

SUSTAINABILITY
HIGHLIGHTS
2022

OSTP

The choices we make

Andrea Gatti | CEO OSTP Group



TRANSPARENCY MATTERS AND WE'RE PUTTING OUR CARDS ON THE TABLE

Current events and global events makes it evident that the world is changing more rapidly than ever. New analyses and new decisions are needed and it is a fact that making the right decisions demands the right data. That's why we've decided – apart from continuing our work with sustainability and our sustainability road map – to be even more open with our customers.

As one step we've decided to present our CO₂ footprint as thoroughly and extensively as we know how. We've created EPDs, Environmental Product Declarations, for all of our product groups, which we believe is a first in our industry, and they can be found easily accessible through our website. It is however also our firm belief that being first with EPDs, isn't nearly sufficient.

In 2022, we therefore initiated another project that offers our customers CO₂ data as an integral part of our quotations. The data quantifies CO₂ at our own gates, but it also shows the CO₂ footprint up to arrival at the customer's gate. While the numbers are calculated internally, they will be verified by a third party during the first half of 2023. In addition, we plan to integrate the same data into our confirmations and invoices over the course of the year. This will provide greater transparency to our customers, enabling them to make qualified choices in their own sustainability work.

We took many steps in 2022, working according to our sustainability road map and further reducing our CO₂ output. Among them were some that had been planned for the coming years, so we're understandably proud of our achievements. You can read about a few of these steps in this report and on our website.

Because sustainability is part of our everyday work, it also enters into projects that aren't specifically outlined in our road map. With the start-up of project BEAST (Best Efficiency and Sustainability) in Jakobstad, we've set out on a path to make our operations more efficient through systems thinking, digitalisation, process integration and data availability – to say nothing of new ways of working. The project targets significant efficiency and sustainability improvement potential, both in our business model and in our operations.

The future is in constant motion and will undoubtedly throw new challenges our way. Especially when it comes to sustainability, we will continue to make the best choices we can, based on the data and the opportunities available to us.



OSTP – SUSTAINABILITY THROUGHOUT THE LIFE CYCLE



WHAT SUSTAINABILITY MEANS AT OSTP

At OSTP, our work with sustainability is a holistic undertaking. This document places special emphasis on environmental sustainability and our work with CO₂. Because CO₂ is such an urgent danger to our planet, reducing our CO₂ footprint to the best of our ability is the focus of many of our actions.

QUALITY PRODUCTS AND PRODUCTION

OSTP's stainless steel pipes, tubes and fittings are a perfect fit for the many applications where durability and longevity are essential. Customers turn to OSTP for quality, which is secured by our own high standards and our adherence to ISO 9001, 14001 and 45001. Our certifications, including the many needed to weld our wide range of products, can be found on our website.

Quality ensures a long service life, and our products are also 100% recyclable. Thus, they have a high level of sustainability built in. In manufacturing them, we work

with the greatest possible efficiency, always striving to minimise our resource use. Through digitalisation and exploration of new technologies, we continue to improve our processes and impact.

All this is integral to our Route to World Class programme: producing the correct quality in the correct time, without waste.

SAFETY AND GROWTH FOR EMPLOYEES

The success of our products stems from the people behind them. At OSTP, we aim to be a long-term employer, which means providing a sustainable workplace.

In this regard, safety is our number one priority. People are in focus in our manufacturing, where routines and processes are in place to protect them. Through regular safety trainings and information sessions, complemented by trainings on our digital learning platform we



lay a foundation for smooth and safe production. This is strengthened by safety walks and ergonomic evaluations, as well as a 5S focus on maintaining an orderly workplace – a prerequisite for safety. Risk reporting is emphasised, and safety is the first order of business at all management meetings.

Additionally, we believe in personal development and creating possibilities for growth. Employees are encouraged to move forward within the company, and there are numerous examples of employees who have built careers at OSTP. Our digital learning platform, OSTP Academy, facilitates the development process and continuous to expand with new learning possibilities.

FOCUS ON THE ENVIRONMENT – NEAR AND FAR

At OSTP, we have worked for many years to reduce our impact on the environment. This begins with the environment closest to us. Our operations in Örnsköldsvik, for example, are located near residential buildings, playgrounds and recreational areas. Yet their influence on local noise and chemical levels is minimal, and we continue to improve.

