

Sustainability policy CTT Systems AB

1. Introduction

1.1 Value-creating sustainability work

For CTT, sustainability is linked to long-term value creation and is fully integrated into the business model and strategy. CTT develops, certifies, manufactures, and markets products that actively regulate humidity in aircraft, thereby reducing the aviation industry's impact on both people and the environment. In the transition towards a more climate-adapted aviation industry, CTT contributes with solutions that create value for both customers and society.

Stakeholder trust is crucial to the successful conduct and development of CTT's business. It is important that all employees act in accordance with applicable norms and external requirements and safeguard this trust. Acting transparently and maintaining continuous dialogue with stakeholders is a prerequisite for this. Likewise, it is essential to conduct business in an ethical, responsible, and sustainable manner.

This sustainability policy applies to CTT Systems AB and expresses the Board's expectations of how CTT's operations are conducted. It also covers how we engage with customers, suppliers and other stakeholders. The purpose of the sustainability policy is to provide overall guidance for the implementation of the established strategic direction for CTT's sustainability work.

1.2 Organization and responsibility

It is the responsibility of the CEO to implement the content of this policy in practice. This may include establishing an appropriate organizational structure, internal control and risk management processes, identifying material sustainability areas, developing action plans and guidelines, and setting objectives that ensure sustainability work is conducted systematically and integrated into the business. The Board is responsible for the statutory sustainability report, which is included in the annual report and covers environmental, social, and governance matters. In addition to the responsibilities of the CEO and the Board, managers and process owners shall ensure that sustainability aspects are integrated into relevant business processes and decision-making within their respective areas of responsibility. Sustainability shall therefore be a natural part of daily operations, and all employees are responsible for understanding and complying with the content of this policy.

The sustainability report is reviewed and approved by the company's auditors.

1.3 General commitments

CSRD, the UN Global Compact's Ten Principles and the 2030 Agenda with the Sustainable Development Goals guide the work of identifying the most material sustainability areas for CTT to manage, monitor and report on. Through the double materiality assessment, which forms the basis for CSRD reporting, the company identifies its impacts, risks and opportunities and assesses their materiality. Through this assessment, the following focus areas have been identified: climate change, Substances of Very High Concern (SVHC), resource use and circular economy, own workforce, workers in the value chain and business conduct.

CTT shall comply with applicable laws and regulations in all markets where the company operates and always strive to apply the policy/procedure/legal requirement that sets the highest standards.

1.4 Targets, metrics and follow-up

The Board monitors the sustainability work on a quarterly basis and is also responsible for regularly reviewing the relevance of the sustainability policy. Changes in regulatory and stakeholder requirements are addressed proactively, and plans shall be developed well in advance to meet such requirements. CTT shall continuously review the double materiality assessment to ensure the continued relevance of the identified focus areas. To ensure that sustainability efforts are conducted effectively and in line with CTT's long-term strategy, the company shall establish relevant targets and metrics linked to the material sustainability areas identified through the double materiality assessment. These targets shall be integrated into the company's governance and management processes and followed up on a regular basis. Follow-up shall include an evaluation of target achievement, identification of areas for improvement, and consideration of the need to adjust priorities and actions. The outcome of the sustainability work is reported transparently in the company's sustainability report.

2. Environmental responsibility

2.1 Climate change

Climate change is one of the world's most urgent challenges, and CTT therefore strives to significantly reduce its climate impact and contribute to the 1.5-degree target of the Paris Agreement. CTT shall work to continuously reduce emissions through systematic and relevant improvement initiatives, as well as by regularly assessing suppliers' environmental performance and environmental certifications. A key element governing the company's own environmental impact is the requirement for renewable energy. CTT ensures that 100% of the electricity purchased originates from renewable sources and that purchased heating is derived from fossil-free sources. In addition, solar panels are installed at the company's production facilities. CTT also has a policy on sustainable travel, under which company cars shall meet environmental classification requirements (in accordance with the definition applied by the Swedish government for vehicles used by public authorities). Electric vehicle charging is available at each workplace, and the company contributes to the financing of sustainable aviation fuel in relation to its air travel.

