



→ **ESG Report 2022**



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Statutory report on corporate responsibility pursuant to section 99a of the Danish Financial Statements Act

This ESG report constitutes the Schouw & Co. Group's report on corporate responsibility for the 2022 financial year provided in accordance with section 99a of the Danish Financial Statements Act. The report's statutory sections also include our reports on diversity, see section 107d the Danish Financial Statements Act, gender composition of management, see section 99b of the Financial Statements Act, and data ethics, see section 99d of the Financial Statements Act.

This publication is a translation of the Danish ESG Report 2022. The original Danish text shall be decisive for all purposes and in case of any discrepancy, the Danish wording shall be applicable.

Overview

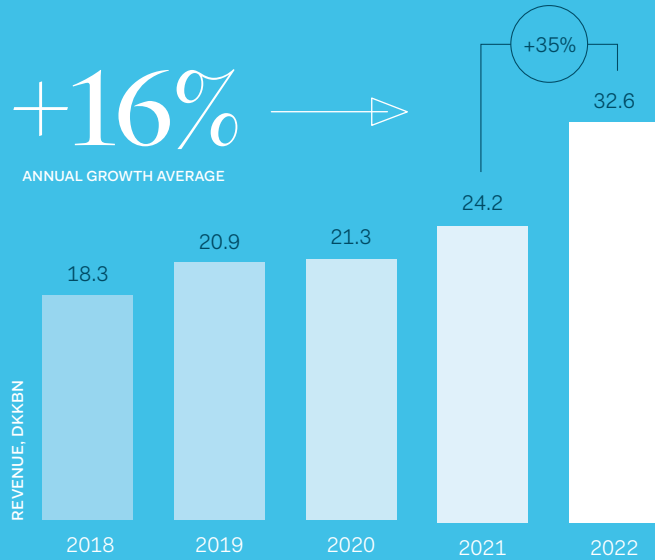
REVENUE
32.6
DKKBN

EBITDA
2.3
DKKBN



ESG highlights

13% reduction in CO₂e emissions
LTI rate reduced by 27%



15,000

skilled and dedicated employees at the end of 2022

80

factories in 32 countries*



* at March 2023

Strong portfolio of six leading industrial B2B businesses headquartered in Denmark

- BioMar
- GPV
- HydraSpecma
- Borg Automotive
- Fibertex Personal Care
- Fibertex Nonwovens

THREE SIGNIFICANT ACQUISITIONS

BioMar acquired aquaculture tech business AQ1 in the second quarter of 2022



GPV gained control of Swiss-based EMS business Enics early in the fourth quarter



In the fourth quarter, **HydraSpecma** announced agreement to acquire Ymer Technology's wind division



35

year track record of making successful transformations and long-term investments

145

year history as an industrial business

In what was a highly unusual year, Schouw & Co. managed to generate solid growth, while also investing heavily to build a stronger foundation for the future

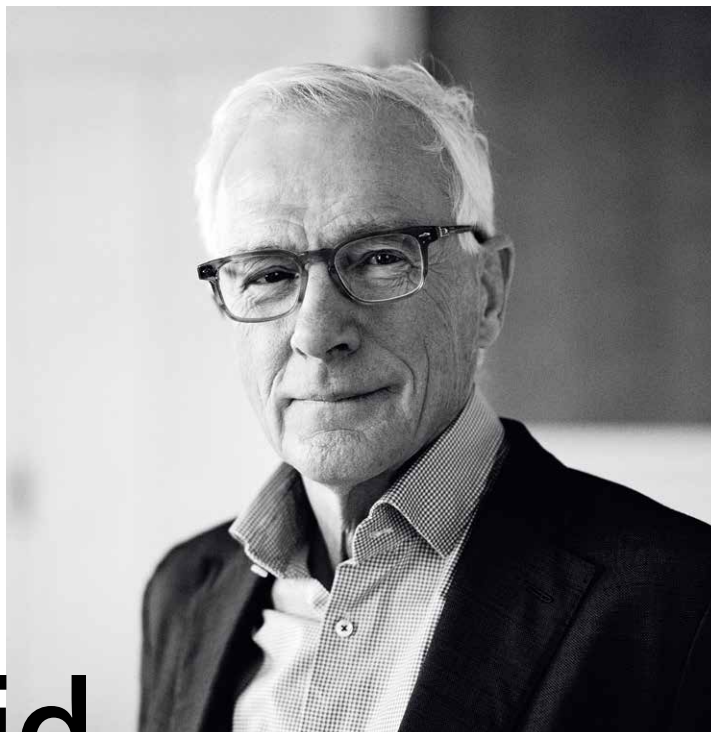
Jens Bjerg Sørensen, President and CEO

Our purpose

At Schouw & Co., we are responsible long-term owners generating growth through transformation. We build businesses of the future by putting people first.

schouw&co | BRIGHT MINDS | STEADY HANDS | BETTER BUSINESS

A word from the CEO



Solid momentum

Although 2022 will be remembered as a year full of uncertainty and geopolitical instability, it was also a year when we at Schouw & Co. accelerated developments in the area of ESG. We have made very satisfactory progress as we managed to deliver solid reductions in greenhouse gas emissions from our in-house production and, not least, because our portfolio companies, with dedicated efforts towards occupational safety, managed to reduce lost-time injury frequency rates substantially.



Schouw & Co. has a long history of being a responsible and reliable company, developing and transforming strong Danish industrial businesses through active ownership. Taking our responsibility seriously also means acknowledging that we have a considerable impact through our businesses. A large part of our Group's operations consists in the processing of raw materials, which requires high consumption of energy and resources. Also, a number of our businesses employ manual labour, and occupational safety is therefore of paramount importance. However, our impact also extends to securing work for some 15,000 employees round the world, being a responsible taxpayer, manufacturing products that make a difference in society and contributing to the green transition by reducing our climate impact and resource consumption.

The energy crisis and the sharply rising energy costs have affected a number of our businesses significantly and naturally brought about challenges. But it has also sparked renewed focus on the green transition and, in particular, on strengthening renewable energy technologies. Several Schouw & Co. businesses participate in these developments, and we have a solid foundation for strengthening our position going forward.

Last year, we set a clear direction with the introduction of responsibility as part of our strategy and by announcing our 2030 ESG ambitions, including targets to reduce GHG

emissions from in-house production by 35% and to reduce the total LTI frequency rate to less than three. I am very pleased to report that we are on the right track, with a GHG emissions reduction of 13% from 2021 to 2022, and that our LTI frequency rate was reduced to 4.7, from 6.4 incidents per million working hours in 2021. Moreover, we increased the share of renewable electricity from 10% in 2021 to 21% in 2022, which demonstrates that our businesses take their responsibility seriously and put words into action.

Growth is a goal anchored in the Schouw & Co. organisation, both organic and acquisitive. In 2022, we made some significant and transformative acquisitions, but it is likewise very important to future-proof our competitive strength and dedicate adequate resources to invest in innovation, sustainability and resilience. All of the Group's businesses take responsibility and have a structured approach to strengthening ESG activities. In this report, you can read much more about how we do it.

We have not only created a strong foundation and set the direction. We have also gained solid momentum and taken some important steps towards reaching our goals. ✂

Jens Bjerg Sorensen, President and CEO
Aarhus, 3 March 2023



Business model

Schouw & Co. has a long-term investment horizon. We invest in Danish industrial businesses with an international perspective and the potential to grow and evolve. We believe in long-term value creation through active ownership.

VALUES

Schouw & Co. as an active owner

When exercising ownership of a business, Schouw & Co. will always be guided by an intention to create value in a decent and trustworthy manner. Our aim is to consistently be a relevant and meaningful owner and to challenge and develop our businesses. We do not believe that micromanagement and unnecessary reporting and intervention create long-term value.

Since 1988, the cornerstone of our strategy at Schouw & Co. has been to own and operate a portfolio of businesses in different industries. Schouw & Co. implements investments at various levels, but always for the purpose of generating the best return in a reliable and trustworthy manner.

Long-term and visionary

As owners, we willingly take risks and invest to future-proof our businesses with due consideration for the risk involved.

Results are created by people

We generate earnings and returns on a par with the best, but always in a decent and trustworthy manner.

Making every penny count

We have an industrial mindset and view operational streamlining as the foundation for greater efficiency and competitive strength.

A relevant owner

As owners, we know that change is necessary and we continually adapt, but we always safeguard Schouw & Co.'s reputation and values.

Patient, but demanding

We exercise an engaging and consistent ownership approach through and together with the current management team, supporting them in exercising their full operational responsibility.

Our aim is to consistently be a relevant and meaningful owner and to challenge and develop our businesses. Our strong managements have full operational responsibility and play an active role in long-term value creation.

Shareholders of Schouw & Co. gain exposure to businesses and investment opportunities that would not otherwise be available in the market.

LONG-TERM OWNERSHIP

Schouw & Co.'s long-term ownership is illustrated by the fact that its portfolio businesses have on average been part of the portfolio for 18 years.



1988



2002



2005



2016



2017

Year in which company became part of the portfolio



Strategy, active ownership and responsible conduct

As an active owner, Schouw & Co. lays down the general framework for the Group's companies, creating long-term value through active and inspirational ownership. This serves to set a clear strategic direction and firm targets for our ESG efforts.

Strategic goals

We pursue strategic goals, at both group and portfolio company level. As part of these goals, we have an impact target to guide our ESG efforts and to be reflected in our responsibility wheel.

STRATEGIC GOALS AT GROUP LEVEL

<p>RETURN</p> <p>ROIC > 15%</p>	<p>LEVERAGE</p> <p>NIBD/EBITDA preferably 1-2.5x</p>	<p>DIVIDEND</p> <p>Constant or rising dividends</p>
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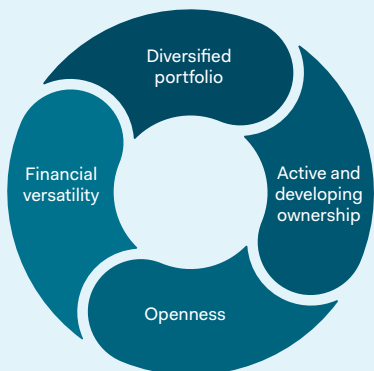
STRATEGIC GOALS AT COMPANY LEVEL

<p>GROWTH</p> <p>Significant growth every year</p>	<p>EARNINGS</p> <p>On a par with the best</p>	<p>IMPACT</p> <p>Innovative products and responsible production</p>
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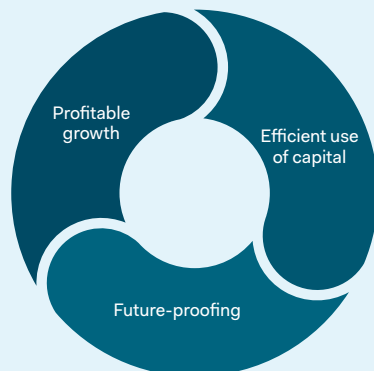
Strategy wheels

Our strategy is based on three 'wheels' that reflect the Group's modus operandi and our mindset. We use a responsibility wheel to highlight our strategic prioritisation of ESG and responsible conduct.

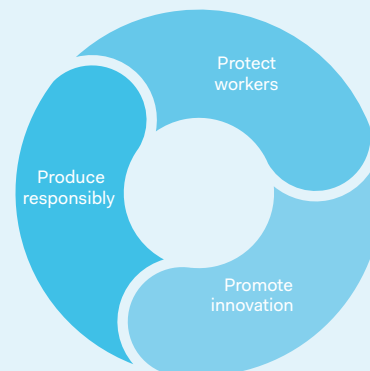
CONGLOMERATE STRATEGY



ACTIVE AND DEVELOPING OWNERSHIP



RESPONSIBILITY



Produce responsibly

The companies of the Schouw & Co. Group are required to manufacture their products efficiently in terms of resource consumption and climate impact.

Protect workers

All employees of the Schouw & Co. Group must be able to go to work and return home safely every day – anywhere in the world.

Promote innovation

Our companies assume a responsibility for ensuring strong governance and compliance, and they allocate resources for the development of sustainable solutions.

ESG Highlights 2022

CURRENT STATUS OF 2030 AMBITIONS

Schouw & Co.'s responsibility wheel sets out the Group's targets going forward to 2030 in the three focal areas. In 2022, the Group gained solid momentum and achieved a number of milestones, demonstrating that responsibility is taken seriously.

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Schouw & Co.

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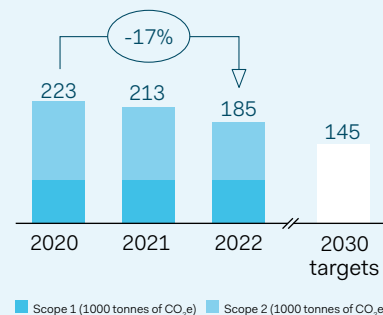
Statutory reporting



Produce efficiently and responsibly

AMBITIONS FOR 2030

- ▶ Reduce greenhouse gas emissions by 35% (scopes 1+2)
- ▶ Transition to 100% renewable electricity
- ▶ Calculate a baseline for scope 3 by 2025



21%

renewable electricity in the Group

3

companies have ongoing scope 3 baseline projects



Protect workers and ensure attractive places to work

AMBITIONS FOR 2030

- ▶ Achieve high employee satisfaction in all group companies
- ▶ Strengthen our diversity mindset
- ▶ Achieve an LTI frequency rate below 3 at group level

LOST-TIME INJURY (LTI) FREQUENCY RATES

4.7

incidents per million working hours, against 6.4 in 2021

DIVERSITY

Women in management

25% 30%

2021

2022

Women in top management

12% 15%

2021

2022



Promote innovation and strong governance

AMBITIONS FOR 2030

- ▶ Improve governance procedures
- ▶ Invest in and facilitate innovation for sustainability
- ▶ Strengthen ESG reporting and taxonomy alignment

269

DKK million paid in income tax

First reporting on the EU Taxonomy, with close to 2% of revenue currently eligible.

Group

ACTIONS AND RESULTS

2022 was a year of great turbulence and uncertainty. Few people had predicted war in Europe, an energy crisis and inflation of such magnitude. That said, it was also a year of further developments within climate, energy, biodiversity and social responsibility. Important international agreements were concluded, the long-awaited update of the EU Directive on Non-Financial Reporting was adopted, and the energy crisis put unprecedented focus on energy.

Schouw & Co. has a decentralised corporate structure, under which initiatives and processes, also in the ESG area, are anchored in and driven by the individual Group companies. The Group ESG strategy from 2021 entails selected projects that are being coordinated across at Group level.

Group-wide Power Purchase Agreement

In 2022, we launched a Group-wide project to increase the share of renewable electricity by way of a Power Purchase Agreement (PPA). A PPA enables the establishment of a new renewable energy source, for example solar or wind farms. Such an agreement is quite complex, so in 2022 we worked on examining the implications of signing a PPA and obtaining concrete offers. It is still too soon to conclude whether we will enter an agreement and if so, what type of project will be pursued.

New EU reporting standards underway

In 2022, the revision of the Non-Financial Reporting Directive (NFRD), in Denmark known as section 99a of the Danish Financial Statements Act, was adopted under the name Corporate Sustainability Reporting Directive (CSRD). An important element of the new

directive, which will take effect on 1 January 2024 for listed companies, is the requirement of a double materiality assessment. All companies of Schouw & Co. have previously conducted materiality assessments, which will be updated in the course of 2023.

Since 2020, Schouw & Co. has structured the Group's ESG reporting with inspiration from Nasdaq's ESG Guide, but with the introduction of statutory standards at EU level, we launched a Group project in 2022 to implement the new European Sustainability Reporting Standards (ESRS). The first step is to conduct a gap analysis and afterwards update the Group's reporting manual and reporting tools accordingly.

Recalculation scheduled for 2023

From 2022, mobile combustion is included in our greenhouse gas (GHG) reporting. In our reporting for 2020 and 2021, it was omitted on grounds of materiality, but to ensure compliance with the GHG Protocol, mobile combustion has now been included. For more information, please refer to the data section on page 49.

Company acquisitions are a key driver of the growth strategy of Schouw & Co. In 2021 Borg Automotive acquired SBS Automotive, in 2022 GPV doubled in size after the combination with EMS company Enics, and from 1 February 2023, the Wind Division of Ymer Technology will be part of HydraSpecma. Following these significant structural additions, Group policy is to recalculate emissions in the base year. However, the recalculation will not be made until 2023. As part of this process, mobile combustion will also be included in the base year.

