

Sustainability 2021

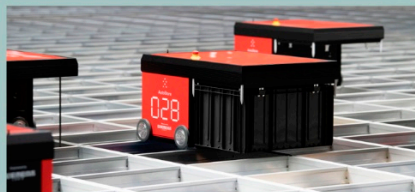
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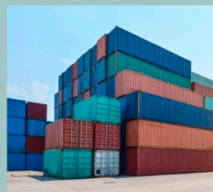
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Teaming up to make a strong, sustainable footprint

At Sanistål, we have maintained our focus on the good developments, but it is obvious that we need to shift gears. Our long-term values and growth potential cannot be based on financial data alone. We are not content with supplying goods and services: we also want to do this responsibly.



Strengthened actions

For more than two years, we have seen how COVID-19 has shut down societies all over the world. Unfortunately, this has incurred enormous costs on individuals, economies and developments in general. Despite COVID-19, we've done well in terms of our sustainability efforts in our three defined areas: Environment & Climate, Employees and Suppliers, while achieving sound financial results at the same time. Through these dedicated efforts, we have succeeded in reducing our carbon emissions by 48% since 2019, we maintain a low level of occupational accidents and we intensify our focus on sustainability in the value chain.

In spite of these strong results, we cannot rest on our laurels, and we are now taking the initiative to replace our previous sustainability strategy with a new one. Our plans for the future must build on the sustainability strength we have already acquired. Long-term values and growth potential cannot be based on financial data alone. We will not be content to supply goods and services: we also want to do this responsibly. At global level, the climate and environmental challenges are particularly numerous and difficult, and at Sanistål we can't overcome them alone, but we must take our share of the responsibility.

We spent 2021 on further improving our data and data-modelling, and we will continue to improve, simplify and focus within the complexity entailed by our business activities. At the same time, we aim to further elevate our level of sustainability. This report's figures have not yet been verified by a third party. In the long term, we want to have all our data verified externally. Until we can satisfy these external auditing ambitions, we highlight the enormous effort we are making in-house to retrieve and verify the statistics. Going forward, we want to create even more

transparency about our carbon emissions, so we are defining a clear ambition for how we can accelerate our actions to achieve net zero by no later than 2030 and by all means before.

We will examine our options and let them take precedence over the limitations and exploit them to achieve efficient sustainable development. Not only because this is the right thing to do, but also because we see commercial potential in conceptual development, innovation, new solutions and growth. The changes do not take place overnight, however. It is important to us to support, not least, the two Sustainable Development Goals 'Decent work and economic growth' and 'Responsible consumption and production'.

Long-term values and growth opportunities cannot be based on financial results alone.

We set goals and focus on digital transformation and transparency. Our actions are both internal – whereby we invested in and implemented the latest, most efficient technology in 2021 – and external, where we have made great progress in developing conceptual solutions for our Construction and Industry customers. We're playing the long game, so we dare to consider what will create better, meaningful and more sustainable solutions for our customers in the long term – notably in the areas outside our framework where we can also assist in Denmark's sustainable developments. In so doing, we make our customers stronger so our efforts benefit not only us but Denmark and the sustainability transformation in general.

Claudio Christensen
CEO



We are ambitious

COVID-19 has consumed much of our time and awareness over the past two years, and we have addressed many previously unknown problem issues, while taking our share of social responsibility at the same time. Employees have forged closer bonds during COVID-19 and addressed the challenges that emerged by working together from a distance.

We take responsibility and are under an obligation to be ambitious.

We are inspired by and embrace a willingness to take responsibility. This is not a newly found call to action, but a platform from which we can work to perform the, in many ways, difficult task we are undertaking: finding out how to obtain sustainability data from our supply chain. This will be a two-tiered effort.

In 2022, we will start charting our carbon emissions from incoming distribution to Sanistål. In our role as a wholesaler and service business, we are a nodal point between our suppliers and

customers. For years, we have had sound data for our outgoing distribution, so we are now taking the first initiatives towards a targeted processing of carbon emissions from incoming distribution. At the same time, we are focusing on our labelling schemes in earnest. Through our products and concepts, we focus on, among other things, sustainable construction, energy and climate, as well as stock management solutions for our customers. Now we want to make it even easier to choose the sustainable option by heightening the visibility of these labelling schemes.

If we look solely at our carbon emissions, it is remarkable that distribution and packaging account for only 40% of them. The remaining emissions are attributable to our company vehicles and heating. Therefore, it is important that we succeed in incorporating the changes required internally. We clearly understand the areas of focus and the challenges we are facing. This helps us continue to achieve our ambitious targets and, through our actions, work towards net zero.

Stephan Schuler
Supply Chain Manager, in charge of sustainability



” As a company, we must minimise our carbon emissions. This is why the electricity we use comes from renewable energy sources.

*Stephan Schuler, Supply chain direktør,
in charge of sustainability, Sanistål*



Green electricity from Danish wind turbines

Sanistål's power supply must be green and our entire power consumption must be supplied by renewable energy sources. From 2022, this green electricity will be generated by Danish wind turbines.

This will reduce CO2 emissions and limit the increase in the global average temperature.

We want to invest in green Danish workplaces and assist in consolidating Denmark's strong position in the area of wind power.

Environmental, Social and Governance

Our long-term values and growth potential cannot be based on financial data alone. We are not content with supplying goods and services: we also want to do this responsibly.

