DANTHERMGROUP

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) POLICY

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Introduction and purpose

At Dantherm Group (hereafter Dantherm), we recognise the significant role and impact the climate control industry and our own company have on both environmental and social sustainability. At Dantherm, we always want to do better, and we are committed to being a responsible business that sets high standards in social, environmental, and ethical business practices.

Being a responsible company is ingrained in our group values. We are *quality conscious* as we are committed to delivering products and services of the highest quality, so we design, build and test everything we do to the highest standards. We are *reliable partners* as we understand the importance of building and maintaining strong, long-term relationships with our customers, partners, and stakeholders. We are *innovative* because we use our wide product portfolio, expertise and creative mindset to find the best solution for the customer based on proven or new technology. Last, but not least, we are *environmentally focused* as we let environmental considerations influence our decisions – our founder based the company on energy-efficient solutions, and we want to stay true to that.

We at Dantherm recognise the importance and our responsibility of integrating environmental, social, and governance (ESG) principles into our operations and decision-making processes.

This policy outlines our commitments to sustainability, respect for human and labour rights, responsible sourcing, health and safety, and ethical governance practices. We seek to actively contribute to a more sustainable future for our stakeholders, including but not limited to, employees, customers, investors, environment, and the local communities in which we operate.

Responsible ESG management enhances our brand reputation, fosters deeper trust among clients and consumers, and reduces risks in our operation and supply chain.

As a Group, we contribute to the UN's 17 Sustainable Development Goals (SDG) as we see it as our responsibility to positively affect global social, economic and environmental development. This specifically entails SDG 8 Decent Work and Economic Growth, SDG 11 Sustainable Cities and Communities, and SDG 12 Responsible Consumption and Production.

The purpose of this ESG policy is to align Dantherm's operations with global standards, promoting sustainability, ethical business practices, and respect for human and labour rights. These include, but are not limited to, the United Nations' Global Compact (UNGC), UN's Guiding Principles for Business and Human Rights (UNGPs), ILO's Fundamental Principles and Rights at Work, OECD's Guidelines for Multinational

Enterprises on Responsible Business Conduct and the United Nations' Convention Against Corruption (UNCAC). In addition, Dantherm commits to any local law. If there are any contradictions between local laws and international standards, Dantherm follows the one with the highest requirements.

The policy aims to guide environmental, social, and governance principles, actions, commitments and targets, enhancing our long-term resilience and stakeholder engagement. Through this policy, we strive to contribute positively to society and the environment.

Scope

The scope of this ESG policy covers all sites, brands, and companies and is implemented across all parts of Dantherm, including the management, employees, and contract workers, such as consultants, freelancers, and seasonal workers. Our daily actions require a clear approach to manage our risks and impacts on the environment and society. The scope of this ESG policy encompasses all aspects of Dantherm's operations, impacting both internal practices and external relationships.

The ESG policy covers our principles and promises regarding minimising our negative impact on society and environment and maximising the positive impact. The policy outlines our ways of working and the requirements for responsible business conduct that we at Dantherm apply in our daily operation.

The policy sets the standard for our actions and goals regarding our ESG-performance. The policy covers four key areas for our sustainability commitments: environment & climate, own labour force, human rights in the value chain, and governance practices.

Dantherm's ESG principles and promises

Environment & climate

At Dantherm, we perceive the protection of the environment and mitigation of climate change impacts as fundamental to our business. We are committed to taking action to mitigate our negative impact in our three prioritised areas. These are energy use, including energy efficiency and use of renewable energy sources; reduction of greenhouse gas emissions; and waste management, including reducing, reusing, and recycling of materials. To support our commitment to mitigate our negative impact, we have set the following targets. By 2030 we want to increase the share of our consumption of renewable energy to 90%. Our 2030 emission target is to commit to the Science Based Targets initiative (SBTi), with a 50% emission reduction by 2030 and 90% emission reduction (Net Zero) by 2050. One of our main environmental targets is also to reduce our waste generation ratio from our own operation by 5% YoY. In relation to hazardous waste, our target is that the total amount of hazardous waste should be <2% of total waste generated in our operation, and that the

share of hazardous waste diverted from disposal should be >95%. We aim to achieve these goals by exploring opportunities for shifting to renewable energy sources, and investing in new technology such as solar panels, optimisation of production processes, and investigating new opportunities for using recycled materials. With these actions and targets, we continuously strive to optimise and reduce our negative environmental and climate impact.
Read more about our environmental and climate actions and targets in our Dantherm Group Environment and Climate Policy as well as our Sustainability Report.

