SUSTAINABILITY REPORT 2022

Defining tomorrow. Through actions today.

MICROPOWER GROUP™
POWERFUL SOLUTIONS PARTNER

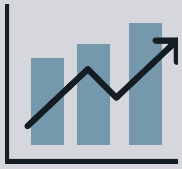
MICROPOWER GROUP SUSTAINABILITY REPORT 2022

Supporting industry transforming to green energy

Micropower Group is an expanding company in a changing industry that is undergoing a major transition from fossil fuels to green, electric alternatives. Micropower is at the forefront of this change.

With our smart and complete battery and charging systems, along with fantastic employees with expertise in all areas, we are now focusing on continued growth.

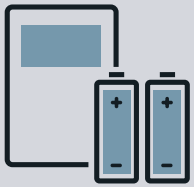
As a major player in the market, we have a significant impact on the global sustainability goals, and they have an impact on us. In this report, we gather the efforts we make - both large and small - for the future.



1523
MSEK
TURNOVER

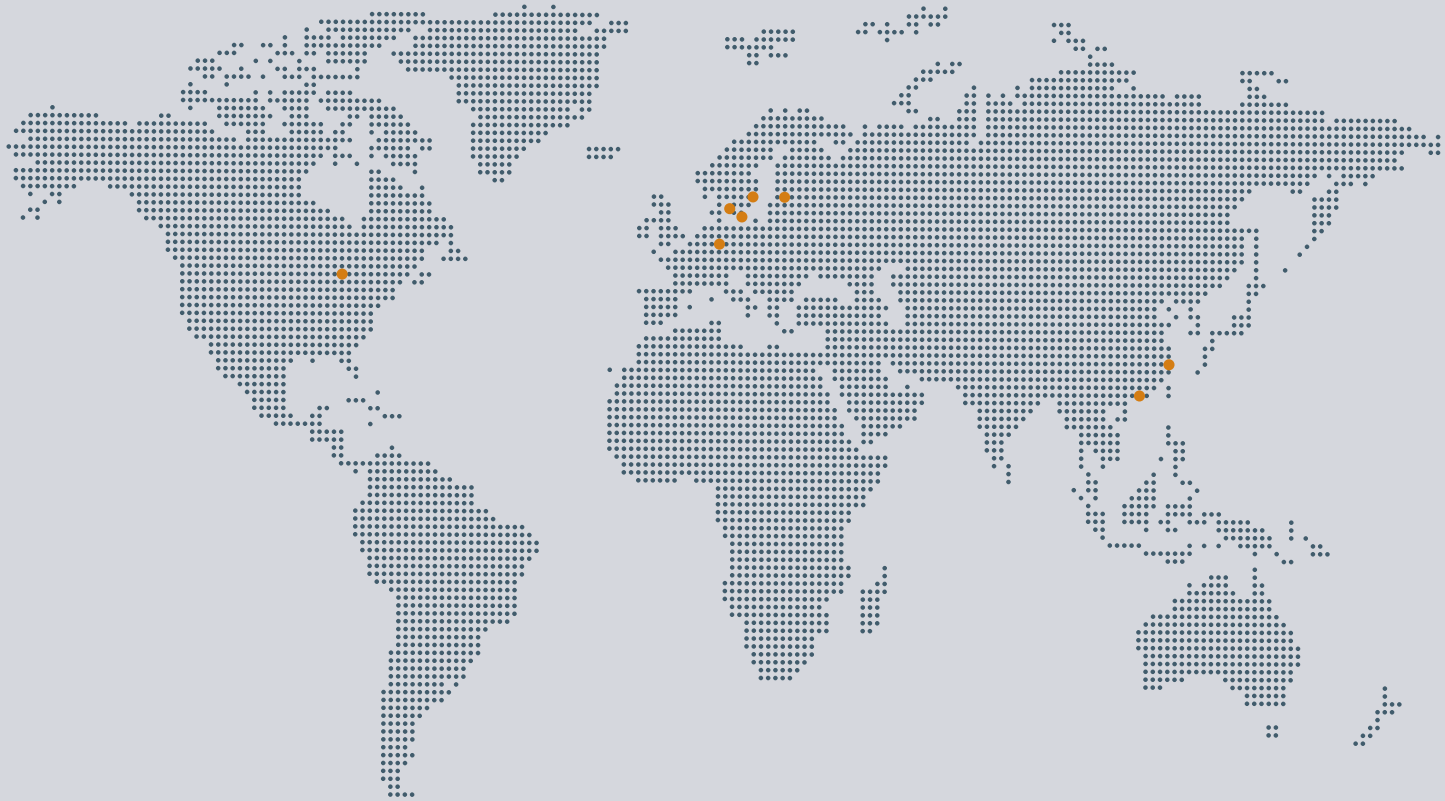
5
COUNTRIES

9
SITES



900 000
SOLD UNITS

490
EMPLOYEES



ABOUT MICROPOWER GROUP

A part of something bigger

Micropower Group is a recognized international company group that develops, manufactures, and market unique charging solutions for batteries and power supply, as well as modular lithium-ion batteries.

With values built in the Småland region of Sweden and extensive experience, we have evolved from being a supplier of battery chargers and power supply units to become a world-leading system provider in batteries and battery charging, with expertise across the globe.

Micropower is market leader in the material handling sector in Northern Europe and in 2022 we delivered 900,000 battery chargers, lithium-ion batteries, and power supply units to customers and resellers worldwide.

Micropower is always part of something bigger. Our system solutions and products provide power to vehicles and machinery around the world. That's where we and our innovations show their strength - and that's what drives us forward.

Växjö
Headquarters of Micropower Group. R&D center, marketing/sales, service and production of battery chargers and lithium-ion battery modules.

Göteborg
R&D center for lithium-ion battery modules.

Stockholm
R&D center and marketing/sales

Salo
R&D center, marketing/sales, service and production of battery chargers.

Berlin
Marketing/sales, and service for the German market.

Shanghai
Marketing/sales, and service for the Asian market.

Hongkong
Procurement/material supply

Troy (OH)
Marketing/sales, and service for US and Canadian market.

OVERVIEW

Sustainability during 2022

Code of conduct

Our Code of Conduct articulates our strong corporate culture and describes the foundation for how we should act and what can be expected of us as employees of Micropower.

The purpose is to establish standards and values for our organization to ensure that we act in a correct manner towards our customers, business partners, employees, local communities, and the environment.

Today, our Code of Conduct is a natural part of our operations, both in the onboarding of new employees and in the development of existing employees and leaders.

Supplier Code of conduct

Our expectations for business ethics and sustainability from our suppliers are very high, and we have clearly defined these standards in our Supplier Code of Conduct. The document is based on the ten principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, and expresses the expectations that we have onour suppliers.

We encourage our suppliers to establish their own Code of Conduct and to communicate our requirements to subcontractors and other stakeholders who ultimately provide goods or services to Micropower Group

Second life for batteries

In 2022, a circular energy storage system from BatteryLoop was installed at Stena Metall AB's headquarters in Gothenburg, built with reused batteries from forklifts containing Micropower battery modules.

As a battery supplier, we want to enable our customers to recycle or reuse their batteries in a sustainable way. Finding solutions such as battery storage increases the value and improves the environmental impact of the battery modules.

Aiming for gold with Ecovadis

This year, we conducted our first analysis of our operations with the help of Ecovadis, and achieved a silver rating. Ecovadis conducts a comprehensive review of policies and procedures relating to the environment, working conditions, human rights, ethics, and sustainability at all levels. Now, we are aiming for Gold!

Implementerat Position Green

We have implemented Position Green, a sustainability reporting system that enables coordinated data collection from our various sites. The system provides us with, among other things, climate data in the form of CO2 impact within the different scopes of the GHG Greenhouse Gas Protocol.

New factory and headquarter

In the fall of 2022, we broke ground for our new factory and headquarters in Växjö. The building, with an area of 25,000m2, will house both battery and battery charger production. The project has a clear sustainability profile and will meet the requirements for Miljöbyggnad Silver. (environmental building certification).

