

2021

Annual Report & Sustainable Report

This might look like a normal annual report.
But it's also an "inclusion grant"

Instead of spending money on making these pages look fancy. We decided to donate the money to something way more important
– to our future; the children

And the rest is future.
/ David Öquist CEO

Table of Contents

→	Directors' Report	1-3
→	Income Statement	4
→	Balance Sheet	5-6
→	Cash flow statement	7
→	Notes	8-18
→	Pledged assets and contingent liabilities	18
→	Signatures	19
→	Auditor's report	20-21



SUNPINE™

Annual Report for

SunPine AB

556682-9122

for the Financial Year
2021-01-01 - 2021-12-31

Table of contents:

Page

Directors' Report	1-3
Income Statement	4
Balance Sheet	5-6
Cash flow statement	7
Notes	8-18
Pledged assets and contingent liabilities	18
Signatures	19

Directors' Report

The Board of Directors of SunPine AB, 556682-9122, based in Piteå, hereby presents the annual report for 2021.

Operations in general

The company's business idea is to extract renewable products from residues of the foresting industry. SunPine extracts four products. Diesel which accounts for the largest part of the revenue is a feedstock for the production of HVO (hydrogenated vegetable oil) and is refined into diesel. Resin is a raw material used in the production of ink, paint, and glue for example. Turpentine is a product which is used in the perfume industry. Bio-oil, an energy raw material, is reused within the paper industry. The operations are conducted in Piteå.

Ownership structure

The ownership is divided as follows; Lawter BVBA owns 24.7 percent, and the rest of the shares are owned in equal parts by Preem AB, Sveaskogs Förvaltnings AB and Södra Skogsägarna ekonomisk förening with 25.1 percent each. The owner consortium in SunPine AB represents the entire processing chain from forest raw materials to processing, marketing and distribution of renewable fuel and resin.

Events during the financial year

At the end of 2020 the new processing line was completed and thus 2021 is the first year in which the company has produced and processed tall oil in two processing lines. In addition to an increased production the new processing line has also contributed to a reduced vulnerability because of breakdowns and planned maintenance shutdowns.

Development and working with change have been a focus during 2021. A new strategic plan which starts in 2021 and ends in 2023 has been decided and implemented by the board. The aim of the strategic plan is to clarify priorities and in a structured way guide the company towards the agreed upon goals which have been decided by the owners.

The work with the strategic plan has even initiated some changes to the organisation during the year. The aim of the changes has been to clarify different roles and areas of responsibility as well as utilising employee resources more effectively.

During 2021 the company has implemented a new business system, which was launched on January 1st, 2022. The goal with the new system is partly to reduce how much work is done manually and partly to minimise the risk of incorrect data. The business system is integrated with the company's system support which makes it possible for functional analysis across different systems and hence better decision basis and follow up.

Development of company operations,

earnings and financial position

	<i>Amounts in KSEK</i>				
	<i>2021-12-31</i>	<i>2020-12-31</i>	<i>2019-12-31</i>	<i>2018-12-31</i>	<i>2017-12-31</i>
Net sales	2 106 205	1 361 209	1 425 497	1 451 145	1 192 727
Operating margin %	11	3	7	15	22
Earnings after financial items	234 442	36 170	99 972	217 611	255 677
Balance Sheet Total	1 446 655	1 120 354	968 379	1 012 355	768 070
Return on capital employed %	26	6	14	33	46
Equity/assets ratio, %	59	60	71	47	71

For definitions: see Note 27

The ongoing pandemic has not affected the company financially in 2021 in the same way that it did in 2020. In 2021 the price of oil has recovered as a result of a continuously growing trend throughout the year and the dollar exchange rate being much more stable.

The increased competition for tall oil has led to a continued increase in purchase prices. At the same time the company experienced an increased demand for resin, tall diesel and turpentine. The combination of rising oil prices, increased purchasing prices and an increased demand of the company's products has contributed to a rising selling price during the year. Several new customers have been added in 2021 which is positive and reduces the company's vulnerability.

Net sales rose by 54 % compared to 2020. The increased volume of production from the new processing line has contributed naturally to the increased revenue together with the increased selling prices. The competition for tall oil has also brought increased costs for raw materials.

Gross profits increased by 106 % compared to 2020. Increased volume of sales and a rising final product price are the biggest contributing factors to the increased gross profits.

During the year the company has continued to work with reducing the fixed costs in relationship to the produced volumes which has given a positive result. The fixed costs in relationship to the produced volume of sales has decreased by 14 % compared to 2020.

The increased gross profits and lower fixed costs in relationship to the produced volumes contributed to the strong result before tax.

Investments for the year were 61 MSEK (226 MSEK). The largest part of the company's accumulated investments derives from the reparations of two cisterns as well as the introduction of a new business system. The yearly result has contributed to the company's liquidity developing positively in 2021. The company has amortised 89 MSEK of the borrowed bank loan of 200 MSEK. Despite the amortisation of the loan, the cash flow for the year was 153 MSEK.

Expected future development

Next year the company is going to continue to focus on implementing the established strategic plan for 2021-2023 with clear prioritisation for future growth. The strategy is going to be permeated of participation from the entire organisation with focus on the completion of concrete activities to achieve the agreed upon goals.

Because of the increased competition on the market for the company's raw materials and a continued lack of supply the company has calculated with increased prices of tall oil in the coming year. Tuning the new processing line and achieving further increases in production through an increased exchange will be an important component in strengthening the operating margin in the future.

Several development projects have been started. The board has, amongst other things, granted funds to an investment project which aims to process turpentine into a product with a higher sales value. Increased production capacity and product development are also key to the company's future returns.

The bank loan which the company took out in 2020 of 200 MSEK amortises as planned and is to be fully repaid by the end of March 2023.

Sustainability information

SunPine is covered by the rules on sustainability reporting as written in the Annual Accounts Act. The sustainability report is found as a separate part of the annual report. The company operates an organisation which is subject to permit according to the Swedish Environmental Code.

Equity

	<i>Share capital, new share issue during reg</i>	<i>Statutory reserve, other funds</i>	<i>Balance Sheet profit</i>	<i>Year's profit</i>
At beginning of year	6 636	10	476 750	17 784
		-10	10	
Transfer of previous year's profit			17 784	-17 784
Earnings for the year				105 915
At the end of the year	6 636	-	494 544	105 915

Conditional reimbursement obligation for shareholders' contributions amounted to SEK 60 993 thousand (60 993 thousand).

Proposed allocation of the company's profit or loss

The Board proposes that the unappropriated earnings of, SEK 600 458 985, be allocated as follows:

	<i>Amounts in KSEK</i>
Share premium reserve	380 809
Retained earnings	113 735
Earnings for the year	105 915
	600 459
As surplus	100 000
Dividend, [66 359 shares * 1 506,9546 SEK]	500 459
Carried forward	500 459
Total	600 459

As regards the company's position and performance otherwise, please refer to the following income statement, balance sheet and accompanying notes.

