

2021

Sustainability
Report

Providing a Sustainable Future



Damstahl®
stainless steel solutions

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“Back in 2019, we kicked off our sustainability focus with Denmark. In 2020, we included all Nordics, and now we have started the process of incorporating the whole Damstahl Group.”

Michael Lund, Damstahl Group CEO



Sustainability in the shadow of war

How can we even talk about sustainability when people are fighting for their lives, which is the case whilst writing this CEO statement. I pray for the people of Ukraine that when you read this you will think "well this was in the past"!

Back to the main purpose of this report, one of our biggest dilemmas for private households and for the industry which we also live from, is price and availability of oil and gas. It is exactly the dependency of these energy sources which affects our capability to choose the free world as we would like it. Decades of failed energy policy all over Europe now keep us from taking the right decisions. This of course calls for action within renewable energy and alternative thinking.

Speaking about hindering for a sustainable agenda, the last two years we have been fighting with Covid. It might not be over, but it's no longer the critical pandemic which it was months ago. Back then we also discussed how to keep momentum in the shadow of Covid. Through a conscious behaviour by both management and employees, we can now conclude that we managed it quite well. Back in 2019, we kicked off our sustainability focus with



Denmark, then in 2020, we included all Nordics, and now we have started the process of incorporating the whole Damstahl Group.

It is our obligation and in our DNA to continue our focus for a sustainable world. In a recent report UNs climate panel, IPCC states that between 3.3 and 3.6 billion people are extremely vulnerable towards climate changes, and that half of the Earth's population experience "serious lack of water". Exceeding the Paris agreement's target of max. 1.5-degree higher temperature with "just a bit" will have a severe effect on our ecosystem, endangering biodiversity, infrastructure and human lives.

My personal feeling is that this obligation has turned into a desire to make a difference which I represent on behalf of the Damstahl Group, where we will continue to do our utmost to support our customers and suppliers to initiate behavioural changes.

Michael Lund
Damstahl Group CEO

The Damstahl Group makes up the 'umbrella' for Damstahl activities in 10 countries. Based on the same 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 third Sustainability Report, is prepared on behalf of the entire Damstahl Group.



Green Agenda of the Damstahl Group



Vision

We strive to provide a sustainable future and are dedicated to reducing our scope 1 and 2 carbon footprint by 70% before 2030 compared to 2008.

We want to be first mover in an industry where sustainability has not yet reached the strategic agenda and we also want to be the strongest possible sparring-partner for our customers.

Mission

We are committed to the following:

- Constantly innovate sustainable initiatives that minimize our consumption of energy, water, and fuel.
- Provide our customers with transparent tools and guidance on how to minimize their carbon footprint when purchasing stainless steel from Damstahl.
- Inspire our suppliers to use as much recyclable material as possible in their stainless steel production and to cause as little environmental impact as possible.

Insight into our Sustainability Data

This year is the first year we can report environmental data for all entities under the Damstahl Group. We will continue to increase our focus on minimizing emissions from daily operations by continually measuring emissions and improve internal processes across the Damstahl Group.

In 2021, all companies of the Damstahl Group were live on our new ERP platform, making it possible to streamline processes and validate data for all entities. For this reason, this year we are following the GHG protocol standards to measure and manage greenhouse gas (GHG) emissions from all scopes of our business and will be using this standard to measure our future emissions and to track our development towards a more sustainable business.

Below visualization sums up how different processes of the value chain fits into the three scopes defined for GHG accounting under the GHG Protocol.¹ Scope 1 accounts for direct

GHG emissions which occur from combustion in sources that are either owned or controlled by the Damstahl Group. Scope 2 accounts for indirect GHG emissions from the generation of electricity and heat which the Damstahl Group is consuming. Scope 3 accounts for all other indirect GHG emissions that occur as a consequence of the activities of the Damstahl Group but are not owned or controlled by us, e.g. extraction of nickel and the production of stainless steel, but also our use of purchased and sold goods or services, and upstream and downstream transportation of goods. The table on page 7 shows the total GHG emissions occurred in all of the

