

SUSTAINABILITY

2020-2021



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SUSTAINABILITY

[səˌsteɪnəˈbɪlɪti]

Sustainable development is a principle that aims to ensure that fundamental human rights and opportunities for human development are preserved, while also safeguarding the ability of natural systems to provide communities and people with natural resources and ecosystem services.

Sustainability Report Uddeholms AB 2020/2021

Sustainability and sustainability issues are a clear focus area in Uddeholm's company-wide Vision and Strategy, to which we take a proactive and intensive approach. Efforts range from being able to provide everyone at Uddeholm with a safe, stimulating work environment to responding to questions from customers about aspects of sustainability that create the most value for them.

Our endeavour to deliver a high-quality, climate-neutral and sustainable product is the foundation of our operation: we recycle scrap metal and everything we do is part of a circular system of reuse. Today our products comprise 85-98% recycled material.

We are convinced that new technical innovations will play an important role in many of the global environmental challenges we face. Our experience, know-how and values will be the key to continued development.

Together, our network of experts around the world strives constantly to create solutions that are sustainable, safe and long-lasting – for ourselves and our customers. In other words: our customers get far more from us than just steel. They also get our promise to always produce steel that is as kind to the environment as possible. Achieving this is a constantly ongoing process, and a promise that must be kept every day.

Uddeholm, June 2021

The company management, through
Johan Wiig & Pär Emanuelsson



This is a simplified Sustainability Report. The full Corporate Responsibility Report can be found on the voestalpine Group's website.

How do we approach sustainability work at Uddeholm?

The Sustainability Report is based on sustainability work conducted during the year in accordance with Uddeholm's strategy work. Our strategy work was launched in its current form during the financial year of 2019/20, with the aim of moving to a new stage in 2020/21.

Uddeholm has an overriding strategy that has been divided for clarity into five sub-strategies:

Business, Product, Production, HR and Environmental

These sub-strategies are broken down into strategic plans with activities for each part of the organisation that together contribute to Uddeholm achieving its overriding strategy.

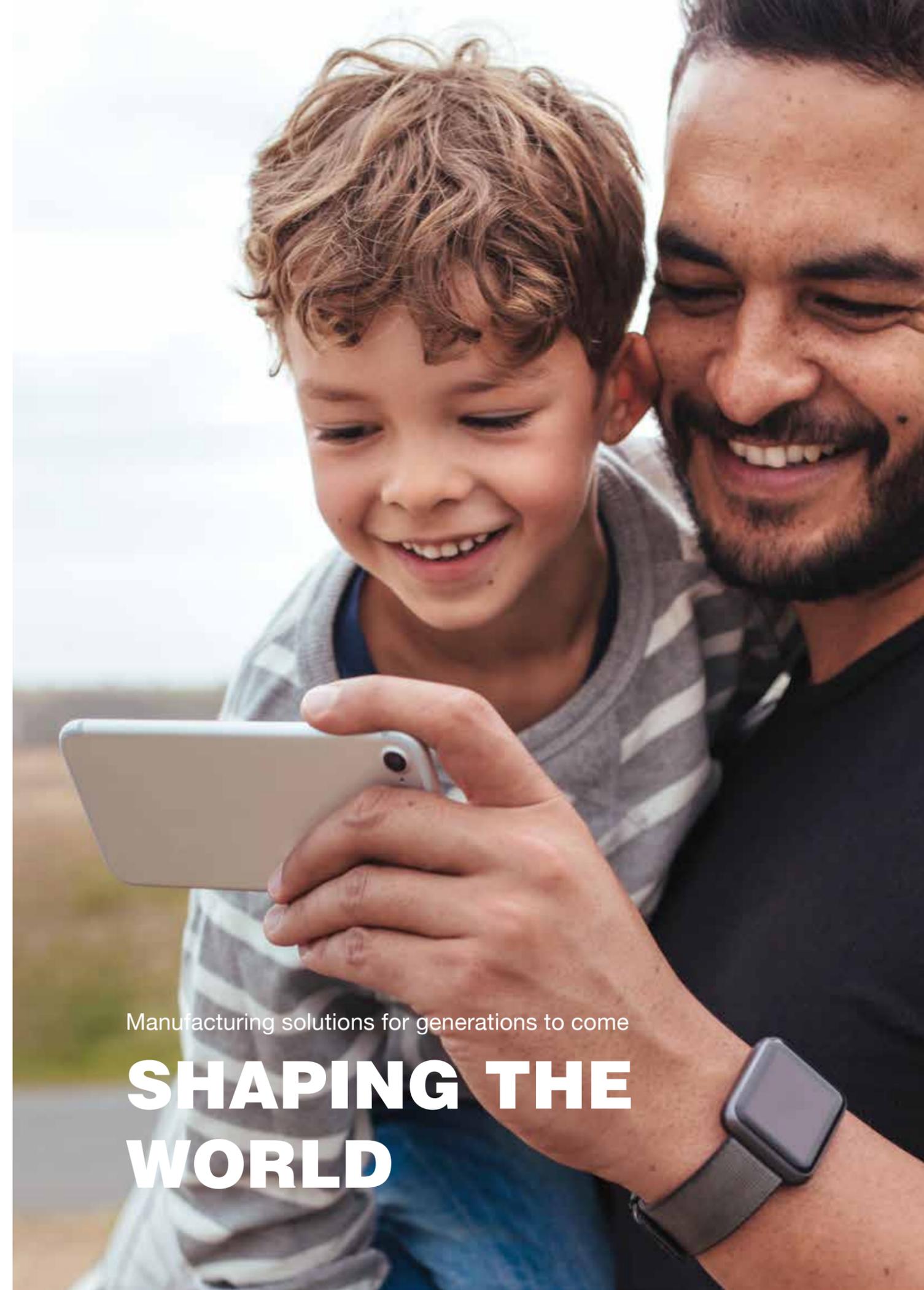
The Sustainability Report sets out our adopted goals and visions for the business and how efforts to achieve these goals have progressed during the financial year. Uddeholm's strategy work draws on a number of resources, including the Brundtland Report published in 1987 entitled 'Our Common Future', as well as the UN's Sustainable Development Goals (see Appendices 1 and 2).

Who is our Sustainability Report aimed at?

A stakeholder analysis is produced as an element of operational governance. This describes our engagement with various stakeholders and identifies our key stakeholders. Information and dialogues are to be revised accordingly, depending on the stakeholder. Regardless of the stakeholder, we want to ensure open dialogue across the board, with focus areas in accordance with our strategy that stem from a commitment to sustainability formulated in our strategy.

The following groups are deemed to be key stakeholder groups:

- Customers - Existing and potential
- Employees - Existing and potential
- Owner
- Suppliers and contractors
- Neighbours and communities
- Authorities and organisations
- Future generations



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Uddeholm – the company

Uddeholm is a global leader in the development, production and marketing of high-quality tool steel for industrial tools. Millions of products annually are produced using those tools. End-consumers operate in most industries. Products such as cars, televisions, computers, mobile phones and white goods all have their origins in tool steel. More than 100,000 customers in over 100 countries purchase tool steel from Uddeholm.

Uddeholm has a history stretching back more than 350 years, and it was a natural resource – a gravity-fed cold water supply from the river Uvån – that led to the business being established in Hagfors in 1878.

Uddeholm has been part of the internationally listed steel group voestalpine AG since 2007. The Group, which has its headquarters in Linz in Austria, has approx. 50,000 employees worldwide. As of 31 March 2021, the production plant in Hagfors employed 805 people.



Risk management at Uddeholm

Uddeholm evaluates both financial and non-financial risks, which are divided into strategic and operational risks. The most significant risks are reported on an ongoing basis to the owner, including work to minimise these. We follow a standard for Risk Management that has been approved and adopted Group-wide.

As far as operating activities are concerned, risk assessments and incident reporting are considered a natural extension of efforts to improve the work environment, reducing the risk of accidents and ill health. Our employees are our most important resource, which is why incident reporting with corrective measures is paramount. Safety is our most important area of focus within production.

Dissemination of information within the industry to be able to learn from one another

Incidents are reported through the MIA system, which is the Swedish Association of Industrial Employers' (Industriarbetsgivarna) reporting database for preventive work environment management, including environment and facilities. All risk analyses, risk assessments (where likelihood and consequence have been assessed) and safety inspections are also documented in the MIA system. Here there is scope for sharing information with other companies and educating one another on risks and how they can be minimised.

Risk management at Uddeholm: significant risks

Uddeholm evaluates both financial and non-financial risks. The most significant risks are reported on an ongoing basis to the owner, including work to minimise these.

COVID-19 – safeguarding our employees' health and safety

When the severity of the COVID-19 pandemic became clear in Sweden in early spring 2020, the company management decided to establish an internal Coronavirus group. The group was set up in early spring 2020 and met regularly, or occasionally more frequently depending on the situation, in order to ensure a safe and secure workplace for all Uddeholm employees. Group members included permanent representatives from a number of areas within the organisation: Purchase, Occupational Health, Production Management, Marketing, HR, and the management team for Warehouses/Dispatch. Other members included representatives from the health and safety organisations of the trade union IF Metall and the Council for Negotiation and Cooperation (PTK).

Activities implemented by the Coronavirus group (selection only):

- Deal with topical issues concerning business intelligence and issues arising from operations.
- Relevant information and decisions from the Coronavirus group to be published after each meeting on the intranet. Relevant information includes, for instance, regulations, recommendations, guidelines, procedures and updates concerning COVID-19.
- An information page has been added to the intranet. This contains FAQ, important links to the websites of various authorities, e.g. the Public Health Agency of Sweden (Folkhälsomyndigheten), all information concerning Uddeholm's management of COVID-19, as well as links to previously published information.

