

# Sustainability report

## 2022/2023



**ARCTIC FALLS**

PROVING GROUNDS

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## ABOUT THE REPORT

The report covers all three sustainability perspectives: man, environment and economy.

The report covers the split financial year 1 July 2022 – 30 June 2023 and is our first sustainability report. We have not carried out any external review of the report other than based on the requirements set in relation to the K3 report.

## A WORD FROM THE CEO



*This is the Arctic Falls Group's first sustainability report. We are accelerating our work towards a completely sustainable business and we see a great commitment among all employees to actively work forward.*

*During the year, we have identified our significant areas of environmental impact and found that our most important areas for improvement concern our fuel consumption, our land use, our electricity consumption and our construction work. Our employees are the key to our success and we wish for them to thrive and develop within the company and thereby be ambassadors for potential future employees. These are the areas we will focus our sustainability work on.*

*Positive development is based on there being a commitment and a will to change throughout the company. This year we arranged a sustainability day where the employees gained insight into planetary challenges and based on that, we worked together to develop activities to take steps towards our goals.*

*High quality in our courses and services is necessary for effective tests and satisfied customers. We have initiated more quality assurance projects to ensure these demands are met. They concern everything from knowledge of our raw material, snow, where together with Luleå University of Technology and our customers, we work to better understand the mechanical properties of snow and how we can assess and define snow, to ensure that the customer receives the services and track quality that they ordered.*

*High inflation during the year resulted in cost increases. The things that have impacted us the most are fuel, energy and interest costs. We are actively working to streamline our operation to reduce consumption, but we have also been forced to make price adjustments to compensate for the cost increases. The Swedish krona has lost value against the Euro, which drives costs in Sweden, but since we have parts of the income in Euro, this compensates to some extent.*

*The business is growing and we need more employees. We face strong local competition, with large industrial investments underway. We have initiated several projects during the year to ensure that we are an attractive employer, one that our employees recommend to others.*

*For many years we have provided outdoor and indoor winter testing environments. This year we have taken another step by commissioning summer test tracks at one of our facilities. Customers can now run tests on wet and dry asphalt in a cool summer climate in parallel with tests on snow and ice indoors. In this way, transport is reduced and existing facilities are used all year round, which results in increased resource utilisation.*

*The vehicle industry has strong ambitions to convert to a sustainable value chain. We must contribute both by creating the best possible test conditions for our customers and by restructuring our operations.*

— Jonas Jalar



## COMPANY FACTS

Arctic Falls operates in Älvsbyn and Piteå and provides facilities for vehicle and vehicle component testing in cold and cool climates. We have seven permanent test facilities – five outdoors and two indoors. We also offer complete tests that we carry out in-house, mainly for tyres, as well as test services, for example in the form of test engineers, test drivers, tyre changers, coordinators, testing managers and workshop managers.

### Business plan

Arctic Falls AB offers; the vehicle and vehicle component industry, the best possible conditions for testing their products, primarily in cold climates, through a high technical standard and with high demands on service, confidentiality and the environment.

### Overall goals

- Attractive employer
- 100% fossil-free fuels
- Self-sufficiency in renewable electricity
- Promote biological diversity
- Sustainable construction
- Growth and profitability

### Employees

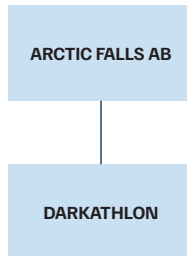
During the fiscal year July 1, 2022 – June 30, 2023, we were 31 employees, 13% women and 87% men. The average age was 40 years. We also had the equivalent three annualised full time employments in the form of contracted workers.