At the same time, we recognise the full extent of our environmental impact. Our stainless steel and the products we craft from it are recyclable, but every aspect of our production and deliveries affects our sustainability. We have therefore created a sustainability road map, which has guided many of our measures in 2022 and will continue to set our course in 2023.

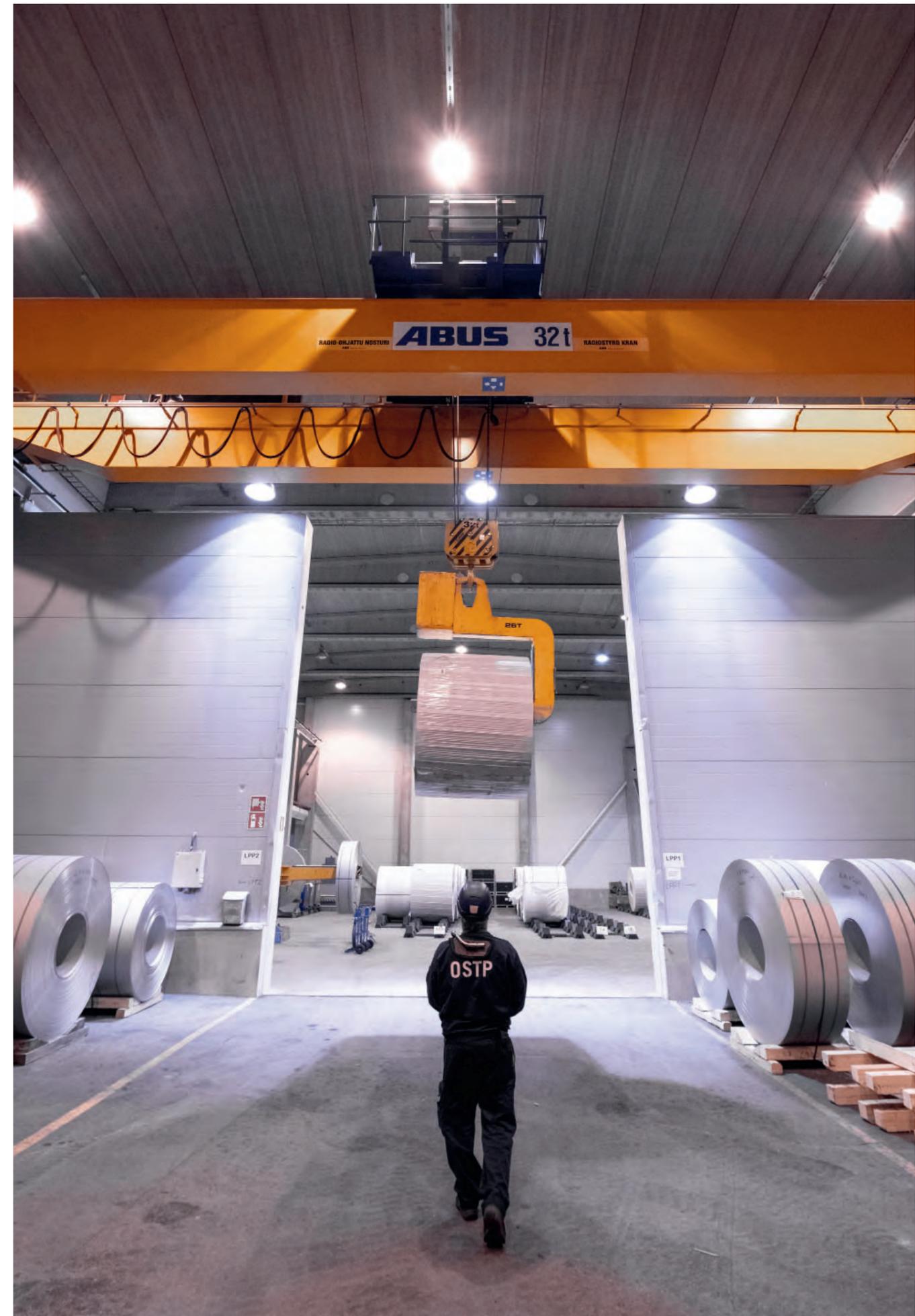
One of the critical points identified in our sustainability road map is the raw material used by OSTP, whose manufacture falls outside our direct scope. Because the production of stainless steel is energy-intensive, it is vital that our raw material suppliers are the best in their class.

