

Sustainability report 2023



CONTENTS

Message from CEO	3
About Sunfab	4
Sustainability strategy	15
— Materiality Analysis	18
Focus areas	
— Governance	20
— Environment	26
— Social	34
Key figures & Governance documents	40
About the Sustainability Report	44
GRI Index	45



MESSAGE FROM CEO



“As a global player in the hydraulic industry with strong local roots in Sweden, we play an important role in contributing to a more sustainable society.”

As the CEO of our company, I am proud of the progress we have made in the field of sustainability in 2023. We have continued to integrate sustainability into our operations, making it a part of our company culture and a natural way of thinking in our daily work.

CUSTOMERS' SUSTAINABILITY WORK

We have gained a deeper understanding of the industry's maturity regarding sustainability issues. While some of our customers are more engaged than ever in advancing and reporting on their sustainability efforts, the level of maturity varies significantly across the industry. This presents us with valuable opportunities to support those customers who are still in the early stages of their sustainability journey.

SUPPLIER BASE IN EUROPE

In a time of global uncertainty, we are experiencing the great value of having our suppliers close to us. Our supplier base is mainly located in the Nordic region and across Europe. This proximity not only reduces the environmental impact of logistics but also helps us uphold the highest standards of quality and ethics throughout our supply chain. By collaborating closely with our European suppliers, we can adapt more readily to new requirements, given that we all operate under the same EU regulations.

DEVELOPMENT PROJECT

We are actively contributing to the development of solutions for the electrification of heavy-duty vehicles. Our participation in the STEALTH III research project, in partnership with Linköping

University and the Hudiksvall Hydraulics Cluster, ensures that we remain at the forefront of this innovation. Together, we aim to develop sustainable solutions that will enhance efficiency and environmental performance in the transportation sector. Our products are being adapted for electrified systems, with a particular focus on reducing energy consumption and noise levels.

CODE OF CONDUCT

Our Code of Conduct is a cornerstone of our sustainability efforts, outlining clear expectations regarding ethics, environmental stewardship, and social responsibility. All employees and business partners are expected to adhere to this code, ensuring that we act responsibly and sustainably in every facet of our operations. Throughout the year, we implemented training programs to ensure everyone fully understands our standards and expectations.

In conclusion, we continued to advance our sustainability initiatives in 2023, and we remain committed to furthering our efforts to become even more sustainable. We will continue to support our customers, suppliers, and society on this critical journey.

Sincerely,

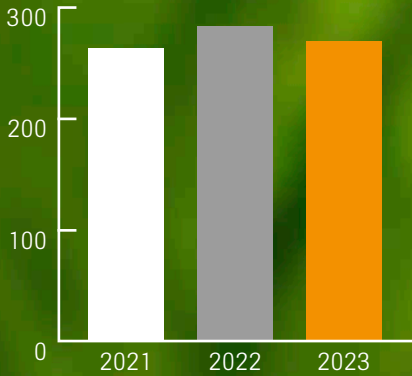
A handwritten signature in blue ink that reads "Marie Nilsson".

Marie Nilsson, CEO Sunfab Hydraulics AB

Revenue 2023

269 MSEK

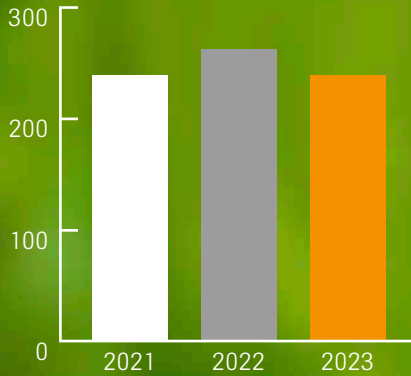
Revenue MSEK



Balance sheet total 2023

238 MSEK

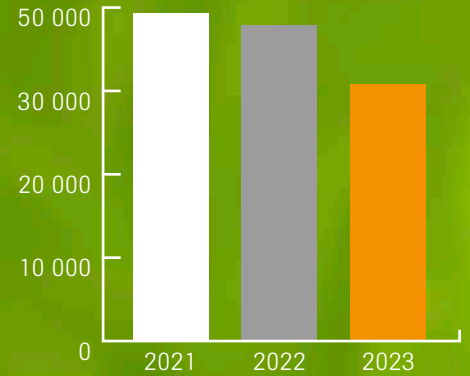
Balance sheet total MSEK



Total units sold 2023

38 444

Total units sold PCS



Head office and production



Subsidiaries



Key markets



Vision

Together we create the future of hydraulics

SUSTAINABLE SUNFAB



Sunfab Hydraulics AB is a family-owned company, now in the hands of its third generation of owners. The group is managed through the board of the parent company, which comprises the owners, union representatives, and external members. The board's primary responsibility is to ensure that the company adheres to the goals outlined in the ownership directive.

The CEO of the parent company, Marie Nilsson, oversees the business through her management team, which consists of department heads. This team plans, makes decisions, and monitors operations throughout the year, both at the company-wide and departmental levels.

Sunfab's business model centers around the development, production, and sale of system components for the operation of hydraulic equipment in mobile hydraulics. The parent company is headquartered in Hudiksvall, Sweden, where the products are designed, manufactured, and distributed to customers. The group also operates subsidiaries in Germany, France, the United Kingdom, Spain, the United States, and Malaysia, all of which are 100% owned by Sunfab Hydraulics AB. These subsidiaries focus on the procurement and sale of hydraulic components.

Sunfab's long-term financial conditions and driving forces are set annually in the Owners' directive and financial objectives. These directives include expectations for management to promote stable growth and ensure that Sunfab operates as a sustainable company.

The financial objectives are established for a three-year period and cover profit margins, revenue growth, and equity. The goal is for Sunfab to maintain a strong financial position, ensuring the flexibility to make long-term business decisions. Over the years, the positive results in these areas have demonstrated that Sunfab's operations consistently generate long-term economic value.



FROM SKIS TO HYDRAULICS



Sunfab's founder, Eric Sundin, established a ski factory in the rural community of Arbrå in 1925 under the name Sundins Skidor. Following a fire in 1927, the ski factory relocated from Arbrå to the nearest larger town, Hudiksvall. The company quickly outgrew its premises, and yet again set a new location in Hudiksvall, where it remains today.

In the years that followed, product development continued, and new technology was soon required to enhance the performance of the cranes. In 1952, Eric founded a new company dedicated to the development of hydraulic products, which he named Sunfab. Two years later, Sunfab introduced its first hydraulic piston pump for trucks. While Sunfab and Hiab were both expanding, Sundins Skidor continued to operate, becoming one of the world's largest ski manufacturers by the 1960s. However, managing all three companies became overwhelming for the family, and in 1965, Hiab was sold to an investment company.



In the 1980s, increased competition from ski manufacturers across Europe led to the closure of Sundins Skidor in 1989. Despite this, the hydraulic pump business thrived, and in the early 1990s, Sunfab Hydraulics AB was established. During this period, the renowned SC pump was developed, and a hydraulic motor was introduced. Around 8,000 pumps were delivered to customers annually at that time.

Eric was an innovative visionary, constantly exploring new ideas. As more and more hydraulics was used in the ski production and their knowledge in the hydraulic applications increased. Eric Sundin together with the builder Einar Frisk founded Hydrauliska Industriaktiebolaget (Hiab). A significant breakthrough came in 1947 when they created the world's first mobile hydraulic crane. Hiab is still a major player in the hydraulic crane industry today.

Today, Sunfab is a well-established brand, with approximately 90% of its production being exported to around 60 countries worldwide. The annual production now reaches approximately 50,000 pumps and motors. In 2006, a new production facility was inaugurated adjacent to the old ski factory. Maintaining local manufacturing is important to Sunfab, as it is a fundamental principle that drives continuous development and encourages new innovations.

PRODUCTS



Sunfab develops, produces, and sells system components for the operation of hydraulic equipment in mobile hydraulics. Our hydraulic pumps are primarily used on trucks to power hydraulic add-on equipment, such as forestry or load-handling cranes, tippers, and load changers. The hydraulic motors are used to drive various hydraulically powered rotating equipment, including fans, asphalt or stump cutters, winches, and saws. These motors can be installed on vehicles and equipment for on-road, off-road, or marine applications.

We provide our customers with high-quality products that are meticulously engineered for long life and reliable performance. To reinforce this, we offer a guarantee that reflects our commitment to product responsibility. Our products deliver strong performance, meet expected functionality, and are designed to minimize the need for repairs and consumables.

Our products are precisely calculated and manufactured with tight tolerances, which reduces losses and increases efficiency when used in the customer's application. We follow strict quality control procedures, including continuous measurement of parts during production, leak testing, and final testing of our finished products.

SAP Optimised

The SAP Optimised series consists of lightweight piston pumps with fixed displacement, designed for demanding mobile hydraulic applications. It is a variant of the standard SAP series, also suitable for electric motor operation due to its higher speed characteristics and lower noise levels. This modern and compact pump meets the market's high requirements for oil flow, pressure, efficiency, and compact installation dimensions.

Other benefits:

- Reduced pulsations in the system
- Smooth operation across the entire speed range
- Extended service life due to high material requirements
- Lightweight design
- Reduced heat development, as more heat is dissipated through the pump housing

Approved warranty claims

2022: 0,05 %

2023: 0,07 %



CUSTOMERS



Our customers primarily consist of equipment distributors and manufacturers of mobile systems, such as OEMs, crane manufacturers, and bodybuilders. We also sell directly to end customers. Sunfab’s key markets include the Nordics, Europe, Asia, and North America. We assess our customers based on their operations to ensure they meet our standards for ethical business practices. We do not engage in business relationships that violate principles such as human rights, anti-corruption policies, trade embargoes, or compliance with laws and regulations.

We recognise that our larger customers are increasingly challenging us on sustainability issues, which we welcome and actively address. Over the past year, we have provided several customers with documentation regarding stricter sanctions against the import of iron and steel of Russian origin, which came into effect in September 2023.

We are regularly evaluated by our customers as a supplier. Larger customers often use web-based evaluation tools to assess our sustainability performance, which we both appreciate and encourage. This enables us to engage in constructive dialogue to better meet our customers’ needs. For example, we were evaluated through the SUPPLIER-ASSURANCE SAQ 5.0 platform, and the results show that we improved our sustainability performance by 23% in 2023 compared to the previous year’s evaluation.

Our high-quality products are selected by customers who prioritise sustainability and appreciate the benefits of investing in quality. By offering high-performance and reliable products, we contribute to reducing waste and ensuring more efficient use of raw materials. We also provide spare parts that enable customers to extend the lifespan of our products, further minimising resource consumption and promoting a sustainable product lifecycle.