Sustainability at heart

2022 has been an important year for us from a sustainability perspective. Our three focus areas are high on the agenda, and through our funded sustainability projects in each focus area, we can now easily see how we are contributing to a more sustainable future. You can find further information in this sustainability report.

CEO TORBJÖRN GUSTAFSSON

Every day - a little better

A few years ago, we began to intensify our work with sustainability, and we did so with great humility and caution. We realized that we needed to learn before we could act, and we wanted to avoid setting unrealistic goals.

It is therefore gratifying that we now see positive effects from continuously and systematically working with sustainability. We have discovered that many areas and actions come naturally, and we have been pleasantly surprised by the effect. As our products are at the heart of the energy flow systems, small improvements in efficiency can make a significant difference over the product life cycle.

Another positive development is that today sustainability work comes with great business benefits. The market both demands and values solutions that enable positive development, which increases our incentive to invest in sustainability. This also provides better conditions for long-term sustainable solutions. A good example of this is our smart energy solutions that optimize larger charger systems.

The solution serves larger advantages for our customers and end-users than more traditional solutions, which provides a business case for investing in these solutions. The solutions also have real and positive environmental effects.

As our company continues to grow, our value proposition becomes an important tool for attracting new employees and working with our partners, customers, and suppliers. Over the past year, we have developed the way we collaborate with our suppliers, and our belief is that this will lead to stronger and deeper business relationships in the future.

We are still in the early stages of our sustainable journey and we continue to approach the task with humility and caution. We strive to make things a little better and smarter every day, which also is the foundation of our sustainability work.

With this comes an even stronger committment to our mission to continue to create smart solutions and facilitate the industry transition towards electrified products.

CUSTOMER FOCUS

Our customers are our most important asset. That’s´s why we should always focus on our customers and their needs. – That goes for all of us.

QUALITY

Our customers have high expectations of us. That´s why we should always focus on quality in everything we do. From product development and design to communication and service.

WASTE

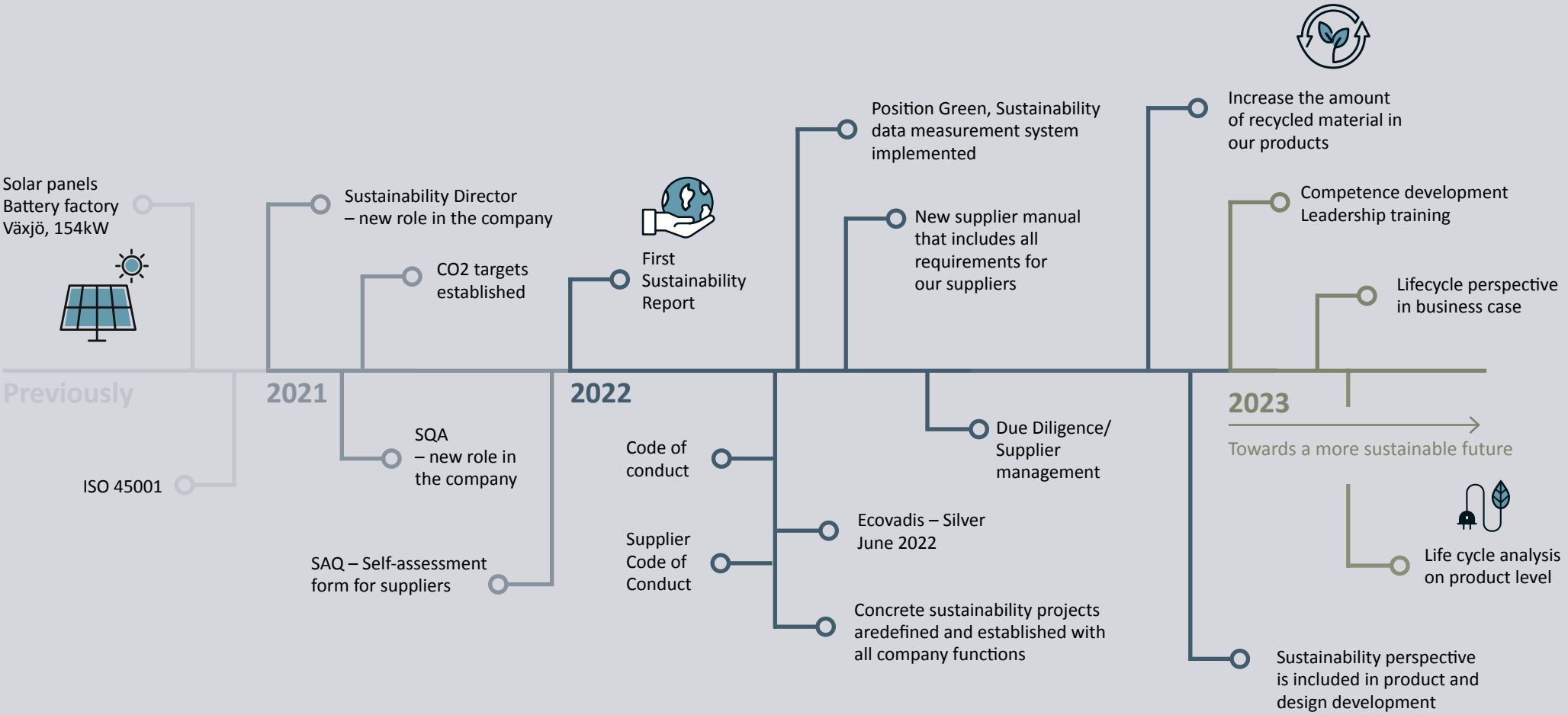
Together we create value for our customers. By working efficiently and keeping things simple, we can eliminate waste in our processes. This is for the benefit of our customers and ourselves.

WE

We can only reach our goals through teamwork and cooperation. By always doing that “little extra” for each other we create a great workplace.

SUSTAINABILITY OVER TIME

Our road to sustainability



MICROPOWER GROUP IN A BROADER PERSPECTIVE

Electrification – our business

When new markets are being electrified and applications that were previously powered by fossil fuels need to be transformed, our knowledge and experience are invaluable. With almost 40 years of experience in charging solutions and electrification, and with dedicated engineers working to develop products and systems that enable electrification, we are proud to help our customers with their transformation to electrified solutions.

We enable uncomplicated solutions for our customers and partners through our technology platforms in battery systems, charging solutions, and power conversion, while environmental requirements and legislation are tightening.

Our battery systems are flexible and can be customized to meet the customer's specific energy requirements and available space in the application. This is one of the major challenges in electrifying existing applications, and we help our customers meet this challenge efficiently.

Micropower's marketing activities are focused on selling directly to OEMs or their suppliers. We focus on developing and manufacturing our own products, mainly in our own factories, with a strong emphasis on quality, user-friendliness, and energy efficiency. To create customer-specific system solutions in batteries and charging, mutual trust and openness in cooperation with the customer is crucial.

Our overall expertise in electrification gives the customer an advantage also in the subprojects that often arise as a result of electrifying an application. Taking the complete system into account is a success factor appreciated by our customers.

Micropower currently has a strong position in the market. We are the largest battery charger manufacturer in northern Europe and within battery systems, we strengthen our position every year through new collaborations with major players.

Our products in applications around the world

- Construction Equipment
- Automotive
- Ground Support Equipment
- Cleaning machines
- Forklifts
- Automated guided vehicles
- Utility vehicles
- Energy Storage
- Marine
- Custom solutions

MICROPOWER GROUP IN A BROADER PERSPECTIVE

Evolving our sustainable business

Micropower, as a company, contributes to the development of electrification in several industries. We are aware of our responsibility towards our employees, customers, and the environment and strive to fulfill this responsibility in the most sustainable way possible.

In today's global environment, where supply chains extends across the globe, we do not only affect our immediate environment but also the environment in countries where metals and other substances are extracted and processed. Therefore, we need to constantly evaluate and assess our supply chains from a social and environmental perspective.

