

# Sustainability Report 2023



# Scaling up our sustainability work

*2023 was a year framed in tumultuous events and turmoil around the world. It was also a year that demonstrated the importance of taking responsibility and creating value for wider society, while protecting future generations. Ependion agrees with the scientific evidence on planetary limits, and that contemporary activity patterns present major risks to future generations. In the year, the group extended its work to make an additional contribution to responsible and sustainable resource management consistent with global sustainability and climate goals.*

Ependion's sustainability work is based on documentation including a Code of Conduct, which is approved each year by the Board of Directors. It states guidelines on business ethics, the environment, human rights and data transparency. The group understands how sustainability work in close partnership with customers, suppliers and other partners generates concrete results that also sharpen the company's competitiveness. To enhance our work and raise competence levels in the sustainability segment, Ependion created a new position in 2023, appointing a Group Head of Sustainability.

The Beijer Electronics business entity did extensive strategy work whose purposes include further consolidating the integration of sustainability topics into its business and strategic priorities. Work on implementing this strategy is continuing in 2024.

An extensive training program for managers and staff was conducted by the Westermo business entity in 2023 to accelerate the integration of sustainability into its business and sharpen the company's programs on topics including climate and the circular economy.

A new global health & safety framework was launched and work on diversity and inclusion continued to intensify with clear concrete results.

Human rights are an important strategic topic for the group. In 2023, Ependion formulated a new global policy, and efforts to work closely with the group's suppliers to create a positive impact in our value chains is ongoing.

The broad-based work the group did on sustainability strategically and operationally in 2023, and continuing to raise skills levels on sustainability topics, are aiding our preparations for the implementation of the CSRD. Sustainability is a vital component of the Board's work and in 2023, these topics gained more scope with strategic priorities and implementing the CSRD and other relevant regulations on the agenda; work that is now becoming permanent, and continues in 2024.





### Ambition

Ependion will contribute to responsible and sustainable resource management, consistent with global Sustainable Development and Climate Goals.



### Strategy

Sustainability work should be fully integrated into the group's business strategies, and in its various business processes including ownership, management, developing its product and service portfolio, customer relationships, supplier collaborations and finance. This work is managed in close dialogue with customers and other stakeholders. With broad-based engagement of coworkers and integration of issues into our different functions, our work produces concrete results. Managing operations sustainably and responsibly is critical to the group's short and long-term success, while profitability and long-term shareholder value remain in focus. Our actions should feature high skills levels, commitment, taking responsibility and good business ethics.

### Overarching governance

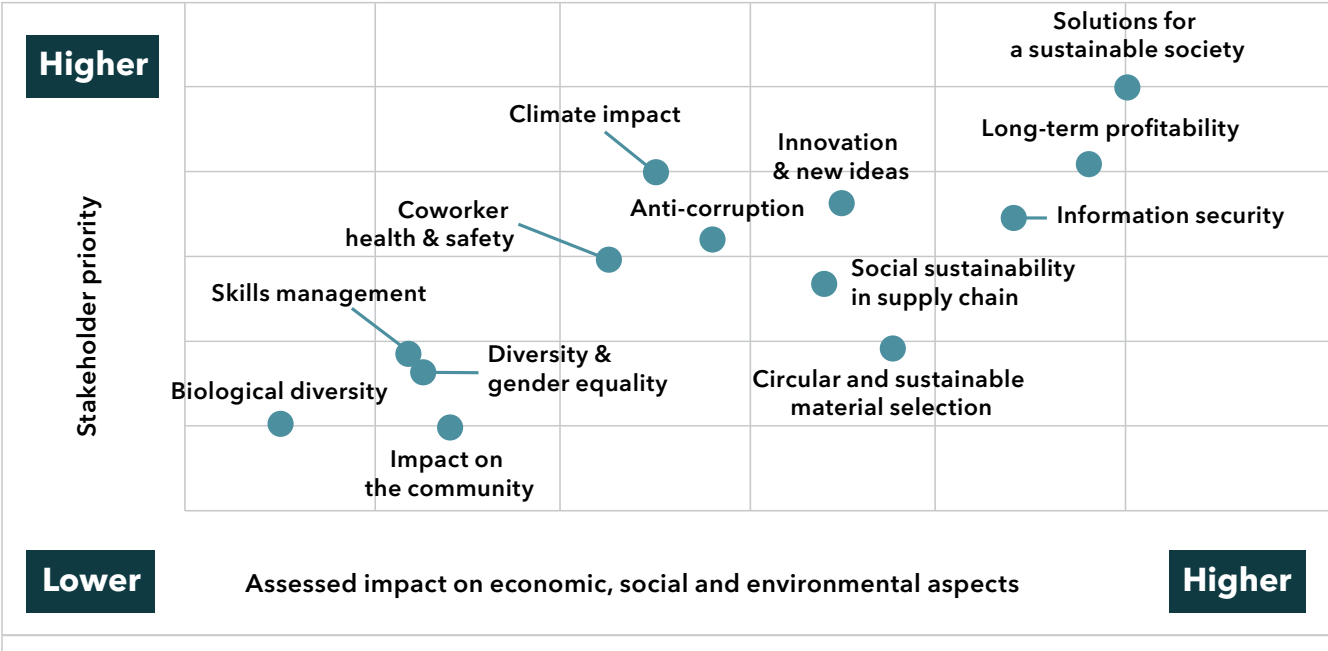
At an overarching level, Ependion intends to:

- » manage operations consistent with the UN's global Sustainability Development Goals (SDGs).
- » work for all the group's coworkers and collaborative partners to understand and comply with its Code of Conduct and related policies.
- » ensure that sustainability is well integrated into the business strategy and business model of operations.
- » regularly monitor, report on and improve sustainability work.
- » verify regulatory compliance and have a well-implemented whistleblower system
- » Continuously increase knowledge of sustainability



# Materiality analysis

A materiality analysis of the company was conducted using external experts In 2021, involving extensive interviews and supporting data from shareholders, the Board of Directors, customers, suppliers, and coworkers. There is continuous stakeholder engagement, and a review of the stakeholder analysis was performed in 2023, when developing regulations in the sustainability segment gained more significance in the analysis. Work on preparing the company for the implementation of the provisions of the CSRD (Corporate Sustainability Reporting Directive) intensified in 2023; a new group-wide sustainability role was created, implementing a new data management and reporting system commenced, while training packages were also conducted. The double materiality analysis will be performed in early-2024. Work on the CSRD involves a broad base of functions across the company, and will further enhance the integration of sustainability into the company’s business, strategy and functions.



