

CSR-report 2019

3 GOOD HEALTH
AND WELL-BEING



8 DECENT WORK AND
ECONOMIC GROWTH



4 QUALITY
EDUCATION



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION





5

Important ISO certifications for Sanistål



7

Sanistål helps vulnerable young people return to the labour market



9

StockMaster contributes to FORCE Technology's green strategy



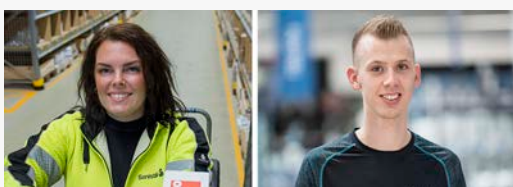
10

Sorting waste makes a difference



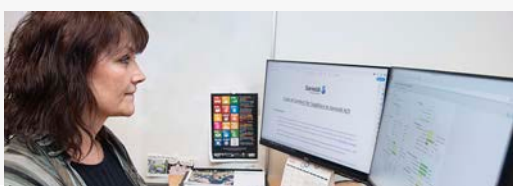
13

Refurbishment improves the climate and well-being



14

Newly qualified trainees continue their career with Sanistål



17

Responsibility in day-to-day work

Contents

Heading towards a new future	3	Employees	14
Business-oriented social responsibility	6	Suppliers	17
Focus on the UN Development Goals	8	Factbook	18
Environment & Climate	10		

Heading towards a new future

At Sanistål, we set ambitious goals and our CSR efforts are essential to our company. Reducing our environmental and carbon footprint and taking responsibility are part of our DNA – both now and in the future.

2019 was an eventful year in the history of Sanistål. We divested our Steel Business, implemented a new IT system, divested our activities in Germany and launched the task of implementing a new overarching corporate strategy. All these strategic initiatives aim to ensure our competitiveness going forward.

The focus of our CSR in 2019 was on driving these initiatives and making sure to achieve our CSR objectives in a time of great changes. We implemented our action plans and made great progress towards our CSR targets:

- > Reducing carbon emissions
- > Reducing occupational accidents
- > Focusing on good business practice

In 2017 we put the UN Sustainable Development Goals on Sanistål's agenda and furthered their prominence in 2019. We also achieved our internal goal of being able to present a Factbook this year specifying our essential CSR KPIs which, in the staff area, are based on standardised ESG KPIs.

We are still experiencing a rising demand for good CSR cases and descriptions of our CSR

efforts. It is deeply embedded in our culture to act responsibly vis-à-vis customers, employees, the environment and society in general. This makes common sense to us and creates human and commercial value. We generate sustainable results by informing and teaming up with our stakeholders on our CSR efforts.

Valuable resources

Sanistål puts the environment on the agenda by focusing on reducing the environmental and climate footprint of every part of our business activities. The initiatives involve both reducing our environmental impact from our own operations and meeting the requirements we impose on our suppliers to mitigate the environmental impact of their production processes.

It is important to us to set targets and monitor our progress. At our central warehouse in Billund, our energy-efficiency investments are paying off, and since 2016, we have reduced carbon emissions from the central warehouse by no less than 32%. In 2019, we increased the volume of waste sent to recycling by four percentage points, compared to last year.

Our product range includes products that can be used in sustainable building projects where it is a matter of building sound, healthy dwellings and buildings and taking sweeping account of the climate and the environment at the same time. In addition, the concepts and digital solutions we offer our customers can help reduce carbon emissions. Using the right tools, customers' consumption of goods can be managed precisely at the site of use, thereby reducing waste, fuel and packaging. At the same time, specific customer





cases show that automation reduces internal processes by 20–40%, which helps boost competitiveness. Our numerous concepts make us a value-creating partner – also from a perspective of responsibility.

We pull together

We encounter many challenges in carrying out such comprehensive changes to the company's foundation, alongside ordinary operations. The implementation is complex and requires that we, as a company, pull together, which is notably a Sanistål hallmark.

The implementation of such major changes has meant new task-performance requirements for many colleagues, including changes which are more burdensome than previously for some colleagues. This is also why, in continuation of an inspiring change process, also known internally as "Green Track" (based on simple, specific tools), we have launched SaniCare: a permanent response set-up targeting the mental working environment.

Ownership of the "Green Track" change process has been impressive. The tools established a common frame of reference in which it was easy for colleagues to help one another make it through periods when new systems made the workday a little difficult. Colleagues have taken care of one another, which has definitely helped prevent us from seeing an increase in sickness-related absence, while maintaining an impressive 96% attendance rate.

The big effort that was made to achieve a healthy mental working environment over not least the past decade meant that we only registered 8 occupational accidents in 2019, equivalent to an accident rate of 71.2 per 10,000 FTEs. By comparison, the wholesale sector's accident rate (calculated by the Confederation of Danish Employers) is 132.7 for the past five years up to 2018.

Behavioural and cultural changes take time and require the involvement of the whole organisation. We are pleased that a lasting, dedicated

effort to improve the working environment equates to occupational safety. The results are also recognised outside Sanistål where we are nominated for the 2020 OHS Award in the occupational accidents category.

