

SUSTAINABILITY REPORT

2023

MICROPOWER GROUP
POWERFUL SOLUTIONS PARTNER

MICROPOWER GROUP[™]
POWERFUL SOLUTIONS PARTNER

We help the industry to transform

Micropower Group is an international company, specializing in development, manufacturing, and distribution of industrial battery systems and battery charger solutions.

Rooted in our “Småländska” values and extensive experience, we have transitioned from being a supplier of battery chargers and power supplies, to becoming a globally recognized provider of batteries and battery charging solutions.

Micropower is a market leader in the material handling sector in Northern Europe. In 2023, we delivered 1,200,000 units to customers and dealers worldwide.

Climate change, population growth, and increased urbanization are reshaping the transport and infrastructure landscape, altering expectations. In all our endeavours, we focus on how to minimize our climate impact, enhance resource efficiency, and conduct business responsibly.

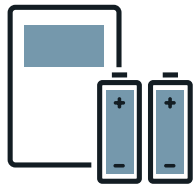
At Micropower, sustainability includes responsibility for both positive and negative environmental and social impacts, derived from our operations.

As part of our commitment to electrification, we positively contribute by providing efficient and optimized battery systems

that generates value for our customers, employees, shareholders, suppliers, local communities, and the environment.

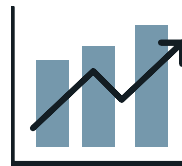
We address negative impacts through long-term goals and a clearly defined strategy, aimed at reducing or eliminating their effects.

The Sustainability Report 2023 outlines the progress made towards achieving our goal of carbon neutrality by the year 2045. Additionally, it details specific activities and the goal fulfillment related to our key focus areas. The report is published separately from the annual report and is accessible on Micropower Group’s website.



1 200 000

SOLD UNITS



1,9

BSEK TURNOVER



511

EMPLOYEES



5

COUNTRIES



9

SITES

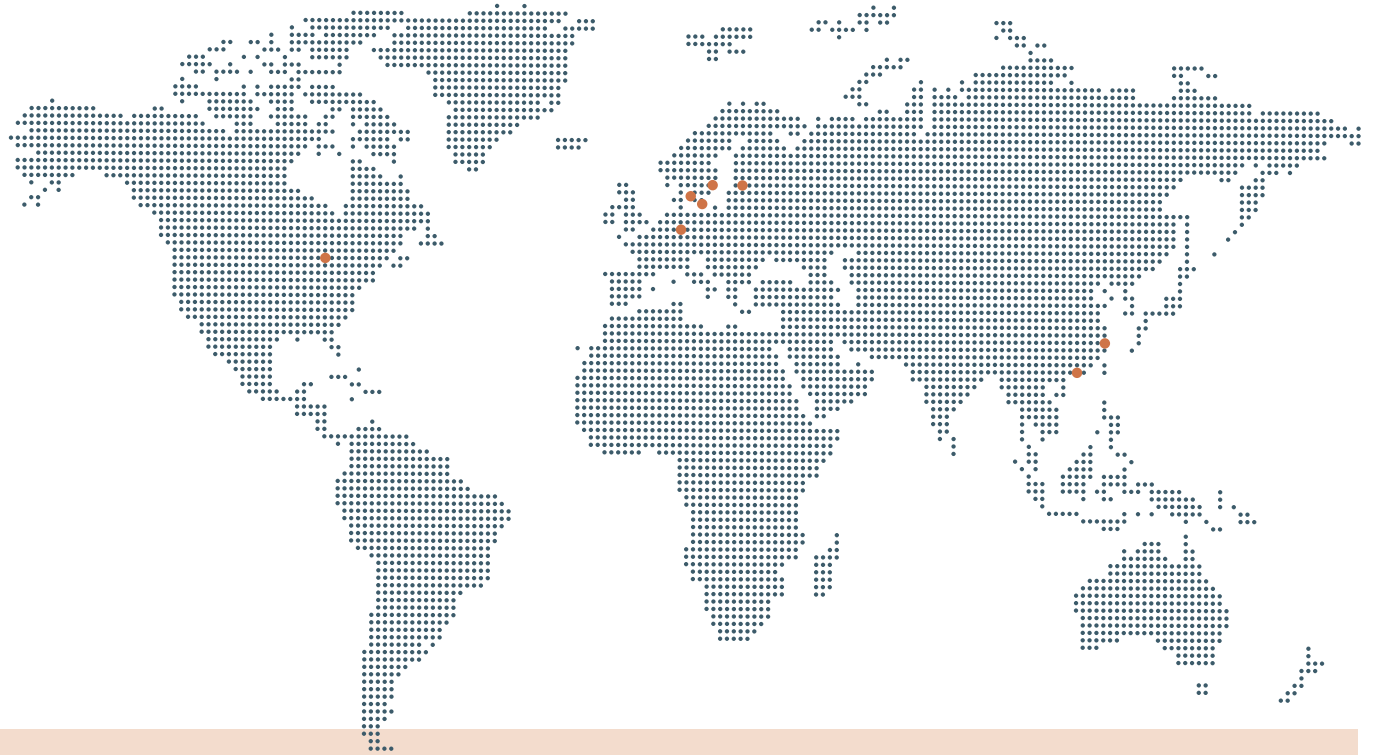
Green energy solutions for the future

Micropower Group supports companies globally in the electrification of both existing and future applications within the industrial sector.

With our in-house development and manufacturing facilities in the Nordics, we specialize in Lithium-ion battery systems, charging solutions and power converters, enabling us to create sustainable energy solutions for the future.

Our mission is to contribute to making the electrification of the industry a reality. Our vision is to become a global leader within industrial systems and products for batteries and battery charging.

Micropower Group has its headquarter located in Växjö, Sweden and own operations in 5 countries across Europe, USA and China. Micropower has an established network of independent distributors and dealers worldwide.



Växjö

Headquarter for Micropower Group. R&D centre, sales, service and production of battery chargers and batteries.

Göteborg

R&D centre for battery modules and systems.

Stockholm

R&D centre, sales.

Shanghai

Sales, service for the Asian market. Divested in December 2023.

Salo

R&D centre, sales, service and production of battery chargers.

Berlin

Sales and service for the German market.

Hongkong

Sourcing.

Troy (OH)

Sales and service for USA and Canada.

