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PVI ESSKÅ

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ABOUT THE SUSTAINABILITY REPORT

This sustainability report refers to the financial year 2022. The sustainability report covers Esskå Metallindustri AB, org. No. 556087-9578 The sustainability report has been prepared in accordance with the provisions of ÅRL 6: 10-14.







Comments from the CEO

For many years, we have worked to solve non-functioning parts in our processes to raise the company's lowest level in the long term. Through this work, we have laid a foundation for a sustainable business and for a sustainable future. We have also emphasized the importance of utilizing our Monitor business system, which is a large part of ensuring that our business has a harmonious way of working. Our focus on profitability will give us the opportunity to continue investing in sustainable development and constantly sharpen our competitiveness.

In our corporate culture, the business is driven forward, where each employee is responsible for their role and the opportunity to be involved in influencing their daily work environment.

The staff's commitment is the basis for being able to move the company's position in the market where everyone participates and contributes to our success. It is also important to show respect for each other and that we can have fun at work together.

Through our Esskås goal follow-up system, we get feedback on what works well and what we need to strengthen for continued sustainable work.

We must maintain a strong and good relationship with our customers and suppliers and follow their specific requirements, but also listen to their visions in order to meet them when it is a factor in their future decisions.

During this year, will we be following and measuring our CO2 impact scope 1 and scope 2 which. We will start to investigate the impact of CO2 in scope 3

What we have been able to see in 2022 after the wake of the pandemic and closed factories is that we have been able to maintain high delivery reliability and low quality outcomes, a proof of our long-term work with sustainability.

Tomas Lidbacken, CEO





Esskå Metall in Landeryd

PVI Esskå is located in Landeryd and is part of Per Vannesjö Industries AB. We are a subcontractor to the automotive industry, mainly heavy vehicles. Our vision is to be our selected customers' most strategic partner in our area of expertise. Through efficient processes, accurate logistics and trouble-free production we increase profitability both internally and with our customers and suppliers.

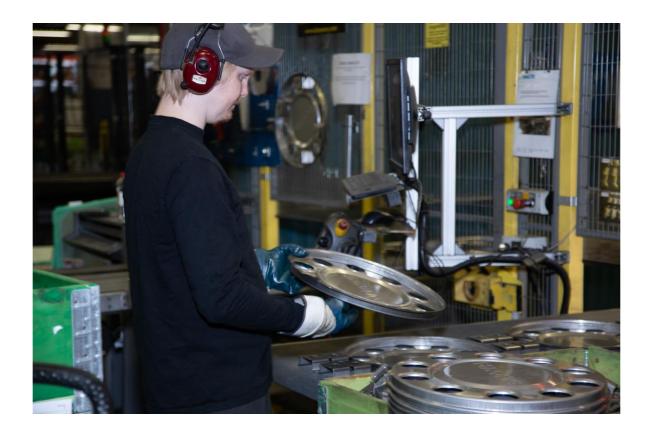
Our business concept

EssKå Metall shall be a competitive partner in heavier sheet metal forming through rational production, involved motivated personnel and wellthought-out processes.

- **Respect** Respect as you will be respected, as you treat others you will be treated
- **Commitment** Committed and responsible employees determine Esskås' future

