

# SUSTAINABILITY REPORT 2024





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## CEO's words – 2024, a year with many different faces.

2024 was in many ways a fantastic year despite major challenges in the market and in the world at large. Olofsfors demonstrates continued growth, without compromising our core values. By integrating and anchoring environmental and social aspects in our business strategy and operations, we constantly create the conditions for long-term value creation.

The entire product portfolio that we offer today is 100% recyclable. The challenge is that the steel will eventually be produced and what that means for the climate impact. Therefore, it feels good to us at Olofsfors that the vast majority, at the time of writing over 87% of our total material needs, consists of recycled steel, which has an environmental impact that is more than 80% lower than steel made from new iron ore.

We continue to use fossil-free electricity, but we also see a need to reduce the use of electricity in relation to tons produced. We are pleased to note that our produced output in kilos per kW input has increased in 2024, and we see a continued need to continue that journey.

Long-term profitability is created by an understanding of how the company's impact on people and the environment can be used as a strength for the company. It is important that we ensure that we can offer a safe and attractive workplace for our staff and that our customers are offered high-quality products that exceed their high expectations.

Olofsfors works according to ISO 14001 and strives to have as little environmental impact as possible and to contribute to sustainable social development. Our staff is continuously trained and motivated to perform their tasks sustainably. The work in all processes is carried out in such a way that the greatest possible environmental consideration is ensured.

Our goal is to continue to reduce the environmental impact from our factory and from the use of packaging, and to include environmental and social requirements in our purchasing process.

We continue to highlight our ReTrack™ system, a platform to ensure circularity in our product portfolio. Through this system, we offer end customers an easy way to contribute to a circular economy and sustainable forestry. ReTrack™ means an opportunity for the end customer to return their used track, where in addition to

the environmental aspect, they also receive a gratuity from us and our recycling partner.

This year, the electrification of the company car fleet continued, and we are entering 2025 with a fully electrified fleet, with preferably all-electric options.

During the year, a number of targeted activities were carried out for a socially sustainable company. In the autumn, an employee day was held where we focused on, among other things, the work environment, communication and leadership.

Our well-known initiative, Tjejlyftet, was also carried out in 2024 during the autumn holidays. Tjejlyftet is our local initiative to get more girls interested in working in the industry. During this week, six high school girls get to try out a few different tasks with us at Olofsfors. This year too, this was a great success with many people interested in the six available places.

During the summer, a two-day exercise was held for our leaders called World Class Team, a much-appreciated feature and also the beginning of a journey for improved leadership and employee skills.

During the year, we completed the Production Lift, and now we are entering 2025 with new tools for, for example, an improved work environment, reduced raw material waste and increased customer satisfaction.

Finally, I would like to thank all our employees who contribute to the company's development every day. Without you, we would not be able to achieve either the financial results or our sustainability goals.

Urban Hadarsson

CEO, Olofsfors AB

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## Olofsfors – the green company

- Over 87% of the products we manufacture are made from recycled steel
- Water from the nearby Leduån River is used in our hardening process
- We procure transport services from environmentally friendly logistics partners
- Only green electricity is used in our production processes
- Surplus energy is recovered by a heat exchanger

## About our business

Olofsfors has long focused on quality, the environment and sustainability. With a tradition that stretches back to the industrialization of Europe, we today have modern production lines for forest machine tracks, road steel and bucket steel. We use advanced technology such as electric furnaces, robots and automatic welding machines as well as equipment for hot forming, stamping and hardening. Above all, we have knowledgeable staff who maintain our proud tradition. Our core values are knowledge, quality and sustainability, and in 2024 we will celebrate 262 years in the same location.

We obtained our first ISO certification way back in 1995, since when the company has been certified in compliance with ISO 9001 (since 1997) and ISO 14001 (since 2002) after annual quality and environmental audits.

This sustainability report covers the company Olofsfors AB, company registration number 556203-8298.

## UN Sustainable Development Goals

The UN's Sustainable Development Goals aim to achieve four things by 2030: ending extreme poverty, reducing inequality and injustice, promoting peace and justice, and addressing the climate crisis. These goals can make a difference for the world.