The materiality analysis provides important supporting data for the ongoing priorities of the group’s sustainability work. All the sustainability areas impacted are considered important to Ependion, but in this Report, the primary focus is on areas in the upper part of figure 1.

# Sustainability framework

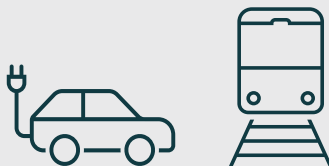
Ependion identifies its sustainability work through five focus areas. The framework will be updated with new goals and KPIs adopted in 2024 that factor in the outcome of the work within the context of CSRD. Ependion hopes that this will further improve the integration of sustainability into its business strategies and processes.



Electrification and the transition to green energy, modern and resilient power networks.



Sustainable manufacturing with smart controls, saving resources and energy.



Green transportation—trains, trackside, marine transportation and charging infrastructure.

SUSTAINABLE FINANCES	HEALTHY PEOPLE	ENVIRONMENT & CLIMATE	ETHICS & GOVERNANCE	PRODUCTS & SERVICES
<p>Profitable business is imperative for enabling Ependion to offer products that help create a more sustainable society and give our coworkers a more secure future.</p>	<p>Ependion's coworkers should have a safe, inspirational and stimulating workplace. Gender equality and good social conditions in the supply chain are also fundamental issues for the group.</p>	<p>Ependion is responsible with planetary resources and works for its operations to have the minimum possible negative impact. Climate impact, circularity and eco-design are important questions in this focus area.</p>	<p>Ependion has a sharp focus on conducting our business ethically, consistent with applicable laws and regulations. Our coworkers and suppliers should comply with our Code of Conduct.</p>	<p>Ependion's products help our customers reduce their climate footprint. Our product development should feature prudent material selection and responsible utilization of natural resources.</p>
<div><div>8</div><div>ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT</div><div></div></div>	<div><div>5</div><div>JÄMSTÄLLDHET</div><div></div></div> <div><div>8</div><div>ANSTÄNDIGA ARBETSVILLKOR OCH EKONOMISK TILLVÄXT</div><div></div></div>	<div><div>13</div><div>BEKÄMPA KLIMAT-FÖRÄNDRINGARNA</div><div></div></div> <div><div>12</div><div>HÅLLBAR KONSUMTION OCH PRODUKTION</div><div></div></div>	<div><div>16</div><div>FREDLIGA OCH INKLUDERANDE SAMHÄLLEN</div><div></div></div>	<div><div>12</div><div>HÅLLBAR KONSUMTION OCH PRODUKTION</div><div></div></div> <div><div>9</div><div>HÅLLBAR INDUSTRI, INNOVATIONER OCH INFRASTRUKTUR</div><div></div></div>



