MONTIPOWER
Surface Preparation Technologies
Part of Monti Group

MontiPower Sustainability Report
2022

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 MontiPower 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 MontiPower.

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.

Contents

Annex

Company at a glance

> MontiPower is the brand name of Monti-Werkzeuge GmbH, headquartered in Hennef, Germany, including its subsidiary, MontiPower 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.

> 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) and Brazil (Macae), MontiPower operates globally through a network of trained distributors and resellers.
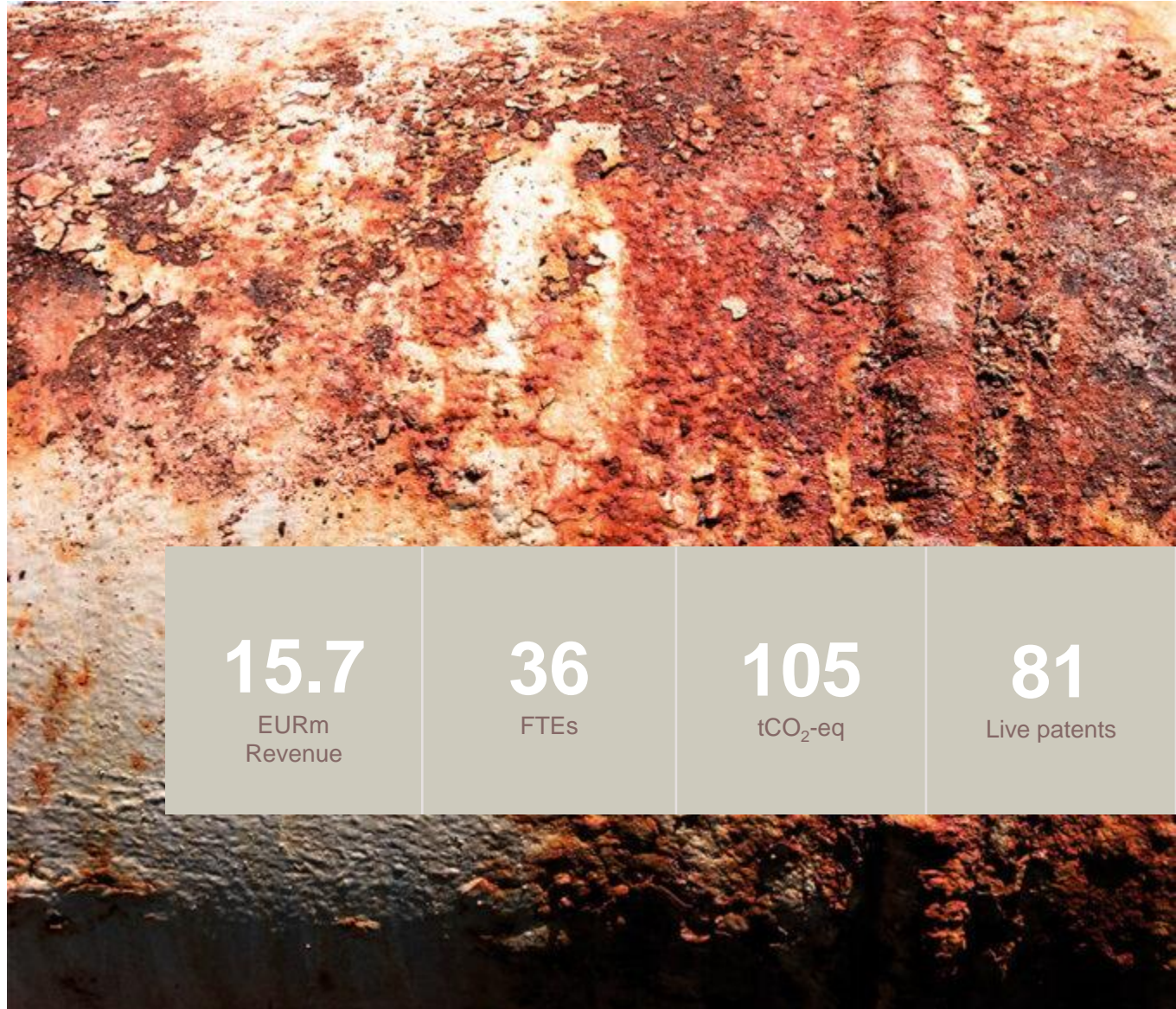
15.7	36	105	81
EURm Revenue	FTEs	tCO_2-eq	Live patents

How we look at sustainability

Investigate the industry exposure

First, the relevance of ESG is assessed for the industry that MontiPower operates 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 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.

