

SUSTAINABILITY

2021-2022

SUSTAINABILITY

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Sustainable development is a principle that seeks to satisfy fundamental human rights and opportunities for human development while maintaining the ability of natural systems to provide communities and people with natural resources and ecosystem services.



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Content

Sustainability report Uddeholm 2021/2022	4
Fossil-free production and climate neutrality	6
90% reduction in fossil CO ₂ emissions	8
100% of Uddeholm's cooling water is returned to the natural cycle	10
100% fossil-free electricity	12
Winner of the 2022 Sustainability Award	14
Vision & Strategy	16
The Uddeholm company	18
Environment	20
Uddeholm's fossil CO ₂ emissions from the manufacturing process	24
Areas of focus in the pursuit of climate neutrality	25
The pursuit of fossil-free transport	26
High share of recycled materials in Uddeholm's products	28
Uddeholm's focus on resource efficiency	29
Interview with Ola Ohlsson	31
Circular economy	32
Sustainable supply chain	35
Interview with Örjan Alm	36
Water use at Uddeholm	38
Energy use at Uddeholm	40
Our competitive advantage – fossil-free electricity	44
Uddeholm's significant environmental aspects	48
Climate change – prevention work	50
The employee	52
Uddeholm's values – the foundation on which the organisation rests	54
Long-term work for a sustainable workplace	56
Parental leave	58
Interview with Emma Mellgren – employee in the production ESR	60
200 different job roles at Uddeholm in Hagfors	63
Recruitment	64
Investment in skills – maintain and further develop	66
Safety at Uddeholm	68
Safe chemical handling	73
Risk work at Uddeholm	74
The Business	76
Uddeholm business policy	77
Compliance	79
Production	80
To ensure disturbance-free manufacturing in all our processes	81
The production system	81
Steel production in Sweden	82
Uddeholm's Climate Week – a reduction of CO ₂ by up to 90%	85
The product	86
Local collaboration and strong local roots	88
Appendix 1 Environmental, Economic and Social Sustainability at Uddeholm	90
Appendix 2 The UN's global goals	91
Appendix 3 The Paris Agreement, The Green Deal & Climate goals for Sweden	94

Sustainability report Uddeholm 2021/2022

Sustainability is not a new concept for us. Since the 1960s we've used an electric arc furnace in the smelting process at our steelworks. We have reduced our fossil CO₂ emissions by 46% since 1990. We are already using only 100% fossil-free electricity and our products are made from 84-98% recycled material. We are convinced that new technological innovations will play an important role in many of the global environmental challenges. Our experience, our expertise and our values will be the key to further development.

At Uddeholm, we have already started the journey to fossil-free production and climate neutrality. Our production system and location provide us with very well suited conditions for leading this development. By 2030 we will have fossil-free production and by 2040 the entire lifecycle of our products will be climate-neutral.

In 2021, we carried out a climate-neutral production week. During Uddeholm's Climate Neutral week, we replaced LNG (Liquefied Natural Gas) with fossil-free LBG (Liquefied Bio Gas). All internal transports also switched over to fossil-free electricity or 100% HVO100 (Biodiesel). These measures will lead to a significant reduction of up to 90% of our fossil CO₂ emissions. These are real changes. Changes that show that what might be considered impossible is actually possible. Not tomorrow, but today.

Over the year we carried out activities to strengthen our work environment, which should be safe and healthy. Our business must be conducted in a way where no one gets hurt at work and where we care about each other's safety. In addition, we work preventively with our physical and mental health. A health policy has been developed and is continually revised to meet the standards required for a sustainable and healthy work environment.

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

Uddeholm, June 2022

CEOs Johan Wiig and Pär Emanuelsson



This sustainability report is simplified and we will be referring to the Group's overall sustainability report.

FOSSIL-FREE PRODUCTION AND CLIMATE NEUTRALITY



Uddeholm has started the journey of manufacturing and delivering climate-neutral tool steel already. Our production system and location provide us with very well suited conditions for leading this development. We divide this goal into three steps:

1. Fossil-free production and a clearly reduced fossil footprint in our distribution by 2030
2. Climate-neutral value chain by 2035
3. Climate-neutral lifecycle by 2040



90% REDUCTION IN FOSSIL CO₂ EMISSIONS

Sustainability has long been an important key factor for Uddeholm. Years of research and development have put us at the forefront of sustainable tool steel manufacturing. Despite various challenges, it is now time for the next step. At the end of 2021, we carried out a week-long test, producing climate-neutral tool steel to show that the impossible is possible. The week resulted in a reduction of up to 90% of Uddeholm's fossil CO₂ emissions.

3 steps to achieving climate-neutral tool steel

Step 1 – Start with a solid foundation

Sustainability is not a new concept for us. Since the 1960s we've used an electric arc furnace in the smelting process at our steelworks. We have reduced our fossil CO₂ emissions by 46% since 1990. We are already using only 100% fossil-free electricity and our products are made from 84-98% recycled material.

Step 2 – Make real changes

Throughout Climate Neutral Week, we replaced LNG (Liquefied Natural Gas) with fossil-free LBG (Liquefied Bio Gas). All internal transports also switched over to fossil-free electricity or 100% HVO100 (Biodiesel). These measures will lead to a significant reduction of up to 90% of our fossil CO₂ emissions.

Step 3 – Climate compensation

The remaining 10% of our emissions consist of carbon in scrap metal, graphite electrodes and alloys used for the smelting process in the electric arc furnace (EAF). No fossil-free substitutes exist for these as yet. Therefore, this last 10% is compensated through certificates in accordance with the Gold Standard that meet the UN's sustainability goals.



100% OF UDDEHOLM'S COOLING WATER IS RETURNED TO THE NATURAL CYCLE

In 2021, Uddeholm borrowed 11 million cubic metres of water to cool our processes. Over 80% of the water is borrowed and returned, having had no direct contact with Uddeholm's production processes.

The remaining amount undergoes purification before being returned to Lake Värmullen. Before we return the water, we test it carefully. Over 30 water samples are taken every day. These are sent for analysis on a weekly basis and then matched against flow to verify both concentration levels and total amounts.



100%

FOSSIL-FREE ELECTRICITY

The types of energy used by Uddeholm today are electricity, LPG, natural gas and district heating. It is important to have a balance between the types of energy, something that is also taken into account in the forthcoming Climate and Energy Roadmap and the pursuit of fossil freedom. The electricity and most of the district heating today comes from fossil-free sources. The natural gas and the smaller amount of LPG are of fossil origin, which we strive to minimise, seeking to replace these completely over time.

The electricity mix delivered to Uddeholm is from Nordic power plants and is 100% fossil-free. About 55% of Uddeholm's energy use in 2021 consisted of electricity. Uddeholm's existing electricity mix consists of nuclear power (51.2%), hydropower (46.3%), wind and solar (2.5%). About 49% is renewable energy. Electricity without fossil origins is a unique advantage for Sweden/the Nordic countries.

WINNER OF THE 2022 SUSTAINABILITY AWARD

Uddeholm has received this year's Sustainability Award at the Schaeffler Supplier Day. The event took place at Schaeffler Headquarters with guests from over 50 suppliers. Furthermore, it has been live streamed to hundreds of participants worldwide.

"The sustainability factor played a central role in the further development of Uddeholm Steelworks. The investment and research is paying off and is - in our view - quite respectable: 100% of the electricity required in the steelworks already comes from fossil-free, Scandinavian electricity generation. Keep up the good work!"
Laudation Schaeffler

Max Odernheimer, Head of Strategic Marketing, Uddeholm Germany, received the award at the event.

Supplier Day 2022

Together towards
Climate Neutrality





Manufacturing solutions for generations to come
SHAPING THE WORLD

Vision & 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.

The vision reflects our goals and our values, and shows the way forward for us as an organisation. We at Uddeholm manufacture steel that shapes the products surrounding us in our everyday lives. We shape the world and we want to shape it in a sustainable way that is fair to both humanity and the environment. In this way, we can continue to shape the world, today and for future generations. The vision will communicate with us employees at Uddeholm, with our sales companies, our customers and also the rest of the world.

Uddeholm has a company-wide strategy that is broken down into five parts:

- Environmental strategy
- Employee strategy
- Business strategy
- Product strategy
- Production strategy

In the next step, these parts are broken down into strategic plans with activities set out for each part of the organisation, allowing them to contribute to Uddeholm's success in achieving the overall corporate strategy. The business, product and production strategies will only be presented in brief, given that in their entirety these would contain information that is not to be distributed outside of the company. Other strategies are presented in more detail.

The Uddeholm company

Uddeholm is a world leader in developing, manufacturing and marketing of high-quality tool steels for industrial tools. Millions of products are manufactured using the tools every year. Our end consumers are spread over most industries. Products such as cars, TVs, computers, mobile phones and white goods all have their origins in tool steel. More than 100,000 customers in over 90 countries buy tool steel from Uddeholm. Uddeholm's history is more than 350 years long. The business was established in Hagfors in 1878 thanks to a fortunate ecosystem: the availability of cold water from Uvån under its own pressure.

Since 2007, Uddeholm has been part of the internationally listed steel group voestalpine AG, headquartered in Linz, Austria, with approximately 50,000 employees. The Hagfors production facility employs 850 people.



Environment

The global environment is everyone's responsibility. We will do what we can to minimise our footprint within our generation. As such, our steel production and operations will have long-term climate-positive effects so that we do not affect our local environment in a negative way. We will take on our responsibility to drive the development of a more sustainable steel and manufacturing industry. Through our environmentally leading operations based on a circular re-use and sustainable lifecycle for our products, Uddeholm will be an obvious choice for the growing number of environmentally conscious customers.

84-98% RECYCLED MATERIALS



Uddeholm's products consist of up to 84-98% recycled materials

100% FOSSIL-FREE ELECTRICITY



Uddeholm's electricity mix comes from Nordic power plants with no fossil sources

50% FOSSIL-FREE TRANSPORT



Over 50% of Uddeholm's internal transport is fossil-free and consists of fossil-free electricity or renewable fuel

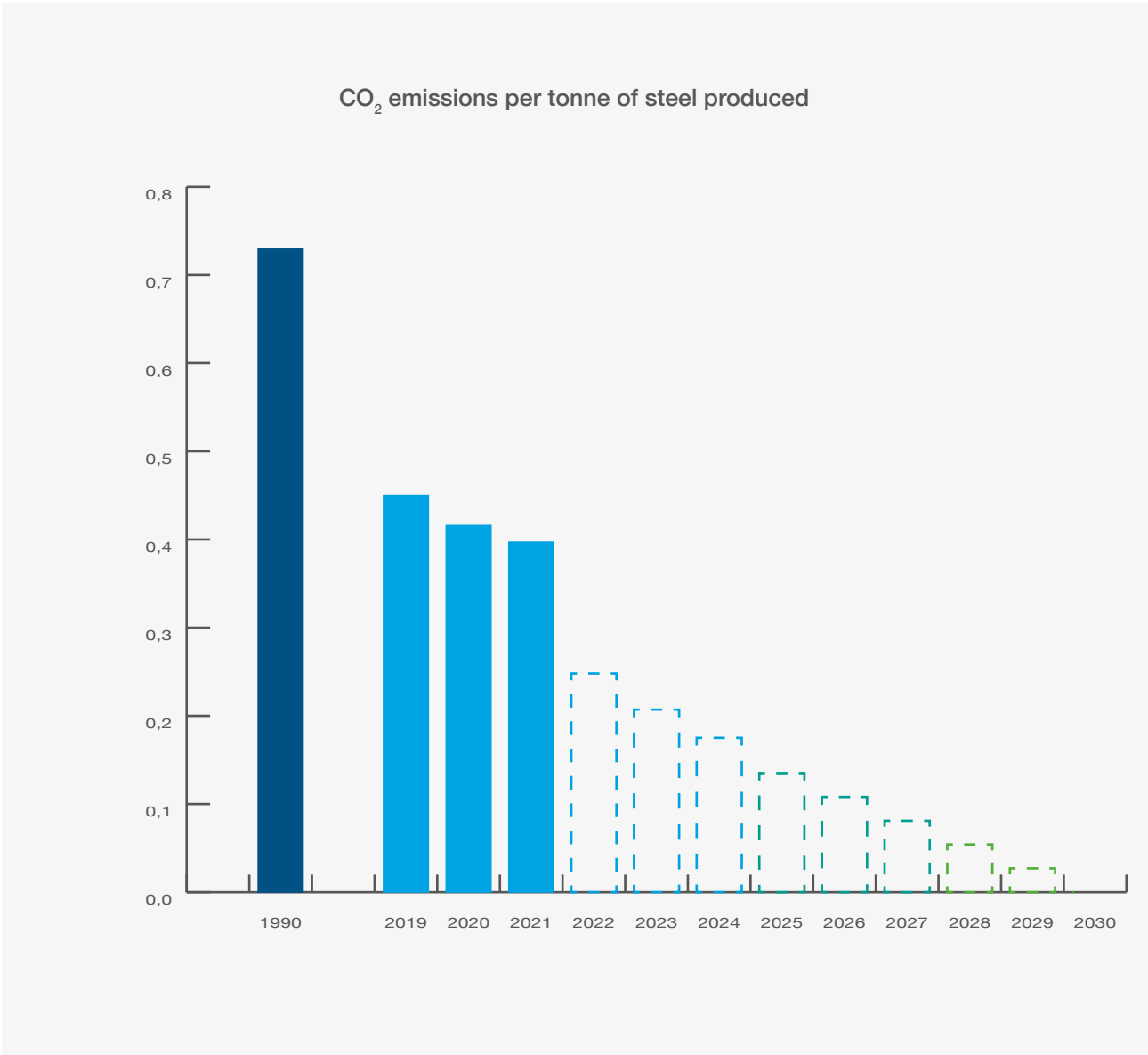
100% COOLING WATER RETURN



100% of Uddeholm's cooling water is returned to the natural cycle

At Uddeholm we have come a long way in sustainability, both economically, socially and environmentally. If we look, for example, at the environmental aspect, that journey began several decades ago. Uddeholm's arc furnace was commissioned in the early 1960s. A direct result of the arc furnace was that energy consumption decreased by 80%, calculated in kWh per tonne of steel produced, compared with ore-based production.

Uddeholm has worked for decades on a long-term plan to reduce fossil CO₂ emissions. Since the base year 1990, Uddeholm's fossil CO₂ emissions have decreased by more than 46%. But the journey does not stop there, even if it may be more challenging and demanding at this point, as Uddeholm today has low levels of fossil CO₂ emissions. Uddeholm will continue to work actively to reduce fossil emissions by 3,100 tonnes of CO₂ per year. By 2030, Uddeholm will be down to zero for fossil CO₂ emissions.



We will be the first in the world to manufacture a climate-neutral tool steel

We have already begun the journey towards producing a climate-neutral tool steel. Our production system and location provide us with very well suited conditions for leading the development of climate-neutral steel.

We divide this goal into three steps:

- Step 1: Fossil-free production and a clearly reduced fossil footprint in our distribution by 2030
- Step 2: Climate-neutral value chain by 2035
- Step 3: Climate-neutral lifecycle by 2040

By 2026/27, we will therefore:

- Every year, carry out energy efficiency projects corresponding to at least 3% of energy use, of which at least half come from fossil sources
- Reduce fossil emissions by 3,100 tonnes of CO₂ per year

On this journey it is important to be aware of the entire value chain, from raw material extraction to when a product comes to the end of its use and must be discarded. To help us in our work, we have chosen to call on the GHG protocol and its definitions for the parts of a lifecycle, as named in the scopes.