### Turnover

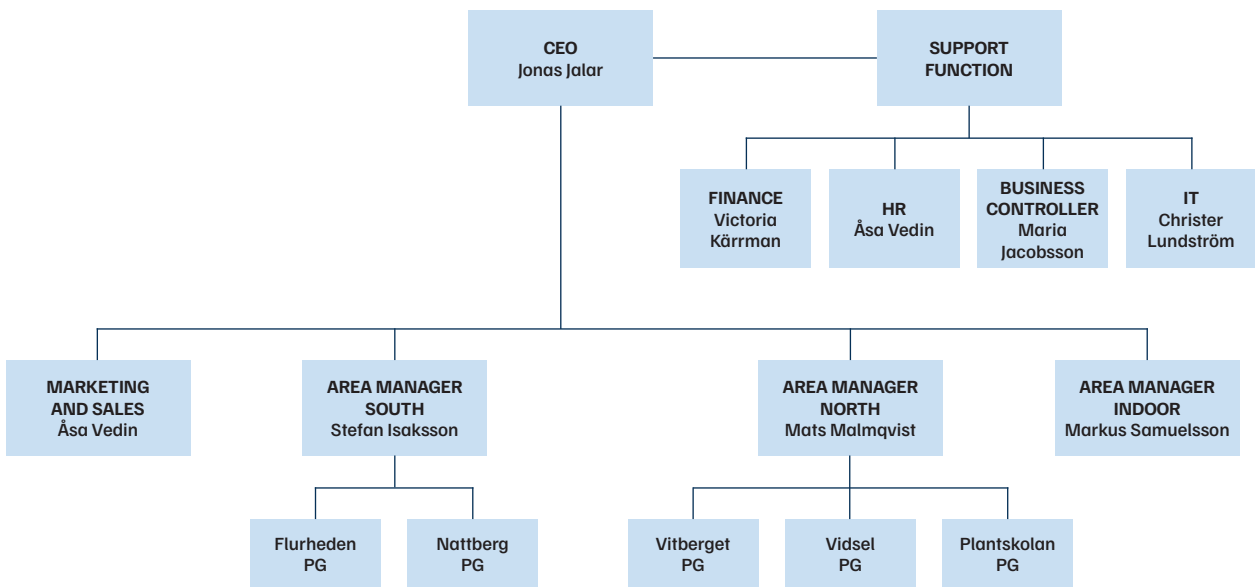
The turnover for the financial year 1 July 2022 – 30 June 2023 was SEK 113 million.

## Our organisation

### Group

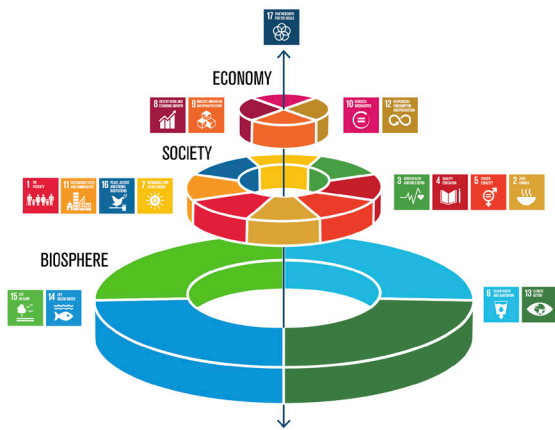


### Organisation Arctic Falls AB



## SUSTAINABILITY CHALLENGES

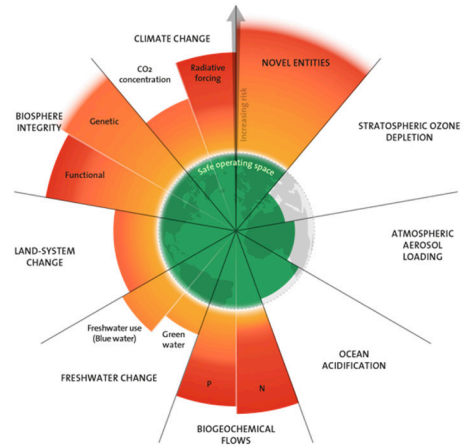
The world is facing extensive sustainability challenges that affect everyone. UN member states have adopted Agenda 2030, a universal agenda for sustainable development that includes all three dimensions of sustainability: environmental, social and economic. It consists of seventeen global goals to be achieved by the year 2030. All countries have thus taken on the responsibility of creating a fairer and more sustainable world.



Credit: Azote Images for Stockholm Resilience Centre, Stockholm University.