Sustainability in MontiPower's Industry
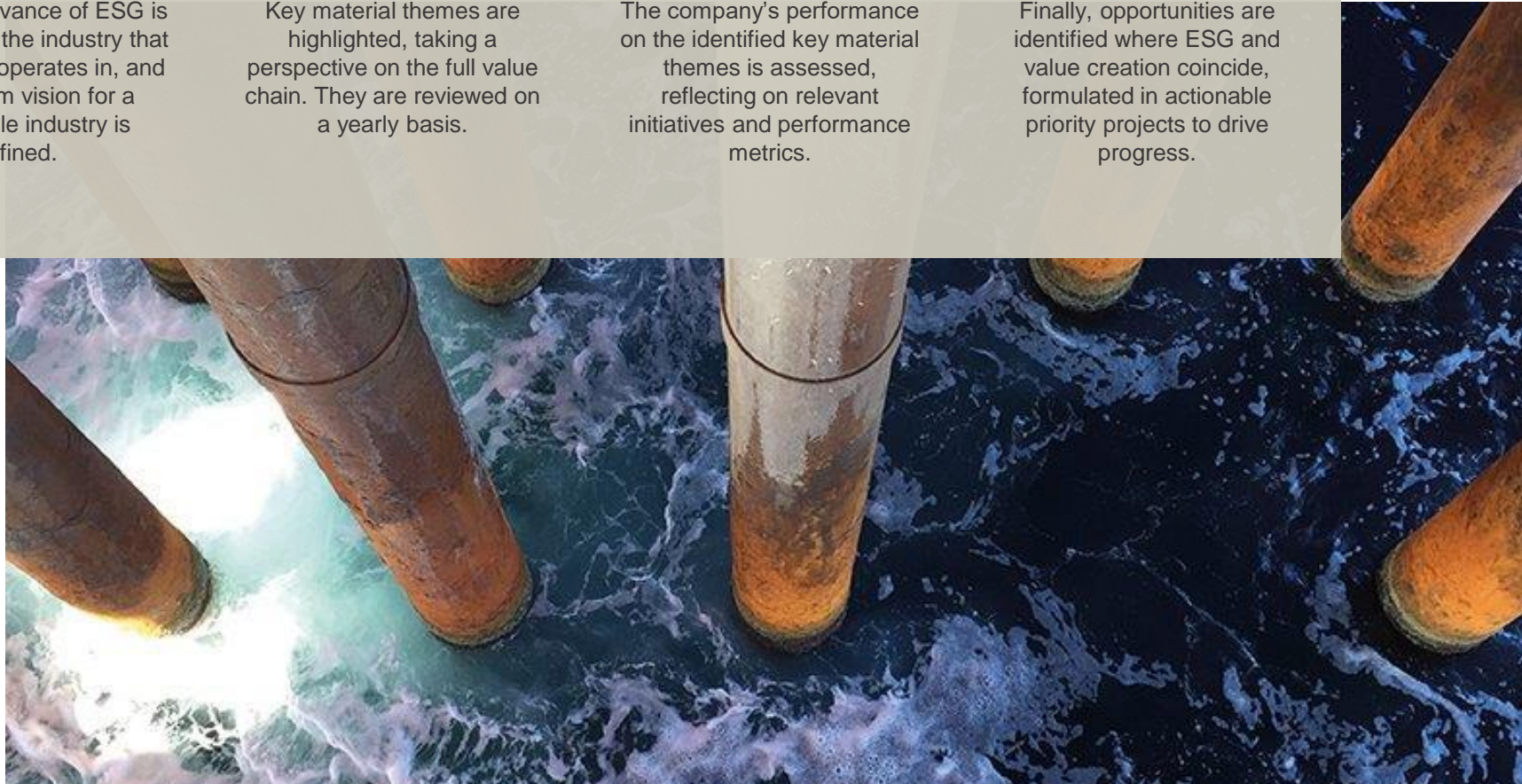
Today's industry

› **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 power tools 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 MontiPower devices. A recent development is that the exemption to the RoHS for lead expired in 2021, also restricting the use of high concentrations of lead in power tools.

› **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. Power tool providers should ensure quality and safety throughout the supply chain. In addition, companies should focus on optimizing material management 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 key material themes

Highlighting ESG themes that are relevant to MontiPower 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		Impact of products & services	
Material circularity			Material management & waste		
Biodiversity & ecosystems impact				Impact of products & services	
SOCIAL					
Employee well-being		Employee health & safety		Impact of products & services	
Customer impact			Product quality & safety		
Corporate citizenship					
GOVERNANCE					
Corporate governance					
Supply chain management	Supply chain control				
Business resilience & ESG					

Managing key material themes

Energy & carbon

› Carbon footprint has been reduced by 8% in the period 2019-21.

› In production, MontiPower 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.

› MontiPower generates energy through solar panels, preventing carbon emissions and saving approximately €12k in energy costs in 2021. The near future ambition is to return power to the grid.

› MontiPower's EV fleet stands at 25% of vehicles; the office has charging points available.

› MontiPower's offices have motion censored led lighting to lower energy consumption.

Material management & waste

› To increase circularity in their operations, in 2021 MontiPower implemented a circularity program (Monti League), allowing participating clients to return used surface preparation belts in exchange for a new belts.

› As part of their circularity efforts, MontiPower also takes back used machines for repair/refurbishment and resells these to clients at a discounted price.

› MontiPower introduced new machines that allow belts to be resharpened without changing the belt adaptor.

› Currently, MontiPower is looking into belt making alternatives utilizing ultrasonic welding, a process that results in less waste.

› In 2021, MontiPower started the process to switch the packaging of their bristle blaster products from plastic to carton.

› MontiPower is Greendot certified for the correct treatment of waste packaging.

Product quality & safety

› MontiPower is ISO 9001 certified and has dedicated staff to safeguard quality. The phrase "Absolutely thoroughly" is cherished within the company to ensure products are of quality.

› MontiPower fights existing ISO standards that promote sandblasting by having safer and more hygienic alternatives, such as the Bristle Blaster, allowing companies to prepare surfaces without grit.

