



SUNPINE™

Annual report and sustainability report 2019

*This is a translated version of the Swedish original annual report.
In case of discrepancies between the Swedish version and the
English translation, the Swedish original annual report shall prevail.*



TABLE OF CONTENTS

SunPine
Box 76 • SE-941 22 Piteå • Sweden
Telephone: +46-911-23 28 00 • E-mail: info@sunpine.se
Street address: SunPine AB, Haraholmen, SE-941 43 Piteå, Sweden

**TABLE OF CONTENTS:**

SunPine in the Media	4-5
Chief executive's review	6-7
New construction	8-9
This is SunPine	10-20
<i>Sustainability report</i>	
Sustainable business development	22-23
Products with climate benefit	24
Resource-efficient processes	25
Efficient haulage	26-27
Emissions from production	28-29
What SunPine represents	30-31
Working environment, health and safety	32-33
Responsible supplier collaboration	34-35
Diversity and equal treatment	36
<i>Annual Report</i>	
Directors' report	38-41
Income statement	43
Balance sheet	44-45
Cash flow statement	46
Notes	47-53
Signatures	54
Auditor's report	55-57
Board	58
Management group	59



2019 – SunPine in the media

A year characterised by investments, new collaborations and growing interest from both media and prominent guests.



08/01/2019

With its own news sheet, SunPine gains an easily accessible way to promote the company through interviews and information.

16/01/2019

Science News at state broadcaster Sveriges Radio airs a report about SunPine in its environmental programme (The Globe) highlighting the climate benefit and need for more eco-friendly biodiesel to achieve the transition to renewable fuels.

23/01/2019

SunPine is active at recruitment fairs during the year here at LARV, a student event at the Luleå University of Technology.

JANUARY



02/04/2019

Dagens Industri, Sweden's biggest business daily, highlights SunPine's growth plans in a major article.

26/04/2019

SunPine hosts Luleå Näringsliv's well-attended business breakfast where Production Manager Jonas Vinblad von Walter talks about the investment plans.



MARCH



15/03/2019

SunPine receives a Diversity A diploma from Piteå municipality. Ulrika Hagman, Project Manager for Investments, and ex-CEO Magnus Edin accepted the diploma on the stage at one of the municipality's business breakfasts.

FEBRUARY



05/06/2019

On World Environment Day, SunPine signs an agreement to support VildaKidz (wild kids) an initiative helping vulnerable children in the region. The collaboration will help children learn more about environmental and sustainability efforts.

10/06/2019

The first phase of SunPine's expansion is completed and the inauguration of the new laboratory celebrated. "The need for analysis and control continues to grow over the years," declares a satisfied Valeri Naydenov, R&D Manager at SunPine.

11/06/2019

SunPine is one of the operators who welcome national and international guests to the Biobase event in Piteå promoting a bio-based circular economy. WWF President Pavan Sukhdev is among the guests.

JUNE



18/05/2019

The video "The Journey toward a Fossil Free Sweden" with SunPine's ex-CEO Magnus Edin, Fossil Free Sweden's national coordinator Svante Axelsson and Sveaskog's head of communications and public affairs Helene Samuelsson is released in the journals Ny Teknik and Veckans Affärer, and on Youtube.

APRIL

MAY

**08/11/2019**

The new environmental permit for the new plant is approved and new construction work may begin.

08/11/2019

Smurfit Kappa wins the SunPine sustainability award at Piteå's Business Gala. The award was accepted by CEO Per Swärd and communications manager Malin Carlborg.

04/07/2019

SunPine joins the 2030 Secretariat, which will monitor work with fossil-free vehicle fleets up until 2030. "If we are to push harder to achieve transition, it's also important to show that jobs and money will stay in Sweden, and this is where SunPine has such a crucial part to play," says Mattias Goldmann, Fores.

22/08/2019

Collaboration with LHF/MSSK is consolidated with a new agreement to further develop women's ice hockey, which is fully online with SunPine's sponsoring strategy of promoting greater fairness and equality in elite sports.

27/08/2019

The Government Committee on the Environment and Agriculture visits the company. "SunPine provides a perfect example of how we can improve our active forestry," says committee chair Kristina Yngwe.

11/09/2019

Piteå IF plays in the Champions League for the first time, and as sponsors we are there to cheer them on, which qualified for the Champions League by winning the Swedish Championship gold medal in 2018.

**09/10/2019**

Amid all media attention, H.M. the King visited SunPine and expressed his great interest for innovative, sustainable industry.

21/10/2019

The news that Magnus Edin had decided to leave his position as CEO after seven years is made public. The recruitment process is begun.

**17/12/2019**

A new office that includes an entirely new floor is opened. Another step forward in SunPine's journey of growth.

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER



Our vision is fossil-free production

A year characterised by investments in a new office, laboratory and a second production plant. The goal: a SunPine well-equipped to meet the future.

During 2019, SunPine continued to gain recognition from society and the world at large, and we notice that more and more people hear about SunPine. A visit, on its own initiative, by the Committee on the Environment and Agriculture together with all of its 27 Members of Parliament was an important event. The committee makes one joint field trip per year, and in August 2019 they chose to visit SunPine. And H.M. the King's visit to SunPine on his sustainability-themed tour of Norrbotten was not only a great recognition, but also the high point of our year.

It's especially satisfying that our major investment and expansion project that includes the construction of a new, second plant is being realised. Following a six-month delay due to an appeal against our environmental permit, the new permit has come into force. The project group did an excellent job during the period of appeal, enabling them to get work started quickly. The project is proceeding apace and production in the new plant is planned to begin during the last quarter of 2020.

Once the new plant is in place and production is under way, SunPine will have sufficient capacity for the foreseeable future. To enable full utilisation of the new capacity, the purchase of our raw material, tall oil, will present a challenge.

Consideration for the surrounding environment is, and will continue to be, an important issue for us. During the

year, we invested more than SEK 8 million in reducing the odour that is sometimes present in the area surrounding the plant. We also approved an investment of SEK 16 million not only to improve safety and reduce odour, but also to reduce manual handling when producing and shipping crude sulphate turpentine. We continue to enjoy a good dialogue with residents in the area and our neighbours on the industrial site. This is also in our own best interest as it affects our everyday work environment.

During 2019, our employees were spread out across five different buildings with temporary office modules as a solution pending completion of the new office block. Everyone has handled this "excuse the mess, we're upgrading" situation in an exemplary fashion. Now at last, we're all under the same roof. And what's more, our new, bigger laboratory is finished and in operation.

We also held our SunPine Day in 2019 as part of our company culture work. During this full-day event, all of our employees worked on our values and the best way to grow the organisation from a three-year perspective. Our entire organisation was involved in planning for the years ahead in order to achieve transparency regarding the challenges we face.

During the past year, we had to adapt to an outside world that continues to be dynamic. In and of itself, the transition to green alternatives entails major changes with



attendant consequences. Furthermore, we were affected by a number of external factors and had to adapt to changing circumstances. We've done a number of things this year that we've never done before. Once again I'm pleased to note that we've shown SunPine to be flexible and able to deal professionally with any situations that arise.

During the year, we continued our communications and lobbying efforts. Because we're reliant on political decisions, it's not only important to raise awareness of SunPine, but also about sustainable forestry. It's important work at both the national and EU levels. At the national level, there is a lack of clear, long-term conditions necessary for creating the basis for investment in new green fuel production capacity.

During Almedalen Week in July, SunPine announced that it will join the 2030 Secretariat, which will monitor work with fossil-free vehicle fleets up until 2030. We see this as yet another part of our ongoing development. Nevertheless, sustainability work is not just about the climate benefit we deliver through our tall diesel, but also about constant efforts to improve our process.

We have invested in our own industrial plant in order to replace fossil fuel oil with our own bio-oil to meet energy needs in our production process. As far as possible, we aim to build up sustainable production and our vision is a completely fossil-free production. With external help, we have begun measuring SunPine's emissions and climate footprint to enable us to report our entire impact as accurately and transparently as possible. Some of this work is presented in the Sustainability Report.

On a personal note, it's time for me to sum up seven years as CEO of SunPine and hand over the helm. During my time in SunPine, I've experienced fantastic progress through a number of innovations that have created a whole new set of conditions. We've grown profitably, and together we've created a stable process and highly reliable production.

SunPine is a fabulous company with great potential. It will be exciting to continue following its progress as an outsider. I'm convinced that all of our highly competent employees will continue to develop SunPine and achieve new successes.

Magnus Edin, SunPine ex. CEO.





Equipping for the future

SunPine is growing. In 2019, construction began on a second plant to increase tall diesel production volume by at least 50 per cent. In all, SEK 400 million will be invested in the world-leading bio-refinery. “It will be an even more advanced plant,” says Ulrika Hagman, Project Manager for investments.

2019 was characterised by new construction. Our personnel moved into office modules pending construction of the new premises, but now the new office block and laboratory are open. With that, the first stage in building a larger SunPine is now complete.

Now we just need to finish the new plant.

Ulrika Hagman, Project Manager for the investment:

“We’re equipping for the future and building a second plant with the aim of running both of them as individual lines. The new line will be energy optimised right from the start. Naturally, we’ll build the new line based on our experiences and lessons learned over the years from operating

our first plant, so this time things will be even more technologically advanced.”

What will be the biggest challenge in your current assignment at SunPine?

“One of the biggest challenges in practical terms is building the new plant while production is under way in the existing one, which means our planning has had to take logistics and safety into account so as not to disrupt production.”

“Another challenge will be to carefully follow the structure and form that all of SunPine is based on. We must



make sure we create the same standards and procedures so that the company's entire production plant fits together as a single unit. There are also investments under way in the existing plant and everything has to be phased together," declares Hagman.

As a result of the expansion, new offices and a new laboratory have also been built and commissioned. New construction in those areas includes an entirely new floor of around 270 sq m of office space, a 100 sq m conference room, 80 sq m wet spaces and an extension of the research laboratory from 100 to 135 sq m. In all, the new construction adds up to 560 extra sq m.

What will be important in 2020?

Getting personnel and resource planning to work well. We want to include the existing organisation in the work on the new factory. We would like to see the people who take care of plant operation involved as early as the construction phase.

And then of course we need to ensure access to our tall oil crude material in time for production start and the increase in volumes.

Work on the plant began on 8 November 2019 and is proceeding according to plan. At the time of writing, investments in new construction and the existing plant are estimated at around SEK 400 million.

Jonas Vinblad von Walter, production manager, is looking forward to the second plant:

"The second plant will provide greater flexibility and larger volumes, and two production lines means we'll be able to cope with greater fluctuations in raw material. We'll have greater room for manoeuvre, which is good.

We'll also be more energy efficient for every tonne of tall diesel we produce. This will make us even more sustainable, which is important. What's more, the new plant gives us the opportunity to test a number of new, interesting technical solutions.

What challenges do you see arising from your growth?

It's important we work to maintain the SunPine spirit as we grow and we become more. All of our employees must form part of one single culture. This is important work for us; we don't want to lose our strong team spirit where everyone steps up to help each other in such a good way," declares Vinblad von Walter.

2018

Investment data for a new, second plant is prepared for the Board for decision following the positive EU definition of bio-fuels. An investment of SEK 250 million for a second plant is presented to the media and the general public on 4 April. In May, Ulrika Hagman begins her work as project manager for the new construction.

2019

The new laboratory is opened as the first part of the new SunPine on 11 June. A new, larger laboratory begins operations. The new environmental permit comes into force on 8 November allowing construction of the plant itself to begin. The new office is opened on 17 December with a new floor and additional meeting rooms.

