

Sustainability report 2024

Dellner Group AB

Introduction

This Sustainability Report is a part of Dellner Group AB 2024 Annual Report. It represents the start of the transformation journey towards Corporate Sustainability Reporting Directive (CSRD) compliant reporting. Prior to this report, Dellner has published standalone sustainability reports since 2022.

The report includes our first Double Materiality Assessment (DMA). The sustainability commitments will continuously align with our annual DMA. Dellner Group operations and the business environment are constantly changing, as are the needs of the stakeholders, and this affects how we develop sustainability management.

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Sustainability management

Dellner Group businesses deliver world leading and sustainable products and solutions. As a long-term investor in entrepreneurial companies, we see it as utmost important to maintain independence, customer focus and cost control within each business. We are committed to our values.

COMMITMENT – We try harder
INNOVATION – We think differently
TEAM SPIRIT – We are ONE Dellner Group
JOY – We spread joy and knowledge



For Dellner Group, sustainable business is fundamental for long term value creation. The Dellner Group businesses drive their business in a sustainable way to maintain employee motivation, customer satisfaction, strong brands and thereby ensure sustainable profitability.

Our prioritized sustainability topics are reduced environmental and climate impact, motivated employees, welcoming and safe workplaces both in own operations and in the supply chain, and a high standard of business ethics. In this way, we create motivated employees, satisfied customers and a strong brand, which are essential to profitable and sustainable growth.

Sustainability is also about making a positive contribution to society. Dellner Group contributes directly by paying taxes where value is generated and offering jobs with fair working conditions. Many of our businesses operate in the rural area and thus contribute to the development of less densely populated areas.

Sustainability highlights of 2024

During 2024, sustainability initiative “To the peak” has focused on identification of impacts, risks and opportunities (IROs) in a double materiality assessment, organization and reporting structure. A sustainability controller has been onboarded to drive the group agenda together with the internal sustainability team.

A big step forward is the implementation of a software for carbon accounting and reporting of sustainability data. Data for scope 1, 2 and 3 emissions according to GHG principles has been reported for 2024, which will serve as our baseline for carbon emission improvements.

The internal sustainability capabilities increased in workshops and trainings for managers and employees, investigating and understanding Dellner Group sustainability related impacts, risks and opportunities as a part of developing the business.

Business model and strategy

Dellner Group is a privately owned industrial group operating in the railway, automotive, material handling, energy, and mining sectors. The group is a customer-oriented, sustainable, global supplier of brake, hydraulic, polymer, and glass systems. The business is the result of organic growth as well as acquisitions of strategic companies and products.

Dellner Group is a long-term strategic owner with a focus on entrepreneurship, knowledge, and customer satisfaction.

The parent company's headquarters is in Borlänge, Sweden. We are present worldwide, with operations in Sweden, Germany, the United Kingdom, Benelux, Italy, Denmark, the Czech Republic, Spain, Dubai, Malaysia, Singapore, Brazil, India, the USA, and China.

We are taking an industrial lead in developing our business in a sustainable way and helping our customers do the same. Our overall sustainability goals are to reduce our negative environmental impact and conserve the earth's limited resources, to create diverse and safe workplaces with fair working conditions and to adhere to a high standard of business ethics. In this way, we create

motivated employees, satisfied customers and strong brands, which are essential to sustain profitable growth.

Model for sustainable value creation

Dellner Group has a buy and build strategy. We acquire companies that either bolster our existing businesses or create new industrial businesses within the group. To drive growth without increasing resource consumption, we aim to develop more sustainable products, solutions, and business models. Our approach ensures profitability and continued competitiveness while upholding our sustainability commitments. Success factors include professional and entrepreneurial management teams, strong customer relationships, and a consistent focus on organic growth within our portfolio companies. Our strategy is long-term, with a clear emphasis on profitability and sustainability.

Our Code of Conduct sets forth our ethical principles, which cover our relations with employees, stakeholders, society and the environment.

Many of the Dellner Group operations have been actively engaged in sustainability work for a long time, particularly in the areas of environment and climate impact. Initiatives are underway to reduce climate impact.

We strive for

- Minimal bureaucracy and simple processes.
- Long-term customer relationships and customers with the potential to generate sustainable earnings growth.
- An efficient cost structure with a focus on value-creating functions.
- Monthly analysis of costs, margins, and the balance sheet with a focus on profitability and cash flow as well as sustainability indicators.

A good example of progress in the sustainability area during 2024 is that the braking companies in Singapore and Malaysia engaged key port industry stakeholders in ESG discussion to facilitate knowledge sharing and industry alignment.

Reduced climate and environmental impact

Climate change is the biggest issue of our time, and we want to reduce our negative impact. Dellner Group target to reduce greenhouse gas emissions in total and in relation to sales. We calculate greenhouse gas emissions according to GHG protocol scopes 1, 2 and 3. 2024 will be our baseline, serving as reference point for policies and targets. The initial calculations show that scope 3, purchased goods and services, represents the largest impact from our operations.