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### Our business model

The Olofsfors business model could be characterised as traditional. Our products are widely recognised and used in traditional industries such as forestry and construction for equipment such as excavator buckets, snowploughs, graders and other plant. Olofsfors also has some contract operations where we offer our knowledge and expertise in processing, welding and hardening boron steel.

Our customer base is largely original equipment manufacturers (OEMs) and their dealer networks. We also sell steel to major end consumers. We have customers around the world in countries such as Sweden, Finland, Germany, Canada and Brazil.

Customer contacts are made via telephone, e-mail, meetings, visits and at trade fairs. In recent years, marketing has changed, which means a transition from traditional advertising to advertising via various websites and social media.

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## Our core values

- **Knowledge.** Olofsfors has unique capability and competence to deliver and develop the best range of products and to create value for our customers in the respective processes and product areas. This is guaranteed through effective product development based on extensive knowledge of our customers' needs and processes.
- **Quality.** Each of our customer groups values and benefits from the quality of Olofsfors' products and the precision of our deliveries, which is guaranteed by efficient logistics and rational production.
- **Sustainability.** Olofsfors products represent and convey much-appreciated environmental value to our stakeholders. This is ensured by the company's systematically developed environmental approach throughout the product's lifecycle, from research and development to recycling.

## Sustainability strategy

- Our products consist of 80% recycled material.
- Our products are 100% recyclable.
- 100% of the electricity we use is ecolabelled.

Olofsfors complies with ISO 14001 and strives to minimise its environmental impact and contribute to the development of a sustainable society.

Our personnel are continuously trained and motivated to perform their duties sustainably. All of our work processes are designed with the greatest possible consideration for the environment. For example, we always use environmentally friendly and recyclable materials in the development and manufacture of our products. Furthermore, we ensure that our products do not harm the environment when they are manufactured and used, nor once they reach the end of their working life.

We reuse all of our residual products to the greatest possible extent: all scrap metal from our processes is recycled, sludge and waste oil are processed into lubricants, and so on. Most of the water used to quench and temper our steel comes from nearby waterways.

We use green electricity that is 100% fossil-free, and have done so for almost 25 years now.

Our largest supplier of raw materials, Ovako, bases its manufacturing process on steel scrap and a Nordic fossil-free electricity mix. This means that their steel products have a carbon footprint 80% smaller than the global average for steel production. Thanks to carbon offsets, since 2022 Ovako only sells products based solely on carbon-neutral steel production.

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The fundamental principle of our environmental policy is that we will comply with the legislation, regulations and requirements to which we are subject by a good margin.

ECO-Track is a shining example of how our customer's have responded to our environmental policy. With their low impact on the forest, these are now by far the most in-demand tracks in the forestry industry and a major factor in our strong market position.

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

During the summer of 2023, a student from Umeå University conducted a feasibility study of potential energy savings here at Olofsfors AB. The assignment was to freely explore various options to reduce our energy consumption. We are currently implementing several of the proposals from this feasibility study that will eventually reduce our electricity and energy consumption and emissions from our operations. These include insulating and lowering the temperature of our furnaces when they are idle, installing additional measuring points to improve the analysis of our energy consumption, and replacing existing lighting with LEDs. We have also launched feasibility studies of solar panels/batteries and geothermal heating in order to use existing heat pumps more efficiently.

At its final meeting of the year in December, the board approved the first stage of converting to LED lighting, a measure that will significantly reduce electricity consumption.

We view environmental management as a continuous process of increasingly environmentally friendly behaviour. We have come a long way and our efforts will continue unabated.

