

SUSTAINABILITY REPORT 2022



VALBRUNA
NORDIC

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Valbruna Nordic AB (556124–5639) presents its sustainability report for 2022. It also covers our subsidiaries in Denmark and Norway, and reflects our development during the period 1 January 2022 to 31 December 2022. The company's first sustainability report for the year 2020 was published on 5 February 2021. This report is our third sustainability report and has been drawn up in accordance with the Annual Accounts Act and inspired by the GRI standard, Foundation 2021. The sustainability report has been approved by the board.

Published on March 8, 2023.

If you have questions about the report, please contact Susanne Nilsson, Quality and Environment Manager at Valbruna Nordic, mail@valbrunanordic.se

VALBRUNA NORDIC – HOUSE OF STAINLESS BAR

Valbruna Nordic has the largest stock in the Nordics of stainless, long products. Through marketing via local sales offices, Valbruna Nordic sells and distributes over 1,000 different items. The name House of Stainless Bar refers to the fact that, with our high level of expertise, we want to be able to offer the market's widest range of products under one roof.

Vision and values

Valbruna Nordic wants to be an economically, socially and ethically responsible partner that satisfies the needs, requirements and expectations of our customers and other stakeholders in a resource- and cost-effective manner. Constant work that also contributes to improved quality and environmental performance with a focus on sustainable operations, people and the environment. Valbruna Group's values: Dynamic, transparent and sustainable.

Head office: Karlstad.

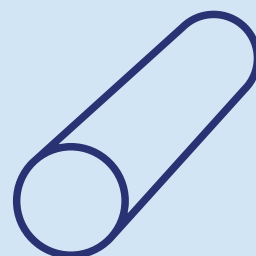
Branches with sales offices in Kolding, Denmark and Fjellhamar, Norway.

Owner: Acciaierie Valbruna S.p.A, Italy.

Main market is the Nordic region, but customers are all over the world.

Product program which includes over 1000 items consisting of round, flat, square, angle and hexagon bars in austenitic, martensitic and duplex stainless steels, stainless reinforcing steels and nickel and titanium alloys.

Customers mainly found in the process, paper and food industry and the energy sector.



31 number of employees

TURNOVER **717** MILLION SEK

Sales **10,192** tons

WORDS FROM OUR MD

The world continued to experience the direct and indirect effects of the Covid-19 pandemic for much of 2022. Disruptions in global supply chains, raw material and resource shortages, challenges linked to inflation and people's employment opportunities have contributed to a turbulent year to many. Over the past three years, we have had to redefine what is the new normal time and time again, and 2022 has therefore in many ways been a distinctive year for Valbruna Nordic AB.

The beginning of the year was marked by great sadness. Only with the death of Valbruna's President, Nicola Amenduni, and a few weeks later, the socio-political balance in Europe changed in connection with Russia's invasion of Ukraine. Another major event that affected Valbruna Nordic was that trading in nickel on the London Metal Exchange (LME) was stopped for the first time in history. The reason was soaring prices. This, in combination with the war that had just broken out, increased market demand and longer lead times resulted in more and more speculation around both raw material and energy prices. Prices were raised until the last quarter of 2022 to finally reach a more stable level. The lack of molybdenum remains on the international market.

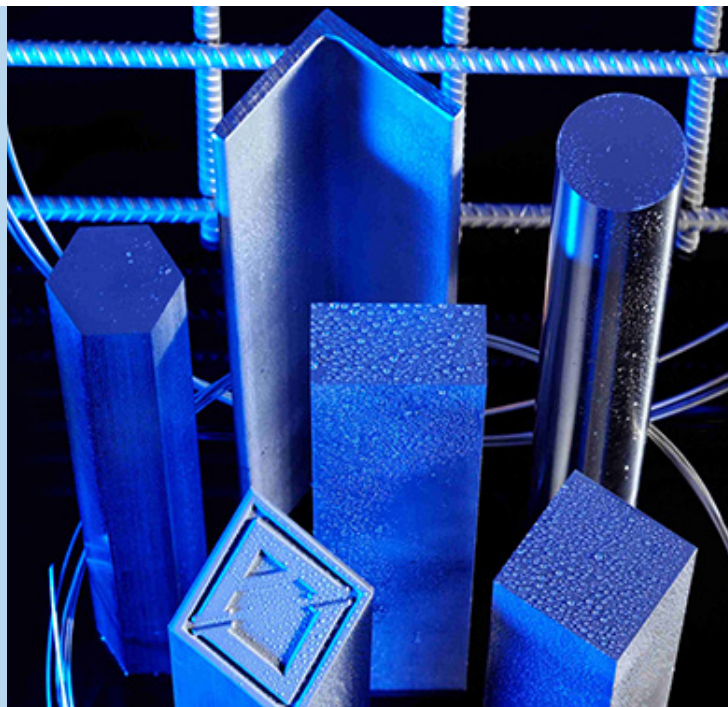
Despite the challenges mentioned above, we have been determined to continue on the path towards a more sustainable way of doing business. To do so, we believe that collaborations will be more critical than ever to successfully overcome the environmental, social and economic challenges that exist. We continue to collaborate with our customers, where we see that there is much that can be done together connected to transports. By increasing the number of tons per shipment, we have succeeded in reducing the number of shipments during the year, which we will continue with in 2023. In addition to this, we need to create a better understanding of how we can maximize our positive effects on nature and society. Creating a sustainability culture within our operations, as well as in dialogue with our various stakeholders as a support in their sustainability work, will be important in our sustainability work going forward.