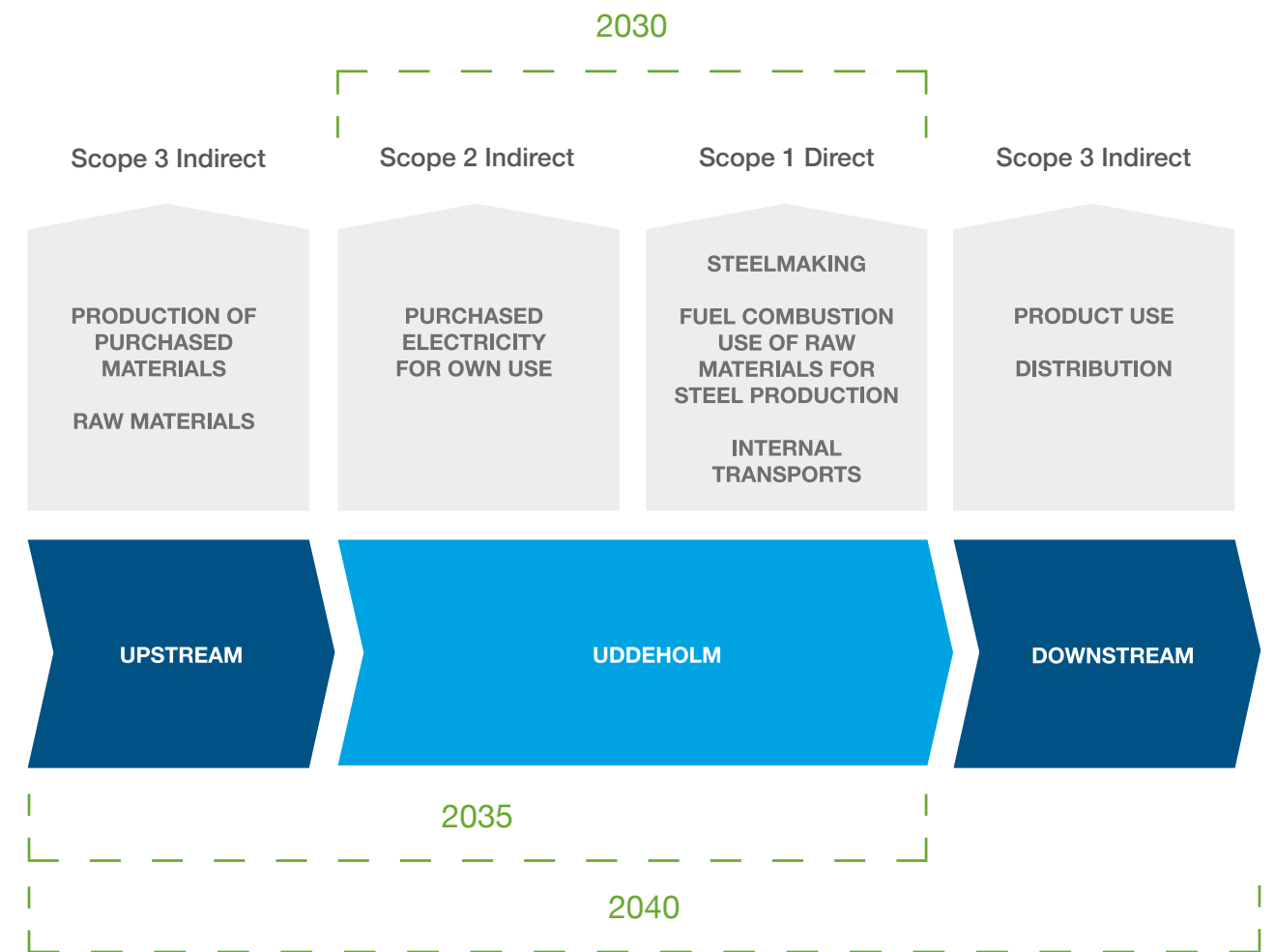
- Scope 1, which refers to direct emissions from the company's own facilities.
- Scope 2, which refers to emissions from purchased electricity and heat.
- Scope 3 covers indirect greenhouse gas emissions, in addition to purchased energy, that occur outside of the business's boundaries.

The greenhouse gas emissions in Scope 3 are divided into so-called upstream and downstream greenhouse gas emissions, depending on whether they occur before or after our own operations in the chain.

What does climate neutrality mean to us?

Climate-neutral means that no impact on the climate is caused, i.e. net-zero emissions. That there is a balance between carbon dioxide emissions and the absorption of carbon dioxide from the atmosphere into carbon dioxide sinks.

Definition through these scopes has been a baseline in our strategy work, but when we come to implementation measures, we choose not to follow the scopes as fixed steps but divide up the work in line with our ability to influence the outcome. Below are Uddeholm's steps towards climate-neutral production.



2030 – Fossil-free production and a clearly reduced fossil footprint in our distribution by 2030. From gate to gate.

Net zero CO₂ emissions at Uddeholm's facility in Hagfors (Scopes 1 & 2):

- Electrification and use of fossil-free fuel in business furnaces (e.g. biogas/hydrogen)
- Use of fossil-free coal in the Steelworks where possible
- Climate compensation for remaining fossil CO₂ emissions

2035 – Climate-neutral value chain by 2035. From cradle to gate.

Net zero CO₂ emissions from the purchase of raw materials until a finished product leaves the operations in Hagfors. (Scopes 1, 2 and downstream part of 3):

- Climate compensation for remaining fossil CO₂ emissions
- Increased demands on suppliers

2040 – Climate-neutral lifecycle by 2040. From cradle to grave/cradle.

- Net zero CO₂ climate footprint throughout the lifecycle from raw material to final product (scopes 1-3)

Uddeholm's fossil CO₂ emissions from the manufacturing process

Uddeholm has the advantage of using scrap as a raw material – CO₂ emissions from scrap-based steel production are less than one tenth of those generated in connection with iron ore-based steel production. In addition, the energy requirement is only one-fifth compared with ore-based steel production.

Achieving Uddeholm's high level of product quality, which provides longer service life and higher performance, requires more heating and heat treatment. This process involves the combustion of energy and accounts for about 94% of our CO₂ emissions. Natural gas and biogas are used in many of our furnaces for heating and heat treatment. LPG is used in smaller quantities in, for example, ladle preheating. The remaining 6% of Uddeholm's CO₂ emissions come from the consumption of raw materials in the steelworks.

Uddeholm is a participant in the EU's emissions trading (EU ETS) and has a good system for monitoring the business's CO₂ emissions.

CO₂ from Uddeholm's production, Scope 1-2

The types of energy that Uddeholm currently uses are mainly electricity and natural gas, and to a limited extent LPG and district heating for on-premises heating. For strategic reasons, Uddeholm has opted to use several types of energy as a basis for minimising risks linked to supply and price.

Natural gas currently generates the majority of Uddeholm's CO₂ emissions. If upgraded biogas were available at a realistic price and in the right volume we could replace 94% of direct emissions with green CO₂ as natural gas and biogas flow in the same energy system. Today, it is not realistic to have a full-scale transition but is an important activity and so we intend to increase the proportion of biogas. Electrifying furnaces is also an option as Uddeholm's electricity is CO₂ free.

When it comes to eliminating the proportion of CO₂ from raw materials, 6%, it is not as obvious. There are no alternatives today but several research projects are ongoing. We are active in this area – and it is so important that we focus at all stages on sustainable solutions, which then includes raw materials with good quality and functionality.

Internal transport accounts for about 2% of total fossil CO₂ for all operations in Hagfors. Today, these are over 50% fossil-free thanks to electric power via CO₂-free electricity and 42% blending of HVO100 (Biodiesel).

CO₂ emissions in a broader perspective, Scope 3

In Scope 3, the perspective is added upstream and downstream of the business. Here we benefit from the great work we have started with the lifecycle analyses carried out on our products. This then crystallises the most important areas to focus on first.

Areas of focus in the pursuit of climate neutrality

Uddeholm's main activities 21/22

-2,700 TONNES FOSSIL CO₂



Replacement projects and process control of furnaces resulted in a saving of 16 GWh – a reduction of 2,700 tonnes of fossil CO₂ emissions

-600 TONNES FOSSIL CO₂



A natural gas furnace converted to electricity, which led to a reduction of 600 tonnes of CO₂ and 1 tonne of NO_x (1% of NO_x emissions in 2020)

-1,044 TONNES FOSSIL CO₂



One week of production with Biogas, instead of Natural Gas, resulted in a reduction of 1044 tonnes of CO₂

REUSE OF WASTE PRODUCTS



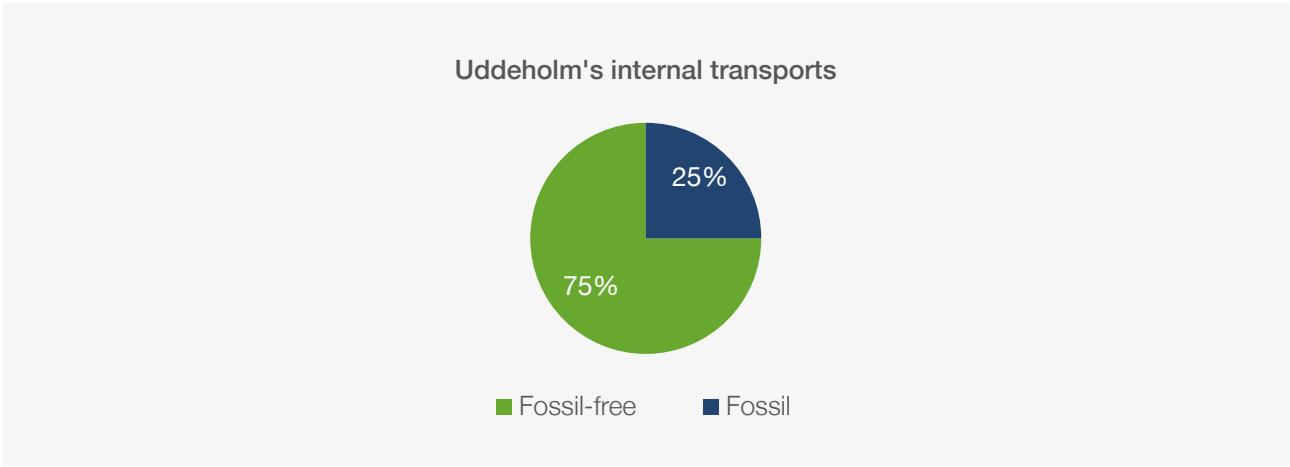
Today, none of Uddeholm's residual products go to landfill, but are reused as raw or construction materials

The pursuit of fossil-free transport

Internal transport

Internal transport is also an important part that we focus on, but report separately, as it is not included in emissions trading and also accounts for about 2% of total fossil CO₂ emissions for operations.

For Uddeholm, trucks and other transport vehicles within the plant are of great importance. Over 50% of Uddeholm's internal transports are fossil-free and consist of fossil-free electricity or renewable fuel.



There are a total of 152 driveable vehicles, of which 90 are powered by diesel and the remaining 62 by electricity. The diesel that Uddeholm buys, and has done since 2018, consists of a 42% renewable share by mixing HVO100 and RME. Emissions of CO₂ from internal transport have thus decreased by 42%. An investigation is underway regarding how mixing can be further increased.

External transport

Today, there are no obvious alternatives for heavier transports that are often required. In addition, the conditions for different types of fuel in the relevant regions that transports must pass through must be taken into account. Therefore, Uddeholm today has no formal requirements regarding transport, but is monitoring developments before the forthcoming requirements. What is important for us today is that we have a dialogue and that we see that the other parties are committed and serious about the transition work.



High share of recycled materials in Uddeholm's products

Uddeholm's products consist of up to 84-98% recycled materials. Recycled materials help us all to avoid virgin materials, that is, we manage the Earth's natural resources.

How does Uddeholm calculate the recycled share?

Calculating what share is recycled share in our products involves first ensuring what counts as recycling. There are standards to call on but they are not entirely consistent and in many cases not detailed enough to provide clear guidance.

Like many others, Uddeholm has chosen to include purchased scrap, i.e. cut-off scrap from other producing industries, chips and recycled steel. We also choose to include what is defined as falling scrap or Homescrap – which Uddeholm counts as waste up to and including finished ingot in the steelworks, as it would otherwise involve the purchase of raw materials. Percentages that are not counted as recycled are mainly alloys.

Examples of the recycled share in some of our products:

Steel grade	Recycled content
Uddeholm Orvar 2M	97.5%
Uddeholm Impax Supreme	94.6%
Uddeholm Compax Supreme	94.4%
Uddeholm Orvar Supreme	90.9%
Uddeholm Orvar Superior	90.7%
Uddeholm Sleipner	90.3%
Uddeholm Mirrax 40	84.7%
Uddeholm Corrax	84.5%
Uddeholm Stavax ESR	84.3%

Uddeholm's focus on resource efficiency

Our business is based on a circular recovery and this, together with high quality requirements for the finished products, reduces the burden on the environment. The scrap we recycle must be of a high class – and clean. It should be well sorted to ensure the best yield of distinct metals.

The circular economy is based on circular cycles, which means that economic and environmental values are optimised by primarily reusing materials, and secondly recycling them. Our entire business is built on a circular recovery as we melt scrap and create new products. Every metal atom that can be recycled in this way means that new ones do not have to be dug up from Mother Earth.

Residual products become new products

Waste that arises in the business is sorted systematically. The business also produces a number of residual products such as slag, dust, clean embers and bricks. Uddeholm has worked intensively to find sustainable solutions for these new "products". Our largest residual product fraction is slag. This is divided into different categories depending on its characteristics. We use a fraction ourselves as slag formers in the arc furnace, but mainly the slag is used by Hagfors municipality for construction material at the Holkesmossen landfill – for the final covering, instead of buying virgin material. This was started as a research project in 2003 under the control of the Luleå University of Technology. In 2010, the research project turned into regular work, however with continued monitoring by the Luleå University of Technology. A fine example of Industrial Symbiosis.

Industrial symbiosis is a way of collaborating, where companies in innovative collaborations can find opportunities to use waste from one party as a raw material for others. The word "symbiosis" is usually associated with relationships in nature where two or more species mutually benefit from exchanging materials, energy or information. Industrial symbiosis can reduce the need for both raw materials and waste management and thereby close recycling loops – a fundamental element of the circular economy and a driving force for green growth and environmentally innovative solutions. It can also reduce emissions, reduce energy consumption and create new revenue streams.

In 2021 we also started a partnership with Sunne municipality, which needs grey slag as road construction/ construction material at its municipal landfill.

Definitions in recycling, pre- and post consumer recycling

Pre-consumer refers to materials that are left over in production, waste or materials that have been produced but never built in. Waste and by-products come from various manufacturing processes and are, for example, recycled steel, chips, falling scrap from industry and roofing sheets, which we use as raw materials.

Post-consumer consists of previously used materials that had a function and are now recycled into a new product. Used and then end of life products are recycled, which are then recycled into materials or energy. Classic residual products that are reused in production are embers and ESR slag.



Interview with Ola Ohlsson

Today, none of our residual products go to landfill but are reused as raw or construction materials – and we continually strive for new solutions which means that recycling comes first. A lot of work has been done here since 2021. Materials that were previously used for backfilling/construction have begun to be mapped out with the aim of increasing the proportion that goes specifically to recycling. The work will continue throughout 2022. In the first half of 2022, Uddeholm had the assistance of a Master's student in Applied Climate Strategy, Ola Ohlsson, from Lund University.



Why did you want to do your Master's thesis at Uddeholm?

"I have long had a keen interest in heavy industry, especially considering my background at CEMENTA. At the same time, I am very concerned about nature and environmental issues, and in step with ever increasing awareness, I understand the challenges that companies face. More often than not, I think that the level of conversation about environmental issues revolves around who should take responsibility, and most often that role lands on industry. In this respect, I think it is good to make demands, but at the same time you have to facilitate transition. Sweden is at the forefront in many areas, something I want us to continue to do, and with what I have learned about Uddeholm AB and the industry as a whole, I think I see the ambition required to lead by example."

What is Uddeholm's advantage?

"My experience has been that there is high competence and professional pride among the staff at Uddeholm, something I have learned to never take for granted. In my opinion therefore, Uddeholm's main advantage is by far its staff and the commitment they have to lead by example."

What is Uddeholm's Challenge?

"Being on top does not necessarily mean doing the most. It's also about working smarter, even if it's easy to relax and think you're doing enough. I don't think anyone should forget that there are always people behind every action and decision. The work of achieving a circular economy and sustainable industry is not achieved until you can show that you have allocated 100% of your residual products and waste. I think the challenge therefore lies in keeping the flame burning, being proud of one's successes, while at the same time constantly looking ahead."

Circular economy

A circular economy is the exact opposite of a linear one. Instead of manufacturing, buying and disposing of things, everything that has been manufactured is used for as long as possible. When things are finally finished with, they are reused and recycled as much as possible over and over again. The circular economy is based on circular cycles, which means that economic and environmental values are optimised, by primarily reusing materials and secondarily recycling them.

Humans have been extracting and processing metals for around 9000 years. In steel production, iron ore is processed through a so called refining process. Cold oxygen is blown against heated pig iron to get rid of carbon and pollutants and make the steel durable. Metals are durable, malleable and have conductivity. The metal humans have known the longest is gold. Another metal is copper, which was previously used for axes and is now available in e.g. power cables. Today, steel is the most important metal product both technically and industrially. Iron is an element and steel is an alloy (mixture) of iron and carbon. Iron's properties are determined by how much carbon it contains. Iron with a lower carbon content is malleable, while iron with a higher carbon content that cannot be forged is called crude iron, pig iron or cast iron. If the carbon content exceeds 0.4%, the steel is hardenable. Hardening is a method that makes the steel harder.

One of the most important innovations in medieval iron production was the blast furnace, which was a more efficient method of extracting iron from ore. There have been several methods for refining, the process by which the carbon content of the iron is reduced so that it becomes malleable.

Iron and steel are society's most recycled and recirculated construction materials. They can be recycled and reused again and again. Steel is part of a cycle where almost everything can be recycled. In scrap-based manufacturing scrap that has been scrapped at an earlier stage is reused. About a third of the world's steel production is based on recycling and scrap-based processes. To melt scrap steel, arc furnaces are mainly used, which requires electrical energy. The specific energy use, i.e. calculated in kWh per tonne of steel produced, with scrap as a raw material, is only one-fifth in comparison to ore-based steel production.

What do Uddeholm's products consist of?

