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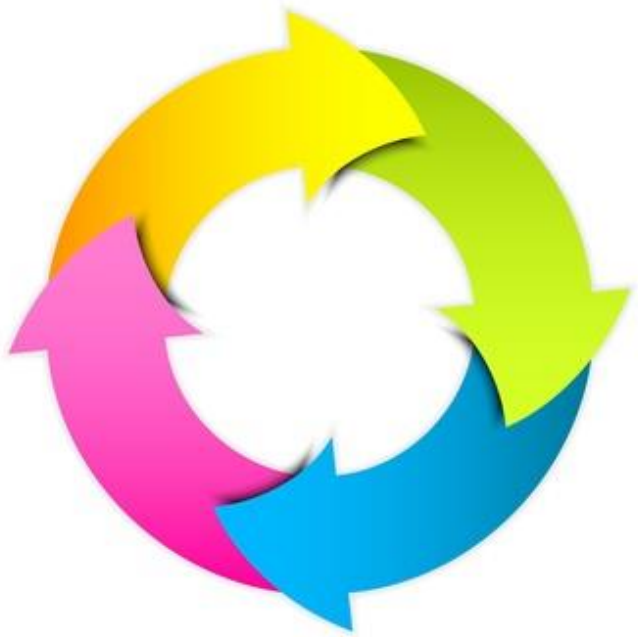
Sustainability Report 2019



Content

1. 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 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, UN's 17 Sustainable Development Goals as well as continuous improvement in environment, quality, social issues, health and safety, and technical development.

When we established our new office facilities in Helsingborg, Sweden, we reused and renovated offices earlier used by one of the major construction companies.

Lennart Aronsohn, CEO

2. Recycling to combat 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.

Earth overshoot day

According to the Global Footprint Network, Earth Overshoot Day has moved up the calendar by two months over the past 20 years to 29 July 2019, the earliest date ever.

Humanity is currently using nature 1.75 times faster than our planet's ecosystems can regenerate. This is akin to using 1.75 Earths. Overshoot is possible because we are depleting our natural capital – which compromises humanity's future resource security. The costs of this global ecological overspending are becoming increasingly evident in the forms of deforestation, soil erosion, biodiversity loss, and the build-up of carbon dioxide in the atmosphere. Humanity will eventually have to operate within the means of Earth's ecological resources, whether that balance is restored by disaster or by design. According to UN the world population projected to reach 9.8 billion in 2050, and 11.2 billion in 2100. This will of course increase the demand of all kind of resources including raw materials like metals.

Resource circularity

The immense progress in human development over the past century has provided incredible opportunities for many, yet it has been largely fuelled by rapid and accelerating dependency on natural resources – and the extraction and processing of these resources are responsible for about 50% of greenhouse gas emissions.

The science is clear, the urgency is palpable, and solutions are available. The circular economy – which proposes to design, make, use and reuse products and services to ensure they stay within the economy for as long as possible while minimizing environmental harm – offers incredible potential and is gaining traction.

Only wholesale circularity, that sees a 'decoupling' of natural resource consumption from economic gains, will allow business and governments to tap into its potential trillion-dollar opportunity in economic benefits and provide the promised environmental outcomes. To achieve this, much bolder actions and commitments to transform business models and market frameworks will be required.

The extraction and processing of natural resources alone cause 90% of global biodiversity loss and water stress, and more than half of global climate change impacts. About 20% of GHG emissions are caused by the extraction and processing of metals and non-metallic minerals. These emissions, as well as emissions from other materials such as plastics, can only partially be abated by energy technology solutions.

Without business and policy model changes, resource use will more than double emissions from current levels to 190 billion tonnes by 2060 and far exceed our planetary boundaries. Disconnecting human progress from a dependence on natural resource use will be key.

Metal recycling

By recycling metals we'll achieve substantial CO_2 savings compared to using virgin materials.

Approximately 90% of end-of-life stainless steel is collected and recycled into new products and almost 40% of the world's steel production is made from scrap. Recycling one tonne of steel saves 1,100 kilogrammes of iron ore, 630 kilogrammes of coal, and 55 kilogrammes of limestone and CO_2 emissions are reduced by 58% using ferrous scrap.

Of an estimated total of 700 million tonnes of aluminium produced since commercial manufacturing began in the 1880s, about 75% of this is still being used as secondary raw material today. By using recycled aluminium CO2 emissions are reduced by 92%. Almost 33% of the world's demand for aluminium is met using recycled material.
By using recycled cupper CO2 emissions are reduced by 65%. Almost 40% of the world's demand for copper is met using recycled material.

KAABS Nordic takes an active role in supporting this development by recycling valuable resources in a sustainable way, thus contributing by working to achieve e.g. SDG 12 (Responsible Consumption & Production) and SDG 13 (Climate Action).

