

SUSTAINABILITY REPORT 2023



VALBRUNA
NORDIC

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Valbruna Nordic AB (556124–5639) presents its sustainability report for 2023. It also covers our subsidiaries in Denmark and Norway, and reflects our development during the period 1 January 2023 to 31 December 2023. The company's first sustainability report for the year 2020 was published on 5 February 2021. This report is our fourth 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 and has been comprehensively reviewed by the company's auditors, KPMG.

Published on March 27, 2024.

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 means that we with our excellence want to be able to offer the market's widest range of products under one roof.

Vision and values

Valbruna Group's values are that we as a company should be dynamic, transparent and sustainable. We strive to be one co-operation partner who take responsibility financially, socially and ethically, and which satisfy our customers and other stakeholders needs and expectations for a resource- and cost-effective way. Our continuous work focuses on improved quality and climate work, with sustainability, people's well-being and environmental consideration as central elements.

Head office: Karlstad.

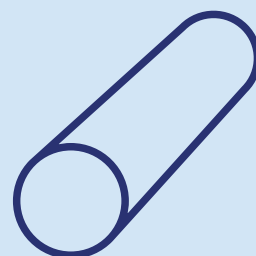
Branches with sales offices in Kolding, Denmark and Fjellhamar, Norway.

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

630 MILLION SEK

Sales **8,684** tons

WORDS FROM OUR MD

In 2023, the market noticed a significant trend towards de-stocking, reversing the shortage of materials in previous years. This change was attributed to supply chain surpluses and reduced demand from OEMs and stockists. Stockists temporarily increased their stocks as a result of aggressive sourcing from the mills, resulting in longer lead times.

This market transformation had an impact that significantly changed our product mix. Standard materials, which have been readily available, saw a decline in demand, while high-alloy and value-added products used in sectors such as aerospace/defense, oil and gas, and the renewable energy sector, became increasingly rare.

The events of 2023 also highlight the vulnerability of an economy that relies heavily on long-distance supply chains. It underlines the importance of prioritizing European products and services, a change that can provide economic stability, reduce the environmental impact of production and shorter transport distances, and offer cost predictability.

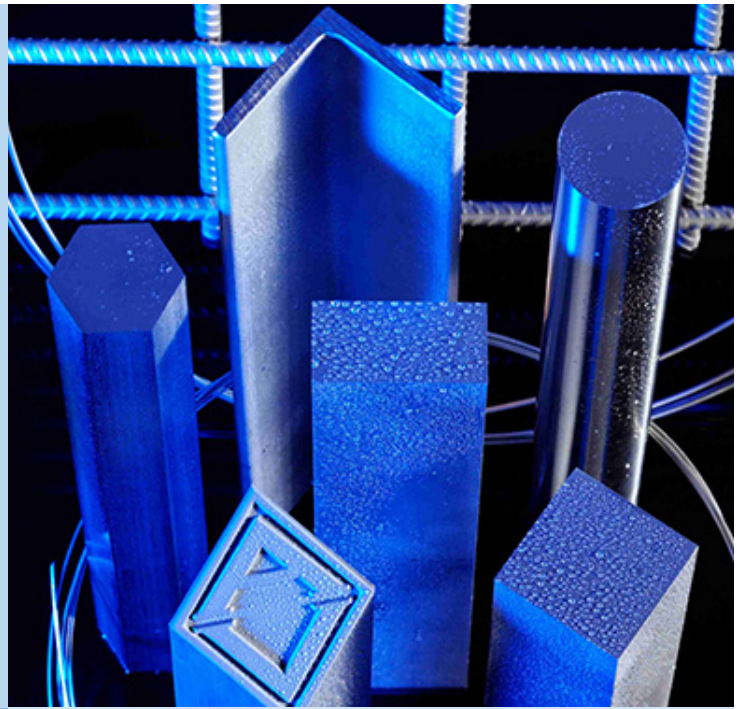
At Valbruna Nordic, we have actively collaborated with our customers to streamline processes, minimize unnecessary transport costs and packaging materials, and explore new opportunities in packaging. We are confident that by optimizing efficiency while reducing our carbon footprint, we can focus on initiatives that benefit both the environment and cost efficiency.

During the third quarter of 2023, 916 solar panels were installed on Valbruna Nordic's roof, which means that we can become more self-sufficient in energy. We are aware of the changing regulations from the EU and increased expectations from our most important stakeholders. This report reflects our commitment to taking responsibility for the impact we have on the environment, people and human rights, and we are proud of the steps we have taken as well as the steps we plan to take next.

