

SUSTAINABILITY REPORT 2021

SÖRLING



SÖRLING



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Sörling AB (556021-6318) herewith presents its sustainability report for 2021. The report covers the companies Sörling AB and Sorling Sp. z o.o. as included in the annual report and reflects developments during the period 1 January 2021 to 31 December 2021. The sustainability report, which is our first, has been prepared in accordance with the Annual Accounts Act and the Global Reporting Initiative (GRI), level Core. It has been approved by the Board of Directors, and a review by company auditors Öhrlings PricewaterhouseCoopers AB has affirmed its compliance with the Swedish Annual Accounts Act.

Published 16/06/2022.

Should you have any questions regarding the report, please contact Anders Felling, Group CEO, via anders.felling@sorling.com

THE YEAR IN BRIEF

J. SÖRLING-ILSBO AB BECOMES SÖRLING AB

Sörling Ilsbo AB changed its name to Sörling AB in 2021 to make it clear that our origins stem from Johan Sörling, who originally founded Sörling in Märsta between Stockholm and Uppsala.

MATERIALITY ANALYSIS COMPLETED

The materiality analysis gives us a clear view of where to invest our sustainability resources in the years ahead.

SUSTAINABILITY COMPETENCE BOOST

The management team has been trained in sustainability, enabling it to pass this knowledge on to its employees in the best way.

NEW STRATEGIC FRAMEWORK

Sörling's new CEO and management team have developed a new strategic framework to take the company into the future.

SUSTAINABILITY POLICY LAUNCHED

The policy makes it easy for our employees to know where we stand and what our sustainability ambitions are.

WHOLE OF SÖRLING GROUP IS NOW CERTIFIED ACCORDING TO ISO 14001 AND ISO 9001

The Swedish and Polish operations are now both certified according to ISO 9001 and the ISO 14001 environmental management system for systematically reducing our environmental impact.

FIRST-CHOICE SUPPLIER TO OUR MOST IMPORTANT CUSTOMERS

We are proud that our customers recognise our sustainability efforts and regard us among their most important suppliers.

NEW PRODUCT RANGE WITH INTRODUCTION OF GOLDSTAR GENERATION 3, G3

Innovative new product range launched. Goldstar G3 is a further step in the development of lighter products with smaller carbon footprints.

A WORD FROM THE CEO



For more than 100 years, Sörling has focused intensely on its goals and clearly expressed vision of offering customised superstructures and transport trailers for the building and construction transportation and infrastructure industries. What started out as a simple trailer builder, quickly developed into a modern industry. Today, we are one of the leading superstructure manufacturers in the Nordic region – and we plan to continue our journey for at least another 100 years!

Our position as a market leader involves significant responsibility, something we shoulder with pride. We work for the future and a more sustainable society – including both people and the planet. Sustainability is, and has always been, one of our core values, and an important part of our business model.

But how much difference can we actually make as a subcontractor to an industry that currently accounts for such a large proportion of greenhouse gas emissions? Because this will naturally require a lot of effort, and it's not enough for us just to work hard within our own four walls, we've long been working for sustainable development across the entire industry. The automotive industry is in the middle of a technology shift and we want to play an active part in that journey. But because we cannot do things alone, we collaborate with customers, suppliers, academies and a range of different partners. By keeping our ear to the ground, we drive ourselves and our customers forward.

In 2021, working with our owners and sister companies in the Inducore Group, we established a clear structure for our sustainability efforts. We analysed our value chain, talked to key stakeholders and undertook a materiality analysis to make sure we put our resources in the areas where we have the greatest impact – and where we can make the biggest difference. It feels good to have this work behind us as we enter 2022. We keep good tabs on our development areas and know exactly what to concentrate on in the years ahead.

Having said that, much can be done to contribute to sustainable development no matter the company or industry. The report presented by the UN Climate Panel on 9 August 2021 makes things very clear: we cannot afford to take the prevailing climate change lightly. Therefore, Sörling will do everything in its power to help create a better planet.

CLEAR PLANS FOR THE FUTURE

Unfortunately, 2021 was yet another year characterised by the pandemic, not least in terms of materials and components supply. However, demand for our products and services already began to pick up in the beginning of the year, and by autumn we could note an improvement in order intake.

We predict that 2022 will be significantly stronger than the previous year, with both higher sales and higher profitability. The new management team has drawn up a strategic plan for the next four years, which includes investments for higher efficiency, improved processes, new products, and structured sustainability efforts. With our new policies, product plans, and the ISO9001 and ISO14001 quality and environmental management systems in place in our factories in Knivsta, Sweden and Jelcz in Poland, we have already noted huge improvements regarding both efficiency and the quality of our products.

Despite the prevailing geopolitical uncertainty, and the supply chain challenges that remain in the wake of Covid 19, we are well equipped for the future. We continue to be a sought-after partner for our customers, and an attractive customer for our suppliers by remaining at the leading edge of technology. Our sharp focus on the safety and well-being of our employees, the new management team, and the clear strategy all provide a stable foundation – allowing us to look forward to further advances.

THIS IS SÖRLING

Our story began back in 1919 when Jonas Gunnar and his brother Fredrik founded Bröderna Höglunds Verkstäder AB. The company's business concept emerged from Jonas's own design for a hydraulic tipper. Putting their huge curiosity and motivation to good use, the two brothers developed a product that was soon in great demand – not just in Sweden, but also internationally. Things went so well that King Gustav VI Adolf appointed the brothers Knights First Class of the Order of Vasa in 1962. The two brothers continued their journey as curious and innovative knights, and a few years later they formed IIsbo and Sörling together with Johan Sörling, which later became J. Sörling-IIsbo AB – today's Sörling AB.

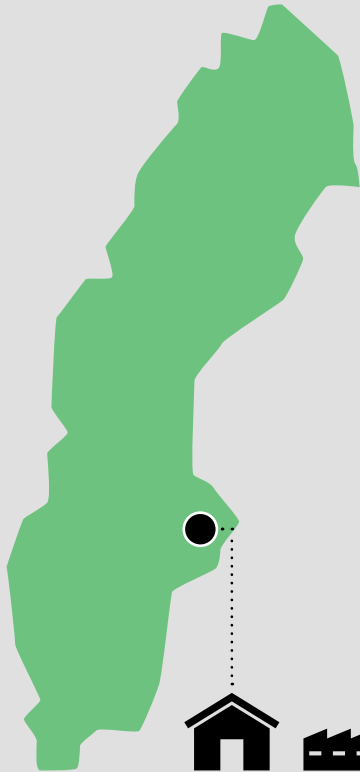
A lot of water has flowed under the bridge since then, but yet today, Sörling continues to develop innovative solutions for the automotive industry. The head office has been located in Knivsta since 1993, while production takes place in both Sweden and the small town of Jelcz Laskowice (Jelcz) in Poland.

Our ambition is to drive the automotive industry forward in the transition to a more sustainable society. This will involve every aspect of our business – from product design to occupational health & safety, to the use of our products and powerful collaborations with suppliers, customers and partners. By applying innovative designs and smart solutions, we have developed products that require significantly less input material than before. This makes them lighter and easy to dismantle, and thus easier to recycle and reuse. Reducing weight also helps increase load capacity, while faster loading, unloading and a reduced oil requirement keeps customer trip times low, and also cuts fuel consumption.

BUSINESS IDEA

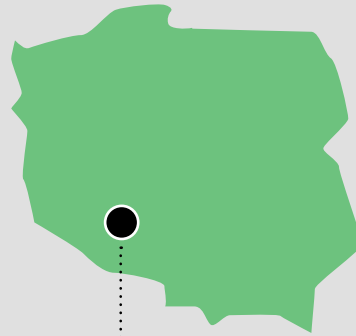
Develop, manufacture, market, sell and deliver customer adapted truck superstructure and trailers for building and construction transportation.

