

Sustainability report 2020





We are creating a better world

Our vision: Rototilt® on every excavator

An excavator equipped with products from Rototilt improves the efficiency of the machine by up to 25%, and sometimes even more. A more efficient machine means lower fuel consumption and consequently less environmental impact on our surroundings.

Sustainable business development

Our development as an international Group is continuing. Processes and organizational structures have been developed on the basis of these new challenges and conditions. A cohesive Group with the motto "Local but Global" is important in order for users to feel confident in their investment in our products. On a global level, we are developing Vindeln as a skills center to support our subsidiaries, which in turn operate on their local market. A good economy is a prerequisite for continued strong development, with investments in efficient manufacturing, expertise and international market development.

Strategic skills provision

We collaborate with various universities, colleges, secondary schools and local primary schools in Vindeln to spark interest in future skills. Our aim is to inspire engagement, further studies and research among students and teachers.

Community

We are a part of our community, collaborating with, advising and supporting various initiatives and associations. Over the years, we have also supported orphanages and school projects in other countries.

Our workplace

The results of the annual employee survey help us in our ongoing work of being an attractive employer. We want to build a pleasant workplace where individuals are committed and feel involved. People's equal value and our environmental impact are part of our corporate culture, and are also reflected in the heart that can be seen in our logo. Our day-to-day operations are characterized by continuous work on sustainable development and constant improvements, both environmentally and socially. We make active choices to demonstrate our commitment to sustainability. Examples of this include the fact that our premises are heated using pellets made from raw materials taken from local, northern Swedish forests, as well as the fact that we have switched to eco-labeled electricity. Production and office workplaces have a special shielded electrical environment and low-radiation computer screens.

Our suppliers

Our suppliers are an important part of our overall setup, and the way we do business should be characterized by professionalism, ethics and morality, as well as being free from corruption.

Systematic work

Our aim is to influence the entire chain, from our sub-contractors all the way to our users. We work actively with supplier development through surveys, clear requirements and goals. Our goal is for the sustainability work to permeate our entire operation and for all employees to feel involved. We have long been carrying out systematic work in relation to the environment,

the working environment and quality. We are certified according to ISO 14001, OHSAS 18001 and ISO 9001.

Important events

We are a growing company and are constantly working on process development to ensure world class products. We launched the expansion of the Rototilt factory in 2019, which resulted in a brand new factory with a new test lab, new assembly, a new paint shop and more processing equipment. This expansion is a result of our continued global expansion and the demand for our products. Over the past year, we have followed the same strategy as in previous years, with Vindeln being our hub and our heart. Our aim is to continue to develop, and part of this involves conducting an annual employee survey. Our confidence index remains above the industry average for manufacturing companies. During 2020, we have participated in an energy network for Region Västerbotten, where we have continued to develop our work regarding energy consumption and energy saving measures, an important and significant element of our sustainability work.



Anders Jonsson, CEO
Rototilt Group AB





1. The company Rototilt

Our business

Rototilt Group AB is a Swedish company based in Vindeln, around 50 km northwest of Umeå in Västerbotten County. We are a technology company and work mainly with the design, manufacture and sale of tiltrotator systems under our own brand, Rototilt®. The product portfolio includes tiltrotators, control systems, machine couplers, and tools such as buckets, grapples, etc.

The tiltrotator, which is our main product, is mounted at the tip of the excavator boom. Together with the control system, the user can rotate and tilt various types of coupled tools. Through smart features such as automation, safety locks and system integration, we streamline the excavator to create a versatile tool carrier and make life easier for machine operators in their day-to-day work. Product development and the manufacturing of our tiltrotators, machine couplers, control systems and many tools take place in Vindeln. We gather knowledge, experience and resources in our unique research and testing facility, where we continually test and evaluate new technical ideas. Our development department works to optimize materials and designs in order to maximize productivity and product service life. Sales, service, support and spare parts are supplied by our subsidiaries as well as agencies and importers.

Our market

Our products are sold on the construction machinery market in countries such as Sweden, Denmark, Finland, Norway, Iceland, France, the UK, Germany, BeNeLux, Canada, the USA, Australia and New Zealand. Our customers include manufacturers of construction machinery, OEMs (Original Equipment Manufacturers) and dealer OEDs (Original Equipment Distributors).

Our offer

We promote improvements to the efficiency of excavators alongside our customers' increased demands for flexibility and efficiency, by offering tiltrotator systems on an international market. By offering our smart product solutions, we meet our users' high demands for quality, function and overall economy.

Our values

Sustainable development is something we cherish. Our work with quality, the environment and the working environment is based on a long-term, sustainable perspective, where commitment, a systematic approach and participation on the part of all employees and at all stages are crucial. Here at Rototilt, regardless of whether our customers are external or internal within our own organisation, we promise: Precision, Commitment, Added Value, and Professionalism. In order to deliver on our customer promises, we use the company's common values, our guiding principles "Right from me, Continuous improvements, and Long-term perspective", as well as complying with legislation and requirements from other stakeholders.

Our employees

Our values are based on a positive view of humanity, where peoples' potential is fully utilized. Rototilt is a company that believes in the future, that wants to grow and develop. We want to be a workplace where diversity and equality are strengths that contribute to efficiency, profitability and wellbeing. We are a workplace that promotes openness, participation and development. All of this is possible when we do it together.



For me, it is important to have an employer that has clear, good values and that shares my personal values and opinions regarding sustainability. I'm happy to have found this at Rototilt."

Sandra Olofsson, Marketing Coordinator, Rototilt

ACTIVITIES WITHIN HR
AND THE WORKING
ENVIRONMENT



NEW GOALS FOR
THE ENVIRONMENT
AND SOCIETY

2. The year in short

During the year, Rototilt has completed its project regarding the new factory in Vindeln, where new rotor assembly, a new paint shop, new final assembly and new automated final testing have been commissioned.

The new factory processes have contributed positively to the sustainability of the business, including through:

- Improved physical working environment with safer and more ergonomic workplaces
- Reduced exposure to chemicals for production staff
- Improved product quality
- Reduced need for energy and consumables per unit produced

The operations during the year have been characterized by the management of risks and consequences arising due to the Covid pandemic. Despite these challenges, we have still managed to maintain a high attendance rate during the year. We have also seen a significant reduction in the number of flights, with decreases in both air freight and business travel.

Furthermore, the proportion of transport by sea has increased as a result of changes in the Group's purchasing strategy.

We have continued to work on activities aimed at streamlining our energy consumption and have reduced the impact of our freight transport, as well as setting new goals in respect of society and the environment.

Despite the ongoing pandemic, we are finishing the year with high attendance rates, good profitability and growth, as well as a reduction in our overall climate impact in relation to our growth.