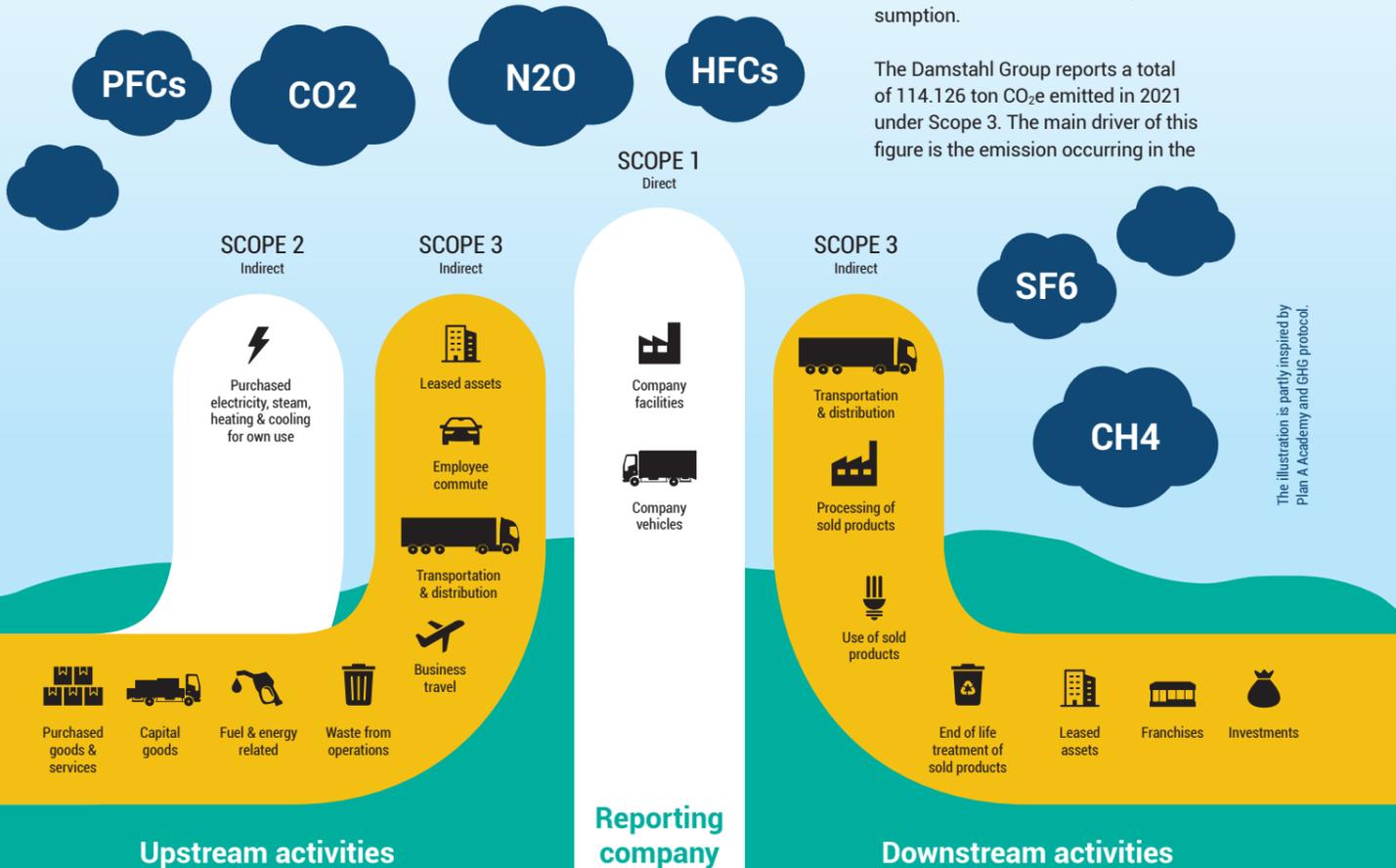
three scopes related to business activities done in 2021. Where any exact emission datapoints have not been available, the emission factors provided by The Danish Business Authority's Climate Compass are used.

The Damstahl Group reports a total of 171 ton CO₂e emitted under Scope 1. This figure is almost exclusively determined by the use of company cars as we as a distributor are not emitting GHG by production of goods.

The Damstahl Group reports a total of 429 ton CO₂e emitted under Scope 2 measured by the location-based method and 333 ton CO₂e emitted measured by the market-based method. The lower impact under the market-based method is due to the renewable energy certificates bought to match 100% of Damstahl Denmark's electricity consumption.