Valbruna Nordic have had the 30th anniversary in 2022 and despite the year being marked by many challenges, we have celebrated it and look forward with confidence. This report highlights the work that Valbruna Nordic has done during 2022 within the social, environmental and financial aspects of sustainability. Based on our role in the value chain, we have come a long way, but we also have a lot left to do. Our consultants found interesting elements to work on. I am delighted that we are building on the progress made in 2022 and look forward to what opportunities our increased focus on sustainable business has to offer.

Renato Faggian,
MD, Valbruna Nordic



THE YEAR IN BRIEF



Valbruna Nordic made a decision to install solar cells, which means that we for four months per year will become more self-sufficient in energy. The installation is expected to be completed in Q1 2023.

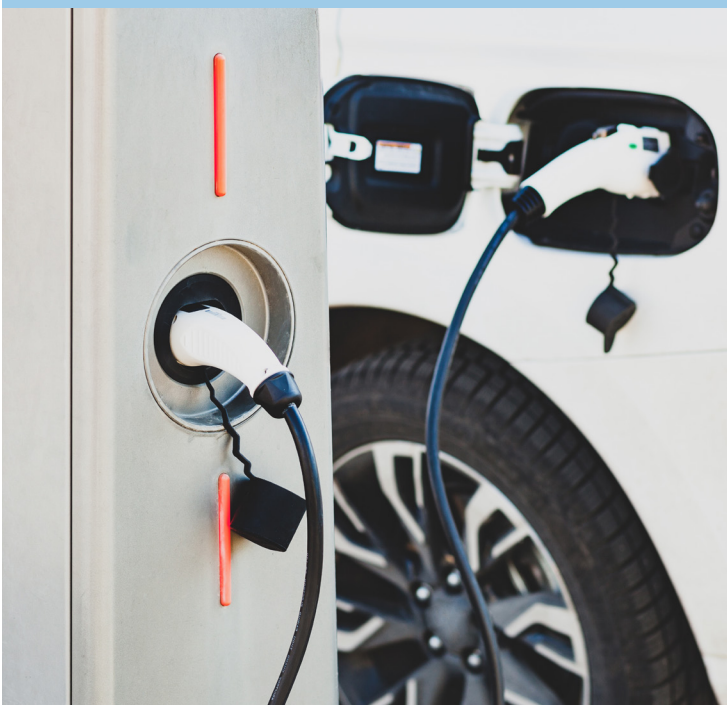
The sawing capacity has been increased by investing in two new saws in 2021, another saw would have been installed in 2022 but it has been delayed until the beginning of 2023. Which contributes to the fact that the sawing capacity of bigger dimensions will be increased by 100%.





In Q4 2022, Valbruna Nordic became the infrastructure owner of the part of the railway that runs into our area in Karlstad. In 2023, we will put into operation a safety system for the railway, so that we can continue to create good conditions for sustainable incoming transports.

Valbruna Nordic has replaced parts of the company cars with clean vehicles, which now make up to 80% of the total vehicle fleet. The last company car will be replaced when the leasing agreement ends, which is expected to happen no later than 2025.



In connection with the replacement of several company cars, we also increased the number of charging stations, from two to a total of six, to improve the possibilities for charging hybrid and electric cars.

Valbruna Nordic has carried out several energy efficiency improvements based on the energy mapping carried out in 2021.



Valbruna Nordic has continued to optimize the outgoing transports to customers. We reduced the number of shipments by 5.7% and thereby met our goal of making an annual reduction of 5% compared to the previous year.

During November 2022, an assessment began of Acciaierie Valbruna and the sales subsidiaries by an internationally recognized company. The result from the assessment is expected to be ready in Q1 2023 and will be an important basis for our strategic sustainability work.



STAKEHOLDER ENGAGEMENT

Valbruna Nordic has ongoing dialogues with our stakeholders to ensure that we understand their expectations of us as a company. The selection of stakeholders has been made partly based on the degree of interest, partly based on the stakeholders' potential influence on us. The table below describes our main stakeholders, in which form we usually conduct dialogues with them and their most important questions.