Sustainability during 2023

Micropower's New Battery and Charger Factory

In 2023, the foundation of our new battery and charger factory was completed. The factory makes it possible to expand our production capacity to meet the growing demand for environmentally friendly, electric alternatives in the market. The construction of the building itself aligns with the company's sustainability profile.

In addition to production, the 25,000m² area also houses offices and a research and development center for battery and charging systems. The office building is made entirely of glulam, which gives a lower CO₂ footprint.

In October, Micropower signed an agreement with the local energy company Växjö Energi AB, which will supply the building with locally produced, renewable energy. The agreement includes district heating, district cooling and ground heat. Additionally, the property will feature a solar energy plant with an annual production capacity of 461 MWh.

The energy solution is just one of several examples of the building's sustainability profile, which will meet the environmental certification for Miljöbyggnad Silver.

EcoVadis

With the help of Ecovadis, the company's policies and routines regarding the environment, human rights, ethics and working conditions have been analyzed. Improvements were made across

several areas compared to the previous year. The Ecovadis requirements have been raised since last year and with three points from gold we received silver in 2023.

Loop Truck

Micropower decided to implement an HVO100-powered loop truck for local supplier transportations. This aims to reduce costs and environmental impacts by bisect transport distances, resulting in CO₂ savings and improved delivery reliability.

New Transport Provider

During the year, an agreement has been signed with a new transport supplier. The supplier provides climate-smart options for our transports, meaning that we get increased traceability of the transported goods and can review the climate impact in detail. In this way, the agreement contributes to a large part of our improved sustainability work.

Scope 3

In 2023, we started to measure our CO₂ impact in detail. We use the Green House Gas (GHG) protocol to measure and calculate our emissions and have previously measured Scope 1 and 2 with high precision. Now we have set the foundation to enable calculation of all our other emissions (Scope 3) in detail, where our impact also is the greatest. With the help of the mapping, we will be able to take measures where it makes a difference. The mapping contributes to a big step towards our long-term goal, to become CO₂ neutral by 2045.



Phase 1 – Production for chargers. Picture from spring 2023.



Phase 2 – Production for Lithium-ion batteries. Picture from fall 2023.



Phase 3 – Office building. Picture from winter 2023.

From ambition to reality

The essence of our business is that every day, we should become better. We are confident that continuous adjustments and improvements will make the most significant difference. Instead of implementing extensive and rapid changes, we choose to develop daily by making our work a little smarter, a little better, and even more sustainable.

There is an increasing commercial interest in creating business based on green solutions. This is reinforced by new legal requirements such as the Battery Regulation and the Corporate Sustainability Due Diligence Directive. We are convinced that a fundamentally sound business is the best guarantee that new solutions are truly sustainable.

For Micropower, the past year has meant a lot of activity for learning and understanding. More and more people in the organization are getting involved to learn frameworks and definitions, which is necessary to be able to take the next step. A lot of focus has also been placed on creating a factual basis with correct calculations that gives the opportunity to prioritize correctly in the efforts we carry out.

A cornerstone of the work is to integrate sustainability work into the operational activities, and during the year, purchasing and supplier cooperation has been an area where we have taken great steps forward. We have become clearer about the requirements that applies when delivering to Micropower. We have organized ourselves for implementation and created tools for how the work with suppliers should be carried out.

Efficient use of energy is one of society's most important sustainability issues, and here Micropower continues to hold the ambition high in how our products are designed and manufactured. We drive and lead the development of products that have a high built-in efficiency and thereby have a positive impact throughout their lifetime. We also drive investment and development for new, efficient Lithium-ion batteries that, compared to traditional Lead-acid batteries, have a significantly higher efficiency, and provide a large, positive impact in the total life cycle.

Our aspiration and ambition to be a company that helps shape a positive future remains - We are part of the future's solutions!



The industry's partner for sustainable energy solutions

The industrial sector continues its journey towards replacing fossil fuels with green energy solutions. Within several industries there is an increased demand for sustainable solutions that not only need to be able to cope with current operations, but also the sustainability requirements of the future. In this journey, we are a standing partner.

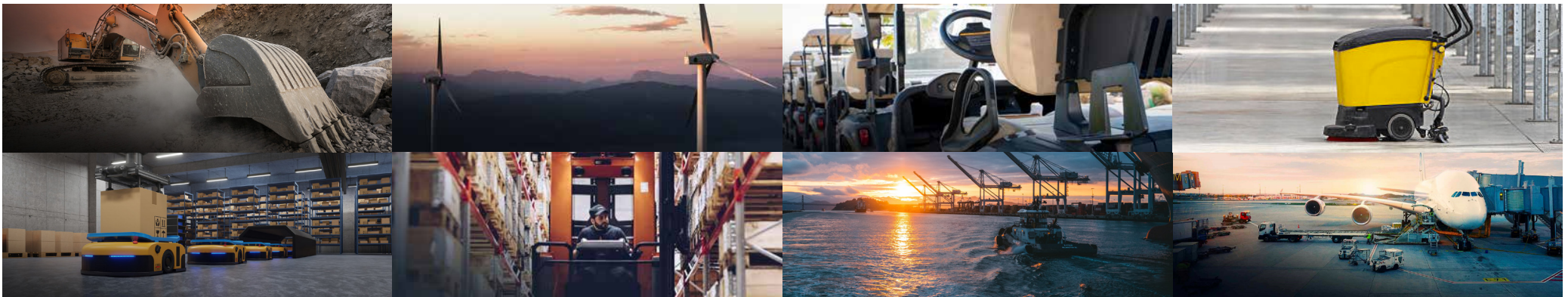
We have extensive experience with various customers in the industry. With our expertise in Lithium-ion batteries, charging systems and power conversion, we want to contribute to the electrification.

Our engineers, operators, service technicians and others, enables us to develop and sell systems and products that facilitates the industry's transition.

We have the competence and resources to design systems and products with high efficiency, high energy density and a long lifespan. The products are developed in accordance to current environmental requirements and legislations. Our products are flexible and can be adapted both to the industry's specific needs, as well as to the demands and challenges of the future.

Micropower is a manufacturer, developer, and supplier with focus on supporting various companies in the industrial sector and their suppliers. With in-house development and production, we have had a focus on quality, user-friendliness and energy efficiency since the beginning.