As the focus on GHG emissions increases, so does the focus on a company's total value chain emissions (scope 3). These include emissions by a company's suppliers and from the use, processing and disposal of the company's products. The Group's six portfolio companies all manufacture products that are used in further processing and production by their customers before becoming end products that are sold to consumers. Moreover, their value chains are very different, with great variations in raw materials and climate footprint, which makes scope 3 calculations a complex task.

In collaboration with their customers, all Group companies have launched or completed various initiatives to uncover value chain elements, such as life cycle assessments (LCAs) or Environmental Product Declarations (EPDs).

In 2022, BioMar published a scope 3 calculation, while HydraSpecma and Fibertex Personal Care have launched projects for calculating their respective scope 3 emissions. The ambition is for all Group companies to calculate a baseline for scope 3 by 2025.

Knowledge sharing

Initiatives have been launched through a newly established Schouw & Co. ESG Academy covering various ESG themes, to ensure the sharing of knowledge and best practice between Group companies.

Our Board of Directors and Executive Management



Chairman

Jørgen Dencker Wisborg

Born 1962. Elected to the Board in 2009. Current term expires in 2025.

MSc, Aarhus School of Business and LEAP, Leadership Programme, Insead, France. Professional board member with special expertise in management and sales as well as in strategy, business development, financial reporting, treasury and finance. Member of the company's audit committee and chairman of the company's nomination and remuneration committee.

Independence as a board member

Jørgen Dencker Wisborg is not considered to be independent, having served more than 12 years on the Board.



Board member

Agnete Raaschou-Nielsen

Born 1957. Elected to the Board in 2012. Current term expires in 2024.

PhD, University of Copenhagen and a professional board member. Ms Raaschou-Nielsen has special expertise in business development and acquisitions, macroeconomics, emerging markets, as well as international production, sales and marketing. Chairman of the company's audit committee.

Independence as a board member

Agnete Raaschou-Nielsen is considered to be independent.



Deputy Chairman

Kenneth Skov Eskildsen

Born 1973. Elected to the Board in 2018. Current term expires in 2026.

Business training from Aarhus Business College and managing director of Givesco A/S. Mr Eskildsen has special expertise in international business relations, accounting and economics as well as sales and production, including specifically in foods. Member of the company's nomination and remuneration committee.

Independence as a board member

Kenneth Skov Eskildsen is not considered to be independent due to his affiliation with the main shareholder Givesco A/S.



Board member

Hans Martin Smith

Born 1979. Elected to the Board in 2017. Current term expires in 2025.

MSc (Economics), Aarhus University and CFO of Vestas Wind Systems A/S. Mr Smith has special expertise in finance, business development, strategy, M&A, capital markets and investor relations. Member of the company's audit committee.

Independence as a board member

Hans Martin Smith is considered to be independent.



Board member

Kjeld Johannesen

Born 1953. Elected to the Board in 2003. Current term expires in 2023.

Business diploma (HD), Marketing economics, Copenhagen Business School and a professional board member. Mr Johannesen has special expertise in management, production and sales as well as in strategy, business development and international business relations. Member of the company's nomination and remuneration committee.

Independence as a board member

Kjeld Johannesen is not considered to be independent, having served more than 12 years on the Board.



Board member

Søren Stæhr

Born 1967. Elected to the Board in 2022. Current term expires in 2026.

LL.M., Aarhus University and Master of Laws, King's College, London. Attorney and partner of Gorrissen Federspiel Law Firm. Special expertise in structuring and organising international trade, M&A transactions and investments, in establishing and operating joint ventures, consortia and the like, and expertise in ESG-related matters.

Independence as a board member

Søren Stæhr is not considered to be independent due to his affiliation with the main shareholder and his affiliation to a law firm which acts as an adviser to the company.



President and CEO

Jens Bjerg Sørensen

Born 1957. Appointed in 2000.

Business graduate, Niels Brock Business College, Business diploma (HD), Marketing economics, Copenhagen Business School, IEP – Insead Executive Programme, Insead, France.



Vice President

Peter Kjær

Born 1956. Appointed in 1993.

BSc, Electronic Engineering, Engineering College of Aarhus, Business diploma (HD), Marketing Economics, Aarhus School of Business, MBA from IMD, Lausanne, Switzerland.

Our businesses

Schouw & Co.'s business model is to own a diversified portfolio of companies operating in various industries. While there are no operational synergies between the companies, managing matters such as financing centrally provides major financial benefits. All portfolio companies hold a leading position in their industry or niche.

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Our businesses

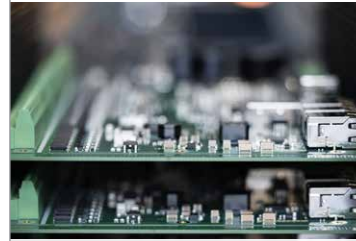


WHOLLY OWNED

BioMar

One of the world's largest manufacturers of quality feed for the fish and shrimp farming industries. The core business areas are feed for salmon and trout as well as sea bass, sea bream and shrimp.

- Schouw & Co.'s biggest company
- Economic developments have only a limited effect on fish and shrimp farming
- Aquaculture is sustainable food production



80%-OWNED

GPV

One of Europe's leading EMS businesses. Manufacturer of electronics, mechanics, cable harnessing and mechatronics. Serves leading global customers in various segments.

- Electronics increasingly being integrated in industrial products
- Strong growth through significant acquisitions
- Substantial global presence in Asia, Europe and North America



WHOLLY OWNED

HydraSpecma

Market-leading specialist within hydraulic solutions and components. Customer base of major OEM manufacturers and the aftermarket.

- The portfolio's oldest member
- Solutions that combine hydraulics and electrification
- Major supplier to the global wind turbine industry



WHOLLY OWNED

Borg Automotive

Europe's largest independent automotive remanufacturing company. Sells to distributors and OE customers for almost all car makes.

- Business model based on the circular economy
- A remanufactured product requires 90% fewer raw materials than a new product
- Products for cars powered by combustion engines or electric motors

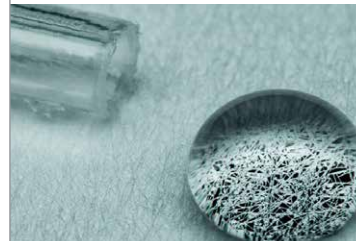


WHOLLY OWNED

Fibertex Personal Care

One of the world's largest manufacturers of spunmelt nonwovens for the personal care industry. Mainly sells products for baby diapers, sanitary towels and incontinence products.

- Not very sensitive to economic fluctuations
- Growth in Asia driven by growing middle class
- Most innovative supplier in the industry



WHOLLY OWNED

Fibertex Nonwovens

A leading global manufacturer of special-purpose nonwovens. Sells products for a wide range of applications, including for cars, the construction industry and for filtration solutions.

- Special-purpose materials with innovative applications
- Launching products based on organic cotton
- New investments to have an effect from 2023



BioMar

BioMar is one of the world's largest manufacturers of quality feed for the fish and shrimp farming industries. The core business areas are feed for salmon, trout, shrimp, sea bass and sea bream. Innovation is an integral part of BioMar's business model, coupled with a focus on sustainability, which forms a key aspect of global aquaculture today.

Market

Fish is a central element of global food production, but increased demand due to population growth and uncontrolled fishing have put fish stocks under severe pressure in many parts of the world. Projections indicate that the global population will exceed nine billion by 2050, and global food production would have to increase by 70% to keep up with the corresponding expected income development, particularly in the developing countries.

Aquaculture plays a key role in the future food supply, as fish farming is the only way to secure a more sustainable approach to increasing the supply of fish and avoid over-fishing the oceans. There is a global need for healthy and sustainable sources of protein, and according to FAO, the UN Food and Agriculture Organization, the global production of fish in 2030 is expected to be 15% higher than the current output. Already, more than

50% of the world's fish and shrimp are raised in aquaculture, which is the fastest growing food production industry.

Feed plays a very significant role in aquaculture, being the predominant factor in determining the nutritive content and thereby the state of health of a fish. Feed is also a major factor in the climate impact of fish and shrimp farming, as feed ingredients have the greatest climatic impact. Thus, new raw materials and product development are essential when it comes to producing healthy and sustainable fish for human consumption.

For many years, BioMar has been a leader in product development and the work on new innovative ingredients. With its customised products for a broad range of species combined with a presence in Europe, Latin America and Asia, BioMar has a strong, central position in the market.

Geography

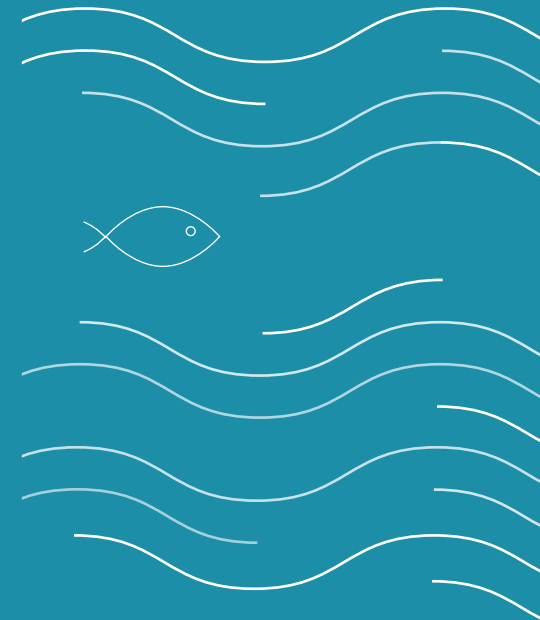
Head office in Aarhus, Denmark. Manufacturing facilities in Denmark, Norway, Scotland, France, Spain, Greece, Turkey, Chile, Ecuador, Costa Rica, Vietnam, China and Australia.

Ownership – past and present

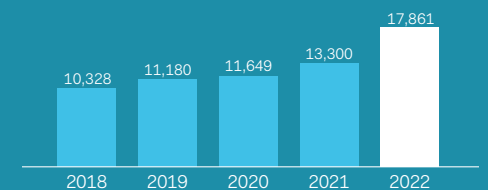
BioMar was founded in 1962. In 2005, Schouw & Co. took a 68.8% majority interest in BioMar, then a listed company. BioMar became a wholly-owned subsidiary following a merger in 2008.



We are innovators dedicated to an efficient and sustainable global aquaculture



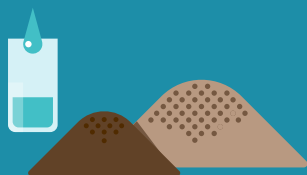
Revenue performance (DKKm)





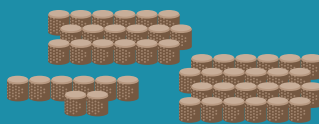
BioMar's value chain

BioMar manufactures feed for fish and shrimp using specially developed recipes. Both marine and vegetable raw materials as well as new innovative ingredients such as microalgae are processed by extrusion, and the feed is sold worldwide to the fish and shrimp farming industry.



RAW MATERIALS AND PROCUREMENT

Procurement at BioMar comprises a range of raw materials, both marine and vegetable ingredients, such as fish oil and fish meal, soy beans, rapeseed oil and wheat protein. All these components are subject to stringent requirements and must be responsibly sourced. To ensure compliance, most products are certified.



PROCESSING

Procured raw materials are processed at BioMar's factories worldwide using specially developed recipes which typically include an extrusion process, and turned into feed.



LOGISTICS

Finished feed products are transported to customers using BioMar's own or external logistics solutions, either by land or on specially designed feed-carrier vessels.



CUSTOMERS

Feed is sold to fish and shrimp farmers worldwide and to distributors. Very often, BioMar collaborates closely with customers on applying feed concepts for optimum feed utilisation, efficiency and sustainable farming. The choice of feed solution and the handling of the feed are essential factors both financially and in terms of the sustainability of the farmed fish and shrimp ending on consumers' plates.

BioMar's ambitions for 2030

BioMar's strategic work on sustainability is based on the strategy launched in 2021. Significant milestones were achieved in 2022, demonstrating solid momentum, with GHG emissions reduction, 23% circular or restorative raw materials and more than 44,000 people involved through projects and initiatives.



Climate action

1/3 by 2030

BioMar aims to reduce its total feed GHG footprint by one third by 2030*

*Baseline 2020



Circular and restorative

50% by 2030

BioMar feeds will be 50% circular and/or restorative by 2030



Enable people

100,000 by 2030

BioMar aims to directly engage 100,000 people in capacity-building initiatives by 2030.



MILESTONES IN 2022

- Reduction in scope 1 and 2 GHG emissions of 7.6% from 2021 to 2022
- Published a scope 3 baseline
- More than 44,000 people directly involved in projects and initiatives
- 23% of raw materials are circular or restorative
- Updated Policy for Responsible Pay





Environment

ACTIONS AND RESULTS

2022 proved a particularly turbulent and challenging year for BioMar's environmental and climate work. The war in Ukraine and the ensuing energy crisis in Europe posed considerable challenges, but BioMar nonetheless managed to gain further momentum and achieve significant milestones.

Energy crisis and electrification

BioMar consumes a lot of energy, as the drying process during the production of fish feed requires high temperatures. The company mainly uses gas for the drying processes, with the plants traditionally converted to use natural gas, which emits a lower level of greenhouse gases (GHG) during combustion compared with other types of fossil fuel. As a result, BioMar was severely affected by the supply and energy crisis experienced in Europe in 2022. To secure its gas supply and avoid massive price fluctuations at several production facilities, including in Denmark, the company had to switch to liquid petroleum gas (LPG), which in turn meant an increase in the company's emissions.

In spite of this, BioMar reduced its scope 1 emissions, as the increase resulting from the change to LPG was offset by the full-year effect of the change from diesel to gas in Chile in 2021 that caused lower emissions. In total, BioMar's scope 1 emissions were reduced from 64,805 to 59,056 tonnes of CO₂e in 2022. A fall of close to 9%, which should be seen in relation to a modest rise in feed production in 2022 compared with 2021.

With uncertainty over energy supply and energy prices remaining high, BioMar is making

strategic efforts to reduce its dependence on gas and to seek out alternative energy sources. Hence, the company reached an important milestone in 2022 with the installation of its first electric boiler system, which offers greater flexibility and is part of a large-scale and very ambitious electrification programme. Another project has been launched to pave the way for the first 100% electrified production at one of the company's production plants in 2025.

Renewable electricity and the 1.5 degree target

An important part of the work in 2022 was to submit the company's climate targets to the Science Based Target Initiative (SBTi) to have them verified as being in alignment with the 1.5 degree pathway and thus also the Paris Agreement. The targets are awaiting final verification, but the trend in BioMar's scope 1 and scope 2 emissions already follows the SBTi guidelines.

BioMar is in the process of switching to more renewable energy sources, and prompted by the increased electricity costs, focus is on optimisation and energy efficiency where possible. As a consequence of the increase in activity and in volumes produced, BioMar's scope 2 electricity consumption increased, but since renewable power now represents

35%, total GHG emissions in 2022 were reduced from 72,403 tonnes of CO₂e to 66,918 tonnes of CO₂e, down by 7.6%.

Scope 3 and climate footprint of raw materials

In mid-2022, BioMar published a scope 3 baseline for the first time in its Sustainability Report for 2021. More than 95% of BioMar's GHG emissions derives from raw materials. In 2022, the war in Ukraine gave rise to considerable challenges as Ukraine has traditionally been one of the world's key suppliers of agricultural commodities such as wheat, rape and vegetable oils. These commodities are all used in the production of feeds for aquaculture, and given the supply challenges BioMar has had to change suppliers in certain areas, which in several cases has led to an increase in GHG emissions. This emphasises the importance of focusing on alternative ingredients that can serve to reduce the environment and climate impact.

For example, BioMar has long been working on the use of microalgae as a fish feed ingredient, and at the end of 2022, BioMar had sold more than 2 million tonnes of fish feed containing omega-3 from marine algae, which implies a considerable reduction in emissions.

However, BioMar is not only focused on climate impact. Under the name BioSustain, BioMar includes various environmental themes in the calculation of feed impact through a life-cycle assessment (LCA). This means that, in addition to climate impact, products are measured against factors such as water consumption, biodiversity and deforestation, giving customers valuable and useful knowledge of the environmental impact and reduction options for specific feeds.

Circular and restorative raw materials through innovation

BioMar's 2030 ambition is for 50% of feed raw materials to be circular or restorative. Circular raw materials are defined as either by-products or waste streams, while restorative raw materials are defined as raw materials that have a net positive environmental impact from being produced. In 2022, circular and restorative raw materials represented 23%, well on the way towards the target of 50%.