Examining our supplier base, which is largely located in Asia, is challenging, where the availability and accuracy of information can be limited. We follow OECD guidelines and make our assessments based on approved sources, including Human Rights Watch, the Perceptions Index, and trade unions. In 2023, we plan to conduct CSR audits on suppliers with a high-risk profile.

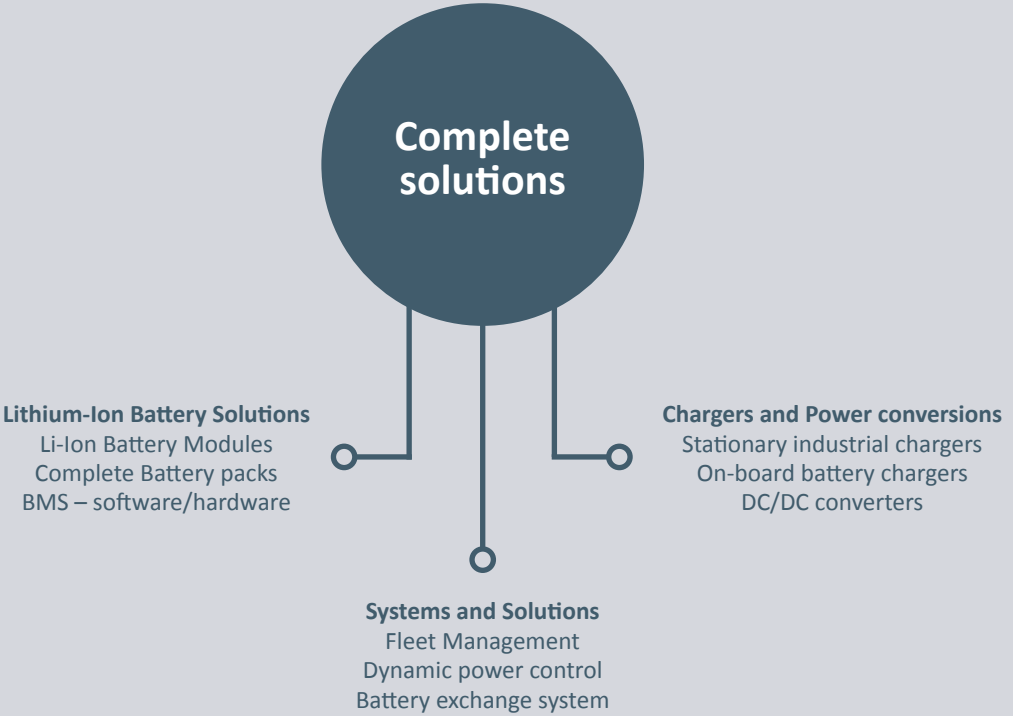
Micropower has always had a focus on developing products with low losses. As the world becomes increasingly electrified, and the availability and cost of electricity increases in Sweden and Europe, the value of this becomes even clearer.

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 be able to report the carbon footprint for products and the company as a whole, we need to collect corresponding data from our suppliers.

The work requires education and collaboration with suppliers at a new level, while we need to respect and relate to the maturity level that differs between industries and regions. In 2022, pilot projects with aluminum suppliers have been initiated, providing us with knowledge about upcoming challanges.

Micropower aims to be the customers' first choice in systems for chargers and Li-Ion batteries. We should also be a long-term, honest, fair, and respected partner in the business and communities we operate in. Micropower's DNA is to be long-term in everything we do - quality, relationships, product development – or in other words – we aim to be sustainable.



OUR APPROACH TO SUSTAINABILITY GOALS

”Defining tomorrow, through actions today”

We have always had a strong focus on sustainability within Micropower Group, which is reflected in the mantra *”Defining tomorrow, through actions today”.*

As an employer, supplier, and manufacturing company, we have a significant impact on people, the environment, and society.

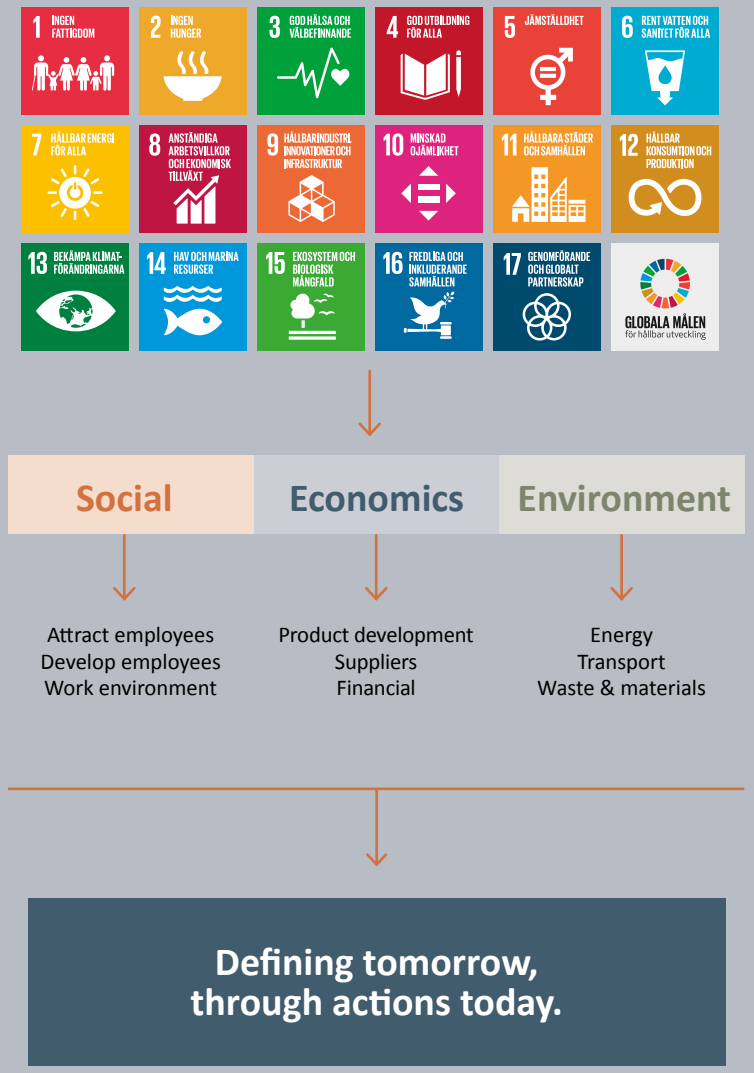
Therefore, we also have a great responsibility to do our part in achieving the United Nations’ global goals for sustainable development, Agenda 2030. We have analyzed our company to define where we make the most difference and defined our focus areas grouped into social sustainability, economic sustainability, and environmental sustainability.

All parts of the company are involved to define KPIs within each focus area and integrate them into current routines so that they become a natural part of our work day.
On an overall level, we also ensure that the focus areas can be measured and followed up, so that we know that we are constantly improving.

Our greatest opportunity to make an impact is through our products and suppliers, which we have grouped under economic sustainability. For example, if we can increase the lifespan and circularity of our products and ensure that our suppliers meet our Code of Conduct, we will have come a long way.

To achieve this, our most important key is the people within our company:

Brilliant people seeking excellence, every day.

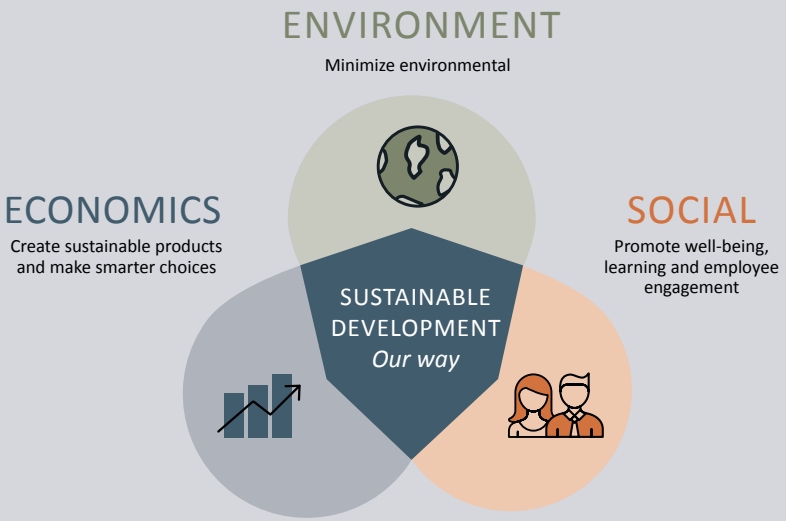


SPECIFIC INITIATIVES

Sustainability in our everyday life

Together, we have concretized our sustainability areas by formulating what we want to achieve, focus areas and what the main challenges are.