2020

Construction of the new plant will continue during the winter and autumn. Recruitment of around ten employees will take place in order to man the second plant. The inauguration is planned for November. When the new plant begins operation, the tall diesel production volume will initially increase by 50 per cent.



We want to make Sweden's green transition possible.



We see a burgeoning interest in fossil-free alternatives and new green technology today, especially by the many initiatives in developing new, sustainable processes and products.

SunPine already has functioning technology and extensive experience in developing sustainable industrial production. Because the whole of society is facing major changes, demand for our tall diesel will increase as the transition to renewable fuels takes place. Coping with the transition away from fossil fuels is a matter of survival for us all.

As a result, we're investing in a new, second plant not only to help the green transformation of society, but naturally also to increase SunPine's profitability.

The Board has a long-term perspective and we build for the future regardless of cyclical economic fluctuations. With the new, second plant, SunPine will have the potential to scale up its capacity.

A major challenge right now is in securing the supply of raw materials, something we'll be working intensively on in the immediate future. We're always looking for new business opportunities and product developments. It's a natural part of our character and culture.

We've expanded a great deal in recent years and even though we cannot exclude new projects, we are now entering a phase where our focus will be on completing our investment, and consolidating and refining our internal processes.

SunPine has been constantly on the move ever since it was founded, and right now we want to focus on stability without losing the power of change that the company and organisation processes. Our ability to remain flexible and open to change is a strength for the future.

Viveka Beckman, Chairman of the Board, SunPine, Sveaskog.

"Important for the future"

H.M. the King's visit to SunPine.

The switch to climate smart alternative fuels like tall diesel is an engaging subject.

"This is important for the future," said HM King Carl XVI Gustaf.

It was no run-of-the-mill technical visit that took place at SunPine's bio-refinery on Wednesday 9 October 2019. H.M. The King and the County Governor Björn O. Nilsson and entourage were given a presentation and a guided tour of the plant escorted by SunPine's ex. CEO, Magnus Edin. The King asked many insightful questions about the various challenges facing sustainability work.

"There are already many determined viewpoints on the subject of forestry, including those who want to focus on production and others who want to con-

serve old-growth forest. It's all a matter of finding the right balance," noted His Majesty.

When R&D manager Valeri Naydenov presented the chemical process behind SunPine, the King declared:

"Managing all the patents to safeguard the technologies you've developed must be very complicated."

Magnus Edin, SunPine ex. CEO: "We greatly appreciate being



informed by the Royal Court that our Monarch wishes to visit SunPine. His Majesty showed both an interest in and a commitment to our operation and the tall diesel we produce. He was very knowledgeable and asked questions about everything from sustainable forestry to the transition to sustainable fuels. There was an interesting conversation about the challenges we face and our investments for the future."

He was informed about our investment decisions and facts about the second factory planned for commissioning in 2020. During the guided tour of the plant, which was led by production manager Jonas Vinblad von Walter, His Majesty also took the opportunity to speak to the media about his interest in sustainable innovations and SunPine in particular.

"The Crown Princess and young people are extremely interested. She was here a number of years ago and is committed to these issues. She is just as interested as I am, and she understands that this is important for the future," declared His Majesty.

The theme of the trip to Norrbotten was sustainability, and it also included a visit to Markbygden's windfarm and the major project involving Hybrit and Luleå University of Technology.







“Nothing but women – great news”

Right in the middle of the maintenance shutdown they suddenly realised there was nothing but women leading the work from the operations room at the plant.

A milestone in SunPine’s very own equal opportunities efforts: “I noted how many we were, and that we were only women,” says Camilla Eknor, start-up coordinator.

Traditional male industries are now moving toward more gender-equal workplaces.

During the latest maintenance shutdown at SunPine there was one shift with nothing but female employees leading the work to start up the plant. It was a snapshot that showed great change had taken place, and a moment that gave employees pause for thought to register what had happened.

Camilla Eknor had the role of start-up coordinator during the shutdown, and on Saturday she realised there was nothing but women in the control room.

“The four of us were all women. I reflected for a moment, having noted how many we were, and that we were only women. What great news!”

“I know that SunPine has worked hard to recruit more women. There’s always been a few working here. But you get so used to working in a male-dominated industry that you don’t react when there are so many men around; it’s always been that way.”

“This time we all happened to be women – it’s great that there are enough of us for things to turn out this way.”

Camilla Sundström also got a surprise when she stepped into the operations room:

“Jeez, there’s only women here today.”

She also remembers the first time the company teamed up two women as process operators on one shift:

“In the beginning, back in 2014, when two of

us women were working as operators, it was a bit of a test, but we had no problem running the plant, naturally. Everything has worked out well. Many of the contractors who come here are taken aback a bit: ‘My my, women running things.’ Well that ain’t no big deal (chuckling).”

Carina Marklund has been around since the beginning in 2010:

“There’s bound to be more of us. But it’s all been perfectly natural and we never gave it a moment’s thought.”

Elin Ekebjörk began at SunPine this year and was also surprised in the beginning:

“I had no idea there were so many women working here. So it’s pretty awesome, actually.

Katarina Samuelsson hopes that more women will take an interest in the industry, and she would welcome more female recruits to SunPine:

“There’s no problem being a women and working in industry. Not in my view.”

“I did my work experience training elsewhere and there was this old geezer who would say things like ‘you girls shouldn’t work in industry, it’ll ruin your complexion blah blah blah,’ but that was 10 years ago. It’s not like that today. Not here, anyway.”

Mikael Bergvall, process operator, overhears our conversation and adds:

“I think a mixed environment makes for a better work group. In my experience, everything works really well.”



World leading bio refinery with climate benefit

SunPine is a world leading bio refinery built around a Swedish innovation and entrepreneurial achievement. Today, SunPine is an established billion-kronor industry that contributes to the green transformation of society and thus helps improve the world.

SunPine is a world leading bio-refinery whose operation is based on a Swedish innovation and entrepreneurial achievement. Today, SunPine is an established billion-kronor industry that helps improve the world by contributing to green transition and sustainable development.

SunPine's business idea is clearly linked to green forestry in Sweden: "SunPine's process and employees seek to be world leaders in the production of renewable products based on sustainable forestry."

SunPine delivers tall diesel from its bio-refinery on Hara Holmen in Piteå to Preem, who refine it into the world's only Nordic Swan eco-labelled diesel. Because green diesel reduces fossil-based carbon dioxide emissions from just over 173,000 diesel cars every year, SunPine delivers concrete climate benefits in the true sense of the term. The goal is to increase production volumes further through continued expansion to become a strong driving force in the transition toward a more sustainable society and in this way help to make the world a little better also in the immediate future.

SunPine's ambitious goals place great demands at every level and stage of the operation. Building and consolidating its world-leading position by adding climate-smart processes to a raw material that is a residual product from the Swedish pulp industry, forms a fundamental part of SunPine's ambition.

SunPine's bio-refinery operations are largely fossil-free already today. The products help other industries make sustainable consumer products. SunPine also contributes climate benefits by delivering green energy in the form of district heating to nearby industries.

SUNPINE'S ADVANTAGES



Uses renewable raw material from the forestry industry – for every tree felled, at least two new trees are planted through sustainable forestry in Sweden.



Does not reduce global food supply – not produced from foodstuffs.



Does not destroy arable land – forest land will remain forested.



Refines a residual product from pulp mills – tall oil is an industrial residual product from Kraft pulp mills.



Reduces CO₂ emissions by 89 percent.

THE OPERATION IN FIGURES

SEK 1.4 billion in annual sales **62** employees **>100** jobs created in the region

Every year, **95** million litres of tall diesel help reduce CO₂ emissions by **228,403** tonnes.





A sustainable industrial process

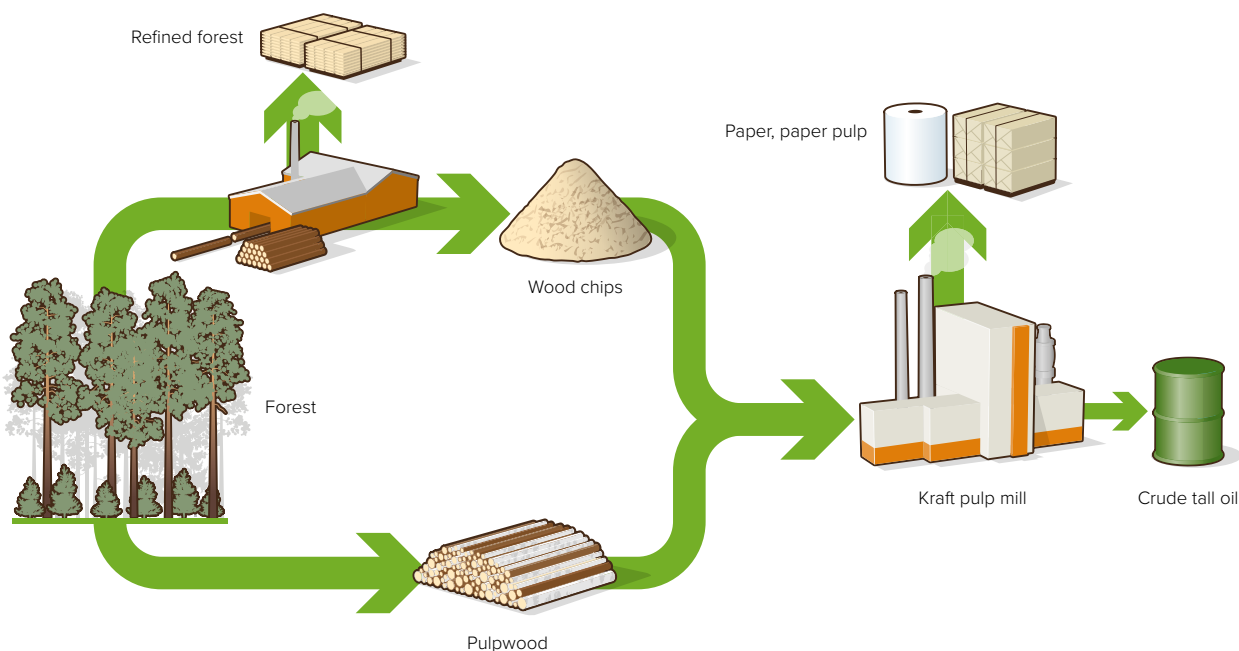
SunPine constantly refines its production process with a focus on sustainability and profitability to deliver climate-smart products within green industry.

SunPine's plant on Haraholmen in Piteå has been developed, adapted and optimised as new technology was installed. Development work is aimed not only at raising efficiency, but also the stability of the production process. Challenges that arose along the way were tackled using new technical solutions. By developing world leading technological innovations, SunPine is at the front line in the creation of both sustainable products and a sustainable, profitable forward-looking industry.