Risk area	Risk	Risk minimisation
Work environment and health and safety	Forklift traffic and materials handling using overhead travelling cranes Hot surfaces and molten steel	Requirement that ALL operators of forklift trucks or overhead travelling cranes have the necessary training and skills Uddeholm's strategy is to ensure that our personnel are kept as far removed from the source of risk as possible through the use of technical solutions. Where this is not possible, we provide personal protective equipment and clear instructions. Other resources include training in behaviour-based safety, focus reporting and root cause analysis in the event of near-accidents, as well as work in accordance with ISO 45001.
Environment	Inefficient production and raw materials handling Not having access to energy at a competitive price when the time comes to transition to fossil-free production	Work in accordance with ISO 14001 & ISO 50001 certification, improvement work, UPS Can already replace natural gas with, for example biogas A Climate and Energy Roadmap is currently being drafted
Trademark infringement	Uddeholm's brand is incredibly important to Uddeholm, given our more than 350-year history.	With a clear profile and an efficient reporting system, we are able to tackle any trademark infringement anywhere in the world within 8 hours, and with the aid of our trademark infringement process, the majority of cases are concluded within 6 weeks. This process involves appointed lawyers in predominantly Singapore, Hong Kong and Sweden.
Corruption and respect Trading rules	Bribery, cartelisation	Code of Conduct training, Whistle-blower system
Human rights	Violations, discrimination, employee segregation Child labour	Policy to, for example, combat violations, monitoring via health profiles and employee surveys Supplier audits (e.g. mines), monitoring of risk suppliers, etc.



Manufacturing solutions for generations to come

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Vision and Strategy

At Uddeholm we are shaping the world. We are shaping the world in partnership with the global manufacturing industry – now and for generations to come.

One element of the organisation's strategy work is our shared vision. Our vision reflects our goals and our values and guides us on our journey as an organisation. At Uddeholm we manufacture steel that shapes products familiar from our everyday life. We are shaping the world, and we want to shape it in a sustainable manner that is fair to both people and the environment. This will enable us to continue shaping the world – now and for generations to come. This vision is to be communicated to our employees at Uddeholm, but also to sales companies, customers and the rest of the world.

Goals & strategy

By 2025/26 Uddeholm will be:

- An attractive employer offering a safe and stimulating work environment
- The market's preferred choice by being a company that supplies tooling solutions that make our customers more competitive
- Responsible from a sustainability perspective and the obvious choice for environmentally conscious customers

To provide further clarification, the overriding strategy has been divided into five sub-strategies:

- **Business, Product, Production, HR and Environmental**

As a next step, these sub-strategies are broken down into strategic plans with activities for each part of the organisation that together contribute to Uddeholm achieving its overriding strategy. The Business, Product and Production Strategies will only be presented in general terms because in their entirety they include information not intended for distribution outside of the company. The remaining strategies are reported in more detail.

Business strategy

To be a market leader and the preferred choice within high-performance tool steel, you need a strong brand. Our customers have to know that we deliver solutions that guarantee their success no matter where a tool is made or used. This creates added value for customers and strengthens their competitiveness.

We have to conduct business, both procurement and sales, in a way that takes into account the Group's Code of Conduct and ethical and formal requirements, as well as follow up on the material's origin. Below are two examples of how these policies might look: Uddeholm's Operations Policy and Compliance.

Uddeholm's Operations Policy

Uddeholm develops, produces and markets high-quality tool steel to customers worldwide. We want to make our customers competitive, while also strengthening our position as the world's most profitable steel producer, which we do by offering sustainable and normative products and solutions for this generation and those to come.

- By continuously developing our production process and our product and service programme, we strive to offer the maximum possible customer benefit with the minimum possible environmental and energy impact, both in our production process and for the user of the product. Our goal is to be the obvious choice for environmentally conscious customers.
- By systematically assessing risks and events and conducting preventive improvement work with the implementation of effective measures, we aim to create a safe environment that is free from disruption and where there is minimal risk of accidents and ill health.
- In a safe and inspiring work environment where the contribution of our competent and conscious employees is a given, proactive improvement measures are a natural part of daily work.
- Trust, Respect, Customer Focus and Value Creation are our guiding principles and the cornerstones on which Uddeholm is built. The continuous implementation of our value watchwords ensures that we are a sustainable company, where people have the space to develop and contribute to safeguarding our position as '#1 in high-performance tool steel'.
- By striving for the best available technology in purchases and investments and engaging in preventive work focusing on quality, energy, the environment and work environments, we ensure a safe work environment, reduce our environmental footprint and streamline our processes within areas where our activities have the greatest impact on the environment: emissions to air and water, noise and energy consumption.
- Compliance with legislation, norms and other requirements that society places on us as a company is a matter of course for us.
- The operations system is an important tool in steering the company towards set goals. Our efforts in terms of strategy and targeting specific objectives create the right conditions for increased awareness and engaged employees who help us to achieve our objectives.
- Our vision: SHAPING THE WORLD – Manufacturing solutions for generations to come.

Compliance

Uddeholm and its parent group voestalpine have effective procedures in place related to our Code of Conduct, as well as a whistle-blower system.

There are Group-wide guidelines (in English) for:

- Code of Conduct
- Business Conduct
- Antitrust
- Group Directive related to dealings with business partners
- Compliance manual
- Preventive Compliance manual
- Preventive Compliance Programme
- Capital Market Compliance Directive

All employees should be familiar with the contents of our Code of Conduct

- 05 Introduction and Purpose
Scope of Application
- 07 Responsibility for Implementation
- 08 Compliance with Laws and other External and Internal Rules
Fair Competition
- 09 Corruption/Bribery/Acceptance of Gifts
- 10 Money Laundering
Respect and Integrity
- 11 Conflicts of Interest
- 12 Handling of Corporate Information/Secrecy
- 13 Corporate Communication
Internet
- 14 Prohibition of Misuse of Insider Information
- 15 Report of Misconduct

Product strategy

In order to be the leading company in high-performance tool steel, we have to be able to offer better customer value than our competitors. We also have to be perceived as a complete partner and expert, with good knowledge and understanding of our customers' business areas. We must be innovative and a driving force and deliver solutions that meet the challenges thrown down. Uddeholm has therefore adopted a product leader strategy, which means that we will be the ones to set the market standard with regard to new product innovations, product portfolio and stock service, product quality and technical and administrative services associated with the sales process.

Production strategy

Uddeholm's production operations in Hagfors encompass running steelworks, including smelting alloy substances and our own recycled steel and purchased scrap metal in an electric arc furnace, ladle metallurgy and casting. The Hagfors site is also home to facilities for Electro-Slag-Remelting (ESR), production of powder, nitriding of powder, rolling, forging, heat treatment, machining, warehousing and ancillary services.

To ensure delivery in accordance with agreements and in a manner that makes our customers more competitive, our processes have to be efficient and free from disruption. There also needs to be flexibility in the system to enable us to deal promptly with variations in both volume demand and process mixes. We employ new technology to strengthen our competitiveness, where relevant and justified.

Establishing UPS, our shared production system, where we endeavour to achieve an efficient flow with the shortest possible lead times in all our processes

When it comes to streamlining our processes, we take a systematic and structured approach to identifying deviations/opportunities, with the aim of eliminating waste of all kinds. For this to be possible, we have to ensure that there is understanding and implementation of:

- The flow principles Driven by customer needs and Right from me
- The improvement principles Normal situation and Improvements in our operational governance, management and development

Ensuring disruption-free production for all our processes

Disruption-free production is achieved by:

- Ensuring the right capacity and delivering in accordance with the promised capacity.
- Capacity must be mapped for people, machinery and systems in all areas of our processes.
- Future infrastructure needs (data, media and energy) must be mapped, and we must have dynamic action plans with sufficient advance planning to continuously ensure that needs are met.
- The availability of our main processes/critical process steps must be mapped and continuously increased by working proactively, predictively and sustainably. There must be SLAs (Service Level Agreements) in place for all critical equipment and systems.
- We must ensure a stable supply chain so that there is zero disruption to our critical processes caused by a shortage of purchased goods and services.
- Ensure capable processes for the prescribed quality level.
- Continuously protect the company's resources and opportunities by means of active risk management. This is done by systematically cataloguing, analysing and eliminating risks in the company's activities, thereby enabling the company to achieve its objectives.



HR strategy

The collective expertise of employees and their engagement are crucial factors in Uddeholm's success. To ensure this, Uddeholm has to be able to retain and continuously develop existing employees, as well as attract new employees with the right skills and attitude to the company. Historically, our success is based on a global presence, entrepreneurship, diversity and courage, and we want that to continue. For us, being a leading company also means having one of the safest work environments in the industry. That is why Uddeholm must endeavour to be a value-driven organisation with fundamental values based on our values:

TRUST

RESPECT

CUSTOMER
FOCUS

VALUE
CREATION

Our values are the foundations on which our organisation is built. Our values describe who we are and how we think and act. The value words must permeate our organisational culture and provide the basis for our work on safety, quality, delivery reliability, productivity, sustainability, objectives and strategies. However, words can mean different things to different people. It is therefore essential that we have a common definition for all our value watchwords within the company, to ensure we all think and act in line with our shared values.

Activities

In order to circulate Uddeholm's common definitions and remind people about our value words, all employees have attended a departmental workshop. The focus has been on discussing how we live up to our values today and how we can improve on this together. As a way of following up on the workshop there have been for example department-specific and unit-specific activities and measures, as well as articles in the personnel magazine UDDEN and Uddeholm magazine. The results of this work are presented on an ongoing basis on Uddeholm's intranet.



Trust [trʌst]

1. Delivering on our commitments and trusting in one another's deliveries
2. Openness and honesty in our day-to-day work and in our communication
3. Standing up for one another and for our shared goals and constructively challenging one another to be better
4. Daring to ask one another for help and daring to put our ideas to the test

The definition of the value word Trust is that it is natural for us to deliver in accordance with our commitments and that we trust in one another's deliveries. Our day-to-day work and our communication are characterised by openness and honesty, and we routinely share relevant knowledge and information. Daring to ask one another for help is about having trust. We stand up for one another and our shared goals. We endeavour to offer a stimulating environment where we constructively challenge one another to be better. We show trust by assigning clear goals, roles and responsibilities, and also delegate the necessary mandates and powers to be successful in this. Trust is about us being able to take responsibility and daring to put our ideas to the test.

Respect [rɪspekt]

1. Zero tolerance of victimisation and bullying
2. Treating everyone equally and regarding our differences as an asset
3. Seeing and hearing each and every colleague and actively trying to understand one another
4. Providing constructive, value-creating feedback in order to be better together

There is zero tolerance of victimisation and bullying within our organisation. It goes without saying that we treat everyone equally and that we regard our differences as a major asset. It is noticeable that we see and hear each individual and colleague and that we actively seek to understand one another's views and challenges. We all contribute to the company's success and must therefore provide one another with the best possible conditions to do a good job.