Today, we have a strong position in the market and are the largest battery charger manufacturer in Northern Europe. We are also one of the largest manufacturers of Lithium-ion batteries with a fully automated production.



We take responsibility for our actions

Micropower contributes to the development of electrification in several industries. As a company, we have a responsibility towards our employees, customers and the environment, and strive to fulfill this in the most sustainable way.

In today's global environment, where supply chains extend globally, we don't only affect our local environment, but also the environment in countries where metals and other substances are extracted and processed. We evaluate and assess our supply chains from a social and environmental perspective.

Micropower is aware of its corporate responsibility along the entire supply chain and complies with applicable transparency laws and regulations, including the EU Conflict Minerals Regulation. Micropower does not import conflict minerals directly into the EU. We require and expect our business partners who directly or indirectly import conflict minerals to comply with these regulations.

To review our supplier base, which is largely located in Asia, is challenging. The availability of information and its accuracy can be limited. We continuously work with risk assessments based on the routines defined in our supplier selecting process.

Micropower has always focused on developing products with low energy losses. As the world becomes increasingly electrified, the availability of electricity in Sweden and Europe decreases, while costs increase. This makes the value of our product development even clearer. Through smart design choices and new technology, we can increase the efficiency and lifespan of our products, which reduces energy consumption and the CO₂ footprint of the customer's application.

In order for Micropower to report the total CO₂ footprint, we need to collect the corresponding data from our suppliers. The work requires training and cooperation with the suppliers on a new level. At the same time, we need to respect the fact that the degree of maturity varies in different industries and regions.

Micropower shall be the customers' first choice in battery and charger systems. We must be a long-term, honest, fair and respected partner in the business and the communities we act in. Micropower's DNA is to be long-term in everything we do - quality, relationships and product development. In other words, we must be sustainable.



“Defining tomorrow, through actions today”

Micropower’s overall goal is to become CO₂ neutral by 2045. The sustainability work is divided within the three pillars; social, economics and environment. Within each pillar, there are objectives that are linked to the functions that are responsible for the respective aspects. The work is conducted on group level.

Micropower’s impact on CO₂ emissions has been evaluated through a process that follows the GHG protocol. The evaluation shows that the the most essential impacts to our carbon footprint are found within Scope 3, specifically purchased goods and services (category 1) and from the use of our sold products (category 11).

The functions Technology and Procurement, which controls and targets our areas where we have the greatest impacts, are included in the Economics section.

Cooperating with suppliers regarding CO₂ and having a high efficiency on our products is crucial for an improvement of our CO₂ footprint.

Including sustainability requirements in the development phase of the product is necessary. Then there is opportunities to control the choice of materials, electronics concept and how the product can be manufactured in an energy-efficient way.

Our cooperation with our suppliers is based on an approval process where the supplier is evaluated based on several parameters, where the social parameters are of most importance. Signing the Supplier Code of Conduct is a requirement to become a supplier to Micropower.

Within Micropower, we are constantly working to improve our work environment and to develop our employees. We must have an equal, safe and inspiring work environment. One of the goals is to increase the proportion of women in leading positions at all levels.

All sustainability targets within Micropower can be followed in Position Green, our system for reporting and goal management within sustainability.

The UN’s global goals through Agenda 2030 guide Micropower’s sustainability efforts and objectives. Six of the targets are identified as relevant to Micropower.

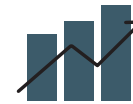


Sustainability in everyday life



SOCIAL

Promote well-being,
learning and engagement



ECONOMICS

Create sustainable products
and make wise choices



ENVIRONMENT

Minimize environmental impact

At Micropower, we work with Sustainability every day. The work is based on the overall strategy and activity plan from 2021. In 2024, the strategy will be updated and further clarified.

Social

For Micropower, a good working environment for our employees is of the highest importance. It must be healthy, safe and secure. We achieve this by working with continuous improvements which we monitor via our work environment system. We have few accidents within our company as a result of our work. As an employer, we cooperate with both union representatives and our employees within our work environment group in a good and constructive way. The assessment of risk observations and incidents has become more effective in 2023, which means that we reduce the risk of future accidents.

Continuously working to increase Micropower's value as an attractive workplace is crucial for us to be able to grow as an employer. In 2023, we have done the framework for our new Employer Brand strategy - One Micropower Group. We have also made an update of our core values that will be launched in 2024.

Increasing the overall percentage of women, with a focus on management and the board, is important to us. We work with the issue internally and together with current recruitment companies. In 2023, the composition of the board has increased from 0% to 20% women.

Competence is a key factor in our strategy. We work both to train employees internally via our training portal and to establish contacts with selected universities in various electronics areas.

Economics

How we at Micropower develop our products is crucial for our CO₂ footprint.

The focus on circularity starts in the business case, where the entire life of the product is defined and analyzed. At the start of a project, the relevant product is linked to our sustainability aspects such as efficiency, service level and choice of material.

Micropower's products and their functions are increasingly governed by EU legislation, for example the new Battery Regulation. A task force has been appointed to define and monitor that each affected function carries out the actions required to comply with the legislation.

Making active material choices is part of the development work. It has a significant impact that we use materials with low CO₂ impacts, and the right amount of material based on relevant mechatronics calculations.

In order to become a supplier to Micropower, several criterias must be met, where the social criterias are important. The requirements are defined in our supplier's manual. Our category

leaders have close cooperation with their suppliers, where deviations from the requirements are followed up through audits by the SQA department (Supplier Quality Assurance). A current area of discussion is the amount of recycled material in purchased items.

Finance is, together with Sustainability, responsible for the CSRD directive with the associated ESRS standard. In 2023, we have increased our competence on what the directive will entail for Micropower, which will be valid for the 2025 financial statements. Together with Position Green, we have started a Double materiality analysis where the result conveys the extent to which Micropower is affected by the ESRS standard.

Environment

Handling our waste responsibly is something we do every day in our business. Routines and instructions are documented in manuals and at the recycling stations. Our partner in recycling has in 2023 reviewed our operations with a focus on plastics, where the goal has been to increase the number of fractions. The work resulted in more fractions that can be recycled, but the expansion will be introduced after the production moves to the new factory in the summer of 2024.