	2020	2019
Financial responsibility		
Sales, SEK million	540	556
Balance sheet total, SEK million	430	363
Number of employees, FTE	191	191
Environmental responsibility		
Electricity consumption, MWh/metr. ton prod.	0.78	0.69
Climate impact, scope 1+2, Rototilt Group AB Sweden, kg CO ₂ e/metr. ton prod.	22	20
Climate impact, transport, kg CO ₂ e/metr. ton prod.	373	617
Water consumption, m ³ /metr. ton prod.	0.9	0.8
Hazardous waste, kg/metr. ton prod.	62	50
Proportion of suppliers with environmental certification, %	75	78
Social responsibility		
Employee survey (confidence index), %	72	75
Attendance rate, %	97	98
Work-related accidents, number	9	10
Proportion of women of all employees, %	19	20
Proportion of employees undergoing standardized introductory training, %	100	100
Proportion of buyers receiving training regarding the risk of corruption in the supply chain, %	100	100



3. Sustainability management

Sustainability management

Rototilt's Board of Directors has overall responsibility for the company's sustainability work. The CEO has the operational responsibility, which is promoted and coordinated by the Head of Quality, the Environment and the Working Environment (KAM), but which is implemented by managers in the various parts of the business. The company's management team is responsible for overall strategies, goals and actions as well as following-up. The basic principle for the work is to act preventively as far as possible and to apply the precautionary principle. All employees have their own responsibility to contribute actively to the sustainability work.

Following-up and reporting

Sustainability information in respect of personal safety, environmental and property damage, as well as the reporting of other sustainability-related data, take place in the company's system in accordance with predetermined methods and guidelines. Rototilt has a management system for quality, the environment and the working environment that describes the working method – ranging from policies and guidelines to procedures and instructions for work. The management system is certified according to ISO 9001, ISO 14001 and OHSAS 18001, and meets the stipulated requirements and regulations.



Guidelines and policies

Rototilt aims to conduct its business in accordance with good business practice and with high ethics in all the company's relations with stakeholders. The work is based on our business policy for quality, the environment and the working environment. The expectations we place on our suppliers are articulated through our supplier policy. Based on this, we assess the suppliers' environmental work, respect for human rights, work in relation to anti-corruption and delivery reliability. We carry out new supplier assessments annually and follow up the suppliers' responses.

Here at Rototilt, it is important for us to agree on a common approach, regardless of where in our organization people work and what they are working with. Our aim is to motivate all employees to develop and lead by example. Mutual respect between employees at all levels of the company is fundamental for this.

Through personal commitment, the acceptance of responsibility, open communication and constructive feedback, we help to create clarity, participation and good results. Sustainable development is crucial. We therefore have to think about how our actions affect our colleagues, business partners, customers, suppliers and society at large.

Laws and regulations

We conduct an ongoing dialogue with the authorities under whose permits and regulations we operate, such as the municipal environmental and construction office and the Swedish Tax Agency. Changes to laws and regulations are also followed up through procedures for updating the law and annual monitoring of legislative compliance. Changes to the law that impact on our business are reviewed and communicated to the relevant functions within the organization.

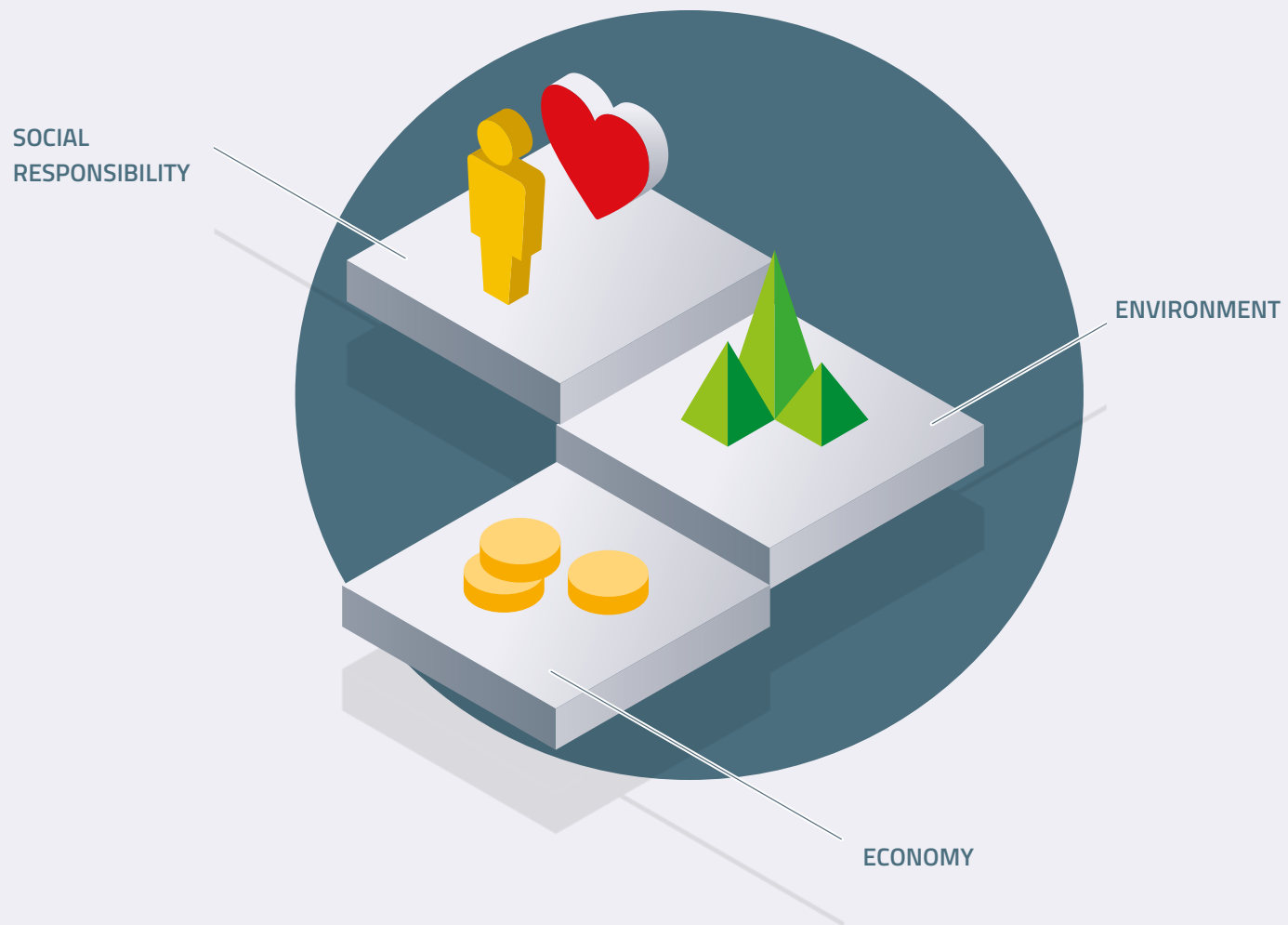


Figure 3 – Sustainability aspects

Sustainability aspects

Economy

Our business principles must be characterized by integrity and the acceptance of responsibility. Rototilt must be a stable financial partner for customers and business partners, but also contribute value to our owners and be a secure employer for our employees. A strong financial position provides the opportunity for continued operational and business development, which is a prerequisite for a business that is sustainable in the long term. Through the business system and the company's other analysis tools, we follow up our work and our results. The CEO is responsible for the financial results. The business creates financial value that is distributed among various stakeholders. These include customers, suppliers, employees, owners, creditors and society.

Environment

Our products, with the tiltrotator at the forefront, help to improve the efficiency of excavators and consequently the consumption of fuel. Our operations should utilize energy and raw materials in an efficient manner, minimizing the generation of waste.