Renato Faggian,
MD, Valbruna Nordic

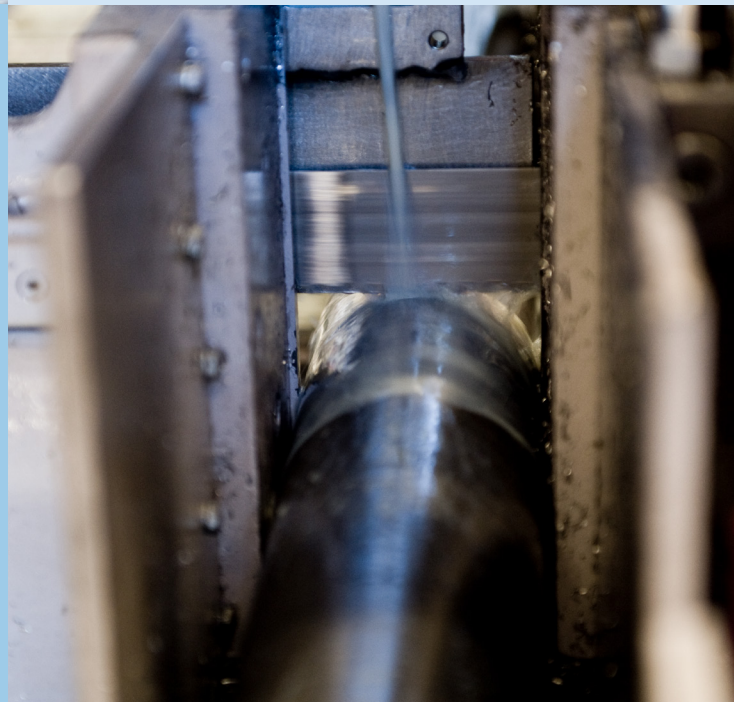


THE YEAR IN BRIEF



Valbruna Nordic has installed solar cells during 2023, which means that we during the summer semester will be more self-sufficient on energy. The installation was taken in operation during Q3 2023.

The sawing capacity has been successively expanded through investment in two new saws in 2021, another saw was installed in 2023. This contributes to the sawing capacity of bigger dimensions have been increased by 100%. Ours need for sawing capacity is now covered by existing machines. The new saws are also significantly more energy efficient. By better utilized mechanical energy is reduced the machine's total energy consumption by 30%.





In 2023, a safety system was put into operation for the railway, so that we can continue to create good conditions for sustainable incoming transports.



In 2023, LED lighting has been installed in the automatic high-bay warehouse. Other lighting will gradually be replaced by LED.



Valbruna Nordic continues to optimize outgoing transports to customers. The goal is to annually reduce the number of shipments by 5% and at the same time increase the tonnage per shipment. Some markets met the target in 2023. More and more customers are involved in the work to reduce the number of shipments per week.



During November 2022, an assessment began of Acciaierie Valbruna and the sales subsidiaries by an internationally recognized company. The result from the assessment was completed during Q1 2023 and will be an important basis for our strategic sustainability work. Now the work with development of EPDs (Environmental Product Declaration) at Acciaierie Valbruna is also planned.

STAKEHOLDER ENGAGEMENT

Valbruna Nordic establishes regular dialogues with our stakeholders to ensure a better understanding of their expectations of us as a company as well as our sustainability work. The selection of stakeholders has been based both on their degree of interest in our business and their potential influence on us. The table below describes our most important stakeholders, in which form we usually dialogue with them as well as their most important issues.

Valbruna Nordic's ambition is to carry out in 2024 a dual materiality analysis as part of our preparations before the new Sustainability Reporting Directive (CSRD). A central part of the work includes more in-depth dialogues with our most important stakeholders.

