



MontiPower Report 2024 ESG Review





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About us

MontiPower is the brand name of Monti-Werkzeuge GmbH, headquartered in Hennef, Germany, including its subsidiaries, MontiPower is a globally renowned manufacturer of rotary bristle blasting technology and special surface preparation equipment used for surface cleaning, coating & mill scale removal and anchor profiles.

MontiPower's patented technologies and innovative solutions are used to fabricate protective coatings and sealants without the need for loose abrasive materials and waste media. MontiPower's power tool solutions enable high-performance surface preparation technologies that maximize the long-term protection of assets in various industries, amongst others in transportation and energy.

Outside North America (Manassas and Houston), Groningen (Holland) and Brazil (Macaé), MontiPower operates globally through a network of trained distributors and resellers.

19,3	EURm revenue
53	FTEs
130	tCO2-eq
25%	Female employees

ESG highlights in 2023

- ca. 11,000 tonnes grit waste avoided
- share of renewable energy 54 %
- excess production of renewable energy 102,000 kWh



Introduction

We look at the relevance of sustainability from an industry perspective, and what a long-term vision looks like. We have identified material themes to focus on, taking a perspective of the full value chain and reviewing these at least annually. We have identified some key performance indicators (KPI) on the identified material themes and reflect on these throughout this report. Finally, we have identified value creation opportunities and formulated an action plan to drive progress.

We seek to continuously align sustainability reporting with international conventions and regulations, such as the UN Sustainable Development Goals (UN SDGs), the Greenhouse Gas Protocol and the Impact Management Project (IMP).

- In the surface preparation industry, there is increasing need for efficient, continuous, and durable products and safe operations. Consequently, companies are starting to generate smarter solutions, optimising processes, increasing efficiency, recycling, and reducing material needs and waste.
- This includes, developing new product services and offerings, monitoring business processes and ensuring quality control as well as implementing customer requirements and industry standards. Increasing regulation and labour-protection laws are pushing companies to implement and uphold higher health and safety standards (e.g., by alleviating dangerous working conditions for employees), while market competition is driving companies to promote employee wellbeing to attract and retain talent. The future industry will entail growing pressure from stakeholders and consumers to implement and expand sustainability solutions, for instance, reducing the emissions of volatile organic compounds (VOCs), reduce the overall carbon footprint in case of recoating, recycling, improving environmental management systems according to ISO 14001 standards, developing environmental policies and trainings, and ensuring materials are sustainably sourced.



Our key material ESG themes

	UPSTREAM	OPERATIONS	DOWNSTREAM
Environmental			
Climate	Climate change mitigation Energy and carbon		
Water and marine resources			
Biodiversity and ecosystems			
Resource use and circular economy			Waste Waste management
Social			
Own workforce		Health and safety Employee health and safety	
Workers in the supply chain			
Affected communities			
Costumers and end-users			Information-related impacts for consumers and/or end users Personal safety of consumers and/or end-users
Governance			
Business conduct	Management of relationships with suppliers including payment practices Supply Chain Control		

Climate change mitigation
Relates to the carbon footprint caused by energy consumption in operations. How a company manages its energy efficiency.

Waste
Relates to the minimisation and management of waste. Companies that reduce, reuse and recycle waste can minimise their environmental impact whilst reducing costs and improving circularity.

Health and safety
Relates to a company's ability to maintain a safe and healthy workplace environment. Providing adequate safety training and ensuring wellbeing helps companies to avoid reputational damages.

Personal safety of consumers and/or end-users
Ensuring safety and responding in a timely manner when defects are identified can protect companies from regulatory action whilst increasing market competitiveness

Information-related impacts for consumers and/or end users
Relates to the measurement and communication of potential positive (downstream) impact of products and services. Companies can avoid externality costs whilst meeting consumer/market demand

Management of relationships with suppliers including payment practices
Relates to responsible, transparent, and sustainable supply chain management. Avoiding risks and addressing labour concerns helps protect shareholder value and provide market opportunity