In 2019, we optimised our processes so we could achieve ISO certification in OHS management (45001) and quality management (9001) in the autumn. The certifications prove that we have processes for addressing the physical and mental working environment and that we are constantly working to improve it. Furthermore, the certifications make it possible for us to retain the Crowned Smiley issued by the Danish Working Environment Authority. A Crowned Smiley is proof of our systematic, targeted approach to the working environment.

High business ethics

Good business practice is crucial to us. We expect our suppliers to comply with the same strict requirements that we impose on ourselves. In a complex supply chain like the one we, as a wholesaler, operate in – comprising both manufacturers and agents in a variety of geographical and cultural regions – open communications are essential because united we are stronger and capable of overcoming some of the challenges we encounter.

Social responsibility is a core value and part of Sanistål's DNA

We support the UN Global Compact and we have integrated the ten principles concerning human rights, labour rights, the environment and anti-corruption into our business activities. An enduring element is our Code of Conduct which we use when collaborating with and managing

our suppliers. Specifically, by signing our Code of Conduct, our suppliers guarantee, among other things, that they conform to the principles in the UN Global Compact.

In 2019, we achieved (at 88%) our target of having at least 80% of our suppliers having signed Sanistål's Code of Conduct. At the same time, we achieve our target of having high-risk suppliers fill in a self-assessment questionnaire for compliance with the principles in the Code of Conduct.

We have ambitious goals

At Sanistål we take social responsibility every day. In this report, you can read about the climate-related, human and ethical considerations that are part of our daily routines. You can also read about efforts and action plans relating to the individual objectives within our defined CSR areas: Environment & Climate, Employees and Suppliers. As something new, we have widened this year's CSR report to include a concise, quick-to-read FactBook, giving you an overview of what we do well and areas where we fall short.

Unless otherwise stated, the CSR report concerns Sanistål's Danish parent company and constitutes Sanistål's statutory report on social responsibility for the 2019 financial year, pursuant to Section 99a of the Danish Financial Statements Act. The accounting firm EY has ensured conformity in relation to this.

I hope you enjoy reading the CSR Report.


 Christian B. Lund



Important ISO certifications

Sanistål's Billund central warehouse worked ambitiously to achieve its ISO certification in both OHS management (ISO-45001) and quality management (ISO-9001) and could complete the audit in autumn 2019 that resulted in the two certifications.

The certifications enable us to document that our management system has processes for handling the physical and mental working environment and that we are continuously working to improve it.

ISO-45001 also means that Sanistål retains its Crowned Smiley for our storage facility.

Business-oriented social responsibility

The CSR action areas are defined by reviewing the most significant risks relating to our business model. CSR activities are gathered under three significant headings: Environment & Climate, Employees and Suppliers.

At Sanistål, we invest in understanding our customers and developing our relations with them, so we can provide innovative, digital solutions that help them become more profitable and successful.

In general, our company is characterised by a low degree of societal risk. As a wholesaler and service undertaking, the pollution we generate is minor, and our consumption of natural resources is minimal. Furthermore, our working conditions are not deemed particularly hazardous. Geographically, we operate in northern Europe, characterised by a high level of prosperity and welfare, where cultural and social norms engender focus on respecting human rights and where corruption is minimal.

Business model

Sanistål is a value-creating sourcing partner that is strategically and keenly focused on providing

differentiated value creation to our five different categories of customer: Project, HVAC, Local Customer, Process and Application. Our strong supplier network enables us to provide customers with a complete product range in the areas of HVAC, technical products, steel and other metals. In addition, our high product accessibility, an efficient, reliable supply chain and a wide selection of delivery services enable us to ensure effortless business transactions – either exclusively digitalised, through direct contact with our sales reps or at one of our 56 stores. We focus on creating concepts and optimising via digital solutions to make it easy and efficient for our customers to do business with us. Our strong,

dedicated team of employees contribute their vast insight and knowledge of our customers, the sector and products to the development of our customers' competitiveness.

Business-oriented CSR

Sanistål takes a business-oriented approach to CSR so it creates value in the company and for our stakeholders – including customers, suppliers, employees, shareholders and society in general. This is also why Sanistål's executive management has overarching responsibility for the CSR strategy. A CSR steering committee – comprising one member of the executive management, one representative of the management

Value chain with risks



team and selected employees – meets several times a year to follow up on our CSR efforts and prioritise the actions.

In recent years, the UN Sustainable Development Goals (SDGs) have become integral to our CSR approach, and are naturally related to and manifested in Sanistål's CSR efforts. The SDGs are worded so they mutually support one another, and at Sanistål we support the SDGs that are most naturally related to our business model and where we can make the greatest positive impact. These goals are:

- > 3: Good health and well-being
- > 4: Quality education
- > 8: Decent work and economic growth
- > 12: Responsible consumption and production

The Sanistål Group has more than 1,300 employees, for whom it shoulders a heavy responsibility. As a wholesaler and service provider, the way we select and cooperate with suppliers enables us to stipulate requirements for how an enterprise should be run in terms of its social responsibility. Similarly, as a wholesaler and service provider with large storage facilities distributing products to many customers, we choose to focus on the carbon emissions and the recycling of waste generated by our commercial operations.