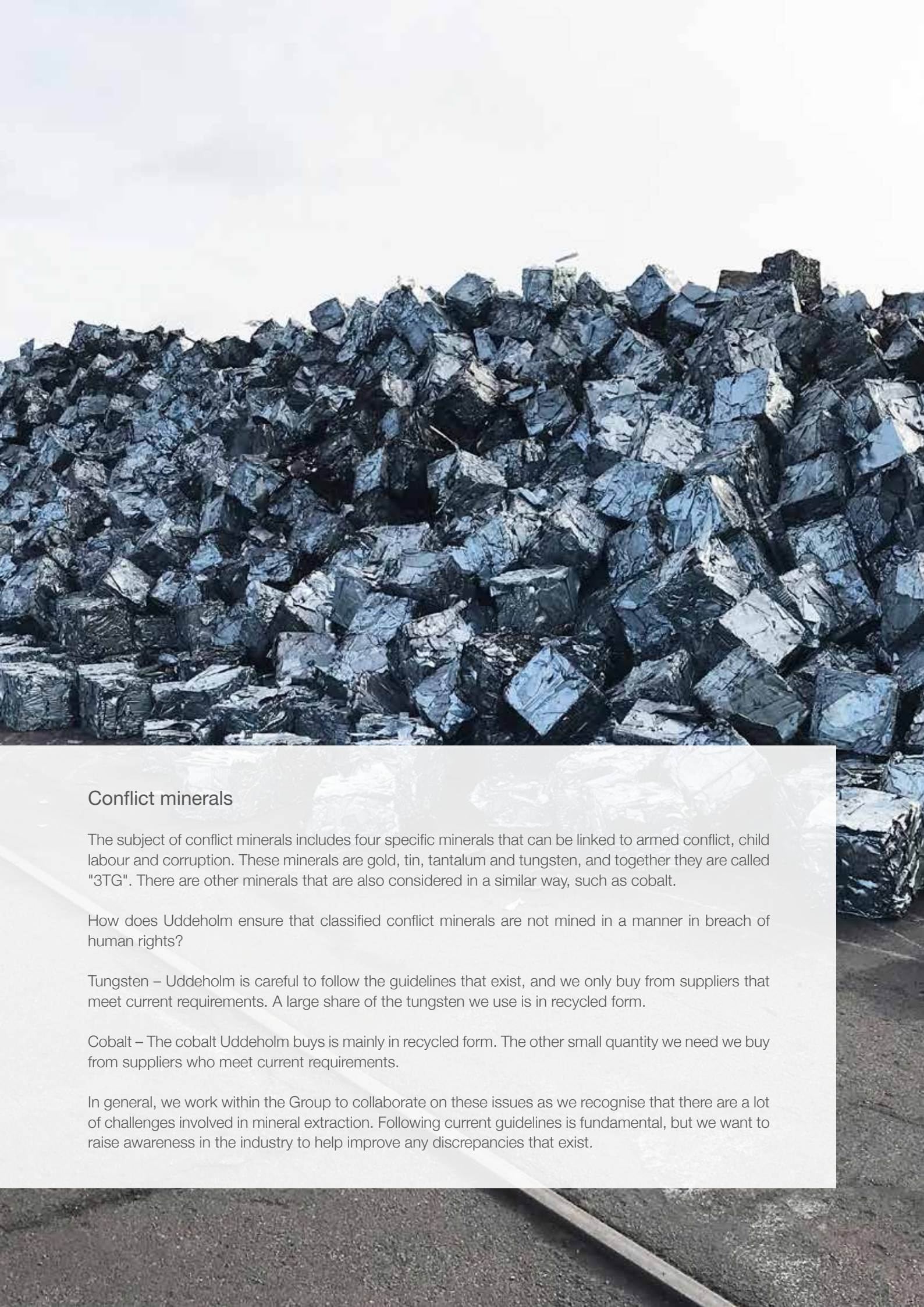
Iron-based scrap and alloying substances in the form of various metals are the raw materials in Uddeholm's steel production. In manufacturing, scrap and own falling scrap is reused at over 80%. Alloys are added depending on the product to be manufactured, as well as slag formers which form the residual product slag containing undesirable elements, to increase purity. The scrap is alloyed with different metals to obtain the right composition. The scrap comes partly from discarded products, and partly residual products from new production in the engineering industry. The scrap may contain some alloying elements, but normally it needs supplementing with newly produced metals such as molybdenum, chromium, vanadium, nickel and manganese.

Uddeholm melts recycled scrap in an electric arc furnace and adds alloying elements depending on which product is to be manufactured. Scrap consists of different scrap fractions that can mainly be divided into alloyed and unalloyed scrap. Purchased scrap is of high quality as part of Uddeholm's product strategy. Environmentally, these requirements provide great benefits as impurities and undesirable elements are minimised both for the end product and in emissions and residual products.

Own scrap originates from falling materials in the manufacturing process. It can, for example, involve cutting waste from finishing, lathes or milling chips, box clips or materials that must be scrapped due to errors in production. This means that parts of the product, over different events, reduce in volume through cutting, grinding, milling or at some point even go directly to scrap to ensure that what is delivered maintains the right quality. Everything that is, for example, cut or milled away, recycled and remelted.

The challenge internally is to maintain the ambitious scrap sorting process to optimise content and to reduce alloy additions in later stages. The challenge outside the gates is to have scrap delivered in the required scrap fractions and to boost the financial picture with continued uptake of Uddeholm's steel worldwide.





Conflict minerals

The subject of conflict minerals includes four specific minerals that can be linked to armed conflict, child labour and corruption. These minerals are gold, tin, tantalum and tungsten, and together they are called "3TG". There are other minerals that are also considered in a similar way, such as cobalt.

How does Uddeholm ensure that classified conflict minerals are not mined in a manner in breach of human rights?

Tungsten – Uddeholm is careful to follow the guidelines that exist, and we only buy from suppliers that meet current requirements. A large share of the tungsten we use is in recycled form.

Cobalt – The cobalt Uddeholm buys is mainly in recycled form. The other small quantity we need we buy from suppliers who meet current requirements.

In general, we work within the Group to collaborate on these issues as we recognise that there are a lot of challenges involved in mineral extraction. Following current guidelines is fundamental, but we want to raise awareness in the industry to help improve any discrepancies that exist.

Sustainable supply chain

The raw materials included in the steel we manufacture are important from a sustainability point of view. We are aware that this is a complex area, and we have strong ambitions that will be further raised over the coming years. On the one hand, the impact from these suppliers is great in the lifecycle analyses we carry out when it comes to climate impact, and on the other hand, the social aspects are central based on the fact that these materials originate from many various parts of the world.

The quality of the raw materials and their prices have historically been important purchasing aspects. Later, social and human aspects became more important; is there a risk of child labour and difficult working conditions? Today, this is supplemented with a climate aspect that presents a major challenge as the mining and refining of alloying substances often takes place in countries with fossil-based energy systems. We are actively seeking sustainable purchasing and collaborate with various stakeholders to map and develop our suppliers based on various sustainability criteria. We do this so that we can feel confident that our raw materials are truly sustainable from all points of view, and that our customers will be able to feel the same way. We recognise that our entire society has major challenges ahead of it in this regard, and we want to be at the forefront of this development. To be resource efficient, we strive to use as many alloys as possible in recycled form to avoid mining new virgin materials.

For the purchase of scrap, guidelines for deliveries set up by a number of suppliers and users of steel and cast iron scrap are followed from the Scrap Book: Provisions for the delivery and classification of steel scrap and cast iron scrap.

The handbook is a compilation of the requirements and rules that steelworks and the scrap industry have jointly developed for deliveries of different scrap classes to Swedish steelworks. It can be seen as a Swedish national standard for classifying scrap. It offers, among other things, delivery regulations, classification of different types of scrap and which types of contaminants in scrap are not acceptable. The Scrap Book has been adopted by Uddeholm as well as most other steel industries in Sweden. Laws and regulations issued by, for example, the Swedish Work Environment Authority (AV) and the Swedish Radiation Protection Institute (SSI) must always be taken into account, regardless of what is stipulated in the Scrap Book.

All suppliers adhere to the Group's Code of Conduct so as to comply with legislation and UN conventions for human rights, combatting corruption, etc. With regard to conflict minerals, we meet the requirements in accordance with the Dodd Frank Act of 2010 and OECD due diligence guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

We demand that all products and raw materials delivered to us are free from radioactivity. This is ensured by contracts and certificates and by all transports undergoing radioactivity checks before the material is unloaded. In addition to this, radioactivity checks are also carried out on melt, slag, flue gases and dust in the steelworks. See excerpts from the Scrap Book:

All in all, this means that we have a secure, cost-effective and sustainable supply chain.

Do you want to read more?

Under Corporate responsibility (Corporate Responsibility – voestalpine) there is, for example, a policy for the procurement of raw materials for the Group, which we as subsidiaries are covered by.

Interview with Örjan Alm

Örjan is Purchasing Manager at Uddeholm and from 2022 is working on Sustainable Sourcing Manager with one leg in voestalpine's HPM division and also Sustainable Sourcing Manager in voestalpine's High Performance Metals division, the division to which Uddeholm belongs. The background to the new role is that the division management is aiming for close cooperation between the respective division companies with a focus on green transition and sustainability. Örjan's role involves the coordination of, among other things, the following areas:



- Scope 3 (upstream) – Suppliers' climate impact in the lifecycle of our products
- Circular economy – Seek opportunities for increased reuse together with customers/scrap stakeholders
- ESG (Environmental and Social Governance). Sustainability aspects in addition to financial metrics/accounting

Örjan, you have extensive experience at Uddeholm and in our purchasing organisation – started over 20 years ago. You are also part of Uddeholm's Sustainability Group. How do you see your new area of focus?

“This is basically an extremely relevant and necessary area for us in order to cope with the transitions required to be able to reduce negative climate impact. This requires collaborations with group companies, suppliers, customers and the authorities. If we do not succeed in this, it will be difficult to achieve the financial goals we have set. All of these aspects make it very inspiring to take on these tasks.”

Physical biogas is not available in the amounts we need – how can we still be part of the green transition?

“Today, biogas is not physically available in Sweden in the amounts we want. There are large quantities of raw materials, but the processing capacity for bioproducts is still limited. In order to still switch to green gas, it is possible to buy biogas produced for use in Sweden via, for example, certificates. All biogas purchased holds ISCC certificates, regardless of its origin. The certificates guarantee traceability throughout the supply chain and thus that the biogas Uddeholm buys meets origin requirements and is not double-counted (where the same volume is sold several times).”

The ISCC (International Sustainability & Carbon Certification) is a voluntary certification of sustainable bioenergy and a guarantee that the raw materials from which the biogas is produced have been processed in a sustainable manner and, among other things, do not contribute to the eradication of forests and biodiversity in accordance with RED (the EU's Renewable Energy Directive). The supply chain also helps to reduce carbon dioxide emissions in favour of the climate.

The ISCC certification includes, among other things:

- Application of criteria for social and ecological sustainability
- Monitoring of supply chains that are free from deforestation
- Avoidance of conversion of grasslands with biodiversity
- Calculation and reduction of greenhouse gas emissions
- Establishing traceability in global supply chains
- Working conditions
- Responsible relationships with society





Water use at Uddeholm

Over time, Uddeholm's environmental work has mainly focused on our own environmental impact on air, land, water, etc. – not on our dependence on the ecosystem itself and its services. The company's dependence on, for example, the water ecosystem services has been taken for granted. Access and proximity to water was once one of the basic preconditions for our establishment at Hagfors. It's water that we get with free fall, which is cold water that does not need to be cooled before use and is of good quality.

In 2021, Uddeholm borrowed 11 million cubic metres of water to cool our processes. Over 80% of the water is borrowed and returned, having had no direct contact with Uddeholm's production processes. The remaining amount undergoes purification before being returned to Lake Värmullen. Before we return the water, we test it carefully. Over 30 water samples are taken every day. These are sent for analysis on a weekly basis and then matched against flow to verify both concentration levels and total amounts.

In 2012, a Master's thesis was carried out by a student from the Stockholm Resilience Center, an ecosystem analysis at Uddeholm. We could see that water is used to a far greater extent than was known to most people.

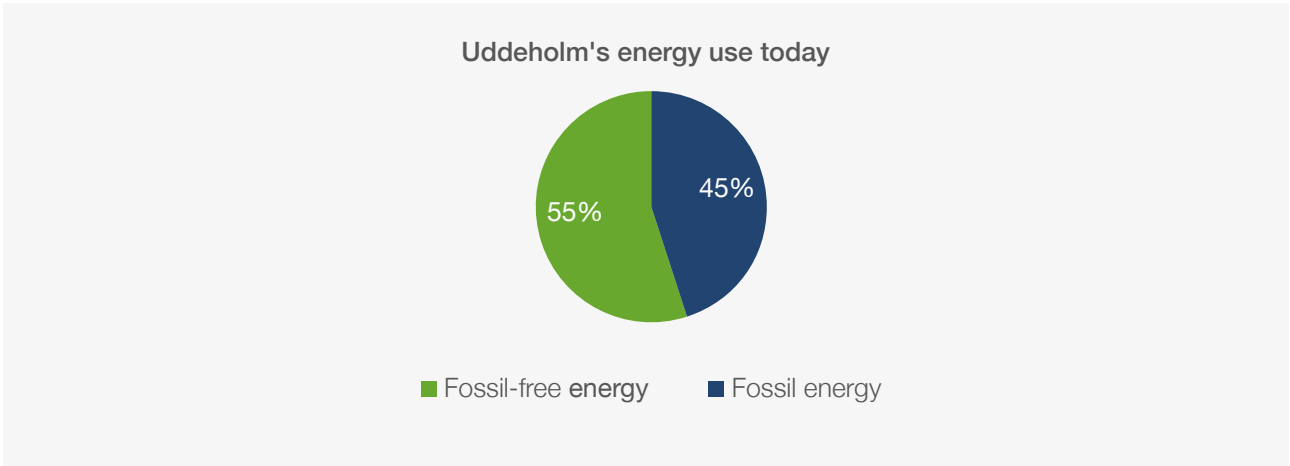
It is well known that we cool large furnaces and mechanical equipment, but also several smaller analytical instruments in research. As a result, we gained a systems perspective on environmental work with a new type of risk analysis. We therefore always try to bring a dependency perspective into our environmental discussions, also when it comes to stakeholder perspectives. This is to be able to protect what we depend on – not just focus on reducing our impact in general.

Collaboration with Hagfors municipality, Klarälvens Vattenråd and Uddeholm

When it comes to water, we have worked jointly for many years to map out the health of Lake Värmullen. The lake was strongly affected in the mid-1970s by industry and urban wastewater. Today we can state that the lake is doing well and that the fish are edible, but we still want to continue working to reach an even higher status. Several projects are underway, for example throughout the year we have continued to map the input from pollutants via stormwater (surface water) both within Uddeholm but also in the urban area.

Energy use at Uddeholm

A reduced climate footprint and smart energy use go hand in hand. A high level of awareness regarding energy use, influencing factors and resource-efficient energy use is and will continue to be a matter of course. To link these areas, in 2021/22 a Climate and Energy Strategy is being drawn up for Uddeholm, in which the company's contribution and way forward towards Sweden's climate goals for 2045 will be clarified.



Energy is needed to melt scrap metal and create new products that have a long service life

In the process of manufacturing and processing tool steel, significant amounts of energy are required to be able to reach the end product's quality requirements. Uddeholm's operations are energy-intensive and include most heavy industrial processes such as scrap smelting in an arc furnace, remelting in ESR furnaces, forging, rolling, heat treatment and machining. Uddeholm is covered by the Act (2014:266) on energy mapping in large companies.

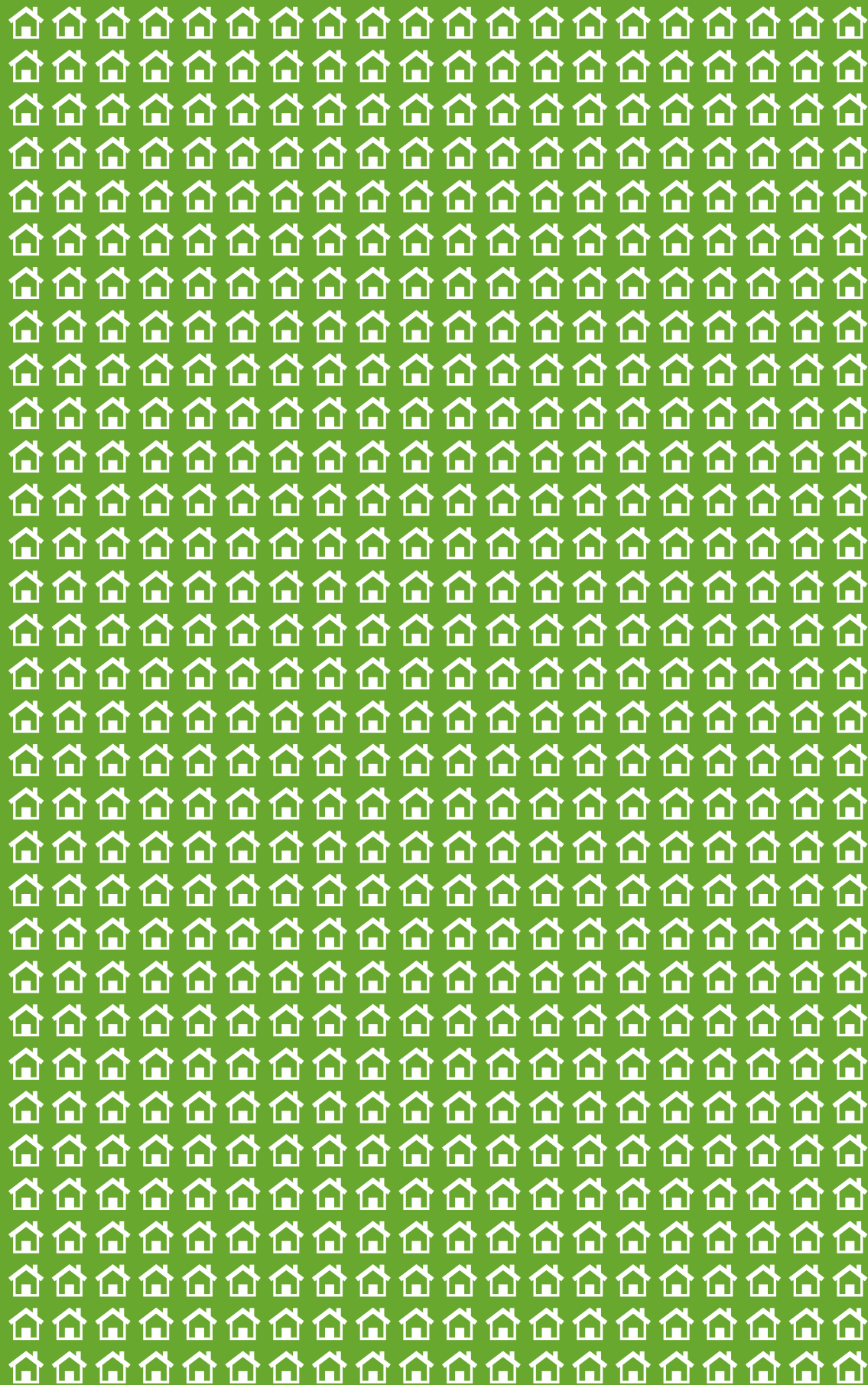
Focused work on reducing energy use and transitioning to fossil-free manufacturing

Over the next 5 years, the company, as part of our long-term effort to achieve fossil-free production and distribution of our products by 2030, will also reduce fossil emissions by 3100 tonnes of fossil CO₂ annually. A climate and energy roadmap that will take us to the 2030 goal is being developed and many activities are already being implemented. To reduce energy use and switch to climate-neutral production, Uddeholm works in line with three main tracks: electrification, conversion and efficiency.

