Climate report 2023

INOX

Content

Introduction

Our society is experiencing greater and greater challenges due to a lack or insufficient focus on sustainability. The industry must take the sustainability agenda more seriously and thus take responsibility within the areas and segments in which we operate.

As a distributor of stainless steel, and not least because we are owned by a European producer of stainless bar, we have a particular focus on energy-intensive processes, energy production and consumer goods. Including packaging and not least the stainless steel itself and its CO2 footprint.

This means that we purchase the majority of the stainless steel in Europe, where the scrap-based producers have a significantly lower CO2 footprint than the typical manufacturer outside Europe.

We work continuously with the UN's 17 global goals, and in connection with the climate agenda have chosen to focus on the UN's 7th global goal sustainable energy and 12th global goal responsible consumption and production.

We implement various initiatives that support our focus on energy. Here it must be emphasized that we will establish a solar cell system on our flat warehouse buildings, which will result in a 30% change towards renewable energy.

We continuously monitor the effect of our measures and efforts, have mapped our CO2 emissions via the GHG protocol's scope 1, 2 and 3 and set targets for our reduction of CO2 based on the ESG key figures.

We are part of the global world, where we must all take responsibility for the climate and ensure a sustainable future.

Henry Hansen, CEO.

Ownership and business model

We are part of the Italian-owned Valbruna Group, which produces stainless bar in Vicenza, Bolzano (Italy), Fort Wayne (US) and Welland (Canada). The steel mills produces approx. 250.000 tonnes of stainless steel, nickel alloys and titanium in over 700 different grades per year. The Valbruna Group was founded in 1925, employs 2,700 employees and has 42 subsidiaries across most of the world. Including INOX.

INOX is a full wholesaler in stainless steel and we are located in Ry. In addition to Valbruna Group's stainless bars, we also sell sheets, tubes and fittings to Danish and foreign companies. In order to be able to offer customers the best service, we also offer special products, plasma and water jet cutting as well as sawing round bars and hollow bars. We currently employ 54 employees.

VALBRUNA GROUP
SYNERGIES FOCUSED ON THE FUTURE

UN Global Goals

Our work with climate is based on the UN's global goals, and we have chosen to work with global goals 7 Sustainable energy and 12 Responsible consumption and production.

SUSTAINABLE ENERGY

The UN's 7th World Goal deals with Sustainable energy, and we will especially contribute to meeting target 7.2, which deals with a significant increase in the share of renewable energy in the global energy mix by 2030.

We will do this by establishing a solar cell system that can supply the company with as large a proportion of electricity as possible. The remaining share of electricity will be purchased from utility companies that work with a green transition within wind, solar and water as sustainable energy sources.

7 AFFORDABLE AND CLEAN ENERGY

RESPONSIBLE CONSUMPTION AND PRODUCTION

The UN's 12th global goal deals with responsible consumption and production. Here, we can particularly work with sub-goal 12.5, which deals with significant reduction of waste generation through prevention, reduction, recovery and reuse.

Initially, we will work with our packaging consumption and ensure that as large a proportion as possible is sustainably produced. Later we will work with our waste management to ensure a high degree of recycling and reuse.

With this report, we also follow up on sub-goal 12.6, where companies are encouraged to use sustainable practices and integrate sustainability information into their reporting cycle.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Scope 1

The company

Fuel oil

Scope 2

Electricity

Heat

Scope 3

Production of steel

Transport to and from the company

Waste

Packaging

Business trips

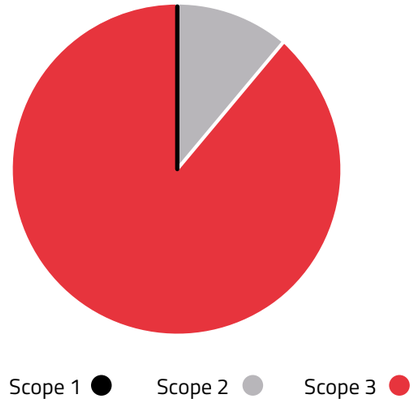
Employee transport

ESG Key figures

We have chosen to report and follow the impact of our various efforts based on ESG main and key figures, and we therefore focus on environmental data, social data and management data.

In addition, we work based on the GHG (Green House Gas) protocol's classification of the emissions in scope 1, 2 and 3.

INOX CO2e in scope 1, 2 and 3 in 2022



Environmental conditions

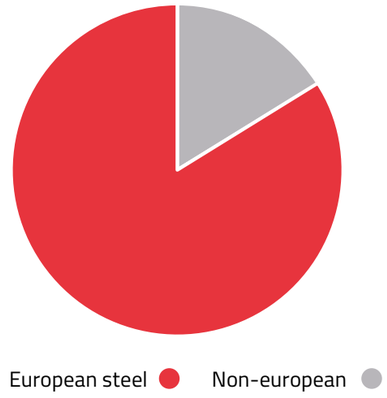
PRODUCTION OF STAINLESS STEEL

The European steel mills' production of stainless steel is primarily based on the remelting of stainless scrap. This means that between 50-90% of the steel is made from recycled material.[1] The steel mills' CO2e emission in connection with the remelting of scrap is significantly lower than the mills that produce steel from raw materials

We therefore mainly want to import steel from European steel mills, which primarily have a scrap-based production of stainless steel.