The Damstahl Group reports a total of 114.126 ton CO₂e emitted in 2021 under Scope 3. The main driver of this figure is the emission occurring in the

¹The GHG protocol provides a widely accepted accounting and reporting standard for measuring environmental data. It is also the preferred standard by FSR on how to report scope 1, 2 & 3 emissions.



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

production of stainless steel and the extraction process of the used raw materials. Approximately 93% of Scope 3 emissions come from the production process of the stainless steel and the transportation from the vendors to our warehouses alone. The rest occurs from indirect emissions related to our daily activities which are not within the boundary of Scope 1 and 2².

The bottom of the table shows the negative carbon footprint provided by our sales of 401 ton of scrap material to be used in the melting process of new products.

In parallel to fulfilling our vision of reducing our scope 1 and 2 carbon footprint by 70%, the table clearly visualizes that, as a distributor of stainless steel, the largest impact we can make to reduce our carbon footprint, is to push our suppliers to deliver more sustainable products. This is a hard task for one single distributor – however, we try to provide transparency to our customers and support them with a well-informed decision making base on both price and sustainability in their day-to-day correspondence with us. Our largest mission is to inform our customers on the positive climate impact they can make directly by choosing European sourced products rather than Asian sourced products. The visualization on page 10 clearly shows how the sourcing decision can help minimize emissions radically as one ton of European sourced stainless steel emits approximately a quarter of one ton Asian sourced steel.

²Employee commute from non-company owned vehicles are not included. The effect is assessed to have a minimal effect on the total emissions under Scope 3.

The total emission of the Damstahl Group ends at 114.630 ton CO₂e for 2021. To reach our vision of reducing our carbon footprint on scope 1 and 2 by 70% before 2030 compared to 2008, we are continually trying to secure energy optimization in the daily maintenance and operations. To reduce our carbon footprint, we have been in dialogue with our direct shipping partners to secure that they are only using euro 6 norm lorries, as well as most new company cars are PHEVs.

As shown on page 8, we built a total of 19 new charging posts located at our offices and warehouses around Europe to enable visitors and employees to charge their (PH)EVs at our locations. In 2021, we are totally covering our electricity usage in Denmark with renewable certificates, which results in a green compensation of 22% of the electricity usage for the whole group.

Looking at capital goods, Damstahl is also buying refurbished computers when possible, rather than new computers with 'new' carbon footprint. When computers from Damstahl cannot be used internally anymore, the computer is sent to our refurbishment partner, to secure circularity in this area of our IT environment. Looking into 2022 we are planning to initiate large capital investments in two new warehouse implementations. To secure energy optimization and a sustainable agenda in the construction phase we have teamed up with a sustainability consultant to help us navigate and find the best possible

solutions, economically and environmentally.

Among the social metrics on the next page, the Damstahl Group reports an employee retention of 89%. Among warehouse workers the retention amounts to 82% and for office workers 93%. Only three injuries were reported for the total group (320 employees) during 2021. Besides backing local communities and charities to 10 different associations, Damstahl has also internally implemented a health-team to provide tips regarding work-life balance and promote healthier workdays and general living.

On the governance side, the Damstahl Group have implemented a whistleblower portal in 2021 to make sure that all customers and employees have a safe space to anonymously report any concerns about actual or suspected conditions that might affect the well-being of our people or our company. However, none was reported in 2021.

Damstahl is continuously working to stay GDPR compliant and to protect sensitive information on all vendors, customers and employees. Further, to secure high quality in products and services, we have gained an ISO 9001 certification in Damstahl OY next to our already existing certifications in the rest of our whole group, and along with this we have also implemented a new quality management system across the group to secure the quality of our stainless products and associated services consistently meet our customers' expectations.