Dellner Group has a policy requiring all company vehicles to be electric or hybrid. This applies to both replacements and new purchases. The policy was adopted in 2023. As of 2024, 38% of reported kilometers driven were with electric or hybrid vehicles.

Additionally, Dellner Group has a policy to install solar panels on all company-owned properties.

Reduce climate impact	2024
Dellner companies with ISO 14001 certificate (% of production units)	44 %
Owned production facilities with installed solar power	55 %

Dellner Group requires all companies, suppliers and subcontractors to comply with environmental laws and guidelines.

We are observing a trend where certain customer sectors increase focus on climate and environmental issues throughout the value chain. This shift is creating new business opportunities for Dellner companies. These opportunities include circular business models, extending product lifecycles through aftermarket services, and expansion into sectors that drive climate action and the adoption of modern technologies

Several companies within the Dellner Group report to third-party sustainability systems such as Eco Vadis, reflecting our commitment to transparency and continuous improvement.

In 2024, two UK Dellner companies achieved ISO 14001:2015 registration, and one UK-site registered for its first Eco Vadis-assessment.

Raw materials/components

A major part of the Dellner Group emissions origin from raw materials and components. The primary materials used in Dellner Group operations are steel, aluminum, glass, and natural rubber.

There are potential challenges related to raw material shortages and increased raw material costs. Opportunities lie in refurbishing initiatives and developing products that use less material.

Dellner Group is actively pursuing several initiatives aimed at transitioning from a linear to a circular economy.

One example is a UK-based polymer company's rECOvery project, where steel components from end-of-life products are refurbished into new ones. In 2024, the project focused on marketing, quality assurance, and customer engagement.

Additional examples include a German brake company working on brake refurbishment.

A US company expanded its operations in 2024 to include wooden crate recycling with approximately 85% of the material being recovered.

Brake companies in Malaysia and Singapore reuse brake handle pins in good condition by reprocessing them to fit smaller brake systems – resulting in both cost savings and a reduced climate footprint.

Transports

Dellner Group transports raw materials and products by road, air, and sea, and engages in business travel, all of which emit greenhouse gases. Our global presence creates local business opportunities that help reduce transport's climate impact.

In 2024 our Italian and UK companies transport mainly by sea, to reduce greenhouse gas emissions and the environmental impact of logistics.

Energy consumption and mix

The impact of Dellner Group scope 1 and 2 emissions arises mainly from energy consumption and heating of offices and production facilities. Measures to reduce emissions will continue to be implemented within the companies, which independently decide on the activities suitable for their needs and the timing of such activities.

In 2024, our Danish cylinder company installed a 312-kW solar panel system, corresponding to 312 Mwh/year. The cylinder company in India installed 100 kW solar panel on their facilities.

Brake companies in Malaysia and Singapore implemented energy saving measures, upgrading light systems to LED and turning of compressors, floor lights and air condition when facilities are closed.

Energy consumption and mix	2024
Renewable sources	3 825 MWh
Non-renewable sources	5681 MWh
Total energy consumption	9 506 MWh
Self-generated energy	2024
Own-produced electricity production	159 MWh
Own-produced electricity consumption	147 MWh
Energy efficiency	2024
Energy consumption per EUR of sales	0,044 kWh/EUR
Energy consumption per employee	8,1 MWh/employee

In 2024, one of the UK polymer companies invested in LED lighting upgrades in factory, offices and outside lights. The power correction unit was replaced to increase energy efficiency, and initiatives for turning of equipment not in use was implemented.

Waste and waste management

Waste and waste management represent a minor share of Dellner Group's total emissions. Dellner companies handle waste in accordance with local laws and regulations and take precautionary measures to minimize risks to the environment and employees. Hazardous waste primarily consists of residual products from painting, oil, and rust removers.

The tCO_{2e} emissions from Dellner Group's waste management according to Greenhouse Gas Protocol is reported below:

tCO _{2e} from waste	Recycled 2024	Non-recycled 2024
tCO _{2e} from dangerous waste	0,1	43,4
tCO _{2e} from non-dangerous waste	10,9	160

In 2024, the brake companies in Malaysia and Singapore optimized packaging, and improved quality of waste material making it recyclable instead of sending to land fill.

Exposure to coal, oil and gas industry

Dellner Group supplies brakes and hydraulic systems to mining and offshore operations within the coal, oil, and gas industries, which represent a minor share of total sales. The polymer companies primarily use natural rubber (90%), resulting in low exposure to the fossil fuel industry.

Oil and gas are required for heating, transportation, and production processes

Our workforce – engaged employees, welcoming and safe workplace

Dellner Group's growth brings many opportunities but also requires us to adapt to our organization's growth. The engagement of Dellner Groups approximately 1200 employees are essential to sustained long-term value creation and is therefore one of Dellner Group prioritized sustainability issues. We are committed to our values in how we develop, grow and manage our business. Establishing work environments that foster engagement, and motivation involves providing safe and secure workplaces, ensuring a diverse workforce distribution, implementing effective leadership, offering opportunities for individual development, and assigning stimulating tasks.

