



SUSTAINABILITY REPORT 2020

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General

Olofsfors has for many years worked on quality, environmental and sustainability issues. The company's traditions go back to the time when Europe was industrialized. Quality already gave pride to the blacksmiths and the ironworks at Olofsfors. Today, we have fully automatic production lines to produce tracks for forest machines, road steel for road maintenance and bucket steel for construction machinery. To meet the production requirements of the future, we have modern electric ovens, robots, presses, and welding machines. We also have equipment for thermoforming, punching, bending, and hardening. But above all, we have a knowledgeable and experienced staff who pass on that pride.

The first ISO certification was made in 1995 and the company has since been approved in both areas, ISO 9001, and ISO 14001, after annual quality and environmental audits.

Business model

Profile

Olofsfors Business Model can be described as traditional. The products are known and used in traditional activities such as forestry on machines, plows, and graders as well as on buckets when digging. However, Olofsfors has some contract operations where we offer our knowledge in machining, welding, and hardening of boron steel.

The target groups are the main manufacturers of machines and their dealer network. In steel, we also sell to larger end consumers.

Customer contacts take place via telephone, e-mail, meetings, visits and at trade fairs. A change in marketing has taken place in recent years where we go more from traditional advertising to advertising via various websites and social media.

Sustainability strategy

- Our products consist of 75% recycled material.
- Our products are 100% recyclable.

Olofsfors works in accordance with ISO 14001 and strives to have as little environmental impact as possible and contribute to sustainable societal development

Our staff is continuously trained and motivated to perform their tasks sustainably. The work in all processes is conducted so that the greatest possible environmental considerations are ensured. For example, environmentally friendly and recyclable material is always used during product development and manufacture of our products. In addition, the products must not be environmentally harmful when they are manufactured, used, or become waste.

Our residual products are reused as much as possible, all our scrap metal from the process is recycled, sludge and waste oil are processed and become lubricants etc.

We cool the steels mostly with water from nearby natural water channels.

Our electricity is 100% green electricity.

Our largest supplier of raw materials, Ovako, bases its manufacturing process on steel scrap and Nordic fossil-free electric mix. This means that their steel products have as much as 80% lower carbon footprints compared to the global average.

The basic idea in our environmental policy is that we must live up to the environmental regulations, laws and requirements that are imposed on us.

ECO-Track is a shining example of how our environmental thinking has received a positive response from our customers. Today, this type of gentle forest machine tracks is by far the most in demand and a strong contributing factor to our strong position in the market.

On the road steel side, we have succeeded in designing products that reduce fuel consumption significantly. Our products also contribute to reducing salt use on our roads.

We see environmental work as an ongoing process towards increasingly environmentally adapted behavior. We have come a long way, and efforts will continue.

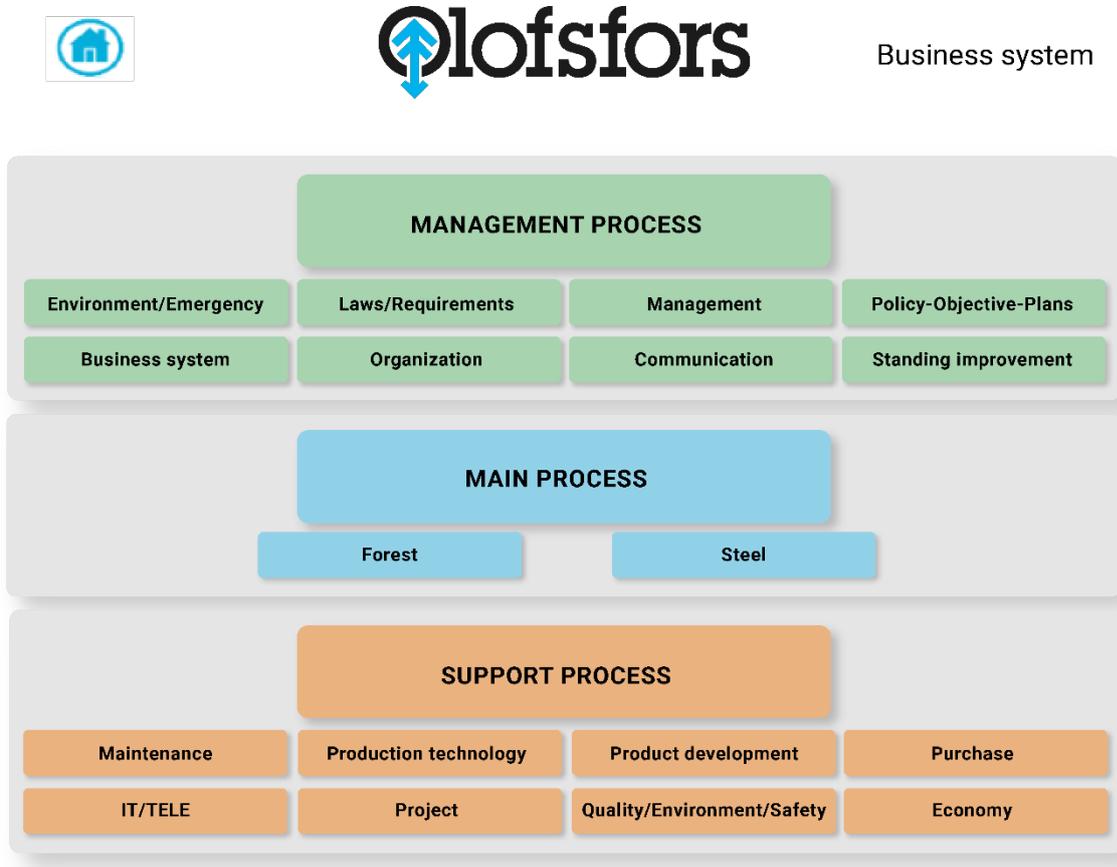
Olofsfors has three core values for its business strategy, of which sustainability is one.

