEP we aim to foster a culture of continuous development and life-long learning.

Our learning and development philosophy is based on the 70/20/10 model, which implies that most of our learning happens through practical assignments and through our colleagues. We organize our teams to encourage these kinds of developments, and we also arrange formal learning opportunities in both practical applications and more strategic matters like leadership and innovation.

SWEP leadership programs

We have successfully been operating our Leadership Program for a decade: it helps develop a diverse range of competencies. It's based on the SWEP Leadership Model, and, among other subjects, it boosts candidates' ability to motivate, engage and develop their teams. Since 2020, a lot of this training has taken place remotely, and we are eager to further develop the digital version of the program.

Inspiring and spreading the SWEP culture

At SWEP, we have always valued our strong corporate culture, and we believe it has played a major role in making us a successful business and a great place to work. In recent years, we've worked on defining the SWEP corporate culture, to help us continue making it

4 QUALITY EDUCATION



10 REDUCED INEQUALITIES



Leadership programs



Company culture

a core part of our company. This has resulted in Basic Beliefs, an articulation of the common values and ambitions that are important at SWEP.

Moreover, we initiated an international team of 13 ambassadors – or SWEPifiers as they're more informally known – who hold virtual workshops to spread the values central to our ethos and actions: inclusiveness, innovation and entrepreneurship. Our SWEPifiers have facilitated a total of 26 workshops in 2021, connecting with 315 SWEP employees in the process.

Regional highlights

It's crucial that all SWEP facilities are given the resources and opportunities to deliver the education most useful to their circumstances, needs, and goals. Throughout 2021, we have largely adapted to post-pandemic conditions, and we're proud that our colleagues have held many virtual and in-person courses globally. Here are some of the highlights:

SWEP Americas: More than 92% of employees took part in change management workshops in preparation for the upcoming introduction of the new enterprise resource planning system. Many employees also took part in classes and training for graduate and post-graduate degrees, for which SWEP provided 100% reimbursement.

SWEP Slovakia: A team has been built to thoroughly redesign and deliver shopfloor operator training. This has led to efficient, targeted training programs addressing the site's most crucial needs. In addition, improvements have been made to our coaching and mentoring program for high-potential employees which covers subjects like assertiveness, team-leading skills and self-motivation.

SWEP Sweden: The Global Business Program – our way of introducing new employees to interdisciplinary global roles – has been redesigned. As a result, more than 30 new recruits have been onboarded in an efficient, structured way, making use of both in-person and digital learning. SWEP's growth has meant that our Swedish plant welcomed a total of 76 new employees in 2021. In addition, the SWEP Leadership Program introduced our managers to the SWEP Leadership Model and helped them hone their personal management style. All managers took part in regular leadership forums and made Garuda FocusProfiles that helped them reflect upon their strengths and weaknesses as leaders.



SWEP China: Our Front-Line Leadership (FLL) training was held in Suzhou, to improve vital management skills and promote skill sharing as part of our 70/20/10 learning strategy. External experts were also brought in to deliver training and workshops. This was especially well-received by our sales colleagues, who benefited from practical advice, mind-set coaching, and inspiration.

SWEP Malaysia: First-Line Leadership (FLL) training was also held in Malaysia. Managers reported the workshops to be particularly worthwhile in helping them to share and reflect on their common skills and leadership techniques. Subjects covered included communication, coaching, feedback, and conflict management.

Lifelong learning from reading

The SWEP China plant has initiated an innovative program. Activities have involved providing a reading environment on-site, setting up reading clubs and a book-sharing scheme, and inviting the city library to the industrial zone bi-weekly.



Our commitment to an ethical, sustainable supply chain

At all of our sites, we have the power to make sound environmental decisions, to treat our employees fairly, and to ensure that we make a lasting positive impact on the local community. Our products then go out into the world, where they support projects that save energy, reuse heat, and reduce emissions. At SWEP we're proud of what we do and of the impact that our products make on the world, but it's important too that we don't close our eyes to what happens to materials and machinery before they reach our plants.

With that in mind, we do all we can to ensure that the commodities we use are extracted, manufactured and delivered in a manner that matches our own priorities. They must be produced safely, ethically, and without excessive environmental impact.

To do this, we choose a small number of suppliers with whom we develop a close relationship. This makes it possible to communicate our sustainability requirements and to make sure that they are fulfilled. In 2021, we improved tracking of environmental sustainability initiatives at our major suppliers to further support this.

