

Providing a Sustainable Future

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Do we keep up the momentum?

Since we published Damstahl's first Sustainability Report in May 2020, lots of things have happened within the field of sustainability and environment. But did we as a company succeed in making a real difference, or did all Covid-19 concern and a relatively weak steel market steal the entire focus? Exactly that kind of reflections are relevant when summing up on the past year.

I could choose to use this scene to boast of a significant reduction in our CO₂ consumption based on less traveling. I could also express my joy of a considerable drop in imports of steel from Asia. However, both would be "greenwashing", which is the noble expression of shining in borrowed feathers. The logic is, of course, that we have had less flights and visited fewer customers due to the global pandemic. Imports from Asia have fallen due to safeguard measures and other tariff barriers, just as the price of steel in Asia made it less attractive during 2020 to import stainless steel from Asia to Europe.

More correct is expressing our pleasure of having throughout Damstahl Nordic succeeded in creating a focus on reducing our scope 1 emissions, i.e. emissions on which we have a direct impact. Consequently, our direct emissions of CO₂ have fallen as a result of investments in e.g. LED lighting, we are constantly improving our waste sorting to ensure always to be in compliance with (or perhaps even ahead of) local regulations, in Denmark we support the shift from fossil heating sources to wind power by buying the Aura wind certificate and we celebrated 10 years with ISO14001 environmental certification in Damstahl Sweden.

At the same time, I am so delighted to experience the focus we have created in our organization on really wanting to succeed in helping to ensure a green planet. In this connection, I would like to thank the many customers who have continuously asked questions about the green agenda within our industry, and in this way inspired us e.g. to develop our CO₂ calculator, which is continuously being refined and streamlined.



Michael Lund

CEO, Damstahl Nordic



Damstahl Nordic makes up the 'umbrella' for Damstahl activities in Denmark, Sweden, Norway and Finland.

Based on the same culture and values, we also share ambitions and goals within sustainability. The fact that preconditions and challenges in certain fields are different, we see as a source of inspiration and strength for our initiatives.

That is why this report, Damstahl's second Sustainability Report, is prepared on behalf of the entire Damstahl Nordic.



Sustainability Highlights of 2020

Transport

1.7%

reduction in transport related CO₂ emissions compared to 2019



Looking behind our highlights:

- Transport emission is based on tonnes delivered in 2020 compared to 2019.
- New staff was hired in 2020 in connection with a resource-intensive ERP project. This in order to maintain our service level and at the same time ensure optimal working conditions. Among other things this is reflected in the low number of absence days due to illness.
- The data related to fewer days of absence are based on white-collar workers compared to similar companies
(Source: Danmarks Statistik)
- The local sponsorships cover Malmoe IF (soccer), Skanderborg's top liga handball team as well as initiatives characterized by being fiery soles investing their time, soul and interests in projects of benefit to the local population

Heat consumption

9.2%

reduction in heat related CO₂ emissions compared to 2019



Employees facts

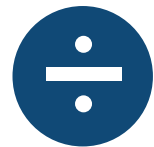
4.4%

increase in staff compared to 2019



2.5

fewer days of absence due to illness on average for white-collar workers relative to comparable companies



Local community

8 sponsorships have been awarded to local initiatives and projects



Our Selected SDGs



Decent Work and Economic Growth

Digital solutions

A new ERP (Microsoft Dynamics 365FO) has been implemented in all Nordic Damstahl locations to increase efficiency and ensure future growth. The aligned processes now make cross border relations even easier and more efficient.

COVID-19

The pandemic also influenced Damstahl routines and commercial life throughout 2020. Despite that, a high level of security and stability for the employees has been maintained.

Outdoor workplace

At our central warehouse outdoor locations, we have started an overall repair of the base course.

With new asphalt wheel ruts and bumps are removed to get a smooth surface which increases the security and comfort when working at our area.



Responsible Consumption and Production

Less machinery

As a result of the new ERP implementation, two large central backup batteries and an old diesel generator have become redundant, resulting in less power consumption and lower CO₂ emissions.

Recycling of IT equipment

Due to primarily using NCs which almost never wear out, only a limited number of computers are disposed of. In case of disposal, employees are given the possibility to get them for free after due deletion and further securing GDPR compliance.

