



# SUSTAINABILITY REPORT concerning 2022 for Öhlins Racing AB





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## 1. Introduction

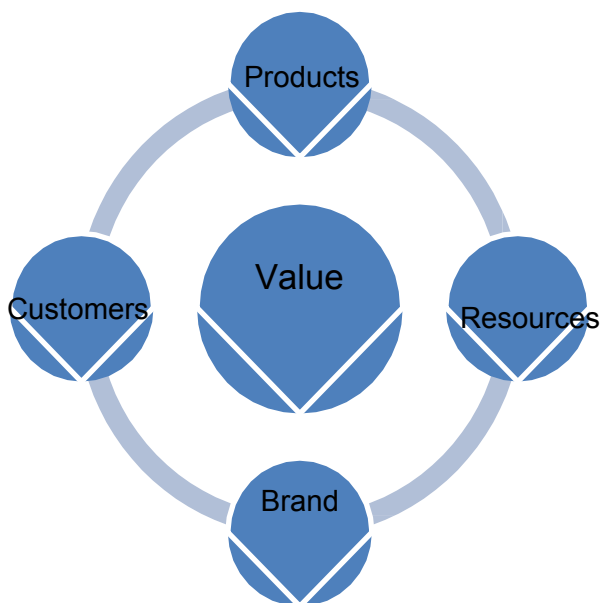
Öhlins Racing AB is a subsidiary of Tenneco and is thus part of one of the world's largest multi-brand companies within OEM and aftermarket.

Öhlins Racing AB describes its work on sustainability issues in this report from an environmental and social perspective. This is in response to the adoption of legislation (2014/95/EU) by the EU in 2014 that is designed to ensure that European companies are competitive and transparent in the field of sustainability. In Sweden, the rules have been adopted as part of the Annual Accounts Act as of 1 December 2016 (SFS 1995:1554).

Öhlins is a functioning business with a sound economy and regulatory framework that governs the focus of our work. Our *Code of Conduct* and *Whistleblower Policy* are two key policy documents for sustainability issues. The Code of Conduct sets out the ethical principles and frameworks governing our business operations; the Whistleblower Policy describes when and how Öhlins employees can report any activities that are not in line with the Code of Conduct or other corporate policies and that may cause harm to persons, the company or to the environment.

## 2. Business Model

The business operations described here are based on five different elements: Products, Customers, Brand, Resources and Values.



### Products

Our products, or what we sell to our customers, consist of the proprietary development of high-quality suspension systems and associated services. This development takes place in Upplands Väsby and Jönköping in Sweden; and production is based primarily in Upplands Väsby and Thailand. 97% of our products are sold outside of Sweden.

### Customers

Öhlins sells its products: through distributors where end-customers can purchase our products (Aftermarket), to vehicle manufacturers (OEM), and to racing companies which, in addition to our products, often hire us for technical service and support.



## **Brand**

The Öhlins brand is more than 40 years old, with brand awareness and products that are well-recognized within the industry. Öhlins is associated with quality, performance and innovation.

## **Resources**

*Skills and staff:* Öhlins employees are engaged and possess skills in R&D, technical expertise, have practical experience and an understanding of the products/products' performance and assembly, and other skills necessary for the business.

*Physical resources:* Plant and machinery.

*Processes and systems:* Our quality management system (QMS) in Upplands Väsby is certified according to the requirements in IATF 16949:2016 and ISO 9001:2015. The operation in Thailand is certified according to ISO 9001:2015.

*Intangible assets:* Öhlins holds approximately 280 patents, including technical solutions for forks, shock absorbers and steering dampers as well as associated components.

*Suppliers:* Öhlins has long-term partnerships in place with several external suppliers.

## **Values**

Our operations are based on Öhlins' system of operations (ÖVS), which outlines our company's principles and values. ÖVS focuses on continuous improvements in our processes, where safety, quality, delivery and economy are prioritized. The basis of ÖVS is our values: Integrity Always, One Team, Make Tomorrow Better, and Will to Win.



## 3. Sustainability Opportunities

Öhlins Racing AB works on sustainability opportunities-based *environment, social conditions and staff, human rights and anti-corruption*, all of which are included in this report in accordance with the Annual Accounts Act (SFS 1995:1554), Chapter 6, Sections 10- 14.

Öhlins' operations impact a range of stakeholders: customers, suppliers, employees, owners and society. Through our regular employee surveys, internal risk analysis, and customer requirements, for example, we have generated an understanding of sustainability opportunities. Upon completing this analysis, these opportunities are prioritized based on their importance for stakeholders and Öhlins' ability to influence them. Below is a description of the sustainability opportunities raised.

### 3.1 Environment

We are aware of the environmental impact that our business operations have, and that can be primarily linked to the production of our products. We have identified the following issues as important to our stakeholders: **Handling of Chemicals, Transport, Travel, Waste Disposal and Energy Consumption**. Öhlins' work on these issues is primarily governed by our *Code of Conduct*.

