



**MontiPower
Sustainability
Report
2021**

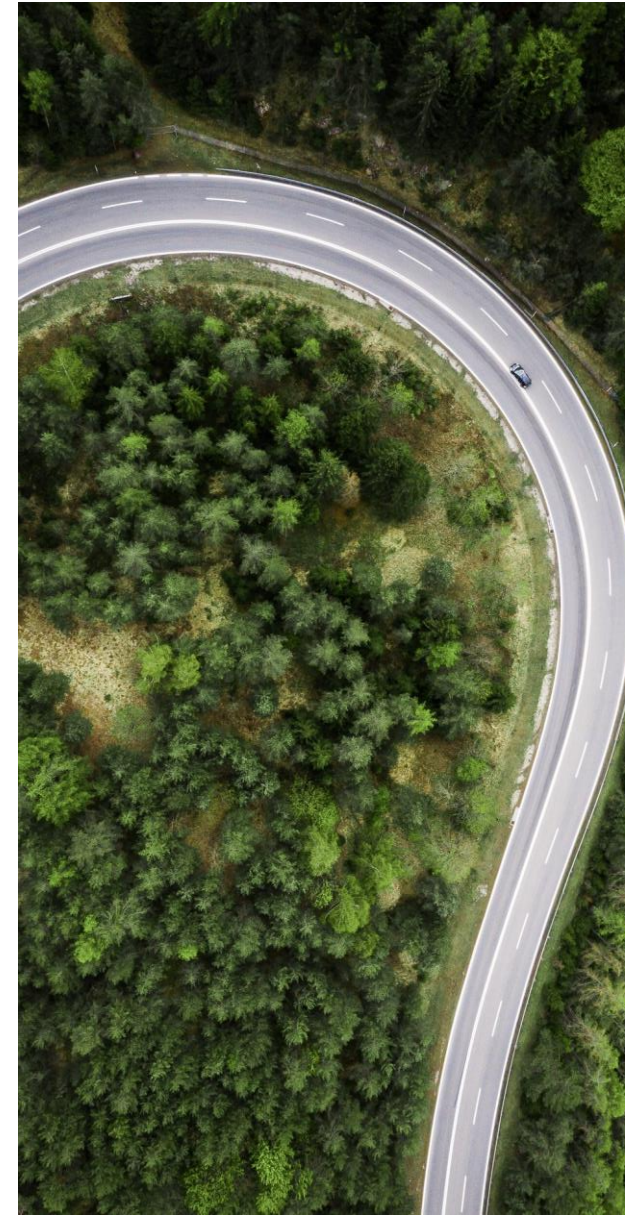
About this report

Sustainability is one of the most important and pressing themes of our age. Environmental, Social and Governance (ESG) are the three central factors in measuring the sustainability and ethical impact of a company. ESG factors, though non-financial, have a material impact on the long-term risk and financial performance of a company. Principally, companies that use ESG standards are more conscientious, less risky and are more likely to succeed in the long run.

This report describes the relevance of ESG in the industry that Monti Power is operating in. It highlights the key material ESG themes, assesses performance on those themes and provides an action plan to identifying value creation opportunities. The report is updated annually to monitor progress and keep the company focused on achieving the goals of becoming a more sustainable and future-proof company over time.

The report is the result of an independent review by the ESG & Sustainability consulting firm MJ Hudson, commissioned and approved by the board and management of Monti Power.

Note: All judgements are, where possible, based on or backed by analyses conducted by MJ Hudson. In cases involving across-category comparisons or result classification, judgements are not always based on objective analyses or data. These judgements are intersubjective in the sense that they are agreed between MJ Hudson and management, and in line with the thinking of industry experts and leading NGOs.



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- › MontPower (Monti), headquartered in Hennef, Germany, including its subsidiary, MontPower Americas Inc, is a globally renowned manufacturer of rotary bristle blasting technology and special surface preparation equipment used for surface cleaning, coating & millscale removal and anchor profiles.
- › Our patented technologies and innovative solutions are used to fabricate protective coatings and sealants without the need for abrasive materials and waste media.
- › MontPower's powertools enable high-performance surface preparation technologies that maximize the long-term protection of assets in various industries, amongst others in transportation and energy.
- › Outside the North America (Manassas and Houston) and Brazil (Macaé), MontPower operates globally through a network of trained distributors and resellers.