Climate Action

CO₂ calculator

A new tool has been developed that shows the CO₂ impact of a specific quantity of stainless steel in an easily understandable way. This solution provides customers with data that can support their sustainability goals. All calculations are based on data from steel mills, transport processes and Damstahl as a stockholder.

All Nordic countries – savings in electricity

Light sources have been replaced and equipment upgraded to more sustainable versions of fridges, cars and lorries.

Sustainable investments

In new investments, the sustainability of the solution is always taken into consideration.





+30 years of partnership in more than just stainless steel

Since 1989 Ugitech and Damstahl have formed a partnership providing Scandinavia with high quality stainless steel bars.

Huge investments in optimization and reduction of cost and thereby also CO₂ have been on Ugitech's main agenda for decades. Together Ugitech and Damstahl have performed several real-life studies resulting in reduced production time for our customers by anything between 20 and 35%. Thereby our customers also achieved valuable savings in electricity, oil, water, and tooling on the CNC machine. With the latest generation of improved machinability Ugitech

manifested their global leadership by introducing Ugima-X.

Going back in history the journey started already in the mid 80ies when France was elected to be host of the Winter Olympic games 1992. However, there was a severe problem, as the area's producers of steel clearly polluted the snow. Therefore, several initiatives were started. For Ugitech – at that time Ugine Savoie, it meant an early focus on reducing the

carbon emission by installing huge filtering systems and new chimneys. All these early initiatives clearly were the solid foundation allowing Ugitech to proudly state today that they hold one of the world's lowest Scope 1 and 2 emissions with 486 kilo per 1000 kg produced steel.

Ugitech's projects for CO₂ Neutrality carbon is a strategic objective

Already running actions:

- Energy efficiency, with ISO 50 001 certification
- Transport's effort, with multimodal – fatal heat recovery

In 2021

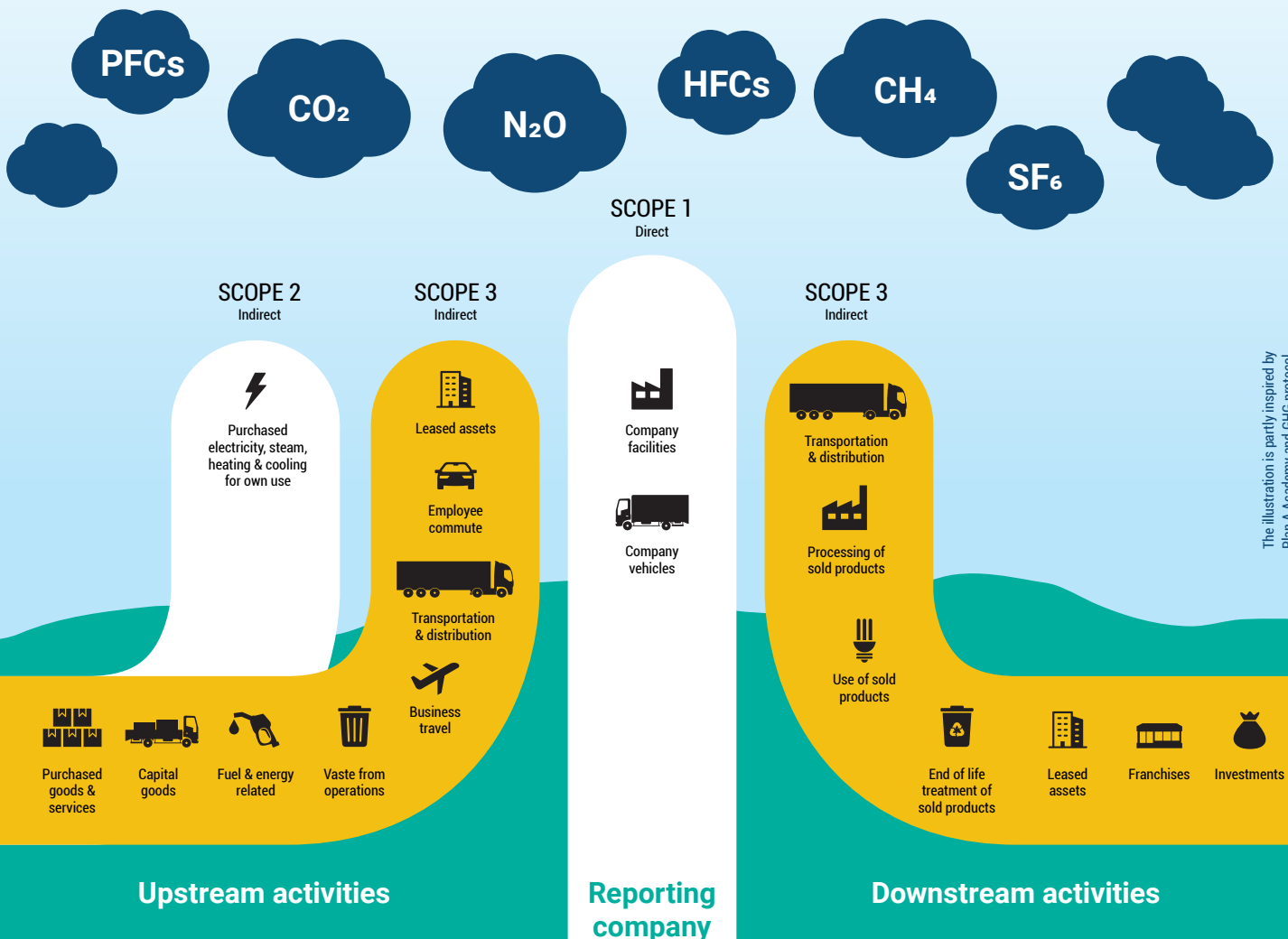
- Carbon balance update (Scope 1, 2 and 3)
- Construction of carbon neutrality roadmap
- Finally ending up with a EPD certificate by end 2021

