Doc.owner: Thomas Bergmark
Last updated: 02-22-2021

Sustainability Report 2020

Content

1. Our climate positive business model

As a company in the environmental services sector, KAABS Nordic AB has an important role to play in terms of the circular economy, where the focus is on the effective use of resources and the recycling of materials. We collect, process, and sell materials that are residual products, by-products, or production waste in our customers' manufacturing processes – products that have no place in these companies' own operations, but which can constitute valuable recycled raw materials for other businesses.

By this we contribute to the reduction of global CO2 emissions and as you can read in this report, we have built a calculation tool to be able to report on out total net savings, which makes KAABS Nordic climate positive.

KAABS Nordic AB is committed to setting an example as a responsible entrepreneur. We recognise that business ethics are central to our operations and that transparency is the key to our success. Our business model is characterised by a firm commitment to the Global Compact principles, UN's 17 Sustainable Development Goals as well as continuous improvement in environment, quality, social issues, health and safety, and technical development.

Lennart Aronsohn, CEO

2. Scrap metal recycling tackling climate change

Recycling of metals is not only relevant from a pure business perspective but also from a social- and environmental perspective i.e., from a sustainability perspective – people – planet – profit.

A recent study by the Fraunhofer Centre for Economics of Materials, CEM, shows that the use of steel scrap in Europe reduces the costs of climate change by up to 20 billion euros a year.

The use of steel scrap saves CO2 emissions compared to the primary production of steel from ores and refined mining products. The use of steel scrap also reduces other environmental damages, such as acidification of water, summer smog or eutrophication. To illustrate these savings, the study introduced the indicator »scrap bonus«. It indicates the climate and environmental costs that are avoided by using a ton of scrap in steel production. In conclusion, the study suggests that the scrap bonus needs to be incorporated in the price mechanism.

The scientists conclude that using one ton of recycled stainless-steel scrap saves 4.3 tons of CO2 in stainless steel production. With carbon steel, the average saving of using one tonne of steel scrap is 1.67 tons of CO2. This means that if you use a ton of carbon steel scrap as raw material input instead of using ores, an amount of CO2 equivalent to the emissions of an average car with a petrol engine in Germany driven over around 9,000 kilometres is saved. The research team calculated that the scrap bonus is between 79 and 213 Euros per ton of carbon steel scrap and even between 158 and 502 Euros per ton of stainless-steel scrap used in the production of steel.

The study determines pollution abatement by using the Scrap LCI (scrap life cycle inventory) that takes into consideration the global average of emissions avoided during the production of steel along the value chain. This includes a complete record of the life cycle of the materials used, from the extraction, production and use of raw materials to the use of energy sources and the recycling of residues.

The study strongly contributes to raising awareness of the importance of scrap as a raw material for steel production. Steel recycling is an integral part of a circular economy. The use of high-quality scrap is an expression of an economically and ecologically sustainable steel production.

KAABS Nordic takes an active role in supporting this development by recycling valuable metal resources in a sustainable way, thus contributing by working to achieve e.g., SDG 12 Responsible Consumption & Production and SDG 13 Climate Action as we e.g., contribute to the reduction of global CO2 emissions by net savings of 38176 ton CO2 during 2020.

3. Principles for our Sustainability Report

Our Sustainability Report complies with the structure and the principles laid down in the EU Directive for Sustainability Reporting and in the Swedish legislation for Annual Reporting. We have also chosen to link our undertakings and activities to those of the UN's 17 Sustainable Development Goals (SDGs) that are relevant to our operations, and to link our key performance indicators to the Global Reporting Initiative (GRI).

4. Our policies

Our policies establish important principles for our business operations and provide guidelines for the actions of all employees. Our Policy describe our principles on environment, business ethics, social- & working conditions and quality. Since becoming a signatory to the UN's Global Compact in 2016, we formally apply the Global Compact's principles relating to human rights, working conditions, environment and anti-corruption in all our business operations.

