2025
Sustainability Report

SUNFAB
THE SOURCE OF HYDRAULIC POWER

Content

”Our commitment to being a responsible company permeates how we act in our value chain, internally as well as externally.”

Marie Nilsson
CEO Sunfab Hydraulics AB

MASSAGE FROM THE CEO

Together we create the future of hydraulics

2025 has been a significant year for Sunfab as we celebrated 100 years of innovation and technological development. Our journey is a clear expression of long-term commitment, dedication and a strong passion for developing solutions that deliver lasting value. The anniversary year has been recognised in various ways, reflecting both pride in our heritage and our global position. Our history forms the foundation for further development in line with new demands and expectations.

For us, sustainability means operating a responsible business over the long term, where business value, people and the environment are interconnected. Our employees play a crucial role in this work. A safe, secure and inclusive working environment, where expertise and engagement are fully utilised, is essential for both our development and our contribution to a more sustainable tomorrow.

Collaboration lies at the heart of our continued development. It is through interaction with customers, suppliers and society that new ideas emerge and where we identify opportunities to make a meaningful difference. Our products are relevant for future solutions and enable sustainable innovation through new and further developed applications, particularly in line with the transition towards more energy-efficient and electrified systems.

Our greatest impact arises in and through our value chain, making close and long-term relationships essential. Through strong collaboration with suppliers in the Nordic region and Europe, focusing on responsibility, quality and sustainability, we strengthen both resilience and adaptability in a changing environment.

During the year, we strengthened the structure of our sustainability work by conducting a double materiality assessment, guiding us in prioritisation and continued development.

Marie Nilsson
CEO Sunfab Hydraulics AB

OUR HISTORY

100 year of Innovation

The Sunfab brand was registered in 1952. However, our history dates back much earlier, with innovations such as wooden skis that won Olympic gold medals and the world's first mobile hydraulic crane.

Sunfab's founder, Eric Sundin, had a strong interest in mechanics and engineering. In 1925, he established the ski factory Sundins Skidor in Arbrå. Following a fire, operations were relocated to Hudiksvall, where the company expanded and was ultimately established at Varvet in the harbour – the site where Sunfab remains today.

As hydraulics came to play an increasingly important role in ski production, both knowledge and interest in the field grew. Together with builder Einar Frisk, Sundin went on to establish Hydrauliska Industriaktiebolaget Hiab. In 1947, a key innovation was introduced: the world's first mobile hydraulic crane.

Development continued at a rapid pace. In 1952, Eric Sundin founded Sunfab to meet the growing demand for high-performance hydraulic technology. Two years later, the company launched its first hydraulic piston pump for trucks.

At the same time, the ski factory continued to expand, and by the 1960s, Sundins Skidor had become one of the world's largest ski manufacturers. However, managing multiple businesses in parallel eventually proved unsustainable, and in 1965 Hiab was sold to an investment company.

As competition from European ski manufacturers intensified in the 1980s, it became increasingly difficult to continue operations. The ski factory was closed in 1989. At the same time, the hydraulic pump business was thriving. In the early 1990s, the company was renamed Sunfab Hydraulics AB. The SC pump was developed, and the company also introduced its own hydraulic motor. At that time, annual deliveries amounted to around 8,000 pumps.

Today, Sunfab is a strong and well-recognised brand. Approximately 90 per cent of production is exported to around 60 countries, with annual output reaching approximately 50,000 pumps and motors. In 2006, a new, modern production facility was inaugurated adjacent to the former ski factory. Sunfab remains a family-owned company, now led by the third generation, and in 2025 celebrated its 100th anniversary.

BUSINESS MODEL AND OPERATIONS

The Heart of Hydraulics

Sunfab develops, manufactures and supplies system components for mobile hydraulic systems. We consider our products to be at the heart of hydraulics. Our vision is: “Together we create the future of hydraulics.”

PRODUCTS

Our hydraulic pumps are primarily used in trucks to power hydraulic auxiliary equipment such as forestry and load-handling cranes, tipping bodies and hook lifts. Our hydraulic motors are used to drive a range of hydraulically powered rotating equipment, including fans, stump grinders, winches and saws. These motors can be installed in vehicles and equipment used both on-road and off-road, as well as in marine applications.

The installation and use of hydraulic systems involve safety-critical operations for end users, making high product quality essential for safe and reliable performance. We offer products characterised by high quality, precision-engineered design, long service life and dependable operation. Through our warranties, we take responsibility for product performance and thereby contribute to customer confidence and trust.

GOVERNANCE

Sunfab’s Board of Directors, comprising owners, employee representatives and external members, has overall responsibility for the company. The CEO leads the organisation together with the management team and develops a three-year strategic plan, which is subject to Board approval. The Head of Sustainability drives and develops the sustainability work, supported by a Sustainability Coordinator, while all employees contribute to achieving the company’s sustainability objectives. The sustainability report is prepared within the organisation, reviewed by the management team and approved by the CEO.

MANAGEMENT SYSTEMS

To ensure a structured and long-term approach, Sunfab’s management system is certified in accordance with ISO 9001, ISO 14001 and ISO 45001. This means that we are annually audited against these standards, and that quality, environmental and occupational health and safety aspects are integrated into our processes. Risk management is a central component of the management systems and is carried out both strategically and in day-to-day operations. Through clearly defined processes, we create the conditions required to achieve our objectives with minimal disruption.

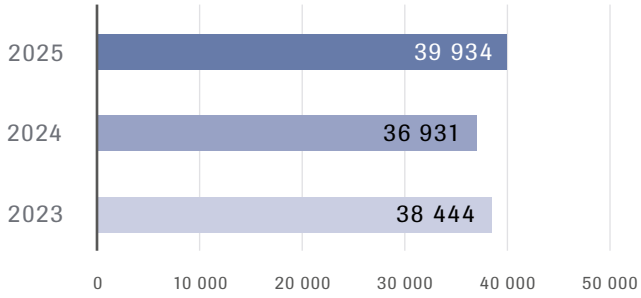
ORGANISATION

The Sunfab Group

The parent company is headquartered in Hudiksvall, Sweden, where products are developed, manufactured and distributed to customers. The Group includes wholly owned subsidiaries in Germany, France, the United Kingdom, Spain, the United States and Malaysia. These subsidiaries are responsible for marketing and sales.