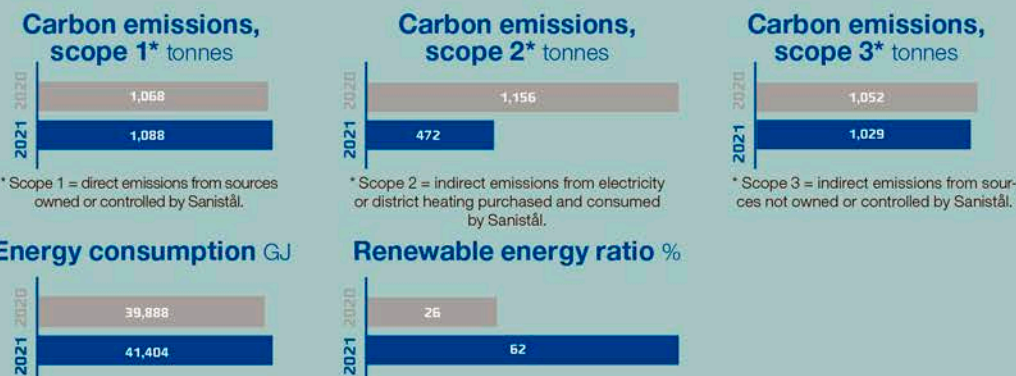
We have been working to communicate sustainability data for ten years now, and we supplemented our data in 2021 with key ESG figures.

The key figures are directed towards a broader outlook on value creation from our business activities. The standardised key ESG figures make it possible to make comparisons over time and between companies and sectors. The ESG overview provides scope within the three parameters of Environmental, Social and Governance to monitor the green transformation process and the significance of the equality aspect for societal development, and the overview creates transparency concerning culture and behaviour.

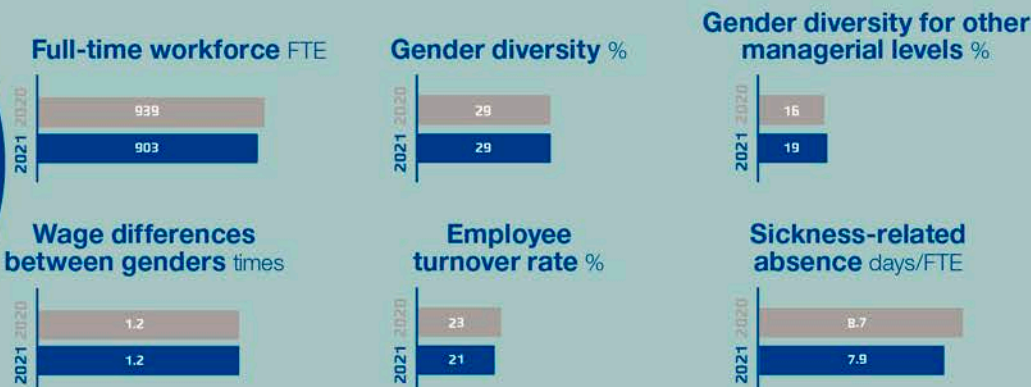
On the other pages of this report, you can read about the climate-related, human and ethical considerations that are an integral part of our daily workflows. You can also read about efforts and action plans relating to the individual objectives within our defined sustainability areas: The Environment & 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.



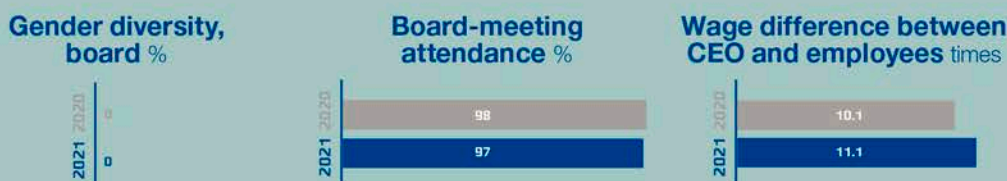
Environmental data:



Social data:



Governance data:



Business-oriented social responsibility

The sustainability action areas are defined by reviewing the most significant risks relating to our business model. The sustainability 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 deemed particularly 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 keenly and strategically focused on providing differentiated value creation within our five different customer segments: Project, HVAC Installation, 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, technical 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 as exclusively digitised, through direct contact with sales reps, or at one of the Sanistål Group's 49 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 and knowledge of our customers, the sector and our products to develop our customers' competitiveness.

Sustainability

We base our sustainability efforts at Sanistål on a business-oriented perspective to create value in our activities and for our stakeholders – our customers, suppliers, employees, shareholders and society as a whole. This is also why Sanistål's executive management has overarching

Value chain with risks



responsibility for our sustainability strategy. A steering committee – comprising one member of the executive management, three representatives of the management team and selected employees – meets several times a year to follow up on our sustainability efforts and prioritise the actions.

In recent years, the UN Sustainable Development Goals (SDGs) have become integral to our sustainability approach and are naturally related to and manifested in Sanistål's sustainability 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 carbon emissions and the recycling of waste generated by our commercial operations.

The common feature of all action areas is that we can directly influence developments and that identifying the risks has enabled us to launch and carry out several different initiatives. For each initiative, we expect to achieve or have already achieved results from our efforts. Going forward, our sustainability KPIs will probably deal with

incoming distribution for Sanistål.

Strong sustainability structure

Over the years, we have developed and focused our sustainability efforts. The societal challenges we are facing are so complex that no simple solution model is sufficient. This is why we will revisit our sustainability strategy and targets in 2022 to identify the most important areas to focus on and where we can make the biggest difference, not only for society but to future-proof our business even more.

In 2022, we changed the overarching framework for our efforts from CSR to sustainability. At the same time, the steering committee was enlarged to include Finance, etc., where data ownership is embedded. This means that we have established a stronger, future-proofed structure for our sustainability efforts.