After World War II (1948), the United Nations adopted the Universal Declaration of Human Rights, a global guide to freedom and equality, protecting the rights of every person throughout the world.

In the Planetary Boundaries model, which has been developed by a group of researchers led by Johan Rockström at the Stockholm Resilience Centre, the nine environmental areas that we depend on for our survival are visualised. We have already exceeded the limits of what is safe in six of these areas. This means that the risk of us being hit by unforeseen events where the ecosystems fundamentally change, so that they can no longer support us, is great. Therefore, we have come to a point where we have to find solutions that take us back into the area defined by the model as our "safe operating space".



Credit: "Azote for Stockholm Resilience Centre, based on analysis in Richardson et al 2023".

The war between Russia and Ukraine has created unrest in the world. Russia's reduced exports of oil and natural gas have led to increased energy and fuel prices. Food prices have also increased due to reduced exports from both Ukraine and Russia. The Swedish krona has weakened due to the troubled situation in the world.

The industries in Norrbotten and Västerbotten are growing, which has meant increased labour market competition. Among other things, demand has increased for machinery operators.

## MATERIALITY ANALYSIS

Arctic Falls' most important stakeholders are our employees, customers and the surrounding community. The dialogue with our stakeholders is important to understand their needs, challenges and expectations. It is the basis for how we develop our business both now and in the future.

### The employees

It is important to us to offer a safe and secure workplace where the employees feel job satisfaction and we treat each other with respect. We want to be a workplace where employees thrive and feel good, where work and leisure time are in balance.

An employee survey is carried out annually, to gain insight into how the employees view their situation. We have also introduced a digital tool to follow up employee well-being on a weekly basis. One-on-one employee meetings and the daily contact that the employees and the managers/leaders have are also important channels for catching the mood and opinions of the employees.

In our latest employee survey, we found that the employees feel safe in their employment and experience a high degree of well-being in the work group, but that there is room for improvement in the field of internal collaboration. The survey also revealed that the employees are satisfied with their work situation and the work they do and that we have good leadership but that it needs to be strengthened.

In order to involve the employees and get their views on sustainability with a focus on people and the environment, we held a sustainability day. During the day, we worked on questions such as:

- How we develop and learn from each other
- How we treat each other and cooperate in our daily work
- How we make everyone feel safe in the workplace
- How we manage our waste
- How we prepare our tracks

The day ended with an activity to promote biodiversity, in the form of a birdhouse building competition. The birdhouses have been placed at our facilities and already have tenants.

### The customers

Every customer is important and our goal is to meet and preferably exceed the customer's requirements and expectations for every single assignment. In order to understand our customers' needs and expectations, we need to have a good dialogue with them, both before and after their on-site visit.



The automotive industry is faced with great challenges and ambitious goals to create sustainable products. This means that we have to be at the forefront in enabling our customers to carry out their tests in a sustainable environment.

### The local community

Together with our industry colleagues, we have chosen to work to ensure that the testing region in northern Sweden becomes the world's most sustainable testing region. Using the Framework for Strategic Sustainable Development (FSSD) method and "Backcasting", a model for strategic planning, we have identified areas where we as an industry can make the greatest difference. These areas are:

- People – being an attractive employer
- Energy – fuel, electricity and heat
- Land – biodiversity
- Construction – sustainable construction
- Customer – facilitate the green transition of the automotive industry

We work closely with Luleå University of Technology on projects to find better methods to define and assess different types of snow in order to create even more efficient testing environments. We also offer the opportunity for internships and degree projects to develop ourselves and to create contacts with the future workforce. We work closely with several secondary schools, offering internships for machinery operators and we participate in business days at schools to create an interest in our company and our industry.

As an employer, we also want to contribute to well-being and community development in our operative locations. We do this by supporting sports associations with a broad range of activities and associations that contribute to a rich outdoor life, among other things.

## OUR FOCUS AREAS AND GOALS

Based on the materiality analysis and to increase the pace of our transition, we have set goals for 2030 in the areas where we can make the greatest difference. We have established both long-term and short-term goals within all three sustainability perspectives: socially, environmentally and economically.