Income Statement

<i>Amounts in KSEK</i>	<i>Note</i>	<i>2021-01-01- 2021-12-31</i>	<i>2020-01-01- 2020-12-31</i>
Net sales		2 106 205	1 361 209
Other operating income	3	8 889	16 187
		<u>2 115 094</u>	<u>1 377 396</u>
Operating expenses			
Raw materials and consumables		-1 566 248	-1 100 207
Other external costs	4,5	-144 186	-119 890
Employee benefit expenses	6	-66 825	-55 501
Depreciation, amortization and impairment of tangible and intangible assets		-87 355	-54 245
Other operating expenses	7	-11 641	-4 481
Operating profit		<u>238 839</u>	<u>43 072</u>
Profit from financial items			
Interest income and similar profit items	8	25	106
Interest expenses and similar expenses	9	-4 422	-7 008
Profit after financial items		<u>234 442</u>	<u>36 170</u>
Appropriations	10	-100 800	-13 349
Profit before tax		<u>133 642</u>	<u>22 821</u>
Deferred tax	11	-27 727	-5 037
Net profit for the year		<u>105 915</u>	<u>17 784</u>

Balance Sheet

<i>Amounts in KSEK</i>	<i>Note</i>	<i>2021-12-31</i>	<i>2020-12-31</i>
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Other intangible fixed assets	12	4 778	10
		4 778	10
<i>Tangible assets</i>			
Land and buildings	13	89 439	43 881
Plant and machinery	14	476 187	170 870
Equipment, tools, fixtures and fittings	15	36 270	13 436
Construction in progress and advance payments for property, plant and equipment	16	52 201	460 103
		654 097	688 290
<i>Financial assets</i>			
Other long-term receivables		71	1
		71	1
Total fixed assets		658 946	688 301
Current assets			
<i>Inventories etc.</i>			
Raw materials and consumables		273 140	157 179
Finished products and goods for resale		45 207	26 750
		318 347	183 929
<i>Current receivables</i>			
Accounts receivable - trade		279 618	205 629
Current tax assets		-	5 089
Other receivables		1 735	152
Prepaid expenses and accrued income	17	9 425	11 763
		290 778	222 633
Cash and bank balances		178 584	25 491
Total current assets		787 709	432 053
TOTAL ASSETS		1 446 655	1 120 354

Balance Sheet

<i>Amounts in KSEK</i>	<i>Note</i>	<i>2021-12-31</i>	<i>2020-12-31</i>
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital (66 359 shares)	18	6 636	6 636
Reserve for external maintenance		-	10
		6 636	6 646
<i>Non-restricted equity</i>			
Share premium reserve	19	380 809	380 809
Profit or loss brought forward		113 735	95 941
Profit for the year		105 915	17 784
		600 459	494 534
Total equity		607 095	501 180
Untaxed reserves			
Accumulated excess depreciation	20	194 949	138 949
Tax allocation reserves	21	121 700	76 900
		316 649	215 849
Provisions			
Provisions for pensions and similar obligations		70	-
Other provisions	22	22 775	12 500
		22 845	12 500
Non-current liabilities			
long-term liabilities to credit institutions	23	22 222	100 000
		22 222	100 000
Current liabilities			
Bank overdrafts	24	-	8 616
Liabilities to credit institutions		88 889	100 000
Accounts payable - trade		313 586	142 783
Tax liabilities		12 465	-
Other current liabilities		20 181	20 862
Accrued expenses and deferred income	25	42 723	18 564
		477 844	290 825
TOTAL EQUITY AND LIABILITIES		1 446 655	1 120 354

Cash flow statement

<i>Amounts in KSEK</i>	<i>Note</i>	<i>2021-01-01- 2021-12-31</i>	<i>2020-01-01- 2020-12-31</i>
Operating activities			
Profit before financial items		238 839	36 170
Adjustments for non-cash items, etc.	26	101 032	50 722
		<u>339 871</u>	<u>86 892</u>
Interest received		25	106
Interest paid		-3 575	-2 399
Paid income tax		-10 173	-10 126
		<u>326 148</u>	<u>74 473</u>
Cash flow from operating activities before changes in working capital			
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease (+) in inventories		-134 418	28 572
Increase(-)/Decrease (+) in operating receivables		-73 234	-46 005
Increase (+)/Decrease (-) in operating liabilities		194 281	72 646
		<u>312 777</u>	<u>129 686</u>
Cash flow from operating activities			
Investing activities			
Acquisition of tangible assets		-61 262	-225 956
Acquisition of financial assets		-70	
		<u>-61 332</u>	<u>-225 956</u>
Cash flow from investing activities			
Financing activities			
Change in non-current liabilities/bank overdraft facilities		-97 505	108 616
Currency change		-847	-4 609
Shareholder dividends paid			-50 000
		<u>-98 352</u>	<u>54 007</u>
Cash flow from financing activities			
		<u>153 093</u>	<u>-42 263</u>
Cash flow for the year		153 093	-42 263
Cash and cash equivalents at the beginning of the year		25 491	67 754
Cash and cash equivalents at the end of the year		178 584	25 491

Notes

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 etc.

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 expenses in the income statement as they arise.

Amortisation

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

<i>Intangible assets</i>	<i>% per year</i>
<i>Acquired intangible assets</i>	<i>20</i>

Tangible assets

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

Additional expenses

Additional expenses that meet with asset criteria are included in the asset's carrying amount. Expenditures for maintenance and repairs are expensed as they arise.

Depreciation

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 assets acquired and divested during the year.

<i>Tangible assets</i>	<i>% per year</i>
Buildings	4-5
Expenditures made 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 life of which is 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 products that are semi-finished and finished in-house, costs consist of direct manufacturing costs and those indirect costs which 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 the amount 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 in all likelihood will be adopted.

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

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

On 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 the ownership to the buyer,
- The company no longer has such an involvement in the operational management usually associated with ownership and also does not exercise any real control over the sold goods, 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.

Operational leases

Leasing charges in accordance with operational leases, including the marked up initial payment but excluding expenses for services such as insurance and maintenance, are reported on a straight-line basis as a cost over the lease term.

Employee benefits

The description below give an example of the conditions that may exist. The description of accounting principles must be adapted and revised based on applied plans and conditions.

Compensations to employees after terminated employment

Short-term benefits

Short-term benefits in the company consist of salary, 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 only has defined contribution pension 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 is unable to 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 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 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 assets and liabilities

Financial assets and liabilities are reported in compliance with Chapter 11 (Financial instruments valued according to acquisition value) in BFNAR 2012:1.

Financial instruments recognised in the balance sheet include securities, trade and other receivables, current investments, trade payables, borrowings and derivative instruments. The instruments are reported 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 has been transferred, and the company has, in all significant aspects, transferred all risks and benefits associated with ownership.

Financial liabilities are derecognised when the liabilities have been settled or have expired 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 after 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 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 principle at the lower of cost or market value. 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 reported 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 associated conditions.

Government support relating to expected costs is reported as deferred income. The support is recognised 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.

Cash flow statement

The cash flow statement is prepared according to 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

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Other grants received	488	
Exchange rate gains	7 696	14 211
Other	705	1 976
Total	8 889	16 187

Note 4 Remuneration and expense reimbursement for

	auditors 2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<i>EY</i>		
Audit assignment	263	300
Other assignments	-	-
	263	300

Note 5 Operating leases - lessee

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
<i>Future minimum leasing fees for non-cancellable operating leases:</i>		
Within one year	17 560	20 195
Between one and five years	58 906	70 507
Later than five years	29 399	61 024
	105 865	151 726
Expensed leasing fees for the financial year in respect of premises, tanks, containers and cars.	23 122	12 498

Note 6 Employees and employee costs

Average number of employees

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Men	48	48
Women	24	24
Total	72	72

Presentation of gender distribution in company management

	2021-12-31	2020-12-31
<i>Proportion of women</i>		
Board	50 %	25 %
Other senior executives	22 %	33 %

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

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Board and CEO	1 416	1 620
Other employees	43 785	37 002
Total	45 201	38 622
Social security expenses (of which pension costs) 1)	19 726 4 607	16 271 4 246

1) Of the company pension costs, SEK 420 thousand (previous year 419 thousand) relates to the Board and CEO. The company's outstanding pension obligations for these amount to 0 (previous year 0).