KEY ACTIONS TAKEN DURING 2022

- Sourcing green electricity for our production sites
- Investing in electric vehicles, including trucks
- Finalising our energy savings project in Jakobstad
- Replacing diesel with renewable fuel in Jakobstad
- Finalising our Environmental Product Declarations (EPDs)
- Start of development on a CO₂ calculator to transparently show emissions from cradle to gate, including the customer's gate
- Multiple subprojects aimed at reducing CO₂, NO_x and other emissions to zero

KEY ACTIONS PLANNED FOR 2023

- Continuing work on our sustainability road map
- Finding solutions to replace LPG in Jakobstad
- Sourcing green district heating for our production sites (possible now for the first time)
- Obtaining third-party verification for the greenhouse gas data used by product groups in the CO₂ calculator
- Continuing the work to reduce plastics in our packaging and make it more sustainable





**NUMBER OF
OSTP GROUP EMPLOYEES**

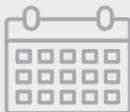
474



**TRAININGS/
EDUCATION**

121

**AVERAGE YEARS
OF EMPLOYMENT**



16

**EMPLOYEE
TURNOVER**

2%



A SUSTAINABLE WORKPLACE

WELL-BEING ON THE JOB

The well-being of our employees has the highest priority at OSTP. We work actively to provide a sound work environment, engaging in activities that promote both physical and mental health. Our support takes many forms, and each year we find new ways to develop it.



PHYSICAL WELL-BEING

Apart from our continuous efforts to keep employees safe, we work with ergonomics and make regular inspection rounds to ensure that work is performed in a good way. Ergonomic improvements, combined with the regular health checks we offer, help to secure long-term employee wellness.

In addition, we encourage employees to take responsibility for their own health. For example, we contribute to gym cards and other incentives to engage in physical activity.

MENTAL WELL-BEING

We strive to provide a structured workplace that allows for flexibility and creativity. At its heart are good leadership and a supportive climate built on communication.

Our production sites have teams that organise activities from parties to lectures. Likewise, we support our employees with discounts and contributions to activities of their choice. Above all, we recognise their need for development and meet it with ample training opportunities.

ROUTE TO WORLD CLASS

Our efforts to keep OSTP best in class and to develop together in all areas are expressed by a single name: Route to World Class. Route to World Class is the road and the how, rather than the destination and the goal. It reflects our belief that everyone can grow and develop – and that we do it best as a team.

Route to World Class encompasses:

- Trainings
- Weekly meetings
- Organisational structure
- Project management
- Targets and goals for the organisation and individuals

LEADERSHIP AND OPEN COMMUNICATION

At OSTP, we believe that leadership and communication are keys to sustainability as well as success. We strive to be an open organisation where discussing, sharing information and engaging with each other come naturally.

Leaders are essential to creating and maintaining that environment. This is why we invest in leadership programmes and trainings at our sites, designed to strengthen our leaders in their roles. Whether in management meetings and forums or in hands-on interaction as Route-to-World-Class Coordinators (RTWCs), our leaders set the tone and guide positive change.

From the other direction, OSTP employees are invited to share their opinions and raise their voices. We encourage our workers to be active in the many communication channels available, which range from suggestion boxes to participating in cross-functional groups and our continuous improvement work.

VALUE-DRIVEN ORGANISATION

We are an organisation guided by strong ideals. Our core values and principles include:

- Safety
- Quality
- Sustainability
- Reliability
- Responsiveness
- Innovation

At OSTP, these are much more than attractive words. We have worked through each of them in detail, exploring what each one means from the perspectives of our different stakeholders.

The result of this work is our matrix of fundamental principles. To make its contents well known and understood, we provide a dedicated training through our digital learning platform. Above all, our values and principles are regularly discussed, focusing on what they mean for individual employees and our entire organisation.

OSTP ACADEMY

Learning is valued and promoted at OSTP. Our digital learning platform, OSTP Academy, is an important tool that supports continuous development within our organisation. By taking advantage of its steadily growing offering, employees can hone their existing knowledge and gain access to new skills and insights.

OSTP ACADEMY IN NUMBERS 2022

30 new training modules introduced
23 trainings with focus on safety
121 training modules available
16 training programs available



SAFETY

2,31

RISKOBSERVATIONS MADE PER EMPLOYEE

12 403

MAN HOURS SPENT ON SAFETY WORK



QUALITY

ACCREDITED

ACCORDING TO ISO 9001, 14001, 45001 AND PED BY TÜV NORD.