**HEAD OFFICE
FACTORY**



KNIVSTA, SWEDEN

FACTORY



JELCZ-LASKOWICE,
POLAND

MARKETS



- THE NORDICS
- EUROPE

EMPLOYEES



80 EMPLOYEES

ANNUAL SALES



SEK 114 million

VOLUME



275 VEHICLES
DURING 2021

CORE VALUES



KNOWLEDGE

We combine our deep knowledge with our extensive experience and do our utmost to constantly develop and improve our solutions. We know that a functional, high-quality product does not only have a longer service life, but will also help our customers in simplifying their everyday lives.



SUSTAINABILITY

To help our customers achieve more sustainable operations, we must deliver high-quality products that last over time. We work actively to find new solutions that make our products lighter and more energy-efficient. This is our contribution to reducing both our and our customers' climate footprint.



FLEXIBILITY

We understand and value that each operation has unique needs. We tailor our products in close collaboration with our customers to make sure that every product we deliver is optimal for its purpose.

1919▶ **1924**▶ **1993**



Jonas Gunnar Höglund and Fredrik Höglund founded Bröderna Höglunds forge & mechanical engineering workshop.



Johan Sörling founds Sörling in Rosersberg. The business soon focuses on the transport sector, which is expanding with the rise of motoring.



Ilso Industri AB acquires J. Sörling AB and the company moves to Knivsta.

2007▶ **2017**▶ **2021**



After working together for a long time, the two companies form a joint venture under the market name Sörling-Ilso. The new company becomes part of the Inducore Group.



Sörling invests in an ultramodern factory with welding robots and a spray-painting facility in Jelcz, Poland.



Next generation Goldstar, Multistar, Opal and Silverstar are launched, with production in Knivsta and Jelcz-Laskowice.

APPROACH TO SUSTAINABILITY

When one of our largest customers evaluated Sörling at the end of 2021, two aspects received the highest possible grades: responsible raw materials sourcing and good management.

Business ethics and the environment also enjoyed high grades in the assessment, while supplier management came in lower, though significantly higher than the industry average.

We are proud to be titled as an A-grade supplier by many of our most important customers, but we will not stop there. There's always room for improvement, and we will naturally continue our focused efforts, not only in the areas where we already score high, but especially where our customers feel we need to improve.

A COMMON MOVEMENT

Because the industry we work in has a high environmental impact, we need to pay extra attention to this and work actively to go on reducing our footprint. From our standpoint, there are two important keys to this work. The first one is the precautionary principle, i.e. making sure safeguards are implemented and that we take the necessary precautions to hinder, prevent, or stop the business from causing harm to human health and the environment. The second one is us taking part in the technological paradigm shift to reduce the impact of the entire industry.

In 2021, all management teams in the Inducore Group underwent sustainability training. We also analysed our operations, performed materiality analyses and defined our long-term goals. These actions laid the foundations for our efforts moving forward. We also created a sustainability council with representatives from different parts of the Group to coordinate sustainability issues and ensure sustainable development.

RESPONSIBILITY THROUGHOUT THE VALUE CHAIN

We could go easy on ourselves and focus solely on our own business, but we choose to shoulder greater responsibility by including people and the environment throughout our value chain. This covers everything from the choice of materials, the way we design and manufacture our products and how long our customers are able to use them, to how they can be repaired, reused and ultimately recycled. It also concerns human rights, waste management, the use of chemicals, emissions to air, soil and water and a great deal more. There are endless things to do, and it requires hard work, but we have decided to review and reset our business at every level. There is simply no other alternative.

Accordingly, we carried out a survey of our value chain in 2021 to identify risks and where we have the greatest impact. This survey formed an important part of the materiality analysis agreed by the company.



MATERIAL

We need to learn more about our materials, i.e. their impact on the environment and the extent to which we can use recycled materials when making our products. The choice of materials and suppliers covers environmental and social sustainability aspects, and although we have a code of conduct for our direct suppliers, analysis of our value chain shows we need to gain a better picture of our suppliers' suppliers in terms of both human rights and environmental issues. Where are they geographically located? Do any risks need further evaluation? Furthermore, we must make sure our direct suppliers have a code of conduct for their own suppliers, and that they monitor compliance.

SUPPLIERS

All Inducore Group companies share a common code of conduct that includes such things as occupational health & safety, ethics, human rights and environmental issues. Today, we not only assess our largest suppliers, but also those who impact our environmental sustainability most.

The choice of suppliers is an extremely important aspect. We carefully handpick our suppliers, and regularly follow up our most important suppliers every three months. This forms a stronger bond between us, enabling us to collaborate, ensure good working conditions, and reduce our mutual environmental impact to the greatest extent possible.

INBOUND AND OUTBOUND LOGISTICS

The materiality analysis revealed a need to chart our logistics chain to describe the current situation for each type of transportation. We could also be better at requiring our transport companies to produce reliable data on greenhouse gas emissions, and try to lead logistics toward more sustainable alternatives.

OWN OPERATION

Sörling AB does not carry out operations that are licensable under the Swedish Environmental Code, and our operations in Sweden have low greenhouse gas emissions due to our choice of green electricity. In 2021, we also resolved to switch to renewable electricity in Poland, and began this green transition in 2022. This will bring us one small step closer to our goal of fully climate-neutral factories.

However, the analysis showed a number of other areas we should focus on to improve our own operations. We want to offer our customers sustainable, long-lasting products, and this will mean reviewing our choice of materials and the way we design our products. We must work to enable parts and components to be easily replaced, and products to be disassembled and recycled once they reach the end of life.

We can also reduce the amount of input materials by working on our designs. This will allow us to save resources while reducing the weight of our products, making higher payloads possible. This, combined with new, smart designs that further increase load capacity without compromising on quality, means we can greatly reduce the number of transports required for the same amount of tonnage moved.

We also need to review our paint and abrasive blasting processes, as well as our energy efficiency. We invested in a new paint facility in 2019 and plan to invest in a metallisation facility in 2022.

Another important aspect for Sörling is competence supply. We intend to offer a safe, attractive workplace that provides our employees with the necessary means to thrive, challenge, grow and develop. In addition to psychological safety, this requires diversity, inclusion, strong leaders and a clear strategy that informs the entire business. We also need to have a profile in schools and universities, to welcome visitors and trainees, and to collaborate with other players on issues that are important to us.



OEM AND DEALERS

The automotive industry is adapting to a sustainable world, but there are many operators in the chain who lack both the knowledge and incentive to change, not only among dealers but also customers. We want them to raise the bar on the demands they make on their suppliers. It's essential if we are to bring about change, and it would give us a competitive advantage. If we can get our customers to demand higher sustainability standards, we can speed up the transformation of the entire industry.

USE OF END PRODUCT

The greatest impact on the climate occurs in the product's user phase, which is why electrification is so important. For Sörling, transport economics, user-friendliness, ergonomics and safety are also important sustainability aspects during the use of our products. We create value for our customers by designing energy-efficient products with excellent aerodynamics, low product weight and optimized hydraulic systems. We possess great skills in this area, but we could do better by clearly describing these values externally. For example, by optimizing the type of tipping cylinder used for any certain product we can reduce the amount of hydraulic oil required, reducing weight and also enabling for a quicker unloading process by cutting time in tipping cycle, which benefits both the customer and the planet.

END OF LIFE TREATMENT

Our focus is, and has always been, on designing long-lasting products. However, the analysis showed us to be less good at making sure they can be reused and recycled safely and sustainably. Our products must be easy to take apart, repair, reuse and recycle, and they must also be made from recyclable materials. For example, there is currently no developed industrial system for recycling dumper bodies. Such a system would have to be developed jointly, in collaboration with several players. We would be happy to take the lead and, in line with the EU Sustainable Products Initiative, we would also like to provide information on repairability and recyclability in our documentation to customers.