ESG progress in 2023

Priority project	Description of project	Progress in 2023
1 Sustainability Narrative	Utilising information on Monti's the performance on ESG themes (green energy, circularity) and statistics on the Bristleblaster (carbon savings / safety), Monti can make its messaging more powerful through: • Tailoring communication to different stakeholders (e.g. www.montipowerclosingcycles.com, simplified one-pagers for distributors under Dr. Prepper, Posters in the Plant and for the offices around the world, providing sustainability facts alongside the product descriptions) and Co2 calculators. Linking together and aligning communication channels on sustainability messaging (e.g. linking YouTube videos to main website). Considering additional media in relation to becoming 'the most human company', e.g. DEI and the operator experience.	In progress: MontiPower introduced a special webpage and domain name for marketing the green surface prep theme. In the factory we have a new poster for people, planet, power at the walls. At Tradeshows we have a green look and feel for these themes, to make applicators, contractors and asset owners aware of environmental savi Q2).
2 Diversity expansion	The project will entail pursuing several initiatives to enhance diversity in MontiPower's workforce. Examples include: • Mentorship and apprentice programs, • Network events focused on supporting the needs of specific groups (e.g. women, minorities, younger/ older workers). • Working arrangements (e.g. flexible working arrangements, parental leave policy). • Revising hiring procedures (e.g. blind hiring, scanning job postings to prevent biased language).	Ongoing progress: during Q1-Q4 2023 Integrated into everyday work.
3 MontiPower - MontiPeople	MontiPower engages with users of its product, both in established and newer markets. To be the best-in-class surface preparation Montipower considers the following actions: - Conducting a survey of current customers (why choose Monti, company impression, feedback) and users (user experience, feedback, company impression). - Launching an app and domain to network for Bristleblaster operators to share concerns, tips etc. - Conducting a demo with sandblast operators (consider in US), focusing on safety and company support for users. - Considering leveraging social media to promote safety or address concerns.	In progress: Develop a customer and user engagement plan of action (this may vary by region) (2023 Q2) Engage with customers and users on the bristleblaster experience – what makes it work and what do you want to improve? (2023 Q3) Roll out a new vision of MontiPower – MontiPeople across the company; if appropriate, launch a support forum for users (2024, Q1) Consider conducting an annual survey of customers and users /2024, Q3)

ESG priority projects for 2024

Priority project

Description of project

1

MontiPower - MontiPeople

MontiPower needs to engage with users of its product both in established and newer markets. How can this be the best-in-class surface preparation experience? Consider the following actions:

- Launching an app/domain for selection including co2 savings calculator to make Bristleblasting more meaningful to operators and other stake holders, who share concerns about people's safety, health, nature and efficiencies.
- Open 5 more showrooms in the world and be part of 5 training classes about the topic of carbon neutral blasting
- Considering leveraging social media to promote safety or address concerns.

2

Impact - avoided emissions

Scope 4 impact measurement is about quantifying and acknowledging the positive environmental impacts that result from the use of a company's products or services, promoting innovations that help in reducing global greenhouse gas emissions.

MontiPower wants to highlights and incentivizes innovation in products and services that contribute to overall emissions reductions. By doing so, the project provides a more comprehensive view of MontisPowers environmental impact, acknowledging both the negative and positive impacts.

MontiPower with significant Scope 4 contributions can differentiate the company in the market as leaders in sustainability.

Actions for 2024

- Strengthen the special site www.montipowerclosingcycles.com with an app as an open forum for all stakeholders.
- Roll out a new vision of MontiPower – MontiPeople across the company; if appropriate, launch a support forum for user.
- Set up internal project team, define project scope, objectives, and key performance indicators (KPIs).
- Establish baseline emissions avoided per product / unit.

Climate change

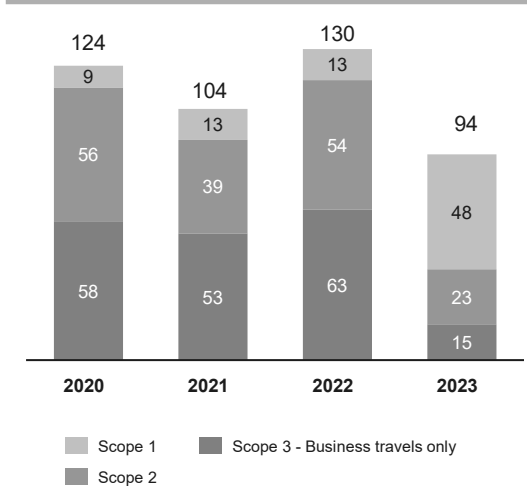
- Climate mitigation is a priority for MontiPower, as demonstrated by their development of innovative low-carbon solutions and efforts to reduce and offset emissions, such as through solar power generation.
- MontiPower is committed to finding new, innovative, and automated solutions in their production line. This includes grinding and hardening the tips of each 125m roll to replace energy-intensive tambours and using hydrogen to harden the MBX belt tip.
- The company is committed to reducing emissions and achieving climate neutrality through various initiatives. MontiPower installed solar panels on their roof in 2020, allowing them to feed excess electricity into the grid. In 2022, these panels generated approximately 155 MWh of energy, which not only reduced carbon emissions but also saved around €50,800 in energy cost
- The GHG emissions has decreased between 2022 to 2023 with 27%. Further, approximately 60% of the Groups total emissions is a result of scope 3 emissions. Of which, “Purchased goods and services” contributed the highest emissions.

