

Corporate Social Responsibility

Statement on social responsibility and gender distribution
in the management, cf. sections 99a and 99b of the
Danish Financial Statements Act (årsregnskabsloven).

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Corporate Social Responsibility

At Damstahl, we are extremely aware of upholding high standards of work ethics and social responsibility. We want to positively contribute to our community and to be the industry benchmark for a safe working environment, climate action, and sustainability in general.

We want to create value for our stakeholders. This value is amplified through our corporate social responsibility (CSR) in combination with our commitment to UN's Sustainable Development Goals (SDGs).



Business Model

Damstahl is a family-owned stainless steel distributor. Group headquarters resides in Skanderborg, Denmark. Currently, Damstahl employs more than 350 people in 11 European countries; around 100 of these in Denmark. Damstahl is the leading supplier on the market, which enables us to be a preferred partner for many customers through our excessive knowledge sharing, industry standard commerce, logistics solutions, and number of products available, however, predominantly through our well-qualified people.

Furthermore, our business model is based on complex or individual logistics solutions for customers to personalize the solution based on specific demands. As an example of our intention and ability to comply with our customers' requests, our digital service platform offers a range of services beyond also being a webshop with easy access to all our products.

Human Rights

Working with UN's Sustainable Development Goals (SDGs), Damstahl wants to positively guard human rights principles. We also value applicable work environments, which protects the employees of our suppliers from work environments not suitable under UN's Global Compact initiative.

We, at Damstahl, pursue equal rights for all genders, sexual orientation, race, nationalities, ethnicity, language, and religion. Keeping a high standard of work environment and ethics contributes to our goal of eliminating any discrimination within our own and our partners' organization.

Significant risks involve suppliers not supporting the Universal Declaration of Human Rights (UDHR) and we therefore focus on building up relations and having open dialogue.

Since the ease of COVID 19-restrictions, we've had a strong focus on visiting our suppliers again to secure that we're in continuously close contact and thereby able to confirm that our suppliers are upholding the UDHR, which is a part of our Human Rights policy.

These conditions relate to UN's Human Rights:

- Fair and favourable work conditions
- Social protection, adequate to the standard of living (country specific) to achieve the highest attainable standard
- Cultural freedom and scientific progress

In 2022, we visited more suppliers than the past two years and attended selected exhibitions. This opened the possibility for direct communication, and we will gradually revive our supplier evaluation according to new / improved standards.

Our whistleblowing portal has since December 2021 been open for both internal and external reporting with access from all Damstahl Group websites. No reports have been received since the launch. Internal promoting has been made, and our Whistleblower policy is available on our intranet. A planned external mentioning of our whistleblowing portal has been postponed till later in 2023 as we think a more valuable focus will be put on this issue the closer we get to December 2023 when such a reporting possibility becomes a legal demand.

Environment and Climate

Less than 0,5% of our yearly emission of CO₂ comes from in-house operations, i.e., scope 1 emissions which we aim at reducing by 70 % before 2030 compared to 2008. Not only do we want to reduce our Scope 1 emissions; we also prioritize acting responsibly to reduce our Scope 2 emissions on which we have a direct impact and to contribute to reducing CO₂ emissions related to the Scope 3 emission which is the largest area of our CO₂ footprint, meaning all the indirect impacting factors throughout our supply chain.

A part of our sustainable strategy is to participate actively in reducing the global warming, and here our CO₂ calculator has appeared to be a strong tool. By using our calculator, our

customers get a clear picture of the different impact on the climate if they choose material from Asia or Europe.

During 2022, we have further developed the calculator and trained relevant employees in how to introduce our customers to this possibility. This has led to an increasing demand throughout the year, and this development has continued also in 2023. During the first three months of 2023, the same amount of calculations have been made as in the entire year 2022.

At the time of writing this report, we have released a Damstahl Climate Calculator; a tool to help our customers to be compliant with the Corporate Sustainability Reporting

Directive (CSRD) that will be active from the fiscal year 2024.

As more than 99,5% of our carbon emission is regarded as indirect, a major part of our focus is put on the value chain where we not only continue, but intensify our communication about the differences between stainless steel from e.g. Asia and Europe. Our above-mentioned CO₂ calculator is constantly being further developed and our employees trained in sharing our knowledge also on that point.

As for transportation and the lorries used, our focus still is on minimizing the impact of our logistics operations on the environment. Domestic transport is handled by Euronorm 6 lorries.

We continue our focus on saving energy and making solutions to support our environment. During Q4, room sensors for the lightning were installed in the office building in Skanderborg where outdoor lamps were also replaced at the fittings warehouse.