148

NOKm
revenue

30

FTEs

131

tCO₂e

113

Patents

How we look at sustainability



Investigate the industry exposure

First, the relevance of ESG is assessed for the industry that we operate in, and a long-term vision for a sustainable industry is defined.



Determine key impact areas

Key material themes are highlighted, taking a perspective on the full value chain. They are reviewed on a yearly basis.



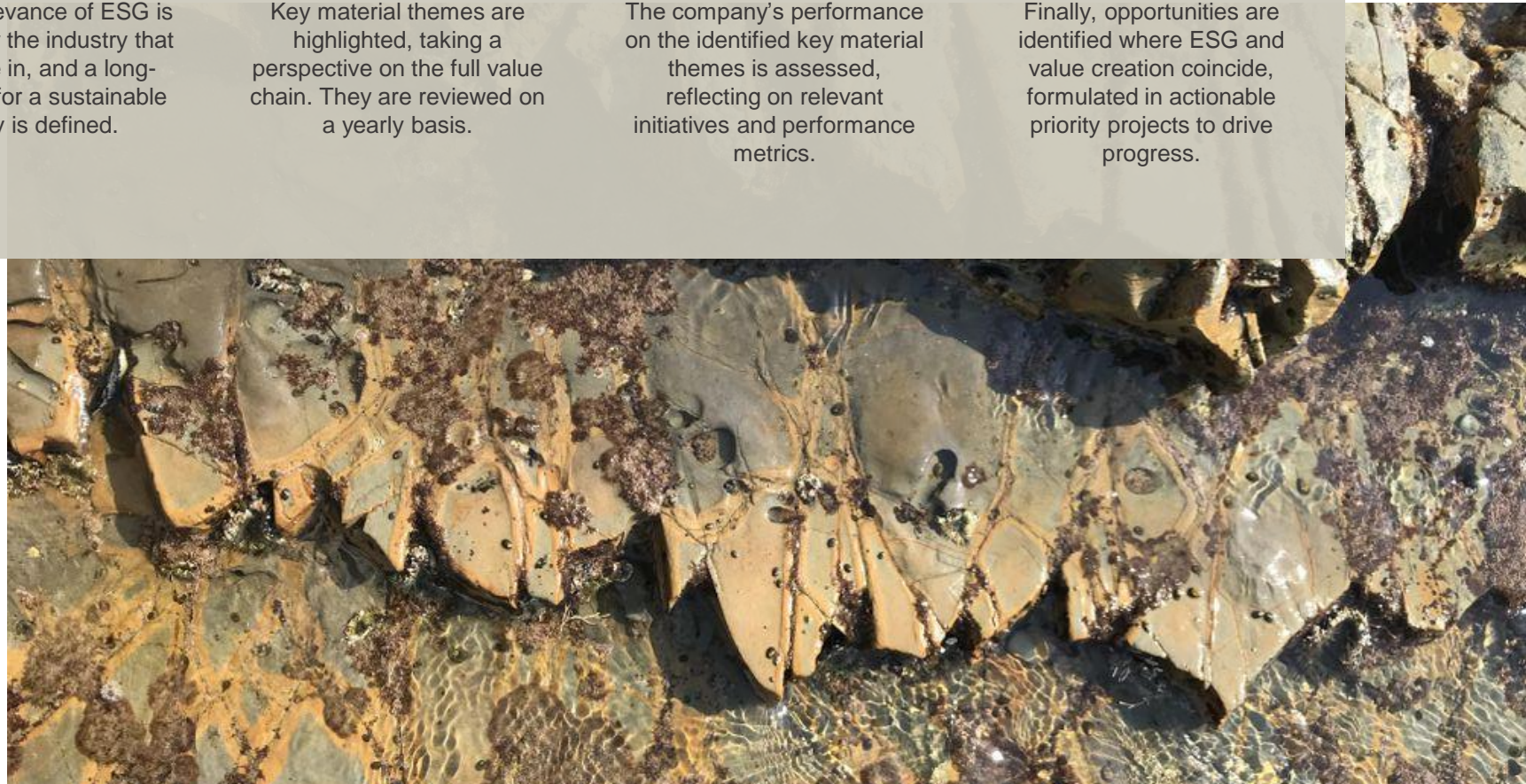
Assessing our performance

The company's performance on the identified key material themes is assessed, reflecting on relevant initiatives and performance metrics.