› MontiPower is WEEE-registered for electric tools in the EU.

› Three product quality errors were reported in 2021.

› Recall and tracking procedures are in place. There have been no product recalls in 2021.

Impact of products & services

› At the core of MontiPower's business is an alternative to common rust removal (sandblasting). The company's bristle blasting technology avoids grit and dust pollution into local ecosystems and the air.

› MontiPower's products also have safety advantages to workers including ergonomic handling, no high-pressure hoses (preventing injuries), no risk of lung injury from sand particles, the tool does not cut through worker boots and will not cut through rope (e.g. harnesses).

› MontiPower believes in the power of innovation and aim to protect technologies through IP. MontiPower currently possesses 81 patents and have 33 patents pending.

Employee health & safety

› Over the pandemic in 2020-21, MontiPower has taken a careful approach to the safety and wellbeing of its employees. Factory workers were operating in two shifts, allowing for social distancing on the floor.

› MontiPower has a Health & Safety policy outlining the safety commitment and obligation to each individual employee.

› 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.

› No accidents with leave were recorded in the period 2020-21.

Supply chain control

› MontiPower experienced supply chain disruptions in 2021 (particularly in Japan) due to the COVID-19 outbreak. This also resulted in increased transport prices and a large backlog of work.

› In 2021, MontiPower has established contact with potential more local suppliers around Enschede to reduce environmental impact and assure labour standards.

› MontiPower is considering local alternatives to Asian suppliers for sourcing materials. This will both reduce carbon emissions and provide a more local supply chain.

› In 2021, MontiPower has bought a desktop 3D metal printer to produce motion steel parts for machines instead of sourcing them.

Progress on projects of 2021

MontiPower has defined a selection of projects that contribute to fulfilling its sustainability ambitions. MontiPower enables the extension of the useful life of assets in its end-markets while being committed to driving improvements in its own operations.

	Energy & carbon	Material management & waste	Talent management & retention
Project	Carbon Neutral	Monti League	Young Talent
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).	› Roll-out Monti League, MontiPower's circularity program for its users and clients to collect used belts and machines. › Quantify the impact of circularity program and communicate with stakeholders.	› Set out vacancies on magnet.me, LinkedIn, internal university recruitment platforms to create awareness. › Recruitment project in collaboration with technical universities close to the offices.
Ambition	› CO_2 neutral by June 2021.	› Initiate pilot program to measure feasibility of circular proposition before 2022.	› Young talent pool at MontiPower, consisting of graduates/trainees.
Progress	MontiPower has reduced its carbon footprint in 2021, particularly in relation to scope II emissions through generating and procuring green electricity. MontiPower will continue to focus on carbon reduction in operations where feasible.	Monti League rolled out over the Netherlands, providing all locations with recycling bins for the return of belts. The project will continue into its next phase through an expansion across offices internationally.	MontiPower increased its online presence for recruitment and hired two new employees. The program will continue in its current form but not as a priority project.

= ongoing   = completed

Priority projects 2022

	Impact of products & services	Impact of products & services	Material management & waste
Project	**Quantify positive product impacts**	**Enhanced sustainability narrative**	**Monti League international roll-out**
Description	› Conduct an analysis of Bristle Blaster technology benefits compared to that of regular sandblasting. › Focus on quantifying the positive impact through using case studies. › Set KPIs to monitor the positive impact.	› Enhance communication on the sustainability credentials of the product. › Consider communicating through an impact lens e.g. contribution to the SDGs and how this benefits the sustainability profile of users of the technology. › Communications may include website content, product brochures and other materials sent to customers.	› Build on the program of 2021 through expansion of Monti League to other locations in Germany and across Europe. › Consider possible optimisations of the bins used for collection of used belts. › Build a plan for expanding the program to the US and Brazil from 2023 onwards.
Timeline	› **Q3/Q4 2022**: Establish a base-case scenario for case study development and scope the needed analysis for the project. › **H1 2023:** Conduct the analysis. Produce output in a format ready to share with prospective clients and industry competitors	› **Q3 2022**: Develop a strategic plan for the ESG narrative e.g. "how can information be communicated most powerfully?" › **Q4 2022**: Analysis of the facts available to support the narrative › **Q1 2023**: Launch an improved ESG narrative MontiPower products	› **Q2/Q3 2022**: Continue roll-out of Monti League program to locations across Germany. › **Q4 2022**: Build a plan for gaps in the program and expansion to other geographies.
Responsibility	› R&D	› Marketing	› Sales

Annex

Impact of product & services

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 the environment than traditional grit blasting.

ENSURING SAFETY ON THE JOB IS PARAMOUNT

Using MontiPower power tools & 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 eyeglasses as PPE requirement

DEVELOPER OF CLOSED CYCLE SOLUTIONS

› MontiPower develops surface preparation solutions prior to coating application that provide optimal cleanliness and profile without creating waste or leaving residue behind.

› This is not only MontiPower's philosophy on site and during operation, it is also true for the manufacture of MontiPower's brushes. MontiPower's 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!