As a company, we want to contribute to sustainable social development by improving the environmental performance of our products, processes and transport operations. We endeavor to select the best alternatives from an environmental perspective, in order to prevent risks associated with pollution, emissions and negative environmental impact. We conduct licensed operations in accordance with the Swedish Environmental Code. Permits are issued for continued and expanded production. The main operations in the manufacturing process are cutting machining, painting and assembly.

The environmental impact consists primarily of freight transport, business travel, energy consumption, waste and hazardous waste. We reduce the effects of our environmental impact by working with alternative shipping methods, introducing energy efficiency measures, responsible waste management, co-packing and stackable packaging.

The objectives laid down by the company's management team and legislation in the field of the environment are continually assessed and monitored in the management system for quality, the environment and the working environment.

Social responsibility

Rototilt's values should be of assistance in both large and small decisions, and are a common representation of how our business should be conducted, regardless of where in the organization, in which country or on what market we are operating. Together with our policies, process descriptions and procedures, they form the framework within which the business should be run.

The aim is to create a healthy, safe and progressive workplace for our employees. We achieve this by shaping the working environment from a holistic perspective in the long term, and by adapting it to our employees' various needs and circumstances. We focus on preventive measures in order to avert accidents and ill health. We never compromise on the safety of our employees, visitors or customers.



**Sustainability footprint
is an ecodriven path
for next generations.**

Olof Fridolfsson, strategic purchaser Rototilt



Figure 4A – Materiality chart

This sustainability report describes how we work with the issues that have been deemed essential, on the basis that they are important both for us and for our stakeholders.

Key issues for our stakeholders

- Health and safety of staff
- Customer satisfaction
- Job satisfaction
- Preventing human rights violations
- End-use security
- Anti-corruption work
- Work to combat fraud and money laundering

Figure 4B – Key issues for our stakeholders

Our stakeholders help us to identify risks and opportunities, so that we can create long-term value for them. Dialogue with our stakeholders forms the basis for our prioritization of which issues are most important for us to address now and in the future, from a sustainability perspective. New issues are identified on an ongoing basis, with goals and following-up being carried out in our management system.

4. Our key sustainability issues

Some of the sustainability issues that have been defined relate to the impact of our operations on nature, on individuals and on society at large. Sustainability issues can be viewed as a risk or an opportunity, depending on whose perspective you choose. Rototilt's goal is to contribute to a sustainable future.

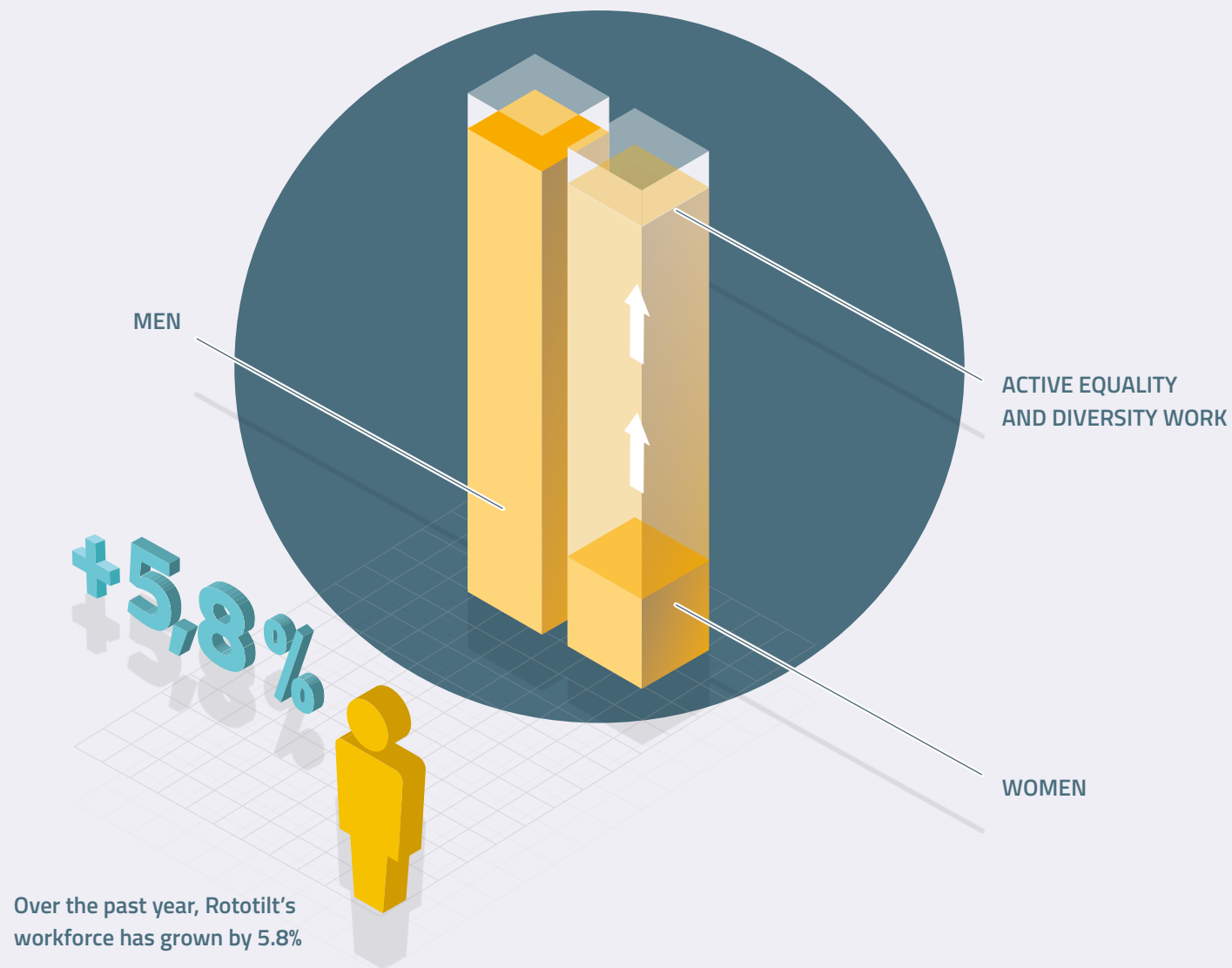
At the end of 2020, a new stakeholder survey was conducted with a subsequent analysis. The survey was carried out in the form of a questionnaire, which was sent out to representatives of selected stakeholder groups. The aim was to map out which sustainability issues are important to the stakeholders and which sustainability issues the stakeholders consider are important for us as a company. The stakeholders also prioritized the sustainability issues according to their own perspective, which

subsequently formed the basis for the materiality analysis. Documentation from customer surveys, customer service feedback, supplier assessments, market research, inspection reports and the handling of complaints also contributed to the mapping process.

Furthermore, Rototilt conducted an ongoing dialogue with some of the stakeholders during the year. The materiality chart presents the issues that are important to us and to our stakeholders. The materiality analysis is used as a strategic foundation for the management, helping them to make decisions on which key sustainability issues Rototilt should focus on.