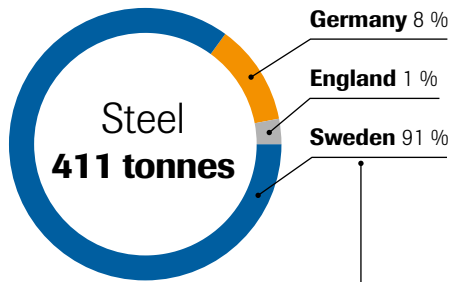
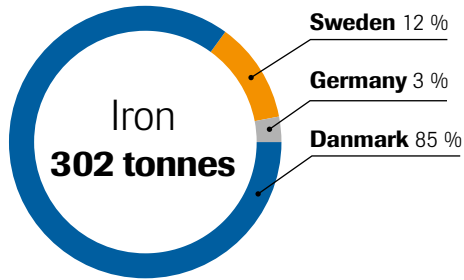
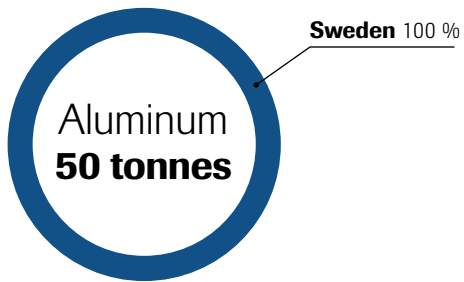
STRATEGIC ACTIVITIES FOR 2024:

- Highlight and showcase our sustainability efforts to customers
- Ensure sustainability support is integrated into our sales processes

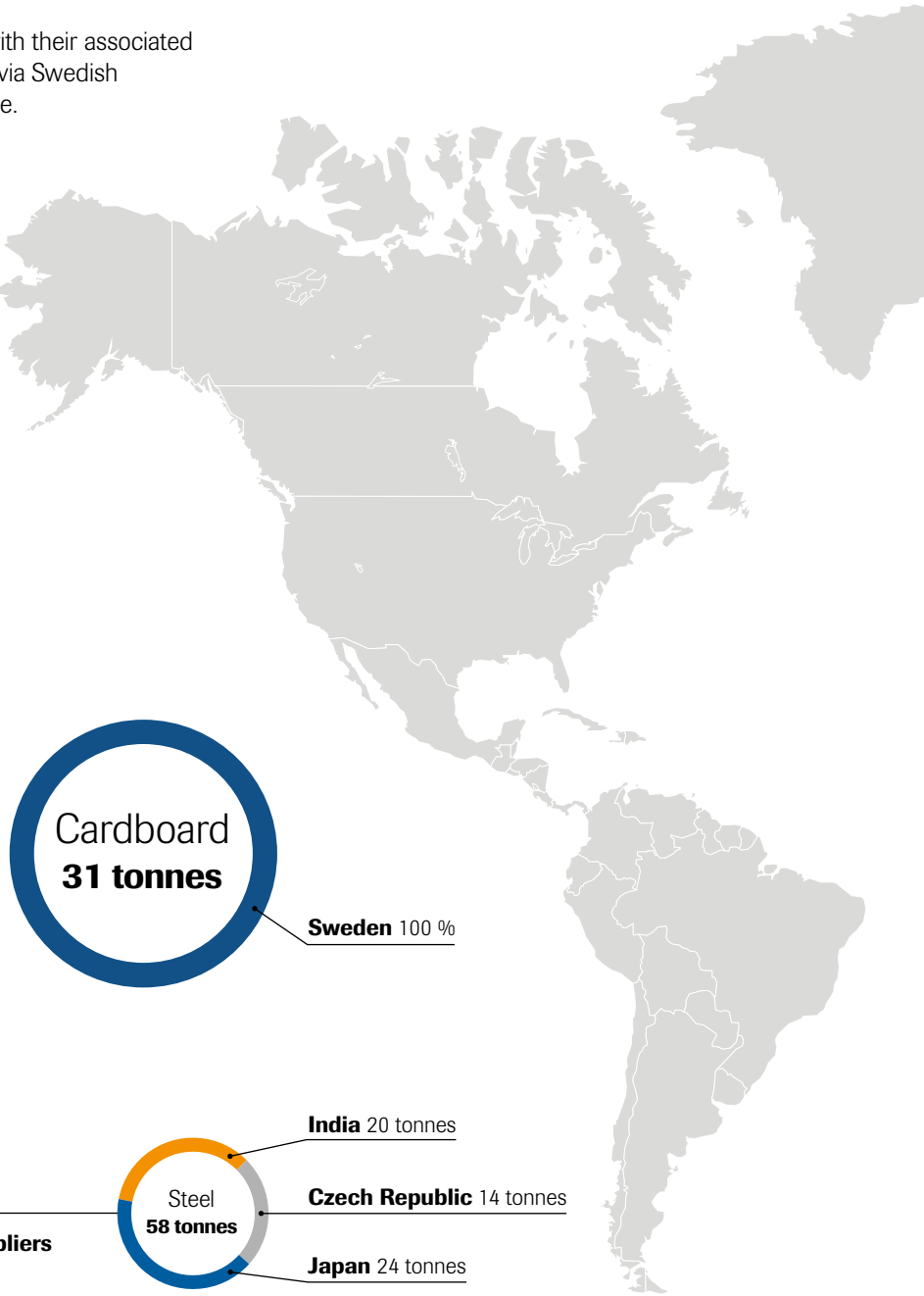
SUPPLIERS

ORIGIN OF PURCHASED MATERIAL

The pie charts show the different types of material with their associated origin. A smaller part (12%) of the steel we procure via Swedish suppliers have third-party suppliers outside of Europe.



Third-party suppliers




Our suppliers are key stakeholders in our business. Maintaining a good dialogue with our suppliers not only ensures high delivery reliability but also helps build mutual understanding of sustainability issues. We take responsibility for the services and products delivered to us, which is why we place clear demands on our suppliers and ensure they comply with these requirements. Sunfab's purchasing process, supplier responsibility code, and current legislation guide and govern our procurement practices.

Our production is based in Sweden, and we source raw materials primarily from the Nordics and Europe. To prevent violations of human rights or labour laws, we require our suppliers to accept our responsibility code, which is based on the UN

Global Compact's ten principles, when purchasing products and services. Suppliers are also required to pass these requirements down through their own supply chains. Over the past year, we have had no cases of corruption and have not terminated any contracts with suppliers.

Sunfab's purchasing strategy aims to keep the supplier base as geographically close to our production as possible. The material purchases, as shown in the figure, demonstrate that we follow this strategy, with suppliers located within the local region. Being close to our suppliers offers advantages in terms of delivery security as well as addressing sustainability issues.



 MAIN SUPPLIER

 THIRD-PARTY SUPPLIER

Having our suppliers within the EU ensures that they are subject to the same regulations and sustainability initiatives aligned with the EU's green deal.

Each year, we review approximately ten existing suppliers, who account for around 80% of our purchase value. In 2023, twelve supplier evaluations were conducted, either on-site or through self-assessments. These evaluations have been expanded to include, in addition to the traditional criteria such as finance, deliveries, and quality now also sustainability criteria. Suppliers must demonstrate systematic quality and environmental management in line with ISO 14001 and ISO 9001 standards.

New suppliers are assessed before any collaboration begins. Suppliers of direct materials undergo a comprehensive supplier evaluation, conducted on-site, before approval. Sustainability has become an increasingly critical aspect of these reviews and now plays a more decisive role in supplier selection. In 2023, three new suppliers were assessed and approved.

STRATEGIC ACTIVITIES FOR 2024:

- Establish purchasing policy and clarify procedures related to purchasing



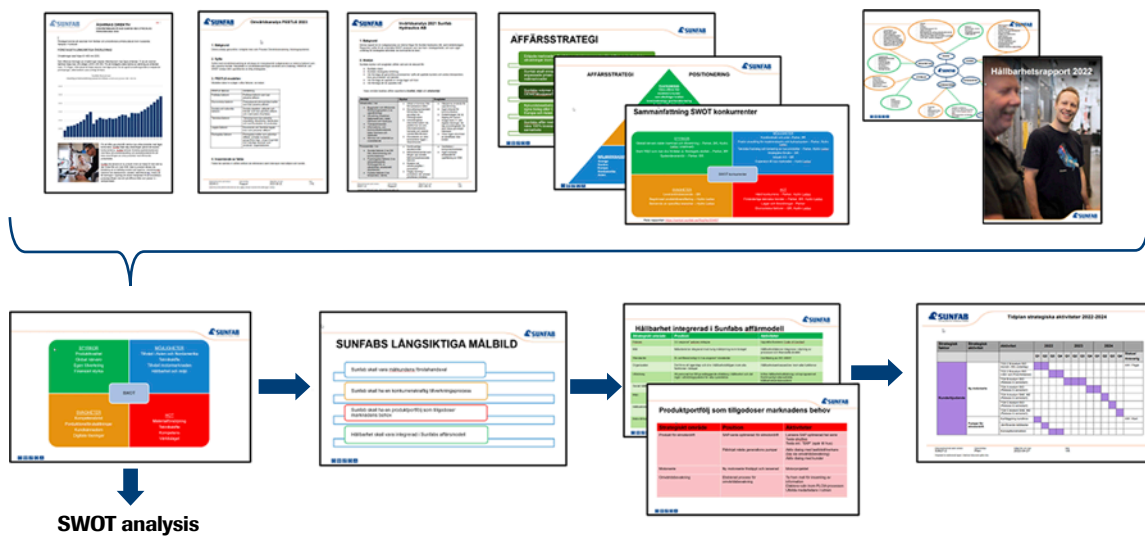
SUSTAINABILITY STRATEGY



The board of Sunfab Hydraulics AB governs the company at an overall level, with the CEO reporting to the board on key matters including the company’s sustainability development. The CEO is also responsible for translating the owners’ directives into a three-year strategic plan, which is then approved by the board. The agreed-upon strategy, along with its long-term goals, is implemented by the management team, where the sustainability manager is delegated responsibility for sustainability issues.

The company also employs a sustainability coordinator, who plans and implements activities and gathers information for sustainability reporting.

The management team is responsible for setting goals, implementing measures, and following up on progress. All employees are individually responsible for actively contributing to the company’s sustainability efforts.



Sunfab’s management system supports the strategic work through a systematic approach. Based on the owners’ directives, external and internal world analysis, competitor analysis, market strategy, and the identification of the key requirements and expectations of our most important stakeholders, a SWOT analysis is conducted. This serves as the foundation for the long-term vision.

Four overarching strategic goals are developed, and for each goal, the desired position and the activities required to achieve it are outlined. Finally, these activities are placed into a schedule for strategic actions, with progress being monitored on a monthly basis throughout the year.

ENVIRONMENT ANALYSIS



From the environmental monitoring conducted in August 2023, several areas related to sustainability issues have emerged.

CONTROL

There are now many signs that inflation has peaked, both in Sweden and many other countries. Although inflation is gradually decreasing from its high levels, it remains elevated in Sweden compared to other nations. One contributing factor to this is the significant weakening of the krona since early 2022. Inflation expectations for the coming year remain high. Europe has become a thriving market for hydraulics, driven by the development of complete solutions for vehicle components and the region's growing automotive industry. Mobile hydraulics, which accounts for 60% of the total hydraulics market, will be the key driving force in the market's future development. Electrification plays a crucial role here. As OEMs transition to electrified machines, components in hydraulic systems will need to be improved in terms of noise reduction and efficiency.

