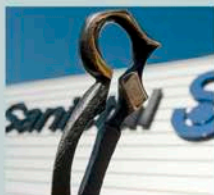


CSR Report 2020



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Unwavering efforts in uncertain times

Sustainability and social responsibility are part of the Sanistål DNA.

In 2020, COVID-19 spread uncertainty all over the world, and although the corona crisis has affected Sanistål's business, we have been in excellent control of the situation along the way. Our organisation was quick to act and adapt to the unique situation. This enabled us to implement our planned CSR actions, at the same time that our business kept a firm grip on the level of activity.

In 2020, we made great progress towards our CSR targets, by significantly reducing carbon emissions from our business activities, keeping the rate of occupational accidents at a low level, and further intensifying our focus on good business practices.

Nor did COVID-19 stop us from implementing our ambitious Genesis business strategy. We are pursuing these plans to the full and have implemented a great many initiatives. One of the biggest changes affecting the most employees was the implementation of our new organisational set-up which went well and further enhanced the teamwork within our organisation.

Combined with our new SAP business system, the new strategy is flexing its muscles in earnest. Data and key figures provide a brilliant overview of our business, giving us an improved foundation from which to consolidate our position. One area where we are experiencing rising demand involves our underlying CSR parameters. We are busier than ever finding solutions to the challenges the world is facing. We want to be part of the solution, which is also

why we are incorporating the UN Sustainable Development Goals into our work. Together with our stakeholders, we convert new agendas into business opportunities for the benefit of people and the environment alike. In a wider perspective, this work has only just begun, however, and we still pursue lofty ambitions and have great expectations of customers, suppliers, colleagues and shareholders.

Focus on our climate footprint

At Sanistål, we want to shoulder our share of the responsibility, which is precisely what CSR is all about. Environmental and climate considerations are fundamental to our CSR efforts. As a supplier of the construction and manufacturing industries, we are close to the transformation taking place among our customers, who are increasingly integrating environmental and climate considerations into their overall business strategies. At Sanistål, we are keenly and strategically focused on supporting our customers' business. Our product range comprises products that can form part of the green transformation. Also, the concepts and digital solutions we provide can help reduce carbon emissions. We have launched a number of initiatives in-house at Sanistål that enable us to lessen our environmental impact by minimising carbon emissions from operations, optimising the percentage of waste sent to be recycled and reducing our use of plastic. All these initiatives help address the common challenges we face.

In late 2020, we decided to invest in new warehousing technology, and Sanistål is taking a new logistical quantum leap with a fully automated robotic warehouse-management system. It will not only help streamline our operations, but it will shrink our environmental footprint, and underpin our target of zero occupational accidents.



” At Sanistål, we are motivated by making a difference and acting responsibly



Common efforts yield results

In 2020, we won the OHS Award in the 'Occupational Accidents' category. Arbejdsmiljørådet ('the OHS Council') deemed Sanistål worthy of the award based on our ambitious, systematic efforts to reduce the number of occupational accidents by 90% in the period 2009–2019. The OHS Council spoke approvingly of how our dedicated efforts to shift focus to a culture of prevention made the safe workplace concept a natural element of all employees' everyday routines.

A principal prerequisite for achieving such an impressive target is that staff and management give high priority to these efforts. At Sanistål, we live by the motto 'Safety before earnings'. This sends a clear signal to everyone, in the event of any doubt. It has required and still requires perseverance, a systematic approach and teamwork. We focus on the working environment every single day, which occasionally makes it difficult for us to see the progress we are mak-

ing. Therefore, we are all proud of the recognition given us by the OHS Council for our unique OHS achievement.

We believe that together we make the biggest difference.

These good results do not alter the fact that our goal is still zero occupational accidents and that the well-being of all employees is crucial. Accordingly, we continue our efforts and maintain unwavering focus on both the physical and psychosocial working environments.

Focusing on taking care of ourselves and one another has been a cornerstone for how we have dealt with COVID-19. We have unique societal responsibility in terms of supplying the manufacturing and construction industries and keeping

the wheels turning in Denmark. But we must also help minimise the infection rate among staff and business partners, which has changed our daily routines. We've been quick to adapt and implement initiatives to ensure that all colleagues could safely do their work, and we have adhered closely to official recommendations and guidelines.

Integrated Code of Conduct

The implementation of Genesis in our Purchasing department led to the merger of two teams into one. The simplified organisation accelerates momentum, also in terms of the CSR targets in the supplier area. We implemented our new Code of Conduct in late 2020.

The Code of Conduct is a principal element of our collaboration with and the management of our suppliers. Working as a wholesaler in an area where a variety of geographical and cultural areas converge imposes requirements on our management tools. We are under an obligation to deliver safe and reliable quality products to our customers. At the same time, we will not compromise on the set of ethical values arising from our North European roots. Specifically, when our suppliers sign our Code of Conduct, they guarantee that they will comply with the principles of the UN Global Compact, etc.

The Code of Conduct does not stand alone, however. We take a structured approach to classifying our suppliers and also take the initiative to self-assessments and site visits based on our product and country perspectives, etc. As a matter of course, our business activities support the UN Global Compact, and integrate the ten principles concerning human rights, labour, environment and anti-corruption.

On the way to new CSR targets

Our sustainability and social responsibility efforts never end, and after achieving some targets, we set new, more ambitious ones. 2021 will be no exception. We expect to contribute even more actively to the green transformation and are boosting our already high level of efforts in other CSR activities.

In this report, you can read about the climate-related, human and ethical considerations that are integral components of our daily workflows. You can also read about efforts and action plans relating to the individual objectives within our defined CSR areas: Environment & Climate, Employees and Suppliers. At the end of the report, our Factbook gives you a quick overview of what we do well and where we still need to improve.