Key issue	Highlighted by stakeholder	Explanation of the key issue and its boundaries
Job satisfaction	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	We measure the confidence index annually among our employees. We do this to ensure that we are an attractive employer. External networks, lectures, systematic collaboration with schools, labor market fairs, study visits and internships are some of the strategic activities that have been carried out to promote Rototilt as a future workplace.
Customer satisfaction	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	Customer satisfaction is measured e.g. in terms of quality, complaints and delivery reliability. Risks associated with dissatisfied customers are measured and monitored regularly. Measurements are performed in relation to both dealers and end customers.
Health and safety of staff	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	We have a direct impact on, and a statutory responsibility for, our employees' working environment both in the production process and in our offices. This applies in both the physical and the psychosocial working environment. We work continuously to identify risks and act preventively. We have procedures, a crisis management team, individuals trained in first aid, and defibrillators in place in order that we are able to act quickly and minimize subsequent injuries in the event of an accident, etc.
Preventing human rights violations	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	Risks that may arise in our supply chain occur all the way through to raw material production. To ensure that our suppliers act ethically and responsibly towards their employees, we carry out supplier assessments.
End-use security	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	By performing risk assessments and CE marking, we try to minimize the occurrence of accidents and ill health during the use of our products. Incidents associated with our products are measured and monitored regularly.
Anti-corruption work	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	Anti-corruption work is regulated by means of compliance with our anti-corruption policy. Corruption incidents are followed up and addressed in accordance with guidelines from the policy and internal procedures.
Work to combat fraud and money laundering	Employees within the Rototilt Group, suppliers, politicians, dealers/importers	To make our employees aware of the risk of fraud, new employees are introduced to our information security policy and IT user policy.

* A stakeholder is a person, group or organization who sees value in our business and wants to be involved in managing the development of our operations



5. Rototilt – a more attractive employer

Being an attractive employer is very much a sustainability issue for Rototilt.

The provision of skills is a major challenge, and we devote a great deal of time and effort to attracting and retaining talented and committed employees. Internally, we work strategically and in a targeted manner in this regard and in the form of Great Place to Work. This work takes place in a predefined process where, together with the Great Place to Work organization, we investigate and analyze the results. These are then broken down between all the countries and departments, in order to discuss them with the employees and decide on activities to maintain and develop results.

Externally, we also work to exert influence and debate matters relating to housing opportunities, infrastructure and commuting, since the town of Vindeln only has 2,500 inhabitants and almost half of our employees commute from a different municipality. We also work actively and in various ways with our employer branding activities, as we want to be visible in different contexts and in different arenas. We sponsor Udominate and Björklöven. We also work actively with our careers page, give lectures in various contexts, and participate at labor market fairs and in school collaborations at all levels. This is all done with the aim of demonstrating who we are and what we want, and that we are growing and believe in the future.

Over the past year, Rototilt's workforce has grown by 5.8% (from Dec 2019 to Dec 2020). All of our employees are covered by collective agreements.

Expertise

We have developed systematic activities in respect of Employer Branding, and are working consciously and in a targeted manner to be an attractive employer. Through collaboration with secondary schools in the county, we are attempting to increase interest in technical education and to encourage students to view Rototilt as a future employer. As far as possible, we try to offer internships and accept study visits from various educational institutions, as we view this as a great opportunity for both the individual and the company. There are also a number of examples of internships being converted into employment at Rototilt. For us, it is important to maintain a close dialogue with the

business sector, schools and politicians, in order for the company to be able to grow sustainably and in the long term.

Continuous skills development is key and important for our employees, departments and for the company as a whole in order to achieve our goals. We are growing strongly as a company, and as a result the desire and commitment of all our employees is crucial. In order to retain and further develop our talented staff, the employees themselves and our managers have important roles to play. New challenges and opportunities are opening up in line with the company's growth, and we safeguard this annually through staff appraisals, development plans and continuous following-up.

Working environment and safety

Our aim is to create a healthy, safe and progressive workplace for our employees. We achieve this by shaping the working environment from a holistic perspective in the long term, and by adapting it to our employees' various needs and circumstances. We never compromise on the safety of our employees, visitors or customers. We work actively to highlight and encourage the reporting of both accidents and near-accidents, in order that we can avert and proactively prevent them. There was one day's loss due to work-related accidents in 2020, with a total of 45 incidents, split between 36 near-accidents and 9 accidents.



Sustainability is an important part of our identity – for us as a company, for our employees and for jobseekers. Nowadays, we are expected to meet growth targets and act sustainably. Our values are of assistance in this respect, as are our core values of precision, commitment and added value, as well as our new core value of professionalism. This is also all part of our overall goal of being a Great Place to Work."

Peter Strömberg, Group HR Manager, Rototilt



The working environment should be a natural part of the day-to-day work, with following-up, continuous improvements and compliance with laws and other requirements all being a matter of course.

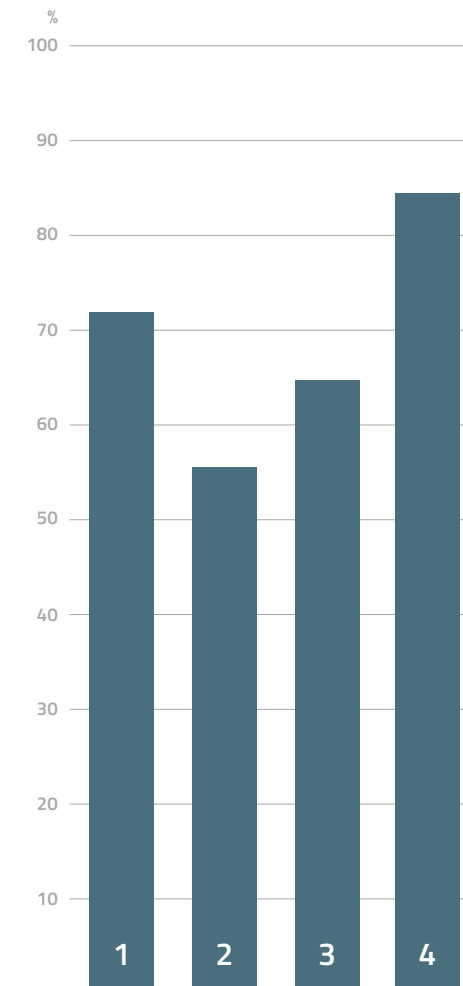
Equality and diversity work

We know that equality pays for itself: improved efficiency, different experiences and approaches, a better working environment, wellbeing, and consequently a more attractive company. We are a technology company that wants to create greater interest in technology among boys, girls, men, women, young and old. Our aim is to be their first choice. We work in close collaboration with schools and educational institutions at various levels through lectures, activity days, labor market fairs, internships and our annual Rototilt scholarship. We work strategically to build future skills provision, where equality is an important goal. We conduct integrated equality and diversity activities within the work on our values, corporate culture and Great Place to Work.

Our aim is to motivate all employees to develop and lead by example. Mutual respect between employees at all levels of the company is fundamental for this. We all have an opportunity and a responsibility to contribute to positive development in all areas, large and small. Through personal commitment, the acceptance of responsibility, open communication and constructive feedback, we help to create clarity, participation and good results.