Electrification

Electrification of natural gas furnaces is the best option in cases where it is technically possible, as it provides the best efficiency levels. Over the year the company's first furnace was converted from natural gas to electricity in line with Uddeholm's plan for electrification. We see ourselves as a natural party in work to improve the situation of the Swedish electricity grid, which is heavily loaded. We do this by being a participant in the frequency control market, which is a prerequisite for Sweden as a country, to be able to electrify to the extent planned. We have begun the work of expanding the capacity of electric power to the plant together with the regional grid owner.





Conversion

Uddeholm was the first steel industry in Scandinavia to convert from oil and propane to liquefied natural gas, which enabled the use of upgraded biogas (vehicle gas). The natural gas delivered to the plant comes in liquid form from Norway and is gasified directly on site at Uddeholm. In 2018, we opted for a higher cost and for two days' test driving the entire furnace fleet on biogas to show that we have the conditions right.

However, the process of upgrading biogas to directly replace natural gas is costly. In order for the industry to achieve fossil-free production, alternatives are required where the cost of renewable fuels is lower, for competitiveness to be maintained. In this context, we try to secure future energy supply by working along several different tracks; electricity, natural gas, biogas and possibly hydrogen.

Efficiency

Over the past three years, Uddeholm has developed a challenging strategic plan to reduce our energy consumption and climate impact. The company aims to carry out annual energy saving projects to generate reductions of up to at least 3% of energy consumption over a selected reference year. At least 50% of the reductions should be from fossil fuels.

There is ongoing work to map energy and identify any losses in the business to better support the organisation with activity proposals. This is also an important aspect when purchasing equipment and something to take into account when investing. But it is also important to take care of the equipment we have and, in working towards optimal operating conditions, we also work towards operations that are as energy-efficient as possible. Replacements are also a very influential factor in production – reducing waste and doing the right thing the first time is important to us.

In 2021/22, energy saving projects were implemented that provide savings of over 16 GWh of energy and 2700 tonnes of CO₂. The biggest savings come from replacement projects and oven process controls.

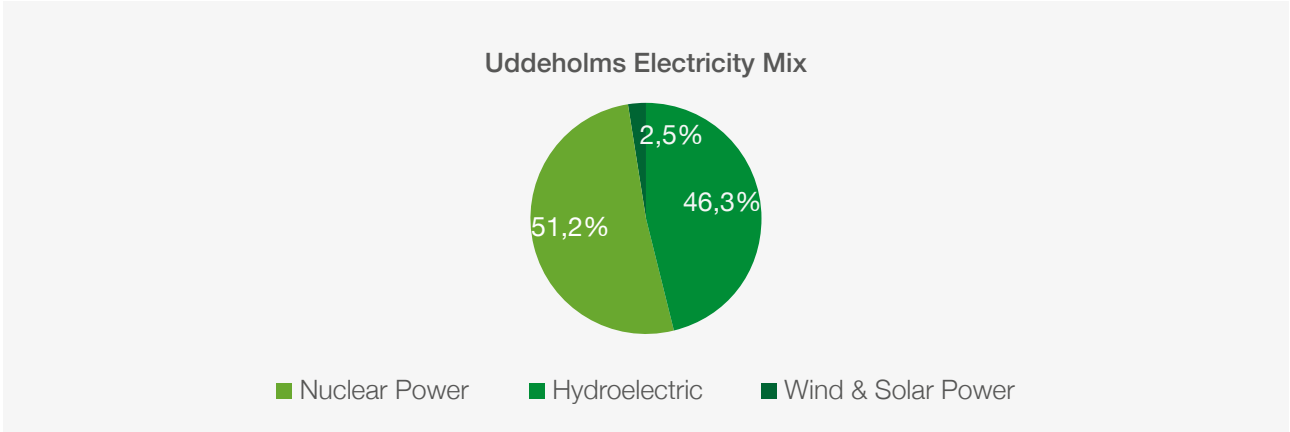
In 2021/22, energy saving projects corresponding to 16 GWh were implemented – but how much is this really?

1 GWh is 1,000,000 kWh. It is the same as the energy content of 100 cubic metres of fuel oil 1. Or the heating of 40 homes with direct-acting electricity! So 16 GWh corresponds to the heating of 640 homes with direct-acting electricity. This corresponds to heating half of all homes in the Hagfors urban area!

Our competitive advantage – fossil-free electricity

The types of energy used today are electricity, LPG, natural gas and district heating. It is important to have a balance between the types of energy, something that is also taken into account in the forthcoming Climate and Energy Roadmap and the pursuit of fossil freedom. The electricity and most of the district heating today comes from fossil-free sources. The natural gas and the smaller amount of LPG are of fossil origin, which we strive to minimise, seeking to replace these completely over time.

The fossil-free electricity mix delivered to Uddeholm is from Nordic power plants. About 55% of Uddeholm's energy use in 2021 consisted of electricity. Fossil-free electricity is a unique advantage for Sweden/the Nordic countries.

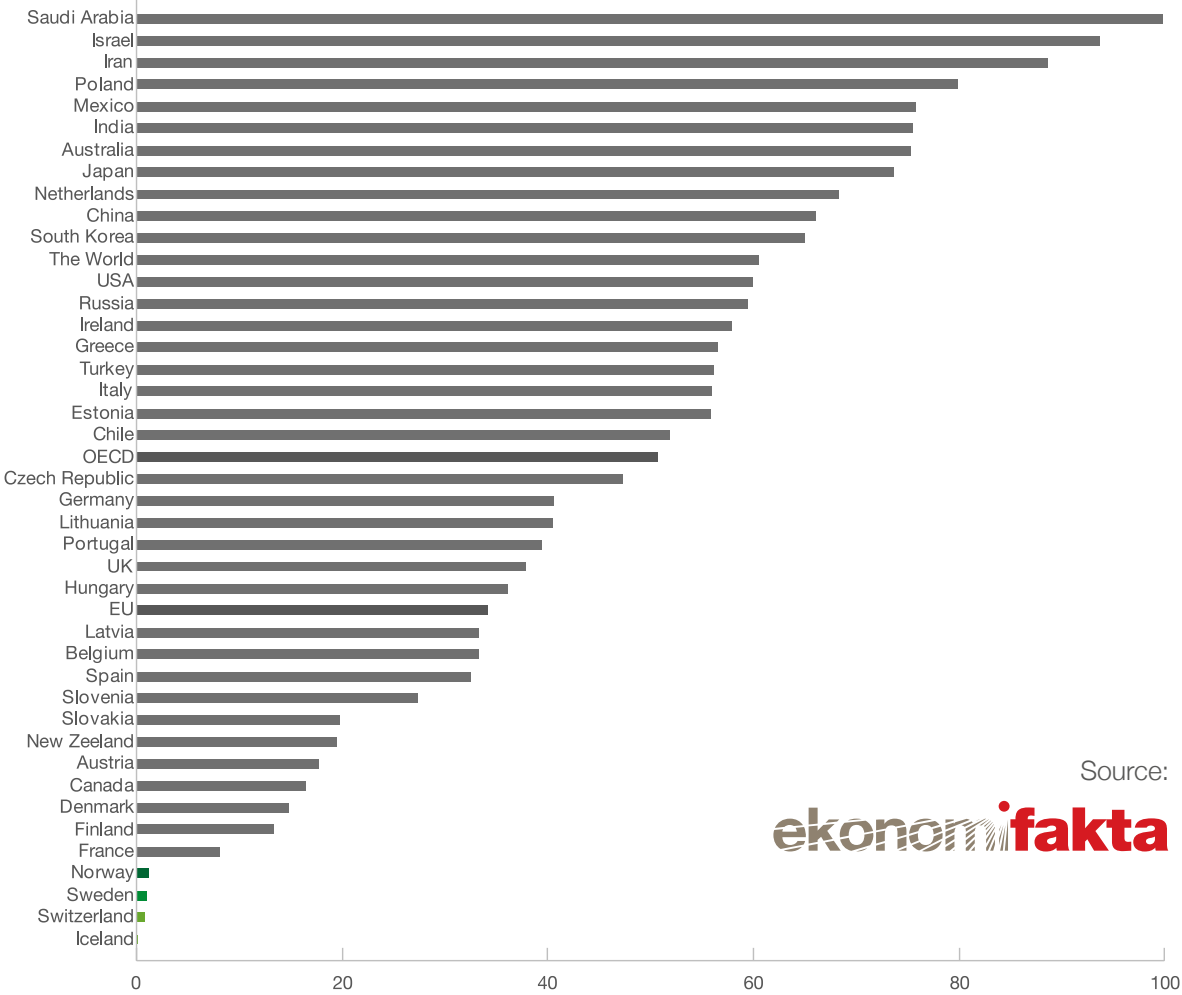


Uddeholm's existing electricity mix consists of nuclear power (51.2%), hydropower (46.3%), wind and solar power (2.5%). About 49% is renewable energy.

We have continued to implement power regulation with the ability to shut down electricity-intensive processes when electricity prices are high or if there is a shortage in the Swedish electricity grid.

Electricity production with fossil fuels

Share of net production including pump power, 2020



Source:

ekonomifakta



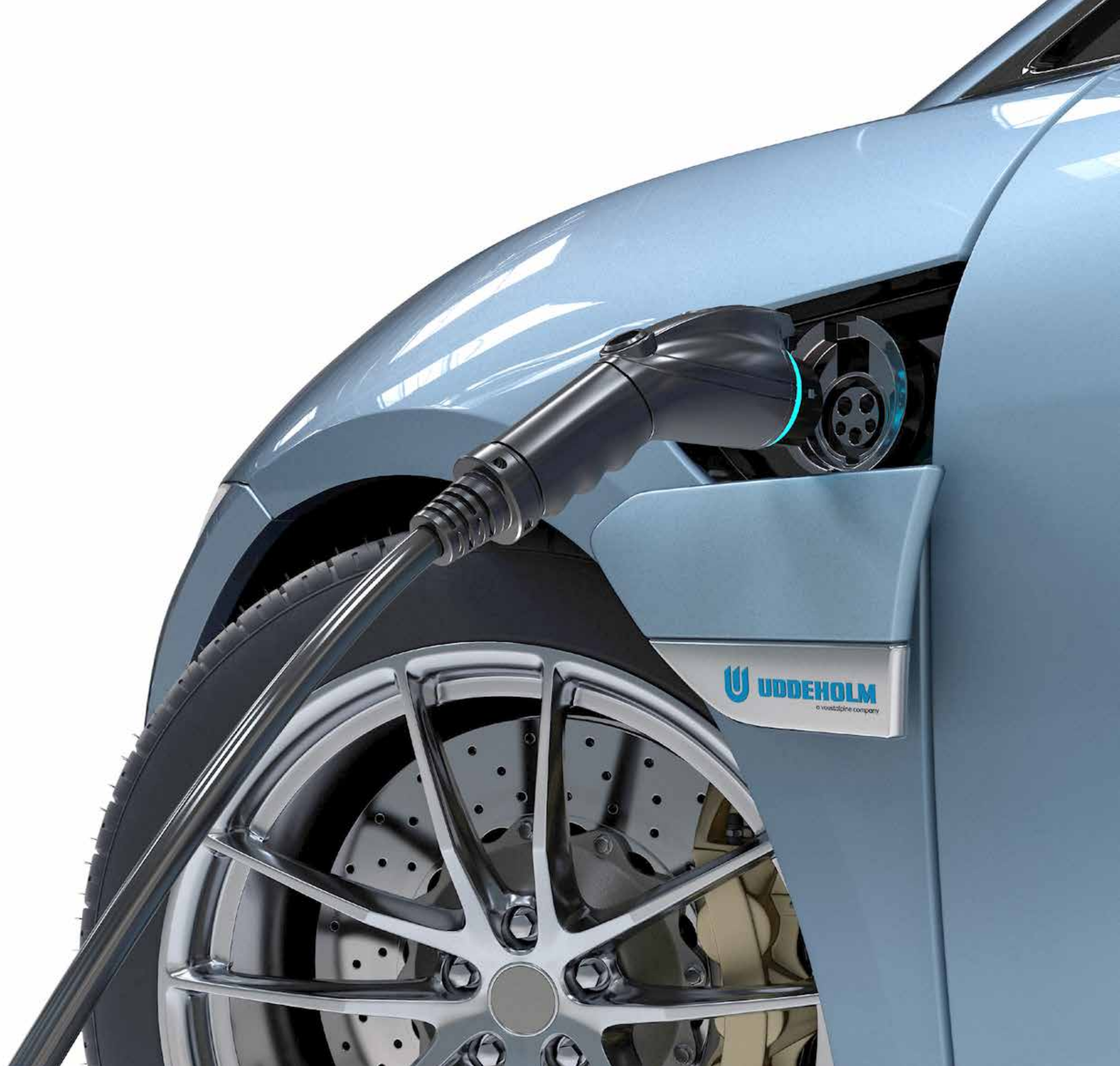
Uddeholm offers to charge elect

Many of our visitors use an electric or hybrid car t
their electric cars during visits and to be able to trav
led 12 charging stations of 22kW/station. The cha
car park for customer and supplier visits, at the me

Staff at Uddeholm and the general public may also i
have customer and supplier visits during the day, a
electric car is to use the charging station in the eve
car park is often empty. To charge, an account is re
ce, to which the charging points are connected, an
the mobile app. Ola Axelsson, head of the Techn
running the project together with Ola Karlsson and

“Until now in central Hagfors there has been a lac
and now that Uddeholm can offer 12 stations, we’r
towards fossil freedom seriously – it is a small, but i
suppliers can take to adjust their journeys towards
also doing something that is good for us, everyone
Ola Axelsson.

As a world-leading tool steel manufacturer, it is na
to creating a more sustainable present and future. I
ees and the general public the opportunity to char
thus travel fossil-free, means that we practise whi
strive to create solutions that are sustainable, secu
customers and for society.



