

# Sustainability report

## 2023/2024



**ARCTIC FALLS**

PROVING GROUNDS

## TABLE OF CONTENTS

A word from the CEO .....	3
Company facts.....	4
Sustainability challenges .....	6
Materiality analysis .....	7
Focus areas/Long-term goals .....	8
Our contribution to Agenda 2030.....	9
Social sustainability .....	10
Environmental sustainability.....	12
Financial sustainability .....	15
Business locations .....	16

## ABOUT THE REPORT

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

The report refers to the broken fiscal year July 1, 2023 - June 30, 2024. We have not conducted any external review of the report other than based on the requirements set in relation to K3.

## A WORD FROM THE CEO



*The past year has been an eventful and significant period for Arctic Falls, filled with investments and initiatives for the future. We have taken several important steps in our sustainability work, including continued efforts to convert our vehicle fleet from fossil-fuelled to*

*electric vehicles and producing our own renewable energy using solar cells. To strengthen the biodiversity on land owned by the company, we have conducted an extensive inventory, which gives us valuable insight for our future work in the area.*

*The year has been marked by our largest investment ever - the construction of a new indoor hall, Indoor TWO. This initiative is an important part of our strategic focus to be able to offer tests year-round, regardless of weather conditions. At the same time, we can see that Arctic Falls is in a new phase of development. We are growing, our services are becoming increasingly complex and varied, and this places higher demands on our existing structures. In parallel, the automotive industry is facing a comprehensive transformation, where sustainability and autonomy are central.*

*To meet these challenges, we will continue to focus on improving driving forces. It is a priority area for us, as we strive to strengthen both our offering and customer trust. Additionally, we are making major investments in improving safety at our facilities. We are aware of our important role in the automotive industry value chain, and we are proud to be able to contribute to solutions to the sustainability challenges facing the industry.*

*We also know that our success is built on the commitment and well-being of our employees. Therefore, in the coming year, we plan to further strengthen our investments in employee wellbeing and the work environment. Our ambition is for Arctic Falls to not only be a leading player in the industry, but also a workplace where employees enjoy and feel pride in their work. Arctic Falls is strongly positioned for the future, with a clear vision and a long-term commitment to sustainability, innovation and quality.*

— 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 eight permanent testing facilities - five outdoors and three 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 automotive and automotive component industry needs the best possible conditions for testing its 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
- Promoting biodiversity
- Sustainable construction
- Growth and profitability

### Employees

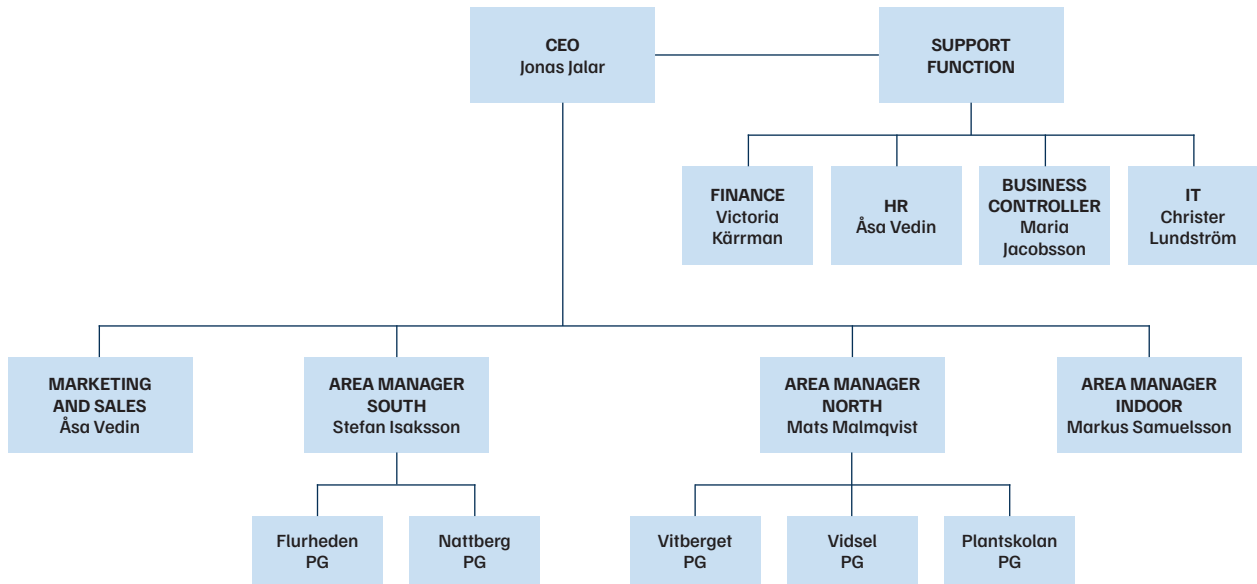
During the fiscal year July 1, 2023 - June 30, 2024, we had 38 full-time employees, 18% women and 82% men. The average age was 30 years and is slightly lower than the previous year. We also had one seasonal employee, a hired agency worker. Relative to the previous year, hired labour has decreased and employment has increased. The workforce has increased by 10% due to an expanded range of services for customers.

