

Tasso A/S

COMMUNICATION ON PROGRESS 2021



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STATEMENT OF CONTINUED SUPPORT

Dear stakeholders,

It's a pleasure to welcome you to our first Communication on Progress report. I am happy to confirm Tasso's commitment to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption including the UN Sustainable Development Goals. We are proud to have joined the UN Global Compact, reinforcing our long-term commitment to sustainability.

This annual Communication on Progress report summarises our actions in accordance with the requirements as Participant to the UN Global Compact. We describe our actions and approach to continually improve the integration of the ten principles into our business strategy, culture and daily operations. We are committed to share this information with our stakeholders using our primary channels of communication.

Kristian Bundgaard Pedersen

Managing Director, Tasso A/S



About this report

This report covers relevant and significant environmental, social and governance activities for the 2021 calendar year for Tasso A/S. Our focus areas are primarily the environment and labour rights. Because the UN principles are integrated into Danish legislation, human rights and anti-corruption are not areas we have had any active dealings with so far. As per 16 February 2021 Tasso A/S acquired Bernareggi S.r.l. The integration of the ten principles at Bernareggi is scheduled for 2022/23. Therefore, this year's report will not cover Bernareggi figures.



COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

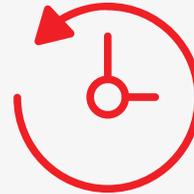
We welcome feedback on its contents.

TASSO AT A GLANCE



WHO WE ARE

One of Europe's leading manufacturers of continuous cast iron bars. We are specialised in the entire process of continuous casting, heat treatment and pre-machining



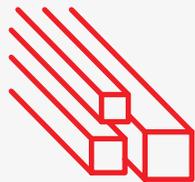
HISTORY

Tasso's operations commenced in 1856 in Odense (Denmark) and the company has been part of the Vald. Birn Group since 1976



SUSTAINABILITY

We have a strong commitment to the objectives of sustainability and resource efficiency in every corner of our business



WHAT WE DO

Supplies both products in the form of cast iron bars and pre-machined components customised for optimal final processing



PRESENCE

Employs approx. 90 people in Denmark and Italy. In addition, we distribute our products through an authorized network of wholesalers across Europe and overseas markets

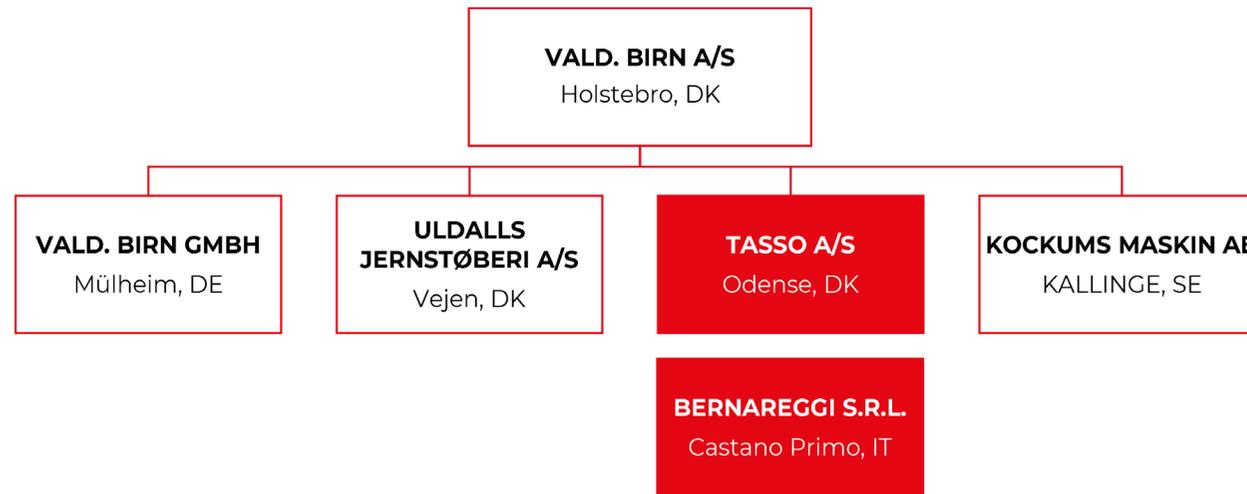


MISSION

To manufacture, refine and stock cast iron bars and related products in cast iron

THE VALD. BIRN GROUP

Since 1976, Tasso has been a part of the Vald. Birn Group, which is one of the largest foundry groups in Northern Europe. Every company in the group specialises in various areas of casting and processing of cast iron, including three specialised foundries in Denmark and three machining operations in Sweden, Germany and Italy. In this way, we ensure that we always can offer our customers the best and most broad-based solution in the industry. Learn more about the group [here](#).