Uddeholm's significant environmental aspects

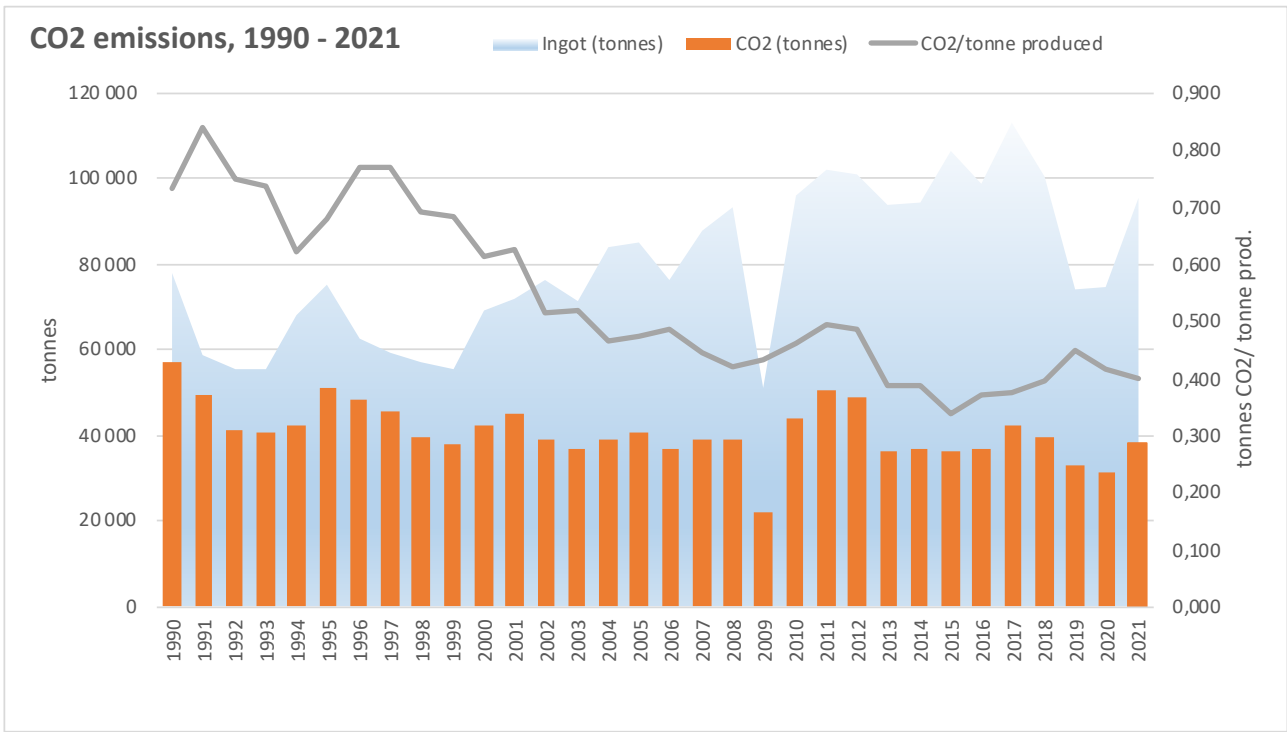
We must minimise the business' direct environmental footprint

Uddeholm has selected additional significant environmental aspects to focus on specifically. These are fossil carbon dioxide (CO₂), nitrogen oxides (NOx) to air and zinc and oil to water.

What is a significant environmental aspect? Significant environmental aspects are environmental aspects that affect the environment to a greater degree than other environmental aspects do. Read more on the Swedish Environmental Protection Agency's website.

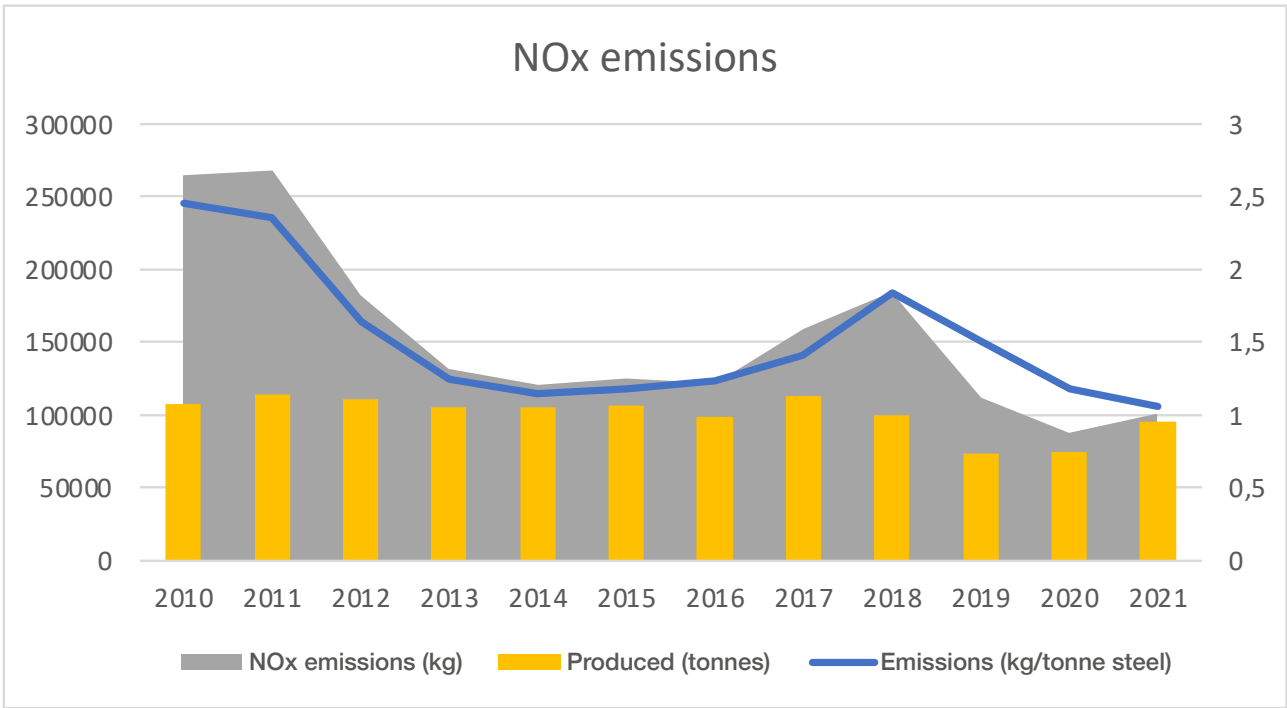
CO₂

Emissions to air of fossil carbon dioxide is Uddeholm's main significant environmental aspect, where in 2021 we developed a roadmap to reduce this to zero. Carbon dioxide has decreased in terms of production and we can happily start to transition to green carbon dioxide, which will be a result of a reduction in fossil fuels in cases where renewable fuel replaces natural gas.



NOx

Nitrogen oxides are fairly stable in terms of increases in production that have taken place. A major measure taken over the year is for the electrification of furnace 63 in heat treatment, which means that one source of NOx has ceased. The reductions seen in relation to the furnace constitute a total NOx reduction in the plant of just over 1%. Furnace 63 is the first in a series of furnaces included in the electrification plan. In 2022/23 a new alloy system will be installed in the steelworks. We forecast that this will reduce NOx from the steel plant in particular, which today accounts for 40% of total NOx emissions.

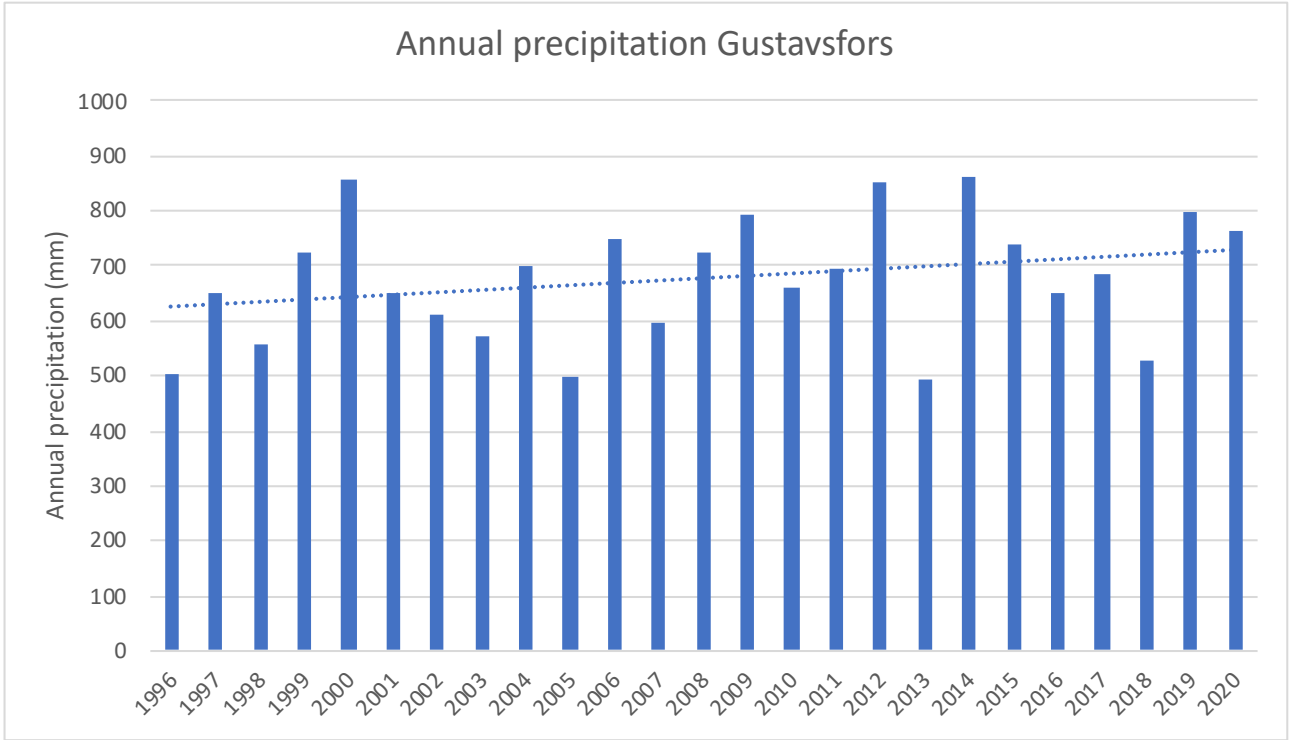


Zinc and Oil to water

Zinc increased in 21/22, which is linked to problems that have arisen at the treatment pond. Actions are ongoing. Both short-term and long-term activities have been consolidated in an action plan. In 2021, major maintenance of the treatment dam took place.

Climate change – prevention work

Limiting CO₂ emissions is an important part of the transition work. But as a company, we also need to review and take into account the effects that are expected with climate change, such as increasing and heavier rainfall, which generates more stormwater, as well as higher flows in the Uvån and Hagälven rivers. There could be plans in the future to demolish dams, which means diminished backup within the systems and a greater variety of flows. A slightly increasing trend in annual precipitation from 1996 to 2020 has already been recorded in SMHI's statistics at Gustavsfors measuring station:



Measures to adapt activities to climate change

The repair and investments made to improve the stormwater network take into account the higher flows that are expected due to climate change. In a collaboration between Hagfors municipality, Klarälvens water council and Uddeholm between 2020-2022, information about the stormwater network was improved as well as the risk of where flooding may occur in the event of heavy rainfall. Surveillance of the area primarily includes the flow in the Uvån, as this constitutes the greatest risk at higher flows where water can be diverted or relieved by a culvert. Other inspections that are carried out regularly are, among others, linked to erosion risks.

Close contact and dialogue with the emergency services enables measures to be taken at an early stage if flow or water levels are raised. Measures in the Uvån's waste stream that are carried out regularly are the removal of rocks and the clearing of brushwood, which could lead to accumulation and dams at high flows.



Risk areas for high flows



The employee

To continue to develop our company and achieve our ambitious goals, we need employees with the right skills, experience and drive. In our organisation, that everyone has equal value is a matter of course and diversity is a strength. Our coworkers are expected to contribute to the realisation of our strategy and at the same time they should feel that they have all the conditions required to do a good job. With good performance and with the right attitude, there must be development opportunities and opportunities for new challenges within the company/group. To be successful, we must succeed in creating well-being, a high level of commitment, good forms of cooperation and a clear sense of participation. As employees of Uddeholm, we should find it enjoyable and enriching to go to work, making us want to stay and ensuring there is always great demand to want to work at the company.

We must be a value-driven organisation where we live and act on the basis of our values

- Trust
- Respect
- Customer focus
- Value creation

Uddeholm's values are the foundation on which our organisation rests. It is important that we have a common definition of our values with as equal a meaning as possible within the company, so that we all live and act in line with our common values. We believe in a dynamic, equal and inclusive workplace that is created by taking advantage of the fact that we are all different.

Our work environment must be safe and healthy

- We have a business that is run in such a way that no one gets hurt at work and where we care about each other's safety.
- By 2026/27, LTIFR will be a maximum of 3.
- We work preventively with our physical and mental health.
- By 2026/27, we will have an attendance rate of at least 96%.

94.6%
HEALTHY PRESENCE



Focus on physical
and mental health

24%
WOMEN



24% female managers
in Uddeholm

200
JOB ROLES



200 different job roles
at Uddeholm

Uddeholm's values – the foundation on which the organisation rests

It is important that we have a common definition of our values with as equal a meaning as possible within the company, so that we all live and act in line with our common values. We treat and work with each other in line with our values. There is participation and inclusion in all our groups. Discrimination, bullying or harassment are not acceptable at any time. Uddeholm has four values.

Trust /trʌst/

- 1. To deliver on our commitments and trust others to deliver
- 2. Openness and honesty in our daily work and in our communication
- 3. To stand up for each other and for common goals and to constructively challenge each other to improve
- 4. To dare to ask each other for help and dare to test our ideas

The definition of the trust value is that it is natural for us to deliver on our commitments and for us to trust others to deliver. Our daily work and our communication are characterised by openness and honesty, where we continuously share relevant knowledge and information. To dare to ask each other for help is to have trust. We stand up for each other and for our common goals. We strive to develop a climate where we constructively challenge each other to become better. We show trust by giving clear goals, roles and responsibilities where we simultaneously delegate the right mandates and powers for these roles. Trust means that we get to take responsibility and that we dare to test our ideas.

Respect /rɪˈspɛkt/

- 1. Zero tolerance for abusive discrimination and bullying
- 2. Treating everyone equally and seeing our differences as an asset
- 3. Seeing and hearing each colleague and to actively trying to understand each other
- 4. Providing constructive and value-creating feedback to become better together

In our organisation, there is zero tolerance for abusive discrimination and bullying. It is a matter of course that we treat everyone equally and we see our differences as a great asset. It is noticeable that we see and hear each person and colleague and that we seek active understanding of each other's opinions and challenges. We are all important to the company's success and so we must ensure we all have the right conditions to do a good job.

In order to develop ourselves as a company as well as individuals, it is important to give each other constructive and specific value-creating feedback. Together we can be even better. Common, complex challenges are addressed by creating cross-functional teams where we call on each other's background, skills and experience to achieve effective and sustainable results.

Trust, Respect, Customer Focus and Value Creation

The values are the foundation on which our organisation rests. Our values describe how we are, how we think and how we act. The values must permeate the organisational culture and be the basis for how we work with safety, quality, security of supply, productivity, sustainability, goals and strategies. But the meaning of a word can vary among different people. It is therefore important that we have a common definition of our values with as equal a meaning as possible within the company, so that we all live, think and act in line with our common values. Here is Uddeholm's definition:

Customer focus /ˈkʌstəmə ˈfəʊ.kəs/

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

The customer's success is our success and in the long-term relationship with our customer, we proactively seek a deep understanding of the customer's needs and future challenges. Through our expertise and ability in technical sales, we will continuously find the right solution to develop the customer's business, together with the customer, and increase the customer's competitiveness. We are aware that all our processes have a customer need to satisfy and therefore we always deliver with the right quality, at the right time and in the right quantity in a safe way.

Value creation /ˈvæljuː kriːˈeɪʃən/

- 1. Being aware that everyone's contribution is important for the company's results and development
- 2. Taking ownership of our work and doing our utmost every day to deliver according to the task
- 3. Creating our own future by, among other things, using our skills, creativity, innovation and entrepreneurship

Value creation means that we are aware that all our contributions are important for the company's results and development. We take ownership of our work by doing our utmost every day to deliver on our tasks, and then the next day trying to do it a little better by, for example, eliminating any waste we find. We create long-term profitability by being the global leader and as a leader we must continuously create and shape our future. We therefore actively seek areas with strict requirements, that are challenging and that require our competence, creativity, innovation and entrepreneurship.

Long-term work for a sustainable workplace

A health policy has been developed and is regularly revised to meet the standard required for a sustainable work environment. The policy addresses how we work with systematic occupational health and safety to detect ill health early. Over the financial year, many activities have been focused on mapping and developing action plans, and developing working methods, as well as forums to reduce the risk of various types of ill health and exposure.

We work preventively with our physical and mental health.

By 2026/27, we will have an attendance rate of at least 96%

2021/22	94.6%
2020/21	95.0%
2019/20	95.2%
2018/19	95.5%

Achieving the attendance rate goal has been almost impossible in a year marked by a pandemic. We have been extra careful throughout. The slightest symptom has been reason enough to stay at home.

Employee index

The employee index is a key figure that is based on issues regarding the motivation and commitment given to employees. A measure that shows our commitment in the company. In the last two measurements, we saw a declining index. It is easy to point to to the more difficult working conditions during the pandemic, conditions when not everyone was able to meet as you naturally would – but we do not want to get caught up in that. An in-depth analysis is done to ensure measures are targeted correctly. Our work is ongoing, but it can be positively said that there is a strong commitment in the company to increase the employee index.

The pandemic- How did Uddeholm work during the pandemic?

Much of the year was marked by the pandemic and restrictions. Digital meetings and new ways of working have been developed and we have seen great benefits in that respect. But the downside is of course that we no longer have any personal meetings. Many employees have been completely shielded and many have missed out on the natural meetings in the common areas or in the corridor.

A cross-functional group has coordinated and managed activities in accordance with the Swedish Public Health Agency's guidelines. The group has also developed and been supportive in contact tracing and has been an information channel out at the plants. The goal has been to have a transparent and open dialogue to best limit infection and reduce anxiety.