22%

LESS CLAIMS (THAT CAUSED COSTS)

Highlights 2022

ENVIRONMENT



100%

OF ALL OUR PRODUCT GROUPS NOW HAVE EPD'S, ENVIRONMENTAL PRODUCT DECLARATIONS

100%

RECYCLABLE PRODUCT

100%

OF ALL OUR QUOTATIONS MADE THROUGH THE QUOTER APP NOW HAVE CO₂ DATA SPECIFIED

17%

LESS EMISSIONS FROM SCOPES 1 & 2 (AT OUR MAIN PRODUCTION SITES IN SWEDEN AND FINLAND)

100%

OF ALL PLANNED ACTIVITIES IN HE SUSTAINABILITY ROAD MAP HAVE BEEN ACCOMPLISHED

74%

OF ALL ENERGY USED WAS FROM GREEN SOURCES AT OUR MAIN PRODUCTION SITES IN SWEDEN AND FINLAND



SUSTAINING THE ENVIRONMENT
OUR SUSTAINABILITY ROAD MAP

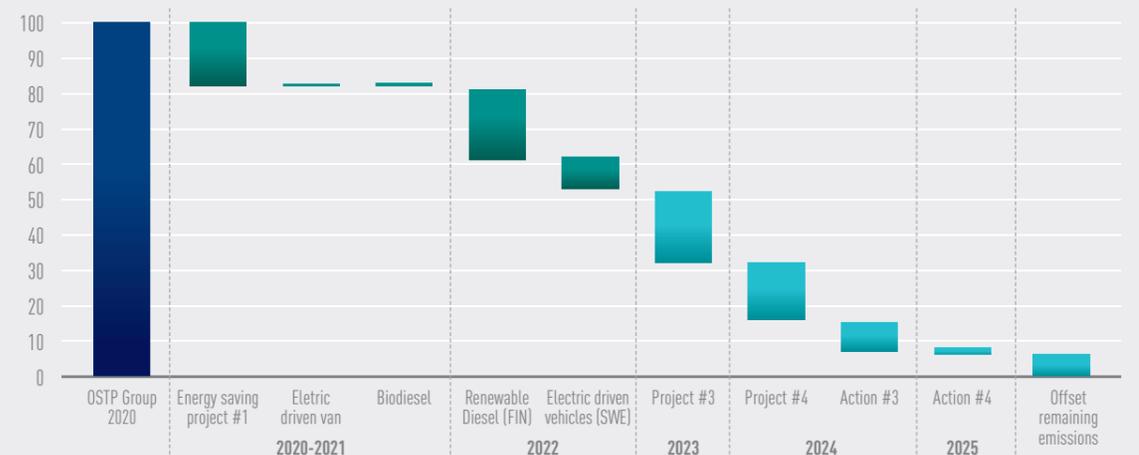
OSTP's sustainability road map lays out very clear environmental targets, aimed especially at lowering our CO₂ emissions. We are on track in nearly all respects, and in some areas we are proceeding ahead of schedule.

During 2022, we achieved many of the steps in our road map, including a number that were planned for coming years. Our energy savings project in Jakobstad has brought CO₂ emissions down by 491 tons. We have

invested in electric trucks and other electric vehicles at our sites, and the forklift fleet in Jakobstad is now fuelled entirely by renewable fuel. The latter has meant a massive reduction in emissions, and we are currently sourcing green energy that has become available through district heating.

In 2023–2025, we will continue with our remaining projects and set new targets for the future.

OSTP SUSTAINABILITY ROAD MAP



COMPLETED ROAD MAP ACTIVITIES (EXAMPLES)



Johan Nybacka, Production Manager, and Kimmo Aho, Production Technician, stand between the heating pumps at the OSTP unit in Jakobstad.