The supply management department works to ensure that the goods are packaged, labeled and delivered into production in the most efficient way, which is part of LEAN production. The goal is to streamline the material flow.

Social sustainability

For us, social sustainability is about people's quality of life, both within Micropower and in the world around us.



MEN

376



WOMEN

135



EMPLOYEES

511



ACCIDENTS

8

Employees

Leadership training

The leadership training that has been ongoing throughout 2023, has had the goal of developing our Production Leaders and creating conditions for a good work environment. This, where our employees feel secure in their knowledge of Micropower's core values, work methods and requirements. Micropower has grown as a company, both in terms of turnover and number of employees. This contributes to the need for a common view on leadership where the personal development of our Production Leaders also is in focus.

The demands on Production Leaders have gradually increased in the form of follow-up and control, which requires new competence in leadership. Being able to develop together in a group in one's own environment, together with a motivating coach, creates positivity and strength in daily work.

Employee survey

The purpose of our employee survey is to create a better working environment and increase productivity, well-being and engagement. This by identifying problems and areas of development that the organization can work on to improve the workplace and its culture.

Every month, a questionnaire is sent out regarding the well-being within Micropower. It gives us a good basis for monitoring well-being and the working environment, as well as acting if we receive signals that something is not working.

Workplace

Equality

At the end of 2023, there were 376 men and 135 women working at Micropower. The proportion of women remains at the same level as for 2022.

We have an equality perspective in our recruitments, where recruitment advertisements must have a gender-neutral message and the selection process has a focus on equality. We see challenges in recruiting women to leading positions in management groups and boards. Improving gender equality both among employees and in management has a high focus. The goal for Micropower is to have 40% women both on the board, management team and in the company as a whole.

Employer Branding

Launched in 2019, our employer brand has been key to both attracting and retaining employees. It clarifies our company

culture and facilitates recruitment and onboarding. During 2023, we have welcomed 29 new employees to Micropower.

Work environment

Safe and secure

Everyone is responsible for helping each other create a safe and secure work environment. It is about following the routines and policies that exist, but also about reporting and dealing with incidents and accidents. Areas that we constantly focus on includes electrical safety, truck driving and fire safety. The psychosocial work environment is continuously evaluated through employee interviews and training of managers and leaders.

By integrating preventive psychosocial work as part of the company's overall health initiatives, we can create a healthy work environment where employees thrive and perform at their best level. This leads to increased productivity and reduced staff turnover.

The psychosocial work environment at Micropower is continuously evaluated through employee interviews. It provides insight into how the employees experience Micropower as a workplace and identifies any challenges and areas for improvement.

“Leadership training brings us closer”



Joakim Engqvist, Production Leader

In 2024, Micropower will move its two production units in Växjö to the new battery and charger factory. Based on that, leadership training for Production Leaders in Växjö started.

- The background to the leadership training is to create “One Micropower”, says Joakim Engqvist, Production Leader in Micropower’s current battery factory in Växjö.

Focus on leadership profile and adaptability

The training involves identifying leadership profiles and reviewing how it can be used in everyday work. One identifies risks, benefits and the response to other leadership styles based on one’s own profile.

- Adaptability, or how adaptable you are, is one of the “keys” you are given to use in your everyday life, says Joakim.

The training is based on the creation of an IDI profile. Based on that profile, the adaptability is shown. If a person is a driven leader with a certain authority, the emphasis is on working on the soft sides and vice versa. Material was provided to work with individually and together with colleagues. The employees within production groups have been given questionnaires in which they had to fill in how they perceive their Production Leaders.

The aim is to see how well one’s own identity and the perceived image match each other.

- Ideally, one’s own completed profile and the employee’s filled in form, should be close to each other. If they are far from each other, there is a problem. Then you see yourself in one way while others see you in another and then you have quite a lot to work on, explains Joakim.

Joakim points out that the purpose of the training was not to change personalities or leadership styles of the Production Leaders. A variety of leadership types is good. On the other hand, the importance of having an awareness of one’s leadership profile is highlighted in order to be able to adapt to employees when necessary. The importance of giving and receiving feedback is one of the incentives from the training.

Preparation for merger and relocation

The training will strengthen the Production Leaders as a group and prepare them for the merger of the production units with

the move to the new battery and charger factory. It’s a change process that will take time, but with the help of the leadership training, is seen bright on. The leadership training started in 2022 and has continued since then. In 2024, a GDQ is planned, to address the topic of group dynamics. However, the upcoming move can affect the planning.

- Micropower sees us in production and chooses to invest in this training. We have been decentralized in the battery production in the past, but with this training we have grown closer to the charger production and other colleagues, concludes Joakim.

About IDI Profiling

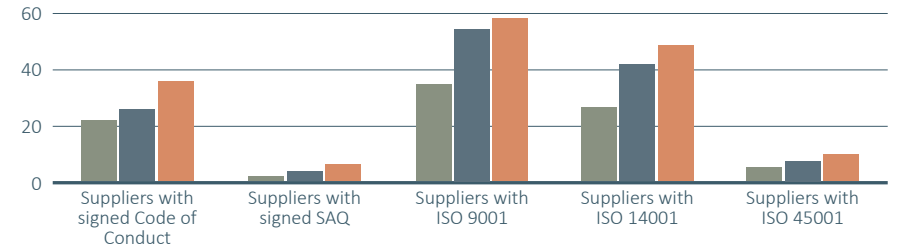
IDI uses the current context as a starting point for developing social intelligence in the workplace. IDI enables individuals to increase their work capacity with actionable insights from how others perceive them in their different roles in different work contexts.

About Group Development Questionnaire (GDQ)

The GDQ questionnaire is used to map a team’s stage of development, strengths and areas for development.

Economic sustainability

Within economic sustainability, we have both our biggest challenges, but also the greatest opportunity to make a difference.



Products

New products with sustainability focus

In product development we prioritize the entire product life cycle. Our design guide and product planning emphasize efficiency, repairability, recyclability and other aspects that extends the service life and reduces the CO₂ footprint. Our Product Development Engineers focus on energy-efficient solutions, which can be seen in newly launched products.

Effective material choices

We use steel and aluminum in our products for casings and cooling of electronics. To reduce the CO₂ footprint, we seek more efficient components that require less cooling and are planning to set requirements for recycled material from suppliers.