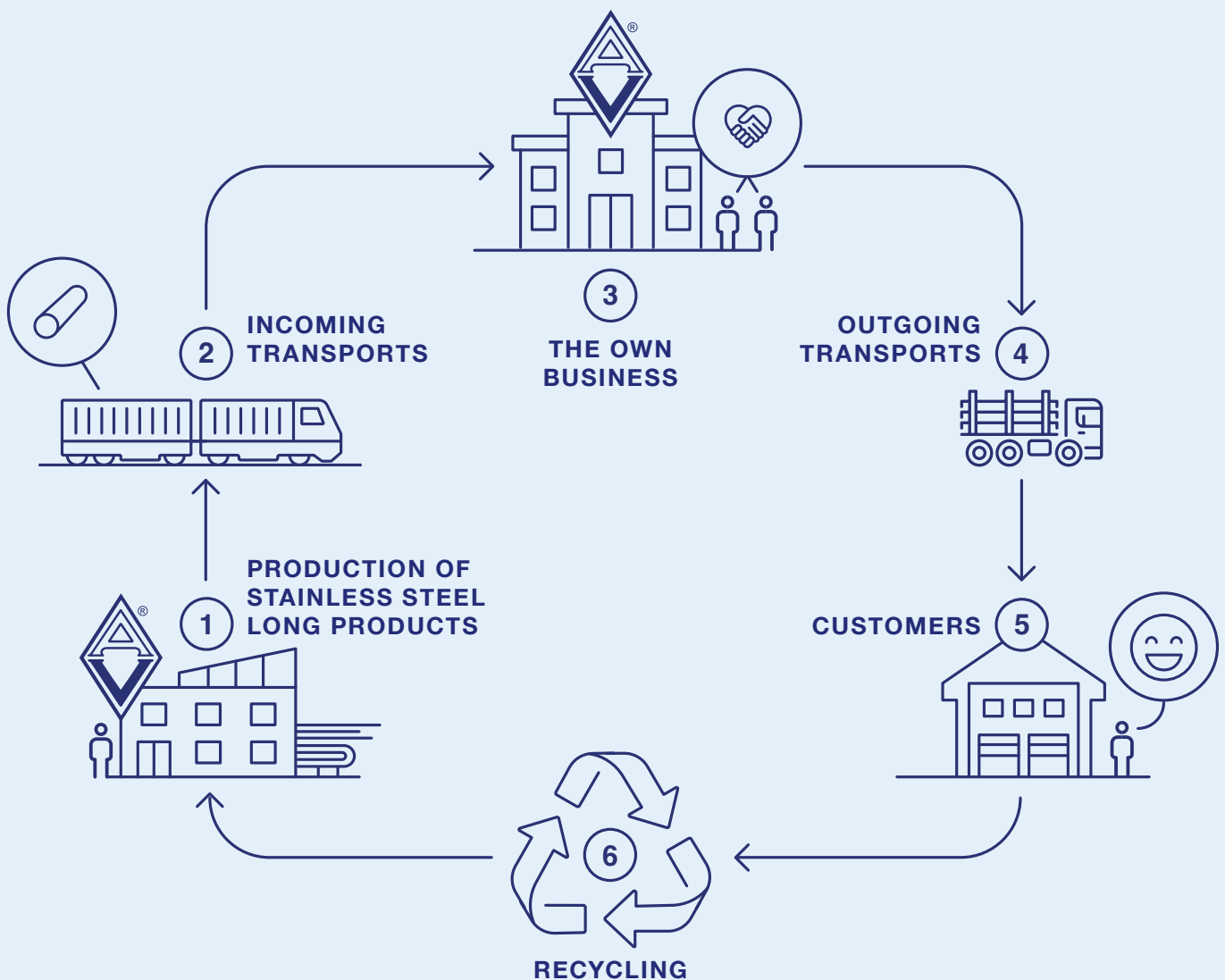
Valbruna Nordic's ambition is to carry out a materiality assessment in 2023, where more extensive dialogues with our main stakeholders are a central part.

STAKEHOLDER	DEFINITION	DIALOGUE FORM	KEY TOPICS OF INTEREST
Customers	Direct customers	Sales meetings, customer surveys, fairs	That through the concept of "House of Stainless Bar" we add added value to customers in order to partly strengthen relationships with existing customers, partly to attract and create new ones.
Employees	Current and potential	Daily conversations and meetings, trade union activities, internal training, emergency follow-ups and employee interviews	That we act in a responsible manner both internally and externally to attract, develop and retain competent employees.
Owners	Acciaierie Valbruna S.p.A	Board meetings	That we develop long-term, stable, profitable and sustainable business in line with Valbruna's business model and strategies for profitability.
Suppliers	Direct suppliers	Purchasing meetings, supplier evaluations and fairs	That we add added value in the form of efficient distribution, warehousing, further processing, competence and knowledge of our markets. Dialogue and requirements regarding quality, environment and sustainability.
Planet	Environmental perspective	Science, research	That we take responsibility for our emissions to land, water and air, waste management, and promote circularity as well as resource and energy efficiency.
Local Society	Local society where we operate	Ongoing dialogues	That we create and offer jobs and are a responsible employer that follows laws and regulations, that we contribute to local businesses (through sponsorship).

OUR RESPONSIBILITY AND IMPACT ALONG THE VALUE CHAIN

Valbruna Nordic works with marketing, sales and distributing long products in stainless steel. This means that we have the greatest opportunity to reduce our impact on the environment, people and its human rights, by working with our suppliers, as well as incoming and outgoing transports. Acciaierie Valbruna's production in Vicenza and Bolzano, Italy, accounts for the largest share of our purchases. In addition to this, we have a few approved suppliers in Italy and Luxembourg. For this year's sustainability report, we have chosen to include only our direct suppliers.