### Attractive employer

We want to be a safe and secure workplace where the employees feel job satisfaction and where we treat each other with respect. We want to be a workplace where employees thrive and feel good, where work and leisure time are in balance.

#### 2030 goal

More than 90% of our employees consider Arctic Falls an attractive employer.

### 100% fossil-free fuels

In our business, we use many different vehicles such as tractors, pickup trucks, excavators and cars. As part of our transition to having a vehicle fleet that is powered by 100% fossil-free fuels, we streamline the use of existing vehicles and use those that have the least environmental impact whenever possible.

#### 2030 goal

100% fossil-free fuels.

### Renewable energy

All the energy we use is already renewable, as we purchase green electricity. In the future, we seek to be able to produce 100% of the electricity we use ourselves.

#### 2030 goal

100% renewable electricity of our own production.



### Biodiversity

In addition to our test tracks and buildings, we hold large land areas consisting of forest, wetland and water. We wish to steward this land by using part of it for measures that promote biological diversity.

#### 2030 goal

Promote biological diversity.

### Construction

We have many buildings and want to use sustainable materials and methods in both renovation and new construction.

#### 2030 goal

Sustainable construction in renovation and new construction.

### Economy

It is important to us that customers are satisfied with their visit. In each individual assignment, we must meet and preferably exceed the customer's requirements and expectations.

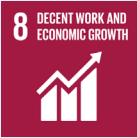




#### 2030 goal

More than 90% of our customers recommend us to others.



## OUR CONTRIBUTION TO AGENDA 2030

Arctic Falls contributes to sustainable development by:

	AGENDA 2023	2030 GOAL	WHAT WE HAVE DONE	WHAT WE SHOULD DO
<b>HUMANITY</b>				
Employee		Attractive workplace	Employee interview Employee survey Weekly follow-up of well-being Schedule change Sustainability Day Health day Intranet Leadership forum	One-to-one employee meeting Employee survey Health promotion Theme day Skills supply strategy Communication strategy Development of the wellness strategy Theme day Develop the Onboarding process Mapping and development work regarding systematic work environment improvement
				Skills supply strategy
<b>ENVIRONMENT</b>				
Energy	 	Fossil-free fuels  Renewable electricity	Purchased an EV Streamlined our equipment  Installed EV charger Replaced lighting fixtures Timer for engine heater	Purchase an EV Inventory the market Assess our efficiency measures Plan our transition Install solar panels Assess our efficiency measures Replace lighting fixtures Review heating options
Biodiversity		Promote biodiversity	Birdhouses Beehives	Hire an expert to inventory our properties
Construction		Sustainable construction		Mapping sustainable construction
<b>ECONOMY</b>				
Growth and profitability		Profit	Decided to invest in EV chargers, indoor hall, solar panels	Recruit more employees Further develop existing facilities

## SOCIAL SUSTAINABILITY

We want to be a safe and secure workplace where the employees feel job satisfaction and where we treat each other with respect. We want to be a workplace where employees thrive and feel good, where work and leisure time are in balance.

### Our goal

At least 90% of our employees consider Arctic Falls an attractive employer.

### Personnel policy

Arctic Falls provides testing facilities and services for tests of vehicles, vehicle components and tyres in cool and cold climates. We want to be a safe and secure workplace where all employees feel job satisfaction and are actively involved in their own and the company's development.

### We want our employees to:

#### Feel job satisfaction

Together we create a positive working climate with a strong sense of community where everyone feels welcome, thrives and enjoys themselves. Working with us should be fun.

#### Show commitment

We want all employees to feel involved and have the opportunity to influence their work. Everyone's contribution is important and our work together is characterised by openness where everyone is welcome to speak up.

#### Want to develop

We encourage and make the best of each other's ideas and suggestions for developing together, both as individuals and as a company.

#### Take responsibility

We treat each other with respect and make the most of each other's differences. By doing our best and keeping to our promises, we can match and exceed the customers' expectations.