Own labour force
At Dantherm, we respect human and labour rights and are committed to providing a fair, safe, and inclusive workplace. We ensure that our employees are treated with dignity and respect. This includes, but is not limited to, respecting the freedom of association and the right to collective bargaining, ensuring fair compensation and reasonable working hours and zero tolerance towards child labour and forced labour.

The well-being of our employees is a high priority for Dantherm. We want to provide a workplace free from discrimination and harassment and promote diversity, equity and inclusion. If an employee experiences any type of discrimination the employee can confide to the nearest manager or consult another senior manager. If the employee prefers to stay anonymous, the employee can use the Dantherm Whistleblowing System which is managed by a third party. The ambition is always to have zero discrimination incidents and a workplace where our employees feel welcome and acknowledged.

At Dantherm, we prefer to have a diverse workforce, as it contributes to ensuring different perspectives and experiences and we believe a diverse workforce is a contributing factor to our continued business opportunities, growth, and financial performance. Our 2030 target is to reach min. 35% of the underrepresented gender.

At Dantherm, we are dedicated to fostering a culture and workplace of zero accidents. We take every reasonable step to evaluate and mitigate the potential hazards associated with our operations and facilities, including occupational health and safety risks. Our target is to have zero accidents each year and zero health and/or safety incidents with absenteeism, which we work towards by securing that each site has a safety track record, comprehensive safety trainings for all relevant employees and is actively working to secure the best possible working conditions.

More information on how we take action in relation to the safety and well-being of our employees can be found in the Dantherm Group Labour Policy.

Human rights in the value chain

At Dantherm, we are committed to have a responsible sourcing process and maintaining ethical standards throughout our supply chain. We expect our suppliers and partners to uphold similar values and practices. Our suppliers must respect human and labour rights and commit to providing a fair, safe, and inclusive workplace, and ensure that the employees are treated with dignity and respect. This includes, but is not limited to, respecting the freedom of association and the right to collective bargaining, ensuring fair compensation and reasonable working hours and zero tolerance towards child labour and forced labour.

To ensure responsible sourcing, Dantherm has a supplier approval process where potential suppliers are risk assessed before entering collaboration. Afterwards the suppliers have to sign the Dantherm Supplier Code of Conduct. The risk assessment is based on the following criteria.

1. Geographic location of production: We evaluate the geographic location of our suppliers' production facilities, taking into consideration the potential risks and advantages associated with each region.
2. Spend data: Suppliers are assessed based on the financial expenditure associated with their services or products, allowing us to prioritise those with significant financial impacts.
3. Product category: We classify suppliers according to the specific categories of products they provide, ensuring that we have a comprehensive understanding of their offerings and their alignment with our needs.

To minimise ESG risks in our supply chain, we use EcoVadis as an online tool and database for desk assessments. Further, to secure compliance with our Supplier Code of Conduct, SMETA audits are conducted at selected suppliers. We expect the first audits by end of 2024 or during 2025. The goal is to conduct min. 1-3 SMETA audits during 2024 and 10 SMETA audits annually by 2030 and engage 100 suppliers via the EcoVadis tool by 2024 and 300-500 suppliers by 2030. At Dantherm, we train relevant employees in responsible sourcing to ensure compliance with environmental and social standards. To continue our social responsibility, we foster transparency and accountability throughout our supply chain. We believe the best way to manage our responsible sourcing is to engage in conversation and dialogue with the suppliers.

Furthermore, Dantherm is committed to positively engage with the local communities in which we operate. We recognise our responsibility of understanding and addressing the human rights impact our operations have. We actively seek to make positive contributions to the local communities through our businesses.

Our responsibility in the value chain also extends to our customers and consumers. We are committed to always ensure high product quality and product safety through thorough analysis and defined test processes. It is a top priority target for Dantherm that there are zero health and/or safety incidents due to product non-compliance and zero product recalls initiated by Dantherm. Dantherm has a safety track record of products and pro-actively addresses any issues that may arise.