The three core values are:

- **Knowledge.** Olofsfors has a unique opportunity and competence to be able to deliver and develop the best product range and create value in the customer's process within each product area. Guaranteed by efficient product development based on high knowledge of the customer's needs and processes.
- **Quality.** Each customer group appreciates and benefits from Olofsfors' product quality and delivery precision, which is guaranteed by efficient logistics and rational production.
- **Sustainability.** Olofsfors products represent and add highly valued environmental values for our stakeholders. This is ensured by the company's systematically developed environmental thinking throughout the product's life cycle, from development to recycling.

Business Policies

Our business, which is ISO-certified, is governed by our business system where all our processes and policies are gathered:



The sections below describe how we work with the various sustainability parts of the company.

Environmental policy

Overall policy

The company's environmental policy states that:

"The operations at Olofsfors AB shall be conducted in such a way that environmental considerations are ensured in all our processes and products."

This shall be ensured by:

- * Work purposefully and actively with environmental work according to the principle of continuous improvement with regards to technical, scientific development and economic reasonableness.
- * Promote environmental work as an important part of the work within the organization.
- * Actively work on the prevention of pollution.
- * Identify and apply relevant environmental legislation, regulations and other requirements that affect the organization.

- * Promote openness and dialogue with employees, customers, and the public.
- * Educate and motivate employees to perform their tasks in an environmentally responsible manner.
- * Develop products in a way that minimizes their environmental impact during production, use and disposal.
- * Develop, design and conduct manufacturing processes regarding efficient use of energy and raw materials.

Results

The basis for the introduction of an environmental management system at Olofsfors AB is a completed environmental investigation. This environmental investigation aimed to provide a current description of our environmental work and our environmental impact and thus form the basis for our future environmental work within the framework of ISO 14001. The investigations, calculations and assumptions presented in the investigation lead to a list of significant environmental aspects at Olofsfors AB's business.

The environmental aspects found, which are presented below, have been explained and prioritized by the management at Olofsfors AB and form the basis for the environmental programs with measures that are established to address the environmental aspects that are deemed to have the highest priority.

Environmental aspects and their risks

The significant environmental aspects and its risks that emerged during the investigation were:

- Resource consumption
 - Risk is managed in that all our products, which mainly consist of hardened steel, are 100 percent recyclable.
 - Most of our material comes from scrap-based material, which gives an 80 percent lower carbon footprint compared to the global average.
- Consumption of chemicals
 - All chemicals are registered in a chemical register to be able to handle them safely and that leakage is minimized through embankments, emergency routines, etc.

Other environmental aspects are:

- Consumption of electrical energy
 - The environmental impact is reduced partly through the purchase of only renewable energy and ongoing work with recycling of electricity and an efficient production process.
- Transport
 - We will always use environmentally friendly transport where possible to reduce carbon dioxide emissions.

Key figures environment

Raw material consumption

The goal is for the proportion of scrap-based material in manufacturing to be as large as possible. Below is the total results of raw materials used in the manufacturing process.