Position for the future

Finally, opportunities are identified where ESG and value creation coincide, formulated in actionable priority projects to drive progress.



Today's industry

- › **Market demand** – In line with increasingly adopted circularity principles throughout end-markets, surface preparation technologies will continue to extend the useful lifetime of assets in the respective industries. Anti-corrosion and sealant providers are increasingly adopting powertools that allow safe surface preparation, compared to conventional blasting technologies.
- › **Regulations & certification** – The regulatory environment influencing the surface preparation industry is shaped by WEEE and RoHS regulations. The RoHS, for instance, restricts the use of Chromium VI compounds in all electrical and electronic products. Chromium VI is also in some cases a component of paints and protective for adhesion improvement. Paint containing Chromate VI is a health and safety topic in the case of paint and/or coating removal. Special HEPA filters are applied and connected to all Monti devices.
- › **Industry initiatives** – Industry peers provide limited transparency on sustainability topics but seem to have relevant initiatives in place. Some peers engage with suppliers to ensure responsible procurement of materials. Others focus on showcasing compliance with regulations, such as the WEEE, and ensuring high levels of safety.

Long-term vision for a sustainable industry



- › The industry has the potential to reach a future-proof state, yet there are conditions for growth. Powertool providers should ensure quality and safety throughout the supply chain. In addition, companies should focus on optimizing material efficiency and adequate handling of (hazardous) wastes in line with regulations.
- › The industry will need to shift towards circular business models, thereby minimising waste streams. The industry should have standards that promote innovation, promoting the adoption of technologies that have inherent safety and environmental benefits. In addition, low-carbon technologies should be adopted to align with global climate goals (e.g. 1.5 degree Paris agreement).

Overview of our key material themes

Highlighting ESG themes that are relevant to us and the industry across its value chain using SASB’s materiality map

	UPSTREAM		OPERATIONS		DOWNSTREAM	
	Sourcing	Logistics	Operations	Product use	End-of-life	
ENVIRONMENTAL						
Climate & energy		Energy & carbon				
Material circularity			Material efficiency & waste			
Ecosystems impact						
SOCIAL						
Employee well-being			Employee health & safety			
Customer impact				Product quality & safety		
Corporate citizenship						
GOVERNANCE						
Corporate governance						
Supply chain management	Supply chain control					
Business resilience & ESG			Sustainability principles			

Managing our key material themes

Energy & carbon



- › By June 2021, Monti aims to be carbon neutral, by means of rooftop solar and offsetting the remaining emissions.
- › In production, Monti is innovative with finding new automatic solutions for grinding and hardening the tips of each produced roll of 125m to replace the energy consuming tambours and hydrogen hardening of the MBX belt tips. Moreover Monti is looking at water hydraulics instead of pneumatic driven machines for cutting, clamping and pressing inner rings in the Bristle Blaster Belts. New ways of introducing ultrasonic technologies are looked at for cutting and belt making.
- › Our offices have motion censored led lighting to lower energy consumption.
- › Our fleet contains electric vehicles (25% in 2020); the office has charging points available.

Material efficiency & waste



- › To increase the circularity of the product, Monti aims to implement a product circularity program for clients to return and collect products.
- › Monti maintains a register of materials and products that are considered hazardous. This includes sealants, lubricating oils, hardeners, thinners and cleaning products. All materials are tested for conformity with RoHS 2.0 and REACH standards.
- › Waste generated from operations consists of electronics, paper, aluminum, steel and oil. The waste is handled externally, either for recycling or appropriate disposal.

Product quality & safety



- › We ensure products are labelled according to regulation. For example, for electric, we follow the EN60745; a UL standard. In 2019-20 UL revised all our products for compliance and gave advice on label compliance. The labels on manuals and boxes have been adjusted accordingly.
- › We are WEEE-registered for electric tools in the EU.
- › Monti is ISO 9001 certified, and we have dedicated staff to safeguard quality. The phrase "Absolutely thoroughly" is cherished within the company to ensure products are of quality. Three product quality errors were reported in 2020.
- › Recall and tracking procedures are in place. There have been no product recalls in 2020.