- **ISO 9001 and ISO 14001 certifications**

These are quality (ISO 9001) and environmental (ISO 14001) management standards. Certification demonstrates that suppliers are implementing ongoing improvements in their product quality, and in the environmental impact of their production.

- **Full material traceability**

We demand that our suppliers can prove where that their raw materials have been obtained legally and sustainability. By doing this we ensure that our entire supply chain is ethically sound.

- **Material standards, design requirements, process control and quality management**

We work alongside suppliers to ensure that the raw materials and parts they deliver meet our high standards. This guarantees that the products we deliver to our customers are resilient and will provide efficiency benefits throughout their lifetimes. It also helps to reduce unnecessary waste.

- **Compliance with REACH, ROHS and TSCA**

By following these EU and US directives and regulations our suppliers demonstrate that they handle chemical substances safely and with consideration of the impact on human health and the environment.

- **MSDS for chemicals**

In addition to EU regulations and directives, we insist that our suppliers use Material Safety Data Sheets when working with hazardous chemicals.

- **Compliance with Dodd-Frank Act, Conflict Minerals**

For suppliers who work with conflict minerals (such as tin, tungsten, tantalum, gold and their ores and derivatives), we demand that due diligence is undertaken to ensure that such materials are sourced ethically and sustainably, in compliance with the US Dodd-Frank Act, Section 1502



- **Compliance with safety regulations (e.g. CE marking in Europe)**
All manufactured products we receive must be marked with the European CE marking or equivalent. This ensures that any parts that we use are safe and environmentally friendly.
- **PED and ASME certification**
These are important safety standards for the use of pressure equipment. By insisting that our suppliers have this certification, where applicable, we protect workers in our supply chain from unnecessary safety risks.
- **The Dover Corporation Supplier Code of Conduct**
In addition to the demands that SWEP makes of suppliers, we also insist on compliance with the code of conduct of our parent company, Dover. This covers areas such as complying with local and international laws, maintaining a fair and safe workplace, and committing to conserve natural resources and reduce waste.

Delivering sustainability

In 2021, SWEP continued to develop sustainability-focused partnerships with our main forwarding agents. Part of this involved learning more about their targets and initiatives for reducing emissions, and exploring synergetic solutions. We are in the process of joining a Green Fuel Certificate program with one of our major forwarders, to reduce our freight footprint. In parallel, we work closely with the rest of our forwarders and make efforts to minimize emissions-intensive freight methods.

Our long-term strategy has, for many years, been to source our raw materials regionally whenever possible, in order to minimize delivery-related emissions.

Addressing water scarcity

Although SWEP is not active in any countries with high water stress, clean water is still a finite resource and we are committed to managing it sustainably.

SWEP's primary use of water is to cool furnaces. In all our manufacturing sites, cooling is done via closed systems: we reduce water consumption by using it over and over. We are also addressing water consumption by installing low-flush toilets and water-saving showers, and our Malaysian site has gone one step further. In 2021, a rainwater harvesting system was installed to enable rainwater to be used in certain cleaning tasks. The system is due to be expanded in 2022, so that collected water can be used for flushing toilets.

Availability is not the only potential issue related to water, of course. When mishandled, water can be a vehicle for disease and pollution. To avoid this, all our factories are connected to municipal water supplies and waste water is sent to municipal treatment plants. Quality checks on our closed systems quickly identify any contamination or bacterial growth, and we perform appropriate treatments before any such water is released. Any contaminated water is handled according to local regulations.



Our progress continues – our ambition endures



CO₂e
Reduced
Organisation

We've been able to further reduce our emissions intensity in 2021, maintaining a trend dating back to 2018.

Since 2017, SWEP's target has been to become carbon neutral by 2030. That we've been able to continue our progress towards that goal, in light of the challenges of the global pandemic and our increasing output, is testament to the commitment of our employees on all levels.

Our journey to carbon neutrality started five years ago, when we devised a roadmap that identified key action areas while also accepting that some amount of scientifically-verified climate compensation would be necessary. From 2018 to 2020, we managed year-on-year reductions in CO₂e emissions in both absolute terms and relative to output, and our declining emission intensity continued in 2021.

2021 has been a big year for SWEP in terms of production, with our per kg output rising by 21%.