For us to develop as a company and as individuals, it is important that we give one another constructive and specific value-creating feedback. Together we can be even better. Shared, complex challenges are addressed through the creation of cross-functional teams, where we draw on one another's knowledge, background and experience to deliver effective and sustainable results.

Customer focus [kʌstəmə' fəʊkəs]

1. An understanding of the fact that the customer's success is our success
2. Seeking a deeper understanding of the customer's needs and challenges
3. An awareness of the fact that all our processes have a customer need to satisfy
4. Always delivering the right quality, in the right quantity, at the right time and in a safe manner

The customer's success is our success and in the long-term relationship with our customer we proactively seek to develop a deeper understanding of the customer's needs and future challenges. We will use our expertise and technical sales skills to continually identify the right solution and so, with the customer's input, develop the customer's business and increase their competitiveness. We are conscious of the fact that all our processes have a customer need to satisfy, which is why we always deliver the right quality, in the right quantity, at the right time and in a safe manner.

Value creation [vælju kri:ʃən]

1. Being aware that everyone's efforts are important when it comes to the company's results and development
2. Acknowledging ownership of our actions and doing our utmost every day to deliver on our promises
3. Creating your own future, including by drawing on your expertise, creativity, innovation and entrepreneurship

Value creation means that we are aware that all our efforts are important when it comes to the company's results and development. We acknowledge ownership of our actions by doing our utmost every day to deliver on our promises. Tomorrow, we will try to do that little bit better, for instance, by eliminating any waste we identify. We create long-term profitability by being the global market leader, and in that role we have to continually define and shape our future. We therefore actively seek out fields with stringent requirements; ones that are challenging and can benefit from our expertise, creativity, innovation and entrepreneurship.

Continued development for a safe, secure and healthy work environment

A holistic view, job satisfaction and security are achieved through dialogue and cooperation. Uddeholm must be one of the world's safest steel companies, where the Lost-Time Injury Frequency Rate (LTIFR) is reduced each year, with the long-term vision being zero accidents. The LTIFR will be no more than 3.25 by 2025/26. This will be achieved through the development of a safety culture where we all take responsibility for our shared work environment by taking action and responding to risks as well as adopting a systematic approach to work. Preventive work environment management and safety work involves exercises, surveys and risk assessments, but also continuous dialogue and consideration.

Our vision is zero accidents and ill health. We will take a preventive and active approach to work on our safety culture, thereby ensuring that everyone looks out for one another and our company. All employees must understand their value and take responsibility for their own safety and that of others.

We see a change coming – accidents being less frequent

Reporting of near-accidents and risk observations has increased, as have efforts to follow up on these. Safety talks are becoming more common. We can now see that accidents are becoming less frequent – but we are still not satisfied. Our aim is zero accidents.

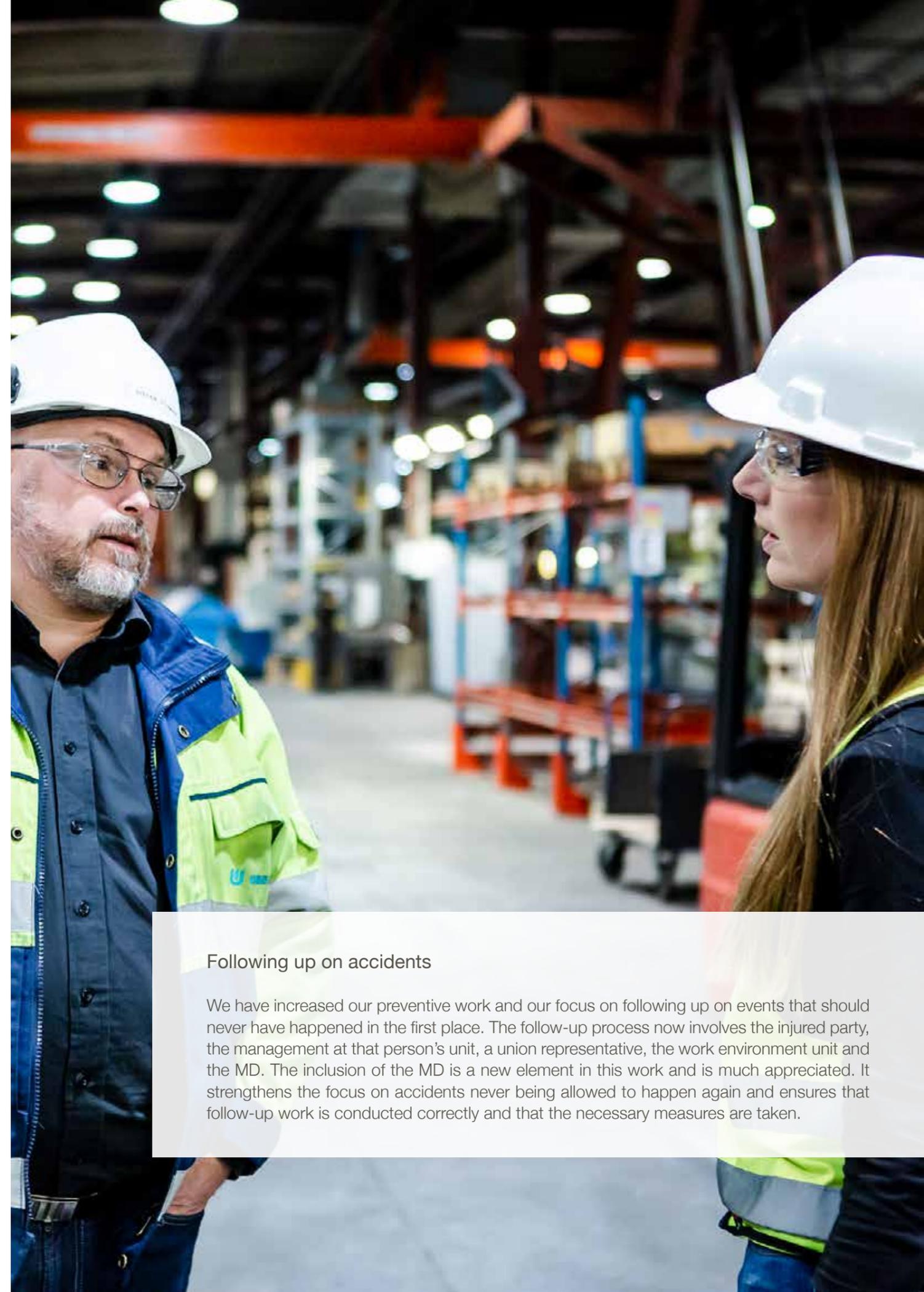
LTIFR – lost-time injuries

2020/21	4.5
2019/20	6.9
2018/19	10.2
2017/18	8.4

LTIFR stands for Lost-Time Injury Frequency Rate, i.e. the number of accidents resulting in an absence per 1 million working hours. For example, an LTIFR of 5 indicates that 5 accidents occur at a workplace for every 1 million hours worked. The purpose of a defined KPI is to ensure that reporting of accident statistics is comparable between companies, industries and internationally. The objective of a defined KPI is a common definition of the occupational injury concept within the basic industry. In order to class an accident as an LTI, the accident has to result in a minimum of one day's absence and require a medical assessment.

We must be even better

During the 2020/21 financial year, mapping has taken place alongside activities to develop new working methods within the field of ill health. This work will be implemented within the organisation in 2021/22. This means that brand new working methods and procedures will be put in place, which will remain a challenge until the changes become a natural and established element of the operation.



Following up on accidents

We have increased our preventive work and our focus on following up on events that should never have happened in the first place. The follow-up process now involves the injured party, the management at that person's unit, a union representative, the work environment unit and the MD. The inclusion of the MD is a new element in this work and is much appreciated. It strengthens the focus on accidents never being allowed to happen again and ensures that follow-up work is conducted correctly and that the necessary measures are taken.



Respectful interaction

At Uddeholm, all employees should feel that they are treated with respect, and there is zero tolerance of discrimination, bullying and harassment. These factors are measured in workplace profile surveys with support from the company's occupational health service. Our objective is always zero, and any deviation from this results in an action plan being produced.

The two most recent surveys reveal that there is unwanted interaction. Responses to the question do not need to be based on personal experience. Instead responses are given to the statement "There is...".

If we want to see how our figures compare with reference values from working life generally in Sweden, then the relevant figure for 2018/19 was 12.5%. This means that our figures are significantly lower (although our objective is always zero).

Discrimination/bullying/harassment – average rolling three-year period:

2018-2020	4.4%
2017-2019	5.3%

A healthy and sustainable workplace

Uddeholm must be a healthy and sustainable workplace. Through active preventive work, we will exceed our long-term target for attendance of at least 96%.

Attendance – average budget year:

2020/21	95.0%
2019/20	95.2%
2018/19	95.5%
2017/18	95.0%

Achieving our attendance target has all but been impossible in a year when there has been a pandemic.

Long-term work to deliver a sustainable workplace

Efforts to achieve our target have continued. A new health policy has been drafted. This looks at our work on systematic work environment management and identifying ill health at an early stage and the forums involved. During the financial year, a great many activities have focused on mapping developments, producing action plans and developing working methods and forums to reduce the risk of different types of ill health and exposure.

Chemicals management

Uddeholm has a chemicals group that is tasked with contributing to safe chemicals management and reducing the risk of ill health and environmental impact. The chemicals group is a cross-functional group led by employees from the work environment unit. The group audits the operation's applications when purchasing new products and supports the operation in work involving the listing and safe handling of chemical products. Substitution is a prioritised activity, where in the first instance products deemed harmful from a work environment perspective take priority. These are primarily products that appear on the Candidate List and/or are classified as CMR or PRIO substances. Substitution has continued in 2020 as chemical risk assessments have been performed. A total of 50 risk assessments and 8 substitutions were performed in 2020. Uddeholm currently has 19 products on the Candidate List and 14 products on the CMR list.