ENVIRONMENT

The EU continues to lead environmental and sustainability efforts, with the European Parliament playing a significant role in advocating for more ambitious climate legislation. The EU's new climate law mandates a reduction in net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. By 2050, greenhouse gas emissions within the EU must be negative. Alongside these climate-related directives, new accounting standards are being developed in the EU. Key concepts to be aware of include the EU taxonomy, CSRD, and ESRS. These are based on double materiality, and going forward, sustainability

reporting will become part of the annual report. In June 2022, the Swedish government introduced a new regulation on producer responsibility for packaging. From 1 November 2023, all producers must be connected to a producer responsibility organisation approved by the Swedish Environmental Protection Agency. With extended producer responsibility at the EU level, costs for producers such as packaging fees are expected to rise sharply in the coming years and will eventually be passed on to consumers as part of the product price.

SOCIAL FACTORS

Social responsibility can be divided into internal and external aspects. Internal social responsibility focuses on ensuring that individual employees have a healthy working environment, both physically and psychologically. External social responsibility emphasises the importance of companies investing in their communities and stakeholders to promote welfare and sustainability for both the company and society. Increasingly, companies face growing expectations of community engagement when recruiting younger employees. This generation places a higher value on ethics and morals in the workplace compared to older generations, and also demands greater awareness of sustainability issues, such as climate impact and circularity. As the labour market evolves and new skills are required, many companies continue to view the skills shortage as their greatest concern for the future.



Tama Cycle



R3NYou

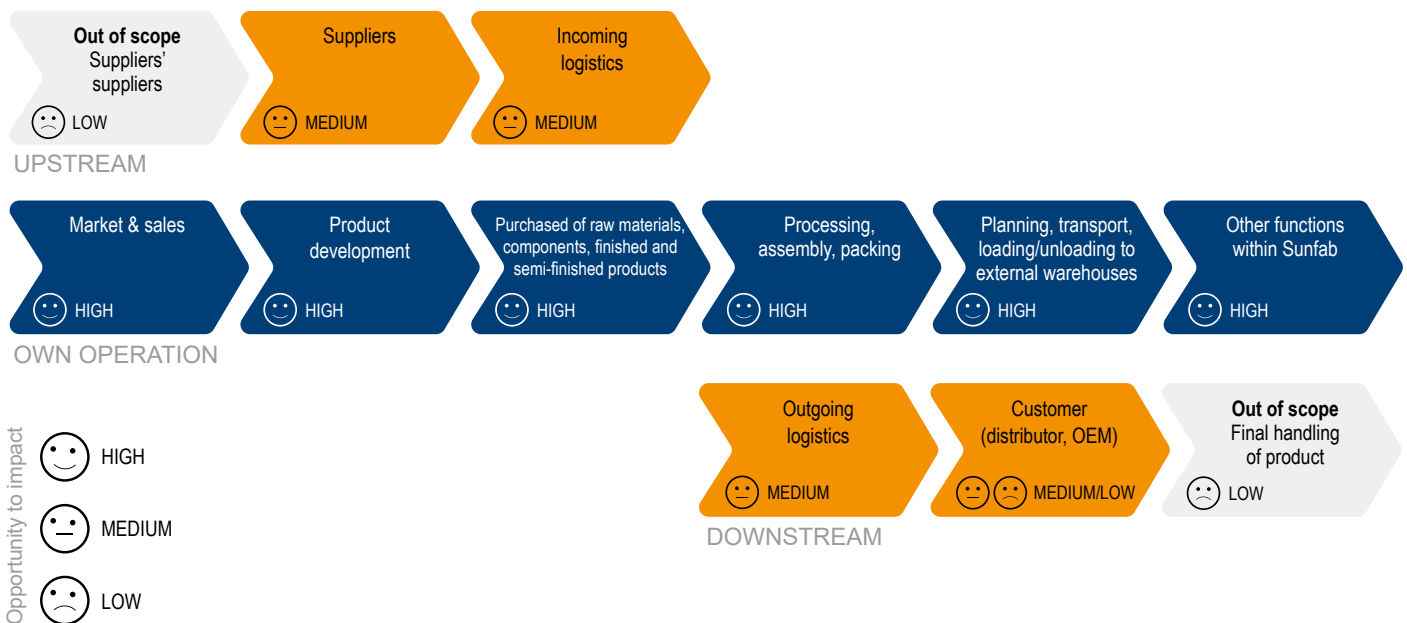


MATERIALITY ANALYSIS

The materiality principle allows the company to choose which sustainability areas are prioritised and reported. To determine which sustainability aspects Sunfab should focus on, the first materiality analysis was conducted in the autumn of 2021. Sunfab’s materiality analysis forms the foundation of the company’s strategic sustainability work. It is based on two perspectives: what is important to stakeholders and what is crucial from Sunfab’s business concept and company development standpoint. The analysis was carried out in three steps.

STEP 1: SUNFAB’S VALUE CHAIN

The value chain was mapped to identify how Sunfab impacts people, the environment, society, and the economy.

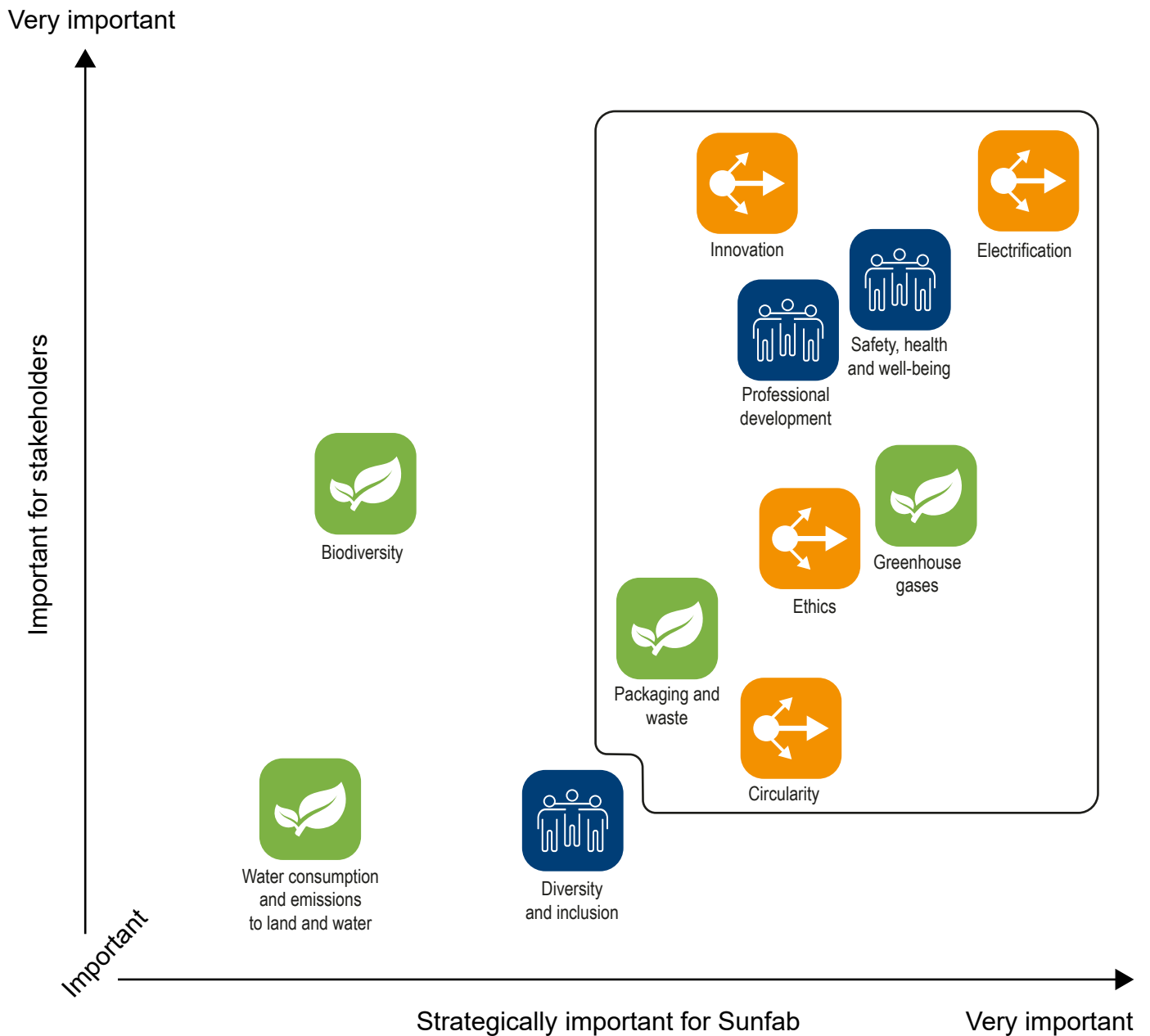


Our value chain extends from the suppliers’ suppliers to the final handling of the product. For Sunfab, it is crucial to ensure respect for human rights and environmental responsibility at every stage of the value chain. However, in this initial phase, we have chosen to focus on our direct suppliers, our own operations, and our closest target customers. These segments of the value chain are covered in this sustainability report.

STEP 2: STAKEHOLDER DIALOGUES

Understanding our stakeholders and their expectations of us is a key part of our sustainability work. In autumn 2021, stakeholder dialogues were held with selected customers, suppliers, employees, and owners. The stakeholders were asked to respond to approximately thirty questions, divided into twelve sustainability aspects, and tailored to each stakeholder group.

Stakeholder group	Question	Dialogue and selection
Customers	What expectations do customers have of us as a company?	A total of eleven customers and their responsible account managers were selected. We interviewed customers who were strong representatives of the company. The sales managers themselves participated in the selection process.
Suppliers	Level of maturity and how they work with sustainability.	Dialogue between a total of five suppliers and our responsible purchaser. The purchasers participated in the selection to find a group of suppliers that reflects the company’s purchases.
Employees	How important is sustainability to them?	A survey was distributed to all employees in the Sunfab group. The response rate was 78 percent.
Owners	What expectations do they have of us as a company?	Dialogue between Sunfab’s four main owners, sustainability coordinator, and the manager of quality, environment and business development.



STEP 3: ESSENTIAL SUSTAINABILITY ASPECTS

We combined the environmental analysis, stakeholder dialogue, and our prioritised strategic issues to formulate the company’s key sustainability aspects in a materiality matrix. The matrix ranks the sustainability aspects from important to very important, based on their significance to us as a company and to our stakeholders. These aspects are divided into three focus areas: governance, environment, and social. Eight sustainability aspects have emerged as particularly important for both Sunfab and our stakeholders. The ethical aspect of sustainability is considered in both governance and social areas. During the autumn 2023, the sustainability aspects were adjusted along the axis of Strategically important to Sunfab, resulting in a slightly different outcome compared to last year’s materiality matrix. For instance, circularity has been added as a key sustainability aspect.

GOVERNANCE

Read more about how we address the management aspects on the pages 20-25.

- Innovation
- Electrification
- Ethics
- Circularity

ENVIRONMENT

Read more about how we address environmental aspects on the pages 26-32.

- Greenhouse gases
- Packaging and waste

SOCIAL

Read more about how we address social aspects on the pages 33-38.