Dellner Group employees

Most Dellner Group companies are small businesses, with an average of 30 employees. The group also includes a few larger production sites with over 100 employees. A majority of Dellner Group's employees are full-time permanent staff. Most employees, 78%, are based in Europe. The workforce consists of 80% men and 20% women. In global management and advisory roles, 90% are men and 10% are women. The employee turnover rate is 15.3%.

Workforce

Dellner Group strives to attract and retain the best people, skills, and teams. To achieve this, we believe in a variety of experience, mixed perspectives and backgrounds, and a welcoming approach. A leadership team with mixed perspectives lead to mixed perspectives within the organization, which we believe contribute to better profitability. The organization has created a workplace that includes various backgrounds and cultures, providing a range of perspectives and experiences.

Health and safety

Dellner Group aims for zero workplace injuries or incidents. Employees, suppliers, and subcontractors should remain unharmed at work. Efforts are made annually to decrease workplace accidents.

To achieve zero workplace accidents, Dellner Group prioritizes preventive safety measures and risk identification. Each company MD is responsible for health and safety, as well as for implementing preventive actions. Accidents and risks are reported and analyzed as part of the monthly reporting process. In 2024, actions included leadership training, increased observation and incident reporting, and regular follow-up at management meetings.

Dellner Group companies are expected to comply with or exceed applicable health and safety laws and regulations. An essential part of the health and safety work is open dialogue between employees and managers. Some units have health and safety committees where union representatives or employee-appointed individuals work together with unit representatives to regularly assess the work environment. In some cases, these committees are legally mandated; in others, they are initiated by

the unit. The meeting frequency is determined independently by the health and safety committees or in consultation with the unit's managing director. Freedom of association is fundamental at Dellner Group.

One of our US companies focused in 2024 on improving workplace safety by increasing the reporting of observations to help prevent future accidents.

A UK-based company invested in enhanced safety around its presses, implementing both physical safeguards and employee training.

Accidents and near misses	2024
Accidents	79
Near misses	85

As in many other companies, we have seen an increase in stress and stress-related illnesses in recent years. Dellner Group actively works with preventive measures. Some units offer dedicated and voluntary health promotion programs or financial incentives to encourage physical activity among employees.

In 2024, the UK companies expanded their collaboration with trade unions by establishing a network that includes both blue-collar and white-collar employees. An excellent example of how to create shared forums for addressing workplace health and safety issues.

Stress and stress-related illnesses are managed on a case-by-case basis.

Since Dellner Group operates in many different countries with varying access to public healthcare, each unit decides independently on the provision of occupational health services for its employees.

In 2024, our Danish company collaborated with employees on long-term sick leave to clarify the causes of absence and develop action plans, resulting in zero employees remaining on long-term sick leave.

Starting in 2024, the polymer and glass companies in the UK offer employees free 24/7 access to support services related to work and personal life, including physical, mental, and financial well-being, available via phone and an app.

Workforce pay and remuneration

Our compensation and benefits are designed to align with market standards. Salaries at Dellner Group aim to be fair and consistent across the organization. Compensation is tailored and varied based on role, responsibilities, complexity, performance, contribution to Dellner Group's success, and adherence to our values. We do not support pay differences based on ethnicity, religion, gender, age, sexual orientation, gender identity, union membership, or political affiliation.

We compensate based on performance, adhering to global principles adjusted for local contexts. We aim for pay equity across all companies to promote equality. In 2024, we introduced software to identify and address gender-based pay gaps.

Responsible business

Dellner Group is committed to operating ethically and sustainably, not only to maintain our reputation with stakeholders but also because it aligns with our core values. Our governance is guided by the Code of Conduct, reviewed annually by the Board of Directors, outlining principles on human rights, working conditions, environmental responsibility, and business ethics.

Dellner Group policies are accessible to employees through the intranet and are incorporated into onboarding and training programs. Selected policies are available externally at dellnergroupp.com. All policies are approved by the Board and are formally authorized and signed by the CEO.

Code of Conduct

The Code of Conduct governs all employees of the Dellner Group, including the Board and temporary staff. It is introduced to every employee through an onboarding program, where everyone is required to sign the Code of Conduct. The document is accessible via the intranet as well as our external websites.

The Code of Conduct is founded on the principles established by the United Nations Global Compact. The Dellner Group also endorses the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, the United Nations Convention against Corruption, as well as the United Nations Guiding Principles on Business and Human Rights. Discrimination, harassment, or threats based on sex, gender identity or expression, ethnic background, faith, disability, sexual orientation, age, nationality, political opinion, trade union membership, social status, language, state of health, or marital status are strictly prohibited.

The Code of Conduct establishes the fundamental principles and standards that guide every employee in making responsible decisions. Managers are expected to exemplify high ethical standards and foster a culture of adherence to the Code of Conduct.