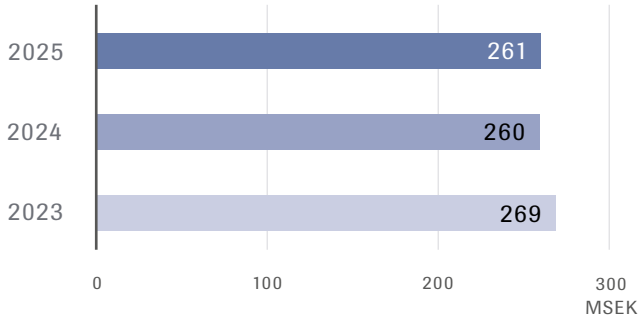
Total units sold 2025

39 934



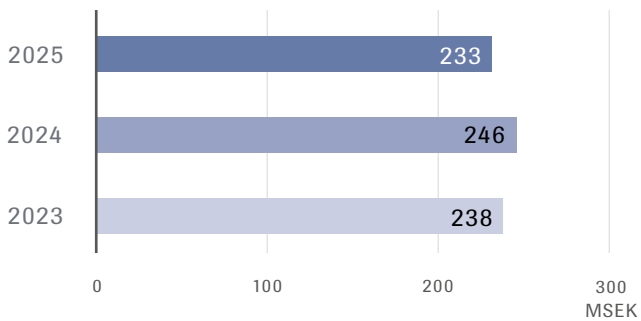
Revenue 2025

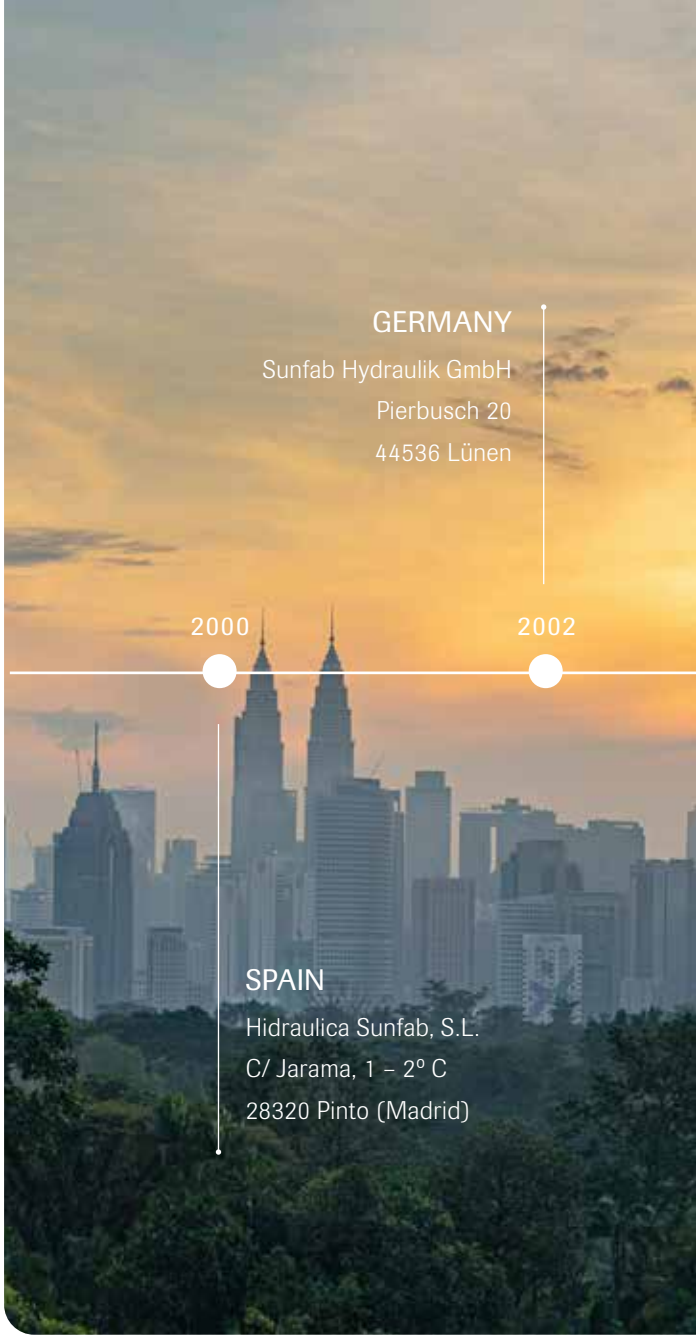
261 MSEK



Balance sheet total 2025

233 MSEK

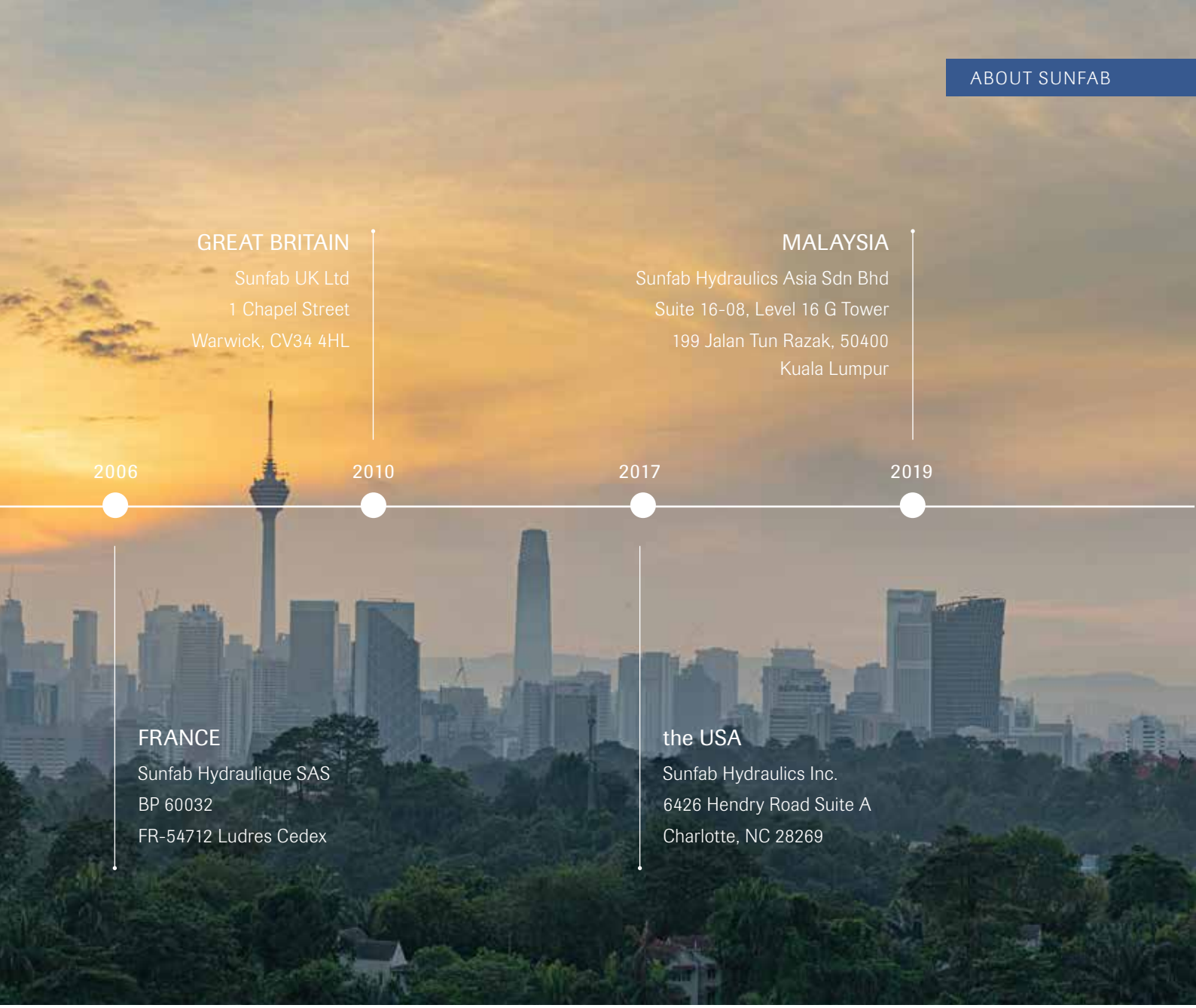




SUNFAB GMBH

German Market Presence

The hydraulics market in Germany is one of the most advanced in Europe and is characterised by a high level of technological expertise and a strong industrial heritage. Our German subsidiary plays an important role in our international business. Three sales representatives work closely with customers, while order processing is handled from our office in Hudiksvall to ensure efficient administration.



”We are seeing a recovery in Germany, albeit slower than anticipated. With increased support from Hudiksvall, now also serving as a hub for the German market, we are operating more efficiently than ever.”

Jörg Nettler
Senior Sales Manager

DOUBLE MATERIALITY ASSESSMENT

Our Sustainability Priorities

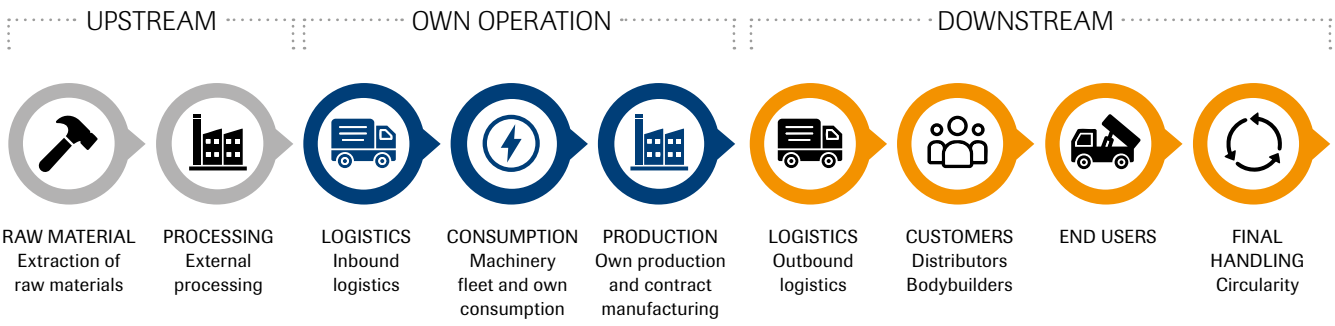
In 2025, a double materiality assessment was conducted in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD). Through this assessment, we identified our most significant sustainability issues from a dual perspective. This means that we have assessed both how our operations impact people, the environment and society (the inside-out perspective), and how sustainability-related risks and opportunities may affect our financial position, business model and long-term profitability (the outside-in perspective). To ensure a robust and transparent process, the assessment was carried out in four structured steps:

1. Current state and context – We mapped our value chain, from raw materials to end customer, to understand where and how Sunfab has the greatest impact. We also conducted a stakeholder analysis and dialogue, identifying key stakeholders and analysing both how our operations affect them and how their expectations and requirements influence Sunfab.
2. Assessment of impacts and materiality – Based on the thematic ESRS standards, each topic was analysed in terms of actual and potential impacts, both positive and negative.
3. Assessment of financial effects – In line with the ESRS requirements, we identified sustainability-related risks and opportunities that may have financial implications for Sunfab, for example in relation to climate change, workforce capabilities and evolving regulatory requirements.
4. Evaluation and prioritisation – To ensure a consistent and transparent assessment, we used a four-point scale (1–4) to evaluate each sustainability issue. The assessment was based on multiple dimensions.

VALUE CHAIN

Driving Responsible Business

Our value chain extends from the extraction of raw materials to the end-of-life management of our products. For Sunfab, it is important to ensure respect for human rights and environmental considerations at every stage of the value chain. As an initial step, we have chosen to focus on the parts of the value chain where we have the greatest opportunity to influence. This includes the stages from the processing of raw materials (our direct suppliers) to our customers (distributors and bodybuilders).