Electronic components have a negative impact on the climate and contains earth metals. The most common purchasing channel for electronics is from distributors, which makes it difficult to set requirements as the distributor is not the manufacturer of the component. Micropower strives to improve data collection to increase transparency and ensure that components meet our sustainability requirements. By collecting more detailed and reliable information from our distributors, we can make decisions and actively work to reduce the environmental impact and usage

of rare earth minerals in our electronic components. This is an important part of our commitment to promote a sustainable and responsible manufacturing chain.

Suppliers

Processes for long-term stability

In 2023, we strengthened our purchasing team with competence, structure and new processes to enable long-term growth. We clarified the requirements for supplier selection and follow-up, as well as launched our supplier manual for clearer business relationships.

We focus on being proactive to minimize risks and strive to be involved in the decision-making process in order to positively affect outcomes. With support from our Supplier Developers, we carry out supplier audits to ensure quality.

Improved control with system support

During the year, we introduced a system support for digital signing and document management to increase flexibility and control of our supplier-related documents. We actively use a spend analysis tool to monitor our supplier budget and purchasing patterns, giving us a quick overview and visual control over our supplier base.

Change management for increased control

In 2023, we implemented a significant change in our way of working by introducing a category organization on group level, who is responsible for the supplier base. This gives us control over supplier ownership and access to the whole Micropower's supplier spend. With access to analysis data and cross-functional teams, our Category Leaders drive projects to ensure long-term strategies and value-creating improvements. In these projects, long-term sustainability goals are included to support our CO₂-neutral vision.

Financially

Finance has, together with sustainability, started the implementation project of CSRD and ESRS. Micropower must report 2026 for the reporting year 2025. We will use our reporting system Position Green as support in our ESRS reporting.

Financial goals

Our business goal fulfillment is a prerequisite for continuing the sustainability work and contributing to the energy transition. In 2023, we had a turnover of SEK 1.9 billion, which is 6% above budget. The goal is to reach SEK 4.7 billion in turnover by 2028, while we continue to invest in our business and our employees.

“Our suppliers must meet the latest sustainability requirements”

The category projects are cross-functional projects that are run at group level. For the circuit board project held in 2023, Kauko Immonen, Category Leader at Micropower, was responsible.

The circuit board project

Sustainability is an important part of choosing a circuit board supplier, it is also an energy-intensive industry where minerals, water, and chemicals are used in manufacturing. The goal of the project was to ensure that selected suppliers enable the company's growth in a competitive and sustainable way.

- We have a tough growth journey ahead of us which presents challenges for both the suppliers but also for us internally. Based on that, it is good that the category projects are cross-functional as it enables people within the organization to discuss these issues, both during the projects, but also after, says Kauko.

Previously, decentralized supplier work brought challenges in the new category projects. For the circuit board project, one of the biggest challenges was that there were a limited number of suppliers who could meet Micropower's requirements, and most of them had their main manufacturing sites in Asia.

- If we look at it from a sustainability perspective, we are very Asia-focused today from a supply chain point of view. Which means that we need to dig more in detail into the data we get from the suppliers, explains Kauko. It is not easy to obtain CO₂ data for the whole supply chain.

Europe vs. Asia

As the supply chain regarding raw materials has been centralised more and more into Asia, it has led to that most of the circuit board manufacturing is located there. European manufacturers focus more on the high-end circuit board production. From a cost perspective, it is more efficient to choose a supplier from Asia where the supply chain mostly exists.

- If we choose a circuit board factory in Asia, we can take advantage of the European manufacturer who have their partner production in Asia. They then still have full responsibility of the



Kauko Immonen, Category Leader.

supply and sustainability, even though there is a third party in the supply chain, a partner factory, says Kauko.

Micropower mainly uses circuit boards manufactured in Asia on the basis that the board size and volume have a better match for that manufacturing. The equivalent from a manufacturer in Europe would generate a higher cost, but with the same quality.

Standardized CO₂ form

The circuit board project's suppliers have acted as a pilot study for collection of CO₂ data. With the help of Micropower's sustainability department, forms have been sent out to selected suppliers for the collection of data. Here, however, you can see that the collection process is time-consuming when choosing European vendors with factories in Asia.

Environmental sustainability

With our core values as a base, sustainability is something that permeates the entire organization. It helps us make conscious decisions for a sustainable future, in our everyday life.

Energy

With sustainability in focus, we choose to divide the energy area into three main areas: to make active choices of renewable electricity contracts, to minimize energy consumption in our properties, and to have an efficient production.

5 out of 9 sites are powered by renewable energy, and our battery module factory has a solar panel facility that produces 130,000 kWh/year. At our new battery and charger factory, solar panels will also be installed, which will annually generate approximately 461,000 kWh. In 2023, the group's electricity consumption increased by 4.75% (US excluded) in relation to a turnover increase of 23%.

In projects for new products, electricity consumption is an important aspect. We make sure to choose modern production equipment and estimate the energy consumption so that the production has as high effect as possible, while at the same time minimizing the risk of unnecessary energy waste.

Transport

During 2023, we have worked with sustainable transports. We

always work to combine shipping and streamline our transports as much as possible. A large part of that work has been the decision to introduce a loop truck.

The loop truck will run on renewable HVO100 fuel and will transport goods from several of our suppliers in the local area around Växjö. In the past, freight from these suppliers required individual transports. Now, all stops will be combined during the same route, driven by one truck.

The transport distance from the affected suppliers will be reduced by approximately 65% through the loop truck, and the CO₂ emissions are estimated to be reduced by 13 tons per year.

During 2023, an agreement was signed with a new transport supplier. The new supplier makes it easier for us to measure and reduce our transport-related CO₂ emissions. They offer sustainable means of transport and provide us with detailed CO₂ data.

Material

We work continuously to increase the proportion of recyclable material in our purchases and products. In 2023, we have started



EcoVadis

For the second year, we have gone through our sustainability work at all levels through EcoVadis. The assessment is based on the quality of our routines and policies regarding the environment, human rights, ethics and working conditions. In 2023, we improved on several points compared to last year. However, the requirements have been raised in 2023, and with 3 points from gold we received silver.

to work on collecting detailed CO₂ data and recycling rates at material level for our products. The purpose of the collection is to map our impact, and thus be able to compare materials and suppliers at a detailed level, which enables well-founded choices for a reduced CO₂ impact.