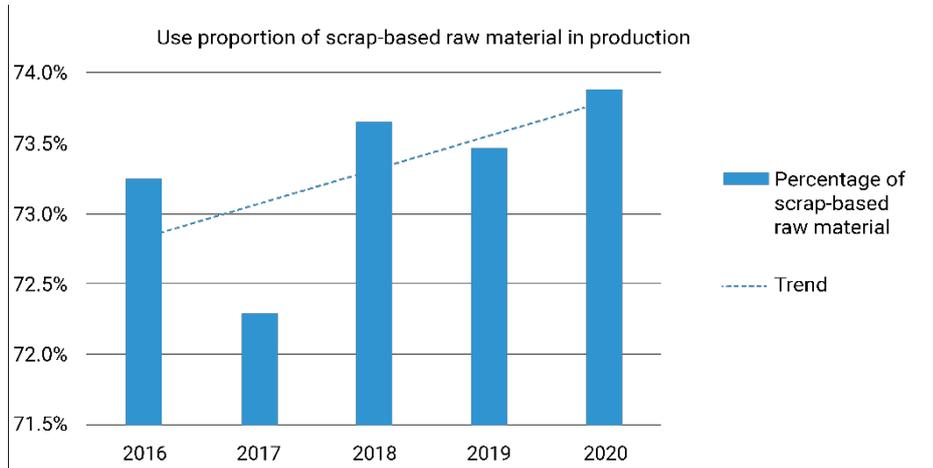


Diagram 1: Proportion of scrap-based raw material in production

Electricity consumption

In the production of hardened steel, electricity is needed in the heating process. The ongoing work with electricity recycling and an efficient production process has meant that in recent years we have succeeded in reducing energy consumption per tonne produced. The relationship between electricity consumption / produced tonnes for the last five years is described in the diagram below:

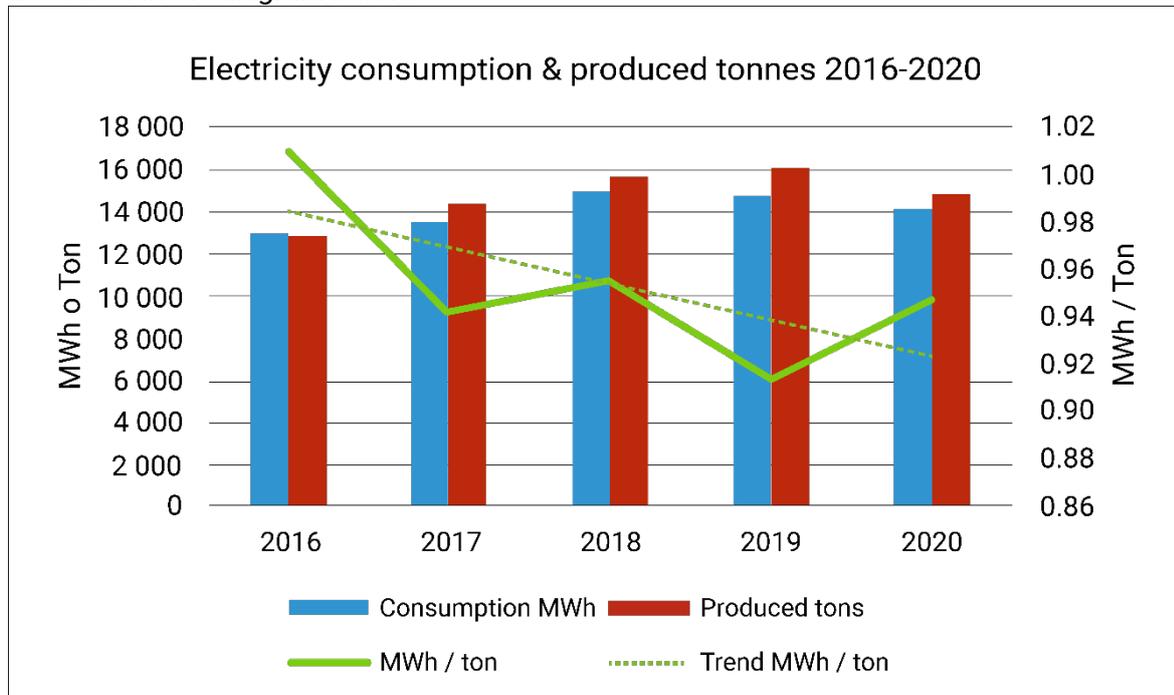


Diagram 2: Electricity consumption 2015-2019 in relation to produced tonnes.