Unless otherwise specified, the CSR report describes the efforts of Sanistål's parent company and forms Sanistål's mandatory CSR report for the 2020 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
CEO

” The best part is
that we achieved
this together
*Clifton Augustine Deane,
OHS Coordinator*



Sanistål wins the 2020 OHS Award

A dedicated effort by staff and management secures the 2020 OHS Award for Sanistål in the ‘Occupational Accidents’ category.

Our focused efforts over a decade have yielded striking results and reduced the number of occupational accidents by 90%. The sharp drop is due not only to modified workflows but also to an altered culture and behaviour.

It brilliantly recognises the enormous effort we have made together.

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 relationships with them so we can provide innovative, digital solutions that help our customers increase their profitability and success.

The general hallmark of our undertaking is a low degree of societal risk. As a wholesaler and service enterprise, the pollution we generate is minor, and our consumption of natural resources is minimal. Furthermore, our working conditions are not considered especially hazardous. Geographically, we operate in northern Europe, characterised by a high level of prosperity and welfare, where cultural and social norms prompt us to focus on upholding human rights and minimising corruption.

Business Model

Sanistål is a value-creating sourcing partner with a keen strategic focus on providing differentiated

value creation within our five different customer categories: Project, HVAC, Local Customer, Process and Application. Through our extensive supplier network, we can provide our customers with a complete product range in the areas of HVAC, technological products, steel and metals. Our high product accessibility, an efficient, reliable supply chain and a wide selection of delivery services also enable us to streamline our business transactions – either exclusively digitalised, through direct contact with sales reps, or at one of the Sanistål Group's 51 stores. We focus on creating concepts and optimisation via digital solutions that make it easy and efficient for our customers to do business with us. Our strong,

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

Business-oriented CSR

We base our work at Sanistål on business-oriented CSR to create value in our activities and for our stakeholders – customers, suppliers, employees, shareholders and society in general. This is also why Sanistål's executive management has overarching responsibility for our CSR strategy. A CSR steering committee – comprising one member of the executive management, three representatives of the management team

Value chain with risks



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 1,200 employees and bears heavy responsibility for them. As a wholesaler and service enterprise, the way in which we select and cooperate with suppliers enables us to stipulate requirements for how an undertaking should be run in terms of 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 denominator of all the action areas is that we can directly influence the development and, once we have identified the risks, we have launched and carried out several different initiatives. For each initiative, we have expectations of or have already achieved the results of the work. 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.

Strong structure for CSR efforts

Over the years, we have developed and focused our CSR efforts. The societal challenges we are facing are so complex that no simple solution model is sufficient. This is why we will revisit our CSR targets in 2021 to determine what is paramount to work on and where we can make the biggest difference, not only for society but to future-proof our business even more.

The make-up of CSR Steering Committee was changed in 2020. This means that we have created an even stronger structure for our CSR efforts that rests on the entire foundation for Sanistål: customers, employees, suppliers and the supply chain. Reorganising the committee has also further clarified our strategic CSR focus, while retaining the embedment in daily operations at the same time.



New, sustainable robotic warehousing

Sanistål is investing in a high-tech warehouse robot for the Billund central warehouse in 2021. Having a fully automated warehouse underpins our sustainable agenda as the robotic system uses strikingly less energy compared to current operations and will lessen our environmental impact. The warehouse robot will further improve our working environment by reducing the amount of employee lifting and improving ergonomics.

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 both the physical and psychosocial working environment and we work towards the target: "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 work on education through our internal training body: the Sanistål School. 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. Our training initiatives in recent years have focused on enhancing our employees' digital skill sets. At the same time, we aim to train trainees and inform them of the opportunities of choosing a career that starts at and with commercial training programmes, so we can help increase the percentage of young people and adults with business-oriented skills.



Decent work and economic growth

Our OHS strategy gathers the in-house efforts under four main areas: OHS, employee well-being, diversity and employee development. Job satisfaction and well-being establish a sound foundation for innovation and technological upgrades, including digitalisation, all of which are parameters that promote economic growth. Efforts targeting our five customer categories focus on increasing our digitalisation and providing concepts that boost financial productivity. Our Supplier Code of Conduct addresses the protection of wage-earner rights and the promotion of a safe, stable working environment. Our suppliers commit themselves to ensuring decent employment conditions, which, among other things, prohibits the use of forced labour, modern slavery and child labour.



Responsible consumption and production

Internally, we focus on packaging, plastic and efforts to maximise the percentage of waste sent to be recycled, so we can promote the sustainable use of our 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 managing of consumables stocks at our customers. In 2020, we launched a chemical management concept in which we focus on reducing and converting hazardous chemicals on site at our customers.



Environment & Climate

At Sanistål, we want to run a responsible business by shrinking our environmental footprint. We are continuously working to minimise our environmental impact with ongoing investments that must contribute to the green transformation.

Looking back on 2020 and forward to 2021, we are becoming increasingly aware of our commitment to act and assist in the green transformation. Because even if our business activities cannot be characterised as particularly carbon intensive compared to other sectors, we put environment and climate high on the agenda. Over the year, we took several initiatives to support the green transformation and have included multiple actions for the future in our action plans.

Objectives and action plans for energy consumption

In recent years, our efforts to reduce energy consumption at Sanistål have focused on our Billund central warehouse. We have come a long way towards reducing energy consumption, including through a comprehensive replacement of all luminaires to LED and converting the heat supply from natural gas to district heating. But the trip doesn't end here. In 2021, we are making a major investment in a new, fully automated robotic warehousing system at our Billund central warehouse. The investment and implementation of a future-proofed logistics system helps achieve several of our defined CSR objectives.