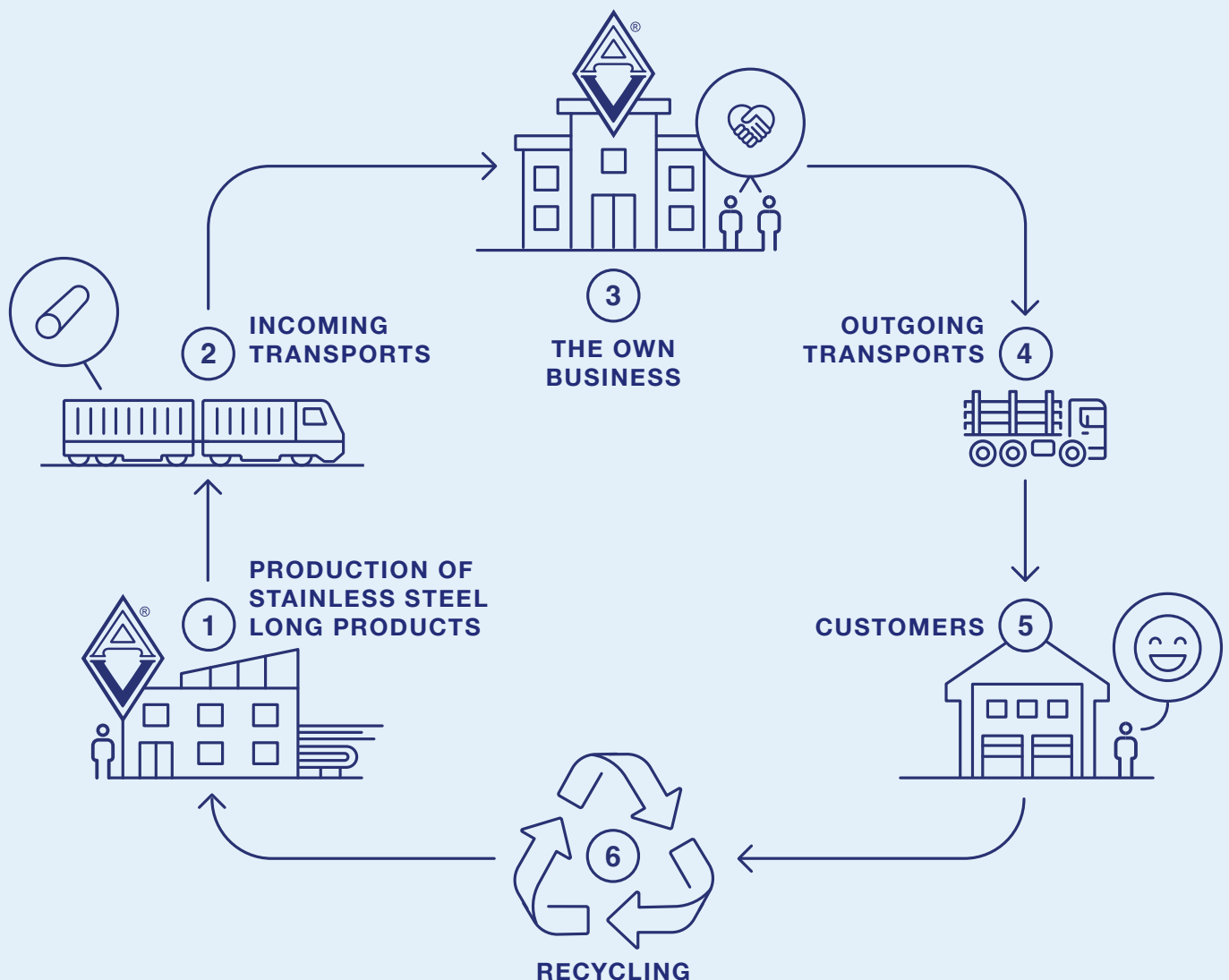
STAKEHOLDER	DEFINITION	DIALOGUE FORM	OUR STAKEHOLDERS EXPECTATIONS OF US AS A COMPANY
Customers	Direct customers	Sales meetings, customer surveys, fairs	That we add added values to customers through offering the market's widest range of products and excellence, collected under one and the same roof.
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 take responsibility for limiting our emissions to land, water and air, waste management, as well as promotes circularity in form of both resource and energy efficiency.
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 specializes in marketing, sales and distribution of long stainless steel products. We strive to reduce our impact on the environment, people and its human rights, by having a close collaboration with our suppliers and to streamline our in- and outgoing transports. The largest share of our purchases comes from Acciaierie Valbruna's production facilities in Vicenza and Bolzano, Italy. We also have selected suppliers in Italy and Luxembourg which we have carefully approved. Data presented in our annual sustainability report regarding purchased products include our direct suppliers, who account for 97% of our total purchase. The remaining 3% is bought from several smaller European suppliers.

To be able to offer products that maintain high quality and at the same time take responsibility that we minimize actual as well as potential negative impact on both people and the environment, continuous improvements throughout the value chain are required. To ensure compliance with Corporate Sustainability Due Diligence Directive (CSDDD), the new directive for due diligence regarding the influence of our suppliers on people and the environment, the requirements for control in the value chain are tightened. Although the directive is not expected to enter into force until in 2026 we will begin the work of preparing already in 2024.

Below follows a description of our value chain, how we collaborate with our customers and suppliers, as well as where we identify our greatest impact on the environment and people within each part of the value chain.