Tasso acquires Bernareggi S.r.l.

In 1998, the Vald. Birn Group became partner and acquired 1/3 of Bernareggi S.r.l., and as per 16 February 2021, Tasso A/S acquired full ownership of the Italian company. The ambition going forward is to maintain and develop our strong position in the European market for continuous cast iron. This also includes integrating the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption at Bernareggi. The focus area for 2021 has first and foremost been to secure a smooth transfer and integration between Tasso and Bernareggi.



PRODUCTS AND SERVICES

Generations of foundry experience, process control and innovative technology converge to supply high-quality grey iron and ductile iron castings that shape advancements in many key industrial sectors worldwide. We are proud to call ourselves cast iron bar specialists, based on our more than 160 years of foundry experience. We are pioneers in the cast iron bar manufacture process that started its commercial era more than half a century ago. Tasso is specialised in the entire process of manufacturing continuous cast iron bars, including casting, heat treatment and pre-machining.



CONTINUOUS CASTING

Tasso cast iron bars are manufactured in grey cast iron (GJL) and ductile cast iron (GJS, also known as SG, nodular or spheroidal graphite cast iron). The profiles are available in round, square, rectangular and customer-specific shapes in a variety of dimensions.



PRE-MACHINING

Tasso offers a substantial processing capacity, so we can deliver according to our customers' requirements and needs. We have a full range of pre-machining operations at our disposal in both DK and IT, including sawing to length, turning, peeling, and milling.



HEAT TREATMENT

We use a number of heat treatment programmes to change or adjust the structure of the cast iron bars in order to achieve the desired properties.

OUR BUSINESS MODEL

Key resources

Resources

Input materials

We use thousands of tons of raw materials in our manufacturing process – including, steel scrap, pig iron and alloying elements. We also rely on resources such as electricity, natural gas and heating oil.

Financial resources

We use financial capital to invest in our activities, including cash flows from our operations and funding sources.

Owned/leased assets

We invest in technology across our operations to improve our processes and increase operational efficiency.

Relationships

Employees

We need talented and committed employees to make a difference for our customers, now and in the future. As of year-end 2021, we rely on approx. 90 people to operate our business in DK and IT.

Suppliers

A network of suppliers source materials and provide critical services for us - such as direct materials, transport and manufactured goods.

Partners

We forge and maintain cooperative relationships with our key stakeholders – customers, communities, NGO's, governments, universities and society at large – to make us a better company and a good corporate citizen.

Core activities

Customers
A wide range of industries worldwide convert our cast iron into industrial solutions.

Our customer segments include wholesalers, manufacturers and system suppliers.



Innovation
We continuously endeavour to optimize and innovate our production process to ensure that we get the most out of our production capacity and drive competitiveness.



Sourcing
We buy raw materials, components, tools, packaging and services to keep our business running.



Logistics
A network of logistics providers delivers our products to our customers by road, railway or sea freight.



Commercial Execution
In-depth understanding of our customers' needs and those of their customers enable us to market and sell our products.



Manufacturing
In our foundry we manufacture cast iron bars in various dimensions and grades. Our facilities also include machining operations with pre-machining capacity, including sawing, turning, peeling and milling.



Recycling
We have processes in place to collect and recycle waste generated by our manufacturing processes.



Value we create

Customers

Our goal is to provide high-quality cast iron products that our customers rely on for their component parts. We partner with an authorized network of wholesalers across Europe and overseas markets to grow our business and theirs.

Employees

We are committed to create an attractive place to work with a constant focus on employee safety and satisfaction.

Suppliers

We partner with key suppliers to help innovate our processes and products and to support mutual and sustainable growth.