This includes the following:

#### **Code of Conduct**

"We are committed to making tomorrow better. That means we protect the planet, conserve natural resources, and prevent pollution. Contribute by always looking for ways to improved operations, recycle materials, and help customer make more sustainable choices when shopping our products and services."

A detailed description of how we deal with the issues follows:

#### **3.1.1 Handling of chemicals**

Öhlins' handles certain chemicals that are hazardous to health or the environment. These include chemicals that are necessary in the manufacturing process, such as adhesives, fats and oils and chemicals that are included in products. Öhlins requires that all chemicals used in products and operations are controlled to minimize negative effects on the environment and human health.

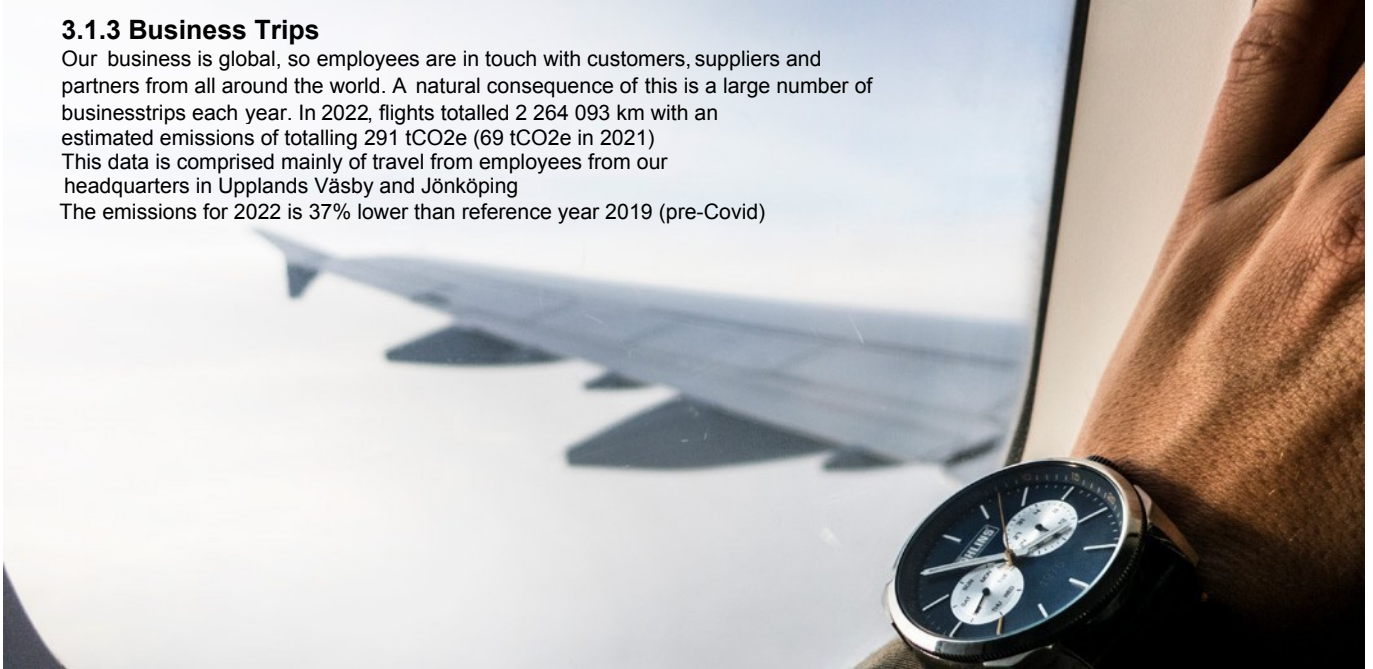
#### **3.1.2 Transport**

Öhlins' products are sold all over the world, and logistical operations are therefore extensive. In 2022, some 4000 shipments were dispatched from our factory in Upplands Väsby, and 1900 from our factory in Thailand.

There is currently no procedure in place to monitor the environmental impact of the shipments. One risk involved in transport is the emission of greenhouse gases, mainly carbon dioxide. In order to limit the environmental impact of transport by lorry, well-established freight forwarders are utilized as they are certified according to ISO 14001

### 3.1.3 Business Trips

Our business is global, so employees are in touch with customers, suppliers and partners from all around the world. A natural consequence of this is a large number of business trips each year. In 2022, flights totalled 2 264 093 km with an estimated emissions of totalling 291 tCO<sub>2</sub>e (69 tCO<sub>2</sub>e in 2021)  
This data is comprised mainly of travel from employees from our headquarters in Upplands Väsby and Jönköping  
The emissions for 2022 is 37% lower than reference year 2019 (pre-Covid)





### 3.1.4 Waste Disposal

One product of our business operations is waste, which in some cases is classified as hazardous to the environment (such as waste oil). The figure below shows a selection of waste products that were submitted in 2022 for recycling from the various operational segments. The increase of hazardous waste (Sweden) is mostly related to water with contaminants from cleaning of floors. Recycled material is mainly paper, cardboard and metal.