54%

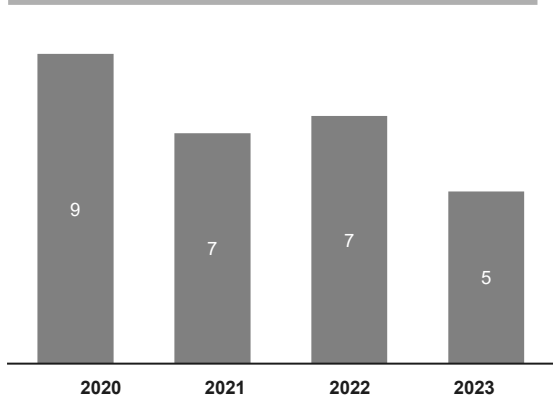
Share of Renewable energy

¹As 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, Company data, MJ Hudson analysis; 2 based on prices from Europa statistics

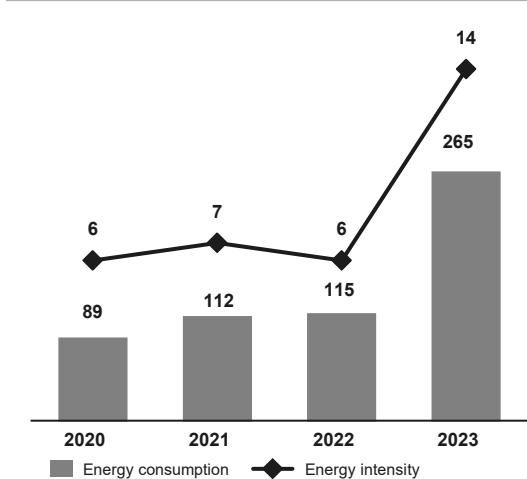
Carbon footprint¹
tCO2e



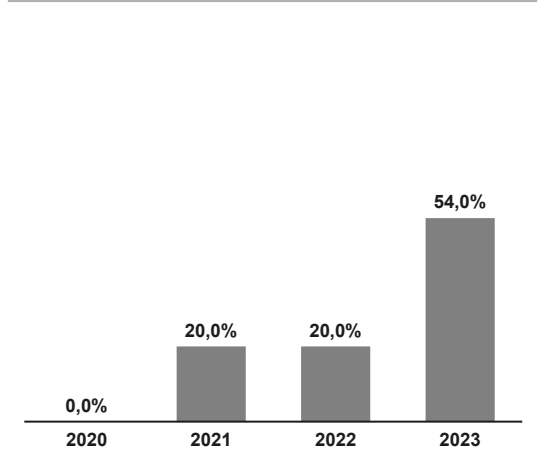
Carbon intensity
tCO2e / EURm revenue



Energy consumption (MWh) &
Energy intensity (MWh/EURm)



Renewable energy consumption (%)



Waste

MontiPower holds circularity at the heart of its operations, developing closed-cycle solutions in which production cycles have minimal spillage into the natural environment. For example, surface preparation solutions have been established that are clean and profile without generating waste or pollution.

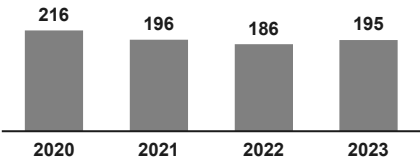
MontiPower’s circularity program is changing this through initiatives including the belt recycle bin and second-life machine repair / refurbishment services. The belt recycle program allows customers to return used belts in exchange for credits that can be used to purchase new belts, reducing end-waste.