Double Materiality Matrix

The assessment resulted in four material areas, three of which were identified as double material, and one as financially material only:

- Climate change
- Own workforce
- Responsible business conduct
- Circular economy

These four areas now form the basis for the development of our sustainability strategy and long-term objectives. By integrating these areas into our business plan, we ensure that sustainability is not treated as a separate track, but as an integral part of Sunfab's overall strategy.

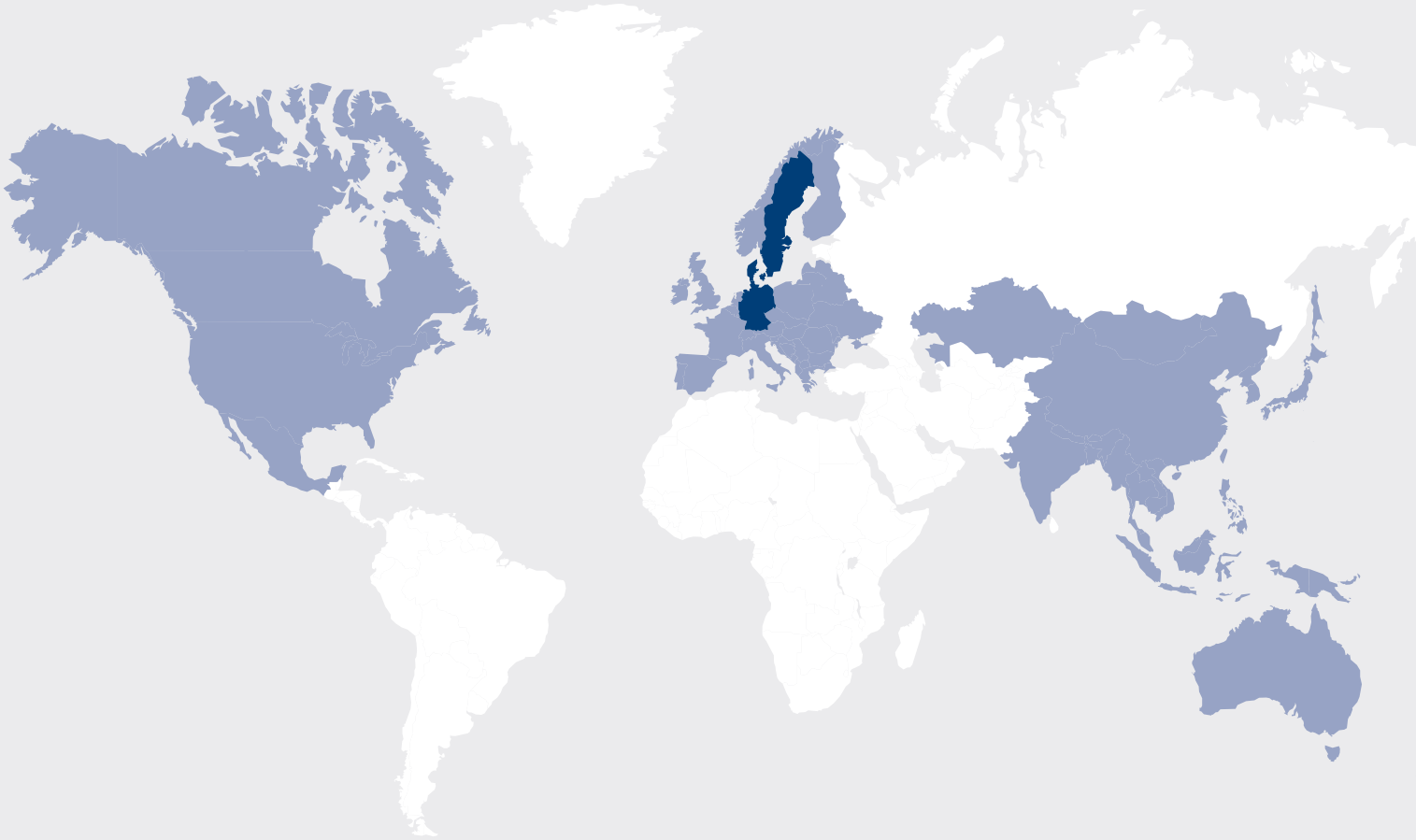
E1	Climate change
E2	Pollution
E3	Water and marine resources
E4	Biodiversity and ecosystems
E5	Resource use and circular economy
S1	Own workforce
S2	Workers in the value chain
S3	Affected communities
S4	Consumers and end users
G1	Business conduct

Dubble materiality
Material
Not material

BUSINESS RELATIONS

Our Stakeholders

Suppliers and customers are central to Sunfab's value chain and sustainability efforts. The map provides an overview of our global customer network, as well as the proximity of our suppliers. Light blue areas indicate our key markets, while dark blue areas highlight the countries where we have both suppliers and key markets.



Customers

Customers and Suppliers

Stakeholder: Supplier

BUSINESS RELATION

Suppliers are a key stakeholder for Sunfab and play a central role in our value chain. We primarily source raw materials from the Nordic region and Europe, in line with our procurement strategy, which is based on maintaining a supplier base located as close to our production as possible. This approach provides advantages in terms of supply reliability and sustainability, as transport distances are reduced and we operate within the same regulatory framework and sustainability initiatives under the EU Green Deal.

REQUIREMENTS AND RISK MANAGEMENT

We set clear supplier requirements through our Code of Conduct and procurement processes, based on the UN Global Compact, and monitor compliance. Suppliers must also apply these standards across their supply chains to ensure responsible sourcing.

Each year, we conduct audits of approximately ten suppliers, which together account for around 80 per cent of our total purchasing value. These audits cover financial stability, supply reliability, quality and sustainability. We require both our suppliers and their subcontractors to comply with internationally recognised principles relating to anti-corruption, human rights, occupational health and safety, and environmental protection. New suppliers of direct materials also undergo a more comprehensive on-site assessment before approval. In recent years, sustainability has become an increasingly important factor in supplier selection.

DIALOGUE

- Supplier assessments
- Supplier evaluations
- Ongoing dialogue within procurement

Stakeholder: Customer

BUSINESS RELATION

Our customers primarily include equipment distributors and manufacturers of mobile systems, such as OEMs, crane manufacturers and bodybuilders. Sunfab's key markets are in the Nordic region, Europe, Asia and North America. Through long-term customer relationships and close collaboration, we are committed to understanding our customers' needs and delivering solutions of high quality and long service life.

REQUIREMENTS AND RISK MANAGEMENT

Our business relationships are founded on respect for human rights, laws and regulations. We do not enter into partnerships that conflict with these principles. As part of our overall risk management, we have established processes for credit assessments and the ongoing evaluation of business relationships. These are designed to support stable, predictable and sustainable partnerships, while ensuring that financial risks are managed responsibly.

DIALOGUE

- Ongoing contact through our sales representatives
- Customer visits
- Trade fairs
- Customer engagement during order processing
- Customer evaluations

We are also regularly evaluated by our customers, where, as a supplier, we demonstrate how we meet their requirements. The most common sustainability-related customer enquiries concern how we ensure compliance with regulations on restricted chemical substances in our products.

PRACTICES, POLICIES AND FUTURE INITIATIVES

Governance of Material Topics

CLIMATE CHANGE

Practices and Policies	Responsible	Review Forum	Future Initiatives
Strategic activities	CEO	Management team meetings	Strategic initiatives within electrification. Calculate the carbon footprint of products.
ISO 14001	Sustainability Manager	External and internal audit	
Significant environmental aspects	Sustainability Manager	Environmental report	
Quality and environment policy	Sustainability Manager	Management review	
Routine for business travel	Sales and Marketing Director	Ongoing follow-up	

CIRCULAR ECONOMY AND WASTE

Practices and Policies	Responsible	Review Forum	Future Initiatives
Strategic activities	CEO	Management team meetings	Develop waste sorting. Enhance competencies in sustainable procurement and life cycle assessment (LCA). Map and phase out any potentially hazardous substances in our products.
ISO 14001	Sustainability Manager	External and internal audit	
Waste plan	Sustainability Manager	Internal inspection (environment)	

OWN WORKFORCE

Practices and Policies	Responsible	Review Forum	Future Initiatives
Strategic activities	CEO	Management team meetings	Revise Sunfab's core values. Strengthen the employer brand. Conduct regular pulse surveys/employee surveys and follow-ups. Social activities to strengthen team cohesion.
ISO 45001	Sustainability Manager	External and internal audit	
Work environment policy	CEO	Management review	
Drug policy	HR Manager	Ongoing follow-up	
Personnel policy	HR Manager	Ongoing follow-up	
Equal opportunities plan	CEO	Ongoing follow-up	

RESPONSIBLE BUSINESS CONDUCT

Practices and Policies	Responsible	Review Forum	Future Initiatives
Strategic activities	CEO	Management team meetings	Integrate sustainability into the sales process. Systematise the collection of sustainability and compliance data from suppliers. Ensure compliance with cybersecurity legislation and the Machinery Directive.
Sunfab code of conduct	HR Manager	Ongoing follow-up	
Supplier code of conduct	Manager Logistics and Purchase	Supplier assessments	
Procurement policy	Manager Logistics and Purchase	Ongoing follow-up	
Policy on irregularities and bribery	HR Manager	Ongoing follow-up	

All governing documents are stored in a shared document management system and are regularly reviewed by the document owner to ensure they remain up to date.