The common feature of all our action areas is that we can directly influence developments and that, after identifying risks, we have launched and implemented several different initiatives. For each initiative, we expect to achieve or have already achieved results from our efforts. At present, our CSR KPIs do not cover the risks we have identified within Sanistål's incoming distribution. Moreover, risks in the outer links of the chain are only being dealt with peripherally.

2019 saw many changes to our business. We consider our social responsibility as a dynamic process where Sanistål is constantly developing, and in 2020 we will see whether our modified business structure also requires us to reassess our CSR objectives.



Vulnerable young people return to the labour market

Jonas Tim Henriksen had dropped his studies and lacked inspiration to move on. But a phone call from Skive Job Centre became a turning point in his life. Jonas was offered work placement in Sanistål's Skive store, and after three months in work placement he was hired as a sales clerk. Sanistål is part of the Code of Care project in which private companies, work together to get vulnerable young people to return to the labour market.

Focus on the UN Sustainable Development Goals

Based on our values and business strategy, we have actively considered the Sustainable Development Goals (SDGs) and choose to focus on the four SDGs where we can make the biggest difference.



Good health and well-being

A basic value at Sanistål is to take care of the people who work for us. We invest in the

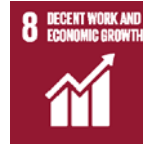
working environment and work towards the goal: "Zero occupational accidents". Based on our dedicated OHS efforts, we are certified to ISO 45001 and have been issued with a Crowned Smiley by the Danish Working Environment Authority at our Billund warehouse. Through our Supplier Code of Conduct, we implement our set of values in the supply chain.



Quality education

At Sanistål, we pursue educational targets through our internal training body:

Sanistålskolen. We organise the training processes to boost all parts of the organisation and all professional and trade groups. A Sanistål training programme not only focuses on high levels of achievement but also makes sure to include everyone. In recent years, our training initiatives have targeted the enhancement of employees' digital skill-sets.



Decent work and economic growth

Our OHS strategy gathers these in-house actions in four main areas: OHS, employee

well-being, diversity and staff development. Job satisfaction and well-being lay a sound foundation for innovation and technological enhancement, including digitisation, and they are all parameters which contribute to economic growth. Targeting our five categories of customers, we focus on digitalisation and providing concepts that help increase financial productivity. In our Supplier Code of Conduct, we address the protection of wage-earner rights and the promotion of a safe, stable working environment. Furthermore, suppliers undertake to provide decent employment conditions, meaning, among other things, that they do not use forced labour, modern slavery or child labour.



Responsible consumption and production

Our in-house focus is on packing material and efforts to max-

imise the percentage of waste sent to recycling so we can help increase the sustainable use of natural resources. Our product range includes eco-friendly, energy efficient products and solutions for sustainable construction. At the same time, we are involved with responsible supplier management and concepts that can underpin responsible consumption, which includes optimising the stock management of consumables at our customers.





StockMaster contributes to FORCE Technology's green strategy

StockMaster is a key component of FORCE Technology's green strategy where a StockMaster vending machine helps sharply reduce consumables by 21%. Sanistål delivers a consumption survey that enables FORCE Technology to accurately distribute in-house costs.

Consumables are extracted during and outside the storage facility's opening hours, which gives employees more time for other tasks, and reducing consumables benefits the company environmentally and financially.

FORCE Technology provides advisory services to Denmark's biggest companies in areas such as energy efficiency and green business models.

Environment & Climate

At Sanistål, we are continually working to reduce our environmental impact and we have taken many initiatives specifically geared to reduce this impact throughout our company.

Environmental considerations are a fundamental, integral part of our business strategy and we actively work to promote these considerations. We continuously assess the significant environmental impacts of our operating activities and, on this basis, select and specify environmental and climate-related actions and targets.

Our environmental and climate focus is embodied by our specific initiatives targeting carbon emissions from energy consumption in our

operating activities. Our business is not particularly or inherently carbon intensive compared to other sectors. The reason why we have intensively invested in energy efficiency in recent years is because the future perspective has a double-up benefit. We save energy and natural resources at the same time that it makes common financial sense to cut costs. Our efforts also target reducing our environment impact by sorting waste correctly.

Objectives and action plans for energy consumption

In recent years, we have systematically worked to reduce our energy consumption at our biggest geographical entity in Billund with 55,000 m² of heated storage facilities. These efforts have focused on reducing electricity consumption by a sweeping changeover to LED luminaires throughout the warehouse. In continuation of

this, the heat supply has been converted from natural gas to district heat. Together with several minor initiatives to reduce the warehouse's carbon emissions, we have far surpassed our target and have reduced carbon emissions from the Billund warehouse by 32% since 2016.