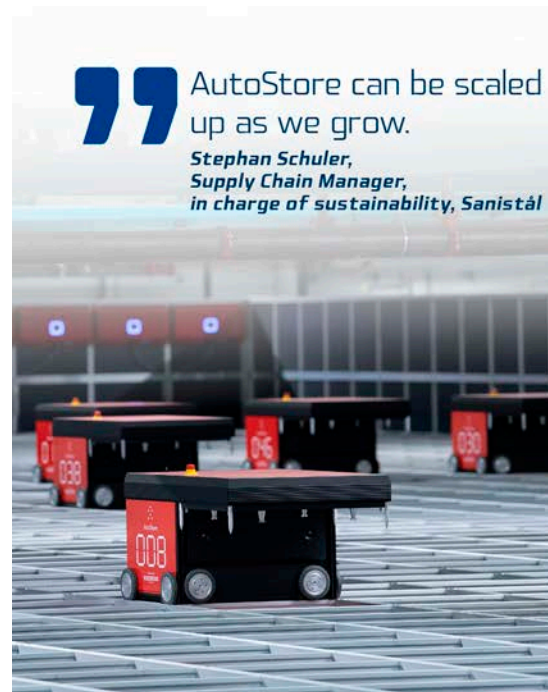
EU taxonomy

The European Commission adopted a legislative package including the taxonomy regulation that contribute to make Europe climate neutral by 2050. The EU taxonomy contributes to a common language regarding economic activities and their impact on the environment and the climate. It constitutes of six environmental goals where the criteria's are specified for two of the goals.

The reporting criteria's applies from January 1 2022 for listed companies with +500 employees. It is our assessment that 0% of Sanistål's core activities revenue are classified as taxonomy-eligible. However, this does not slow down our ambition to contribute to the green transition and our work towards net zero.

AutoStore can be scaled up as we grow.

**Stephan Schuler,
Supply Chain Manager,
in charge of sustainability, Sanistål**



AutoStore will pave the way to more growth

The new fully-automated robotic system aims to strikingly increase Sanistål's automation rate and make room in which we can continue our sales growth. AutoStore makes our warehouse much more efficient and gives us new opportunities to upscale on short notice. Investing in the system supports our focus on SDG no. 8, 'Decent work and economic growth'. The system clearly benefits both the environment and our employees as it uses substantially less energy and improves the physical working conditions at the same time.

Focus on the UN Sustainable Development Goals

Using our values and overall business strategies as the point of departure, we took a position on the SDGs and focus on the four SDGs where we can make the biggest difference.



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 awarded a Crowned Smiley by the Working Environment Authority for our Billund central warehouse. Through our Supplier Code of Conduct, we pursue our set of values through the supply chain.



Quality education

At Sanistål, we work on education through our internal training body:

Sanistål Academy. We organise

the training processes to boost all parts of the organisation and all professions and trade groups. A Sanistål training programme not only focuses on high levels of achievement but also makes sure to include everyone. We are working to create the best traineeship programme in Denmark where our efforts go beyond promoting the business programme by securing a workforce for the sector. These initiatives target long-cycle advanced study programmes where our newly established graduate process gives graduates the opportunity to enhance their theoretical studies with practical work experience.



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 digitisation, all of which are parameters that promote economic growth. Efforts targeting our customer segments focus on increasing our digitisation 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

We take the actions targeting our environmental impact seri-

ously and we are accelerating our actions towards net zero by 2030, and by all means earlier. At the same time, we are focused on packaging, plastic and actions to minimise waste and increase the recycled segment of waste so we can assist in 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 in responsible supplier management and concepts that can support responsible consumption by means of optimal stock management of consumables on site at our customers, etc. Our internal process ensure that we do not do business with sanctioned countries and that the dual-use products we have are only sold for legitimate purposes.



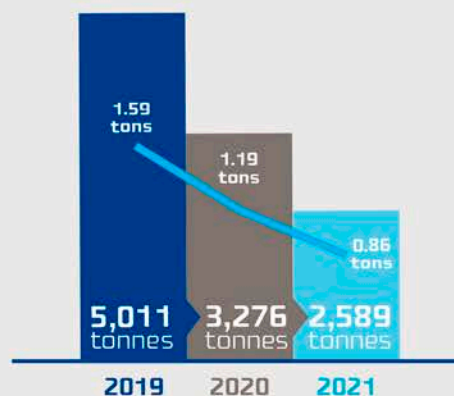
Sanistål's carbon emissions are sharply reduced

Reduction in ratios
to 2019 on

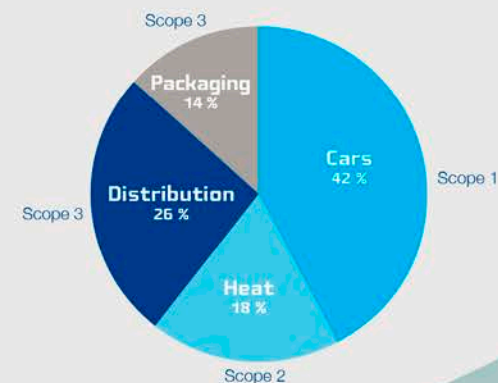
48 %



— Tonnes of carbon emissions per DKK million in revenue



Break-down per area, 2021



Environment & Climate

It requires ambitions and a willingness to address the climate challenges confronting the world. Our dedicated efforts support the reduction of global heating towards 2030.

With a growing world economy and climate heating that does not show signs of abating, the time is now to intervene and show that we can generate growth and development more wisely. As a company, we want to minimise our carbon emissions. This is why we have launched a number of green initiatives.

Distribution and internal transport

Sanistål has a long-standing tradition for entering into cooperative ventures and for seeing environmental and climate-related challenges from a holistic perspective. This explains why our total carbon emissions of 0.85 tonne per million DKK in revenue are relatively low, in a sector context. Isolating the figures into carbon-emission scopes 1 and 2, we come all the way down to 0.56 tonne per million DKK of revenue.

