



Sustainability report 2021

*Because we* | **care**

# Active sustainability work

In a society that is moving towards a circular economy, AGES' industrial operations are of major significance. The aluminium used at AGES' casting plants comprises 100% recycled material that is refined to make new products. At the current rate of production, AGES uses 5,888 tonnes of recycled aluminium raw material per year.

AGES's sustainability work is governed by the overarching goal to always keep improving the business in terms of the environment, working conditions and ethics. Our prioritised focus areas are based on continuous dialogue with customers, employees, authorities, local organisations and other stakeholders. Our ambition is to reduce risks while simultaneously cutting costs and meeting the expectations of our stakeholders.

Our business is built by committed employees who act responsibly to meet the expectations and wishes of our external environment. An important aspect of the work is to look at AGES' role in the overall processing chain from our customers' perspective, and consider how we can contribute efficient processes that offer added value. In addition to customers and employees, our most important stakeholders also include owners, suppliers and permit-issuing authorities.

AGES' work and sustainability goals are reported for the following focus areas:

## Ensuring high product quality

- ▶ Resource efficiency through optimised consumption of materials and energy results in reduced environmental impact.
- ▶ Efficiency throughout the supply chain and the concept of all deliveries being "right from me" are part of AGES' corporate culture.

## Creating opportunities for skills development, recruitment and employee retention

- ▶ Skilled staff in a safe and equal workplace are the key to success. Established procedures, guidelines and responsible relationships ensure a systematic approach to safety that reduces risks and costs, both internally and in our suppliers.

## Creating a safe, secure and healthy workplace

- ▶ AGES' ethical guidelines require that both we and our suppliers comply with legislation and international conventions.
- ▶ AGES has a policy of zero tolerance of corruption and takes a proactive approach to prevention of bribery.

## Ensuring stable financial results and long-term profitability

- ▶ Profitability is a prerequisite for forward-looking investments and for good social and environmental development.
- ▶ Our owners' requirements and clear values are the principles that underpin everything that we do.

## Reducing carbon emissions from operations

- ▶ Risk assessment and risk management.
- ▶ Responsibility and follow-up.



## Ensuring high product quality

Resource efficiency reduces environmental impact and saves money and resources for us, our customers and for society. AGES's business concept is based on finding the most resource-efficient way of performing casting, processing, welding and assembly of precision components. At the same time, we want to keep our carbon footprint to a minimum. In order to improve and develop the business, AGES is continuously working on improvements and lean-inspired managements systems for each unit. The aim is to continuously work in a structured manner to increase utilisation of machinery and facilities, while simultaneously looking to optimise use of materials and productivity, reduce rejections and complaints, reduce costs and improve safety. Efficiency throughout the supply chain and the "right from me" concept is part of AGES' corporate culture and something we are actively working with through our clear, implemented management system according to ISO 9000 and IATF 16949.

AGES is also striving to reduce the organisation's climate impact. By using 100% recycled aluminium in our production, we contribute to significant energy savings compared with the amount of energy required to produce the same amount of primary aluminium. Increased use of aluminium in the motor industry also has a large positive impact on the environment thanks to lower fuel consumption and therefore reduced carbon dioxide emissions. In addition, in accordance with its sustainability policy, AGES has continuously been investing in more energy-efficient equipment and machinery.

AGES is continuously working on reducing climate impact by creating efficient and secure logistics. The majority of our freight is controlled by and managed by our customers and suppliers. The freight AGES is able to affect mostly relates to extra transports. Reductions in extra transports benefit both customers and society at large. All AGES production units now have environmental management systems in place and 8 out of 8 units are certified according to the international environmental management system ISO 14001.

# 8

8 out of 8 of our production plants are certified according to the ISO 14001 international environmental management system

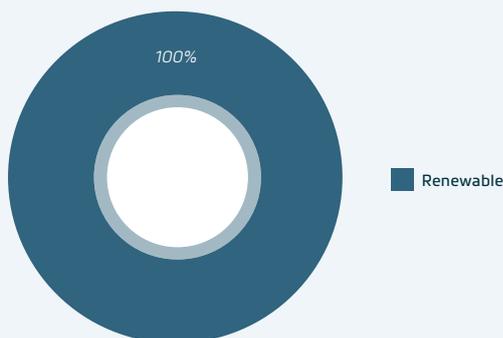
# 59,351

In 2021, AGES' operations contributed towards avoiding carbon dioxide emissions of 59,351 tonnes by using recycled aluminium – compared with the same volume of output based on primary aluminium. The environmental gain is equivalent to heating 112,400 Swedish detached homes for a whole year