In 2019, we embarked on a comprehensive refurbishment of our head office in Aalborg where the physical setting had become outdated over the years. The rebuilding was done to improve the working environment, optimise the indoor climate and make it more energy efficient. This was the same basis on which several of our biggest offices have undergone improvements in recent years. Last year we set a target of reducing carbon emissions from our offices by 10% by the end of 2021, which the refurbishment of the head office will help us achieve.

We have yet to obtain an overall view of carbon emissions from the premises we use for our stores. This is a complex task, as historical consumption data needs to be obtained from our tenants. This does not mean that we are not making improvements, however. Sanistål's internal Property and Facility department is continuously working to optimise the properties from which Sanistål runs its business. In cooperation with tenants, ongoing initiatives are launched that benefit the working environment and improve energy efficiency, such as changing over to LED lighting, installing sun screening, changing heat sources, etc.

We will carry out the statutory energy inspection again in 2020. Assisted by external consultants, the 2016 energy inspection opened our eyes to minor, relatively easy-to-implement energy efficiency options.



Sorting waste makes a difference

In recent years, Sanistål has keenly focused on sorting waste and recycling, not least at our biggest entity, the Billund central warehouse. This means that 89% of warehouse waste is recycled, which has reduced the volume of landfill waste to only 600 kg.

A dedicated effort by all employees secures these impressive results, and the lessons learnt will now be employed by the rest of the organisation, with particular focus on sorting waste in stores.

Objectives and action plans for distribution and internal transport

Transportation and distribution are crucial for our wholesale and service activities comprising a wide selection of delivery services that ensure effortless transactions for our many customers. Basically, transportation is not eco-friendly.

At Sanistål, we have been working with our external distributors for years to measure carbon emissions generated by the conveyance of goods from the central warehouse to our stores

or directly to our customers. In cooperation with distributors, we focus on continuously reducing the environmental impact – measured proportionately.

Carbon emissions from the distribution of goods to customers through our three external distribution partners fell 47% in 2019 to 1,588 tonnes. After divesting the steel business in April 2019, the distribution-related carbon emission statistics include carbon emissions attributable to our many customers who still buy steel and metals

from Sanistål. It has not been possible to adjust our baseline objective of reducing carbon emissions from distribution for our new business strategy.

We are continuously working to develop business initiatives that make it attractive for customers to combine and plan their deliveries, so we can optimise our distribution process. At the same time, our distribution partners are constantly working to reduce their environmental impact by prioritising eco-friendly vehicles and

technologies and ensuring better utilisation ratios.

Back in 2016, we set a target of reducing carbon emissions from Sanistål's company vehicles by 4.0% by the end of 2020. Since then, we have developed our vehicle policy and the make-up of the types of vehicles made available to our users by the leasing company. The 2019 trend was negative and average carbon emissions per km have increased by 2.8% since 2016. This development is due not least to the new WLTP norm which measures vehicle emissions more realistically, meaning higher emissions on paper; preliminary results show an average difference of 20% per vehicle tested according to the former EU norm compared to the new WLTP norm. We replace about 33% of our company vehicles every year and continuously assess whether our vehicle policy complies with our environmental and safety requirements and with user needs and preferences.

The switch from EU norm to WLTP norm that took effect on 1 September 2018 makes it difficult for us to continue using our 2016 baseline for comparison to monitor the preferred improvements of our efforts. Therefore, in 2020, we will continue to work out an objective to reduce carbon emissions per km based on actual carbon emissions.

Results, action plans and targets

Objective, 2019

Reduce carbon emissions relating to energy consumption at Sanistål's central warehouses by 5% in the period 2017–2020

Reduce carbon emissions relating to energy consumption at Sanistål's five biggest office facilities by 10% in the period 2018–2021

Reduce by 4.0% the average number of grams of carbon emitted per km by Sanistål's company vehicles in the period 2017–2020

Increase the percentage of waste sent to recycling by 5% in the period 2018–2020

Results, 2019

✓ Carbon emissions from Sanistål's central warehouses have declined by 32% since 2016

✓ Carbon emissions from Sanistål's five biggest facilities were reduced by 5%, measured against 2017, when the target was set

✗ Sanistål's company vehicles' carbon emissions per km rose 3% in the period 2017–2020

✓ The percentage of waste sent to recycling has increased by six percentage points, from 70% in 2017 to 76% in 2019

Action plan and target

Meeting expectations for initiatives already launched, as well as prioritising possible energy-efficiency measures brought to light by the energy inspection.

A new objective will be set after the energy inspection

Ongoing implementation of energy-efficient solutions, modernisation and optimisation of floor space, as well as the prioritisation of possible energy-efficient solutions brought to light by the energy inspection

Objective upheld

Ongoing dialogue with the leasing company to switch to vehicles that are more eco-friendly

The objective will be reassessed in 2020, at the same time as we change to specifications based on actual emissions

Maintain focus on correctly sorting waste at the central warehouse and use beneficial lessons learnt by initially focusing on sorting waste in our stores
The objective is raised to a recycling percentage of 80% for Sanistål overall by the end of 2020

Recycling benefits

It is important to sort waste. The more we recycle resources from our rubbish, the lower our carbon emissions and the less we harm the environment. This is a prime example of sustainability because it preserves already extracted resources and reduces the production of new materials.