5. Materiality analysis and risk management

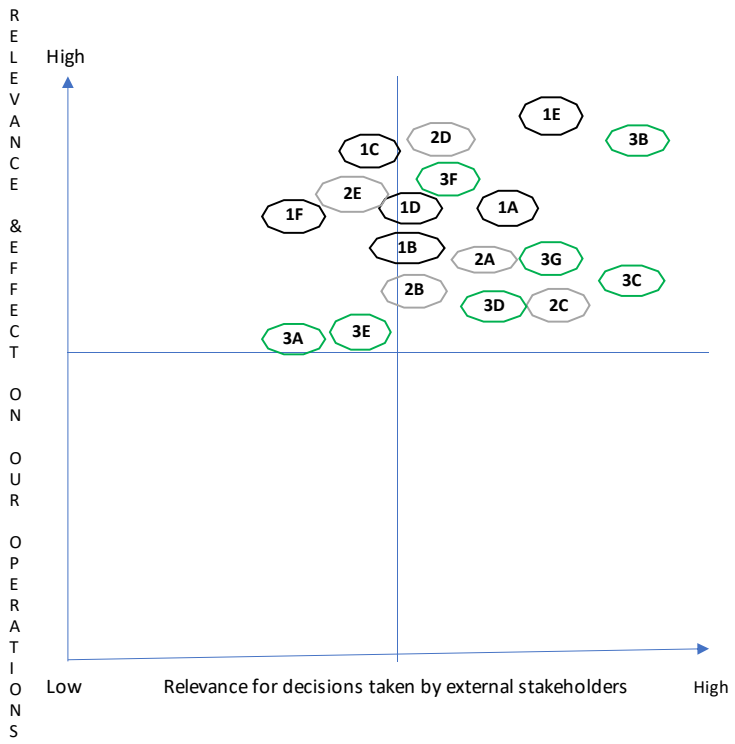
We have analysed the most significant risks to our business and this materiality analysis constitutes an important basis for the choices we have made regarding identifying the priorities for our sustainability work going forward.

Materiality analysis 2020

Issues
1 Own operations
A Human rights
B Social conditions/working conditions
C Health & safety
D Environmental conditions
E Business ethics

2 Value chain
A Human rights
B Social conditions/working conditions
C Suppliers' environmental performance
D Suppliers' business ethics
E Business ethics – other partners

3 Environment
A Sustainable metals
B Resource -efficient processing
C Efficient logistics
D ISO certification
E Energy efficiency
F Waste management
G Environmental impact on local community



Our premises in Helsingborg, Sweden, create the right conditions for significant improvements in terms of the work environment and the efficient use of resources. They will also address several of the most important factors identified above. Another result of the materiality analysis is to keep up the certifications of our operations to meet the demands of the international standards ISO 9001, ISO 14001 and ISO 45001.

6. Our sustainability commitments

Sustainability Rating
As partner with EcoVadis we collaborate by being assessed on our sustainability performance on a common platform using a universal scorecard and improvement tools. As result of our 2020 assessment KAABS Nordic was awarded a gold medal in recognition of sustainability achievement!

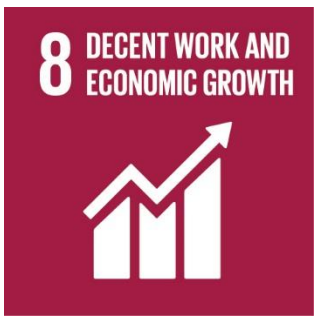
Environment
Through its work to recycle steel and metal scrap, KAABS is part of the circular economy and contributes to a more sustainable future for the wider community. Scrap metal is collected, inspected, sorted, and processed to comply with the quality criteria stipulated by steel mills and metallurgical plants for the use of recycled metals as recycled raw materials for new production.

In Sweden, the term *slaggrus* is used in the industry to describe the processed bottom ash that is left after the combustion of domestic or industrial waste in an incinerator. In its capacity as a contractor to Nordvästra Skånes Renhållnings AB (NSR), KAABS processes some 50 000 tonnes of bottom ash every year from the incinerators of the energy company Öresundskraft, at Vera Park. KAABS sifts and sorts the ash into its respective fractions, removing any metals with the help of magnetic and eddy-current separators. The residue – processed bottom ash – is currently used in NSR's premises while the various metals that have been recovered are sent to steel mills and metallurgical plants as recycled raw materials for new production.

KAABS is certified according to ISO 14001.

Climate positive via metal recycling

During 2020 we have now developed and built a calculation tool, based on the GHG protocol, to be able to calculate our net savings by recycling different metals. The tool includes volumes and emission factors of the five main metals we recycle as well as the emissions generated by our operations. Our net savings 2020 was 38176 ton CO2, which makes KAABS Nordic climate positive.



Social conditions and workforce

We take an active role in creating a workplace that is characterised by an atmosphere of social, physical and psychological good health by taking measures to prevent the risk of work injuries and work-related ill health. The minimum requirement we impose on our operations is that they comply in full with all relevant legislation, ordinances and other regulatory requirements. The provisions of the Swedish Work Environment Authority contained in AFS 2001:1 Systematic Work Environment Management form the basis for our work in this field. Work environment management activities are conducted systematically, and regular precautionary checks are made to ensure compliance with laws and regulatory requirements, and to identify, evaluate, minimise and follow-up risks.