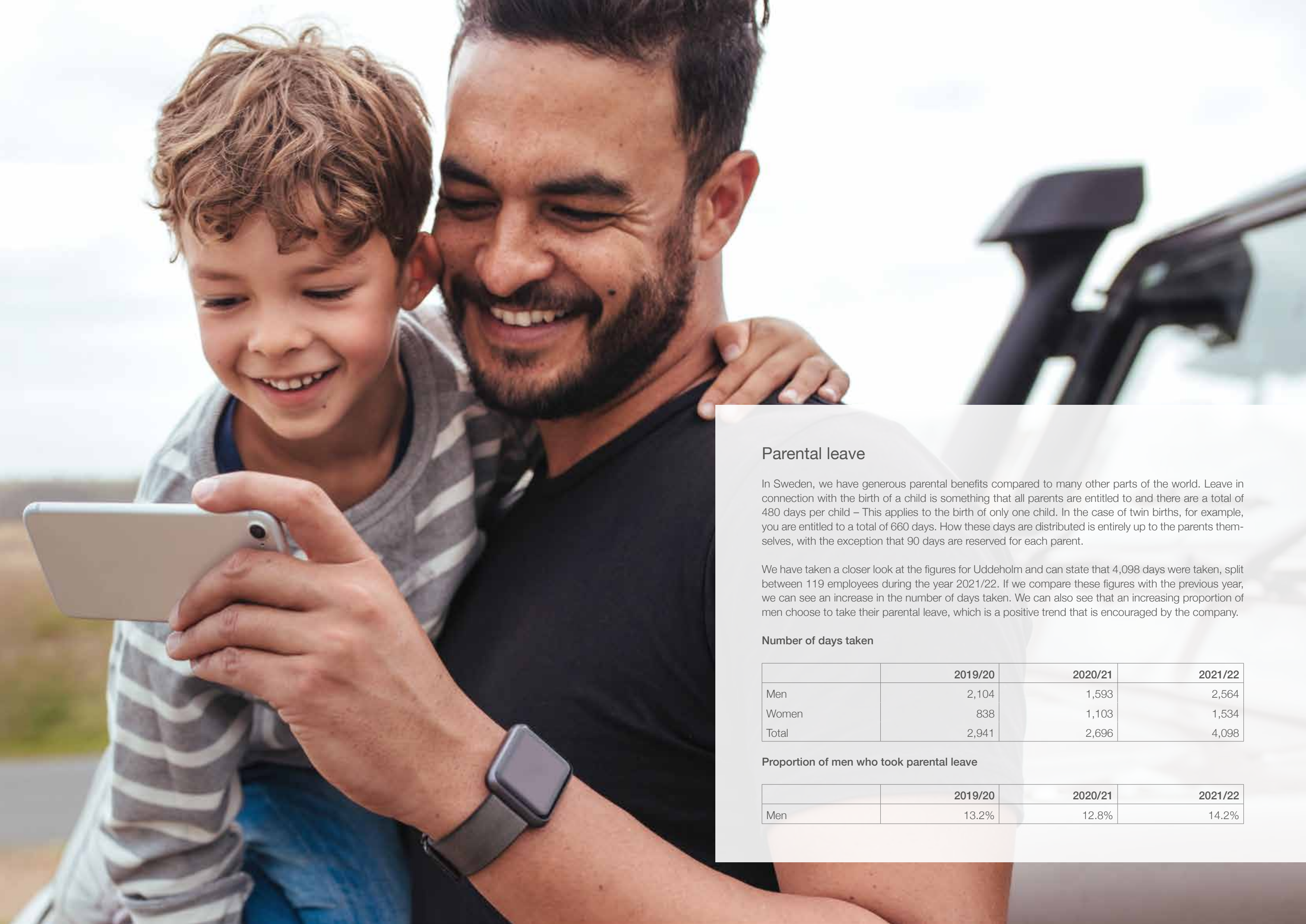
In the autumn, a plan for a gradual return to work was drawn up. Each department performed risk assessments before the return. In connection with this, a new way of working was introduced which means that there is flexibility in working from home for up to two days per week for those who are able.

We also conducted a survey for those who worked from home during the pandemic. The survey gave us valuable feedback that we will take into account in further work. Among other things, this showed that the majority of employees agree with the statement that "In general, I am satisfied with how Uddeholms AB has handled the situation during COVID-19".



Uddeholm's benefit package

A benefit package was launched during the year. This includes a benefits portal with offers from wellness providers and other things that can help in everyday life. In addition, a wellness grant is included to promote health and a well-being budget to be used in the department to increase commitment and strengthen the team spirit. In addition, there is the Träningsvräket, a small gym/workout room that is free to use for all employees.



Parental leave

In Sweden, we have generous parental benefits compared to many other parts of the world. Leave in connection with the birth of a child is something that all parents are entitled to and there are a total of 480 days per child – This applies to the birth of only one child. In the case of twin births, for example, you are entitled to a total of 660 days. How these days are distributed is entirely up to the parents themselves, with the exception that 90 days are reserved for each parent.

We have taken a closer look at the figures for Uddeholm and can state that 4,098 days were taken, split between 119 employees during the year 2021/22. If we compare these figures with the previous year, we can see an increase in the number of days taken. We can also see that an increasing proportion of men choose to take their parental leave, which is a positive trend that is encouraged by the company.

Number of days taken

	2019/20	2020/21	2021/22
Men	2,104	1,593	2,564
Women	838	1,103	1,534
Total	2,941	2,696	4,098

Proportion of men who took parental leave

	2019/20	2020/21	2021/22
Men	13.2%	12.8%	14.2%

Interview with Emma Mellgren – employee in the production ESR

Emma Mellgren works as an operator at the Uddeholm ESR facility. At the time of writing, Emma is pregnant and during pregnancy we review the workplace and adapt work tasks.

What are you doing right now Emma?

"I work administratively now during the pregnancy, partly from home but also on site as I have been given access to my own office which is close to ESR (Electro Slag Remelting) which is my usual workplace. I have also attended a team leader training session, and am now part of a team that aims to improve the capacity of two of our oldest ESR furnaces."



How do you view your new role and what you've learned?

"I think it's exciting to be able to try working on the administrative side, something I've not been used to before. When drawing up worksheets for operators, a lot of pictures from production are needed that show the different work steps. As a pregnant woman, I shouldn't be on the factory floor for long, so I have enlisted the help of my colleagues who have acted as amateur photographers for me."

Will you be able to use them in your usual work?

"Definitely! At ESR, we are operators and smelters (those who operate the furnaces). When I, as an operator, felt that my knowledge was not enough, I got help from one of the smelters and thus learned things that were useful for the future. I have also started helping another department at Uddeholm with their worksheets, Elektrodhallen (ELK). When ELK and ESR work together, I can take that knowledge with me into the future. I share an office with ELK's unit manager and get to learn a lot from him as well. Fun and educational!"

Do you like it as much?

"I enjoy it and have always believed that variety is useful for one's own development. It can always open more doors for the future. What I miss about my usual job is the physical work (I am an active person) and my colleagues, but I know that both will be there when I return."

At Uddeholm, we constantly work to be at the forefront of the latest and safest working methods. Employees have access to worksheets and instructions, which describe how a task is to be carried out in the best way, what protective equipment is to be used, and what risks there are with different work steps. Since we work in the heavy steel industry, safety is extra important.





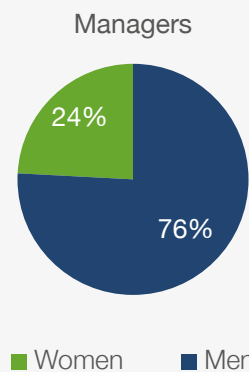
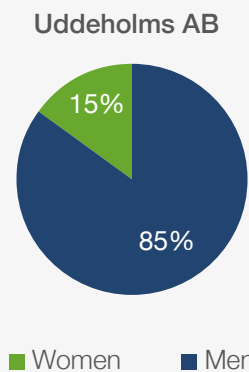
200 different job roles at Uddeholm in Hagfors

We are shaping a sustainable world with the help of knowledge, innovation and our talented employees. We have over 200 different job roles, and every single one of them is needed for us to be world leaders in advanced tool steel.

Uddeholm is located all over the world and our customers range from small businesses to world-renowned brand giants. But the heart of our organisation – production and head office – is in Hagfors in Värmland. Here we have about 850 employees, all with widely differing backgrounds, with over 15 different nationalities and skills. Uddeholm is and should be a place for everyone, where our employees feel appreciated, that they make a difference and that they contribute to our success. To continue to deliver Swedish steel of the highest quality to our customers, we need smart, brave and innovative employees who want to do their job a little better every day.

During the year 2021/22, some changes were made to the recruitment process from a diversity perspective, by removing gender and image from the selection process. Here, we are also constantly working to reduce formal requirements in job ads to encourage more people to apply. Today, the proportion of women is 15% in the business. Of the holiday temporary workers, as many as 31% were women.

Proportion of women/men at Uddeholm



Recruitment

There are several ways to become an Uddeholm employee, here are some examples.

Employment (in Hagfors)

Uddeholm's production operations in Hagfors are our headquarters. Some 850 people work here. The most common form of employment in Sweden is permanent employment. During the year 2021/22, we permanently employed 51 people in Uddeholm, seven of whom were women. In the same year, 24 people were employed in some form of temporary employment in addition to summer temporary workers as below. Uddeholm also has an office in Karlstad where it is possible to work certain days or hold meetings.

Trainee

Through the trainee services we offer, we have the opportunity to create better succession and the trainees get a quick start to their careers and solid training in the company and their tasks, with the goal of it leading to permanent employment. We have two different programmes, one that focuses on candidates with secondary school education and one for candidates with a university qualification.

During the financial year, we had 14 active trainee positions, of which seven were appointed in 2021/22. During the period, two of the positions were transferred to regular employment, while one of the trainees chose to terminate their position at their own request. The remaining 11 trainee positions are held by ten men on the workers side (secondary school focus) and one woman on the office side (university focus). The proportion of women in all positions during 2021/22 is 15%.

Internships

We offer internships for several different levels of education, secondary school students/adult education, technical college students and university students. When it comes to internships from the local secondary school and vocational courses in the region, we work closely with these schools and receive interns regularly from there.

During the pandemic, however, we have not been able to receive trainees in the same way as before, but despite our visiting restrictions, we still managed to continue to receive a limited number of students from both secondary schools and technical colleges. Now that the restrictions have been lifted, we are reopening as usual. In addition to trainees from secondary schools, adult education and technical colleges, we also accept students from university.

Summer workers

Every year, Uddeholm offers summer jobs to young people, which also constitutes a good recruitment base for continued employment. During the summer of 2021, we had 77 holiday temps, of which 31% were female employees. After the end of the summer job period, 14% of the holiday temps (11 summer workers, of which 2 women) got a job at Uddeholm, while 13% (10 summer workers, of which 3 women) work with us as consultants via Manpower.

Diplomas

To support education in areas of competence that are important for our business, we naturally take on students working towards their diploma. In 2021, we had eight diploma students with us, all worth 30 credits. One of these has continued to work with us after completing their diploma project and one who was already employed with us during their studies. Unfortunately, many of the activities we do at various universities to market diploma projects were cancelled in 2021 due to pandemic restrictions.



Hired staff

To create flexibility in our operations, we work with staffing agencies that provide consultants at times when we need to increase our staffing numbers. The collaboration started in the spring of 2020 and has proven to be one of our largest sources of recruitment. 27% of our recruitment in 2021/22 come from staffing agencies. In 2021/22, we had a total of 93 consultants in the business. Of these, 17 are women (18%). The consultants have performed jobs in several parts of the business and through this we have been able to tailor the number of employees depending on requirements. Of the consultants who were hired in 2021/22, 19 (of which 3 women) have transferred to a permanent position at Uddeholm and two more have been given temporary positions.

Investment in skills – maintain and further develop

All new employees attend the Uddeholm Academy, which is a specific course developed within the company. The course covers, among other things, sustainable production, occupational health and safety, environmental impact and product quality. During 2021/22, the Uddeholm Academy was revamped and in future, parts of the course will take place via e-learning. In future, all hired staff will attend the training course to ensure we meet our expected production levels.

Training courses such as Trucks, Cranes and Skylifts are carried out in collaboration with an external supplier, while Fire and Hot work is run with the help of an internal trainer. Both employees and hired staff who are involved in production are the target groups for these courses. To streamline the process and onboard target groups into production more quickly, e-learning was used for the theory parts of Trucks and Cranes. This is followed by a practical driving test on-site.

All managers can attend the Uddeholm Leadership Academy, which is a 10-day training course located at Uddeholm's Herrgård with a focus on personal development and leadership. In 2021/22, the course took place partly digitally. 80% of our managers have completed the training.

In 2021, a training initiative was started around competence matrices and 60% of our managers have now attended the course, which aims to learn how matrices are built up. The goal is that by 2023 there will be a competence matrix linked to each employee.

Cross-functional groups

A natural way to take advantage of different types of skills is to work cross-functionally. This means that you work vertically and horizontally in the company to take advantage of different skills. There are many examples of this at Uddeholm. The purpose is to benefit from different skills and experiences, increasing understanding and motivation. A way of working that naturally develops our organisation.

Examples of cross-functional groups that have been in the company for a long time:

- Sustainability
- Climate and Energy
- Residual products
- Water
- Seveso
- Chemicals



Safety at Uddeholm

At Uddeholm, we put safety and respect for our employees and the environment – as well as for our customers, visitors and the public – at the forefront. We have a high level of safety preparedness and we ensure that operations comply with current laws and regulations. All staff at Uddeholm and our contractors are regularly trained on risks and responsibilities for the environment, health and safety in their daily work. Drills for the companies' contingency plans are carried out regularly both within the company and together with the emergency services.

Despite all preventive measures, events, incidents and accidents can still occur. That is when we, with knowledge, planning and practice, do what we can to prevent them from developing into a serious event.

A strong focus on chemicals in the business that could affect neighbours in the event of an accident

In connection with the production of steel, Uddeholm handles various types of chemical products, all placing great demands on safety. To minimise the risk of an accident and to limit possible impacts, a high level of safety is maintained through all processes. The chemical products that, if an accident nevertheless were to occur, would affect society outside of the area of activity are: Ammonia, LPG, Chlorine dioxide, Natural gas

High safety and preparedness

Our facilities are protected with gas alarms and fire alarms. An incident or an accident within one of the factory premises would thus be detected very quickly. Our internal contingency plans are then activated immediately and at the same time the emergency services are alerted.

In addition to our own well-trained staff and well-functioning preventive maintenance, Uddeholm also has a close and well-functioning collaboration with the emergency services in Hagfors.

Well prepared

Uddeholm has, in collaboration with the emergency services, produced information on what the public should do in the event of an alarm. This is sent out to households and is also published on the emergency services' site on the Hagfors municipality's website. The emergency services – Hagfors municipality

If a minor accident occurs, the emergency services in Hagfors will be alerted in the first instance. If there is a need for reinforcements, forces from Ekshärad and/or Munkfors are also alerted. In the event of a chemical discharge, the Karlstad region's chemical divers are also alerted, who then come and assist. In order for this to work as well as possible, the Hagfors emergency services carry out regular planning and joint exercises.

Cooperation with the emergency response organisation gives us security

One of our most important collaborations related to production in Hagfors is the collaboration with the emergency response organisation. Every year, the emergency services practise different scenarios with all shifts at the Uddeholm area in Hagfors. The purpose is to speed up operations in real emergencies – and here Uddeholm has a great advantage through the emergency services' proximity and knowledge of our area.

Over the years, cooperation with the ambulance service has also been improved. Ambulance parking spaces have been in place for a long time to make it easier for ambulance personnel to quickly find their way over the 77-hectare area. Cooperation with the police is also in place, as a natural part of perimeter protection but also to simplify operations if an incident does occur.

During 2021, an updated edition of Uddeholm's Safety Report was submitted to the authorities.

Safety at work

Our business that is run in such a way that no one gets hurt at work - we care about each other's safety.

By 2026/27, LTIFR will be at a maximum of 3

Our goal is zero accidents and no ill health. We must work preventively with our safety culture, so that everyone looks out for each other and the company. All employees must understand their value, and take responsibility for their own and others' safety.

After several years of reduced accidents, the number of accidents increased in BY 21/22

The proactive work of reporting risk observations and the introduction of safety meetings has continued to develop along a positive trend, where a visible effect is that reported incidents have decreased compared to previous years. Unfortunately, the number of accidents leading to absence increased in BY 21/22. One of the reasons is that our safety standards that exist for work steps have not yet been fully implemented to the desired level of safe behaviour. This will be a focal point in the safety culture work being rolled out in production and maintenance in 2022.

2021/22	7.3
2020/21	5.0
2019/20	6.0
2018/19	10.2

LTIFR stands for Lost Time Injury Frequency Rate, i.e. the number of accidents with absences per 1 million hours worked. For example: an LTIFR of 5 shows that 5 accidents occur at a workplace for every 1 million hours worked. The purpose of having a defined key figure is for reporting accident statistics that are comparable between companies, industries and internationally. The aim of having a defined key figure is to have a standard definition of the concept of occupational injury throughout primary industry. In order to be able to classify an accident as an LTI, the accident must result in at least one day of absence and require a medical assessment. Over the financial year 20/21, mapping and work to develop new ways of working in the area of ill health were carried out, and over 21/22, their implementation began within the organisation. This means that completely new ways of working and procedures are put in place, which remain a challenge until the changes become a naturally established part (“this is how we do things”) of the business. But our focus is tough. Safety is number one. Work to develop the safety culture at shift level will continue throughout BY 22/23 when we will be looking at the current situation, the training of operators and development of action plans adapted for each unit in the production and maintenance sections.