We continuously work with material choices. During the year, we have started to work with the value chain regarding packaging materials, focusing on recycling. The project is at an initial stage, and we will continue to work on the issue in the future.

Waste

We always work on improving our waste management. In addition to reducing the amount of waste based on the waste ladder, we have a close collaboration with serious recycling partners to ensure as effective and sustainable waste management as possible. We sort and recycle our waste, with an ambition to continue to increase the number of recyclable fractions. This is something that is taken into account during the development of our new battery and charger factory.

”There is a positive attitude to make sustainable choices”



Maria Ström, Category Leader at Micropower, was in charge of the category project Transport and Logistics. Sustainability is one of the most important perspectives in transport procurement. Here, measurements implemented by the supplier is requested.

Maria Ström, Kategoriledare.

- How they work to reduce carbon dioxide emissions, what initiatives are taken to reduce waste and promote responsibility, how they work with the UN's global goals for sustainable development - are some things we always ask for, says Maria.

Transport procurement

When evaluating suppliers for transport, emphasis is placed on future adaptation to meet sustainability requirements and Micropower's growth journey. Maria highlights the importance of digital solutions to streamline the workflow and ensure transparency through traceability and reports.

- One important aspect from a sustainability perspective is that we today can get CO₂ data for each shipment directly through these digital solutions, says Maria.

The goal is to use the same suppliers in the largest extent, but if necessary, other suppliers can be chosen for specific markets.

This is based on the transport's specific needs and requirements, as well as suppliers' expertise. Cost versus sustainability is a continuing challenge where environmentally friendly alternatives, such as sea freight, can mean cost surcharge.

- Sustainable fuel alternatives have been standard for a period, but in the future, you will have to make an active choice for, as an example, sea freight. Meaning that you will have to take a stand, regarding additional cost that environmentally friendly fuel will require, explains Maria. However, there is a positive attitude within the organization towards making sustainable choices.

Loop truck with HVO100

In the project, the decision was made to add a loop truck with the environmentally classified fuel HVO100. This is for suppliers in the vicinity of Växjö, where two out of three manufacturing units are located. A feasibility study was done for weekly

transports, reviewing the degree of filling and the return of packaging. The result showed that the weekly transports were 827 km. By combining the deliveries and returns in a common loop, the project's analysis showed increased efficiency, reduced emissions and cost savings.

- With the new loop truck, the transport distance was 298 km. A saving of around 13 tons of CO₂ a year, says Maria. Now that we've noticed that this is a great way, it's easy to bring in more suppliers and expand the loop if needed.

Environmental impact CO₂

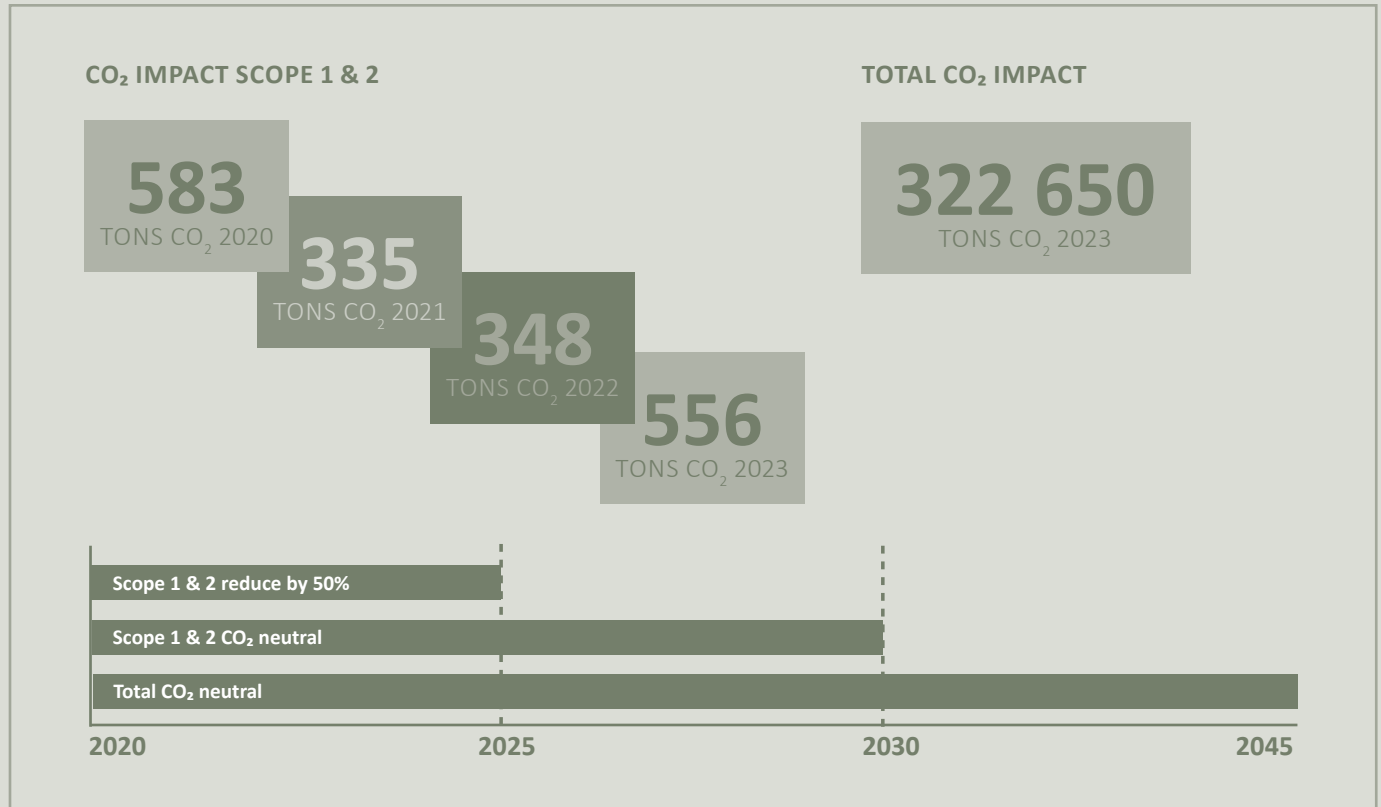
Micropower aims to become CO₂-neutral by 2045. We calculate our CO₂ impact using the GHG protocol.