### Turnover

Sales for the financial year July 1, 2023 - June 30, 2024 were SEK 121 million.

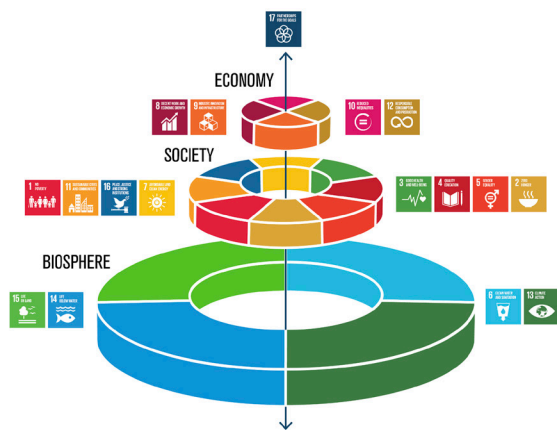
## Our organisation

### Arctic Falls AB



## SUSTAINABILITY CHALLENGES

The world is facing extensive sustainability challenges that affect all of us. UN member states have adopted the 2030 Agenda, a universal agenda for sustainable development that encompasses all three dimensions of sustainability: environmental, social and economic. It consists of 17 global goals to be achieved by 2030. All countries have thus taken on the responsibility to create a more just and sustainable world.

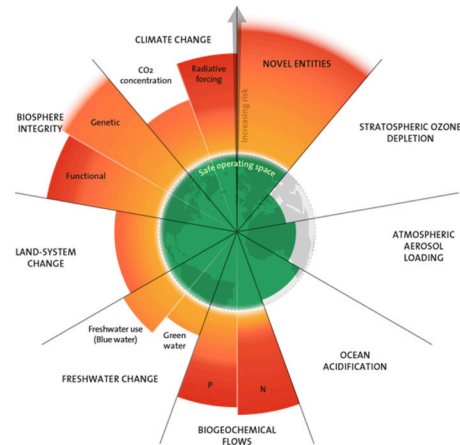


Credit: Azote Images for Stockholm Resilience Centre, Stockholm University.

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 safe limits of six of these areas. This means that the risk of us being affected by unforeseen events where 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".

### Economy

During the 2023/2024 financial year, our operations have continued to be affected by high inflation and rising interest rates, which have been driven by macroeconomic factors and an uncertain geopolitical situation. This has directly affected us through increased interest costs, at the same time as we have made significant investments during the year. Other cost developments, including raw materials, supplies and salaries, have also increased at a rate that exceeds our price adjustment rate, which has had a negative impact on the company's profitability.



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

During the period, inflation has had a dampening effect on the purchasing power of end consumers, which has led to a slight decrease in demand in the automotive industry as a whole. This development affects our customers and, ultimately, us.

Despite these challenges, the company is financially strong and enters the new year with good prospects for volume growth. The company's stability is based on long-term cost control and a good liquidity position.

### Technology and quality

General technological development in the industry, primarily regarding electrification and autonomous systems, is becoming increasingly tangible and fast-moving. We are having more and deeper dialogues with partners about the impact of developments on the testing industry, while taking active steps and making investments to meet future needs. We also see an increased focus on quality assurance and our ability to deliver in controlled environments.