Uddeholm developed an app to simplify communication in crisis management

What shouldn't happen can happen. It can be an accident, a fire or a major environmental incident. At that moment it is important to quickly get information out to those affected and to those who need support. In the past, telephone chains worked, but the safety organisation wanted more. As a result, the Head of Safety, with the support of web developers, created the Uddeholm Safety APP. With this function, everyone involved can be reached directly in the event of an incident, depending on the section and incident that occurs. Pictures can be uploaded, questions can be asked, ensuring that efforts are streamlined and that the right information reaches those who need to be involved as quickly as possible.





Uddeholm invests in Safety – Kaphallen

We have invested in a new sawing machine for Kaphallen to handle current and future sampling for production. The machine measures 25 metres in length and weighs 70,000 kg. The saw machine contributes to a safer and more efficient work process in Kaphallen. With the installation of the new saw, the workflow will also change in the area. The truck traffic and the like that used to be in the area will go, thus increasing safety for operators.



Measures to minimise harmful trace elements in steel

RoHS Directive 2011/65/EU and its amending directive, Directive 2015/863/EU is an EU directive that prohibits and restricts the use of certain heavy metals, flame retardants and phthalates in electrical and electronic products on the market. As a measure to ensure that the amount of hazardous trace elements in steel remain at a low level, the steel industry has decided to use the limit values in the ROHS Directive as its limit values for steel. Every year, representative samples are taken from the product range to test the level of trace elements in the steel. Uddeholm issues a "RoHS – Declaration of conformity letter" as an assurance that the trace elements are below the levels in the RoHS Directive.

Safe chemical handling

Uddeholm has a proactive process for reviewing and assessing chemicals. The work is led by a cross-functional chemical group that has the task of contributing to safe chemical handling and reducing the risk of ill health and environmental impact. The Chemicals Group supports the business with expertise in the environment, work environment and industrial safety. Representatives from purchasing and the safety representative organisation are also involved in the Chemicals Group's work.

The overall goal is to actively reduce the use of hazardous chemicals within the company by replacing hazardous chemicals with less hazardous ones and to ensure safe handling where the risk of exposure and emissions is minimised. First and foremost, products that are on the Candidate List and/or are CMR-labelled and, in addition, PRIO-labelled substances. Substitutions in 2021 took place regularly as chemical risk assessments were carried out. In 2021, a total of 120 risk assessments were carried out. The company currently has 19 products on the Candidate List and 14 products on the CMR list.

Uddeholm also works continuously to ensure that the use of chemicals complies with applicable national and European chemicals legislation.

Finished solid steel products are considered articles according to European Regulation (EC) 1907/2006. Powdered steel is considered a chemical product. Uddeholm's goods and products do not contain any of the substances listed in the REACH Appendix XIV or on the candidate list (SVHC). Residual products in the form of embers and slag are registered in line with REACH. For other Uddeholm products, no registration is required as these only contain substances that have already been registered within the EU and Uddeholm is a downstream users of these substances.

For Uddeholm's powder products, a safety data sheet per powder type is prepared in accordance with the requirements of the REACH Regulation (EU) No. 1907/2006. For other steel products, a collection information sheet is compiled.

CMR products = Carcinogenic, Mutagenic or Reproductive chemical substances

Candidate list = During REACH, the most dangerous substances on the market are gradually added to a list called the 'candidate list', in order to ensure that their use is properly controlled and that safer alternatives are found as soon as possible. Substances on this list are called "Substances of Very High Concern" (SVHC).

PRIO-labelled substances = PRIO is a tool developed by the Swedish Chemicals Agency to help companies and other actors find and replace hazardous substances in the products and goods they handle. The criteria for PRIO substances are based on Sweden's environmental quality objectives for non-toxic environments and the EU's chemicals legislation REACH.

REACH = REACH is a regulation that contains, among other things, rules on the registration of substances, bans or other restrictions on substances, requirements for permits for particularly dangerous substances and rules on informing customers. The regulation also contains rules that users of chemical products must comply with.

Safety data sheet for Uddeholm's products

Most of Uddeholm's products are classified as goods under REACH, for which safety data sheets are not a requirement. For those products that require safety data sheets, these are prepared in accordance with the requirements of the REACH regulations. The products manufactured under the Uddeholm brand, for which safety data sheets are required, must be prepared in accordance with the requirements of the REACH regulation (EC) No. 1907/2006. For those products where safety data sheets, according to the REACH regulation, are not required, safety information sheets are prepared.

Risk work at Uddeholm

At Uddeholm, both financial and non-financial risks are evaluated. These are then further divided into strategic and operational risks. The most significant risks are reported regularly to owners, including the work to minimise these. We follow the Risk Management standard, which has been adopted group-wide.

In day-to-day operations, risk assessments and incident reporting are a natural part of improving the work environment by reducing risks of accidents and ill health. Employees are our most important resource – therefore incident reporting with corrective measures is a high priority. Safety is our most important production focus area. The work also includes the Environment to minimise the impact to land, air and water.

Dissemination of information within the industry to learn from each other

Incident reporting takes place in MIA, which is the Industrial Employers' reporting database for occupational health and safety management, including the environment and facilities. MIA is connected to the Metal Industry with deviation management. All risk analyses, risk assessments (where probability and consequence have been assessed) and safety inspections are also documented in MIA. Here it is possible to notify other companies and in this way inform each other about risks and how they can be minimised.

Risk work at Uddeholm, significant risks

The most significant risks are reported regularly to owners, including work to minimise these.

Uddeholm's ISO certifications

- ISO 9001 – Quality
- ISO 14001 – Environment
- ISO 45001 – Work environment
- ISO 50001 – Energy



What does ISO certification mean?

ISO certification means compliance with a regulatory framework, called a standard, in a specific area developed by ISO, the International Organization for Standardization. The purpose of an ISO certification is to continuously develop the business for the better. The fact that a company is ISO-certified means that a management system is implemented within the company. A management system is a tool for planning, leading, controlling, following up and evaluating the organisation's work. Through the management system, top management ensures that operations are conducted in accordance with established procedures that provide support for employees in their daily work. Being ISO-certified means that the company undergoes a third-party inspection to prove that it meets the requirements of the standards it has chosen to certify itself for. After passing the examination, a certificate is awarded as proof that the requirements of the ISO standard have been met. Follow-up audits are carried out annually to ensure that the requirements are being maintained.

We assess and review the need to certify other parts of our work regularly, including those linked to sustainable steel. Uddeholm is also involved in discussions about future standards to be developed. Currently in 2022/23, standardisation is linked to Fossil-free steel.

Risk area	Risk	Risk minimisation
Workplace, health and safety	Truck traffic and material handling with cranes Hot surfaces and molten steel	Requirement that EVERYONE who drives a truck or crane has training and skills Uddeholm's strategy is that our staff, through technical solutions, should be as far from the source of risk as possible. Where this is not possible, personal protection and clear instructions are applied. In other respects, e.g. training in behaviour-based safety, focus reporting and root causes in the event of an incident, as well as work in accordance with ISO 45001
Environment	Inefficient production and raw material handling When transitioning to fossil-free, lacking access to energy at a competitive price	Work according to ISO 140001 & ISO 50001 certification, improvement work UPS Can already today replace natural gas with, for example, biogas The Climate and Energy Roadmap is under development
Trademark infringement	The Uddeholm brand is of the utmost importance to Uddeholm, and has been throughout our 350-year history.	Through a clear profile and an effective reporting system, we tackle all trademark infringement worldwide within 8 hours and with the help of our trademark infringement process, the majority of cases are completed within 6 weeks. This is done with appointed lawyers and attorneys, primarily in Singapore, Hong Kong and Sweden.
Corruption and respect Trade rules	Bribery, cartel formation	Training in Code of Conduct, Whistleblower system
Human Rights	Violations, discrimination, segregation of employees Child labour	Policy to, for example, counteract violations, follow-up via health profiles and employee surveys Audits at suppliers (e.g. mines), mapping of risk suppliers, etc.

The Business

To be the market leader and the first choice in high-performance tool steel, a strong brand is required. Our customers should know that we deliver solutions that make them successful wherever a tool is manufactured or used. This creates added value for customers and increases their competitiveness.

We conduct our business, both purchasing and sales, through the Group's code of conduct, ethical and formal requirements and monitor material origins. Below are two examples of what these policies may look like, Uddeholm's business policy and Compliance.

OVER 350 YEARS OF CUSTOMER FOCUS AND INNOVATION



The Uddeholm brand has been around for more than 350 successful years, and will be around for at least another 350 sustainable years

743 ACTIVE BRANDS



Uddeholm has 743 active trademark registrations worldwide

100% CODE OF CONDUCT



At Uddeholm there are active procedures for Code of Conduct and Compliance training

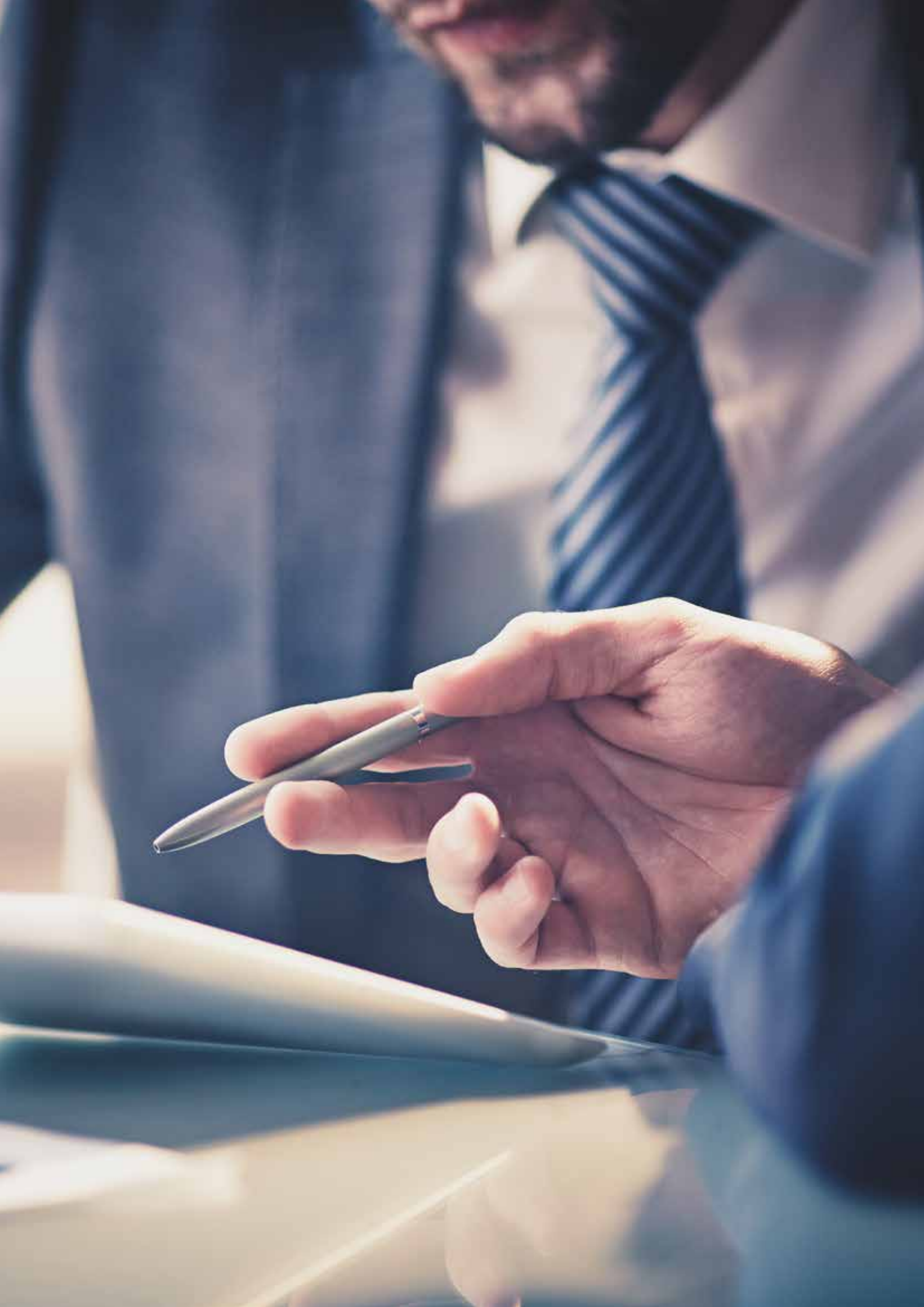
Uddeholm business policy

Uddeholm develops, produces and markets high-quality tool steel to customers all over the world. By offering sustainable and standard-setting products and solutions for current and future generations, we work to make our customers competitive.

- Through the continuous development of our manufacturing process and our product and service programmes, we strive to offer the greatest possible customer benefit with the least possible environmental and energy impact, in both our own manufacturing process and for the user of the product. Our goal is to be the obvious choice for environmentally conscious customers.
- Through systematic assessments of risks and incidents, as well as preventive improvement work where effective measures are added, we work to create a safe and disturbance-free environment with 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 matter of course, proactive improvement works are a natural part of the daily work.
- Trust, Respect, Customer Focus and Value Creation are the key words and cornerstones on which Uddeholm rests. By constantly applying the values, we ensure a sustainable company where people have room to develop and contribute to securing our position as "Number 1 in high-performance tool steel".
- By striving for the best available technology for purchasing and investments together with preventive work in quality, energy, environment and occupational health and safety, we ensure a safe working environment while reducing our environmental footprint and streamlining our processes in the areas where operations have the greatest environmental impact: emissions to air and water, noise and energy consumption.
- Compliance with laws, norms and other requirements that society places on us as a company is a matter of course for us.
- Business systems are an important tool for guiding the company towards its set goals. Working with strategy and goal breakdown creates the conditions for increased awareness and involved staff who help the company to achieve its goals.
- Our vision: SHAPING THE WORLD – Manufacturing solutions for generations to come

The Uddeholm brand from a sustainability perspective

Uddeholm stands for innovation and sustainable production. Our brand has the courage to always be at the forefront of development, even from a sustainability perspective. Uddeholm has 743 active trademark registrations worldwide, and it is of utmost importance that we jointly create, maintain and proactively work to protect our common trademarks. Our brand is our customers' guarantee for quality and sustainability, today and for future generations. The Uddeholm brand has been around for more than 350 successful years, and will be around for at least another 350 sustainable years.



Compliance

At Uddeholm, and also our group voestalpine, there are active procedures for the Code of Conduct and there is also a whistleblower system.

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

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

The content of the Code of Conduct that all employees must read

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

Production

Uddeholm's production operations in Hagfors include the operation of steel mills, including smelting of alloying elements together with own recycled steel and purchased scrap in an electric arc furnace, ladle metallurgy and casting of ingots. In the industrial area, there are also facilities for electro slag remelting (ESR), powder manufacturing, powder nitriding, rolling, forging, heat treatment, machining and warehousing, and support activities.

-600 TONNES
FOSSIL CO₂



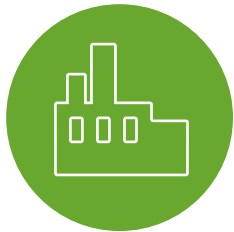
A natural gas furnace converted to electricity, which led to a reduction of 600 tonnes of CO₂ and 1 tonne of NOx (1% of NOx emissions in 2020)

-1,044 TONNES
FOSSIL CO₂



One week of production with Biogas, instead of Natural Gas, resulted in a reduction of 1044 tonnes of CO₂

-46%
CO₂



-46% reduction in fossil CO₂ emissions since 1990

84-98%
RECYCLING



84-98% recycled share in Uddeholm's sustainable products

2030
FOSSIL-FREE



Fossil-free production 2030

To ensure disturbance-free manufacturing in all our processes

Disturbance-free manufacturing is achieved, among other things, by:

- Ensuring the right capacity and delivering as per the promised capacity
- The capacity must be mapped out for people, machines and systems in all parts of our processes.
- Future needs for infrastructure (data, media and energy) must be mapped out and we must have active action plans with sufficient foresight to continuously ensure that the needs are met.
- The availability of our main processes/critical process steps must be mapped out and continuously increased by working proactively, predictively and sustainably. An SLA (Service Level Agreement) must be available for all critical equipment and systems.
- We must ensure a stable supply chain so that disruptions in our critical processes, due to a shortage of purchased goods and services, remain at zero.
- Ensure processes are capable of the prescribed quality levels
- Continuously protect the business's resources and opportunities through active risk management. This is done by systematically inventorising, analysing and preventing risks in the company's operations so that the company's goals are achieved.