CMR products = Chemical products that are carcinogenic, mutagenic or toxic to reproduction

The Candidate List = Under REACH the most hazardous substances on the market are gradually added to a list called the Candidate List. This process aims to ensure that their use is correctly controlled and that safer alternatives are found as quickly as possible. Substances on this list are designated 'Substances of Very High Concern' (SVHC).

PRIO substances = PRIO is a tool that has been developed by the Swedish Chemicals Agency (Kemikalieinspektionen) to help companies and other actors to identify and replace hazardous substances in products and handled goods. The criteria for PRIO substances are based on Sweden's environmental quality objective 'A Non-Toxic Environment' and the EU's chemicals legislation REACH.

REACH = A regulation that contains, among other things, rules on the registration of substances, prohibitions or other restrictions on substances, requirements for authorisation for SVHC, and rules on informing customers. The REACH regulation also includes rules to be observed by users of chemical products.



The right skills in the right place at the right time

This is achieved through the structured continued professional development of existing employees and the recruitment of new employees. For this to be possible, Uddeholm has to be an attractive employer for both current and potential employees. We know that mixed groups perform better than homogeneous ones, and we are working hard to ensure diversity in our operations.

By 2025/26, 65% of our employees should have a high engagement index score, according to our most recent employee survey

According to the most recent survey in autumn 2019, the company's engagement index had fallen sharply – to 44%. We are not happy with this and are working hard to improve the situation.

What have we done?

All departments have, as always, been presented with the results of the employee survey. This provides us with an excellent forum for gathering views and suggestions for improvements, and it enables us to learn what can be done better. All parties then come up with a variety of actions to focus on to increase job satisfaction and engagement in the workplace in question. In all, this work has resulted in 134 measures, 16 of which relate to the company as a whole. The others are specific to various departments and units.

Will we succeed?

We have set our sights on succeeding – it is by working together that we can change. We want everyone to have a workplace that we can be happy in and feel proud of. If we continue to work as we have been doing, we will be able to create the right conditions to shape our own future. The next survey will be carried out in autumn 2022.

Activities are implemented out in the units, but the overall focus of work has been to:

- Improve and target communication: identification, mapping and evaluation of the operation's existing communication channels in order to improve communication throughout the business by introducing more efficient processes.
- Facilitate and ensure sustainable remote working: guidelines for remote working have been produced.

Manufacturing solutions for generations to come

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Engagement, equal opportunities and inclusivity

Diversity, inclusion and equality – if and when an organisation has these qualities, it will naturally provide momentum and help us as an organisation to improve our sustainability performance on several fronts.

It is the people in the organisation who make a difference and it is therefore important to build on this with the help of individuals and teams with the right skills, experience and approaches. This in turn enables us to pursue and drive development efficiently. That is what makes us successful in the long term.

Each individual must be given the same opportunity to contribute and develop. It is the individual's performance, experience, expertise, abilities, attitude and behaviour that make a difference and that matter. Factors such as background, ethnicity, religious beliefs and gender must therefore never limit or prevent a person's opportunities or development. Diversity is largely about being able to be yourself, but also respecting other people and their views and opinions. The fact that everyone is different, unique and diverse will always provide added value and drive development.

We must actively work to continue being an engaging, inclusive and equal opportunities organisation. One of our targets for this work is to ensure that women make up 20% of our workforce by 2025/26.

Proportion of women – month for comparison = March

2021	14.9% (white-collar = 26.6% and blue-collar = 8.7%)
2020	14.6%
2019	14.2%
2018	13.9%

When we compare our figures with the steel industry generally in Sweden, we can see that we have the same proportion of women in white-collar positions, approx. 30%, but a lower proportion in blue-collar roles. At Uddeholm, the figure is 8-9% in blue-collar roles compared to approx. 15% for the Swedish steel industry as a whole (Source: The Confederation of Swedish Enterprise (Svenskt näringsliv), 2019).

In order to increase the proportion of women, a comprehensive analysis is being performed to determine the correct focus areas, activities, etc. An important starting point in our case has been to increase focus throughout the business, which has involved us setting a target for 2025/26 of 20% for the proportion of women employed.

We are delighted to see increased interest in working at Uddeholm among women. We had a record percentage (32%) of female applicants for summer jobs in summer 2021.



Interview with Emma Mellgren – employed in the production of ESR

How are you getting on at Uddeholm and in ESR?

I'm enjoying it hugely and have done since the start.

What's the best thing about your job?

I'd never worked in industry before joining Uddeholm, and learning how to perform all the different tasks we have here gave my self-confidence a massive boost. I like to break the mould and show that women can do just as well in industry as men. Our days vary a lot here and there's a lot of personal responsibility. That is something I really enjoy.

What is the best thing about being a woman at a production unit?

I think my colleagues find it enjoyable having a woman on the team, and on a number of occasions I've overheard some colleagues say that the atmosphere is different when the work group is mixed – for the better, of course! This gives me a greater sense of security and being well looked after. We have a laugh together at work. I also think it's great being able to inspire other women and show that a career in industry is entirely feasible.

Are there any challenges you've encountered as a woman? If so, how have you overcome them?

It's my belief that there are always challenges to overcome, no matter what the workplace. My approach tends to be to have a good attitude and to ask for help if I need it.

Success through knowledge

A clear process has to be established to ensure that competence requirements throughout the organisation are mapped regularly and matched against each employee's individual development plan, in order to contribute to both the company's and the individual's development. This work includes the use of uniform skills matrices at each unit/department.

Uddeholm's success is ensured when there is increased knowledge, at all levels and within all areas.

Our HR strategy has a clear, constant and important objective, which is ensuring the right skills in the right place at the right time. Uddeholm is facing new challenges and the continued development of existing and future employees remains a priority, for the sake of the company and the individuals concerned.

Digitalised training evolves quicker than expected

E-learning and other digital training tools were already being used at Uddeholm prior to 2020. The current pandemic led to new approaches to skills development being adopted in 2020/21. A broader perspective for digital courses was a challenging transition, but with the help of managers and trainers we have coped well with the change, and this area is now considered a natural complement to our training portfolio.

We want to have the best leaders

In recent years we have focused to a greater extent on Leadership, and all managers now attend a 10-day course tailored to Uddeholm's needs (Uddeholm Leadership Academy), which takes place at Uddeholm Manor House. Today, more than 90% of all managers have completed the course. (The objective that all managers should have completed the course by the end of 2020 has been adjusted because of the pandemic, and training has taken place digitally.)

In our most recent employee survey, 74% of respondents agreed completely that their manager shows them respect and appreciation. This is a marked increase on the most recent measure of 19%. In terms of Sweden generally, our figure is 12% higher. While we are happy to be at this level, our aim will always be to do better. For that reason, initiatives have been introduced, such as Uddeholm Leadership Academy.

Activities in this area in 2020/21:

- E-learning in ADR 1.3 (course on transport of dangerous goods)
- Digital courses in Excel, PowerPoint & LPG/Natural Gas
- A company-wide model for skills matrices has been produced



Some thoughts on digital training from Petra Kilgren, Transport:

"This was my first digital training course, and it was great to have a voice-over going through everything, but you miss having a trainer there to discuss ideas with. What was great for me and the others from transport was being able to get out of our forklifts and do the course when things were quiet, instead of having half the shift missing for a day. The long and short of it is that it went well and everyone passed!"

Environmental strategy

All steel production has an impact on the environment, which we choose to see as a challenge. Consequently, we want to have a hand in guiding the industry towards a more sustainable future. Uddeholm must be the obvious choice for environmentally conscious customers. Our operation is based on a circular system of reuse, and along with high quality requirements for the finished products this reduces the burden on the environment. The entire product life cycle counts and we therefore focus on the environment from both a local and a global perspective. Uddeholm must therefore:

1. Reduce the operation's direct environmental footprint and ensure that we are perceived by those around us as a safe, secure neighbour.

This is achieved, with transparency and cooperation with the community, by focusing on environmental aspects that have been identified as important. We continue to pursue an open dialogue with the authorities and other stakeholders. We must therefore:

- In the event of operational changes, have an unbridled ambition to further reduce our environmental footprint.
- Be proactive and well prepared when it comes to meeting future requirements. This will involve seeking out collaboration and taking a solution-focused approach to work.

2. Improve resource efficiency and work towards a fossil-free footprint

In the period up to 2025/26, we will therefore focus on:

- Presenting new targets during the period
- Implementing annual energy efficiency projects corresponding to at least 4% of our energy use
- Reducing energy use from fossil fuels by 15%

3. Reduce the environmental footprint in the entire product life cycle

- Uddeholm's product quality means a longer life for the finished product, which brings environmental benefits in the longer term. The focus in product development is, and will remain, on ensuring a long product life.
- By 2025/26, we will have mapped the environmental impact of our 10 bestselling products from a life-cycle perspective.

Cooperation with the community

Uddeholm and Hagfors Municipality have many years of experience of cooperation. Experience gained from projects such as developing a final coverage for a municipal landfill using residual products from the steel industry. Another collaborative undertaking has been the work to improve the quality of water in Lake Värmullen, which is a recipient of discharged wastewater. This project is being conducted in close cooperation with a local water partner Klarälvens Vattenråd. A final report entitled 'Åtgärdsplan Värmullen' (Action Plan Värmullen) was published in 2020. We are also engaged in discussions on projects focusing on biodiversity.