As early as 2010, we entered into a distribution agreement with three of Denmark's major, professional carriers. This means that all goods are consolidated at strategically situated terminals to maximise lorry loads. This minimises empty running and sharply reduces the number of lorries on the roads. We continue to make green demands on our distribution process, and our partners have already begun transitioning towards electric lorries and HVO diesel. Until electric-lorry

technology and climate-friendly fuel have advanced further, the initiatives will be launched in the biggest cities in Denmark. In other words, we have been making demands on transport and logistics for many years. And our detailed specifications of our carbon footprint from distribution have enabled us to monitor carbon emission trends and intervene with initiatives that target our customers and that have influenced our emissions in the right direction. But in order to create the changes that are needed, we will make our environmental accounts for customer deliveries accessible during the first half year. This means that we provide our customers with scope for optimising their deliveries – financially and environmentally alike.

On our internal agenda, we have launched a new company vehicle policy which makes it attractive to choose EVs. At the same time that we are replacing company vehicles, we are replacing the vans used by our merchandisers with EVs before the end of 2023. The conversion to EVs in our company fleet of vehicles doesn't not take place overnight, but is interconnected with technology and infrastructure. At Sanistål, we assist in developing Denmark's EV charging infrastructure by setting up EV charging points at many of our locations.

The well-documented data for distribution to our customers and our internal transports cannot stand alone. As a wholesaler and service company, we have a vast supplier network. We are now beginning to collect carbon-emissions data from our incoming transports. The survey will eventually make big demands on our data models and the data made available by our suppliers.

” It must be easy for both customers and employees to charge their EVs, which is why we're setting up EV charging points at many of our departments.

Bo Ravn Nielsen, Head of Purchasing, Sanistål



Keen climate focus in Sanistål

The green transformation is under way in Sanistål, too. Increasing numbers of car owners are changing over to climate-friendly cars. This is also true of Sanistål's customers and employees. This is why we are setting up EV charging points at many of our locations so customers and employees can charge their vehicles.

New EV charging points are being set up all the time.

But only by collecting data will we obtain the requisite basis for targeting actions on reducing carbon emissions from our incoming transports.

Energy Consumption

In 2012, we set our first energy-consumption reduction targets. In 2021, we set new energy-consumption targets within Sanistål. Since 2019, we have reduced carbon emissions by a total of 1,017 tonnes, equivalent to 68%.

Already in 2021, we changed over our power supply to green electricity. For the renewal of our green-electricity agreement, we went one step further and decided that all electricity supplied to Sanistål's facilities must come from Danish wind

energy, regardless of whether this is for storage facilities, stores or offices. In so doing, we support the development of Denmark's wind-energy sector and we safeguard Danish jobs. The changeover to green electricity means that we reduce carbon emissions by 600 tonnes compared to conventional power sources. The electricity we buy is certified to RECS, guaranteeing that we receive green electricity from Danish wind turbines.

We further assist in the green transformation by establishing a solar photovoltaic (PV) system to power our Billund central warehouse. We expect the system to help supply green energy and further reduce carbon emissions, calculated at

112 tonnes. This contribution also supports UN SDG no. 17, 'Sustainable energy'.

Large-scale recycling

To assist in the green transformation, it is important that we improve our utilisation of waste as a resource by recycling materials, etc. For several years, we have been focusing on correctly separating our waste. By collaborating with specialists from the waste and resource management industry, we have achieved a total recycling percentage of 77. We can see how a focused effort delivers results. From 2020 to 2021, the recycled-waste percentage from the main office in Aalborg rose from 26% to 56%. We intend

to extend this initiative to all our major facilities and stores during 2022.

Plastic was phased out at our stores already in 2020. We replaced plastic bags with recycled cardboard boxes, as well as bricklayers' buckets made of recycled plastic, which our customers can use as 'shopping bags'.

The commissioning of AutoStore at our central warehouse also complies with an objective to reduce the consumption of cardboard and increase the use of recycled plastic. Our packaging efforts from a sustainability perspective are a balancing act, as the packaging must serve the purpose of protecting products in transit from Sanistål to the customer. A damaged product has a high climate impact. This makes it important for us to continuously consider the ideal packaging solution from a holistic perspective. Conversion processes in storage facilities, combined with AutoStore, enable us to optimise our box dimensions, while increasing the level of joint packaging sent from stocks at the same time. All other factors being equal, we expect to reduce packaging by up to 15%.

Results, action plans and targets

2021 objective

Increase the share of renewable energy

Reduce carbon emissions from Sanistål's company vehicles

Increase the percentage of recycled waste by 80% before the end of 2022

2021 results

✓ Purchase green electricity generated by Danish wind turbines

✓ Carbon emissions from Sanistål's company vehicles were reduced by 30 tonnes from 2020 to 2021.

✓ The percentage of recycled waste was 77% in 2021, a 2% increase compared to 2020.

Action plan and targets

Uphold the purchase of green electricity, as well as continuously implement energy-efficient solutions, modernise and optimise floor space and convert heating sources. Reduce carbon emissions by establishing a solar PV system at our Billund central warehouse.

A new objective will be determined in 2022

Achieve our vehicle policy focused on changing over to EVs.

Objective upheld

Maintain focus on correct waste separation at the central warehouse. Prepare initiatives targeting waste-separation solutions for our stores and office facilities.

The objective is upheld and will be achieved in 2022

” The open distribution system means that our carbon emissions are below that of most of our competitors.

Stephan Schuler, Supply chain direktør, in charge of sustainability, Sanistål



Open distribution system becomes greener

Sanistål's open distribution system involving three professional carriers makes a substantial environmental difference.

We consolidate goods at strategically situated terminals and ensure a higher load rate on vehicles. This reduces empty-running kilometres and the number of vehicles on the roads. Our partners have begun transitioning by using new, eco-friendly technologies, involving either HVO diesel or electric lorries.

The green transformation, combined with keener focus on internal transports means that Sanistål has a relatively low carbon footprint per million DKK in revenue in a sector context.

Together we make the biggest difference



Culture and well-being

93 %



Employed traineeships

2,9 %



Employees

Our employees constitute the most important prerequisite for our ability to develop a healthy business and generate results.