Planet and society

We remain dedicated to minimising our operational footprint and contribute to a more socially inclusive world.

Shareholders

We aim to deliver consistent, competitive, profitable and responsible growth.

CHALLENGES IN CAST IRON

No report on our commitment to sustainable business practices would be complete without first reflecting on, and acknowledging, the societal impact caused by the manufacturing of our products.

There is an old-fashioned perception of iron foundries belching out smoke and fumes that probably dates back to the early industrial revolution. And whilst it is true, that we are energy intensive in our production, this does not tell the whole tale.

Cast iron has long been an integral part of life. From the discovery of iron smelting that marked the beginning of the Iron Age, the industrial revolutions of the 18th and 19th centuries, cast iron has been and still is essential for key industrial sectors. Just think of the cast iron used in the vehicles that move us around, or the cast iron in the wind turbines generating renewable energy; among many other examples. As our products are destined to become part of the industrial solutions businesses rely on every day, we remain dedicated to minimising our operational footprint and increase our positive impact in every way we can.

This means we need to significantly reduce the carbon footprint of cast iron, which requires finding new ways to manufacture cast iron in a less emissions-intensive process. This means preparing for and responding to the most significant long-term environmental and social trends that are transforming the context in which we operate. This means listening carefully to stakeholders, both locally and globally, and recognising a trend of rising expectations. This means outlining what we need to do now to protect and grow value for stakeholders in the future. This means continuing to produce quality cast iron products and solutions while maintaining operational standards that meet and exceed the expectations of our customers and their customers.

Our eyes are wide open knowing that we do not have all the answers or fully understand all the complexities. But we are one step closer than we were yesterday.



APPROACH TO SUSTAINABILITY

We recognize that our long-term success depends on how we behave towards our colleagues, business partners, society and the planet. We strive to be a responsible business partner by generating sustainable value for all our stakeholders while acting responsibly and balancing environmental, social and financial issues.

Our sustainability framework

At Tasso, there is no separate strategy for sustainability. Instead, sustainability is at the core of our business strategy aiming to align our activities and targets with sustainable development.

Our goal is to make a positive contribution to society and to sustain the communities in which we operate, through the value we create, the employment we provide, and through the value of the products we manufacture.

We structure our work on sustainability in terms of three distinct areas - in line with the UN Global Compact principles - which serve as the pillars of strategic sustainability management within the company: People & Society, Environment and Governance.

Alignment with international standards

We align our sustainability activities with international standards and initiatives such as the UN Global Compact, UN Sustainable Development Goals (SDGs), ISO and the Green House Gas Protocol. We do this in order to have a strong sustainability management approach and to ensure transparency in our working practices.

In November 2020, Tasso joined UN Global Compact. As participant in the UN Global Compact, we are committed to incorporating the initiative and its principles into our strategy and corporate culture – and communicating them to our employees, suppliers, partners, customers and the rest of our community.

People & Society

Read more on page 12 - 13

Environment

Read more on page 15 - 16

Governance

Read more on page 18



THE UN SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations Sustainable Development Goals (UN SDGs) provide businesses with guidance on how to make their activities compatible with sustainable development. Tasso is committed to contributing to the SDGs through our products and solutions, our responsible business practices, through strategic partnerships and targeted community activities.

From Philanthropy to Business

In 2017, Tasso participated in the three-year project “From Philanthropy to Business” (in Danish: ”Fra Filantropi til Forretning”) facilitated by the Confederation of Danish Industry. The scope of the project was for the 21 participating companies to integrate the SDGs into the company’s core strategy and operations. In this process, we identified key SDGs whose achievements we could significantly influence through our business model and processes. Read more about the project via the link below.

[➔ From Philanthropy to Business](#)

Getting started

Looking across the SDGs and underlying subtargets, Tasso’s business activities have many direct and indirect impacts on the 17 UN SDGs. Rather than being overwhelmed by the many options we decided from the outset to focus on the specific area which we are able to influence the most. We believe that focusing individual development goals will maximize our ability to make a real difference in our business – thus protecting the world’s resources. Therefore, we chose to place our efforts on goal no. 12 “Responsible Consumption and Production”, because this is where we can make a real difference to the environment and our business.