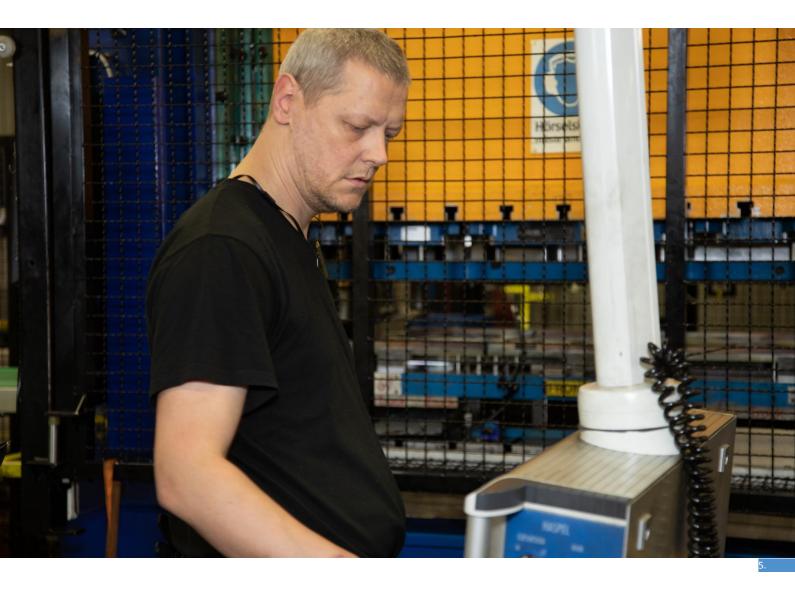
Our values

At Esskå Metall, we show a healthy set of values through consideration and trust. We take responsibility for our actions and follow rules and decisions. We value owners, customers, colleagues and the environment and act on the basis of our values: • Business acumen - Esskås' ability to create a longterm sustainable company where EVERYONE in the organization contributes and looks after the customer's best interests













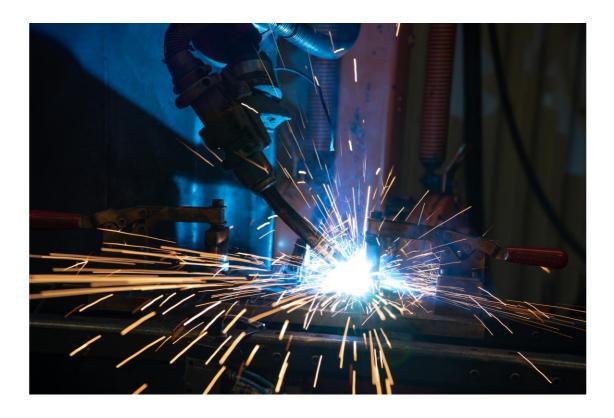
OUR BUSINESS MODEL

At Esskå in Landeryd, sheet metal parts are manufactured with a focus on heavy vehicle industry, and we mainly specialize in deep drawing in highly automated processes. We are focused on high volume manufacturing but also develop prototypes before serial production and low volume to aftermarket. In our production facility, we have access to the skills and equipment required for the manufacture of sheet metal components based on the automotive industry's requirements for high quality, short lead times and rapid adaptation to new model series. Our production facility consists of pressing, welding, external painting, assembly and packing as well as warehousing before delivery "just in time".

Our manufacturing equipment today consists of 3 hydraulic press lines 1x400 tons, 3x500ton and 3x630ton fully automated, single hydraulic presses 200-500 tons, mechanical presses with tape feed 80-350 tons and single mechanical presses 80-200 tons, as well as robot cells for melt welding and fastener welding.

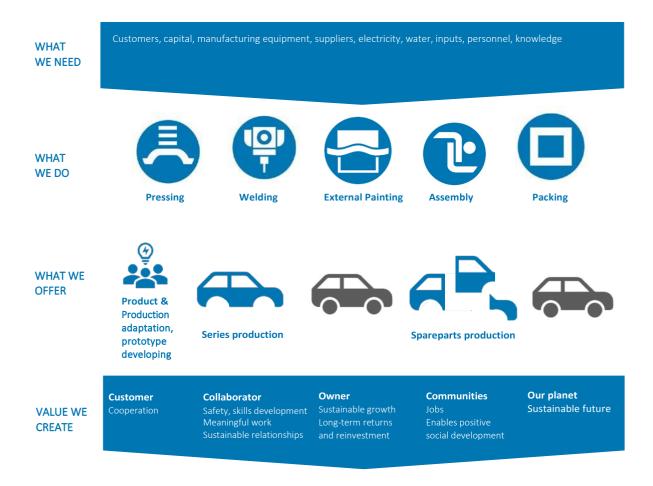
A product that flows through with pressing, welding, painting (external) and assembly are the items we focus on and the greatest competitiveness on.

With the support of our ERP system Monitor, we work to meet our customers' plans for deliveries and thus create value for our stakeholders.









A partner through the life cycle of a vehicle model







OUR CONTRIBUTION TO A LONG-TERM SUSTAINABLE ESSKÅ

We at Esskå want to contribute to sustainable development, take our responsibility to reduce our negative environmental impact and increase our positive impact on people both within our own business and in our value chain. Through the development of our first sustainability report and the prioritization of our most important issues, we have developed a model for our strategic sustainability work that is divided into four focus areas.