Climate risk assessment

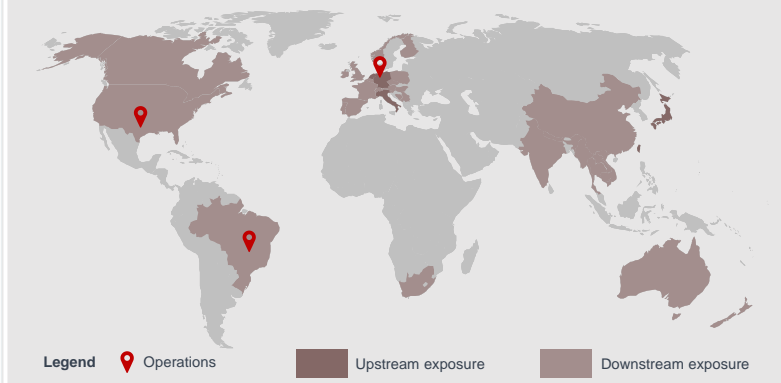**TCFD** | TASK FORCE ON CLIMATE–RELATED FINANCIAL DISCLOSURES

Type of risk	Physical climate risks	Transition risks and opportunities
Description	To assess exposure to physical climate risks, MontiPower's geographical presence across the value chain is considered. The data for risk scoring is sourced from the Aqueduct Water Risk Atlas - a TCFD recognized tool for physical climate risk assessment[1].	Transition risks and opportunities capture how aligned a company and its respective industry is to a global shift to a low-carbon economy. The below risk and opportunity categories are defined by TCFD guidance. An example of a transition risk element would be high costs associated with the transition to lower emission technology.

Exposure

Geographical presence: MontiPower

Legend: 📍 Operations | Upstream exposure | Downstream exposure

Transition risks

- Market
- Technology
- Policy & legal
- Reputation

Transition opportunities

- Energy source
- Resource efficiency
- Products / services
- Markets

Legend: In focus | Not in focus

Risk score

SUPPLIERS	OPERATIONS	DOWNSTREAM
LOW / MEDIUM / HIGH	LOW / MEDIUM / HIGH	LOW / MEDIUM / HIGH
Low or low-medium physical climate risks present in Japan, Taiwan and Western Europe. All the countries do have high socio-economic coping capacity.	Germany and the US have low or low-medium physical risk. Brazil experiences more substantial climate risk. All have institutional and economic coping capacity.	Clients are mainly located in developed nations where exposure to climate risk is low or medium and socio-economic coping capacity is high.

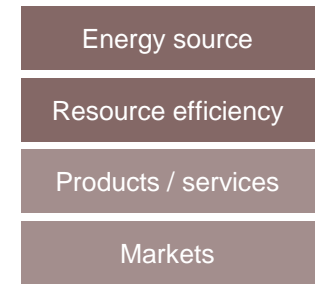**TRANSITION RISKS**

LOW / MEDIUM / HIGH

› **Policy & Legal –** Stricter climate regulations in the EU and worldwide (e.g EU Taxonomy) may increase operational costs because of rising compliance costs and supply chain interruptions.
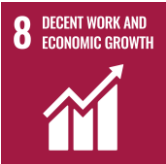
TRANSITION OPPORTUNITIES

LOW / MEDIUM / HIGH
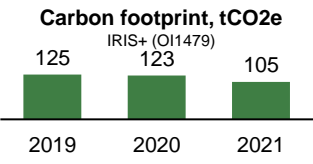
› **Energy source -** Producing renewable electricity (e.g. solar) leads to emission and cost savings.

› **Resource efficiency -** Integrating circularity principles can lead to efficiency gains and cost reduction.

Source: TCFD, MJ Hudson analysis

Targeted UN SDGs* for MontiPower
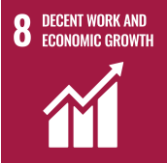
Company activity	SDG	SDG target	SDG indicator	Company KPIs
Potentially impactful activities				
Reduction in grit and construction waste through use of MontiPower products	**12** RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.5**: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	**12.5.1:** Recycling rate	*To be defined 2022*
Provide safe working conditions for surface preparation workers	**8** DECENT WORK AND ECONOMIC GROWTH	**8.8:** Protect labour rights and promote safe and secure working environments for all workers	**8.8.1:** frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status	*To be defined 2022*
Support research into surface preparation solutions/ corrosion treatment	**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE	**9.5:** Enhance scientific research by 2030, encouraging innovation and increasing the number of research and development workers	**9.5.2:** Researchers (in full-time equivalent) per million inhabitants	*Projects commenced Nov '21 To be defined 2022*
SDG supporting activities				
Reduction of carbon emissions in production processes	**13** CLIMATE ACTION	**13.2:** Integrate climate change measures into (national) policies, strategies and planning	**13.2.1:** Number of countries that have communicated an integrated plan for adaptability and resilience to climate change; - For companies: GHG contribution to national emissions.	**Carbon footprint, tCO2e** IRIS+ (OI1479) 125 (2019), 123 (2020), 105 (2021)
Recycling/refurbishing of MontiPower belts	**12** RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.5**: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	**12.5.1:** Recycling rate	**Belts recycled,** tonnes *To be reported 2022* 2019 2020 2021

Sustainable activities are mapped to the UN Sustainable Development Goals and its sub-targets above. Potential for national contribution has been assessed using the latest UN Annual 2021 report on targets, identifying countries in the value chain that can benefit from positive activities.