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

Employee well-being

During COVID-19, we took responsibility at Sanistål within and for society – and we still do. Our products and services are important contributions to enabling Industry and Construction to continue operating. During the COVID-19 lockdown, it was important to us, as a company, that anyone who had to report to the workplace in person could do this without putting their health or anyone else's at risk. Our in-house COVID-19 task force comprised of members from the entire business managed the efforts in various employee areas so we could continue to report to work and serve our customers with peace of mind.

After two years of the COVID-19 health crisis – working from home and employees separated into zones at our central warehouse, etc. – we are focusing on a common point of departure in 2022. We have a strong culture and set of values in our organisation, but we know that in order to take Sanistål to the next level and exploit the enormous potential inherent in our undertaking, the cultural journey is paramount.

We have a sound foundation. Our well-being survey in 2021 showed that we improved performance in all the areas surveyed and that we have an overall employee satisfaction and loyalty rate of 93%. The aim of the survey is to get a clear picture of what we are doing well and to identify any action areas that should be part of our endeavours to make Sanistål an even better workplace. All of 93% of our employees responded to the 2021 annual survey. Despite this high well-being rate, we know that good management makes a difference. Therefore, we are launching a leadership process in 2022 that will bring focus to bear on the guiding principles that are needed to ensure that leadership and behaviour also support the future Sanistål.

OHSE

Well-being is not enough by itself. It must also be safe for our colleagues to go to work. Occupational health and safety covers a wide range of activities at Sanistål and affects every segment of our organisation. We are members of the Danish delegation of Vision Zero Councils which build on a mindset that considers all occupational accidents and injuries to be preventable. Working towards the ambition of zero occupational accidents requires us to continuously give our employees the motivation, ability and willingness to prioritise keeping the workplace safe. Our strategic approach combined with a hands-on approach to preventing occupational accidents has brought us where we are today with an occupational accident rate of 67.4 per 10,000 FTEs, compared to 77.7 in 2020. Through Vision Zero Councils and other networks, we are pleased to share the lessons we have learned to inspire other companies with our approach to occupational health and safety.



The investment in and commissioning of Auto-Store at our central warehouse means that robots are now making a positive difference for the working environment. The system is made up of almost 50,000 boxes of goods in stock. The robots systematically and efficiently move around the facility retrieving boxes containing the goods the customers have ordered. In so doing, the robots are now doing most of the heavy lifting. From the outset, warehouse employees have participated in the planning of the AutoStore system which has enabled us to set up good workstations and optimise the working environment. An important aspect of our OHSE effort is to prevent employees from being injured or worn down by their work. At present, the robotic system can handle around 50% of the product flow. We still use auxiliary equipment for the remaining 50%. At the same time, physiotherapists are affiliated with our warehouse employees to prevent strain injuries.

Employee development

After the uncertainty of COVID in 2020, employment rates have skyrocketed in Denmark in 2021. We depend on having expert, dedicated employees, and we need skilled and unskilled workers alike. As a company, we take our responsibility seriously and, in 2021, we took the initial steps towards our goal of creating "The Best Traineeship Programme in Denmark".

Our new programme provides customised training that is completely aligned with Sanistål's tasks and business strategy, and which also embraces the trainees in their time off during their school processes. We take our share of our social and sector responsibilities by trying to offset a coming shortage of qualified workers, as many skilled employees will reach retirement age in the years ahead. As a company, we provide apprenticeships all over Denmark and within various study programmes. A common feature of these trainees is that they will be our new colleagues

who will help lay the groundwork for developments going forward.

In early 2022, we are sending off the first group of trainees under this new programme to their first school process. We are creating no less than 36 apprenticeships where we, in close interaction with the educational institutions, highlight the many options provided by the business programmes.

A high level of staff expertise helps boost Sanistål's competitiveness and develop the digitisation and concepts that have top priority in our strategic action plans. This is why we are supplementing the trainee effort with a graduate programme in 2022. We will design the process to enhance the individual graduate's expertise and add practical on-the-job experience to the theoretical foundation that an advanced study programme provides. We believe that the new graduates can draw on their educational background to contribute innovative ideas, questions

and solutions, and thereby actively assist in our ongoing transformation.

The initiatives mustn't stand alone, however. The rapid development of the technological possibilities in particular is setting a new agenda. We are living in exciting times where time is ripe to get rid of old habits and try something new. This is why we are intensifying our focus on our educational activities via Sanistål Academy. The initiatives will be aligned with the employee's present level of expertise to enable us to ensure that we are raising all the levels of the company through both individual and joint processes.

Diversity and inclusion

Social responsibility is a core value and part of Sanistål's DNA. Refugees and newcomers comprise a group of individuals who may find it difficult to find their place in the Danish labour market. We've been making dedicated efforts targeting refugees for years. We've brought Danish language courses out to the workplace to make it easy for our new colleagues to get quickly to

” We believe that diversity among our employees and managers creates better results.

**Svend Pedersen, Manager,
People and Culture, Sanistål**



Diversity creates value

Strong, skilled and dedicated employees get influence and achieve success. At Sanistål they do this regardless of background because equal opportunity is an essential basic value. Even so, we systematically take actions to enhance diversity to secure the new approaches and innovation that arise from having a diversity of viewpoints, experiences and approaches to work. To us, diversity is a strength because it contributes to the solution.

and from classes during working hours, and we've assigned an employee to facilitate the integration of refugees at Billund central warehouse. At the same time we accept individuals who've been outside the labour market for a prolonged period of time into traineeships. The initiatives provide value to the individual and impart a work identity. At the same time, this assists in getting everyone into the labour market and we get the workforce we need to create growth.

Plurality and diversity pave the way for making more nuanced decisions, shared progress and innovation. Diversity within Sanistål concerns professional standards, age, gender, ethnicity and one's life situation. This is exemplified by women executives. Traditionally, there are many men in our sector, but we aim to increase the percentage of women, thereby increasing the share of women executives. It is one of the actions aimed at supporting our goal of attracting more women to our traineeships and job vacancies.