Social

ACTIONS AND RESULTS

With BioMar's overriding objective of enabling people, a positive difference can be made by sharing knowledge, training and creating development opportunities for people through global and local initiatives. At the same time, focus is on addressing human rights issues such as a living wage and diversity.

The 2030 target is for 100,000 people to be involved each year in projects and initiatives that engage their local communities or build competencies. In 2022, more than 44,000 people participated in various programmes together with customers, suppliers and other stakeholders. One example is a project in Ecuador where the focus is on more responsible shrimp farming in collaboration with the non-profit Earthworm Foundation. One project theme was to support the training of local people, enabling them to become qualified for shrimp farming, thereby obviating the need for hiring external labour and offering more jobs to local workers instead.

Human rights and a living wage

The theme of a living wage is central to BioMar's overall 2030 social ambition. The aim is for all wages to be on a level with or higher than the defined living wage in the area where the people are employed. Maintaining a decent standard of living is a challenge in many places, so a living wage is not just a minimum wage, but rather a wage that enables people to have a fair basic standard of living.

To this end, BioMar began mapping wages across the organisation in 2021, comparing wage levels with a calculated living wage

for each individual country. Based on these preparatory efforts, the company's Policy for Responsible Pay was updated in 2022, to include upskilling and other areas, as part of the continued work to ensure a living wage for all employees.

Regarding human rights in a broader sense, various initiatives are ongoing, and BioMar is a member of the Nordic Business Network for Human Rights, which has worked to promote the introduction of human rights due diligence legislation at EU level – now seemingly set to become a reality with the adoption of the Corporate Sustainability Due Diligence Directive (CSDD).

Diversity

BioMar is an international company with a high degree of diversity across the organisation. Traditionally, the fish farming and feed production industries have been characterised by male overrepresentation, also internationally. BioMar is firmly committed to equal opportunities for promotion internally in the organisation, and progress is measured by promotions and management positions by gender and other parameters. As an example of the diversity activities, BioMar in Norway implemented a number of initiatives to ensure

that women feel included and encouraged to apply for positions with the company. The branding material was changed, and a conscious focus placed on ensuring that female talent was hand-picked to join application processes. Today, the gender balance is changing in the organisation. The figures for 2022 show progress towards more equal representation, with the share of women in top management up from 8% to 11%, and up from 20% to 22% in general management positions. Naturally, the focus on diversity also factors in parameters other than gender.

Lost-time injury (LTI) frequency rate

BioMar's LTI frequency rate rose marginally in 2022 to 5.6 incidents per million working hours, against 5.3 in 2021. This is an unfortunate development, and causes are monitored continuously, and preventive measures launched. The incidents recorded were generally of a less serious nature, but the trend was unsatisfactory.

Governance

ACTIONS AND RESULTS

BioMar updated several of its important internal policies and procedures in 2022, including its Responsible Sourcing Policy and the Supplier Code of Conduct.

Employees trained in anti-corruption

In 2021, BioMar set up a new system for online training in anti-corruption, fair competition and good business ethics for relevant employees across the organisation, and the internal Code of Conduct, 'The Right Way', was updated. As a result, 2022 was the first year when data was reported on the total number of employees who formally confirmed their compliance with the updated internal guidelines set out in the company's Code of Conduct. Already in the first year, 100% of all relevant employees formally confirmed their compliance with the internal guidelines.

Supplier due diligence

In BioMar's case, the most significant environmental impacts relate to the raw materials sourced and used in the production of fish feed. Accordingly, the best way to influence and support transformation and thereby ensure raw materials with a smaller environment and climate footprint, as well as greater social responsibility in production, is through the raw materials sourced. Vegetable and marine ingredients are under constant development, and BioMar is among the frontrunners of the industry. In 2022, the company updated its Responsible Sourcing Policy and Supplier Code of Conduct. Suppliers must meet strict requirements, for instance

to maintain high food safety standards, have energy management systems in place, provide relevant protective equipment and

various other requirements. Again in 2022, all BioMar's suppliers signed the company's Code of Conduct. [X](#)



Joana Amaral, product manager, Marine Fish Hatcheries



GPV

GPV is a leading European EMS (Electronics Manufacturing Services) business. GPV manufactures electronics, mechanics, cable harnessing and mechatronics (combination of electronics, mechanical technology and software) for its range of international customers. GPV's solutions are used in customer end products, in the market segments of Industrials, BuildingTech, Transportation, Measurement & Control, CleanTech, MedTech and HighTech Consumer.

Electronics play an ever more prominent role in our society, whether in everyday life or in industry and manufacturing. In these sectors, the integration of electronics, increased data usage and increased automation will serve to make everyday life easier, optimise manufacturing processes, reduce resource consumption and increase quality of life. In the production of advanced electronics, increased specialisation results in a tendency for many businesses to focus on their core services and to outsource the manufacturing of electronics to dedicated EMS partners such as GPV.

GPV's market is in the high-mix segment, which is generally characterised by highly complex manufacturing processes. GPV supplies many different products to

customers in the mentioned market segments in which electronics play an increasingly important role. Many of these products provide direct or indirect support for the green transition, and that makes GPV a preferred partner to companies that choose to outsource their production.

Geography

Head office in Vejle, Denmark. Manufacturing facilities at 19 locations, in Denmark, Sweden, Finland, Estonia, Switzerland, Germany, Austria, Slovakia, Sri Lanka, Thailand, Malaysia, China and Mexico.

Ownership – past and present

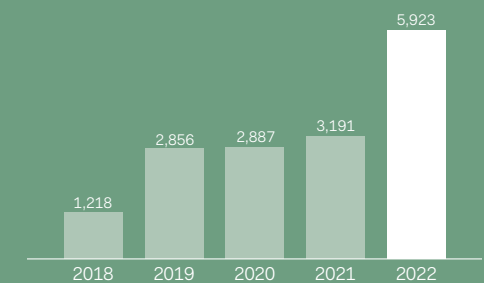
GPV was founded in 1961 and became a part of the Schouw & Co. Group in 2016. The company has subsequently expanded through mergers with a number of complementary

businesses, and today, GPV is the second-largest European-headquartered EMS company, Schouw & Co. holds an 80% ownership interest in GPV.

 **Accomplish more
– sustainably**



Revenue performance (DKK M)



GPV's value chain

GPV serves its customers through a global production setup where customers typically choose to outsource part or all of their production of electronic, mechanical or cable harnessing products. GPV offers solutions based on a life-cycle perspective that may involve design and engineering, testing, production, aftersales and complete box-build solutions.



PROCUREMENT
GPV sources electronic components and plastic parts as well as steel, copper, aluminium etc. from a wide range of suppliers. Sourcing is based on customer product specifications.

PROCESSING
Materials and components form part of different types of production processes, depending on customer needs. Typically, during a design and test phase, GPV offers to provide specialist knowledge. Generally, GPV's production areas are the production of electronics, mechanics and cable harnessing.

LOGISTICS
Thanks to its global presence, GPV is able to manufacture products close to where the customers are, ensuring efficient logistics solutions and delivering quickly and true to order. GPV organises freight and logistics, making use of external partners, if customers so wish.

CUSTOMERS
GPV serves more than 300 international customers in various segments including industry, measuring instruments, construction and transport.

ASSEMBLY

GPV offers complete box-build solutions involving assembly and testing of electronics, mechanics and cables, so customers can skip this process while being assured that their finished products comply with all quality and functionality standards. GPV typically provide electric modules or finished products.

GPV's ambitions for 2030

GPV has set targets under the mantra 'Accomplish more - sustainably' and achieved very good progress in 2022, with a 29% reduction in emission intensity and the LTI frequency rate more than halved.



More renewable energy, less scrap, and less resource consumption

Reduce emission intensity by 50% (scopes 1+2) in 2025*

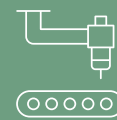
*Baseline 2020



More safety, more focus on next gen

LTIFR < 1 in 2025

Develop KPIs for welfare and next gen impact



More capacity utilisation, more recycling, and more sustainable supply

Develop KPI for capacity utilisation

Develop recycling business and sustainable supply KPIs



MILESTONES IN 2022

- LTI frequency rate reduced to 0.7 incidents per million working hours
- Emission intensity reduced by 29% from 2021 to 2022
- EcoVadis silver medal awarded to the entire organisation
- ISO 27001 certification in cyber security



Environment

ACTIONS AND RESULTS

In 2022, GPV once again doubled its size after the combination with Swiss-based EMS company Enics. The combined company now has 19 production units in 13 countries and more than 8,000 employees. While causing a significantly larger footprint, the combination also provides a better opportunity to utilise capacity and to create integrated solutions for customers.

Energy savings pay off

Rising energy prices have further increased the focus on energy efficiency and energy savings. GPV introduced a series of energy-centric initiatives, including internal energy audits, an energy awareness campaign, replacement of compressors and the installation of energy-saving lighting. Combined with other projects, these initiatives have led to reduced energy consumption in Sri Lanka, Slovakia, Estonia and other countries. At the production facilities in Aars, Denmark, it is now possible to utilise surplus heat from a compressor for heating, which was previously prohibited by legislation. This alone has reduced energy consumption by some 74 MWh annually. Similar measures have been implemented in China with corresponding improvements in energy consumption.

The combination of GPV and Enics, completed on 3 October, added another seven production units to the total production setup. Naturally, this had a significant impact on both energy consumption and GHG emissions. The inclusion of mobile combustion in 2022 also implied an increase in both direct energy consumption and GHG emissions. Absolute energy consumption thus increased

considerably, but energy intensity, i.e. energy consumption relative to revenue, which in this context is a better indicator of developments from 2021 to 2022, showed a decrease from 8.6 MWh per DKK million to 7.1 MWh per DKK million.

GHG emissions

The same applies to GHG emissions, with absolute GHG emissions in 2022 increasing to 14,080 tonnes of CO₂e from 9,860 tonnes of CO₂e in 2021, mainly due to the business combination and the inclusion of mobile combustion. In line with the Group's recalculation policy, business changes of this scale prompt a recalculation of the base year for the targets, but as the combination was completed late in 2022, the base year recalculation will not be made until 2023.

As with the company's energy consumption, focusing on emission intensity will provide a more accurate view. This is also the metric used for GPV's target of a 50% reduction by 2025. In 2020, which is the base year for the target, emission intensity was 3.19 tonnes of CO₂e per DKK million in revenue, while in 2022 emission intensity had decreased to 2.38 tonnes of CO₂e per DKK million, a

reduction of 29%. This is before the recalculation, however, which will include the new production units and will be made in 2023. Some of the decrease was due to rising prices, which increased revenue without any major increase in activity, but it is nonetheless an indication that the company is headed in the right direction.

Solar power projects and renewable energy

In order to continue this trend and attain the target, GPV in 2022 concluded the tender process for solar panel systems at the production units in Thailand and Sri Lanka. The projects were adopted in 2021 and are expected to be put into operation in 2023. Also during 2022, solar panels were installed and put into operation on the roof of one of the production units in Switzerland, and the system is expected to generate around 320 MWh of renewable energy annually. However, the full effect will not be seen until 2023.

The solar panel systems will have a significant impact on GHG emissions overall, especially the ones that will be installed in countries where the public energy supply is based on a high proportion of fossil fuels. In addition to

solar panels, GPV has also installed charging points for electric cars and scooters, which are becoming increasingly common in both Europe and Asia. ☒





Social

ACTIONS AND RESULTS

In the social area, major changes typically occur when two companies with each their own approach, culture and values are combined and have to work as one. This was elaborated on in the integration programme under the slogan One.New.Leader.

One.New.Leader serves to create a common foundation for the integration of Enics and to highlight commonalities and emphasise how few differences there are between the two businesses. The programme was launched on 3 October 2022 and will continue into 2023 as part of the integration process, where there is considerable focus on creating a common framework and understanding among all employees.

Pro-active initiatives on near-misses produce results

Safety at work is a top priority for GPV. The very ambitious target is an LTI frequency rate of less than one incident per million working hours by 2025. By 2022, the frequency rate was already reduced to 0.7 incidents per million working hours.

Occupational safety requires a sustained effort and focus to ensure the right culture, so this work will continue in order to support the long-term target. A key element behind the results was the continued effort in 2022 to register near-misses and the establishment of regular reporting procedures in this area. The work is based on the so-called Bradley Curve, focusing more on safety as being linked to the

corporate culture and on engaging employees. Registration of near-misses in particular plays a large role in this respect, as it offers a more proactive approach to occupational safety, thus minimising the risk of actual accidents occurring.

Joint GPV engagement survey

In 2022, prior to the combination with Enics, GPV conducted an employee engagement survey across the organisation. With a response rate of 89% and an overall score of 76 out of 100, the result was satisfactory, illustrating that GPV is viewed as an attractive workplace across national borders.

In addition to the high level of employee engagement, the survey also provided insight into specific areas where individual production units can focus on improvements. Going forward, the survey will also include the new production units added as the integration of Enics progresses.

Human rights and working conditions

In 2021, GPV updated its general risk assessment within human rights, its primary internal focus being on the production facilities in Sri Lanka, Thailand and Mexico. With the new

production facilities, the primary focus has been expanded to include China and Malaysia. At all these production sites, extra attention is given to compliance with fundamental human rights, the ILO conventions and local legislation such as Thai Labour Law.

In Thailand, initiatives in 2022 included the establishment of a welfare committee, which is tasked with focusing on employee welfare and identifying potential areas for improvement in relation to fundamental human rights and internal working conditions. ✕

Case: Pro-active initiative for employees and local community in Sri Lanka

The political and economic situation in Sri Lanka was characterised by great uncertainty and turbulence during 2022, with soaring inflation, political instability and shortages of essentials such as food, medicine and fuel. With more than 1,000 employees in the country, GPV took responsibility for helping them through the crisis. In practice, this was done by offering employees monthly "relief packages" with food and other necessities and setting up a shuttle bus scheme so that they could save fuel. In addition to wage rises to keep up with inflation, employees were offered extraordinary interest-free loans to help them through the worst periods.



Governance

ACTIONS AND RESULTS

GPV further stepped up its focus on ESG in 2022 and established a fixed governance structure for this area. In addition, the company obtained certification in cyber security.

New ESG governance structure at GPV

With increasing focus on sustainability and ESG, ensuring the right governance structure is important for the work. An overall Sustainability Road Map will be developed in the course of 2023, including an extended double materiality assessment, which will form the basis of GPV's work in the ESG area in future.

New certification in cyber and information security

Cyber security remained a major focus area in 2022 at GPV. This risk area has generally gained increasing attention from the company as the threat of attacks and fraud has escalated and become more evident. At the end of 2022, GPV completed the process of being certified to the ISO 27001 standard for cyber and information security. The certification is documentation that GPV's risk management system meets the high standards of efficient information security management and that customers can rely on GPV as a trustworthy business partner.

Development and training of employees

GPV acquired an e-learning system in 2021, which was implemented in the course of 2022. The system is used to train employees in areas such as cyber security, anti-corrup-

tion and general business ethics based on GPV's internal Code of Conduct. The system is used in connection with onboarding and the regular training of existing employees. Again in 2022, 100% of all relevant employees received training.

Supplier management and Code of Conduct

The electronics industry faced major supply chain challenges in 2022 as well. Supply disruptions and shortage of components were persistent problems, requiring extensive flexibility among all parties in the value chain. To GPV, this meant having to use new suppliers, often at short notice, to be able to secure supplies to its customers. In light of this, it is considered satisfactory that the number of suppliers having signed the company's Code of Conduct remained stable at 62% in 2022. However, lifting this percentage will be a priority as pressure on the value chain hopefully eases. ✂



Cases: Reforestation and support for local communities

As part of a more comprehensive environmental agenda, GPV supports employee initiatives that involve local community engagement while having an environmental aim. In 2022, the production units in Mexico and Sri Lanka participated in initiatives to assist in reforestation. In Mexico, employees have participated in the reforestation of the natural reserve called El Centinela Forest. In the project

in Sri Lanka, mangroves were planted in the Kalpitiya lagoon. Mangroves are a type of tree that binds large amounts of CO₂, while counteracting erosion along the coasts where they are planted. More than 1700 mangrove trees were planted during the project, which was a collaboration between local authorities, employees of GPV in Sri Lanka and the local Bio Conservation Society Sri Lanka.