- Safety, health and well-being
- Professional development
- Ethics

ISO CERTIFICATIONS



OUR QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEM

Sunfab is certified according to ISO 9001 and ISO 14001, which means we are quality-assured for our systematic environmental and quality management. We undergo annual reviews based on the requirements set by these standards. We have a unified policy for quality and the environment, outlining how we guide the business towards reducing environmental impact while maintaining high product quality. Our certificates are available on our external website. Integrating sustainability into our quality and environmental management system is essential for ensuring that sustainability issues permeate the entire organisation.



EXTERNAL AND INTERNAL AUDITS

Audits are a crucial cornerstone in the process of monitoring and improving operations throughout the company. Processes within our management system are audited both internally and externally according to an audit plan established by management.

The results of the annual external audit included two minor deviations, which were acknowledged after corrective actions were taken. A summary statement indicated that Sunfab has made significant progress in developing its business processes in recent years, though there is still room for continuous improvements.

The focus of the 2023 internal audits has been to assess how environmental aspects are integrated into various processes. During the year, five of the six planned audits were completed, and the experience shows that the internal audit work has evolved, adopting a more process-oriented approach.

STRATEGIC ACTIVITIES FOR 2024:

- Certification of occupational health and safety management system according to ISO 45001.



ETHICS



SUNFAB'S CODE OF CONDUCT

In 2023, we established Sunfab's Code of Conduct, which serves as a guide for how employees should act within the company, functioning as an ethical compass.

Sunfab's goal is to create added value for its customers, employees, suppliers, and other stakeholders by building relationships based on commitment, respect, and professionalism – all while operating in a socially and environmentally responsible manner. Every employee at Sunfab has the responsibility and obligation to follow this Code of Conduct, as well as other policies and guidelines that govern our business. Throughout the year, all employees participated in group discussions about the Code of Conduct and signed the document.

EQUALITY, NON-DISCRIMINATION, DIVERSITY

We do not tolerate any form of harassment, retaliation, bullying, or other abusive physical or verbal behaviour towards colleagues or business partners. In 2023, no cases of discrimination were reported.

We firmly believe that a workplace characterised by diversity provides a stronger foundation for creativity and innovation. Sunfab must offer equal employment opportunities to everyone, regardless of gender, religion, age, disability, sexual orientation, nationality, social or ethnic origin, trade union membership, political opinion, or any other protected characteristic as outlined by law.

Sunfab does not tolerate child labour in its operations or with any subcontractor or business partner. Work that is dangerous or harmful to the health, safety, or social and psychological development of children must not occur. Workers under the age of 18 are especially protected from hazardous tasks that pose risks to their health and safety. Sunfab also prohibits illegal work or forced labour, both within its own operations and with any of its partners.



WHISTLEBLOWER

The whistleblower function is now a statutory, protective, and essential mechanism to promote transparency and the reporting of irregularities within the organisation. Anyone can use Sunfab’s whistleblowing system to report serious irregularities without the risk of reprisals, discrimination, or other negative consequences, particularly when they feel these issues cannot be reported to HR, work management, or their respective manager. All reports are treated confidentially, and investigations are conducted with the utmost care, respecting the employee’s privacy. In 2023, no cases of irregularities were reported.

COMBATING CORRUPTION

Our company and its representatives must always conduct themselves in a business-appropriate and professional manner, in accordance with applicable legal requirements and high ethical standards. Sunfab must operate in a way that ensures we never risk being suspected of bribery or other irregularities.

It is in the company’s best interest that any suspected irregularities are reported and investigated immediately. In 2023, no cases of irregularities were reported.

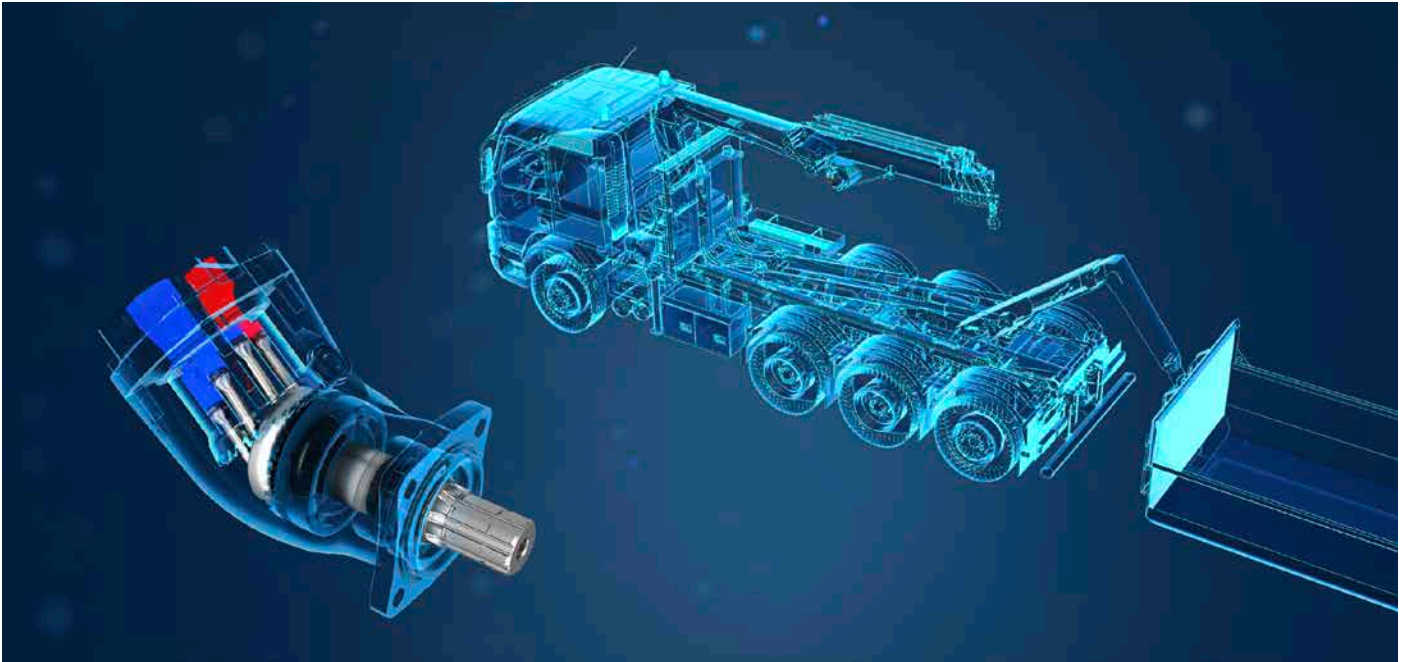
In addition to Sunfab’s policy on irregularities and bribery, there are also a number of internal regulations, routines, and work methods designed to minimise the risk of fraudulent behaviour, including:

- Instructions for attestation
- Payroll checks
- Always two people involved in processing payouts

STRATEGIC ACTIVITIES FOR 2024:

- Introduce electronic signing of policies

ELECTRIFICATION



ELECTRIFICATION

Fossil fuels must be phased out not only from the passenger car sector but also from heavier work vehicles. However, the diesel engine in a work vehicle not only powers the machine itself but also drives the hydraulic system, which operates cylinders with actuators needed for specific tasks. This could involve angling a snowplough, driving the chains on a trencher, or operating a crane. Hydraulic systems are reliable and durable in demanding applications and will continue to be the preferred choice in many cases.

When electrifying a vehicle, modifications to the hydraulic system's drive will be necessary, and the hydraulic pump or motor itself will need to be adapted to the new system.

Sunfab is participating in a research project, STEALTH III, in collaboration with Linköping University and Hudiksvall's Hydraulic Cluster. This three-year project aims to explore the feasibility of electrifying heavy vehicles. The goal is to develop innovative solutions that contribute to a more sustainable transport sector, while improving the efficiency and performance of heavy vehicles and machinery.

Sunfab has continued its development work in alignment with the forthcoming electrification. The SAP Optimised product has been developed, launched, and tailored for electrified systems that require lower noise levels. In products designed for electrification, there is also a stronger focus on enhancing efficiency, which results in reduced energy consumption.

STRATEGIC ACTIVITIES FOR 2024:

- Implement further improvements to SAP Optimised
- Participation in STEALTH III
- Specify working methods for strategic environmental monitoring

INNOVATION & CIRCULARITY



INNOVATION

Innovation has always been a cornerstone of the company throughout its history. We firmly believe that innovation is the key to creating long-term solutions that reduce our environmental impact and promote sustainable development.

Our employees are encouraged to think creatively and challenge the status quo, whether in product development or finding innovative ways of working. Innovation is also crucial in meeting the growing demand from our customers for sustainable products. By offering solutions that are both efficient and environmentally friendly, we can strengthen our market position and contribute to a sustainable future.

Through collaboration with academic institutions and industry partners, we can explore new ideas and technologies that drive our industry forward.

We believe that innovation and sustainability go hand in hand. By prioritising innovation in our operations, we create opportunities for future generations.

CIRCULAR ECONOMY

The circular economy is a business model for more sustainable production and consumption. It involves sharing, borrowing, reusing, repairing, and recycling existing materials and products for as long as possible. The aim is to extract more value from the originally produced raw materials and reduce waste, thereby extending product life cycles.

By offering spare parts for our products, we help extend their lifespan and enable repairs to be carried out locally at the customer's premises.

In 2023, we participated in a service creation programme, where we explored the possibilities of transitioning towards a more circular business model.

FOCUS AREA: ENVIROMENT



ENVIROMENT

Sunfab has permission to conduct engineering activities, including metalworking and surface treatment. According to this permit, the company is required to immediately notify the supervisory authority if any operational disruption or similar event occurs that could pose a risk to human health or the environment. In 2023, no incidents occurred that required such reporting. The company submits an annual environmental report, which is approved by the environmental office.

In 2023, a comprehensive environmental investigation was conducted at the company. Based on the results of the prioritised significant environmental aspects, four key aspects were identified as the most important. Two of these environmental aspects pertain to our own operations, where we have a direct opportunity to manage risks and implement internal improvements. The other two environmental aspects relate to areas further beyond our immediate control (upstream and downstream in the value chain). For these, we focus on building knowledge and understanding of how we influence these aspects and exploring opportunities for change.

Internal operations:

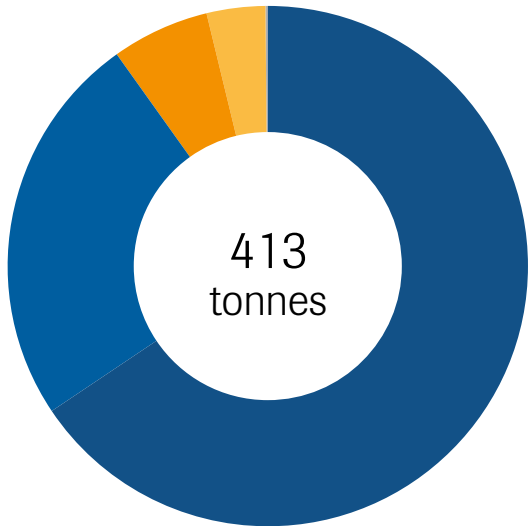
- Generation of hazardous waste from the use of cutting fluids
- Increased electricity consumption due to leaks in the compressed air system.