### Activities 2022/2023

- Conducted an employee survey
- Introduced a digital tool to continuously assess employee well-being
- Made schedule changes to create a better balance between work and leisure
- Sustainability day with all employees
- Health day via the occupational health service
- Intranet to collect and communicate information
- Leadership forum

### Our employees

#### Employees

For us, it is important to offer a safe and secure workplace with competitive wages, which also means equal pay for equal work.

In the business year 2022/23, we had a total of 31 annualised employments distributed across our seven facilities. The most common form of employment is permanent employment and during the high season (November-March) we have seasonal employees. In addition, we also have three annualised jobs in the form of contracted workers.

The average age was 40 years and the distribution between women and men was 13% women and 87% men. We strive for an equal workplace and use skills-based recruitment. During our last recruitment drive, we saw that both the total number of applications and the number of female applicants had increased. We interpret this to mean that interest in our industry has increased and that it has also increased among women.

The board of Arctic Falls is all-male. In our business, there are four male managers, no females. The management team consists of three women and five men.

Staff turnover in 2022/2023 was 17%. Five permanent employees have chosen to leave.

#### Skills development

In 2022/2023, we held a sustainability day for all employees. All collective employees have attended a course in cardiopulmonary resuscitation as well as other training such as forklift and lift training.

In our employee survey, the employees expressed satisfaction with their work situation, which includes, among other things, the following areas: workplace enjoyment, sense of meaningful work, opportunities to influence work, and job

security. The employees are pleased with their place in the team, but we can see a desire for increased collaboration. The survey shows that the leadership is generally good, but that there are opportunities for improvement.

**Health and safety**

At Arctic Falls, we wish to create a safe and secure work environment and we work actively and systematically to improve the work environment, including all physical, organisational and social aspects of it. An important part of our work environment initiatives is to catch early signals of possible ill health, work environment problems and dissatisfaction at work. Therefore, we use a digital tool for weekly follow-up.

We have low levels of sick leave absence, both this year and in previous years. We do not have any long-term sick leave.

**Sick leave absence (%)**

	20/21	21/22	22/23
Sick leave	2,7	3,4	1,9

We believe that wellness initiatives promote the health and well-being of employees, therefore we offer all employees a wellness grant and organise health challenges at least twice a year. We also hold a health day through the occupational health service with a lecture, work-outs and testing.

**Incidents and work injuries**

We wish to offer a safe and secure workplace, hence, preventative work environment efforts are important. Together, we work to constantly improve our work environment.

We use a case management system where all employees report deviations, incidents and accidents. Based on this, we take measures to prevent accidents and occupational injuries.

The reporting of deviations has increased in recent years due to the fact that we worked more actively to inform about the importance of reporting deviations, incidents and accidents and because we provide feedback to the employees. The number of incidents and accidents has decreased as a result of our work. Thanks to the increased number of deviation reports, we have been able to take measures before accidents have occurred.

**Incidents and accidents (number)**

	20/21	21/22	22/23
Deviations	31	42	67
Incidents	7	2	3
Accident	1	5	1

**Activities 2023/2024**

- Skills supply strategy
- Communication strategy
- Development of the wellness strategy
- All hands theme day
- Develop the onboarding process
- Mapping and development work regarding systematic work environment improvement



## ENVIRONMENTAL SUSTAINABILITY

We have identified four areas where, by increasing the pace of our transition, we can contribute to making a difference.

### Our goals

- 100% fossil-free fuels
- 100% renewable electricity of our own production
- Promote biodiversity
- Sustainable construction

### Environmental policy

Arctic Falls provides testing facilities and services for testing vehicles, vehicle components and tyres. Through pioneering efforts in our environmental work, we enable our clients to build a more sustainable tyre and vehicle industry.

### Our environmental work must lead to:

#### Reduced use of fossil fuels

We strive to replace our fleet of vehicles and machinery with fossil-free alternatives, keeping pace with technological development. Until our vehicle fleet is completely fossil-free, we strive to carry out track preparation in a fuel-efficient way. We monitor our fuel consumption to ensure that our fuel needs are reduced over time. We continuously adapt our facilities to give our customers better conditions to carry out tests with electric cars and other fossil-free alternatives.