HydraSpecma

HydraSpecma is a market-leading specialist supplier of hydraulic solutions and components to the aftermarket and OEMs with roots in the Nordic regions. HydraSpecma generates value through its production and by fast delivery of hydraulic and electric solutions and products, by having the most comprehensive product range in the market and by providing technical advisory services. The products form part of wind turbines, lorries, contractors' equipment and agricultural machinery.

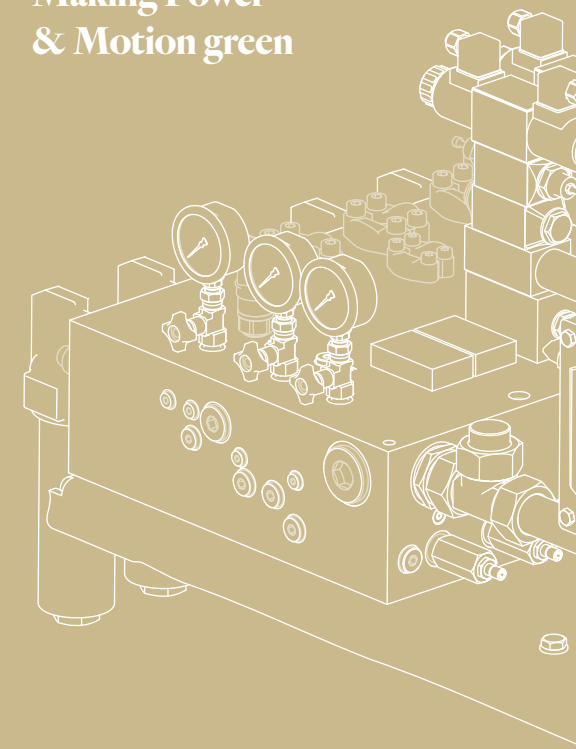
Hydraulic solutions, i.e. the use of liquid under pressure, are the basic tools in the Power & Motion business area. Transmission of extreme power is essential in a broad range of technical applications, such as contractors' equipment and cranes, in agriculture and forestry and in other areas where heavy machinery can generate power and motion. In mobile hydraulic solutions, power is typically generated by diesel engines, and their systems use a number of different components, such as hoses, fittings and valves. Increasingly, focus is on electrification of power generation in an attempt to limit the use of fossil fuels and to reduce climate impact. HydraSpecma supplies entire electric solutions as well as hybrid solutions in which certain parts of a system are electrified.

HydraSpecma supplies complete customised solutions and systems as well as components to the entire "Power & Motion" segment. The business serves a broad range of different industries, ranging from the wind turbine sector to the vehicle and shipping industries, and is a supplier to large OEM customers as well as to the aftermarket. HydraSpecma is present in international markets with a broad product range in order to be close to its customers and able to supply the needed products and services fast and efficiently.

Geography

Head office in Skjern, Denmark. Facilities in Denmark, Sweden, Finland, Norway, Poland, the UK, the Netherlands, China, India, the USA and Brazil.

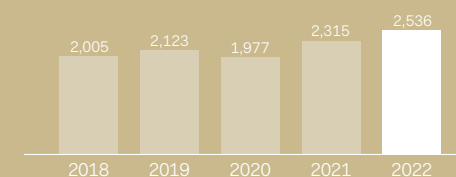
Making Power & Motion green



Ownership – past and present

Hydra-Grene A/S was founded as an independent business in 1974 and has been a wholly-owned part of the Schouw & Co. Group since 1988. Specma AB was founded in 1918 and has formed part of HydraSpecma since 2016. In 2023, HydraSpecma acquired the wind division of Swedish industrial group Ymer Technology, strengthening its position as a system developer and supplier to the wind turbine segment.

Revenue performance (DKKm)





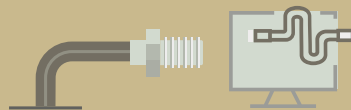
HydraSpecma's value chain

HydraSpecma sources a wide range of components and materials, processing them for system solutions and components in the Power & Motion segment. Solutions are often combined with electrification and used in a variety of industries, including for wind turbines, construction equipment, agriculture and other forms of stationary or vehicular equipment.



RAW MATERIALS AND PROCUREMENT

HydraSpecma sources and stocks a range of components and materials so as always to be able to serve its customers. Materials typically include steel and aluminium for further processing, hoses and pipes as well as a wide range of hydraulic and electrical components.



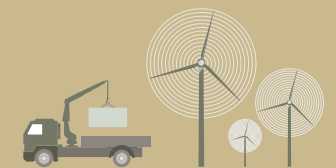
FABRICATION

Materials and components may be worked into made-to-order hydraulic blocks, fittings for complete hose solutions or customised piping. Processed products are often combined with procured components to produce complete system solutions, whether fully hydraulic, fully electric or hybrid solutions.



LOGISTICS

A key aspect of HydraSpecma's business model is service and logistics solutions so customers around the world can be served quickly and efficiently. HydraSpecma offers day-to-day delivery in Denmark, Sweden and Finland, for example. Internationally, HydraSpecma's approach is "In the region - For the region".



CUSTOMERS

HydraSpecma supplies solutions and components to a wide range of industries as well as many global leaders in wind turbines, construction equipment, trucking, the agricultural sector and other forms of vehicular or stationary equipment.



HydraSpecma's ambitions for 2030

'Our Future – our responsibility' is the mantra that pervades HydraSpecma's work with sustainability. In 2022, the company implemented a new system for improved data collection and reporting of GHG emissions, and reduced the LTI frequency rate by 23%.



Active effort on climate in-house and in the value chain

Reduce emission intensity by 50% by 2030 (scopes 1+2)*

Reduce emission intensity by 45% by 2030 (scope 3)*

*Baseline 2020



Attractive place to work with high employee satisfaction and strong safety culture

LTIFR < 2

Employee satisfaction rate five points above industry benchmark



Responsible supply chain management and robust due diligence system

Team up with suppliers and customers to promote sustainability

All contracted suppliers have signed Code of Conduct



MILESTONES IN 2022

- Improved collection of GHG emissions data in new system
- 23% reduction in LTI frequency rate, down from 7.9 to 6.1 incidents per million working hours
- Commenced mapping of scope 3 emissions
- Updated environmental policy
- 9% renewable electricity
- 60% of suppliers signed Code of Conduct



Environment

ACTIONS AND RESULTS

HydraSpecma launched a number of long-term initiatives and made investments in the climate and environment areas in 2022. Firstly, the company acquired the Wind Division of Swedish industrial group Ymer Technology, whose core business is the cooling and conditioning of wind turbine nacelles. With the acquisition, HydraSpecma has strengthened its position as a system supplier to the wind turbine segment.

New factory in Poland targets zero-emission operations

Another major investment is the construction of a new production unit in Poland to serve both new and existing customers in Europe. The factory will be equipped with solar panel installations on the roof as well as heat pumps to ensure that the power and heating used by the factory is generated by 100% renewable energy sources and thereby with zero GHG emissions from operations.

New system and structure change the determination of GHG data

The work of measuring and reporting on GHG emissions is still fairly new, and the methods, structures and processes are updated regularly as more experience is gained. This is very much the case with HydraSpecma. An important initiative by HydraSpecma was the establishment of a system for collecting data and reporting on GHG emissions, which in the longer term can also be used for recording other types of ESG data. By implementing this system, HydraSpecma will gain more transparency in its ESG data, and data collection will be more efficient. However, it also meant reassessing some of the company's data collection procedures and including a number of

production and sales units as well as elements not previously considered, including mobile combustion. This has resulted in a much-improved data basis, but also a substantial increase in the emission figures for 2022 compared with 2021.

The company reported total emissions of 1,906 tonnes of CO₂e in 2021, and in 2022 the new calculations showed total emissions of 4,443 tonnes of CO₂e. Much of the increase was due to the inclusion of a number of production units whose emissions data were previously based on estimates, a larger number of reporting points, including process emissions and mobile combustion, as well as more specific emission factors.

It is important to emphasise that a preliminary recalculation for 2021 shows that GHG emissions with the new improved data collection method totalled about 5,500 tonnes of CO₂e, which would probably have caused 2022 emissions to represent a decrease. A complete recalculation of HydraSpecma's GHG emissions in the base year will be made in 2023 in connection with the Group-wide recalculation and the inclusion of Ymer Technology's Wind Division. Accordingly, the figures will provide

a truer view and better illustrate the path towards the target of a 50% reduction of GHG emissions, as the current calculation shows a rise from 0.82 tonnes of CO₂e per DKK million to 1.59 tonnes of CO₂e per DKK million due to the improved data collection.

Mapping scope 3

Besides significantly improving scope 1 and scope 2 data quality, the new system will allow for the collection of data on scope 3, i.e. emissions in the company's value chain. Mapping value chain emissions is a major task for the company that has a very extensive catalogue of different components and item numbers that are sold and used in many different application areas. This requires a reasonably uniform approach, which the system is intended to help ensure. It will also facilitate continuous data collection. HydraSpecma expects to have calculated a baseline for scope 3 in 2023.

Updated environmental policy

In 2022, HydraSpecma updated its environmental policy, detailing themes and subjects in focus when dealing with environmental awareness and footprint reductions. The environmental policy defines the company's position on different environmental areas,

including water quality, waste management and climate impacts resulting from GHG emissions as well as the general handling of environment and climate issues in the organisation, including governance and management responsibility.

Electrification and hybrid solutions

As a system supplier, HydraSpecma is taking on more responsibility for solutions that increasingly combine electric and hydraulic elements. Also, HydraSpecma can supply fully electrified solutions incorporating the company's knowhow and experience within power & motion. The so-called BladeMover is an excellent example of this. It is designed to move turbine blades over short distances, and where the machine was previously driven by a diesel engine, it is now fully electrified. ✂



Social

ACTIONS AND RESULTS

The work with insights gained from the regular measurement of employee satisfaction continued in 2022, and a new HR system was implemented which will facilitate a number of tasks. The company's positive trend also continued with a reduction in the LTI frequency rate.

New systems facilitate efforts to ensure good working conditions

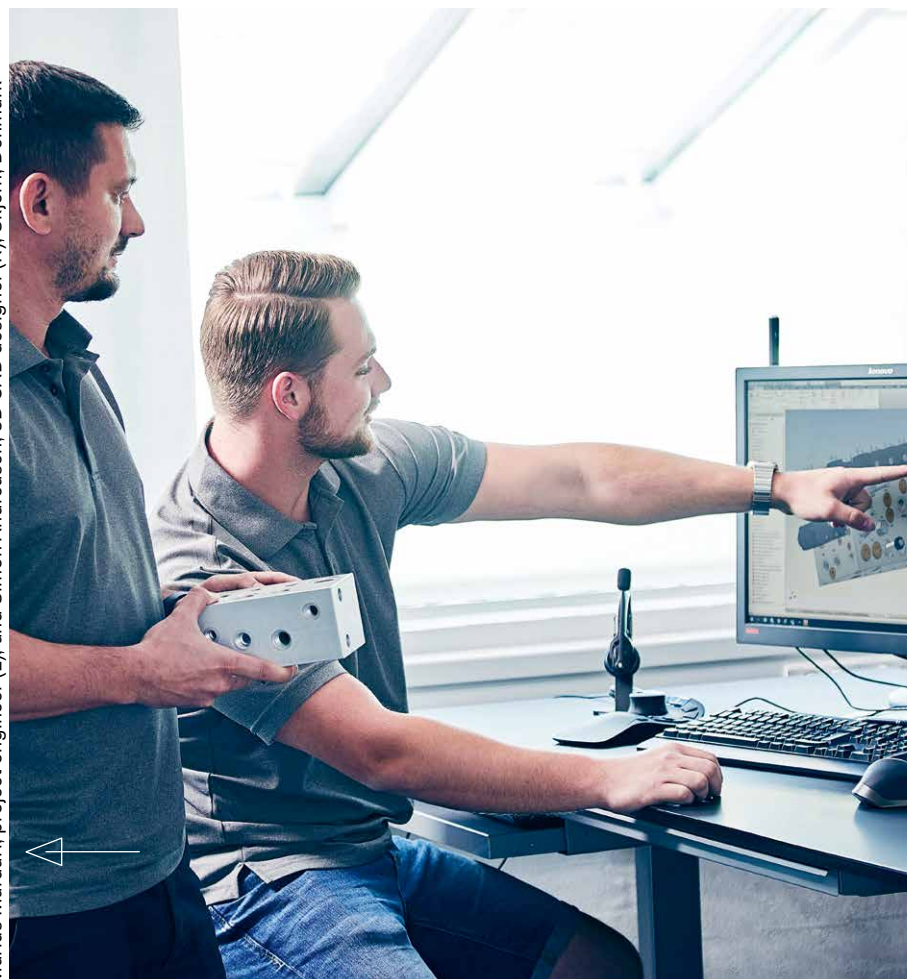
With the establishment in 2021 of a system to measure employee satisfaction, HydraSpecma focused in 2022 on working with the data and insights gained to draw up targeted initiatives in relevant areas. One of the focus areas has been to work more actively with the company's feedback culture. The system is both flexible and dynamic and enables the company to regularly measure whether employees experience any real improvements.

HydraSpecma also implemented a new HR system in all countries in 2022. It provides transparency and more equal treatment of employees, while ensuring systematic onboarding, improved data and generally facilitating the work of implementing changes in the organisation.

Lost-time injury (LTI) frequency rate

Thanks to a strong focus and various initiatives, HydraSpecma's LTI frequency rate fell by nearly 23% from 7.9 in 2021 to 6.1 incidents per million working hours in 2022, thus continuing the positive trend recorded from 2020 to 2021. However, as HydraSpecma has a very ambitious target of a frequency rate of less than 2, measures and improvements are still needed to meet the target by 2030. To this

Marius Mardari, project engineer (L), and Simon Andreassen, 3D CAD designer (R), Skjern, Denmark



end, the company will intensify its efforts in 2023 with initiatives including increased monitoring and ongoing registration.

Diversity

Like the other Schouw & Co portfolio businesses, HydraSpecma has further stepped up its focus on inclusion and diversity. Responsibility is anchored in People & Culture, which has launched concrete initiatives. Initially, the gender composition of management will be measured, but here diversity has a broader definition and includes age, seniority, nationality and various other parameters. ✕





Governance

ACTIONS AND RESULTS

One of HydraSpecma's ambitions towards 2030 is increased collaboration with suppliers. The process of mapping targets and initiatives is ongoing, and suppliers are involved to a much higher degree in creating change and mutual improvements that extend beyond the individual businesses.

Supplier relations activities were rendered difficult by the coronavirus and global supply chain disruptions, with reliability of supply and ability to supply having top priority. Nevertheless, efforts are being intensified, for instance in relation to scope 3 as described under environmental factors.


Due diligence

HydraSpecma currently uses a variety of ESG-related parameters when screening suppliers, including risk assessments in relation to human rights, and this work is being continuously strengthened. The goal is that all major suppliers should have signed a code of conduct, and again in 2022 60% of all HydraSpecma's suppliers signed. Given the company's very large number of suppliers, reaching 100% poses a real challenge, but resources have been allocated to this area going forward. Expectations are that additional resources, combined with supply chain recovery, will lead to more improvements in this area in 2023.

Implementation of local whistleblower scheme

HydraSpecma is working on several fronts in relation to business ethics, and in 2022 the company implemented a separate whistleblower scheme in Sweden that covers

local conditions and complements the joint whistleblower scheme which Schouw & Co. implemented across the Group. GDPR and ongoing activities related to business ethics

were on HydraSpecma's agenda in 2022. The company also had considerable focus on cyber security and implemented a number of concrete initiatives during the year. 



In 2022, HydraSpecma announced the acquisition of the Wind Division of Ymer Technology producing, among other things, cooling solutions for wind turbine nacelles.



Borg Automotive

Borg Automotive is Europe's largest independent automotive remanufacturing business. The company's principal business activity is to remanufacture defective parts, such as brake callipers, turbochargers, starters and alternators, and to sell them in the B2B market in a circular business model. Borg Automotive offers a full product range by also supplying new products to complement remanufactured items. Borg Automotive has a strong market position, and remanufacturing is a business area offering a wide range of environmental and resource benefits.

With about 250 million cars on the European roads and an average age of more than 11 years, there is a great need to ensure spare parts for a continuously growing fleet. The proportion of electric and hybrid cars on the roads is increasing as society transitions towards low-emission vehicles, but these also need spare parts. About half of the items in Borg Automotive's product range can be used whether a vehicle has an electric motor or a combustion engine. The transition is in progress, both in the industry at large and at Borg Automotive.