Anti-corruption

Bribery, corruption, fraud, facilitation payments, money laundering or attempts at any of these are strictly prohibited. We want to operate in a business environment that is fair and efficient. We are convinced that responsible, high business ethics and a clear stand against corruption and money laundering help to strengthen our brands and positions in the value chain.

Dellner Group perform sanctions screenings for all business partners through a third-party provider, Descartes, to ensure that we operate within legal frameworks and maintain high ethical standards in all our transactions. By implementing thorough and consistent screening processes, we aim to identify and mitigate any risks associated with sanctions, safeguarding the integrity of our operations and upholding our commitment to responsible business practices.

	2024
Confirmed cases of corruption	0
Employees involved in any corruption related legal proceeding	0
Corruption related loss	0

Tax

Dellner Group companies comply with local tax regulations by paying taxes in the countries where they conduct their operations. Complying with tax laws demonstrates good business practice and supports the societies where we operate. Where multiple options exist for structuring a transaction, we reserve the right to optimize the tax outcome by selecting the alternative that achieves the unit's commercial objectives at the lowest tax cost.

Our tax filings are submitted on time and in compliance with applicable tax laws. We report any errors or omissions in tax returns to the tax authorities and respond to their inquiries promptly and transparently. Our transfer pricing policy follows OECD guidelines, and our tax calculations are reviewed annually by external auditors.

Product quality

Satisfied and loyal customers are fundamental to Dellner Group ability to create sustainable earnings growth. Stakeholder dialog emphasizes the importance of high-quality products with long lifetime. Some Dellner Group companies produce products and safety systems which need to comply with high safety standards. We provide our customers with correct product information and only make promises about products and services that we can keep. Product safety is of the utmost importance and Dellner Group companies must comply with relevant rules and regulations in this regard. Dellner Group commitment and dedication to customer satisfaction also includes providing high-quality after-sales service as well as prompt and efficient handling of customer concerns.

Claims are handled case by case by each Dellner company.

	2024
Fines or penalties from the impact of a product or service on health or safety	0
Companies with quality management systems (% of production units)	83%

Privacy and data security

A high level of IT security, including the protection of personal data, is business-critical and therefore a key focus area for Dellner Group. Customer privacy and data security are fundamental to responsible business conduct.

In 2024, Dellner Group has worked intensively to implement a new ERP system across several companies. In parallel, cybersecurity and data protection training has been conducted for all employees to reduce the risk of breaches and data loss.

	2024
Complaints regarding breaches of customer confidentiality and/or loss of customer data confirmed by the organization	0
Criticisms from supervisory bodies regarding personal data	0
% IT-using employees performing IT awareness training	74%

Whistleblowing channel

Dellner Group promotes transparency and accountability. The Dellner Group whistleblowing channel is accessible through dellnergroupp.com for employees, customers, suppliers, subcontractors, and local community representatives.

The whistleblowing channel can be used to report concerns about issues that are not consistent with organizational values and ethical principles, which may have significant impacts or pose risks to individual life or health.

The whistleblowing system is hosted by an external party, 2Secure, and allows for anonymous reporting on all issues relating to any aspect of the Code of Conduct. Reports and investigations are

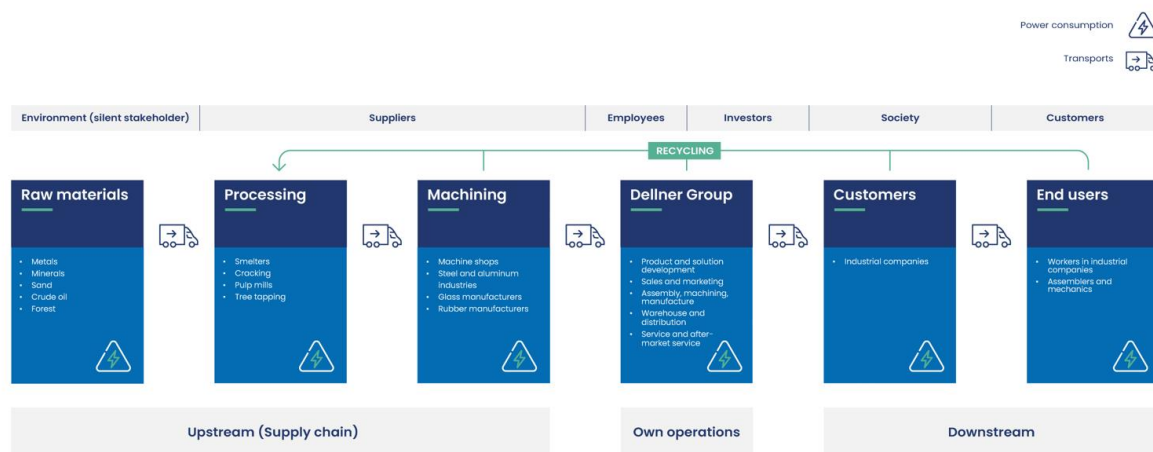
treated confidentially and without delay.