ENVIRONMENT

Climate, Resource Use and Circularity

Our environmental work is guided by the requirements placed on our operations and our customer relationships, as well as the double materiality assessment conducted. It is also guided by our Quality and Environmental Policy, which sets the direction for our work. This chapter presents the environmental issues most relevant to our operations and how these are currently managed.

ENVIRONMENTAL MANAGEMENT

Priority Environmental Aspects

In our environmental work, we focus on the environmental aspects where our operations have the greatest impact and where we can add the most value. Our priority environmental aspects are:

Own operations

- Hazardous waste generation
- Electricity consumption in operations
- Climate impact from commuting and business travel

Upstream and downstream value chain

- Climate impact from transport
- Use of virgin or recycled materials

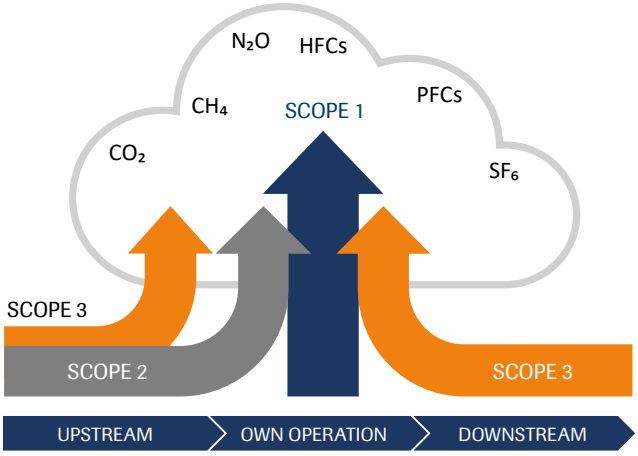
Our environmental work is carried out within the framework of our certified environmental management system in accordance with ISO 14001. This provides a structured approach to continuous improvement, clear objectives and structured follow-up. A key element of this work is measuring and monitoring our climate impact.

ENERGY AND GREENHOUSE GAS EMISSIONS

Our Climate Impact

We calculate our climate impact in accordance with the international standard, the Greenhouse Gas Protocol (GHG Protocol), which categorises emissions into three scopes. Our emissions include the following categories:

- **Scope 1:** Direct emissions from our own operations. These emissions consist solely of fuel consumption from company-owned vehicles.
- **Scope 2:** Indirect emissions from purchased energy, including electricity and heating.
- **Scope 3:** Selected indirect emissions across our value chain.



During the year, we further developed our calculation methodology and included category 3.3, Fuel and Energy, in our reporting. This category covers well-to-tank emissions arising from the production of fuels used in our vehicles (Scope 1), as well as from the production of the energy we purchase (Scope 2).

To ensure comparability over time, we have recalculated emissions for both Scope 1 and Scope 2 in line with the updated methodology. This enables more transparent and consistent tracking of our performance. Scope 1 and Scope 2 include emissions from both the parent company and its subsidiaries, while Scope 3 primarily covers the parent company. An exception is made for category 3.3 (Fuel and Energy), where emissions from company-owned vehicles in subsidiaries are also included as well-to-tank emissions. This applies only to these vehicles and not to the entire category.

Greenhouse Gas Emissions

SCOPE 1

Our vehicle fleet has changed slightly since 2024. The share of company cars classified as low-emission vehicles has increased from 63 per cent to 69 per cent. The proportion of kilometres driven using these vehicles has also reached 69 per cent. The total distance travelled has increased compared to the previous year, mainly due to the addition of a local sales representative at Sunfab Spain. However, emissions remain at the same level, as the calculation methodology has been updated and emissions from fuel production are now accounted for under category 3.3.

SCOPE 2

Scope 2 emissions can be reported in two ways: using the market-based approach or the location-based approach. Market-based emissions reflect the emissions associated with the electricity contracts chosen by the organisation, for example through the selection of energy suppliers or certified renewable electricity. Location-based emissions, on the other hand, reflect the average emissions from the local energy system where the electricity is consumed, regardless of contractual arrangements. In this report, market-based emissions are presented, with location-based emissions shown in parentheses.

Scope 2 emissions decreased in 2025 from 22 to 13 tonnes of CO2e. The main reason for this reduction is the updated calculation methodology, which reallocates part of the emissions to category 3.3. Lower district heating consumption in Hudiksvall, resulting from improved control of the heating system, also contributed to the decrease. Operations in Germany are since January managed without a local office, and no electricity or heating consumption is therefore included from Germany.

Electricity and Heating Consumption

Electricity consumption in Hudiksvall increased slightly by 100 kWh, while the United States remained unchanged compared to 2024. As there is no longer a local office in Germany, no energy use is reported there. New ground source heat pumps installed in November 2025 have already reduced district heating use in Hudiksvall. They will become the main heating source and are expected to further cut energy use and emissions, with greater impact in 2026.

Category	2025	2024
SCOPE 1, Tonnes CO2e	21	19
Pool cars and wheel loader	1,6	1,5
Company cars	19,8	17,8

Category	2025	2024
SCOPE 2, Tonnes CO2e	13	22
Electricity Hudiksvall	0 (111)	0 (106)
Electricity USA	2,4 (3)	2,4 (3)
Electricity Germany	-	0,04 (4)
Heat Hudiksvall	3,0	8,2
Heat USA	7,7	8,1
Heat Germany	-	3,7

Category	Renewable	Non Renewable	Total kWh
ELECTRICITY			
Hudiksvall	100%		2 409 611
USA	7%	93%	8 494
FUELS			
District heating Hudiksvall	95%*	5%	218 100
Fossil gal USA		100%	37 826

* Renewable also includes recycled energy

SCOPE 3

Purchased Goods and Services

90 per cent of total purchases is included in the collected data and includes only material procurement, with subcontracted services excluded. The total volume of purchased materials increased by 19 per cent. Of this increase, 13 per cent reflects a genuine rise in material use per unit sold, while the remaining share is attributable to the inclusion of an additional supplier and inventory build-up. The share of recycled materials amounted to 88 per cent, slightly lower than the previous year's level of 91 per cent.

Fuel and Energy

Upstream emissions from the production of fuels and purchased energy are now reported separately to provide a clearer picture of the indirect emissions that occur before the energy reaches our operations. New calculations were carried out for both 2025 and 2024, showing that emission levels are broadly equal in the two years. Location-based emissions are presented in parentheses.

Upstream Transport and Distribution

Upstream transport includes transportation services purchased by the company, covering both inbound deliveries from suppliers and outbound deliveries to customers and external warehouses. In 2025, transport volumes increased mainly by sea and road, while air freight remained stable in terms of weight. Emissions from sea and road transport increased in line with higher volumes. Despite unchanged air freight volumes, emissions decreased due to the availability of climate-compensated data from our suppliers.

Waste

The waste category includes production waste from operations, which is managed by our external waste service provider. In accordance with the GHG Protocol, we report only emissions related to transport for waste that is sent for material recycling or incineration. Total waste amounted to 427 tonnes. For further details, see pages 26–27.

Category	2025	2024
SCOPE 3, Tonnes CO2e	1977	1681
Purchased goods and services	1531	1261
– Iron	37	34
– Iron, recycled	519	393
– Steel	196	130
– Steel, recycled	660	601
– Aluminium, recycled	60	50
– Zink	13	15
– Corrugated cardboard	22	12
– Corrugated cardboard, recycled	24	25
Fuel and energy	27	28
– Electricity and Heat	19 (31)	22 (30)
– Vehicles (gasoline, diesel, electric)	8	6
Upstream transport and distribution	192	199
– Truck	116	100
– Sea	18	17
– Air freight	58	82
Waste	2	3
– Materiality recycling/incineration	2	3
– Landfill	0	0,01
Business travel	140	117
– Flights	130	109
– Private car for work use	2	2
– Rental car	3	3
– Train, bus, boat, taxi	0,5	0,2
– Hotel accommodations	3	3
Employee commuting	85	73
– Parent company in Hudiksvall	85	73

Business Travel

Business travel at Sunfab is guided by sustainability considerations. As travel patterns remain unchanged, emissions are calculated based on cost, with a higher climate impact in 2025 than in 2024.

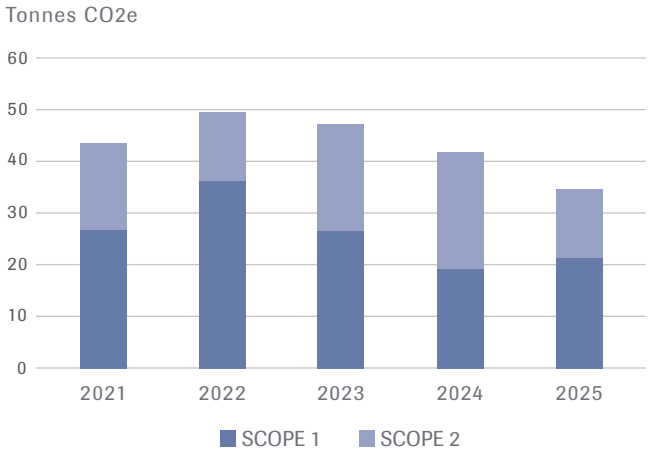
Employee Commuting

Employee commuting was surveyed in 2024, showing that most employees travel by fossil-fuelled vehicles. As commuting patterns remain unchanged, current emissions are estimated using employee numbers and the 2024 survey data.