Responsible Consumption and Production

Tasso has launched initiatives related to priority SDG no. 12 that aimed to increase the Company’s corporate contribution through specific improvement measures and targets. Some of the initiatives e.g. includes re-use of surplus heat from different sources and recycling of waste materials. Future initiatives includes optimisation of our energy consumption across our manufacturing processes.

In the coming years, we will focus even more on defining where we can best contribute to the SDGs and establish initiatives required to achieve them.



Goal 12: Ensure sustainable consumption and production patterns



12.2. By 2030, achieve the sustainable management and efficient use of natural resources.

12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

PEOPLE AND SOCIETY

We take responsibility for our employees and the community



PEOPLE AND SOCIETY

Tasso is committed to respecting and upholding human and labour rights in accordance with the United Nation's Universal Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We strive to avoid causing any negative impacts on international labour and human rights in relation to our customers, employees, partners and other stakeholders. Above all, we promote the safety and well-being of our employees, and we are committed to the sustainable development of the local communities.

Group Supplier Code of Conduct

Tasso is committed to sourcing raw materials from companies that share our values with regards to human rights, ethics and environmental responsibility. We expect our key suppliers to abide by the requirements of our Supplier Code of Conduct, which prohibits human rights abuses and unethical practices. Some of the areas covered in our Group Code of Conduct are described below in more detail. The Group Supplier Code of Conduct can be found in its entirety via the link below.

[Supplier Code of Conduct](#)

Human Rights

Respect for human rights is fundamental to the culture of integrity we want for Tasso. It is integral to our approach to the sustainable development of our company, and it governs how we behave towards our employees, suppliers, customers, partners and the communities in which we operate. Our suppliers are expected to adhere to (as a minimum) the following requirements on human and labour rights:



- Do not allow child, illegal or forced labour
- Provide employees with a safe and healthy work environment that comply with all applicable legal requirements
- Respect the basic right of employees to freely, voluntarily and without interference establish and join, or not join, unions and employee representation of their own choice and to bargain collectively, where permissible by local laws
- Do not allow discrimination of anyone based on gender, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social background or other characteristics protected by applicable law
- Do not harass, threaten or discriminate
- Comply with applicable laws, agreements and industry standards on working hours and compensation



Conflict Minerals

We strive to be a reliable business partner and we focus on living up to our customers' and other stakeholders' expectations. We respect human rights and supports the efforts of governments and organisations to end violence and atrocities in conflict-affected areas.

We can confirm that based upon currently available information Tasso does not process conflict minerals Tin (Sn), Tantalum (Ta), Tungsten (W) or Gold (Au) originating from the Democratic Republic of Congo (DRC) and surrounding countries. Any minerals found in our product that is under the category of conflict minerals come from steel scrap used as raw material. Tasso requires, in good faith, that our suppliers exercise reasonable due diligence in the evaluation of their supply chains for compliance with the Dodd-Frank Act and Conflict Minerals Rule.

50 Sn Tin	74 W Tungsten
73 Ta Tantalum	79 Au Gold

PEOPLE AND SOCIETY

Quality education

We are committed to providing innovative and future-oriented education and training opportunities for all apprentices and students. Through education and practical job-related training, we contribute to society with productive, responsible and skilled workforce that will take our industry confidently into the future.

A safe and inclusive workplace

We are able to make a positive difference to local communities by including all kinds of people in our workforce – retaining existing employees and welcoming people with reduced work capacity and others who normally fall outside the job market – regardless of who they are or where they come from. Collaborating with the municipality and local jobcenter our focus is on preventing people from being excluded from the job market, improving employment rates for workers without education and the inclusion of marginalised groups via job testing and flexible jobs.

Health and Safety

Danish regulations require that cooperation on occupational health and safety takes place through a Health and Safety Organization (HSO). Our Tasso HSO consist of three people; the organisation's foreman (Technical Manager), Health and Safety Representative (employee) and our Foundry Production Manager.

Among other initiatives, the organisation has taken preventive measures for truck driving across our premises (max 10 km/h), arranged first aid courses, fire instructions and evacuation plan training and maintenance work for our indoor and outdoor facilities.

Following Danish legislation, Tasso carries out a mandatory risk assessment (APV) every three years. Actions based on the results of the survey are taken.



