

Scandinavian Fittings and Flanges

ESG Report 2024

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Introduction

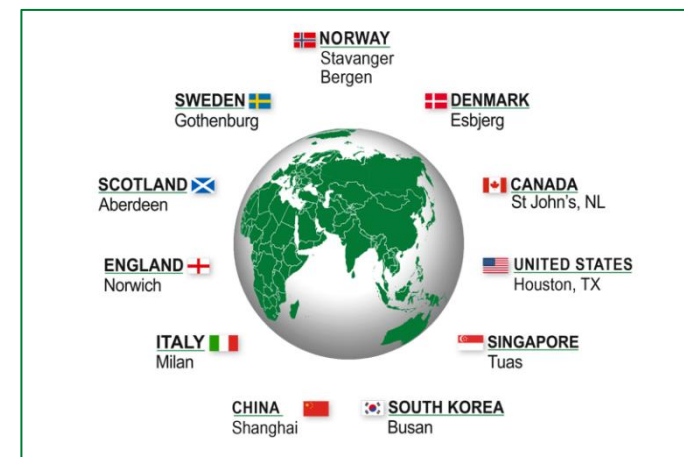
The SFF Group (SFF) is committed to incorporating ESG considerations in every aspect of our operations; we strive to protect people, property, and the environment. SFF prioritizes health and safety for all parties that engage with us – both internal and external stakeholders.

Our mission is to deliver superior piping solutions to the energy and industrial markets, in the most responsible manner possible. SFF always aims to be regarded as an active and positive contributor to the communities we operate in.



As part of that, we will always comply with applicable laws and regulations. Further, we will develop specific goals, including HSE aspects, beyond the basic regulatory requirements.

SFF has over 120 employees spread across 12 offices worldwide.

Our Locations:



SFF Contributions to SDG:	What we do:
	<ul style="list-style-type: none"> Provide health care coverage for employees Offer vaccinations and preventive care Zero injuries
	<ul style="list-style-type: none"> Give employment opportunities for all, including young people and persons with disabilities Ensure equal pay for work of equal value Protect labor rights
	<ul style="list-style-type: none"> Focus on inclusive hiring practices, including our own “alternative recruitment” policy Support the local communities we operate in
	<ul style="list-style-type: none"> Reduce waste and ensure sustainable energy management Offer a global supply chain, allowing us to manufacture products close to final destination

	<ul style="list-style-type: none"> Provide full transparency in sustainability reporting
	<ul style="list-style-type: none"> Set firm Scope 1 and 2 emission reduction targets Focus on recycling initiatives, including buy-back of surplus piping Encourage sustainable employee commuting (e.g., running, cycling, and public transportation)
	<ul style="list-style-type: none"> Build global partnerships for sustainable development Set clear expectations to our business partners for sustainability reporting and energy management systems

These SDGs reflect our strategic commitment to operating responsibly, building an inclusive workplace, and contributing positively to society and the environment. We believe that by aligning our ESG policy with these SDGs, we can make a meaningful contribution while stimulating long-term growth and innovation.

ENVIRONMENTAL

Emissions in our operations:

SFF Group recognizes that climate change will profoundly impact our planet. Environmental risk mitigation is a collective responsibility, and we are committed to minimizing our environmental footprint by setting firm goals to reduce our carbon footprint.

Scope 1 and 2 emissions:

SFF Group has identified fleet emissions (i.e., emissions from company-owned vehicles and forklifts) as our primary source of Scope 1 emissions. To minimize emissions, we have eliminated the use of heated or cooled warehouses across our operations.

When it comes to Scope 2 emissions, the most significant factor is the electricity used for powering our offices and warehouses. To enhance energy efficiency and reduce our environmental footprint, we have implemented regular energy assessments across all facilities.

Goal:

- 1) Achieve a 70% reduction in Scope 1 and Scope 2 greenhouse gas (GHG) emissions by 2030 (base year 2023).
- 2) Ensure complete transparency by publishing an annual ESG report, including emissions data, on our website.

Results:

SFF's scope 1 emissions were 71.46 ton CO₂ in 2024; Scope 2 emissions were 48.61 ton CO₂.

Above results are based on automated calculations done by Miljöfyttäm (Eco-Lighthouse) and account for the whole SFF Group.

SFF has invested and implemented changes to continue the reduction to meet internal goals.

Some of our investments include:

- Focusing on electrical company-owned vehicles
- Electrical forklifts
- Solar panels
- Upgrading older office windows
- Upgraded lighting system (office and warehouse)
- Upgraded ventilation systems
- Elongating HQ warehouses to centralize operations

Scope 3 emissions:

While we possess accurate data for Scope 1 and 2 emissions, it is more challenging to quantify activities beyond our immediate value chain. Given the nature of our operations, we have identified upstream activities related to manufacturing and transportation of piping products to be the most significant factors. We therefore proactively work with our key suppliers to reduce Scope 3 emissions. Our most important Scope 3 reduction initiatives are listed below:

Goal:

- 1) Measure and disclose Scope 3 GHG emissions by 2025.
- 2) Develop a systematic approach to reduce Scope 3 GHG emissions by 2026.

Results: Ongoing. Scope 3 identification below.