More information on how we protect human rights and engage with our supply chain can be found in the Dantherm Group Supplier Code of Conduct, Dantherm Group Business Partner Compliance Policy, and Dantherm Group Human Rights Policy.

Governance practices

Dantherm is dedicated to upholding the highest levels of ethical business conduct and transparency in all its operations. We are committed to ensuring that our business practices reflect integrity, fairness, and accountability, and we have no tolerance towards corruption and bribery in any form. We have a defined compliance organisation, consisting of a compliance officer and regional compliance managers, who are responsible for all compliance governance topics. All relevant employees receive training in compliance, including, but not limited to, responsible trade, anti-corruption, receiving gifts, and risk assessment of suppliers. In case of any non-compliance issue occurring, employees and external stakeholders can report an incident anonymously in the Dantherm whistleblowing system. Dantherm does not tolerate retaliation against anyone who reports non-compliance in good faith, be it substantiated or not. The whistleblowing system is handled by a third party.

We are in the process of defining and implementing a risk management and internal control process in relation to sustainability reporting, incl. mitigation and implementation strategies, periodic reporting, and communication to relevant stakeholders. We expect that the risk management and internal control process has been fully implemented in 2025.

Regarding the Double Materiality Assessment, we will conduct an update on a yearly basis as part of our budget process.

Our approach to evaluating suppliers involves a categorization based on the following criteria:

1. Geographic location of production: We evaluate the geographic location of our suppliers' production facilities, taking into consideration the potential risks and advantages associated with each region.
2. Spend data: Suppliers are assessed based on the financial expenditure associated with their services or products, allowing us to prioritise those with significant financial impacts.

3. Product category: We classify suppliers according to the specific categories of products they provide, ensuring that we have a comprehensive understanding of their offerings and their alignment with our needs.

To ensure a thorough and unbiased evaluation, we leverage EcoVadis, a reputable third-party assessment tool, to evaluate our most important suppliers. This helps us to gain insights into their ESG performance and identify areas for improvement.

For suppliers with low scores by EcoVadis we start constructive conversations focused on boosting their ESG performance. For those not yet rated by EcoVadis, we categorise based on the criteria above and encourage them to join EcoVadis. In collaboration with EcoVadis, our aim is to jointly pinpoint and execute improvement strategies that align with our ESG goals. These discussions are intended to: Establish clear and measurable ESG targets, create action plans to meet these targets and track progress and offer support as necessary.
For suppliers identified as having both low or no EcoVadis scores and high risk, we take additional measures to ensure compliance and improvement. This includes conducting third-party audits using the SMETA (Sedex Members Ethical Trade Audit) methodology. These audits provide a comprehensive evaluation of suppliers' ethical practices and help us to: Identify any significant ESG risks, develop targeted improvement plans and ensure ongoing compliance with our ESG standards.
Through these rigorous assessments, we ensure that high-risk suppliers are held to the highest standards of ethical and sustainable practices. We aim to achieve a 92% compliance rate with our Supplier Code of Conduct and engage 100 suppliers on the Ecovadis platform by the end of 2024, expanding to 300-500 suppliers by 2030. Additionally, we plan to conduct 1-3 audits annually to ensure these standards are met.
By implementing this comprehensive ESG sourcing strategy, we are committed to fostering a responsible supply chain that aligns with our values and contributes to our overall sustainability goals.

Monitoring and evaluation
To follow our development on our ESG-performance we have set goals within each topic; environment and climate, own labour force including health, safety and diversity, human rights and responsible sourcing, and governance practices, which we continuously monitor in our ESG-dashboard. At each site we have specific procedures in place to collect the needed data and ensure high quality. We follow up on any development that does not align with our ambitions and actions and implement measures to improve. The ESG results are published in our annual sustainability report.

Training and awareness
To secure awareness, compliance and continuous improvement of our ESG Policy, relevant employees receive training.

Associated policies

Dantherm Group Code of Conduct; Dantherm Group Supplier Code of Conduct; Dantherm Group Business Partner Compliance Policy; Dantherm Group Policy regarding Gifts, Hospitalities, Donations and Sponsoring; Dantherm Group Environment and Climate Policy; Dantherm Group Labour Policy; and Dantherm Human Rights Policy.

The ESG Policy is publicly available on our website, and our group management is responsible to ensure timely and correct updates and implementation of the above described policies.

Dantherm Group, 15 October, 2024.