



# Sustainability Policy



# Seco's commitment to a sustainable future

**Sustainability serves as the cornerstone of our strategic framework, and we are proud that it's integrated in everything we do. By consistently challenging industry norms as well as revolutionizing manufacturing processes, we actively contribute to creating a brighter future. By putting sustainability at the core of everything we do, we drive our vision for the industry of Any Shape in a Day, Sustainable in Every Way. Achieving this requires active participation from everybody at Seco and in collaboration with our value chain partners.**

We believe that to be a sustainable business, we must act with economic, environmental, and social responsibility. This is a guiding principle embedded deeply in our business activities, decision-making processes, and governance structures. This commitment is reflected in our Making Sustainable Solutions program, a testament to our unwavering dedication to support our customers on their journey to a more sustainable world. Our purpose, "Together we make manufacturing fast, easy and sustainable" defines our reason for existing, and underscores how we can make a positive contribution to a society faced with global challenges.

The tools we provide enable industries to machine products that touch our everyday lives, and we are committed to provide both sustainable products and solutions. We pledge to take robust climate actions and align our Net Zero commitments with findings in climate science to meet the requirements in the Paris Agreement. Furthermore, we work to reduce our impact on the environment and close material loops through our focus on Circular Business.

At Seco, sustainability is not only about products and services – it's also about people. Our commitment to a culture of Safety First and the protection of Human Rights underscore our dedication to the well-being of those working for Seco as well as those impacted by our company.

This policy sets the direction and our engagement with this topic, but it is important to recognize that much of our efforts in this ever-evolving landscape are done behind the scenes. We are committed to continuous improvement and progress in this area. This is just the beginning of Seco's journey in shaping a brighter and more sustainable manufacturing industry.

**Stefan Steenstrup**  
President Seco

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Vice President  
Sustainability and EHS



## 1. Background and purpose

Seco believes that to be a sustainable business, the company must act with economic, environmental, and social responsibility while taking advantage of the opportunities that arise from the integration of sustainability throughout the value chain.

Any Shape in a Day, Sustainable in Every Way is Seco's vision, which focuses on inspiring the manufacturing industry and being a sustainable partner to customers. Seco aims to be recognized for responsible manufacturing and resolute actions on sustainability.

Sustainable in Every Way is one of the strategic pillars and a part of Seco's vision. Within this strategic pillar, Seco follows four objectives that guide the sustainability work. The company aims to be regarded as a sustainability role-model in the industry. Seco increases circularity by driving the shift to a circular economy and thereby reduces their climate impact. Lastly, the company puts safety on top of the agenda as employees are their most valuable resource. This is driven by Seco's strategy Making Sustainable Solutions, which highlights yearly goals that work towards the 2030 goals within Climate & Biodiversity, Circularity, People & Communities and Responsible Business.

By developing more efficient, safer, and more environmentally friendly solutions, Seco and their partners are taking important strides toward a more sustainable future.

This Sustainability Policy provides the framework and minimum requirements for Seco's sustainability and the aim in Making Sustainable Solutions.

## 2. Definitions

For this policy the following terms and definitions are used to describe and define Seco's view on sustainability in relation to the sustainability strategy.

**Circular Economy** – refers to an industrial economy where materials never become waste and nature is regenerated. It replaces the “end-of-life” concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals that impair reuse, and aims for the elimination of waste through the superior design of materials, products, systems, and, within this, business models. The circular economy tackles global challenges like climate change, biodiversity loss, waste, and pollution. It is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature.

**Double Materiality** – includes climate-related financial impact on the company that influence or are likely to influence the enterprise value in the short, medium, or long term but are not captured by financial reporting at the reporting date. It may also refer to the impact of a company on the climate or any other sustainability dimension, including the connection to actual or potential significant impact on people or the environment directly caused or contributed to by Seco and or Seco's value chain.

**ESG** – Environment, Social and Governance refers to factors measuring the sustainability and ethical impact of an investment in a business.



**Location-based Approach** – emissions calculated using the average emissions intensity of the grid.

**Market Based Approach** – Green House Gas emissions calculated using emission factors from contractual instruments (including I-Renewable Energy Certificates (I-RECs), RECs, and Guarantees of Origin).

**Net Zero** – the balance of the whole amount of greenhouse gas (GHG) released by Seco and within its value-chain (scope 1, 2 and 3) and the amount removed from the atmosphere, using the SBTi standard.

**Renewable Energy** – useful energy that is collected from renewable resources, which are naturally replenished on a human timescale and usually provide energy with little to no carbon emissions.