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

Note 7 Other operating costs

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Exchange rate losses on operating receivables/liabilities	11 436	4 481
Losses in divestment of machinery and equipment	205	-
Total	11 641	4 481

Note 8 Interest income and similar profit items

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Interest income, other	25	106
Total	25	106

Note 9 Interest expenses and similar profit items

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Interest expenses, other	2 826	1 091
Credit expenses, other	749	1 307
Exchange rate difference	847	4 610
Total	4 422	7 008

Note 10 Appropriations

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Difference between depreciation for tax and reporting purposes:		
- Plant and machinery	56 000	5 549
Tax allocation reserve, this year's allocation	44 800	7 800
Total	100 800	13 349

Note 11 Tax on current year earnings

	2021-01-01- 2021-12-31	2020-01-01- 2020-12-31
Current tax expense	27 727	5 037
Tax on current year earnings	27 727	5 037

Reconciliation of effective tax

		2021-01-01- 2021-12-31		2020-01-01- 2020-12-31
	Percent	Amounts	Percent	Amounts
Profit before tax		133 642		22 821
Tax as per applicable tax rate	20,6	-27 530	21,4	
Non-deductible expenses	0,05		0,4	
Adjustment of taxable depreciation	-			
Flat rate interest on tax allocation reserve	0,05	-197	0,3	-5 037
Reported effective tax	20,7	-27 727	22,1	-5 037

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

	2021-12-31	2020-12-31
<i>Accumulated costs</i>		
- At beginning of year		337
-Acquisitions for the year	17	-
- Reclassifications	5 981	-
At year-end	<u>5 998</u>	<u>337</u>
<i>Accumulated depreciation</i>		
- At beginning of year		-286
-Depreciation for the year	-1 220	-41
At year-end	<u>-1 220</u>	<u>-327</u>
Carrying amount at year-end	4 778	10

Note 13 Buildings and land

	2021-12-31	2020-12-31
<i>Accumulated costs</i>		
- At beginning of year	62 474	53 542
- New acquisitions	1 700	4 036
- Reclassifications	49 358	4 897
At year-end	<u>113 532</u>	<u>62 475</u>
<i>Accumulated depreciation</i>		
- At beginning of year	-18 594	-16 012
-Depreciation for the year	-5 499	-2 582
At year-end	<u>-24 093</u>	<u>-18 594</u>
Carrying amount at year-end	89 439	43 881
Of which land		
Accumulated costs	3 343	2 401
Carrying amount at year-end	<u>3 343</u>	<u>2 401</u>

Note 14 Plant and machinery

	2021-12-31	2020-12-31
<i>Accumulated costs</i>		
- At beginning of year	531 579	521 388
- New acquisitions		2 260
- Divestments and disposals	-637	-
- Reclassifications	381 430	8 706
At year-end	<u>912 372</u>	<u>532 354</u>
<i>Accumulated depreciation</i>		
- At beginning of year	-360 709	-316 005
-Reversed depreciation on divestmensts and disposals	432	-
-Depreciation for the year	-75 908	-45 479
At year-end	<u>-436 185</u>	<u>-361 484</u>
Carrying amount at year-end	476 187	170 870

Note 15 Equipment, tools, fixtures and fittings

	2021-12-31	2020-12-31
<i>Accumulated costs</i>		
- At beginning of year	80 940	76 916
- New acquisitions	1 803	1 981
- Divestments and disposals	-	
- Reclassifications	2 573	2 043
	<u>24 237</u>	<u>-</u>
	109 553	80 940
<i>Accumulated depreciation</i>		
- At beginning of year	-67 504	-61 715
-Reversed depreciation on divestments and disposals	-	
	50	-
-Depreciation for the year	<u>-5 829</u>	<u>-5 789</u>
	-73 283	-67 504
Carrying amount at year-end	36 270	13 436

Note 16 Construction in progress and advance payments for tangible assets

	2021-12-31	2020-12-31
At beginning of year	460 103	258 417
Reclassifications	-443 786	-18 512
Reclassifications to expenses	-3 128	-174
Investments	<u>39 012</u>	
Carrying amount at year-end	52 201	460 103

Note 17 Prepayments and accrued income

	2021-12-31	2020-12-31
Prepaid rents	4 580	3 659
Accrued transport subsidies	2 174	1 112
Accrued income	551	4 244
Prepaid expenses	1 429	1 137
Other items	<u>691</u>	<u>1 611</u>
	9 425	11 763

Note 18 Number of shares and quota value

The share capital consists of 66 359 class A shares and 0 class B shares (previous year 66 359 class A shares and 0 class B shares). Quota value 100 SEK.

Note 19 Allocation of company profit or loss

Proposed allocation of company profit or loss

The Board proposes that non-restricted equity of, SEK 494 534 057, be appropriated as follows:

	2021-12-31
Dividend	100 000
Carried forward	<u>500 459</u>
	600 459

Note 20 Accumulated excess depreciation

	2021-12-31	2020-12-31
Machinery and equipment	194 949	138 949
	194 949	138 949

Note 21 Tax allocation reserve

	2021-12-31	2020-12-31
Tax allocation reserve, allocation for tax year 2018	43 500	43 500
Tax allocation reserve, allocation for tax year 2019	25 600	25 600
Tax allocation reserve, allocation for tax year 2020		
Tax allocation reserve, allocation for tax year 2021-no2	52 600	7 800
	121 700	76 900

Of the taxed allocation reserves 20,6 % (21,4 %) is deferred tax.

Note 22 Other provisions

	2021-12-31	2020-12-31
Future costs for emptying the sediment	22 775	12 500
Total	22 775	12 500
Carrying amount at year-start	12 500	22 922
Provisions made during the year *	13 733	7 500
Amount claimed during the year	-3 458	-17 922
Carrying amount at year-end	22 775	12 500
* (incl. increases of existing provisions)		

The provision refers to future costs for emptying and destruction of the sediment that has formed in the tanks used by the company.

Note 23 Long-term liabilities

	2021-12-31	2020-12-31
Liabilities that fall due more than one year after the balance-sheet day	88 888	
Other liabilities to financial institutions	22 222	100 000
Liabilities that fall due more than five years after the balance-sheet day		
Other liabilities to financial institutions	-	-

Note 24 Bank overdraft facilities

	2021-12-31	2020-12-31
Granted credit limit	200 000	200 000
Unutilised portion	-200 000	-191 384
Utilised credit amount	-	8 616

Note 25 Accruals and prepaid income

	2021-12-31	2020-12-31
Staff related costs	10 172	9 937
Accrued cost of raw material purchases	30 841	6 360
Other accrued expenses	1 701	1 322
Other	9	945
	42 723	18 564

Note 26 Other disclosures to the cash flow analysis

	2021-12-31	2020-12-31
Adjustments for non-cash items, etc.		
Depreciation	87 355	54 245
Outcome from divestment of fixed assets	204	-
	3 128	-
Other provisions.	10 345	-10 424
	<u>101 032</u>	<u>43 821</u>

Note 27 Key ratio definitions

Operating margin:

Operating profit / Net sales

Return on capital employed:

(Operating profit + financial income / capital employed

Capital employed:

Total assets - non-interest-bearing liabilities

Non-interest-bearing liabilities:

Liabilities that are not interest-bearing. Pension liabilities are not considered to be interest-bearing.

Equity/assets ratio:

Total equity / Total assets

Note 28 Pledged assets and contingent liabilities

Pledged assets

	2021-12-31	2020-12-31
<i>Pledged assets for own liabilities and provisions</i>		
Floating charges	150 000	150 000
Total	<u>150 000</u>	<u>150 000</u>

Contingent liabilities

Contingent liabilities

Other guarantees, Länsstyrelsen

None

8 600

None

8 600

Signatures

Piteå 2021-04-20



Malin Hallin
Chairman of the Board



David Öquist
CEO



Mikio Katayama



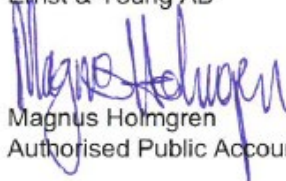
Catrin Gustavsson



Anders Jakobsson

My audit report was submitted on 2021-06-03

Ernst & Young AB



Magnus Holmgren
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 2021-01-01--2021-12-31. The annual accounts of the company are included on pages 1-18 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 the SunPine AB as of 31 December 2021 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 the 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.