#### Renewable and efficient use of energy

As our business requires a lot of energy, it is a matter of course for us that all the electricity we purchase comes from renewable sources. We also work to reduce our energy needs.

#### Promote biological diversity

In addition to test tracks and buildings, our test facilities consist of large undeveloped land areas. On these properties, we must carry out measures that promote biological diversity.

#### Constant improvement

We work strategically with sustainability, which for us means that sustainability work is an ongoing process that is integrated into the entire organisation. We evaluate how our operations affect the environment and choose interventions where we see that we can make a big difference.

We comply with current environmental legislation and regulations and comply with the environmental requirements that our customers place on us.

## Activities 2022/2023

### Fossil-free fuels

- Bought an electric car
- Installed 350 kW charging power for electric cars
- Streamlined our track preparation equipment

### Energy

- Replaced lighting fixtures with low-energy solutions
- Installed timer for engine heater

### Biodiversity

- Allocated space for beehives
- Built birdhouses

### Construction

- The work on sustainable construction has not begun



### Fossil-free fuels

In the operation of our business, we use a range of vehicles such as tractors, pickup trucks, excavators and cars. To plan our green transition, we have chosen to group our vehicles into the following categories; new technology exists, new technology is emerging, no new technology available.

#### Vehicle categories

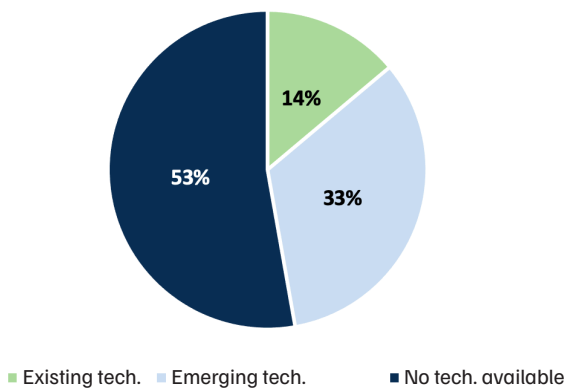


Table: Percentage distribution of vehicles per category

As part of our transition to 100% fossil-free fuels, we streamline the use of existing vehicles and use those with the least environmental impact whenever possible. We are constantly improving our equipment and our way of working in order to become as efficient as possible and reduce our environmental impact.

There are several factors that affect our fuel consumption, such as temperature, precipitation and occupancy. Therefore, we need to review how we are to follow up our efficiency efforts.

#### Fuel consumption (litres)

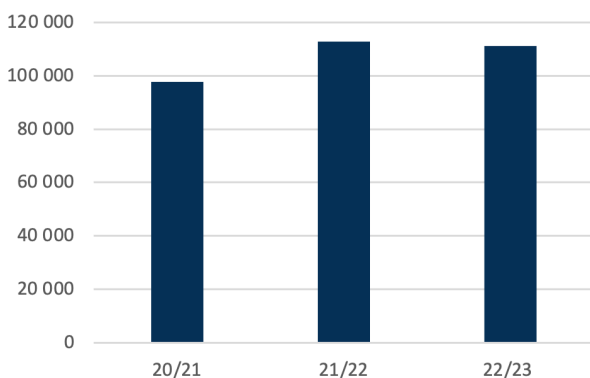


Table: Fuel consumption per year

In 2020/21, the business was affected by Covid and we had a lower occupancy rate than normal. This meant that fuel consumption was also significantly lower.

### Energy

As our business requires a lot of energy, it is a matter of course for us that all the electricity we purchase comes from renewable sources. As part of our transition, we will review the possibility of producing renewable electricity ourselves. Our electricity consumption is mainly affected by temperature and degree of occupancy.