- **Bioenergy (Biofuel/Biogas)** is energy produced from organic material and is commonly used throughout the world. Biomass Energy can take the shape of biofuels as well. It usually includes crops, plants, trees, yard clippings, wood chips, and animal or food waste. In general, bioenergy is viewed as less impactful than fossil sources.
- **Nuclear Fission** is not defined as green energy or renewable energy, however, due to almost no carbon emissions it is considered a low-carbon energy source.

**Resource efficiency** – Minimize resource use (for example energy, water, raw materials etc.) while supporting circular economy.

**SBTi** – The Science Based Targets initiative (SBTi) drives climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

**Sustainable manufacturing** – Creation of economic manufactured products that use processes as well as technology that are non-polluting, conserve energy and natural resources that are able to satisfy economic, environmental and social objectives thus preserving the environment while continuing to improve quality of life.

**Value chain** – All upstream and downstream activities associated with the operations, from procurement of goods and services to the use of sold products by consumers and the end-of-life treatment of sold products after consumer use.

### 3. Scope

This policy, together with the associated policies and procedures, sets out Seco's responsibilities and ambitions related to sustainability.

## 4. Audience

This policy applies to all entities within Seco and covers all employees, contracted workers, and visitors to Seco's facilities. Additionally, this policy and its principles covers and applies to all actors throughout Seco's value chain including suppliers and customers.

## 5. Policy statement

Seco is committed to using engineering and innovation to make the shift towards a sustainable manufacturing industry that is Net Zero. Integrating sustainability into the business model and ways of working creates value for customers, employees, shareholders, and society. Seco takes a holistic approach on sustainability, which includes the entire value chain. Zero Harm, defined in the Environment, Health & Safety Policy, is an important building block in the sustainability strategy. It includes the areas considered most relevant and where differences can be made. In accordance with Seco's commitment to sustainability, the 2030 goals are developed in accordance with the principles and key focus areas described below.

As stated in the Sandvik Code of Conduct, Seco is committed to comply with applicable laws and regulations in the countries where they operate as well as the ten principles of the UN Global Compact, the OECD (Organization for Economic Cooperation and Development) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.





Seco, as a subsidiary, has committed and been validated by the Science Based Targets initiative (SBTi) with the objective of Net Zero no later than 2050.

## 5.1 Making sustainable solutions

Sustainability shall be integrated in every aspect of Seco's business, and business decisions shall be in line with Seco's Sustainability Strategy. This includes sustainable use of resources as well as responsible land ownership, acquisition, and protection of biodiversity and ecosystems. The vision of Zero Harm to people and environment is managed through the Environment, Health & Safety Policy. Seco has committed to sustainability targets in the focus areas of Circularity, Climate & Biodiversity, People & Communities and Responsible Business. The targets include the entire value chain from suppliers, to operations, and customers.

### 5.2 Circularity

Seco is committed to take a leading role in driving the industry's transition to a circular economy. This entails embracing principles such as elimination of waste and pollution, the circulation of products and materials, and regeneration of nature. Thus, Seco is rethinking the way products are designed, manufactured, used, and recovered, and is shifting its business model

and operations towards a resource-efficient circular economy. At Seco, circularity is a key principle in developing new products and solutions. The company promotes partnership and collaboration throughout the value chain to prolong the lifetime of products and enable reusing, refurbishing, and recycling.

#### 5.2.1 Recycling

Seco's carbide products consist of rare and valuable raw materials, including tungsten, cobalt, and tantalum. Seco commits to recycling and reusing these materials, thus reducing the need for new extraction, and at the same time minimizing resource depletion. The powder created by the recycling process (provided to Seco by certified recycling partners) has the same properties and qualities as virgin powder. Seco designed the Used Carbide Recycling Program to demonstrate personal commitment to customers and the shared environment.

#### 5.2.2 Statement on water efficiency and circularity

Seco commits to reduce the impact on water by reducing absolute water consumption, increase water circularity of the process water, and reducing impact on the quality of the water supply through treatment and recycling in their areas of operations.

## 5.3 Climate & biodiversity

Seco aims to reduce the climate impact and any negative effects their value chain may have on biodiversity. Additionally, the company works with climate adaptation to ensure resilience throughout the manufacturing industry.

In Seco's Sustainability Strategy, annual targets are set on climate mitigation to reach Net Zero and are followed up on a quarterly basis. Actions related to climate mitigation shall follow Seco's 2030 roadmap, which build towards an 85% reduction of their climate impact within their operations with the end goal of Net Zero no later than 2035.

Sourcing of energy shall be done in a way that supports Seco's long term climate goals and eventual Net Zero target, focusing on three primary areas: reducing consumption, increasing efficiency, and reducing Green House Gas emissions.