Estimates from the International Stainless Steel Forum show that stainless steel produced from 90% scrap has a total emission of 1.95 tonnes of CO2 per tonnes of steel produced. In comparison, steel with a 20% scrap share has a total emission of 7.71 tonnes of Co2 per tonnes produced.[2]

Purchased European and non-European steel in 2022

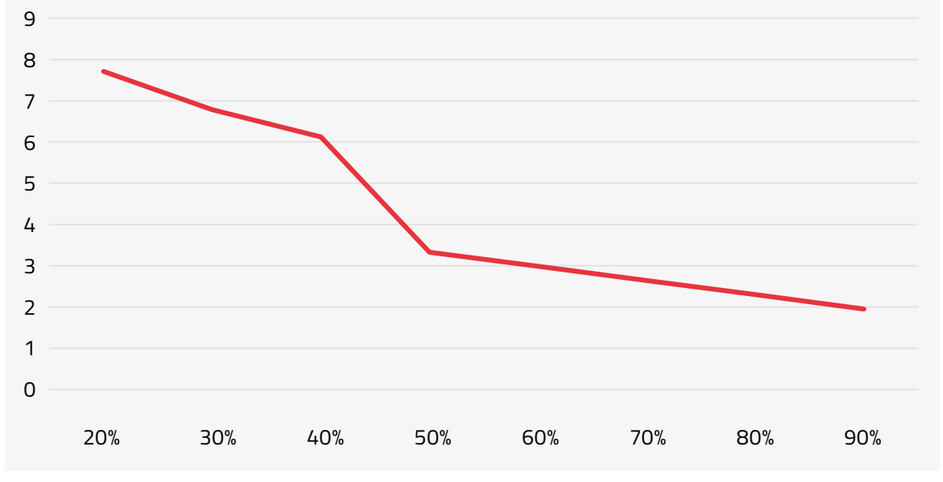


1 Data regarding the steel mills' share of scrap in their production has been obtained from our suppliers.

2 ISSF, Stainless Steels and CO2; Industry Emissions and Related Data, Jan 2022.

Stainless steel is 100% recyclable and therefore has one of the highest recycling rates compared to other materials. ISSF estimates that 85% of stainless steel is recycled when it ceases to be used for the purpose it was produced.[3]

Emission of CO2 (scope 3) in relation to % scrap in the productionen af stainless steel



Acciaierie Valbruna uses 95% scrap in their production of stainless bars.[4]

FOCUS ON ENERGY CONSUMPTION AND SHARE OF RENEWABLE ENERGY – SUSTAINABLE ENERGY

In 2023, we want to reduce our power consumption and thus reduce our CO2 emissions in scope 2.

In connection with the construction of new warehouses, we changed all lighting in both the new and old warehouses to LED lights in 2019 and 2020. We will also do this in our administration building in 2023.

In 2022, we have launched various behavior-changing initiatives to reduce our power consumption,

3 ISSF, Stainless Steels and CO2; Industry Emissions and Related Data, Jan 2022.

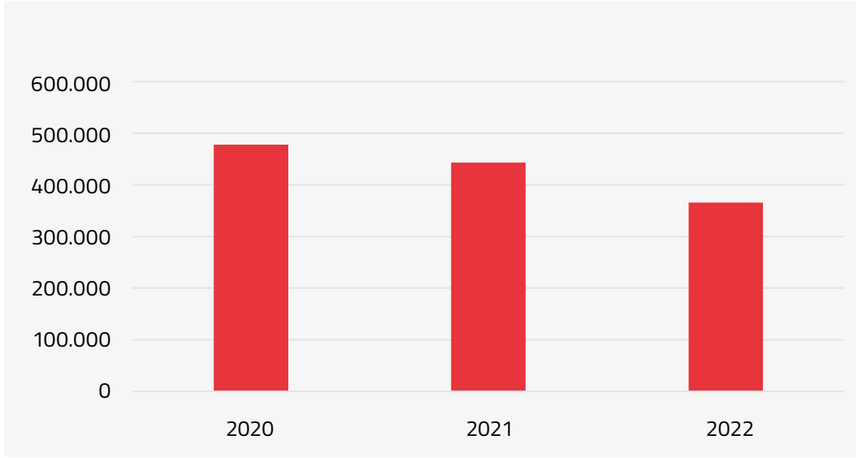
4 Acciaierie Valbruna, Recycled material (Scrap) and CO2 per tonne declaration, Sep. 2022.

and we have had an environmental consultant from ScanEnergi to review power consumption in the warehouse and in the office building with a focus on power savings.

We want to be self-sufficient with as large a share of electricity as possible before the end of 2024. If we install solar panels on our flat warehouse roofs, we can become 25-40% self-sufficient in electricity, depending on the season and the weather. With such a large in-house production, we can save the environment 33.8 tonnes of CO2 annually.[5]

We want the remaining share of electricity we buy from our utility company to support the green transition within wind, solar and water as sustainable energy sources.