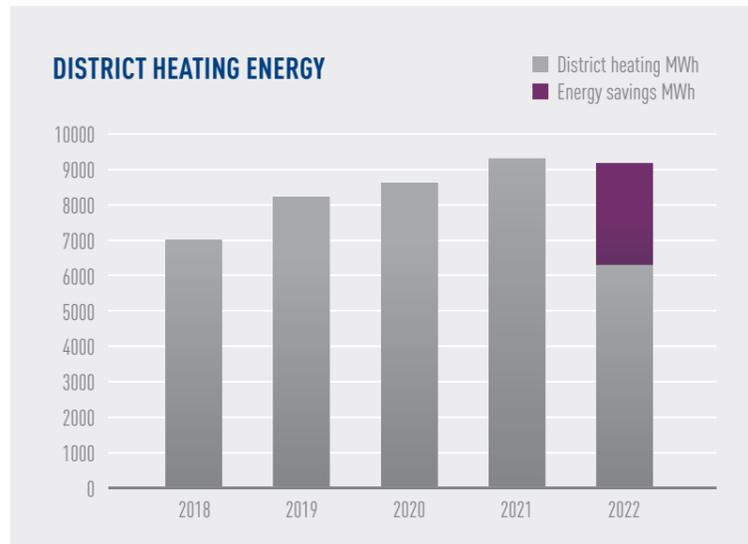
3 ELECTRIC VEHICLES

During 2022 we started our transition to electric vehicles with the company where possible. Already transportation vehicles are electric and as of June 2023 the new electric truck in Örnsköldsvik will be in use.

1 ENERGY SAVINGS PROJECT IN JAKOBSTAD SAVED 491 TONS OF CO₂ EMISSIONS

At OSTP's unit in Jakobstad, Energy Saving Project #1 was completed at the end of 2021 and taken into use in 2022. The project, which involved the installation of heat pumps, has saved costs while leading to a significant reduction in the unit's CO₂ emissions.

During the cooling of production processes, energy is now recovered by the heat pumps. The heat is transferred to the process water, but it is also used to warm up production facilities. The energy saved is equivalent to a car traveling 3,382,921 km – over 84 laps around the globe – at an emission rate of 145 gr CO₂ per 100 km.



"We have saved a lot of energy, money, and CO₂ emissions by investing in the heat pumps. It was a successful project, but the work does not end here. We will now continue to evaluate the rest of the heating and cooling in our processes and see where we can optimise further."

JOHAN NYBACKA, Production Manager, Jakobstad

"Another important thing is that we got more cooling capacity for process cooling, which is needed especially in the summer."

KIMMO AHO
Production Technician, Jakobstad

"This was a good project that shows that we have the potential to improve. A really good start in our journey to be CO₂ neutral."

JYRKI SIRONEN
Sustainability Manager, OSTP Group

2 RENEWABLE FUEL MEANS UP TO 90% LESS CARBON FOOTPRINT

OSTP's unit in Jakobstad has a large fleet of forklifts, the largest of which have a lifting capacity of 16 tonnes. These forklifts are used in loading around the clock, regardless of season. Recently, the entire fleet switched to renewable fuel, reducing its carbon footprint to a fraction of what it was before.



Jyrki Sironen, Sustainability Manager, OSTP Group

"By changing to renewable fuel, it's possible to achieve up to 90% less carbon footprint for transport fuels. This type of fuel can be used for all diesel engines. One of the benefits is that the number of deliveries can be optimised, and nature is saved in this way, while the new fuel itself also has an effect in curbing climate change."

JYRKI SIRONEN, Sustainability Manager, OSTP Group

4 NEW PACKAGING MATERIAL

We are continuously trying to find ways to also better our packaging materials and have moved from plastics to paper in many of our shipments. In Örnsköldsvik most shipments are now shipped with paper packaging.



"I'm happy to work at a company where we take sustainability matters seriously and invest in changes. We don't just jump over where the fence is the lowest. Through our goals and, above all, our sustainability road map, we as a company take responsibility for sustainable development."

MARTIN PETTERSSON, Internal Logistics Supervisor, Jakobstad

CO₂ EMISSIONS IN THE STAINLESS STEEL INDUSTRY

When creating stainless steel tubular products, the largest share of emissions is tied to the material itself. This means that choices in the supply chain have a greater impact on total emissions than what can be achieved at OSTP sites. Simply put, the production of stainless steel is far more emission-intensive than the processes of forming and welding it.

Stainless steel of sustainable origin, i.e. steel that contains a significant amount of recycled material, comprises less energy use and emissions prior to melting. If the melting process itself is driven with renewable energy, the emissions tied to production are minimised. Choosing suppliers with these factors in mind is a key tool in reducing OSTP's overall impact. We are also looking forward to new developments and technologies within the steel industry that might have an impact on this.

Looking at stainless steel production, there are two key questions that influence the level of emissions:

- What is the share of recycled raw material vs virgin raw material?
- What is the source of the energy used during production?