Category:	SFF Relevance:	SFF Initiative(s):
1 – Purchased Goods & Services	All upstream emissions from the production of the piping products we purchase.	<ul style="list-style-type: none"> Ensure key manufacturing partners have an energy management system in place Continuously request emissions data from main suppliers to monitor and manage upstream emissions.
4 – Upstream Transportation & Distribution	Transportation & distribution of purchased products (in vehicles not owned by SFF)	<ul style="list-style-type: none"> Optimize logistics to ensure trucks are filled before dispatch. This reduces the number of trips and associated emissions.
6 – Business Travel	Emissions originating from transportation activities undertaken by employees for business-related purposes,	<ul style="list-style-type: none"> Reduce business travel by utilizing online meeting tools like Microsoft Teams

	excluding commuting.	whenever possible.
7 – Employee Commuting	Emissions from our employees commuting to work.	<ul style="list-style-type: none"> SFF has installed electrical vehicle chargers at HQ and Bergen— these are free to use for all employees. This was implemented to nudge more employees to switch to electric vehicles. SFF Group also encourages employees to bike, bus, or run/walk to work.
9 – Downstream Transportation & Distribution	Transportation & distribution of sold products (in vehicles not owned by SFF)	<ul style="list-style-type: none"> Contribute to optimizing customer logistics by consolidating goods at SFF Group’s warehouses.

Providing safe, reliable piping products:

By sourcing piping products from high-quality suppliers, we prevent the leakage of hydrocarbons, gases, and other substances into the environment.

Goal: Zero hydrocarbon leakages from piping products supplied by SFF Group.

Result: No leaks.

Certification to environmental standards:

The SFF Group has been ISO 14001:2015 certified since 2022, which serves as a testament to our efforts to implement sustainable practices. In addition, SFF HQ has been Eco-Lighthouse certified since 2007.

We also expect our main manufacturing partners to have an energy management system in place. Our procurement policy is to favour suppliers who utilize renewable energy sources in their production facilities.

Goal: Minimum 95% of our main manufacturing partners shall be certified to ISO 14001.

Result: 85%

Waste management and recycling:

Improving our recycling habits can help keep the environment clean and preserve our natural resources. A circular economy allows us to use raw materials more intelligently and carefully, thus significantly reducing waste and pollution.

As part of that, we actively seek to buy back surplus piping products from previous projects. After thorough inspection by SFF's QC and warehouse teams, we reintroduce these products to the market, extending their life and reducing emissions associated with new production. On average, SFF saves 1.85 tons of avoided CO2 emissions for every ton of surplus stock we handle.

Goal:

- 1) Recycle a minimum of 85% of all waste at HQ. All branches shall set individual goals depending on their recycling possibilities.
- 2) Execute minimum one major buyback (>5 tons) of surplus materials per year.

Result: 88.4% at SFF HQ.

SOCIAL

The SFF Group is known for its excellent company culture and loyal workforce, largely due to its active policy of creating a diverse and inclusive workplace. We are widely recognized as pioneers in recruiting personnel with special needs and from diverse backgrounds. We believe that our great results are achieved not despite, but because of our recruitment policy. The SFF Group has received several awards for this initiative:

- Best Managed Company 2021 (Deloitte Norway)
- Inkluderingsprisen 2021 (Inclusiveness Award 2021)
- Pøbelprisen
- Norrønaprisen
- Bransjeløftprisen
- Firsprangprisen
- Company of the Year 2024 finalist (Næringsforeningen i Stavanger)

Alternative recruitment:

Inclusion and diversity are – and always have been – part of the SFF Group's DNA. Since 1995, we have been committed to systematically giving people with special needs or a troubled past an opportunity in the professional world. We call this initiative "alternative recruitment." Traditionally, these groups of people have struggled to enter the workforce. We believe that everyone – irrespective of age, gender, sexual orientation, disability, religion, or troubled past – deserves an opportunity to succeed professionally.

Goal: 20% of the SFF Group's workforce shall be recruited from "alternative channels."

Result: 28%

Absenteeism:

A motivated, engaged workforce is essential for us to succeed. We therefore closely monitor our absenteeism rate. This builds on the belief that a happy employee is less likely to be absent. Therefore, the observed absenteeism rate is a good proxy for understanding if we have created a positive working environment. Over the years, we have consistently outperformed the national averages, which tends to be in the range of 5-7%.

Goal: Sick leave shall be lower than 2.5%.

Result: 2.36%

Staff turnover:

SFF's skilled, motivated, and loyal workforce is our biggest asset. We strive to create a best-in-class working environment with personal and professional growth possibilities. It takes many years to develop expertise within our field of work, and we invest heavily in equipping our staff with the right tools and knowledge to succeed. Staff loyalty is, therefore, crucial for continuity and future organizational development.

Goal: Staff turnover shall not exceed 5%.

Result: 6.3%

GOVERNANCE

Sound corporate governance plays a crucial role in our company's development. Our goal is to operate with accountability, integrity, and equality in all our practices.

Code of Conduct:

The SFF Group is committed to conducting its worldwide operations legally, ethically, and socially responsibly. We expect every supplier we work with to uphold the same ethical standards. All significant suppliers must adhere to our Supplier Code of Conduct to ensure compliance. This document outlines the behaviors, practices, and responsible business standards we expect from our supply chain. We perform periodic risk-management audits to verify compliance.

Goal: 100% compliance with the Supplier Code of Conduct.

Result: 100%

Anti-Bribery and Anti-Corruption:

The SFF Group is committed to winning business because of our quality and competitiveness. The SFF Group takes a zero-tolerance approach to bribery and corruption and will never attempt to win on any other basis.

All SFF employees, whom we trust to manage our resources, are expected to act in good faith and use proper judgment, integrity, and common sense. Bribery and corruption are an ever-present threat, and our employees must, therefore, be trained to understand their causes, effects, and ways to combat them. Furthermore, we expect all our business partners to abide by the same anti-bribery and anti-corruption standards.

Goal: 100% of our workforce (except warehouse personnel) shall have performed our Anti-Corruption and Anti-Bribery course.

Result: 100%