Upstream/downstream:

- Climate impact from the transportation of goods
- Use of virgin or recycled raw materials



WASTE AND PACKAGING



Waste	2023	2022
Total waste (tonnes)	413	461
Metals	270	315
Hazardous waste	101	93
Wood & combustibles	25	33
Paper	15	15
Plastic	0,7	0,3

WASTE

In a circular economy, it is important to view waste as a potential resource for others. Sunfab takes great responsibility for managing the waste generated by our operations. Waste handling is conducted in an organised manner, ensuring that sorting is easy and efficient. Waste is managed through an external supplier, who also oversees the follow-up and reporting of statistics regarding waste volumes, recycling rates, climate footprint, and costs. We achieved a reduction in the total waste generated in real tonnes compared to the previous year. However, the amount of waste per unit produced has increased by approximately 10%. The diagram represents waste generated during the period 2022–2023.

We continuously work to optimise our processes and manufacturing methods to minimise waste in our production and improve the utilisation of raw materials. Waste is primarily generated when raw materials such as iron and steel are processed into components for our products.

In metalworking, cutting fluids are used, which are filtered internally and reused. After multiple cycles of reuse, the fluids lose their quality and must be discarded. The cutting fluids are treated as hazardous waste and transported to a purification plant, where oil emulsions are filtered out in several stages, leaving ultra-pure water that can be safely released into the sea. In 2023, employees working with cutting fluids underwent training to enhance their competence in this area.

We also continue to support the Environmental Protection Agency’s roadmap for sustainable plastic use. One of the focus areas of the plan is significantly increasing high-quality material recycling. When used correctly, plastics are important and valuable materials. Therefore, it is crucial to address the environmental challenges associated with current plastic handling, so that we can continue to use this material sustainably. In 2022, we began sorting two types of plastic waste. The amount of sorted plastic increased from 0.3 tonnes to 0.7 tonnes over the year.

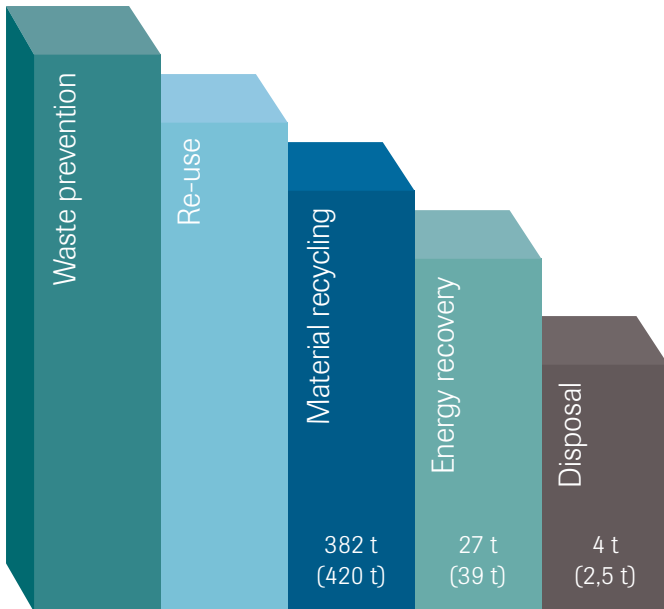
WASTE HIERARCHY

The waste hierarchy is based on an EU directive that outlines how waste management impacts the climate. The traditional waste hierarchy consists of five levels:

- Waste prevention
- Re-use
- Material recycling
- Energy recovery
- Disposal

Sunfab strives to move its waste fractions higher up the waste hierarchy. Material recycling is employed for metal fractions, which are returned to their respective industries. Steel is recycled at steel mills, aluminium is repurposed in the manufacturing of aircraft fuselages and aluminium cans, and corrugated cardboard is sent back to the paper industry as raw material. Energy recovery is carried out at the municipal recycling centre or a nearby incineration plant.

In 2023, only 1 percent of Sunfab's waste was sent to landfill.



Waste hierarchy 2023 (2022)

PACKAGING

Our products are packaged before being delivered to customers. We take responsibility for the packaging we supply to the Swedish market by reporting and paying fees for the packaging quantities. Up until the end of 2023, this was reported to the Packaging Collection, FTI.

In 2023, we contributed 17 tonnes of paper packaging and 0.8 tonnes of plastic packaging to the Swedish market.

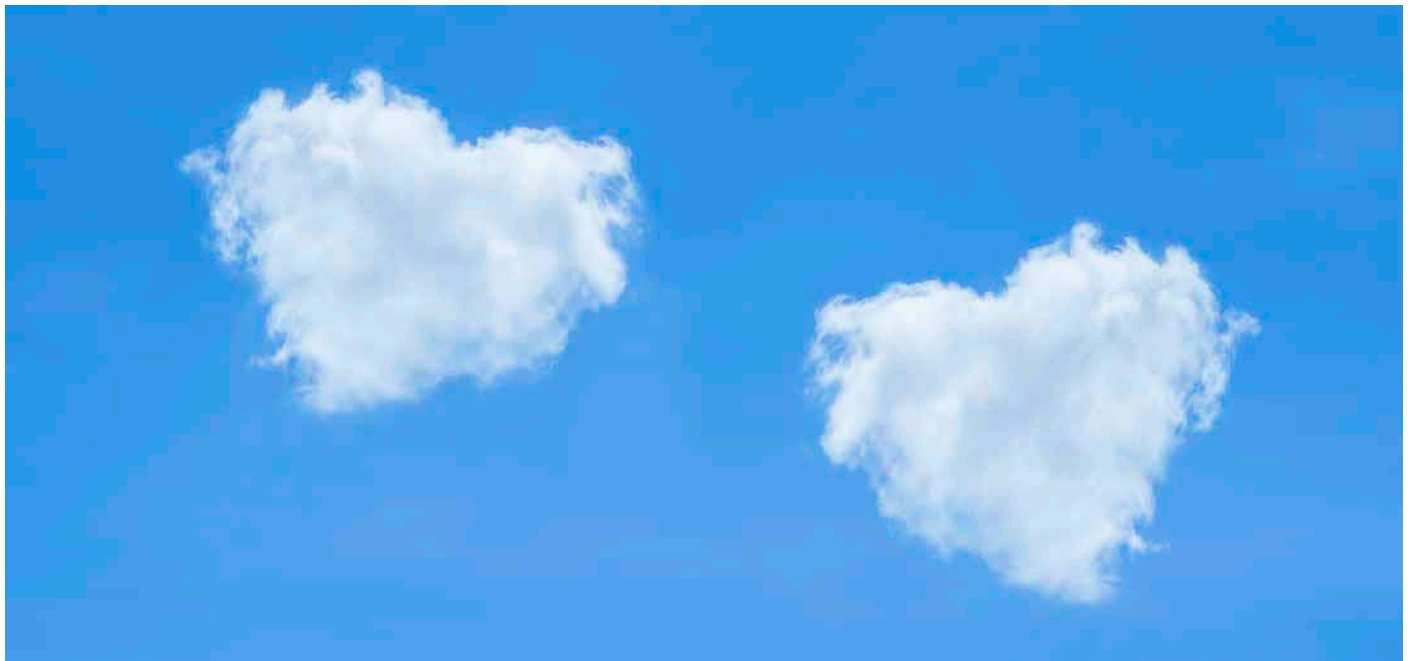
FTI has been collecting packaging for recycling on behalf of producers since producer responsibility was introduced in 1994. From 1 January 2024, changes will come into effect with the new producer responsibility regulation decided by the government in the summer of 2022. All producers that place packaging on the Swedish market must be affiliated with an approved producer responsibility organisation. Sunfab has chosen to join the Näringslivets producentansvar, an approved producer responsibility organization founded to meet the new demands on the producer responsibility for packaging.

For the packaging supplied with products to markets outside Sweden, other responsibilities apply. In 2023, we investigated our producer responsibility in the European countries where we have sales and, at present, we are not required to report in any country outside of Sweden.

STRATEGIC ACTIVITIES FOR 2024:

- Investigate the possibility of reducing the amount of hazardous waste.

GREENHOUSE GAS EMISSIONS

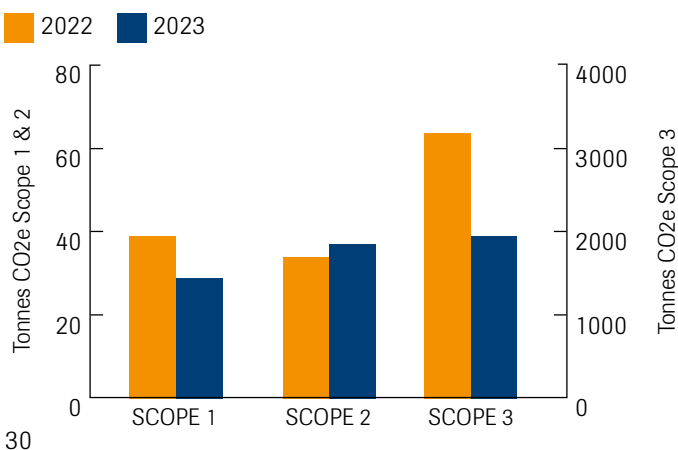


We calculate our climate impact using the international Greenhouse Gas Protocol (GHG Protocol), which divides emissions into three scopes. The calculation methods and sources of emission factors remain the same as the previous year. Each year, we make progress towards greater precision in our calculations, and as such, we have not yet established a base year for our emission calculations.

In 2023 we report a lower climate footprint. The cessation of oil burning for heating at the parent company has reduced our footprint in Scope 1, though some emissions have shifted to Scope 2 due to the use of district heating as a replacement.

The largest reduction has been observed in Scope 3 – purchased goods and services. More detailed data from suppliers now shows that a significant proportion of the iron we purchase can be classified as recycled. Additionally, the number of units sold decreased by approximately 19%, resulting in a corresponding decrease in raw material purchases and their climate impact.

TOTAL GREENHOUSE GAS EMISSIONS 2022 & 2023



GREENHOUSE GAS EMISSIONS SCOPE 1

Scope 1 consists of direct emissions from our operations, where we have the greatest control. This includes emissions from vehicles and facilities that we own and operate. We calculate Scope 1 emissions using the “Financial Control Approach,” which means we account for emissions from all operations over which we have financial control. This includes vehicles and company cars used by the parent company and its subsidiaries.

SCOPE 1 - Tonnes CO2e	2023	2022
Vehicles (company cars and work vehicles)	29	27
Oil boiler	0	12

Sunfab’s vehicle fleet consists of 15 company cars and a wheel loader. During the year, two of the company cars were replaced with electric vehicles, moving away from fossil fuels. In total, 40% of the vehicle fleet now comprises environmentally classified cars. The amount of km driven has decreased by 12% compared to the previous year, but the emissions from own-owned cars have increased as the heavier vehicles were used to a greater extent.

Own production of heat is reported in Scope 1. Oil burning ceased in 2022, and as a result, no emissions from own heat production are reported in Scope 1. The replacement of oil burning with a district heating system for heating the premises has reduced emissions in Scope 1 by 12 tonnes of CO2e, but this has, to some extent, shifted the emissions from Scope 1 to Scope 2.