The system uses very little electricity, making it yet another area that contributes to reducing our carbon emissions. At the same time, we get a system that will noticeably improve quality by enabling consolidated shipments across our product areas. This will reduce instances of customers receiving multiple packages from us at the same time. It will also enable us to save on packaging and filler in the boxes, at the same time that, all other factors being equal, it will free up space in the lorries that distribute products to Sanistål stores and customers. The new system will take over 55% of the product flow at Billund and seriously heighten our rate of automation and, thus, warehouse efficiency.

To contribute to the overarching climate agenda of reducing carbon emissions, we are changing over to green energy from 2021. All the electricity we use will be generated by renewable sources, such as wind, solar or hydropower. On paper, this will reduce carbon emissions by 718 tonnes, compared to conventionally generated electricity. The initiatives for certified green electricity cannot stand alone, however, which is why we entered into an agreement to establish a photovoltaic system on the roof of the Billund central warehouse in late 2020. This will initially involve the establishment of a 250 kW PV system, equating to more than 700 photovoltaic panels covering 1,400 m². The system is expected to reduce carbon emissions by 112 tonnes.

We carried out the statutory energy inspection in 2020. The report emphasised that we are well on our way with the initiatives already completed in our journey towards reducing carbon emissions from our business activities. Sanistål's internal



“The use of bricklayer's buckets and cardboard boxes has been an unrivalled success
*Daniel Egholm Løndahl,
 Project Manager, Sanistål*”



We replace plastic bags with recycled plastic

All Sanistål stores have replaced plastic bags with bricklayer's buckets made of recycled plastic. The aim has been to eliminate the consumption of 2,400 kgs of plastic annually.

Therefore, we are offering our customers a bricklayer's bucket or a recycled cardboard box in which to convey the products purchased. Anything new takes getting used to, but customers have truly embraced this eco-friendlier solution.

Property and Facility department is continuously focused on implementing energy efficiency measures. In cooperation with the lessors of the tenancies for our store facilities, ongoing initiatives are being launched that both benefit the working environment and are energy efficient, such as replacing heat sources, installing sun-light protection and changing over to LED lighting.

Objectives and action plans for distribution and internal transport

Needless to say, our logistics and conveyance of goods through our supply chain have an environmental impact. We provide a wide and deep product range to many customers, which necessitates transport and distribution.

For the past decade, we have outsourced Sanistål's daily, overnight and crane distribution to an external carrier. The products are distributed in an open system along with other companies' goods. At sector level, we can see that

choosing a professional external distribution partner makes a big difference for the environment. It gives us the opportunity to consolidate shipments, which ensures higher utilisation of vehicle capacity, resulting in fewer kilometres running empty and reducing the number of lorries on the roads. Driving half-empty lorries is obviously an unnecessary strain on the environment. At the same time, our agreement stipulates that our partner must use the latest, most eco-friendly technologies wherever possible in terms of vehicles and equipment in general. The collaboration has also helped develop both businesses in a positive direction. Through ongoing dialogue, we have jointly focused on optimising the transport process, and at Sanistål we are continuously working in house to develop business initiatives that make it attractive for our customers to gather and plan their deliveries so we can optimise our distribution.

Carbon emissions from the distribution of goods to customers through our three external distribu-



tion partners fell 53% in 2020 to 748 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 unfortunately not been

possible to adjust the comparison years to our existing business concept.

Internally, we are working to reduce carbon emissions from Sanistål's company vehicles by 2% per km in the period 2020–2023. The



Sanistål purchases green energy

From 2021, Sanistål will only use electricity generated by renewable sources. This will reduce our carbon emissions by 774 tonnes annually.

In recent years, we have systematically worked to reduce the amount of energy consumed throughout the company.

changeover from EU norm to WLTP norm has meant that – within our existing vehicle policy and with the two types of vehicles that it has been possible for us (throughout our leasing company) to make available to our users – we once again saw a negative trend in the period 2019–2020 in that the average amount of carbon emitted per km rose 6%. By contrast, the Covid-19 situation impacted the number of

km driven. In a year when much of our contacts with customers and suppliers has been online, and when we reduced the number of company cars at the same time, we reduced our driven kilometres by 28%. The trend from 2019 to 2020 for the average number of grams of carbon emitted per km is generally unsatisfactory. This is why we are now taking the next required steps on our journey and opening the way for hybrid

and electric vehicles in our vehicle policy. As in the rest of society, this will be a journey where many aspects will affect the rate at which we can change the make-up of our fleet of vehicles. At present, we are upholding our target of reducing carbon emissions per km by 2% by 2023 (baseline: 2019).

From waste to resource

The sorting and recycling of waste is one of our top priorities. Because it reduces the volume of incinerated waste and enables us to exploit resources from paper, cardboard, plastic, etc., even better. And it is eco-friendly, because the more we recycle, the lower our carbon emissions. More than 75% of all the waste we generate is sorted and subsequently recycled in one way or another. And less than 1% cannot and must not be recycled because it contains hazardous substances and is therefore deposited in a landfill. The volume of recycled waste has unfortunately stagnated in the period 2019–2020, but on the bright side, we managed to increase the recycling rate from 47% to 56% in our store and office operations. For Sanistål in general, our target is to increase the per cent of recycled waste to 80% by the end of 2022. To achieve this target, we and our supplier from the waste and resources industry have launched a plan to increase the volume of recycled waste from Sanistål's five biggest office locations. The first part of the plan is being launched in January 2021, with better waste sorting options at the head office in Aalborg.