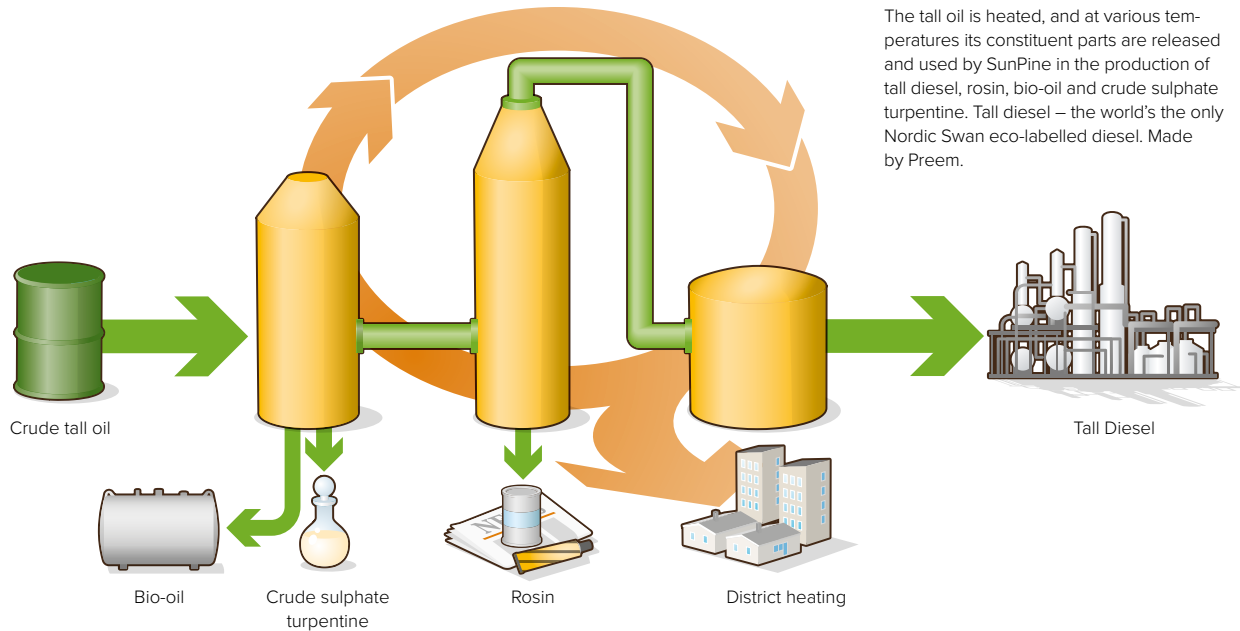
Today, the production process is already largely fossil-free, and a long-term sustainability goal is to fully eliminate the use of fossil fuels.

A quality management programme was introduced in 2017, and an ISO audit was carried out in 2018 resulting in the receipt of ISO 9001 certification on 17 January 2019. Work on ISCC certification has also begun.

The forest raw material is renewable, biodegradable and recyclable. The tall oil that constitutes the crude



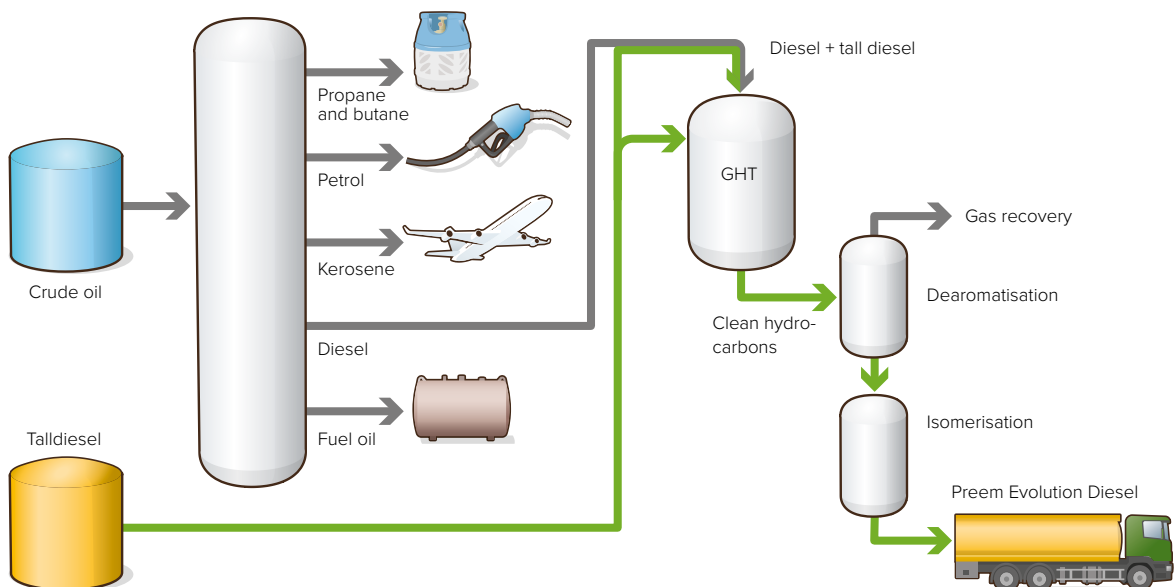
Swedish forestry is run sustainably. Sawn timber is delivered to sawmills, which in turn process it into board for the construction industry's needs. Wood chips go to pulp mills. Pulpwood is delivered directly to pulp mills. The residual product crude tall oil is extracted from the production of sulphite pulp and delivered to SunPine for further processing.



material used by SunPine, is for the most part of Swedish origin and a residual product from Swedish pulp mills. Thanks to requirements applicable to sustainable forestry, the crude material is traceable.

Because Swedish forestry legislation has included a replanting requirement for more than 100 years, Sweden

today has around twice as much forest as 100 years ago, even though around four times the original standing volume of trees has been felled since the early 1900s. Fully 70 per cent of Sweden's surface area consists of forest, which offers many valuable benefits. We can also see the forest as a generous reserve of green energy.





Sustainable products from the forest

SunPine delivers innovative, sustainable products made from tall oil, a residual product from pulp mills, whose production is based on renewable forest raw materials. Today, SunPine products can be found on the world market in everything from Nordic Swan eco-labelled diesel to fragrant perfumes.

Tall diesel

In Sweden, forestry is run sustainably with long-term objectives. We know that during its 70-year life cycle, the forest absorbs most carbon dioxide when it is 20–40 years old, and for every tree taken in regeneration felling, two or three new ones are planted.

Tall oil is a residual product from the pulp industry and SunPine's energy efficient process turns it into unique tall diesel – a product that is sold to Sweden's motorists via Preem as the world's only Nordic Swan eco-labelled diesel.

In 2019 SunPine produced 95 million litres of tall diesel and investments in expansion are being made to achieve a production volume of 150 million litres. The

volume delivered 2019 provides a positive climate impact equivalent to an annual reduction of 228,403 tonnes of fossil-based carbon dioxide emissions. This corresponds to emissions from around 129,500 diesel cars per year.

Rosin

Green, sustainable rosin produced from tall oil. SunPine's rosin is used as a raw material in the manufacture of a variety of products. For example, SunPine customer Lawter uses rosin in the production of printing ink.

Did you know that amber is fossilised rosin? Rosin, from the Latin *resina*, is a generic term for a secretion from conifers. Rosin consists of resin, i.e. the various saps



that flow out of a tree. Man has used rosin for thousands of years for sealing boats and more recently in paint and the development of plastics.

Rosin has many applications, for example violinists rosin their bows with it. Rosin can also be used in printing ink, adhesive, paint, and white road markings. SunPine produces around 20,000 tonnes of rosin per year.

Crude sulphate turpentine

Another sustainable product extracted from sustainable Swedish forestry. Crude sulphate turpentine is an extremely malodorous chemical that curiously enough is used in the creation of perfumes, where it provides chemical properties that allow fragrant aromatic substances to attach to our skin.

Demand for crude sulphate turpentine is increasing on the international market. It should not be confused with the turpentine used as paint thinners; this chemical product is also used in heavy industry as well as in the manufacture of perfume. SunPine produces around 2,100 tonnes of crude sulphate turpentine per year.

Bio-oil

SunPine's bio-oil is a green fuel oil and a good renewable alternative to fossil fuel oils for industry.

Bio-oil has several development possibilities. There are plans to use it in the production of petrol or lubricating oils. Because it contains sterols, there are also possibilities for developing cholesterol-reducing foodstuffs or medications. SunPine produces around 53,000 tonnes of bio-oil per year.

District heating

SunPine's entire operation is based on fundamental sustainability thinking, from the raw material which is a residual product from Kraft pulp mills to our own residual product, i.e. the waste heat turned into district heating by Piteå Energi.

SunPine's industrial plant is fundamentally energy efficient, and the production process requires both heating and cooling. This cooling generates hot water, which is used for district heating. The district heating is used partly in the company's own industrial plant, and partly in other major industrial premises in the region via the district heating network. SunPine delivers around 1,800,000 kWh of district heating annually.



A successful entrepreneurial journey



Lars Stigsson.

SunPine was founded by entrepreneur Lars Stigsson. He presented his concept about refining tall oil to Sveaskog, Preem and Södra Skogsägarna, who each put up SEK 100 million to allow construction of a full-scale plant.

The first personnel were employed in 2007, and in 2008 the environmental permit was granted.

Construction of SunPine's industrial plant began in the autumn of 2009 and was inaugurated in May 2010, at which time production of tall diesel could begin. The first delivery to Preem was made in October that same year.

During the following years up until March 2013, the operation's principal focus concerned the removal of bottlenecks and achieving stable production. Planned production capacity was achieved in 2013, which was also the second year in a row during which the company made an operating profit. In all, the initial investment amounted to around SEK 350 million.

In the spring of 2014, SunPine decided to upgrade the plant for the manufacture of a new product, rosin. Rosin is an existing product on the global market that is not dependent on political decisions. The investment was used mainly to provide SunPine with another string to its bow while also increasing profitability. The company Lawter, which is owned by Harima Chemicals in Japan, became a new shareholder. The new production plant came on stream in December 2015. The investment totalled around SEK 210 million.

The following year, 2016, can best be described as a start-up year with recurring production stoppages and a number of supplementary actions. Toward the end of 2016, the company's internal organisation had succeeded in creating stable production with good reliability. SunPine's strategies and direction, together with the development work accomplished since May 2013, were crowned with success during 2017. Our goals were achieved and the entire plant and organisation exceeded expectations.

In 2018, SunPine took the decision to invest SEK 250 million in a new, second plant, at which time construction on a new office and laboratory was also begun.

The new office and laboratory were opened in the autumn of 2019 and construction of the new plant could begin when the new environmental permit came into force on 8 November.



Inauguration 2016.



Ex.CEO Magnus Edin and founder Valeri Naydenov celebrates the new laboratory.



SUSTAINABILITY REPORT



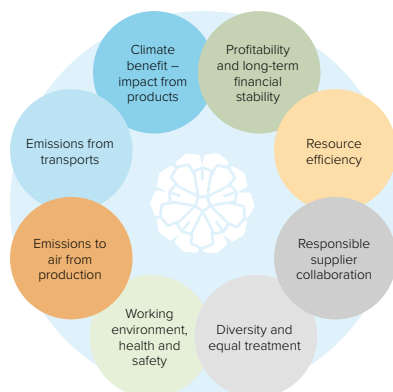
Sustainable business development

Since the start, SunPine has developed its operations with a full focus on sustainability which forms the core of the company's business mission. SunPine contributes to the green transition of society by manufacturing products that utilise residues and by-products from forest industry and sustainable forest management. The company's work is governed by its values: Sustainability, Commitment and Respect.

Stakeholder dialogues and materiality analysis

At the end of 2017 and early in 2018, SunPine conducted stakeholder dialogues and a materiality analysis as part of the ongoing development of sustainability initiatives as well as provide a basis for the company's sustainability report. The aim was to identify the key issues in sustainability work. Customers, shareholders, suppliers, local residents, hauliers, industry organisations and non-profit NGOs took part in the stakeholder dialogues. A total of ten telephone interviews were conducted where participants were invited to prioritise and discuss the sustainability issues they considered most significant for SunPine. The dialogues were complemented by some of SunPine's employees and members of the management group carrying out the same exercise. The results from the stakeholder dialogues were discussed and clarified at a workshop involving key people in the company and resulted in a number of material sustainability issues. These issues provide the basis of the content of this sustainability report.