Confidence index according to employee survey, 2020

1. *Rototilt 2020*
2. *The Swedish labor market*
3. *Production & Manufacturing*
4. *Sweden's Best Workplaces, 2019*



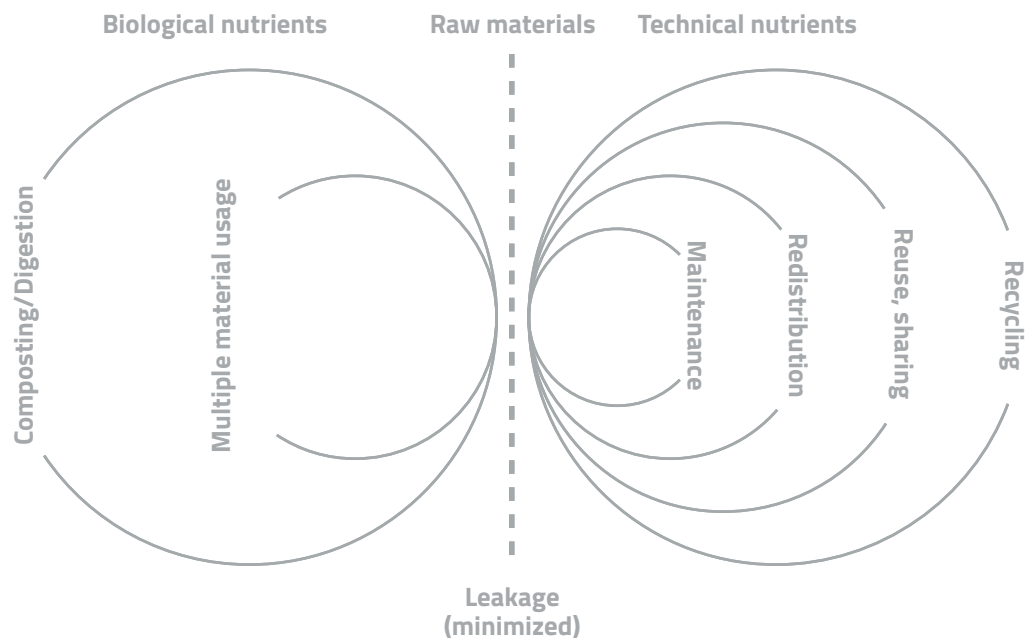


Figure 6A – In a circular economy, it is important to close the cycles and to separate biological and technical nutrients. We do this, for example, by recycling metal waste and paper, as well as recycling household waste to produce energy.

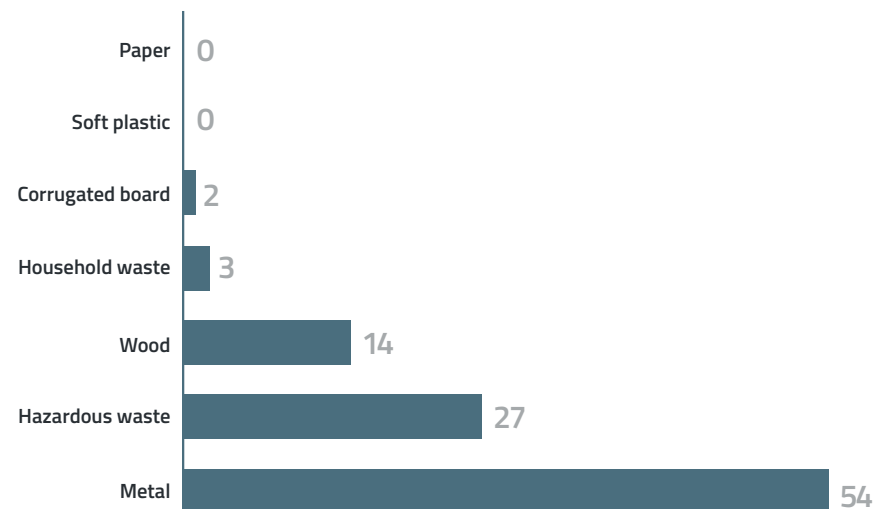


Figure 6B – Our waste divided into fractions by material type, %

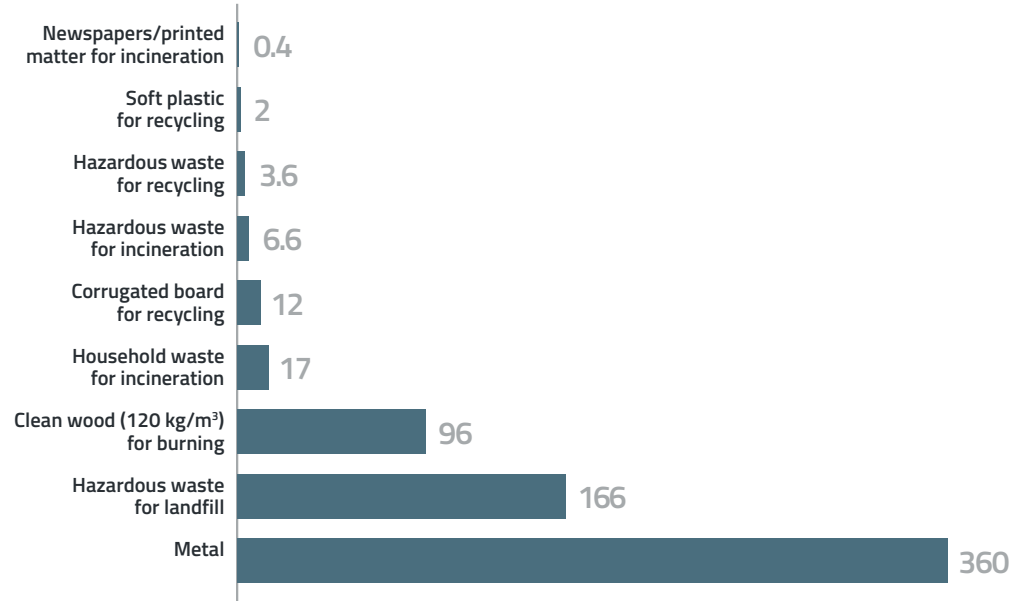


Figure 6C – Our waste divided by treatment method, metric tons

6. Impact on the environment

Achieving our vision comes at a cost to our environment and the planet's ecosystems, which also indirectly affects other people's conditions for a good life. However, we believe that by equipping excavators with our tiltrotator and other products, our customers will in turn have the opportunity to reduce their environmental impact through fewer movements and smarter use of the machine.

Our production operations drive our impact on various ecosystems through displacement by means of physical methods (e.g. mining and quarrying), as well as emissions into air, water and ground throughout our entire value chain. We are striving to reduce the negative impact that occurs as a result of our products, both locally here in Vindeln as well as in other locations around the world.

Materials

The issue of the origins of the materials used in our production operation has been raised by our stakeholders. Important issues include traceability, control of conflict minerals, the phasing out of hazardous chemicals, and the proportion of goods that come from recycled raw materials. We also consider these to be important issues, and are therefore trying to:

- Reduce the environmental impact of virgin material mining.
- Reduce the climate impact from the production of goods.
- Encourage the use of recycled materials.
- Contribute to a circular economy.
- Avoid working conditions that we consider to be unacceptable upstream in our value chain.

Water

We take all our water from the municipal drinking water network. The municipality is the stakeholder that has an interest in our water consumption. In 2020, we used 2,482 m³ of water. The majority of this was used for the washing of processed goods in our production operations. We do not treat any grey water ourselves or discharge it into the stormwater network, rather it goes to waste management for treatment.

Waste

In a circular economy, it is important to view waste as someone else's resource. We strive to recycle as much as possible in accordance with the EU's waste hierarchy, thereby helping to ensure that materials continue to circulate and become raw materials for the next product's life cycle.