This is a balancing act, because our point of departure is that the most adept candidate must be selected for the job in every instance. Because our diversity efforts are not about positive preferential treatment of specific groups, but about focusing on personal skill sets, qualifications and character traits. This effort largely involves systematic actions, and the implementation of these structural changes requires patience and perseverance.

Anti-corruption

At Sanistål, we want to be a transparent, trustworthy partner. We have zero tolerance policy when it comes to corruption and bribery, and we send an unequivocal signal, internally and externally, that corruption and bribery are not compatible with our business ethics. Our anti-corruption

and bribery policy is presented to all our employees who review an online module on our e-learning platform. In addition, we generally work to ensure an efficient control environment throughout Sanistål group.

Whistleblower scheme

In 2021, we supplemented our ordinary routes of communication with a whistleblower scheme. This makes it possible to report quickly and confidentially any known instances of violations of the law or serious misconduct relating to Sanistål. The scheme covers the entire group as part of Sanistål's governance policy, and it is established as an anonymous, impartial and independent channel at an external law firm that can be used by everyone – internally and externally alike – in the whistleblower's own language.

The implementation of the whistleblower scheme has led to internal investigations, and the quicker we put things on the table, the better we can react and the quicker we can take the requisite consequences. There were no cases of corruption or bribery in 2021, however, and we're convinced that our employees act in accordance with our anti-corruption policy and with the commercial values on which Sanistål is based. We consider this as an indicator of our good business ethics.

“Sanistål is a good place to work and it has made it possible for my family to live a rewarding life in Denmark.”

Bashir Shinati, Warehouse Assistant, Sanistål



Minister visits Sanistål's integration success

Mattias Tesfaye, Danish Minister for Immigration and Integration, visited Sanistål's Billund central warehouse to learn more about our successful efforts to help Syrian refugees become good colleagues with a regular job. In Sanistål, we are ready and willing to take genuine social responsibility. Therefore, for years we have worked to integrate refugees into a type of traineeship and employment process where they encounter the same demands and expectations as all other new employees.

Results, action plans and targets

2021 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

2021 results

✘ 7 occupational accidents in 2021

✔ 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 satisfaction survey showed a 12% improvement to 93%. In spite of COVID-19, we improved in every parameter.

✔ Using multiple diversified initiatives, we have primarily been involved with the psychosocial working environment as it relates to COVID-19 and in hotspots.

✔ We achieve the target of having 2.8% of our workforce employed in a traineeship.

✘ Persons with reduced working capacity constitute 2.2% of the Sanistål workforce. Employees with reduced working capacity constitute more than 8% of the workforce at Billund central warehouse.

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

Action plan and targets

Strengthen the labour market organisation with inspiration from our OHS partners. Implement the 2022 OHS strategic plan and uphold our culture of prevention.

Exploit the values brought to the company through ISO certification via tools and framework for close dialogue as well as implement and continuously control/evaluate of future efforts.

Determine future action areas for boosting employee satisfaction by conducting the annual well-being and culture survey supplemented by management development processes.

Maintain focus on preventing psychosocial dysfunction by involving the individual concerned, colleagues and supervisor

Achieve the aim of establishing the best traineeship programme in Denmark through a new exclusive traineeship programme with customised educational activities. Widen the traineeship effort by adding a graduate process targeting young people with an advanced long-cycle education.

Continue special efforts to integrate vulnerable groups without an affiliation to the labour market. Maintain labour-market affiliation if an employee loses some of his/her working capacity

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



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 quality products from suppliers who take human rights, good business ethics and the environment seriously.

Supplier cooperation from a sustainability perspective

Our value chain is complex because we are in contact with social, environmental and ethical aspects as well as not least the laws and cultures of different countries. As a wholesaler and service company, our business model is founded on the fact that we are in control of our supplier chain. We have expectations not only of

ourselves, but of our partners, too, and through our supplier management, we aim to exert a positive influence that extends back through our supply chain.

In the Sanistål Supplier Code of Conduct, we stipulate our demands of supplier's commercial behaviour and their responsibility for the society in which they are domiciled. The Code of Conduct builds on the ten principles of UN Global Compact, as well as OECD guidelines and it is subdivided into the following points:

- > working environment
- > social factors
- > environment and climate
- > compliance with legislation

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

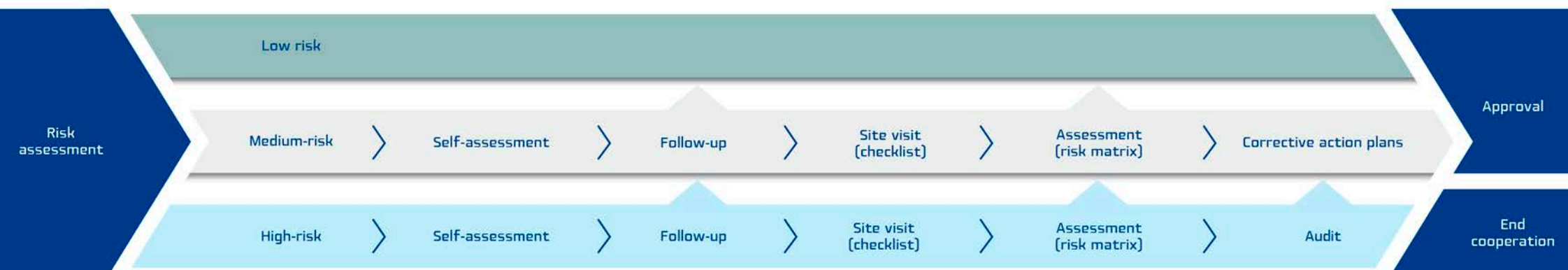
We are intensifying our efforts targeting sustainable procurement, as it makes sense to conduct sustainability assessments. As a company, we need stable, long-term supplies of products and materials. In our day-to-day work, we assess our suppliers using a risk-based model, an approach we have been using 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. Due to COVID-19, we had the opportunity to carry out only one site visit in 2021. We will resume these efforts when it becomes possible once again.