### Our immediate surroundings

The region we operate in is at the epicentre of the green transition with several multi-billion-dollar industrial and community investments leading to increased competition for resources. The supply of labour, contractors, housing, energy and infrastructure has rarely been this strained, and the strain is likely to increase further.



## MATERIALITY ANALYSIS

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 biggest difference. These areas are;

- People - attractive employer
- Energy-fuels, electricity and heat
- Land use - biodiversity
- Construction - sustainable construction
- Customer - facilitate the automotive industry's green transition

### Stakeholders

Arctic Falls' most important stakeholders are our employees, customers and the surrounding community. 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 employees feel happy at work 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.

To get a clear picture of how our employees experience their work situation, we conduct regular surveys. Our full-time employees report their perceived well-being every week via the digital tool Howdo and participate in a more comprehensive employee survey every two years through occupational health services. Our seasonal employees evaluate their work situation on a yearly basis. Together with employee appraisals and the daily dialogue between managers and employees, these tools are important for assessing well-being, satisfaction and opinions.

When summing up the year via Howdo, our full-time employees reported a well-being of 9.0 out of 10, with a response rate of 66%. 17 people participated in this year's survey of seasonal employees. The result shows that Arctic Falls is perceived as an inclusive, safe, positive and enjoyable workplace, with an average rating of 4.4 out of 5.

The personal dialogues show that our employees feel secure in their employment and enjoy their working teams. We are pleased with the positive results and see them as confirmation that we are on the right track. At the same time, we are aware of the importance of continuing to strengthen internal collaboration and develop leadership to create a long-term,

sustainable and engaging working climate. To involve our employees and get their views on our sustainability work, we arranged a sustainability day during the year. The day was devoted to discussions and work on important issues such as

- How we can reduce our fuel consumption.
- How we can strengthen our service to customers.
- How we can contribute to strengthening the biodiversity on land owned by the company.
- How we can learn from each other and share knowledge.
- How we can become a more attractive workplace.
- What makes Arctic Falls a place where we want to work and develop.

### The customers

Every customer is important and the goal is to meet and preferably exceed the customer's requirements and expectations on every individual assignment. The automotive industry has major challenges and strong goals to create sustainable products. This means that we must be at the forefront to enable the customer to perform their tests in a sustainable environment. To understand our customers' needs and expectations, we need to have a good dialogue with them, before the visit, on site and after the visit.

The dialogue with our customers is different depending on the type of customer. We have daily contact with our contracted customers and various forums where we can capture expectations and development opportunities. We also have daily contact with our spot customers and see the customer satisfaction survey (NKI) as an important complement to being able to analyze the customer's experience, expectations and suggestions for improvement.

### The local community

We are working closely with Luleå University of Technology on projects to find better methods to define and measure different types of snow in order to be able to create even more effective test environments. We also offer opportunities for internships and thesis projects to develop ourselves and build relationships with potential future employees. We work closely with several upper secondary schools, with internships for machine operators and participate in business days at schools to create interest in our company and our industry.

During the year 2023/2024, a thesis project on energy efficiency was carried out at one of our facilities.

As an employer, we also want to contribute to well-being and social development where we operate. 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. As part of social development, we want to protect local businesses and shop locally whenever possible.

## OUR FOCUS AREAS AND GOALS

Based on the materiality analysis, our stakeholders' wishes, and to increase the pace of our transformation, we have set goals for 2030 in the areas where we can make the biggest difference. We have established both long-term and short-term goals within all three sustainability perspectives: social, environmental and economic.

### Attractive employer

We want to be a safe and secure workplace where employees feel happy at work 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.