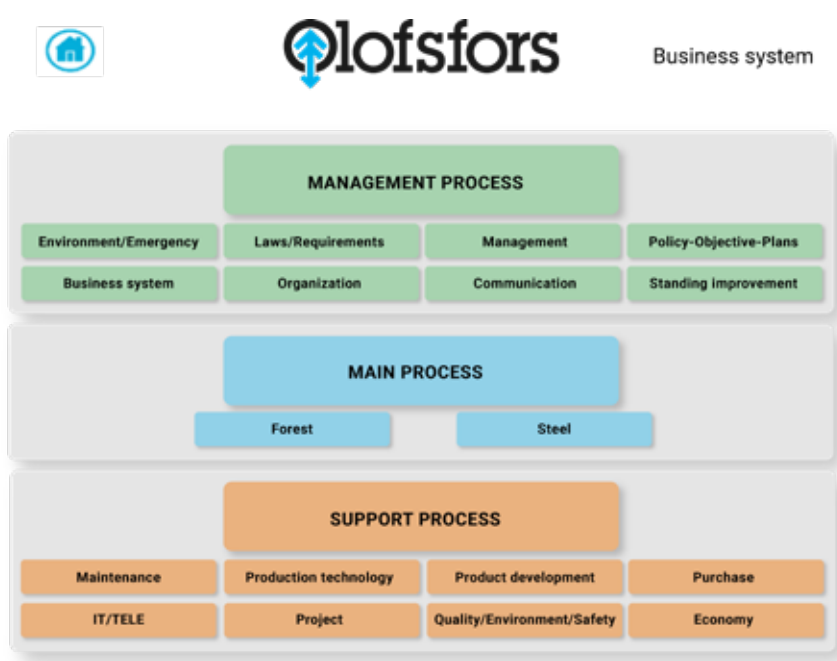
Ahead of the forthcoming extended reporting requirements imposed by the new EU Corporate Sustainability Reporting Directive (CSRD), Olofsfors AB and the other companies in the P. Wikstrom Jr AB Group are already well-prepared, with the necessary support in place to begin the work required to comply with the directive and report accordingly from the financial year 2025 onwards. CSRD is intended to create better conditions for achieving the EU's target of net zero CO2 emissions by 2050. CSRD requires companies to make environmental, social and governance (ESG) information available to investors, all of which are aspects of corporate sustainability. CSRD also links ESG more clearly to corporate business models and strategies.

Sustainability is one of Olofsfors' three core values.

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## Business implications: Policies

Our business is managed through our ISO-certified management system that gathers our processes and policies.



In the following section we describe how we work with various aspects of sustainability in the company.

## Environmental policy

### General policy document

The company's Environmental Policy states that:

*"Operations at Olofsfors AB shall be conducted in such a way that consideration is given to environmental issues in all our processes and products."*





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This is to be ensured by:

- \* purposeful and active environmental management based on the principle of continuous improvement, taking into account technical and scientific development, as well as economic feasibility;
- \* promoting environmental management as an important part of the organisation's work;
- \* actively preventing pollution;
- \* identifying and applying relevant environmental legislation, regulations and other requirements to which the organisation is subject;
- \* encouraging transparency and dialogue with employees, customers and the public;
- \* training and motivating our employees to perform their duties in an environmentally responsible manner;
- \* developing products in a manner that minimises their environmental impact during manufacture, use and disposal; and
- \* developing, designing and implementing manufacturing processes with consideration for the efficient consumption of energy and raw materials.

## Results

An environmental impact assessment (EIA) was conducted as the basis for implementing an environmental management system. The purpose of the EIA was to describe our current environmental management and environmental impact, thus providing a foundation for our future environmental management within the framework of ISO 14001. The investigation, calculations and assumptions reported in the EIA resulted in a list of significant environmental aspects to Olofsfors AB's operations.

These aspects are presented below. They have been described and prioritised by the Olofsfors AB management team and form the basis for the environmental programmes and measures established to address the environmental aspects deemed to have the highest priority.

### Environmental aspects and their significant risks

The key environmental aspects and risks that emerged during the review were:

#### Resource consumption

- Risk is managed in that all our products, which mainly consist of hardened steel, are 100% recyclable.
- Most of our raw material comes from scrap-based material, which gives an 80% lower carbon footprint compared to the global average.

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## Chemicals consumption

- All chemicals are registered in a chemical register so they can be handled safely, while leakage is minimised through bund walls, emergency procedures, etc.