Despite this significant jump, we've restricted the increase in emissions to just 9.4%. When we formulated our goals, back in 2017, we decided to measure our carbon footprint in kilograms of carbon dioxide equivalent (CO₂e) per kilogram of heat exchanger produced. This was done to make sure that the measurement would not be distorted by fluctuations in demand for our products. In 2021, we recorded a reduction of 9.72% in this metric, meaning that the emission per kg of heat exchanger produced has fallen by 34.21% since 2016.

Year	2016*	2018	2019	2020	2021
kgCO ₂ e per kg of heat exchanger produced	2.34	2.13	1.84	1.70	1.54
Percentage change from previous year		-9%	-14%	-8%	-9.72%

It's satisfying to see such a large decrease, but we still have a distance to travel to reach our 2030 goal. The key activities planned for the coming years include:

Reduction & avoidance of CO₂e emission

Green travel policy

- Optimize purpose when travelling
- Selecting climate compensation travel options

Extended use of digital communications tools

Optimize supply chain (Green certificate)

- Minimize air and express freight
- Joint venture projects with forwarders on greener transport options
- Consolidation of freight

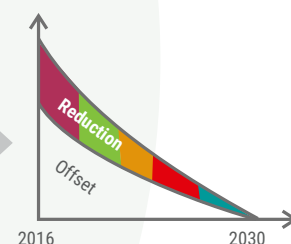
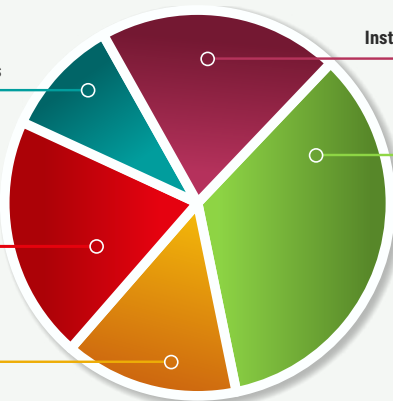
Install new equipment

New technology will be 20-70% more efficient than present

Install solar panels on all plants by 2026

Upgrade equipment

Ventilation, compressors, waste heat utilization



Our emissions reduction achievements in 2021

Energy use, in particular electricity use, is the main source of our carbon emissions, so it understandably remains the focus of much of our sustainability efforts.

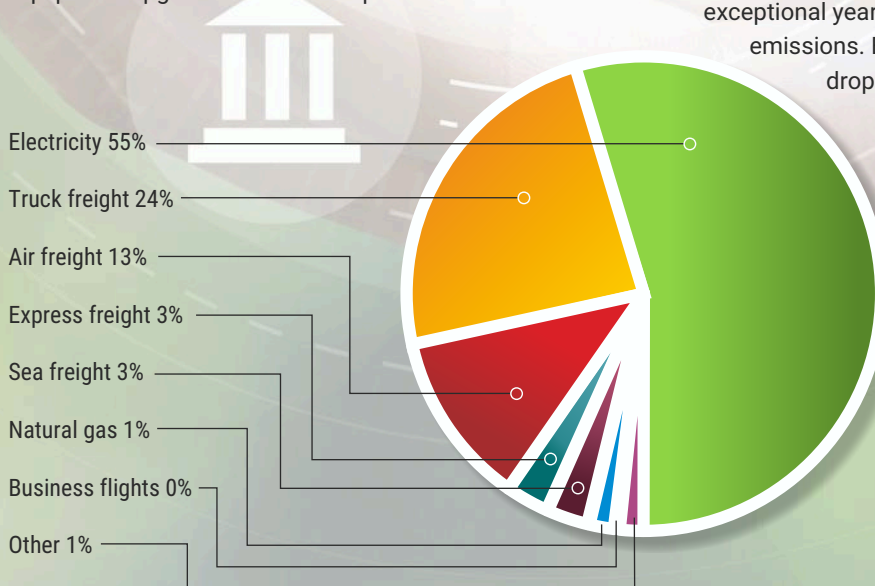
Manufacturing brazed plate heat exchangers is always likely to be an energy intensive process, but it's one where ingenuity and commitment can bring significant improvements.