Key areas of climate change emissions for Seco to mitigate and minimize:

- Own operation emissions (Scope 1+2)
  - Electricity
  - Internal transport (fuels)
  - Fuel Oils and Heating
- Value Chain Emissions (Scope 3)
  - Purchase of Goods and Services (Upstream)
  - Business travel (Upstream)
  - Transport and Distribution (Upstream & Downstream)
  - Use of sold products (Downstream)

Seco encourages all suppliers and customers to commit to science-based targets.

### 5.3.1 Statement on biodiversity and environmental footprint

At Seco, activities should be driven in a way that minimize the impact on the environment in the entire value chain. This is driven through activities in the areas of climate and circularity but also locally to consider the different environments where Seco operates. Additionally, Seco commits to explore partnerships that support the protection and regeneration of biodiverse ecosystems in the value chain.

## 5.4 People & communities

Seco is a people company in the machining business, committed to protecting lives, empowering people, and building more resilient communities where the company operates. Seco also strives to foster a diverse, equitable, and inclusive workforce where innovation can thrive. Seco believes that people are the company's most valuable asset, and their health and wellbeing is a key enabler for success. Their knowledge, skills, experience, commitment, and engagement are key elements in everything the company does.

Seco is committed to foster a safe and supportive work environment where people feel valued, respected, and appreciated. Continuous improvement is prioritized as well as ensuring equal opportunities for professional development through training and other initiatives to enhance competence. Seco strive for Zero Harm and is dedicated to being a responsible employer and a positive member of the community. By investing in people and communities, Seco can create a more sustainable future for everybody.

## 5.5 Responsible business

Seco is committed to Responsible Business, which is integrated into every aspect of business and governed by the Sandvik Code of Conduct, the Supplier Code





of Conduct and Business Partner Code of Conduct as well as several Compliance Policies and Procedures within the governance framework. Seco aims to ensure high standards of business conduct and responsibility throughout the value chain, enabled by transparency and due diligence. Targets and measurements within Responsible Business are governed by the abovementioned Codes and relevant Policies and Procedures.

Seco supports the UN International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption as outlined in the ten principles of the United Nations Global Compact, in which Seco participate. Seco is committed to adhering to these principles as well as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Code of Conduct sets the principles for how Seco turn their purpose and values into everyday behavior to support the long-term goals of the business.

## 5.6 Communication & reporting

All functions and entities are responsible for enabling relevant reporting and support with data gathering. For all focus areas, relevant reporting needs to be secured. Reporting undertaking needs to be based on material sustainability impacts, risks, and opportunities.

All functions and entities within Seco must comply with all relevant sustainability legislations.

Seco discloses sustainability externally through:

- Annual Reports (Sandvik) – Annual reports – Sandvik Group ([home.sandvik](https://www.sandvik.com))
- Seco Homepage – Sustainable Business | [Secotools.com](https://www.seco.tools)
- CDP – Home – CDP (Sandvik) à Can Request Seco Specific Report
- UN Global Compact – Homepage | UN Global Compact (Sandvik)
- Through Customer Requests (upon request)
- Responsible Sourcing of minerals and metals report – Responsible sourcing of minerals and metals report 2022 ([sandvik.com](https://www.sandvik.com))

### 5.6.1 Statement on transparency and honesty

Seco commits to transparency and honesty regarding the sustainability goals, work, and progress. As part of this, and ensuring Seco as a sustainable and honest partner, the company is committed to honest communication externally with clear explanations on estimations or claims made in relation to sustainability and progress.

## 5.7 Investments

Investments shall take all sustainability legislation into consideration, ensuring that investments support Seco's long-term sustainability targets and contributes to the Net Zero commitment. Resource efficiency, minimizing pollution and waste, and promoting circular economy shall be considered.

## 6. Roles and responsibilities

To contribute to sustainable business, everybody must take environmental and social considerations into account in their day-to-day work. All employees at Seco have a role to play on their sustainability journey and are responsible to make every effort to comply with Seco's Sustainability Strategy and ambitions. In addition, Seco commits to support the external stakeholders and partners throughout the value chain in driving the shift to a Net Zero and regenerative manufacturing industry.

## 7. Monitoring compliance

- Leading and lagging indicators are used to monitor business conditions and trends to inform that Seco is on track to meet the sustainability targets and objectives.
- Detailed monitoring of compliance is governed by other related policies as referenced in this document.
- Internal and external monitoring and reporting.
- KPIs are to be set by responsible functions within Seco, which drive towards the 2030 goals and Net Zero targets.
- The targets are followed up and presented in quarterly reports.
- Additional KPIs linked to the sustainability strategy are followed up internally.
- External review of Seco Net Zero commitment will be done through the Sandvik Group's process of SBTi validation of targets. Targets are to be reviewed and renewed every five years.