2024

Reports received	2
Cases handled	2
Ongoing cases	0

Dellner Group value chain

Below is a simplified overview of Dellner Group value chain. The main upstream business actors are suppliers of raw materials and components. Dellner Group uses the raw materials and components for assembly and manufacturing, and sells components to downstream actors, customers and end users. Further downstream are partners within recycling and waste treatment.



Dellner Group operations

Dellner Group primarily sells components for other industrial companies.

Product development and innovation

Product development and innovation are carried out at the Dellner companies, either independently or in collaboration with customers to create unique customer solutions. The product development phase significantly influences the product's climate footprint through material usage, efficiency, and service during the usage phase, as well as the product's recyclability and refurbishment potential at the end of its life.

Sales and marketing

The Dellner Group companies only sell to B2B customers using a variety of sales channels. Sales are made through existing business relations, direct sales where contacts are made at trade fairs and industry events, through advertising mainly in online media, at meetings and by telephone.

Assembly, machining and manufacture

- The braking business design and manufacture braking systems for material handling, crane and hoist, container handling, mining, marine, industrial, offshore, and oil and gas sectors.

- The wind business design and manufacture of braking, hydraulic and cooling systems for the wind energy market.
- The glass business is a glass and fabrication specialist providing products and services in the global transport and security markets.
- The polymer business provides technologically advanced vibration control, rubber fabrication and bonding solutions
- The cylinder business designs and manufactures hydraulic cylinders and systems for critical applications in the marine, offshore, mining and industrial sectors.

Of our 42 operating companies, 18 are production units with mainly product development and assembly.

Warehouse and distribution

The Dellner Group companies use mainly external carriers and do not own their own transport for distribution. The operational sites have small warehouses for incoming material and outgoing products.

Service and after-market service

The companies within the Dellner Group are committed to delivering exceptional customer service across the entire product life cycle. Several companies maintain service fleets dedicated to repairs and maintenance. Additionally, activities such as customer training and spare parts sales play a vital role in the aftermarket, where these companies bolster and sustain strong customer relationships.

Support functions

Most Dellner Group companies are small with an average of 30 employees. Decision-making paths are therefore short while support functions normally found in large companies, such as HR, procurement and IT management are incorporated in other roles. As Dellner Group companies vary in size and operate with a high degree of independence, they choose themselves how to organize their support functions and support systems.

Upstream value chain

Dellner Group upstream value chain includes raw material extraction, raw material processing and machining of parts to components.

Raw materials and processing

Dellner Group procures components and products manufactured from various materials, including alloys or metals such as steel and aluminium, glass, natural rubber, and plastic products derived from crude oil. The raw materials have been processed in smelters, cracking plants and by tree tapping. The packaging cardboard and wood material are derived from trees that are processed in pulp mills. In the earlier and later stages of the value chain, there are systems and processes for recycling raw materials.

Machining and purchasing processed goods

Given the spread and extent of Dellner Group operations, we have many suppliers. Most of our goods and services are purchased from suppliers in Europe. There were no major changes in the supplier base in 2024.

The main suppliers are industrial companies that process various types of materials into components which the Dellner Group companies assemble. There may be several stages of processing before the components or products are delivered to a Dellner Group company. The choice of supplier is generally governed by quality requirements, delivery capacity and price. The companies' relationships with their main suppliers are often of a long-term nature, involving close collaboration on product development, performance, delivery reliability and other areas. The main first tier supplier base is in Europe, followed by Asia.

Downstream value chain

Customers

The largest customer sectors are rail, wind energy and offshore/marine. Customers are increasingly aware of sustainability issues and are requesting that Dellner Group companies develop more sustainable products. They also seek assurances regarding a value chain that minimizes risks related to health and safety, human rights, and corruption. Main customers are in Europe, followed by America and Asia/Australia.

End users

The end use for Dellner Group products are components in wind turbines, ships, cranes, and trains. These components are assembled by technicians, ensuring that the final product functions without any quality issues. End users of the final product are distant from the Dellner Group products which function within a larger seamless system.

Transport and energy consumption in the value chain

At all stages of the value chain, transport, energy consumption and labour are included as key resources.

Double materiality assessment

In 2024, Dellner Group carried out a double materiality assessment (DMA) in accordance with the ESRS (European Sustainability Reporting Standard). The DMA evaluates Dellner Group overall risk profile and risk management process. In the DMA, the IROs (Impacts, Risks and Opportunities) arising from our companies' operations and their business relationships upstream and downstream in the value chain are considered.

The materiality assessment was carried out at Group level, involving all businesses in the process. The central working group that coordinated the work on the double materiality assessment was led by the Sustainability Controller. The DMA considers both Dellner Group impact on the environment and society as well as the financial impact of sustainability related topics on Dellner Group operations. The materiality assessment and the underlying material and conclusions were adopted by the CEO.

To identify IROs, Dellner Group conducted comprehensive workshops with all businesses. The topics discussed were used to create a long list of IROs, which were cross-checked with ESRS sub-topics and sub sub-topics. All IROs were identified on a gross basis, without considering mitigation actions.