1. Production of Stainless Steel long Products

The parent company Acciaierie Valbruna in Italy today delivers 96% of our purchases of stainless steel bars in all profiles, steel grades and surface finish. The parent company complies with the EU's conflict minerals regulation in accordance with the OECD guidance on Due diligence to ensure responsible supply chains for minerals from conflict-affected and high-risk areas. Raw materials are mainly purchased from European suppliers, of which 95% is scrap metal supplied by Italian companies. Suppliers of molybdenum can be found in Chile and the Netherlands. In addition to this, our product range is also supplemented through 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 certifies that more than 90% recycled raw materials are used in the steel they deliver, which means lower greenhouse gas emissions and a more efficient use of natural resources.
- Today, both electricity and gas are used as energy sources for production, something that contributes to essential emissions of greenhouse gases.
- That we can follow up and ensure human rights as well as how the suppliers work to limit their impact on the environment and people, is becoming increasingly important in and with CSDDD.

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 95% via rail and 5% by truck. There are also direct deliveries to customers via truck corresponding to 3% 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 production of electricity for trains and fossil fuels for trucks.
- Labor laws and safety for the carriers' employees.

3. The own business

We strive to conduct our business in a resource- and cost-effective as well as responsible way. With a comprehensive product program and broad experience in various industries, we help our customers choose the type of steel that suits their specific business. Ability to influence: ●●● High

Our biggest impact:

- Greenhouse gas emissions from the use of fossil fuels in our company vehicles.

- 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 occasional outgoing transports by boat. However, these make up only 0.04% 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 carriers' employees.

5. Customers

Our customers have the opportunity to choose from different types of steel from our standard range as well as special alloys that are customized according to their specific industry and business. For us, it's about more than just providing high-quality stainless steel that can meet our customers' long-term needs; it's also about every aspect of delivery. Although our main customers are mainly found in the Nordics and Estonia, we also deliver materials to other parts of the world, including the UK and southern Europe. 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 carbon steel. While the lifespan of a surface-protected carbon steel is 15–20 years, for example a roof produced in stainless steel can last as long as the building it sits on¹.
- 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

Stainless steel retains its properties even after repeated recycling, which makes it a unique material. By using recycled material in the manufacture of new stainless long products, the need to extract new raw materials is reduced, which in turn reduces greenhouse gas emissions over the entire product life cycle. Because our customers operate in different industries and our products have a long lifespan, we have limited ability to influence what happens when the products reach 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.

¹ (Jernkontoret, 2021)

ESSENTIAL AREAS

Valbruna Nordic's strategic sustainability work covers the three basic aspects of sustainability: People, Environment and Sustainable operations. Within these three areas we have identified a number of key issues that we consider particularly significant. This is based on continuous dialogues with our most important stakeholders and is in line with our vision and values that Valbruna Nordic should be an economically, socially and ethically responsible partner. To ensure that we continue to focus on our most essential areas, and as part of our work to prepare for the new directive for sustainability reporting, CSRD, in 2024 we will carry out a double materiality analysis. This means that set goals may be adjusted.

Responsible business

Valbruna Group has a common code of conduct (Code of Ethics) which we encourage our employees, board members, customers, partners and suppliers to follow. Together with the group's values (dynamic, transparent and sustainable), the code forms guidelines for our employees' actions and decisions in daily operations. The code of conduct describes how we are expected to act towards each other, our customers, suppliers and partners. It also includes expectations for our internal work, such as gender equality, work environment (including safety) and career and skills development. Furthermore, the Code of Conduct provides our partners and suppliers with guidance on our expectations regarding ethical issues, including preventing corruption in all its forms, including bribery and child labor, as well as environmental issues such as waste management and minimizing 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. To encourage transparency and accountability, we have an internal whistleblowing system available on our intranet. Employees have the opportunity to anonymously report any problems, inaccuracies, illegal behavior or irregularities that affect Valbruna Nordic's interests or the lives and health of individuals. The person reporting can choose to send the message to a specific person, but the system is designed so that anonymity is guaranteed if no name is provided. In 2023, no irregularities were reported.

IRREGULARITIES			
	2021	2022	2023
Number of irregularities reported	0	0	0
Of which were classified as whistleblowing	0	0	0

Collective agreement

All employees at Valbruna Nordic are covered by collective agreements and have the right to join available unions and to participate in collective negotiations according to applicable local laws and regulations. We also comply with local laws and regulations that protect the right to fair working conditions, including agreed working hours, overtime, rest and holidays. This commitment provides our employees with the necessary protections and guarantees for their work-related rights and well-being.

Supplier follow-up

Conducting business in a responsible manner requires open and continuous communication with our suppliers, customers and 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 group's code of conduct. However, there is currently no data on what percentage of our other suppliers have signed the code. Everyone has taken part and signed the code. During 2023, we have focused on further increasing awareness of the code of conduct among our employees. We also continue to develop our processes and routines for supplier follow-up, where the goal is for this to be integrated into our other process for supplier evaluation.