Borg Automotive offers a broad product range. Most of the products have been

remanufactured, which means parts produced on the basis of an existing product that have less of an environmental impact and in a process requiring fewer resources and materials. The company's business model applies a return system combined with remanufacturing and is a good example of a circular business model.

Geography

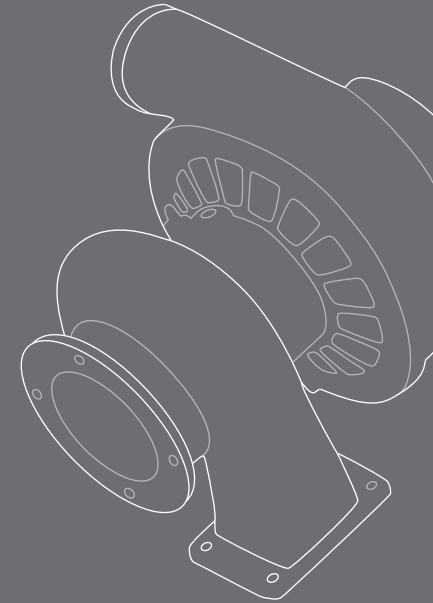
Headquartered in Silkeborg, Denmark. Production/distribution facilities in Poland, the UK, Spain and Germany.

Ownership – past and present

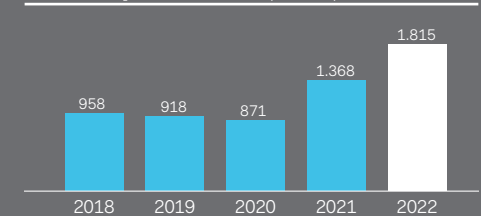
Borg Automotive was founded in 1975 and

has been a part of the Schouw & Co. Group since April 2017. Growth through acquisitions is part of the strategy. Borg Automotive acquired the Spanish business TMI in 2020 and added the trading company SBS Automotive in 2021.

 We give new life to vehicles by providing sustainable automotive solutions

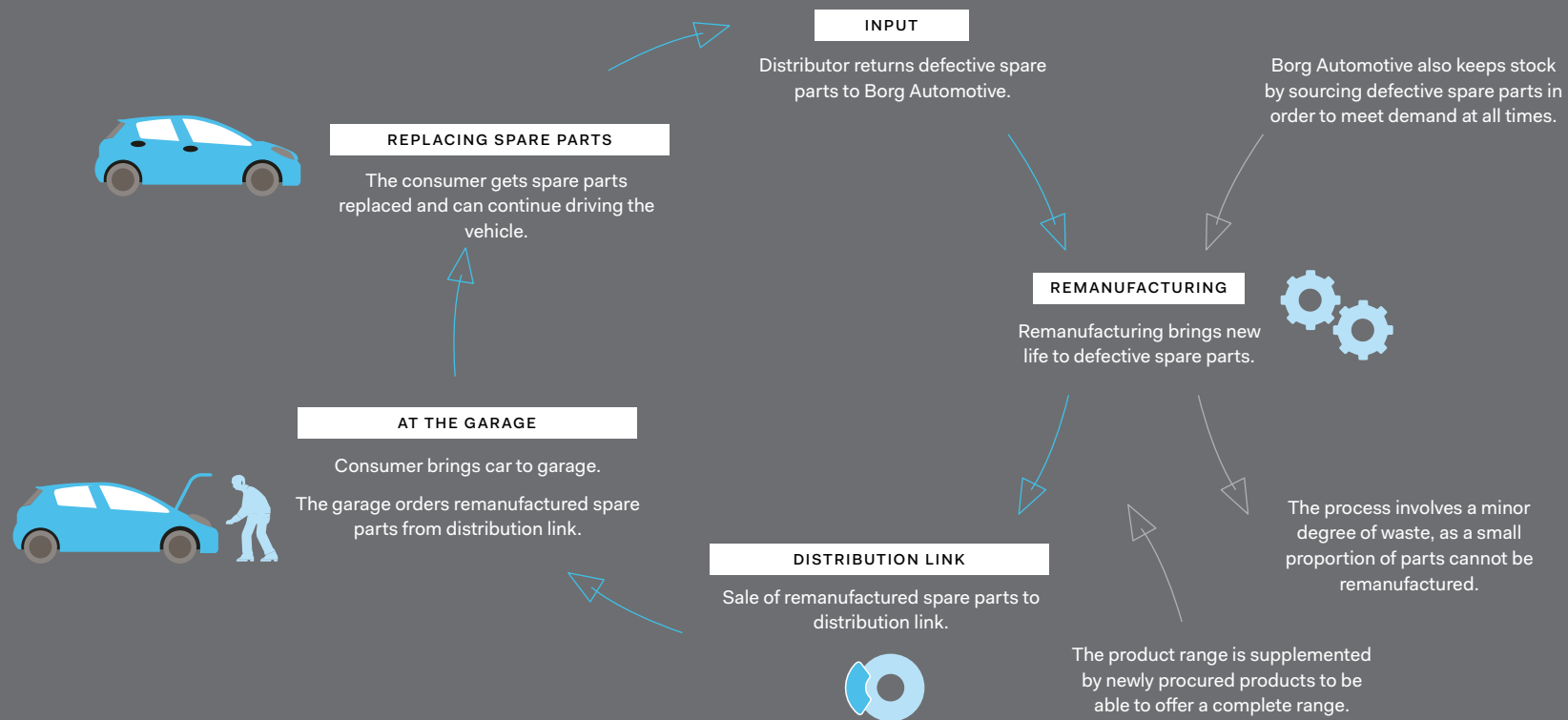


Revenue performance (DKK m)



Borg Automotive's value chain

Most of Borg Automotive's revenue derives from remanufacturing based on recycling of end-of-life spare parts, which is combined with a return system that supports the products' role in a circular economy. This is combined with newly procured products to be able to offer a complete range.



Borg Automotive's ambitions for 2030

With its circular business model, Borg Automotive focuses on climate and the environment. The upward trend in GHG emissions softened despite higher growth rates, and the company is mapping emissions from products. Increasing employee satisfaction is another focal area, and annual employee satisfaction surveys are introduced in 2022.



Effort to limit climate impact of in-house production

Reduce GHG emissions from in-house production by 30% by 2030*

*Baseline 2020



Caring for the employees

Increase employee satisfaction by 5% over the next five years

Reduce LTIFR by 30% by 2025*

*Baseline 2020



Circular products, saving CO₂ emissions

Be able to quantify the CO₂ savings of remanufactured products



MILESTONES IN 2022

- Implemented annual employee satisfaction survey
- Installed solar panels at factory in Poland
- 2.6% reduction in scope 2 emissions
- New e-learning platform for business ethics and anti-corruption training



Environment

ACTIONS AND RESULTS

In 2022, Borg Automotive elaborated and further specified its strategy and action plan for all locations to achieve the ESG ambitions towards 2030. Concurrently, the company launched several significant initiatives, including a major LCA project to document the climate and resource impact of its products.

Decoupling electricity consumption and growth

For Borg Automotive electricity consumption is the primary cause of GHG emissions, and strong business growth in recent years has previously also equalled a strong increase in electricity consumption. However, this trend was reversed in 2022 when Borg Automotive succeeded in decoupling growth in revenue from growth in scope 2 electricity consumption, achieving a slight reduction from 8,314 MWh in 2021 to 8,105 MWh in 2022 despite higher business activity. Altogether, energy consumption rose to 12,293, up from 11,408 MWh in 2021, mainly due to the inclusion of mobile combustion.

GHG emissions in focus

As a direct consequence of the reduction in electricity consumption, Borg Automotive also succeeded in turning the trend of rising scope 2 GHG emissions. Despite business growth and major acquisitions, the company reduced scope 2 emissions by 2.6%, while its total emissions increased by 4.5% from 2021 to 2022, which was satisfactory considering the fact that mobile combustion accounts for about 7% of total emissions. Looking at emission intensity, this figure dropped from 3.21 CO₂e per DKK million to 2.53 CO₂e per DKK million, an impressive fall of 21%. As regards

the company's target of a 30% reduction in absolute emissions, the base year has not yet been recalculated following the acquisitions of TMI and SBS Automotive and the inclusion of mobile combustion. The recalculation of the base year will be made in 2023 as part of the Group-wide recalculation and will provide a better view of the company's progress against the target.

Solar panel projects to unlock further reduction potential

An increased proportion of renewable energy will contribute further to the downward trend, and efforts to ensure more renewable energy gained momentum in 2022 with the decision to install solar panels at the two production facilities in Poland. The solar panels will generate about 100 MWh annually and contribute to reducing emissions from the company's operations.

In 2022, Borg Automotive started building a new head office at Funder, Silkeborg, and the building will be equipped with solar panels and a heat pump to be able to use the power for both electricity and heating purposes. The solar panels will be able to supply an estimated 80% of the energy consumption in the new building.

Reduction of hazardous waste

Borg Automotive's production mostly involves manual processes without strong chemicals or use of large amounts of energy and water, so remanufacturing therefore poses limited environmental challenges compared with the manufacture of original spare parts.

Nonetheless, the company has been focused on reducing hazardous waste. Besides the health and safety aspects, it also makes good sense financially. One of the initiatives launched concerns the refilling of spray cans, which would normally end up as hazardous waste. In addition, the installation of new CNC machines has resulted in a reduction of metal waste.

Life-cycle assessment project

A very important priority for Borg Automotive is to be able to document, by means of life-cycle assessment, the reduction of resources and greenhouses gases achieved with remanufactured products compared to newly manufactured products. The focus is on avoided emissions related to a given product compared to the alternative newly manufactured product which would typically be used instead. Independent external parties are in charge of calculations and documentation for the project, which is coming to a close. Borg

Automotive expects to publish the LCA results for the remanufactured products vs. newly manufactured products in the course of 2023, documenting the environmental benefits achieved by remanufacturing spare parts.

Social

ACTIONS AND RESULTS

As production processes at Borg Automotive are mostly manual, employee welfare is a key focus area. Occupational health and safety as well as employee wellbeing are a top priority. A sustained effort is required, and activities in this area will be ramped up further going forward.

New structured process to measure employee satisfaction

Employee wellbeing is a top priority for Borg Automotive. As part of the overall 2030 target, a new structured process has been launched to measure employee satisfaction. From 2023, employee satisfaction will be measured annually to ensure continuous follow-up.

Active effort to reduce occupational injuries

In the base year 2020, the LTI frequency rate was 12.0 incidents per million working hours, while in 2021 it had been reduced to 10.3 incidents. In 2022, the rate rose again, amounting to 12.1 incidents per million working hours. As the target of a 30% LTI frequency rate reduction by 2025 implies a rate of less than 8.4 incidents per million working hours, the situation in 2022 is regarded as unsatisfactory. The incidents recorded were of a less serious nature, partly due to the introduction of rotation shifts at certain units so that some employees were working at new stations compared to what they were used to. Focus on preventive work will nonetheless increase further.

ISO 45001 certification

As part of the company's preventive occupational safety activities, the production facilities

in the UK was certified to the ISO 45001 standard in 2022, and the certification of the occupational health and safety management system has further encouraged an active approach to employee health and safety.

Employee initiatives across the business

The unit in the UK went from bronze to silver accreditation by Investors in People, an external organisation that assesses companies, during a two-day audit, against a range of social benchmarks related to culture, engagement and in-house competencies.

Another main initiative for employees was the construction of a brand-new building, complete with a canteen, changing rooms and common rooms at the production unit in Poland, improving the physical environment for employees. ✂



Monika Augustyniak, electro-mechanical technician, Zduńska Wola, Poland

Governance

ACTIONS AND RESULTS

For Borg Automotive 2022, like 2021, was characterised by the integration of acquisitions and ensuring good governance structures across the organisation. Systems for handling anti-corruption, business ethics and responsible supply chain management are also being integrated on a continuous basis.

E-learning platform for anti-corruption training

The implementation of an e-learning platform in Borg Automotive has resulted in more training of employees within business ethics, competition law, including anti-corruption, and it covers both new and existing employees. This ensures that all relevant employees receive training and understand what is required of them and what will not be accepted. Therefore, as of 2022, Borg Automotive is now able to report the proportion of relevant employees having confirmed their compliance with the company's anti-corruption policy. In 2022 the share is 99%, which is highly satisfactory, as this was the first year it was included as a reporting item.

Suppliers and value chain

Supplier audits were challenged once again due to the coronavirus situation, and the proportion of suppliers that formally confirmed adherence to the company's Code of Conduct was therefore 86% in 2022. As regards its value chain, Borg Automotive was awarded a bronze sustainability rating across the organisation again in 2022 by EcoVadis. EcoVadis assesses companies' performance within various social, environmental and governance areas and presents proposals for improvement that can be incorporated into future efforts.

Digitalisation and enhanced focus on IT security

In 2022, Borg Automotive focused strongly on upgrading IT security measures and on IT awareness to ensure that employees have the required skills to handle risks. In addition,

digitalisation and implementation of new IT systems also provides opportunities for optimising business operations further to achieve even greater efficiency. [X](#)



Israel Mina, assembly operator, Pamplona, Spain

Fibertex

Personal Care

Fibertex Personal Care is among the world's largest manufacturers of spunmelt nonwovens for the personal care industry, manufacturing mainly diapers, sanitary towels and incontinence products. Operations also include printing on nonwovens for the personal care industry. Both business areas offer customised solutions, and the products are subject to tough requirements in terms of safety, health and comfort.

Diapers, sanitary towels and incontinence products are typical necessities, that is, articles that are difficult to do without. In other words, demand for the products is relatively stable, and they are used all over the world. The general economic developments and gains in standards of living are the factors creating growth and expanding the market. Growth is strongest in Asia, where the adoption of disposable diapers manufactured from nonwoven materials is significantly lower than in Europe and the USA. Asia is also experiencing the biggest improvements in income and standards of living, and a significant increase in the use of nonwovens is expected in the region.

Nonwovens is a type of non-woven material made from plastics. It has a broad range of

applications and is characterised by being light and soft, and it can be manufactured using less resources, including at lower costs, than other corresponding materials.

Among the world's ten largest manufacturers of nonwovens for personal care, Fibertex Personal Care has a global market share of over 5%. The company operates manufacturing facilities in Europe and Asia, as well as specialised print production facilities in Europe, Asia and the USA. The business stands out as a leader in innovation with a great focus on sustainability, including through the use of certified, reused and bio-based materials, the adoption of which is expected to increase going forward.

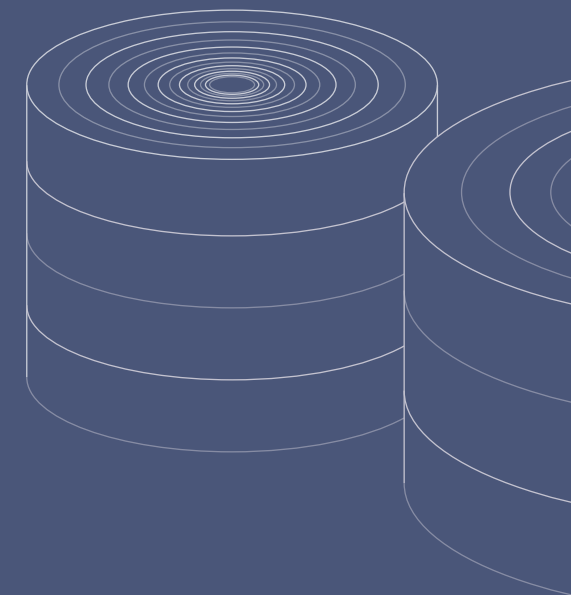
Geography

Head office in Aalborg, Denmark. Nonwovens manufacturing facilities in Denmark and Malaysia and printing facilities in Germany, Malaysia and the USA.

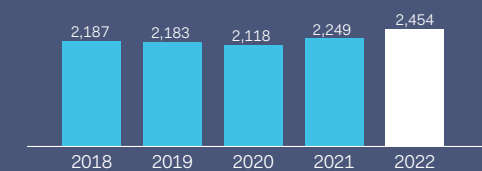
Ownership – past and present

Fibertex was founded in 1968 and acquired by Schouw & Co. in 2002. The Personal Care activities have been a part of Fibertex since 1998 and were hived off as an independent portfolio business directly under Schouw & Co. in 2011.