INSIGHTS FROM VALUE CHAIN ANALYSIS

Because success with these major sustainability efforts will require collaboration and team spirit, we endeavour to work with customers and suppliers who share our ambition for a more sustainable automotive industry. This has become particularly evident in the analysis of our value chain. Every company can have a greater impact than it imagines, and only by addressing the issue and asking questions can we inspire each other to constant improvement.

We also recognise the importance of involving several people in our own operations, and collaboration with sister companies in the Inducore Group. Different perspectives, backgrounds and questions result in a stronger analysis.

STAKEHOLDER DIALOGUES

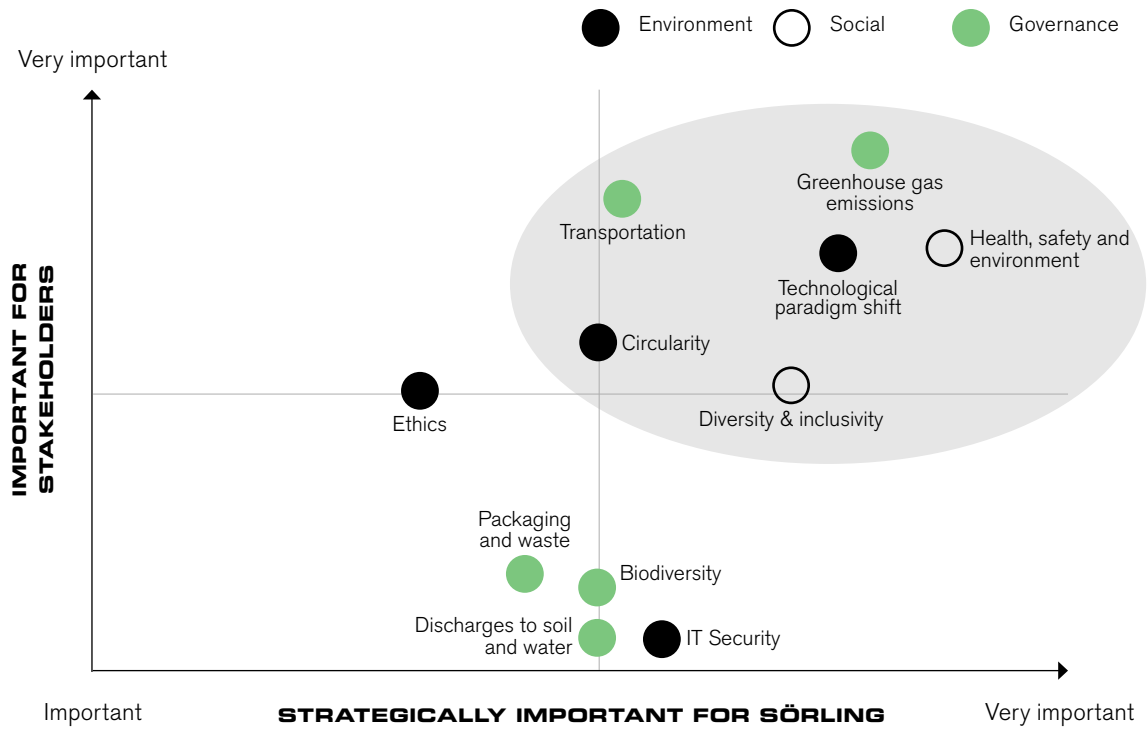
We interact constantly with our stakeholders via different channels and means through e.g. meetings with customers, suppliers and other partners, and we maintain dialogues with various organisations and other interested parties.

	EMPLOYEES	CUSTOMERS	SUPPLIERS	OWNERS
DEFINITION	Existing.	Direct customers, distributors.	Direct suppliers.	Inducore Group.
TYPE OF DIALOGUE	Daily communication, employee survey & performance reviews.	Regular follow-up meetings, sales meetings.	Purchasing discussions.	Regular follow-up meetings.
IMPORTANT ISSUES	Greenhouse gas emissions, biodiversity, health, safety, well-being, diversity & inclusion, circularity.	Greenhouse gas emissions, sustainable products, safety, space, handling during loading & unloading, circularity.	Clear expectations, partnerships, joint projects.	Risk management, health, safety and well-being, keeping tabs on the technological paradigm shift, greenhouse gas emissions, transport, waste management.
	MUNICIPALITIES	BANKS	THE PLANET	SCHOOLS
DEFINITION	Where we operate.	Inducore Group banks.	Climate systems and environmental issues.	Upper secondary schools.
TYPE OF DIALOGUE	Ongoing dialogues.	Regular communication, in the case of loans, etc.	Research and science.	Ongoing dialogues.
IMPORTANT ISSUES	Jobs, responsible employer, greenhouse gas emissions, waste management.	Risk management, greenhouse gas emissions, biodiversity, discharges to soil & water, health & safety, diversity and inclusion.	Greenhouse gas emissions, circularity, waste management, energy efficiency.	Health, safety & well-being; professional development, proactive sustainability efforts, diversity and inclusion.

In September – December 2021, Sörling, together with other Inducore companies, conducted structured stakeholder dialogues with employees, customers, suppliers, schools and municipalities to gain a better picture of their expectations and find out how far they have come on their sustainability journeys. Work on the value chain and the business intelligence analysis provided us with a list of issues we needed answers to in order to achieve a relevant materiality analysis. Next, stakeholders were chosen based on the questions we needed answers to, and their relevance to Sörling. These included employees, customers, suppliers, schools and a municipality. The Inducore Group also handled discussions with owners, schools and banks. The planet was also assumed to be an important stakeholder, with expectations of Sörling based on AR6, the latest UN IPCC report, with an emphasis on observed and calculated impacts and risks.

MATERIALITY ANALYSIS

To identify the sustainability matters most relevant to Sörling, we completed a structured materiality analysis in January 2022. It's our first materiality analysis and comprises two main elements: a value chain assessment to identify areas where we have the greatest impact, and a stakeholder dialogue that provided valuable information on the areas they feel are the most important to focus on. The balance between these two elements and the company's strategy gave us a useful overview of the areas we will focus on moving forward.



In order to drive change, measure and follow-up the impact of our activities, we have set targets and KPIs for each area.

Based on the results, we have categorised our key areas as follows:

ENVIRONMENTAL SUSTAINABILITY	SOCIAL SUSTAINABILITY	GOVERNANCE
Greenhouse gas emissions	Health, safety and well-being.	Technological paradigm shift.
Transportation	Diversity and inclusion.	Circularity.

GREENHOUSE GAS EMISSIONS

The importance of reducing our global greenhouse gas emissions cannot be overstated. The matter has dominated the sustainability issue for many years and the urgent need to limit climate change is currently driving technological development in numerous areas, including the transport industry.

The issue ranked highly among all stakeholders. Our employees in Sweden graded it slightly higher (4.3 out of 5) than employees in Poland (4.1 out of 5), but it ranked highly in both countries.

Sörling began calculating greenhouse gas emissions according to the GHG protocol in 2021. Charting our emissions has given us a better picture of which parts of our operations have the greatest environmental impact.

OUR CALCULATIONS ARE BASED ON THE FIVE PRINCIPLES OF THE GHG PROTOCOL:

- Relevance: reports should reflect the company's emissions in a relevant way and serve as decision support documentation for both internal and external users.
- Completeness: reports should include all emissions within the designated system boundaries and any exceptions should be described and explained.
- Comparability: the method of calculation should be consistent so that comparisons can be made over time. Changes in data, system boundaries, methods, etc. must be documented and communicated.

THE THREE SCOPES OF THE GHG PROTOCOL:

In the case of climate reporting under the GHG protocol, greenhouse gas emissions are divided into different areas, a.k.a. scopes. They are grouped according to the context in which the emissions occur.

- Scope 1: Direct emissions from our own operations, such as those from production, owned and leased vehicles.
- Scope 2: Indirect emissions from purchased electricity, heating and cooling.
- Scope 3: Indirect emissions upstream and downstream in our value chain.