Carbon dioxide emissions

With the use of more environmentally friendly transport, CO2 emissions have decreased over time. See diagram below for emissions 2012–2019.

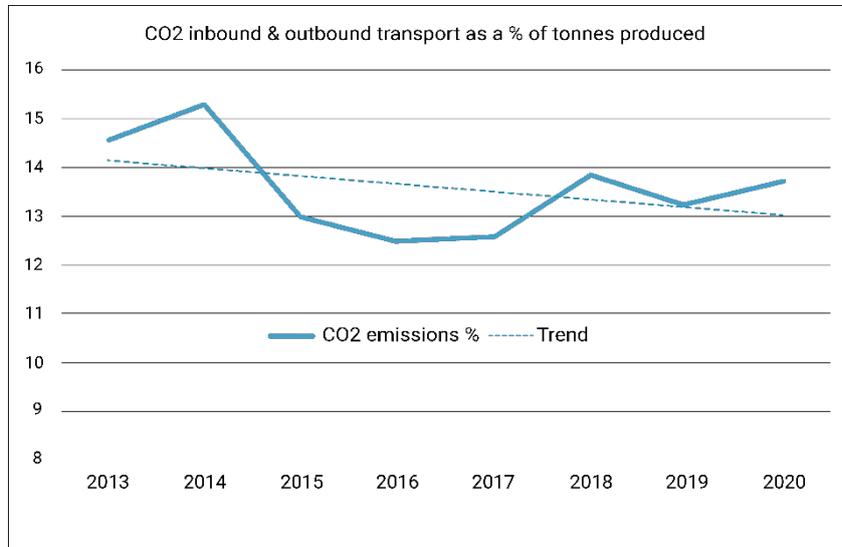


Diagram 3 CO2 emissions from transport in% of tonnes produced

Social conditions and Personnel policy

Overall policy

Within this area, there are several policies that govern the work. Above all, three policies can be highlighted: work environment and personnel policy and equal treatment plan.

- Work environment policy. This policy aims to have:
“Operations must be conducted in such a way that a high standard of the work environment is ensured through active and purposeful work environment in close collaboration with the employees.”

This is achieved by:

- Work purposefully and actively with work environment work according to the principle of continual improvements regarding technical, scientific development and financial reasonableness.
- Prioritize the work environment in the same way as quality, and as one of the most important activities within the company.
- Identify and live up to relevant environmental regulations, laws, or other market requirements by a good margin.
- Conduct environmental work in accordance with established work environment routines.
- Continuously examine working conditions and assess health and safety policies regularly.
- Promote openness and dialogue with employees in the work environment.
- Educate, create awareness, and motivate employees to perform their tasks in a work environment responsibly.
- Identify and remedy shortcomings in the psychosocial work environment.
- Actively work to counteract all forms of abusive discrimination.

- *Personnel policy with the aim of:
" Olofsfors AB shall be a company that offers developing and responsible work in a good working environment and that all employees in Olofsfors AB shall feel such motivation, job satisfaction and willingness to change that set goals are achieved and the customer's needs are met."*

Our common values are as follows:

- Collaboration - we will work together with continual improvements.
 - Understanding - we must have respect and understanding for the customer's needs, the company's goals, and the employees' role.
 - Equality - No discrimination of any kind will occur at the company.
 - Loyalty - we must be loyal to the company and follow decisions made.
- *The equal treatment plan has the following purpose:
"The operations at Olofsfors AB shall be conducted in such a way that all employees are treated equally in accordance with applicable discrimination legislation. All employees shall have equal rights regarding work, terms of employment and development opportunities at work. Equal treatment should be a natural part of the business."*

Within the equal treatment plan, the following diversity policy also applies:
Olofsfors AB shall be an equal workplace where everyone, regardless of gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age shall be able to thrive and develop at work. Discrimination, harassment, sexual harassment, retaliation or other obstacles for equal rights and opportunities of individual employees are not tolerated.

The overall goal of this policy is to develop thinking and action for the equal treatment of issues, which in the long run increases efficiency and well-being.

We must be a workplace that is attractive to everyone.

Equal treatment work must be conducted both through planned measures and through permeating the daily activities.

Our managers must be good role models. They have direct responsibility for ensuring that guidelines and measures in the equal treatment plan are followed and that these ideals are also considered daily.

A workplace where everyone has equal rights and opportunities enriches the business and provides good opportunities for all employees to develop.

All employees must have the same opportunities for employment, training, and development at work.

Women and men must have equal employment conditions.

Women and men shall have equal pay for work and performance that is valued equally.