#### 2030 goal

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

### 100% fossil-free fuels

In our operations, we use various vehicles such as tractors, pickup trucks and excavators. As part of our transition to having a fleet powered by 100% fossil-free fuels, we are streamlining the use of existing vehicles and using those with 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 areas of land 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

Promoting biodiversity

### Construction

We have many buildings and wish 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 every single 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	Mapping and development work of systematic work environment efforts Sustainability day Communication strategy	Continue our work in health, well-being and employee engagement Strengthen our offer to employees Strengthen/improve employee processes
			Skills supply strategy	Continue work on skills supply strategy
<b>ENVIRONMENT</b>				
Energy		Fossil-free fuels	Surveyed the market for fossil-free vehicles Purchased an EV Streamlined our equipment	Electrification of vehicles
		Renewable electricity	Installed solar cells Installed EV chargers Replaced lighting fixtures Installed timer for engine heaters Energy mapping	Measure the power/energy the solar cells provide Continue to streamline energy use
Biodiversity		Promote biodiversity	Inventory of parts of company owned land	Continue to inventory company owned land Skills development and communication. Take action
Construction		Sustainable construction	Study visit	Mapping and skills development
<b>ECONOMY</b>				
Growth and profitability		Profit Future investments	Recruit more employees Further develop existing facilities	Expand skills and offerings Develop the sales process Develop assessment and follow-up of operations

## 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 a service for testing vehicles, vehicle components and tyres in cool and cold climates. We want to be a safe and secure workplace where all employees feel happy at work and are 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 community where everyone feels welcome, thrives and does well. Working with us should be fun.

#### Show commitment

We want all employees to feel involved and have control over their work. Everyone's contribution is important. Our work together is characterised by openness where everyone has a say.

#### Want to develop

We encourage and make the most of each other's ideas and suggestions to develop together, both as individuals and companies.

#### Take responsibility

We treat each other with respect and value each other's differences. By doing our best and keeping our promises, we can meet and exceed customer expectations.

## Activities 2023/2024

- Mapped and developed systematic work environment efforts
  - Work environment forum formed
  - All managers and safety representatives have completed the Better Work Environment course.
  - Created groups to develop and evaluate suitable workwear and protective equipment
- Sustainability day with all employees
- Developed our communication strategy
  - Restructured our intranet to collect and communicate information to all employees
- Created an introductory video for tyre changers
- Started offering bicycles as an employee benefit

## Our employees

### Employees

For us, it is important to offer a safe and secure workplace with market wages and equal pay for equal work. During the 2023/2024 operating year, we had a total of 38 full-time employees across our seven facilities. The most common form of employment is permanent employment and during the high season (November-March) we have seasonal employees. We also had one seasonal employee, a hired agency worker.

The average employee age throughout the fiscal year was 30 years, with a gender distribution 18% women and 82% men. We strive for an equal workplace and use skills-based recruitment. In our latest recruitments, we see that both the total number of applications and the number of female applicants continue to increase. We interpret this to mean that interest in our business has increased, among women as well as men.

During 2023/2024, the workforce increased by a total of 11 employees. Four seasonal employees were transferred to permanent employment and we hired seven additional employees permanently.

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

Staff turnover in 2023/2024 was 8%. We have had one retirement and three permanent employees chose to depart the company.

**Skills development**

The skills-enhancing training and activities carried out this year are:

- Sustainability Day
- High-temperature works
- Work on electric vehicles
- Fire protection training

**Health and safety**

At Arctic Falls, we want to create a safe and secure work environment and we are actively involved in systematic work environment efforts, covering all physical, organisational and social aspects of the work environment. An important part of work environment work is to detect early signs of possible ill health, work environment problems and discomfort at work. This is why we use a digital tool (Howdo) for weekly follow-ups.

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

**Sick leave absence (%)**

	21/22	22/23	23/24
Sick leave	3,4	1,9	1,9

We believe that wellness initiatives contribute to better health and well-being of employees, which is why we offer all employees a wellness allowance and arrange health challenges at least twice a year.

One part of this is seen in our offering of bicycles as an employee benefit (a gross salary benefit).

**Incidents and work injuries**

We want to offer a safe and secure workplace, which is why our preventive work environment efforts are important. We work together to constantly improve our working environment.

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

The reporting of deviations has increased in recent years, which we see as a positive development. This is because we have worked more actively to inform about the importance of reporting deviations, incidents and accidents, and we have also provided more feedback to employees. This is an important part of our strategy to develop as a safe and secure workplace. Our efforts have led to a reduction in incidents and accidents. The work on deviations has led to the establishment of new procedures, preventing accidents and incidents from occurring. The accident reports mostly relate to accidents during the commute, all of which were caused by slippery road conditions. One reported accident concerns a crushing injury.