Through a safe & meaningful workplace, responsible manufacturing, our responsibility for the environment and our responsibility in the value chain, we cover everything from our daily decisions to how we interact with our customers and suppliers.

Based on these four areas, we have then mapped which of the UN's 17 global goals we influence with our products and activities. The targets identified as essential for us are Objectives 7, 8, 9, 10, 12 and 13. Goals 7, 12 and 13 are influenced by our manufacturing and resource use. We influence objectives 8 and 9 in the value chain through supplier evaluations and follow-ups. Goals 8 and 10 have a direct connection to our employees and our role as a responsible employer. Read more about how we work with these issues under each focus area's chapter.

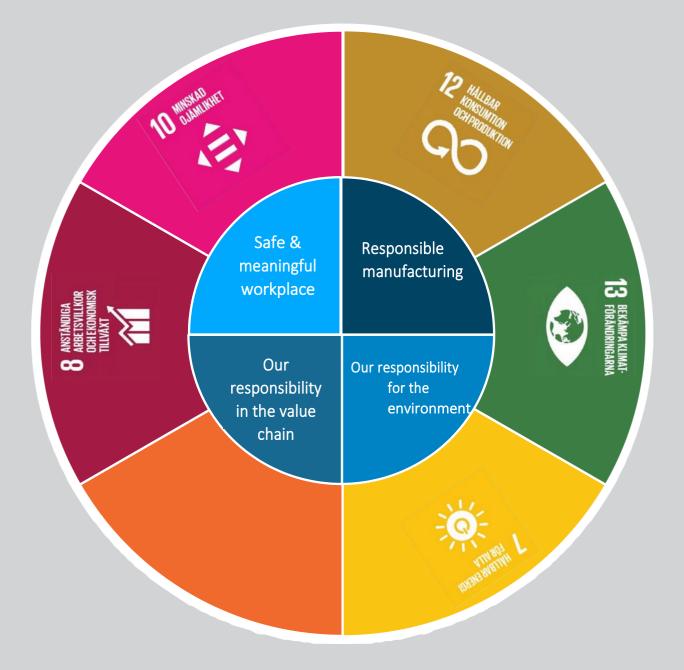
The fact that we conduct the business we do means that we work based on specific environmental requirements and environmental legislation, which thus results in continuous improvements and efficiency improvements being a natural part of our business. The tools that serve as overall instruments in this work are our quality and environmental management systems ISO 9001, ISO 14001 and IATF16949. We use our management systems for continuous follow-up and development to ensure that we work with high quality and a low environmental impact in all our business processes. In addition to management systems, we have a business policy and a Code of Conduct, which are also used as important tools for our governance. Our suppliers and partners also take part in our

Code of Conduct stipulating their responsibility for human rights, anti-corruption, and business ethics. At Esskå, we have eight overall KPIs that are reported at least monthly. These KPIs form the basis for all the activities, developments, and actions we do. The management group and the factory group follow outcomes, perform root cause analyses, and define corrective actions on an ongoing basis.













OUR STAKEHOLDERS

Esskå has several stakeholders who influence or are affected by our effectiveness. A first step in our work was to identify and prioritize our most important stakeholders during the year: customers, employees, suppliers, owners, authorities, and society.

Today we have various dialogues with our stakeholders through, for example, employee reviews, customer meetings, board meetings, supplier visits, supervisory visits, and ongoing dialogues. However, we have not conducted a direct stakeholder dialogue based on sustainability issues, which means that in this year's report we do not present any compiled stakeholder dialogue.

Now that we have implemented this priority, our ambition is to conduct a more structured stakeholder dialogue in 2022 to collect and ensure an understanding of the wishes and expectations that exist for us as a company with a specific focus on sustainability issues. This will enable us to report in the next year's report on the issues raised by each stakeholder group, but also to make any adjustments and reprioritizations of our issues in the materiality analysis to ensure that we focus on the right issues.