## Other environmental aspects are:

### Electricity consumption

- Environmental impact is reduced partly through the purchase of only fossil-free energy, as well as ongoing work on recycling electricity and an efficient production process.

### Transport

- We use environmentally friendly transport to the greatest possible extent in order to reduce CO2 emissions.

## Results and environmental KPIs

### Consumption of raw materials

Our goal is to use the highest possible percentage of scrap steel in our manufacturing. In 2024, we achieved a new record of 87% scrap. The diagram below shows scrap as a percentage of all raw material used in the manufacturing process over the last 10 years and the overall trend:

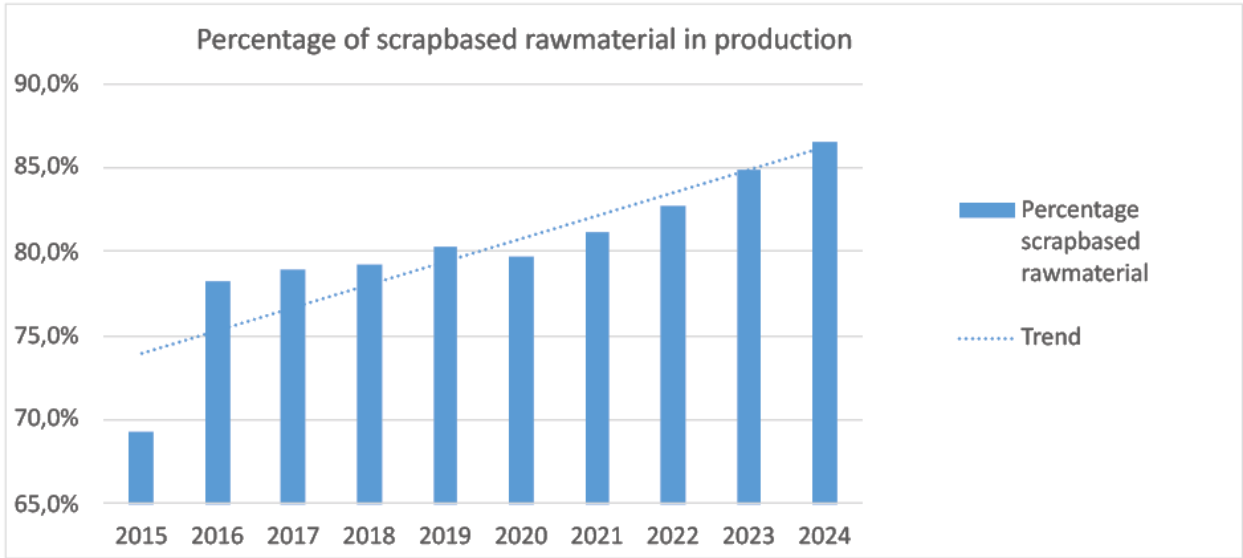


Diagram 1: Scrap as a percentage of all raw material used in production 2015–2024.

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## Electricity consumption

Electricity is consumed in the production of hardened steel in the heating process. Over recent years, thanks to continuous energy recovery and an efficient production process we have succeeded in reducing energy consumption per tonne of production. Electricity consumption per tonne of production over the last eight years is described in the diagram below. The reason for the increased proportion in 2020 was mainly due to the lower production, which was an effect of the pandemic outbreak, which meant that many furnaces could not have an optimal filling rate. In 2024, the relationship MWh/ton has improved compared to 2023. Our goal is to continue to reduce the consumption of electricity per ton produced over time and we have launched several initiatives to lower our electricity consumption in the long term.