Type of waste / Country (kg)	SWEDEN	GERMANY	THAILAND	USA
Recycled (2022)	57 586	3724	1300	0
Hazardous Waste (2022)	10 234	556	1376	0
Recycled (2021)	20 475	3725	4542	1472
Hazardous Waste (2021)	4586	600	0	568

One risk associated with disposal is improper waste handling by the contracted companies responsible for its collection. Therefore, there is a risk of release of these environmentally hazardous substances. Öhlins manages this risk by engaging reputable recycling companies, all of which are certified in line with ISO 9001 (quality management) and ISO 14001 (environmental management).

### 3.1.5 Energy Consumption

Our business operations include the following energy consumption (electricity including heating and gas):

Energy Consumption MWh	SWEDEN	GERMANY	THAILAND	USA
2022	2 722	118	552	248
2021	2 803	126	0 <sup>1</sup>	126

The risk of energy consumption is the emission of greenhouse gases. In line with the statement in the Code of Conduct for the effective use of natural resources and minimization of residual products, Öhlins Sweden and Öhlins Germany have only bought “green” electricity (electricity produced with renewable energy sources) during 2022. Work is continuously on-going to reduce energy consumption.

<sup>1</sup> Energy Consumption for Thailand 2021 is not available.



## 3.2 Social Conditions and Staff

Our vision for 2025 is that Öhlins will be an attractive, evolving and rewarding workplace where employees feel motivated and part of the company's development and success. In the employee survey for Sweden's operations, conducted for 2022, we received an index of than 68% from our employees for engagement.

Two issues related to Social Conditions and Staff were identified in our analysis: **Equal Treatment** and **Work Environment**. Öhlins' commitment to resolving these issues is governed by our *Code of Conduct*, *Equal Treatment Policy* and *Work Environment Policy*.

Here we describe how we work with the issues and policies:

### 3.2.1 Equal treatment

The policies governing equal treatment are included in our Code of Conduct and our Equal Treatment Policy. The Code of Conduct states that:

"(...) All employees must be treated with respect. Discrimination, physical or verbal harassment, or illegal threats will not be tolerated."

Our Equal Treatment Policy states that:

"The purpose of the policy is to prevent and counteract any discrimination based on gender, gender identity or gender expression, ethnicity, religion or other beliefs, disability, sexual orientation and age.

"Both the Code of Conduct and the Equal Treatment Policy are available in our QMS, and as a new employee, you are made aware of these in the same way as the other rules and guidelines at Öhlins."

Examples of how we work to prevent discrimination include.

- All executives receive basic training in labour law,
- All new employees are to receive an induction that is designed to integrate them into the work group, and where approaches and guidelines are reviewed,
- Working on compliance of our values,
- Goal of achieving an open work environment, where employees are encouraged to discuss their own experiences and thoughts.

### 3.2.2 Gender distribution

#### Gender distribution %

Year	Gender	Sweden	Thailand	Germany	USA
2022	Female	18	42	24	13
2022	Male	82	58	76	87
2021	Female	19	42	24	12
2021	Male	81	58	76	88



### Percentage of women in the company

Öhlins strives to achieve an even gender distribution, and we are working to bolster the proportion of women working at the company, including reviewing our recruitment process and how we design job advertisements.

### 3.2.3 Work Environment

The policies that are relevant to the work environment are stated within our Code of Conduct and our Work Environment Policy. These include the following:

#### Code of Conduct:

“The necessary conditions for a safe and healthy work environment shall be provided for all Öhlins Group employees.”

“The company, in cooperation with its employees, must ensure a physical, psychological and socially positive work environment. The company must comply with the applicable legal and occupational health legislation. Incidents and accidents must be reported in compliance with applicable procedures, and incoming reports must be investigated and addressed where necessary. Protection rounds must be conducted on a regular basis.



“Both the Code of Conduct and the Work Environment Policy are available in our QMS, and as a new employee, you are made aware of these in the same way as the other rules and guidelines at Öhlins. The code of conduct is reviewed internally and is approved annually by Öhlins’ Board of Directors.”

In order to comply with our Work Environment Policy, we apply the following procedures for systematic work environment management for our Swedish operations:

- Work tasks and responsibilities are distributed within the organization.
- The safety representative and the safety committee are on site at the company.
- A risk assessment is conducted each year and plans of action are subsequently created.
- All occupational injuries, accidents and incidents are reported whether they caused personal injury or not.
- Rehabilitation of and work adaptation for employees as needed.
- A risk assessment is made for all existing and new chemicals.