		Unit	Group	Damstahl a/s	Damstahl AB	Damstahl AS	Damstahl OY	Damstahl GmbH
Scope 1	Direct emissions							
	Transportation	Ton CO ₂ e	171	27	51	11	11	71
Scope 2	Indirect emissions							
	Electricity, Offices & warehouses	Ton CO ₂ e	405	95	2	3	19	285
	Heating	Ton CO ₂ e	24	7	6	-	5	6
	Total by location-based method	Ton CO ₂ e	429	102	8	3	24	291
	Total by market-based method	Ton CO ₂ e	333	7	8	3	24	291
Scope 3	Upstream indirect emissions							
	Purchased goods & transportation	Ton CO ₂ e	112.743	45.258	15.324	10.326	4.005	37.829
	Downstream indirect emissions							
	Transportation & distribution	Ton CO ₂ e	1.312	541	407	64	42	258
	Business travel (Up- & downstream)	Ton CO ₂ e	71	19	17	6	12	17
Total	Total emission by Damstahl	Ton CO ₂ e	114.630	45.853	15.807	10.411	4.094	38.465
Out of scope	Recycling	Ton CO ₂ e	-1.063	-278	-	-30	-47	-708
New total	Total emission after recycling	Ton CO ₂ e	113.567	45.575	-	10.381	4.044	37.757

Sustainability Highlights of 2021

Environmental Metrics

171 tons CO₂e Scope 1
333 tons CO₂e Scope 2
 (By market-based method)

114.126 tons CO₂e Scope 3



22%
 Renewable energy share
 (100% in DK)



3.778 m³
 Water usage



19
 Charging posts built

Social Metrics



89%
 Employee retention
 (warehouse workers
 82% and office
 workers 93%)



3
 Injury rate



25%
 Gender diversity



10
 Donations backed

Our Selected SDGs

Decent Work and Economic Growth

Digitalization

We constantly focus on digital solutions to the benefit of both employees and customers. By gradually ensuring that all office workers have a laptop instead of a stationary PC, the possibility for flexibility in the everyday work increases. Further, all the group's companies introduced during 2021 a new and updated webshop that offers even more efficient and user-friendly features for the customers and the sales staff.

Safety

Aiming at the highest possible safety is also an important focus field. All over the group, a range of measures are taken to prevent injuries. Three injuries were reported among 320 employees, and through a targeted follow-up, we do our utmost to avoid any repetition.

Motivation

It is our strong belief that people are driven by motivation. In a time with a lot of changes, both in relation to the organization, new processes, and increased digitalization, an employee retention of 89% is acceptable. We do, however, aim at raising that number even further.

Whistleblowing

As an encouragement to report any conduct being against the company values, Damstahl has established a whistleblower portal being accessible for both internal and external relations who can thereby easily and confidently report any harassment via a digital system.



Climate Action

Green energy

Due to focus on renewable energy, this share of the total consumption is 22%, and in Denmark even 100% in 2021 due to a wind power agreement.

Charging posts and PHEV company cars

Through 2021, 19 charging posts were built on different locations to be used by both employees and visitors, and most new leased company cars are PHEVs.

Reduced travel activity

Even after the release of COVID 19 pandemic travel restrictions, Damstahl has decided that the majority of meetings across countries will be held online and thereby reduce the travel activity.



Responsible Consumption and Production

Circular IT

Wherever possible, we encourage to recycling and also include it in our production. E.g., recycling of IT equipment was even further structured through entering a "Circular IT" agreement. Not only do we deliver our scrapped IT equipment for recycling. We also purchase refurbished equipment.



From Nickel to Stainless Steel – A Journey

When we talk about stainless steel, one cannot omit the importance of nickel. Let's have a deeper look.

Nickel is one of the alloys always being included in stainless steel production. In addition to the corrosion resistance, nickel-containing stainless steels are also easy to form and weld as they remain ductile at very low temperatures. They can also be used for high temperature applications.

Nickel is a metal extracted from mines mainly in Indonesia, the Philippines and Russia. The production of nickel can be

done in different ways, but is mainly divided into these two production methods: Class 1 nickel and nickel pig iron.

As illustrated below, the impact on the CO₂ emission is significantly different between the two types of nickel used for the stainless steel production. Furthermore, the amount of scrap used in the productions in Europe or Asia differs strongly and therefore has a significant influence to the environment.



The production of raw nickel is highly polluting. This is because mining releases heavy metal salts, which are toxic to the environment. Furthermore, CO₂ is emitted in the process of extracting the pure nickel. In particular, the production of nickel pig iron has a major negative impact on the environment. Therefore, great value can be gained from recycling nickel in environmental terms - apart from the fact that nickel itself is a very expensive raw material.