Potentially impactful SDG activities

Company activity	SDG	☐ What	☰ How much	○ Who	✛ Contribution	△ Risk
Reduction in grit waste generated through MontiPower products	**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**	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.	MontiPower provides its products to clients across Europe, the Americas, Asia and Australasia.	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 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 risks to the environment and health related to bristle blaster use. • There may be a similar amount of waste material generated from site preparation for bristle blasting. • Copycats in the market may provide a similar, cheaper alternative – diluting impact.
Provide safe working conditions for sandblasting workers	**8 DECENT WORK AND ECONOMIC GROWTH**	MontiPower bristle blasting products provide a safer alternative to traditional sandblasting for workers – improving health & safety in the profession globally.	MontiPower provides its products to clients across Europe, the Americas, Asia and Australasia.	Workers benefit from reduced risks of: dust inhalation leading to respiratory ailments, risk of bodily injury, risk of damage to protective equipment. Companies benefit from reduced risks of worker accidents and insurance claims.	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 associates 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.
Support research into surface preparation solutions	**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**	MontiPower is supporting research into surface preparation drone technology with Saxion University Tech for Future program. MontiPower also sponsors laboratory equipment for Groningen University.	The Saxion university Aeroblaster project is a collaboration with 20 PhD candidate researchers. At Groningen University, MontiPower sponsors laboratory equipment.	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 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. • MontiPower's 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.

The above activities have been identified as potentially impactful. A preliminary analysis using the Impact Management Project's five dimensions of impact framework, has been conducted.
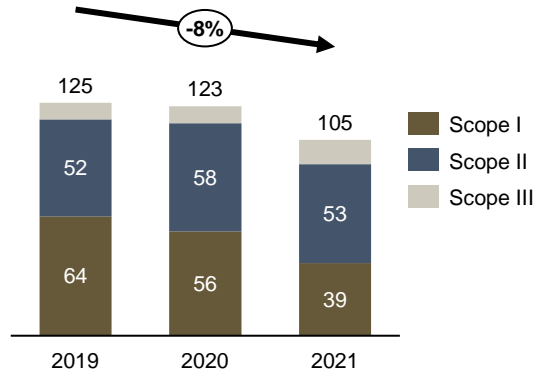
Maturity scale for key material themes

PROVISIONAL

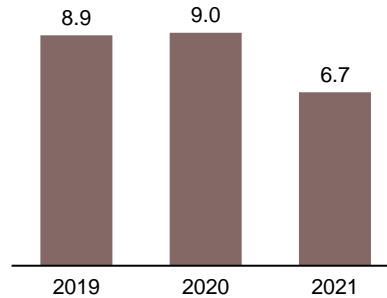|	Regulatory driven	Involved	Committed	Integrated	Future proof
Energy & carbon	› Adherence to (local) energy regulations (i.e. EED (EU), ESOS (UK), Wet Milieubeheer (NL))	› Basic monitoring of energy and carbon emissions (Scope I + II) › Energy audit conducted and proposed actions fully lived up to › Focus on behavioural changes, quick-wins addressed › Carbon policy in place and regulation awareness at board level	› Energy management system in place (e.g. ISO 50001), monitoring of Scope I, II and III emission sources › Multi-year plan in place on energy and carbon reduction › >50% of the electricity is derived from renewable sources (including RECs)"	› YoY energy efficiency gains of > 2% , Science-based target set in line with 1.5°C climate scenario › Critical energy-intensive processes substituted or replaced › >75% of the energy is derived from renewable sources (including RECs)	› Energy consumption reduced to absolute minimum › Net-zero emissions achieved for Scope I, II and III emissions
Material & waste management	› Adherence to (local) waste management laws & regulations › No insight into waste volumes	› Basic monitoring of waste streams › Quick-wins deployed to decrease waste volumes (e.g. through process improvements, reusal of scraps) › Insight into waste disposal methods (e.g. by third party waste handlers)	› Action plan in place, incl. KPIs and targets on waste volumes › Opportunities identified to integrate waste in circular system (e.g. by improving waste segregation for recycling and reuse) › Certified waste management system (e.g. as a part of ISO 14001) in place	› Tangible progress to decrease waste volumes › >50% (or as much as reasonably achievable) solid waste is reused, recycled, recovered, or composted	› Waste volumes reduced to absolute minimum › Zero (or as much as reasonably achievable) waste to landfill › Waste to incineration reduced to absolute minimum › Waste management strategy aligned to become part of a circular economy (e.g. by prioritising reuse, remanufacturing and recycling over disposal)
Product quality & safety	› Relevant product and process certifications in place, tracked in compliance register › Regular review of compliance register	› Quality management system in place (e.g. ISO 9001) › Market-conform quality checks and dedicated QC staff › Recall and tracking procedure in place › No claims in the past 3 years	› Comprehensive testing on product quality & safety › Recall and tracking procedure tested regularly › No recalls in the past 3 years	› Monitoring of QC issues throughout the supply chain, enabling continuous improvement in product design/procurement › Proof of stewardship on product quality & safety	› Industry leading track-record of product quality & safety › Pushing industry standards
Impact of products & services	› Products and services have no positive impact and may even cause harm to societal challenges, mitigation actions are regulatory driven	› Products and services have some positive impact, however, this is mainly a side effect and not a focus of the company	› Products and services have some positive impact and the company has insights in positive product impact	› Product impact is incorporated in the company's proposition, business model and strategy	› Products and services demonstrate and address societal challenges. The impact is quantified and externally communicated
Employee health & safety	› Adherence to (local) H&S regulation › Risk management system in place (NL: RI&E) › Basic monitoring of absenteeism and accidents	› H&S policy and safety audit (e.g. VCA) in place › Follow-up on risk management system › Monthly board reporting on H&S performance › Mitigating efforts in place against work-related diseases	› H&S management system (e.g. ISO 45001) in place › Comprehensive reporting standards incl. near-misses, LTIF-rate, short/mid/long-term absenteeism › LTIF and absenteeism below industry average or else action plan in place, including KPIs and targets	› Proof of embedded safety culture › LTIF and absenteeism below industry average for past 3 years › Maintaining a near zero-accident rate annually	› Absenteeism rate 50% below national and industrial averages › Maintaining a zero-accident rate annually › Industry example regarding H&S management
Supply chain control	› Adherence to minimum regulatory standards (e.g. ILO & UN Global Compact principles) stated in supplier contracts › Little to no insight in impact and sustainable conduct of suppliers	› Material risks and mitigation opportunities (i.e. policy, auditing and certification schemes) identified throughout supply chain, incl. suppliers, services and input materials › Supplier code of conduct signed by exposed suppliers	› Strategy in place (including KPIs and targets) to eliminate risk exposure through supplier standards and audits (e.g. SA8000, SMETA 4P, Amfori BSCI, Sedex) and responsible product certification schemes › Audit and assist first tier suppliers to conduct corrective actions	› Strategy rolled-out and policy fully embedded in operations › Suppliers and products meet highest audits scores and responsible certification levels › Maximised efforts directed to create full transparency from source to gate	› Supply chain risks fully mitigated and active contribution to sustainable development › Full chain transparency