Reducing the consumption of plastic is on the global agenda. In 2020, we took a step towards phasing out the plastic bags in which goods from Sanistål's stores have traditionally been delivered. The bags have been replaced with bricklayer's buckets made of recycled plastic, which our customers can reuse again and again. And the bricklayer's bucket solution – augmented by the recycling of cardboard boxes if there are not enough buckets – is here to stay. To supplement our plastic-targeted initiatives, we will begin phasing out disposable cutlery and tableware in early 2021, primarily focusing on plastic tableware used in-house.

Results, actions plans and targets

2020 objective

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 major office facilities by 10% in the period 2018–2021

Reduce by 2.0% the average number of grams of carbon emitted per km by Sanistål's company vehicles in the period 2020–2023

Increase the percentage of recycled waste by 80% before the end of 2020

2020 results

✓ Carbon emissions from Sanistål's Billund central warehouse have fallen 68% since 2016

✓ Carbon emissions from Sanistål's five biggest office locations have fallen 5% since 2017

✗ Sanistål's company vehicles' carbon emissions per km rose 6% to 124 g.

✗ The percentage of recycled waste was 75% in 2020, a 1% decline compared to 2019.

Action plan and targets

Meet Autostore expectations in H2 2021, as well as convert to natural gas and green electricity. Further contribute to the green transformation by, among other things, establishing a photovoltaic system on the roof of our storage facilities.

A new objective will be determined in 2021

Ongoing implementation of energy-efficiency solutions, modernising and optimising floor space, as well as converting to green electricity

Objective upheld

From 2021, hybrid and electric vehicles will be included in the vehicle catalogue from which employees can choose a company car.

Objective upheld

Maintain focus on correct waste sorting at the central warehouse. Initiatives targeting sorting solutions at our biggest office facilities will be launched in early 2021

The objective is upheld for fulfillment in 2022

” I think it’s brilliant that
Sanistål dares to stake
its future on me

*Søren Svoldgaard Jensen,
Sales Consultant, Sanistål*



On the way towards new career goals

At Sanistål, we gladly help employees on their way towards new goals at all times.

We focus on skill sets and go out of our way to ensure that each individual employee develops both professionally and personally. At Sanistål, no one is tied down to a specific department, but has the option at any time to pursue his/her ambitions across the organisation.

Søren Svoldgaard completed his traineeship at Sanistål just one year ago and is already pursuing a career as an external sales representative.

Employees

Employees are Sanistål's most important resource. This is particularly true in times when digitalisation and technological developments are currently changing the way we work and run our company.

It is crucial that our employees prosper and feel proud to go to work. Employees are Sanistål's most important resource, and we are continuously working on well-being, development and initiatives that can help strengthen our identity and culture.

Objectives and action plans for working environment and employee well-being

One of the year's crucial areas of focus was obviously the handling of COVID-19. When Denmark locked down in March, we reacted quickly at Sanistål. This meant that employees in the at-risk group were sent home, and everyone who could work from home had to, whereas the rest of the staff made sure that Denmark and Sanistål successfully got through the COVID-19 crisis. The organisation truly showed how quickly we can act and implement changes so employees could keep going to work with peace of mind and that we could still serve our customers. Specifically, we appointed a COVID-19 task force whose members from the entire business managed the actions taken in the various employee areas.

Taking care of our employees when a pandemic is raging all over the world is a matter of course at Sanistål. We focus on our shared working environment and are committed to our target of zero occupational accidents in everything we do and all our daily routines. This is a strategic priority and it is part of our day-to-day operations. This is why we operate with a culture of prevention rather than a safety culture. Going to work must be safe and healthy for everyone and when it comes to both our physical and psychosocial working environment, it is not enough to intervene once the damage is done. We are proud that our long-standing, dedicated effort targeting the working environment was recognised by the OHS Council in the spring, when we were awarded the year's OHS award in the 'Occupational Accidents' category.

In 2020, our accident frequency rate was 77.5 per 10,000 FTEs. We regard every accident as one accident too many, and we continue our efforts to prevent accidents and achieve our zero occupational accidents target. By joining the newly established Vision Zero Council in Denmark, we contribute towards preventive OHS and well-being efforts. In so doing, we can share the good lessons learned and be inspired by new OHS efforts and specific tools from other businesses that have come a long way in pursuing a prevention culture.

At Sanistål, we conduct a job satisfaction survey every year in which we urge employees to express their opinion about a number of organisational parameters. The aim of the survey is to get a clearer picture of what we are doing well and to identify any action areas that should be part of



Back on the labour market

At our central warehouse, we continue efforts to help people on the edge of the labour market back to work. Close collaboration between the municipality and a Sanistål mentor provides these new employees with a personalised traineeship that always aims to end in permanent employment. After completing their traineeships, Jesper Røge Jepsen was hired in a flexible job and Patrick Smucker was hired full time.



our endeavours to make Sanistål an even better workplace and business. All of 95% of our employees responded to the 2020 annual survey. This means that we are reaching every corner of the business which gives us a more differentiated basis for our efforts going forward.

Sweeping changes have occurred in Sanistål in recent years. We divested our steel operations and implemented a new business management system SAP. We have also launched our new Genesis strategy entailing major organisational changes, putting many in a new department with a new superior or tasks, which required a major effort by everyone in the organisation. This is also why we are proud that employee job satisfaction continues to be sky high at Sanistål. All the highest-scoring questions deal with the good working climate at Sanistål: the constructive interpersonal atmosphere, the absence of bullying and the fact that one's immediate superior trusts his/her employees. Similarly, quite a number of employees agree that they like their job at

Sanistål and that Sanistål is a good workplace. Similarly, the rating of Sanistål's efforts to improve the working environment rose, even if this question had already been one of the highest rated areas.