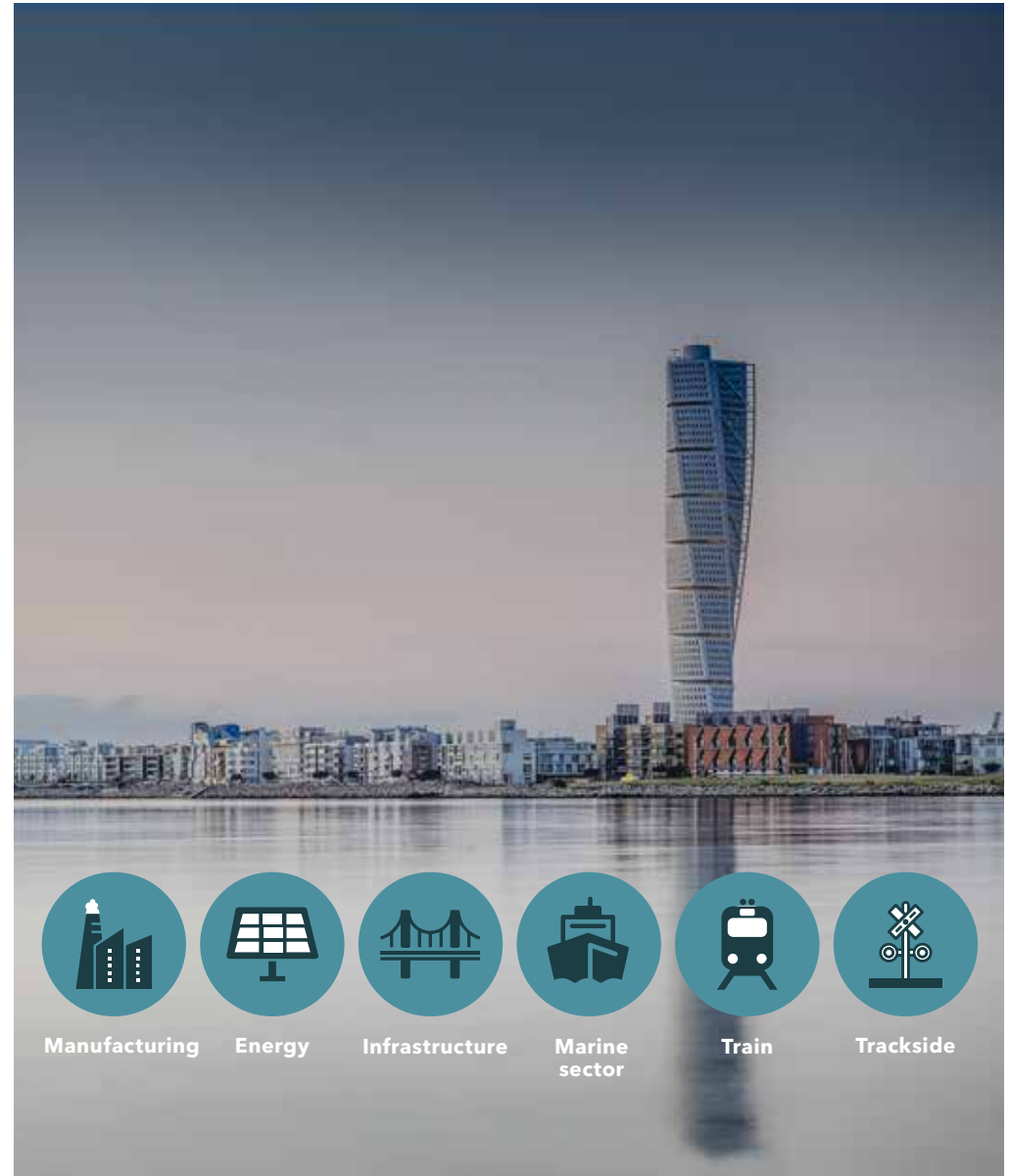
## SUSTAINABLE FINANCES

## Long-term profitability

*Long-term profitability is a mainstay of Ependion's stability, in turn benefiting coworkers, customers, suppliers and shareholders. Profits create and maintain jobs, contribute to tax revenues and consolidate our communities. In a world featuring global competition, sustainable and competitive businesses are critical to long-term survival.*

To safeguard long-term profitability, the group tailors its offering to customer needs. This means we deliver solutions, products and services that are relevant to the ongoing transition to a more sustainable world. Within this context, Ependion's offering stands out, such as efficient solutions for generating and distributing electricity, manufacturing control panels for electric vehicle charging stations and efficient controls of water treatment. In its power grid offering, the group plays an active role in the energy transition by promoting digitalization, enabling connectivity to more small renewable energy producers with variable energy output. The digital transformation is a strategic investment to support the transition to more sustainable energy systems.

Several of the sectors that Ependion supplies, and which are making a difference in the climate transition, have achieved high growth. This highlights the group's significant contribution to sectors driven by the need for sustainable solutions, and underscores their continued relevance and potential for long-term economic success.





## HEALTHY PEOPLE

## Developing Westermo's corporate culture—a competitive advantage

### A workplace open to everyone

At Westermo, a healthy workplace means that all coworkers are welcome, feel fairly treated and are secure in taking responsibility for our business through clear standards. Gender equality is a priority segment. In 2023, 30% (21) of Westermo's leaders were women, a significant increase, demonstrating that the business entity's work on this issue is paying off.

"At Westermo, we value a dynamic environment where there's room for everyone. Gender equality is a natural part of it and helps create a more sustainable workplace. It's important that more women are in leadership positions; this offers new ideas, different perspectives, and ways of working—creating potential for the whole group to grow," explains Linda Kärreby, Westermo's VP of HR.

Westermo is working actively to promote the equal rights of women and men in terms of work, employment terms and development potential. Gender division is measured for managers, coworkers, consultants and trainees, as well as for undergraduate students. It is essential that the recruitment process is tailored to improve gender equality. When a job ad is produced, the text is digitally analyzed for gender-neutral language. In a male dominated sector, this is an important way to attract more women.



***At Westermo, we value a dynamic environment where there's room for everyone.***

Linda Kärreby,  
VP of HR, Westermo



Like the whole of Ependion, health & safety topics are important to Westermo. In 2023, the company produced a new global policy and instructions on health & safety. Its purpose is to ensure that the company enables well-being for coworkers, contractors and visitors, and complies with relevant laws and regulations. Managers are encouraged to maintain open and transparent leadership to prevent, and in good time deal with potential discrimination, harassment and ill health.

### Engagement evolves corporate culture

Systematic work on developing occupational health & safety is important. Westermo conducts quarterly employee satisfaction surveys that focus on occupational health & safety issues. The surveys completed in 2023 indicate that coworkers are very satisfied. They respond to questions on a 1-100 ascending scale. The long-term goal is 80, which Westermo has achieved every year the survey has been conducted. The result in 2023 was 83 and on questions regarding coworkers' views of their managers, the level was 89.

"Engaged and inspired coworkers are key to a healthy working environment. Westermo has a staff-operated wellness group that runs activities from jogging to making Christmas wreaths. This is the type of commitment a lot of people appreciate," continues Linda.

### Skills management sharpens competitiveness

Creating change requires skills. In the year, Westermo invested in promoting managers and coworkers' professional development, focusing on management training. "We Lead" is a management program that centers on conduct, leadership and exchanging best practice. One of its modules "Stress Resilience" is based on detecting and understanding early signs of stress and offering know-how on working preventatively with it.

"Unconscious Bias" is a module designed to make managers aware of prejudices so they can make more inclusive decisions. Managers should understand how people unconsciously classify individuals based on previous experiences. Every individual should feel recognized and able to grow. The investments made in coworkers' and managers' skills development are an investment in Westermo's long-term sustainability and growth.

"We want to keep offering and promoting these opportunities. It strengthens our team and positions us as an attractive employer. We're convinced that continuous training initiatives are critical to maintain and sharpen our competitiveness. The people that work at Westermo are our most valuable asset for continued success," concludes Linda.



## ENVIRONMENT &amp; CLIMATE

# Environment & climate

*Ependion develops products used in applications in socially significant contexts like signaling and control systems for trains, smart power grids, charging infrastructure for electric vehicles and smart automation for resource-efficient manufacturing. Its ambition is to contribute to reducing the climate impact of its own business and the group's customers.*

## The climate impact of products and the group

The group previously executed lifecycle analyses of its business entities' biggest-selling products to gain a better understanding of their climate impact, where the results indicate that the use phase and raw materials extraction has the greatest impact followed by some impact from transportation. Assembly, manufacture and processing on disposable have negligible climate impact. The outcome of this analysis emphasizes the importance of products' energy efficiency and useful lives to reduce climate impact through lifecycles. There are challenges in raw material extraction, but Ependion sees opportunities to reduce its impact by selecting renewable materials and optimizing the consumption of resources in its internal production processes.