**Work Environment Policy:**

- Health checks are made at specific intervals.
- An employee survey is conducted each year.

Follow-up takes place annually when our policy is reviewed and revised as necessary.

Workplace accidents and ill health among our employees are the risks we associate with the work area.

**Workplace accidents**

In order to prevent workplace accidents, we conduct regular risk assessments of the work environment for our production operations (Sweden and Thailand), known as safety rounds, approximately once a year. The risk assessment aims at mapping and assessing the risks involved with the physical, organizational and social work conditions. The measures that are not implemented immediately are included in a plan of action outlining the measure, timetable for implementation and responsibility for implementation.

A risk assessment of workplace accidents is conducted in addition to the safety rounds, as well as in the safety committee and following reported incidents.

Workplace Incidents and Accidents	Incidents, 2022	Incidents, 2021	Accidents, 2022	Accidents, 2021
Sweden	10	5	10	3
Thailand	0	0	0	1
USA	0	0	1	0
Germany	0	0	1	0

**Ill-health**

An assessment of the risk of ill-health is conducted in Sweden with staff appraisals; the results of the employee survey; and through the continuous monitoring of overtime and sick leave, which is performed monthly by the HR Department. Our employees are also offered regular health checks.

For our business operations globally, short-term absences and long-term absences due to illness have accounted for 3,54% of total working hours in 2022.

As part of our recruitment process, new employees who will be working with thermosets (primarily in production and storage/packing) will undergo medical check-ups before commencing their work. These employees will also undergo theoretical training for the treatment of thermosets every five years.



### **3.3 Respect for Human Rights**

Protection and the respect for human rights are described in our Code of Conduct, which observes the international conventions in this area. The Code of Conduct states that the Öhlins Group must support and respect the protection of internationally proclaimed human rights and ensure that the Group does not contribute to any human rights violations or any form of forced labour or child labour. Freedom of association must be respected.

The Code of Conduct is available in our QMS, and new employees are made aware of this in the same way as the other rules and guidelines at Öhlins. The Code of Conduct is reviewed internally and is approved annually by Öhlins' Board of Directors.

For our business operations, there are two relevant areas: Conflict Minerals and Verification of our Suppliers.

#### **3.3.1 Conflict minerals**

Tenneco supports an industry-wide approach to addressing social responsibility issues like conflict minerals throughout the supply chain and actively works with the Automotive Industry Action Group (AIAG), customers and suppliers to further the awareness of conflict in Covered Countries.

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### 3.3.2 Verification of Suppliers

Öhlins is dependent upon external suppliers to manufacture its products. Controlling the entire supply chain to ensure that human rights are respected is a complex issue. For our Swedish business, we handle the potential risk of human rights violations, such as child labour, through our Supplier Assessment process. By adopting this procedure, suppliers are assessed based on several criteria, including if they observe the Öhlins Code of Conduct.

Öhlins in Thailand, in addition to the suppliers used by Öhlins in Sweden, also uses its own suppliers. These are selected by their own assessment system.

Purchasing of workwear and clothes from Öhlins “merchandise range” falls outside the scope of the ordinary Supplier Assessment process. However, the suppliers used all have their own codes of conduct and internal CSR work to protect human rights.

## 3.4 Counteracting Corruption

Öhlins policy on corruption and bribery forms part of our *Code of Conduct*. Öhlins prohibits participating in, or condoning any form of, bribery or fraudulent procedure. Representatives of the Group must never offer customers, potential customers, suppliers, consultants, governments, authorities, or representatives of such bodies any compensation or benefits that contravene applicable law or accepted business practices that are more rigorous than the applicable legislation to secure or retain business or to acquire other undue advantages.

Furthermore, the Group’s employees must not accept any payments, gifts or other remuneration from third parties who in any way affect, or may be perceived as affecting, their objectivity when taking business decisions.

The Code of Conduct is available in QMS, and new employees are made aware of this in the same way as the other rules and guidelines at Öhlins. The Code of Conduct is reviewed internally and is approved annually by Öhlins’ Board of Directors.

No cases of bribery and corruption have been identified during the year. However, problems with corruption and bribery could lead to the risk of a loss of confidence in the company, and any breach of our anti-corruption rules could also have a significant, adverse impact on our ability to continue to operate in different countries.

To curtail the risks of corruption, Öhlins adopted a Whistleblower Policy in 2017. The purpose of this policy is to describe when and how Öhlins Group employees may report any suspicions regarding activities that are not in line with the company’s Code of Conduct or other corporate policies, and that may cause harm to persons, the company, or to the environment.

The Whistleblower Policy is available in our QMS and has been communicated internally.

## 4. Conclusion

This is the Öhlins Group’s sixth sustainability report. Future sustainability reports will be delivered in line with our efforts to create more sustainable solutions for the company’s future.