SUNPINE'S MATERIAL SUSTAINABILITY ISSUES



SunPine has an ongoing dialogue with key stakeholder groups such as shareholders, employees, customers, suppliers, the municipality, authorities and local residents. The company's ambition is to always be open with relevant information. The development of the sustainability report is a further step in SunPine's process of increased transparency about the company's operations.

SunPine and the UN's Sustainable Development Goals

In 2015, world leaders adopted 17 global goals for sustainable development. The overall aim of these goals is to eradicate extreme poverty, reduce inequalities and injustices in the world, to promote peace and justice, and solve the climate crisis by 2030 at the latest. Through its work, SunPine contributes to goals number 5, 7, 8, 9, 10, 11, 12, 13 and 15. Identifying the links its operations have to these global sustainability goals, makes it clear that what SunPine does at a local level is significant in a global context.



Certified quality management system

SunPine has been certified according to ISO 9001:2015 since January 2019. Certification is a quality seal of approval which shows that SunPine has systematic working methods where the focus is on customers. The emphasis in SunPine's quality policy, which is the basis for the company's quality work, is on high-quality products, satisfied customers, continuous improvements in operations, good leadership and good supplier relationships. The quality



management system includes Key Performance Indicators (KPIs) for all the company's processes and these are monitored monthly. KPIs include zero tolerance for accidents related to people and the environment, customer satisfaction targets and goals for stable and profitable production. SunPine works continuously with improvements to its quality work. One effective tool is the internal audits which are performed regularly. During the year the company, among other things, has improved deviation management and continued to work on target follow-up and target breakdown in order to further improve process governance during 2020.

Investments for increased production

In January 2018, the EU parliament voted for the Renewable Energy Directive which gave the go-ahead for tall oil as one of the sustainable fuels of the future. For SunPine, this was a prerequisite for its decision to expand. SunPine is investing in a new production facility in Piteå to increase capacity by 50 per cent. In 2019, SunPine obtained an environmental permit to extend the plant and start construction. The new production line is being built based on experiences and lessons learned from the existing plant. For example, the new facility will be energy optimised from the start. One major challenge in this project is to build the plant while production is in progress at the same time as focusing on safety and logistics. The goal is to start production in the new facility in autumn 2020 which will lead to 10-15 new job opportunities in the company's operations and numerous more through all the services SunPine will purchase. SunPine is working actively to develop and expand its operations which is

a central part of the company's efforts to contribute to the green transition of society as a whole. Read more on pages 24-27.

SunPine's Sustainability Award

In 2018, SunPine instituted a Sustainability Award to be presented at Piteå Business Awards in Piteå. The award consists of a custom-designed glass bowl where SunPine's products, tall diesel and rosin, are embedded in the glass. The Sustainability Award enables SunPine to give recognition to companies in Piteå which contribute to sustainable development and encourages other companies to develop their sustainability initiatives. The award has different themes every year based on the UN Global Sustainable Development Goals. The 2019 theme was based on Goal 7 Affordable and Clean Energy, Goal 11 Sustainable Cities and Communities and Goal 12 Responsible Consumption and Production. The 2019 Sustainability Award was presented to Smurfit Kappa which has supplied heat to district heating and Piteå Energi for over 40 years. The collaboration with Piteå Energi has developed over the years and the district heating network has grown. More than 3,700 buildings, three indoor swimming pools and a pedestrian precinct in central Piteå are all heated using district heating from Smurfit Kappa. Smurfit Kappa focuses on sustainability throughout its operations and the company is a role model for other players.

SunPine's overall goals

The table below shows SunPine's overall goals and provides examples of targets and outcomes for 2019.

Material sustainability issues	Overall goals	Examples of targets and outcomes, 2019	Target 2020	Read more
Profitability and long-term financial stability	Profitability	✓ Preparation for ISCC certification	Continue preparation for ISCC 2021	Page 34-35
Occupational health and safety	Safety First	✓ Zero industrial accidents resulting in absence	Zero industrial accidents resulting in absence	Page 32-33
		✓ One environmental accident with official contact	Zero environmental accidents with official contact	Page 32
Resource efficiency	Stable and profitable production	✓ Diesel production availability 99% (excl. planned shutdowns)	Diesel production availability 99% (excl. planned shutdowns)	Page 25
Responsible supplier collaboration	Responsible suppliers	✓ Implement supplier code of conduct	Checks with critical suppliers including compliance monitoring.	Page 34-35



Products with climate benefit

Climate benefit is the core of SunPine's business mission. By processing a residual product from forest industry, SunPine utilises resources in an efficient manner. SunPine's renewable diesel product replaces fossil-based diesel and thereby contributes to a positive climate impact by reducing carbon dioxide emissions from the transport sector.

Energy- and resource-efficient cycle

SunPine is a world leader in the production of second-generation vehicle fuels from renewable sources. This is possible due to utilisation of crude tall oil, a residual product from kraft pulp mills, with the forest as the original raw material. Using the crude tall oil, SunPine produces its main product, crude tall diesel in an energy- and resource-efficient manner. The company also manufactures rosin, turpentine and bio-oil. The unique features of SunPine's manufacturing process are the combination of the crude material used, the products extracted and the low energy requirement of the industrial facility.

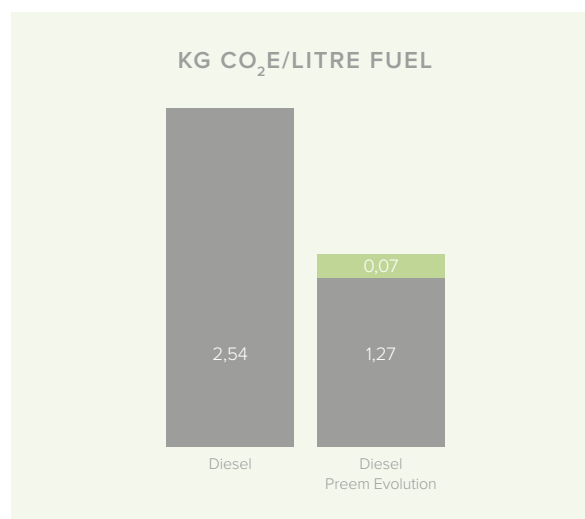
The bio-oil by-product is a renewable fuel that both replaces fossil fuel oil at SunPine and is sold on, back to the pulp industry among others. SunPine is making active efforts to increase the use of its own bio-oil for its energy supply. In 2019, bio-oil replaced an entire 81 per cent of fossil fuel oil in the boiler. Additional valuable components will also be extracted from the remaining residual products in the future.

Contributing to lower carbon dioxide emissions

SunPine's products help to reduce society's fossil carbon dioxide emissions. The crude tall oil raw material has no climate-impacting emissions in the production chain since it is by definition a residual product derived from kraft pulp mills. The climate impact from SunPine's crude tall diesel comes from transporting the raw material to SunPine's production facility and from SunPine's manufacturing process. Emissions in the process mainly come from the low amount of fossil fuel oil that has not yet been replaced with bio-oil in the boiler. During the year, SunPine improved its routines and tools for calculating greenhouse gas emissions.

In 2019, SunPine produced 95 million litres of crude tall diesel (111 million litres in 2018) which Preem then used in its diesel. SunPine's crude tall diesel has thus contributed to a reduction in fossil carbon dioxide emissions of

228,403 tonnes CO₂e compared to if Preem's customers solely used fossil-based diesel for their transports. This corresponds to the emissions from approximately 129,500 diesel vehicles per year.



Based on a completed analysis, since the start of production SunPine has contributed to a reduction in carbon dioxide emissions from fossil fuels of 2.11 million tonnes¹.

Sustainable raw materials

The largest proportion of the crude tall oil raw material comes from Swedish kraft pulp mills. SunPine's requirement is that the crude tall oil must come from sustainable, responsibly managed forestry in accordance with the Swedish Energy Agency's requirement for sustainability declarations. There are also requirements for physical traceability of the crude tall oil. This means that players throughout the production chain are responsible for meeting sustainability criteria and providing information to the next player in the chain about how this is done. Read more on page 34.



Resource-efficient processes

SunPine works systematically and continuously to achieve a production process that is as energy- and resource-efficient as possible. Central activities for this ambition are proactive maintenance and efficiency improvement measures.

Preventive maintenance

A production stop not only entails a risk of delayed deliveries and loss of revenue, it also leads to higher energy consumption, increased water consumption and additional waste due for example to material replacements. Preventive maintenance initiatives reduce the risk of unnecessary production stops and contribute to a more resource-efficient production with high availability. Availability is a measure of efficiency and the target for 2019 was 99 per cent, which SunPine achieved (98.6 percent in 2018). This excludes planned shutdowns during the year.

At the end of 2018, SunPine invested in system support to optimise its operations. The system contributes to more systemised maintenance work and development of KPIs that can be followed up with even greater precision. During 2019, system support was implemented in operations and the first analyses can be performed in 2020.

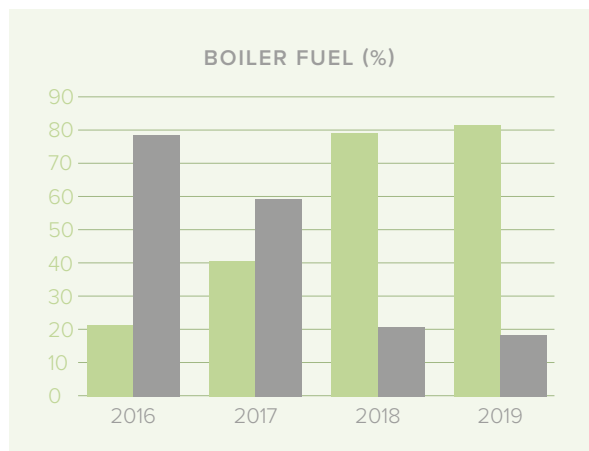
Minimising waste

One prioritised area for SunPine is to reduce the volume of waste in its own production. Production waste is gener-

ated, for example, from investment projects and maintenance work and can include sheet metal, steel scrap, wood and hazardous waste. One production waste that SunPine is making efforts to reduce is the water mixture that remains after pre-treatment of the crude tall oil. Instead of sending the water for disposal, another company extracts minerals and other substances from the water to use in its own industrial process.

“There is major demand for renewable fuels and we are gearing up to increase production.”

Ulrika Hagman, Project Manager Expansion, SunPine



Self-sufficient in own biofuels

Since the rebuild in 2015, SunPine has been able to steadily increase the use of own-produced bio-oil in production including the installation of new equipment that provides reliable bio-oil burning. In 2019, the company's own bio-oil met 81 per cent of the energy requirements of the manufacturing process, representing a substantial increase since 2016. All the company's premises are heated with heat from the production process. The surplus is sold as district heating to Piteå Energi.



Efficient haulage

SunPine makes every effort to continuously reduce its environmental impact. A key part of this work is to maximise the proportion of return loads and increase volumes per vehicle load as well as cooperating with contracted hauliers to increase the proportion of vehicles run on biofuel.

Efficient logistics

Crude tall oil is transported both by sea and road from Swedish kraft pulp mills around the country. Some raw material is purchased from the USA and shipped to the Port of Piteå. Since SunPine will be increasing production when the new facility goes on-stream in autumn 2020, purchases of raw material will increase. In order to reduce the negative environmental impact from transport, SunPine tries to transport as large a volume of crude tall oil as possible by sea instead of increasing road freight transport. SunPine is also working to ensure that the proportion of biofuel used by hauliers increases over time.