Reducing scope 3 emission – our job?


The scope 3 emission is often mentioned as “the holy grail of emissions”. In short, scope 3 is all the indirect emissions which are not included in scope 2. Therefore, they are significantly more difficult to control and even to measure. However, at least in our industry where scope 3 is anything from 90-95% of our carbon footprint we shall of course take as much control on this as possible.

As our first action, we invented the CO₂ calculator which makes it possible for us to report to our customers about the CO₂ on their scope 3 emission. Naturally, we are not able to force customers to choose between country of origin or one mill above another – we can only enlighten and inform after best of ability.

One thing is for sure, only through the direct push from the bigger OEM’s we can indirectly put pressure on the mills to ensure that the Environmental, Social, and Corporate Governance measures (ESG) are being taken seriously and that they work towards attaining Environmental Product Declaration certificates (EPD) whereby we can avoid comparing apples to oranges.



The illustration is partly inspired by Plan A Academy and GHG protocol.



“Throughout Damstahl Nordic, we have succeeded in reducing scope 1 emissions, and we keep on working for further improvements”

Michael Lund, CEO, Damstahl Nordic





Calculating CO₂ has to be easy

That's the clear statement from Rune Bæk Korsgaard who is dealing with 'production support & planning' in the company Dominion Steelcon. After having read about Damstahl's CO₂ calculator in a newsletter, he found it relevant to include the calculator as a tool in the Dominion Steelcon's CSR journey.

At Dominion Steelcon, Europe's leading manufacturer of steel chimneys, they are aware of the increasing demands on climate friendliness and CO₂ reduction. Though not yet having prepared a definite green strategy, the company has taken the first initiatives, one of them being to start reporting on the company's CO₂ emissions.

Damstahl delivers mainly stainless steel sheets in special measures to Dominion Steelcon, and in addition to that also smaller quantities of bars, tubes and fittings. Therefore, Rune Bæk Kors-

gaard is regularly in contact with Damstahl's consultants. In a Damstahl newsletter he read about the CO₂ calculators and wanted to examine how this tool could show the impact of individual deliveries of stainless steel on Dominion Steelcon's CO₂ emissions.

– I got hold of our contact person at Damstahl and asked if we could get a calculation on the steel we had bought in 2020. It didn't take long before I had the calculation, Rune Bæk Korsgaard explains.