The volume of waste that Sanistål sent to recycling increased by four percentage points in 2019, from 72% to 76%. The biggest recycling progress was made at the Billund warehouse where no less than 89% of waste is sent to recycling. By contrast, the stores' recycling rate declined, and we must admit that, in the midst of a busy 2019, we failed to implement our waste-sorting guidelines at the stores. Therefore, in 2020 we will bring requisite focus to bear on the importance of correctly sorting waste in our stores and actively share the positive lessons learnt at the Billund warehouse, and involve our partners from the waste and resources industry.

We have already achieved the 2020 objective set in 2017 to increase the ratio of waste sent to recycling by 5%. Therefore, our new goal is to increase the percentage of waste sent to recycling to 80% for Sanistål overall by the end of 2022. Correctly processing and sorting waste is the overarching objective. At the same time, however, it is gratifying that we have succeeded in reducing the ratio of landfill waste by more than 85% since 2017.

In late 2019, we laid the groundwork for a pilot project that will lead to phasing out plastic bags issued from our stores, by switching to a combination of reusable plastic buckets made of recycled plastic and by recycling cardboard boxes in which we already receive goods in the stores. We are assessing the initial responses from the stores participating in the pilot project, and we

will subsequently decide how we can help reduce the consumption of plastic.





Refurbishment improves the climate and well-being

The head office in Aalborg is undergoing a comprehensive refurbishment project aimed at improving energy efficiency and creating a far better indoor climate for staff.

Wall insulation is being tripled, the foundation is now insulated, new energy-efficient windows ensure ideal insulation and save energy, and the climate-control system has intelligent energy controls in all rooms.

For years, Sanistål has focused on implementing similar energy improvements at several other locations.

Employees

At Sanistål, we want to be a responsible, attractive workplace. Therefore, it is only natural for us to take responsibility for creating working conditions focused on the individual employee's safety, well-being and development.

Sanistål's targets would be impossible to achieve were it not for our employees' enthusiasm and dedication.

OHS and employee job satisfaction objectives and action plans

Well-being is one of Sanistål's most essential fundamental values. Our employees' enthusiasm and dedication make it possible for us to develop our business. This is why being attentive to the mental and physical well-being of our employees remains an area of focus.

Over the past decade, we have ambitiously worked on our occupational safety culture. The journey has been long, and one of the cornerstones has been our efforts to change behaviour and culture. This takes time and requires the involvement of the entire organisation. In this close collaboration with management, employees and the OHS organisation, we succeeded in changing habits and mindsets. With 2009 as our baseline, we reduced the number of occupational accidents by 90% to only 8 in 2019, equivalent to an accident rate of 71.2 per 10,000 FTEs. In most instances, our accidents are now a question of getting employees to give top priority to

safety in every situation, and we are continuing our ambitious target of zero occupational accidents.

A healthy working environment is one of our core values. This is why it was important to us to become certified to ISO 45001 in OHS management. It takes an enormous effort to become ISO certified. Policies and procedures must be in place to ensure constant focus on OHS, and improvement and development targets need to be set to ensure continued progress.

One of the latest action areas of Sanistål's OHS policy is to strike a better balance between physical health and work by focusing on initiatives that make a difference in the daily routines of sedentary office employees. We have posted reminders in our various offices to remind employees that daily efforts can make a difference. These efforts include using resistance bands to strengthen neck and shoulder muscles and doing work standing up at height-adjustable desks.

In a year marked by changes, we focused more on giving employees the tools and support needed to get through a change process than on measuring job satisfaction. Therefore, in early 2020 we will survey job satisfaction and put follow-up efforts at the centre of both the individual teams and the workplace as a whole. The target is obviously to uphold the high level of employee job satisfaction (92%) we saw in the 2018 survey.



Newly qualified trainees continue their career

In 2019, we visited vocational schools throughout Denmark to talk about the options of choosing a career path that starts at and includes a business education.

85% of the students continued their career at Sanistål after completing their studies. This success rate is due to our commitment to well-being and development of each individual employee, by focusing on challenges and responsibilities from day one.

As a growing, developing company, we are highly dependent on our ability to recruit employees.

There is a great demand for young people, and it is challenging for vocational programmes to compete for these talents. At Sanistål, we want to take responsibility by showing young people what a vocational education and the wholesale business have to offer in the way of career opportunities. This is why, in continuation of our commitment as a case-study company for basic business-school courses, we have visited Denmark's various business schools to tell them about our trainee programme. This also means that we succeeded in attracting trainees, welcoming no fewer than 19 new trainees in 2019. No less than 85% of the trainees from the 2017–2019 programme continued at Sanistål after completing their traineeship. We will continue to admit many trainees in 2020, geographically distributed throughout Denmark and within different sector directions.

Diversity and staff-development objectives and action plans

At Sanistål, we have created a secure, inclusive working environment where synergies arise among employees, where there is an understanding that diversity can contribute to innovation, higher quality and better teamwork.