Primary materials used in production include steel wire, cloth, polyamide backing, threading, and carton, all of which are recyclable. Furthermore, MontiPower is working to ensure that these materials are sustainably-sourced.

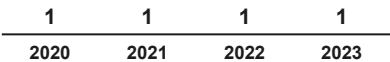
The company has partnered with The Green Dot (“Der Grüne Punkt”), which is a leading provider of take-back and waste management systems and ensures the proper recycling and disposal of packaging waste. MontiPower pro.



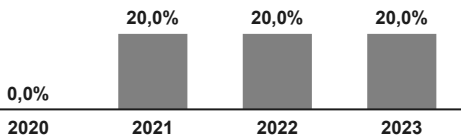
Waste
Tonnes



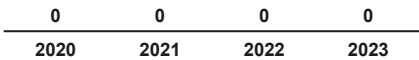
Metal and e-waste
Tonnes



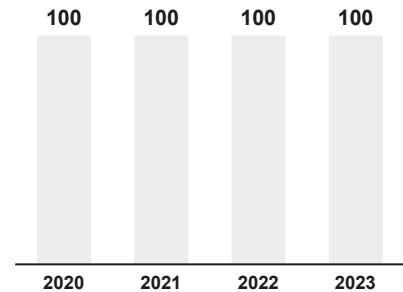
Water waste recycled with Der Grune Punkt
Tonnes



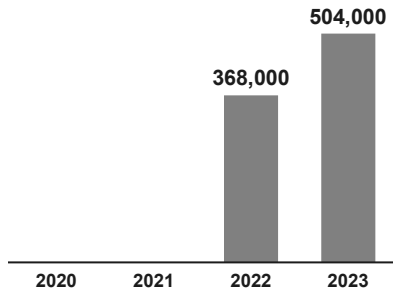
Hazardous waste
Tonnes



Oil and lubricants
Litres



Belt recycling potential
#



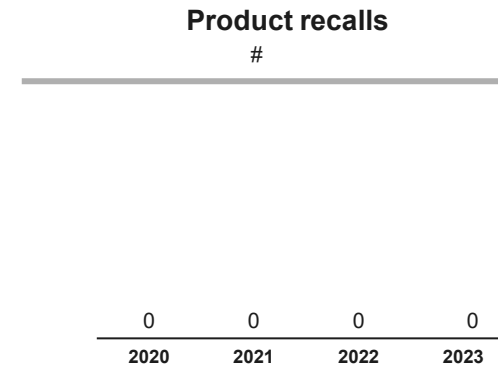
Personal safety of consumers and/or end-users

Product quality and safety are of paramount importance to MontiPower.

MontiPower is an active ISO member 21809-3 for pipeline coatings, ISO TC67 for surface preparation, SSPC, NACE, Itanks, NNOW, Gfkorrr to ensure that asset owners are aware of alternatives to loose abrasive sand blasting methods. Monti is also an active member of AMPP, ISO, EFC and the Iploca, the Swiss Organisation for Onshore and Offshore Pipeline Contractors and Engineers.

MontiPower ensures customer safety by participating in the German Brush and Belt Association and complying with EN 1083-2 and EU directive standards. Materials used are tested for conformity with RoHS 2.0, Chromium VI, and REACH standards. Customer satisfaction is monitored via social media, complaint submissions, the info box, and during events. Complaints are followed-up and managed through a formal complaint management procedure.

Quality assurance is conducted using a quality control room in which products are tested for endurance and durability and through batch testing. Furthermore, a recall and tracking procedure was established, however, there have been no products recalled over the past 3 years.



Impact of products and services

MontiPower is working to ensure their products and service offerings have a positive impact on human operations, environment and society. The company has identified three areas of focus: 1) elevating operator safety; 2) increasing energy efficiency; 3) developing closed-cycle solutions. MontiPower have designed and constructed their power tool with a focus on safety.