Employee health & safety



- › Monti has a Health & Safety policy outlining the safety commitment and obligation to each individual employee.
- › Safety instruction posters showing commandments, what (not) to wear, and hazardous substance designation are presented across the offices to employees and visitors. Health protection marking schemes are also present.
- › Risk Inventory and Evaluation (RI&E) is conducted periodically by a third-party, Lloyd's Register. If required, follow-up action is taken. All findings are shared via SharePoint with employees.
- › Increased attention has been devoted to employee well-being. Improvements include free food at work, central coffee corner, fitness room, and trainings for fire safety and First Aid.

Supply chain control







- › Monti closely cooperates with suppliers (e.g., Metabo) to ensure that products cohere to regulations.
- › Suppliers are carefully screened according to ISO 9001 standards and our Supplier Code of Conduct.
- › The biggest supplier, located in Germany, works in accordance with a certified quality management system and follow requirements (ISO 9001 and ISO 8573-1, etc.).
- › We use a serial number system to maintain traceability of our products throughout the supply chain.

Sustainability principles



- › Relevant ESG policies are in place.
- › Monti is ISO 19001 certified and follows the EU politics for Greensteel initiatives as the green deal.
- › Monti fights existing ISO standards that promote sand blasting by having safer and more hygienic alternatives, such as the Bristle Blaster, allowing companies to blast without grit.
- › We believe in the power of innovation and aim to protect our technologies through IP. We currently possess 113 patents.
- › Exports to sanctioned countries are controlled.
- › We outsource labour intensive work to the Bonner Werkstätten and for peaks in production we work closely with them to help us with sourcing in labour.

Targeted UN SDGs* for Monti

	SDG Goal	SDG Target	Contribution	KPIs
Energy & carbon	13 CLIMATE ACTION 	Take urgent action to combat climate change and its impacts 13.2: Integrate climate change measures into (national) policies, strategies and planning	Monti aims to decrease negative impact on SDG 13 by taking energy saving measures and becoming carbon neutral.	<ul style="list-style-type: none"> • Carbon footprint • Closed Cycle Solutions by Bristle Blasting
Material efficiency & waste	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	Ensure sustainable consumption and production patterns 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Monti positively contributes to SDG 12 by using recycled materials or bioplastics for consumables like belts and machines, and circularity programs for recycling.	<ul style="list-style-type: none"> • Use of recycled materials / bioplastics
Employee health & safety	8 DECENT WORK AND ECONOMIC GROWTH 	Promote Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all 8.8: Protect labour rights and promote safe and secure working environments for all workers	Monti aims to increase positive impact on SDG 8 by having practices and policies in place that protect labour rights and promote safety of all workers (e.g. dust control, vibration and sound control).	<ul style="list-style-type: none"> • Employee turnover
Sustainability principles	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels 16.6: Develop effective, accountable and transparent institutions at all levels 16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels	Monti aims to contribute positively to SDG 16 by integrating sustainability principles throughout the organization.	<ul style="list-style-type: none"> • Education for Awareness via platforms like corrosionalliance.com

* United Nations Sustainable Development Goals

We have defined a selection of projects that contribute to fulfilling our sustainability ambition(s). Monti plays a key role in enabling the extension of the useful life of assets in our end-markets. Meanwhile, we are committed to drive improvements in own operations.



Energy & carbon

Project

Carbon Neutral

Description

- › Roll-out energy & carbon strategy by procuring from the installed rooftop solar PV and offsetting remain indirect emissions through an offsetting programme (e.g. Gold Standard).

Ambition

- › CO₂ neutral by June 2021.

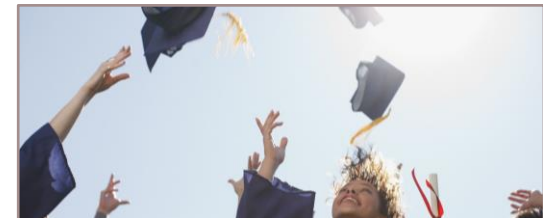


Material efficiency & waste

Montipower League

- › Roll-out Montipower League, our circularity program for our dear users and clients to collect used belts and machines.
- › Quantify the impact of circularity program and communicate with stakeholders.