The matrix on the following page describes the measures we have taken towards sustainability, which are further supplemented by the actions implemented throughout 2022. In the following pages, we provide more detailed descirption of our daily efforts in each area and our plans for the future.



DEFINING TOMORROW,
THROUGH ACTIONS TODAY.

	Vision	Focus areas	Key focus points	Activities 2022
	**SOCIAL** Promote well-being learning and empoyee engagement	• Employees – We constantly develop and empower our employees in order to achieve our goals. • Workplace – We want to be an attractive employer and workplace. • Work environment – We have a healthy, safe and secure workplace.	• Develop cooperation with universities. • Training in Code of Conduct on regular basis, all employees. • On boarding - training for managers and leaders. • Code of Conduct - education for managers and leaders. • Focus on electrical safety, forklifts, warehouse and fire safety. • Further develop the workplace environment within the Group (incident reporting, safety committee, risk analyses, etc.).	• A collaboration with Chalmers University has been initiated to establish a competence center for sustainable battery production - ongoing. • Training on the Code of Conduct for employees and managers - completed. • Development of a routine for Onboarding training - ongoing. • Continuous updates and assessments of risk analysis - ongoing. • Continuous training forklifts, warehouse, and fire safety - ongoing. • Include the Swedish companies in TIAN - ongoing.
	**ECONOMICS** Create sustainable product and make smarter choices	• Products – We develop efficient and safe products that are sustainable throughout the life cycle. • Suppliers – We work with suppliers who take responsibility for the environment, the workplace and quality in their own and their subcontractors' operations. • Financial - We achieve our financial goals while maintaining focus on all three parts of sustainability.	• Product efficiency. • Minimize energy consumption in usage phase. • Reduce the amount of waste internally and at our customers (purchased items). • 2nd life. • Repairable. • Define life cycle in business case. • Approve new suppliers by active choices. • Supplier target: ISO 9001, ISO 14001, ISO 45001, GHG data, Conflict minerals. • Due dilligence supply chain. • Reduce the amount of waste internally and at our customers (product packaging). • Sustainability included in business strategy.	• Set efficiency/product Group targets - ongoing. • Set targets for energy consumption in usage phase/ product group - ongoing. • Include life cycle perspective and second life in business case - ongoing. • Define repairability/product group - ongoing. • Update business case document with relevant life cycle perspective - ongoing. • Packaging for sold goods should be recyclable to the highest possible degree - ongoing. • Define supplier selection process - completed. • Define future requirements for suppliers regarding environmental data and certifications - ongoing. • Platform and strategy for collecting environmental data - ongoing. • New due diligence directive for corporate sustainability CSDDD, step 1 - risk analysis - completed. • Packaging for purchased goods should be recyclable to the highest possible degree. Requirements should be updated for suppliers - ongoing.
	**ENVIRONMENT** Minimize environmental impact	• Energy – We choose the right energy solution and streamline our energy use. • Transport – We plan, coordinate and choose the right supplier for our transports. • Waste – We sort and handle our waste responsibly. • Materials – We strive to increase the proportion of recycled materials in or purchases.	• Minimize purchase of fossil energy. • Transports: suppliers should offer a modern vehicle fleet efficient planning, with a low CO_2 impact. • Choose transports with the least environmental impact, if possible coordinate transports. • When traveling we choose transport with the least environmental impact, if possible. • Reduce the amount of waste internally.	• Active selection of fossil-free electricity agreements - sites in SE have agreements with renewable electricity. Work is ongoing to change agreements in FI - ongoing. • Active selection: new transportation provider - responsible category purchaser is working on new requirements - ongoing. • Instruction for operational procurement, call-offs - ongoing. • Update travel policy - ongoing. • Review local environmental aspects and environmental goals programs within the Group's companies and sites with the aim of reducing waste - ongoing.

SUSTAINABLE WORLD AND SUSTAINABLE EMPLOYEES

Social sustainability

For us, social sustainability is about people's quality of life, both within Micropower and in our surroundings.

MEN 356

WOMEN 134

EMPLOYEES 490

ACCIDENTS 5

74 NEW EMPLOYEES

5% WOMEN IN MANAGEMNET

SICK LEAVE

1,3% LONG TERM

2,5% SHORT TERM

Internally, equality, fairness, and equal treatment are fundamental values and an approach that we constantly carry with us in all our interactions. Similarly, it is natural for us as a group to value, live, and act according to diversity, openness, and inclusion in our everyday lives.

We encourage and facilitate continuous physical and personal development both in and outside the workplace through our established programs. We also strive to be a visible and tone-setting player in our surrounding community by being accessible and acting as role model.

Employees

Leadership program
During the year, our first leadership program has started with the ambition to develope existing employees and build leaders with a background in the organization.

Whistleblower function
A digital whistleblowing function has been implemented on our website to provide the opportunity to report any misconduct.

Employee survey
Every month, we conduct a pulse measurement of the well-being within Micropower. This provides us with a good base of information to monitor well-being and workplace environment, and to act if we receive signals that something is not working.

Wellness group
Micropower wants to encourage physical activity and a healthy lifestyle. The wellness group organizes various activities such as fitness classes, padel and running events. The company collaborates with a lifestyle coach who provides tips and advice on ergonomics, nutrition and exercise.

POWERFUL PEOPLE

Workplace

Equality
At the end of 2022, there were 356 men and 134 women working at Micropower. The proportion of women has increased from 25 percent in 2021 to 27 percent in 2022. The group of employees under the age of 30 has increased from 17 percent in 2021 to 21 percent in 2022, which we see as a positive development. We have a gender equality perspective in our mission towards our recruitment partners, where job advertisements should have a gender-neutral message, and the selection process focuses on gender equality. We see challenges in recruiting women for leadership positions in management groups and boards. Improving gender equality among employees and management is highly prioritized.

Code of Conduct
During 2021 and 2022, our Code of Conduct was introduced to all employees and managers. It is included in the onboarding process for new employees and in further education for existing staff.

Employer Branding
Our employer brand, launched in 2019, has been key to both attract and retain employees. It clarifies our corporate culture and facilitates recruitment and onboarding. In 2022, we welcomed 74 new employees to Micropower and see a continued need to recruit more employees in 2023.

Workplace environment

Safe and secure
Everyone is responsible for working together to create a safe and secure workplace environment. This includes following existing procedures and policies, as well as reporting and addressing incidents and accidents. Areas that we continually focus on include electrical safety, forklift driving, and fire safety. The psychosocial work environment is evaluated on an ongoing basis through employee interviews and training for managers and leaders.

EVERYDAY SOCIAL SUSTAINABILITY WITH MARKKU KUUSINEN

“The safety and environment of the workplace are a top priority for Micropower”

For Markku Kuusinen, who is the Production Manager in Salo, Finland, it is important to have a secure employer who thinks longterm and values employees highly

– When a company grows, there is a risk that social sustainability will suffer, but Micropower takes these issues seriously. Here in Salo, we see it in everything from safety and facilities to the social workplace environment, says Markku Kuusinen.

Markku Kuusinen, production manager, Salo

Employee surveys and onboarding
Something that Markku particularly emphasizes is that Micropower is good at listening to employees, improving processes, and being clear about how everyone can contribute to a socially sustainable company.

Within Micropower Group, employee surveys are regularly conducted among the majority of employees to identify areas for improvement as well as what employees appreciates.

The latest employee survey conducted among the 75 employees at Micropower in Salo resulted in around 4 out of a maximum of 5.