CO₂ EMISSIONS IN THE OSTP GROUP

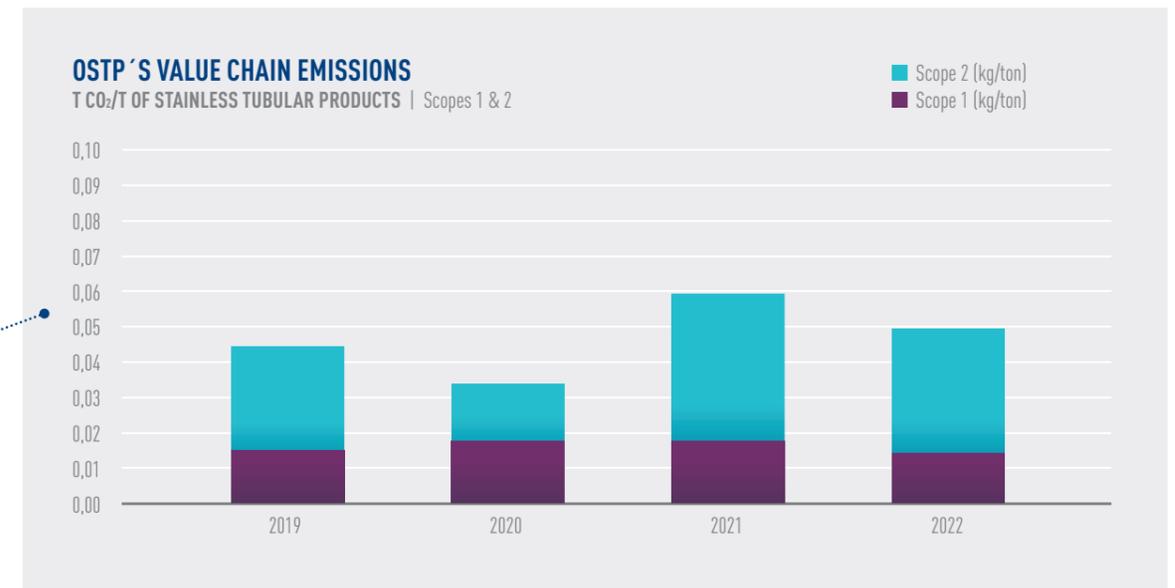
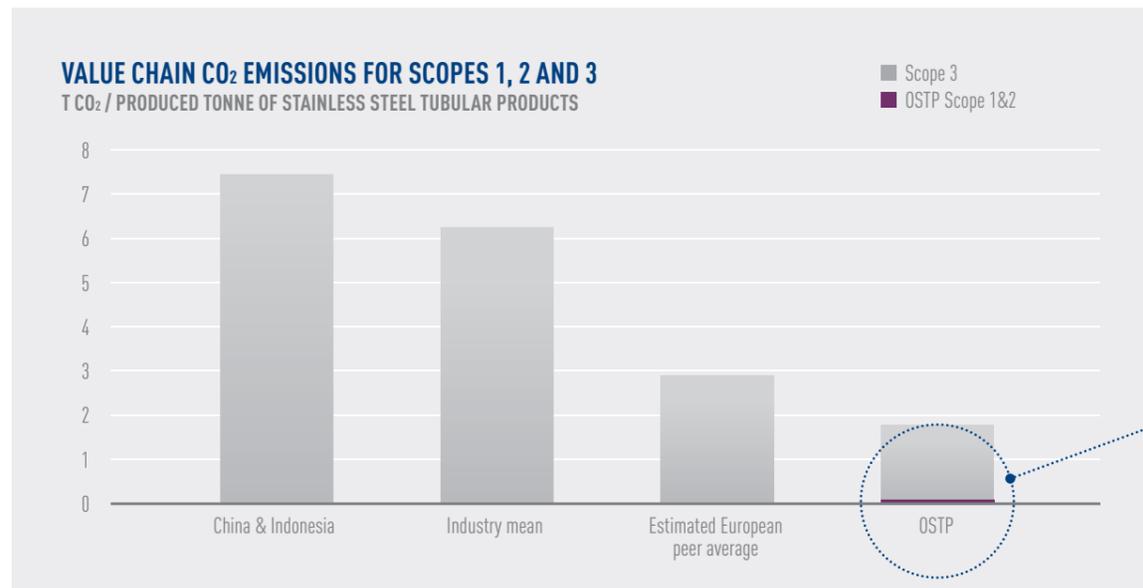
The primary focus of our sustainability road map is reducing emissions within Scopes 1 and 2 to a level approaching CO₂ neutrality. Scopes 1 and 2 are those over which we at OSTP have direct or indirect control.