CONSOLIDATION METHOD

In the case of climate reporting under the GHG protocol, two different consolidation methods are allowed: financial control and operational control. Sörling uses operational control, which means that the emission limit assigned to the reporting company is based on its influence over the relevant business activity.

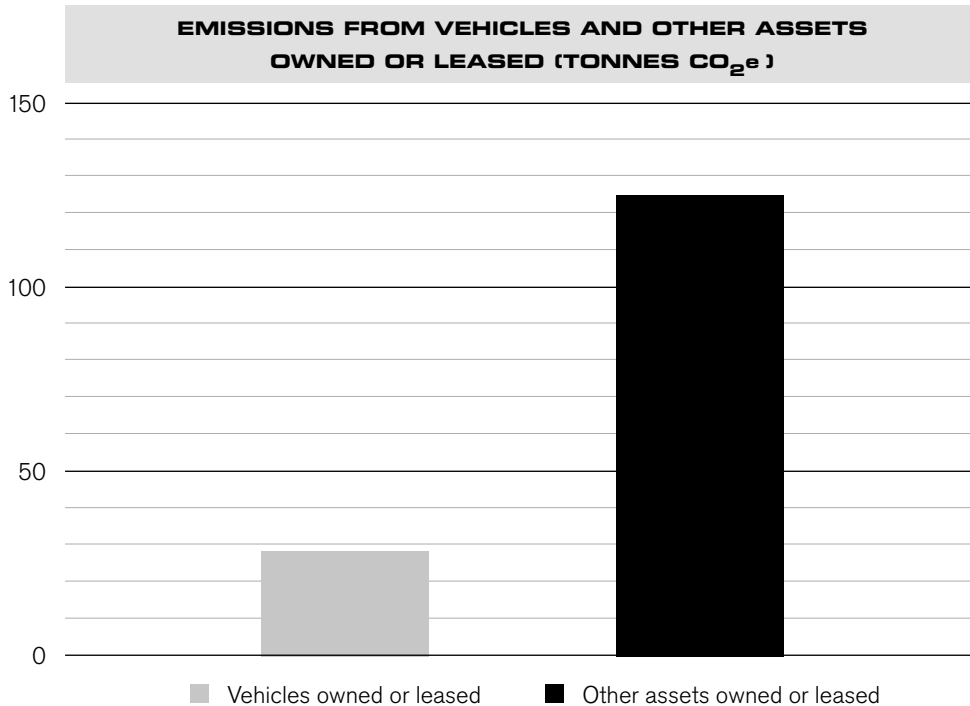
SYSTEM BOUNDARIES

Included in the calculation of an operation's climate impact are the vehicles it owns or rents, other owned or rented assets, and the operation's energy consumption – in Sörling's case, electricity and district heating.

SÖRLING, SCOPE 1

In all, Sörling emitted 153 tonnes of CO₂e in Scope 1.

- Emissions from vehicles, owned or leased: 28 tonnes CO₂e
- For other assets, owned or leased: 125 tonnes CO₂e



VEHICLES OWNED OR LEASED

In 2021, Sörling reported emissions from ten company vehicles generating a total of eight tonnes of CO₂e. Of these, two are electric, two have petrol engines and the remaining six have diesel engines. The operation in Knivsta uses diesel-engined trucks. The emissions from them are included in the emissions shown below for heating oil. Sörling's operation in Jelcz, Poland, used 4,983 kg of LPG for its forklift, equivalent to 9,766 litres and emissions of 16 tonnes of CO₂e.

In 2021, 2,870 litres of diesel were also used for transporting customer vehicles.

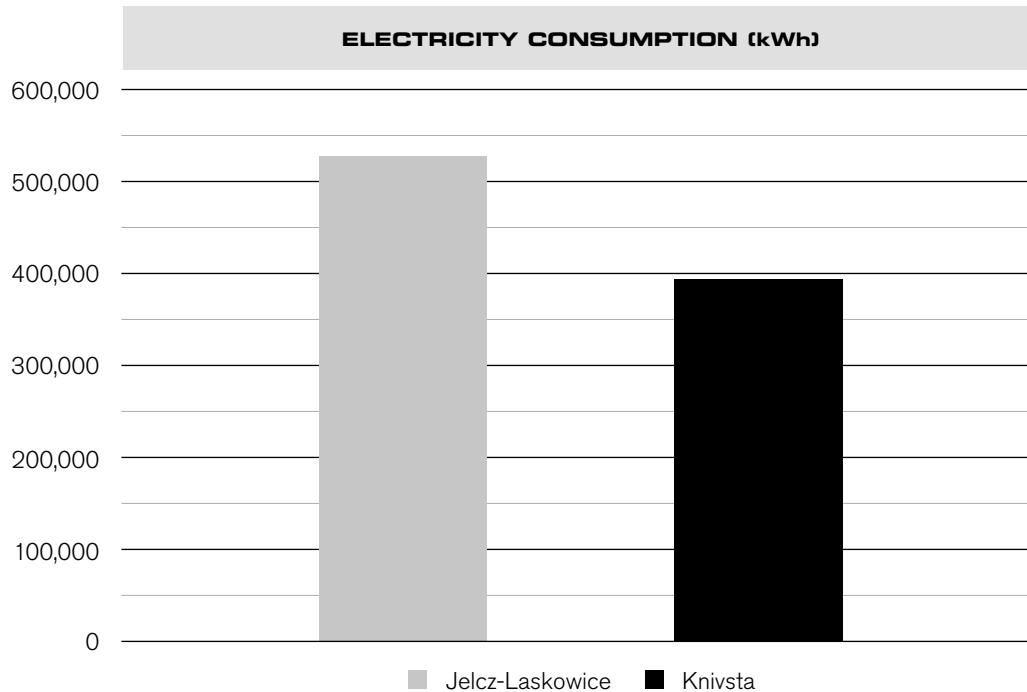
OTHER ASSETS OWNED OR LEASED

Scope 1 includes emissions caused by heating your premises when you emit the GHG molecules from own or rented assets, such as an oil or diesel burner or similar. Sörling's operation in Poland uses LPG to heat the paint installation. A total of 19,957 litres were consumed, generating 32 tonnes of CO₂e. The operation in Knivsta used 34,569 litres of fuel oil for heating with oil burners, generating 93 tonnes of CO₂e.



SCOPE 2 – ELECTRICITY

During 2021, Sörling's electricity consumption totalled 920,196 kWh, of which 392,660 kWh (43%) was from 100% fossil-free energy sources. A breakdown of the electricity consumed by the companies in Knivsta and Jelcz is shown below.