- › Initiate pilot program to measure feasibility of circular proposition before 2022.



Talent management & retention

Young Talent

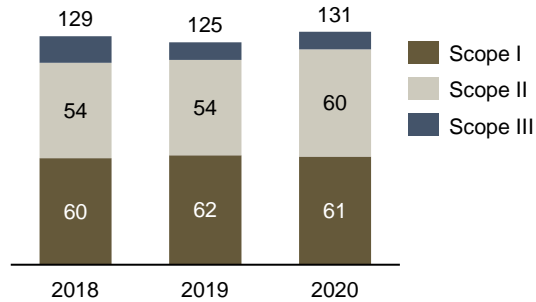
- › Set out vacancies on magnet.me, LinkedIn, internal university recruitment platforms to create awareness. Monti is already member of itanks.eu.
- › Recruitment project in collaboration with technical universities close to the offices.

- › Young talent pool at Monti, consisting of graduates/trainees.

Energy & carbon

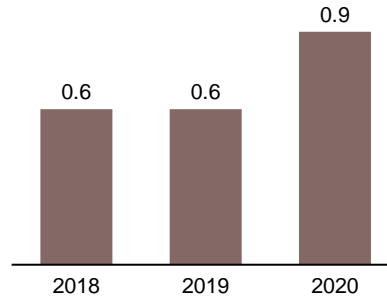
CARBON FOOTPRINT¹

tCO₂e



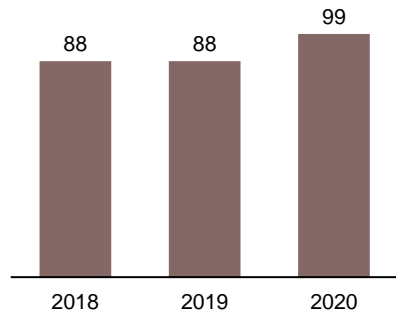
CARBON INTENSITY

tCO₂e / NOKm



ELECTRICITY CONSUMPTION

MWh



- › Scope I emissions are based on the gas consumption for operations as well as the fuel consumption for company vehicles.
- › Most of the carbon footprint in 2020 can be attributed to Scope II emissions resulting from electricity consumption.
- › Scope III emissions result from flights.
- › By 2021, Monti aims to be carbon neutral. Current investments include rooftop solar panels and electric vehicles.

Footprint equals



~ 16 Homes' energy for one year



< 1 Wind turbines running for a year

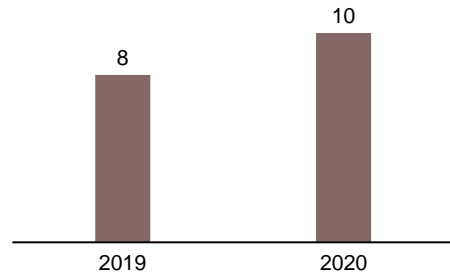
¹ As defined by The Greenhouse Gas Protocol; The carbon footprint includes the GHG emissions CO₂, and is expressed in equivalent tonnes of carbon dioxide (tCO₂e). Source: Greenhouse Gas Protocol, CO₂emissiefactoren.nl, Carbonfootprint.com, Company data, MJ Hudson assessment

Material efficiency & waste



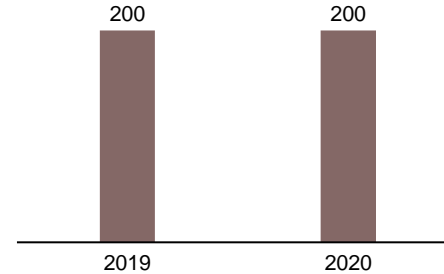
METAL & E-WASTE

Tonnes



OIL & LUBRICANTS

Liters

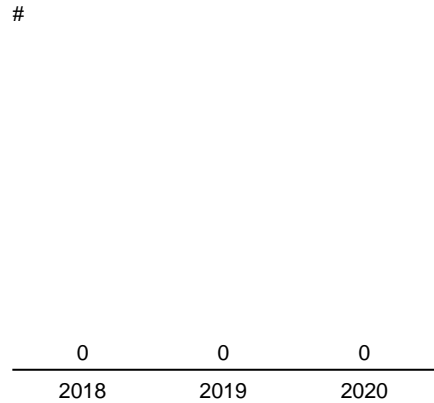


- › Monti does not procure any critical or limited resources/ materials for the production of products. Main materials used in production include steel wire, cloth, polyamide backing, cloth and threading. All components are recyclable, though none of the materials are thought to originate from renewable sources.
- › We maintain a register of materials and of the products that are considered hazardous. This includes sealants and lubricating oils.
- › All of our materials are tested for conformity with RoHS 2.0, Chromium VI, and REACH standards.
- › Our vision is to develop closed cycle solutions without any possibility to spill to nature. To increase the circularity of the product, Monti aims to implement a product circularity program for clients to return and collect products.