In terms of social issues, events are regularly held to promote well-being and strengthen relationships across geographical and business areas, although COVID-19 made this challenging in 2020. Managers and employees alike have made an enormous effort to keep up co-worker spirits in a unique time of virtual lunch and coffee breaks, walks 'n' talks with colleagues where co-workers go for a walk alone with their smartphone, online social gatherings on Fridays, with initiatives like "Know your colleague" quizzes and many other local initiatives where we together, but separately, have created a sense of community.

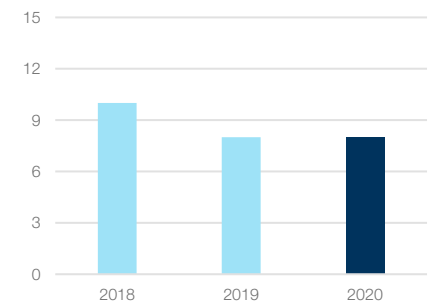
Objectives and action plans for diversity and employee development

We need clever and talented employees at Sanistål. We believe that cultural diversity and plurality boost our competitiveness. In times when digitalisation and technological developments are top priorities, we may need to think out of the box to grow and develop. New knowledge and new approaches to our business activities are not created by homogeneity. It is a matter of developing and taking advantage of our various skill-sets for the benefit of the business and each individual employee.

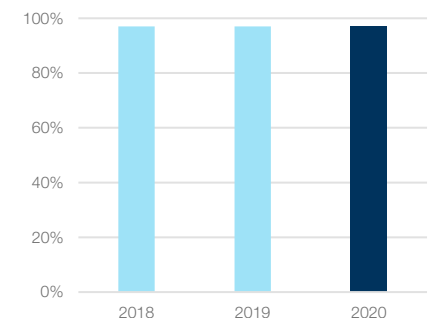
Our recruitment processes give high priority to getting the best qualified employees to fill our vacancies. Skill-sets, experience, and personality are just some of the factors we prioritise in this process. We make extensive use of personal profiles to supplement the recruitment process to ensure the best match between our tasks and the applicant's inherent motivating factors. Having a job whose tasks, team co-workers and future superior match one's own motivating factors is personally about people and well-being and commercially about ensuring progress and results.

Sanistål trainees play a key role in developing not only Sanistål but the sector as a whole. To some, a traineeship is their first encounter with the labour market. To others, it provides a brand-new career pathway. No matter what point of departure our trainees have, we take this responsibility seriously. We engage in ongoing dialogue with educational institutions about our traineeship structure and we focus on the skill-sets among our training staff. We consider our contribution to providing sound, qualifying training at Sanistål as fundamental to our social responsibility. At the same time, we focus on the

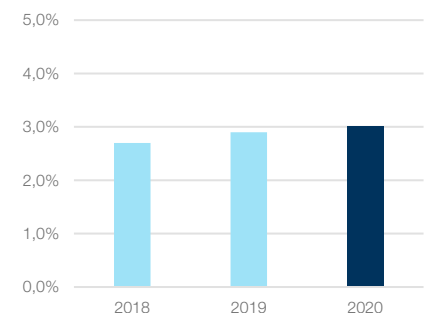
Occupational accidents



Attendance



Trainees



technical skill sets that we largely depend on ourselves because our trainees are the skilled employees of tomorrow – of whom we have many good examples.

In 2020, the pandemic also affected how we welcomed the year's new trainees where the business-wide introduction to them, also the point of departure for the trainees' future network, was done online. Despite the restrictions this entails, it also open the way for new opportunities and sets the agenda for a flexible professional career from day one. In 2020, 3% of our workforce were trainees. Thus, we achieve our target of 2% of the workforce being made up of employees in a traineeship and exceed by far the traineeship targets agreed by the Danish Government, unions and employers' associations.

At the same time, Sanistål wants to support employees' affiliation with the labour market. This is a two-pronged effort. If the working capacity of an employee is reduced and he/she is no longer able to work full-time, we want to support his/her affiliation with the workplace. This internal effort does not stand alone, but is supplemented by a new partnership agreement to offer traineeships to individuals whose skill-sets need to be clarified and upgraded for the labour market. This helps make a difference. To an individual, having a job can instil occupational identity and pride, thus enhancing his/her quality of life. The COVID-19 situation decelerated our social inclusion efforts, however.

In a year of stringent restrictions to limit the spread of infection and maintain safety to keep Sanistål's operations intact, we were unable to provide vulnerable individuals with a traineeship that meets our objectives for a good trainee process. Even so, in 2020 we maintained the per cent of employees with reduced working

capacity at 3.4% of total staff, thereby achieving our 3.0% target.

Together with municipalities and job centres, we will continue our successful efforts to target workplace entry programmes for individuals on the edge of the labour market. It is part of our DNA to give anyone who can a chance.

At the same time, we also want to help our own employees enhance their skill sets on the job so they are qualified for a job internally with us or work for other companies. We know that the modern careers require a high degree of flexibility, and we are naturally focused on developing our employees. Heavy workloads following in the wake of our reorganisation process and the special considerations relating to COVID-19 prevented us from holding training processes managed centrally by the Sanistål School (Sanistål's internal training body) in 2020. Instead, our efforts focused on local training initiatives in the individual business areas and targeted training initiatives for individual employees seeking and needing specific skill sets. At the same time, we supplemented this with an internal information campaign urging employees to use the central expertise fund of which Sanistål is a member.