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 infrastructure owners in 2022, a large security system has also been added as well as an increased need for security work connected to the railway into our area.

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 2023 was good. No incidents were reported, which can be compared to 2022 when two incidents were reported, one of which involved a minor injury. Sick leave increased slightly in 2023, but we still managed to reach our goal of a maximum of 3.5% sick leave. In 2023, total sickness absence was 3.4%. The significantly higher sickness absence among blue-collar workers is largely due to their limited opportunity to work from home, in contrast to white-collar workers. Our goal is also in 2024 to continue working towards sickness absence not exceeding 3.5% and our zero vision regarding workplace accidents.

SICK LEAVE				
	2020	2021	2022	2023
Valbruna Nordic (Total sick leave)	3.0%	3.8%	3.0%	3.4%
Blue Collar	2.8%	3.2%	2.1%	2.4%
White Collar	0.2%	0.6%	0.9%	1.0%

*Table corrected, also employees in Norway and Denmark included.

SEX	2020		2021		2022		2023	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Employees	71%	29%	74%	26%	74%	26%	74%	26%
Management Team	66%	34%	66%	34%	66%	34%	66%	34%
Board	100%	0%	100%	0%	100%	0%	100%	0%

Health and Well-being

Having healthy and well-being employees is a long-term investment. The well-being of all employees is a shared responsibility for Valbruna Nordic as employer as well as employee. The annual employee reviews are a way to capture essential issues, connected to the employee's safety, health and well-being. It is also a way to ensure that every employee at Valbruna Nordic develops and thrives in the workplace. The results of the employee interviews are presented by department, and an action plan is drawn up based on the areas of improvement that are determined. Valbruna Nordic takes help from Occupational Health Service in the systematic work environment work. Employees have the opportunity to partly carry out health examinations, partly to receive support in matters linked to physical and psychosocial health. All employees are offered wellness allowance and healthcare insurance. At the head office in Karlstad, employees also have access to training equipment. In addition to this, since 2019, and when the restrictions allowed during the 2020–2021 pandemic, there has been the possibility to book a massage every two weeks. Something that we will continue to offer in 2024 as well.

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. Instead of employee surveys, we conduct annual employee interviews with full transparency in accordance with our guidelines, operating systems and report any violations related to discrimination. In the employee interviews conducted in 2023, 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.

Greenhouse Gas Emissions

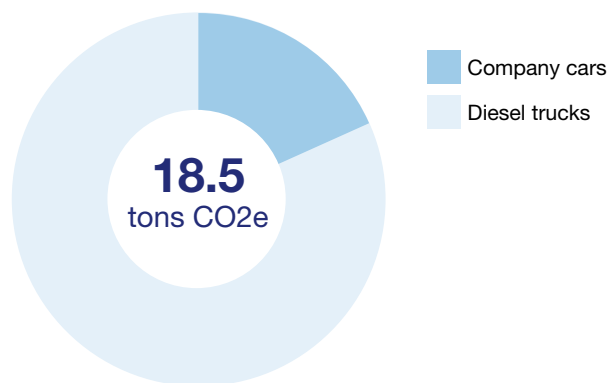
The steel industry accounts for 7% of global greenhouse gas emissions and is thus one of the most emissions-intensive industries. Increased use of recycled scrap is thus absolutely crucial to reducing emissions. At the same time, it is necessary to continue producing steel from iron ore to meet the increasing demand. We are determined to do our best to reduce the emissions that our operations give rise to. We measure and report our greenhouse gas emissions according to the Greenhouse Gas Protocol (GHG protocol) since 2022, focusing on scope 1, 2 and parts of scope 3.

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)

2023 (2022)	Fuel consumption (litres)	Emissions (tons CO2e)
Company cars ^{1,2}	2,426 (1,597)	5.7 (2.7)
Diesel trucks	5,082 (5,382)	12.8 (13.9)
TOTAL	7,508 (6,979)	18.5 (16.6)



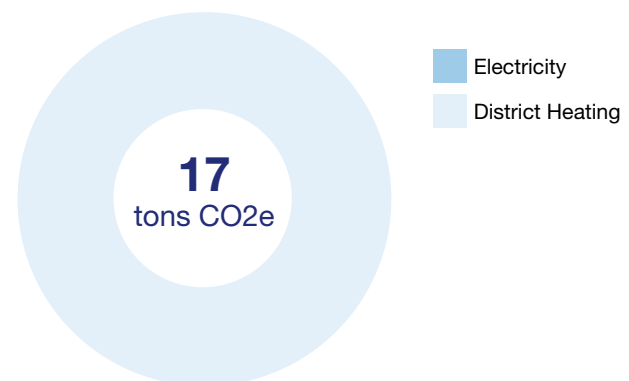
¹ Fuel consumption for company cars is estimated to be 6.7L/100km for diesel and 5.6L/100km for hybrid.