In autumn 2018, we entered into a new partnership agreement to accept individuals, who need to clarify their situation and upgrade their skill-sets for the labour market, into work placement. During 2019, 85% of the work-experience trainees completed their work placement and half of them were subsequently offered permanent employment at Sanistål. This helps make a difference by restoring their occupational identity and increasing their quality of life in the process. At the same time, we actively assist in addressing social challenges in Denmark by integrating and including people on the periphery of the labour market.

At the end of 2019, we renewed our agreement to set up work-placements. We build on the rewarding lessons learnt from including individuals at the periphery of the labour market and know the challenges that this effort entails. Therefore, as previously, the goal is permanent employment after the completion of work-placement.

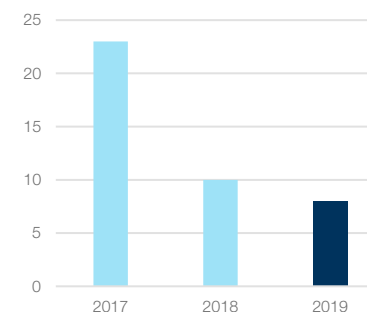
In 2019, at 3.9%, we once again achieved our target of having at least 3.0% of our workforce comprise persons with impaired working capacity.

At Sanistål, we believe that education renews the feeling of job satisfaction, and that this helps us retain our highly skilled employees. With new skill-sets, our employees can take on new tasks, and our training programme also embraces different groups of employees. The training programme provides knowledge and inspiration and not only improves employee skill-sets, but enables us to meet higher customer requirements while strengthening our corporate competitiveness in general.

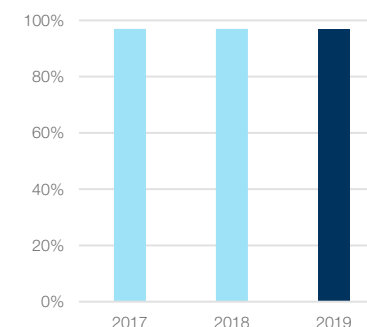
Like the rest of society, Sanistål is becoming increasingly digitised, and these developments increase our need for employees with digital skill-sets who understand how to use data. In addition, our new IT business systems have grown in particular. This is why our training initiatives in 2019 primarily focused on upgrading our digital skill-sets, while focusing on managerial development and training at the same time. With the implementation of a new strategy and Sanistål's reorganisation, we are, at the end of 2019, in the process of planning training activities for 2020 so Sanistål can continue to be a value-creating sourcing partner in the future as well.



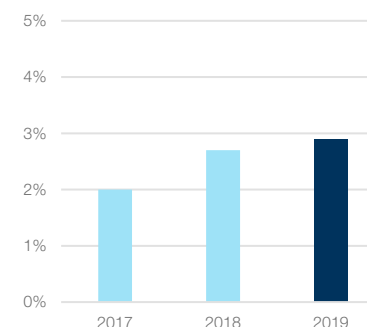
Occupational accidents



Attendance



Trainees



Anti-corruption

We want to contribute to a corruption-free business environment. All employees in Sanistål's companies, including our subsidiaries, are

familiar with Sanistål's zero-tolerance policy and guidelines for the area, and we do not accept any type of bribery or corruption. There were no instances of corruption or bribery in 2019, and

we are convinced that our employees act in accordance with our anti-corruption policy and commercial values on which Sanistål is based.

Results, action plans and targets

Objective, 2019

Zero occupational accidents

100% Green Smileys from the Danish Working Environment Authority at inspection visits

Retain Crowned Smileys at the central warehouse

Uphold employee job satisfaction

Healthy mental working environment

Sufficient and qualified workforce: at least 2.0% of Sanistål's employees are employed in a traineeship

At least 3.0% of the Sanistål workforce comprises employees with reduced working capacity

All employees act in compliance with Sanistål's anti-corruption and anti-bribery policy

Results, 2019

✗ 8 occupational accidents in 2019

The Danish Working Environment Authority did not pay an inspection visit Sanistål in 2019

✓ A dedicated effort to become ISO certified in OHS management and quality management and thus retain our Crowned Smiley

No job satisfaction survey was carried out in 2019

✓ With the start-up of SaniCare in 2019, we are intensifying our focus on ensuring a healthy mental working environment

✓ We achieve the target of having 2.9% of our workforce employed in a traineeship

✓ Persons with reduced working capacity constitute 3.9% of the Sanistål workforce

✓ We are unaware of any violations of our zero-tolerance policy of corruption and bribery

Action plan and target

Implementation of a strategic OHS plan for 2020

The objective will be phased out in 2020

Ensure ongoing improvements and possibilities for higher efficiency and customer satisfaction through specific requirements stipulated in the underlying standards of the ISO certifications

Focus on well-being within the organisation after sweeping changes. The initiatives will be based on the results of the 2020 employee job satisfaction survey

Widening the base we created through our SaniCare response set-up targeting the mental working environment

Visits to educational institutions and direct contact to prospective trainees so we can train the best in the sector through targeted processes

Retain affiliation with the workplace when an employee's working capacity is reduced and set up work-placement positions for individuals who have been outside the labour market for a prolonged period of time

Through our internal media ensure that all employees are familiar with and aware of our zero tolerance policy of corruption and bribery



Suppliers

As a wholesaler and service provider for more than 36,000 customers, Sanistål has a wide product range and global procurements. Our corporate social responsibility is an important part of the contractual basis for our business transactions with our many suppliers.