Other Information than the annual accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the sustainability report in part two of this document at pages 23-35

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 consider 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 intend 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 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 based on these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We are also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

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 2021-01-01--2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated 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 the 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Auditors' opinion on the statutory sustainability report

It is the Board of Directors that is responsible for the sustainability report, which can be found in part 2 on pages 21-33 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

Our review has been conducted in accordance with FAR's recommendation RevR 12 *Auditors opinion on the statutory sustainability report*. This means that our review of the sustainability report has a different scope compared to the focus and scope of an audit according to International Standards on Auditing and good audit practice in Sweden. We believe that this review provides us with sufficient basis for our statement.

A sustainability report has been drawn up.

Piteå 3/6 2022

Ernst & Young AB

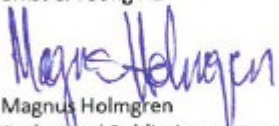

Magnus Holmgren
Authorized Public Accountant



Table of Contents

→ Sustainable operational development	23-25
→ Products with a climate benefit	25-26
→ Resource-efficient processes	27
→ Responsible supplier collaborations	28-29
→ SunPine stands for: Diversity and Equal Treatment	29-30
→ Work environment, health, and safety	31-32
→ Emissions from production	32-34
→ Efficient transport	35

SunPine Sustainability Report 2021

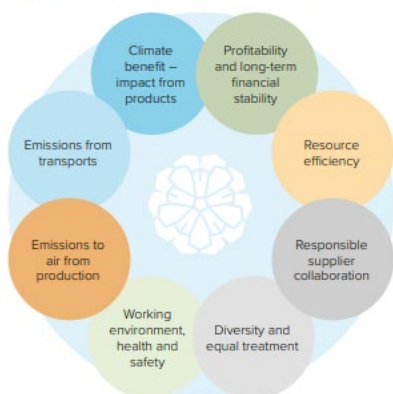
Sustainable operational development

Since the business was started, SunPine has been developing with a focus on sustainability that forms the basis of the company's business concept. The company is contributing to the green transformation of society by manufacturing products that make use of residues from the pulp industry. Sustainability, Engagement and Respect are values that permeate the company's work.

Stakeholder engagement and materiality assessment

At the end of 2017, SunPine initiated stakeholder engagement and materiality assessment as one aspect of the development of its sustainability efforts and to use as a basis for the company's sustainability report. The intention was to identify the issues that are most material to our effort to become more sustainable. Customers, owners, suppliers, residents in the nearby area, transport operators, trade associations and non-profit non-governmental organisations participated in the stakeholder engagement process. The participants were able to prioritise and discuss which sustainability issues they considered most essential to SunPine. The discussion was supplemented by some of SunPine's employees and members of the management team carrying out the same exercise. The results from the stakeholder engagement were discussed and given more nuance in a workshop involving key individuals from the company and resulted in a number of essential sustainability issues. These issues form the basis of the content in this sustainability report.

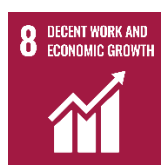
SUNPINE'S MATERIAL SUSTAINABILITY ISSUES



The company's ambition is to always be open with relevant information of interest. The development of the sustainability report is a further step in SunPine's process of increasing transparency in respect of the company's operations.

SunPine and the global Sustainable Development Goals

In 2015, world leaders adopted 17 Sustainable Development Goals (SDG). The overall aim of the goals is to end extreme poverty, reduce inequality and injustice in the world, promote peace and justice and to solve the climate crisis by 2030. SunPine is contributing through its work primarily to goals 3, 5, 7, 8, 9, 10, 11, 12, 13 and 15. Identifying the connection between its business and the SDGs makes it clear that what SunPine is doing at a local level is important in a global context.



Certified quality management system

SunPine has been certified in accordance with ISO 9001:2015 since January 2019 with a renewal during 2021. The certification is a mark of quality that demonstrates SunPine has a systematic working method with the customer that focuses on constant improvement. The focus of SunPine's quality policy, which forms the basis of the company's quality management efforts, is on high-quality products, satisfied customers, continual improvements to the business, sound leadership and good relationships with suppliers. The quality management system includes key performance indicators (KPIs) for all the company's processes and these are followed up on a monthly basis. The KPIs include zero tolerance of accidents involving people and the environment, customer satisfaction targets and targets for stable and profitable production. SunPine is constantly working on improvements to its quality management efforts. One effective tool is the internal audits that are conducted regularly. The company's achievements over the course of the year include a new business plan with specific focus areas and targets. Prioritized targets have been followed up individually within the company's various departments in order to further improve process governance.

SunPine labelled 'Kranmärkt'

In 2020 SunPine was labelled 'Kranmärkt' in accordance with the national sustainability label Kranmärkt. This sustainability label is for businesses that choose tap water instead of bottled water. Bottled water requires manufacturing, heavy transport and it causes unnecessary emissions and waste. SunPine's management decided that Kranmärkt was entirely consistent with the company's sustainability efforts.

SunPine Sustainability Prize

In 2018 SunPine instituted a sustainability prize that is awarded at the Piteå Business Awards in Piteå. Through the Sustainability Prize, SunPine acknowledges local companies that are contributing to sustainable development and encourages other companies to develop their sustainability efforts.

Due to the pandemic, the announcement of the 2021 Sustainability Prize is postponed and will be declared during the spring in 2022.

SunPine's strategy and overall targets

SunPine's business idea is based on to make it simple for our customers to produce sustainable products from the pulp industry residues which they can be proud of. With that in mind SunPine defined a new strategy in 2021 with prioritized activities to reach our overall targets.

One of the goals concerning the long-term plans was to complete 50 activities per year connected to the strategic plan. The implementation of the new strategy was finalised in autumn 2021 which meant the business did not have so many months to execute the activities during the year and therefore the goal was not achieved in 2021. The number of activities per month after the implementation was however higher than the target pace so no specific measures were put in place.

SunPine's overall activity plan extends to year 2023. Five focus areas have been identified and specific follow up targets and KPI's are being monitored based on SunPine's strategy. Some of these are shown in Table 1.

Figure 1: SunPine’s overall activity plan

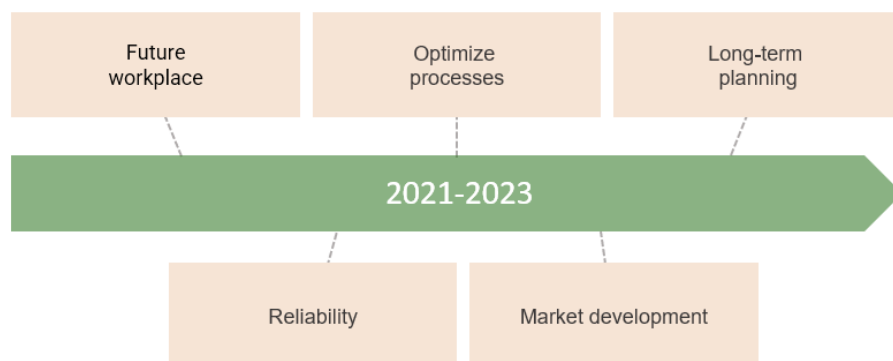


Table 1: SunPine’s overall targets with examples of specific targets and the outcome for 2021.