In 2021, 70% of the energy SWEP purchased came from renewable sources – our sites in Sweden, Germany, Slovakia and USA accounted for most of this. From 2022 until 2026, we plan to install solar panels at all our manufacturing sites, letting us produce our own clean energy. By improving energy efficiency we can push our fossil fuel use even lower, so we are continuing with process optimization and equipment upgrades at all of our plants.

Our brazing furnaces offer a great opportunity to reuse heat that would otherwise be wasted. 2021 saw the completion of a decentralized heating and cooling grid at our Swedish plant. This installation lets us reuse heat from our furnaces in our own premises, and even lets us distribute heat to neighboring buildings. It's a system we're looking to adapt and apply to our other sites.

Freight is the second largest source of emissions at SWEP. Air and express freight are the most emission-intensive methods, so we aim to convert as much as possible to train, truck and sea. Results have been mixed in 2021. The COVID-19 pandemic has reduced the availability of freight options and caused supply chain issues which have hampered our efforts to reduce air and express freight. Unfortunately, we didn't meet our target in this category, but it is a priority concern, and we are working closely with suppliers and logistics operators to make sustainable improvements.

On a more positive note, 2021 was another exceptional year for reduced business travel emissions. Emissions per employee again dropped significantly, even in comparison to 2020 levels. This is, of course, partially connected to COVID-19 travel restrictions but we're proud to have adapted so well to virtual meetings and working from home, and we're confident that the policies we've implemented will deliver permanent benefits.



Scrap reduction and process optimization

Our continual pursuit of progress

90% of the material SWEP uses in its products comes from recycled sources, and 100% of our scrap is recycled by scrap handlers. Nevertheless, reducing scrap is still a priority at all our production sites.

Together with first pass yield – that is, the proportion of heat exchangers that are manufactured without the need for rebrazing – scrap rate is an important indicator of process optimization and efficiency. Even with our high recycling rates, active measures in process optimization can still save significant amounts of resources – especially energy – and improve production capacity and lead times.

Our Swedish plant recorded an 18% reduction in scrap and a remarkable 35% improvement in first pass yield. In Slovakia, positive results were recorded for both these indicators, in a continuation of their excellent process improvements over the past three years. 2021 saw our Košice site roll-out a new in-process measurement system. It's part of an ongoing program to better capture, analyze and utilize data throughout their engineering and production. In recent years, the program has delivered significant long-term productivity improvements.

SWEP Malaysia also recorded impressive figures in 2021. Their scrap rate decreased by 35%, driven by a dedicated improvement team and an increased focus on quality awareness, expectations and communication.



Reduction
in scrap

Risk management and sustainability

Risk management at SWEP is about a thorough awareness of and preparedness for future threats and opportunities. Sustainability presents us with a set of profound challenges, and so it is appropriate for us to assess and manage the associated risks with the same thoroughness.

The table below is an extract from our risk management framework, outlining the mitigation efforts SWEP makes in relation to sustainability.

Sustainability related risks and risk management

Major	Description of risk mitigation
Environment	
Climate change	To mitigate the impact on nature, SWEP actively works on reducing process scrap. Scrap from the manufacturing process is sorted and recycled as far as possible. SWEP also controls its supplier base very carefully in order not to purchase materials that contain any conflict minerals. All SWEP locations have developed disaster recovery plans.
CO ₂ emissions and carbon footprint	SWEP has agreed and implemented KPIs to support its carbon management journey and the target is to become a carbon neutral organization by 2030. We have identified electricity consumption, freight activity and business flight as the key areas for emissions reduction. Our progress towards this target is independently verified by Carbon Footprint Ltd.
Corporate Social Responsibility	
Working environmental risks	Each SWEP location has an EHS- responsible person and works according to the local 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 are shared between the different manufacturing locations. SWEP and Dover continuously strive to provide the best possible working environment for or employees, and ultimately aim to operate with zero accidents.
Discrimination and equal opportunities	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. Decisions about recruitment, selection, promotion, training or any other benefit is made objectively and without unlawful discrimination.
Respect for human rights	
Risk of human rights violations within our organization and supply network	To mitigate the risks of Human rights violation SWEP has developed its Basic Beliefs. During SWEP Management Team meetings, the SWEP Basic Beliefs are regularly discussed and evaluated, all regions/locations are represented in the top management team. All major direct material suppliers are audited on regular basis.
Corruption and bribery	
Corrupt payments and other unethical behaviors within our organization and supply network	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. 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. A mandatory third-party training course was introduced in 2020. All major direct material suppliers sign the Dover Code of Business Conduct and Ethics, and all our third-party agents have to sign a Foreign Corrupt Practices Act compliance agreement. These commit them to ethical operations, and compliance with laws concerning commercial bribery, money laundering, import and export restrictions, customs, duties, and taxes.