Objectives and action plans for supplier cooperation in a CSR perspective

At Sanistål, it is crucial that our product range comprises high-quality, highly functional products that can meet customers' requirements and expectations. This is why we cooperate with the best suppliers in their respective fields. In the selection process we prioritise minimising risk factors from the manufacturing/supplier link of the chain. Most suppliers are major, recognised global brands, headquartered in Europe.

But we also purchase goods from countries with a potentially high risk of social and environmental guidelines being violated. Obviously, this increases our need to be able to document how a product was manufactured and that this is consistent with the requirements of both Sanistål and our customers. It can be challenging to ensure that suppliers several links away from us in the supply chain live up to the same expectations that we impose on our direct suppliers. This is why our Code of Conduct also stipulates that suppliers must impose the same requirements on the supply chain extending back from them.

We do not want the lowest common denominator to be the basis of our responsibility efforts vis-à-vis our suppliers, but our improvement efforts are based on the reality in which our suppliers work. Improving social and environmental conditions is a process that takes time, and we believe that involvement and cooperation with our suppliers is the way forward.

Focus on human rights is important all over the world. At Sanistål, respecting internationally adopted human rights comes naturally. We believe that once the UN Guiding Principles (i.e. the UN guidelines for companies working with human rights) have been rolled out throughout the value chain, this will minimise the likelihood of human rights violations. Our Code of Conduct is the cornerstone of these efforts, and we maintain focus on this area vis-à-vis our suppliers.

At Sanistål, we want to exclusively enter into agreements with suppliers who base their work on the same ethical guidelines as we do. This is why we continue to give high priority to our Code of Conduct efforts. Sanistål's Code of Conduct is based on the ten principles of the UN Global Compact and contains guidelines within the following areas:

- > Human rights
- > Workers' rights
- > Environment and climate
- > Anti-corruption

Our Code of Conduct is fully integrated into our business relations, and new suppliers must sign our Code of Conduct upon entering into an agreement with us. We continue to live up to our



Responsibility in day-to-day work

In our well-established department for Product Safety, Environment and CSR, we engage in daily dialogue with our stakeholders concerning CSR, Code of Conduct, and statutory compliance relating to products such as REACH and RoHS.

The department ensures our documentation and stays up to date with the CSR agenda with responsibility as the focal point for its tasks.

overarching objective of having at least 80% of our primary suppliers having signed our Code of Conduct.

We carry out ongoing risk-based assessments of our suppliers. We assess suppliers according to factors such as country of origin based on international country indexes for corruption, human rights and environmental conditions and, at product-category level, according to the inherent risks in manufacturing processes. Suppliers are classified as low-risk, medium-risk or high-risk, and will follow the process description depicted in the figure for responsible supplier management.

Working with suppliers in global markets where a diversity of cultural and social circumstances

converge requires us to impose high standards on our efforts. We continue to prioritise our keen focus on our suppliers in Asia.

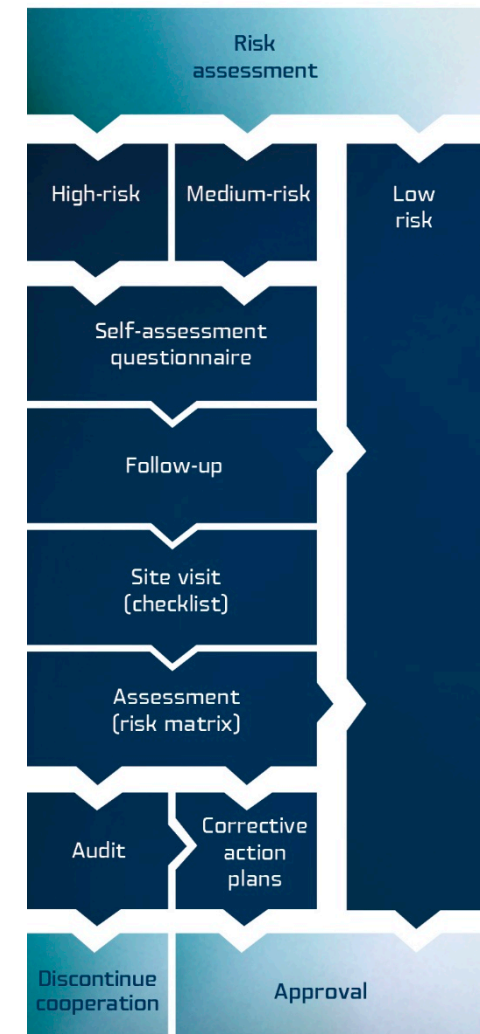
In 2019, we worked intensely with our agent in China to have our Code of Conduct signed by our suppliers in Asia. In addition, we have continued our process of responsible supplier management and identified the suppliers with a self-assessment questionnaire. The self-assessment questionnaire concerns compliance with the Code of Conduct principles. The form has been well received and the feedback has been very positive. 98% of the questionnaires issued were filled in and returned. In 2020, we will work together with our agent to supplement this effort by making site visits to selected suppliers.