Essential sustainability issues	Focus areas	Overall targets and KPI’s 2021	Outcome
Work environment, health, and safety	Future workplace	The quota between observations / incidents / accidents shall be more than 6.	✓
Diversity and equal treatment	Future workplace	The result from our employee survey shall be among top 25%	✓
Profitability and long-term financial stability	Long-term planning	1. Secure the supply until 2023 of 300 000 tons CTO. Target 2021: 250 000 ton. 2. 50 completed activities/year connected to SunPine’s strategy	✓ ✓(1)
	Market development	1. Increased selling rosin and crude tall diesel 2. At least two identified investments which significantly reinforce our business plan	✓ ✓
Resource efficiency	Reliability	1. Availability diesel production > 98,5% 2. At least 65% preventative maintenance 3. Utilising >90% bio-oil for energy for the process	✓(2) ✓ ✓
	Optimize processes	1. Production with a total yield more than 68% 2. Go below our budgeted expenses	✓(2) ✓

(1) Comments in chapter "SunPine’s strategy and overall targets", (2) comments in chapter "Preventative maintenance"

Products with a climate benefit

Climate benefit is the core of SunPine’s business concept. By refining waste products from the pulp industry, SunPine is making efficient use of resources. With the product from SunPine, renewable diesel is produced that replaces fossil-based diesel and thus contributes to a positive impact on the climate through reduced carbon dioxide emissions from the transport sector.

Energy and resource-efficient cycles

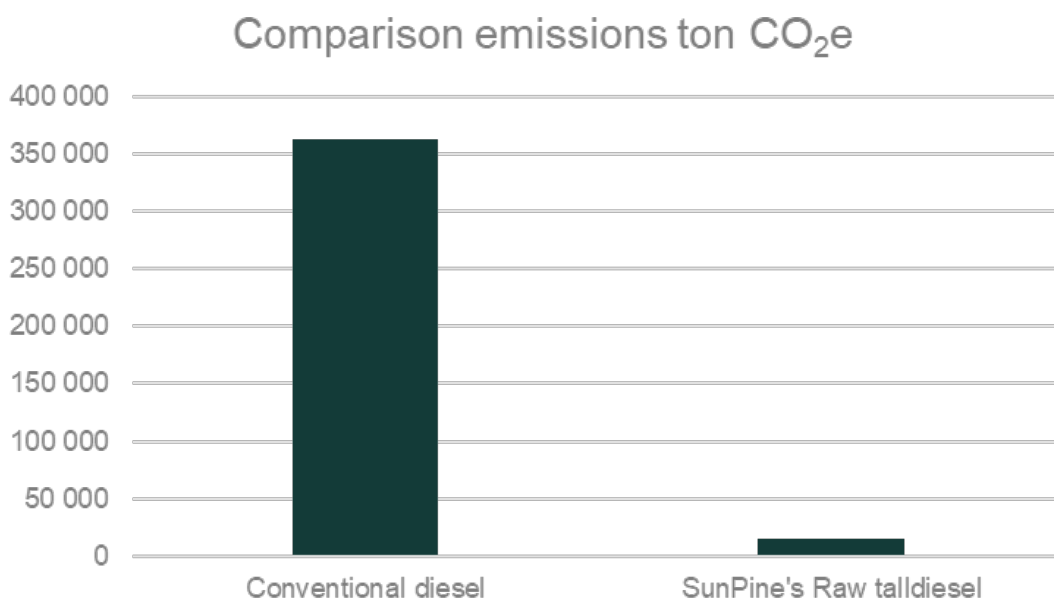
SunPine is a world leader in the production chain of second-generation fuels from renewable sources. This is possible thanks to the use of the waste product crude tall oil from sulphate pulp mills, where the forest is the original raw material. Using the crude tall oil, SunPine produces the main product crude tall diesel in an energy and resource-efficient way but also manufactures resin, turpentine and bio-oil. SunPine’s manufacturing process is unique in terms of the combination of the raw material used, the products that are being extracted and the low energy requirements of the industrial facility.

Contribution to reduced carbon dioxide emissions

SunPine’s products contribute to reducing Sweden’s carbon dioxide emissions. The production chain of the raw material crude tall oil contains no emissions that affect the climate because it is by definition (Chapter 1, Section 2 of SFS 2010:598) a waste product that is generated at sulphate pulp mills. The climate impact of SunPine’s crude tall diesel comes from transporting the raw material to SunPine’s production facility and from SunPine’s manufacturing process. The emissions in the process are primarily from the low volume of fossil heating oil that has not yet been possible to replace with bio-oil.

In 2021 SunPine produced approximately 143 million litres of crude tall diesel (108 million litres in 2020) which Preem has subsequently used in their diesel. SunPine’s crude tall diesel has thus contributed to a reduction in fossil carbon dioxide emissions of approximately -350 000 tons of CO₂e compared to a situation in which Preem’s customers had only used fossil-based diesel for their transport needs. **That is equivalent to the annual emissions from about 197 000 diesel cars.**

Table 2: *The comparison of emissions below is between 143 million litres* conventional diesel and SunPine’s crude tall diesel (*SunPine’s annual production in 2021)*



Sustainable raw material

The bulk of the raw material crude tall oil comes from Nordic sulphate pulp mills. SunPine requires the crude tall oil to originate from sustainable and responsible forestry in accordance with the Swedish Energy Agency’s sustainability certification requirements. In addition, there are requirements on physical traceability of the crude tall oil, which means that all those involved in the entire production chain have a responsibility to meet the sustainability criteria and to pass on information to the next party in the production chain about how this is done.

Resource-efficient processes

SunPine works systematically and continuously to ensure the production process is as energy and resource efficient as possible. Proactive maintenance and efficiency measures are central to this ambition.

Preventative maintenance

A production stoppage not only entails a risk of delivery delays and loss of revenue, but also increased energy use, increased use of water and additional waste caused by, for example, changes in materials. The risk of an unplanned stop in production is reduced through preventative maintenance, which contributes to more efficient production with high availability. Availability is a measure of efficiency and the goal for 2021 was to end up at 98,5% per processing line, which SunPine nearly achieved (it was also achieved in 2020). The availability for process line 1 was 98,5% and process line 2 96,4%. This is excluding the planned stoppages that took place during the year.

The reason that the goals for availability and yield in production were not entirely met during the year was a result of disturbances connected to the burner in the new production line. The disturbances also caused an unplanned stop in production which lasted 11 days towards the end of 2021. The measures for correcting this have been implemented at the end of 2021 and continue in to 2022.

At the end of 2018, SunPine invested in an IT system to optimise its operations. The system contributes to more systematically organised maintenance, where the development of important key performance indicators can be monitored with even greater precision. The target for 2021 was reached, that a minimum of 65% of the performed work orders should be preventative maintenance.

Minimising waste

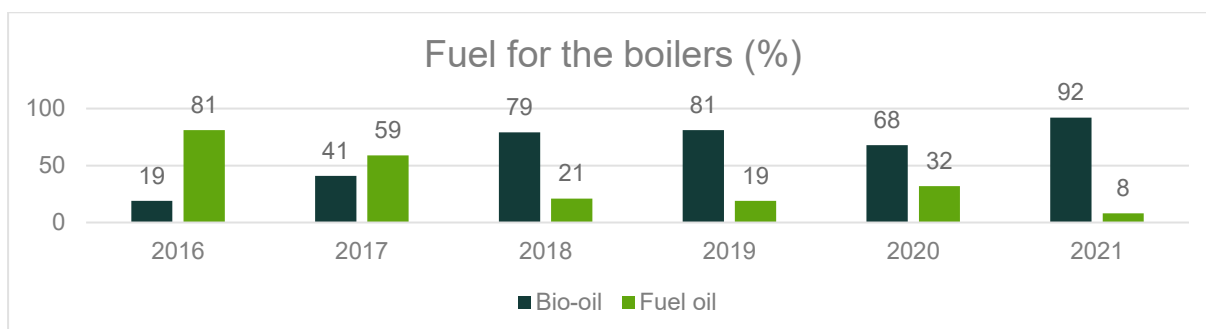
Reducing the volume of waste in the production process is a priority for SunPine. Production waste arises, for example, in connection with investment projects and maintenance work and can include sheet metal, scrap steel, wood and hazardous waste. One category of production waste that SunPine is working to reduce is the water mixture that originates from the pre-treatment of the crude tall oil. Instead of sending this water to a disposal site, another company extracts minerals and other substances from the water to use in its own industrial process.