MontiPower has achieved this through ergonomic design of equipment, lowering operator risk by ensuring the operator can see the substrate, ensuring bristles on equipment will not cut through boots and that loose abrasive blast media will not travel beyond the allocated work area. MontiPower tools are designed to be more energy-efficient from the total value chain perspective than conventional loose abrasive open blasting by grit or other media. The tools achieve cleanliness and profiling results for high coating and sealant performance with a focus

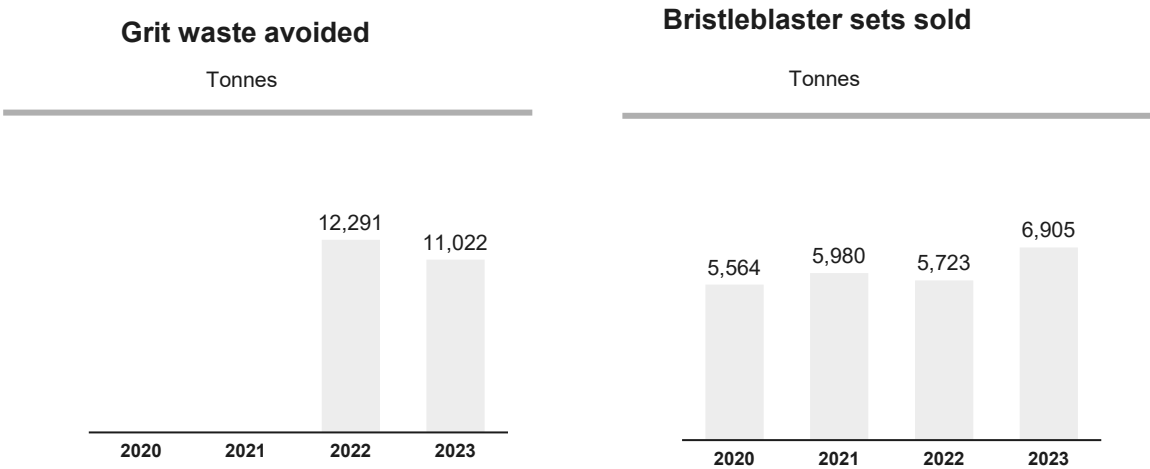
on low noise, low vibration and ease of handling.

MontiPower has established that the best practice for surface preparation involves mill scale, rust and existing coating removal without loose abrasives and other loose media, utilising a hand-held, semiautomatic/robotic tool solution. This method is quicker and more effective compared to other solutions (e.g. other power tools or grit-blasting) to achieve the same level of cleanliness and profiling results without flat areas between the peaks and the valleys. This is particularly evident in use on difficult-to-prepare objects, such as flanges and T- pipe connections.

MontiPower is developing solutions that are more productive for flat outdoor areas in case of repairs, rehab and OEM, whilst also increasing the circularity of operations and supply chain to reduce material waste and environmental pollution.