Sustainable customer relations

By understanding how our customers use our products, we better understand the impact that they make on the world. That's why we are continually in collaborative partnerships with our customers, to discover untapped potential and make a positive difference.

We've picked out five ways in which we stay close to our customers

1. Global presence and local accessibility

We offer best-practices, trend insights, and outstanding products and services that can only come from a globally active and knowledgeable organization. But at the same time, we stay close to our customers, with local expertise and practical support on the ground.

2. Application know-how via collaborative partnership

We strive to be the best long-term business partner through collaboration, shared expertise and integrated development.

3. Innovation focused on creating value

We take what we know and then dare to try new ways,

focusing on creating value for our customers' businesses and our world.

4. High standards in products and services

When doing business with SWEP, our customers know they can always expect high-quality products and services, verified by third-party approvals, certifications and standards. We always strive to exceed expectations while acting with honesty and integrity.

5. Wide and comprehensive product range

SWEP's customers appreciate the modular approach that lets them find the perfect fit for their installation. With our extensive application know-how and our finger-on-the-pulse knowledge of industry developments, we continually add products to our range that fit seamlessly into our core markets.

Our commitment to integrity

For both SWEP and our parent company Dover, remaining faithful to our principles is just as important as corporate value and profit. Central to these principles are the high standards of integrity that we show towards our customers, towards our local communities, and towards each other.

To ensure that we meet those standards, we follow two key policy frameworks – Dover's Code of Business Conduct & Ethics Policy and Dover's Global Anti-Corruption Policy. When third parties act on our behalf,

they go through a training program and are required to sign a Foreign Corrupt Practices Act compliance agreement. This demands that they operate ethically, and comply with all laws concerning commercial bribery, money laundering, import and export restrictions, customs, duties and taxes.

In 2021, SWEP reviewed our customer screening program adding additional checks for sales to higher risk countries. We continue to work with two third party providers to screen all our customers, agents, dealers

Holding ourselves to high standards

SWEP is committed to sustainable manufacturing that respects the environment and people's health. Our objective is to create products that make a positive impact on the planet, while minimizing our consumption of natural resources, energy and toxic substances.

International accreditation programs have a role to play in this objective. They provide us with guidelines for products and processes which help us to operate more sustainably. Perhaps more importantly, they ensure that we operate with transparency and give our customers and partners confidence that we work in a safe, responsible manner.

By participating in international accreditation schemes we also support the harmonization of standards and processes. This can make it easier for developing countries to access global markets and alleviate poverty in a sustainable way.

Here are some of the most important accreditation schemes that we take part in.

and distributors. This allows us to efficiently monitor sanctions, blacklists and other trade compliance risks. Also in 2021, SWEP employees completed company-wide training on topics including Our Code of Conduct, Avoiding Bribery and Corruption in Business and Data Security.

SWEP does not tolerate any kind of discrimination, whether based on ethnic origin, nationality, religion, political views, gender, sexual orientation or age. We foster a culture of equal opportunity and diversity.

Environmental management system (ISO 14001)

This international standard with accredited certification demonstrates a committed stance on environmental management to stakeholders. By correctly implementing an environmental management system, companies ensure environmental compliance, improve environmental performance and provide a systematic and strategic approach to environmental issues.

REACH

This regulation ensures high level of protection of human health and the environment, with respect to the use of hazardous chemicals.

RoHS

The Restriction of Hazardous Substances Directive 2002/95/EC restricts the use of six hazardous materials in the manufacture of various types of electronic and electrical equipment.

TSCA

The Toxic Substances Control Act of 1976 is a United States law that regulates the use of chemicals that are potentially hazardous to health or the environment.

Conflict minerals commitment

Conflict resources are natural resources extracted in a conflict zone, sold to finance militias and war. There is both statistical and anecdotal evidence that when belligerents have access to precious commodities conflict can be prolonged. The most prominent contemporary example has been in central and eastern Africa, where various armies, rebel groups and outside actors have profited from mining while contributing to violence and exploitation in the region. SWEP is highly committed to complying with international efforts to reduce trade in conflict resources through auditing its supply chains and reporting use of conflict minerals.