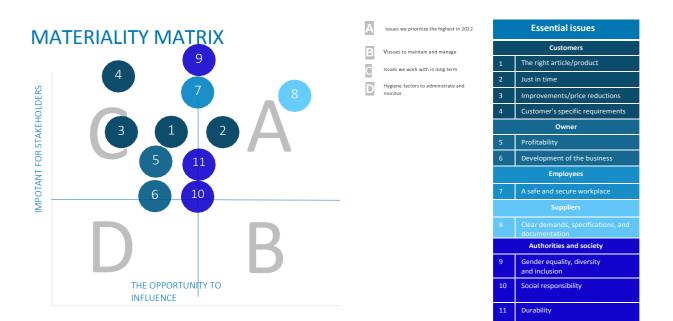




PRIORITIZATION GIVES THE DIRECTION FORWARD

In order to have a successful job and focus on what is essential, it is important to prioritize. Below materiality analysis we have as a tool to navigate among stakeholders' expectations, the demands of the outside world and the risks and opportunities that exist for our business.

The analysis takes into account the risks and opportunities that we have the greatest opportunity to influence in relation to how important they are to our stakeholders. In order for us to be able to work focused and strategically with sustainability, we have analyzed our most important sustainability areas from both an economic, social and environmental perspective. The materiality analysis was developed in our management team where all the company's process owners are included. Read more about how we manage our risks and opportunities under each section of the report.







RESPONSIBLE MANUFACTURING

With our business model, we are a partner through all or part of a vehicle model's life cycle. In some stores, we are involved and influence already from the design phase where Esskå, among other things, through subcontractors makes simulations etc. to ensure that the product is possible to produce at the required quality level. This requires a great commitment from our page and the work is done in close cooperation with our customers and partners. In order to have long-term profitability, it is important that we conduct responsible manufacturing with sustainable growth and that we deliver our products at the right time, at the right quality and at the right cost – both internally and externally.

Economic stability

Our business is characterized by the fact that we conduct the business in a profitable way in order to gain a long-term perspective and the opportunity to improve society. In order to work towards this, it is important for us to ensure stable economic development. Good and stable profitability gives us the opportunity to reinvest in sustainable development so that we can constantly develop and improve our processes and increase our competitiveness in the market. We want to be a long-term sustainable partner to our customers and suppliers with a long-term return to our owners.

In 2022, our sales volumes for both series and spare parts products increased first half year and in second half year decreased as a result of component deficiency, which of course has had a negative impact on our earnings. While it has hit sales hard, it has given us the opportunity to focus on the long-term work to strengthen the identified weaknesses that exist, implement measures and raise the company's minimum level. Through this work, the business will become even more efficient, more competitive, more sustainable, more secure and more developing.

	2020	2021	2022
Net sales, MSEK	128	193	215
Operating margin, EBIT	2,5%	6,2%	4,0 %
Balance sheet total, MSEK	72	79	67
Solidity	51%	54%	32%
Stock value, MSEK	18	33	31







Product quality

Quality is a prerequisite for achieving timely delivery with profitability and should be naturally built into all our processes. All employees at Esskå are responsible for delivering products and services at the right time, at the right quality and at the right cost. We work to constantly improve and develop our processes to ensure the right product quality. We strive for employee-driven improvement work in all our processes, where the ambition is that all employees contribute with their skills and with their commitment. The staff is supported in basic quality work through management and production technology to work away deficiencies that risk faulty products. To meet our customers' requirements for an efficient management system, we are certified according to ISO 9001 and IATF 16949. In addition to meeting customer-specific requirements, we want to strengthen an Esskå way of working that enables us to live up to these requirements in our daily work. We have a KPi number on internal deviations and the goal of having 5 times more internally than external deviations, we keep the quality outcome at a low level.

	2020	2021	2022	Goal
Customer complaints, number of averages/month	1,83	3,92	3,91	≤3,5
Delivery precision, %	92%	99%	98%	100%
Quality deficiency costs/ month (≤1% of yearly turnover)	0,7%	0,7%	0,7%	≤1%
Added value/ hour	933	1061	910	1200

Productivity

One of our selected overall KPIs measures productivity through MI (OEE) where all our automatic press lines and welding cells are measured directly through our ERP system. An important part has been the improvement of our preventive maintenance work, which has led to increased availability in our machines and equipment. Through increased availability, streamlining of processes and improved planning in the business, productivity has developed positively.

In our systematic improvement work (raising the lowest level) linked to productivity, we are continuously looking for technical improvements, stop causes and flow optimizations in our various manufacturing processes.