Self-sufficient in biofuels

Since the upgrade in 2015, SunPine has successively been able to increase the use of bio-oil produced in-house in the production process. This is being done by installing new equipment that enables reliable burning of bio-oil. In 2021 in-house bio-oil accounted for 92 per cent of the energy required by the manufacturing process, which is a remarkable increase from the previous year (see Table 3). Our target is to only use our in-house produced bio-oil at the latest by the end of 2023. To reach that target an investment project was started during 2021.

All our premises are heated using residual thermal energy from the production process. The surplus is sold as district heating to PiteEnergi.

Table 3: Percentage distribution use of bio-oil and heating oil in the boilers per year.



Responsible supplier collaborations

SunPine works for long-term relationships with its suppliers and shared development in a sustainable direction. It is an important part of achieving the vision of a green transformation based on products from sustainable forestry.

Sustainability requirements

Approximately 90 percent of the value of all purchases relate to raw materials and transport. SunPine endeavours to continuously develop long-term and sustainable relationships with its suppliers. In addition to raw material and transport suppliers, SunPine hires contractors that carry out construction and maintenance work at the production facility and contractors who work on investments in the new facility. Contractors are also encompassed by SunPine’s code of conduct and the company’s regulatory framework regarding work environment, health, and safety.

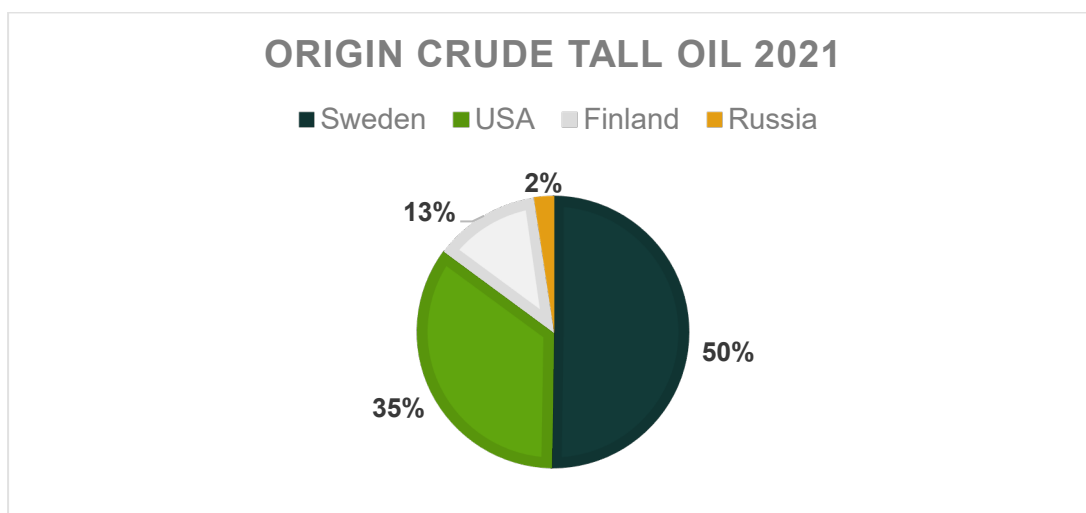
Supplier follow-ups

SunPine has annual reviews with several significant suppliers that include compliance monitoring. When purchasing transport for example, SunPine engages in a dialogue with hauliers regarding efforts to reduce the environmental impact of transport. The dialogue also focuses on issues relating to drivers’ work environment and working conditions so that the number of working hours and statutory rest periods are ensured.

Traceable raw material

The origin of the raw material is an important parameter both for SunPine and the company’s stakeholders. That is why SunPine requires that suppliers can account for the origin of the crude tall oil and that it meets the sustainability criteria. The majority of the raw material crude tall oil comes from Scandinavian sulphate pulp mills. Imports of raw material are primarily from the USA. The bioliquids and biofuels and that are handled by SunPine meet the criteria as set out in the Act (2010:598) concerning sustainability criteria for biofuels and bioliquids.

Figure 2: Countries of origin purchased crude tall oil 2021.



International Sustainability & Carbon Certification (ISCC) is an international certification standard for ensuring both that a raw material does not risk contributing to deforestation and that there is full traceability in the supply chains. The ISCC EU standard is internationally recognised and is often a requirement from customers that purchase biofuels. Both the Sustainability Act and ISCC EU require the greenhouse gas emissions from the manufacturing and supplier stages to be calculated to prove that these are fewer than those of the fossil equivalent. At the end of October of 2021 SunPine received an ISCC EU certificate as a proof that the company meets the certification requirements.

Procedures for preventing undue influence

All purchases SunPine makes are handled by the company's purchasing function. SunPine's purchasing procedures for approval of suppliers and contracting reduce the risk of undue influence in supplier partnerships. SunPine adheres to the Swedish Anti-Corruption Institute's Code to prevent Corruption in Business. This is adopted in SunPine's new code of conduct for employees which also specifies that all benefits that influence behaviour, i.e., benefits that risk affecting the recipient's decisions or the way they carry out their work, are prohibited.

In 2020 SunPine developed a new code of conduct for suppliers. The code of conduct is based on established international conventions and legislation and describes requirements and expectations on suppliers' sustainability efforts linked to social conditions, environment, climate, and anti-corruption. By collaborating with suppliers that share SunPine's view of sustainability, respect for human rights and are committed and cooperative, both parties can contribute to positive changes and to meeting the Sustainable Development Goals. The code of conduct is appended to all new agreements and suppliers must certify their compliance with SunPine's requirements.

SunPine also has a completely digitised system for invoices, with invoice review and attestation in two different stages for each invoice. No cases of corruption have occurred in 2021.

SunPine stands for: Diversity and Equal Treatment

SunPine shall be a good employer and offer a workplace that is safe, developing and stimulating for all employees. It is important that all employees understand their role and the importance of their own work in relation to the company's overall targets and vision. Over the course of the year, SunPine has clarified its vision and business concept, at the same time as its business culture is being developed. All SunPine employees shall feel safe, respected, committed and proud. Diversity and equal treatment are self-evident if we are to retain and attract qualified and committed employees.

Shared values and clear procedures

Employees have a central role in SunPine's effort to achieve its vision as a company. At SunPine, all employees should be able to feel safe, respected, committed, and proud. Opportunities, rights, and responsibilities shall be the same for all employees and the composition of the staff shall mirror the structure of society. Over the course of the year, SunPine has therefore continued to reinforce the company's values: Sustainability, Commitment and Respect. What these words mean is, for example, that we respect each other's differences and we spread information to everyone concerned.

Code of conduct

SunPine's new code of conduct is based on SunPine's values and it shall permeate the company and simultaneously help employees to act with a common approach every day. The code of conduct also clarifies SunPine's effort to combat all forms of harassment and bullying. Discrimination undermines solidarity and commitment, which are keys to health, safety, job satisfaction and productivity. A clear procedure for tackling discrimination, victimisation and harassment is used and it encompasses all employees and temporary employees at the company.

The values entail:

- **Respect** for each other at work and professionalism is the key to a good work environment.
- **Committed** employees makes SunPine a successful company.
- **Sustainability** means that SunPine creates a good work environment, takes our environmental impact into account, and strives towards sound finances, which enables long-term operations.

Care for the environment in day-to-day work

Because SunPine’s business concept involves making use of forest resources with the minimum possible environmental impact, SunPine cares about sustainability in day-to-day work. Among other things, this means that SunPine

- runs a business where injuries and problems for the environment and human health are prevented.
- prioritises environmental considerations ahead of production when there are disruptions to the process.
- combines profitable production with efficient use of resources and environmental considerations when developing products and making investments.