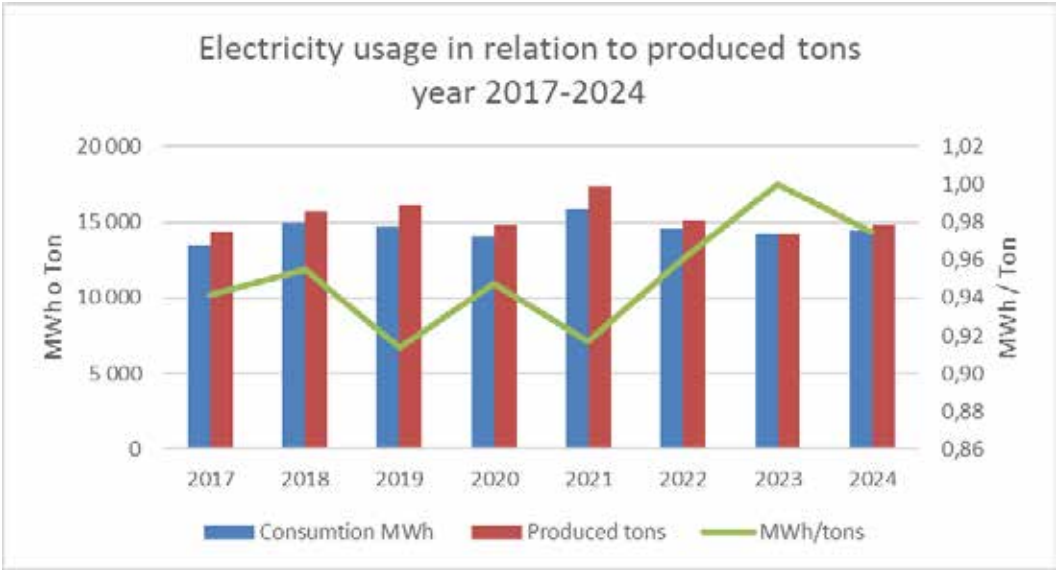


Diagram 2: Electricity consumption per tonne of production 2017–2024

## CO<sub>2</sub> emissions

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The use of more environmentally friendly transport has reduced CO<sub>2</sub> emissions over time. The diagram below shows emissions per tonne produced during the period 2020–2024. While our goal remains to reduce CO2 emissions, unfortunately we were unable to achieve a reduction in 2024 compared to 2023. The goal is that in 2025 we will carry out a group-wide procurement of freight for and one of the most important criteria in this procurement will be modes of transport with low CO2 emissions.