▨ 2021 performance
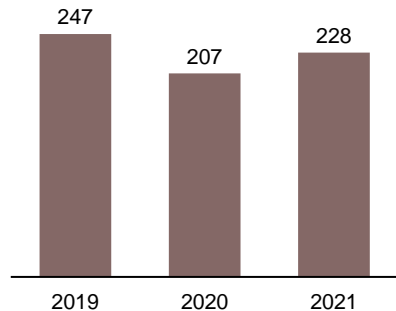
Energy & carbon

CARBON FOOTPRINT[1]
tCO_2-eq

-8%

Year	Value
2019	125
2020	123
2021	105

- Scope I
- Scope II
- Scope III

Scope I: 2019: 64, 2020: 56, 2021: 39
Scope II: 2019: 52, 2020: 58, 2021: 53

CARBON INTENSITY
tCO_2-eq / EURm

Year	Value
2019	8.9
2020	9.0
2021	6.7

ENERGY CONSUMPTION
MWh

Year	Value
2019	247
2020	207
2021	228

ENERGY INTENSITY
MWh / EURm

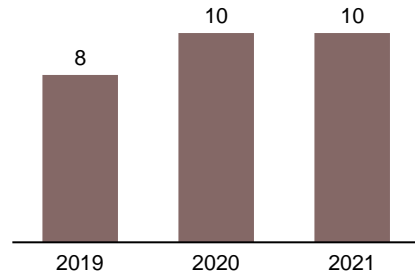| Year	Value
2019	16.4
2020	15.0
2021	14.5
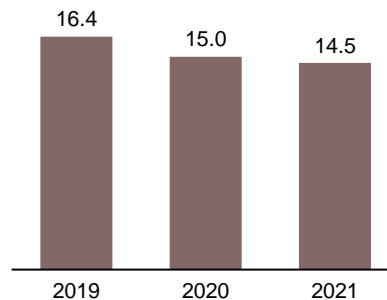
› Scope I emissions are based on the gas consumption for operations as well as the fuel consumption for company vehicles.

› Scope II emissions result primarily from the electricity consumption. MontiPower generates electricity on-site from roof solar panels, producing enough energy to power operations and selling an unused surplus electricity back to the grid.

› Scope III emissions result from business travel by air (domestic and international flights).

› MontiPower's investments into improving their carbon footprint include rooftop solar panels (which delivered back to the grid in 2021) and utilizing electric in place of regular vehicles (EVs comprising 25% of the fleet).

› MontiPower is also looking to reduce its carbon footprint through establishing agreements with local suppliers and amping up its own production capacity of required materials, such as motion steel parts and 3D printing components on-site.

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
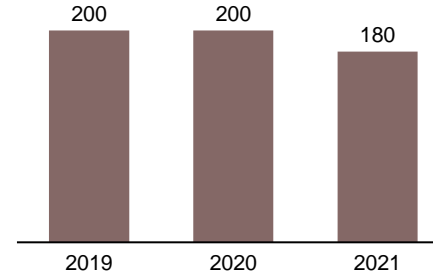
Material management & waste

METAL & E-WASTE
Tonnes

2019	2020	2021
8	10	10

OIL & LUBRICANTS
Liters

| 2019	2020	2021
200	200	180

› MontiPower's vision is to develop closed cycle solutions without the possibility of spillage into the natural environment.

› To increase the circularity of its product, MontiPower has implemented a circularity program consisting of belt recycling and machine refurbishment. Used belts are collected from participants in the Monti League program and exchanged for credits towards new belts – reducing end waste. Belts are collected in specially designed boxes made out of sustainable carton. Machines are also refurbished and given a 'second life' and resold at a reduced cost.