#### Energy consumption (kWh)

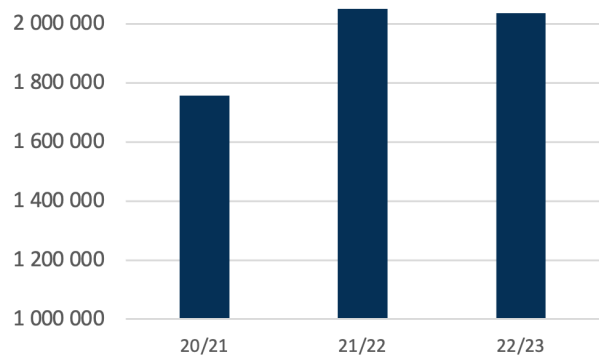


Table: Energy consumption per year

Electricity consumption was also affected by Covid in 2020/21 and was lower due to lower occupancy rates.



**Biodiversity**

In addition to our test tracks and buildings, we hold large land areas consisting of forest, wetland and water. Distribution of our land shows that we have a large proportion of forest where we can make efforts to promote biological diversity.

**Distribution of land**

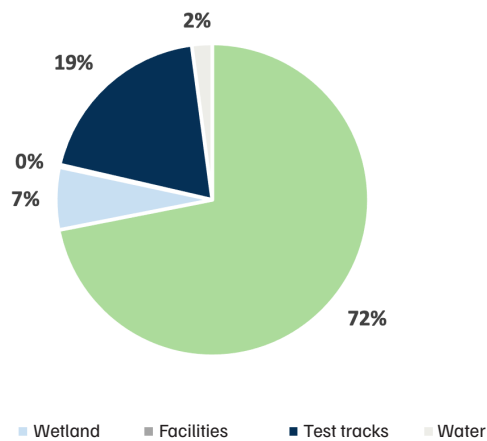


Table: Percentage distribution of land

**Activities 2023/2024**

**Fuel**

- Replace at least one vehicle with an electric alternative.
- In order to keep up to date with what is available on the market, we will attend expos and keep in touch with retailers.
- Review our plan for the transition.
- Design a way to measure our efficiency.

**Energy**

- Design a way to measure our efficiency improvement measures.
- Continue to review our lighting and switch to more energy efficient fixtures.
- Review our heating options.
- Install solar panels.

**Biodiversity**

- Hire an expert to inventory our properties, for tips and advice on what we can do to promote biodiversity.

**Construction**

- Begin work on mapping sustainable construction.

## FINANCIAL SUSTAINABILITY

Arctic Falls strives for long-term sustainable growth that creates value for stakeholders and therefore includes several different perspectives when making decisions. Based on the customer's requirements and expectations, we assess what is the best solution; socially, environmentally and financially.

Profitability is a prerequisite for the company's continued development and future investments. By offering jobs and paying taxes, Arctic Falls contributes to the economy of the local community and the economic prosperity of the region.

During the 2022/23 financial year, Arctic Falls generated revenues of SEK 113 million and paid more than SEK 12 million in tax and social security contributions.

### Generated and distributed values (thousands SEK)

	20/21	21/22	22/23
<b>Economic value, directly generated</b>			
Net sales	80 725	99 172	113 891
<b>Economic value, distributed</b>			
Operating expenses	40 507	44 694	51 653
Salaries and employee remuneration	15 340	17 652	19 043
Tax and social contributions	8 769	12 112	12 726
Local community investments	7	21	45
Payments to financiers	910	1 151	2 304
<b>Economic value, retained</b>	<b>15 192</b>	<b>23 542</b>	<b>28 120</b>



## BUSINESS LOCATIONS

### MAIN OFFICE

Förrådsgatan 2  
942 36 Älvsbyn

### DO NORD

**Vitberget**  
Idafors 501  
942 95 Vidsele

### Vidsele/Plantskolan

Finnësheden 7  
942 92 Vidsele

### DO SYD

**Flurheden**  
Lappurträsk 701  
942 91 Visträsk

### Nattberg

Nattbergsheden 1  
942 91 Visträsk

### INDOOR

**Piteå Indoor**  
Skjutbanevägen 50  
944 73 Piteå

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## CONTACT DETAILS

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# ARCTIC FALLS

PROVING GROUNDS