A high level of staff expertise helps boost Sanistål's competitiveness and helps develop the digitalisation and concepts with top priority on the agendas of our strategic action plans. The pandemic complicated our efforts to finalise our training initiatives for 2021. Nevertheless, we maintain focus on further developing our employees through the initiatives and course activities that will be possible to implement and create value in a time when physical attendance is limited.



Anti-corruption

One of Sanistål's fundamental values is to uphold the highest standards of integrity and work ethic

among our employees and across Sanistål's areas of business and activity. This explains why we have a zero tolerance policy concerning every

form of corruption. The policy was implemented to emphasise that it is natural for Sanistål to embody good business ethics. There were no

instances of corruption or bribery in 2020, and we are convinced that our employees act in accordance with our anti-corruption policy and the commercial values on which Sanistål is based. We consider this an indicator of our good business ethics.

Results, actions plans and targets

2020 objective

Zero occupational accidents

Retain the Crowned Smiley at our central warehouse

Maintain employee satisfaction

Good psychosocial working environment

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

At least 3.0% of Sanistål's employees are made up of people with reduced working capacity

All employees comply with Sanistål's anti-corruption and anti-bribery policy

2020 results

✘ 8 occupational accidents in 2020

✔ Dedicated effort to continue to live up to the ISO certifications in Working Environment and Quality Management and thus retain our Crowned Smiley

✔ The annual employee job satisfaction survey showed a high level of satisfaction

✔ With a wide variety of initiatives targeting the individual departments, we have primarily worked on the psychosocial working environment in selected hot spots

✔ We achieve the target of having 3.0% of our workforce employed in a traineeship.

✔ Persons with reduced working capacity constitute 3.4% of the Sanistål workforce

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

Action plan and targets

Implementation of a strategy plan for our 2021 working environment and retention of a prevention culture.

Ensure ongoing improvements and opportunities to improve efficiency, and heighten customer satisfaction through the specific requirements stipulated by the ISO standards

To determine future action areas to boost employee satisfaction by conducting the annual well-being and culture survey

We intend to boost our emergency psychosocial response SaniCare by heightening its profile and giving it specific new tools so we can maintain a common focus on a healthy psychosocial working environment

Innovative approach to recruiting trainees, when we are unable to meet candidates face to face at the educational institutions. Skills enhancement of training staff, and continuing to engage in dialogue with educational institutions on initiatives for improving the training programme

Retain an employee's affiliation with the workplace when his/her working capacity is impaired, and resume traineeship efforts targeting individuals who have been outside the labour market for a prolonged period of time

Implementation of a compliance training programme to secure knowledge about and compliance with competition rules, as well as to ensure familiarity with and awareness of Sanistål's policy of zero tolerance of corruption of any kind

Whistleblower scheme

A whistleblower scheme will be established in 2021. It will apply to both external and internal reports of serious violations of the law, as well as unethical behaviour or suspicions of this throughout the group. All reports can be filed anonymously and will be processed in strictest confidence. The reports will be processed by an external law firm and internally by our legal affairs department.

Suppliers

As a wholesaler and supplier of the construction and manufacturing industries, Sanistål has a wide product range and procures its products all over the world. We deliver safe quality products from suppliers who take human rights, good business ethics and the environment seriously.

Objectives and action plans for supplier cooperation in a CSR perspective

As a supplier of the construction and manufacturing industries, our products are continuously being adapted to enable us to help develop the market. It is crucial that our product range, which includes more than 396,000 item numbers, comprises products of high quality and function-

ality that can meet customer requirements and expectations. In our wholesaler role, we give priority to minimising societal risk in choosing our suppliers. We are currently noticing that customers are increasingly demanding to know where we buy our products and the conditions under which they are manufactured. This pivotal, complex aspect of a wholesaler's job is to ensure that the environmental and working conditions at Sanistål's many suppliers meet our requirements.

It is essential to us that our suppliers and business partners take social responsibility, no matter how local societal standards may affect the manufacture of a product. Most of Sanistål's suppliers are geographically within the EU, but we also do business with suppliers outside the EU. It is important for us to ensure that our supply-chain partners base their work on a

common set of ethical methods and standards, and our efforts targeting our suppliers have included a Code of Conduct for many years. The Code of Conduct is part of our terms and conditions of trade and is now a natural component of the contracts we enter into with the suppliers. In 2020, we launched a new updated Code of Conduct that reflects our set of values as well as the guidelines and expectations we stipulate for our suppliers and business partners. Just like our previous Code of Conduct, the new Code of Conduct builds on the ten principles of the UN Global Compact and OECD guidelines. The Code of Conduct is available in Danish, English and Chinese.

Our Code of Conduct is divided into the following points:

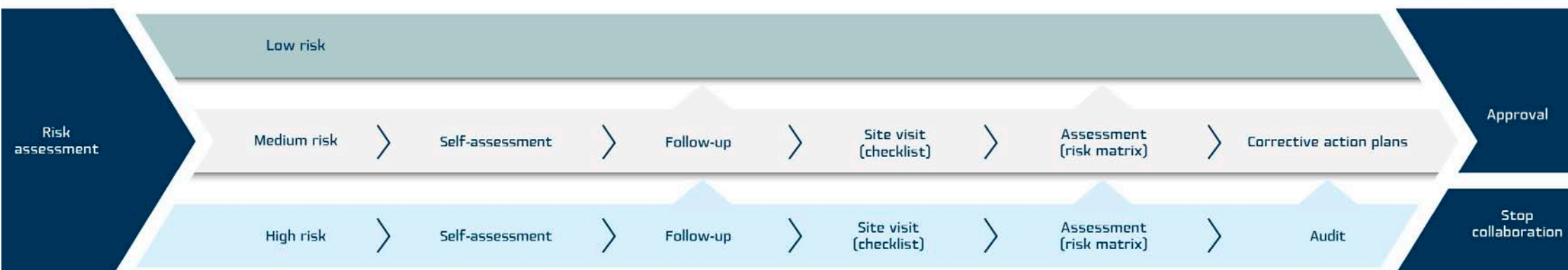
- occupational health and safety
- social factors

- environment and climate
- compliance with legislation

Many of our suppliers also base their work on their own code of conduct which also manifests their responsibility.