Metal is an example of a technical material that can be recycled. Metal waste from our manufacturing process is our largest waste fraction, and this material is now 100% recycled.

Process water is our second largest waste category (166 metric tons) and this is sorted as hazardous waste and treated. The recycling company decides for itself how the hazardous waste is to be handled, but we follow this up through our management system. This year, the treatment has taken place in the form of evaporation and incineration with energy recovery.

There is also a small fraction of other hazardous waste, which has been either incinerated to recover energy (7 metric tons) or recycled (4 metric tons). We use few biological materials in our business – mainly the cardboard from which our packaging is made. Cardboard, wood, newspapers, printed matter and soft plastic materials are recycled. Our household waste is incinerated to recover energy.

A new, centralized procurement process for indirect material, with the support of a supplier portal, has been carried out in 2020. The aim of this is e.g. to reduce the consumption of disposable materials.

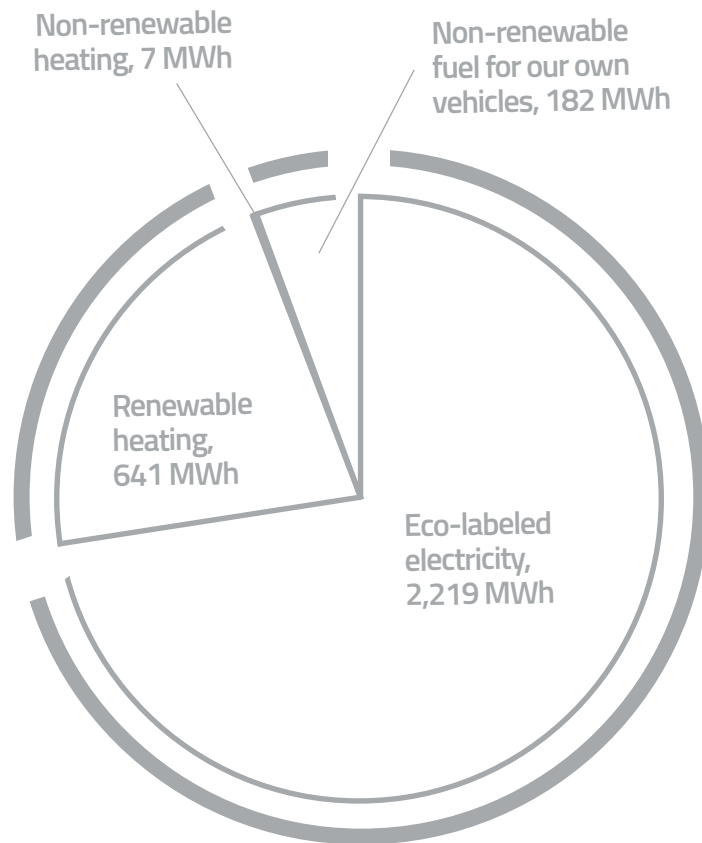


Figure 1 – Distribution of energy consumption

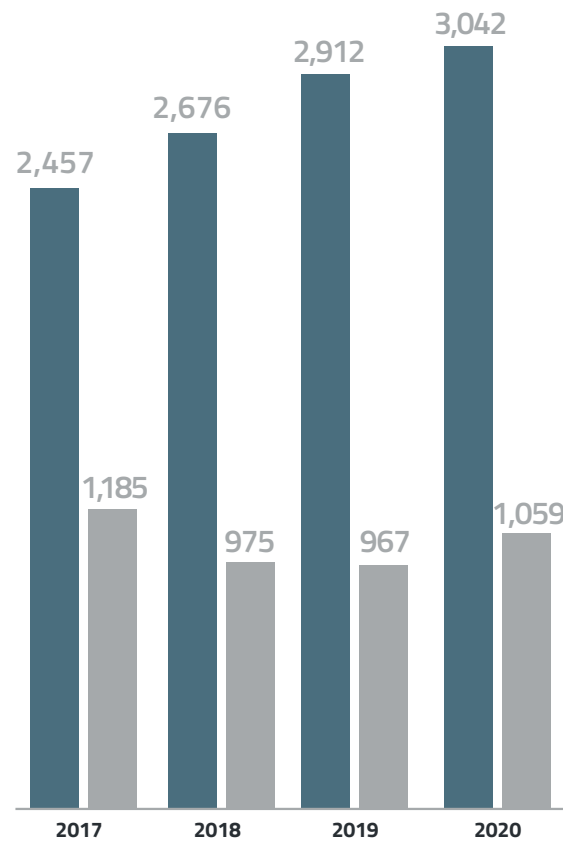


Figure 2 – Total energy consumption over time

■ MWh total energy consumption
■ KWh energy consumption per metric ton produced

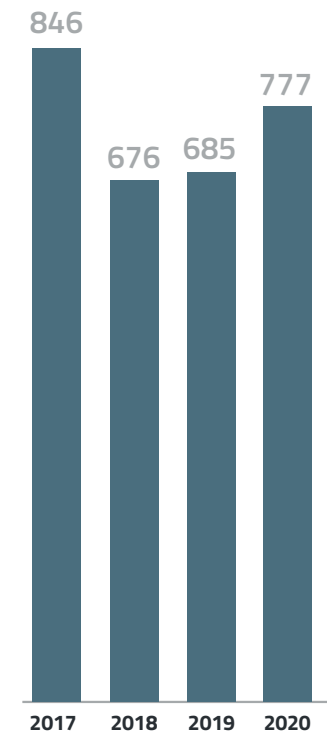


Figure 3 – Electricity consumption

■ KWh electricity consumption per metric ton produced

Energy consumption

Participation in the EEnet energy network is continuing, and in 2020 we managed to implement a number of significant measures, such as expanding LED usage and streamlining the utilization of support systems for compressed air equipment. In 2020, we used a total of 3,042 MWh of energy, made up of 2,219 MWh of eco-labeled electricity, 641 MWh of district heating and 182 MWh of non-renewable fuel for company-owned vehicles.

The reported energy consumption increased during the year, mainly due to the start-up of the new factory operating in parallel with the old plant, as well as the use of energy sources during the construction of the factory. The calculation of electricity consumption includes the Swedish company. We believe that the use of electricity in our plant is the most important energy consumption for us to follow up and reduce, as it accounts for the majority of our energy usage (73%). We are experiencing strong growth and are therefore using different performance measures to monitor our usage of electrical power.

Climate impact

The climate issue is raised by many stakeholders as being an important issue for us. Since 2017, our plant in Vindeln has been using 100% eco-labeled electricity derived from hydro and wind power. We use district heating from a local network, with 99% renewable energy in the form of pellets (heating oil is used to start up the boiler). This means that emissions from our production process, now calculated in scope 1+2, are relatively low (64 metric tons of CO₂e). We have therefore started looking outside our factory in order to further reduce our impact and optimize long-distance transport operations on the global market in which we operate.



Yes, I think it's really important to work with social sustainability. The existence of social barriers between departments is often a common problem, but this is not the case here. We are more like one team, rather than different groups. This makes it easy for new people to settle in."