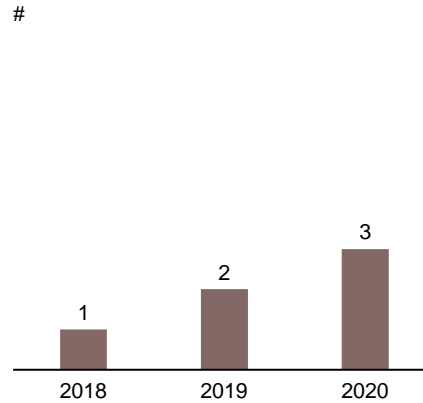


Product quality & safety

PRODUCT RECALLS



PRODUCT QUALITY ERRORS



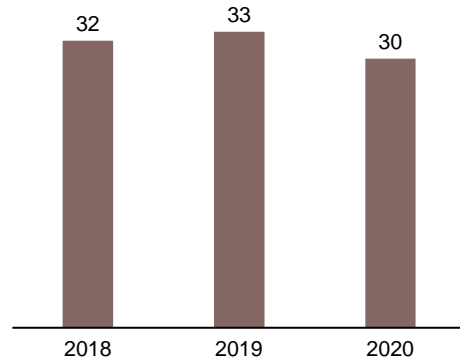
- › Monti is ISO 9001 certified and has designated staff to ensure compliance.
- › All products comply with labelling requirements. Monti ensures this with UL checks, advice from external parties. Montipower League will be launched soon; a circularity program for users and clients to collect used belts and machines. We developed special collection boxes out of sustainable carton to make our users and clients aware of the rest value of any belt and machines, also enabling them to understand what the real cost of Monti is from a total cost of ownership perspective. We are the only manufacturer that supply our own machines.
- › Multiple initiatives are in place to ensure quality. Among other procedures, we have a quality control room for testing and result interpretation, we have endurance testing for our belts (>1 hour), and we have a quality control process card per batch.
- › We are active ISO members 21809-3 for pipeline coatings, ISO TC67 for surface preparation, SSPC, NACE, Itanks, NNOW, Gfkorrr to make sure that asset owners are aware of alternatives to loose abrasive sand blasting methods for field application.



Employee health & safety

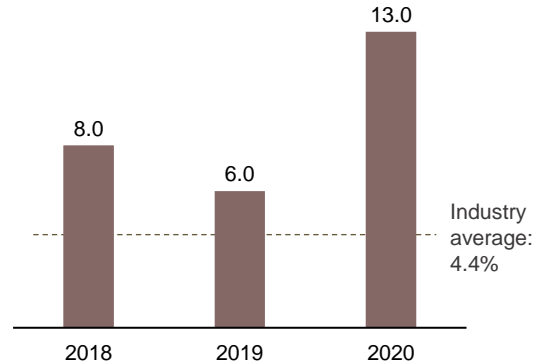
EMPLOYEES

FTE



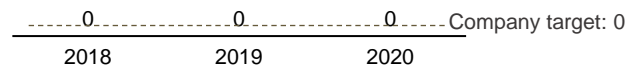
ABSENTEEISM RATE

%



ACCIDENT RATE

Accidents / 1,000 FTE



- › As part of ISO 9001, we review all H&S and jobsite directions periodically. We also have talks with each employee to listen to their needs, wishes, and development, so that we as a company can take care to avoid any disagreement.
- › The building is checked for any hazardous exposure to employees, such as hydrogen and machine safety. Third-party firms perform an audit for us. Everything that is documented is reported in SharePoint and transparent to all employees.
- › Per employee, 1% of the total payroll is made available for training purposes.
- › Our values is to work as a team, think forward and treat each other with respect. We do everything we can to make the firm, and the workplace feel home. Initiatives to improve the well-being of our employees have been implemented, e.g., free fruits and snacks, central coffee corner and fitness room.
- › Each new employee gets a tour and is trained for H&S. Employees are provided with material via SharePoint so that he/she can find the answers to questions (e.g. how do I request a holiday?).
- › The employee satisfaction score was 90/100 points, for 2020.