GREENHOUSE GAS EMISSIONS SCOPE 2

Scope 2 consists of the operation’s indirect emissions from purchased energy. For Sunfab, these emissions come from the electricity and heat used in our offices, manufacturing, and warehouse premises. We calculate Scope 2 using the “Market-Based Method,” meaning emissions are calculated based on the emission factors of the energy we purchase. The Scope 2 calculations include the activities of the parent company in Hudiksvall, as well as the offices and warehouses of subsidiaries in the USA and Germany.

SCOPE 2 - Tonnes CO2e	2023	2022
ELECTRICITY	21	22
Hudiksvall	18	19
USA	2	3
Germany	0,05	0,1
HEAT	16	13
District heating Hudiksvall	7	0,1
Fossil gas USA	6	9
Fossil gas Germany	3	4

The facilities at the parent company in Hudiksvall and the subsidiary in Germany are powered entirely by renewable electricity. At the subsidiary in the USA, the electricity supply is not entirely renewable, so emissions from electricity consumption have been calculated using a residual mix.

The district heating system in the facility in Hudiksvall was utilised more extensively in 2023. Geothermal energy is intended to serve as the primary heating source, with district heating providing additional support during colder periods to meet heating demands. The district heating system contributed 5 tonnes of CO2e to the climate footprint. A calculation error for Hudiksvall’s district heating in 2022 has also been corrected.



GREENHOUSE GAS EMISSIONS SCOPE 3

Scope 3 encompasses the company’s other indirect emissions, which arise from the activities of other businesses whose services or products we utilise. These emissions often fall outside, or far beyond, our direct control and can theoretically be quite extensive. It’s important to note that what is included in our Scope 3 is counted as Scope 1 for another business. Currently, only the emissions from the parent company are included in Scope 3 calculations, while those of the subsidiaries are not.

SCOPE 3 - Tonnes CO2e	2023	2022
PURCHASED GOODS AND SERVICES	1 539	3 170
Iron	92	1721
Iron - recycled	416	-
Steel	563	826
Steel - recycled	395	528
Aluminium - recycled	50	71
Corrugated cardboard	7	6
Corrugated cardboard - recycled	16	16
UPSTREAM TRANSPORT AND DISTRIBUTION	186	249
Air	50	148
Truck	121	81
Sea	15	20
WASTE	8	9
Waste for material recycling/incineration	8	9
Waste for landfill	0,03	0,02
BUSINESS TRAVEL	114	80
Air	106	76
Company-owned vehicle	2	1
Rental car	2,5	-
Train, bus, boat	0,2	0,06
Hotel accommodations	3	3
EMPLOYEE COMMUTING	103	103
Parent company in Hudiksvall	103	103

Purchased goods and services

The purchased goods and services included in the calculations account for 75% of the total purchase value in SEK. Excluding hire services (which do not involve material purchases), this percentage rises to 86%. In 2023, the total volume of goods purchased decreased from 1,020 tonnes to 805 tonnes, representing a reduction of just over 200 tonnes, in line with lower sales during the year.

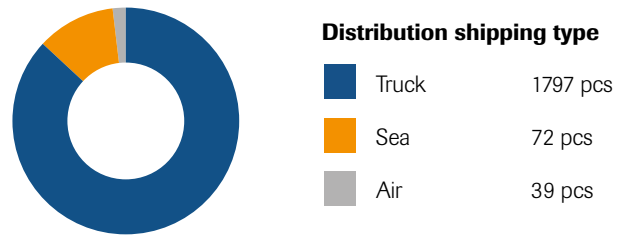
There were no significant changes in the supply chain during 2023, so the calculations include the same types of raw materials and suppliers as in the previous year.

Before the 2023 report, additional information regarding the origin of materials became available from our suppliers. By including

the percentage of recycled ferrous material in the report, we can calculate and reduce the climate footprint of iron by an equivalent of 945 tonnes of CO2

Upstream transport and distribution

Upstream transport includes all transportation services purchased by Sunfab, covering both inbound shipments and outbound deliveries to customers and external warehouses. This year’s calculations provide a more comprehensive scope of customer transport compared to 2022.



Due to improved data collection, we are now reporting more air-freight shipments. However, throughout the year, we successfully avoided major air transport to our warehouse in the USA, which resulted in a reduction of CO2e emissions from air freight, decreasing from 59% to 27% of total emissions. We have also shifted our sea freight to the USA to a different supplier, providing us with better control and the ability to accurately calculate emissions data.

Waste

This category includes production waste generated by our operations in Hudiksvall, which is managed by our external waste services provider. For waste that is recycled or incinerated, only the emissions from the transportation of the waste are included, in accordance with the GHG Protocol standard.

Business travel

Sunfab’s routine for business travel is that all business travel must be done in a way that is sustainable for both the environment, health and finances. Travel by air is the largest outcome item among the parent company’s business trips. The routine for business trips states that air travel is used for trips with a distance of more than 50 miles. In 2023, no air journeys of less than 50 miles were made. The extent of travel has increased slightly during the year as there have been more activities abroad. In this year’s calculations, the rental car category has been added.

Employee commuting

A compilation of the employees’ commuting trips to and from work was made at the beginning of 2023 and referred to commuting in 2022. This has not been updated during the year, but the result reported for 2023 is equated with the result in 2022. All modes of transport are represented and the majority travel with fossil-fueled vehicles.

SOCIAL

No. of employees in the parent company (average)

97 PCS 

Women 16% (17 pcs) - Men 84% (85 pcs)

Employment types: permanent employment and fixed-term employment

Board of directors

7 PCS 

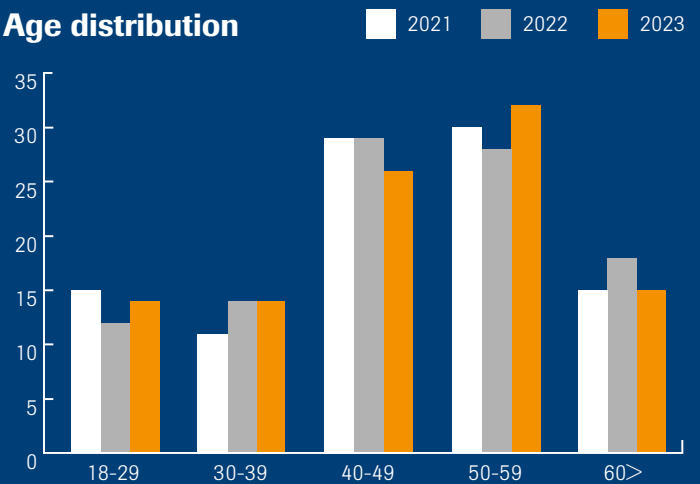
Women 0% (0 pcs) - Men 100% (7 pcs)

Management team

9 PCS 

Women 33% (3 pcs) - Men 67% (6 pcs)

Age distribution



TRADE UNION ACTIVITIES

At Sunfab, a collective agreement ensures that all employees have basic security with favourable employment conditions. We respect the freedom of association, where all employees have the right to form, join, or refrain from joining trade unions or similar organisations, and they have the right to negotiate either individually or collectively.

For all significant changes within the business, the Swedish Co-determination Act (MBL) applies. Its purpose is to give employees influence and co-determination in important matters. In the case of major organisational changes or changes affecting individual employees, the employer is required to negotiate before making a decision. Trade unions have the right to receive information, analyse the consequences, and express their views before any decisions are finalised.

Several trade unions are represented at Sunfab. The union president for IF Metall shares his perspective on the role of trade unions in sustainability work:

“We in the trade unions work to ensure good working conditions in the workplace. We advocate for equal treatment, fair working conditions, and a healthy working environment for every individual. We actively collaborate with the company through open dialogue, where all employees are respected. Our discussions are grounded in our core values, and we always strive for solutions that support a sustainable future for both Sunfab as a company and its employees.”

Per Erik Ahlström, union president IF Metall



ROLE IN THE LOCAL COMMUNITY



Sunfab strives to contribute to a society where people from diverse backgrounds and life situations can work together and live fulfilling lives. We do this both directly within our operations and by supporting valuable initiatives, such as sponsorships and other forms of participation.

To support entrepreneurship in the municipality, Sunfab engages in various networks with different focuses. We are active in forums such as the sustainability network, the purchasing network, and the technology companies' employers group. In these networks, SMEs share experiences and strengthen the corporate culture in the region.

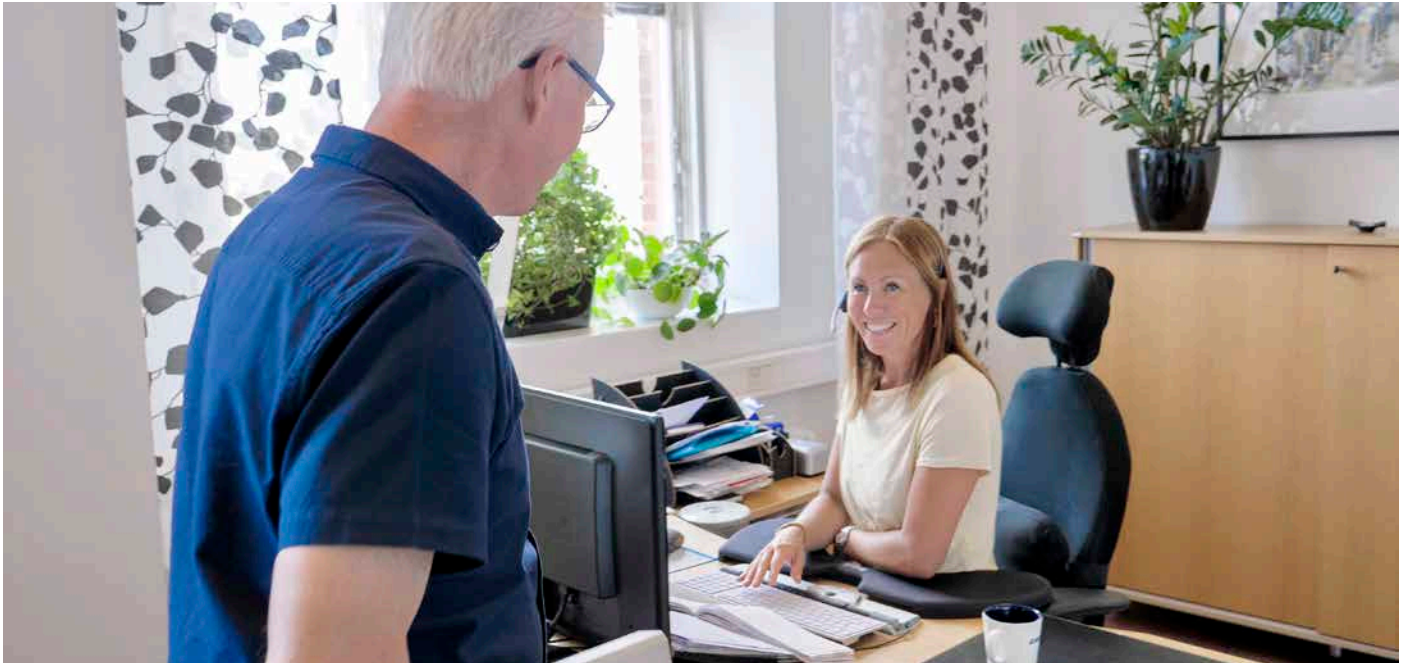
Sunfab considers it strategically important to promote education and learning in the region. This effort not only addresses the business's skills needs but also contributes to opportunities for education and development within the community. One example is our participation in Teknik College, where we help certify technology-related education to ensure it meets companies' future competence needs. We also collaborate with colleges and universities on development issues in hydraulics. Through our partnerships with universities, high schools, and primary schools, Sunfab offers internships (APL) and summer jobs.