Micropower also has an onboarding program for new employees, which means that they are introduced to the new job at a moderate pace and have the opportunity to grow into their role.

– A month after someone starts, we also go through how they have experienced Micropower during their first time and if the new employee is missing anything. We are happy to receive feedback to further improve, says Markku.

The Micropower spirit
Since this year, Micropower also has a Code of Conduct, which contains the company’s guidelines for how everyone should act and contribute to a sustainable business.

– Much of it is common sense, but having it in writing is a strength. It means that it is taken more seriously and that it enters employees’ consciousness in a different way, says Markku.

One thing that Markku appreciates about his employer is the open culture that exists, where everyone talks to everyone and is listened to by both colleagues and management. He also thinks that Micropower has become better at communicating externally about this.

– It feels good that we today are more visible on social media, where we can build pride and highlight everything from work environment to community engagement. All of this helps create ’the Micropower spirit’, he says.

SUSTAINABLE PRODUCTS AND SMART CHOICES

Economic sustainability

Economic sustainability gathers our biggest challenges, but also the greatest opportunities to really make a difference.

TURNOVER 2022
1523
MSEK
(1072 MSEK)

SIGNED COC
26
PROCENT
(22 %)

We strive to have a long-term sustainability perspective when collaborating with our suppliers and partners. Our products should have high degree of efficiency and be made of the materials that minimize the environmental impact throughout their lifecycle. We keep ourselves updated on future product requirements and work hard to develop systems that contributes to a better environment.

All of our investments consider sustainability matters in terms of social, economic, and environmental factors. We want to be a long term sustainable company.

Products

New products
When we develop new products our business case always take the entire lifecycle into account. We use our design guide to provide us with guidelines for repairability, recycling options, and other possible solutions to extend the product's lifespan, which is crucial to reduce the CO2 footprint.

Our R&D engineers are always looking for new technical solutions for both hardware and software. During 2022, a new battery curve was launched that helps reduce energy consumption during charging.

Material selection
We use both steel and aluminum in our products, both in cases and as coolers on circuit boards. To reduce our CO2 footprint, we are working to design circuit boards with efficient components that require less cooling. We also require a certain amount of recycled material from our suppliers.

Electronics components have a significant impact on the climate both in terms of CO2 and the use of rare earth metals. Almost all of our purchases of electronic components are made from distributors and we experience challenges in setting reasonable supplier requirements. We are working to find processes for collecting accurate data from our distributors.

Suppliers

Process
A process for new suppliers has been implemented and requires an approved audit before the final choice is made. Existing suppliers are measured and followed up on, among other things, ISO 45001, signed Code of Conduct and signed SAQ (Supplier Assessment Qualification). Unfortunately, the statistics are somewhat misleading due to the relatively low responserate from existing suppliers. To improve the process, we need to update our system support to collect data more efficiently.

Supplier Code of Conduct
We expect our suppliers to meet the same high standards that we set for ourselves. Since 2021, we have a Supplier Code of Conduct based on the OECD guidelines for human rights, working conditions, and responsible procurements. All new suppliers must sign the code, and the goal is that all existing suppliers have signed it by 2023.

Supplier manual
In order for us to achieve our goal of becoming CO2-neutral by 2045, it is essential that our suppliers prioritize sustainability.

Therefore, we have initiated the development of a supplier manual in 2022 which will outline our current and future requirements.

Financials

Financial targets
To be able to continue with our sustainability efforts and contribution to the world's energy transition, we are dependent on the success of our company. Our goal is to reach a revenue of SEK 2.6 billion by 2025, while also investing in innovation, development, and most importantly, our employees. Sustainability has been integrated into the Group's strategy since 2021.

Turnover	2020	2021	2022
MSEK	747	1072	1523

EVERYDAY ECONOMIC SUSTAINABILITY WITH ANGELICA LINDBERG

“We have to be sure that we are working with the right suppliers”

Strategic procurement and sustainable thinking about suppliers are of great importance for the carbon footprint. Therefore, Micropower actively works to find partners who can help create products of the future - with high performance, at the right price, in the right materials, and in a sustainable manner.

– We have to be sure that we are working with the right suppliers who want to grow and develop with us, says Angelica Lindberg, Category Leader.

High demands on suppliers
In addition to EU directives, regulations, and various industry standards that set high requirements for products and manufacturers, the suppliers to Micropower need to adhere to a number of demands.

In the first step of evaluating potential suppliers, they are asked to fill in a Self Assessment Questionnaire (SAQ).

They have to describe how they work, what certificates they have, which parts of our processes they can support, and their capacity to meet Micropower’s basic requirements.

In the next step, they receive and sign our Code of Conduct, another important part of the control and approval of a new supplier. It covers everything from requirements for a safe working environment, human rights, to responsible procurement.

The final step in evaluating a new supplier is a supplier audit. This means that our Supplier Quality Assurance (SQA) conducts a complete on-site evaluation, which then forms the basis for how Micropower chooses to proceed.

Supplier audits are also a recurring element in our relationship with our existing suppliers – to ensure that they continue to meet our requirements.

Future requirements
The demands from our customers and legislators around the world are increasing everyday, which also dictate how we choose new suppliers and collaborate with existing ones.

In 2023, we will add a number of supplier requirements. One requirement is that Micropower wants to have CO2 data at a component level, in order to enable climate footprints for our products. Another requirement is that our suppliers are expected to increase the proportion of recycled materials in the components we purchase. We are also tightening controls around conflict minerals and chemicals in the components we buy.

To ensure that our suppliers and their subcontractors meet these new requirements, they will be included and be an important part of how we evaluate both new and existing partners in the SAQ and our supplier audits.

In 2023, we will also start collaborating with several suppliers with a focus on the climate. The goal is for to work together to meet the increasingly high demands from legislators, customers and global environmental goals.

We are doing this because we want to contribute - and because we are convinced that collaboration and transparency are the way forward in climate change.

Category teams creates overview
For some time now, Micropower has been working category based, meaning across unit and country borders. The category team approach enables a comprehensive approach to everything from sustainability and general supplier requirements to ensure that we have the right products, at the right time and at the right price.

– When we work in larger teams where several competencies and departments are involved, we get the whole picture, become more efficient and can take advantage of the global market, says Angelica Lindberg.

Angelica Lindberg, Category Leader, Växjö

EVERYDAY ECONOMIC SUSTAINABILITY WITH WITH MAGNUS PIHL

”We have great opportunities to contribute to a more sustainable development”

Magnus Pihl, Technology Lead, Växjö

As batteries and battery chargers are very energy-intensive, the degree of efficiency of Micropower’s products is important from a sustainability perspective. With high efficiency, less electrical energy is lost as losses and can instead benefit the customer.

Therefore, the development of products with high efficiency is what makes the biggest difference for Micropower’s customers and contributes the most to our sustainable development.

– We are at the forefront of high efficiency with our battery chargers. Every year, we deliver over 900,000 batteries and chargers and therefore have great opportunities to contribute to a more sustainable development, says Magnus Pihl, Technology Lead at Micropower Group.

Technology that keeps evolving
An important success factor is to keep up with the rapid technological development that is increasing due to the electrification of society. An example is power semiconductors where Micropower was fast to switch to a new technology - silicon carbide.

By using silicon carbide transistors, losses in chargers can be reduced by 30 percent. The technology had its breakthrough when Tesla chose to use silicon carbide technology in the drive system. At that point, silicon carbide transistors had already been used in Micropower’s chargers for several years.

– There is a new and increased focus on power consumption since electricity prices have surged worldwide. Customers are now willing to invest in advanced products with high efficiency, says Magnus Pihl.

Battery life - a core issue
Micropower is actively working to increase the lifespan of their products. For battery chargers, the lifespan is at least 10 years. For batteries, it is at least 5 years, depending on how heavily they are used.

At Micropower, there is a software team dedicated to developing unique charging algorithms for batteries, both Micropower’s own batteries and in collaboration with other battery suppliers. In this way, Micropower chargers can be used for most batteries on the market. With optimized charging algorithms, energy consumption can be minimized while the battery lifespan is increased.