Responsibility does not stop here, however. We will also take responsibility when it comes to cross-border commerce. Both in relation to dual-use products where a product can be used for both civil and military purposes, and doing business with sanctioned countries. We have also set up internal, system-supporting process to ensure that we conform to regulatory permits before we export or import products. Specifically, this means that:

- > we assess all customers and suppliers when we set them up in our system
- > we control all sales orders and all procurement orders from and to sanctioned countries
- > we control all exports for any dual-use problem areas

We do not want products that are sold through us to end up in the wrong hands and be misused, but we want to assist in developments at

Responsible supplier management



our customers, beyond Denmark's borders as well.

We conform to high standards at Sanistål and we do not want unnecessary problematic substances in any products that are included in our product range. In 2021, our internal department for product and supplier security has intensely worked to report articles in the SCIP database. We are continuously collaborating with our suppliers to highlight any products that contain a high concentration of problematic substances. In so doing, we make our customers aware of the problematic substance contained in the product.

In our efforts to avoid problematic substances, we focus on:

- > the candidate list under the REACH regulation, which is a list of chemicals that are particularly problematic for human health and the environment.
- > conflict minerals, i.e., minerals mined in countries that are engaged in a conflict.

Together with our suppliers, we work to replace the problematic substances so we can offer our customers more sustainable products.

Specifically for our range of chemical products, we are particularly aware of and keenly focused on chemical safety and we make sure to have the documentation required in the form safety data sheets and exposure scenarios relating to the registration of hazardous substances.

Our ambitions go further, however, and we extend our efforts targeting hazardous substances all the way out to our customers. We use our chemicals concept to help customers get their chemicals under control and assist them in their statutory documentation process. In this respect, customers are provided with a complete analysis of chemicals flow, including proposals for

reducing chemicals, ideal handling of chemicals and correct documentation. Specifically, this means we prompt customers to get rid of any chemicals that can be replaced by equally good alternatives and which minimise the impact on the environment and employee health. At the same time, we instil peace of mind by giving employees access to information that helps them handle products correctly.

The Sustainable Choice

In our efforts to widen the sustainability perspective, we will highlight selected labelling schemes on our products. We lean on the intake of labelling schemes by the retail sector and want to make easy for our professional customers to choose sustainable products. But labelling schemes also exemplify how sustainability efforts take time and demand a joint effort. Because when we start making demands on our suppliers about the labels, we know that we have not made as much progress in all product areas on the professional market as we have seen in the retail sector. It is important for us to take a proper, responsible approach to the task and allow space for the demanding, complex efforts required to promote labelling schemes that add value.

We aim to provide information about products' contents, manufacture and quality, and to make it easy to choose sustainability. In Q1 2022, we expect to be ready to promote the first labelling schemes in our online store. We are convinced that our professional customers are ready to break old habits and, with guidance and inspiration, buy products that will benefit the climate. We expect that we, concurrent with the enlargement of the labelling schemes, will widen our scope for labelling an even bigger share of our product categories.

“No Sanistål products should end up in the wrong hands or serve harmful purposes.

*Dot Spe, Head of Section,
Product and Supplier Security,
Sanistål*



System-supported monitoring

At Sanistål, we have our exports under control and keep a sharp eye on ensuring that the products we import and export comply with current law.

In 2021, our Product and Supplier Security has further intensified and systematised these controls so that no products from Sanistål's stocks risk ending up in the wrong hands or being used for harmful purposes. The control comprises so-called dual-use products that can be used for two purposes.

Results, action plans and targets

2021 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

2021 results

- ✓ More than 92% of our suppliers have signed our Code of Conduct
- ✓ The number of suppliers in the 'high-risk' category is low, with 7. And we have Codes of Conduct for 100% of the purchase sum. Due to COVID-19, we made only one site visit in 2021.
- ✓ We focus on the UN Guiding Principles through our Code of Conduct

Action plan and targets

Continue the already well-established efforts ensure that suppliers accede to the Code of Conduct.

Reassess the objective during 2022

Carry out the site-visits initiative (which did not happen in 2021 due to COVID-19) and subsequently assess the suppliers selected

Objective upheld

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



Digital concepts help reduce carbon emissions

All of us are confronting a common challenge and task of reducing carbon emissions. This is why Sanistål focuses on developing digital concepts that can be included in the green transformation.

Our concepts must help the environment on its way and boost our customers' sustainable profiles at the same time. For instance, our new EasySupply SmartButton reduces product transports; our Chemicals Concept keeps hazardous chemicals under control; while StockMaster and EasySupply reduce and keep consumption under control.



Factbook

- Environment & Climate
- Employees
- Suppliers

Factbook

ENVIRONMENT AND CLIMATE

		2021	2020	2019
Energy consumption, scope 1				
Company vehicles (leased)	Carbon emissions, tonnes	1,038	1,068	1,543
Private cars	Carbon emissions, tonnes	50	-	-
Energy consumption, scope 2				
Stocks	Carbon emissions, tonnes	45	328	580
Offices & Stores	Carbon emissions, tonnes	264	383	422
Stores	Carbon emissions, tonnes	163	445	488
Energy consumption, scope 3				
Outgoing distribution	Carbon emissions, tonnes	680	705	1,588
Packaging	Carbon emissions, tonnes	349	347	390
Waste				
Recycled	%	77%	75%	76%
Incinerated	%	23%	24%	24%
Deposited in landfill	%	0%	1%	0%

See definitions of key figures on page 25.