"By supporting education and offering young people the opportunity to gain work experience, while ensuring that the skills taught are relevant, Sunfab takes on an important societal responsibility. This also helps promote the company's long-term success and meet its skills needs."

Louise Sandberg, Principal Bromangymnasiet (High School), HIT (Industrial Technology Programme), Technology Programme, TeknikCollege, National Sports Education

OUR CORE VALUES



An inclusive working environment, where everyone is valued equally, is the foundation of Sunfab’s operations. Our core values – respect, commitment, and professionalism—serve as guiding principles for everything we do.

RESPECT

We create respect by:

- Listening and accepting each other’s differences
- Leading by example
- Keeping our promises

COMMITMENT

We create commitment by:

- Having the willingness to improve and grow
- Encouraging participation
- Cultivating a sense of joy in our work

PROFESSIONALISM

We create professionalism by:

- Showing attentiveness towards customers and colleagues
- Possessing the right expertise and delivering quality
- Being fact-based
- Taking responsibility

WE CHERISH RESPECT, COMMITMENT, AND PROFESSIONALISM IN OUR INTERACTIONS WITH ONE ANOTHER AND OUR CLIENTS.



HEALTH, SAFETY AND WELL-BEING



For us as a company, it is essential that employees feel their physical and psychological work environment is safe and motivating. To be a successful workplace, we need committed leaders who work alongside all employees to achieve positive results and foster the development of the company. To create the workplace we aspire to, we live by our core values: respect, commitment, and professionalism.

OCCUPATIONAL HEALTHCARE & WELLNESS

Sunfab offers support and assistance in occupational health and rehabilitation through occupational healthcare services. Every two years, the company provides all employees with opportunities for health check-ups to proactively prevent and detect ill health, in collaboration with the company's healthcare provider. In 2023, 67% of staff took advantage of the health screening offer, demonstrating strong commitment to health matters.

All employees are offered one wellness hour per week during paid working hours. This time can be used at their discretion, depending on their schedule and personal needs. Sunfab's premises feature a well-equipped gym with a sauna, and employees are encouraged to participate in shaping the development of the gym's equipment. The head office is also located near pleasant walking paths and exercise tracks. Sunfab's wellness committee actively promotes participation in various activities such as exercise runs and try-out events.

A massage therapist regularly visits the company, giving employees the opportunity to book preventive or remedial treatments during normal working hours.

SECURITY

Our employees are our most valuable resource, and personal safety in the workplace is taken very seriously. We engage in systematic work environment management and continuously monitor risks and incidents in designated forums. Each manager is responsible for the work environment tasks and safety of their staff. The operations are divided into work areas, and responsibility for each area is assigned to the respective managers. The work environment committee and company management continuously follow up on health and safety efforts to ensure compliance with current laws and requirements.

Employees also share responsibility for their work environment by following routines and safety regulations, using the available protective equipment, and reporting or participating in the investigation of risk observations and any potential incidents.

ETHICS



Accidents, incidents, and risk observations are registered in the IA system and managed through consultation between the responsible manager and the safety representative. The IA system is a common platform used by many industries and developed by Afa Försäkring in connection with the collective agreement. Registrations can be made directly via the IA app on each employee’s mobile phone. During the year, 15 events were registered, including 11 accidents and incidents. None of the accidents resulted in sick leave. The trend for accidents and incidents is declining, with 21 incidents reported last year. We aim for proactive work environment management, where actively reporting risk observations allows us to prevent potential incidents.

In 2023, comprehensive fire safety training was provided to all employees. We also provide ongoing training for managers and safety representatives in BAM (Better Work Environment) and SAM (Systematic Work Environment Management).

In 2024, Sunfab will take another step in systematic work environment management by beginning the implementation of a management system for workplace safety in accordance with ISO 45001

EMPLOYEE DEVELOPMENT

We conduct annual employee performance review, which are part of fostering continuous dialogue between managers and employees. The interview template was further developed in 2023 and now includes questions on well-being, personal performance goals, and future development. We consider these

interviews a key element in the long-term development of both managers and employees, and place great importance on ensuring that they are carried out. In 2023, we achieved 100% completion of employee performance review.

Employee surveys are conducted approximately every two years, giving employees the opportunity to anonymously share their views on the company in the perspective of:

- Leadership
- Staffing
- Competence development
- Working environment
- Discrimination and abusive treatment

The last survey was conducted in 2022, with a result of 60 for the NMI (Satisfied Employee Index), compared to a benchmark of 67. Feedback is provided in groups, and activities and measures have been developed in collaboration with union partners, focusing on job satisfaction, participation, and the continued development of our managers.

STRATEGIC ACTIVITIES FOR 2024:

- Employee development
- Leadership development

PROFESSIONAL DEVELOPMENT



Skills development plays a crucial role in enhancing the company's competitiveness, while also helping to attract, develop, and retain our employees. Our primary aim is to ensure that employees can build and strengthen their skills within their current roles, as well as take on new responsibilities. Daily learning occurs through close collaboration between managers and employees, or among colleagues. This can involve learning new technologies, participating in projects, or stepping into roles such as supervisor or mentor.

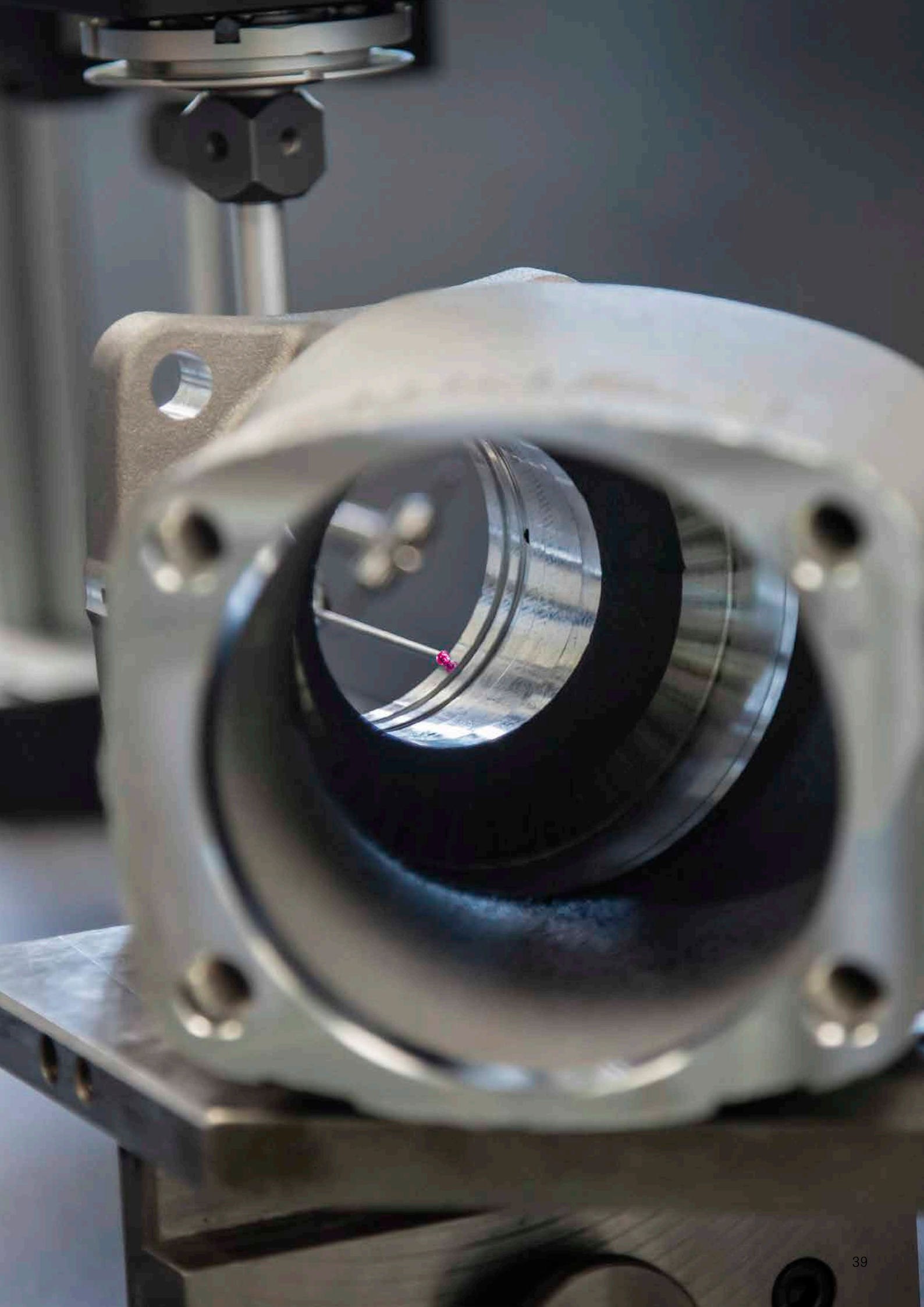
Over the past year, employees have expanded their technical skills through training in areas such as hardening, heat treatment, grinding, and cutting fluid processes. Additionally, the entire company completed basic fire safety training as part of our focus on workplace safety. Other training programmes we participated in include the implementation of ISO 45001 and climate calculations based on Scope 3. These opportunities are both initiated by employees and actively supported by the company.

We also see participation in various industry-related networks as a form of skills development. In these networks, we are active participants in areas that align with our business objectives.

The role of CNC operator is critical in the manufacturing industry, involving the setup, monitoring, and control of machines that transform raw materials into our products. There is a general skills shortage in this area across the industry, and we are addressing this strategically. Through our collaboration with Teknik College at one of our local high schools, we help shape the training curriculum for future CNC operators, offer internships, and maintain an ongoing dialogue between the school and the industry. Most of the CNC operators employed at Sunfab come from our investment in Teknik College.

STRATEGIC ACTIVITIES FOR 2024:

- Establish a trainee program for CNC operators
- Extensive training in automation for operators



KEY PERFORMANCE INDICATORS

Key performance indicators for the coming year are established during the management team’s annual strategy discussions. These indicators are regularly monitored, either monthly or quarterly, and reported to both the owners and employees on a continuous basis.

MANAGEMENT				
KPI	What	Outcome 2022	Outcome 2023	Comment on outcome 2023
> 7%	Profit after financial expenses in relation to the revenue	9	3,5	The result has been negatively impacted by lower deliveries and non-recurring costs, while sales have benefited from favourable exchange rate effects.
> 3%	Revenue growth over a 10-year business cycle	4,8	4,6	Consistent and stable growth in sales volume and revenue over the past 10 years.
> 45%	Equity ratio	79	69	Reduced solvency due to share redemption following a change in the ownership structure.
< 90%	Supplier delivery precision	87	92	90% of supplier delays have been attributed to three specific product groups. We are in close communication with the suppliers to address this.
100%	Code of Conduct		100	All employees have agreed to and signed Sunfab’s Code of Conduct.