**Incidents and accidents (number)**

	21/22	22/23	23/24
Deviations	42	67	130
Incidents	2	3	10
Accident	5	1	4

**Activities 2024/2025**

- Continued work in health, well-being and employee engagement
- Strengthening our offer to employees
- Strengthen employee processes



## ENVIRONMENTAL SUSTAINABILITY

We have identified four areas where we can help make a difference by accelerating our transformation.

### Our goals

- 100% fossil-free fuels
- 100% self-produced renewable electricity
- Promoting biodiversity
- Sustainable construction

### Environmental policy

Arctic Falls provides testing facilities and service for testing vehicles, vehicle components and tyres. By being at the forefront of our environmental work, we enable our customers to develop a more sustainable tyre and vehicle industry.

### Our environmental work must lead to:

#### Reduced use of fossil fuels

We aim to replace our vehicle and machinery fleet with fossil-free alternatives in line with technological developments. 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 are continuously adapting 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 operations require a lot of energy, it is a matter of course for us to only purchase electricity from renewable sources. We are also working to reduce our energy needs.

#### Promote biological diversity

In addition to test tracks and buildings, our testing facilities consist of large areas of undeveloped land. 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 throughout the organisation. We evaluate how our operations affect the environment and carry out initiatives where we see that we can make a considerable difference. We comply with current environmental legislation and regulations and comply with the environmental requirements that our customers place on us.

## Activities 2024/2025

### Fossil-free fuels

- Inventory of the market for fossil-free vehicles
- Purchased an EV
- Streamlined our track preparation equipment

### Energy

- Installed solar cells
- Installed more chargers for electric vehicles
- Replaced lighting fixtures with low-energy options
- Installed timer for engine heaters
- Thesis project, energy assessment

### Biodiversity

- Inventorying our land
  - Mapping biodiversity at Vitberget

### Construction

- Study visit carried out



### Fossil-free fuels

In the operation of our business, we use various vehicles such as tractors, pickup trucks and excavators. In order to plan our green transition, we have chosen to group our vehicles into the following categories existing technology, emerging technology, non-existent technology.

### Vehicle categories

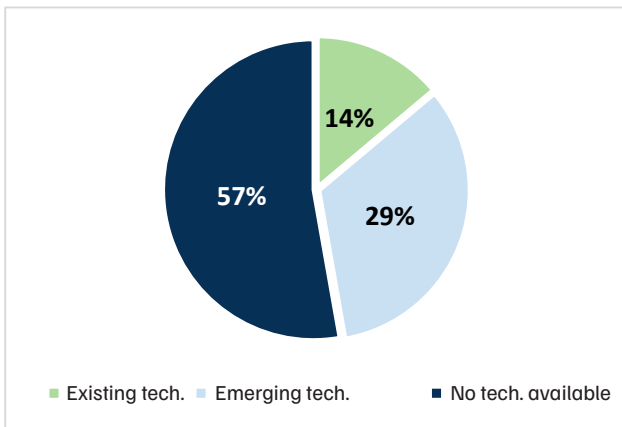


Table: Percentage distribution of vehicles per category

As part of our transition to 100% fossil-free fuels, we are streamlining the use of existing vehicles and using those with the least environmental impact whenever possible. We are constantly improving our equipment and operating procedures to be 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 measure and follow up on our efficiency improvement work.



### Fuel consumption (litres)

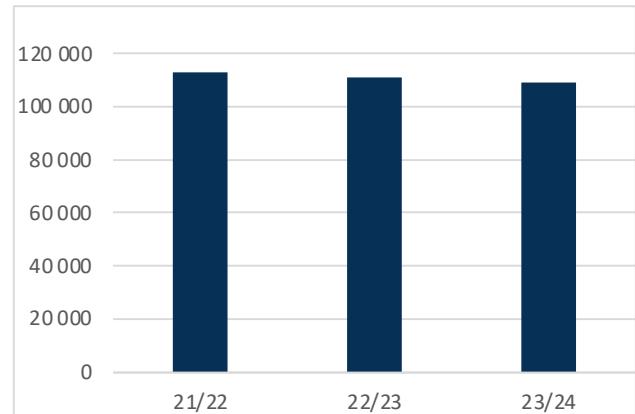


Table: Fuel consumption per year

### 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. Energy consumption increased in 2023/2024, due to our indoor operations. Indoor ONE and Indoor FLEX have belonged to Arctic Falls since April 2024 through a merger. Indoor TWO was built during the same year and began operating in June 2024.