EMPLOYEES

		2021	2020	2019
No. of employees	No.	947	987	1,069
Full-time workforce	FTEs	903	939	1,040
No of women	%	29%	29%	28%
Percentage of men	%	71%	71%	72%
Reduced working capacity	%	2.2%	3.4%	3.9%
Trainees	%	2.9%	3.0%	2.9%
Turnover rate	%	20.8%	23.1%	18.6%
Seniority, 7 years or more	%	43%	44%	43%
Occupational accidents (with absence)	No.	7	8	8
Occupational injuries (without absence)	No.	49	121	91
Registered near-miss accidents	No.	287	310	375
Sickness-related absence	Days/FTEs	7.9	8.7	8.5
Satisfaction and loyalty response percentage	%	93%	95%	N/A
Satisfaction and loyalty score	%	93%	81%	N/A
Training days	Average per full-time position	1.3	0.9	2.7
Total no. of training days	Days	1,147	837	2,789
Gender diversity on the board	%	0%	0%	0%

See definitions of key figures on page 25.



Factbook

SUPPLIERS				
		2021*	2020	2019
Signed Code of Conduct, as % of total purchases	%	92%	94%	91%
Suppliers of overhead-cost related goods who have signed the Code of Conduct	No.	51	39	39
Code of Conduct, supplier classification (active suppliers)				
Low risk	No. of suppliers	784	958	694
– signed, as a % of the purchase sum	%	92%	87%	87%
Medium risk	No. of suppliers	29	16	5
– signed, as a % of the purchase sum	%	84%	94%	100%
High risk	No. of suppliers	7	10	43
– signed, as a % of the purchase sum	%	100%	100%	95%
Self-assessment (active suppliers)				
Filled in and signed a self-assessment	No. of suppliers	17	41	41
Site visits completed	No.	1	-	-

See definitions of key figures on page 25.

*Reclassification arising from the UK's withdrawal from the EU



Definition of key figures

Definition of key figures for “Environment and climate”

Energy Consumption	Total energy consumption specified in GJ.
Renewable energy percentage	The renewable energy percentage is calculated for both heat and electricity. For electricity, it amounts to a renewable energy percentage of 100%. For heat, it is specified on the basis of fuel types at each location.
Energy consumption, scope 1	<p>Company vehicles: Carbon emissions are specified on the basis of fuel consumption data from leasing companies.</p> <p>Private cars: Carbon emissions are calculated on the basis of number of km driven in private cars during the financial year. The fuel types are broken down on the basis of the breakdown of the combined fleet of vehicles in Denmark, by which the mean carbon emissions per km can be multiplied.</p>
Energy consumption, scope 2	Carbon emissions are specified on the basis of the consumption of heat and electricity at Billund central warehouse. These locations are divided into the categories Stocks, Stores and Offices & Stores, comprising the four biggest store locations which also have offices. Carbon emissions from electricity are calculated on the basis of actual consumption and the Danish Energy Agency’s emission factor for one kWh of electricity in Denmark, in effect for 2019 and 2020. From 2021, green electricity will be purchased, which is why the emission factor will be indicated as 0. Carbon emissions from heat are specified on the basis of heat consumption per location and the heating market’s monthly environmental declaration for the biggest locations and the theoretical emissions per consumed unit at small locations.
Energy consumption, scope 3	<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>Packaging: Carbon emissions generated by packaging consumption are specified on the basis of data from packaging suppliers and their environmental declaration for the production of this packaging.</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 entities in which we are unable to obtain a specification, the percentage of recycling, incineration and deposit is presumed to be on a par with a similar business entity.</p>

Definition of key figures for “Employees”

Gender diversity	The average number of women FTEs is compared to the total number of average FTEs for the year in the parent company.
Reduced working capacity	The average number of FTEs for employees with reduced working capacity is compared to the total number of average FTEs for the year in the parent company.
Trainees	Based on the average FTE for trainees and all employees in the parent company for the year. The average number of FTEs for co-workers under the traineeship programme is compared to the total average number of FTEs for the year in the parent company.
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.
Satisfaction and loyalty score	Specified on the basis of data supplied by our partner concerning a well-being analysis. For this the combination of questions concerning satisfaction and loyalty are compared. The responses that are categorised in the employee groups ‘Ambassadors’ and ‘Core Employees’ are used for a combined ‘Satisfaction and Loyalty Score’
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 “Employees”, continued

Gender diversity for other managerial levels	Specified on the basis of the executive management and their closest references with employee responsibility. The average number of women FTEs is compared to the total number of average FTEs for the year in the parent company.
Wage differences between genders	Specified on the basis of the total wage compensation disbursed, which includes direct wages, bonuses, lump sums, etc. The median for men’s wage compensation is compared to the median for women’s wage compensation for the year in the parent company.
Pay difference between CEO and employees	Specified on the basis of the total wage compensation disbursed, which includes direct wages, bonuses, lump sums, etc. The median for the CEO’s wage compensation is compared to the median for the total number of employees’ wage compensation for the year in the parent company.

Definition of key figures for “Supplier”

Signed Code of Conduct	Based on the number of signed and returned codes of conduct in proportion to the codes of conduct issued.
Signed Code 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 the number of site visits completed



Company

Sanistål A/S
Håndværkervej 14
9000 Aalborg
Denmark

Tel.: +45 9630 6000
Website: www.sanistaal.com
E-mail: sanistaal@sanistaal.dk
CVR/VAT reg. no.: 4299 78 11
LEI: 2138 00 QIT2P16LW9U 70
Founded: 18 June 1926
Registered office: Aalborg

Group

Sanistål A/S
Aalborg, Denmark

Sanistal SIA
Riga, Latvia

UAB Sanistal
Kaunas, Lithuania

Sanistal Spolka z.o.o.
Szczecin, Poland

Serman & Tipsmark A/S
Brønderslev, Denmark