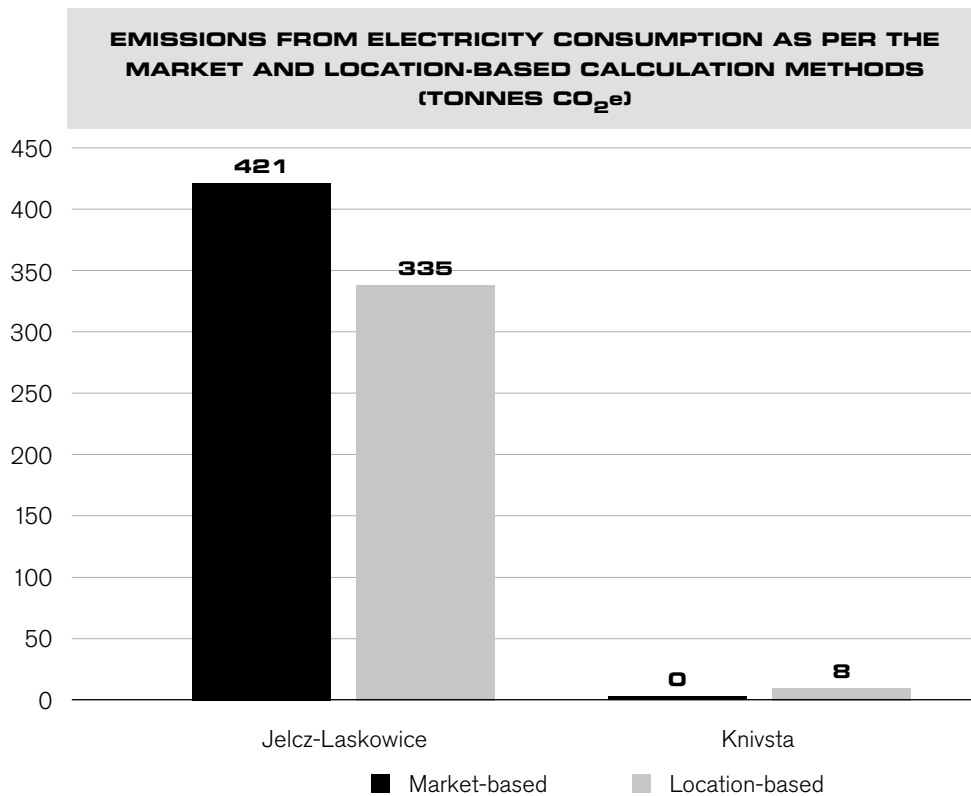
ACCORDING TO THE GHG PROTOCOL, EMISSIONS IN SCOPE 2 MAY BE CALCULATED USING ONE OF THE FOLLOWING METHODS:

- Market-based method, which distinguishes between electricity purchased with a guarantee of origin and unspecified electricity. A specific emission factor is used for electricity with a guarantee of origin and the emission factor for a residual mix is used for unspecified electricity.
- Location-based method, where the same emission factor is used for the entire supply in the grid. This emission factor represents the power mix of the region's actual electricity generation system.

Sörling's climate report uses the market-based calculation method as prescribed by the Swedish Energy Market Inspectorate. Under this method, total emissions from electricity consumption were 422 tonnes of CO₂e, representing 66% of Sörling's total Scope 2 emissions.

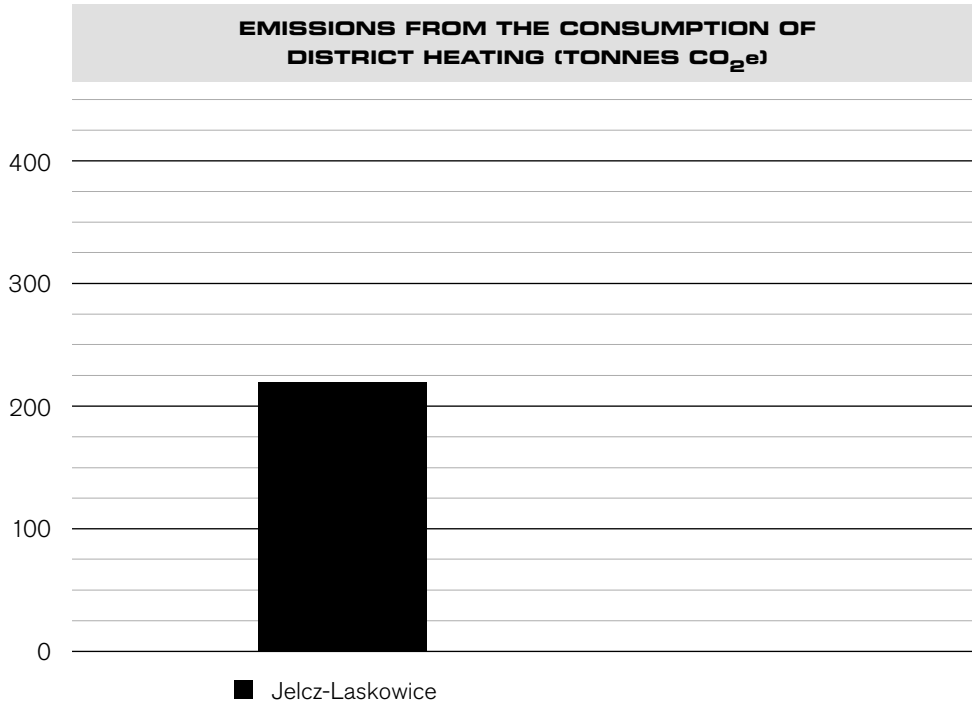
Emissions based on electricity consumption are reported below with the relevant calculation method to show the differences in outcomes. The market-based method shows a slightly higher figure for the Polish unit and a slightly lower figure for the Swedish unit. The reason for the higher figure in Poland is a declaration from the supplier stating that the electricity was generated using 100% coal power, the most emission-intensive form of energy.

Emissions from electricity consumption for the Knivsta operation were calculated at 0 tonnes of CO₂e according to the market-based method. The emission factor was provided by the electricity supplier Vattenfall, from whom Sörling buys fossil-free electricity. When we look at the location-based method, it totalled 8 tonnes of CO₂e, which reflects the electricity mix of the region's actual electricity generation system.



SCOPE 2 - DISTRICT HEATING

Only the operation in Jelcz, Poland, buys district heating. According to information from the supplier, this is produced with 100% coal power. District heating generated 219 tonnes of CO₂e and accounted for 34% of Sörling's total Scope 2 emissions.



2024 OBJECTIVE:

- Scope 1: We will reduce our CO₂ footprint by 60% by 2024 from base year 2021 by switching our vehicle and company car fleets to electric vehicles or other fossil-free alternatives.
- Scope 2: We will reduce our CO₂ footprint to as close to zero as possible by switching to green electricity in Poland (implemented in early 2022).
- Scope 3: We will chart our five most important suppliers for incoming material transports to jointly optimise our logistics flows and avoid unnecessary trips.

The purchasing manager is responsible for environmental issues, greenhouse gases and transports. Follow-up takes place quarterly to the CEO, who reports outcomes to the sustainability council.

TRANSPORT

Sörling has chosen to begin measuring Scopes 1 and 2, and since inter-company transports accounts for a large part of our total CO₂ emissions, we cannot disregard them. With one factory in Poland and another in Sweden, we deliver our products from the factory closest to the end customer, which allows us to keep transport routes as short as possible. Furthermore, we strive to streamline deliveries and make fewer trips between the factories.

The transport issue is strategically important for Sörling and we chose to pose this question specifically to investigate how important fossil-free transport is for our stakeholders. A number of our customers have set scientific targets in accordance with the Science Based Targets initiative (SBTi), which means they measure greenhouse gases in Scopes 1, 2 and 3. Some of them have also set ambitious targets for fully fossil-free vehicles, and this means we need to create a clearer picture of our transport flows. While the majority of the suppliers we discussed this with do not currently measure greenhouse gases for material transports, the issue is highly topical for them, too.



HEALTH, SAFETY AND WELL-BEING

Safety, job security and good health are fundamental conditions for the ability of people to reach their full potential. No one should have to put their own health or safety at risk by working for us or with us.

Every Sörling employee should feel highly valued and that they are a key player contributing to our success. Because our managers have an important part to play here, we invest in leadership training courses that strengthen the team spirit and clarify our communications on strategic direction. We want our workplace to be a safe space where everyone can become the very best version of themselves.

SAFETY

We demand high standards and a good, safe work environment where occupational accidents and injuries are avoided. We evaluate our facilities and processes on an ongoing basis and always try to stay one step ahead and prevent accidents, instead of having to remedy them. We offer performance reviews and health checks on a regular basis to make sure our employees also feel good mentally and socially.

Our stakeholder dialogues show we meet our customers' expectations regarding safety and we also note that our suppliers are actively engaged with the issue. Customers and suppliers alike see an opportunity to initiate a partnership for greater safety.