COVID-19 impact

Like many other businesses worldwide, the COVID-19 pandemic influenced our business and changed usual business routines. While the pandemic naturally affected our supply chain at times, we have been able to continue our operations more or less as usual. Our focus has first and foremost been on safeguarding the health and safety of our employees, while upholding our normal business operations and delivering upon our promises to our customers. At all times, Tasso has observed and followed the restrictions and guidance issued by relevant authorities. We have strived to continuously raised awareness on preventive measures to our employees by sharing information by local authorities, and to generally maintain and high information and instruction level on good hygiene practices.

Progress 2021

- No incidents involving any breach of international conventions or Group Supplier Code of Conduct were reported
- No reports of labour rights violations
- Successful handling of the COVID-19 pandemic

Priorities 2022

- Communicate and screen Supplier Code of Conduct to key suppliers
- Refine our employee handbook as needed

ENVIRONMENT

Our climate impact is a key priority



ENVIRONMENT

We are committed to ensure more sustainable operations and to the manufacture of products that contribute to solutions which are stronger, last longer and use fewer resources to produce.

Sustainability has always been an integral part of who we are. However, manufacturing of cast iron includes some highly energy-consuming processes and gives rise to a range of residuals.

As one of Europe's leading producers of continuous cast iron bars, we are dedicated to both managing our operations responsibly and to improving our business processes and ways of working. For more than a decade, Tasso has been conducting structured improvement work focusing on optimising the consumption of resources and minimising our climate impact in every corner of our business areas. We systematically map and analyse our data of emissions, waste, energy- and water consumption in order to keep track of the development.

Management systems

Our production site works systematically to meet relevant environmental regulation and manage environmental risks through procedures and processes and risk assessments. Our work is supported by our ISO 14001, 50001 and 9001 certificates for our production facilities in DK.

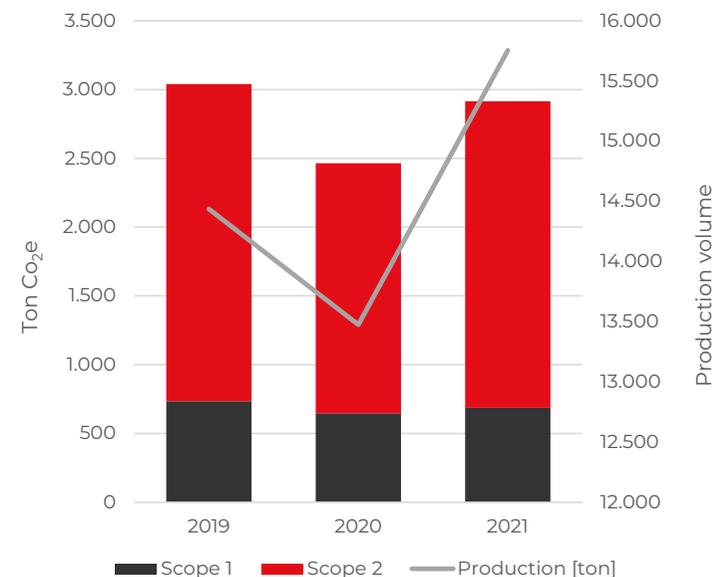


Green house gas emissions

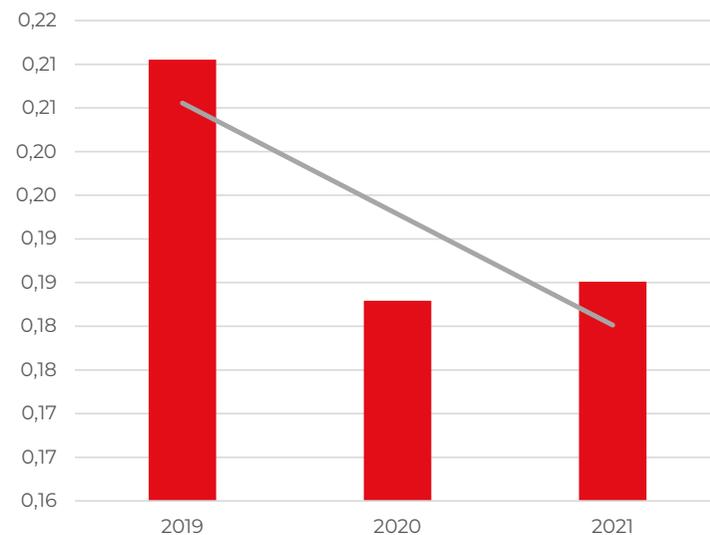
Historically, we have continuously focused on energy optimisation from a general environmental impact and cost reduction perspective. We recognise the climate change agenda and the need for the industry to work towards carbon neutrality. That is why we in 2020 embarked on the process of mapping our direct and indirect greenhouse gas emissions for scope 1 and 2 in accordance with the Greenhouse Gas Protocol. CO₂-equivalents are reported at two levels: Emissions from our own operations (scope 1) and emissions from purchased energy (scope 2).