To be able to offer products that are as sustainable as possible, continuous work with improvements in the entire value chain is required, from product development to the final product. Our value chain is described below, how we work together with our customers and suppliers, and where we estimate that we have our greatest impact on the environment and people within each part of the value chain. Part of the materiality assessment that we plan to carry out in 2023 is to map our greatest impact more thoroughly in the value chain from all three aspects of sustainability.



1. Production of Stainless Steel long Products

The parent company Acciaierie Valbruna in Italy supplies 95% of our purchases of stainless steel in all profiles, steel grades and surface finishes. The parent company follows the EU's conflict minerals regulation in accordance with the OECD's guidance on Due diligence to secure responsible supply chains for minerals from conflict-affected areas and high-risk areas. Raw materials are mainly purchased from European suppliers, of which 95% of the scrap metal is supplied by Italian companies. Suppliers of molybdenum are found in Chile and the Netherlands. In addition to this, our product range is also supplemented by the purchase of, among other things, cut flat bar, from suppliers in Italy and Luxembourg. Ability to influence: ●●○ Average

Our biggest impact:

- The production of stainless long products is resource-intensive. Acciaierie Valbruna uses approximately 90% recycled raw materials, which means lower greenhouse gas emissions and a more efficient use of natural resources.
- Power consumption. Today it is based on electricity and gas as energy sources.

2. Incoming transports

Our incoming transports mainly consist of purchased products to Valbruna Nordic's head office with the associated warehouse in Karlstad. This happens to 91% via rail and 9% by truck. There are also direct deliveries to customers via truck corresponding to 1% of total sales. Ability to influence: ●●● High

Our biggest impact:

- Greenhouse gas emissions generated during the transport of incoming materials.
- Other emissions to land, air and water.
- The use of electricity for trains and fossil fuels for trucks.
- Labor rights and safety of the drivers of the carriers.

3. The own business

We want to conduct our business in a resource- and cost-effective as well as responsible manner. With a broad product program and good experience in many different industries, we help our customers choose the type of steel that suits their business. Ability to influence: ●●● High

Our biggest impact:

- Greenhouse gas emissions from the use of fossil fuels.
- Energy consumption in production.
- Waste from cutting products for customers.
- Work environment, safety and health for our employees.
- Job opportunities at our locations.

4. Outgoing transports

Our outgoing transports are primarily by truck. In addition to this, there are also outgoing transports by boat. However, these make up only 0.01% of the total outgoing transports. Ability to influence: ●●● High

Our biggest impact:

- Greenhouse gas emissions generated during the transport of outgoing materials.
- Other emissions to land, air and water.
- Labor law and safety of the drivers of the carriers.

5. Customers

Our customers can choose between various steel grades from our standard range as well as special alloys adapted to their industry and specific operations. For us, it's not just about delivering high-quality stainless steel that can meet our customers' needs for a long time, but about every part that has to do with the delivery. Although our customers are mainly in the Nordic countries, we also deliver materials to other parts of the world. Ability to influence: ●●○ Average

Our biggest impact:

- We deliver stainless long products with lower maintenance costs and a longer service life compared to products in "black" steel.
- We offer special steel adapted to industries with extra tough requirements, such as power production as well as the oil and gas industry.

6. Recycling

The fact that stainless steel retains its properties, regardless of how many times it is recycled, makes it a unique material. Using scrap in the production of new stainless long products reduces the need for new raw materials, which in turn contributes to reduced carbon dioxide emissions for the product's total life cycle. As our customers operate in several different industries and our products are used for a long time, we have a small opportunity to influence what happens when the products have reached the end of their useful life. Ability to influence: ●○○ Low

Our biggest impact:

- The recyclability of our products.
- Handling of any waste when our products have reached the end of their life.

ESSENTIAL AREAS

Within Valbruna Nordic's three focus areas of People, Environment and Sustainable operations, a number of areas have been identified as particularly important, based on dialogues with our stakeholders and our strategic direction. In connection with the materiality assessment in 2023, we will partly ensure that we continue to focus on our most significant areas, partly set goals and develop a plan for the continued work of measuring and following up on our set goals.

Responsible business

Valbruna Group has a common code of conduct (Code of Ethics) as employees, board members, customers, partners and suppliers are encouraged to comply. Together with the group's values (dynamic, transparent and sustainable) the code must provide our employees with guidelines for actions and decisions linked to daily operations. The code describes how we are expected to act towards each other as well as towards our customers, suppliers and partners. Furthermore, the code also describes the expectations for our internal work linked to equality, working environment, including safety, as well as career and skills development. Our Code of Ethics provides partners and suppliers with guidance regarding our expectations regarding the handling of ethics-related issues such as corruption in all its forms, including bribes and child labour, and environmental issues such as waste management and emissions to land and water.

We expect every employee to act with honesty, integrity and responsibility in their work and to cooperate with business partners who share our values. On our intranet there is an internal whistleblower system where employees have the opportunity to report anonymously if they see any problems, inac-

curacies, illegal behavior or irregularities regarding Valbruna Nordic's interests or the lives and health of individuals. The person reporting can choose to whom the message should be sent, but the system is designed to guarantee anonymity if no name is provided. In 2021 as well as 2022, Valbruna Nordic had zero reported cases of corruption, bribery or irregularities via the whistleblower system.