² Calculations are based on emission factors per kilometer driven for diesel and hybrid cars and have been carried out by Greengoat Hållbarhetsbyrå AB. The emissions for 2022 have been corrected, as these were previously based on estimated fuel consumption.

Our energy consumption is mainly affected by the delivery volumes and production operations, where both above all material processing is an energy-demanding process. Although the storage of materials is generally less energy-intensive, the outdoor climate can have a significant impact on our district heating consumption, which is a factor over which we have limited control. Emissions in scope 2 were slightly higher in 2023. District heating consumption increased by 10% as a result of a cold winter, but we managed to reduce our electricity consumption by 3%. In 2023, we continued work on revising our energy mapping, which was carried out in 2021, to identify new opportunities for energy savings. Among other things, we switched to LED lighting in the automatic high storage. During Q3 2023, 916 solar cells were installed with a total output of 380.1 kW, which corresponds to a production of just over 360,135 kWh.

Scope 2 – Indirect emissions (tons CO2e)

2023 (2022)	Energy consumption (MWh)	Emission ¹ (tons CO2e)
Electricity	262 (269)	0 (0)
District Heating	396 (361)	17 (15)
TOTAL	658 (630)	17 (15)



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

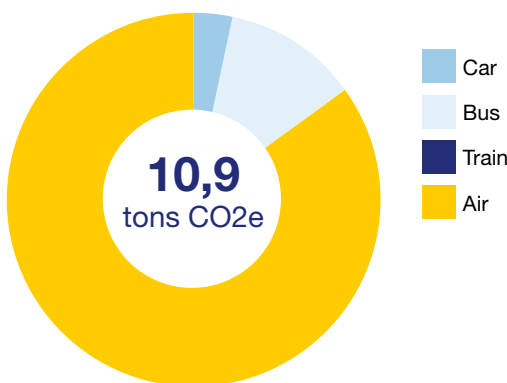
Emissions scope 3

Valbruna Nordic continues to report its emissions for completed business trips. The reporting for 2023 has been expanded compared to 2022 and now also includes business trips by train, which totaled 229 miles. In 2023, air travel accounted for 93 % of total greenhouse gas emissions from business travel. The total number of miles traveled in service decreased by 27 %, compared to the year 2022, which corresponded to a 28 % reduction in emissions. As a result of the execution of customer visits and sales meetings slowly recovering after the pandemic and the hiring of a new salesperson in 2023, business trips by car increased by 27 %.

The number of miles traveled in service has been corrected for 2022. The distance of 3,157 miles stated previously included flights between Arlanda and Munich for one person and not all passengers, which totaled 24 people on the way to Munich and 22 people on the way back from Munich. The same applies to the number of miles traveled by bus between Arlanda and Karlstad and Munich and Antholz in Italy. However, the total distance traveled was included in the emission calculations.

Scope 3 – Other indirect emissions (tons CO2e)

2023 (2022)	Business trips (miles (10km))	Emissions ¹ (tons CO2e)
Car	416 (328)	0.7 (0.6 ²)
Bus	167 (2,640)	0.1 (2.1)
Train	209 (0)	0 (0)
Air ³	6,626 (9,075)	10.1 (14)
TOTAL	7,209 (11,715)	10.9 (16.7)



¹ Calculations are based on emission factors per kilometer driven for diesel and hybrid cars for an average car size. All of the emission calculations for business trips have been carried out by Greengoat Hållbarhetsbyrå AB.

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 Hållbarhetsbyrå AB.

On October 1, 2023, the Carbon Border Adjustment Mechanism (CBAM) transition period began, which means that companies that import a certain type of goods into the EU from countries outside the EU must report the emissions generated during the production of these goods. Valbruna Nordic is covered by this, albeit to a small extent so far, but we see that this will be a challenge for many in our industry.

As the interest from our customers also increases in measuring and reducing their greenhouse gas emissions throughout the value chain, it becomes increasingly clear that we need to collaborate further with our suppliers on the issue. We welcome the CBAM report as it means that we will be able to collect more supplier-specific climate data from our suppliers. In 2022, we collected data from our three largest suppliers to estimate the climate impact from our material purchases. This has also formed the basis for the 2023 calculations. The calculations in the table below are primarily based on produced environmental product declarations (EPD) from one of our suppliers as well as data for other suppliers' emissions within scope 1 & 2.