While employees feel safe in the workplace, both physically and psychologically, there is always room for improvement. Reducing noise levels as per proposals from employees is a matter we will pursue further. Accordingly, in December 2021, Sörling decided to invest in completely new premises, certified according to Swedish Green Building Silver, with the best possible working environment and environmental sustainability. The premises will be equipped with solar panels and heat recovery.

ATTRACTIVE EMPLOYER

79% of our employees would recommend Sörling as a workplace to their friends. Rewarding, challenging assignments, a good atmosphere and committed employees are typical of the comments we received from our team. They also say that ours is a strong, stable Group that provides good opportunities for personal and professional development.

"I feel the company is forward-looking and makes sure we're all able to do our best every day. Who wouldn't want to be part of this?"

(comment from one of our employees)

While we are naturally proud of the outcomes, we are not satisfied. There is always more to do and we will do what we can to increase diversity and continue building a safe, inclusive workplace where everyone enjoys well-being, and is able to contribute and develop.

COLLECTIVE AGREEMENTS

Every company employee has the right to join the relevant trade union and to negotiate collectively in accordance with local laws and regulations. Local rules and regulations also protect the right to fair working conditions, including contractual working hours, rest periods, overtime and holidays. Employees, whether or not covered by collective agreements, receive fair, competitive compensation for their work. 100% of our employees have collective agreements or equivalent.

CODE OF CONDUCT

Clarity on ethical issues is also important for employee well-being. Inducore has a Code of Conduct that applies throughout the Group. The survey conducted in connection with stakeholder dialogues shows that 67% of employees are familiar with the company's Code of Conduct. Because we naturally aim to make 100% of our employees familiar with it, we are planning a new training course in 2022. The code can be found on our website. It also applies to our partners and suppliers.

ETHICAL STANDARDS		
CODE OF CONDUCT FOR EMPLOYEES	2020	2021
% of employees trained in the code	0	100
% of employees aware of the code	0	86%

CODE OF CONDUCT FOR SUPPLIERS	2020	2021
Signed (% of suppliers)	0	14
Signed (% of purchase cost)	0	48

WHISTLEBLOWER FUNCTION

The whistleblower function is important for us. We want to find out as quickly as possible if we are suspected of violating any ethical or legal laws, codes, policies or regulations to enable us to remedy them right away. This is not only important for making sure our employees, customers, suppliers and partners feel at ease in calling out perceived violations, but also for reducing the risk of harm to our reputation. The whistleblower function is accessible on our website via the Code of Conduct and is managed by the CEO.

No violations were reported to our whistleblower function in 2021.

2024 OBJECTIVE:

- We seek to achieve an average health-related attendance >97% during the financial year
 - We have a zero vision for serious repetitive strain accidents and injuries
- We will achieve a LTIFR metric <0.05 (frequency of accidents leading to at least one day's sick leave)
- We will endeavour to improve the hygiene factors in the employee satisfaction index (ESI) regarding the perception of a safe, secure workplace including its structure, tidiness and orderliness; the physical and psycho-social work environment; a sense of belonging, respect and trust in each other, comradeship, diversity and equal opportunities.

The CFO/HR Manager is responsible for health, safety and well-being. Goal follow-up takes place quarterly to the CEO, who reports outcomes to the sustainability council.

	2020	2021
ACCIDENTS INVOLVING AT LEAST ONE DAY OF SICK LEAVE (LTI)	0	0
LOST TIME INJURY FREQUENCY RATE (LTIFR)	0	0
GRADING BY EMPLOYEES PHYSICAL SAFETY (OUT OF 5)	-	4.3
GRADING BY EMPLOYEES PSYCHOLOGICAL SAFETY (OUT OF 5)	-	4.3

DIVERSITY AND INCLUSION

Diversity is essential for innovation. An inclusive culture that puts the diversity of our employees to good use, will help us find new and sometimes unexpected solutions. This makes us smarter and more profitable.

Inclusivity is essential if we are to use the power of diversity. In other words, every employee should feel welcome, appreciated, visible and valued, and that everyone has the same opportunities for career development, training and compensation. Also, everyone should work under equal conditions.

Our barometer shows our employees value diversity and inclusion highly. Age, gender and nationality are emphasised as important in Poland, while gender is the highest-ranking aspect in Sweden.

Our employees' sense of psychological security provides a metric of their ability to think freely, which lies at the very heart of the inclusivity aspect. The score of 4.3 out of 5 is good, but we will naturally go on working to improve this figure. The score was somewhat higher in Poland (4.5) than in Sweden (4.2).

	2020		2021	
SEX	M	F	M	F
EMPLOYEES	90	10	90	10
MANAGEMENT TEAM	80	20	80	20
BOARD OF DIRECTORS	100%	0%	100%	0%

	SWEDEN	POLAND	TOTAL
PERCEPTION OF PSYCHOLOGICAL SAFETY	4.2	4.5	4.3

2024 OBJECTIVE:

- Increase the proportion of women in the business to 20%.

The CFO/HR Manager is responsible for diversity and inclusion at Sörling. Goal follow-up takes place quarterly to the CEO, who reports outcomes to the sustainability council.

TECHNOLOGICAL PARADIGM SHIFT

Our customers are in the process of switching to electrified vehicle fleets and we must monitor developments closely in order to offer customised products. This is a balancing act, as today the majority of our products are still used for fossil-fuelled vehicles, but the trend is clear. Improved insulation values, minimised weight and air resistance to enable the greatest possible range are examples of areas where we must be better than our competitors.

Innovation and technological advances are essential for achieving sustainable solutions in the industry. If we succeed in making the switch correctly, it will mean new markets and jobs for Sörling. While we need to be at the forefront of technological progress and develop resource-efficient products and manufacturing processes with as little environmental impact as possible, it will not be enough. We also need to keep our ear to the ground and hone-in our ability to see round corners. Not even our customers know what tomorrow's solutions will look like, so collaboration and joint projects are essential for bringing about rapid transition. Sörling has often played an advisory role, enabling interaction with the customer and the optimisation of manufacturing technology based on environmental, social and economic aspects.

GOLDSTAR - A REFINED CLASSIC

Goldstar is our flagship and the culmination of ongoing innovation that builds on many years' experience. The combination of smart design and high-strength steel creates a durable, reliable low-weight dumper body, while its simple form makes it easy to keep clean. Goldstar is renowned for its uncompromising quality – over the years thousands of satisfied customers have used it to move countless rocks. Generation 3 was developed to make day-to-day operations even easier. More flexible than ever, we reduced the weight by up to 150 kg depending on the specification. This means a higher payload – you get to carry more load per each trip and maximise profitability.

CIRCULARITY

The linear business models that have dominated since the industrial revolution in the mid-19th century are unsustainable. Even though we understand this today, the switch to circular business models is far too slow. There are many reasons for this, but every company must do its best to reduce material consumption and waste, to make sure products and materials are kept working for as long as possible, and to create business models that allow companies to be run on these conditions.

We have a responsibility to develop new, innovative solutions that make our products more sustainable for people and the planet. For a sub-supplier to the automotive industry, embracing circular business models poses many challenges because we are so heavily dependent on the direction our customers are taking. The issue has a strategic bearing on how we will move our business forward. To succeed, we need to work closely with customers, partners and suppliers and develop together. Recycling and refurbishing equipment and superstructures are aspects that came up in our dialogues with customers, but they also find it difficult to predict how future business models might look.

Innovative designs and smart solutions will take us a little bit along the way. The goal is to use less input material, improve performance, create solutions to make loading and unloading faster, and reduce the need for oil. This will allow our customers to cut driving times and fuel consumption, while reducing the need for raw materials. Less material also means lower weight, which means higher payloads. This, combined with new, smart designs that further increase load capacity without compromising on quality, means we can greatly reduce transport requirements.

"It would be interesting to learn more about recycling materials and how superstructures might be refurbished", was a comment from one customer in our structured stakeholder dialogues. Customers and suppliers alike are interested in circularity; by how we can improve our ability to reduce wastage and work smarter with designs, materials selection and information.