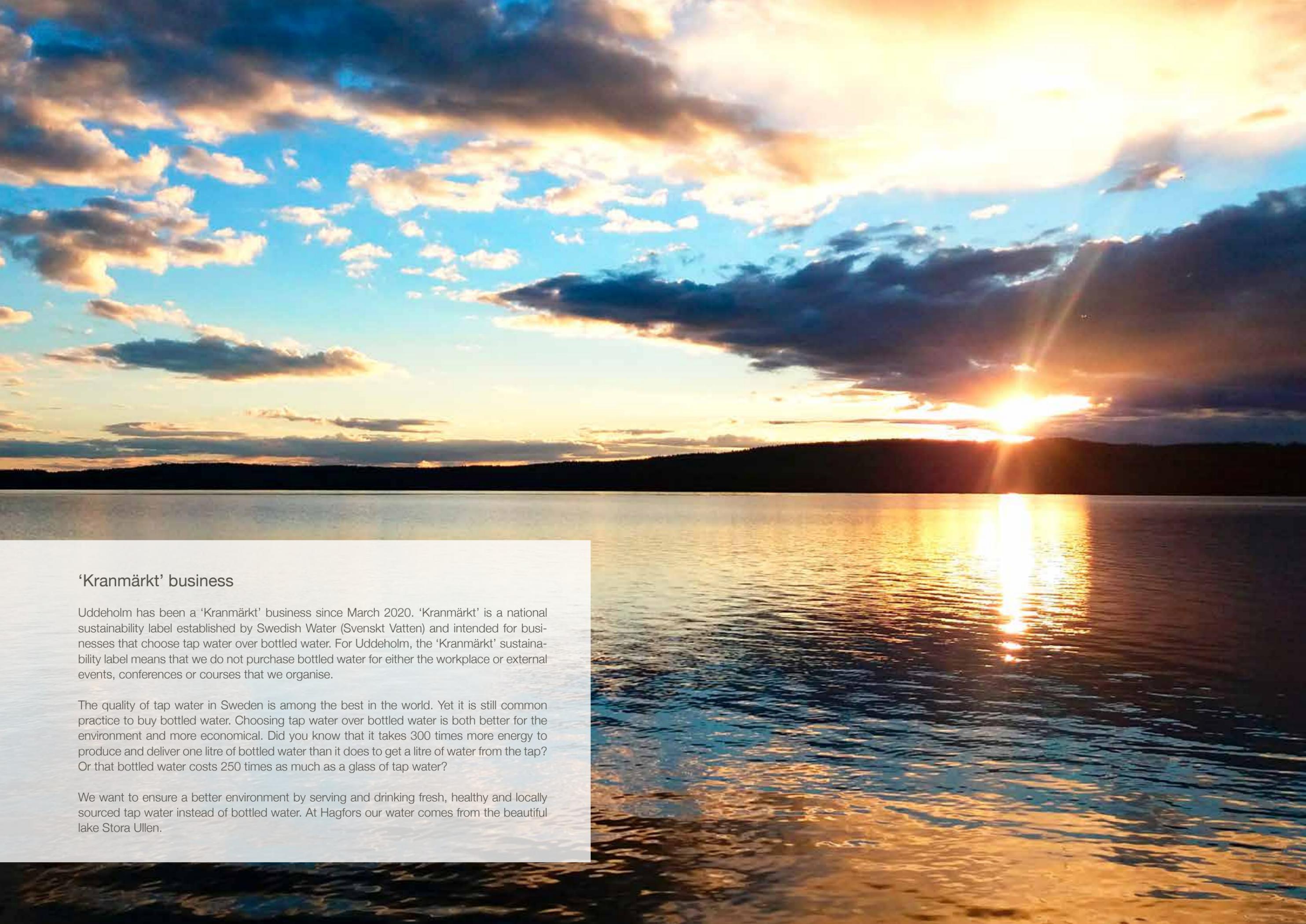
Important environmental aspects

An important environmental aspect means an environmental aspect that has a greater environmental impact than other environmental aspects. Find out more on the website of the Swedish Environmental Protection Agency (Naturvårdsverket).

Uddeholm has chosen five important environmental aspects to focus on:
Fossil Carbon Dioxide (CO₂), Nitrogen Oxides (NOx) to air, Zinc & Oil to water, Noise affecting our neighbours

Developments during the past financial year have been mixed: three have seen a reduction, while two have seen increases, but there is a reason for everything. The production rate declined during the last part of the year, which resulted in lower emissions of predominantly fossil carbon dioxide. A reduction in nitrogen oxides is mainly linked to improvement projects. Zinc and oil are higher, which is linked to the latter part of 2020, when there were problems with the purification pond. Measures are ongoing. The result for noise level at measurement point 3, which is closest to the steelworks, was a record low for night-time measurements during the year. From 2023, the target for this measurement point will be reduced from 50 to 48 dB(A), which is why Uddeholm is focusing hard on measures that deliver lasting results.

Important Environmental Aspects	2018	2019	2020	Activities during the year
Carbon dioxide (tonnes CO ₂)	39,629	33,155	31,015	Work on Climate and Energy Roadmap
Nitrogen oxides (tonnes NOx)	185	108	90	Focused efforts at the steelworks have resulted in a permanent reduction in NOx levels from the electric arc furnace
Zinc (Zn to water, kg)	3,779	1,884	2,432	Investigation started in early 2021 into how zinc to water can be further reduced
Oil (to water, kg)	497	238	379	Investigations internally show low levels of oil from various sub-flows
Noise at measurement point 3	50	51	45	Action plan initiated by production to ensure a low noise level



‘Kranmärkt’ business

Uddeholm has been a ‘Kranmärkt’ business since March 2020. ‘Kranmärkt’ is a national sustainability label established by Swedish Water (Svenskt Vatten) and intended for businesses that choose tap water over bottled water. For Uddeholm, the ‘Kranmärkt’ sustainability label means that we do not purchase bottled water for either the workplace or external events, conferences or courses that we organise.

The quality of tap water in Sweden is among the best in the world. Yet it is still common practice to buy bottled water. Choosing tap water over bottled water is both better for the environment and more economical. Did you know that it takes 300 times more energy to produce and deliver one litre of bottled water than it does to get a litre of water from the tap? Or that bottled water costs 250 times as much as a glass of tap water?

We want to ensure a better environment by serving and drinking fresh, healthy and locally sourced tap water instead of bottled water. At Hagfors our water comes from the beautiful lake Stora Ullen.

Our overall environmental objective

To reduce the operation's direct environmental footprint and ensure that local residents regard us as a safe, secure neighbour

At Uddeholm, safety and respect for our employees and the environment, as well as for our customers, visitors and the general public, are our top priorities.

We deliver in these areas by maintaining a very high level of safety preparedness and ensuring that our operations comply with the applicable laws and regulations. All personnel who work at Uddeholm and all our contractors receive regular training on potential risks and their responsibilities regarding health, safety and the environment in day-to-day work. Exercises to test the company's emergency and contingency plans are conducted regularly within the company and with the participation of the emergency services. Despite our best efforts at prevention, near-accidents, incidents and accidents can still occur. It is in these situations that our knowledge, planning and training comes to the fore, enabling us to prevent them developing into a more serious event.

Intense focus on chemicals used at the company that could affect our neighbours in the event of a near-accident

Uddeholm handles a variety of chemical products in connection with steel production, which places tough demands on safety. To minimise the risk of an accident and to limit any possible effects, a high level of safety must be maintained in all processes. Should an accident occur in spite of these efforts, the chemical products that would affect the local community around the mill site are: Ammonia, LPG, Chlorine Dioxide and Natural Gas.

High level of safety and preparedness in the event of near-accidents

Our sites are protected with gas alarms and fire alarms. These ensure rapid detection and a quick response in the event of a near-accident or accident at one of the factory premises. Our internal emergency and contingency plans are then put into action immediately, with the emergency services being alerted at the same time.

In addition to having our own well-trained personnel, and effective preventive maintenance procedures, Uddeholm has a close and effective working relationship with the emergency services in Hagfors.

Well-prepared

Uddeholm has, in cooperation with the emergency services and Valmet, produced information on action to be taken by the general public in the event of an alarm. This information is sent out as a letter to local households and is also published on the emergency services' page on Hagfors Municipality's website.

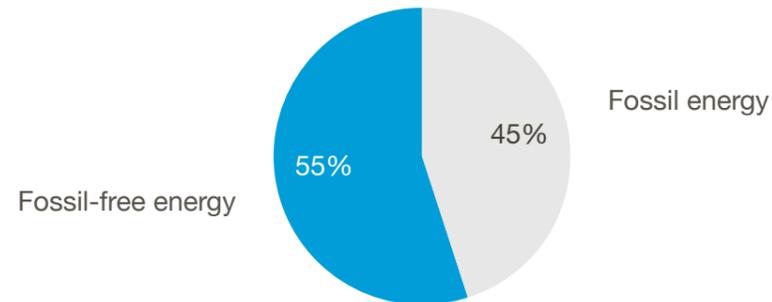
In the event of a minor accident, the first course of action is to alert the emergency services in Hagfors. If additional resources are required, the emergency services in Ekshärad and/or Munkfors are also alerted. In the event of a chemical spill, chemical emergency responders from the Karlstad region would also be alerted and would attend the scene. In order for this process to function as smoothly as possible, the emergency services in Hagfors carry out regular planning and joint exercises.



Towards a fossil-free footprint

A reduced fossil carbon footprint and smart energy use go hand in hand. Increased awareness of energy use, impacting factors and resource-efficient energy use are and must be a matter of course going forward. To tie these areas together, Uddeholm is planning to produce a Climate and Energy Roadmap in 2021 that will set out the company's efforts and route to achieving Sweden's climate goals for 2045.

Fossil-free energy sources already provide 55% of the energy used at Uddeholm.



Energy is required to smelt scrap metal and to create new long-lasting products

Achieving the quality requirements imposed for the end product and ensuring an increased product life span requires considerable energy consumption, particularly in processes involving the manufacture and machining of tool steel. Uddeholm has a high energy intensity occasioned by heavy industrial processes, such as smelting scrap metal in an electric arc furnace, re-smelting in ESR furnaces, forging, rolling, heat treatment and machining.

To reduce its energy use, Uddeholm is working to improve energy efficiency on a number of fronts. This is an important aspect that needs to be considered when purchasing equipment and making investments generally. However, it is also important to look after the equipment we already own and to endeavour to be as energy efficient a business as possible, which we do, for example, through work to optimise operating conditions. Our yield is also a significant impacting factor in production – reducing waste and doing things right first time are important for us.

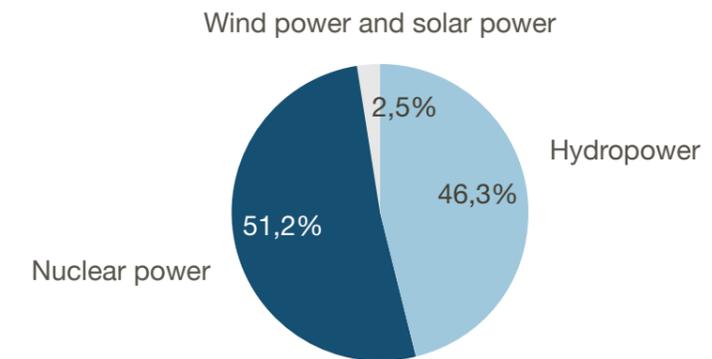
Uddeholm's activities are subject to the Swedish Act (2014:266) on Energy Audits in Large Enterprises. The Act stipulates that an energy audit must be performed at least once every four years and the results reported to the Swedish Energy Agency (Energimyndigheten). Essential work has been carried out in 2020 in connection with the energy audit that focuses on identifying and ensuring the need for measurement and losses (the gap between existing energy use and smart, conscious energy use). The report will be submitted to the Swedish Energy Agency in 2021.