In our daily work, we use the categorisation of our suppliers not only as it relates to our product range, but we also assess our suppliers according to a risk-based model, an approach we have used for several years. We have a firmly structured supplier management process, and we categorise our suppliers in 'low risk', 'medium risk' and 'high risk', according to factors such as country of origin, etc. Low-risk suppliers are asked to sign our Code of Conduct. Medium-risk suppliers are also asked to submit a self-assessment in which they specify whether and how they meet the requirements stipulated in Sanistål's Code of Conduct, whereas high-risk suppliers can also receive a site visit.

Responsible supplier management



Results, actions plans and targets

2020 objective

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

2020 results

✓ More than 87% of our suppliers have signed our Code of Conduct

✓ Through a dedicated effort by our external partners in China, 98% of the self-assessments were completed and returned. COVID-19 prevented us from making any site visits

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

Action plan and targets

The already firmly established efforts to ensure that suppliers accede to the Code of Conduct will continue and be widened in 2021. This is why we will also revise the objective during 2021.

The site-visits initiative (which was not carried out in 2020 due to COVID-19) must be done with a subsequent assessment of the suppliers selected
Objective upheld

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

COVID-19 prevented us from making site visits in 2020. We will resume these efforts when it becomes possible once again.

Our internal department for Product Safety, Environment and CSR maintains close dialogue with suppliers, customers and authorities, to keep us constantly at the cutting edge of current market trends and legislation – with all tasks revolving around responsibility. We have several action areas in our endeavours to make it easier for customers to choose the right products. First of all, we make sure the products are easily and quickly available. Next, we ensure, by means of both physical and online business models, that customers can compare products according to a wide variety of parameters. At the same time, in 2020 we began the tasks of raising awareness of the environmental labelling of products where this is relevant, thus further contributing to society's journey towards more sustainable choices. In 2020, we also introduced system-supported monitoring of any business transactions with sanctioned countries.



We impose requirements on our business partners

Good business practices are crucial to us. We expect our suppliers to comply with them and share our standards. This is also why our Code of Conduct is fully integrated into our business relationships with suppliers.

We updated our Supplier Code of Conduct this year. Specifically, this means that when our suppliers sign our Code of Conduct, they guarantee that, among other things, they will comply with the principles of the UN Global Compact.

In 2021, we will also intensify focus on minimising the percentage of products containing problematic substances. At Sanistål, we trust our suppliers to comply with the duty of notification by registering any products which contain problematic substances; but we also expect them to actively work to have these problematic substances removed from the products. In order to provide customers with more sustain-able products, we are continuously working with our suppliers to replace problematic substances in their products. Replacing problematic substances with alternatives that are less harmful to the environment and human health will reduce the harmful effects for all of us. If a product is fundamentally unable to comply with legal requirements, we will work together with the supplier in question to find an alternative product.

We also take our initiatives out to our customers where we offer them a new chemical management concept involving a thorough review of their chemicals for the purpose of removing hazard-

ous, unnecessary products. In our experience, companies often keep many superfluous products in stock and in volumes that are far beyond what they need. At the same time, we help companies select chemicals whose harmful effects on employees are as minimal as possible and chemicals which comply with current EU regulations. Our concepts help improve the environment and boost our customers' CSR profile at the same time.



Sanistål cleans out the cabinets at Aasted Aps

Aasted Aps is focused on reducing its carbon emissions and on ensuring a healthy, safe working environment. This is why they accepted Sanistål's offer to optimise and simplify their chemical management processes. Sanistål removed superfluous chemicals and hazardous substances and integrated them in a StockMaster vending machine to give Aasted complete control of its consumption. It also facilitated the documentation process, because Aasted Aps now uses CHESS, a chemical management system.





Factbook

- > Environment & Climate
- > Employees
- > Suppliers

Factbook

ENVIRONMENT AND CLIMATE				
		2020	2019	2018*
Energy consumption, scope 2				
Billund central warehouse	Carbon emissions, tonnes	311	674	651
Offices (five biggest entities)	Carbon emissions, tonnes	594	618	574
Energy consumption, scope 3				
Company cars (leased)	CO ₂ /g per km (theoretical)	124	117	113
Outgoing distribution	Carbon emissions, tonnes	748	1,588	2,975
Waste				
Recycled	%	75%	76%	72%
Incinerated	%	24%	24%	27%
Deposited in landfill	%	1%	0%	1%

See definitions of key figures on page 23

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

EMPLOYEES				
		2020	2019	2018*
No. of employees	No.	987	1,069	1,201
FTE workforce ¹	FTEs	939	1,040	1,139
Percentage of women ¹	%	29%	28%	27%
Percentage of men	%	71%	72%	73%
Reduced working capacity	%	3.4%	3.9%	3.5%
Trainees	%	3.0%	2.9%	2.7%
Rate of turnover ¹	%	11.5%	8.1%	8.9%
Seniority, 7 years or more	%	44%	43%	44%
Occupational accidents (with absence)	No.	8	8	10
Occupational injury (without absence)	No.	121	91	127
Registered near-miss accidents	No.	310	375	752
Sickness-related absence ¹	Days/FTEs	8.7	8.5	8.8
Satisfaction survey, response percent	%	95%	N/A	92%
Satisfaction ²	%	N/A	N/A	91%
Training days	Average per full-time position	0.9	2.7	2.4
Total no. of training days	Days	837	2,789	2,707
Gender diversity on the board ¹	%	0%	0%	0%