Collective agreement

100% of the employees at Valbruna Nordic are covered by collective agreements and have the right to join available trade unions and to bargain collectively in accordance with local laws and regulations. Local rules and regulations also protect the right to fair conditions, including contractual working hours, overtime, rest and holidays.

Supplier follow-up

Conducting business in a responsible manner means that we need to be transparent in our communication and continuously hold dialogues with both suppliers and customers as well as our partners. Our main supplier Acciaierie Valbruna S.p.A and other sister companies within the group are expected, just like Valbruna Nordic, to comply with the code. However, it is missing currently data on what percentage of our other suppliers have signed the code. In 2023, we will develop a process for how we review that our most significant suppliers have signed and follow the code. This will then be integrated with our other supplier evaluation process. We will also produce a translation of the code as part of the work to spread and implement the code among our employees, as part of our work to counter corruption, bribery or other irregularities.



Targets by the year 2025

Signing the code of conduct for main material suppliers: **100%**.

Follow-up on main suppliers' compliance with the code of conduct: **100%**.

Safety, Health and Well-being

Valbruna Nordic works systematically towards a zero vision regarding workplace accidents, where the basic idea is that all accidents can be prevented. Our preventive work is covered by annual analyzes linked to risk and our systematic work environment work (SAM) as well as safety and fire protection rounds, in our warehouse and office. Specific risk analyzes include measurement of particles in the air in the warehouse, work at height, noise, truck driving and chemical handling. The results from completed risk analyzes are carefully examined and the necessary risk minimization measures are implemented to prevent any risks identified. In connection with us becoming the infrastructure owner in 2022, there has also been a large amount of administrative work and an increased need for security work.

To improve safety at Valbruna Nordic, all employees complete CPR training combined with First Aid every two years and basic fire protection training every three years. Possibilities to increase safety are discussed by management and employees, and improvements are implemented on an ongoing basis. It is above all linked to truck driving and handling of cut products that safety risks have been identified, where crushing and cutting injuries are the most common safety incidents. Overall, the safety performance for 2022 was good. We reduced sickness absence and reached our goal of not exceeding 3.5%. However, two incidents were reported during the year, one of which involved minor personal injury. This can be compared to the fact that there was one minor incident with personal injury per year during 2019–2021. We also have as a goal until 2023 to work towards sickness absence not exceeding 3.5% and our zero vision regarding workplace accidents.

Health and Well-being

Having a healthy and well-being employee is something that pays off in the long run. The well-being of our employees is a shared responsibility for Valbruna Nordic as an employer as well as the employees. The annual employee reviews are a way to ensure that every employee at Valbruna Nordic develops and thrives in the workplace. All employees are offered a wellness allowance and health care insurance. At the head office in Karlstad, employees also have access to a massage chair and exercise equipment. In addition to this, in 2019, as well as when the restrictions allowed during the 2020–2021 pandemic, there was the possibility to book a massage every two weeks. Something that we chose to continue offering in 2022 as well.

SICK LEAVE				
	2022	2021	2020	2019
Valbruna Nordic (Total sick leave)	3,5%	4,4%	3,6%	4,7%
Blue Collar	2,5%	3,7%	3,3%	-
White Collar	1,0%	0,7%	0,3%	-

The health and well-being of our employees is also a central part of the annual employee meeting. The result from the employee interviews are presented by department and based on the areas of improvement that are established, an action plan is drawn up. Valbruna Nordic also enlists the help from an Occupational Health Service in the systematic environment work. Employees can partly carry out health examinations, partly to receive support in matters linked to physical and psychosocial health.

Diversity and Inclusion

To succeed with diversity, we need to work actively to create a workplace where everyone is treated with respect and dignity. A workplace where we also encourage a culture with equal opportunities for everyone regardless of gender, ethnicity, religious beliefs, nationality, age, marital status, functional variation or sexual orientation. The work environment at Valbruna Nordic must be safe and inclusive for our employees and free from harassment and discrimination. We conduct annual employee interviews with active follow-up of the results, where action plans are drawn up for the areas of improvement that have been determined. The work is carried out with full transparency in relation to guidelines, operational systems and reporting of violations regarding discrimination. In the employee interviews conducted in 2022, no cases of harassment or discrimination were reported.

In the group's code of conduct, it is also described that all employees must be treated fairly and that any form of discrimination, harassment or abuse of any kind is unacceptable. To ensure that we work in accordance with this, we need to create awareness among all employees about the content of the code of conduct and how it must be complied with.