During 2023, emissions from our material purchases decreased by 27 % as a result of us purchasing a lower number of tons of steel. In 2024, our main supplier Acciaierie Valbruna will start work on developing EPDs for the stainless steel they supply to us.

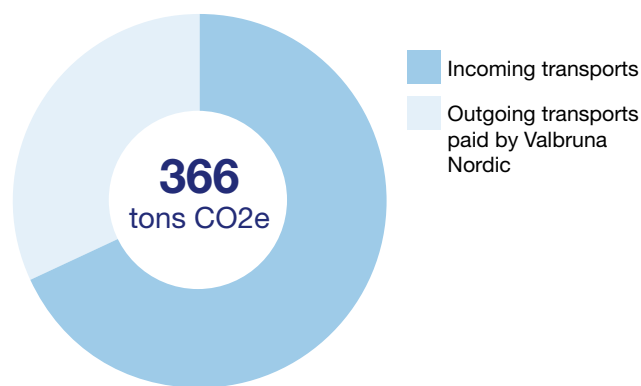
2023 (2022)	Purchased raw materials, goods and services	Emissions ¹ (tons CO2e)
Purchase of material (tons)	8,210 (10,379)	16,342 (20,829)

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 Hållbarhetsbyrå AB.

Based on our position between the steel producers and our customers, we have the greatest opportunity to influence the total emissions through our choices of transport. Today, we buy 96% of our material from the parent company in Italy, of which 95% can be shipped to us via rail, which enables a greenhouse gas emission of just over 850 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 continues to be carried out by truck, which is mainly powered by diesel, but which is increasingly carried out with a greater mixture of biofuel or with HVO. We carefully follow up the transports to our various customer markets and have during 2023 continued the work of collecting climate reports from our carriers. For the business year 2023, we have received climate reports for 93.7% of our inbound transports and 100% of the outbound transports to customers that we pay for. We have also mapped that of the outbound transports included in the reporting for 2023, HVO was used for a total of 15.5% of all transported material.

2023 (2022)	Upstream transports (tons)	Emissions ¹ (tons CO ₂ e)
Incoming transports	7,955 (10,227)	233 (341)
Outgoing transports paid by Valbruna Nordic	8,030 (9,590)	133 (159)
TOTAL	15,985 (19,800)	366 (500)



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 Hållbarhetsbyrå AB.

During 2023, we have continued to ship the purchased material mainly by train. The significant reduction in emissions from incoming transport is largely due to the fact that we purchased a significantly smaller amount of material in 2023. However, we can see that the emissions per ton of transported material have decreased, from 33 g CO₂e to 29 g CO₂e, per ton of transported material. For outbound shipments to customers that we pay for, the most important measures have continued to be to increase the number of tons per shipment to reduce the number of total shipments. The goal in 2023 was to reduce the number of shipments by 5% per year and at the same time increase the tonnage per shipment to at least 2 tons. Some markets met the target in 2023, but not all. We will therefore continue to review our logistics flows in 2024 and reward carriers that have a pronounced and conscious focus on sustainability and the environment.

Targets by the year 2024

- To map the proportion of biofuels in all of the outgoing transports by truck.
- Reduce the number of shipments by 5% compared to 2023 in all outgoing transport by truck.
- Have an average of at least 2 tons per shipment in our outgoing shipments to customers.

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. 96% of the materials we buy in are produced with more than 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.