Scope 1 covers the emissions created at our sites. We have followed our road map and taken decisive actions that have been successful, lowering our CO₂ emissions by 21%.

Scope 2 covers emissions from energy production, which have so far been impossible to influence. Although we at OSTP have lowered our energy consumption, the emission factor may have increased. Due to the energy crisis the sources for the district heating (which is out of OSTP's influence) have been less green during some period.

However, thanks to successful road map activities, such as those highlighted on the previous pages, OSTP has lowered CO₂ emissions significantly within Scopes 1 and 2.

We believe that completed road map activities, in combination with those we will implement in the coming year, will continue to lower our CO₂ emissions according to plan. By 2025, we will be able to use credits to offset any remaining CO₂ emissions within Scopes 1 and 2. Production sites at OSTP Sweden, OSTP Finland and PCM included.



CARBON TRANSPARENCY

At OSTP, we are working to make our CO₂ footprint clear and easy to understand. Being transparent about our own CO₂ emissions is an important service to our customers, as it provides vital assistance in their own sustainability work.

The Environmental Product Declarations (EPDs) that we have for all OSTP product groups are a key part of this effort. Our EPDs are comprehensive, including CO₂ data for Scopes 1–3.

In addition, we communicate our CO₂ footprint based on Scopes 1 and 2 alone. The calculated data is shared per line in each quotation made through our quoter app.

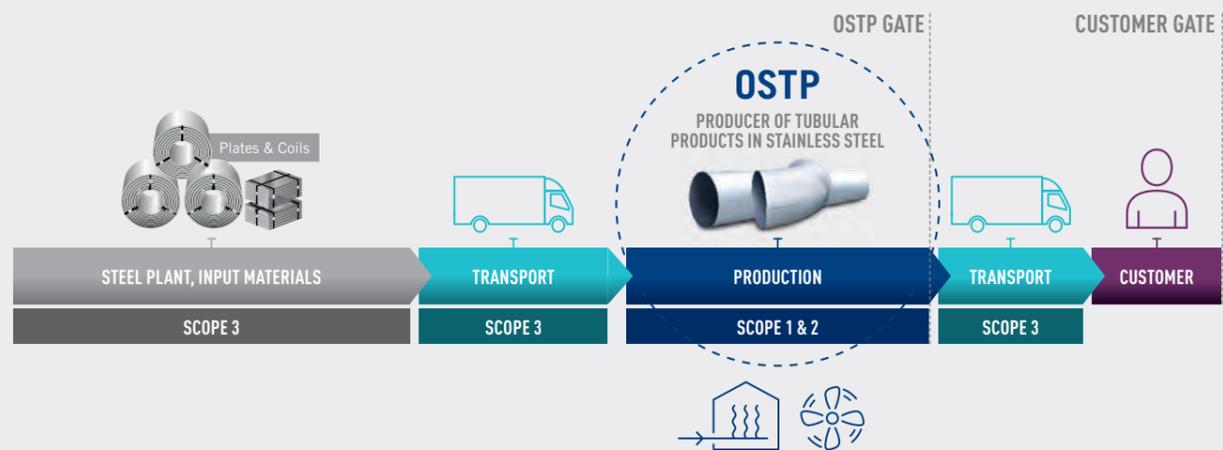
Customers see not only the specific CO₂ numbers at OSTP's gates, but also those that come after transportation, upon arrival at their own gate.

The CO₂ data presented is based on our own calculations, but this is only a first step. During the first half of 2023, our data will be verified by a third party. In addition, we aim to incorporate this key information into our confirmations and invoices.



SCOPES AND GATES – DEFINITION

CO₂ emissions is calculated within three different scopes.



SCOPE 1

Direct emissions from sources owned or controlled by the company. Examples: Production, waste, internal transports

SCOPE 2

Indirect emissions. Examples: Purchased heating, electricity, steam, cooling fuels used at site.

SCOPE 3

All other emissions associated with the company's activities, such as the upstream and indirect emissions for raw material and transports.

CUSTOMER

Our customers will get data on their quotations specified both at our gates and at the customer gate.

OSTP

OSTP GROUP
www.ostp.biz

SUSTAINABILITY HIGHLIGHTS 2022
April 2023