11 022

Tonnes grit waste avoided



Working conditions and health and safety

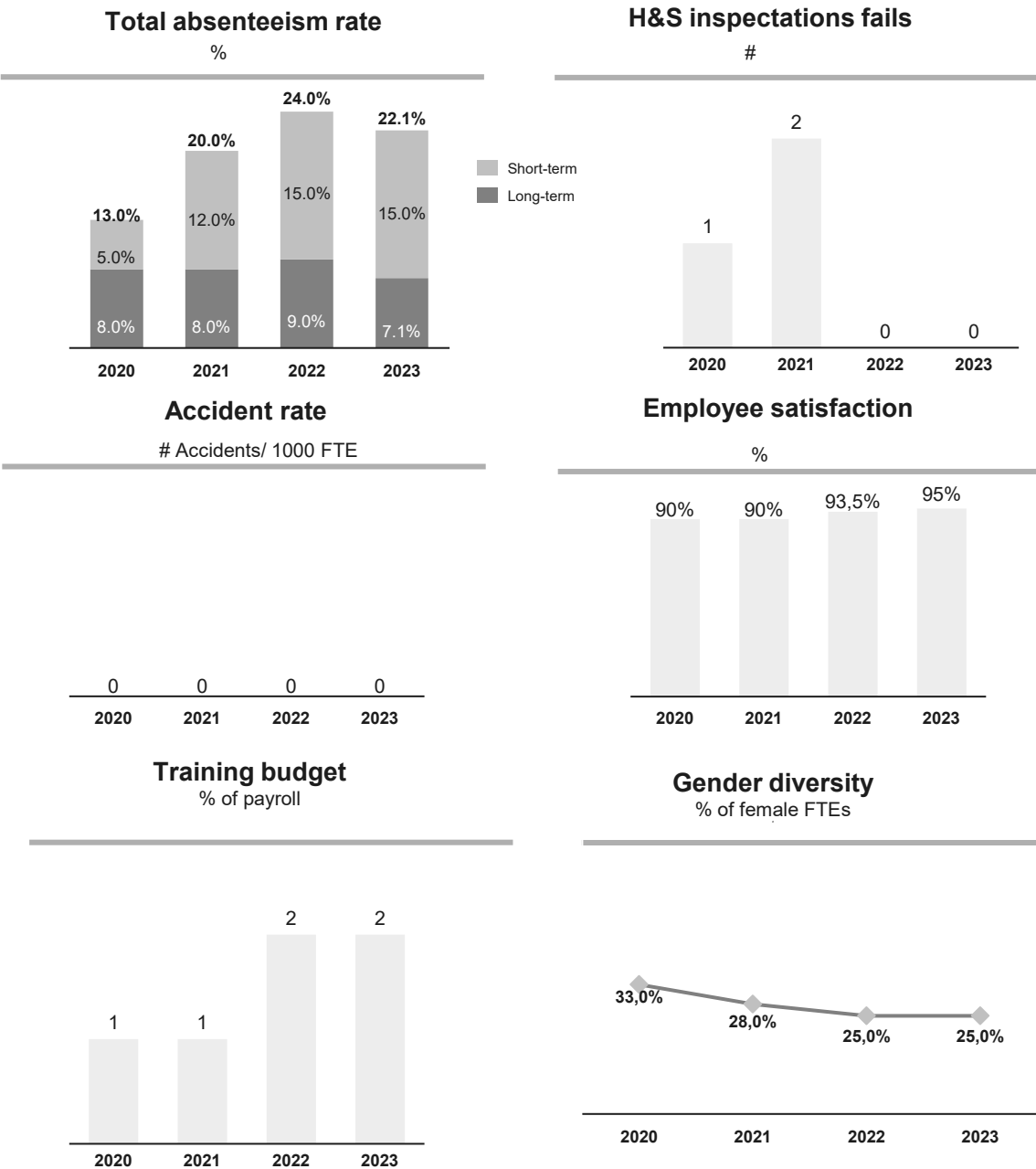
Ensuring employee health and safety is a cornerstone of MontiPower’s operations and value system. The company conducts health and safety checks four times a year at its plant, focusing on exposure to hydrogen and marine safety. To maintain high standards, health and safety procedures are audited by a third party.

An in-house doctor is available to assist with any health-related issues, ensuring a rapid response in the event of an accident. New employees receive health and safety training, with 2% of the company’s budget dedicated to this training. MontiPower also offers opportunities for secondary and university students to gain experience and training in surface treatment.

Recognizing the importance of employee wellbeing, MontiPower implements various initiatives and takes a personal approach with employees. The company fosters a positive team culture by hosting events, providing access to a free fitness room, and offering complimentary fruit and drinks. Employee engagement is monitored through a survey, in which MontiPower received a high score of 95% in 2023.

95%

Employee satisfaction



Management of relationships with suppliers

Including payment practices

- MontPower's supply chain is monitored and controlled to ensure responsible, transparent, and sustainable management. Firstly, suppliers are screened and audited according to ISO 9001 and UL standards. Third party organisations serve as accountants and auditors for MontPower, ensuring best-practice and preventing noncompliance with regulation.
- MontPower has various risk control measures in place for new suppliers and distributors, where they must uphold the Code of Conduct for Health & Safety in the supply chain. Furthermore, the company has an action plan in place against cybercrime and follows OFAC and EU guidelines for suppliers in high-risk countries. To increase sustainability and reduce supply chain risk, MontPower is working to establish relationships with local suppliers such as parts manufacturers in the Netherlands and other EU countries in order to comply to the EU Directive for Machine Builders and the ISO-norm for belts EN 1083-2.
- This will reduce supply chain exposure to climate related and geopolitical risks, whilst reducing transport costs and emissions. The company is also working to ensure supplier materials are sustainably sourced to further reduce environmental impacts.

Reviewed agents
#

Supplier Code of Conducts
% of suppliers

0	0	0	0
2020	2021	2022	2023



Governance at MontiPower

The board at MontiPower consists of 4 individuals of which 1 is independent and 0 are women. The board is responsible for ensuring that that operations uphold local and (inter)national laws and regulations (e.g., anti-corruption, cybersecurity, trade compliance, and human / labour rights).