SEX	2022		2021		2020		2019	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Employees	74%	26%	74%	26%	71%	29%	71%	29%
Management Team	66%	34%	66%	34%	66%	34%	66%	34%
Board	100%	0%	100%	0%	100%	0%	100%	0%

Greenhouse Gas Emissions

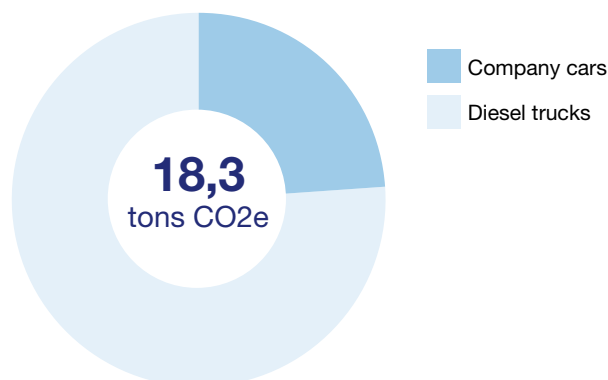
The steel industry accounts for 7% of greenhouse gas emissions in the world and is thus one of the industries with the highest emissions of greenhouse gases. Increasing the proportion of recycled scrap is an important part in the work to reduce emissions, but in order to meet the growing demand for new steel, steel will still need to be produced using iron ore-based production. We are determined that we need to do what we can to reduce our climate impact. We therefore measure and report our greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG protocol) since 2022, focusing on scope 1 (direct emissions from operations and owned & leased vehicles), scope 2 (indirect emissions from purchased electricity and heat for warehouses and offices) and scope 3 (other indirect emissions from our value chain).

Emissions from scope 1 & 2

Our ambition is to halve our emissions in scope 1 & 2 by 2030 compared to 2021 as the base year and to be climate-neutral in scope 1 & 2 by 2045. Since scope 1 accounts for 55% of these emissions, we primarily need to see about how we can reduce emissions from our company cars and trucks. Our vehicle fleet today consists of 80% clean vehicles, and we have as a goal to have 100% by 2025. We will gradually phase out the fossil fuel in the trucks and switch to HVO, and then invest in electric trucks when it is time to replace our current trucks.

Scope 1 – Direct emissions (tons CO2e)

2022 (2021)	Fuel consumption (litres)	Emissions (tons CO2e)
Company cars ^{1,2}	1,597 (-)	4,4 (-)
Diesel trucks	5,382 (5,154)	13,9 (15,5)
TOTAL	6,979 (5,154)	18,3 (15,5)



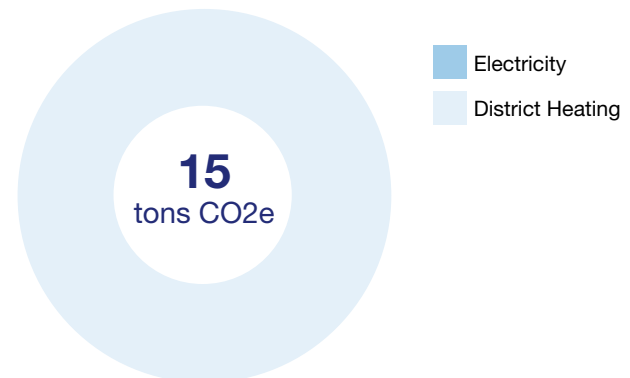
¹ All emissions from company cars have previously been included in business trips but are reported as of 2022 in scope 1 according to the GHG protocol. Calculations by Greengoat AB.

² Calculations have been based on a fuel consumption of 7 litres/100 km.

Our energy consumption is primarily affected by delivery volumes and production operations, where both material processing and service are energy-demanding processes. Although the storage of materials is generally less energy-demanding, the outdoor climate can have a significant impact on energy consumption, which is difficult for us to influence. The energy mapping carried out in 2021 showed, among other things, large heat leaks at the workshop doors, which have been sealed in 2022. We have also lowered the temperature of the hot water and turned off the cooling machine and pump during the winter months to make further energy savings. In 2023, we will continue the work of going through the energy mapping to identify new ways to reduce our energy consumption. During Q1 2023, we will also install solar cells with a total output of 371.5 kW, which corresponds to a production of just over 350,000 kWh.

Scope 2 – Indirect emissions (tons CO2e)

2022 (2021)	Energy consumption (MWh)	Emission ¹ (tons CO2e)
Electricity	269 (283)	0 (0)
District Heating	361 (399)	15 (18)
TOTAL	630 (682)	15 (18)

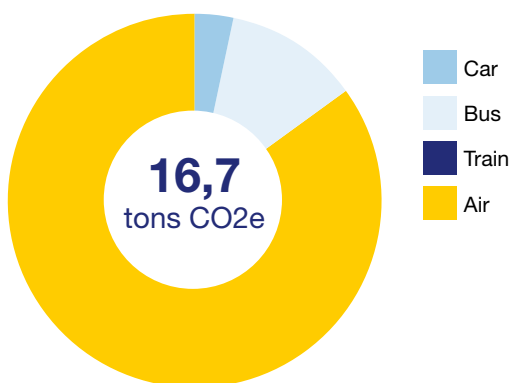


¹ Calculations have been performed in accordance with the requirements of the Greenhouse Gas Protocol Scope 2 Guidance, by Greengoat AB. The table reports the results from calculations according to the market-based method.

Emissions scope 3

In 2022, Valbruna Nordic began mapping the greenhouse gas emissions in scope 3, with a focus on transport and the purchase of materials. We have also expanded our reporting of greenhouse gas emissions from business trips with bus and air travel. During In 2022, air travel accounted for 84% of total greenhouse gas emissions from business travel. As from 2022 we report according to the GHG protocol, greenhouse gas emissions from business trips with vehicles that we own or rent are reported under scope 1, which explains the significant reduction in greenhouse gas emissions for 2022 compared to previous years.