A compilation of Ependion's GHG emissions reveals an increase between 2021 and 2023. The increase in scope 1 is because the group increased the number of vehicles from 57 in 2021 to 76 in 2023. However, the share of electric or hybrid vehicles increased each year. In 2023, 76% of vehicles were electric or hybrids compared to 41% in 2021. There was also an increase in scope 2, mainly due to larger premises in response to increased demand for production capacity, a new climate chamber and higher emission factors from energy supply to our German operations. The group's scope 3 emissions will be computed in 2024.

Activity	Emissions (ton CO <sub>2</sub> e )		
	2023	2022	2021
Scope 1	127	98	67
Scope 2	645	581	517

## Work continues

Decisions to electrify the vehicle fleet and the transition to fossil-free electricity has paid off at Westermo; 79% of company vehicles are now electric or hybrids. The business entity's head office and production in Sweden purchases green electricity only, and took a decision on a 100% transition to green electricity for the remaining offices where Westermo operates. Energy saving projects are being run continuously based on the energy mapping performed.

Beijer Electronics also took the decision to migrate to an electric vehicle fleet. Its goal for 2025 is that all company vehicles should be electric or electric hybrid. By 2023, it had achieved 70% of this target.

In 2023, work continued on reducing energy consumption at Beijer Electronics' operations in Taiwan, and with it, climate impact. The operations at its office reduced energy extraction by 6.5%. In manufacture, there was an increase of 5.4% due to a new climate chamber used in manufacture to test Beijer

Electronics, products under different temperature conditions, for example. This implied a total 2% increase in energy extraction for the Taiwanese operation.







## ETHICS &amp; GOVERNANCE

# Managing Ependion ethically and sustainably

*Ependion manages its business consistent with the UN's global Sustainable Development Goals (SDGs). Coworkers and collaborative partners should comply with and understand the group's Code of Conduct, which is based on the UN Global Compact. Ependion should continuously increase its skills in sustainability, and work should be monitored and reported to achieve continuous improvement.*

The group's Code of Conduct is its most important policy document, which stipulates that Ependion's suppliers and collaborative partners should act responsibly. The Code of Conduct is part of the induction process for new hirings, and means that all the group's coworkers worldwide acknowledge receipt of the Code of Conduct that they should read, understand and accept. The Code of Conduct is communicated continuously to coworkers in various ways on internal channels.

## Human rights

Ependion has been a member of the UN Global Compact since 2018, and thus supports the UN Declaration on Human Rights and Convention Against Corruption. These are strategic priorities for the group, and we expect our suppliers and collaborative partners to share Ependion's view. In 2023, Ependion produced a new global human rights policy, and training initiatives will intensify in 2024 when new and more extensive due diligence will be conducted in this segment. The main risk areas identified are social sustainability in our supply chain, health & safety, corruption & bribery and data privacy.

## Countering corruption and bribery

Working against corruption and bribery is central to promoting an ethical and sustainable business, and is founded on the group's Code of Conduct, which the group's suppliers are also expected to comply with. Taking responsibility and being transparent in our daily business with monitoring improves the trust of all Ependion's stakeholders. Suppliers are monitored continuously, with the relevant processes including an appraisal of supplier performance across a broad range of sustainability aspects. Beijer Electronics' suppliers also have to sign the Ten Principles of the UN Global Compact. Our responsables visit suppliers and inspect them. In instances of non-compliance, the business entity assists in gaining approval, or changes supplier.

Ependion produced a new whistleblower policy in 2023, which was previously part of its Code of Conduct. An independent policy helps coworkers raise suspicions of activities conflicting with legislation and the group's policy documents. The whistleblower function is linked to topics on corruption, human rights, labor, the environment, health & safety. Ependion encourages coworkers to contact their first-line manager or the HR function. Otherwise, they should use the whistleblower function for cases involving suspected corruption and bribery, which are managed by an external and independent provider.

## Conflict minerals

Ependion works to ensure the group's products do not contain conflict minerals extracted from mines that support or finance conflict or are contributors to any human rights breaches. This is a strategically significant topic because neither Ependion nor the group's customers want to contribute in any way to human rights breaches involved in extracting minerals. The group is part of a large and complex supply chain, with especially high risk of combining minerals of differing origins at smelting plants.

The group prepared a new Conflict Minerals Policy in the year. To ensure responsible mineral extraction, suppliers must comply with Ependion's Code of Conduct and conduct regular surveys of supply chains to identify sources. Pursuant to the Responsible Minerals Initiative, the group requires all its suppliers to report on how they manage conflict minerals and social sustainability.