The screening of emissions from 2021, which was carried out during 2022, shows that Micropower's greatest environmental impact is connected to our products. The most significant impact was identified within Scope 3, category 1, which includes purchase of goods and services, and category 11, which refers to the usage phase of our products.

In 2023, we decided to start calculating our entire Scope 3 emissions, after the screening showed that approximately 99% of Micropower's total environmental impact comes from Scope 3.

- Scope 1 & 2 have 2020 as base year
- Scope 3 has 2023 as base year

2023 is the first year Micropower reports on Scope 3. The following categories are excluded as they are not applicable to the business: 8, 10, 14 and 15.



Environmental impact CO₂

Scope 1

Direct emissions from our own operations. Micropower's KPIs:

- **Company owned cars:** Micropower has 7 company cars. 2 service cars within the property are powered by electricity. The other 5 cars have mixed fuels, with a focus on electricity and are used by our sales office in Germany.
- **Leakage of GHG gases from refrigerants:** According to the annual report, we had no leaks in our cooling units. The company has no other emissions from production or properties that are reported within Scope 1. Change in delimitation: 1 property divested.

Total emissions for Scope 1 in 2023 are 8 tons of CO₂, which is a reduction of 10 tons from 2022, mainly affected by switching to more electric cars.

Scope 2

Indirect emissions from purchased electricity, heating and cooling. Micropower's KPIs:

- **Electricity - Market based:** 2 companies within the group (5 sites) have renewable electricity contracts with approved certificates, 0 kg CO₂ emissions in Scope 2. Other companies have contracts with a mixed profile, where the respective country's residual mix is used.
- **District heating:** Company data is used in the calculation, which is considered approved data. Change in delimitation: 1 property divested.

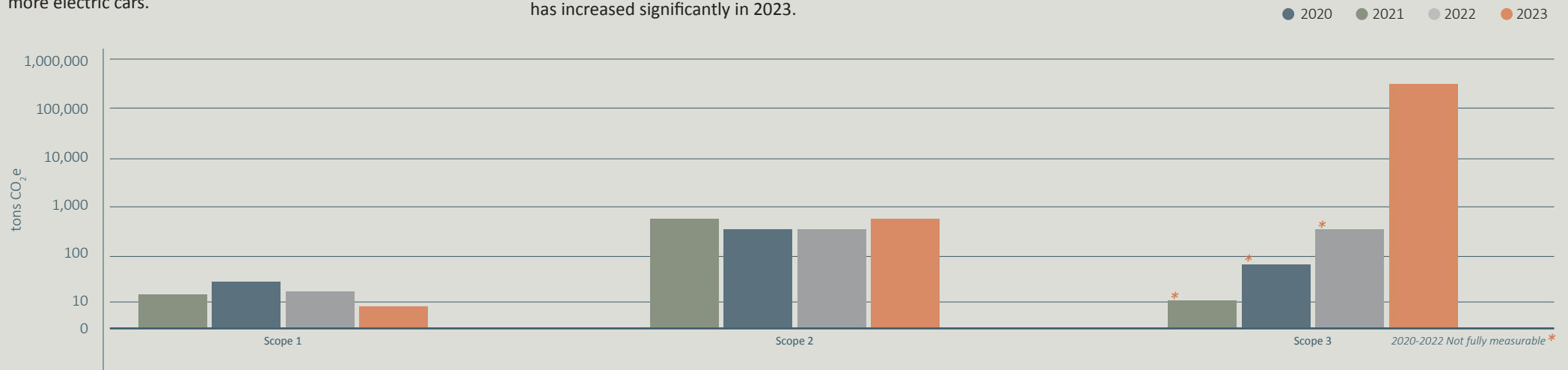
Total emissions for Scope 2 in 2023 are 548 tons of CO₂, which is an increase of 218 tons from 2022. The single biggest reason for the increase is that Finland's emission factor for the residual mix has increased significantly in 2023.

Scope 3

Other indirect emissions that occur outside the company's borders. Emissions are divided into upstream and downstream.

In 2023, data within relevant categories within Scope 3 has been collected. The methods differ between the categories. Within our biggest impact areas, categories 1 and 10, we consider the data to be highly reliable where the method and emission factors are discussed with consultants with expertise in the field. In lower impact categories, reliability varies based on general data availability.

Total emissions for Scope 3 are 322,094 tons of CO₂.



GRI-table

GRI-ref.	Indicators	Unit	2023	2022	2021
204-1	Procurement practices - Performed audits	Audits	4	4	2
204-1	Procurement practices - Performed CSR audits	Audits	0	0	0
205-2	Employees trained in business ethics	%	100	100	
205-3	Number of reported incidents or legal actions	cases	0	0	
205-3	Reported cases from Whistleblowing channel	cases	1	0	
205-3	Number of confirmed corruption cases	cases	0	0	
305-1	Greenhouse gas emissions from own operations, Scope 1	ton CO2e	8	19	27
305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation	ton CO2e	151	165	148
305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation	ton CO2e	548	330	308
305-3	Other indirect (Scope 3) GHG emissions	ton CO2e	322 094	348	66
302-1	Electricity from internally generated solar power, sold	kWh	29 249	34 305	30 360
302-1	Total energy usage, own operations	kWh	3 057 207	2 919 968	2 843 960
302-1	Energy usage - purchased electricity	kWh	2 953 716	2 818 423	2 741 660
302-1	Energy usage - purchased thermal energy, incl. remote heating	kWh	755 403	1 076 579	892 879
306-3	Waste by type - sorted	ton	222	193	
306-3	Waste by type - hazardous	ton	10	5	
306-3	Waste by type - non-hazardous	ton	223	193	
306-3	Waste by type - other/unsorted	ton	1	4	
306-4	Waste by disposal method - recycled	ton	144	93	
306-5	Waste by disposal method - landfill	ton	0	0	
306-5	Waste by disposal method - energy recovery	ton	104	84	
306-5	Waste by disposal method - biotreated	ton	2	0	
308-1 *	Suppliers that were screened using environmental criteria	%	48	41	27
308-1 **	Targeted contracts that include clauses on environmental, labor, human rights requirements	%	36	26	

* Not new suppliers only. ** Signed Code of Conduct.