In 2021, our total GHG emissions (location-based method for electricity) amounted to 2,916 tons of CO₂-equivalents. The increase of approx. 18% since 2020 is mainly driven by an increase in the electricity emission factor.

To reduce scope 1 emissions, we are working to convert our oil burner system used to preheat casting lines to a better controlled and more energy efficient natural gas fired burner system. This project will not only reduce our CO₂-emissions, but it will also improve the working conditions in our foundry facilities.



Ton CO₂e per ton cast iron produced



Yearly CO₂e emission at product level in ton CO₂e per ton of produced continuous cast iron as the sum of scope 1 and scope 2 emissions.

ENVIRONMENT

Climate Ready SME

Tasso was one of the 50 Danish SMEs in the manufacturing industry to participate in the Danish project and advisory course "Climate Ready SME" (in Danish: "Klimaklar SMV"); focusing on strengthening company growth and competitiveness through CO₂ calculation, climate strategy and climate communication. Read more about the project via the link below.

[→ Climate Ready SME](#)

Energy Consumption

The manufacturing of cast iron is energy-intensive and the reduction of our scope 2 emissions is closely linked to our use of electricity. Electricity accounts for approx. 83% of our total energy consumption, primarily from our melting and casting processes. Other sources includes natural gas, heating oil, LPG, transport diesel and central heating.

In 2023, we start the transition to renewable sources for the electricity we purchase. Starting with our manufacturing site in Denmark, we have ensured electricity from wind power using Guarantee of Origin (GO).

Surplus heat

Surplus heat generated at our production site is used externally to provide district heating for local households. Since 2014, we have provided district heating to the local community by recovering the heat generated from our melting, casting and heat treatment processes. Instead of letting the heat go to waste, the energy is directed into the local district heating system, operated by district heating provider Fjernvarme Fyn.

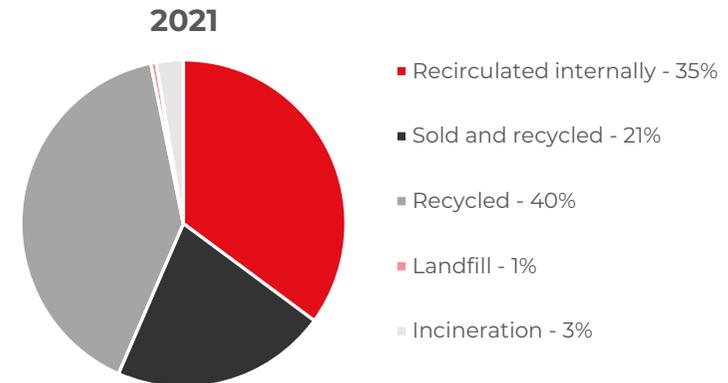
In 2021, we delivered 4,625 MWh of surplus heat to the local district heating system, which covers the the annual need of approx. 250 average single-family households in the Odense area. In this way, we contribute to lowering the carbon emissions by approx 450+ tons CO₂e.

Waste and waste handling

Tasso generated 1,273 tons of waste in 2021 compared to 1,088 tons in 2020. Minimising waste is one of Tasso's main environmental focus areas. We make continuous efforts to reduce the volumes of waste by optimising production processes and recycle as much as possible.