Our employees also showed great interest in circularity. It's worth noting that our employees in Poland raise circularity as the most important aspect of sustainability at Sörling. The area scored 4.7 out of 5.0, compared with the Swedish score of 3.9. Life cycle management and end-of-life handling are important aspects, as are refurbishing and upgrading old products, using materials from discarded dumper bodies, and creating products that are easy to repair and interchange. Another proposal concerned the use of synergies in the Inducore Group to reduce transport.

"Before we discard materials or equipment, we should ask other companies if they need it," was a comment from one employee.

Each component is manufactured, evaluated and precision tested to safeguard quality and ensure long life. Strong structures, correct assembly and smart designs that make maintenance and component replacement easy are important aspects where we make extra special efforts. Our goal is clear: to make products that can remain in use for many, many years.

EVERY LITTLE HELPS

Much of our efforts for more sustainable products is in the details. By using small but effective means such as cable ties made from recyclable plastic, replacing steel tanks with aluminium and mineral oil with synthetic, biodegradable oil, we are able to reduce our total environmental impact.



CIRCULARITY

MATERIAL	PURCHASED 2021 (TONNES)	OF WHICH RECYCLED (%)
STEEL	907	18%
ALUMINIUM	17	52%
PLASTIC	2	0%

WASTE	2020 (%)	2021 (%)
RECYCLED	52%	72%
COMBUSTIBLE - FOR ENERGY PROD	12%	12%
REFUSE TIP	30%	16%

WASTE	2020 (TONNES)	2021 (TONNES)
STEEL	18	66
ALUMINIUM	0.1	0.2
PLASTIC	0.5	0.9
WOOD	7	14
PAPER	3	2
HAZARDOUS WASTE	19	18

2024 OBJECTIVE:

- We will reduce our waste to incineration and landfill by 20%

The Technical Manager is responsible for matters of circularity, for our ability to be a driving force in the technological paradigm shift and making sure we transition at the right pace. Goal follow-up takes place quarterly to the CEO, who reports outcomes to the sustainability council.

RISK MANAGEMENT

Sörling has suppliers and customers in many countries, and this entails risks in terms of human rights and the environment. It could also involve corruption between the company, suppliers and customers. The Codes of Conduct for employees and suppliers are policy documents that help us make the right decisions in difficult situations. Our risk management process also gives us the tools to raise awareness of the most important risks in our organisation and to create a common picture of how to avoid and manage them.

Every new supplier is carefully evaluated based on all sustainability and quality aspects, as well as potential risks. All suppliers sign and commit to our Code of Conduct when we enter into a partnership. While all of them are evaluated annually, our most important suppliers are evaluated on a quarterly basis.

Sörling is certified under both ISO 9001 and ISO 14001, which means risk management forms an integral part of our daily procedures. We have different ways of identifying and evaluating risks and opportunities throughout our business. They include a cross-functional SWOT analysis, a list of environmental aspects where we regularly assess our environmental impact and the natural risk management in our development process. Other examples of risk management include supplier evaluation, deviation management and regular health and safety rounds.

We improved our risk management process in 2021 by including environmental and social sustainability. We have prioritised the results and taken measures for follow-up three times a year. This supports our ambition to remain a preferred supplier to the industry.



EMPLOYEES	RISK	MEASURES
CLIMATE IMPACT	Our operations have a significant climate impact, through the steel used in our products, internal and external transports, and during the user phase of our products.	Our focus areas: greenhouse gas emissions, technological change and circularity will help us reduce this risk and transform it into an opportunity.
HEALTH AND SAFETY	Our employees and our product users are both exposed to heavy work and the risk of accidents.	We carry out ongoing risk assessments and act pro actively to find solutions to reduce strain injuries and accidents. Outcomes from ongoing dialogues with end-users are taken into account in the development of new products.
AIR QUALITY AND HEALTH	Manufacturing our products involves surface treatment process, during surface treatment the bi-product is particulates and solvent fumes, which are hazardous to people and the environment.	We use paints that cause minimal harm to humans and the environment; we sort waste and have installed a new process to extend the life of our products.
OPERATIONAL RISKS	Our business depends on stable, efficient processes in all departments to maintain sustainable production and deliver high-quality products to our customers. Failure risks an increase in the consumption of materials and energy, resulting in unnecessary transport and low-quality products, leading to higher costs, extra work and harm to our brand.	Continuous improvement and focus areas in all departments to ensure clear work processes, responsibilities and goals. To safeguard effective, appropriate development in terms of sustainability, products, sales, purchasing and production, we work closely with customers, partners and suppliers to understand their expectations and requirements.
FINANCIAL RISKS	Sörling constantly invests in new products and innovative solutions for the future. Our development is financed by our stakeholders, primarily our customers and owners. If communications concerning the value of sustainability benefits in the value chain are unclear, we risk reduced demand for sustainable products and thus their development.	Clear communication and sustainability goals, that are transparent and easy to understand. The goal of all developments is to increase sustainability performance.
COMPLIANCE	We expect employees and business partners to follow our Code of Conduct. Violations risk harming human rights, the environment, costs and our brand.	We will enhance our procedures to improve understanding and compliance with the Code of Conduct among our employees and business partners.
DIVERSITY AND INCLUSION	Our industry is traditionally male-dominated, both in management and the rest of the operation, and this constitutes a risk as we are convinced that diversity is essential for the successful development of our company. Many different cultures are represented, but the risk remains with regard to gender distribution.	We not only aim to recruit and retain more women at every level of the company, but also to explore our culture and conditions to make sure we have an inclusive environment where everyone feels free to express themselves.



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EVALUATION OF OUR RISK MANAGEMENT PROCESS

We conduct annual internal and external audits to assess compliance with our procedures. Three times a year, we evaluate the business, our goals and the impact of our risk management process in management reviews.



CERTIFICATES AND STANDARDS

All Sörling operations, including the factories in Sweden and Poland, are certified according to ISO 9001 and ISO 14001 standards. This helps us build a structured, systematic approach to reducing our environmental impact and maintaining high quality in everything we do, in our customer relations and our products.

CORPORATE GOVERNANCE

Sörling AB is part of the Inducore Group, which consists of 17 operating companies. Its corporate governance is regulated by the Swedish Companies Act and its highest governing body is thus the company's Board of Directors, which is elected by the Annual General Meeting. Our current Board of Directors comprises three members, all of whom are men. They are responsible for the management of the company's operations and organisation, and for its long-term development. The Chairman of the Board leads the work of the Board in ongoing dialogue with the Group CEO; he makes sure the work of the Board is effective. The work of the Board is evaluated by the Board of Directors of the parent company, Inducore.



Operational activities are run by the company's management team, which consists of five people, including one woman and four men. Anders Felling was Group CEO during the 2021 financial year. In addition to the Group CEO, the management team consisted of the CFO, Technical Manager, Production Manager Knivsta, Production Site Manager Jelcz and Purchasing Manager.

Inducore's sustainability council is responsible for the companies' focus, goals and sustainability initiatives. The council meets quarterly to share experiences, follow up goals and discuss current issues. In addition to the Group CEO, who is a member of the council, the management team has overall responsibility for the company's sustainability efforts.