We must promote attitudes that make it easier for all employees to reconcile work and parenthood.

Results and key figures

Every two years, Olofsfors conducts an employee survey to identify areas that require action. In several functions, the staff can give a rating on a scale between 1 and 5 on how they think it works at the company, where 5 is the best rating. The functions examined are:

- Physical working environment
- Service functions
- Organization, social environment, and employee relations
- Tasks
- Information
- Leadership
- Competence development

The total result for the last three surveys (2014 - 2016 - 2018) shows that the personnel work within the company has given results as the total average score has gone from 3.56 to 3.92:

Year 2014: 3.56

Year 2016: 3.66

Year 2018: 3.92

Significant risks

Health checks

In order to draw attention to health risks, health checks are carried out on an ongoing basis among staff in collaboration with occupational health. General health checks for all staff are normally performed every three years. In addition, with more frequency, checks are carried out on workshop staff regarding hearing checks and spirometer tests for welding staff.

Protection rounds

The company conducts ongoing safety patrols at all workplaces to detect accidental risks or other risks that pose a danger to employees in a timely manner.

The number of incidents and occupational injuries is measured over the years and even though the incidents have increased, the occupational injuries have decreased, results of which are indicated for the most recent years, in the diagram below:

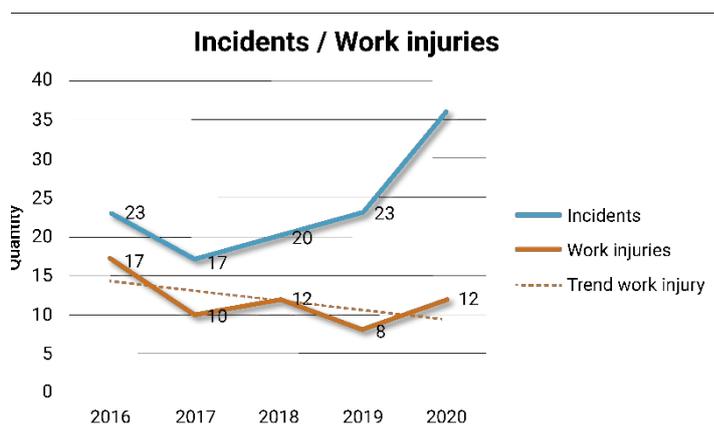


Diagram 4 Incidents and occupational injuries 2016-2019

Respect for human rights

Overall policy

Olofsfors AB supports and respects internationally prescribed human rights in accordance with the UN's sustainability goals.

The view of human rights must be integrated into our daily operations and must apply to all places where we conduct business and include the choice of business partners.

For Olofsfors, it is obvious to respect human rights at all levels and the company places high demands on partners to do the same. The sustainability policy for suppliers' states Olofsfors' position regarding human rights and the requirements placed on suppliers. The requirements include, for example, equal treatment, combating discrimination and harassment, offering market wages and acceptable working conditions. Olofsfors condemns all forms of forced and child labor and demands of partners that it does not occur.

Results

It has not come to our knowledge that there have been any violations of human rights in Olofsfors value chain.

Significant risks

The greatest risk is that the internationally established human rights are not complied with in Olofsfors' value chain, especially at the supplier level.

In our procurements, a standardized purchasing process is followed, and our suppliers are assessed based on quality, cost, and delivery.

Every year, supplier evaluations are made based on these criteria to ensure delivery to our processes and customers.

In connection with us signing agreements, our suppliers receive our sustainability policy. It sets requirements for business ethics, working conditions and human rights, safety, and health.

In 2021, our goal is to identify and assess the suppliers who have a high-risk regarding sustainability issues.

Countering corruption

Overall policy

The policy for business ethics states the following:

" Our work at Olofsfors must be characterized by high business ethics. Therefore, in our dealings with suppliers, customers, or the outside world, we must exercise great caution if we offer / are offered benefits of various kinds for the purpose of contact or relationship promotion."

The policy also shows examples of due and unfair benefits.

Appropriate benefits may be:

- Work meals of an everyday kind
- Advertising gifts with moderate market value

Unfair benefits may be:

- Paid pleasure trips
- Cash gifts
- Bonus arrangements not approved by the department head / CEO

Results

No known incidents have been detected in recent years.

Significant risks

Risk of employee participation in criminal activities that in the long term affect the company's financial position and brand. Management of this risk takes place by employees receiving special training in the subject of encountering corruption and bribery.

A sustainable Olofsfors = A successful future
We believe in the future!

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