🔄 Sustainable is Possible.
We reimagine, reduce and reuse to enable future fit solutions for our industry



Revenue performance (DKKm)



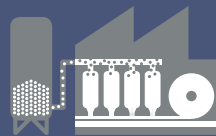
Fibertex Personal Care's value chain

Fibertex Personal Care has a relatively simple value chain, in which polymer granulates undergo an extrusion process to form thin pieces of nonwovens. They are used by multinational customers as materials in diapers, sanitary towels and incontinence products.



RAW MATERIALS AND PROCUREMENT

Fibertex Personal Care procures polymer granulates, primarily polypropylene (PP) for its production units in Denmark and Malaysia.



PROCESSING

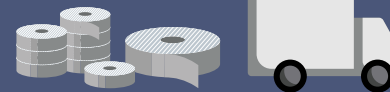
The raw materials are processed by extrusion (heating) into long fibres, which are then sprayed onto a fast-moving belt where they are fused together by heat treatment to form a thin piece of nonwovens.

The rolls of nonwovens are then cut and wrapped.



PRINT

In addition to printing on its own nonwovens, Fibertex Personal Care also offers to print on the products of other nonwovens manufacturers under its Innovo Print brand.



LOGISTICS

The finished rolls of nonwovens, with or without print, are shipped to customers through external logistics solutions via air, sea or road.



CUSTOMERS

Fibertex Personal Care supplies multinational customers in the hygiene industry with own brands and/or private labels. Customers use the nonwovens combined with other components to manufacture baby diapers, sanitary towels and incontinence products. The products are distributed to consumers via supermarkets, public institutions or online distribution channels.

Fibertex Personal Care's ambitions for 2030

Under its slogan 'Sustainable is Possible', Fibertex Personal Care has developed ambitious ESG targets. In 2022, the company reduced GHG emissions from in-house production by 31% and sold 260 tonnes of nonwovens from certified bio- or circular plastics.



Reduce GHG emissions

Achieve zero emission from energy use in operations.

Enable customers to reduce their products' GHG footprint by 25% through material innovation.



Aspire to a future-proof organisation

Engage and develop our skills in a diverse and inclusive corporate culture – while working on occupational health and safety.



Responsible business principles

Take responsibility through comprehensive requirements and strong governance procedures in our businesses and in the value chain we are a part of.



MILESTONES IN 2022

- 31% reduction in GHG emissions from operations
- 17% renewable electricity
- 260 tonnes of ISCC Plus certified nonwovens sold
- 2,300 MWh renewable electricity generated by own solar panel plant
- E-learning programme in cyber security completed





Environment

ACTIONS AND RESULTS

2022 was a year of turbulence and uncertainty. Fibertex Personal Care consumes a large amount of energy and was therefore considerably affected by the energy crisis. Consequently, the company focused on optimising its energy consumption, for instance by smarter energy use without compromising product quality.

In Denmark alone, energy optimisation projects delivered an overall reduction, estimated at up to 2,500 MWh annually, or 5% of the facility's total energy consumption. The company mainly uses electricity in the manufacturing process, but also a certain amount of natural gas, so prompted by surging prices in 2022, a system will be installed in 2023 that makes it possible to switch between electricity and natural gas. This ensures more flexibility and improved reliability of supply, while potentially reducing GHG emissions.

More renewable energy

Fibertex Personal Care has introduced a host of other initiatives to reduce GHG emissions. In 2021, a solar panel system was put into operation at the factory in Nilai, Malaysia, and in 2022, the installation of a second solar panel system commenced – this time at the factory in Sendayan, Malaysia. The system will be operational in 2023 and will be able to generate about 2,100 MWh annually, so the two systems together will subsequently be able to generate an aggregate 4,500 MWh annually, equal to about 4.5% of the total electricity consumption by the sites in Malaysia. Energy consumption in the production of nonwovens is high, however, so these on-site installations have to be supplemented by additional supplies of renewable energy. In 2022, renewable

energy certificates (RECs) were purchased, which guarantee that renewable energy is delivered elsewhere to the electricity grid corresponding to approximately 30% of the annual consumption of the production units in Malaysia.

Emission reduction of 31%

The energy supply in Malaysia is predominantly based on coal, and since more than half of Fibertex Personal Care's production takes place in Malaysia, the impact on total GHG emissions is substantial. Fibertex Personal Care's total GHG emissions decreased considerably in 2022, down from 84,314 tonnes in 2021 to 58,118 tonnes of CO₂e in 2022, or by 31%, as a result of the change to renewable electricity. The decrease reflects the company's journey towards zero emissions from energy consumption for production by 2030.

Fibertex Personal Care produced about 126,500 tonnes of nonwovens in 2022, which was a fall on the year before. A lower level of activity made it difficult to maintain efficient operations and, as a result, energy intensity, i.e. energy consumption per tonne of nonwovens produced, rose from 1.35 MWh/tonne to 1.37 MWh/tonne.

Emission intensity, on the other hand, measured per tonne of nonwovens produced, dropped markedly due to the increased amount of renewable energy and came to 0.46 tonnes of CO₂e per tonne of nonwovens produced in 2022, against 0.60 tonnes of CO₂e per tonne in 2021.


First major orders for ISCC Plus certified products

With a plastic-based product, there is a strong focus on sustainability when sourcing raw materials and the impact throughout the value chain. Back in 2019, Fibertex Personal Care gained ISCC Plus certification, the first manufacturer of nonwovens in the world to do so. ISCC is short for International Sustainability and Carbon Certification, and ISCC Plus is an ambitious supply chain certification ensuring increased use of recycled and bio-based materials.

Efforts to commercialise products with the certification have been ongoing since 2020, and in 2022, the first large orders for an aggregate 260 tonnes were delivered. Apart from the work on using more certified recycled and bio-based materials, Fibertex Personal Care started a project to prepare an overall baseline for its scope 3 emissions, which is expected to be completed in the course of 2023.

Waste reduction and product optimisation

Waste reduction is a high priority for Fibertex Personal Care, and the conditions for using waste either for its own production of new products or for recycling through external business partners are good. A large-scale waste reduction programme was launched in 2019 at the Danish factory and has since resulted in a reduction in discarded waste volumes of no less than 40%, thus benefiting both resource consumption and earnings.

Efforts are also made to minimise the amount of new plastics used by the factories relative to the amount of finished goods produced. Downgauging is an example of this, which means reducing the consumption of raw materials per square metres of nonwovens without compromising product properties. Today, lightweight products are produced, using for example 10 grammes of raw material per square metres of finished product, and if this can be reduced merely to 9 grammes of raw material per square metres, total resource consumption will be significantly reduced, which will in turn cause a solid reduction in scope 3 emissions. 



Social

ACTIONS AND RESULTS

In the social area, the overall ambition of Fibertex Personal Care is to strengthen and develop the organisation so the company will be capable of handling future requirements to work in accordance with a sustainable and inclusive mindset.

Work is ongoing across the organisation, involving all employees, so as to position the company for future requirements. In 2022, the company worked on concrete actions plans and targets as well as policies and procedures.

New ELM system

To ensure the consistent treatment onboarding of all new employees as well as good processes when employees leave (offboarding), Fibertex Personal Care has developed and implemented its own enterprise learning (ELM) system. That way, department managers and the HR department have a tool for creating more dialogue about the processes and focusing on effective onboarding to retain new employees and boost their productivity and engagement. The system has facilitated GDPR compliance and contributed to greater transparency, better task management and improved digitalisation for the company in relation to its employees.

Employee health

Fibertex Personal Care has for several years offered local health insurance and health checks to its employees at all production sites and has, in the past few years, introduced a more holistic approach and preventive measures. Employees in Malaysia have had extensive health insurance, as public services

in this area are limited. Until 2019 this was an isolated employee benefit that included doctors' visits, examinations and medical expenses up to a certain limit.

In 2022, the company introduced a new and comprehensive health programme, AIA Vitality, consisting of three elements: a general health check, information on healthy exercise, dietary and sleeping habits and rewards for achievements.

Continuous audit process

A third-party audit was conducted in 2022 as a follow-up on the audit in late 2021. Once again, the audit was conducted according to the recognised SMETA (SEDEX Members Ethical Trade Audit) audit format, which covers all aspects of supplier and supply-chain responsibility including environmental protection, occupational health and safety, labour conditions and business ethics. In this connection, certain risks were identified with

business partners in 2021. These have now been addressed and the observations were closed in connection with the follow-up audit in 2022.

Diversity

In the diversity area, Fibertex Personal Care prepared a new diversity policy, setting a target of at least 25% women in the top management body and 40% at other management levels by 2025.



Helle Renne Petersen, laboratory technician, Aalborg Denmark



Governance

ACTIONS AND RESULTS

In the governance area, Fibertex Personal Care has been working with GDPR and business ethics in general, and also increased its focus on cyber security in 2022.

Focus on cyber security


2022 was characterised by an extensive revision of the company's Code of Conduct for employees. GDPR and business ethics are covered in the updated Code of Conduct and have also been included as themes in a common e-learning system, which will be introduced in 2023. A new initiative, a cyber security e-learning programme, was completed by all relevant employees and dealt with the risks related to phishing and other types of online crime.

Supplier chain

In relation to its suppliers, Fibertex Personal Care's due diligence system consists of a Supplier Code of Conduct that addresses relevant themes related to human rights, child labour, forced labour, etc. The share of suppliers who signed the Code of Conduct in 2022 increased to 99%, from 95% in 2021, which is highly satisfactory considering the supplier-base.

As a result of the SMETA audits conducted in 2021 and 2022, certain risks at external business partners relating to social issues in the supplier chain were identified and remedied.

EcoVadis silver medal

In 2021, Fibertex Personal Care registered its five production units on the EcoVadis collaboration platform, and they all received their first ratings in 2022. EcoVadis is an independent assessment agency that evaluates, rates and ranks companies' sustainability performance on a global basis, with all members receiving an annual performance rating. Fibertex Personal Care's units all received impressive silver medals for their corporate responsibility performance. The ratings came with a catalogue of improvements which the company will consider in its future efforts. 



Cases: Fighting food waste at the factory in Malaysia

Malaysia's population is growing rapidly and is already close to 33 million people. A growing population means increasing waste volumes, and total waste volumes now amount to more than 38,000 tonnes/day, food waste alone accounting for 17,000 tonnes/day. These figures are expected to rise in the coming years.

To be part of the solution to this problem, Fibertex Personal Care installed its own

composting plant at the factory in Malaysia, so that food waste is no longer taken to a waste disposal site, but converted to compost that can be used for growing a variety of crops. The composted soil was initially given to employees for their own use, but a number of partnerships were soon established with local farmers and gardeners, who now receive soil free of charge for growing crops and planting trees.



Fibertex

Nonwovens

Fibertex Nonwovens is among the world's leading manufacturers of specialised nonwovens. Nonwovens is fibre sheets produced on high-tech processing facilities with various purpose-specific post-processings. The processed materials have a broad range of different applications, including, among other things, in cars, in the construction industry and for filtration solutions. They are also used in the healthcare sector as disposable wipes, for example.

Market

In cars, the material contributes to reducing weight and thereby reducing carbon emissions, but nonwovens is also used as an acoustic fabric, as it absorbs sound and thereby increases comfort. Through innovation and new products, the use of nonwovens in cars has increased significantly in recent years, and today, many new cars contain about 30 square metres of nonwovens.

Nonwovens are also used in construction, contributing to prolonging the life of roads and bridges, and as filtration solutions, because the material can be used to construct energy-efficient liquid and air filter solutions in cars, for industrial filtration and in ventilation systems, for example.

In the disposable wipes segment, nonwovens form part of products for industrial cleaning and as part of disinfection solutions for the healthcare sector, for which Fibertex Nonwovens supplies a number of products, including special-purpose disinfectant wipes. Customers demand sustainable solutions, and thanks to new technology, Fibertex Nonwovens is able to produce wipes from non-synthetic fibre, replacing the use of synthetic fibre. Recently, Fibertex Nonwovens has launched a range of products based on organic cotton for use in, for example, sanitary towels and skin care products.

Fibertex Nonwovens increasingly manufactures circular solutions, and the company aims to increase the proportion of recycled

plastics in production, which means using much fewer resources and lowering greenhouse gas emissions substantially.

Geography

Head office in Aalborg, Denmark. Produktion i Danmark, Frankrig, Tjekkiet, Tyrkiet, USA, Sydafrika og Brasilien.

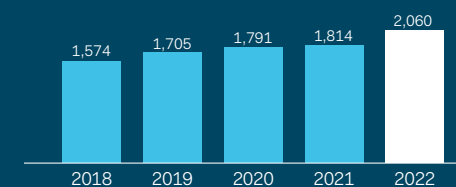
Ownership – past and present

Fibertex was founded in 1968 and acquired by Schouw & Co. in 2002. The company previously included the Personal Care activities, which were hived off as an independent portfolio company in 2011.



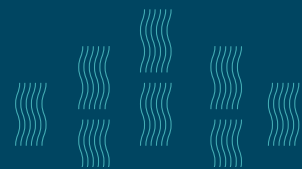
We pioneer and innovate the way industries work with nonwovens and performance materials

Revenue performance (DKK m)



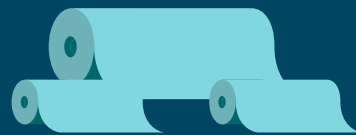
Fibertex Nonwovens' value chain

Fibertex Nonwovens manufactures special-purpose nonwovens produced on high-tech processing facilities. Nonwovens have a broad range of applications, for which the material provides unique properties, and it can form part of an end product or be integrated in a customer's manufacturing process.



RAW MATERIALS AND PROCUREMENT

Fibertex Nonwovens produces nonwovens from fibres made from various materials, such as polypropylene, viscose, recycled and new polyester and cotton. The company uses additives to give the materials certain unique properties.



PRODUCTION

Fibertex Nonwovens applies three main technologies in manufacturing nonwovens for high-tech processing facilities: needle punch, spunlace and thermal bonding. In the needle punch process, fibres are carded, intertangled and needled together, while the spunlace technology uses high-speed jets of water to entangle the fibres. Thermal bonding is a process to melt the fibres together. In addition, nonwovens can also be put through various post-processings, including heat, impregnation, coating and lamination.



LOGISTICS

Fibertex Nonwovens uses external partners to transport finished materials to customers.



CUSTOMERS

Fibertex Nonwovens' products can be used in many different applications, e.g. for cars, filtration, composites, wipes and for construction, and are sold to many different customer groups worldwide.

Fibertex Nonwovens' ambitions for 2030

Fibertex Nonwovens is working systematically and actively to deliver on its ESG targets. In 2022, the company succeeded in reducing the LTI frequency rate by close to 50%, in cutting down total GHG emissions, and in growing the share of renewable electricity.



Benchmark for environmental footprint reductions

Reduce cradle to gate GHG emissions by 20%*

Increase sustainable** content by 25%*

**Baseline 2020
**Defined as recycled, bio-based or biodegradable*



Nurture the well-being of employees in a highly motivational environment

Support individual development and focus on diversity

Secure a healthy and safe environment through knowledge sharing and the implementation of best practices



Innovate to facilitate sustainability

Develop next-level products to create sustainable solutions

Establish closed loop systems with suppliers and customers through strong partnerships



MILESTONES IN 2022

- LTI frequency rate nearly halved
- 8% reduction in total GHG emissions
- 13% renewable electricity
- ISO 45001 certification of facility in Turkey
- New system for supplier screening and risk assessment
- Introduction of disinfectant wipes from non-synthetic materials



Environment

ACTIONS AND RESULTS

Production of nonwovens is a resource-intensive process, in terms of both raw materials and energy. Accordingly, Fibertex Nonwovens was affected by the rising costs of energy, freight and materials in 2022. The energy crisis, prompted by the war in Ukraine, further escalated the situation.

Energy-saving projects

Amid the energy crisis and surging prices, various options have been explored to increase production line capacity without a corresponding rise in energy consumption. One example was the completion of a capacity upgrade project in 2022 concerning a production line at the facility in North America, with an estimated capacity increase of 60-80%. At full utilisation of the production line, this could deliver a reduction in energy consumption of up to 25-35% per unit produced. Fibertex Nonwovens also introduced a large-scale energy-saving project, and all production units were screened for initiatives to achieve a reduction in energy consumption.