› The main materials used in MontiPower's production include steel wire, cloth, polyamide backing, cloth and threading. All components are recyclable, though none of the materials are specifically sourced from renewable sources.

› MontiPower maintains a register of materials and of the products that are considered hazardous, including includes sealants and lubricating oils.

› All of MontiPower's materials are tested for conformity with RoHS 2.0, Chromium VI, and REACH standards.

› In 2021, MontiPower has transitioned product packaging from plastic to recyclable carton.

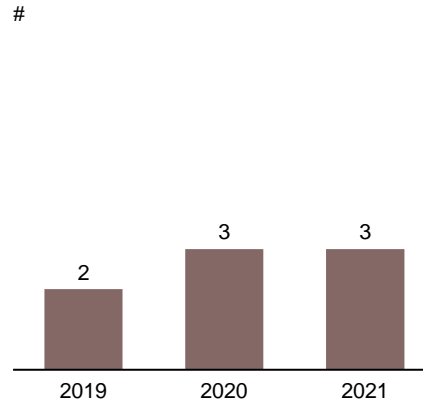› MontiPower is Greendot certified, a certification to prove the correct recycling of packaging waste.

Product quality & safety

PRODUCT RECALLS
#

2019	2020	2021
0	0	0

PRODUCT QUALITY ERRORS
#
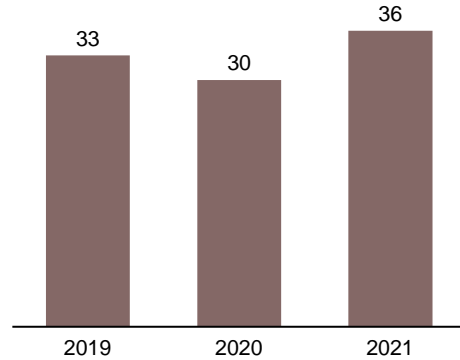
2019	2020	2021
2	3	3
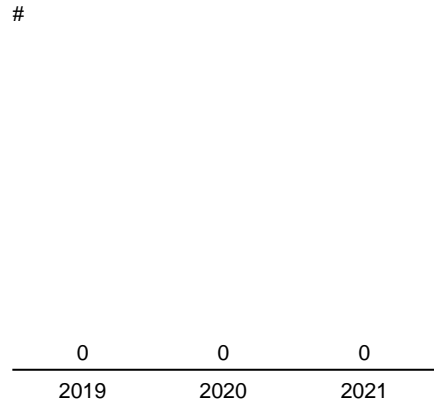
› MontiPower is ISO 9001 certified by Lloyd's and has designated staff to ensure compliance.

› All products comply with labelling requirements. MontiPower ensures this with UL checks, advice from external parties.

› MontiPower is the only manufacturer that provides parts and components for MontiPower's products and machines. As such, MontiPower's standards for quality and safety must remain high to retain customers and its reputation in the surface preparation industry.

› Multiple initiatives are in place to ensure quality. Among other procedures, MontiPower has a quality control room for testing and result interpretation, MontiPower has endurance testing for MontiPower belts (>1 hour), and has a quality control process card per batch.

› Customer complaints are handled through a formalized complaint management procedure.

› MontiPower is an active ISO member 21809-3 for pipeline coatings, ISO TC67 for surface preparation, SSPC, NACE, Itanks, NNOW, Gfkorr to make sure that asset owners are aware of alternatives to loose abrasive sand blasting methods for field application.

› MontiPower is also a member of the German Brush and Belt Association for the EN 1083 norm.
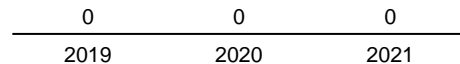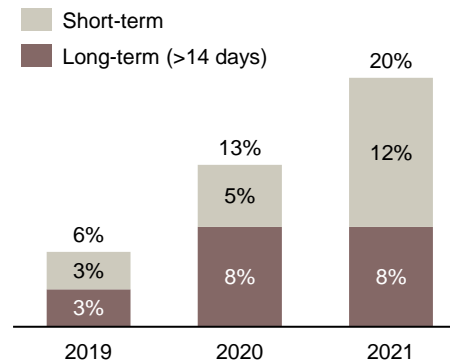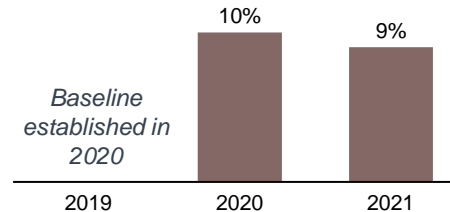
Employee health & safety

EMPLOYEES
FTE

	2019	2020	2021
	33	30	36

ABSENTEEISM RATE
%

- Short-term
- Long-term (>14 days)

	2019	2020	2021
Total	6%	13%	20%
Short-term	3%	5%	12%
Long-term	3%	8%	8%

ACCIDENT RATE
Accidents / 1,000 FTE

	2019	2020	2021
	0	0	0

TURNOVER
%

Baseline established in 2020

	2019	2020	2021
		10%	9%

› As part of ISO 9001, all H&S procedures are reviewed periodically including exposure to hydrogen and machine safety. MontiPower also speaks with employees to gauge any working environment concerns.