Supporting sustainability in 2021 and beyond



Our ESG goals largely focus on our operations and supply chain, but we are also proud of the positive environmental impact that our products make on the world, both in their efficiency and by facilitating sustainable energy generation and industrial processes. Our brazed plate heat exchangers have made a significant contribution, and this could significantly increase in the years to come.

Enabling energy innovation

Luming Inteligência Energética is a Brazilian energy company involved in a range of innovative applications, involving biogas, natural gas, energy-as-a-service, co-generation and much more. SWEP has addressed Luming's need for heat exchanger technology in their system for converting biogas into electricity

The system demands two specific features in its heat exchangers. Firstly, they need to be corrosion resistant. Some of the biogas used in the process is impure, with the presence of a number of unwanted and potentially corrosive components including hydrogen sulfide. Secondly, the heat exchangers form part of a modular system, so they need to be compact enough to provide a degree of flexibility.

Our All-Stainless BPHEs have been the ideal solution. As well as being compact and efficient, their 100% stainless steel components are resistant to corrosion and contamination, and fully recyclable. It's an

example of how SWEP contributes to sustainability not only through the design and manufacturing of its products, but also by enabling innovative, green energy solutions.

Conversion to heat pumps

Since 2017, SWEP has commissioned Carbon Footprint Ltd to independently verify our carbon emissions. Among their investigations, they have validated the carbon savings that SWEP's heat exchangers may have enabled in 2021.

The results make fascinating reading. Our brazed plate heat exchangers are an instrumental component in the highly efficient heat-pumps that can replace conventional gas-fired boiler systems in residential and business properties. This can result in extensive emissions reductions, and since we sold approximately 300,000 units in 2021, the potential savings are significant.

Carbon Footprint's independent calculations estimate – conservatively – that the cumulative carbon savings from the heat pump systems we facilitated could be 265.85 MtCO₂e annually.

It's a substantial amount, and there are opportunities to vastly increase this figure in the future. The European Union, motivated in part by the Paris Agreement, has set ambitious targets for decarbonization and phasing out of fossil fuels. A key part of their agenda involves replacing up to 116 million residential fossil fuel-powered boilers. Heat pumps are a feasible alternative, so this represents an extraordinary opportunity for SWEP to increase production, and make a major contribution to the decarbonization of Europe's residential heating infrastructure.

Community engagement

Supporting our neighbors, near and far

At every SWEP site, we make an effort to engage with the local community and make a positive impact on that area. Recent events, however, have inspired co-workers in Sweden to look further afield and extend their support to children affected by events in Ukraine. They set up a donation page to back UNICEF's work in the area, and have spread the word throughout SWEP's global network to encourage more people to contribute.

So far, the campaign has raised several thousand euros and SWEP International AB have pledged to match the sum raised by employees, in effect doubling the donation.

SWEP Slovakia

Our co-workers in Kosice are proud to be active members of their community, and have held a number of activities in that spirit. These have included twice-yearly blood donation drives, collections to support local people in social difficulties, and a fund-raising event for a nearby dog shelter.

SWEP Americas

Every year, SWEP staff take part in mock interviews with senior students at Union High School, Tulsa. The aim is to help students improve their interview skills and to provide them with some useful feedback, helping to prepare them for entering the labor market.

SWEP China

Plogging is a recent craze that has flourished across the world and has been a big hit in our Suzhou site. It's a combination of jogging and litter-picking, so the events organized by co-workers have helped to keep people fit and tidy up the local environment.



Challenge efficiency

At SWEP, we believe our future rests on giving more energy than we take – from our planet and our people. That’s why we pour our energy into leading the conversion to sustainable energy usage in heat transfer. Over three decades, the SWEP brand has become synonymous with challenging efficiency.

SWEP is a world-leading supplier of brazed plate heat exchangers for HVAC and industrial applications. With over 1,000 dedicated employees, carefully selected business partners, global presence with production, sales and heartfelt service, we bring a level of expertise and customer intimacy that’s redefining competitive edge for a more sustainable future. SWEP is part of Dover Corporation, a multi-billion-dollar, diversified manufacturer of a wide range of proprietary products and components for industrial and commercial use.