Alexander Björk, Control System Engineer, Rototilt



Figure 1 – Environmental aspects during the life cycle of the product

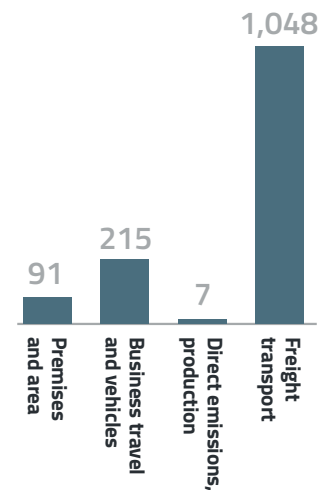


Figure 2 – Climate impact from a life cycle perspective, metric tons of CO₂e

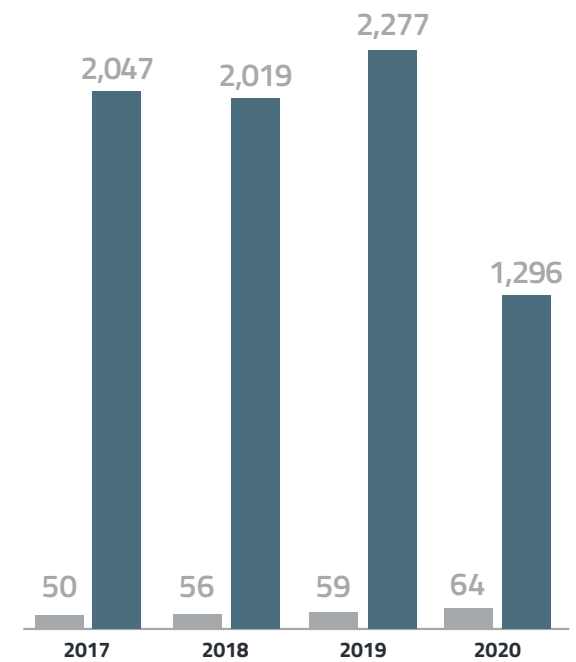


Figure 3 – Climate impact per scope, metric tons of CO₂e

Scope 1+2
Scope 3

Methodology

The calculation for 2020 has been performed in accordance with Green House Gas Protocol's scope 2 market-based approach update. RFI factor 2 is calculated for air freight, which since 2016 has increased the reported emissions in scope 3. The RFI factor is one way of accepting responsibility for the climate impact of aviation, as emissions that occur at high altitude have a greater effect on the climate than those that occur at the ground level. It is also a way for us to demonstrate that we take full responsibility for the climate impact of our air freight. RFI factor 2 is already being used for business travel by air. The climate impact of each metric ton produced is divided into the following areas from the products' life cycle perspective:

Premises and area

- Energy consumption through electricity, heating and fuel consumption
- Water consumption
- Hazardous waste for treatment
- Consumption of office supplies

Business travel and vehicles

- Business travel by air, rail and employees' own vehicles
- Business travel using company-owned vehicles

Direct emissions, production

- Emissions of VOCs from premises to the air

Freight transport

- Inbound and outbound transport of goods by road, sea, air and rail.

Our total climate impact for the Swedish company during the year stood at 1,360 metric tons of CO₂e or 476 kg of CO₂e/metric ton produced. This is a decrease of 300 kg per metric ton produced since 2019, which can be explained by a significant increase in freight transport by sea and an overall reduction in air freight.



7. Responsibility towards society

Here at Rototilt, we feel a great sense of responsibility towards society. Our hub is located in Vindeln, although we are an international company with subsidiaries in Finland, Norway, Germany, Canada, France and the UK. Our customers can be found all around the world. Our geographical location in the interior of northern Sweden therefore represents both an opportunity and a challenge. In addition to finding employees with the right skills, we are very dependent on a good infrastructure. It must be easy to get to and from the workplace, to receive deliveries and to send finished products to our customers. Since our business is international, this means that our social responsibility extends far beyond Sweden's borders.

Value chain

A value chain perspective helps us identify our significant impact on society and the environment, as well as allowing us to create value for our stakeholders.

Suppliers

Our main supplier categories in terms of quantity and volume include castings, welded goods, electronics and hydraulics. Our supplier base is mainly located in Sweden, followed by Europe. In total, we have around 200 suppliers. We are experiencing a trend towards having a growing spread of customers and suppliers over a larger geographic market. As a result, freight is becoming an increasingly important issue for us – both in terms of environmental impact and costs. This includes working with activities in order to identify and select environmentally friendly and more cost-effective transport operations, for example by means of transport taking place vertically to a greater extent, e.g. air -> road, road -> rail and rail -> sea where this is practically feasible. In recent years, using this approach, we have managed to reduce our air freight by 50%.

One area that we have previously mapped, and that will be an area of focus going forward, involves evaluating to a greater extent where we should locate points of purchase for certain goods and services. This also drives synergies from a sustainability perspective and promotes alternative manufacturing methods. A tangible example that is already in progress entails starting to replace printed

material such as installation instructions with digital handbooks and instructions, in order to minimize paper consumption as well as printing costs. Another example involves trying to retain processing where the largest proportion of raw materials is found, or choosing suppliers that can handle several aspects to a greater extent. Examples of these include foundries and trying to keep finishing together in order to minimize transport and lead times.

Another increasingly important issue for us will be to review how, together with our suppliers, we can contribute to recycling. Examples include returning packaging or materials that become detached during processing to the supplier for reuse. Good examples of this include the collaboration with one of our largest machining suppliers, to whom we return metal residue so that they can cast further new parts for us, or where we reuse the packaging in which the products are delivered to us.

When qualifying suppliers, we impose requirements whereby they must comply with our supplier policy. Our supplier policy includes how suppliers should respond in relation to various types of issues regarding quality, the environment, the working environment and corruption. We train ourselves and keep ourselves up-to-date with rules and requirements, in order to maintain a high level of quality in our work with the various suppliers. The following-up of our suppliers is based both on how well they develop and maintain their quality and environmental management systems, as well as the measurement of delivery precision and quality outcomes in respect of deliveries of direct production materials.

All in all, we consider that the activities presented above increase our customer satisfaction by helping us to keep our customer promises, as well as doing so from a long-term sustainability perspective.



Customers

Customer satisfaction was highlighted as an important issue during the stakeholder dialogue. We measure customer satisfaction annually. Based on the results of the customer satisfaction survey, we have also established targets for delivery reliability, level of service and complaints. These targets are followed up in the quality management system. The safety of our customers is important to us. In order to inform our customers about the requirements relating to installation, use and repair, installation instructions, instructions for use and assembly instructions are included in deliveries of new products and spare parts. We design and manufacture our products in accordance with the Machinery Directive and apply CE marking. We also affix certain warning labels directly on the products in the case of particular risks. No incidents relating to deficiencies in installations or mark-ups were reported during the year.

The local community

For us, Vindeln is an important part of our continued success and growth. Vindeln is where we have our head office and production facility, although we have the world as our working environment. In order to continue building on our pride and commitment regarding Vindeln and Rototilt, we are therefore involved in the local community in many different ways. For example, we support various local initiatives and sports associations, as well as working to put Vindeln on the map in various national and international contexts.

One important initiative is the systematic work we carry out in Vindeln together with schools and the rest of the business community. We follow a shared annual schedule, including practical training, lectures, study visits and, last but not least, Vindeln Business Week. This is a trade fair at which we present our products, as well as describing our exciting future professional opportunities and the educational approaches for getting there.