Where does our energy come from?

Types of energy currently used within the business are electricity, LPG, natural gas and district heating. It is important for there to be a balance between the different types of energy, which is something that has been addressed in our upcoming Climate and Energy Roadmap and our endeavours to become a fossil-free company.

Our electricity and the majority of district heating currently come from non-fossil sources. The natural gas and the small amount of LPG used are of fossil origin, which we are endeavouring to minimise, with a view to complete substitution in the long term.

The electricity mix supplied to the facility is from non-fossil power stations in the Nordic region. Electricity was an important energy source at Uddeholm in 2020, with a share of approx. 55%. Use of fossil-free electricity is to Sweden's and the Nordic region's advantage. Uddeholm's existing electricity mix comprises nuclear power (51.2%), hydropower (46.3%) and wind power and solar power (2.5%). Approx. 49% is renewable energy.



We have begun implementation of power regulation with the option to shut down electricity-intensive processes when electricity prices are high or there is a shortfall in the Swedish grid. Natural gas is supplied to the facility in liquid form by tanker from Norway and is gasified on site. This makes the operation less vulnerable.

Uddeholm was the first steel producer in Sweden to switch from oil and propane to liquid natural gas, which enabled the use of upgraded biogas (vehicle gas). In 2018 we decided to accept a higher cost and conducted a two-day trial with the entire furnace operation running on biogas to show that it could be done.

The process to upgrade biogas for use as a substitute for natural gas is expensive. In order for the industry to achieve fossil-free production, options are required where the cost of renewable fuels is lower, to maintain competitiveness. In 2020, Uddeholm produced a final report, with project management by COWI, on a feasibility study that had been conducted to examine the possibility of adding bio-based synthetic gas to our energy mix. This study was part-financed by the Swedish Energy Agency and features in our upcoming internal Climate and Energy Roadmap.

What is the carbon footprint of Uddeholm's steel?

There is clear increased interest in the carbon footprint of Uddeholm's various steel grades, which is why we intend to audit the environmental impact of our 10 bestselling products from a life-cycle perspective by 2025/26.

This requires data to be gathered from all stages of the production cycle, which is a preliminary definition of scope. The footprint can then be expanded to take into account the entire life cycle, which is to Uddeholm's advantage, as a longer life span is factored into the calculation, which reduces the environmental footprint.

A project has been launched in early 2021 within voestalpine's HPM division and Uddeholm will during 2021 produce a carbon footprint for one of our steel grades. The standards used for this are ISO 14040/44 and EN 15804.

The first steel grade to have its carbon footprint assessed will be Uddeholm Stavax ESR. The grade has been chosen on the grounds that it is a strong steel grade, which was introduced by Uddeholm back in the 1970s. Consequently, we have a great deal of additional knowledge and experience of Uddeholm Stavax ESR.

As a steel, Uddeholm Stavax ESR offers good corrosion resistance and excellent polishability. It is used within, among other fields, the medical and plastics industries for the manufacture of small and medium-sized tools for the production of PET bottles, for example.



Uddeholm's products have a longer life span = a reduced environmental footprint throughout their life cycle

Uddeholm's product quality means a longer life for the finished product, which brings environmental benefits in the longer term. The focus in product development is, and will remain, on ensuring a long product life.

Research and development are an important component in Uddeholm's long-term corporate strategy.

Development operations tend to focus on solutions in the fields of energy efficiency, mobility, cost reductions and raw materials, within both process and product development. Uddeholm's product quality means a longer life for the finished product, which brings environmental benefits in the longer term. As far as product development is concerned, we are continuing to focus on further extending the life of the product.

Innovations are necessary for a technology-driven company like Uddeholm, both for developing new products and production processes, and helping the company to stand out from the crowd and maintain its position in the market. The company's continuity is ensured through our innovations, continual development and ongoing improvement work.

By maintaining and expanding the company's technology leadership, and capitalising on synergy potentials and cost savings, research and development makes a significant contribution to the company's long-term success.

The field of research and development values and sustains open communication and excellent cooperation with both internal and external customers. Customers, suppliers, universities and research institutes are all folded into our research and development network.

Examples from 2020/21

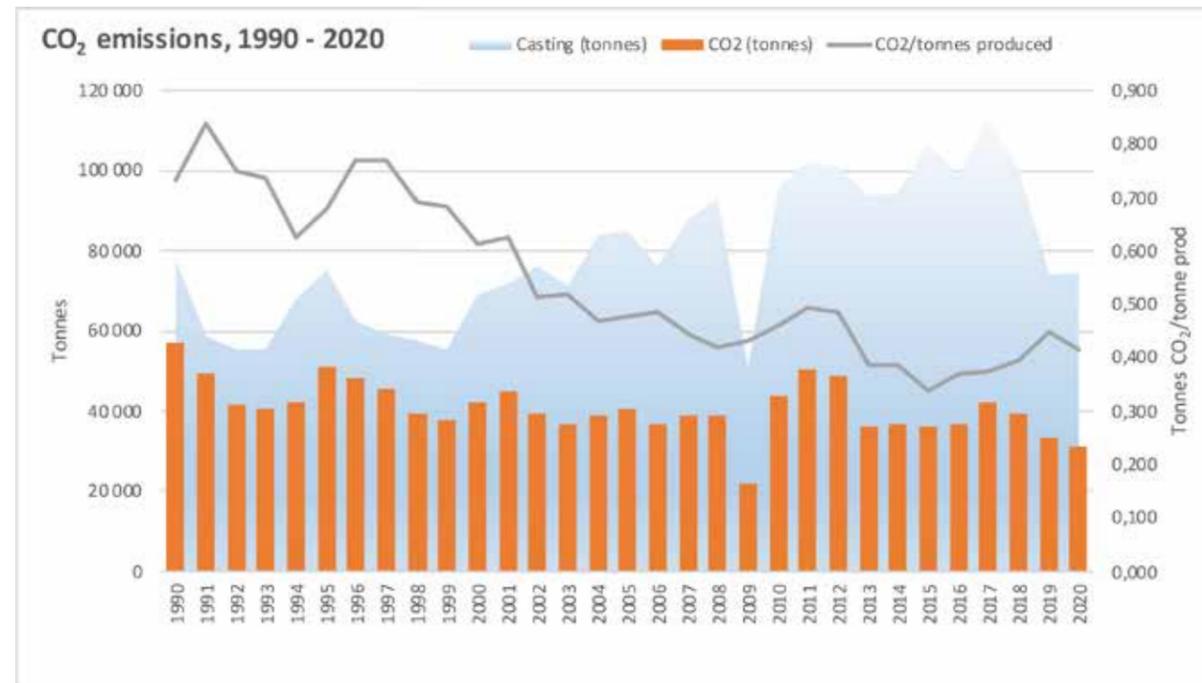
- The budget for research and development activities was SEK 61 million.
- Three new products were launched during the year. A new powder material for 3D laser deposition that is used to add, change and repair an existing tool, without having to produce a brand new one, which saves the customer energy and materials. A powder material for 3D printing of cold working tools, which provides the customer with a high material yield and reduces the need to keep rod material in stock. One of Uddeholm's classic ESR materials was upgraded to a higher level of quality, which has enabled its use in a growing number of customer applications.
- A number of national collaborative projects have been launched, concluded or are ongoing involving Swedish companies and university colleges within, for example, PM and AM. The voestalpine Group project focusing on additive manufacturing and involving 16 companies from 6 different countries was also concluded.
- Several external projects in partnership with Swedish universities and research institutes were launched during the year. Doctoral projects within AM in partnership with Chalmers, ASSAB and Central South University in China are ongoing.

Uddeholm's fossil CO₂ emissions

Uddeholm is a participant in the EU's Emissions Trading System (EU ETS) and has an excellent system in place for monitoring fossil sources. Approx. 93% of our CO₂ emissions are from gas (natural gas and LPG), with the remainder coming from raw materials at the steelworks. Natural gas is used in our 50 or so gas furnaces for heating and heat treatment. LPG is used to a lesser extent for ladle preheating, for example. If upgraded biogas were available at a realistic price and in the right volume, we could replace up to 90% of emissions from gas with green CO₂.

Internal transport is another important area that we have chosen to focus on but report separately, as it is not included in emissions trading and makes up around 2% of the operation's total fossil CO₂ emissions.

Uddeholm has already reduced its fossil CO₂ emissions by 46% since the base year 1990.



Definitions

Fossil-free energy is energy that does not add to the greenhouse effect. This includes both renewable energy and nuclear power, i.e. a broader concept than renewable. Nuclear power is a fossil-free energy source, but it is not renewable. Nuclear power is based on uranium, which is at present a commonly occurring element in nature. However, uranium will not be available forever, although its supply is expected to last another 50-100 years.

Renewable energy comes from sources that are constantly renewed naturally and will not run out, for example, wind power and solar energy, which are the opposite of depletable energy sources, such as oil and coal.

Green carbon dioxide (CO₂) is carbon dioxide that is produced during the combustion of biofuels. It is designated 'green' because it is part of the natural carbon cycle and thus does not add to the greenhouse effect.

Net-zero carbon emissions means the lowest possible emissions, where any emissions produced are offset by negative emissions or carbon sequestration. This makes the total emissions 'zero'. There is currently no standard definition. The Swedish target is called net-zero and is defined as an 85% reduction in domestic emissions, plus supplementary measures.

Facts

The EU's target is to achieve fossil freedom by 2050. Sweden's target is 2045. By 2045, Sweden should have zero net emissions of greenhouse gases into the atmosphere and thereafter achieve negative emissions. This target means that emissions of greenhouse gases from Swedish territory should be at least 85 per cent lower in 2045 than they were in 1990. Getting the remaining emissions down to zero may be achieved through so-called supplementary measures. To achieve this target, capture and storage of carbon dioxide of fossil origin may feature as a measure in the absence of reasonable alternatives.