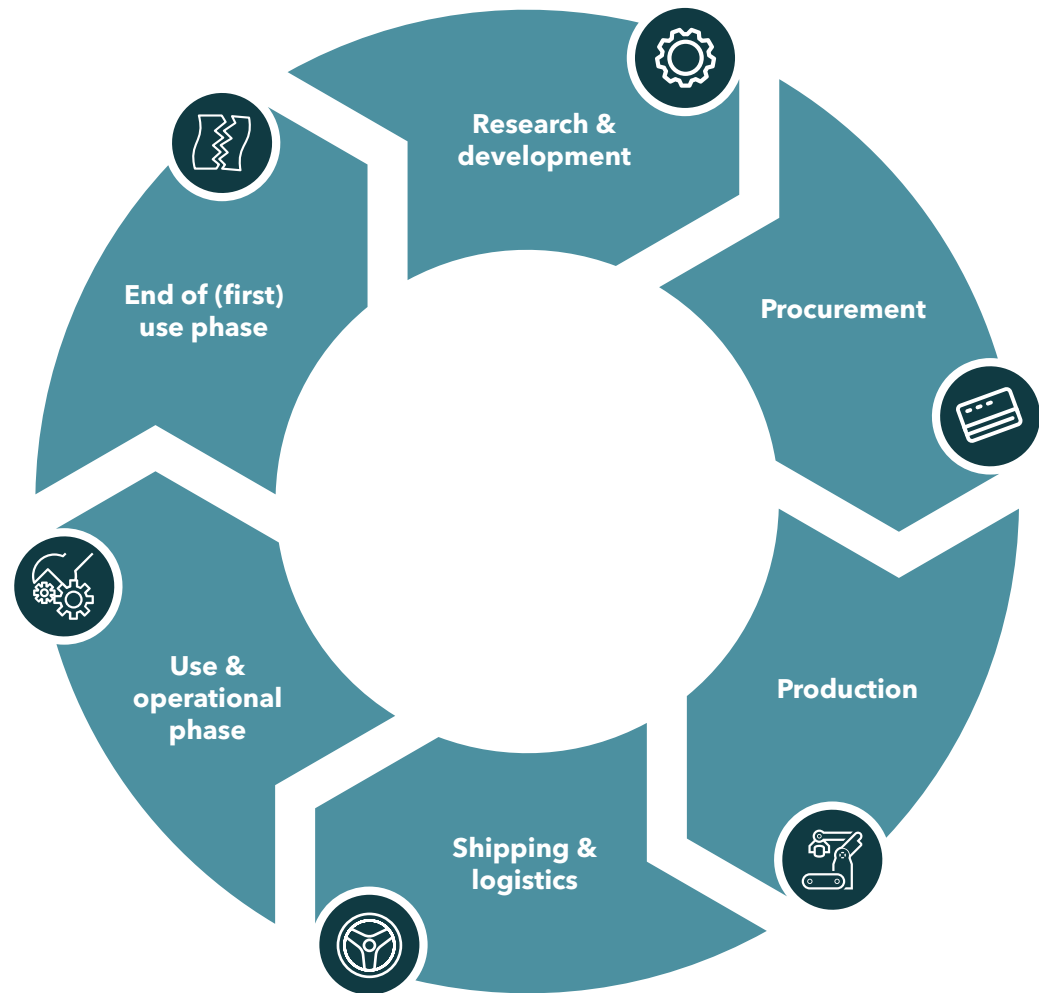


## PRODUCTS &amp; SERVICES

# Circular economy

*Circular economy and promoting resource efficiency is one of the main topics of Ependion's sustainability work. The group can make a big difference with long-life, energy-efficient solutions, supported by a broad service proposition that further extends technical useful lives. Working more circularly is decisive to reduce the exhaustion of natural resources, mitigate environmental impact and create economic opportunities through reuse and recycling.*

*The transition to a fully circular economy will take time, but is necessary to limit climate change and reduce overconsumption of the Earth's resources. The following pages offer more detail on how the Westermo and Beijer Electronics business entities are working to play an active role in a more circular society.*





## Research & development

"Westermo's R&D function integrates sustainability standards into every development project. When manufacturing new products, we work for planned aging and always focus on material selection, design and energy efficiency. Our products contain no moving parts or batteries, and we mainly design in components that can be reused or recycled. Software updates enhance product performance, and enable long useful lives because they minimize the need for hardware upgrades," explains Mikaela Näslund, Westermo's Global VP of R&D.



## Procurement

Beijer Electronics' procurement function works methodically on selecting suppliers, increasing the share of recycled and reused material for various components, and on updating packaging materials. Packaging boxes include a portion of recycled materials and the plastic in boxes is fully recycled. Choosing the right packaging is important for minimizing air in packaging, thus reducing CO<sub>2</sub> emissions. All the group's products are compliant with EU REACH and RoHS regulations that ensure that no products contain prohibited compounds and comply with the legislated threshold values.

"Our goal for 2025 is for 50% of materials calculated in terms of component weight to be sourced from recycled or reused materials. We promote sustainable materials, from preparations and requirement specification in tenders to actual procurement," says Henrik Ohm, Strategic Purchaser at Beijer Electronics.



## Production

To enable more sustainable production, Westermo is prioritizing resource efficiency at its production facility. To reduce energy consumption, it has phased out less energy-efficient machinery. A heat exchanger has recently been installed to recycle air in the building, exchanging the heat generated by some machinery to heat the plant, saving 500,000 kWh per year. Westermo also has a partnership on a computer exchange program. Computers that are no longer usable are reused in schools or other environments to extend their lives.

Westermo's operation in Ireland, which also includes manufacture, was located to a new, energy-efficient office building in 2023, with CO<sub>2</sub> emissions an estimated 40% less than the typical office building in Ireland according to the Carbon Energy Audit. The new office building uses 100% renewable electricity.

In 2023, Beijer Electronics started up a new production facility in Malmö to back its operation in Taiwan. This start-up brings production closer to European customers, reducing transportation miles, and with it, emissions. Serial production of X2 Pro/Control/Marine HMIs starts in the first quarter of 2024. The plant has completed a range of different production and quality certifications, which are necessary to produce and ship to customers.





## Shipping & logistics

To cut its GHG emissions, Beijer Electronics is continuously examining new ways to ship its products. It currently often uses air transport intercontinentally and Beijer Electronics is doing more work on reducing emissions from this type of transportation. Many of the company's suppliers are located in Asia. In 2023, Beijer Electronics worked on progressively downscaling its supplier base. With fewer suppliers, the company can be more certain that suppliers are satisfying the stipulations of the group's Code of Conduct. Beijer Electronics' goal is to reduce CO<sub>2</sub> emissions from shipping by 15% between 2022 and 2025. After 2023, it had achieved a 2.3% reduction.



## Use & operational phase

Westermo focuses on long product useful lives in the use and operational phase by supplying robust components, upgrade capability and Service level agreements (SLAs). SLAs with customers on technical support and updates are long term.

"By prioritizing resource efficiency during the operational phase and maximizing the useful lives of products, we're endeavoring to minimize waste and environmental impact," explains Henrik Jerregård, Westermo's VP of Products & Marketing.

Software is kept updated and continuously developed in response to changes in the business environment. This is in response to security needs, but also extends product usability over time, reducing the cost of materials and energy. Components are designed to cope with extremely demanding environments with the lowest possible energy consumption.