The Double Materiality Assessment (DMA) covers Dellner Group's entire value chain, including upstream, downstream, and own operations. Beyond tier 1, general knowledge of raw material supply chains and customer supply chains to end users has also been considered. The value chain is described in the section titled "Value Chain."

Our dialogues and consultations with stakeholders are described in the section Stakeholder dialogues. Dialogues have been performed at all levels in the organization, depending on the relationship.

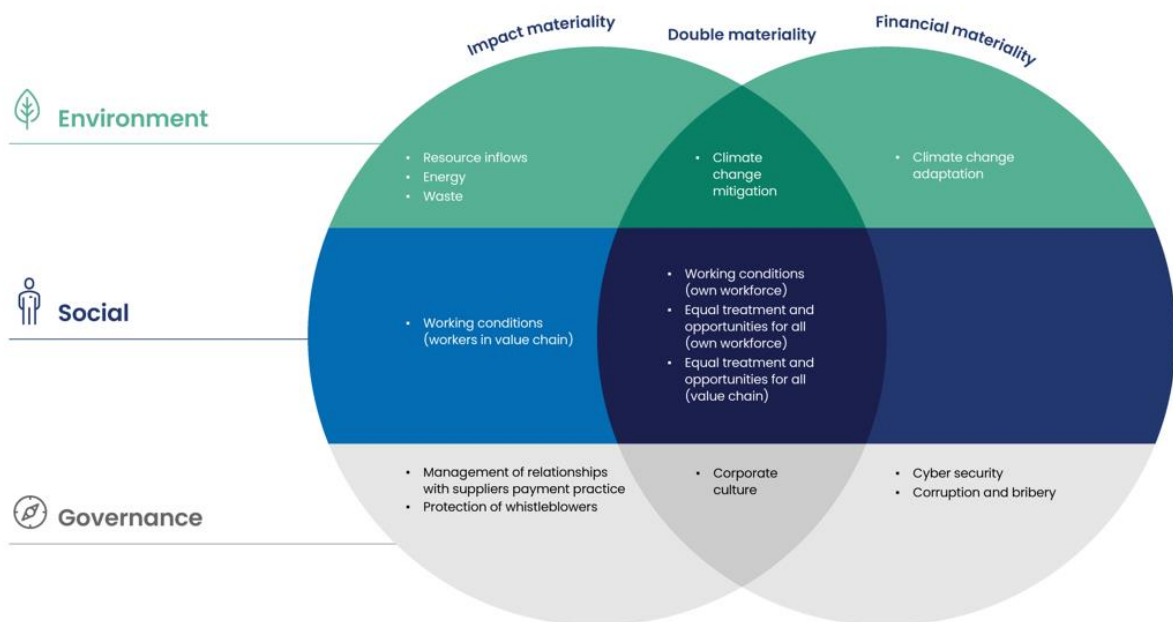
Result of the assessment

The outcome of the 2024 DMA is presented below. The results are aggregated by ESRS topic, showing 5 ESRS topics and 14 sub-topics assessed as material to Dellner Group from an impact and/or financial materiality perspective.

Two for Environment (E), two for Social (S), one for Governance (G), and Cyber Security as specific matter.

- Climate change (E1)
- Resource use and circular economy (E5)
- Own workforce (S1)
- Workers in the supply chain (S2)
- Business Conduct (G1)
- Cyber Security

All other topics in ESRS are assessed to be not material.



Climate change

Why it matters

Dellner Group impact climate change through GHG emissions from own operations, upstream and downstream the value chain, using fossil fuels in extraction and processing of raw materials, energy use and transport as well as other areas.

Risks

Dellner Group is exposed to climate related risks such as shortages of natural resources, natural disasters, variations in weather phenomena and intensities as well as temperature changes. Such risks can impact on the integrity of Dellner Group assets or cause disruptions to operations or to value chain. The transition to a low-carbon economy can also pose risks to Dellner, including higher costs for greenhouse gas emissions and production inputs, or changes to market prices. Stricter regulations and more ambitious climate targets may drive costs within parts of Dellner Group. Dellner Group operations is a high climate impact sector, and we operate within customer sectors with high climate impact.

Opportunities

The transition to net zero presents significant opportunities for Dellner Group. Our components for renewable wind power generation and public transportation contribute to enabling society's shift away

from fossil fuels. We also have the potential to expand into sectors that drive climate action, increase circular business models, extend the lifespan of existing products, pursue refurbishment initiatives for end-of-life products, and develop solutions that use less material. Climate adaptation within our own operations, as well as across supplier and customer activities, can strengthen our market positions and positively impact both sales and profitability.

Our approach

Dellner Group aims to minimize climate impact and create business opportunities by helping customers and society to do the same. We are uniquely positioned to leverage our global presence while remaining a local supplier. By securing business closer to our customers, we can significantly reduce climate impact.

Resource use and circular economy

Why it matters

Dellner Group production and assembly processes for products and spare parts are dependent on raw material extraction and processing. The main materials used are steel, aluminium, glass and rubber. Dellner Group operations also generate resource outflows, including different waste streams.