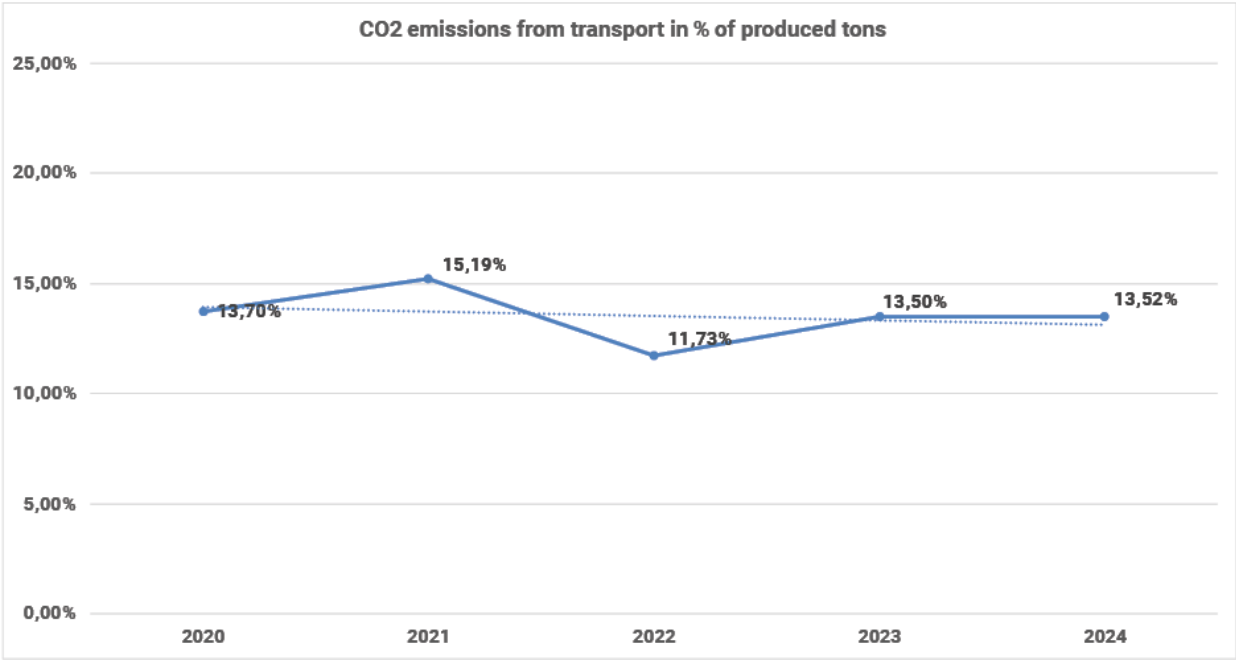


Figure 3: CO2 emissions from transport as a percentage of tonnes produced

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## Social conditions and Staff Policy

### General policy document



A number of policies govern our work in this area. Three documents are particularly important: our Work Environment Policy, Staff Policy and Equal Opportunities Plan.

#### **Work Environment Policy. The overall objective of this policy is that:**

*"Operations must be conducted in such a way that a work environment of a high standard is ensured through active and targeted systematic work environment management in close cooperation with the employees."*

#### **This is achieved by:**

- purposeful and active work environment management based on the principle of continuous improvement, taking into account technical and scientific development, as well as economic feasibility;
- prioritising work environment management in the same way as quality and environmental management, as one of the most important activities within the company;
- identifying and complying with relevant work environment legislation, regulations and other market requirements by a good margin;
- conducting systematic work environment management in accordance with established procedures;
- continuously investigating working conditions and assessing health and safety risks;
- encouraging open dialogue with employees as part of our systematic work environment management;
- training and motivating employees and making them aware of their obligation to participate in measures to create a good work environment;
- identifying and rectifying any deficiencies in the psychosocial work environment; and
- actively working to prevent and counter all forms of victimisation in the workplace.



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## The overall objective of our Staff Policy is:

*"Olofsfors AB will be a company that offers stimulating and responsible work in a good work environment and all employees of Olofsfors AB should feel such motivation, job satisfaction and willingness to change that set goals are achieved and the customer's needs are met."*

## The common values on which this is based are:

- **Cooperation** - We shall cooperate to ensure continuous improvement.
- **Understanding** – We shall demonstrate respect and understanding for the customer's needs, the company's goals and the roles of employees.
- **Equality** – The company has zero tolerance for discrimination of any kind.
- **Loyalty** – We shall be loyal to the company and respect and comply with the decisions of management and the board.

## The Equal Opportunities Plan serves the following purpose:

*"Operations at Olofsfors AB shall be conducted in a manner that ensures equal opportunities for all employees in accordance with applicable discrimination legislation. All employees shall have equal rights on matters related to work, terms of employment and opportunities for development. Equal opportunities shall be a natural part of our business."*

## The following Diversity Policy also applies to the Equal Opportunities Plan:

Olofsfors AB will be an equal opportunity workplace where everyone, regardless of gender, gender identity or expression, ethnicity, religion or other belief, disability, sexual orientation or age, is able to thrive and develop. The company has zero tolerance for discrimination, harassment, sexual harassment, reprisals or other obstacles to individual employees' equal rights and opportunities.

The overall objective of this policy is to develop a mindset and behaviour with regard to equal opportunities that, in the long term, increases efficiency and wellbeing. We must be a workplace that is attractive to everyone.

Equal opportunities work shall be conducted through both planned measures and by ensuring that an ethos of equal opportunities permeates our day-to-day operations.

Our managers must be good role models. They have direct responsibility for ensuring that the guidelines and measures in the Equal Opportunities Plan are implemented and that these issues are addressed in day-to-day work.

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A workplace in which everyone has equal rights and opportunities enriches our business and provides good opportunities for all employees to develop.

All employees shall have the same opportunities for employment, training and development in the workplace.

Women and men must have the same terms of employment.

Women and men must have equal pay for performing the same work.

We shall promote an attitude that makes it easier for all employees to combine work with parenthood.