## End of (first) use phase

Beijer Electronics' strategy at the end of the (first) use phase is minimizing waste and maximizing reuse and recycling. Beijer Electronics has a structured process for recovery and recycling, as well as a five-year repair guarantee.

"Once a product is no longer usable, it can be disassembled and recycled. The assembly phase is important, where we put a big emphasis on making subsequent disassembly as easy as possible," comments Axel Gustafsson, Beijer Electronics' VP of Product Management.

Products are designed so moving parts can be exchanged or repaired and thus extend product useful lives. The business entity uses repair partners worldwide to reduce shipping miles and facilitate repairs for customers, making it easier for customers to recycle appropriately. Each product has an Environmental Impact Report including instructions for recycling constituent materials. The Reports are available at Beijer Electronics' website.



# Sustainability risks

*Managing risks and opportunities linked to sustainability is critical to the company's competitiveness. The relevant processes, identifying goals, activities and continuous improvement are managed and executed continuously with monitoring at the management level of each business entity. A more extensive review and overhaul of risk areas will be conducted in 2024 as part of work on implementing the CSRD. The main sustainability risks identified in the company in 2023, and that are part of the group's sustainability framework, are:*

## Climate change

The impacts of global warming and its transition inherently imply climate-related risks that can impact the group's own operations, customers and suppliers. Transition risks can also generate financial risks in the form of higher electricity pricing, insurance premiums, or carbon tax. The biggest physical risks are mainly caused by flooding, fire and extreme weather, which can impact the delivery reliability of components and products, with the resulting financial consequences. Working proactively on monitoring the progress of climate-related regulations is an important part of risk prevention efforts.

## Social sustainability in the supply chain

Safeguarding sustainability in supply chains presents a range of challenges, and Ependion expects the group's suppliers to comply with its Code of Conduct. Suppliers play an important role in realizing the group's sustainability ambitions. Collaboration with suppliers is close, and sustainability criteria are well integrated in processes both in introducing new suppliers and ongoing engagement. The group works to ensure that its products do not contain any minerals sourced from mines that contribute to conflicts or human rights breaches. Work on conflict minerals will continue to intensify in 2024.

## Organizational and social health & safety

With a global organization and the challenges of dealing with different time zones, risks linked to organizational and social working environments apply to many of the group's coworkers. Broad-based actions are taken continuously to ensure good physical, social and organizational health & safety.

## Corruption and bribery

Business decisions should be made on businesslike foundations. As a global group, corruption is a risk area that requires continuous attention. Training coworkers in business ethics and anti-corruption is an important part of proactive and preventive work.

## Information security

Information security risks may be leaks of important data from our business or customers due to shortcomings in working methods. Secure data is a prerequisite for maintaining our credibility and ensuring integrity. The company makes far-reaching efforts to ensure secure IT infrastructure. Ependion's two business entities hold ISO 27001 Information Security certification.



# Goals, sustainability indicators and performance

Indikatorer	Goal 2020	Performance 2020	Goal 2021	Performance 2021	Goal 2022	Performance 2022	Goal 2023	Performance 2023	Goal 2024
<b>Anti-corruption</b>									
Percentage of all salaried employees that have signed the group's Code of Conduct	100%	100%	100%	100%	100%	100%	100%	100%	100%
Percentage of the group's managers that have taken formal management training on ethics and morals	>95%	95%	>95%	95%	>95%	100%	>95%	96%	>95%
<b>Material selection</b>									
Percentage of the group's suppliers that have declared conflict minerals pursuant to the CMRT format	>90%	94%	>95%	94%	>95%	94%	>95%	74%	>95%
<b>Human rights</b>									
Percentage of new suppliers audited by Ependion for social criteria	11	0	6	6	6	100%	100%	100%	100%
<b>Innovation and new ideas</b>									
Percentage of sales allocated to research and development	-	13.1%	-	12.6%	-	10.5%	-	11.4%	-

New group-wide goals will be set for 2024 after completion of the double materiality analysis for the CSRD.

## A global environmental and quality assurance standard

Ependion's subsidiaries are ISO 9001 certified. Beijer Electronics AB, Beijer Electronics Corporation in Taiwan and Westermo Network Technologies AB are also ISO 14001 certified. ISO 9001 (quality management system) and ISO 14001 (environmental management system) are an international family of standards that are the foundation of systematic work on quality and environmental issues. Beijer Electronics' operation in Taiwan is also ISO 45001 Occupational Health & Safety certified.

These management systems are examined and assessed by authorized third-party auditors, who then issue certification. Actions should feature high competence levels, good business morals and awareness of responsibilities.

# Taxonomy Regulation

The Taxonomy Regulation requires companies like Ependion to report on how sustainable financial operations are based on the Taxonomy Regulation through three key indicators: share of turnover, capital expenditure (CapEx) and operating expenditure (OpEx).

The focus of the Regulation for the first two years 2021 and 2022, was on the climate goals of *Climate change limitation* and *Climate change adaptation*. For 2023, the EU published two new delegated acts, one with criteria for economic activities for environmental goals 3-6, and secondly an act with amendments to the previous Regulation, and further criteria linked to climate goals.

For 2023, activities eligible for the Taxonomy are presented divided between what is Taxonomy-aligned, and what is not Taxonomy aligned based on:

- a) the activity making a material contribution to one or more environmental aspects.
- b) the activity doing no significant harm (DNSH) based on environmental aspects.
- c) the activity being conducted in accordance with minimum safeguards

The criteria of the new environmental goals 3-6 have also been mapped.

A significant proportion of Ependion's products and solutions are used in applications and segments that can be considered sustainable and where the group contributes to a more sustainable world. Ependion welcomes the ambition of the EU's Taxonomy Regulation, but also believes the group's economic activities are only classified as economically sustainable to a lesser extent under current versions of the Taxonomy documentation.

The results for 2023 imply a significant increase in the share of turnover that is Taxonomy eligible, from 19.1% in 2022 to 34.6% for 2023. The main basis of this increase is the additional review criteria introduced in 2023 for 3.20 *Manufacture of electrical equipment for transmission and distribution*, where Ependion has activities in its Westermo business entity.