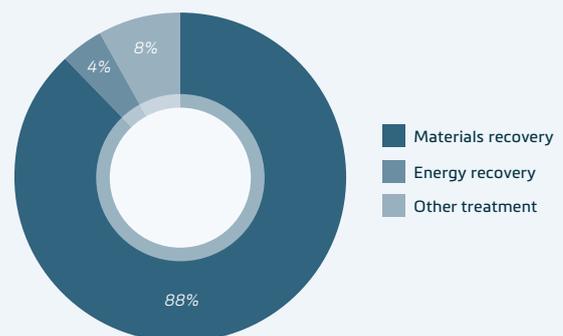
# > 30%

Recycled steel accounts for more than 30% of AGES' machining operations.

Composition of AGES' total electricity consumption



Byproducts and waste for recycling 2021



## Creating opportunities for skills development, recruitment and employee retention

Our capable employees are fundamental to our success. Being an attractive employer is a prerequisite for being able to recruit and retain skilled employees in a market that is characterised by tough competition for talent. AGES has an efficient organisation adapted to the specialisms of each of the production units. The units have programmes that map and create individual development plans for each employee. The aim is to ensure a high and uniform skill level in order to meet customers' requirements and safeguard competitiveness. Training is provided to create the best possible conditions for employee satisfaction and contentment. At the same time, all development measures also contribute to the success of the company and its customers. AGES also collaborates with universities and further education colleges and participates in networks and organisations in order to develop production that meets the requirements of the future.

AGES' management philosophy is based on clear leadership with delegation of responsibility, where powers are linked to positions. Leadership is characterised by presence and strong commitment to the development of the business.

AGES is actively working to maintain a good working environment. This work does not just involve creating safe workplaces in our own facilities, but the aim is that our sub-suppliers should ensure the same level of safety. Established health and safety procedures ensure that every workplace is seen as attractive, and the goal is that no employee should be exposed to injury or psychological ill health due to their work. The business attaches great importance to preventive measures, with clear targets and constant improvements forming the basis of our forward-looking working environment activities. We also carry out regular audits and follow-up of the work in order to safeguard all processes and activities. In 2021 we introduced a layered audit process as a way of improving safety and quality in all areas of our operations.

AGES promotes diversity and values different perspectives. Our leadership is based on everyone feeling welcome and valued, irrespective of origin. All employees must be treated equally, fairly and with respect, regardless of ethnic origin, gender, age, nationality, disability, religion, social background, sexual orientation, union membership or political belief. No one should be subjected to degrading treatment or victimisation at their workplace.

Naturally, as a minimum AGES and our suppliers comply with laws, requirements and regulations in accordance with the legislation of each country and in accordance with international conventions and recommendations issued by the ILO (International Labour Organization). Our business transactions must be based on honesty and integrity in all of the Group's operations and we expect the same from all parties with which the Group has a business relationship. It is important to us that every supplier shares our values and adheres to AGES' ethical guidelines.



## AGES Academy & AGES Ambassador

**At AGES we believe that giving everyone the opportunity to develop their knowledge, understand the importance of their own roles, perceive their day-to-day work as meaningful and take responsibility for their own actions is an important element in the future growth of AGES. AGES Academy and AGES Ambassador are part of our ambition to build up and reinforce the organisation.**

- ▶ Academy – a platform for an attractive workplace
- ▶ Ambassadorship – everyone is important
- ▶ Employee perspective – participation/communication/happiness at work/values

Employee key figures		2021	2020
Average number of employees		491	496
Of which women		104	101
Of which men		387	395
Investment in training	SEK thousand	1,100	980
Performance and development review	%	17*	46
Net employee turnover	number	43	-30
Sickness absence	%	5.5	4.8

\* Reduced percentage due to the Covid 19-situation



## Creating a safe, secure and healthy workplace

Human rights must be respected in AGES and in our supply chains. To safeguard this, we require compliance with national legislation in this area at all times, and adherence to internationally recognised conventions. This applies to customers and suppliers as well as employees, owners and stakeholders in the communities in which we operate. We also advocate free and fair trade and encourage competition and ethical behaviour within the framework of existing legal rules of play.

Corruption has a negative effect on both society and individuals. It undermines democracy and protection of human rights, increases poverty, damages trade and reduces trust in social institutions and a market economy. AGES' Code of Conduct stipulates that all forms of bribery are banned and therefore every form of compensation to agents, suppliers and cooperation partners must be based solely on confirmed products and services. Gifts and other rewards which are features of expected hospitality must not exceed local customs and must comply with local legislation. All employees must avoid conflicts of interest between private financial matters and the company's business activities and all business transactions performed in a company within AGES must be clearly reported in the company's accounts, managed in accordance with the Group's regulations.