Risks

Dellner Group faces risks from scarce raw materials. Shortages of virgin or recycled materials can disrupt production. Price volatility, limited resources, and supply chain issues may increase costs. Efficiently managing resource dependencies and waste streams is crucial to lower operational and compliance expenses. We actively work to address and prevent these risks, adapting our operations to fluctuating material costs and availability.

Opportunities

Dellner Group aims to investigate innovative new materials, boost recycled material usage, and improve recycling rates to maintain quality in our value chain. We plan to reduce material usage and seek strategic partners to convert waste and end-of-life products into new raw materials.

Our approach

By employing product development strategies that preserve the product's value while minimizing material usage, and by enhancing the recycling and refurbishing rates of products, we can bolster our relationships with suppliers and customers. In the long term, this approach is expected to positively impact our financial performance.

Own workforce

Why it matters

Our employees are considered our most valuable assets. We strive for every employee to feel valued and able to grow within the Dellner family. Dellner Group contributes positively to society by offering employment, adequate working conditions, a safe workplace, and freedom of association. However, there is also a negative impact due to the occurrence of work-related accidents. We believe that teams with a high degree of variety make the best decisions, and that variety is a mix of age, culture, nationality, experience, and gender.

Risks

There is a risk that workplace injuries might lead to personal trauma, harm brand reputation, complicate recruitment and retention, and reduce revenue. Injuries also incur costs for workplace adjustments and compensation. Managing complex legal compliance globally poses risks of fines and personal injuries. The risks are low due to extensive processes in each country. There is also a risk in competence and resource shortage and increased labour cost due to market competition.

Opportunities

Dellner Group acknowledges that a diverse workforce and a welcoming culture make us stronger as a company and contributes to building employer brands and improves team performance. Maintaining a positive and safe workplace culture, offering wellbeing initiatives strengthens employee motivation and opportunities to keep skilled employees. Training and the possibility of internal advancement create employee commitment and motivation, which strengthen the employer brands.

Our approach

We strive to provide a safe and welcoming environment, and encourage all employees to drive their growth, set high ambitions, and embrace development opportunities to enhance their knowledge, skills, and networks.

Workers in the supply chain

Why it matters

Dellner Group has a positive impact on the workers in the supply chain by strengthening supplier and customer companies as a source of employment. We assume without having real facts that there is a negative impact in the form of the occurrence of work-related accidents in the supply chain.

Risks

There is a risk that employees of suppliers will be injured when manufacturing products used by a Dellner Group company. The financial impact of this risk for Dellner Group is limited. There is a risk that employees of customers will be injured when using a product from a Dellner Group company. This could lead to demands for financial compensation and damage the brand of the Dellner Group company concerned. There is also a risk of unethical behaviour in the supply chain which can hurt the concerned Dellner Group company brand.

Opportunities

Dellner Group see increased focus from customers on human rights and ethical supply chain. A proactive work with knowing your supply chain and work with supply chain ethics might enhance brand reputation and make Dellner Group a trusted partner.

Our approach

We strive to map our supply chain and continue to work with sanctions screening and signed supplier Code of Conduct for all suppliers.

Business conduct

Why it matters

A strong corporate culture enhances sustainability performance, fosters innovation, ethical behaviour, improves employee retention and increase overall productivity. A responsible business including product safety, responsible sourcing, employee safety and business integrity with legal requirements at a minimum level.

Risks

While legal compliance in multinational operations is complex, our procedures minimize risks. Some of Dellner Group companies, suppliers and customers operate in countries where there is a risk of corruption. Corruption can lead to legal disputes and reputational damage to Dellner Group and the Dellner Group brands, as well as to the termination of supplier and/or customer relationships. This could have a significant impact on the financial results.

Opportunities

Dellner Group's Code of Conduct fosters trust and a strong brand through responsible practices and high business ethics. These principles strengthen our brand and relationships with customers, suppliers, and local communities.

Our approach

Dellner Group has zero tolerance for bribery and corruption throughout the value chain. Suspected bribery can lead to the termination of business relationships with both suppliers and customers.

Cyber security

Why it matters

A cyber security attack could disrupt operations, affecting efficiency, finances, and stakeholder trust, leading to severe financial damage.

Risks

Dellner Group companies risk losing or leaking their own, customer, or supplier information through theft or other means. There is also a risk that Dellner Group or a Dellner Group company will be affected by a supplier or customer leaking, experiencing a theft of or otherwise losing information about us. The loss of customer or supplier information can lead to claims for damage and damage the brand, which can have a negative impact on the financial results

Opportunities

Robust and high level of data security and customer privacy are essential and lead to building brand, trust and strengthening customer and supplier relationships.

Our approach

The most important link in the IT security work is employee awareness. We train employees in cybersecurity and promote awareness. We also implement essential security for hardware and networks, and secure routines for software security by regular update of systems, conduct thorough vulnerability assessments, and use advanced encryption techniques to protect data.