Recycling
The products are manufactured in a modular design and can be easily disassembled, sorted, and recycled. The plastic type is market on all plastic parts to make sorting easier.

In the future, our ambition is to include all material information in product manuals.

Reuse
Micropower is also working to ensure that older batteries can be used in other operations where performance requirements are not as high. All products are also fully repairable, and there are certified repair shops all over the world.

– Through our products, we can support the transition in society, concludes Magnus Pihl.

MINIMIZE OUR ENVIRONMENTAL IMPACT

Environmental Sustainability

Our core values encourage and inspire us to make good choices for the future. We take responsibility for sorting and recycling waste from our operations. We make active travel choices both during and outside office hours, and consider alternative meeting methods.

We constantly work on reducing energy consumption both in our properties and through improvements in production. Our new factory and headquarters, which is under construction, have a sustainability profile that includes solar and energy storage systems.

Energy

We primarily focus on three areas when it comes to energy: minimizing energy consumption in our properties, making active choices for fossil free electricity agreements, and ensuring efficient production.

Property-related measures include, for example, LED lamps and monitoring changes in consumption that could reflect leaks in compressed air systems.

Five out of nine sites are powered by renewable energy, and our battery module factory has a solar panel system that produces 130,000 kWh per year. The total electricity consumption in the Group increased by 2.7 percent in relation to a revenue increase of 40 percent.

Production-related measures include modernized production equipment and also including electricity consumption as a factor when selecting new suppliers.

Transport

We collaborate with both customers and suppliers to find the best transport solutions with the least environmental impact.
To achieve this, we do the following:

- Consolidate shipments as much as possible.
- Our partner for ground transport compensates for climate impact through certified projects.
- Our Asian suppliers prioritize sea transport over air transportation.

Materials

New products are developed with materials that can be recycled, such as plastic and aluminum.

Plastic comes in different blends, and today only a few fractions can be recycled.

EcoVadis

During 2022, we conducted our first sustainability assessment in collaboration with EcoVadis. The tool compiles data that results in an assessment within the categories of environment, labor and human rights, and ethical issues. In this first assessment, we received a Silver rating, which places us in the top 81st percentile.

Total score
Micropower Sweden AB is among the 13 percent highest-rated companies according to EcoVadis in the industry of Manufacturing of other electrical equipment.

Environment
Micropower Sweden AB is among the 30 percent highest-rated companies according to EcoVadis in the industry of Manufacturing of other electrical equipment.

Labor and human rights
Micropower Sweden AB is among the 10 percent highest-rated companies according to EcoVadis in the industry of Manufacturing of other electrical equipment.

Sustainable procurement
Micropower Sweden AB is among the 11 percent highest-rated companies according to EcoVadis in the industry of Manufacturing of other electrical equipment.

Our ambition is that our product packaging material are reused by our customers. This requires us to set supplier demnds and inform our customers.

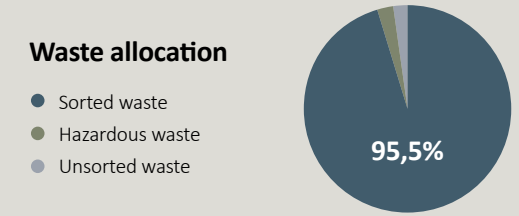
In 2023, we will start a project focusing on the value chain for packaging materials with a focus on recycling.

Aluminum is one of the raw materials we use the most, for example, in the form of coolers and cell holders. We work closely with our suppliers and set requirements for recycled material and CO2 emissions.

Waste

We collaborate with a recycling partner to ensure the most efficient sorting possible four waste fractions. We also monitor legislation and continuously work to increase the number of recyclable fractions, such as more plastic types. We only collaborate with reliable recycling companies

Waste allocation



MINIMIZE OUR ENVIRONMENTAL IMPACT

Environmental Sustainability CO2

Micropower aims to become carbon neutral no later than 2045. We use the Green House Gas (GHG) protocol to measure our carbon impact, and our ambition is to be transparent in the process moving forward.

In 2022, we conducted a screening of the company's emissions for 2021, which shows that our biggest impact is within Scope 3, specifically within Category 1: Purchased goods and services, and within Category 11: Use of sold products.

Scope 1 & 2 have 2020 as the base year.

Scope 3 does not have a defined base year at present, and the measurement method and data collection are continuously ensured for each category.

Scope 1

Direct emissions from owned and controlled resources.

- All vehicles owned or controlled by our company
- Leaks from Leakage of GHG gases from refrigerants
- Emissions released during industrial processes, and on site manufacturing

Scope 2

Indirect emissions from the generation of purchased energy, from a utility provider.

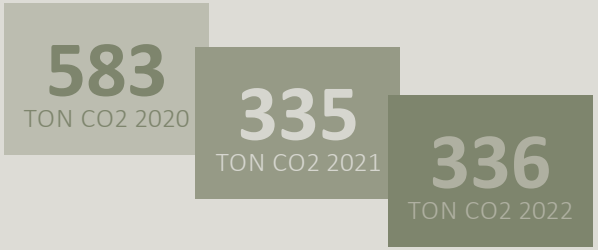
- Electricity
- Heat
- Cooling

Scope 3

Other indirect emissions controlled by a different emitter, up- and downstream, includes 15 areas. Estimated largest impact for us:

- Component manufacturing
- Product use
- Product transport
- Material recovery

DEVELOPMENT C02-IMPACT SCOPE 1 & 2



MINIMIZE OUR ENVIRONMENTAL IMPACT

Environmental Sustainability CO2

Scope 1

Direct emissions from owned resources. Micropower KPIs:

- *Company-owned cars:* Micropower only owns a few company cars. Two service vehicles in the property sector are electrically operated. The remaining 5 cars have combustion engines and are used by our sales office in Germany.
- *Leakage of GHG gases from refrigerants:* According to the annual report from the Environmental Office, we have no leakage in our refrigeration units. The company has no other emissions from production or properties reported within Scope 1.

Total emissions in Scope 1 in 2022 were 18 tons of CO2, which is a decrease of 9 tons compared to 2021, mainly due to switching to more fuel-efficient cars and driving patterns.

Scope 2

Indirect emissions from the generation of purchased energy. Micropower KPIs:

- *Electricity - Market based:* Three subsidiaries (5 sites) have renewable electricity agreements with approved certificates, resulting in 0 kg CO2 emissions in Scope 2. Other sub sidiaries have agreements with a mixed profile and use the residual mix of their countries.
- *Electricity - Location based:* The average mix/country is used to calculate location based values.
- *District heating:* Company data is used for calculation, which is considered as approved data.

Total Scope 2 emissions in 2022 were 318 tons, an increase of 9 tons from 2021. Our increased revenue is the reason for the increase.

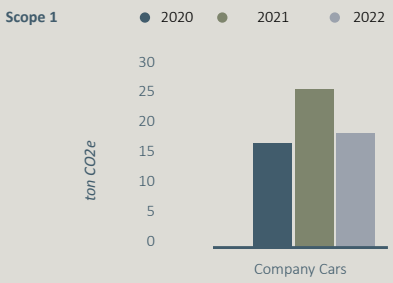
Scope 3

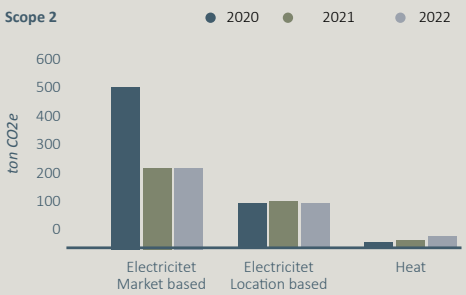
Other indirect emissions that occur outside the company's boundaries are divided into upstream and downstream emissions. The KPIs that are measured wholly or partly within Scope 3.