Key performance indicators for innovation and electrification are internally monitored.

ENVIRONMENT				
KPI	What	Outcome 2022	Outcome 2023	Comment on outcome 2023
61,3 kWh/unit	Energy consumption	-	33	The measurement tool remains too imprecise to capture small improvements.
1,9 kg/unit	Hazardous waste	2,0	2,7	Exceeding the target, as hazardous waste is more time-dependent than linked to production levels.
11 kg/unit	Total waste	10,1	11	The total quantity is lower compared to the past two years, as this fraction is strongly influenced by production levels.

SOCIAL				
KPI	What	Outcome 2022	Outcome 2023	Comment on outcome 2023
100%	Employee performance review once a year	55	106	For certain employees, two reviews were conducted over the course of the year.
3,9%	Sick leave	4,4	4,3	The routine for reporting illness has been updated, leading to improved dialogue.
0 pcs	Number of recorded near-miss incidents	17	7	The risks associated with the previously most common incidents have been addressed.
0 pcs	Number of recorded accidents	4	4	None of the accidents generated sick leave.

MANAGEMENT DOCUMENTS

Our instructions, plans, routines, and policies serve as governing documents, available in our document management system, which all employees can access. These documents are regularly reviewed and updated. In 2023, we revised our Quality and Environmental Policy to incorporate a broader sustainability perspective.

MANAGEMENT	
Document	Responsible
Sunfab Code of Conduct	HR manager
Policy on irregularities and bribery	HR manager
Supplier Code of Conduct	Manager logistics & purchase
IT Policy	CFO
Credit policy	CFO

ENVIRONMENT	
Document	Responsible
Quality and environment policy	Manager Quality, Environment And Operational Development
Waste plan	Manager Quality, Environment And Operational Development
Chemicals plan	Manager Production Engineering & Support
Guidelines for company cars	HR manager
Routine for business travel	Sales And Marketing Director

SOCIAL	
Document	Responsible
Drug policy	HR Manager
Personnel policy	HR Manager
Work environment policy	CEO
Equal opportunities plan	CEO

RISK MANAGEMENT



Events in our external environment can impact our business in both positive and negative ways. They may offer opportunities to create greater value for our stakeholders or present risks that could affect them, the environment, our employees, or our overall performance.

At Sunfab, activities related to development, production, and sales carry risks connected to various sustainability aspects. We account for these sustainability risks in our strategic planning and our day-to-day operations.

Being certified under ISO 9001 and ISO 14001, risk management is an integral part of our business. It operates at both strategic and operational levels, and within our projects. By establishing processes and working methods designed to achieve our objectives with minimal disruption, we have built risk management into our daily routines.

Risk handling varies based on the specific area and situation. At a strategic level, the management team conducts an annual external and internal analysis. This feeds into a SWOT analysis, where we identify and prioritise strengths, weaknesses, opportunities, and threats. Extraordinary events, if necessary, are evaluated separately, and an action plan is developed to address them.

Our financial routines are primarily focused on controlling and minimising the company's financial risks. Approval processes for authorisations and payments follow a tiered system, requiring approval from two individuals based on the amount. Our policy on irregularities and bribery outlines how we manage currency risks. During the preparation of the annual budget, sensitivity analyses are conducted with various scenarios, and a contingency plan is developed to address any deviations.

In the environmental assessment, the company's significant environmental aspects are identified. Our quality and environmental policy states that environmental factors must always be considered when making decisions. In the environmental area, risk assessments are conducted for the chemicals used in the business.

The company's systematic approach to work environment management includes various methods for risk management, such as safety inspections, employee interviews, and daily management. These efforts are reviewed at work environment meetings held twice a year and in the work environment committee, which meets four times a year.

SUSTAINABILITY RISKS

MANAGEMENT

Significant risk	Description of risk	Risk management
Electrification of the automotive industry	The upcoming wave of innovation and change in the industry is challenging to navigate, posing a risk that our development may not move in the right direction.	We actively identify and plan development efforts to meet future market needs. We collaborate with other companies and engage in research and innovation projects.
Anti-corruption	There is a risk of employees facing corruption that conflicts with our code of conduct, as well as indirect risks of bribery and embezzlement from suppliers and customers outside our knowledge.	Sunfab's position on corruption is outlined in our policies on irregularities and bribery, our code of conduct, the code of conduct for suppliers, and through customer reviews. Corruption is also governed by the specific legislation of each country.

ENVIRONMENT

Significant risk	Description of risk	Risk management
Increased reporting requirements	The entire value chain plays a role in sustainability issues. If our stakeholders face increased reporting requirements, the need for reporting from our operations will also increase.	Building our sustainability work based on expected requirements rather than current requirements. Sustainability work is becoming more and more integrated into the business, which means that we are well equipped for future requirements.
Material procurement	Disruptions in raw material procurement hinder planning, leading to longer transport, fewer climate-smart options, and reduced access to recycled materials, increasing climate impact.	Good communication and planning with our existing suppliers, as well as good knowledge of alternative suppliers. Procurement of raw materials mainly takes place from the Nordic countries and Europe.
Environmental impact	Environmental impact in the form of CO2 emissions is a risk from transportation, material usage, energy consumption, and the use of our products.	We raise awareness of our environmental aspects within the environmental managements system ISO14001 and proactively address our risks and make improvements in areas of high risks.

SOCIAL

Significant risk	Description of risk	Risk management
Competence shortage	Challenges in recruiting employees with the competence needed to address future demands.	Retaining our company's unique expertise relies heavily on internal skills development. Participation in networks with educational institutions for potential competence supply.
Gender equality and discrimination - societal balance	A lack of gender equality can reduce talent attraction, harm workplace culture, and damage the company's reputation.	We strive for a gender-equal workplace. In 2023, 18% of the company's employees were women. During recruitment, we view it positively if a new hire helps to balance the gender distribution within the company as a whole or within specific workgroups.
Health and safety	Working in the manufacturing industry involves certain risks, which can be both physical and psychosocial.	Our systematic health and safety work identifies potential risks and drives improvements. We work closely with occupational health services on health issues.
Human Rights	Direct human rights risks in Sweden are low, but indirect risks exist through suppliers in high-risk countries regarding wages, safety, and child labour.	We establish social and ethical requirements when procuring services and goods. A supplier code of conduct and regular review procedures are in place.

ABOUT THE SUSTAINABILITY REPORT

This is the annual sustainability report for Sunfab Hydraulics AB (556056-9765), covering the business year 2023-01-01 to 2023-12-31. It is a stand-alone report that includes the parent company, Sunfab Hydraulics AB, and, where specified, its subsidiaries.

Sunfab follows the Annual Accounts Act for sustainability reporting and applies the Global Reporting Initiative (GRI) guidelines, as well as the materiality principle.

During the year, there have been no significant changes in Sunfab's corporate structure or supply chain. A centralisation has been made within the ownership structure. Additionally, there have been no revisions of information or notable changes compared to previous reporting periods in the list of material substances. We aim to report our sustainability efforts in a comprehensive, balanced, and comparable way.

The entire management team at Sunfab contributed to the development of the sustainability report, which was presented to the board during the June meeting. The report has not been reviewed by an external party.

The sustainability report is available on Sunfab's website, www.sunfab.com, and is published in Swedish and English.



Lina Wiberg Sustainability Manager
Anna Sundin Sustainability Coordinator

For more information about our sustainability work, please feel free to contact us.

SUNFAB HYDRAULICS AB
Box 1094
SE-824 12 Hudiksvall
Sweden

Tel: +46 650-367 00
sunfab@sunfab.se

GRI STANDARD	DISCLOSURE	PAGES/NOTES	
GRI 2: General Disclosures 2021	2-1	Organizational details	4-5
	2-2	Entities included in the organization's sustainability reporting	44
	2-3	Reporting period, frequency and contact point	44
	2-4	Restatements of information	44
	2-5	External assurance	44
	2-6	Activities, value chain and other business relationships	8-13, 18
	2-7	Employees	33
	2-12	The board's role in monitoring and governance	5
	2-13	Delegation of responsibility for managing impacts	15
	2-14	Role of the highest governance body in sustainability reporting	15
	2-22	Statement on sustainable development strategy	15
	2-23	Policy commitments	41
	2-24	Embedding policy commitments	41
	2-26	Mechanisms for seeking advice and raising concerns	16, 43
	2-27	Compliance with laws and regulations	15
	2-28	Membership associations	Hudiksvalls Hydraulics Cluster, The German-Swedish Chamber of Commerce, Swedish Fluid Motion Association, Swedish Foundry Association, The Swedish Society of Mechanical Engineers, The Swedish Confederation of Small Businesses, The Swedish Federation of Business Owners, Confederation of Swedish Enterprise
2-29	Approach to stakeholder engagement	18-19	
2-30	Collective bargaining agreements	33	
GRI 3: Material Topics 2021	3-1	Process to determine material topics	18-19
	3-3	Management of material topics	18-19
	3-3	Management of material topics	18-19
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	5, 40
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	10, 12
	205-3	Confirmed incidents of corruption and actions taken	12

GRI STANDARD	DISCLOSURE	PAGES/NOTES
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Metal: 764 tonnes Corrugated cardboard: 31 tonnes
	301-2 Recycled input materials used	Metal: 564 tonnes Corrugated cardboard: 23 tonnes
GRI 302: Energy 2016	302-1 Energy consumption within the organization	3,1 GWh
	302-2 Energy consumption outside of the organization	64 MWh
	302-3 Energy intensity	82 kWh/sold unit
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	30
	305-2 Energy indirect (Scope 2) GHG emissions	31
	305-3 Other indirect (Scope 3) GHG emissions	32
	305-5 Reduction of GHG emissions	30-32
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	28, 29, 32
	306-2 Management of significant waste-related impacts	28, 29
	306-3 Waste generated	28, 29
	306-4 Waste diverted from disposal	29
	306-5 Waste directed to disposal	29
GRI 308: Supplier environmental assesment 2016	308-1 New suppliers that were screened using environmental criteria	13
	308-2 Negative environmental impacts in the supply chain and actions taken	13
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	20
	403-2 Hazard identification, risk assessment, and incident investigation	27, 40, 41, 43
	403-3 Occupational health services	36
	403-4 Worker participation, consultation, and communication on occupational health and safety	36, 37, 40
	403-5 Worker training on occupational health and safety	37

GRI STANDARD	DISCLOSURE	PAGES/NOTES
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	36, 37
	403-8 Prevention and mitigation of occupational health and safety	36, 37
	403-8 Workers covered by an occupational health and safety management system	Certification is planned for 2024
	403-9 Work-related injuries	7, 40
	403-10 Work-related ill health	7, 40
GRI 404: Training and education 2018	404-2 Programs for upgrading employee skills and transition assistance programs	38
	404-3 Percentage of employees receiving regular performance and career development reviews	37, 40
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	22
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	12, 33
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	12, 22, 43
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	12, 22, 43
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	13
	414-2 Negative social impacts in the supply chain and actions taken	No cases in 2023