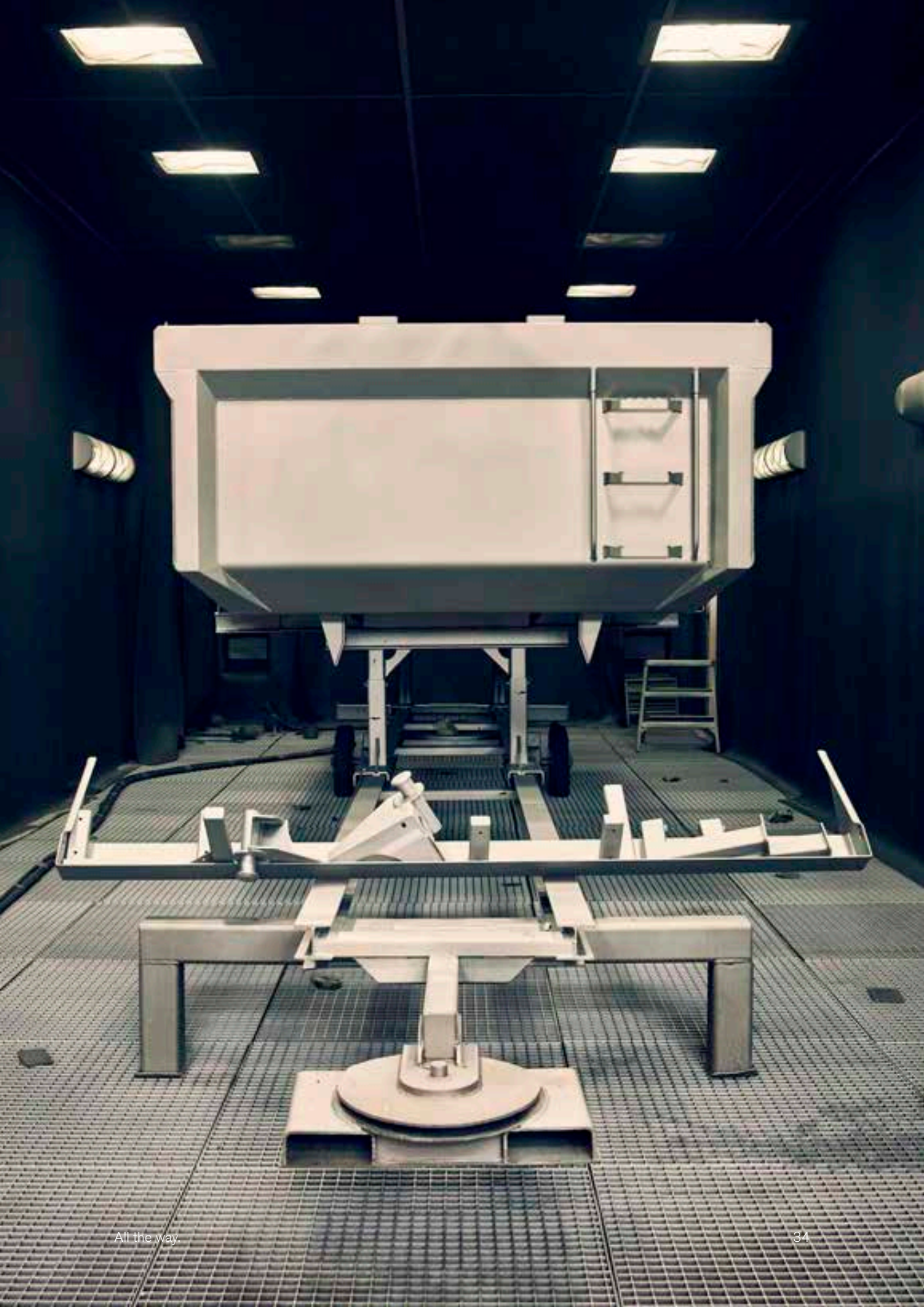
**AMYMONE
REAL ESTATE**

**ASSOCIATED
COMPANIES**

- Tacton
- Prevas (Pupl.)
 - Deva Mecaneyes
 - Trittech Solutions
 - Filoproccess


AGENDA 2030

	GOALS	SUB GOALS	WHAT DO WE DO	PAGE
 <p>4 QUALITY EDUCATION</p>	<p>GOOD TRAINING FOR EVERYONE</p> <p>Ensuring quality, inclusivity and equal training and promoting lifelong learning for all.</p>	<p>4.7. Training for sustainable development and global partnership.</p>	<p>We make long-term efforts to boost skills and commitment, and offer leadership training for all employees. We follow developments in society and make sure we meet the future with the right skills in the right place.</p>	22-23
 <p>5 GENDER EQUALITY</p>	<p>EQUAL OPPORTUNITIES</p> <p>Achieving equality and empowering women.</p>	<p>5.5. Ensuring full participation of women in leadership and decision-making.</p>	<p>We encourage the contribution of women in the industrial sector by working for greater equality in the workplace and offering facilities tailored to a mixed team and different needs. We also support women in our immediate surroundings through partnerships with local businesses aimed at the development of women and their future leadership.</p>	24
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>DECENT WORKING CONDITIONS AND ECONOMIC GROWTH</p> <p>Promoting inclusive and sustainable economic growth, full and productive employment with decent working conditions for all.</p>	<p>8.2. Promoting national economic productivity through diversification, technological innovation and upgrading.</p>	<p>By focusing on sectors with high added value and high labour intensity, we can achieve higher economic productivity. Sörling challenges expectations and creates new, smart solutions, and we seek to inspire others in our industry to think ahead and more innovatively, and help us jointly contribute to a better, stronger society.</p>	25
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Making cities and settlements inclusive, safe, resilient and sustainable.</p>	<p>11.A. Promoting national and regional development planning</p>	<p>We set our sights beyond Sweden's borders and invest regionally and nationally for the long term to promote sustainable development in areas close to all of our operations.</p>	10-13
 <p>13 CLIMATE ACTION</p>	<p>COMBATING CLIMATE CHANGE</p> <p>Taking immediate action to combat climate change and its consequences.</p>	<p>13.3 Increasing knowledge and our ability to address climate change.</p>	<p>We demand high standards of customers and suppliers, and disseminate knowledge about new, innovative transport solutions that can inspire more people to accelerate the transition.</p>	16-21






GRI INDEX

GRI STANDARD	INFORMATION	PAGE	LINK TO AGENDA 2030
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102-4	Location of operations	7	
102-5	Ownership and legal form	32–33	
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102-7	Scale of the organization	7	
102-8	Information on employees and other workers	7	
102-9	Supply chain	11-12	
102-10	Significant differences in the organization and its supply chain	-	
102-11	Significant changes to the organization and its supply chain	10	
	STRATEGY		
102-14	Statement from senior decision-maker	5	
102-15	Key impacts, risks, and opportunities	11-13, 12-29	
	ETHICS AND INTEGRITY		
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102-17	Mechanisms for advice and concerns about ethics	23	
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102-18	Governance structure	32-33	
102-19	Delegating authority for material topics	10	
102-20	Executive-level responsibility for economic, environmental, and social topics	10, 21, 27	
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102-22	Composition of the highest governance body and its committees	32-33	
102-23	Chair of the highest governance body	Magnus Biesse, Inducore Group	

	102-29	Identifying and managing economic, environmental, and social impacts	15	
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	CIRCULARITY		
GRI 103: Governance strategy	103-1	Explanation of the material topic and its Boundaries	25
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GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	27
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	DIVERSITY AND INCLUSION		
GRI 103: Governance strategy	103-1	Explanation of the material topic and its Boundaries	25
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GRI 405: Diversity and inclusion opportunities	405-1	Diversity of governance bodies and employees	25



		TECHNOLOGICAL PARADIGM SHIFT		
GRI 103: Governance strategy	103-1	Explanation of the material topic and its Boundaries	25	  
	103-2	The management approach and its components	25	
	103-3	Evaluation of the management approach	25	

**YOUR WAY.
ALL THE WAY.**



A black and white photograph of a mountain landscape. In the foreground, a paved road curves from the bottom left towards the center. The middle ground is dominated by a large, rounded mountain peak, its lower slopes partially obscured by a thick layer of mist or low clouds. To the left, another mountain peak is visible, also partially shrouded in mist. The sky is filled with large, soft clouds. The word "SÖRLING" is overlaid in the center of the image in a bold, white, sans-serif font.

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