Stakeholder dialogues

Dellner Group frequently communicates with stakeholders as part of our analysis process. These discussions help us determine which sustainability issues are most important to prioritize, report, and monitor. Below is a description of the stakeholders with the most impact on the business.

Stakeholder	Purpose of dialogue	Dialogue context	Priority sustainability matters	Management
Customers	Long term customer relationships, identify new business opportunities	Business meetings, customer surveys. Seminars, courses. Customer events and trade fairs. Customer service calls. Procurements, contract negotiations.	Climate footprint, human rights Product quality and product life cycle management Eco Vadis Logistics	Climate change efforts. Product quality and energy efficiency, work environment.
Employees	Promote employee motivation, create safe workplaces and build strong employer brand	Employee survey, performance review Workplace meetings, internal training, intranet. Liaison with trade union representative	Safe and secure workplace. Fair wages and benefits. Equal opportunities for all. Development opportunities. Work-life balance. Do good	Efforts to promote employee motivation. Create safe and healthy workplace
Investors	Create conditions for continued financing and value creation	Meetings with investors, banks.	Sustainability management. Climate impact. Demand for more reported performance measures, targets and qualitative descriptions of sustainability activities	Sustainability management.
Insurance companies	Decrease cost and risk for business	Meetings with insurance companies.	Climate risk management	Risk assessments, due diligence.
Business management	Create profitable businesses with motivated employees, safe workplace, good customer and supplier relationships.	Management meetings, dialogues on projects, investment projects, negotiations. Annual meetings.	Targets, policies, guidelines. Being an attractive employer. Tools to understand future market and business	Governance
Suppliers	Create conditions for on-time high quality deliveries and high awareness of sustainability matters.	Questionnaire, business calls, customer surveys. Procurements and contracts negotiations	Climate footprint, logistics, code of conduct.	
Local communities where companies operate	Build strong employer brand, be a valued employer	Permits, discussions with local authorities and local representation	Working environment. Management of permits and emissions	Business model and governance. Employee motivation. Safe and healthy workplaces. Tax policy

Sustainability governance

Dellner Group governance is based on the Dellner Group values as well as the principles of the UN Global Compact, the international human rights framework, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Declaration on the Rights of the Child, the United Nations Convention against Corruption and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Ultimate responsibility for the Group's strategy, including its sustainability management covering financial performance, environment, climate, social and ethical aspects, rests with the Board and the CEO. The Board adopts central Group policies and targets in sustainability. The CEO is responsible for conducting, monitoring and continuously reporting sustainability management, including related risks and opportunities, to the Board.

The Sustainability Controller, reporting to CFO, leads an internal working group that drives the sustainability agenda, monitors, follows up and evaluates sustainability matters. The working group includes the CFO, business controller, HR manager and CLO.

Dellner Group is committed to fully integrate sustainability into processes and decision making throughout the company. During 2024 sustainability work was driven through Project to the peak, led by the Sustainability Controller. Each business operates through the project team with an assigned project manager. The project owner is the business managing director. The focus in 2024 was to assess the current state and identify impacts, risks, and opportunities. During 2025, the project will gradually be implemented into the regular organization, structures and governance processes.

Sustainability data collection occurs at both group and company level. The roles typically responsible for collecting and verifying sustainability data are purchase, quality/sustainability, HR and finance.

The managing director of each business is responsible for ensuring that the operations are conducted in accordance with Dellner Group policies and for assessing and managing sustainability-related risks and opportunities in the business planning. The result of the DMA will be implemented in the business planning for 2026, with focus on creating business benefits from identified opportunities and preventive measures for risks.

Sustainability progress and planning is a part of the business quarterly reporting. The consolidated result is reported to the Group's Board of Directors.

Sustainability Commitments

Dellner Group is developing a transition plan and a Group Sustainability Policy to align with the Paris Agreement. Based on the current state, sustainability targets will be developed. In 2025, sustainability goals will be established for integration into the 2026 business plans.



About the sustainability report

Dellner Group AB is a Swedish non-listed company. The registered office is in Borlänge, Sweden. In the sustainability report, the company name is shortened to Dellner Group. The report covers Dellner Group AB and all underlying legal entities included in the financial report.

The sustainability report covers the period 1 January 2024 to 31 December 2024 and is a part of Dellner Group statutory annual sustainability report. The report complies with the requirements in Årsredovisningslagen SFS 1995:1554 and is also partly aligned with CSRD and the requirements in ESRS. As for financial reporting, Board of directors has overall responsibility for risk management.

All data including data on energy use and climate impact according to the GHG Protocol are collected from all Dellner Group companies. Companies acquired during the financial year report full-year data. Acquired companies are included from the year they are acquired. The report contains the Dellner Group business model, policies related to sustainability and the results for 2024. It contains information about and the relevance of impacts, risks and opportunities, and the Dellner Group approach to mitigate risks and enhance opportunities.

The accounting principles of the GHG Protocol are used for carbon accounting data, where parts of scope 1 and 2 are disclosed in the report for 2024.

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