› MontiPower's H&S procedures are also audited by a third-party. In 2021, the Hennef site was audited and given remarks that safety measures implemented are significantly above required standards.

› All H&S documents are accessible to employees on the company's SharePoint.

› Each new employee is trained for H&S. Employees are provided with employee documents and policies material via SharePoint.

› Absenteeism remained high in 2021 as the pandemic continued. The rise in absenteeism by 7% is attributed to an increase in short term absences, driven by growing infection rates through the year as lockdown restrictions eased across Europe. At MontiPower, employee health is taken seriously, with PCR testing rules followed strictly and all employees testing positive sent home.

› Per employee, 1% of the total payroll is made available for training purposes.

› Initiatives to improve the well-being of MontiPower's employees have been implemented, see slide 21.

› In the past two years no accidents requiring leave were recorded.

Supply chain control

Supplier	Country	Conformity	Stewardship organisation	ISO Certification	Other
Supplier 1 (Cordless tools)	🇩🇪	› GDPR › REACH	› WEEE registered	› 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)	🇳🇱	› GDPR › REACH	› N/A	› 9001 › 9660	› N/A
Supplier 5 (Textile backing)	🇳🇱	› GDPR	› N/A	› 9001 › 14001 › 45001 › 50001	› EMAS Member
Supplier 6 (Springware)	🇩🇪	› GDPR › REACH	› WEEE registered	› 9001	› N/A

› MontiPower is committed to screening suppliers according to ISO 90001 standard. Compliance with UL listed components is also taken into consideration.

› As part of MontiPower's Supply Agreement, all suppliers must abide by MontiPower's Code of Conduct for Health & Safety in the supply chain.

› MontiPower is currently in the process of establishing agreements with local suppliers for production. Through minimizing the breadth of their supply chain, MontiPower reduces its exposure to risks posed in transport/logistics and those posed by geopolitical events.

Governance

Policy		Comment
Environmental Policy	⊘	› In place
Code of Conduct	⊘	› In place
Anti-corruption/Bribery	⊘	› In place
Health and Safety	⊘	› In place
Whistleblowing	⊘	› In place
Anti-Trust	⊘	› In place
Sanctions checklist	⊗	› Not available
Cybersecurity incident response	⊘	› In place
Anti-discrimination	⊘	› In place
Supplier code of conduct	⊘	› In place
Data protection	⊘	› In place
Social media	⊗	› Not available
Crisis management	⊗	› Not available
Dawn raid guidelines	⊘	› In place

Governance Approach

› The board consists of three individuals, including one independent member.

› The board has the overall responsibility to ensure that the company conducts its business in compliance with relevant laws and regulations, including applicable legislation pertaining to anti-corruption, anti-money laundering, trade compliance, human rights and labour rights. The board shall also ensure that the company proactively addresses ESG issues.

› There is no board instruction in place, however the board is expected to meet at least quarterly, with ESG on the agenda at least once per year.

How MontiPower cares for its people

A personal approach

› MontiPower seeks to show care to their employees and support a good team culture.

› Access to a free fitness room, fruit, drinks and branded clothing is provided for employees.

› Employee's birthdays are celebrated by the team with a gift and personal card signed by the entire branch.

› MontiPower hosts two annual summer BBQs for families of employees and organizes a Christmas get together.

› MontiPower's latest employee engagement survey showings high satisfaction at 90pts in 2021.

Supporting the community

› MontiPower supports research into aero-blasting technology at Saxion university, as part of the Tech for Future program. MontiPower also works with RUG Chemie (University Groningen) to deliver innovation through sponsoring lab equipment.

› MontiPower cares about supporting initiatives for local youth to develop themselves mentally as well as physically.

› As an example, MontiPower sponsored the Dutch national youth team in the rope pulling world championship in September 2020.

Education & training

› MontiPower provides ample learning opportunities to both full-time employees and students desiring to gain experience in the field of surface treatment.

› Secondary school and university students can join MontiPower to learn the trade and gain practical experience.

› Currently, two university students as well as two secondary school students are involved in the business, and they were all welcomed warmly by the team.

Sustainability principles

Sustainability policies, certificates and targets

› ESG-related polices are in place, among mothers CoC, ABC, whistleblowing, and H&S.
› ESG targets are set annually.
› MontiPower is ISO 19001 certified and follows the EU politics for Greensteel initiatives as the green deal.
› MontiPower is Greendot certified, which is certification for correct waste packaging treatment.

Engagement & responsibility of the Board of Directors

› ESG is on the agenda and is discussed periodically in board meetings.
› MontiPower has designated staff responsible for ESG.
› External consultants support MontiPower 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

› MontiPower is ISO 9001 certified and follows the requirements in its quality management system.
› Product quality is secured through MontiPower's quality management system, internal audits and its dedicated staff to monitor quality.
› MontiPower uses a serial number system to maintain traceability of its products.

Ensuring supplier compliance to Sustainability standards

› MontiPower closely cooperates with suppliers to ensure that products cohere to regulations.
› Suppliers are carefully screened according to ISO 9001 standards and MontiPower's Supplier Code of Conduct – i.e., health and safety focused.

Transparency and reporting

› MontiPower's website discloses how the company cares for the environment, steel protection and health & safety of products.
› Each product is listed on the website with a brochure outlining the environmental impact of the product.