Furthermore, the company shall actively engage in technological development and contribute to reducing greenhouse gas emissions in the aviation industry by providing anti-condensation systems that can reduce aircraft fuel consumption and, consequently, emissions.

The overarching objectives and activities within this area are presented in the company's sustainability report.

2.2 SVHC substances

To reduce the company's environmental impact, it is also important to address pollutants other than greenhouse gas emissions, as these may have negative effects on human health, ecosystems, and biodiversity. CTT shall actively work to phase out SVHC from its products and processes by replacing them with safer alternatives. The company shall strictly comply the regulations and restrictions set out in EU legislation, even though the ambition is to phase out these substances entirely. This process is governed by customer requirements, which complicates and delays the work.

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2.3 Resource use and circular economy

Transitioning to a circular economy that promotes reuse, repair, and recycling is an important part of protecting the environment and mitigating climate change. CTT shall strive to use resources efficiently and sustainably by minimizing waste and maximizing reuse and recycling. Repairs are a crucial part of CTT's operations, as they extend the lifespan of the company's products and reduce the need for new resources. CTT shall also provide customers with instructions on how consumables can be recycled to increase circularity. In addition, CTT shall regularly monitor suppliers' environmental performance and certifications to ensure that they maintain an appropriate standard in this area.

The overarching objectives and activities within this area are presented in the company's sustainability report.

3. Social responsibility

3.1 Own workforce

The employees' skills, experience, and engagement are essential prerequisites for CTT's ability to achieve its sustainability goals. Together, we build a company characterized by high business ethics, strong competence, and, not least, an equal and healthy work environment. Together we create a sustainable organization. As an employer, CTT is responsible for providing equal, safe, and healthy workplaces where employees feel comfortable and perceive good opportunities for individual development and career progression. CTT does not accept any form of discrimination in the workplace and shall proactively promote increased gender equality and diversity. CTT shall provide a safe working environment that supports employee wellbeing and offers good conditions for development and for carrying out daily work tasks. The company shall offer a well-established occupational health service through which employees receive regular health checks. To promote physical activity and wellbeing, wellness allowances and company-sponsored fitness activities are provided.

It is also important to ensure sound financial conditions for employees through the company's profit-sharing foundation, under which CTT provides all employees with an equal share of the company's profit in proportion to time worked. The purpose of the foundation is to create a clearer link between employees' collective performance, their remuneration, and the company's results, and in the long term to strengthen employee engagement through share ownership.

CTT shall also, through sponsorships or other initiatives, contribute to a more sustainable local community in the cities in which the company operates.

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4. Governance – Business conduct

CTT's corporate culture shall be characterized by the “CTT-spirit”, which is defined by the values of *Commitment, Thoroughness, Honesty, Generous* and *Cooperative*. This spirit shall permeate the entire organization, as well as all business relationships and contexts in which CTT operates. CTT's operations shall be characterized by high standards of business ethics, and the company shall safeguard sound business practices in all relationships. Risks of bribery, corruption, and other unethical conduct shall be actively prevented. CTT's efforts to safeguard human rights and ensure good working conditions shall be based on international conventions and agreements. The company's Code of Conduct and whistleblower function shall be available on the company's website. CTT shall also comply with and adhere to the codes of conduct required by its main customers, Airbus and Boeing, for supplier collaboration, which include requirements related to anti-corruption and human rights.

Efforts to promote climate responsibility, respect for human rights, and good working conditions shall also extend to the company's value chain. CTT shall actively promote good working conditions and respect for human rights beyond its own operations. Preventive efforts shall include clearly communicating expectations and setting requirements for suppliers and business partners through the Code of Conduct.

The overarching objectives and activities within this area are presented in the company's sustainability report.

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