One example of an initiative already launched in the production unit in Denmark is a project to ensure more efficient transmission of heat from the heat rollers to the products during production. With this efficiency upgrade, an energy-intensive part of the production process can now be left out without compromising product properties. At the production line concerned, it has resulted in estimated annual savings of 530 MWh, equal to 17% of the total energy consumption of the production line. Fibertex Nonwovens is now assessing what other lines may have a similar savings potential.

While production ran efficiently with high utilisation rates early in the year, demand plunged in the second half, causing lower efficiency and, by extension, lower utilisation of energy in operations. Energy intensity per tonne of nonwovens produced rose slightly from 2.17 to 2.26 MWh per tonne of nonwovens produced. Fibertex Nonwovens is highly dependent on having as few stoppages as possible and a high level of capacity utilisation to be able to operate with minimum energy consumption in production. As the volumes produced were slightly lower in 2022, absolute energy consumption dropped to 156,766 MWh, from 160,938 MWh in 2021.

More renewable energy leads to lower GHG emissions

Fibertex Nonwovens has started the transition towards more renewable energy. In Brazil, the company acquired International Renewable Energy Certificates (I-RECs) corresponding to all of the electricity use at the site, resulting in a total share of renewable electricity purchased of 13%. Combined with the decrease in energy consumption, this change led to a reduction in total GHG emissions for Fibertex Nonwovens from 40,434 to 37,142 tonnes of CO₂e, equivalent to 8%.

To keep up the momentum, preliminary surveys were made in 2022 for the installa-

tion of solar panel systems at a number of the European production sites. Clarification will follow in the course of 2023.

Waste and spillage

With continuous production processes, spillage and waste management are important environmental parameters. In 2022, a project was completed that resulted in even better sorting of production waste than previously, allowing the waste to be returned to the supplier for regranulation and used as recycled material in its own production of fibres. Previously, the share of this type of waste sent for regranulation was 4-5%, but thanks to improved waste sorting, this share may be increased to 6-8% going forward.

Emissions in the value chain

Fibertex Nonwovens's production involves significant emissions related to electricity consumption, but the full picture of both impact and reduction potential only emerges when factoring in the broader value chain; for example, by switching to recycled material or by cutting down the aggregate amount of plastics in the end product.

In 2022, Fibertex Nonwovens launched a project with the Danish Technological Institute intended to produce so-called Environmental Product Declarations (EDP) for a number of

product groups. This includes making specific life-cycle assessments, and thus neutral documentation of the products' climate and environmental impacts.

New water treatment plant to reduce water consumption

Fibertex Nonwovens applies three main technologies in manufacturing nonwovens: needle punch, spunlace and thermal bonding. Spunlacing is a process that employs high-speed jets of water to entangle fibres, so the company's water consumption in relation to this is substantial. It increased in 2022 due to falling demand, because the water tanks are emptied at each production stop and then refilled, which occurred more frequently in 2022 than in previous years.

At the French production site, it was decided in 2022 to install a new water treatment plant, which will improve water treatment and potentially also reduce water consumption going forward. The plant is scheduled to be installed in 2023.

Social

ACTIONS AND RESULTS

In 2022, Fibertex Nonwovens focused systematically on reducing the number of occupational injuries in order to deliver on its commitment to strengthen employee health and safety. An effort that has produced results already and which will continue in the coming years.

LTI frequency rate nearly halved

A top priority for Fibertex Nonwovens in 2022 was to bring down the lost-time injury (LTI) frequency rate. The company has worked hard on measures to reduce the number of injuries and associated absence. The sustained focus and hard work are clearly reflected in the LTI frequency rate, which was reduced from 19.0 incidents per million working hours in 2021 to 9.9 incidents in 2022. This is close to a 50% reduction and extremely positive, though efforts to further reduce the frequency rate will continue.

Driving this positive trend were several initiatives, including extensive and improved knowledge sharing and the implementation of best practice in the area. Focus has been on corporate culture and mindset, to ensure that safety is embedded in all activities, as well as on preventive work. Moreover, the LTI frequency rate is reviewed for all production units as part of the management evaluation so management is involved and all employees can clearly see it is a high-priority area.

ISO 45001 certification in Turkey

As a further initiative in the field of occupational health and safety, Fibertex Nonwovens obtained certification of its occupational health and safety management system to the

ISO 45001 standard for the production unit in Turkey. Working with culture and mindset is an ongoing focus area to ensure that safety is embedded in all activities.

Human rights

Fibertex Nonwovens supports and respects internationally recognised human rights, including the Ten UN Global Compact principles, which are an important part of the company's commitment to social responsibility and key to its relations with employees, business partners and general society. For this purpose, Fibertex Nonwovens has a Code of Conduct for its employees and a Supplier Code of Conduct addressing external business partners.

Heightened focus on diversity

Fibertex Nonwovens is an international business where diversity activities are ongoing, but in 2022 the company stepped up its efforts to secure equal opportunities for all employees regardless of their background. This resulted in the preparation of a diversity policy, including targets, for implementation in 2023. The share of women in senior management has already been increased to 16% in 2022, from 11% in 2021. The increase was due to a new appointment. 



Governance

ACTIONS AND RESULTS

A new global system for supplier evaluation and a new common e-learning system were introduced as part of ongoing efforts to ensure a common framework and uniform structures and processes across the organisation.

Anti-corruption guidelines

Fibertex Nonwovens has an internal Code of Conduct applying to employees that covers general business ethics and guidelines for fighting corruption. In 2022, it was decided to update the internal Code of Conduct. This will take place in 2023 and be implemented across the organisation. Also, the company changed its e-learning system, integrating the former separate system into the common system already used across the organisation. Again in 2022, 100% of relevant employees formally confirmed their compliance with the guidelines.

aspects and general governance. This is a central element of general due diligence in the supplier chain.

Responsible supply chain management

A new global system for supplier evaluation that includes ESG ratings of suppliers was introduced in 2022, thus ensuring a follow-up on the requirements laid down in the Supplier Code of Conduct. The system ensures that all production units apply the same method and provides an overall risk assessment of suppliers based on a common systematic approach. The risk assessment and the associated rating are based on a large number of ESG parameters against which suppliers are screened, and thus also covers general human rights, labour rights, environmental

Case: Wipes from bio-based fibres

Fibertex Nonwovens is working continuously with new innovative solutions within nonwovens. 2022 saw the launch of the first product using a new patented technology – Fibertex QUAT-Release™. Thanks to this technology, it is now possible to produce disinfectant wipes based on viscose, which is a bio-based material and an alternative to the synthetic fibres normally used. Until now, natural fibres could not be used in the disinfectant wipe market due to the binding of the quat compound in the disinfecting agent to the natural materials.

This binding prevents the release of the agent and markedly reduces the disinfecting effect, which is why disinfectant wipes have been produced from synthetic materials only. With the new QUATRelease™ technology, Fibertex Nonwovens has discovered the formula for producing bio-based disinfectant wipes that can release much larger amounts of the disinfecting agent to the surface than alternative bio-based materials.





ESG

Data overview

At Schouw & Co., ESG reporting is an area that is constantly evolving as both Schouw & Co.'s and general reporting practices gradually mature. In 2020, the Group introduced a new common frame of reference inspired by Nasdaq's ESG Reporting Guide 2.0 and defined a common set of performance indicators across the E, S and G criteria. Until the new common EU reporting standard is introduced, these performance indicators will serve as the basis for Schouw & Co.'s ESG reporting.

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Environmental reporting 2022



	BioMar		GPV		HydraSpecma		Borg Automotive		Fibertex Personal Care		Fibertex Nonwovens		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue (DKKm)	17,861	13,300	5,923	3,191	2,536	2,315	1,815	1,368	2,454	2,249	2,060	1,814	32,637	24,219
Alternative business-specific output scaling factor (tonnes)	Feed		n/a	n/a	n/a	n/a	n/a	n/a	Nonwovens and print		Nonwovens and fibre		n/a	n/a
	1,497,143	1,480,026	n/a	n/a	n/a	n/a	n/a	n/a	126,546	140,910	69,254	75,254	n/a	n/a
Total greenhouse gas emissions (tonnes CO₂e)	66,918	72,403	14,080	9,860	4,443	1,906	4,594	4,395	58,118	84,314	37,142	40,434	185,340	213,331
Scope 1 (tonnes CO ₂ e)	59,056	64,805	1,417	773	602	363	931	634	5,015	4,288	12,966	13,174	80,014	84,036
Scope 2 market-based (tonnes CO ₂ e)	7,862	7,598	12,663	9,087	3,841	1,544	3,663	3,761	53,104	80,026	24,177	27,260	105,326	129,295
Scope 2 location-based (tonnes CO ₂ e)	25,423	25,258	12,974	9,270	3,441	1,544	3,672	3,761	69,446	80,026	25,353	27,260	140,329	147,148
Total greenhouse gas emissions per DKK million revenue	3.75	5.44	2.38	3.19	1.59	0.8	2.53	3.21	23.68	37.49	18.03	22.29	5.7	8.8
Total greenhouse gases per alternative scaling factor	0.04	0.05	n/a	n/a	n/a	n/a	n/a	n/a	0.46	0.60	0.54	0.54	n/a	n/a
Total energy consumption (MWh)	407,030	417,265	42,049	27,402	12,346	14,637	12,293	11,408	172,939	190,175	156,766	163,398	803,745	824,506
Direct energy consumption, scope 1 (MWh)	260,753	282,448	5,698	3,243	1,711	1,713	4,187	3,094	22,737	23,223	63,494	64,513	358,688	378,235
Indirect energy consumption, scope 2 (MWh)	146,277	134,817	36,351	24,158	10,635	12,924	8,105	8,314	150,202	166,952	93,271	98,885	445,058	446,271
Total energy consumption per DKK million revenue (MWh)	22.79	31.37	7.10	8.59	4.87	6.32	6.77	8.34	70.47	84.56	76.10	90.08	24.63	34.0
Total energy consumption per alternative scaling factor (MWh)	0.27	0.28	n/a	n/a	n/a	n/a	n/a	n/a	1.37	1.35	2.26	2.17	n/a	n/a
Share of renewable electricity	35%	33%	7%	4%	9%	0%	0%	0%	17%	0%	13%	0%	21%	10%
Total water consumption (m³)	596,682	662,133	112,268	97,534	13,276	10,813	22,667	21,916	170,987	188,933	261,126	181,907	1,177,187	1,163,416
The company adheres to a formal environmental policy	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
The company adheres to a specific waste, energy and/or recycling policy	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
The company uses a recognised energy management system	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	n/a	n/a
The Board of Directors monitors and/or manages climate-related risks	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Senior management monitors and/or manages climate-related risks	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕

Parent company included in Group figures



Environmental reporting 2022

Comments

Energy consumption

2022 was a year of great uncertainty and turbulence, especially with respect to energy, as the war in Ukraine accelerated the rise in energy costs. Several of the businesses have launched energy-efficiency measures which, combined with lower volumes produced by the Fibertex businesses, resulted in a 2.5% decrease in the Group's total energy consumption, down from 824,506 MWh in 2021 to 803,745 MWh in 2022.

GHG emissions

The Group's total scope 1 and 2 GHG emissions fell by 13% from 213,331 tonnes of CO₂e in 2021 to 185,340 tonnes of CO₂e in 2022. The reduction was due to a number of initiatives and factors. Firstly, the share of electricity purchased from renewable sources in Fibertex Personal Care increased significantly to 17% in 2022, primarily in Malaysia, where energy supply involves particularly high emissions. Scope 2 emissions of this company were reduced by 34%. BioMar also reported lower GHG emissions, which were achieved through a reduction of scope 1 emissions, mainly due to the change from diesel to natural gas in Chile and general efficiency improvements in its use of gas. GHG emissions of the other businesses increased in 2022, partly as a result of GPV's acquisition of Enics. Furthermore, mobile combustion is now included in the calculation, which accounts for a not insignificant share in Borg Automotive and HydraSpecma.

HydraSpecma reported markedly higher GHG emissions for 2022, a large part of the explanation being an improved data basis and more precisely calculated emissions from several production units.

In 2023, a recalculation will be made of the base year (2020) as a result of the significant additions, including mobile combustion, and this will provide a better basis of comparison against the targets. However, in 2022 the Group had reduced emissions by an aggregate 17% since 2020, which is the base year for the target of a 35% reduction by 2030. This percentage is expected to increase following the recalculation.

Share of renewable electricity

In 2022, the share of renewable electricity increased to 21%, up from 10% in 2021. The primary reason was the purchases of renewable energy certificates (RECs) by Fibertex Personal Care in Malaysia, Fibertex Nonwovens in Brazil and HydraSpecma in Denmark.

Water consumption

Total water consumption increased by 1%. Fibertex Nonwovens' consumption of water grew substantially, up by 44% due to less efficient production, as stoppages or prolonged downtime require water tanks to be refilled when production is resumed. At Group level, a large part of this increase was offset by a reduction in BioMar, whose water consumption was nearly 10% lower than in 2021.

Accounting policies

Alternative business-specific output scaling factor

Three Group companies apply an alternative business-specific output scaling factor to express production volumes. For these companies, the factor is calculated on the basis of actual volumes produced, including sub-processes, which the companies use in their own processes and not on the basis of volumes sold. This is because energy consumption, and by extension GHG emissions, are determined by the volumes produced.

Energy consumption and GHG emissions

Scope 1: Reporting on scope 1 energy consumption and greenhouse gases is based on the GHG Protocol. Scope 1 covers direct emissions from owned or controlled sources, typically from combustion of gas, diesel or the like. Consumption data have been collected across the companies. For all large sites, figures were calculated based on data on purchases. Consumption figures are multiplied by emission factors obtained using the GHG Protocol calculation tool for stationary and mobile combustion and then translated into CO₂ equivalents using GWP factors.

The 2022 figures now include mobile combustion. In accordance with IFRS, vehicles owned and leased vehicles capitalised in the balance sheet are included in scope 1. The companies collect consumption data on the basis of either fuel consumption or distance, if no data is available on the former. Energy consumption is calculated on the basis of the lower combustion value and added to total scope 1 consumption. The GHG Protocol calculation tool for mobile combustion is then used to translate the consumption into CO₂ equivalents. For hybrid and electric vehicles, electricity consumption data are collected, the figure is multiplied by emission factors for the vehicle's country of registration and the result added to scope 2 consumption.

Scope 2: Reporting on scope 2 energy consumption and emissions is based on the definition set out in the GHG Protocol. Scope 2 covers indirect emissions from electricity, district heating or cooling purchased from other sources. Consumption data is gathered for the businesses from energy bills and similar documents for the purpose of calculating the energy consumption. For minor, less significant sales units, consumption is estimated based on an OECD standard factor per FTE, which is added to the data reported.

The Group reports according to both the market-based and the location-based approaches. The market-based approach reflects emissions from the purchase of energy and is linked to the financial products and agreements on which the purchases are based. These are verified against the quality criteria of the GHG Protocol described in the Scope 2 Guidance. The location-based approach is based on the actual grid to which factories are connected and mainly uses the latest IEA emission factors, while more specific regional emission factors are obtained for some sites. The market-based approach is used for calculation purposes and in relation to targets.

Energy intensity and emission intensity: Energy intensity is a measure of energy consumption relative to a measure of activity. Two different scaling factors are applied. Energy intensity based on revenue is defined as total energy consumption in scopes 1+2 in MWh divided by DKK million of revenue. Energy intensity based on alternative scaling factors is applied for three Group companies where it is meaningful to measure the ratio of energy consumption to volumes produced. Here, total energy consumption in scopes 1+2 in MWh is divided by the volumes produced, and the intensity measure thus shows energy consumption per tonne of volumes produced.

The same applied to emission intensity, where total GHG emission in tonnes of CO₂e (market-based) are divided by either total DKK million of revenue or the alternative scaling factor in tonnes. The unit for emission intensity is thus tonnes of CO₂e per DKK million of revenue or tonnes of CO₂e per tonne of volumes produced.

Share of renewable energy The share of renewable energy is calculated as the share of purchased energy (scope 2) if satisfactory certificates matching an emission factor of 0 for the specific electricity consumption are available.

Water consumption: Water consumption data are gathered from sites through meter readings and invoices. For minor sites that are not considered significant, consumption is estimated using a standard factor per FTE.