The finished product, crude tall diesel, is shipped by sea to Preem's refinery in Gothenburg. Rosin is shipped in liquid form in heated containers by sea to Belgium. Since the rosin is not cooled according to the conventional process, the energy otherwise required to reheat it on arrival is saved. During 2019, SunPine continued to optimise sea transport and organise joint transports together with other players. For example, SunPine's rosin is shipped with paper products from Piteå's paper mill.

Increased proportion of return loads, larger volumes

One key focus area for transport is to maximise return loads to minimise the number of empty vehicles. For example, SunPine works to ensure that vehicles delivering crude tall oil to the production plant transport bio-oil on the return journey. During 2019, the proportion of return loads rose to 65 per cent compared to about 50 per cent in 2018 with roughly the same purchasing volume.

SunPine also makes active efforts to increase volumes per tanker vehicle. In 2019, some haulage companies were granted dispensation to carry 74 tonnes per tanker instead of the normal 64 tonnes on certain routes. This allowed SunPine to reduce the number of deliveries.







Emissions from production

The climate impact from SunPine's operations comes from the transport of raw material to SunPine's plant as well as from SunPine's manufacturing process. SunPine reports other emissions from production in an annual environmental report in compliance with the environmental permit from 2014. SunPine's emission values fall below the allocated annual level by a wide margin.

Increased production in new plant and new permit

Construction of SunPine's new production plant started in November 2019. The plant is adjacent to the old facility and will be more efficient with more customised unloading and loading bays where odour emissions are minimised.

SunPine conducts operations subject to permits according to the Swedish Environmental Code. In 2019, the company received a new permit for existing and expanded operations. The environmental permit covers operation of a bio-diesel plant with physical processes for annual production of up to 550,000 tonnes of chemical products in the form of crude tall diesel, bio-oil, rosin acids, turpentine and other similar products.

SunPine's production results in emissions to air of very small amounts of carbon dioxide (CO₂), sulphur dioxide (SO₂), oxides of nitrogen (NO_x), dust and particles.

At the environmental permit review, two issues arose that SunPine had to deal with. The first related to odour and is

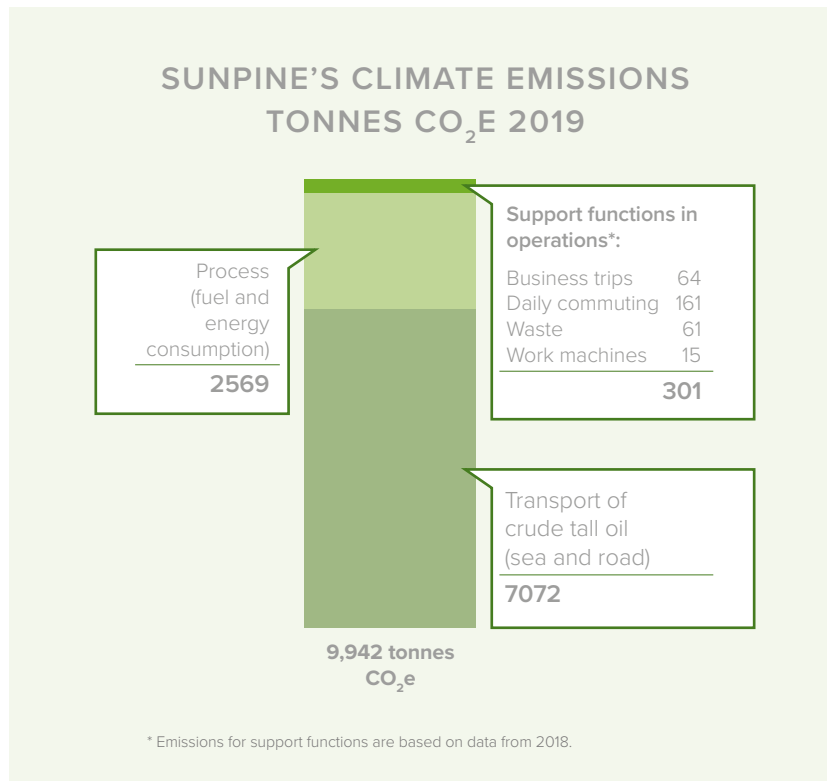
described in more detail in the next section. The second concerned an area of forest on the company's land.

According to the decision, SunPine must both take action to reduce odour emissions and preserve the forest on the property to screen SunPine's manufacturing area from a neighbouring summer cottage area. The new and modern loading and unloading platform will reduce the odour from the plant.

The facility also makes it possible for SunPine to produce products with a lower CO₂ footprint since the plant is more energy efficient and has an energy recovery system.

Annual environmental report

Emissions from production in the form of emissions from the chimney and waste are reported in an annual environmental report in accordance with the environmental permit from 2019. SunPine's emission values fall below the allocated annual level by a wide margin.



Emissions of small amounts of oxides of nitrogen and sulphur gases

Emissions of oxides of nitrogen amounted to 6.6 tonnes in 2019 which is below the allocated annual level of 26 tonnes, a new limit applying after 8 November 2019.

Crude tall oil contains sulphur compounds which originate in the manufacturing process at the kraft pulp mill. These sulphur compounds are released when heated. The sulphur dioxide gas generated has a strong odour but does not constitute a health risk in small amounts. 99.9 per cent of all sulphur compounds and most particles from the boiler are captured from the combustion smoke when it is scrubbed prior to release through the plant's chimney. During 2019, 0.1 tonnes of sulphur compounds were released which was far below the allocated annual level of 26 tonnes (new limit from 8 November 2019).

The emission of small quantities of sulphur dioxide is not hazardous to health but gives off an odour that causes

discomfort to both employees and local residents. The sources of such leaks can be hard to identify and even small quantities cause strong odours.

During the year, SunPine continued to remove sources of odour for example by creating a more efficient loading and unloading system. SunPine's goal is for no odour to be emitted from production even when the wind gets up. SunPine has a close dialogue with local residents and continues to work on identifying and removing any sources of leakage.

"It feels pretty good. SunPine is a modern, innovative company which focuses on the future and cares about the environment."

Pierre Le Meur, Laboratory Assistant, SunPine



What SunPine represents

SunPine aims to be a good employer and offer a workplace that all employees perceive as safe, offering development opportunities and stimulating. It is important that all employees understand their role and the significance of their own work in relation to the company's overall goals and vision. During the year SunPine clarified its vision and business mission while developing the corporate culture.

Common rules of engagement

Employees have a central role in SunPine's efforts to achieve its vision as a company. At SunPine all employees should feel secure, respected, involved and proud. Opportunities, rights and obligations shall be the same for all employees and staff composition should reflect the structure of society. Therefore, during the year SunPine, assisted by an external player, continued to establish support for the company's values: Sustainability, Commitment and Respect. Among other things, through discussions and workshops employees developed ten rules of engagement that apply to all. These rules include respecting each other's differences and providing information to everyone who needs it.

Code of conduct

SunPine's new code of conduct is a complement to the company's ten rules of engagement. The code is based on SunPine's core values and should permeate the company while at the same time help employees to adopt

a common approach in their everyday work. The core values involve:

- **Respect** for each other at work and a professional attitude are the key to a good working environment.
- **Commitment** among employees makes SunPine a successful company.
- **Sustainability** means that SunPine creates a good working environment, takes our environmental impact into account and cares about healthy finances, which enable long-term operations.

All employees must when starting at the company, annually and when the code is updated, acknowledge in the AM system that the code has been read, understood and will be complied with. Any employee who concludes an agreement with a consultant, contractor, supplier or customer is responsible for ensuring that such persons also have an approach that is in line with the code of conduct.

**Protect the environment in daily work**

Since SunPine's business mission is about making use of forest resources with the lowest possible environmental impact, SunPine cares about sustainability in its daily work. This means among other things that SunPine

- conducts operations where damage and harm to the environment and human health are prevented
- in the event of disruptions in the process, environmental consideration takes precedent over production.
- In product development and investment, profitable production is combined with efficient use of resources and environmental consideration.

Continuous improvement

SunPine's strength is based on collective skills, collaborative abilities and the strong corporate culture the employees build together. Through targeted and continuous improvement work, SunPine develops its operations to secure competitiveness and the future. One key support in this work is SunPine's quality management system which meets ISO 9001 requirements.

Read more on page 22.





Working environment, health and safety

At SunPine the preventive safety work that takes place in close dialogue with employees and contractors plays a central role. The workplace must be secure and safe and every employee is responsible for their own and others' safety.

Commitment to a safe workplace

SunPine seeks to avoid accidents to people and the environment in its operations. Safety results from everyone's commitment and contributes to a healthy and safe working environment. Preventive working environment initiatives are a key strategic issue for SunPine. These initiatives take place in close collaboration between management, employees, the safety organisation and company health care. Every employee is expected to be observant of any risks to health, safety and well-being at their own workplace and to suggest how these might be addressed.

Contractors in the workplace are also informed about their significance for the working environment so that they can contribute to a good working environment. During 2018, three accidents occurred which resulted in contractors taking sick leave. For this reason safety for contractors was a focus area in 2019. Among other things, dialogues have been conducted with contractors relating to risks, protective equipment and safety culture. During the autumn production shutdown there was a major focus on risk analyses. SunPine's goal of zero accidents leading to absence from work was also achieved in 2019. This preventive work will continue so that the goal of zero accidents resulting in sickness absence can also be achieved going forward.

The most obvious risks in SunPine's production relate to leakage of, for example, hot liquids or chemicals, fire incidents or explosions. In order to minimise the risk of accidents and ill health, preventive measures include

strict routines, training, risk assessments and inspections. All observations, incidents and accidents are recorded by employees and contractors in a deviation management system. All deviations are analysed to determine their cause. It is desirable to increase the number of observations so that risks can be identified at an early stage. In 2019, the number of observations decreased compared to the previous year for which reason there will be a continued focus on observations in 2020.

During the year and in conjunction with work on the site of SunPine's new plant, an environmental incident occurred which resulted in contact with the authorities. Soil contamination was discovered which can probably be attributed to spillage from previous operations. SunPine accepted retrospective liability and took suitable action to decontaminate the property.

SunPine works actively to improve its environmental and working environment initiatives and focuses, among other things, on replacing chemicals that are hazardous to the natural environment and the working environment. During 2019 for example, SunPine phased out several cubic metres of fire foam containing highly fluorinated substances (PFAS)

Developing employee dialogues and health

In order to retain employees' commitment and participation in SunPine's continued development, proactive employee dialogues are prioritised. Individual action plans are drawn up and followed up in regular performance reviews. The design of the strategy to manage SunPine's



*“Employee dialogues
are important for individual
skills development.”*

Åsa Nordmark, CFO, SunPine

total skills requirement is also matched against each employee's individual skills development. During 2019, all employees took part in at least one performance review.

In addition to statutory health checks, SunPine offers all employees an annual health check. In order to identify other possible risks to employee well-being, a complementary survey relating to health, lifestyle and personal situation was carried out. Relevant rehabilitation initiatives are put in place for employees who need additional support. All employees are also offered opportunities to exercise at a number of training facilities in Piteå which were taken up by 46 per cent of employees during the year.

Skills supply and development

Increased digitalisation of operations will take place in the years ahead. In pace with SunPine's expansion, the IT environment will be developed to improve the efficiency of operational flows and reduce the number of process steps. In a first phase a development of the business system will take place. The open and proactive dialogue with employees is a key part of this development process so that every employee's needs can be matched as well as possible. Development of internal leadership contin-

ued during 2019. External speakers were invited in to train managers and leaders among other things in the Co-determination in the Workplace Act and SunPine's rehabilitation routines. In order to optimise and secure all employees' opportunities, rights and obligations, SunPine's managers and leaders continue to play a key role in work with the core values and implementation of the common code of conduct during 2020. The need for training of, for example, middle management will be clarified in conjunction with implementation.