Our commitment is that our approach to work should always be based on openness, trust and integrity in all markets in which we have operations and in all our business relationships.

The Group does not comment on political issues. Consequently, it is forbidden for companies within the Group to give financial support to political parties or politicians. Our companies are also not allowed to participate in party politics. In its relationships with authorities and international organisations, the Group sometimes has a right, and sometimes an obligation, to present its views in matters that concern the Group, its employees, customers and owners. The CEO – either in person or via an appointed representative – is the only person who is entitled to express political views on behalf of the Group.

## Ensuring stable financial results and long-term profitability

Economic sustainability is, at heart, about housekeeping with scarce resources. We create economic sustainability by looking at investments from a long-term perspective and valuing different types of capital other than monetary capital. Profitability and

returns on the funds invested by owners should always be taken into consideration when taking decisions on important strategies and financial action plans. AGES keeps its owners well informed about the Group's activities, results and strategies, in accordance with established communication channels. We act in a socially responsible manner and within the framework of national legislation in the places where we have operations. We can best contribute to social and economic development by managing our business in a professional and profitable manner, which provides opportunities for creating jobs and supporting our customers.

## Reducing carbon emissions from operations

AGES' sustainability work entails both risks and opportunities. Constant adaptations are required to comply with legislation and growing demands for increased openness and sustainability considerations throughout the entire organisation. If AGES is not able to satisfactorily meet market expectations and its own goals, there is a risk of damage to the brand and the company's market position. The company also runs the risk of seeing cost efficiency decline if measures are not taken to save energy and minimise waste, for example.

At the same time, business-driven sustainability work can result in competitive advantages that open up large opportunities in a market where sustainability issues are becoming increasingly important.

AGES has established a risk management process aimed at identifying and reducing risks that may have a negative impact on the Group's financial results and cash flow, brand and reputation, or long-term competitiveness.

The process provides a framework for the Group's risk management activities and is based around an annual cycle:

Group management carries out risk mapping that involves identifying risks and measuring these according to the probability that they will occur and the consequences of this event for the Group's business operations and financial position. The outcome of risk mapping is a risk map where each risk is classified as low, medium or high risk. Thereafter we evaluate the Group's internal controls and preparedness in order to reduce the risk both in terms of probability and consequence. Based on the Group's risk profile and strategy, we identify any gaps in relation to the desired level of control. We then establish an action plan to reduce the gaps, with the value of reducing risk measured against the cost of establishing and maintaining

internal controls. The structure and schedule for monitoring risk status and action plans is determined. Strategic risks are reported to the Board of Directors and followed up in connection with strategic meetings and ordinary board meetings. Financial risks are reported and followed up in financial reporting to the Board of Directors according to the adopted annual programme and meeting agenda. Operational risks are managed by Group management but any high and critical risks are also reported to the Board of Directors on an ongoing basis.

## Responsibility and follow-up

The Board of Directors has overall responsibility for ensuring that the Group's risk management is fit for purpose. The Board of Directors is also responsible for monitoring of strategic risks and for evaluating whether the risk management structure and processes are effective.

The CEO is responsible for managing risks in accordance with the framework decided by the Board of Directors. The risk management process and the work involving specially selected risk focus areas is managed centrally, with the Group's CFO ultimately responsible for risk management. Operational risks are managed by Group management and for every identified material risk there is one person with responsibility for it, who will suggest measures to bridge any gaps and ensure that action plans are implemented. Financial risks are managed by Group management in accordance with policies and guidelines established by the Board of Directors, and reported by the CFO to the Board of Directors.

If AGES is able to outperform its competitors when it comes to meeting customer requirements in respect of transparency, quality and human rights, as well as environmentally friendly, efficient and healthy production processes, this may strengthen the Group's market position. Increased cost efficiency may be achieved through reduced energy and materials consumption in the Group's operations.

# AGES

## sustainability strategy

Our sustainability strategy continues to focus on mapping and reduction of CO<sub>2</sub> emissions. Thanks to our proactive approach, AGES is at the forefront in this area and we are also in the lead in terms of mapping globally.

Our strategy work will continue in 2022 and will result in concrete new, tangible activities. We have carried out comprehensive studies in the entire Group to be able to set goals that are unique to each business area. Expanding our existing work in this way is producing measurable results.