The board meets quarterly and is expected to discuss ESG at least once per year, making sure ESG issues are actively addressed throughout the value chain. Furthermore, MontiPower has a designated staff-member responsible for ESG and is supported by external consultants on ESG-related topics.



Implemented policies

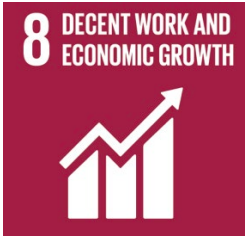
- ESG / CSR policy
- Code of Conduct / Employee Handbook
- Anti-corruption and anti-bribery policy
- Whistleblowing policy
- Anti-trust policy
- Health & safety policy
- Data / privacy / IT security policy
- Cybersecurity incident response
- Diversity / anti-discriminatory policy
- Supplier Code of Conduct
- Dawn raid procedures

Policies to implement

- Sanctions procedure
- Third party risk management procedure
- Standard agency agreement
- Contract policy
- Executive compensation policy
- Social media policy
- Crisis management

SDG contribution based on Impact Management

Project's five dimension of impact

Business activity / Impact	Relevant SDG & Impact KPI	WHAT 	WHO 	HOW MUCH 	CONTRIBUTION 	RISK 
Generate closed-loop packaging solutions through wooden pallets recycling		MontiPower bristle blasting products provide a safer alternative to traditional sandblasting for surface treatment workers – improving health & safety in the profession globally through reducing dust inhalation leading to respiratory ailments, risk of bodily injury, risk of damage to protective equipment.	Workers benefit from reduced health risks. Companies benefit from reduced risks of worker accidents and insurance claims.	MontiPower provides its products to clients across Europe, the Americas, Asia and Australasia.	MontiPower is one of the leading companies globally providing a sandblasting alternative. The company's operations fill a gap in the market that has few competitors.	• There may be additional risks associated with use of bristle blaster – such as increased risk of electric shocks. • Workers may be more familiar with precautions taken with traditional sandblasting methods – leading to injury.
Generate closed-loop packaging solutions through wooden pallets recycling		MontiPower is supporting research into surface preparation drone technology with Saxion University Tech for Future program. MontiPower also sponsors laboratory equipment for Groningen University.	This research benefits MontiPower and the industry through development of new technology/techniques, the research community of the Netherlands through enhanced knowledge sharing in a niche field and future customers benefiting from new developments.	The Saxion university Aeroblaster project is a collaboration with 20 PhD candidate researchers. At Groningen University (RUG), MontiPower sponsors laboratory equipment.	The scale of the Aeroblaster project is small, however MontiPower's expertise in the field is valuable. The lab sponsorship supports innovation, but this is an agreement that would likely be taken up by other competitors.	• The project may not lead to tangible technological improvement. • Overall contribution may not be significant to the team (with respect to time/financial support given). • The innovation created at the lab specifically, may not result in societal benefits.

SDG contribution based on Impact Management

Project's five dimension of impact

Business activity / Impact	Relevant SDG & Impact KPI	WHAT 	WHO 	HOW MUCH 	CONTRIBUTION 	RISK 
Reduction in grit waste generated through MontiPower products		MontiPower products eliminate the necessity of sourcing grit for sandblasting, use of scaffoldings/ covers in sandblasting processes, and reduces need for extensive PPE for workers.	Benefits are felt by customers that do not need to take responsibility for grit (sourcing, transportation, use, removal) or protect sites against airborne particles, the local environment benefits from reduced litter, local communities impacted by dust, workers have reduced risk and reduced burden of site preparation.	MontiPower provides its products to clients across Europe, the Americas, Asia and Australasia.	MontiPower is one of the leading companies globally providing a sandblasting alternative. The company's operations fill a gap in the market that has few competitors.	• Recycler does not accept the bristle blaster belts for recycling in a specific country. • Asset owner or contractor does not recycle as it is not required. • Belts do not get appropriately resharpener for reuse in cleaning and profiling of substrate. • Drive-units are not maintained well enough for long-term performance.