SunPine's ambition is to have a low employee turnover in the existing working group while the company wants to attract new, qualified people. The continuous work with skills supply was successful in 2019, including within the areas of electronics and maintenance.

	2017	2018	2019
Observations	98	122	95
Incidents	74	64	43
Accidents without absence	8	5	12
Accidents with absence	0	3	0



Responsible supplier collaboration

SunPine works for long-term relationships and shared development in a sustainable direction together with its suppliers. This is an important part of how we live up to our vision of a green transition based on products from sustainable forest management.

Sustainability requirements

Approximately 90 per cent of all purchases relate to crude material and transport. SunPine seeks to continuously develop long-term and sustainable relationships with its suppliers. In 2019, SunPine drafted a new code of conduct for suppliers. The code of conduct is based on accepted international conventions and legislation and describes requirements and expectations on suppliers' sustainability initiatives linked to social responsibility, environment, climate and anti-corruption. By collaborating with suppliers which share SunPine's approach to sustainability, respect human rights and are committed and willing to cooperate, both parties can contribute to positive change and the achievement of the global sustainability goals. The code of conduct is attached to all new contracts and suppliers must certify compliance with SunPine's requirements.

In addition to suppliers of raw materials and transport services, SunPine engages contractors which both carry out construction and maintenance work at the production plant and work with investments in the new plant. Contractors are also covered by SunPine's code of conduct and the company's rules relating to working environment, health and safety. Read more on page 26.

Supplier assessments

SunPine conducts annual assessments with a number of significant suppliers that include compliance checks. When purchasing freight services, for example, SunPine has a dialogue with the hauliers about efforts to reduce the environmental impact from transports. These dialogues also focus on issues relating to the drivers' working environment and terms of employment so that the number of working hours and statutory rest periods are guaranteed.

Traceable raw material

The origin of the raw material is a key parameter for both SunPine and the company's stakeholders. SunPine therefore requires suppliers to be able to certify the origins of the crude tall oil and compliance with sustainability criteria. Read more about the requirements on page x. Most of the crude tall oil raw material comes from Scandinavian kraft pulp mills. Raw material is imported mainly from the USA. The liquid biofuels and bio vehicle fuel handled by SunPine meet sustainability criteria according to the Swedish Act on Sustainability Criteria for Biofuels and Bioliquids (HBL), 2010:598.



International Sustainability & Carbon Certification (ISCC) is an international certification standard that ensures both that a raw material does not entail a risk of deforestation and that there is full traceability in the supply chains. The ISCC standard is internationally recognised and is often a requirement from biofuel customers. Both the Sustainability Criteria Act and ISCC require the calculation of greenhouse gas emissions from production and the supply chain to show that they are less than their fossil-based equivalents. During the year, SunPine continued to work towards ISCC certification by improving the tools for calculation of emissions so that the company meets certification requirements. These requirements are somewhat more conservative than those in the Swedish Sustainability Criteria Act. SunPine has also reviewed other affected processes and requisite documentation with regard to ISCC requirements. At the end of 2019, a preparatory internal audit was also conducted. In 2020, SunPine will adjust processes and tools based on the results of the audit in order to be able to obtain ISCC certification in 2021.

Routines to counteract undue influence

All purchases at SunPine are conducted by the company's purchasing department. SunPine's purchasing routines for approval of suppliers and drafting contracts reduce the risk of undue influence in supplier collaboration. SunPine adhered to the Swedish Anti-Corruption Institute's Business Code. This is set out in SunPine's new code of conduct for employees which also specifies that all benefits that affect behaviour, such as benefits that risk influencing the recipient's decision or how they fulfil their working duties, are prohibited. SunPine also has a fully digitalised invoicing system with two-stage invoice review and approval procedures for every invoice. No cases of corruption occurred in 2019.

"We have a regular dialogue with hauliers to reduce the environmental impact of transport as well as ensuring decent conditions for drivers."

Markel Jonsson, Supply Chain Manager, SunPine



Diversity and equal treatment

All employees at SunPine should feel secure, respected, involved and proud. Diversity and equal treatment are fundamental for attracting and retaining skilled, committed employees.

Common values and clear routines

Opportunities, rights and obligations should be equal for all SunPine employees. In 2019, SunPine worked on clarifying the company's values. In discussions at workplace meetings and at the so-called SunPine Day, employees and managers discussed conduct and meeting culture. These discussions resulted in a better understanding of each individual employee's time and ability to work effectively. During the year, SunPine also developed a code of conduct for employees based on the core values Sustainability, Commitment and Respect. The code of conduct will be fully implemented in 2020 and includes ten rules of engagement that apply to all employees. Read more on page 30.

The code of conduct also clarifies SunPine's efforts to combat all forms of harassment and bullying. Discrimination undermines solidarity and commitment which are in

themselves keys to health, security, job satisfaction and productivity. A clear routine against discrimination, victimisation and harassment is used and covers all employees and contractors at the company. No notifications related to this routine were received during 2019.

Equal opportunities and diversity

SunPine conducts deliberate equal opportunity and diversity work with the aim of achieving a more even gender balance and an aspiration that workforce composition should reflect the structure of society. SunPine continues to work within all departments according to a clear equal opportunity plan which is followed up continuously. SunPine performs analyses related to gender distribution and age categories and has recruitment groups of both women and men who actively seek candidates from the under-represented gender.

Gender and age distribution at 31/12/2019

	Women	Men	<30 years	30-50 years	>50 years	Total
Board	4	4	-	4	4	8
Management	2	5	-	5	2	8
Administration (finance, logistics, HSSE)	6	3	-	7	2	7
Technology, maintenance and electricity	3	15	1	13	4	15
Production	8	15	1	21	1	21
Development	3	2	1	3	1	5
Total	26	44	3	53	14	64
Percentage breakdown, total	37%	63%	4%	76%	20%	64

In 2019, the proportion of women decreased from 40 per cent to 37 per cent. In 2019, the proportion of employees under 30 decreased from 8 per cent to 3 per cent and the proportion of employees in the 30–50 band rose from 70 per cent to 76 per cent which impaired the age distribution. SunPine's aim is to achieve a more even gender and age distribution with all departments.



ANNUAL REPORT



DIRECTORS' REPORT

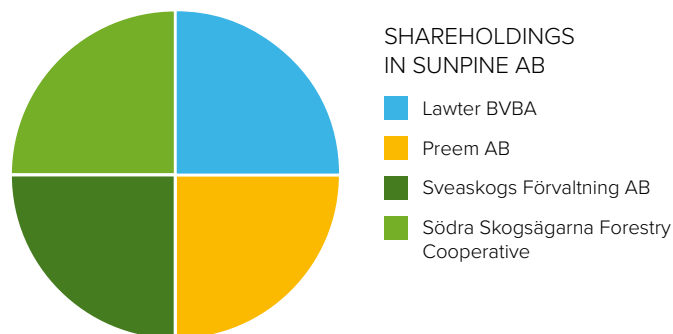
The Board of Directors for SunPine AB, 556682-9122, hereby presents its annual report for 2019.

Operations in general

The company's operations are the production of raw material for second generation renewable fuels based on forest resources. SunPine has two main products, tall diesel, used as feed stock in producing HVO (hydrogenated vegetable oil) to be blended as diesel, and rosin, a raw material for products such as printing inks, paints and adhesives. The company also has two bi-products: bio-oil, used as an energy raw material in the paper industry and crude sulphate turpentine, a raw material used in e.g. the perfume industry. Operations are conducted in Piteå.

Ownership structure

Shares in the company are now distributed such that Lawter BVBA owns 24.7 per cent while the remaining shares are divided equally among Preem AB, Sveaskogs Förvaltnings AB and Södra Skogsägarna forestry cooperative with 25.1 per cent each. The ownership consortium in SunPine AB represents the entire value chain from forest raw materials to processing, marketing and distribution of renewable diesel fuels and rosin.



Events during the financial year

Net sales fell during 2019 due to temporary lower demand caused by renovations in customer facilities. The price of the raw material, crude tall oil (CTO), and the price of tall diesel (RTD) follows the oil index on the global market. Oil prices showed a slight increase during the first six months of the year, and the price index was then relatively stable through July to year-end.

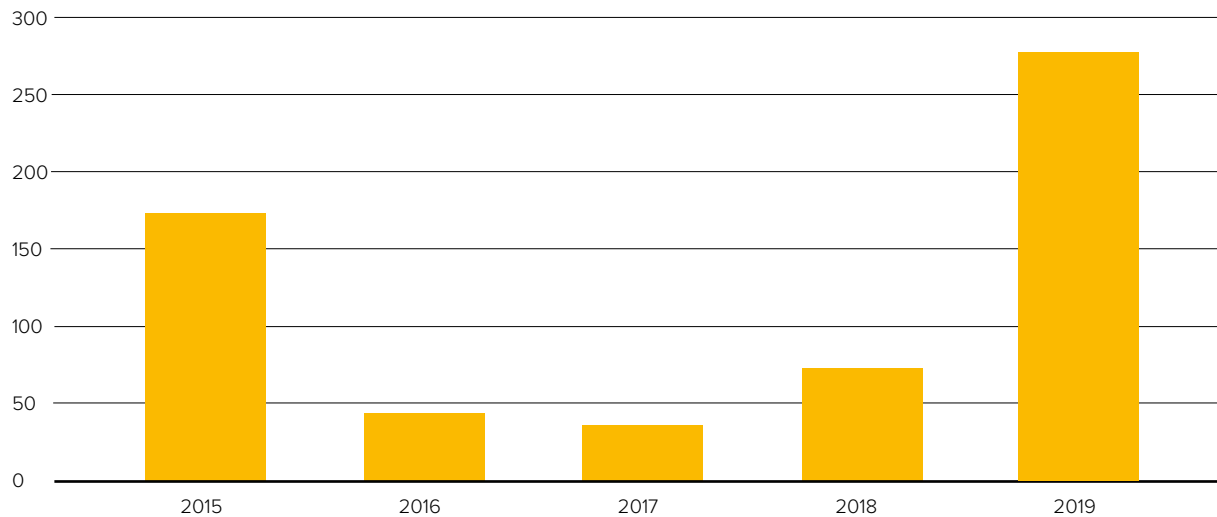
Production was stable throughout the year, and availability exceeded expectations.

During 2019, more than 80 per cent of all fuel to the boiler was bio-oil (TOP) produced in-house.



Investments for the year amounted to SEK 223 million (72). Investment levels for the past five years are presented in the chart below.