We believe it is important, both for the region and for Vindeln, to show off the potential that exists to run an international company with high-tech expertise in the interior of northern Sweden. Our aim is to help people find quality jobs in an area with a high quality of life, as we will need to continue recruiting in the years to come.

We want to have a positive impact on our community. We believe in our products, our company and our future. In order to succeed, we need a community where all the various elements are working, and where opportunities for housing and attractive infrastructure are of the utmost importance.

We are part of the community and the community is part of us. We therefore try to describe and present what we do, what we stand for and what we want, in many different scenarios. We arrange a large number of study visits and give lectures in various contexts. We also highlight important social issues in various ways, such as the importance of the interior for Sweden, the local population and young people's insight and pride in their own locality and its companies, future job opportunities and the proximity to nature, activities and school.

The issue of equality and diversity is also important to us. In order to continue growing, we need the best, which is why we have to be a company that is attractive to everyone. Through our values, we are striving to achieve an open workplace where everyone can feel welcome and included.

We sponsor elite teams in women's basketball and men's ice hockey in Umeå. We have already established a scholarship at the local secondary school, focusing on performance, development and camaraderie. We sponsor local sports clubs and associations, as well as orphanages/schools in other parts of the world. Being visible in the community in such ways is another aspect of our work on equality and diversity, as well as making us an attractive workplace.

For us, the community is an important part of the whole, which is why we cooperate with local politicians and decision-makers, as well as with education providers. This allows us to work in various ways so that we can continue to grow as a company and thereby influence the community in a positive direction.

Information for the GRI table

GRI-ID	Information	Information for GRI-ID
102-1	Name of the organization	Rototilt Group AB
102-2	Main brands, products and services	Page 5
102-3	Organization's head office	Vindeln
102-4	Countries where the organization operates	Page 5
102-5	Ownership	Rototilt Invest AB, 100%
102-6	Market presence	Page 5
102-7	Organization's size	i. 191 (average number of employees according to annual report) ii. 1 production facility iii. SEK 540,096 thousand, sales iv. SEK 430,763 thousand, balance sheet total v. From a competition perspective, we do not report the actual sales volume
102-8	Employees, number and other information	Page 15
102-9	Value chain	Page 25
102-10	Significant changes to the organization and its value chain during the accounting period	Start-up of a new production facility for rotor assembly, painting, final assembly and automated final testing. Start-up of assembly of products at the subsidiary in Canada. Expansion of machining capacity.
102-11	Application of the precautionary principle	Rototilt applies the precautionary principle in accordance with the regulations contained in Swedish and EU legislation
102-12	External economic, environmental or social initiatives and principles to which the organization has subscribed.	Page 27
102-13	Membership of organizations and networks	EEnet, Maskinleverantörerna, Movex/M3 Användarförening, Styrelseakademin Norr, Företagarna, Dataföreningen Digital Destination Sverige, Confederation of Swedish Enterprise, Association of Swedish Engineering Industries
102-14	Statement from the CEO	Page 3
102-16	Fundamental values, principles and standards of conduct	Page 3
102-18	Structure for the management of sustainability work	a. Board of Directors -> CEO -> Management team b. Board of Directors -> CEO -> Management team
102-40	Reporting of stakeholders	Page 13

GRI-ID	Information	Information for GRI-ID
102-41	Number of employees in relation to collective agreements	100% of Rototilt's employees are covered by collective agreements
102-42	Identification and selection of stakeholders	Page 13
102-43	Forms of engagement with stakeholders	Page 13
102-44	Key issues for stakeholders and their management	Page 13
102-45	Organizational units included in the consolidated financial statements	a. Subsidiaries included in the consolidated financial statements are Rototilt A/S (Norway), Rototilt OY (Finland), Rototilt GmbH (Germany), Rototilt Inc (Canada), Rototilt SAS (France) and Rototilt Ltd (UK) b. These subsidiaries are not included in the sustainability report
102-46	Process for defining the content and boundaries of accounting	Page 3
102-47	Identified material information	Page 13
102-48	Comments on changes in previously reported information	Not relevant
102-49	Significant changes in respect of scope and boundaries	Not relevant
102-50	Accounting period	January 1, 2020 – December 31, 2020
102-51	Date of publication of the previous sustainability report	June 30, 2020
102-52	Reporting cycle	Once per year in connection with the annual report
102-53	Contact person for the sustainability report	Quality and Environment Manager
102-54	Description of level of reporting according to GRI Standards	Core
102-55	GRI Index	Pages 28-30
102-56	External verification of the sustainability report	Rototilt's external auditors are PWC, who will check that a sustainability report has been prepared. Other than this, no third-party review of the content will be carried out
103-1	Explanation of material information and its boundaries	Page 13
103-2	Description of the management's sustainability management and constituent components	Page 9
103-3	Evaluation of the management's sustainability management	Page 9
202-2	Proportion of employees in the management team who come from the local community	100%

GRI-ID	Information	Information for GRI-ID
205-1	Parts of the business that have been evaluated according to the risk of corruption, and identified risks	Page 25
301-2	Recycled material in the production process	Page 19
302-1	Energy consumption within the organization	a. 182 MWh diesel for company-owned vehicles and heating oil for starting up pellet boiler b. 2,860 MWh electricity from wind and hydro power, as well as heating by means of pellet combustion c.i. 2,219 MWh electricity consumption c.ii. 641 MWh district heating consumption e. 3,042 MWh total energy consumption
302-4	Reduction of energy consumption	Total energy consumption increased by 9% per metric ton produced
303-1	Water consumption per source	2,482 cubic meters
303-3	Treatment and return of water	Page 19
305-1	Direct greenhouse gas emissions (Scope 1)	56.7 metric tons
305-2	Indirect greenhouse gas emissions from energy consumption (Scope 2)	7.5 metric tons
305-3	Other indirect greenhouse gas emissions (Scope 3)	1,296 metric tons
305-7	Emissions of NO _x , SO ₂ and other significant air pollutants	We released 661 kg of VOCs from the paint shop in 2020
306-1	Emissions to sewers by quality	Page 19
306-2	Amount of waste by category and treatment method	Page 18
308-1	Percentage of suppliers who have undergone environmental assessment	100%
401-1	New recruits	The number of employees has increased by 5.8%
403-2	Type and extent of injuries, work-related illnesses and work-related accidents, as well as sick leave	Page 15
404-1	Average number of training hours per employee per year	Page 15
404-3	Proportion of employees who have completed regular development and career development discussions	100%
414-2	Proportion of new suppliers who have been assessed in respect of social criteria	100%
417-1	Requirements for product and service information and labelling	Page 27
417-2	Incidents related to deficiencies in product and service information and labelling	Page 27



A couple of positive elements I would like to highlight as I sum up 2020 are the excellent performance of the organization and the fact that, despite all the challenges, we have been able to carry out major investments.

The organization has coped commendably with all the changes and risks in the wake of the pandemic, while managing to maintain high attendance rates with minimal impact on production and deliveries.

Major product and process development projects have been carried out, which have contributed to more efficient processes with an improved working environment and environmental performance. In-depth cooperation with our customers, along with developments within new technical areas and adaptations to our customer offering, have laid the foundations for continued strong growth."

Anders Jonsson, CEO
Rototilt Group AB

Is there is anything you are wondering about
or would you like to know more about the
nature of our sustainability work?

Contact the Quality and Environment Manager
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