### FUTURE AGENDA

Our sustainability strategy is to take an active approach and bring attention to our focus areas. These were created on the basis of a materiality assessment carried out in partnership with an external consultant in 2020. This year, the sustainability report will be prepared as a separate global report in accordance with GRI (Global Reporting Initiative). GRI is an international, independent organisation that helps companies, governments and organisations to create transparency around the effects of issues relating to climate change, human rights and corruption.

### AGES FOCUS AREAS

- ▶ Ensuring a high product quality with reduced environmental impact
- ▶ Creating opportunities for skills development, recruitment and employee retention
- ▶ Creating a safe, secure and healthy workplace
- ▶ Ensuring stable financial results and long-term profitability
- ▶ Reducing carbon emissions from operations

### OTHER CONCRETE MEASURES

Because AGES' activities, particularly the die casting operations, consume a lot of energy, we are constantly carrying out comprehensive studies into ways in which we can further reduce CO<sub>2</sub> emissions.

- ▶ 100% renewable electricity from wind and water
- ▶ 100% recycled aluminium
- ▶ Investigating the potential for solar energy through connection to solar farm and solar panels on roofs to become even more independent in terms of energy supply
- ▶ Investigating the possibility of changing to biogas for aluminium smelting. This would reduce CO<sub>2</sub> emissions by more than 80%

### GLOBAL TRANSPARENCY

Global Reporting Initiative (GRI) has developed sustainability reporting standards that increase the transparency of organisations. GRI requires organisations to carry out a materiality assessment to identify their key sustainability issues. And enables organisations to take action and make better decisions that produce economic, environmental and social benefits for all.







# // Sustainability has enormous potential

Henrik Wanfors  
Head of Quality and Sustainability

– I started working at AGES in January 2021 and was offered the position of Group-wide Head of Quality and Sustainability thanks to my many years of competency and experience in this sector. As the Head of Sustainability I am prioritising taking our strategy work to the next level and also including our focus areas, which involves creating a sustainable business both in terms of staff, quality, profitability and environmental impact. Efforts to reduce CO<sub>2</sub> emissions from die casting and machining are clear, concrete examples of a reduced carbon footprint. I like to ensure that our actions are measurable by setting tangible goals that are simple to understand for everyone in all our units.

## **OPPORTUNITIES IN SUSTAINABILITY FOR AGES**

I can see major opportunities for AGES; there is much here that is interesting and I'm a person who enjoys problem-solving. AGES is in a favourable position because most of our production is domestic. We use only renewable electricity from wind and water in our operations.

I also like to speak out and try to influence things, and I want AGES to be at the forefront and be on the offensive in the discussion around sustainability. I want to see change. First I find out the facts and then I try to drive the change process. As Head of Sustainability at AGES, together we have an opportunity to develop the change process and speed up development.



### EARLY INTEREST

I have been working in the quality and environment field for a long time, more than ten years of which I spent in the automotive sector. I developed an interest in technology at an early stage and this soon led to me specialising in the quality and environment field. Thanks to a number of different positions, involving varied and diverse tasks, I have gained in-depth knowledge in a variety of areas. The position as Head of Quality and Sustainability at AGES Group is incredibly inspiring because this is an area that is growing and becoming more and more important.

### MEASURING THE KEY TO TRANSPARENCY

My strength is that I have a strong drive and want to see results and improvements. One risk I foresee is that customers are not in the end serious about sustainability work and do not include the entire supply chain in calculations of CO<sub>2</sub> footprint. For example, the automotive industry and end-customers may focus on emissions from vehicles during their useful life, and omit emissions from manufacture of components. I am very focused on this issue, which is a global problem. Thorough mapping throughout the supply chain is the only way to obtain a full picture.

# Auditor's statement regarding the statutory sustainability report

*To the Annual General Meeting of AGES Industri AB (publ), corporate identity number 556234-6204*

## **ENGAGEMENT AND RESPONSIBILITIES**

The Board of Directors is responsible for the sustainability report for 2021 and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

## **DIRECTION AND SCOPE OF THE AUDIT**

Our review has been carried out in accordance with FAR's recommendation RevR 12 Auditor's review of the statutory sustainability report. This means that our review of the sustainability report has a different direction and is significantly less in scope than the direction and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

We believe that this review provides sufficient basis for our opinion.

## **OPINION**

A sustainability report has been prepared.

Jönköping, 31 March 2022

Ernst & Young AB

**Anders Johansson**

*AUTHORISED PUBLIC ACCOUNTANT*





**MAKES THINGS EASIER®**

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