A good tool when you start reporting

Today, reporting on CO₂ emissions is not an explicit demand from Dominion Steelcon's customers. They demand certificates for the quality of the sheets, but Rune Bæk Korsgaard is sure that data on CO₂ emissions will be increasingly demanded in the future.

That's where he sees Damstahl's CO₂ calculator as a good tool, and believes that it can be the starting point for mapping data for companies that just like Dominion Steelcon have not yet started their CSR journey.

– One day, when a customer requires data on the CO₂ emissions related to the production of a chimney, we can more easily find the data, if we start incorporating them now, Rune Bæk Korsgaard concludes.

In other words, the green transition is in focus at the chimney manufacturer, but with full order books, there is a challenge in terms of time and resources. Today, CSR is not Rune Bæk Korsgaard's main task, and the work of mapping CO₂ emissions is therefore in access to his other work tasks. He imagines that also being the case in other small and medium-sized companies.

– That's why it must be easy to quickly get an overview of the data received. And that's what you get with Damstahl's CO₂ calculator. It is a very user-friendly

tool. The figures I need are presented on one page. Next step is for me to dive into the figures and split them on the relevant orders and deliveries, Rune Bæk Korsgaard explains.

Confidence is crucial

Dominion Steelcon is manufacturing steel chimneys to the entire world, but with Germany as the primary market. A market which attaches importance to quality, certifications and data tracking - but also a market with a preference to do business with other European countries rather than, for example, the Asian markets. According to Rune Bæk Korsgaard more customers express their wish for European steel rather than steel from Asia because of the quality of Asian products not always meeting the expectations. In Europe, on the other hand, things are under control. That is why customers have confidence in European suppliers.

– It's about several things. The customers believe that the quality is a little better for European products than for Asian products, and I also believe that they will have confidence in for instance climate calculations being under control. And in relation to the climate, there will be a difference in buying from Europe rather than Asia merely because of the transport. Here a lot can be gained in relation to CO₂ emissions, Rune Bæk Korsgaard concludes.

“With all figures presented on one page, next step is just to dive into them”

Rune Bæk Korsgaard, Production Planning/Support and Construction Engineer, Dominion Steelcon



Together in the journey towards sustainability

By providing people around the world with clean water, Nordic Water's products by definition contribute to a sustainable society. But the ambitions of the global water purification company do not end there. With the aim of being climate neutral in 2024 and climate positive in 2030, Nordic Water works actively with sustainability throughout the value chain.

Every day, Nordic Water's equipment purifies more than 30 million cubic meters of water at water and sewage plants around the world.

– Our products really make a difference. In line with the growing population of the earth, the need for clean water is also increasing. But despite this, when considering the present population, the global access to clean water is decreasing, states Henrik Lindbäck, purchasing manager at Nordic Water.

Benefit for environment as well as people and companies

The core of Nordic Water's work is to deliver products that meet today's needs without compromising with future generations.

– There is an essential value in acting for the good of the planet. We also see that companies with a sustainability mindset are generally more profitable than companies without that mindset, says Henrik.

Working with sustainability benefits the environment as well as people and companies.



Customers increasingly demand concrete sustainability provisions, not at least because it often goes hand in hand with higher cost efficiency.

– Nobody wants to do business with a company that does not work with sustainability. The less energy that is spent for producing and using our products, the more sustainable and affordable it will be for the end customer.

Great responsibility on the suppliers

For Nordic Water it is not enough that the water purification equipment itself contributes to a sustainable world. At least as important is the road for getting there.

– Our suppliers take great responsibility for finding good solutions. They are experts within their field and therefore we include them early in our product development.

As Purchasing Manager, Henrik Lindbäck is responsible for ensuring high quality and low emission on all what is purchased.

– We have completely different requirements for our suppliers today than we had five years ago. We aim at having as few but good suppliers as possi-



“Nobody wants to do business with a company that does not work with sustainability”

Henrik Lindbäck, purchasing manager, Nordic Water

ble. Damstahl meets all our requirements in terms of environment and sustainability.

All suppliers must be ISO 14001 certified and sign the Nordic Waters Code of Conduct. In addition, regular audits and revisions are made to ensure compliance in all purchasing processes.