Investments, SEK million

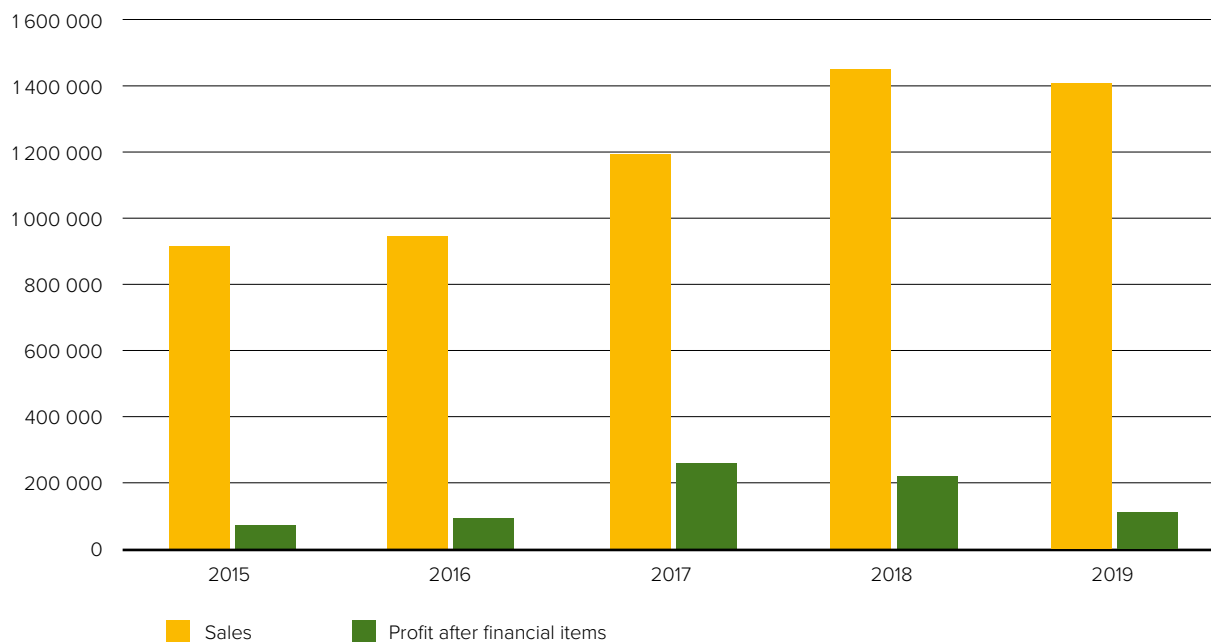


The company's key indicator trends are shown in the table below.

Development of the company's operations, earnings and financial position

Amount in SEK thousand	2019	2018	2017	2016	2015
Net sales	1,425,497	1,451,145	1,192,727	943,027	913,116
Operating margin %	7	15	22	10	8
Earnings after financial items	99,972	217,611	255,677	91,026	68,141
Total assets	968,379	1,012,355	768,070	630,269	611,304
Return on capital employed %	14	33	46	21	14
Equity/assets ratio %	71	47	71	71	61

For definitions, see note 24

**Earnings trend, SEK thousand****Expectations concerning future developments**

Following an appeal in May 2019, the new environmental permit came into force on 7 November 2019. The investment project, which includes extensions of the production plant with a new production line with a capacity equivalent to the existing plant, was begun immediately after the permit was issued. The new production line is anticipated to begin operations at the end of November 2020. The increased production capacity is expected to help improve the company's profitability.

Sustainability report

SunPine is subject to Swedish Annual Accounts Act regulations concerning sustainability reporting. The sustainability report can be found on pages 18–28. Under the provisions of the Swedish Environmental Code, the company pursues activities subject to permit.



Changes in equity

Amount in SEK thousand	RESTRICTED EQUITY			NON-RESTRICTED EQUITY		
	Share capital	Fund for R&D expenditures	New share issue in progress	Share premium reserve	Other non-restricted equity	Total equity
Equity 01/01/2019	6,636	119	0	380,809	86,299	473,863
Dissolution due to depreciation for the year		-68			68	0
Earnings for the year					59,533	59,533
Equity 31/12/2019	6,636	51	0	380,809	145,900	533,396

Proposed allocation of the company's profit or loss

The Board proposes that unappropriated earnings be allocated as follows:

Amount in SEK thousand	
Share premium reserve	380,809
Retained earnings	86,367
Earnings for the year	59,533
Total	526,709
To be appropriated such that SEK 1,506.96 per entitled share is distributed to the shareholders, totalling	100,000
As surplus carried forward	426,709





INCOME STATEMENT

Amount in SEK thousand	Note	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Net sales		1,425,497	1,451,145
Other operating income	3	10,319	6,389
		1,435,816	1,457,534
Operating expenses			
Raw materials and consumables		-1,073,058	-998,584
Other external costs	5, 7	-137,033	-136,592
Employee benefit expenses	4	-52,437	-42,623
Depreciation and amortisation of tangible and intangible assets	12, 13, 14, 15	-60,345	-57,164
Other operating expenses	6	-8,310	-9,965
Operating profit		104,633	212,606
Profit from financial items			
Interest income and similar profit items	8	615	6,216
Interest expenses and similar expenses	9	-5,276	-1,211
Earnings after financial items		99,972	217,611
Appropriations	10	-24,000	-88,500
Profit before tax		75,972	129,111
Tax on earnings for the year	11	-16,439	-28,717
Earnings for the year		59,533	100,394



BALANCE SHEET

Amount in SEK thousand	Note	31/12/2019	31/12/2018
ASSETS			
FIXED ASSETS			
Intangible fixed assets			
Other intangible fixed assets	12	51	119
		51	119
Tangible assets			
Land and buildings	13	37,530	35,072
Plant and machinery	14	205,384	226,810
Equipment, tools, fixtures and fittings	15	15,202	19,688
Construction in progress and advance payments for tangible assets	16	258,417	72,362
		516,533	353,932
Financial assets			
Other non-current receivables		1	1
		1	1
Total fixed assets		516,585	354,052
CURRENT ASSETS			
Inventories, etc.			
Raw materials and consumables		151,381	146,959
Finished products and goods for sale		61,120	32,349
		212,501	179,308
Current receivables			
Accounts receivable, trade		156,672	203,322
Other receivables		7,510	2,323
Prepaid expenses and accrued income		7,357	6,654
		171,539	212,299
Cash and bank balances		67,754	266,696
Total current assets		451,794	658,303
TOTAL ASSETS		968,379	1,012,355



Amount in SEK thousand	Note	31/12/2019	31/12/2018
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	17	6,636	6,636
Fund for development expenditures		51	119
		6,687	6,755
<i>Non-restricted equity</i>			
Share premium reserve		380,809	380,809
Profit/loss brought forward		86,367	-14,095
Earnings for the year		59,533	100,394
		526,709	467,108
Total equity		533,396	473,863
Untaxed reserves			
Accumulated excess depreciation		133,400	135,000
Tax allocation reserve		69,100	43,500
Total untaxed reserves		202,500	178,500
Provisions			
Other provisions	18	22,922	12,922
		22,922	19,922
Current liabilities			
Bank overdrafts	19	-	-
Accounts payable, trade		188,661	281,976
Tax liabilities		-	14,097
Other current liabilities		882	7,507
Accrued expenses and deferred income		20,017	43,491
		209,560	347,071
TOTAL EQUITY AND LIABILITIES		968,379	1,012,355



CASH FLOW STATEMENT

Amount in SEK thousand	Note	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Operating activities			
Earnings before financial items		104,633	212,606
Adjustments for non-cash items	22	70,345	70,086
		174,978	282,692
Interest received		615	592
Interest paid		-776	-1,211
Income tax paid		-18,571	-51,413
Cash flow from operating activities before changes in working capital		156,246	230,660
<i>Cash flow from changes in working capital</i>			
Increase(-)/decrease(+) in inventories		-33,193	-86,286
Increase(-)/decrease(+) in operating receivables		28,783	-39,797
Increase(+)/decrease(-) in operating liabilities		-123,398	165,166
Cash flow from operating activities		28,438	269,743
Investing activities			
Acquisition of tangible assets		-222,879	-72,015
Cash flow from investing activities		-222,879	-72,015
Financing activities			
Currency change		-4,501	5,624
Shareholder dividends paid		-	-100,000
Cash flow from financing activities		-4,501	-94,376
Cash flow for the year		-198,942	103,352
Cash and cash equivalents at beginning of year		266,696	163,344
Cash and cash equivalents at year-end		67,754	266,696



Note 1 Accounting principles

Amounts are in SEK thousands unless otherwise specified.

General accounting principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board BFNAR 2012:1 Annual report and consolidated financial statements (K3).

Valuation principles

Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Intangible fixed assets

Other intangible assets acquired by the company are recognised at cost less accumulated amortisation and impairment losses. Expenses for internally generated goodwill and brands are expensed in the income statement as they arise.

Amortisation

Amortisation is applied on a straight-line basis over the asset's estimated useful life. Depreciation is expensed in the income statement.

Intangible assets	% per year
Acquired intangible assets	20

Tangible assets

Tangible assets are recorded at cost less accumulated depreciation. In addition to the purchase price, cost includes expenditures directly attributable to the acquisition.

Tangible assets

Tangible assets are recorded at cost less accumulated depreciation. In addition to the purchase price, cost includes expenditures directly attributable to the acquisition.

Amortisation

Depreciation is applied on a straight-line basis over the asset's estimated useful life, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is expensed in the income statement.

The following depreciation rates have been applied, taking into account the holding period of the year's acquired and divested assets.

Tangible assets	% per year
Buildings	5
Expenditures incurred on other's property	25
Land improvements	5
Plant and machinery	10–20
Equipment, tools, fixtures and fittings	10–20

The buildings consist of a number of components with different useful lives. The main division is land and buildings. No depreciation is applied to the land component, the useful life of which is deemed to be unlimited. The buildings comprise several components, the useful lives of which are the same.

Foreign currency

Monetary items (assets and liabilities) in foreign currency are translated at the closing rate. Exchange rate differences for operating receivables and liabilities are included in the operating profit, while differences for financial receivables and liabilities are reported among financial items. Non-monetary items are recognised on the date of the business event.

Inventories

Inventories are carried at the lower of cost and net realisable value and the risk of obsolescence is thus taken into account. Cost is determined using weighted average prices. Cost also includes expenditures for the purchase as well as expenditures incurred when bringing the inventories to their present location and condition.

In the case of product semi-finished or finished in house, cost consists of direct manufacturing costs and those indirect costs that constitute more than an insignificant portion of the total cost of production. The valuation takes into consideration normal capacity utilisation.

Net realisable value is the estimated selling price in operating activities, less estimated expenses for completion and achieving a sale.



Tax

Reported income taxes include taxes payable or refundable for the current year and adjustments for previous years' taxes.

Tax liabilities/assets are valued at that which is payable to, or receivable from, the Swedish tax agency according to the company's assessment. The assessment is made according to the tax regulations and tax rates decided or announced and which will in all likelihood be adopted.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carryforwards, to the extent that it is probable that future taxable profits will be available against which the temporary differences or the unused tax loss carryforwards can be utilised.

Deferred tax assets have been valued at no more than the amount likely to be recovered, based on current and future taxable profit. Valuations are reviewed on each balance sheet date.

Revenue

The inflow of financial benefits the company has received or will receive for its own account is reported as revenue. Revenue is measured at the fair value of the consideration received or receivable, net of discounts.

Sale of goods

At the sale of goods, revenue is recognised when the following criteria are met:

- The financial benefits associated with the transaction will likely accrue to the company, The revenue can be reliably calculated,
- The company has transferred the significant risks and benefits associated with ownership to the buyer,
- The company no longer has any involvement in the operational management usually associated with ownership, nor does it exercise any real control over the goods sold, and
- The expenses that have arisen or are expected to arise as a result of the transaction can be reliably calculated

Leases

All leases in which the company is the lessee are reported as operational leases, whether or not they are financial or operational leases. Leasing charges are expensed on a straight-line basis over the lease term.

The company's office lets are classified as operational leasing. Leasing income is reported on a straight-line basis during the term of the lease.

Employee benefits

Short-term benefits

Short-term benefits in the Group comprise salaries, social security contributions, holiday pay, paid sickness absence, health care and bonus payments. Short-term benefits are carried at cost, and as a liability when there is a legal or constructive obligation to pay benefits.