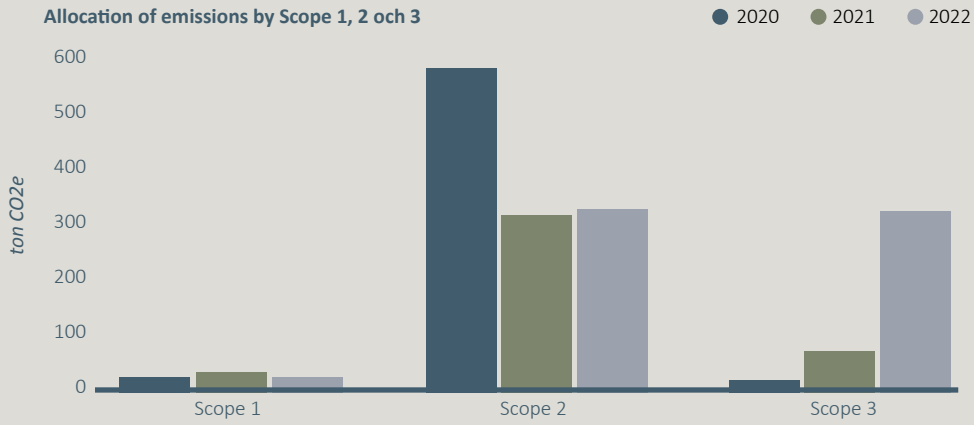
- *Category 3 Fuel- and energy-related emissions:* Emission data for Europe is from AIB, and other data is from IEA.
- *Categories 4 and 9 Transportation:* Data is collected from our two suppliers who have overall responsibility for all road, boat, and air transportation.
- *Category 12 Waste:* Data is collected from our waste and recycling partner.

Scope 3 emissions have increased in 2022 and are expected to continue to increase significantly in the coming years as we include more categories.

Work is underway on measuring and improving the CO2 impact within Scope 3 through several projects. We face significant challenges in obtaining primary data from our suppliers, especially from electronics suppliers.







EVERYDAY ENVIRONMENTAL SUSTAINABILITY WITH SVEN OLSSON

“The sustainability plan has provided structure and an overview to ensure that the construction is based on sustainable decisions”

Sven Olsson, Project Leader Växjö

The business area Nylanda is growing along Highway 30 outside Växjö. Micropower was one of the first companies to decide to build new facilities here – with the goal of bringing all employees in Växjö together in one place and grow sustainably.

– We want it to feel easy to work here, while at the same time we want to create a ”wow” feeling where inventiveness and entrepreneurial thinking thrive, says Micropower’s project manager Sven Olsson.

To build as environmentally friendly and resource-efficiently as possible, Micropower is working together with a sustainability consultant who has developed a sustainability plan. Everyone involved has been able to rely on the plan during construction.

– The plan has provided structure and an overview of what we can do for the environment, which has been very valuable. It creates a safe decision making process to sercure a low carbon footprint, says Sven Olsson.

Solar energy, district heating, and wood
The new building will use district heating, produced by renewable fuels. A large solar power plant will be built on the roof, which together with district heating will reduce the electricity dependence. The office section will be built with a wooden frame, which reduces the carbon footprint, and outside there will be charging stations for those who want to charge their electric cars.

– We have also planned the outdoor environment carefully, which is important for our well-being. We will plant different types of trees, bushes, and ponds for stormwater collection.

The surroundings should not feel like a industrial area, says Sven Olsson.

As many local suppliers as possible
Reducing transport distances has been a challenge, but for Micropower, it has been important to choose local suppliers when possible. For example, the concrete elements come from a local producer, and all crushed rock come from the Nylanda area.

– Even when it comes to furniture and interior design, we have tried to reuse as much as possible. We will bring a lot of our furniture from our current facilities. Also, the flooring in partly recycled bricks, Sven continues.

Good working environment – the heart of production
The new building will be 25,000 square meters, with office space, production space, and a new innovation center where product and application development will take place. In the middle of the building, there will be a cafeteria and common areas that bring everyone together.

– Creating a good working environment has been very core of the project, everything from good ventilation to pleasant meeting places that encourage interaction. I know that many employees are looking forward to the move, and we believe that the move will create even more engagement and job satisfaction, concludes Sven.

Future sustainability activites

In 2023, we will continue to work intensively on the goals and activities planned for our focus areas.

Vision	Focus areas	Key focus points	Activities 2022
 **SOCIAL** Promote well-being, learning and employee engagement	• Employees – We constantly develop and empower our employees in order to achieve our goals. • Workplace – We want to be an attractive employer and workplace. • Work environment – We have a healthy, safe and secure workplace.	• Mapping and future plan for competence supply. • Developinf competence for all employees. • Leadership training. • Employer Branding - develop further. • Increase the number of women in leading positions and on the board. • Further develop our working environment within the Group (incident reporting, safety committee, risk analyses, etc.).	• Officers and workers: Common template for skills mapping. • Process and routine for mapping competence. • Competence strategy. • HRM-system. • Evaluate pilot case in Leadership training. • Implement annual plan for Employer Branding. • Define goals for women in Board and Management • Project: EHS manual Micropower Group
 **ECONOMICS** Create sustainable products and make smarter choices	• Products – We develop efficient and safe products that are sustainable throughout the life cycle. • Suppliers – We work with suppliers who take responsibility for the environment, the workplace and quality in their own and their subcontractors' operations. • Financial - We achieve our financial goals while maintaining focus on all three parts of sustainability.	• Design for extended lifetime, with a hardware and software perspective. • Choose materials in accordance with current and future legislation, Micropower requirements and customer requirements. • Reduce the amount of raw material from a Co2 perspective. • Our products must be recyclable. • Our suppliers must comply with and sign our Supplier Code of Conduct. • Service and maintanance. • Sustainable investments - machines, loans, properties etc.	• Define goals for design for extended lifetime, with a hardware and software perspective • Define future requirement on suppliers. • Define list of relevant emission factors for R&D. • Initiate recycling project with Stena concerning design that increases recyclability. • Review and update Supplier Code of Conduct. • Update and ensure processes concerning service and maintenance of properties and inventories. • Update "Investment process description" with sustanability profile and expand to the Group. • Properties: Sustainability program incl. work environmental aspects with contractors.
 **ENVIRONMENT** Minimize environmental impact	• Energy – We choose the right energy solution and streamline our energy use. • Transport – We plan, coordinate and choose the right supplier for our transports. • Waste – We sort and handle our waste responsibly. • Materials – We strive to increase the proportion of recycled materials in or purchases.	• Certify according to ISO 50001. • Energy efficiency improvements in production and offices. • Efficient energy systems in our facilities including solar panels. • Sort and handle our waste according to internal instructions. • Only work with established recycling companies. • Screening and goal setting of recycled material/product group. • New products need to be developed with materials that can be recycled, eg plastics with recyclable fraction.	• Perform a study to determine what companies are relevant to include in ISO 50001. • Check leakage of compressed air in all productions. • Overview of owned and leased premises in the Group. • Check status of internal instructions and create a list of fractions and recycling companies. • Overview: recycling companies in the Group. • Workshops with respective category manager AL cabling etc. • Initiate project with Stena regarding recyclable material in current/future products.

