



DANTHERMGROUP

ENVIRONMENT AND CLIMATE POLICY

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Introduction and purpose

At Dantherm Group (hereafter Dantherm), we recognise the significant role and impact we as an international company have on the environment and climate. We are committed to minimising our negative impact on the environment and climate and to promote more sustainable practices while producing high-quality, energy-efficient products. This commitment is also expressed through two of our core values, specifically that we are environmentally focused and quality conscious.

We recognise the responsibility we have in protecting and improving the state of the environment and climate. We are determined to minimise waste, pollution, energy consumption, and greenhouse gas emissions, and optimise our use of materials.

The purpose of this policy is to align Dantherm's activities with international and national standards and legal requirements set in place to protect the environment and climate and mitigate any negative impact. These include, but are not limited to, the UN Global Compact, the UN Guiding Principles on Business and Human Rights, and OECD's Guidelines for Multinational Enterprises on Responsible Business Conduct, especially concerning the protection of the environment and climate.

If there are any contradictions between local laws and international standards, Dantherm follows the one with the highest requirements.

This Environment and Climate Policy states our ways of working, and the principles we apply to our operation in relation to managing our impact and preventing and controlling potential risks on the environment and climate.

Scope

The Environment and Climate Policy covers our principles, promises, actions, and targets regarding minimising our negative impact on the climate and environment. The policy outlines the requirements we at Dantherm apply in our daily operation to be environmentally focused.

This policy serves as the foundation and our approach to climate and environmental management and our commitment to continuous improvement of our business practices.

The scope of this Environment and Climate 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.

Dantherm's principles and commitments*Energy consumption*

Energy consumption concerns investigation and implementation of more energy-efficient technologies and practices to minimise our energy consumption within our operation. A focus on efficiency improvements, replacing energy types and behavioural changes is vital for mitigating our impact on climate change.

We are committed to always try to optimise our energy efficiency and performance of our own operation, including but not limited to, minimising energy usage by reviewing and optimising our production efficiency, changing to lower emission energy sources, for example, from gas to district heating, and reducing our heating and cooling use. Further, in the design and production of our products, we are focused on making them as energy efficient as possible, both in terms of the needed energy when used and their climate control effect. All these actions are based on our target to significantly reduce our energy consumption in order to achieve our greenhouse gas emission reduction targets for 2030 and 2050.

Renewable energy

Renewable energy concerns the shift from conventional energy sources to renewable energy sources, for example, solar and wind power. A shift helps to decrease reliance on fossil fuels and reduce greenhouse gas emissions. At Dantherm, we have started the process of shifting to renewable energy. We are committed to increasing this focus significantly during the coming years. One step in the right direction is the installation of solar panels on the roof of our new warehouse in Heinsberg, DE. The amount of energy produced here exceeds our own use, making it possible to transfer surplus energy to local households in Heinsberg, DE. Our goal is to increase our total share of renewable electricity consumption to 90% in 2030.

Greenhouse gas emission

Mapping, calculating, and reducing our greenhouse gas emission is a central part of our ESG work. We are committed to reducing our direct and indirect emissions. Dantherm has already succeeded in reducing its emission intensity ratio, but these reductions are only the first steps. We have a target of reducing our scope 1 and 2 emissions by 5% YoY when comparing to our emissions intensity ratio (tons CO₂ emission per million EUR revenue), initially focusing on how we can reduce our emissions from our top 5 emitting sites. In addition, Dantherm is establishing a scope 3 baseline to ensure a starting point for steady reductions. Dantherm will engage in collaboration with suppliers to start the process of scope 3 reductions. As part of scope 3, we are also committed to producing the most energy-efficient products possible to ensure that when the products are in use at our customers the emitted greenhouse gases are at a minimum. Our 2030 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.

Several of our suppliers are located in areas that are more at risk of climate change-related incidents, including, but not limited to, droughts, floods, and lack of raw materials. At Dantherm, we believe it is part of our responsibility to collaborate with our suppliers on how we can minimise the risk and implement climate adaptation measures to ensure that any incidents will have the lowest possible effect both on the supplier and Dantherm as a company.

Our approach to evaluating suppliers involves a categorisation 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 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; 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. We expect the first audits by end of 2024 or during 2025. 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.

We will therefore initiate dialogues with our suppliers on how we can jointly take action in relation to climate adaptation measures and set concrete targets and actions. Examples of actions could be reduction of water and energy consumption, reduction of material use, etc. In general, our aim is that our suppliers will set ambitious climate change-related targets.

Resource consumption

Effective resource management strategies, including reducing waste generation, enhancing waste segregation, optimising material use, and optimisation of packaging are crucial for reducing the waste footprint and promoting resource efficiency and circular economy principles.

As a production company, Dantherm uses a variety of materials and generates waste. We are therefore also responsible for and committed to reducing the material usage and waste amount and making sure that our sourcing is increasingly more sustainable.

Our target is to reduce our total waste production from our operation with 5% reduction YoY. To reach this goal, we will initiate actions to improve our resource use, including reduction of waste generation, optimisation of production processes, and identification of the potential of using alternative materials; lifetime extension of products; take-back systems; and closer collaboration with suppliers. 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 have already taken the first steps to reduce waste generation. At our headquarter in Skive (Denmark), we are highly focused on sorting and recycling our waste from our processes. The next step is expanding these actions to all locations. Further, we will identify the main waste groups per site and develop reduction plans. A central part of our ambition of reducing our resource use is to increase the share of recycled input materials in our products; and we are currently developing a measure to show the content in our purchased goods.

In addition, the improvement of packaging is also part of our commitment, including both reducing packaging to minimise the resource use and simultaneously making sure that the products are protected from any transport incidents harming the products.

Water consumption

At Dantherm, our operation processes are to a high extent characterised as assembly processes and not heavy production, which means that we do not consume a high amount of water in operation or test processes. Hence, our water consumption is generally very limited. However, as water is a scarce resource on a global

scale, we treat our water consumption in the same way as our general energy consumption and continuously monitor consumption across all our sites.

Monitoring and evaluation

We monitor and evaluate our environment and climate performance annually to ensure compliance with our commitments. This is part of the regular monitoring and evaluation connected to our ISO 14001 certifications at our sites in Skive (DK) and Pastrengo (IT). 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.

Training and awareness

To secure awareness and compliance with our Environmental and Climate Policy, and to ensure continuous improvement of our impact, relevant employees receive training in the policy.

The Environment and Climate Policy is publicly available on our website.

Dantherm Group, 15 October, 2024.