3. Principles for our Sustainability Report

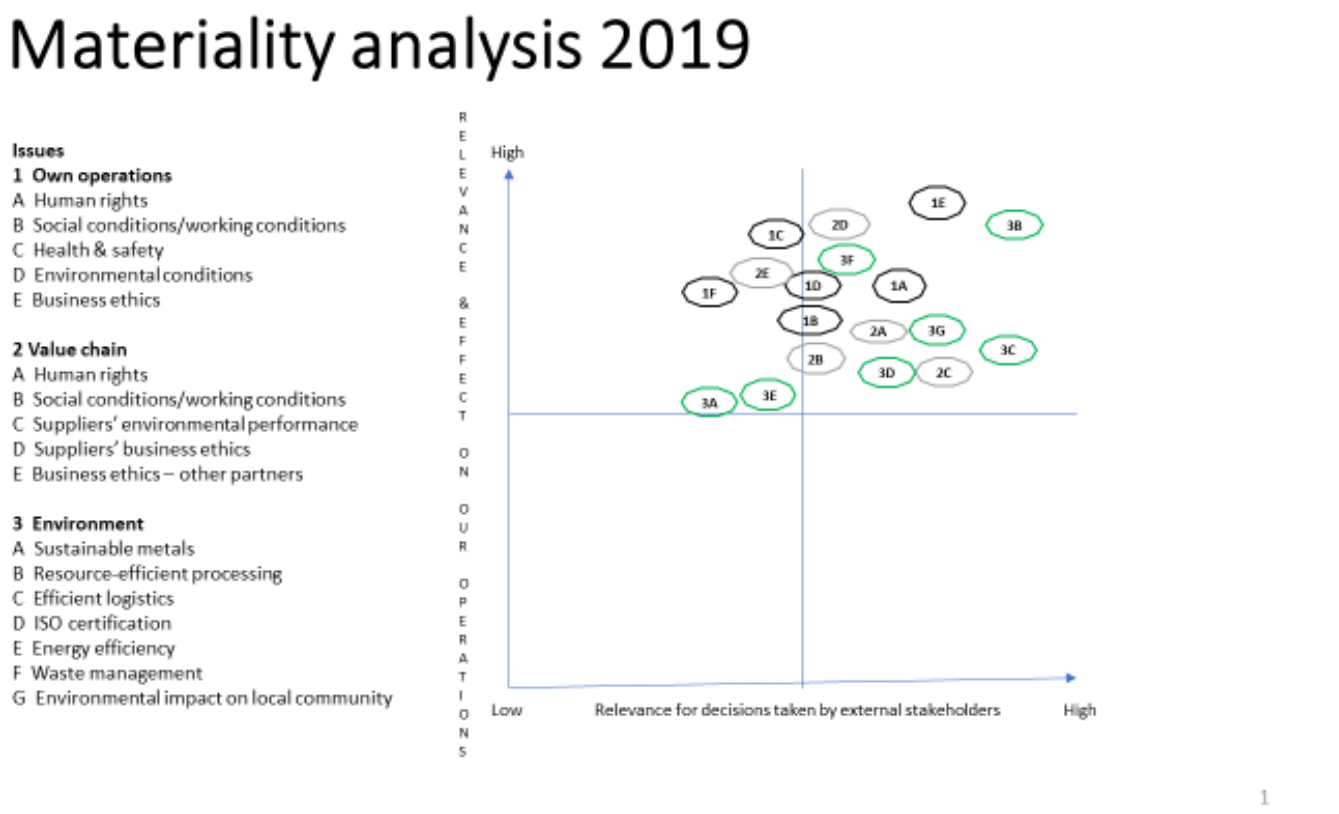
Our Sustainability Report complies with the structure and the principles laid down in the EU Directive for Sustainability Reporting and in the Swedish legislation for Annual Reporting. We have also chosen to link our undertakings and activities to those of the UN's 17 Sustainable Development Goals (SDGs) 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.



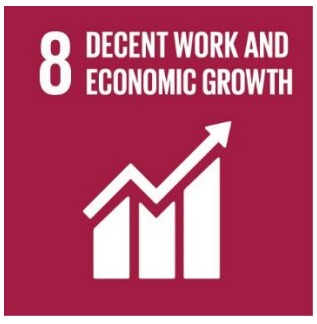
Our new premises in Helsingborg, Sweden, create the right conditions for significant improvements in terms of the work environment and the efficient use of resources. They will also address several of the most important factors identified above. Another result of the materiality analysis was our decision to certify our operations to meet the demands of the international standards ISO 9001, ISO 14001 and SIS OHSAS 18001.

6. Our sustainability commitments

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 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.

KAABS is certified according to ISO 14001.



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 SIS OHSAS 18001.

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 and Öresundskraft 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) as well as The Swedish Recycling Industries Association which both 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 2019 KAABS was one of the sponsors of the international conference A Sustainable Tomorrow hosted I Helsingborg, Sweden. More than 300 participants listened to key-note speakers like Fredrik Reinfeldt, Jacob Trollbäck and Jacob Kiefer and participated in workshops focused on practical implementation of the UN Sustainable Development Goals. We'll continue this engagement during 2019.
Please find more information on; https://asustainabletomorrow.com.se/arets-konferens/

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)

Our performance 2018

UN SDG	GRI indicator	2017	2018	2019
8. Decent work and economic growth	**LA 6 Lost Time Injury (LTI)**	**0,97**	**0,39**	**0,34**
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**
13. Climate action	**EN 5 Energy (kWh/ton)**	**62,26**	**60,7**	**59,5**

Comments

- LTI decreased by 13% during the year as a result of improved working conditions at our site.
- The amount of recycled material decreased by 15% due to instability on the world market resulting in lower world market prices on metals.
- Energy efficiency increased by 2% as a result of efficiency gains thanks to more efficient handling of the material.

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