The production system

The production system is the hub in creating a sustainable business where we must streamline our processes through a systematic and structured approach, where we identify deviations and opportunities with the intention of eliminating waste. To achieve this, we will train and implement all 8 UPS modules throughout the organisation. We create understanding for and carry out:

- The Flow principles The customer need leads and Right from me
- The improvement principles Normal operation and Improvement in our operational management, leadership and development

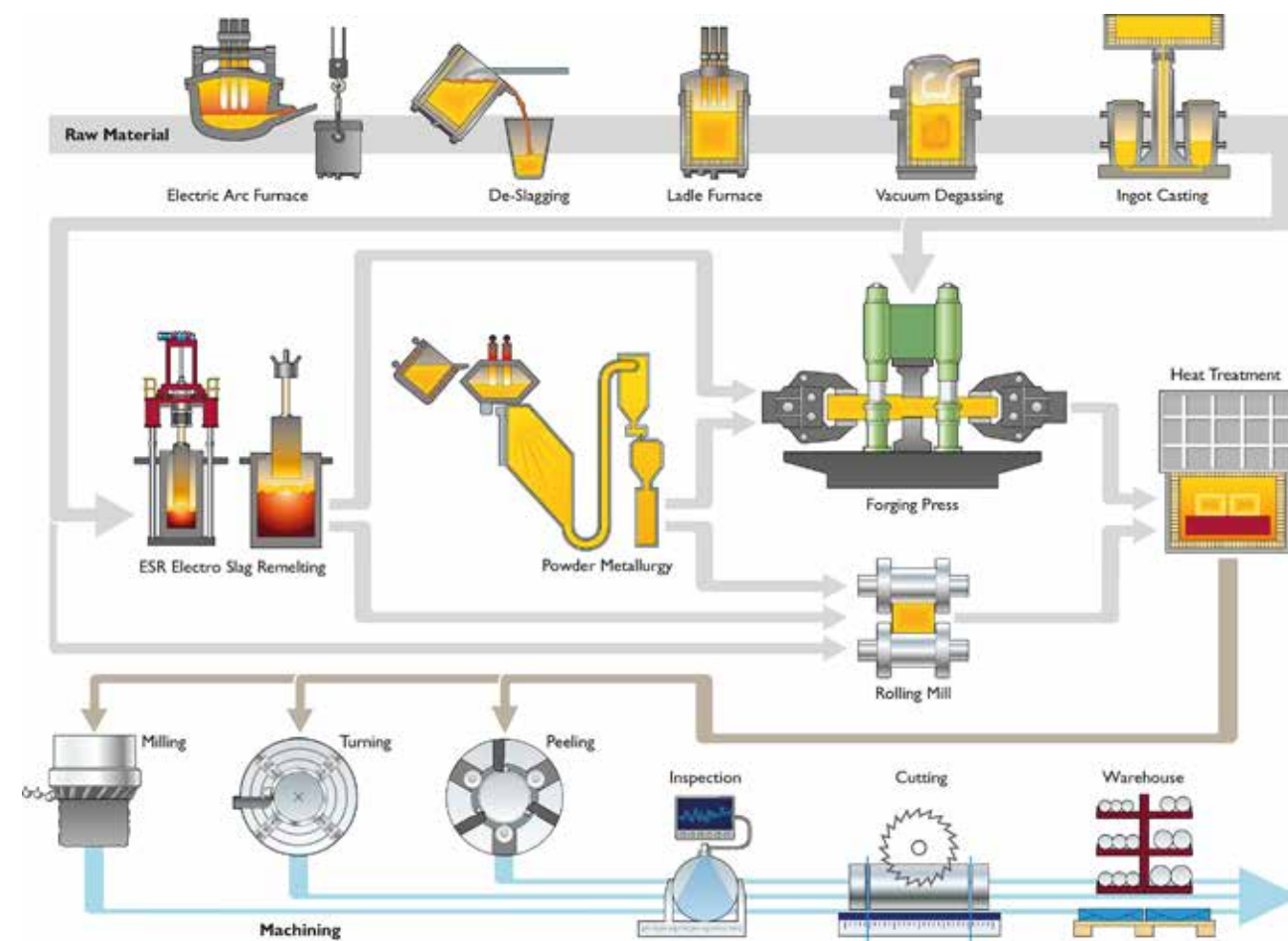
Steel production in Sweden

In Sweden, two different ways of producing steel are used. The processes differ depending on the raw material used – pig iron made from iron ore or scrap recycling.

Uddeholm's production is based on the recycling of scrap

In scrap-based manufacturing, scrap that has been scrapped at an earlier stage is reused. To melt the scrap steel, arc furnaces are mainly used, which requires electrical energy. The specific energy use, i.e. calculated in kWh per tonne of steel produced, with scrap as a raw material, is only one-fifth in comparison to ore-based steel production.

Uddeholm's production operations in Hagfors include the operation of steel mills, including smelting of alloying elements together with own recycled steel and purchased scrap in an electric arc furnace, ladle metallurgy and casting of ingots. Within Uddeholm, there are also facilities for electro slag remelting (ESR), production of AM powder, powder nitriding, forging, rolling, heat treatment, machining and warehousing, and support activities.





Uddeholm's Climate Week – a reduction of CO₂ by up to 90%

Sustainability has long been an important key factor for Uddeholm. We strive for a world-leading sustainable production standard, working together with our customers, colleagues and the environment. Years of research and development have placed us at the forefront of sustainable steel production. Despite various challenges, it was time for the next step. In mid-December 2021, we carried out a week-long test, producing climate-neutral tool steel to show that the impossible is possible. Not tomorrow, but today.

Uddeholm's Climate Week resulted in a reduction of up to 90% of Uddeholm's fossil CO₂ emissions.

3 steps to achieving climate-neutral tool steel

Step 1 – Start with a solid foundation

Sustainability is not a new concept for us. Since the 1960s we've used an electric arc furnace in the smelting process at our steelworks. We have reduced our fossil CO₂ emissions by 46% since 1990. We are already using only 100% fossil-free electricity and our products are made from 85-98% recycled material.

Step 2 – Make real changes

Throughout Climate Neutral Week, we replaced LNG (Liquefied Natural Gas) with fossil-free LBG (Liquefied Bio Gas). All internal transports also switched over to fossil-free electricity or 100% HVO100 (Biodiesel). These measures lead to a significant reduction of up to 90% of our fossil CO₂ emissions.

Step 3 – Climate compensation

The remaining 10% of our emissions consist of carbon in scrap metal and graphite electrodes used for the smelting process in the electric arc furnace (EAF). No fossil-free substitutes exist for these as yet. Therefore, this last 10% is compensated through Gold Standard certificates, in line with the UN's sustainability goals.

Sustainability and climate-neutral tool steel are probably the most important topics for future years and future generations. Along with reducing the fossil CO₂ footprint. As part of the supply chain, CO₂ neutral tool steel is a clear advantage for many of our customers.

The product

To make our customers more competitive, we need to be product leaders in high-performance tool steels and also understand the development of the manufacturing industry. Then it is required that we are innovative and have a high degree of entrepreneurship. We always offer greater value than our competitors and we are perceived as complete partners with great understanding, knowledge and expertise in our customers' business areas. We focus on selected application areas that are relevant in the global market.

WORLD-LEADING RESEARCH



Our products are world leaders in high-performance tool steels

317 GLOBAL PATENTS



Uddeholm has 317 global patents

KNOWLEDGE AND EXPERTISE



We are a complete partner with great understanding, knowledge and expertise in our customers' business areas

100% DURABLE PRODUCTS



Uddeholm's steel is sustainable and meets human and economic needs without destroying or wasting nature's resources



Local collaboration and strong local roots

Our children and young people in the municipality are important for the future, and Uddeholm is investing in them. In order for children to have a feeling and interest in technology even in preschool, Uddeholm and Hagfors municipality have developed a good partnership. The aim is to develop a curiosity about the subject of technology for the future. It is based on ideas and concrete materials that the children can work with in a fun way. For example, to experiment and work together, investigate, try and think of solutions to different technical challenges.

Generating interest at an early age is important, partly because many have already chosen their interests before starting secondary school and partly to counteract gender roles. Everyone has the right to their own interests, it should not be governed by groups of friends or norms. And our good partnership is getting results. Last autumn term, there were more applications for the Nature & Technology programmes at the Älvstrandsgymnasiet school than ever! It is clear that there is a great deal of interest.

Our partnership in practice

- Years 7-9 Kyrkheden School: Building the strongest bridge made of ice lolly sticks, glue and wire is a technical task that students do once a year. The students each have a budget to work within, where sticks, glue and thread cost a certain amount. It is about constructing, documenting and managing finances, which gives an awareness of what technology means and generates interest in a career choice in the technology sector. In the autumn of 2020, the students also programmed their own games in Scratch and designed music boxes to go with them.
- Years 4-6 Älvstranden Education Centre: In programming work, Bluebots were used here, which are small robots that are programmed to go to a specified destination. The students work on this continuously throughout the year. Using a 3D printer, the students made their own fidget spinners.
- Years F-3 Kyrkheden school: Here, too, Bluebots were purchased and used for educational purposes. They also build robots in Lego, which are then connected to a tablet, in this way the students can control their own robot.

These are some of the most popular activities among students. Teachers also find it entertaining, which is important for creating engagement around the subject of technology.



Local sponsorship to facilitate children and youth activities

In 2020/21, a review of Uddeholm's sponsorship activities was carried out. We wanted to maximise our involvement in the municipality and at the same time take an overall approach.

For many years, we at Uddeholm have sponsored sports and events that have active and inclusive youth activities within Hagfors municipality. Sports and events are important for building team spirit, activity and community. However, everyone is different, as are children and young people. Not everyone is interested in sports, and to contribute to a diverse leisure time, Uddeholm will now add culture to our sponsorships.

In our new collaboration with Hagfors Kulturskola, the importance of young people having access to culture and culture creation outside of the big cities will be a driving force. Getting to know a community and being part of a group where the same interests are shared is always important, perhaps especially so at a young age. We therefore believe that it is important to create positive meeting places for children and young people, not least in the wake of the pandemic.

Hagfors Kulturskola therefore plans to hold an event over the year where children and young people can share positive cultural experiences together, both those who are already involved in the culture school's activities and those who have not yet found their place there.

We look forward to partnering with Hagfors Kulturskola, to create greater opportunities for children and young people in the Hagfors municipality to experience culture.

Neighbourhood meetings

Since 2010, Uddeholm has met a group of local residents 1-2 times a year with the aim of building a link to the company if questions and concerns arise. The group consists of representatives from various associations in the municipality who then passed on information to their members. The meetings have had different focuses and at some meetings, Hagfors municipality and the Klarälven water council have participated to discuss joint projects. During the pandemic the group was dormant but will start up again in 2022.

Christmas Gift 2021

Christmas is a time for a little extra care. Instead of giving ourselves a Christmas present at Christmas 2021, we gave a financial gift to Hagfors Pastorat's diakonia, which has a special fund for support and help that primarily goes to families in great need. In this way, we wanted to be able to give even more people in our immediate area the opportunity to have merry Christmas.

Environmental, Economic and Social Sustainability at Uddeholm

The concept of sustainable development aims to "satisfy the needs of today without jeopardising the conditions for future generations to satisfy their needs" which has its origins in the Brundtland Report from 1987, "Our common future".

Sustainable development encompasses the three dimensions of social, environmental and economic sustainability. These are mutually dependent on each other and must be in balance for sustainable development to be achieved.

Environmental sustainability means the protection of the environment and natural systems that must be protected, maintained and not overused in the long term. That is, manage the resources so that there is enough for future generations. Environmental sustainability also means everything that has to do with the Earth's ecosystem. This means, among other things, water, air, land, ecosystem services and biodiversity.

Economic sustainability has two definitions. The first of these is economic sustainability, which does not have a negative impact on social and environmental sustainability. The second involves economic sustainability with growth, which is considered sustainable as long as the total amount of capital increases. Increasing economic aspects can as such be allowed at the expense of reducing other assets such as natural resources and ecosystem services.

The **social sustainability** dimension is largely about well-being, justice, power, rights and the needs of the individual. Some of these can be quantified and others are more qualitative. Both parts interact to span the social dimension of sustainability.

Who is our Sustainability Report for?

The following groups are considered to be the most important stakeholder groups:

- Customers – Existing and potential
- Employees – Existing and potential
- Sales companies
- Owners
- Suppliers and contractors
- Neighbourhood and community
- Authorities & organisations
- Future generations – We will ensure sustainable production with a continued presence in Hagfors in a way that promotes the environment and society

As part of the management of the business, there is a stakeholder analysis. This describes which relationships we have with different stakeholders, and which are most important. Depending on the stakeholder, information and dialogue must be presented in the most suitable manner. Independent stakeholders, we want an open dialogue with our stakeholders with a focus in line with our strategy, which is based on a sustainability commitment that we put into words, along with our strategy.

The UN's global goals

Consideration of the UN's global sustainability goals is reflected in Uddeholm's strategy and activities.

The United Nations is a unique organisation of independent nation states united to work for peace and economic and social progress. Unique because no other organisation can be said to represent all the countries of the world in the way that the UN does. The organisation was formed on 24 October 1945 when the charter came into force. From the beginning, the UN had 51 member states, today the number has increased to 193. Global goals adopted by the UN are part of the most ambitious agenda for sustainable development that the countries of the world have ever adopted, and to be achieved by 2030:

- Eradicating extreme poverty
- Reducing inequalities and injustices in the world
- Promoting peace and justice
- Solving the climate crisis

Through the global goals for sustainable development, including all three dimensions, the ambition can become a reality.



Which goals are most important for Uddeholm?

In a materiality analysis, Uddeholm has narrowed down the global goals to those that are most important to our business. A necessary process to show the right direction to take in our strategy, with the right activities. The six target areas we have chosen to focus on must be the core of our strategy and sustainability work. These are:

- **No. 13 Limit climate change and the pursuit of fossil freedom.** It is the UN goals that challenge us the most, but also where we as a Swedish company have an edge, thanks in part to a fossil-free electricity supply.
- **Nos. 9 and 12 Sustainable industry, innovations and Sustainable consumption and production.** Two goals that identify the circular industry we are a part of embrace a sustainable business strategy.
- **Nos. 3, 8 and 10 Health, well-being, working conditions, economic growth and reduced inequality.** Three basic goals where people are in focus

How do we interpret the goals?

Goal 13 Fighting climate change

- Uddeholm's most important environmental challenge – to strive for fossil freedom and climate neutrality as an energy-intensive operation, and to find competitive energy sources that do not contribute to the greenhouse effect.

Goal 9 Sustainable industry, innovations and infrastructure

- The focus must be on a sustainable industry that promotes innovation and thus reduces the climate footprint, including supporting customers with solutions for new sustainable manufacturing methods. We must have a sustainable workplace where working to minimise risks and accidents is constantly at the top of the agenda. A workplace with the best employees who together develop and thrive in our business.

Goal 12 Sustainable consumption and production

- The pursuit of a sustainable society is part of our business – we recycle scrap; our business is based on circular use. Today, our products consist of 84-98% recycled material! But we must at all levels focus on doing the right thing to minimise and manage the different resources and reduce our emissions.

Goal 3 Health and well-being

- Everyone must have the opportunity to have good health and well-being – we as a company must work to catch and counteract ill health among our employees and we must actively counteract all forms of abusive discrimination. We want a corporate culture where our employees take care of each other and the company. The employee is the key to success.

Goal 8 Decent working conditions and economic growth

- Sustainable workplace in compliance with statutory working conditions. We must take into account the entire state of a person – both physically and mentally. It is clear and evident to us that zero accidents is the goal. We want everyone to come home from work in the same condition as they got there.

Goal 10 Reducing inequality

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



All of our work is based on our values of Trust, Respect, Customer Focus and Value Creation. They must sum up and permeate Uddeholm as an organisation and as a workplace. They should guide the way we work, our priorities and the decisions we make.

The Paris Agreement

The Paris Agreement is a global climate agreement that entered into effect in 2016. The core of the agreement is to limit global warming by reducing greenhouse gas emissions.

The Paris Agreement is linked to the United Nations Framework Convention on Climate Change (UNFCCC), a global convention on measures to prevent climate change. The agreement was decided in connection with the climate conference (COP21) in Paris in December 2015, hence the name. The agreement formally entered into effect in November 2016.

All countries that formally adopted the Paris Agreement are bound by it under international law. The agreement is based on shared responsibility and trust that all countries do everything in their best ability to meet the agreement's goals:

Through the Paris Agreement, the countries have, among other things, committed themselves to:

- Keeping the increase in global average temperatures well below 2 degrees, with a view to not exceeding 1.5 degrees.
- Increasing adaptability to the harmful effects of climate change.
- Adjusting financial flows so that they can be combined with reduced greenhouse gas emissions.
- The agreement will also be implemented so that rich countries that have already emitted a lot of greenhouse gases will take the lead and make the transition faster than the global average.

The Green Deal – What is the EU's Green Deal?

The Green Deal is a roadmap for a sustainable economy in the EU. Climate change and environmental degradation are a threat to the continued existence of Europe and the world. The EU is therefore developing a new growth strategy to transform into a modern, resource-efficient and competitive economy.

Taxonomy is a tool for identifying environmentally sustainable investments and is being introduced as part of the EU's new growth strategy. Taxonomy reporting includes the share of sales/capex/opex that derives from environmentally sustainable economic activities. Key figures regarding taxonomy can be read in the Group-wide report.

1. Limiting climate change
2. Adapting to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Climate goals for Sweden

By 2050, the EU must achieve a balance between emissions and uptake and thus reach net zero emissions of greenhouse gases. By 2045 at the latest, Sweden will not have any net emissions of greenhouse gases into the atmosphere to subsequently go on to achieve negative emissions. The goal means that emissions of greenhouse gases from Swedish territory must be at least 85 percent lower in 2045 than emissions in the base year 1990.

The remaining emissions down to zero can be achieved through so-called additional measures. In order to achieve the goal, the capture and storage of carbon dioxide of fossil origin may also be counted as a measure where reasonable alternatives are lacking.



Manufacturing solutions for generations to come

SHAPING THE WORLD

We are shaping the world together with the global manufacturing industry. Uddeholm manufactures steel that shapes products used in our every day life. We do it sustainably, fair to people and the environment. Enabling us to continue shaping the world
– today and for generations to come.