A tip for others

Despite the best intentions of many companies, they may face challenges in starting up their sustainability work. Henrik Lindbäck shares this tip with them.

– The benefits of sustainability work are great. Not only for the environment, but also externally in company affairs. It is important actively trying to see the benefits, and act on them.





**Caring for the world
– our world**

Care is the core value on which Damstahl was founded back in 1947.

A high post-war infant mortality rate led German engineer and senator Henry J. Ehrenberg to develop a new production method for stainless steel fittings. The dream was to improve the hygiene of dairy production; a vision shared by the worldwide NEUMO-Ehrenberg-Group of which Damstahl is also a part.

The dream came true, and with that, Ehrenberg embraced an important value. Care came to imply thoroughness, innovation and future-forward commitment. Values that still today resonate within the group. Over the years, the NEUMO-Ehrenberg-Group's DNA within hygienic design has evolved. And for Damstahl, this means that it doesn't stop by acting as a distributor. No, besides practising knowledge sharing about hygienic design, Damstahl has also been innovative in taking initiatives to improve industrial hygiene innovations. Sometimes this has led to ambitions that were too bold.

Our journey with the Super Dairy series of tubes and fittings is a good example. Initially, we sought to develop the world's best dairy tubes.

However, we set the bar too high, which was reflected in our prices that were unaffordable for the dairy sector. Nonetheless, the series has since gained success in the pharma industry. Perhaps we were ahead of our time and too ambitious.

Today, the Super Dairy series is a success, and the journey has made us all the wiser. Now, we build on the lessons of the past, while reaching for the future. This insight is important not only when developing new products but also when acknowledging a wider responsibility. The UN Sustainable Development Goals 8, 12, and 13 will guide us on our further journey. Abiding by them, we will focus on creating decent jobs and economic growth, encouraging responsible consumption and production and embracing all-important climate efforts. These are positive perspectives that point to a continued commitment to care for the world of which we are a part. This is important and part of our legacy and DNA.



“Care implies thoroughness, innovation and future-forward commitment”



"To reach our goals, we need the attention and active contribution from the entire Damstahl team"



Damstahl's Sustainability Team

All Damstahl team members play an important role as sustainability ambassadors.

As we intend to reduce our CO₂ scope 1 emissions by 70 % before 2030, compared to the factors from 2008, we need the attention and active contribution of each and everyone.

However, the following team members form our Sustainability Team. This team shall ensure the reliability and structure in all data continuously being updated as well as collect details on implemented initiatives, and not least the team shall ensure continued future progress towards our goal.



Michael Lund, as CEO for Damstahl Nordic, the guarantor for providing strategic guidelines, defining goals and approving and implementing initiatives



Susanne Svit Sandholdt, HR Partner and Executive Secretary, coordinator of sustainability processes including the collection of content to this report. Also translator and writer.



Anne Mette Kristensen, Marketing Coordinator, monitors the visual presentation of the report, and develops marketing activities in relation to the findings of the report.



Kasper Aarup, Business Controller, collects, analyses and verifies relevant data to be presented in the report.

The sustainability team is supported by the following managers in each of our Nordic companies, namely



Patrik Leijon,
Country Manager,
COO for Damstahl AB,
Sweden



Erik Floen,
Managing Director
for Damstahl as,
Norway



Henrik Ørskov,
Managing Director
for Damstahl Oy,
Finland

Green Agenda

**“By challenging us on the green agenda,
our customers deeply inspired us to
innovate sustainable initiatives”**



Damstahl a/s • Danmarksvej 28 • DK-8660 Skanderborg
+45 8794 4000 • damstahl@damstahl.com • www.damstahl.dk

Damstahl ab • Cylindergatan 2 • SE-212 41 Malmö
+46 4059 6900 • dsm@damstahl.com • www.damstahl.se

Damstahl AS • Lyngneset 46 • Skiftsvik • NO-5302 Strusshamn
+47 5615 1570 • dsno@damstahl.com • www.damstahl.no

Damstahl Oy • Laajamäentie 1 • FI-13430 Hämeenlinna
+358 (0) 10 3277 0501 • myynti@damstahl.com • www.damstahl.fi

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