A good deed – Sustainable IT

During 2020, Uddeholm made the decision to start sending unwanted IT products for reuse, which has both conserved our planet's resources and reduced emissions of greenhouse gases. At Uddeholm we endeavour to ensure the appropriate environmental management of IT equipment, including sorting, recycling and reuse.

Instead of our IT equipment being destroyed as waste, it is sent for reuse and sold on through IT retailers to schools or other companies, for instance. Items that cannot be reused because they are too old or are damaged are sent for recycling, with raw materials and metals being processed in the correct manner. Giving products a new lease of life and allowing them to be reused helps us to build a more sustainable society.

During 2020 we sent our unwanted IT products to Remade in Sweden for reuse, which has both conserved our planet's resources and reduced emissions of greenhouse gases.

17,200

Kilos of CO2 savings, which corresponds to:

40
Barrels of oil
burned

...Or...

90 530
Km by car

...Or...

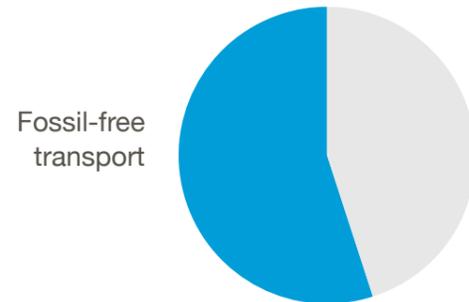
637
Kilos of beef



Towards fossil-free on-site transport

Over 50% of Uddeholm's internal transport operations are fossil-free

Forklifts and other transport vehicles used on-site play a key role in operations at Uddeholm. More than 50% of Uddeholm's internal transport operations are fossil-free and use fossil-free electricity or renewable fuel.



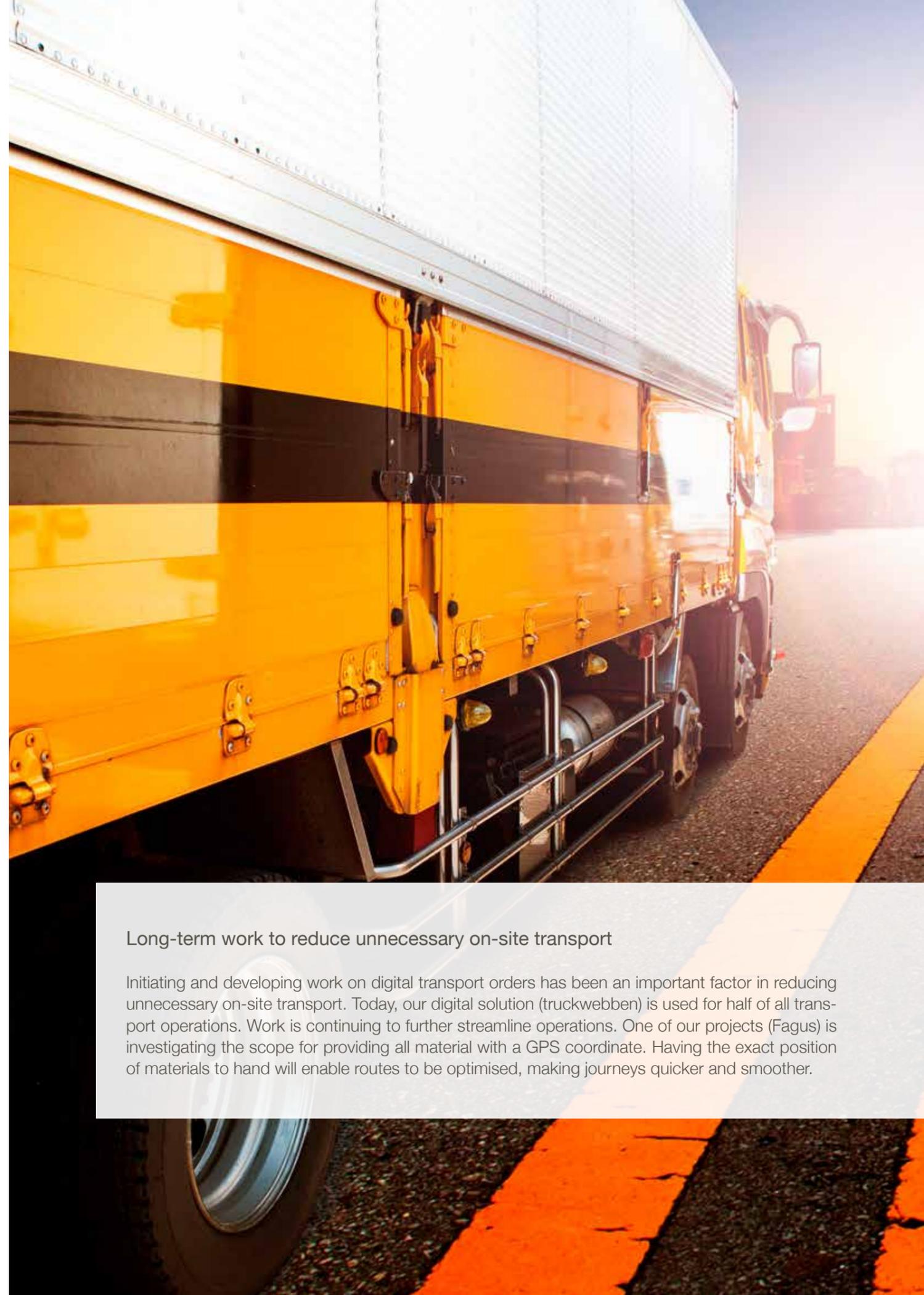
There are a total of 104 mobile vehicles, of which 66 run on diesel, with the remaining 38 being electric. The diesel that Uddeholm has purchased since 2018 contains 42% renewable content, being mixed with HVO100 and RME. CO₂ emissions from internal transport operations have thus fallen by 42%. A study is being conducted into how the renewable content can be further increased.

What are HVO100 and RME?

HVO100 is a renewable diesel that is based on waste products, primarily from the fish and meat industry. HVO stands for Hydrotreated Vegetable Oil. RME is a biodiesel based on plants (typically rapeseed).

Long-term work to reduce unnecessary on-site transport

Initiating and developing work on digital transport orders has been an important factor in reducing unnecessary on-site transport. Today, our digital solution (truckwebben) is used for half of all transport operations. Work is continuing to further streamline operations. One of our projects (Fagus) is investigating the scope for providing all material with a GPS coordinate. Having the exact position of materials to hand will enable routes to be optimised, making journeys quicker and smoother.





How are we reducing energy use and our carbon footprint?

By implementing annual energy efficiency projects corresponding to at least 4% of our energy use

Starting in the 2021/22 financial year, our ambition is to conduct annual energy efficiency projects corresponding to at least 4% of the operation's energy use, taking in all processes and all forms of energy. This focus on delivering an energy-efficient business is not a new idea, however. Uddeholm has previously established a group requirement for energy efficiency projects corresponding to 2% of total energy use, i.e. approx. 9 GWh annually. This is an ongoing target. The year after these projects are completed, there is a quarterly follow-up process that looks at the project and its results. The results of this are reported to the energy and environment coordinator at the special steel division at voestalpine. There is considerable focus on these issues within the division.

For 2020/21 the largest energy efficiency projects are linked to increased yields, reduced use of compressed air and furnace upgrades. The result for 2020/21 shows that we achieved our target of 9 GWh.

A number of parallel projects are ongoing in efforts to simultaneously reduce our fossil carbon footprint. For example, monitoring the availability and price of liquid biogas. We are ready to begin adding biogas to the existing energy system where natural gas is currently used. The addition of biogas is an important step in Uddeholm's strategy to achieve fossil-free energy use. The details of how and when this will happen will be discussed internally as part of a Climate and Energy Roadmap that is set to be produced in 2021.

Uddeholm is participating in a number of different research projects, e.g. the Swedish iron and steel producers' association Jernkontoret's project 'Inductive Heating of Blanks' (Elektrisk ämnesvärmning), approved by the Swedish Energy Agency. The project will report on the technical opportunities for the steel industry to replace fossil heating systems with electric heating. The topic of potential electrification of high-temperature furnaces is particularly interesting to Uddeholm. Internal studies are currently looking at the possibility of replacing gas furnaces with electric furnaces, and there are plans for electrification based on the feasibility of existing technology.

Optimised operation of our existing equipment is hugely important if we are to minimise emissions irrespective of fuel type. Current technology for heating and heat treatment furnaces is highly advanced, which is why Uddeholm has now further strengthened this area of its business by employing experts in furnace and burner technology.

Uddeholm's focus on the efficient use of resources

Our operation is based on a circular system of reuse, and along with high quality requirements for the finished products, this reduces the burden on the environment.

Circular economy

At Uddeholm we never stop looking for new ways to overcome the challenges now facing society. To do this, we have to work smarter – developing new products, services and business models – and identify sustainable solutions.

A circular economy is based on circularity, which involves optimising economic and environmental values, primarily by reusing materials, but also recycling them. Our entire operation is based on a circular system of reuse, in which we smelt scrap metal and create new products. Today the proportion of recycled material in our products is as much as 98%. Any metal atom that can be recycled in this way means we can avoid having to mine new ore. Iron-based scrap metal and alloys provide the raw materials for steel production at Uddeholm. The scrap metal is alloyed with various metals to achieve the correct composition. The scrap metal comes from rejected products as well as from residual products from output from the engineering industry. It may already contain some alloy substances, but these normally need to be supplemented with new metals, such as molybdenum, chromium, vanadium, nickel and manganese.

High proportion of recycled material in Uddeholm's products

Our products currently comprise more than 85% recycled material. Recycled input material helps us all to avoid virgin material, i.e. we are conserving the planet's natural resources.

How does Uddeholm calculate its recycled content?