GRI-tabell

GRI-ref.	Indicators	Unit	2022	2021
Responsible sourcing procedures				
204	Procurement practices - Performed audits	Quality audits	4	2
204	Procurement practices - Performed audits	CSR audits	0	0
308-1 *	Suppliers that were screened using environmental criteria	%	41	27
308-2	Suppliers screened for environmental risk through audit or self-assessment	Suppliers	10	6
414-1**	Share of suppliers that was screened using social criteria (*not new suppliers only)	%	8	6
Climate impact and emissions				
305-1	Greenhouse gas emissions from own operations, Scope 1	ton CO2e	18	27
305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation	ton CO2e	153	148
305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation	ton CO2e	318	308
305-3	Other indirect (Scope 3) GHG emissions	ton CO2e	75	34
Efficient resource use				
302-1	Electricity from internally generated solar power, sold	kWh	34305	30359
302-1	Total energy usage, own operations	kWh	2919968	2843960
302-1	Energy usage - purchased electricity	kWh	2818422	2741660
302-1	Energy usage - purchased thermal energy, incl. remote heating	kWh	963851	892879
306-2	Waste by type - sorted	kg	192644	
306-2	Waste by type - hazardous	kg	5173	
306-2	Waste by type - other/unsorted	kg	4251	
306-2	Waste by disposal method - landfill	kg	111	
306-2	Waste by disposal method - energy recovery	kg	84217	
306-2	Waste by disposal method - biotreated	kg	0	
306-2	Waste by disposal method - reused	kg	93169	

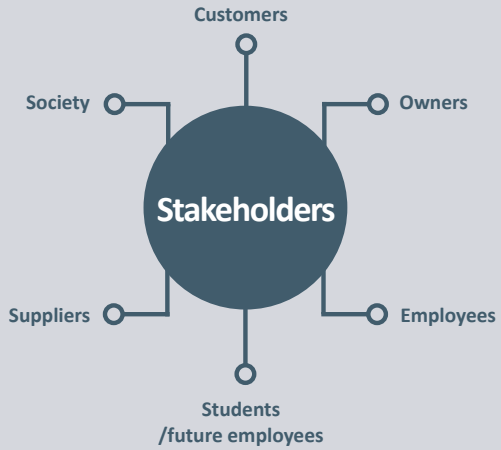
** Not new suppliers only.** Not new suppliers only. Vi kommer ändra mätmetod och godkänna våra leverantörers Code of conduct om de är jämförbara med våra egna.*

GRI-tabell cont.

GRI-ref.	Indicators	Unit	2022	2021
Social aspects - test				
401-1	New employee hires	new hires	74	
401-1	Employees turnover	ended contracts	35	
403-2	Number of cases lost time work-related injury, employees	cases	4	
403-2	Number of cases lost time work-related injury, other workers	cases	1	
403-2	Number of hours (lost time) work-related injury, employees	hours	32	
403-2	Number of hours (lost time) work-related injury, other workers	hours	51	
404-1	Average hours of training per year per employee	hours	5	
404-1	Diversity of management - share of women	%	5	
404-1	Diversity of management - employees under 30 years	employees	0	
404-1	Diversity of management - employees 30-50 years	employees	31	
404-1	Diversity of management - over 50 years	employees	33	
404-1	Diversity of employees - share of women	%	31	
404-1	Diversity of employees - employees under 30 years	employees	116	
404-1	Diversity of employees - employees 30-50 years	employees	229	
404-1	Diversity of employees - over 50 years	employees	142	

CREATING THE SUSTAINABILITY REPORT

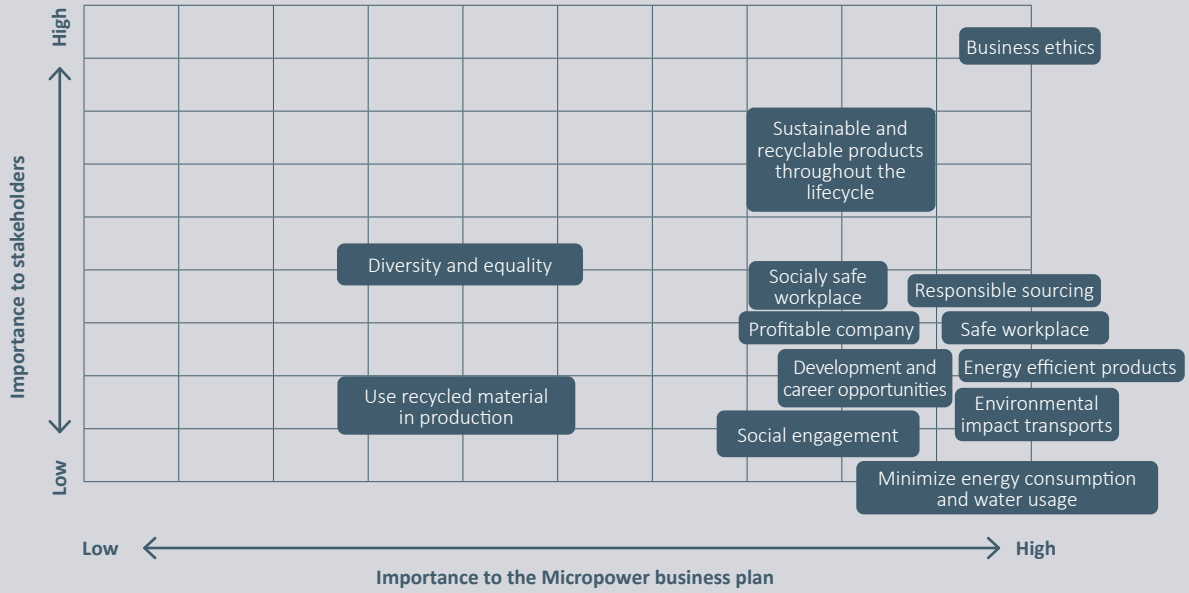
Materiality and stakeholder analysis



Before Micropower presented its first sustainability report in 2021, a stakeholder analysis was conducted of both internal and external stakeholders. The areas considered were based on the three sustainability aspects: social, economic, and environmental, as well as Micropower's focus areas.

The results of the analysis show that it is of great importance to our stakeholders that we place energy efficient products on the market that also need to be sustainable throughout their life cycle.

Responsible procurement, together with zero tolerance for corruption, are areas that are equally important to our stakeholders. Most stakeholders value profitable companies highly on the scale. We believe that the stakeholder analysis remains relevant for 2022.



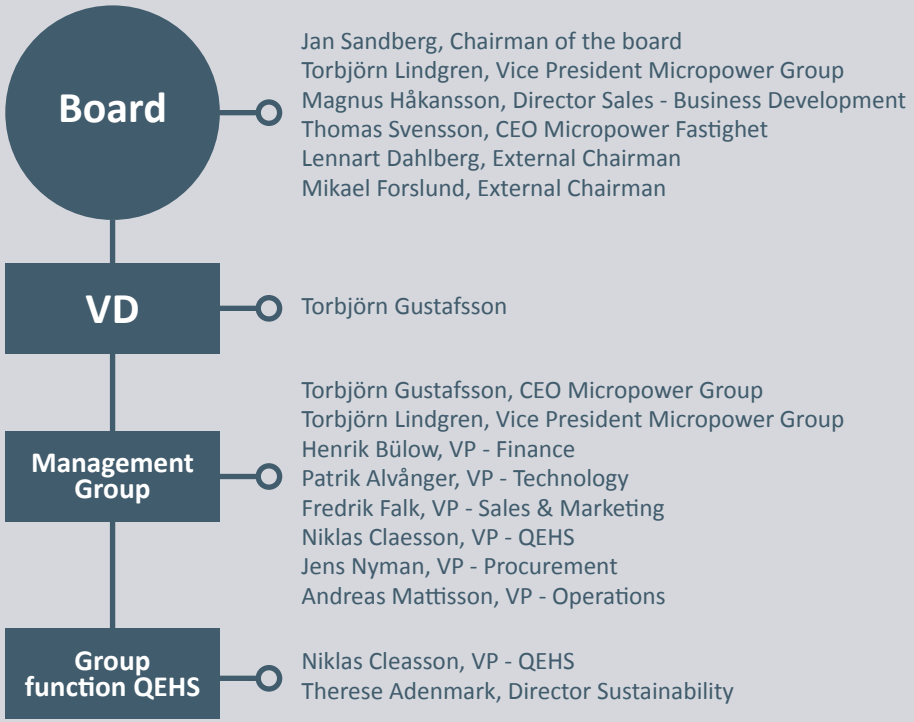
MICROPOWER GOVERNANCE MODEL

Responsibilities within sustainability

The board of directors has the highest decision-making power in sustainability. Micropower's board is collectively responsible for strategically managing risks and opportunities related to climate change, including Micropower's transition to becoming a carbon-neutral company by 2045.

Micropower's board approves the Code of Conduct as well as the sustainability strategy and goals. The board regularly monitors Micropower's performance in relation to the sustainability strategy and goals.

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



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