SAFE & MEANINGFUL WORKPLACE

With 50 employees, we have a great responsibility and an important task in creating a safe and meaningful workplace. At Esskå, we want long-term personal relationships with our employees where we offer meaningful employment characterized by co-employment, continuous competence development, a safe working environment and a place where everyone is welcome. For us, it is crucial to have employees with the right skills for their role in order for us to succeed in our mission. Therefore, our goal is to work together to ensure that we together contribute to the continued positive development of the company through collaboration and dialogue between management, trade unions and employees. We want you to be able to go to work with a smile on your face.

Work environment

We have our employees' health and work environment at the center and integrate occupational health and safety into the business. A healthy and safe working environment with fair working conditions is therefore an important issue and something we are constantly working on. At Esskå, we provide our employees with a safe, healthy and developing workplace. A pleasant workplace with a good working environment is a prerequisite for us to be productive and competitive, but also to strengthen our brand and increase our opportunities to attract and recruit new qualified employees.

We conduct active systematic work environment management to create a physically, mentally and socially sound and developing workplaces for all active people, where risks of work-related ill health and accidents are mapped, prevented and followed up. Risk assessment is carried out through ongoing dialogue with employees. Possible deficiencies are addressed through the collection of data from safety rounds, incident management, employee interviews and workplace meetings. All managers are responsible for carrying out risk assessments and, if necessary, taking preventive and corrective measures.

Important elements of this are the systematic work environment management. Vi will further pordegood efforts in wellness and other incentives that strengthen Esskå as a developing, pleasant and professional company. In connection with rehabilitation, we shall have effective processes that facilitate return to work or other adequate placement inside or outside the company. Occupational health care, the Swedish Security Council and preventive networks are important partners in these contexts. Esskå also provides a wellness grant to be able to care for health and soul in their spare time.

A major focus of our work environment management is safety, where we continuously follow up on accidents and incidents. All accidents and incidents are reported in our internal system, and it is standing as the first item at the meeting "daily control". We encourage incident reporting as we know that it is a good input to preventive work to reduce the risk of accidents. The number of accidents and incidents in 2020 is equivalent to 2019 and what we have seen is that the majority of the accidents were cuts that together with truck traffic are the largest identified risks in our operations.

In 2021, we had very high levels of sick leave, which was related to Covid-19. In 2022 can we see some positive trends. We analyze both long-term sick leave and repeated short-term absences and implement measures if necessary.

	2020	2021	2022	Goal
Sick leave	4,2%	7,8%	4,8%	<3%
Accidents, number	3	4	0	≤3





Skills

Esskå operates a competence development among all employees and it is important to be able to maintain a stable high level of products and deliveries. Therefore, it is of the highest relevance to us that our workplace is attractive and developing because getting the staff to stay makes them stay with us for a long time. We strive to create a work environment that motivates and engages our employees to take their own initiatives, do that little extra and have the right attitude when it comes to customer service and to meet customers' needs. In order for us to succeed in our mission, it is important to have employees with the right skills. Esskå is thus dependent on competent employees and we therefore need to work actively with competence development in order to retain qualified employees. We want to attract the best employees and for that to be possible, we need to be a fantastic employer. We do they offering a safe and meaningful workplace with clear and good leadership and a culture that promotes development for our employees.

We work continuously to ensure the right level of competence by offering training and training of our employees. Every year we review the need for training to minimize the risk of losing our position in the market. The company's training plan should be relevant and be linked to the needs of the skills matrix.

An important instrument in employee development is the annual employee interview. Employee reviews must be conducted at least once a year.

Gender Equality, Diversity & Inclusion

Our organization should be characterized by the fact that all employees have equal rights, opportunities, and obligations regardless of gender, gender identity, ethnicity, religion, disability, sexual orientation or age. Gender equality, diversity and inclusion are one of the major challenges facing our industries. We believe that these areas contribute to better decision-making and a good corporate culture. That is why we are actively engaged in gender equality and diversity work based on the fundamental principle of equal treatment.

Diversity is encouraged at all levels of the business and no form of victimization, harassment or discrimination is accepted. For us at Esskå, gender equality, diversity and inclusion are an issue that we want to take a clearer strategic approach to in the future. Through local initiatives, we want to contribute to increasing diversity in the long term while striving for a more even gender distribution. In order to strengthen this work, we have defined principles in our Code of Conduct regarding recruitment and in relationships with our employees to act in such a way that we do not discriminate against anyone.