### Results and KPIs

Olofsfors aims to conduct an employee survey among employees at least every two years to identify areas that require action. Historically, this employee survey has been based on staff within a number of functions being asked to rate how they think the company is performing on a scale from 1 to 5, with 5 being the highest rating. The following aspects are included in the survey:

- Physical working environment
- Service functions
- Organisational and psychosocial work environment and employee relations
- Work tasks
- Information
- Leadership
- Skills development

The overall results for the four most recent surveys (2014 - 2020) show that the company's human resources work has yielded results, with the total average score going from 3.6 to 3.9.

In 2024, an employee survey was conducted in a new system that provides results that cannot be compared to our historical average scores presented above. The areas included in this new employee survey are:

- |                 |                              |                      |                      |
|-----------------|------------------------------|----------------------|----------------------|
| • Commitment    | • Competence                 | • Work environment   | • Stress             |
| • Prosperous    | • Roles and responsibilities | • Culture and values | • Health             |
| • CASE          | • Leadership                 | • Employment         | • Joy and well-being |
| • Our processes | • Communication              | • Motivation         | • As well as eNPS    |

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Here is a brief summary of the results of our employee survey, which was conducted in 2024 and had a response rate of 84%.

Overall, we can conclude that we see a good outcome in most areas and also a movement towards better ratings in several areas compared to history, even if the change of model means that comparison with historical results will not be completely simple. Examples of important areas that receive a very good outcome in the 2024 employee survey are Engagement, Well-being, Work Environment, Motivation and Employeeeship.

The survey also includes a so-called Employee Net Promoter Score ( eNPS ), which is basically about answering the question "How likely is it that you would recommend our company/product/service to a friend or colleague?" Our outcome regarding eNPS is 19, which means that a majority of our employees recommend us as an employer. Generally, it is considered that an eNPS above 0 is acceptable and around 20-30 is very good.

The outcome of the 2024 employee survey has been presented to all employees and has already resulted in a number of initiatives to further improve Olofsfors as a workplace and it will also form the basis for our continued work in these areas. Our new employee survey tool also enables us to conduct employee surveys more frequently and in slightly different formats and scope, an opportunity that we will make use of.

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## Significant risks

### Health checks

Ongoing health checks are performed by our occupational health service. Normally, all staff have a routine checkup once every three years. Factory personnel have more frequent hearing tests, while welders have more frequent spirometry to assess pulmonary function.

### Health and safety inspections

The company conducts routine health and safety inspections of all its workplaces in order to identify potential risks for accidents or other incidents that may present a danger to employees.

The number of incidents and occupational injuries is registered annually to monitor developments. In 2024, both the number of occupational injuries and incidents increased compared to 2023. Here it must also be understood that the reporting and definition of incidents and occupational injuries have changed over time, but of course our goal is to have as few incidents and occupational injuries as possible. However, over time, we have a downward trend, results in recent years according to the diagram below:

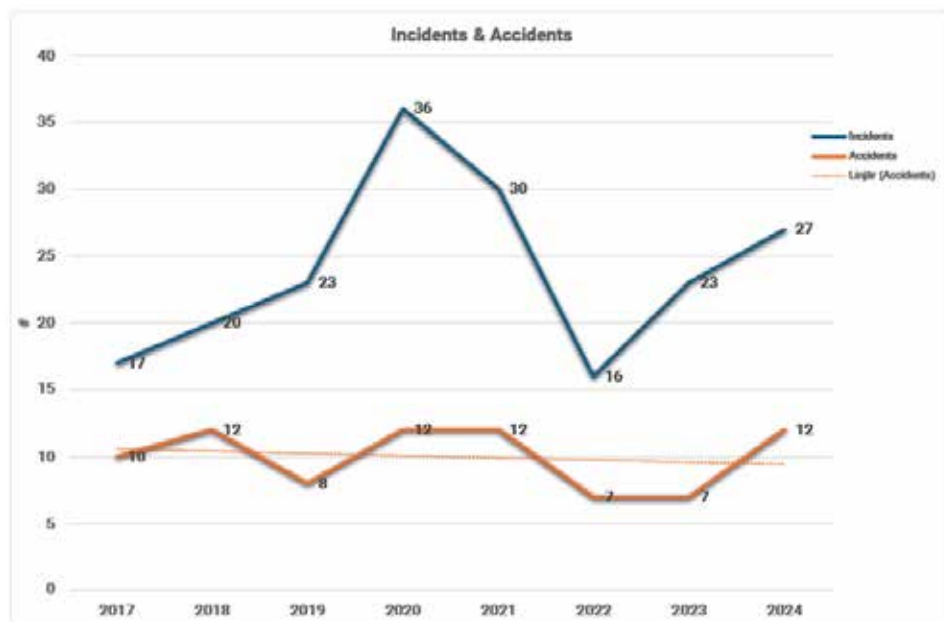


Diagram 4: Incidents and occupational injuries 2017–2024

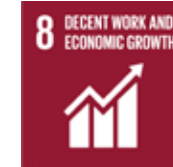
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## Respect for human rights

### General policy document



Olofsfors AB supports and respects internationally recognised human rights according to the SDGs of the 2030 Agenda. Our support for human rights is expressed in our Sustainability Policy for Suppliers that, in addition to corporate social responsibility and a Code of Conduct, requires our suppliers to take a long-term approach to environmental issues in their processes and products. All of our employees in Sweden are covered by a collective bargaining agreement and approximately 87% are members of a trade union.

This view of human rights must be integrated into our daily operations and apply wherever we operate. It also applies to our choice of business partners.

For Olofsfors it is self-evident that human rights must be respected at every stage of the value chain and we place high demands on our partners to do the same. Our Sustainability Policy for Suppliers sets out Olofsfors' position on human rights and the requirements we have of our suppliers, including providing equal opportunities, combatting discrimination and harassment, and offering market-based wages and acceptable working conditions. Olofsfors condemns all forms of forced and child labour and demands that its partners ensure that this does not occur.

## Results

As far as we are aware, no violations of human rights have occurred in Olofsfors' value chain.

## Significant risks

The most significant risk is that internationally recognised human rights will not be respected in Olofsfors' value chain, especially at supplier level.

We have standardised procurement and purchasing processes and our suppliers are assessed based on quality, delivery, cost, sustainability and corporate social responsibility. We also inform our suppliers of our Code of Conduct, which states that Olofsfors AB's relationships with business partners must be characterised by impartiality and that that violate applicable law or reasonable and accepted business practices. Nor are Olofsfors employees permitted to accept any Olofsfors AB shall not offer existing or potential customers, governments, public authorities or their representatives any rewards or benefits that contravene applicable legislation or reasonable and accepted business practices.

Nor may employees of Olofsfors accept payment, gifts or other benefits from a third party that may influence, or be perceived to influence, the objectivity of their business decisions.

Each year, we conduct supplier evaluations based on these criteria in order to ensure delivery to our processes and customers.



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Whenever we sign an agreement, our suppliers receive a copy of our Sustainability Policy setting out our requirements with regard to business ethics, working conditions, health and safety and human rights.

Our goal in 2025 is to identify and assess those suppliers who are at high risk of contravening our Sustainability Policy.

## Anticorruption measures

### General policy document

Our Business Ethics Policy states the following:

“Our work at Olofsfors must be characterised by excellent business ethics. In our dealings with suppliers, customers or other stakeholders, we must therefore exercise great caution if we offer or are offered benefits for the purpose of promoting contacts or relationships.

The policy also gives examples of appropriate and undue benefits.



### Appropriate benefits may include:

- working meals of an everyday kind; or
- promotional gifts with a moderate market value.

### Undue benefits may include:

- paid leisure travel;
- cash gifts; or
- bonus arrangements that have not been approved by the head of department/CEO.

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## Results

No known incidents have come to light in recent years.

## Significant risks

The risk that employees may participate in criminal activity that has a long-term negative impact on the company's financial position and brand.

This risk is managed by giving special training to employees who are at risk of coming into contact with corruption and bribery. This risk is managed by providing special training for employees who may encounter corruption and bribery.

Contact on sustainability issues:

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