Our new IT system gives us even better tools for creating overview and transparency in our supplier portfolio. The system supports our responsible supplier management process and can support our dialogue with the supplier. At the same time, we are starting to work on a new purchasing strategy. One of the strategy's cornerstones is that going forward we must ensure that suppliers satisfactorily meet the requirements in our Code of Conduct before we embark on collaboration.

It is important that all supplier managers are aware of their impact on achieving a more responsible, sustainable value chain. Therefore, we will use education and training to keep our employees up to date and ensure that they comply

with Sanistål's ethical set of values. In so doing, we meet the expectations concerning social and environmental responsibility in accordance with internationally recognised principles and rights, as defined by the UN, etc.

Responsible supplier management



Results, action plans and targets

Objective, 2019

More than 80% of Sanistål's primary suppliers have signed our Code of Conduct

Ensure that our suppliers in the "high-risk" category observe Sanistål's Code of Conduct

Ensure the roll-out of the UN Guiding Principles in the value chain

Results, 2019

✓ More than 88% of our suppliers have signed our Code of Conduct

✓ Through a dedicated effort by our external partner in China, 98% of the self-assessment questionnaires issued have been filled in and returned

✓ We brought focus to bear on the UN Guiding Principles through our Code of Conduct

Action plan and target

The implementation of a new purchasing strategy must help ensure that we continue to fulfil this objective
Objective upheld

During 2020, site visits will be made with the subsequent evaluation of selected suppliers
Objective upheld

Disseminate respect for human rights in the value chain by means of the UN Guiding Principles, including via our Supplier Code of Conduct
Objective upheld



Factbook

- > Environment & Climate
- > Employees
- > Suppliers

Factbook

ENVIRONMENT AND CLIMATE				
		2019	2018*	2017*
Energy consumption, scope 2				
Billund central warehouse	Carbon emissions, tonnes	674	651	863
Offices (five biggest entities)	Carbon emissions, tonnes	618	574	624
Energy consumption, scope 3				
Company vehicles (leased)	CO ₂ /g per km (theoretical)	117	113	112
Outgoing distribution	Carbon emissions, tonnes	1,588	2,975	3,786
Waste				
Recycled	%	76%	72%	70%
Incineration	%	24%	27%	28%
Landfill	%	0%	1%	2%

* The comparative figures for 2017 and 2018 are not adjusted for the divestment of the steel business

EMPLOYEES				
		2019	2018*	2017*
Number of employees	No.	1,069	1,201	1,206
Full Time Equivalent ¹	FTE	1,040	1,139	1,144
Women, pct ¹	%	28%	27%	27%
Men, pct	%	72%	73%	73%
Reduced working capacity	%	3.9%	3.5%	3.1%
Trainees	%	2.9%	2.7%	2.0%
Turnover rate ¹	%	8.1%	8.9%	7.2%
Seniority, 7 years or more	%	43%	44%	42%
Occupational accidents (leading to absence)	No.	8	10	23
Occupational injuries (without absence)	No.	91	127	174
Near-miss accidents recorded	No.	375	752	1,401
Sickness-related absence ¹	Days/FTE	8.5	8.8	8.8
Satisfaction survey, response rate	%	N/A	92%	90%
Satisfaction	%	N/A	91%	92%
Days of training	Average per full-time position	2.7	2.4	2.7
Total number of training days	Days	2,789	2,707	3,050
Gender diversity, board members ¹	%	0%	0%	0%

* The comparative figures for 2017 and 2018 are not adjusted for the divestment of the steel business

¹ESG key figures

Factbook

SUPPLIERS		2019	2018*	2017*
Suppliers issued with the Code of Conduct	No.	742	845	914
Signed Code of Conduct	%	88%	86%	85%
Signed Code of Conduct, as % of total purchases	%	91%	92%	95%
Suppliers of overhead-cost-related goods, issued with the Code of Conduct	No.	39	31	31
Signed Code of Conduct	%	95%	94%	94%
Code of Conduct, supplier classification				
Low risk	No. of suppliers	694	807	863
– signed	%	87%	84%	81%
Medium risk	No. of suppliers	5	11	13
– signed	%	100%	91%	69%
High risk	No. of suppliers	43	38	38
– signed	%	95%	95%	92%
Self-assessment questionnaire				
Sent to supplier	No. of suppliers	41	12	12
Filled in and returned	%	98%	92%	75%
Site visits carried out	No.	-	-	-

* The comparative figures for 2017 and 2018 are not adjusted for the divestment of the steel business



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Group

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 Riga, Latvia

UAB Sanistal
 Kaunas, Lithuania

Sanistal Spolka z.o.o.
 Szczecin, Poland

Serman & Tipsmark A/S
 Brønderslev, Denmark