OUR CLIMATE TARGETS

Annual Reductions

Our target is to reduce Scope 1 and Scope 2 emissions annually, and we are seeing a positive trend in both areas.



The most important initiatives implemented by the company to reduce its carbon footprint in Scope 1 and Scope 2 are:

- Transition from oil-based heating to district heating by replacing the previous heating system and connecting operations to the local district heating network.
- Replacement of company cars at the end of lease periods, transitioning to lower-emission vehicles.
- Consolidation of operations through closure of the office in Germany, reducing energy use and emissions associated with operating multiple geographically dispersed locations.

Total Emissions

This year's climate reporting provides an overview of where our climate impact arises and how it is developing. The results show that measures implemented in our own operations are having an effect, while a significant share of our impact occurs further along the value chain.

Between 2024 and 2025, total greenhouse gas emissions increased by approximately 17 per cent. This increase is mainly driven by higher emissions in Scope 3, linked to increased material use and higher transport volumes.

Category	2025	2024
SCOPE 1	21	19
SCOPE 2	13	22
SCOPE 3	1977	1681
TOTAL Tonnes CO2e	2011	1722
GHG-Intensity Tonnes CO2e per MSEK	7,7	6,6

RISK MANAGEMENT

Climate Risks

RISK	TECHNOLOGICAL TRANSITION
Risk level	3,5
Time horizon	Long-term
Description	The transition within the automotive industry, along with technological and regulatory developments, may affect the demand for traditional hydraulic mobile systems. Failure to adapt to new conditions could pose a financial risk.
Mitigation	We are gradually adapting our hydraulic solutions for electrified applications and investing in skills development to better understand and respond to the changes brought about by this transition.

RISK	ENERGY
Risk level	3
Time horizon	Short-term, medium-term, long-term
Description	Climate-related disruptions and evolving energy regulations may affect energy availability, pricing and disrupt the value chain. The primary risk lies with suppliers. Our operations are not energy-intensive; however, rising energy prices may impact financial performance. Most of our value chain is in the Nordic region, where exposure to energy volatility is lower, although price adjustments may still be necessary and could affect competitiveness.
Mitigation	We aim for efficient production with minimal resource use and monitor our energy consumption. Through close collaboration with suppliers, we reduce vulnerability and strengthen resilience to energy-related disruptions.

RISK	REGULATION, POLICY AND CUSTOMER REQUIREMENTS
Risk level	2,5
Time horizon	Short-term, medium-term
Description	Changes in legislation and climate policy may increase requirements for reporting and adaptation, while customers, insurers and other stakeholders may also raise expectations related to climate adaptation.
Mitigation	We monitor changes in legislation and climate policy requirements through our ISO management system and double materiality assessment. Our proactive sustainability work positions us well to meet these requirements.

RISK	PHYSICAL CLIMATE RISKS
Risk level	2
Time horizon	Short-term, medium-term, long-term
Description	Physical climate-related events such as extreme weather, drought, flooding and heatwaves may affect production facilities, infrastructure, transport routes and suppliers' access to raw materials and energy. Suppliers located near water may face additional risks from water-related climate impacts. Transport costs may also increase, potentially requiring a shift in sourcing closer to our operations.
Mitigation	We assess that we are well positioned to manage the challenges posed by climate change. We reduce vulnerability through close monitoring of existing suppliers and by identifying alternative suppliers for critical components.

FLOWCOPTER

Power Future Aerial Logistics

As demands for lower emissions continue to grow, the need to improve the efficiency of specialised transport is becoming increasingly evident. In environments where distance, weather conditions and accessibility define operational constraints, helicopters and service vessels have long been the standard solution despite their high energy consumption. The FC100 from Flowcopter has been developed to carry out the same missions with significantly lower resource use, helping to reduce the climate impact of each transport operation.

RETHINKING HEAVY TRANSPORT

IIn many applications, transport requirements involve relatively modest payloads, yet the solutions used are often designed for significantly greater capacity. This creates an inherent inefficiency.

The FC100 addresses this challenge by combining a payload capacity of up to 150 kg with a range of up to 300 km. This enables missions that previously required a helicopter or service vessel to be carried out with substantially lower energy consumption.

ENERGY AND EMISSIONS REDUCTIONS

Calculations demonstrate the potential of the new solution. For an equivalent transport mission, the FC100 can reduce fuel consumption by approximately 90 per cent compared with a helicopter and compared with service vessels, the difference is even greater, with reductions of up to 97 per cent. In both cases with a corresponding reduction in CO2 emissions. For operations with frequent transport requirements, this translates into a significant cumulative impact, both economically and from a sustainability perspective. As a result, only a fraction of the CO2 emissions generated by conventional transport systems are produced when carrying out the same task.

THE HYDRAULIC SYSTEM

A key component of the system is the digital hydraulic transmission, in which each rotor is driven individually by hydraulic motors from Sunfab. Rather than being developed specifically for this application, the motors are based on proven technology with a strong track record in demanding environments. This reduces technical risk and ensures high reliability from the outset.

The hydraulic solution delivers high power density and stable operation under varying loads. Its sealed, corrosion-resistant design protects against moisture and contaminants, making it particularly well suited to marine environments. Low maintenance requirements are a key advantage where servicing is not always readily available.

APPLICATIONS AND BUSINESS VALUE

Introduction of the FC100 enables a more resource-efficient approach to transport logistics and opens up new business opportunities.

- **Offshore logistics:** Smaller deliveries can be carried out more frequently and in a more demand-driven manner, reducing reliance on resource-intensive transport solutions while improving both lead times and emissions.
- **Agriculture:** The drone can be transported to the field and operated without the need for infrastructure. Its ability to handle heavier payloads than battery-powered alternatives makes it suitable for larger-scale and more efficient agricultural operations.
- **Search and rescue:** The combination of range, payload capacity and robust design enables rapid delivery of equipment in critical situations.

At the same time, the technology enables new business models in which transport capacity can be offered as a service, lowering entry barriers.

SUSTAINABLE COLLABORATION

The development of the FC100 is based on close collaboration between Flowcopter and Sunfab, where digital control is integrated with established hydraulic technology. This combination enables a system with high performance, low energy consumption and high operational reliability. For Sunfab, the project demonstrates how existing technology can play an active role in the green transition. By applying proven components in new applications, emissions can be reduced without compromising functionality or availability.

”To create our innovative digital hydraulic transmission, we chose motors from Sunfab for their low weight and high efficiency. Both the products and the customer service have proven to be completely reliable.”

Dr Niall Caldwell
Technical initiator and Chairman of the Board

Product:
SAP 034

Model:
Single-flow piston pump

Use:
Four SAP 034 units are used in reverse operation. The hydraulic pumps are used as motors to drive the drone’s propellers.

”Electrification places entirely new demands on hydraulics. Our task is to develop energy-efficient and robust solutions that perform just as well in electric vehicles as in traditional applications.”

Andreas Wiberg
Product Development Manager

CLIMATE TRANSITION

Electrification

The transition to fossil-free fuels extends beyond passenger cars to heavier-duty vehicles, bringing new operating conditions that place additional demands on hydraulic systems.

The transition to fossil-free fuels is driving rapid transformation across the off-highway vehicle industry. Stricter emission regulations, increasing demands for energy efficiency, and a growing focus on sustainability are leading more manufacturers to adopt electrified drivetrains. This shift not only changes how vehicles are powered but also has a significant impact on the hydraulic systems that are essential to many vehicle functions.

In conventional vehicles, hydraulics are typically powered by the engine power take-off, resulting in relatively moderate and stable operating speeds. Electrified drivetrains change these conditions: pump flow can be adjusted through speed control, requiring hydraulic pumps to operate efficiently across a much wider speed range. High efficiency is particularly important in battery-powered vehicles, where reducing energy losses directly extends operating time and reduces the need for larger battery capacity.

Electrified off-highway vehicles also operate at significantly lower noise levels than their diesel-powered counterparts, placing increased demands on low-noise hydraulic components. Low noise levels contribute both to an improved working environment and to maintaining the overall performance perception of electrified systems.

Sunfab is well positioned for this transition. Our hydraulic pumps and motors are designed to deliver high efficiency across a wide speed range, making them particularly well suited for electrified hydraulic systems. Through carefully optimised design and high manufacturing precision, our components offer both low noise levels and high operational reliability-key characteristics in electrified applications.

With a broad product offering that already meets the technical requirements of electrified systems, Sunfab actively contributes to a more sustainable and energy-efficient future for off-highway vehicles. Through collaboration with OEMs and end customers, we continue to develop solutions that support the global transition towards fossil-free operation.

RESEARCH PROJECT

Academic Collaboration

Through collaboration with academia and industry partners, we explore new ideas and technologies that drive the industry forward.

To strengthen our innovation capabilities and accelerate the development of future hydraulic systems, Sunfab actively collaborates with both academia and industry partners. Through these collaborations, we explore new ideas, technologies and methods that can drive the industry forward and address the demands arising from electrification.