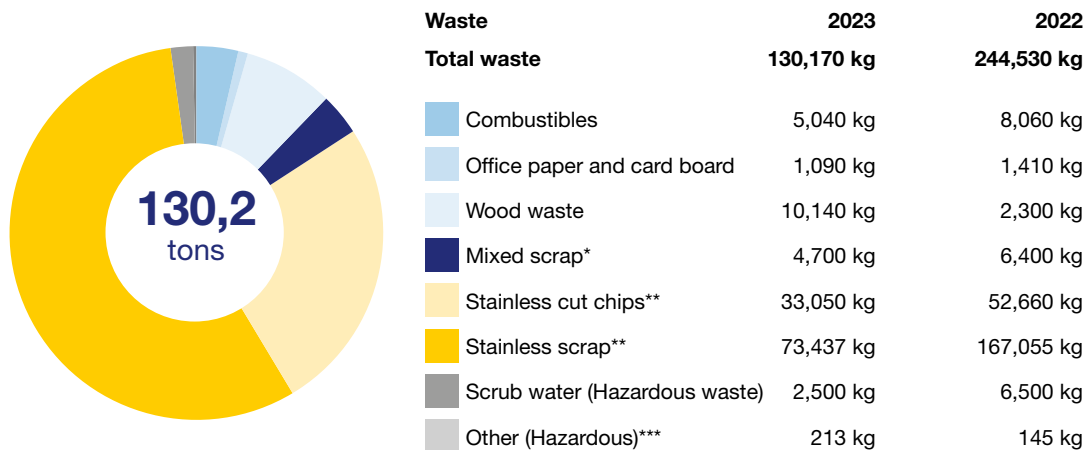
Waste disposal

Valbruna Nordic work actively to minimize the generation of scrap and spillage. Of the waste generated within Valbruna Nordic's operations, 85.4% consists of metal, the rest mainly consists of combustibles and wood. As the emptying takes place as needed and is thus irregular, the annual waste statistics can vary between specific years. 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.

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 in 2023, 36.3 tonnes of stainless steel scrap was sent directly to Swedish steel mills and foundries. Other waste was handled by a recycling company.

During the year, 83.7% of the total amount of waste material could be recycled, while 16.3% of the waste went to energy recovery. Only 4.76 kg went to landfill. By recycling the material and energy of the waste that could not be prevented, a greenhouse gas emission of a total of 299 tons of CO₂e has been avoided, as the recycled material has been able to replace virgin material. In 2023, we have had an increase in the amount of hazardous waste, with electrical waste accounting for 92% of this. The increase is due to the fact that we accumulated this over a longer period, but that it was not until 2023 that this was handed over to the recycling company. The amount of wood waste has also increased significantly in 2023 as we had a large number of wooden boxes that could no longer be reused. In 2024, we will continue to work on preventing waste in the first place, reusing if it cannot be avoided and recycling in the third place.

Waste per waste fraction



*Recyclable to 100%.



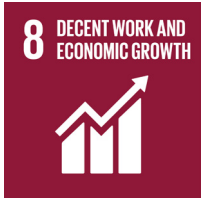


**Recycled for the most part by steel mills.

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

UN GLOBAL SUSTAINABILITY GOALS

The UN's Global Sustainability Goals (SDGs) are an important guide for how companies can contribute to sustainable development from a broader context. Below are presented the global sustainability goals that are linked to the areas that we at Valbruna Nordic have identified as most essential within our sustainability work. We report on our active contribution to these goals and identify the areas where we face challenges.

Currently, we have internal targets that are linked to the global sustainability goals, but we plan to expand our reporting on this after we complete the dual materiality analysis. In this work, we will develop suitable key figures to be able to effectively measure, follow up and report our contribution to Agenda 2030.

UN GLOBAL SUSTAINABILITY GOALS	OUR STATUS TODAY	SET GOALS/ACTIVITIES
 <p>5 GENDER EQUALITY</p>	<p>We have zero tolerance for any form of discrimination and harassment and work actively to create a work environment where every individual feels valued and respected. Our purchasing work also reflects our commitment to equality and human rights by making clear demands on our suppliers to follow the principles of respect and non-discrimination according to our supplier code.</p>	<ul style="list-style-type: none"> • 100% signature of our main suppliers on our code of conduct by the year 2025 • 100% follow-up on the main suppliers' compliance with our code of conduct until the year 2025
 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>Today we buy electricity produced with 100% renewable energy sources. Through our solar cells, we contribute to an increased production of renewable energy while at the same time becoming more self-sufficient in electricity during the summer months.</p>	<ul style="list-style-type: none"> • During 2024, switch to district heating labeled with Good Environmental Choice, which means that we buy district heating from 100% renewable energy
 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>We have collective agreements for our employees, offer fair wages and benefits, and promote a safe and secure work environment.</p>	<ul style="list-style-type: none"> • < 3.5% sickness absence • Zero vision regarding workplace accidents
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>By offering a wide range of stainless steel with 84–95% recycled content, we help our customers to be more resource efficient. Although our products are fully recyclable, it is the final design of the product that determines its recyclability once it has reached the end of its life cycle.</p>	<ul style="list-style-type: none"> • Continue to deliver products made with at least 90% recycled material • At least 85% of the waste that cannot be avoided must be recycled
 <p>13 CLIMATE ACTION</p>	<p>Valbruna Nordic has undertaken to minimize the climate impact from our inbound and outbound transport, and to largely not give rise to any emissions within its own operations. However, our biggest challenge is linked to scope 3, more specifically our purchases of stainless steel.</p>	<ul style="list-style-type: none"> • 100% clean vehicles in our vehicle fleet by 2025 • 50% emission reduction in scope 1 & 2 to 2030 compared to 2021 • Net zero emissions in scope 1 & 2 until 2045

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 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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