See definitions of key figures on page 23

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

¹ESG key figures

² From 2020, we do not calculate an overall score for satisfaction



Factbook

SUPPLIERS				
		2020	2019	2018*
Suppliers who have received the Code of Conduct				
	No.	984	742	845
Signed Code of Conduct				
	%	87%	88%	86%
Signed Code of Conduct, as % of total purchases				
	%	94%	91%	92%
Suppliers of overhead-cost related goods who have received the Code of Conduct				
	No.	39	39	31
Signed Code of Conduct				
	%	95%	95%	94%
Code of Conduct, supplier classification				
Low risk				
	No. of suppliers	958	694	807
	– signed	%	87%	84%
Medium risk				
	No. of suppliers	16	5	11
	– signed	%	100%	91%
High risk				
	No. of suppliers	10	43	38
	– signed	%	95%	95%
Self-assessment				
Sent to supplier				
	No. of suppliers	41	41	12
Filled in and returned				
	%	98%	98%	92%
Site visits completed				
	No.	-	-	-

See definitions of key figures on page 23

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



Definition of key figures

Definition of key figures for “Environment and climate”

Energy consumption, scope 2	<p>Billund central warehouse: carbon emissions are based on the consumption of electricity and heat at the Billund central warehouse. Carbon emissions for electricity are based on actual consumption and the energy grid's final environmental declaration for the impact of 1 kWh of electricity in Denmark. Carbon emissions for heat are also based on degree-day-rated heating consumption and the heating plant's monthly environmental declaration.</p> <p>Offices (five biggest entities): Carbon emissions are based on the amount of electricity and heat consumed at our head office in Aalborg (two entities) and at the business units in Silkeborg, Vejle and Vallengsbæk. Carbon emissions for electricity are based on actual consumption and the energy grid's final environmental declaration for the impact of 1 kWh of electricity in Denmark. Carbon emissions for heat are similarly based on degree-day-rated heat consumption and the Danish Energy Agency's key figures for carbon emissions for district heating (actual).</p>
Energy consumption, scope 3	<p>Company cars: The theoretical average CO₂ g/km is based on the average for all leased company cars. Data is based on a specification from the leasing company.</p> <p>Outgoing distribution: carbon emissions are based on the proportion of Sanistål goods distributed by our external distributors. Data is aggregated into tonnes of carbon emissions for Sanistål's distribution for the parent company. Data is based on specifications provided by three external distributors.</p> <p>Waste: recycling, incineration and landfill are specified for the total volume of waste (kg) for all business units of the parent company. Data are based on specifications provided by our partner from the waste and resources industry. For the few units for which we could not obtain a specification, the per cent of recycling, incineration and landfill are assumed to be at the same level as a corresponding business unit.</p>

Definition of key figures for “Employees”

Pct of women/men	Specified on the basis of the average FTE for the year for all employees in the parent company.
Reduced working capacity	Based on the average FTE for the year for employees with reduced working capacity and all employees respectively in the parent company.
Trainees	Based on the average FTE for trainees and all employees in the parent company for the year.

Definition of key figures for “Employees”

Turnover rate	The employee turnover rate is based on the number of FTEs that voluntarily and involuntarily leave the company in proportion to the average FTE for the year for all parent company employees.
Occupational accidents	Based on the number of occupational accidents reported over the year to the Danish Working Environment Authority resulting in absence (more than one workday).
Occupational injuries	Based on the number of occupational injuries reported over the year to the Danish Working Environment Authority not leading to absence (less than one workday).
Registered near-miss accidents	Incidents reported in Sanistål's own reporting system by the OHS organisation that could have led to occupational injury or accident but that did not cause anything to happen to the employee.
Sickness-related absence	Registered sick days for all Sanistål employees in the parent company per average FTE for the year.
Satisfaction survey, response per cent	The data is based on specifications provided by our satisfaction-survey partner. The response rate is based on the number of responses registered in proportion to all parent company employees at the time the satisfaction survey was conducted.
Training days	Based on the registered number of training days organised by the in-house training organisation (Sanistål School) per average FTE for the year.
Total no. of training days	Based on the registered number of training days organised the in-house training organisation (Sanistål School) for the year.
Gender diversity on the board	Based on the number of women board members elected at the AGM.

Definition of key figures for “Supplier”

Signed codes of conduct	Based on the number of signed and returned codes of conduct in proportion to the codes of conduct issued.
Signed codes of conduct, as % of total purchases	Based on the total purchase from each supplier who has signed a Code of Conduct in proportion to the parent company's total purchases.
Supplier classification	Based on Sanistål's internal classification set-up. The percentage of signed codes of conduct is calculated in proportion to the total number of suppliers in each category.
Self-assessment	Specified according to the number of self-assessments issued. The per cent of signed self-assessments is specified in proportion to the total number of self-assessments issued.
Site visits completed	Specified as number of site visits completed.



Company

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Aalborg, Denmark

Sanistal SIA
Riga, Latvia

UAB Sanistal
Kaunas, Lithuania

Sanistal Spolka z.o.o.-
Szczecin, Poland

Serman & Tipsmark A/S
Brønderslev, Denmark