On group basis we have cut down the number of printers by 50-80%, and went a step even further in 2023 where the office in Denmark only offers one central printer for all office workers. This is one element in our attempt to save prints and electricity. Another is our launch of a digital learning platform with the aim to give equal access for alle employees to further improving knowledge about important policies, etc. without having to print anything. The learning platform as well as our intranet can be accessed digitally by all employees.

During 2022, our 6 charging stations in Skanderborg for electric vehicles have been busily used both by visitors and employees, and we anticipate having to increase the number of charging stations. By the end of 2022, we had five hybrid company cars, and at the time of



releasing this report, one more hybrid company car and two electric cars have been added to our fleet of cars.

According to our updated company car policy, no leasing agreements will be made for diesel-powered cars in the future. For each new leasing of company car, our policy still is to evaluate the expected driving pattern to consider possible benefits in from the type of car to choose – now, the consideration is not only between conventional and hybrid cars, but also electric cars as their reach is constantly increasing.

Though the local waste disposal companies were given an exemption for the original deadline for being compliant with a parliamentary resolution for sorting waste into ten fragments, Damstahl was prepared upfront to meet the demands. The waste disposal companies will not be ready until in 2024, but based on analysis made together with an external consultant, Damstahl established already in 2020 effective sorting processes for all waste fragments. I.e., we do not only sort waste just to meet official demands, but because it is part of our nature and our sustainability strategy.



Anticorruption

One of Damstahl's main principles is a zero-tolerance policy regarding bribery or corruption. We do not accept such behaviour, nor do we incite to any questionable practices within our organization.

We uphold all laws and regulations and strive towards ensuring that all our partners offer the same ethical values. The main risk being the purchasing departments, where bribe can potentially occur. Like the years before, we have not experienced any cases of corruption in 2022. Unfair competitiveness and cartel formation are the major risks involved with corruption, and Damstahl do not condone any such type of behaviour. All policies regarding anticorruption are informed to employees at their introduction as new employees at Damstahl.

Employee Relations and Social Conditions

Diversity in the workspace is a key driver for Damstahl, with the accept of diversity being the main motivation for creating working conditions most optimal for all employees. That was among our main drivers for engaging in 2022 to the “Ark of Diversity” launched by a consultancy house and the Danish Chamber of Commerce. This ark, “Diversitetspagten”, supports our values, and we will use it as an inspiration to initiate as well as verbalize actions we take in relation to diversity in all fields. Among other things, our openminded approach to give an extra chance to people who might not have an easy way to get a job. In cooperation with the local authorities, we open our doors to let people in such a situation get a work experience. As one of the successful examples is worth mentioning our two Ukrainian colleagues who are now employed with us after such a “mutual test period”.

We have a zero-tolerance policy regarding harassment, to protect all of our employees from unfair and harmful working conditions, which is the main risk concerning work environment and employee relations. Though we always prefer direct dialogue also in such matters, we acknowledge the sensitivity. Therefore, our Whistleblower portal is also put available as a reporting option.

In addition to our smoking policy, offering help to quit smoking, Damstahl also joins a partnership with Skanderborg municipality to create a smoke-free municipality before 2025.

Damstahl has for many years had a zero tolerance towards alcohol and drugs on our premises also after work hours to ensure a 100% safe environment.

Through constant focus on reducing the risk of injuries, we do our utmost to prevent any damage on our employees. Regardless of that, we had three job related employee injuries registered in 2022, and one of them with more than 3 days of related absence. As zero would always be the target, we increase our focus on constantly sharing knowledge and improving security measures and working positions. During the last

months of 2022, we started the preparations of a huge construction project that means replacement of a lot of material and thereby change in routines. This we are aware of as a potential risk, and therefore we remind experienced colleagues to always be aware of security issues in their daily work. In addition to that, our security policy is given even more focus in our onboarding process also for temporary staff.

The overall absence due to illness amounted in average to 1.7% - a minor increase by 0.2% compared with 2021. Though this is still at an acceptable level, we'll always strive for even further minimizing that rate and also initiate preventive activities.

All employees are offered a health insurance providing inspiration for a healthy lifestyle as well as professional assistance in relation to both physical and mental problems, no matter if they are work related or not. The insurance also puts focus on sharing knowledge about preventive behaviour.

Based on the health screening made in 2021, a group of “health ambassadors” was established, and they have made an agreement with an external provider of training equipment and a motivation app made available for the entire staff with differentiation between the warehouse and office functions.

29 employees made use of Damstahl's repeated offer for a free influenza vaccine either onsite at Damstahl or locally near the employee's residence.

As to education, Damstahl values training and developing trainee positions to create the workforce of tomorrow. During 2022, no new trainees were recruited, but plans were made for how to coordinate our recruitment of trainees and also consider which other types of positions to take into use to support our wishes to take part in a personal development of young people in Damstahl as well as in the educational system in general – examples given below.