A current example is a research project focused on significantly expanding the operating speed range of hydraulic pumps while maintaining high efficiency. The project aims to combine improved performance with energy-efficient operation, which is essential in electrified applications.

Sunfab's contribution to the project includes test objects, operational and measurement data, as well as technical expertise that enables in-depth analysis and insights. By participating in this type of research, we strengthen both our own development and the collective knowledge of the industry.

Product:
SLPD 20/20-64/32 DIN

Model:
In-line dual flow pump

Use:
In the research project, we aim to investigate whether it is possible to increase the pump's efficiency, adapted for electric vehicles.

HIAB AND SUNFAB IN PARTNERSHIP

Lifting for a Sustainable Future

It all started in a workshop in Hudiksvall, where ideas became technology, and technology became solutions. From this environment, first Sunfab and later Hiab emerged. Two companies with a shared origin and a common ambition to simplify mobile load handling. When the first hydraulic truck crane was introduced in the late 1940s, it marked an innovation that transformed an entire industry.

Hiab is today a global player in smart and sustainable mobile load handling solutions. Across the world, its cranes, hooklifts and truck-mounted equipment are in use, from construction sites and recycling facilities to forestry operations. With ambitious climate targets, Hiab focuses on reducing emissions through electrification, energy-efficient hydraulics and circular services.

This transformation includes solutions for both electrified and diesel-driven trucks. The HIAB eX.HIPRO crane models are particularly well suited for electrified applications, contributing to lower energy consumption and extended range. At the same time, HIAB wspr enables electric crane operation via ePTO even on diesel-powered vehicles, offering quieter operation and reduced emissions. This is complemented by MULTILIFT eULTIMA, the world's first hooklift developed for electrified trucks, as well as initiatives to increase the reuse of components and materials.

The partnership between Sunfab and Hiab dates back to the late 1940s, spanning more than 75 years of shared development — from the first hydraulic crane to today's advanced systems. Sunfab's hydraulic pumps, known for their high efficiency and robust quality, have long been a key part of Hiab's solutions. Designed for demanding environments and long-term durability, they remain just as relevant in today's applications as in tomorrow's electrified systems.

Together, the companies continue to shape the future of mobility. And just as it all began in a workshop in Hudiksvall, the vision remains: to use technology to create smarter, more sustainable and more efficient solutions for the world around us.

Product:

SAP 034 Optimised

Model:

Single-flow piston pump

Use:

By combining Sunfab's optimised pump with Hiab's proprietary Engine Control function, noise levels are reduced and performance is optimised for both the pump and the crane.

"We are shaping the future of load handling through sustainability and high performance. Our collaboration with Sunfab is key, as their products meet our customers' requirements for quality and durability"

Mattias Berglund
Director Global Product Management, Controls and Electrification. HIAB LCLM


HIAB eX 232
HIAB
HIAB

RESOURCE USE, CIRCULAR ECONOMY
AND WASTE MANAGEMENT

Systematic Waste Management

PRODUCTION WASTE

Sunfab takes responsibility for the production waste generated in its operations. The largest volumes arise from the processing of raw materials, primarily iron and steel, into components used in our products. Waste fractions are managed in a structured manner, with the aim of making correct sorting straightforward. Waste is handled by an external provider, who is also responsible for follow-up and reporting, including statistics on waste volumes and recycling rates.

HAZARDOUS WASTE

Our main waste stream sorted as hazardous waste is used cutting fluids. Cutting fluids are used in the manufacturing process for lubrication and cooling in machining operations. These fluids are filtered internally and reused, but after multiple reuse cycles they need to be removed. Condensate from our compressors was previously classified as hazardous waste. However, a purification filter has now been installed, enabling the condensate to be treated on site. As a result, it is no longer classified as hazardous waste, contributing to a reduction in the overall volume of hazardous waste generated.

WASTE GENERATED 2025

Non-hazardous waste

Unit: Tonnes	Total waste generated	Waste diverted to recycle or reuse	Waste directed to disposal
Metal	301	301	0
Paper	11	11	0
Plastic	1,2	1,2	0
Wood	30	30	0
Other waste	15	15	0,2

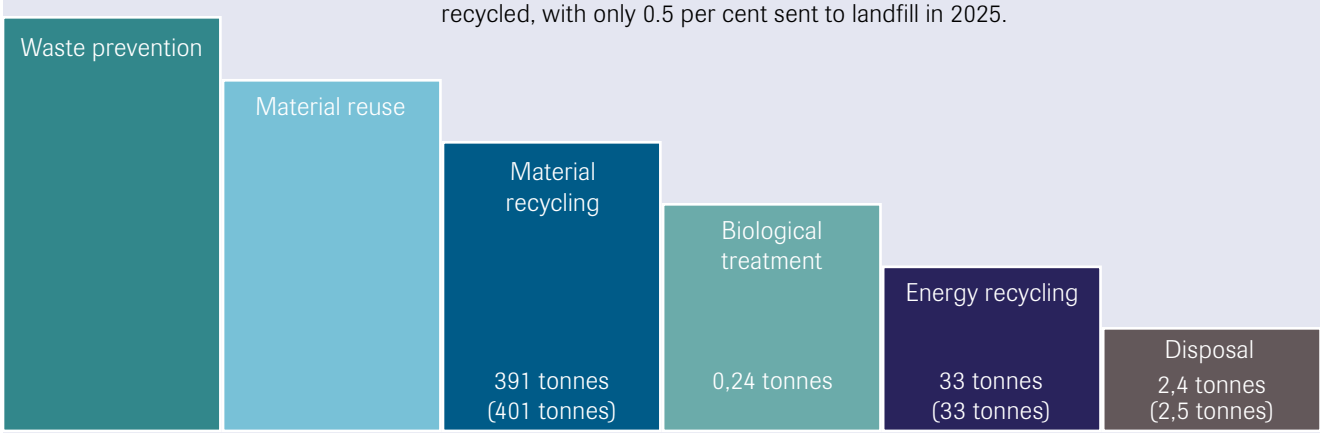
Hazardous waste

Unit: Tonnes	Total waste generated	Waste diverted to recycle or reuse	Waste directed to disposal
Emulsions cutting fluid	62	62	0
Other hazardous waste	5,4	3,1	2,3

Waste Hierarchy

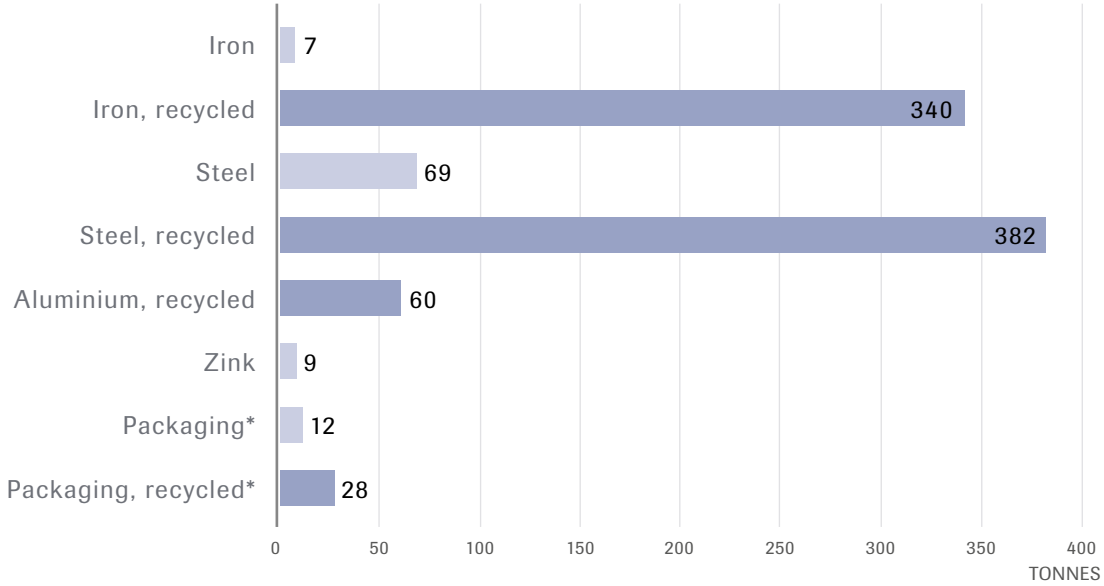
2025 (2024)

The waste hierarchy sets out how waste should be managed within the EU, with the primary objective of preventing waste generation. Where waste cannot be avoided, it is managed in line with the hierarchy. Most of Sunfab's waste is recycled, with only 0.5 per cent sent to landfill in 2025.



MATERIAL FLOW 2025

907 tonnes



*Corrugated cardboard 81%, wood 13%, plastic 6%

Circular economy

The circular economy is a business model for more sustainable production and consumption. It involves sharing, leasing, reusing, repairing and recycling existing materials and products for as long as possible. The aim is to retain and create value from the original raw materials, thereby extending product lifecycles and reducing waste. Achieving this requires durable, high-performing products designed to be used efficiently over time.

Our high-quality products are chosen by customers who value sustainability and recognise the benefits of investing in quality. By offering high-performance and reliable products, we contribute to reduced waste and more efficient use of raw materials.

