

Sustainability Report 2016



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Our sustainable 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 seen as 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. 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 as well as continuous improvement in environment, quality, social issues, health and safety, and technical development.

Lennart Aronsohn, CEO



Recycling in a sustainable society

We are now more than 7 billion people sharing the planet's resources. Every day since the mid-1970s the world's population has been overconsuming these resources by extracting, mining, harvesting and felling at a rate that far outpaces the planet's ability to replenish its valuable natural assets. Worldwide we are currently consuming resources at a rate that would require 1.5 Earths to supply our needs. In Europe, we would need 3 times the Earth's resources to meet our consumption rate, and citizens in the USA would need 5 times the Earth's resources. This means that we are 'living on credit' – with a very high rate of interest that sooner or later must be repaid to our planet. If the world's population continues to increase as it has done, forecasts point to a planet with 10 billion inhabitants by 2050. By then we would need more than 3 times the Earth's resources to sustain the needs of so many people.

The waste generated by human activity has increased exponentially since the dawn of the Industrial Revolution. This is because our economies have adopted a 'take – make – dispose' model for growth. This is a linear model that assumes that resources are plentiful, easily accessible and inexpensive. But that is no longer the case.

We need to focus more on a circular economy, in which existing materials and products are reused, repaired or renovated and recycled. What has previously been regarded merely as waste can instead become a resource or raw materials.

Progressive companies have begun to understand that this way of thinking opens up opportunities to develop new business models and concepts.

At the United Nations Summit on 25 September 2015 heads of state and government leaders worldwide adopted 17 global sustainable development goals (SDGs) and the 2030 Agenda for Sustainable Development. This committed all nations to work from 1 January 2016 until 2030 to lead the world towards a sustainable and more equitable future. The 17 SDGs and the 169 targets for sustainable development are universal, integrated and indivisible, and take into account different national circumstance, different levels of national development and capacities, and respect for national policies and priorities.

Recycling has a key role to play in a circular economy, both today and in the future. Making more efficient use of resources will promote growth and generate new employment opportunities. The circular economy tops the agenda of the Europe 2020 strategy for smart, sustainable growth and improved resource efficiency. The most important ideas for how to use resources in a more efficient way are also laid out in the EU's Environment Action Programme up to 2020.

Better eco-design, less waste and more recycling can lead to net savings of up to 600 billion euros for companies within the EU, while also reducing total annual emissions of greenhouse gases.

The recycling industry will take an active role in supporting this development by recycling valuable resources in a sustainable way, thus contributing to work to achieve SDG 12 (Responsible Consumption & Production) and SDG 13 (Climate Action).

Principles for our Sustainability Report

This is our first Sustainability Report and, as such, it complies with the structure and the principles laid down in the EU Directive for Sustainability Reporting and in 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).

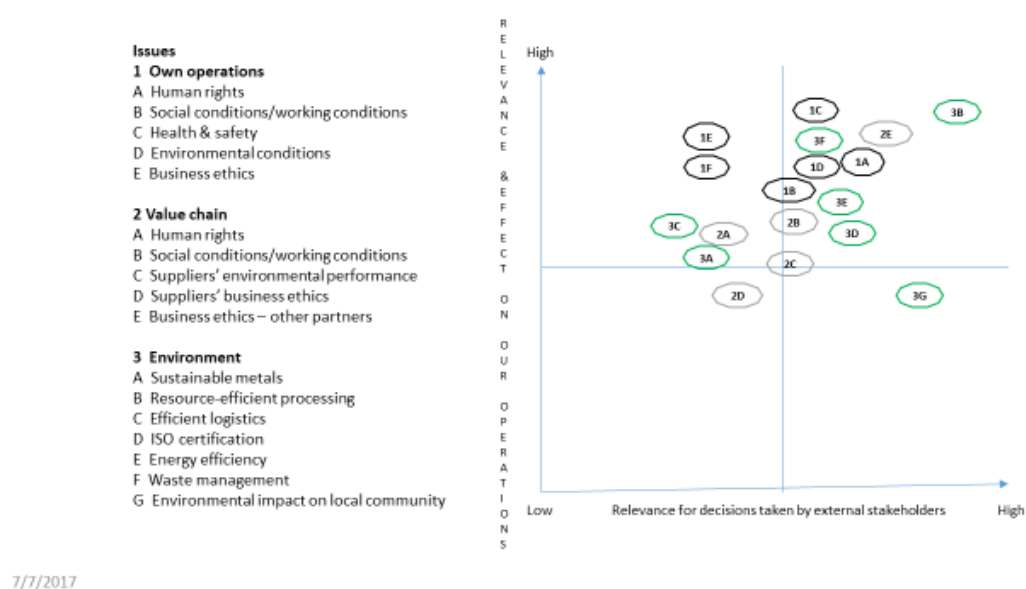
Our policies

Our policies establish important principles for our business operations and provide guidelines for the actions of all employees. Our Sustainability Policy constitutes the overall framework and is complemented by our policies for business ethics, work environment 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 of our business operations.

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 with regard to identifying the priorities for our sustainability work going forward.

Materiality analysis 2016



Our new office premises and production plant 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 our decision to certify our operations to meet the demands of the international standards ISO 9001, ISO 14001 and ISO 45001.



Our sustainability work

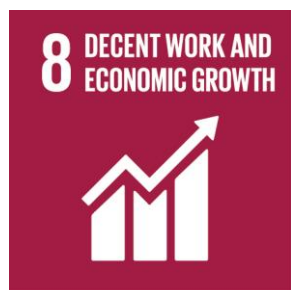


Environment

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. KAABS rents approximately 35,000 square metres of land at the Vera Park sustainable business hub in Helsingborg, Sweden. Here the company has access to state-of-the-art technology that enables it to receive and process up to 80,000 tonnes of steel and metal scrap every year.

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 35,000 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.

Work on acquiring ISO 14001 certification began in 2016 and is expected to reach completion before the end of 2017.



Social conditions and workforce

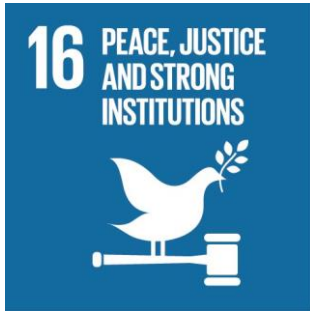
We take an active role in creating a workplace that is characterised by an atmosphere of social, physical and psychological good health by taking measures to prevent the risk of work injuries and work-related ill health. The minimum requirement we impose on our operations is that they comply in full 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 in order 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.

Work on acquiring ISO 45001 certification began in 2016 and is expected to reach completion before the end of 2017.



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 in order 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 actually receive a bribe.



Research and development

KAABS is collaborating with NSR and Öresundskraft on a research and development project to devise solutions for sorting and processing bottom ash from incinerated waste in order 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.

Our key performance indicators

To monitor our performance and progress over time we have chosen the following key performance indicators, which we will measure and report with effect from 2017 onwards:



- 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)

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