Post-employment benefits

The company has only defined contribution plans.

For defined contribution plans, the company pays set fees to another company, and has no legal or constructive obligation to pay anything further, even if the other company can no longer meet its obligation to pay. These expenses are charged to the company's income statement as the pensionable services of the employees are performed.

Termination benefits

Termination benefits are paid when a company decides to terminate an employment before the normal retirement date or when an employee accepts an offer of a voluntary resignation in exchange for such remuneration. If the remuneration does not give the company a future economic benefit, it is reported as a liability and as a cost when there is a legal or constructive obligation to pay benefits. The benefit is measured to the best estimation of the remuneration required to settle the obligation on the balance sheet date.



Financial instruments

Financial instruments are reported in accordance with the provisions of Chapter 11 of the K3 regulations, which means they are measured at cost.

Financial instruments recognised in the balance sheet include securities, trade and other receivables, current investments, trade payables, borrowings and derivative instruments. The instruments are recorded in the balance sheet when the company becomes party to the contractual conditions of the instrument.

Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred, and the Group has, in all significant aspects, transferred all risk and benefits associated with ownership.

Financial liabilities are derecognised when the liabilities are settled or expire in any other way.

Trade receivables and other receivables

Receivables are carried as current assets, except for items with a maturity more than 12 months from the balance sheet date, which are classified as non-current assets. Receivables are carried in the amounts in which they are expected to be paid, after adjustment for individually assessed doubtful debts. Receivables that are interest-free or run with an interest that deviates from the market rate and with a maturity that exceeds 12 months are recognised at discounted present value, with the change in the time value of money recognised in the income statement.

Current investments

Securities acquired as short-term holdings are initially recognised at cost, and in subsequent valuations according to the lowest value principal at cost or market value, whichever is the lower. The item investments in securities, etc. includes shares held for the short-term investment of cash surpluses.

Trade payables

Current trade accounts payable are carried at cost.

Offsetting of financial receivables and financial liabilities

A financial asset and a financial liability are offset and carried at a net amount in the balance sheet only when there is a legal right for the offsetting and when a net amount is to be settled, or when a simultaneous disposal of the asset and a settlement of the liability is intended to take place.

Provisions

The company makes a provision when there is a legal or constructive obligation to pay and a reliable estimation of the amount can be made. The company makes a present value calculation of obligations expected to be settled more than 12 months hence. The increase in the provision due to the passage of time is recognised as an interest expense.

Public grants

Government support is carried at fair value when there is reasonable assurance that the support will be received and that the company will meet all the conditions associated therewith.

Government support relating to expected costs is reported as deferred income. The support is taken up as revenue in the period when the cost arises for which the government support is intended to compensate.

Government support for the acquisition of tangible assets reduces the asset's carrying amount.

Changed tax rates

The tax rate in Sweden will be reduced in two stages from 22% to 21.4% for the financial year following 31 December 2018 and 20.6% for the financial year following 31 December 2019.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. The reported cash flow consists solely of transactions that have given rise to payments to or from the company.

In addition to cash and bank, the company classifies balances with banks and other credit institutes as liquid assets.

**Note 2 Accounting estimates and assessments**

Inventories are a substantial asset for the company where an assessment is made regarding obsolescence. An assessment of the amount is also made under the item provisions.

Note 3 Other operating income

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Insurance claims	-	15
Other grants received	-	37
Exchange rate gains on receivables/liabilities	9,670	6,096
Other	649	241
Total	10,319	6,389

Note 4 Employees and employee costs

Average number of employees

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Men	39	32
Women	23	19
Total	62	51

Presentation of gender distribution
in company management

	31/12/2019	31/12/2018
<i>Proportion of women</i>		
Board	50%	50%
Other senior executives	29%	37%

Pay, other benefits and social security expenses,
including pension costs

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Board and CEO	1,620	1,492
Other employees	33,177	26,869
Total	34,797	28,361

Social security expenses (of which pension costs) ¹⁾	15,600	12,809
	3,718	2,812

¹⁾ Of the company's pension costs, SEK 419 thousand (365) pertains to the Board and CEO. The company's outstanding pension obligations for these, amount to SEK 0 (0).

In addition to the above salary costs, the company has been invoiced for Board fees in the amount of SEK 0 (0).

An agreement with the CEO has been reached on severance pay amounting to 12 monthly salaries. The agreement applies only if termination is initiated by the company.

Note 5 Remuneration and expense reimbursement for auditors

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Auditing assignment	293	239
Other assignments	9	-
Total	302	239

Note 6 Other operating expenses

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Exchange-rate losses on operating receivables/liabilities	8,310	9,965
Total	8,310	9,965

Note 7 Operating leases – lessees

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
<i>Future minimum leasing fees for non-cancellable operating leases:</i>		
Within one year	12,498	15,006
Between one and five years	36,706	12,405
Later than five years	28,480	11,706
Total	77,685	39,116
Expensed leasing fees for the financial year in respect of premises, tanks, containers and cars	20,632	17,116

Note 8 Interest income and similar profit items

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Interest income, other	615	592
Exchange rate differences, financial	-	5,624
Total	615	6,216



Note 9 Interest expenses and similar profit items

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Interest expenses, other	175	610
Credit expenses, other	600	601
Exchange rate differences, financial	4,501	-
Total	5,276	1,211

Note 10 Appropriations

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Difference between depreciation for tax and reporting purposes:		
Plant and machinery	-1,600	45,000
Provision for tax allocation reserve	25,600	43,500
Total	24,000	88,500

Note 11 Tax on current year earnings

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Current tax	16,439	28,717
Tax on current year earnings	16,439	28,717

Reconciliation of effective tax

	01/01/2019– 31/12/2019	%	01/01/2018– 31/12/2018	%
Profit before tax	75,972		129,111	
Tax as per applicable tax rate	-16,258	21.4	-28,404	22.0
Non-deductible expenses	-136		-316	
Adjustment of taxable depreciation	3		3	
Change deferred tax	-48		-	
Reported effective tax	-16,439	21.4	-28,717	22.0

Note 12 Concessions, patents, licences, brands and similar rights

	31/12/2019	31/12/2018
<i>Accumulated costs</i>		
- At beginning of year	337	337
Costs for the year	0	0
- Reclassifications	-	-
At year-end	337	337

<i>Accumulated depreciation</i>		
- At beginning of year	-218	-151
- Depreciation for the year	-68	-67
At year-end	-286	-218

Carrying amount at year-end	51	119
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Note 13 Buildings and land

	31/12/2019	31/12/2018
<i>Accumulated costs</i>		
- At beginning of year	48,654	38,668
- New acquisitions	4,036	743
- Divestments and disposals	-	-
- Reclassifications	852	9,243
At year-end	53,542	48,654

<i>Accumulated depreciation</i>		
- At beginning of year	-13,582	-11,423
- Reversed depreciation on divestments and disposals	-	-
- Depreciation for the year	-2,430	-2,159
At year-end	-16,012	-13,582

Carrying amount at year-end	37,530	35,072
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Of which land

Accumulated costs	2,401	200
Carrying amount at year-end	2,401	200

**Note 14 Plant and machinery**

	31/12/2019	31/12/2018
<i>Accumulated costs</i>		
- At beginning of year	493,213	473,511
- New acquisitions	3,926	3,301
- Adjustment of opening balance	45	-
- Divestments and disposals	-127	-
- Reclassifications	24,331	16,401
At year-end	521,388	493,214
<i>Accumulated depreciation</i>		
- At beginning of year	-266,404	-219,263
- Adjustment of opening balance	45	-
- Reversed depreciation on divestments and disposals	93	2
- Depreciation for the year	-49,648	-47,144
At year-end	-316,004	-266,405
Carrying amount at year-end	205,384	226,810

Note 15 Equipment, tools, fixtures and fittings

	31/12/2019	31/12/2018
<i>Accumulated costs</i>		
- At beginning of year	73,204	68,489
- New acquisitions	1,981	979
- Divestments and disposals	-	-
- Reclassifications	1,731	3,736
At year-end	76,916	73,204
<i>Accumulated depreciation</i>		
- At beginning of year	-53,516	-45,720
- Reversed depreciation on divestments and disposals	-	-
- Depreciation for the year	-8,198	-7,796
At year-end	-61,714	-53,516
Carrying amount at year-end	15,202	19,688

Note 16 Construction in progress and advance payments for tangible assets

	31/12/2019	31/12/2018
At beginning of year	72,362	34,749
Reclassifications	-26,914	-28,890
Reclassification to expense	-	-490
Investments	212,969	66,992
Carrying amount at year-end	258,417	72,362

Note 17 Equity**Share capital**

Share capital comprises 66,359 A-shares and 0 B-shares (66,359 A-shares and 0 B-shares).

Note 18 Provisions

	31/12/2019	31/12/2018
At beginning of year	12,922	-
Reclassifications	-	10,882
Provisions for the year	10,000	2,040
Carrying amount at year-end	22,922	12,922

Note 19 Overdraft facilities

	31/12/2019	31/12/2018
Credit limit granted	200,000	200,000
Unutilised credit	-200 000	-200 000
Utilised credit	-	-

Note 20 Pledged assets

	01/01/2019– 31/12/2019	01/01/2018– 31/12/2018
Own provisions and liabilities for liabilities to credit institutions	150,000	150,000
Total pledged assets	150,000	150,000



Note 21 Contingent liabilities

	31/12/2019	31/12/2018
Other guarantees, County Council	8,600	1,200
Total contingent liabilities	8,600	1,200

Note 22 Adjustments for non-cash items

	31/12/2019	31/12/2018
Depreciation	60,345	57,164
Disposals	10,000	-
Reclassification of accrued expenses to cost	-	12,922
Total adjustments	70,345	70,086

Note 23 Proposed allocation of profits

The AGM has the following earnings at its disposal:

Share premium reserve	380,809
Retained earnings	83 367
Earnings for the year	59,533
Total	526,709

The Board proposes that earnings be allocated such that SEK 1,506.95 per share is distributed

to shareholders to a total of	100,000
As surplus carried forward	426,709
Total	526,709

Note 24 Key ratio definitions

Operating margin:

Operating profit / Net sales.

Return on capital employed:

(Operating profit + financial income) / capital employed.

Financial income:

Items in net financial items attributable to assets (included in capital employed).

Capital employed:

Total assets - non-interest-bearing liabilities.

Non-interest-bearing liabilities:

Liabilities that do not bear interest. Pension liabilities are considered interest-bearing.

Return on equity:

Profit after financial items / Adjusted equity.

Equity/assets ratio

Total equity / Total assets.



UNDERSKRIFTER

Piteå 29/04/2020

Viveka Beckeman
Chairman of the Board

David Öquist
Chief Executive Officer

Mikio Katayama

Gustav Tibblin

Malin Hallin

Our audit report was submitted on 19/05/2020
Öhrlings Pricewaterhouse Coopers AB

Ulrika Öhlund
Authorised Public Accountant



Auditor's report

To the general meeting of the shareholders of SunPine AB, corporate identity number 556682-9122

Report on the annual accounts

Opinions

We have audited the annual accounts of SunPine AB for the year 2019. The annual accounts of the company are included on pages 37-54 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of SunPine AB as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of ABC AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises sustainability report as included in page 21-36 (but does not include the annual accounts and our auditor's report thereon).

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director] are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of SunPine AB for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of SunPine AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.



Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Skellefteå 19 may 2020
Öhrlings PricewaterhouseCoopers AB



Ulrika Öhlund
Authorized Public Accountant



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