Nickel facts

>65%

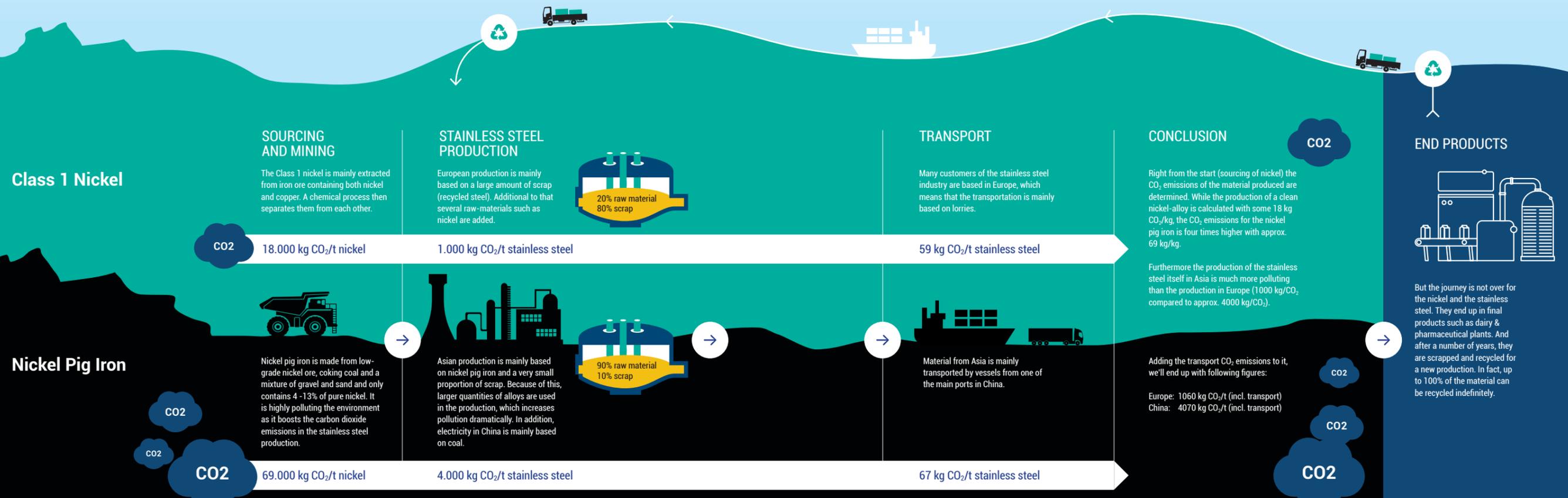
of global nickel production is used in the stainless steel production

100%

of stainless steel containing nickel can be recycled an infinite number of times.

300%

That's how much more CO₂ the production of nickel pig iron emits than a clean nickel alloy (class 1).



Sources: Nickel Institute, CarbonCare and MDPI/Energies.

Communicating the Stainless Steel Sustainability

Being up to 100% recyclable, stainless steel is one of the most recycled materials in our everyday life. A lot of advantages are derived from using stainless steel scrap for productions, and we believe in the importance of communicating that.

Knowledge sharing is part of our mission, and we also want to share our knowledge about stainless steel's positive impact on sustainability. Therefore, we offer educational videos and webinars on "Recycling Stainless Steel".

The presenter of this topic is Damstahl's own stainless steel expert, Chemical Engineer and PhD, Claus Qvist Jessen. Claus provides his knowledge in an insightful and entertaining way, and we hope hereby to increase the awareness about selecting the material being not only the best for the meant purpose but also for our environment.



**Where does the steel end up, when we scrap it?
Can we reuse the steel?
Are there any advantages connected to recycling?**
Claus Qvist Jessen gives you all the answers in this video:



Still Living Out Original Core Values

Damstahl is part of the NEUMO-Ehrenberg Group founded in 1947 as a reaction on the high post-war infant mortality rate.

With the ambition to improve the hygiene of dairy production and thereby reduce the infant mortality rate, the German engineer and senator Henry J. Ehrenberg developed a new production method for stainless steel fittings. His invention became a success and thereby the beginning of the worldwide NEUMO-Ehrenberg Group covering both design, development, production, and distribution within stainless steel and tooling.

To Damstahl and the entire NEUMO-Ehrenberg Group, the importance of hygienic design and production is not only well-known, but also a vital part of the core business to live out the original core value: care.