Purchased goods and services, particularly raw materials, represent a significant part of Sunfab's environmental impact in terms of carbon emissions. A major part of our circular business efforts is to use raw materials of recycled origin. In 2025, 88% of our raw materials originated from recycled sources.

Other circular flows within Sunfab's operations include:

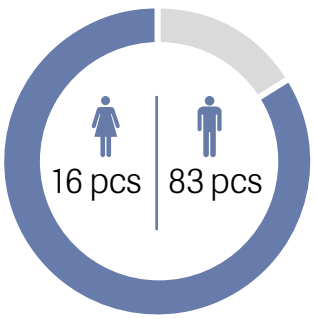
- Our waste becomes a resource for others, as only a small portion of the total waste volume is sent to landfill.
- By providing spare parts for our products, we extend their lifespans and enable repairs to be carried out locally by our customers
- Our purchased goods are mainly delivered on pallets. These pallets are resold to an external part for reuse.

OUR OWN WORKFORCE

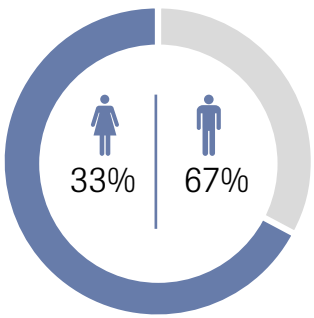
Our Key Resource

Sunfab's employees are our key resource. Through engaged leadership and active employee involvement, we create the conditions for long-term development, both for individuals and for the company.

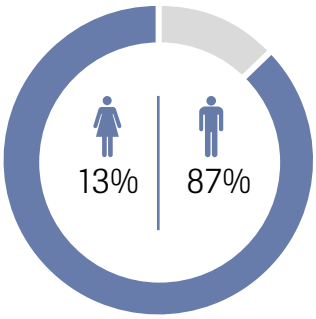
TOTAL NUMBER OF EMPLOYEES



MANAGEMENT TEAM



COMPANY BOARD



Discrimination and Diversity

Sunfab strives for a safe, fair and inclusive work environment where everyone is treated with respect. Our core values, respect, commitment and professionalism, guide us in our daily work and in our relationships with colleagues, customers and partners.

We do not tolerate harassment, retaliation, bullying or other offensive behaviour. In these areas, no cases were reported in 2025. To ensure safe and confidential reporting, Sunfab has a whistleblowing function One case was reported through the function during the year and was handled and resolved in accordance with company procedures.

Sunfab provides equal employment opportunities to all in line with anti-discrimination legislation. We recognise that diversity contributes to creativity and innovation, and we strive for an inclusive work environment based on equal value.

Our Code of Conduct, based on the UN Global Compact, together with our core values, defines how we act as employees and serves as an ethical compass in our daily work. Everyone at Sunfab is responsible for complying with this code, as well as with policies and guidelines established within the organisation.

WE CHERISH RESPECT, COMMITMENT, AND PROFESSIONALISM IN OUR INTERACTIONS WITH ONE ANOTHER AND OUR CLIENTS.

	2025
Total number of employees (average)	99 pcs
- Woman	16 pcs
- Men	83 pcs
Temporary contract	5 %
Permanent contract	95 %
Employee turnover	5,7 %
Management Team	9 pcs
- Woman	3 pcs
- Men	6 pcs
Company Board	8 pcs
- Woman	1 pcs
- Men	7 pcs

Fair Working Conditions

Sunfab provides secure and fair employment conditions through collective agreements, ensuring good terms and a basic level of security for all employees. We respect freedom of association, meaning that every employee has the right to join, refrain from joining or form a trade union.

In the event of significant changes in the organisation, we follow the Co-determination Act (MBL), which gives employee representatives influence over important decisions. Trade unions are informed, given the opportunity to assess the impact and present their views before decisions are made.

OUR OWN WORKFORCE

Occupational Health and Safety

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

We take a systematic approach to occupational health and safety and continuously address risks and incidents across the business. Our occupational health and safety committee, together with the management team, monitors progress and ensures compliance with applicable laws and requirements.

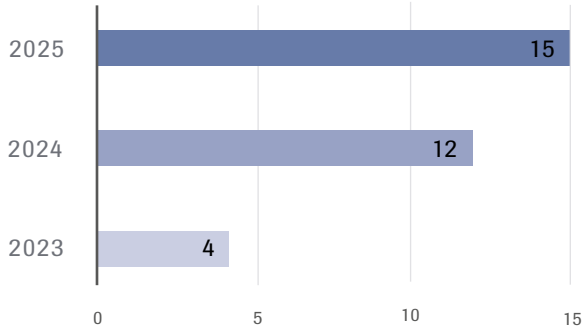
All employees are responsible for their own work environment by following procedures and safety instructions and using available protective equipment. They are also responsible for reporting and participating in the handling of risks and incidents. Reported cases are managed in collaboration between employees, managers and safety representatives.

ACCIDENTS, INCIDENTS AND RISKS

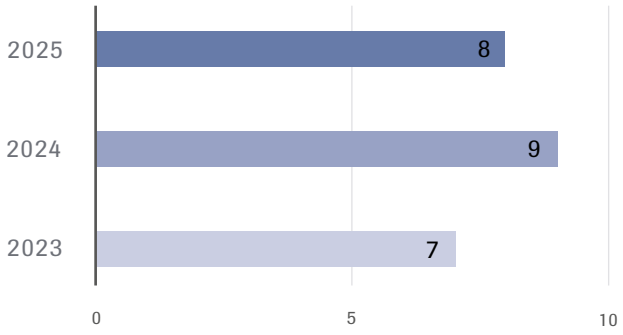
Accidents, near misses and risk observations are recorded in the IA system, a digital tool accessible to all employees. The IA system is widely used nationally across multiple industries and was developed by Afa Insurance. Through active and proactive reporting, we can identify risks at an early stage and prevent incidents.

The tables below present a summary of the number of risk observations, incidents and accidents with and without sick leave that has occurred over the past three years.

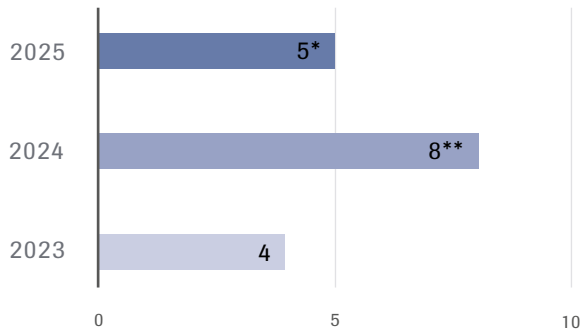
Number of risk observations



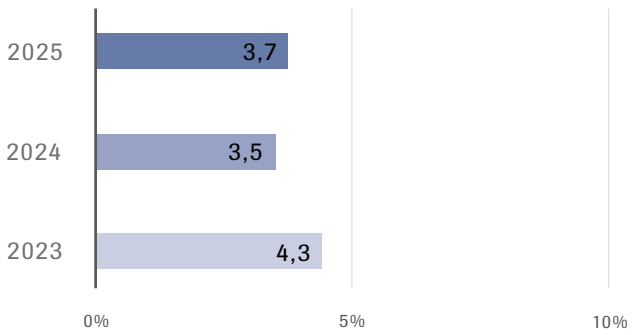
Number of incidents



Number of accidents



Sick leave %



* One case resulted in lost time injury
** Two cases resulted in lost time injuries

Occupational Health and Wellbeing

Sunfab collaborates with an external provider of occupational health services to support employees in all health-related matters, including rehabilitation. Every second year, we offer employees health check-ups in cooperation with our occupational health provider to identify any health issues at an early stage.

To promote wellbeing in everyday life, we offer massage during working hours on a regular basis, as well as access to a gym and sauna at our premises.

Our Employee Health Committee encourages physical activity and promotes participation in various activities throughout the year, such as golf and swimming. To provide flexibility and accommodate individual needs, employees can choose between using wellness time during working hours or a well-being allowance, with roughly half opting for each alternative.

As an additional health initiative, employees are also offered the opportunity to purchase a bicycle through a company benefit scheme.

On Two Wheels – A New Routine for Andreas

When Sunfab introduced a company-supported bike scheme, offering employees the opportunity to lease a bicycle through salary deduction, Andreas Liljewall did not hesitate. He signed up straight away and has cycled to work almost every day since.

– I live nearby work, so it's about two kilometres there and back. It's a great way to start the day. I wake up, get my energy up, and ease into the morning," says Andreas.

He used to drive to work, but after moving closer to town, he decided to sell his car and start cycling instead. The company bike turned out to be a convenient and natural alternative.

– I enjoy cycling, and during the summer I've taken plenty of bike rides in my spare time," he adds.

Commuting is one of Sunfab's priority environmental aspects, which makes it especially encouraging when employees choose to cycle rather than drive. Andreas shows how a small change in everyday habits can make a real difference – both for personal wellbeing and for more sustainable travel.

EMPLOYEE DEVELOPMENT

Employee Satisfaction

At Sunfab, we want all employees to have the opportunity to influence and contribute to their own development. Annual development reviews are a key part of the ongoing dialogue between managers and employees and support long-term competence development.