### Energy consumption (kWh)

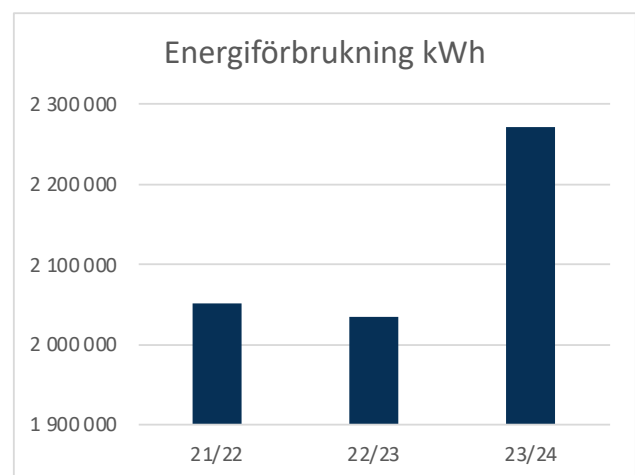


Table: Energy consumption per year

We noticed that there was an error in the metering at one facility, the result being that electricity usage figures have now been reduced by approx. 500,000 kWh the period March 2023 - June 2024. Of the total electricity consumption, 34,000 kWh was used to charge electric cars.





**Biodiversity**

In addition to our test tracks and buildings, we have large areas of land consisting of forest, wetlands and water. As seen in this distribution graph, the land owned by the company has a large proportion of forest where we can take steps to promote biodiversity.

**Distribution of land**

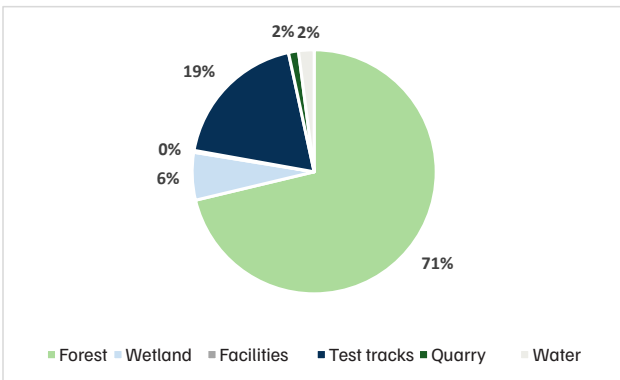


Table: Percentage distribution of land

**Activities 2024/2025**

**Fuel**

- Vehicle electrification

**Energy**

- Measuring the effect of solar cells
- Continue to streamline energy use

**Biodiversity**

- Land inventory
- Skills development and communication
- Take action

**Construction**

- Mapping and skills development



## 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 economically. 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 2023/2024 fiscal year, Arctic Falls generated revenue of SEK 121 million and paid more than SEK 14 million in taxes and social security contributions.

## Generated and distributed values (thousands SEK)

	21/22	22/23	23/24
<b>Economic value, directly generated</b>			
Net sales	99 172	113 891	121 287
<b>Economic value, distributed</b>			
Operating expenses	44 694	51 653	43 648
Salaries and employee remuneration	17 652	19 043	23 221
Tax and social contributions	12 112	12 726	14 760
Local community investments	21	45	37
Payments to financiers	1 151	2 304	7 965
<b>Economic value, retained</b>	<b>23 542</b>	<b>28 120</b>	<b>31 656</b>



## BUSINESS LOCATIONS

### MAIN OFFICE

Förrådsgatan 2  
942 36 Älvsbyn

### DO NORD

**Vitberget**  
Idafors 501  
942 95 Vidsele

### Vidsele/Plantskolan

Finnäsheden 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

**JONAS JALAR**  
jonas.jalar@arcticfalls.se

[www.arcticfalls.se](http://www.arcticfalls.se)



# ARCTIC FALLS

PROVING GROUNDS