Care is also about taking responsibility for the production, and that's what it is all about when designing, developing, and pro-

ducing fluid handling systems to the food and pharma industries. Neumo GmbH in Germany, one of Damstahl's sister companies in the NEUMO-Ehrenberg Group, is well-reputed for worldwide deliveries of high-quality products for these industries which are also the target for other of the production companies within the NEUMO-Ehrenberg Group.

Damstahl is among Europe's leading distributors of stainless steel to the food and pharma industries and as such also a customer to the sister companies in the NEUMO-Ehrenberg Group. Exchanging insights from the respective parts of the value chain is a natural part of the efforts made to constantly ensure living out the core values and ensure the highest possible hygienic standards.





“Being up to 100% recyclable, stainless steel is one of the most recycled materials in our everyday life.”

Claus Qvist Jessen, Chemical Engineer, PhD

Hydria Water & Sustainability

From wastewater to valuable resource. Through water purification, Hydria Water contributes to circularity and is part of the sustainable society. Short-term and long-term goals are the sustainable key to success according to Hydria Water's CEO, Robert Bjursten, but the ambitions should also be feasible and measurable while backed up with green investments.

Every day, Hydria Water's products purify millions of cubic meters of water worldwide and offers efficient solutions that meet the strict requirements and needs of waterworks, wastewater-treatment plants and processing industries. With its products, the company is by definition part of a circular cycle. However, the ambitions do not end there and as part of its sustainability plan, Hydra Water will, from 1 May 2022, be merged with VA Teknik and Mellegård and Najj to gather its resources under the same roof and contact area.

– Our products make a definite difference but we also realized that we could further reduce costs and emissions by merging our three divisions. This allows us to make a joint effort

in working towards the same sustainable goals and avoid lead times and emissions between the units by combining them. Incorporating our divisions also led to easier justification of a solar cell investment that will partly power our production, says Robert.

Sustainability is our generation's big mission
Sustainability has been on the agenda for a long time but with a distorted focus and without enough action. Hydria Water wants to change that.

– Working towards a sustainable future eventually boils down to identifying mutually beneficial relationships while creating competitive products and services. There is an essential

value in working sustainably and being able to showcase that through real action.

Great responsibility on suppliers

Hydria Water realizes its responsibility in creating a sustainable future and thorough consideration and continuous investigations through the whole value chain is a major part of that. Therefore, supplier assessments are systematic, where several criteria are required for cooperation.

– Our sustainability work is based 60% on our own production, 20% on suppliers and 20% on the life cycle of our products. Working with the right suppliers is a major task, which is why we always look one step forward and one step backwards when purchasing material. Damstahl meets all our criteria and has been a reliable partner from the start.

The importance of concrete goals and proof points

Sustainability is more relevant than ever and more companies need to adjust to avoid further consequences of climate change. Below quote is a tip from Robert to the companies that want to work towards greener values.



“I see many organizations today setting unrealistic goals. Goals are important, but they need to be communicated internally, be realistic, measurable and followed up in real action. It may be an investment at first, but there are great benefits to be gained, partly for the environment but also financially.”

Robert Bjursten, CEO, Hydria Water AB



Damstahl Group Vision for Green Agenda

"We strive to provide a sustainable future and are dedicated to reducing our scope 1 and 2 carbon footprint by 70% before 2030 compared to 2008."

Damstahl's Sustainability Team One Damstahl

Our focus on sustainability is continuously increasing. Not only on the measures to be taken, but also on the geographic field to be covered.

Gradually, we include the entire Damstahl Group and all activities, and therefore our Sustainability Team is also gradually expanding and now consists of the following:



Michael Lund, Damstahl Group CEO and thereby the person with the overall responsibility also for Damstahl's strategy within sustainability.



Jan Knaak, CPO for Damstahl's Central European activities and representative for our sourcing activities



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



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



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

The Sustainability Team is also supported by the managers:



Patrik Leijon,
Managing Director
for Damstahl AB,
Sweden



Erik Floen,
Managing Director
for Damstahl as,
Norway



Henrik Ørskov,
Nordic CPO &
Managing Director
for Damstahl Oy,
Finland

Green Agenda

"It is our obligation to continue our focus for a sustainable world."



Damstahl - a member of the NEUMO-Ehrenberg-Group