Supply chain control



Supplier	Country	Conformity	Stewardship organisation	ISO Certification	Other
Supplier 1 (Cordless tools)		<ul style="list-style-type: none"> › GDPR › REACH 	› WEEE registered	<ul style="list-style-type: none"> › 9001 › 8573-1 	› N/A
Supplier 2 (Pneumatic and electric tools)		› N/A	› N/A	› N/A	› N/A
Supplier 3 (Pneumatic tools)		› REACH	› N/A	› 9001	› CE Certification
Supplier 4 (Subsea aqua tools and robotics)		<ul style="list-style-type: none"> › GDPR › REACH 	› N/A	<ul style="list-style-type: none"> › 9001 › 9660 	› N/A
Supplier 5 (Textile backing)		› GDPR	› N/A	<ul style="list-style-type: none"> › 9001 › 14001 › 45001 › 50001 	› EMAS Member
Supplier 6 (Springware)		<ul style="list-style-type: none"> › GDPR › REACH 	› WEEE registered	› 9001	› N/A

- › We are committed to screening suppliers according to ISO 90001 standard. Compliance with UL listed components is also taken into consideration.
- › As part of our Supply Agreement, all suppliers must abide by our Code of Conduct for Health & Safety in the supply chain.

The superior method for surface preparation involves removing rust without loose abrasives and preparing substrates through a hand-help high impact, semi-automatic or automatic wire blast. This approach is safer for people and cleaner for our environment than traditional grit blasting.

ENSURING SAFETY ON THE JOB IS PARAMOUNT

Using MontiPower® powertools & equipment is considered safer than conventional blasting due to the following:

- › Low risk of injury to the operator due to no usage of pressures
- › Ergonomic design of equipment
- › Nature of bristles (will not cut through safety boots)
- › No usage of loose abrasive blast media will not travel beyond the berried work area
- › Will not cut through ropes (if rope access equipment is used)
- › Low noise and vibration levels
- › Easy to operate for applicator and wear eye glasses as PPE requirement



DEVELOPER OF CLOSED CYCLE SOLUTIONS

- › At MontiPower® we develop surface preparation solutions prior to coating application that provide optimal cleanliness and profile without creating waste or leaving residue behind.
- › This is not only our philosophy on site and during operation, it is also true for the manufacture of our brushes. Our brushes are manufactured from A to Z in closed cycle work cells, meeting the highest standards. Each belt is individually checked at each cycle of the production process, leaving no loose ends!



Sustainability principles

Sustainability policies, certificates and targets

- › ESG-related policies are in place, among others CoC, ABC, whistleblowing, and H&S.
- › ESG targets are set annually.
- › Monti is ISO 19001 certified and follows the EU politics for Greensteel initiatives as the green deal.

Engagement & responsibility of the Board of Directors

- › ESG is on the agenda and is discussed periodically in board meetings.
- › Monti has designated staff responsible for ESG.
- › External consultants support Monti with ESG-related topics.

Risk inventory and evaluation

- › Risk Inventory and Evaluation (RI&E) is conducted periodically by a third-party, Lloyd's Register. If required, follow-up action is taken. All findings are shared via SharePoint with employees.



Quality of monitoring systems

- › Monti is ISO 9001 certified and follows the requirements in its quality management system.
- › Product quality is secured through our quality management system, internal audits and our dedicated staff to monitor quality.
- › We use a serial number system to maintain traceability of our products.

Ensuring supplier compliance to Sustainability standards

- › Monti closely cooperates with suppliers to ensure that products adhere to regulations.
- › Suppliers are carefully screened according to ISO 9001 standards and our Supplier Code of Conduct – i.e., health and safety focused.

Transparency and reporting

- › Our website discloses how we care for the environment, steel protection and health & safety of our products. Also, each product is listed on the website with an elaborate brochure outlining the environmental impact of the product.