To calculate the recycled content of our products, we first have to determine what counts as recycling. There are standards that we can refer to, but these are not always consistent and, in many cases, not sufficiently detailed to provide clear guidance. Like many other companies, Uddeholm has opted to include scrap metal, offcuts from other manufacturing industries, millings and recycled steel in these calculations. We also include material defined as 'home scrap' – which is Uddeholm's internal production waste from the steelworks. The alternative to this would be purchased prime material. It is predominantly alloys that tend not to be counted as recycled content.

Definitions within recycling

Pre-consumer is material that is left over from production; waste or material that has been produced but never used. Waste and by-products from various production processes, such as recycled steel, millings, process scrap from industry, roofing sheets, etc., which we use as raw material.

Post-consumer is made up of previously used material that has served its purpose and is now being recycled to create a new product. Recycling of used and spent products, during which material and energy are recovered.

Steel grade	Recycled content
Uddeholm Compax Supreme	97.8%
Uddeholm Impax Supreme	96.6%
Uddeholm Orvar 2M	95.9%
Uddeholm Bure	95.8%
Uddeholm Orvar Supreme	91.0%
Uddeholm Dievar	87.8%
Uddeholm Caldie	87.4%
Uddeholm Unimax	87.2%
Uddeholm Orvar Superior	86.8%
Uddeholm Mirrax 40	86.4%
Uddeholm Stavax ESR	86.4%
Uddeholm Vidar Superior	84.9%

We smelt scrap metal and recycled steel and create new products – but we also reuse any residual products.

Waste that is produced by the operation is sorted systematically. The operation also gives rise to a quantity of residual products, such as slag, dust, oxide scale and bricks. Uddeholm has worked hard to find sustainable solutions for these new 'products'. Today, none of these are sent to landfill but are reused as a raw material or construction material – and we are endeavouring to ensure that solutions that include recycling take precedence.

Slag is predominantly used by Hagfors Municipality as a construction material at its Holkesmossen landfill site – as final coverage, rather than purchasing virgin material. A research project was launched in 2003 under the auspices of Luleå University of Technology. In 2010, the research project was integrated into work at Uddeholm, but with continued monitoring by the university.

During 2020, there was increased collaboration within the voestalpine Group on these issues, with the aim being to optimise reuse and recycling and minimise landfill waste. Several companies within the voestalpine Group use the same suppliers, and greater cooperation between more companies also increases the chances of identifying better solutions and new methods.

Reducing the environmental footprint in the entire product ecocycle

Uddeholm is increasing its focus on reducing the environmental footprint in the entire product ecocycle:

- Our raw material purchasing takes place with regard to ethical and formal requirements, and we shall follow up on the materials' origins
- By 2025/26, we will have mapped the environmental impact of our 10 bestselling products from a life-cycle perspective
- Uddeholm's product quality means a longer life for the finished product, which brings environmental benefits in the longer term. The focus in product development is, and will remain, on ensuring a long product life.

Sustainable supply chain

Our raw material purchasing takes place with regard to ethical and formal requirements and we shall follow up on the materials' origins.

Procurement endeavours to safeguard the supply of goods and services in as sustainable a way of possible. Its two main objectives are to secure the supply to the business by minimising supply risks and to optimise the cost for purchased goods and services. A separate assessment is performed for key suppliers that focuses on quality, the environment and financial status.

All suppliers must study the Group's Code of Conduct to ensure compliance with legislation and the UN's Human Rights Conventions, pursue an anti-corruption policy, etc. As far as conflict minerals are concerned, we observe the requirements in accordance with the Dodd-Frank Act of 2010 and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. All in all, this means that we have a safe, cost-effective and sustainable supply chain.

Confining purchases to fewer suppliers makes for easier cooperation on sustainability, such as developing optimised delivery solutions and coordinating service with goods deliveries, thereby reducing the number of journeys required. The sustainability aspect of operations has figured prominently in discussions and negotiations with suppliers during the year, partly to increase awareness among suppliers of how important an issue this is, but also to ensure closer cooperation in work to find better solutions. Sorting of scrap metal and other residual products has been a focus area during the year and is a key factor in creating a circular economy, both for Uddeholm and our customers and suppliers.

Would you like to find out more?

More information can be found under Corporate responsibility (www.voestalpine.com/group/en/group/corporate-responsibility/), including policies for raw materials procurement for the Group, which apply to us as a subsidiary.

Examples from 2020/21

- Sustainability is now a significant topic in discussions with suppliers of energy, raw materials and additives with energy-intensive production. The aim is to challenge one another on what we can do together to reduce our global footprint.
- Entered into cooperation with a number of customers on re-purchasing spent tools for re-smelting.
- Optimisation of tyres for our internal fleet of forklifts to improve sustainability and environmental impact.
- When serving food at our own manor house, we tend to serve only Swedish wild-game meat that has been categorised as green and climate-smart by WWF. We also pick a lot of berries and mushrooms ourselves and buy seasonal ingredients.
- Increased requirements for suppliers to clean and sort waste at our sites in accordance with our internal instructions.

Stringent requirements for raw materials – Optimised raw materials of the right quality

It is incredibly important to know what raw materials contain when adding them to the electric arc furnace at the steelworks. In 2020/21 we have worked hard to ensure access to scrap metal and to develop sorting using various scrap metal grades based on origin and content. Our new steel grades come with stringent requirements for impurities, and this automatically gives rise to more stringent requirements for all the raw materials we use. Consequently, there is continuous dialogue with upstream partners to improve quality, logistics and sorting methods.





Uddeholm Manor House

Uddeholm Manor House is owned by Uddeholm and is situated in Uddeholm beside Lake Rådasjön. Construction began in 1814 and was completed in 1823. The new manor house (the third to be built on the site) was designed to be larger and more grand. With its 17-window-wide façade, Uddeholm Manor House was the largest building of its kind in Värmland.

Since 1952 the manor house has been used solely for hospitality. The company management often holds its meetings at the manor, with employees also being invited to a range of events there, including training courses, long-service awards and retirement parties.

A sustainable manor

Staff at the manor are keen to ensure it is a sustainable site. Some examples of their efforts include:

- Deliveries from food producers are transported in reusable crates
- Making use of fruit and berries from the manor's garden, as well as mushroom and berry picking
- Wherever possible purchasing seasonal ingredients with a focus on organic Swedish produce and using mainly Swedish wild-game meat (categorised as green and climate-smart by WWF)
- Not keeping too large a stock of cleaning products and reducing the number of products used
- Prioritising ecofriendly products, e.g. using baking powder to clean silver, soft soap and water as kitchen spray, and vinegar for descaling
- Using an electric lawnmower instead of a petrol one
- The manor's park is home to mature standing trees that provide an important habitat for insects

Environmental, Economic and Social Sustainability at Uddeholm

The concept of sustainable development aims to “meet the needs of the present without compromising the ability of future generations to meet their own needs”, which has its origins in the Brundtland Report from 1987 entitled ‘Our Common Future’.

There are three pillars (economic, social and environmental) to sustainable development that are mutually dependent on one another and which must be in balance if sustainable development is to be achieved.

Environmental sustainability is about protecting the environment and natural systems that have to be protected, maintained and not overexploited in the long term. In other words, it’s about resource conservation and providing for future generations. Environmental sustainability also encompasses anything having to do with the planet’s ecosystems. By this, we mean, among other things, water, air, land, ecosystem services and biodiversity.

Economic sustainability has two definitions. The first of these is economic sustainability that does not give rise to a negative impact on social and environmental sustainability. The second is economic sustainability with growth, which is considered sustainable as long as the total amount of capital increases. Increased economy may therefore be permitted at the expense of a reduction in other assets, such as natural resources and ecosystem services.

The **social sustainability pillar** largely has to do with well-being, fairness, empowerment, rights and the needs of the individual. Some of these can be quantified, while others are more qualitative. When combined, they cover the complete social dimension of sustainability.

The sustainability pillars are reflected in Uddeholm’s sub-strategies

- Environment** – Environmental strategy
- Economy** – Business, production and product strategies
- Social** – HR strategy

The UN’s Sustainable Development Goals and Uddeholm’s strategy work



The UN’s global goals have, through a materiality analysis, been whittled down to those goals that are most important to us.



Which goals are most important to Uddeholm?

Our six key target areas are:

- **No. 13 Limit climate change and work to end fossil dependence.** This is the UN goal that provides us with the greatest challenge.
- **Nos. 9 and 12 Sustainable industry, innovations and responsible consumption and production.** Two goals that identify the circular industry we are, but also incorporate a sustainable business strategy.
- **Nos. 3, 8 and 10 Health, well-being, working conditions, economic growth and reduced inequalities.** Three fundamental goals that focus on people

How do we interpret these goals?

Goal 13 Climate Action

- Uddeholm's most important environmental challenge – to strive, as an energy-intensive business, to end fossil dependence and find competitive energy sources that do not add to the greenhouse effect.

Goal 9 Sustainable industry, innovation and infrastructure

- Sustainable industry and promote innovation and Industry 4.0

Goal 12 Responsible consumption and production

- Achieving a sustainable society is something that we want to contribute to as a business – we recycle scrap metal and everything we do is part of a circular system of reuse. Our products currently comprise more than 85% recycled material! The focus of all our efforts is to do the right thing, thereby minimising our impact, conserving various resources and reducing our emissions.

Goal 3 Good health and well-being

- Everyone should be able to experience good health and well-being – as a company we must work to identify and combat ill health among our employees, and we must actively combat all forms of victimisation. We want to have a corporate culture where our employees look after one another and the company. Our employees are the key to our success.

Goal 8 Decent work and economic growth

- An objective of zero accidents is a matter of course for us. We want everyone to be able to return home from work in the same condition as they arrived at work. As far as working conditions and the work environment go, there is huge scope for influence and inclusion for all personnel at Uddeholm. For example, the opportunity to contribute to and influence both our current strategy work and our proactive work on the work environment.

Goal 10 Reduced inequalities

- An equal society is based on the principle of the equal value of all individuals, rights and opportunities irrespective of, for example, gender, ethnicity, religion, disability, age and other circumstances. Diversity wins.



Our value words provide the foundation for all our efforts: Trust, Respect, Customer Focus and Value Creation. These must sum up and permeate Uddeholm as an organisation and as a workplace. They must govern how we work, our priorities and the decisions we make.

SHAPING THE WORLD

Manufacturing solutions for generations to come

We are shaping the world together with the global manufacturing industry.
Now and for generations to come.