Work environment activities are conducted in a spirit of full cooperation between management, co-workers and safety representatives. All co-workers are given the opportunity to influence their own work situation.

Special attention is paid to the need for individual job adaptation to facilitate employment for workers with functional disabilities.

Managers within the organisation are responsible for identifying hazards, for taking and following up precautionary measures, for ensuring that co-workers are aware of the risks and for continuously acquiring the competence and information that is required to create and maintain a safe work environment.

KAABS is certified according to ISO 45001.

Human rights and anti-corruption

We are a signatory to the UN's Global Compact and recognise and respect the UN's conventions on human rights. We accept the responsibilities that we have towards employees and the local community in which we work. We comply with the laws and ordinances that apply in the countries in which we are active.

Our terms and conditions of employment meet the requirements of national legislation and/or the appropriate collective bargaining agreements, as well as relevant ILO conventions. KAABS makes every effort to set fair

salaries, rates of pay and levels of reimbursement in accordance with the respective local regulations in the markets in which we operate.

KAABS has zero tolerance for all forms of corruption and works actively to prevent corrupt practices. Corruption is the abuse of a position of trust to gain an undue advantage for oneself or the company, for example through the payment of bribes. It is forbidden to offer, promise or give bribes and to accept a promise of a bribe or receive a bribe.

Research and development

KAABS is collaborating with NSR on a research and development project to devise solutions for sorting and processing bottom ash from incinerated waste to recycle it as environmentally adapted construction material. The aim is to develop the technology so that the purified and processed bottom ash is of sufficiently high quality to be used as a safe, practical and widely approved aggregate in the building and construction industry.

Memberships

We are a member of The Bureau of International Recycling (BIR) which promotes increased materials recycling through sustainable and ethical business initiatives. In 2016, we also became a signatory to the UN's Global Compact and we apply the Compact's principles for human rights, working conditions, environmental concern and anti-corruption activities in our day-to-day business operations.

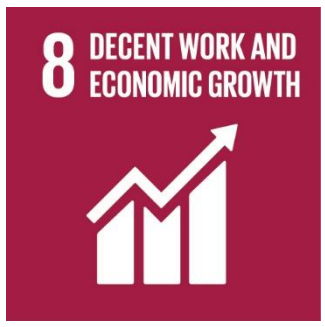
A Sustainable Tomorrow

During 2020 KAABS was one of the sponsors of the first digital international conference, A Sustainable Tomorrow, hosted I Helsingborg, Sweden. More than 1000 participants listened to key-note speakers like Rebecka Carlsson, Svante Axelsson, Jakob Trollbäck and Fredrik Reinfeldt. A seminar on the future of mobility was also part of the conference. We will continue this engagement during 2021. Please find more information on; https://asustainabletomorrow.com.se/arets-konferens/

Picture of "digital" participants

7. Our key performance indicators

To monitor our performance and progress over time we have chosen the following UN SDG goals and relevant GRI key performance indicators, which we will measure and report annually:



- Lost Time Injury (LTI) frequency rate, days/million worked hours (GRI LA6)

- Recycled quantities – tonnes/material (GRI EN1)
- Volume of waste to energy recovery – tonnes (GRI EN23)
- Volume of waste to landfill – tonnes (GRI EN23)

- Energy consumption - kWh/tonne of processed material (GRI EN5)
- Reduction of emissions – ton CO2 due to metal recycling (GRI EN19)

Our performance 2020

UN SDG	GRI indicator	2017	2018	2019	2020
8. Decent work and economic growth	**LA 6 Lost Time Injury (LTI)**	**0,97**	**0,39**	**0,34**	**0,42**
12. Responsible consumption and production	**EN 1 Recy material (ton)** **EN 23 Waste to energy (ton)** **EN 23 Landfill (ton)**	**22 229** **209** **0**	**29 580** **273** **1,1**	**25160** **405** **1,2**	**18206** **426** **2,7**
13. Climate action	**EN 5 Energy (kWh/ton)** **EN 19 Reduction of emissions (ton CO2)**	**62,26** n/a	**60,7** n/a	**59,5** n/a	**66,4** **38176**

Comments

- The amount of recycled material decreased by 28% due to instability on the world market resulting in lower world market prices on metals.
- Energy efficiency decreased by 10% because of lower volumes in the handling of the material.
- By recycling 18206 ton of metals, we reduce global emissions by 38176 ton CO2 and became climate positive (New indicator).

For further information, please contact,

Lennart Aronsohn, CEO
Lennart.aronsohn@kaabs.se

Thomas Bergmark, Sustainability Manager
Thomas.bergmark@kaabs.se