With the plan, we want to create a working environment that is suitable for both men and women, where everyone feels welcome. In production, however, this is difficult as the availability of women in our industry is low. Our ambition is to work for more female employees and a more equal industry from an early stage. When recruiting and promoting in the company, diversity and gender distribution shall be prioritized, when equal competence exists.

	2020	2021	2022
Average number of employees	47	53	54
Percentage of women/men, %	17/83	17/83	13/87

The risks of crimes or violations of human rights to which our business is subject are discrimination and harassment in our own operations, as well as unfair working conditions of our subcontractors and suppliers. We do not have a human rights policy, but these issues are stipulated in our Code of Conduct. Esskå has adopted a whistleblowing policy that specifies how employees, who have reason to complain of serious misconduct, can act without violating the duty of loyalty in the employment contract or risk being subject to labor law measures. We have communicated our whistleblowing function to all employees so that everyone feels safe in reporting any misconduct.





OUR RESPONSIBILITY FOR THE ENVIRONMENT

Climate change is the defining issue of our generation. Environmental issues are therefore an important part of Esskå's core values and we as a company want to take our responsibility by using resources responsibly. With quality-assured manufacturing and high productivity, we can reduce our negative impact on the environment. We consider the environmental aspects based on their environmental impact in relation to good economy for all parties involved and work to continuously reduce our environmental impact through the development of our production, services, and processes. We see it as a matter of course to also share our knowledge and, for example, try to influence customers' choice of packaging and packaging taking into account its environmental impact.

Energy management

An important part of reducing our climate footprint is by reducing our energy use. We see a clear link between efficient energy use, reduced environmental impact and reduced operating costs. By taking into account the emissions generated by our energy use in the way we work, Esskå can also reduce operating costs as a result of energy savings. Since 2021, we have therefore carried out an energy survey to identify where in the business we can make savings with various measures.

As an example of energy-saving measures, the continuous transition to more energy-efficient LED lighting is carried out in connection with replacement/maintenance. We ensure the efficient use of machinery and equipment and focus on the "extinguishing (idle driving)" of equipment when not in use. We carried out a major update of heating and ventilation in 2020 where we now heat the plant through recycled heat from the machine equipment as well as supplements with electricity. Through this project, our factory is today close to fossil-free. Since 2015, we have been using 100% green electricity.

	2020	2021	2022	Goal
Electricity consumption KWh/ value added (new measurement from 2020)	97	140	151	≤145
Quality deficiency costs TSEK (1% of sales)	1489 0,9%	1021 0,7%	1655 0,7%	≤1%
CO2 emission Scope 1 + Scope 2	-	5,409	7,372	≤10











Waste management

Taking care of and recycling our waste is an important factor in minimizing our environmental footprint. At Esskå, we have regular meetings with waste contractors to improve routines and instructions related to waste management and to take part of news in the waste area. An important factor that significantly reduces our and our products' environmental impact is how we streamline our processes and reduce the number of errors in the different processes. In connection with manufacturing/processing, residues of various kinds, industrial waste as well as hazardous waste arise.

The largest source of hazardous waste comes from oils/emulsions. Another way for us to reduce the amount of hazardous waste is to review the procurement and consumption that we control and follow up using our chemical management system. For the chemicals we use, a risk assessment is carried out from both a work and external environmental perspective. We work continuously actively to limit the number of chemicals and, where possible, according to the BAT principle.

In 2019, we gradually worked to limit the number of chemical products in our operations. Our scrap waste is sorted into different fractions and largely recycled.







Emissions to soil and air

Acting responsibly to reduce and secure low levels of emissions to soil and air is a hygiene factor for Esskå. Our processes can lead to certain emissions and particles being emitted. Failure to apply pollution prevention measures could lead to a number of negative consequences for the environment but also for Esskå, such as fines and penalties for non-compliance with national pollution prevention standards, reputational damage and high costs associated with clean-up and possible compensation. To minimize the risk of this type of emissions, we have implemented management systems and introduced a variety of initiatives to reduce the use of chemicals, among other things.

In 2018, our scrap handling hall was inaugurated where we handle it with a limited noise level for the surroundings and secured the risk of contamination of the stormwater system.