In addition to the development reviews, employee surveys are conducted approximately every three years. These surveys assess strengths and areas for improvement in areas such as leadership, employee engagement, the work environment and competence development.

The 2025 survey resulted in an Employee Satisfaction Index (NMI) of 70, a clear improvement compared to 2022 when the index was 60. The benchmark for 2025 was 69, meaning that Sunfab exceeded the reference level.

The results have been shared within the teams and form the basis for continued improvement efforts based on identified needs.

”9 of 10 would recommended Sunfab as a workplace”

Employee survey
2025

Learning and Development

An important part of employee development is creating strong opportunities for learning and growth. This is essential both for maintaining our competitiveness as a company and for supporting our employees in developing within their roles.

We focus on strengthening skills in day-to-day work, both within current roles and in preparation for new responsibilities. Everyday learning takes place through collaboration between colleagues and through externally acquired knowledge. Activities such as learning new technologies, participating in projects, sharing experience, or taking on a role as a trainer or mentor are common aspects of skills development.

During the year, several employees enhanced their skills through external training, including in leadership and sustainability. As part of a sustainability workshop series, knowledge was deepened in areas such as double materiality assessments, circular business models and sustainability communication. Participants included employees from product development, purchasing and sustainability department.

Moving Forward

Within the social sustainability area, Sunfab's three-year strategic plan focuses on developing as an attractive employer, offering secure employment, opportunities for skills development and an inclusive work environment. The work is driven across three strategic areas: skills development; the work environment and culture; and sustainability and responsibility. Together, these areas aim to ensure the right capabilities for the future and create sustainable, long-term conditions for our employees.

COMMUNITY ENGAGEMENT

Local Contribution

Sunfab wants to contribute to a society where people from different backgrounds and life situations can come together, collaborate, and live fulfilling lives. We do this both through our own operations and by supporting meaningful initiatives, such as through sponsorships and partnerships, that make a positive difference in the communities where we operate.

Sponsorship

We support associations and organisations through traditional sponsorship, enabling valuable initiatives grow and develop. Among the activities we support are the women's shelter in Hudiksvall, as well as several sports clubs with a strong focus on children and youth activities. We also offer our employees the opportunity to apply for sponsorships for local associations where they themselves or their families are involved. Our commitment becomes most visible through the organisations we support and the way they describe the impact of this collaboration:

HUDIK ALPIN

A local alpine ski club

"Sunfab makes it possible for more children and young people to stay active in their free time at Hudik Alpin and spend time outdoors. Thanks to Sunfab's sponsorship, we are also able to subsidise competitions and training camps to a greater extent for our young members"

HUDIKSVALLS BASKETKLUBB

"We want to reach as many children and young people as possible, which is why we keep training fees low. Basketball has the potential to serve a greater purpose in society, and it is important to us that cost does not become a barrier to being part of our community. Thanks to support from Sunfab and our other sponsors, we can continue to promote activity, openness and integration among children and young people in Hudiksvall. Thank you, Sunfab, for being part of our team!"

Education and Learning

Sunfab considers it strategically important to promote education and learning in the region. This is done both to meet the skills needs within the business and to support opportunities for education and development in the local community. Our collaboration with the local upper secondary Technology College is a clear example. A Technology College-certified education means that companies have contributed to ensuring that the content meets future skills requirements.

We also collaborate with universities and colleges, where development topics within hydraulics are discussed. These partnerships also provide opportunities for internships and summer jobs at Sunfab.

Charitable Contributions

Each year, Sunfab donates to charitable causes during the Christmas period. Employees are invited to suggest which organisation or fund should receive the annual Christmas donation. In the past year, the contribution was allocated to the Swedish Cancer Society.

Sunfab Celebrates 100 Years

Throughout 2025, Sunfab celebrated its 100th anniversary, marking a century of innovation and development, highlighted through a range of activities.

OPENING OF THE MUSEUM

The celebration began with the opening of the Hydraulics Museum, an extension of our well-known ski museum. The museum tells the story of our products, from the very first solution that laid the foundation of the business, through innovations over the years. For the opening, the company welcomed both current employees and valued retirees.

FAMILJEDAG

A key part of the anniversary celebrations was the Family Day open house held in May, where the public were invited to experience the company's history and production. Guided factory tours, HIAB crane demonstrations, dance performances and children's activities filled the site with life. Also local partner associations were engaged, including Gnýfari Icelandic Horse Association, with horseback riding for children and a girls football team from Högs SK served coffee and ice cream.

The Family Day offered a unique insight into Sunfab's journey and became a meeting place for people of all ages.

"Sharing our history in the museum and opening the doors to our current production feels both rewarding and important."

Mats Sundin
Third-generation family owner

SUNFAB WORLD CONFERENCE

The anniversary year continued in the autumn with the Sunfab World Conference, bringing together customers and partners from across all our key markets. The programme blended reflections on the company's history with customer presentations that showcased long-standing partnerships and shared progress. The conference also created space for open dialogue on future needs, technological developments and the path towards continued sustainable growth.

ANNIVERSARY DINNER

The celebrations concluded with an anniversary dinner for all employees and their partners. It was a fitting finale to a year that reflected a century of development and shared experience. The evening brought everyone together in a festive setting, creating a memorable close to the anniversary year.

CORPORATE GOVERNANCE

Governance with Responsibility

Sunfab conducts its business with high standards of business ethics, transparency and accountability. Our corporate governance framework includes risk management, ethical guidelines and respect for human rights.

Risk Management

We operate in an uncertain environment, where geopolitical tensions, climate-related changes and shifting market conditions can create both risks and opportunities. Risk management is carried out at different levels within the organisation to ensure a structured and coordinated approach.

Each year, external and internal analysis are carried out and linked to a SWOT analysis, where key strengths, weaknesses, opportunities and threats are identified and prioritised. Extraordinary events are assessed separately when needed, with action plans developed to manage them.

Our financial procedures are designed to mitigate risk. Approval rules follow defined authorisation levels and require approval from two individuals. Sensitivity analyses are also carried out as part of the annual budgeting process.

Business Ethics

Sunfab is committed to conducting business in a professional and responsible manner, in line with applicable laws and our ethical guidelines. We act in a way that eliminates the risk of being associated with bribery, corruption or any other misconduct. Our business relationships are built on respect for human rights, laws and regulations, and we do not engage in partnerships that conflict with these principles.

It is in the company's interest that any suspected misconduct is reported and promptly investigated. No cases of misconduct were reported in 2025, nor was Sunfab subject to any legal proceedings, fines or other sanctions related to breaches of environmental legislation, labour law or other applicable regulations.

Human Rights

Sunfab respects human rights and firmly opposes child labour, forced labour and other forms of unethical practices.

Child labour is not permitted in our own operations, nor among suppliers or other business partners. Within our own operations, workers under the age of 18, including interns, are protected from hazardous tasks. We do not tolerate illegal or forced labour in any part of our value chain. No confirmed human rights incidents involving our own workforce were reported in 2025.

Severe human rights incidents	
Has the company confirmed incidents within its own workforce related to:	
- Child labour	No
- Forced labour	No
- Human Trafficking	No
- Discrimination	No

About the Report

The Sustainability Report for Sunfab Hydraulics AB (556056-9765) covers the financial year from 1 January to 31 December 2025. It is a standalone report covering the parent company, Sunfab Hydraulics AB, and, where specified, its subsidiaries.

The report has been prepared in accordance with VSME (Voluntary Sustainability Standard for Non-Listed SMEs) and covers both the Basic Module (B) and the Comprehensive Module (C). A double materiality assessment has been conducted, inspired by the requirements of CSRD and structured in line with ESRS.

We aim to present our sustainability work in a complete, balanced and comparable manner. Sunfab's management team has been involved in the preparation of the report, and it has been presented to the Board of Directors. The report has not been subject to external audit.

The Sustainability Report is published annually and is available on our website at www.sunfab.se. It is issued in both Swedish and English. For more information about our sustainability work, please contact us.

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Lina Wiberg Sustainability Manager
Anna Sundin Sustainability Coordinator

VSME-Index

DISCLOSURE		PAGES/NOTES
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B1	Basis for preparation	5, 6, 7, 29, 40 NACE sector classification code: 28.12 Manufacture of fluid power equipment
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B3	Energy and greenhouse gas emissions	16, 17, 18
B4	Pollution of air, water and soil	The activity is not considered to give rise to significant pollution of air, water, or soil.
B5	Biodiversity	The company does not conduct any operations in or near areas with sensitive biodiversity.
B6	Water	Total water withdrawal: 1656 m3
B7	Resource use, circular economy and waste management	26, 27
B8	Workforce – General characteristics	28, 29
B9	Workforce – Health and safety	30
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C3	GHG reduction targets and climate transition	18, 22, 23
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C5	Additional (general) workforce characteristics	28, 29
C6	Human rights policies and processes	29, 39
C7	Severe negative human rights incidents	39
C8	Revenues from certain sectors and exclusion from EU reference benchmarks	The company does not operate within any of the sectors covered.
C9	Gender diversity ratio in the governance body	28

Sunfab Hydraulics AB | Hudiksvall, Sweden


SUNFAB
HOTELL

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