Proud and motivated employees and continual improvement

SunPine’s strength is based on combined expertise, the ability to cooperate and the strong corporate culture our employees build together. Through a continual improvement process that is governed by targets, SunPine develops its business to ensure its competitiveness and secure the future.

The result from SunPine’s annual employee survey is used as a support in some of the work with continual improvement. During the year all departments at SunPine have continuously had workshops, in which work with strategies and activities for improvement were identified during the employee survey. The result from the survey shows that we are above the average in, for example, the question regarding proud and motivated employees. Opportunities for improvement were identified regarding workload, cooperation between departments and follow-ups.

Table 4: Selection of questions employee survey 2021

Question	% with a positive answer	Comparison Global benchmark
How likely is it that you would recommend SunPine as an employer to a friend or acquainted? (eNPS)	52%	41%
Are you motivated in your work?	90%	83%
Are you proud of working at SunPine?	93%	82%
Do you think your job is fun?	88%	80%
Do you get support during high workload?	64%	65%

Work with equality and diversity

SunPine works consciously with equality and diversity with the goal of achieving a more equal gender distribution and a desire for the staff composition to reflect the structure of society. SunPine continues to work within all departments in accordance with a clear equality plan that is followed up continuously. SunPine carries out analyses of gender distribution and age categories and has recruitment groups that consist of both women and men who actively search for candidates from the under-represented gender.

Table 5: Gender and age distribution 01/12/2021

	Women	Men	<30 years	30-50 years	>50 years	Total
Board member	3	5	0	4	4	8
Management	1	7	0	7	1	8
Administration (finance, supply chain, HSSE)	9	5	2	11	1	14
Maintenance and electricity	0	17	2	13	2	17
Production	13	16	7	19	3	29
Development	3	2	1	3	1	5
Total	29	52	12	57	12	81
Percentage breakdown, total	36%	64%	15%	70%	15%	

In 2021 the proportion of women increased from 34 to 36 percent, which is an improvement in the gender distribution. In 2021 the proportion of employees under the age of 30 increased from 4% to 15% and the proportion of employees in the segment 30–50 years decreased from 73 to 70 per cent. In 2021 the proportion of employees above the age of 50 decreased from 23 to 15 per cent, which was an improvement. SunPine’s target is to achieve a more even gender and age distribution within all departments.

Work environment, health, and safety

Within SunPine, the preventative safety work that is carried out in close dialogue with employees and contractors is central. The workplace shall be safe and secure, and each employee is responsible for their own safety and that of others.

Commitment for a safe workplace

SunPine endeavours to avoid accidents affecting people and the environment in its operations. Safety is the result of everyone’s commitment and contribution to a healthy and safe work environment. The preventative work environment effort is a strategically important issue for SunPine. The work is carried out as a close collaboration between management, employees, occupational safety, and occupational health services. Each employee is expected to be vigilant to potential risks to health, safety, and well-being in their own workplace and, for those identified, to provide suggestions about how they can be remedied.

Contractors who come to the workplace are also informed about their importance to the work environment so that they can contribute to a good work environment. Dialogues have been conducted regularly with contractors regarding risks, safety equipment and safety culture.

The most evident risks in SunPine’s production process involves leakage of, for example, hot liquids/chemicals, fire incidents or explosions. To minimise the risks of accidents and ill health, the preventative work includes strict procedures, training, risk assessments and inspections. All observations, incidents and accidents are registered by employees and contractors in a deviation management system. All deviations are analysed to determine the cause. It is desirable to increase the number of observations to identify risks that are present at an early stage. The number of observations increased from 157 in 2020 to 186 in 2021. This shows that one of SunPine’s focus areas, finding more observations during the year, was successful.

Table 6: Observations, incidents and accidents during 2021.

	2017	2018	2019	2020	2021
Observations	98	122	95	157	186
Incidents	74	64	43	29	26
Accidents with absence	8	5	12	4	0
Accidents without absence	0	3	0	2	3

SunPine is actively working to improve its environmental and work environment efforts. Work to achieve an even safer work environment with aid of the 5S method resumed in 2021. The goal is to ensure a high level of safety, quality, and productivity in the organisation. The 5S method is seen as an important aid to achieving the goal of well-functioning and systematic work environment at SunPine.

Future workplace

Through development and new understanding conditions are made to create the workplace of the future. One of SunPine’s goals is to be an attractive employer by offering a workplace which facilitates the balance between work and private life. Security and well-being are highly prioritized and is seen throughout the company.

During 2021 funds and resources were assigned to create well-being and wellness groups lead by employees. Despite the pandemic with its limitations of social activities, some popular outdoor activities were arranged for the employees of SunPine. A project group for setting up the framework on how SunPine will become the workplace of the future was developed during the year.

Developmental employee dialogue and health

A proactive employee dialogue is being prioritised to maintain employees' commitment to and participation in SunPine's future development. Individual action plans are drafted and followed up in regular performance appraisals. The design of the strategy for the handling of SunPine's overall skills requirements is also matched against each employee's individual in-service training.

In addition to statutory health monitoring, SunPine offers all employees a health check-up every second year. To detect any potential risks to employees' well-being, a supplementary survey regarding health, lifestyle and life situation was also performed. Any rehabilitation interventions are arranged for employees who need additional support.

Just like last year, 2021 was characterized by challenges caused by the pandemic. A big part of SunPine's employees have been working from home to minimize the spread of the corona virus. The employees who did not have the opportunity to work from home were offered corona vaccine on behalf of the company.

All employees are also offered the opportunity to workout at several exercise facilities in Piteå which was, due to the pandemic, utilised by fewer employees over the course of the year compared to 2020.

Recruitment of qualified staff and in-service training

SunPine's managers and leaders continue to play an important role in the work with values and the implementation of the common code of conduct to all co-workers.

SunPine's ambition is to have a low staff turnover in the existing working group, while, at the same time, the company wants to attract new qualified staff. The continuous work to recruit qualified staff was successful in 2021, for example within the project and purchasing departments.

Emissions from production

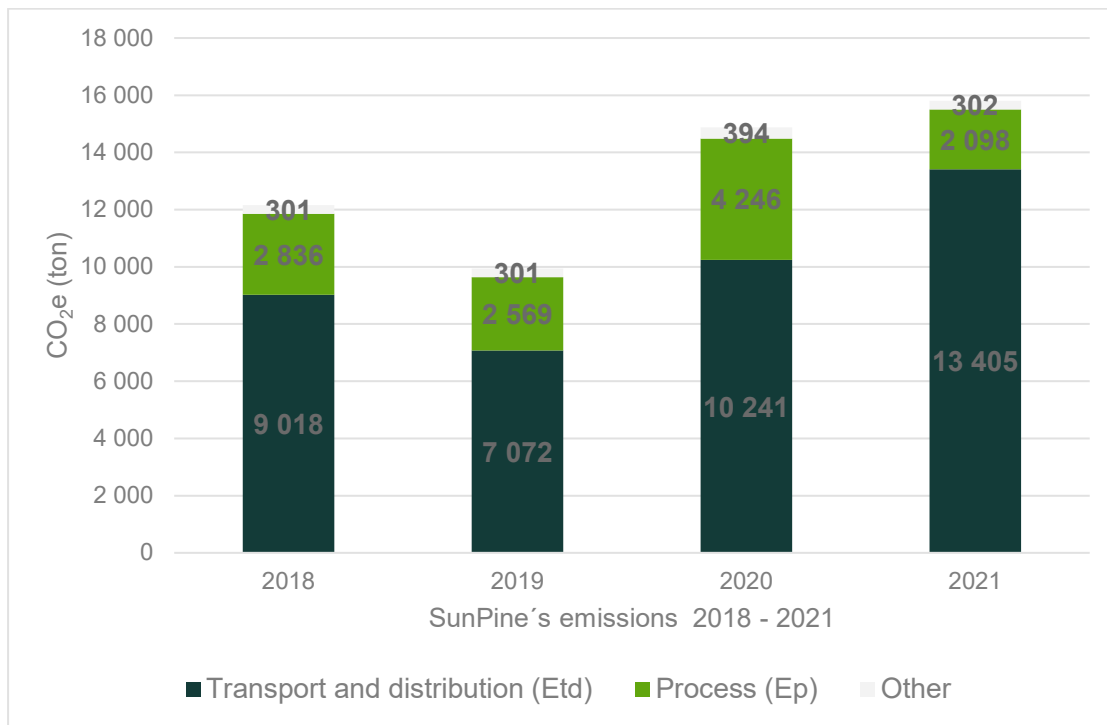
The largest part of climate impact from SunPine's operations comes from transporting the raw material to SunPine's production facility and from SunPine's manufacturing process. SunPine reports other emissions from production in an annual environmental report in accordance with the environmental authorisation that was renewed in 2019. SunPine's emission values fall below the permitted annual level with a good margin.