Internally, we further built on our cross border talent development groups and our

Director within People & Culture offers coaching and other support needed. The colleagues in these groups have shown a significant progress and among other things handled projects concretely supporting the top management.

A former student assistant, since 2021 permanently employed in our Business Controlling unit, was announced Team Lead, and during 2022 four new student assistants joined us as an increasingly value adding resource.

In addition to that, we took active part in a program called Potential in Action which has as a goal to support new candidates from the university to find their way to the first job after their studies. For a period of eight weeks, candidates with different educational and ethnical backgrounds worked together in our house with a project defined by us. Some of the participants had the luck to find a job during the project period, and the remaining three were all offered an individual personal interview with focus on their strengths and possibilities. We didn't have the right positions to offer them but seem to have supported them the right way as they are now in other companies.

Currently, 86% of the persons being employed with Damstahl at the beginning of 2022, remained at Damstahl throughout the year. Compared with 2021, this is a minor decrease. When considering only the administration colleagues, the number is higher, namely 91%, whereas the number is 77% among the warehouse colleagues. All in all, 15 employees left Damstahl during the year, and 19 new joined us + the above mentioned four student workers. As a total, we had an employee growth of 8 persons in 2022. A development continuing from 2021, and still this can partially be seen as reflection of the impact of the ongoing implementation of a new strategy with organizational changes and new types of competences needed.

Damstahl has made it a tradition to offer donations earmarked to recipients/projects located in the municipality of Skanderborg, and in 2022 five applicants received each

DKK 10,000. All donations have a clear social focus among the reasons for being selected. One of the donations was targeted a child with a strong need for support due to word-blindness, another was to support a small community in running a bakery based on voluntary work, two of the recipients support voluntary work with activities for children and the last donation was to support activities for mentally handicapped adults in their local community.

Our company membership of Kræftens Bekæmpelse (The Danish Cancer Society) and Røde Kors (Red Cross) is a natural part of our social responsibility. So is our traditional support to “Knæk Cancer” and “Familier med kræftramte børn” (two official collection events to support the research

on how to prevent and cure cancer). This year, the Damstahl colleagues also collected money to add to the Damstahl donation for “Knæk cancer”.

In 2022, above were supplemented by special donations related to Røde Kors' 25th anniversary. Actually, Damstahl has been donating for all 25 years and could thereby also celebrate our 25th anniversary as contributor to this course.

We also contributed to the annual collection event Danmarksindsamlingen, in 2022 with the heading “Small country with a big heart” and additionally supported Børns Vilkår – an organization with focus on children and their living conditions.

In addition to that, Damstahl also initiated special funding to support the people in Ukraine. A webshop campaign further increased the amount initially dedicated to this purpose where donations were given both on Damstahl group basis and by each entity. Main recipient of the donations was Médecins Sans Frontières.

On Damstahl Group basis, Damstahl also issued an official Declaration of Compliance with EU Sanctions against Russia/Belarus.

Gender Composition

Damstahl aim to have the most competent and applicable board members with no distinction between diversity, race, religion, or gender. Our employment process is made according to this principle.

Damstahl is a family-owned subsidiary of the NEUMO-Ehrenberg Group with 100% owner representation in the board of directors. Over a period, a generational change in the owner family is being prepared. That means among other things the inclusion in the board of directors of the third generation of the Ehrenberg family. This inclusion phase started in 2020 with two members of the third generation attending board meetings as observers. Since May 2021, these two third generation members are full members of the board that now consists of 5 persons, all members of the Ehrenberg family. In this transition period, the main principle for the Board of Directors has since 2021 been to have at least 20% of the minority gender present special, which is fulfilled at the time of reporting.

Furthermore, Damstahl has no pre-qualification criteria for management position, only that each manager is the most capable individual with no notion towards race, religion, gender, or secual orientation.

On each organizational level, a notion is given towards the minority gender to be included in management. The recruitment process is affected by the purpose of balancing gender composition within the organization.

Currently, our managerial positions in Damstahl are represented by 21% female managers and 79% male managers in our upper management level. These positions consist of people with employee responsibilities.

The increased focus on gender composition is maintained by the board, which argues that the gender composition is developing as preferred, whilst also strengthening in the future.

Our cross border networking activity with focus on personal development involves male and female colleagues. The activity is in constant progress based both on individual development programmes and specific projects/tasks given by the top management.

Four young colleagues who during the autumn of 2022 started a management development training programme have already taken an increased professional and personnel responsibility. The gender composition of these four 25% female and 75% male almost equally reflects the gender composition of all employees which is 28/72%.

Diversity

**“Embracing diversity forms
the main motivation for creating
optimal working conditions.”**



On your side

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