2022 (2021)	Business trips (miles (10km))	Emissions ¹ (tons CO2e)
Car	328 (1384)	0,6 ² (2,9)
Bus	115 (-)	2,1 (-)
Train	0 (0)	0 (0)
Air ³	3,157 (-)	14 (-)
TOTAL	3,600 (1,384)	16,7 (2,9)



¹ For calculations of emissions from business trips by car, fuel consumption has been estimated to be 7 litres/100 km.

² The reduction in emissions is due to business trips both with employees' own cars and company cars being included in the calculations in previous years. For 2022, emissions from business trips with own-owned or leased cars are reported in scope 1.

³ Air travel for an employee has not been included in the calculations as data was missing when the sustainability report was published. Calculations by Greengoat AB.

There is a growing interest from our customers to calculate and reduce greenhouse gas emissions in their value chains, which means we need to understand our role in this. In 2022, we have collected data from our three largest suppliers in order to be able to conservatively estimate the climate footprint from our material purchases. The calculations in the table below are primarily based on produced environmental product declarations (EPD) from our suppliers and other equivalent players in the steel industry. Based on generic and supplier-specific data, we have calculated the greenhouse gas emissions from our total purchase of materials, in accordance with the requirements of the GHG protocol's standard for scope 3 calculations. In 2023, we will continue to collect more supplier-specific data to further raise the quality on our greenhouse gas calculations.

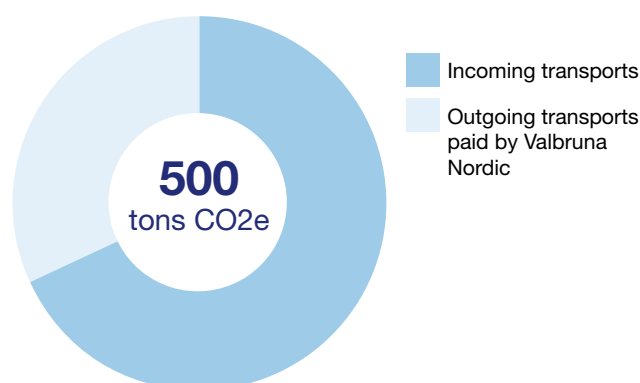
2022 (2021)	Purchased raw materials, goods and services	Emissions ¹ (tons CO2e)
Purchase of material (tons)	10,379 (10,042)	20,829 (20,167)

¹ Calculations have been performed in accordance with the requirements of the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and are based on both generic and supplier-specific data. Calculations by Greengoat AB.

Based on our position between the steel producers and our customers, we have the greatest opportunity to influence the total climate impact through our choices of transport. Today, we buy 95% of our material from the parent company in Italy, of which 91% can be shipped to us via rail, which enables a greenhouse gas emission of just over 1,300 tons of CO2e to be avoided compared to if the transport were to take place by truck. Our incoming transports from other suppliers take place primarily by truck, but also to some extent by train.


Outgoing transport to our customers is by truck, which is increasingly powered by diesel fuel mixed with biofuels. We carefully follow up the transports to our various customer markets and during 2022 worked actively to collect climate reports from our carriers. For the operating year 2022, we have received climate reports for 98.5% of our incoming transports and 100% of our outgoing transports.

2022 (2021)	Upstream transports (tons)	Emissions ¹ (tons CO2e)
Incoming transports	10,227 (9,942)	341 (379)
Outgoing transports paid by Valbruna Nordic	9,590 (8,083)	159 (174)
TOTAL	19,800 (18,025)	500 (553)



¹ Calculations have been performed in accordance with the requirements of the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and are based on both generic and supplier-specific data. Calculations by Greengoat AB.

By transporting a larger proportion of the purchased material by train in 2022, the emissions from our incoming transports could be reduced by just over 10% compared to 2021. The result clearly shows how important access to the railway is in our continued work to reduce emissions from transport. Even for out-bound transports to customers, where in principle all shipping takes place via truck, we have achieved a significant reduction in emissions in 2022. Here, the most important measures have been to increase the number of tons per shipment to reduce the number of total shipments, which resulted in a 9% reduction in emissions compared to 2021. In 2023, we will continue to review our logistics flows and reward carriers which has a pronounced and conscious sustainability and environmental focus.



Targets by the year 2023

To map the proportion of biofuels in outgoing transport by truck.

Increase tonnage per shipment by 5% with a minimum of 2,0 tons per shipment as average.