Instead of letting waste end at the incineration plant or as landfill, we continuously work on turning more residual products into resources for new products - either for internal or external use. One result from our initiatives to reduce waste is that approx. 500 tons of slag from our foundry is recycled as e.g. material for road surfaces and construction.

Waste is always transported and processed by authorized contractors to ensure it is handled in an efficient, safe and compliant manner.



Progress 2021

- Installation of filtration system for cutting-fluid on machining equipment

Priorities 2022

- Convert oil burner system used to preheat casting lines to a better controlled and more energy efficient natural gas fired burner system

GOVERNANCE

Ensure transparency and compliant processes



GOVERNANCE

Tasso is committed to perform its activities in a transparent, compliant and responsible manner and to meeting stakeholders' expectations of high business integrity standards across our operations.

Group Code of Conduct

The Vald. Birn Group's Code of Conduct and related policies sets standards for our behavior in our business. It provides guidance and outlines the responsibilities of our employees and management to protect Tasso from any misconduct that could undermine our business and integrity.

Anti-corruption and fair competition

We are committed to always working against any kind of corruption, bribery, fraud and anti-competitive behavior. Giving or accepting payments, gift, or entertainment is not allowed, however minor gifts and moderate entertainment may be part of customary business dealing and therefore considered acceptable. A maximum amount of giving and receiving hospitality, gifts and entertainment has been defined by the management to secure that this does not have any influence on business decisions.

Whistleblower hotline

Vald. Birn Group's whistleblower solution enables former and current employees at Tasso, suppliers, customers and other external parties to report suspicions or concerns about actual or potential unethical or unlawful behaviour. The whistleblower scheme was implemented in december 2021.

All whistleblower reports submitted through the whistleblower scheme are received by an external third party, PwC (PricewaterhouseCoopers Statsautoriseret Revisions partnerselskab). As an independent audit firm, PwC will ensure an independent, confidential channel for the whistleblower to report his/her concern or suspicion.

Generally and historically, internal concerns are reported openly and directly to colleagues responsible for the relevant areas rather than through the software. The whistleblower hotline is available via the link below.

[➔ Whistleblower hotline](#)

Progress 2021

- Whistleblower hotline was successfully implemented in december 2021
- Tasso has not been subject to any investigations, legal cases or incidents involving anti-corruption violations

Priorities 2022

- Communicate Group Code of Conduct across our organisation

SUSTAINABILITY PERFORMANCE (TASSO, DK)

	2021	2020	2019		2021	2020	2019	
Workplace				Waste types (tons)				Treatment
Number of employees	61	57	56	Graphite chips	3,6	5,4	3,6	Recirculated internally
Gender - male/female (%)	93/7	95/5	89/11	Swarf	443	371	339	Recirculated internally
Salaried employees (%)	23	25	29	Used graphite moulds*	5,4	8,2	5,4	Sold and recycled
Hourly paid (%)	69	72	70	Plastic, paper and cardboard packaging	3,8	2,8	3,9	Sold and recycled
Fleximers (%)	3	2	1	Iron and steel	262	207	178	Sold and recycled
Apprentices (%)	5	2	0	Wood*	2,8	0	1,9	Sold and recycled
Production				Slag	503,4	439,5	556,6	Recycled
Energy consumption - transport, heating oil, LPG, natural gas, electricity, central heating (MWh)	19.363	17.403	18.615	Cutting fluid*	5,85	10,1	6,35	Recycled
Direct greenhouse gas emissions - scope 1 (tons CO ₂ e)	687	647	734	Waste oil	1,1	2	0	Recycled
Indirect greenhouse gas emissions - scope 2 - location-based (tons CO ₂ e)	2.229	1.818	2.306	Landfill	6,8**	0	0	Landfill
Waste (tons)	1.270	1.088	1.138	Chemical waste	0	0,1	1,6	Landfill
Water consumption (m ³)	2.788	1.901	3.731	Incinerated waste	34,1	27,1	34,8	Incineration
Surplus heat (MWh)	4.625	4.241	4.153					
Raw materials (tons)								
Scrap	10.430	9.300	7.861					
Swarf	443	371	339					
Pig iron	2.081	1.912	1.712					
Alloys	1.039	960	1.065					

*Accounted for unperiodically

**Asbestos containing roof from structural renovation of building

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