Climate emissions

SunPine's climate emissions amount to 15 805 tons of CO₂E for 2021. The emissions from the process have decreased significantly compared to 2018 as a result of the optimizations and adjustments made in the boilers to enable the combustion of our own biofuel.

Due to the increased production and the purchase of raw material the total transport emissions have also increased during the last year.

Table 7: SunPine’s climate emissions from base year 2018 to 2021.

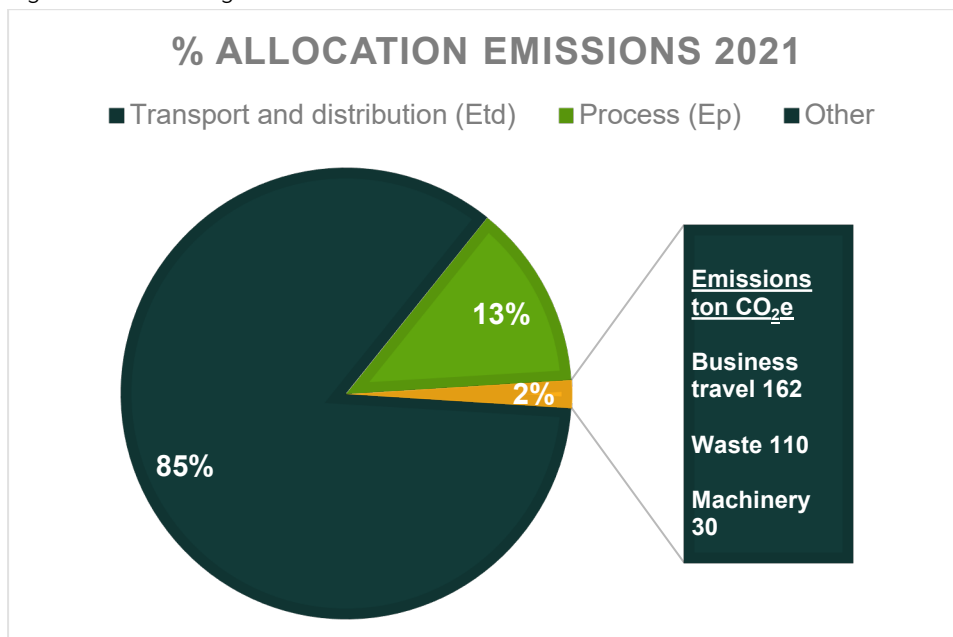


85 % (13 405 tons of CO₂E) of these are represented by the transport of SunPine’s raw material crude tall oil by ship and lorry to SunPine.

13 % of the emissions come from SunPine’s process, which includes the fuel and energy use in production. Support functions in the business such as business travel, daily commuting, waste, and machinery account for the remaining 2 %.

In 2021 the climate emissions from business trips decreased because of the coronavirus pandemic when the number of journeys fell during the year.

Figure 3: Percentage allocation emissions 2021



Emissions of small levels of nitrogen oxides and sulphur gases

SunPine's operations are subject to permit under the Swedish Environmental Code. In 2019 the company obtained a new permit for its existing and expanded operations. The environmental permit includes the operation of a biodiesel facility with an annual production of up to 550,000 tons of chemical products in the form of crude tall oil, bio-oil, resin acid, turpentine, and other similar products. SunPine's production causes emission into the air of very small amounts of carbon dioxide (CO₂), sulphur dioxide (SO₂), nitrogen oxides (NO_x) and dust/particles.

The emissions of nitrogen oxides from processing line 1 amounted to 11,7 tons in 2021, which is lower than the permitted annual level of 26 tons.

The emissions of nitrogen oxides from processing line 2 amounted to 6,4 tons in 2021, which is lower than the allotted annual level of 17 tons.

SunPine's raw material crude tall oil contains sulphur that originates in the manufacturing process at the sulphate pulp mills. The sulphur is released when heated. The sulphur dioxide that arises has a strong smell but is not hazardous in small amounts. A large proportion of all sulphur and most particles from the boiler are captured in connection with the incineration smoke being washed off before being released through the facility's chimney. In 2021 0.5 tons of sulphur were released into the air from processing line 1, which was far below the permitted annual level of 20 tons. 0,02 tons of sulphur were released from processing line 2 with the same permitted annual level.

The emission of small amounts of sulphur dioxide is not hazardous to health but does cause an odour that is disturbing to both employees and residents in the nearby area. Sources of leaks may be difficult to identify as even small volumes cause a strong smell.

Over the course of the year, SunPine has continued to removing sources of odour, for example by creating a more efficient system for loading and unloading. SunPine's goal is for no odour to be detected from production. SunPine maintains a close dialogue with neighbours who live nearby and we are working continuously to identify and rectify any sources of odour leakage.

Efficient transport

SunPine is continuously striving to reduce its environmental impact. An important part of this work involves maximising the proportion of return shipments and increasing the volumes per vehicle load and collaborating with contracted hauliers to increase the proportion of vehicles that run on biofuel.

Efficient logistics

Crude tall oil is transported both by sea and road from Swedish sulphate pulp mills throughout the country. Some raw material is bought from the USA and transported by sea to Piteå harbour. As SunPine has increased production in conjunction with the commissioning of the new production facility in 2021, the purchase of raw material has also increased. With the aim of reducing the negative environmental impact of transport, SunPine is striving to transport as much crude tall oil as possible by sea instead of increasing road freight transport.

The final product crude tall diesel is shipped by sea from Piteå to Preem's refinery in Gothenburg. Resin is transported to customers in liquid form in heated containers on ships. As the resin is not cooled in accordance with the conventional process, the energy that would otherwise have been needed to heat it up again at the receiving end is saved. In 2021 SunPine has continued to optimise the consignments sent by sea and organise joint consignments with other parties. For example, SunPine's resin is transported together with other paper products from Piteå's paper mills. SunPine has storage tanks in Norrköping and this is where all crude tall oil from the southern parts of Sweden is collected before being shipped to Piteå. After unloading in Piteå, bio-oil is then loaded for transport back to Norrköping. By doing this, we create optimised and efficient ship transport. SunPine is continuously reviewing how the flow can be further developed. One part of this work is, for example, to establish storage tanks in more places. This can enable more boat transports and further reduce the need for truck transports.

Increased proportion of return shipments, greater transport volumes

An important focus area regarding transport is maximisation of loads for return shipments to minimise the number of empty vehicles. For example, SunPine works to ensure that vehicles delivering crude tall oil to the production facility transport bio-oil on the return journey. In 2021 six out of ten vehicles have been return shipments for transporting our bio-oil.

SunPine is also working actively to increase the volume per tanker vehicle. The number of vehicles has increased with 74 tons per tanker instead of the normal 64 tons in recent years. This allowed SunPine to reduce the number of deliveries.