Shipment/ transport

With suppliers and customers spread across Europe, logistics is an important part of our business. When it comes to shipping to/ from Esskå, it is largely our suppliers / customers who choose and are responsible for these transports and Esskå has a very small opportunity to influence the choice of transport solutions in that flow. However, Esskå works actively to optimize the planning of our production and delivery of our products in order to avoid speed transports both to and from Esskå. Through this optimization, we have reduced our internal transport by having a full truck on both round trips to our subcontractors and thus reduced the number of assignments from each day to 1-2 days per week. With customers' needs and call-offs as a base, we always try to optimize the fill rate, to minimize the need for cars as far as possible.

An important factor in reducing transport is to ensure a good quality of our products. Customer complaints generate unnecessary shipments in the form of return of items and possible replacement delivery to the customer. During 2019 and 2020, Esskå has focused very strongly on customer complaints and disposals with very good results.

At present, we do not follow up on any specific targets or key figures linked to the transports themselves and the emissions they generate. One goal for 2022 is to make a mapping of this.





OUR CONTRIBUTION TO THE VALUE CHAIN

Esskås's business model as a contract manufacturer in sheet metal of parts for the automotive industry means that we have a value chain where we place great responsibility and trust on both our suppliers and customers. Our contribution in the value chain is to manufacture the highest quality details and conduct a business that is imbued with a high level of business ethics, responsible purchasing and sustainable relationships with our customers.

Business ethics

Our global presence requires us to take responsibility – for ourselves and for others. We have therefore created a regulatory framework in the form of our Code of Conduct. This Code of Conduct is a position for Esskå as a company and must be followed by both employees and business partners. Esskå complies with applicable laws, rules, directives, and regulations that apply in the markets in which we operate. Bribery and bribery must never occur. For us, this means that we should always act respectfully, transparently, and professionally towards all parties we meet. One hygiene factor to ensure this is our zero tolerance for bribery, corruption, and human rights violations in our operations. In our Code of Conduct, we prove that we shall be characterized by high business ethics and comply with the laws and regulations that govern our business relationships.

Esskå has adopted a whistleblowing policy that specifies how employees, who have reason to complain of serious misconduct, can act without violating the duty of loyalty in the employment contract or risk being subject to labor law measures. No cases of human rights violations have come to our attention during the year.

Purchase

Continuous collaboration with strategic suppliers is increasingly important in order to be able to take new business and ensure the profitability of the business throughout the life cycle. In order to improve internal as well as external efficiency for all cooperating actors in the supply chain, our purchasing department works closely with suppliers. Purchases shall ensure a price development that follows or is better than controlling market prices. All purchases on Esskå must be carried out in good competition, which requires planning and the necessary time for a quality-assured purchasing work where the client and purchasers work together.

It is important to us that we buy goods with the right quality from our suppliers, that all materials are used in a technically sustainable way, last over time and create satisfied customers. Our purchasing process includes that we should always choose materials and methods that do not adversely affect quality, the environment and the work environment in the short or long term. We also require all our material suppliers to be at least ISO certified. In the context of procurement, it is ensured that suppliers of goods and services have systems in place to deal with applicable requirements. In 2020, we started work to strengthen the cooperation between quality and purchasing in order to work more actively with our prioritized suppliers.

Through supplier assessments, these suppliers also live up to the expectations we set and engage in dialogue with our customers to proactively identify any risks.

Develop collaborations with strategic suppliers with a focus on joint development, optimize material and production management to increase inventory turnover rates and ensure that the company follows purchasing procedures to reach the lowest possible total cost over time. Our logistics department is constantly working to develop and improve logistics flows and optimize warehousing at Esskå with the goal of contributing to optimized productivity through a high level of service.





Sustainable customer relationships

We act as a reliable and honest company and live up to our commitments. We believe in long-term customer relationships where we together with our employees and business partners create the basis for strong financial results, consideration for the environment and social commitment. By long-term customer relationships, we believe that it should be economically sustainable both for us and for the customer while at the same time managing nature's resources. We take responsibility for how we affect society, and we minimize unnecessary consumption of the resources we have at our disposal. Our business model is based on sustainable manufacturing of sheet metal components for mainly heavy vehicle industry in medium volumes. Large variations in volume over time, special management internally and externally as well as technical challenges mean that close cooperation with our customers is required for the business to be sustainable. We therefore maintain a continuous dialogue with our customers about their needs. We are responsive to their wishes, while in terms of product and production we support and assist with our expertise in order to influence and encourage the customer to make more sustainable choices.