The increases for the shares of CapEx and OpEx between years have largely the same source as the increase in the share of turnover.

There has been a reallocation, with the addition of 3.19 *Manufacture of rail constituents*, where in previous years, this activity was reported under code 6.14 *Infrastructure for rail transport*.

## 1. Turnover

### *Taxonomy-eligible activities*

As in the previous year, the basis for judging the parts of Ependion's activities to be included this year are the technical review criteria specified in Annex I and Annex II of the European Parliament and Council Regulation (EU) 2020/852, as in the previous year. The new Act for 2023 with amendments and further criteria has also been considered.

The various descriptions in these documents have been closely studied, then mapped against the turnover of Ependion's various activities in 2023. The approach of the Taxonomy Regulation is binary, i.e. activities are considered either environmentally sustainable or not, and the basis of this is the description in these documents. Accordingly, reporting does not state how environmentally sustainable the activities of Ependion are, but rather the share of these activities eligible for the Taxonomy. Ependion has a centralized database containing details of all group companies at order level. All the group's orders are coded in several dimensions, and this is the basis for mapping.

Based on Annex I and II as of 4 June 2021 and the Delegated Act of 27 June 2023 including Annex 1 and 2, Ependion has the following activities defined as sustainable pursuant to the Taxonomy Regulation:

3.19 *Manufacture of rail rolling stock constituents*

3.20 *Manufacture of electrical equipment for transmission and distribution*

6.14 *Infrastructure for rail transport*

6.15. *Infrastructure enabling low-carbon road and public transport*

## 7.6. *Installation, maintenance and repair of renewable energy technologies*

Because there is some overlap between the different documentation, Ependion has ensured that no activities have been duplicated.

### *Activities that are Taxonomy-aligned*

Each of the activities identified as Taxonomy eligible have been closely evaluated pursuant to the criteria of the Regulation documentation, and the share considered environmentally sustainable has been determined according to:

- i) *the activity significantly contributing to one or more environmental aspects*
- ii) *the activity doing no significant harm (DNSH) based on environmental aspects*
- iii) *the activity being conducted with minimum safeguards*

## 2. CapEx

The base is all the Group's investments excluding acquisitions. Accordingly, this includes capitalized research and development, other intangible investments and tangible investments, as well as leased investments pursuant to IFRS 16. Ependion then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation.

## 3. OpEx

The Regulation offers an overall review of the OpEx items to be reported. From this review, Ependion has included the following: research and development expenses, estimated expenses for maintenance and repair, and other direct expenses necessary for the efficient daily operation of property, plant and equipment. Ependion then conducts a review and assessment of the share that relate to activities that are environmentally sustainable pursuant to the Taxonomy Regulation.



## 1. Turnover

2023				Criteria for significant contribution,%						Criteria for do no significant harm (DNSH)										
Economic activities	Code	Turnover 2023 (MSEK)	% of turnover 2023	Climate change limitation	Climate change adapta-tion	Water and marine resour-ces	Circular eco-nomy	Pollution	Biolo-gical diversity and eco-systems	Climate change limita-tion	Climate change adapta-tion	Water and marine resour-ces	Circular eco-nomy	Pollution	Biolo-gical diversity and eco-systems	Mini-mum safe-guards	% of turnover 2022	Cate-gory (Enab-ling activi-ties)	Cate-gory (Align-ment activi-ties)	
A. Taxonomy-eligible activities																				
A.1 Taxonomy-aligned activities																				
Manufacture of rail constituents	CCM 3.19	439	17.8%	Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y	0.0%	E		
Manufacture of electrical equipment for transmission and distribution	CCM 3.20	225	9.1%	Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y	0.0%	E		
Infrastructure for rail transport	CCM 6.14	174	7.0%	Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y	18.2%	E		
Infrastructure enabling low-carbon road and public transport	CCM 6.15	11	0.4%	Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y	0.5%	E		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	7	0.3%	Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y	0.4%	E		
Taxonomy-aligned (A.1), total		855	34.6%	34.6%													19.1%			
Of which enabling activities		855	100%														100%	E		
Of which alignment activities		0	0%														0%		T	
A.2 Not Taxonomy-aligned activities																				
Manufacture of rail rolling stock constituents	CCM 3.19	49	2.0%	N.A.			N.A.										0.0%			
Infrastructure for rail transport	CCM 6.14	19	0.8%	N.A.			N.A.										2.0%			
Not Taxonomy-aligned (A.2), total		68	2.8%	2.8%													2.0%			
Taxonomy-eligible activities, total (A.1+A.2)		923	37.4%															21.1%		
B. Taxonomy non-eligible activities		1,547	62.6%																	
Total (A+B)		2,471	100.0%																	





## 2. CapEx

2023				Criteria for significant contribution, %						Criteria for do no significant harm (DNSH)									
Economic activities	Code	Turnover 2023 (MSEK)	% of turnover 2023	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of turnover 2022	Category (Enabling activities)	Category (Alignment activities)
<b>A. Taxonomy-eligible activities</b>																			
<b>A.1 Taxonomy-aligned activities</b>																			
Manufacture of rail constituents	CCM 3.19			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure for rail transport	CCM 6.14			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
<b>Taxonomy-aligned (A.1), total</b>		65	27.2%	27.2%													20.9%		
Of which enabling activities		65	100%														100%	E	
Of which alignment activities		0	0%																T
<b>A.2 Not Taxonomy-aligned activities</b>																			
Manufacture of rail rolling stock constituents	CCM 3.19			N.A.			N.A.												
Infrastructure for rail transport	CCM 6.14			N.A.			N.A.												
<b>Ej Taxonomiförenliga (A.2), total</b>		7	2.9%	2.9%															
<b>Taxonomy-eligible activities, total (A.1+A.2)</b>		72	30.1%														23.1%		
<b>B. Taxonomy non-eligible activities</b>		167	69.9%																
<b>Total (A+B)</b>		<b>239</b>	<b>100.0%</b>																