Kilowatt hours annually



5 The calculation was made by ScanEnergi, Jan. 2023.

It is our goal for 2023 to establish charging stations so that our employees have the opportunity to charge electric cars at work. We have employees who come by car from many surrounding towns. Having the option of being able to charge electricity at the workplace will probably encourage more people to choose an electric car as a means of transport to and from the workplace.

We expect that our solar cell system can supply the charging stations with electricity during periods of high sun.

ELECTRIC FORKLIFTS AND ESTABLISHMENT OF ELECTRIC CHARGING STATIONS

All our warehouse forklifts run on electricity, and there are thus no direct emissions associated with using electric forklifts.

In the long term, we also want our company cars to switch from diesel and hybrid to pure electricity. At present, our 5 external salespeople and members of the management team have company cars. A lot is happening in this area right now, and we are therefore awaiting developments. Our goal is for all our company cars to be electric cars by 2030.

PURIFICATION AND RECYCLING PLANT - RESPONSIBLE CONSUMPTION AND PRODUCTION

Stainless steel is a product with a long life and high recyclability.[6] Our scraps and damaged goods are sent for remelting, and we therefore do not discard stainless products.

We work with an authorized environmental advisor in relation to the storage and documentation of the use of chemicals and cleaning agents.

FOCUS ON SUSTAINABLE PACKAGING – RESPONSIBLE CONSUMPTION AND PRODUCTION

We want to use sustainable packaging as far as possible. This means packaging that is produced with consideration for the environment and from recycled materials, so that it contributes to the circular economy.

Replacing current packaging with more sustainable packaging is an area we will work with in 2023.

The goal for 2023 is to have a greater proportion of recycled wooden packaging, which burdens the environment to a lesser extent than new wooden packaging. The same applies to plastic and cardboard packaging.

In addition, we will work to recycle as large a proportion of incoming packaging as possible, e.g. nylon straps and any form of wooden packaging.

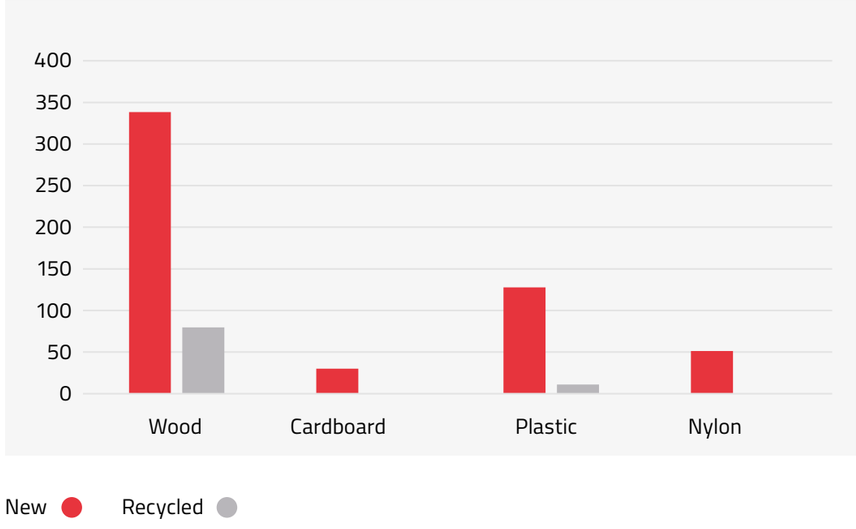
6 ISSF, Stainless Steels and CO2; Industry Emissions and Related Data, Jan 2022

In connection with our plasma and water jet cutting, sand is sent for purification at a recycling company, where metal residues are sorted out and reused. Regular samples of waste water are taken, which are sent to the laboratory for evaluation.

We run the water through several overflow vessels, which ensure that metal waste is separated from the water and that the quality of the water is in order when it is discharged.

In connection with the sawing of bar steel, we have a recycling plant where water and cooling agents are recycled in the work process.

Tons of CO2e on packaging types in 2022



OVERVIEW OF INOX TOTAL CO2E EMISSIONS[7]

Scope	Tons of Co2e	Percentage
Scope 1	6,41	0,00%
Scope 2	5.822	10,70%
Scope 3	48.723	89,30%
Total	54.551	100,00%

ESG ENVIRONMENTAL KEY FIGURES AND TARGETS[8]

Environmental data	Enhed	Targets for 2025	2022
Co2e, Scope 1	Ton	6,41	6,41
Co2e, Scope 2	Ton	5.800	5.822
Energy consumption	GJ	920	1.316
Renewable energy share	%	30%	0
Water consumption	M3	786	786

7 The calculations have been made with the help of the Ministry of Business and Industry's Climate Compass, interview with producers and ISSF stainless and CO2; Industry Emissions and Related Data, jan. 2022. There is a certain margin of uncertainty in scope 3.

8 The calculations have been made with the help of the Ministry of Business and Industry's Climate Compass, interview with producers and ISSF stainless and CO2; Industry Emissions and Related Data, jan. 2022. There is a certain margin of uncertainty in scope 3.

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