Circularity and Resource efficiency

Steel can be melted again and again without its properties being affected and is today one of the world's most recycled materials. 95% of the materials we buy in are produced with around 90% recycled steel, and around a third of our remaining purchases are produced with roughly 84% recycled steel. The high proportion of recycled material contributes to the

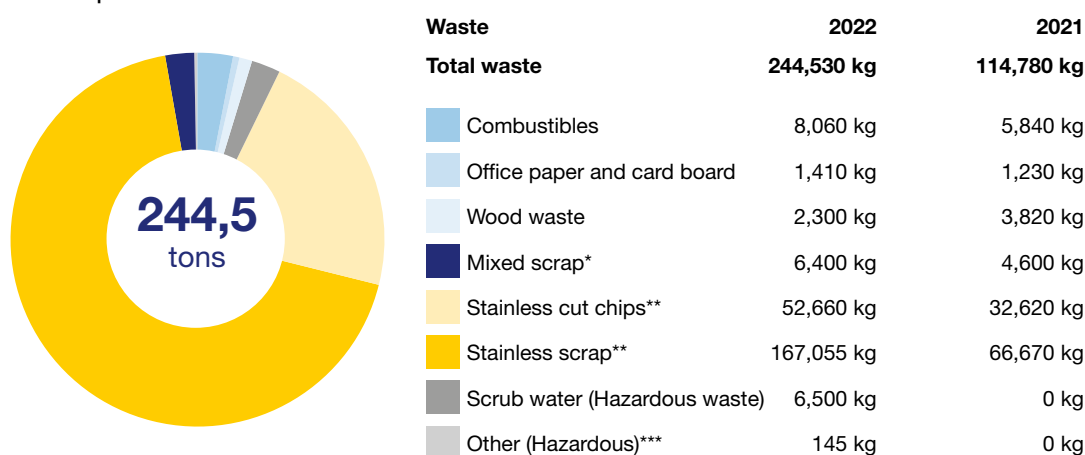
fact that the products we sell have a lower climate impact throughout its lifetime, compared to similar products made with virgin raw materials. For us, a high recycling rate and resource efficiency are key factors for us to be able to contribute to reducing the climate impact of our products. As part of this, we strive to make the use of both materials and energy more efficient. By offering our customers products manufactured with a high proportion of recycled steel, we contribute to a lower climate impact during the product's total life cycle. Something we do without compromising either the quality or the product's lifespan.

Waste disposal

Valbruna Nordic works actively to minimize the generation of scrap and spillage. Of the waste generated within Valbruna Nordic's operations, 92.5% consists of metal, and the rest mainly combustibles and wood. As the emptying takes place as needed and is thus irregular, the annual waste statistics can vary between specific years. Handling and sorting of waste has been optimized based on environmental risks, resource opportunities, waste types and -quantities. Stainless cutting chips and stainless cutting scrap are 100% recycled and can mostly be sent directly to Swedish steel mills and foundries. Incoming packaging material from our suppliers is reused to a large extent for deliveries to customers. Generally speaking, a small amount of packaging material is used for deliveries, but by reusing what has already been produced, we contribute to resource efficiency while reducing the amount of waste.

Our waste is handled by a recycling company. During the year, more than 90% of the total amount of waste material could be recycled, while the remaining waste went to energy recovery. By recycling the material and energy of the waste that could not be prevented, a greenhouse gas emission of a total of 222.4 tons of CO2e has been avoided by, for example, the recycled material being able to replace virgin material. In 2023, we will continue to work on preventing waste in the first place, reusing if it cannot be avoided and recycling in third place.

Waste per waste fraction



*Recyclable to 100%.

**Recycled for the most part by steel mills.

***Other (hazardous waste) consists of absorbents and aerosols.

RISK MANAGEMENT

Valbruna Nordic works actively to analyze the sustainability-related risks that may affect our operations. As part of the board's strategy review, future strategic risks are evaluated, while the MD and the management team are responsible for the operational risk assessment linked to safety for people and the environment. Our environmental management is based on ISO 14001 and we are also certified according to ISO 9001. The table below presents the sustainability-related risks that have been identified and the strategic measures included in our risk management.

CATEGORY	RISK	STRATEGIC MEASURE
Environmental risk	Emissions to land, air and water	Certification and compliance with ISO 14001 and ISO 9001 Quality and environmental policy
Environmental risk	Energy use	Energy mapping Energy efficiency improvement
Environmental risk	Fossil-based transports	Follow-up of the carriers' emissions and other sustainability work
Operative risk	Lack of safety and health	Security rounds & fire protection work
Social risk	Violation of Valbruna Nordic's values	Employee interviews, Code of Ethics, Whistleblower system
Ethical risk	Crime against human rights	Code of Ethics, Whistleblower system
Ethical risk	Corruption	Code of Ethics Supplier evaluation

CORPORATE GOVERNANCE

Valbruna Nordic is regulated by the Swedish Companies Act. Its highest governing body is thus the annual general meeting, where the company's board is elected. Our current board consists of four members, who together have overall responsibility for the company's organization and management. This includes, among other things, determining strategies and goals and deciding on major investments. The chairman leads the board's work and continuously monitors the company's operations in dialogue with the MD. The chairman of the board also ensures that the other board members are well informed to ensure an efficient board work. Valbruna Nordic's MD is

responsible for managing the day-to-day strategy work together with the management team. In addition to the MD, the management team consists of the Finance Manager, Logistics and Purchasing Manager, Warehouse Manager, Marketing Manager and Quality and Environment Manager. The management team works continuously with sustainability issues within the day-to-day operations, mainly in matters connected to logistics, the purchase of materials and in dialogue with our customers, but also in the form of supplier evaluations and compliance with the existing Management system.





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