## 3. OpEx

2023				Criteria for significant contribution, %						Criteria for do no significant harm (DNSH)									
Economic activities	Code	Turnover 2023 (MSEK)	% of turnover 2023	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Climate change limitation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biological diversity and ecosystems	Minimum safeguards	% of turnover 2022	Category (Enabling activities)	Category (Alignment activities)
<b>A. Taxonomy-eligible activities</b>																			
<b>A.1 Taxonomy-aligned activities</b>																			
Manufacture of rail constituents	CCM 3.19			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Manufacture of electrical equipment for transmission and distribution	CCM 3.20			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure for rail transport	CCM 6.14			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Infrastructure enabling low-carbon road and public transport	CCM 6.15			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6			Y	N/N.A.	N/N.A.	N	N/N.A.	N/N.A.	Y	Y	Y	Y	Y	Y	Y		E	
<b>Taxonomy-aligned (A.1), total</b>		71	43.5%	43.5%													27.9%		
Of which enabling activities		71	100%														100%	E	
Of which alignment activities		0	0%																T
<b>A.2 Not Taxonomy-aligned activities</b>																			
Manufacture of rail rolling stock constituents	CCM 3.19			N.A.			N.A.												
Infrastructure for rail transport	CCM 6.14			N.A.			N.A.												
<b>Ej Taxonomiförenliga (A.2), total</b>		8	4.6%	4.6%															
<b>Taxonomy-eligible activities, total (A.1+A.2)</b>		79	48.1%														30.9%		
<b>B. Taxonomy non-eligible activities</b>		85	51.9%																
<b>Total (A+B)</b>		<b>164</b>	<b>100.0%</b>																



# GRI Index

This Report is based on GRI standards as published on 10 February 2024. The data reported is based on the most material areas of the company's materiality analysis. The Report does not satisfy all the requirements of GRI Core and variances against index are not disclosed.

Standard	Disclosure	Comment/information	Page ref.
<b>General information</b>			
2-2-a	Entities included in the Sustainability Report	Beijer Electronics in Sweden, Norway, Denmark, the UK, Germany, the Netherlands, Turkey, China, Taiwan, South Korea and the USA. Westermo in Sweden, the UK, Germany incl. Eltec, Austria, France, Ireland, Spain, Singapore, China, Australia and Westermo Neratec in Switzerland.	NA
2-3-a	Reporting cycle	Yearly.	NA
2-3-d	Point of contact for the Report	Group Head of Sustainability Lena Westerholm or CEO Jenny Sjö Dahl.	NA
2-4-a	Restatements made on previous reports	Emission data for CO <sub>2</sub> i Scope 1 and 2 has been updated firstly with more comprehensive input data per emission factor, and secondly data for acquired activities, generating higher emissions on aggregate than previously reported.	34
2-9-a	Governance structure		29
2-22-a	CEO's statement on how the strategy contributes to sustainability		9
2-23-a	Policies in the sustainability segment	See ependion.com for the Code of Conduct, Human Rights Policy, whistleblower process and conflict minerals statement.	NA
2-26-a	Whistleblower process	The company' process is comprehensively reviewed at ependion.com.	35
2-27-a	Compliance with law	No fines or sanctions incurred in 2023.	NA
2-28-a	Memberships of associations	The Association of Swedish Engineering Industries (and thereby, the Confederation of Swedish Enterprise)	NA
2-29-a	Stakeholder engagement		30



Standard	Disclosure	Comment/information	Page ref.
<b>Anti-corruption, environmental and social topics</b>			
205-2	Communication and training about anti-corruption policies and procedures	All members of business entity management teams have received training (17 people, 100%).	35
205-3a-d	Number of corruption-related incidents	No incidents in 2023.	NA
301-2	Recycled materials used	A total of 7% of constituent material in products from Westermo and 15% of products from Beijer Electronics are recycled materials (estimated values on approx. 75% of the total number of products shipped to the market in 2023).	37
305-1-2	Direct and indirect GHG emissions (Scope 1 and 2)	Values updated in 2021-2023 and also include all acquired operations. Computation of scope 3 will be conducted group wide in 2024.	34
403-9	Work-related Injuries	No fatal or serious accidents in 2023. A total of one (1) accident with absence, generating an LTI (lost time injury) rate of 0.207 at business entity level (Westermo) based on 200,000 worked hours for employees/consultants. No LTI for contractors in 2023.	33
405-1a	Diversity in leadership positions	35% (6) of business entity management teams were women, and 65% (11) men. 60% (3) members of Group Management were women and 40% (2) were men.	33, 101-102, 107-108
405-1b	Diversity among employees	The share of women in Westermo was 23%, and in Beijer Electronics 43% in 2023.	33
406-1	Incidents of discrimination and corrective actions taken	No cases in 2023.	NA
414-1	New suppliers that screened for social criteria	12 new key suppliers were added in 2023, all have been screened for social criteria.	39





# United Nations Global Compact

Ependion joined the UN Global Compact in June 2018. Before joining, the Group was already using the Global Compact as its basis for systematic sustainability work. The Group's Code of Conduct for suppliers is already based on the Global Compact's ten principles, which all suppliers must sign before any business relationship can commence.

The UN Global Compact is a voluntary initiative intended to promote sustainable development and responsible business. By joining, companies demonstrate their support for ten universal principles in the segments of human rights, labor, the environment and anti-corruption. With several thousand members from some 170 countries, the UN Global Compact has become a global initiative with a strong presence in the northern and southern hemispheres.



Read more about the UN Global Compact at:  
<https://unglobalcompact.org>



# Auditor's opinion regarding the statutory sustainability report

*To the general meeting of the shareholders of Ependion AB, corp. ID no. 556025-1851*

## Engagement and responsibility

It is the Board of Directors who is responsible for the sustainability report for the year 2023 on page 27-47, and that it is prepared in accordance with the Annual Accounts Act.

## The scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## Opinion

A statutory sustainability report has been prepared.

Malmö, Sweden, on the date stated in our electronic signature  
Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt  
Authorized Public Accountant  
Key Audit Partner

Mikael Nilsson  
Authorized Public Accountant