ESG KPI overview

KPIs	Unit	2020	2021	2022	2023
ENVIRONMENTAL					
Energy consumption	MWh	89	112	115	265
Energy intensity	MWh / EURm revenue	6.4	7.1	6.4	14
Electricity consumption	MWh	89	112	115	265
Share of renewables	%	0%	20%	20%	54%
Energy cost savings from solar power	EUR	-	11,749	50,800	5,000
Carbon footprint	tCO2e	124	104	130	94
Carbon Intensity	tCO2e MWh / EURm revenue	9.0	6.7	7.2	5,0
Waste	Tonnes	215.65	195.65	185.65	195.0
Hazardous waste	Tonnes	0	0	0	0
Grit use avoidance	Tonnes	-	-	12,291	11 022
Belts recycled	Tonnes	-	-	368,000	0.1
Product recalls	#	0	0	0	0
Product quality errors	#	3	3	3	0
SOCIAL					
Total absenteeism rate	%	13.0%	20.0%	24.7%	22,1%
Short-term absenteeism rate	%	5.0%	12.0%	15.4%	15%
Long-term absenteeism rate	%	8.0%	8.0%	9.4%	7,1%
H&S inspection fails	#	1	2	0	0
Accident rate	#Accidents / 1000 FTE	0	0	0	0
Employee satisfaction	%	90.0%	90.0%	93.5%	95
Training budget	% of payroll	1%	1%	2%	2%
Gender diversity	% of female FTEs	33%	28%	25%	25%
Women in management	% of women in management	17%	17%	13%	13%
GOVERNANCE					
Reviewed agents	#	0	0	0	0

Reporting parameters

Legal name	MONTI – Werkzeuge GmbH
Org. nr	HRB 12082
NACE sector code	C28.2.4 - Manufacture of power-driven hand tools
Location of headquarter	Reisertstr. 21, 53773 Hennef, Germany
Nature of ownership	Privately owned. Majority owned by Norvestor, a leading Private Equity Fund
Reporting period	January 1, 2023 – December 31, 2023
Contact person	Frits Doddema, frits.doddema@montipower.com

Appendix

Priority Projects for 2024

For internal use only

Priority project: MontiPower - MontiPeople

Rationale

MontiPower don't just provide a product, the company sells a surface preparation and customer service experience. Through understanding and engaging with the experience of the MontiPerson, the company can better tailor the services, support and messaging provided to their operations.

Project description

MontiPower needs to engage with users of its product both in established and newer markets. How can this be the best-in-class surface preparation experience? Consider the following actions: - Conducting a survey of current customers (why choose Monti, company impression, feedback) and users (user experience, feedback, company impression) - Launching a forum or network for Bristleblaster operators to share concerns, tips etc - Conducting a demo with sandblast operators (consider in US), focusing on safety and company support for users - Considering

Responsible person/team

- Frits Doddema (CEO)

Potential KPIs

- Customer satisfaction score (NPS)
- Visits to website (#)

Timeline

[Q2 2024]

[Q3 2024]

[Q4 2024]

[Q1 2025]

Actions

- Roll out a new vision of MontiPower – MontiPeople across the company; if appropriate, launch a support forum for user.
- Consider conducting an annual survey of customers and users.
- Pilot project set up of X customer and sandblast operators to further development give the outcome in Q3.
- MontiPower to provide information

Priority project: Impact - Avoided emissions

Rationale In an era where environmental sustainability is not just a regulatory requirement but a competitive advantage, MontiPower recognizes the necessity of taking proactive measures to reduce our carbon footprint. Establishing a Scope 4 project (avoided emissions) is a strategic move towards achieving this goal. This project will focus on avoided emissions—reducing emissions beyond our immediate operations by enabling our customers and the broader industry to operate more sustainably through our innovations and practices. Long-term cost savings through improved energy efficiency, reduced waste, and optimized operations as well as strengthened market reputation as a leader in sustainability within the sandblasting industry.
Project description • This project will focus on avoided emissions - reducing emissions beyond our immediate operations by enabling our customers and the broader industry to operate more sustainably through our innovations and practices. • Establish methodology to calculate baseline emissions avoided per unit. • Establish data collection and measurement process.
Responsible person/team TBD
Potential KPIs Total CO2 Emissions Avoided (Tonnes)

Timeline	Actions
[Q3 2024]	• Set up internal project team, define project scope, objectives, and key performance indicators (KPIs).
[Q4 2024]	• Establish baseline emissions avoided per product / unit.
[Q1 2025]	• Develop prototypes of new sandblasting equipment and abrasive.
[Q2 2025]	• Report results in annual report.