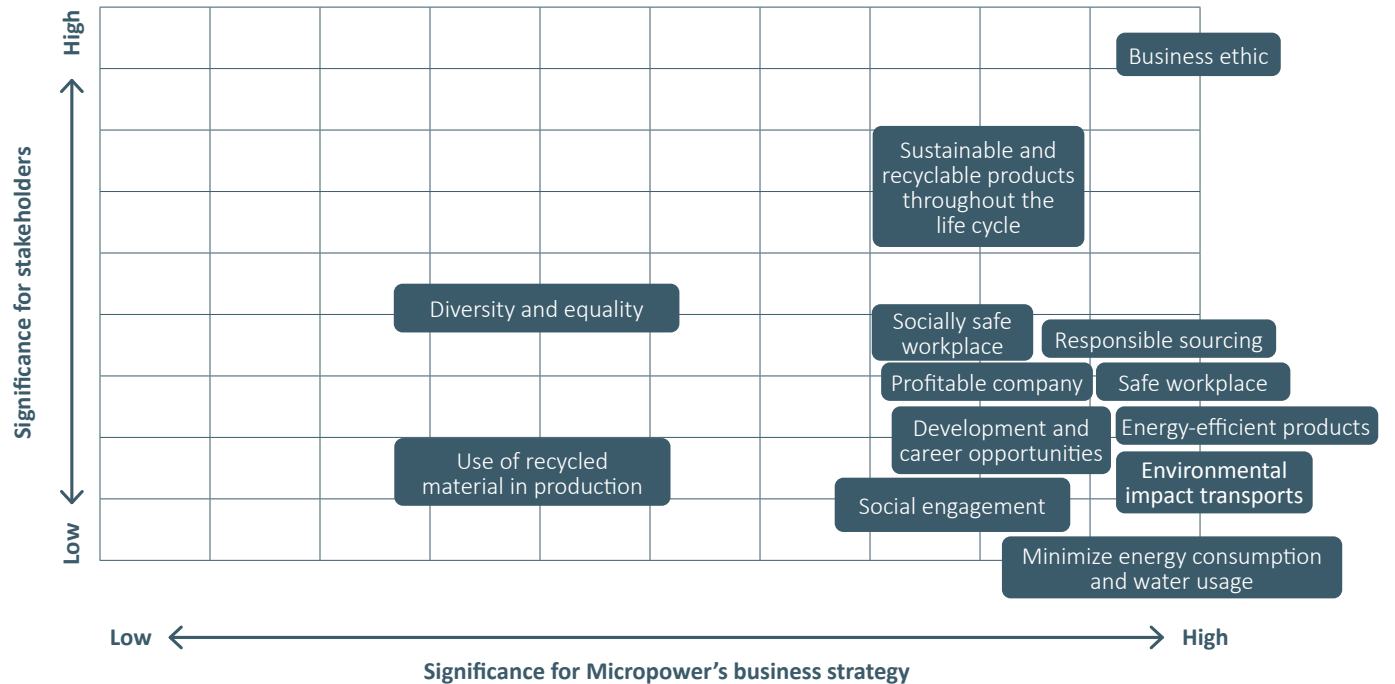
GRI table continued

GRI-ref.	Indicators	Unit	2023	2022	2021
308-1	Buyers who received training on sustainable procurement	%	100	0	
308-2	Suppliers screened for environmental risk through audit or self-assessment	suppliers	15	10	
401-1	New employee hires	new hires	29	74	
401-1	Employees turnover	new hires	29	11	
403-2	Number of cases lost time work-related injury, employees	cases	7	4	
403-2	Number of cases lost time work-related injury, other workers	cases	1	1	
403-2	Number of hours (lost time) work-related injury, employees	hours	356	32	
403-2	Number of hours (lost time) work-related injury, other workers	hours	144	51	
404-1	Average hours of training per year per employee	hours	5	6	
405-1	Diversity of management - share of women	%	7	5	
405-1	Diversity of management - employees under 30 years	employees	0	0	
405-1	Diversity of management - employees 30-50 years	employees	31	31	
405-1	Diversity of management - over 50 years	employees	25	33	
405-1	Diversity of employees - share of women	%	27	29	
405-1	Diversity of employees - employees under 30 years	employees	84	95	
405-1	Diversity of employees - employees 30-50 years	employees	232	217	
405-1	Diversity of employees - over 50 years	employees	154	133	
407-1	Employees covered by an employee representative or by a collective bargaining agreement	%	97	97	
408-1	Number of reported cases of child labor	cases	0	0	
409-1	Employees trained on modern slavery	%	100	100	
410-1	Number of confirmed information security incidents	cases	1	0	
414-1 *	Share of suppliers that was screened using social criteria	%	10	8	6
416-2	Number of product recall	cases	0	0	
416-2	Numbers of customer health and safety incidents	cases	0	0	

Materiality and stakeholder analysis

Prior to the release of Micropower’s first sustainability report in 2021, a stakeholder analysis of both internal and external stakeholders was conducted. The stakeholders for the analysis were customers, owners, employees, suppliers, students/future employees and society at large. The areas considered were based on the three sustainability parts: social, economic and environmental, as well as Micropower’s focus areas.

The result of the analysis shows that it is of great importance to our stakeholders that we place energy-efficient products on the market, which also need to be sustainable throughout the entire life cycle. Responsible sourcing together with sound business ethics are areas that also are important to our stakeholders. The majority of stakeholders also value the area of profitable business high on the scale. The stakeholder analysis has recently been reviewed and still considers to be to be relevant for the year 2023.





Responsibility within sustainability

The board has the highest decision-making authority regarding sustainability. Micropower's board is collectively responsible for strategically managing risks and opportunities related to climate change, including Micropower's transition to becoming a CO₂ neutral company by 2045. Micropower's board approves the Code of Conduct, the sustainability strategy and the sustainability goals. The board monitors the development of Micropower's performance in relation to the sustainability strategy and goals.

Micropower's management team is responsible for determining the company's strategic approach to sustainability. The management team follows up the development and implementation of the sustainability work. The Director of Sustainability is part of the QEHS function and is responsible for strategy development and coordination of sustainability at group level.



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GROUP FUNCTION QEHS

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Therese Adenmark, Director Sustainability



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