Social reporting 2022



	BioMar		GPV		Hydra Specma		Borg Automotive		Fibertex Personal Care		Fibertex Nonwovens		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Employees														
Average no. of employees (FTEs)	1,532	1,445	5,498	3,878	1,269	1,192	2,111	1,848	781	777	1,069	1,055	12,278	10,210
CEO total compensation relative to FTE average total compensation at group level													62.4	60.0
Male average compensation relative to female average compensation	1.0	0.9	1.6	1.6	1.1	1.1	1.3	1.2	0.8	0.8	1.6	1.3	1.7	1.6
Employee turnover, full-time employees	12%	10%	45%	41%	15%	12%	24%	14%	24%	13%	16%	14%	29%	23%
Employee turnover, part-time employees	16%	11%	2%	9%	3%	24%	4%	6%	12%	18%	15%	25%	3%	11%
Proportion of female employees	22%	21%	59%	61%	21%	22%	37%	36%	16%	16%	24%	23%	41%	39%
Proportion of female employees in managerial positions	22%	20%	41%	34%	16%	16%	33%	26%	22%	25%	23%	23%	30%	25%
Proportion of female employees in senior management and executive-level positions	11%	8%	21%	17%	11%	11%	0%	0%	27%	25%	16%	11%	15%	12%
Proportion of part-time employees	3%	2%	20%	7%	3%	3%	3%	2%	2%	2%	1%	1%	11%	4%
Proportion of temporary workers (e.g. consultants or contractors)	6%	7%	5%	4%	7%	18%	3%	3%	0%	0%	1%	1%	4%	6%
Health and safety														
Number of fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost time injury frequency rate (LTIFR) (number per million working hours)	5.8	5.3	0.7	2.0	6.1	7.9	12.1	10.3	9.1	7.0	9.9	19.0	4.7	6.4
Company follows a policy against discrimination and sexual harassment	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Company follows a health & safety policy	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Company follows a policy against child and forced labour	+	+	+	+	+	+	+	+	+	+	+	+	+	+
The policy against child and forced labour also applies to suppliers and vendors	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Company follows a human rights policy	+	+	+	+	+	+	+	+	+	+	+	+	+	+
The human rights policy also covers suppliers and vendors	+	+	+	+	+	+	+	+	+	+	+	+	+	+

Parent company included in Group figures



Social reporting 2022

Comments

Lost time injury frequency rate

For the Group as a whole, the LTI frequency rate fell significantly from 6.4 incidents in 2021 to 4.7 incidents per million working hours in 2022. A large part of the reduction derived from Fibertex Nonwovens and GPV, both having halved their frequency rate, which is very positive. In 2022, GPV had already achieved its 2025 target of less than 1 incident per million working hours, while also HydraSpecma reduced the frequency rate quite considerably in 2022, to 6.1 from 7.9 in 2021.

Regrettably, the other companies reported increases in their LTI frequency rates. The incidents recorded were generally of a less serious nature, but additional measures have nonetheless been taken, including knowledge sharing concerning best practice between the companies.

Gender diversity at management level

The Group registers the gender composition in management and generally aims to improve the gender balance in order to utilise talent and skills in the best possible way. It is therefore positive to note that the proportion of the underrepresented gender, which at Group level is women, increased in 2022. The positive trend was recorded both in the share of women in management in general, which rose from 25% to 30%, and in the upper-most tiers of management, which rose from 12% to 15%.

For BioMar, Fibertex Personal Care and Fibertex Nonwovens, the changes related to ordinary employee turnover or new appointments, while for GPV, it was also a result of the change in the management composition following the combination with Enics, which caused an increase in the share of women in management.

Employee turnover

The employee turnover rate generally increased at Group level, mainly driven by capacity adjustments and a labour market characterised by fierce competition for labour. This was particularly the case for GPV, which recorded a high employee turnover rate of 45% in 2022. The rate also increased at Fibertex Personal Care and Borg Automotive, both of which made certain capacity adjustments during the year. For the Group as a whole, the employee turnover rate rose from 22% to 29%.

Accounting policies

Full-time equivalents (FTEs): FTEs are calculated according to the principles used in financial reporting as the monthly average number of FTEs during the year.

LTIFR and fatalities: The total number of accidents, defined as on-the-job accidents that result in an employee being absent from work for at least one day, not including the day of the accident. The LTI frequency rate is calculated per million working hours. Fatalities are defined as deaths caused by accidents on the job or during the performance of work related to the employment relationship. Figures are calculated based on working hours and number of accidents reported by the Group's companies for the year.

CEO compensation relative to average compensation at group level: Compensation paid to the CEO of Schouw & Co. compared with the average compensation paid to the employees of the Group is measured at group level only and based on data from the annual report.

Male average compensation relative to female average compensation: The average compensation paid to male employees compared with the average compensation paid to female employees. The average compensation is calculated based on the employees' total salaries broken down by men and women.

Employee turnover: Employee turnover is defined as the share of employees leaving their jobs as a result of dismissal, resignation, internal job changes, old-age retirement, being employed with another company or death during the year out of the total average number of employees for the year. Figures are reported to the parent company at the end of the year.

Proportion of women in managerial positions: We measure the proportion of women forming part of the general group of staff, the proportion of women in managerial positions and the proportion of women in senior management and executive-level positions.

Managers are defined as persons having managerial responsibilities, while the uppermost tier of management is defined as persons in executive-level or senior management positions. These figures are also reported to the parent company at the end of the year.

Proportion of part-time employees and temporary workers: Part-time employees: employees who work less than full time. Temporary workers: employees who are not employed by us, but over and for whom we have operational control and have employment responsibility. They include temporary workers in production, summer staff, etc. These figures are also reported to the parent company at the end of the year.

Governance reporting 2022



	BioMar		GPV		Hydra Specma		Borg Automotive		Fibertex Personal Care		Fibertex Nonwovens		Parent company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Board of Directors														
Proportion of women on the Board of Directors	20%	20%	17%	0%	0%	0%	0%	0%	0%	0%	0%	0%	17%	17%
Proportion of women on board committees*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	17%	33%
Proportion of independent board members*	40%	40%	67%	50%	33%	17%	67%	67%	0%	0%	0%	0%	33%	33%
CEO is barred from serving as board chair	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Whistleblower system														
Total number of cases reported													10	5
Cases falling within the scope of the system													4	4
Cases leading to remedial/preventive action													2	0
Cases referred to an external body													0	1
The company adheres to a data protection policy	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Suppliers are required to comply with a code of conduct	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	n/a	n/a
Proportion of suppliers which formally have confirmed their compliance with a code of conduct	100%	100%	62%	62%	60%	60%	86%	86%	99%	95%	92%	90%	n/a	n/a
The company adheres to a policy on anti-corruption and business ethics	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Proportion of relevant workforce which formally has confirmed its compliance with the policy	100%	-	100%	100%	100%	100%	99%	-	100%	100%	100%	100%	n/a	n/a
The company intends to release a sustainability report or an ESG report**	⊕	⊕					⊕	⊕					⊕	⊕
The company includes ESG data in statutory reporting	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
The company is focused on selected UN SDGs	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕
Corporate income taxes paid (DKKm)													269	381

* Only includes members elected by the shareholders as calculated at the end of the year

** All businesses are subject to the Group's ESG report



Governance reporting 2022

Comments

Boards of Directors

Schouw & Co. has set a target of having at least one female shareholder elected board member elected on the Boards of Directors of the Group companies in the Danish reporting class C. BioMar achieved the target in 2021, recording 20% female representation. GPV achieved the target in 2022 with the establishment of the new Board of Directors following the combination with Enics, bringing female representation to 17%. Also in 2022, one of the shareholder-elected members of the parent company's board of directors was replaced, but the new member did not belong to the underrepresented gender, so the company's Board of Directors is still composed of six members, of whom one was a women, corresponding to 17%.

Responsible supply chain management

All Group companies generally work with due diligence systems. All companies have a Supplier Code of Conduct and measures the proportion of suppliers having confirmed their compliance with the Code of Conduct. For several of the Group companies, 2022 was a turbulent year with severe pressure on supply chains. The primary focus was therefore on securing supplies to customers and, consequently, the proportion of suppliers that signed the Code of Conduct did not progress as much as in previous years. Considering the significant challenges faced, the stable development is considered to be positive.

Anti-corruption training

All Group companies are now able to report on the proportion of relevant employees that have confirmed their compliance with the policy on business ethics and anti-corruption. For the first time, both Borg Automotive and BioMar were able to report on this. At BioMar, 100% of the relevant workforce had confirmed their compliance with the policy, while for Borg Automotive the proportion was 99%.

Accounting policies

Board of Directors

Diversity: Proportion of female relative to male shareholder-elected board members for the ultimate portfolio businesses and the parent company. The figure was calculated at 31 December 2021. As there are no board committees in any of the businesses, the number of committee seats occupied by women is reported for the parent company only.

Independence as a board member: The number of independent board members (defined based on the definitions set out in the Recommendations for Corporate Governance) relative to the total number of members in the businesses and in the parent company.

Proportion of suppliers having formally confirmed their compliance with a code of conduct: Measured according to the value of purchases from the suppliers. Approval is obtained if a supplier has signed the businesses' own code of conduct or has its own policy or code of conduct which is consistent with the requirements of the businesses' codes of conduct.

Anti-corruption: Measured on the size of the relevant workforce, i.e. typically management, sales, procurement and others with external-facing roles who have formally confirmed their compliance with the policy. Registration takes place by the individual businesses, which then report the data to the parent company.

Whistleblower scheme: The scheme applies to and data are reported for the Group as a whole. Data are classified as the total number of reports, cases falling within the scope of the system, cases that have resulted in preventive/corrective action and cases referred to external bodies. Reporting is based on the calendar year. Cases being reported during the calendar year will be included, but if they remain open

in the following year, they will not be reported as preventive/corrective action or as having been referred to external bodies until the following year.

Data protection: Schouw & Co. has a group-wide data protection policy, which all businesses are required to comply with.

ESG reporting: All businesses are covered by the Group's ESG report, which fulfils the requirements of the Danish Financial Statements Act.

UN Sustainable Development Goals: The ESG report includes data on whether the Group's companies have committed to selected SDGs as part of their sustainability and ESG efforts.

Corporate income tax paid: The corporate income tax paid for the year is reported. For more information on accounting policies for tax purposes, see Schouw & Co.'s Annual Report. [🔗](#)







Statutory reporting

Risk assessment

Schouw & Co. has performed a general risk assessment that applies to the Group as a whole. In relation to drafting the general strategic ESG framework, all portfolio businesses were required to prepare a materiality assessment on ESG themes. The risk assessment was included which is consistent with the categories defined in section 99a. The materiality assessments will be updated during 2023 and aligned with the upcoming requirements laid down in the CSRD and will consequently include double materiality assessments.

Policies

The Group updated its internal policies in 2021 and 2022. The policies address the areas that, based on the materiality assessment, is consider to be material. The updating of the policies led to a change in the overall structure: The Policy on corporate responsibility now provides a general framework embracing each of the three areas E, S and G: E: Environmental and climate policy; S: Human rights policy, Diversity policy, Employment policy and Occupational health and safety policy; G: Policy on anti-corruption and business ethics.

- 58 Risk assessment and policies (section 99a)
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Risk assessment and policies

ENVIRONMENT (E)

THEME	RISK ASSESSMENT	KEY POLICY POINTS
Environment and climate in general	<ul style="list-style-type: none"> ▶ As the some of our portfolio businesses are extensively involved in large-scale processing of raw materials, our risks in terms of negative environmental and climate impacts are substantial. ▶ The main environmental risks identified in the process referred to above are energy consumption, and by extension also greenhouse gas (GHG) emissions, as well as the environmental impact of raw materials consumed. 	Environmental and climate policy <ul style="list-style-type: none"> ▶ Schouw & Co. invests in companies extensively involved in large-scale processing of raw materials, which have a major climate and environmental impact both during production and throughout the value chain. It is therefore essential that we take responsibility for this and seek to protect the environment and climate by reducing our negative impact. ▶ We have an obligation both to reduce our negative environmental footprint and to focus on sustainable business models that will support the green transition of society. ▶ The use of energy must be made as efficient as possible, and efforts must be made to increase the share of renewable energy in our overall energy consumption. ▶ GHG emissions must be continuously reduced, and portfolio businesses must set reduction targets, at least for scopes 1 and 2, going forward to 2030. ▶ The use of natural resources must be optimised and rendered as efficient as possible. Life cycle considerations should be factored in whenever meaningful. ▶ Biodiversity must be protected as much as possible, and we must ensure sound management of our ecological impact, e.g. in relation to raw materials and other input materials. ▶ Waste volumes are to be reduced, and circular principles implemented whenever meaningful. ▶ The water consumption must be monitored, managed and, where possible, reduced, for instance through water recovery or similar initiatives. ▶ Chemicals must be used responsibly, and due diligence processes must be in place to prevent contamination of the surrounding environment. Hazardous waste must be handled correctly and safely. ▶ Significant environmental factors are monitored continuously by the companies and communicated annually through our external ESG reporting. External stakeholders are involved through the companies' materiality assessment and in other relevant contexts. ▶ The boards of directors of the parent company and of our portfolio businesses review our environmental and climate performance at least annually.
Energy consumption and greenhouse gas (GHG) emissions	<ul style="list-style-type: none"> ▶ The Group generally has high energy consumption as a number of the portfolio businesses operate in the processing industry. The companies use both purchased energy (scope 2) and direct combustion of fuels (scope 1) to varying degrees. This, combined with a number of factory sites in various parts of the world, amounts to substantial GHG emissions, contributing to global warming. 	
Natural resources	<ul style="list-style-type: none"> ▶ Several of the raw materials sourced also involve significant environmental impacts. ▶ This applies mainly to the marine and vegetable raw materials used in fish feed production and various types of plastic granules used in nonwovens production, which have a high climate impact. The production of various electronic components may also involve both water and climate risks in the value chain. 	
Waste	<ul style="list-style-type: none"> ▶ Risks related to waste vary across the Group. Minimising waste is an important business aspect in the processing industry, and in the production of plastic products, recycled plastics are used where possible according to customer specifications, financial considerations, etc. ▶ Electronics production may involve hazardous waste, which is sought minimised. 	
Water consumption	<ul style="list-style-type: none"> ▶ The Group's water consumption is considerable, as water is used in a number of processes in BioMar and Fibertex Nonwovens, among others. Water stress may occur in certain areas, but this is generally not the case, and all regulatory approvals are complied with. 	
Chemicals, hazardous substances, etc.	<ul style="list-style-type: none"> ▶ Risks related to the use of chemicals, hazardous substances, environmental accidents and contamination are generally considered to be relatively low, although hazardous waste may occur, for instance in connection with electronics production and hydraulics. These risks are offset to some extent by the fact that all our portfolio businesses employ environmental management systems in various ways and are generally certified to external standards. 	
Governance and communication	<ul style="list-style-type: none"> ▶ Our portfolio businesses generally handle communication on environmental issues themselves. ▶ Schouw & Co.'s policies set forth various requirements for their overall governance principles, and they report to the parent company at least annually. 	





Risk assessment and policies

SOCIAL (S)

THEME	RISK ASSESSMENT	KEY POLICY POINTS
Human rights	<ul style="list-style-type: none"> ▶ In Europe, human rights are generally protected by national and other legislation, and the risk of violation of fundamental human rights in this region is therefore deemed to be low. However, as the Group generally has an international presence, including in countries characterised as high-risk countries, this is an issue we need to take into account. ▶ Our companies all have a business model that seeks to ensure that they apply the same high standards in all locations where they operate and that they implement processes to prevent the risks. ▶ In respect of certain companies, it is likely that significant risks may occur in connection with the value chains, which is why we are strongly focused on making clear demands on business partners and suppliers. 	Human rights policy <ul style="list-style-type: none"> ▶ Regardless of which country we operate in, we endeavour to observe human rights and to treat our employees with dignity and respect. ▶ We support and respect the protection of internationally proclaimed human rights as set out in the UN Universal Declaration of Human Rights and in the declarations and recommendations of the ILO. ▶ We expect each of our companies to have due diligence processes in place for managing and preventing any negative impact on human rights, including due diligence processes aimed at external business partners such as suppliers.
Social factors and labour rights in general	<ul style="list-style-type: none"> ▶ Schouw & Co. has a strong focus on the Group's employees. ▶ Accordingly, we are exposed to reputational risk in the event the principles and values we adhere to do not filter through to companies in the Group. ▶ Generally, occupational health and safety in settings with varying degrees of manual labour also involves a risk. ▶ Moreover, the skills of our employees are decisive in order for us to deliver the quality and responsibility standards we strive for. 	Employment Policy <ul style="list-style-type: none"> ▶ At Schouw & Co., we believe that results are created by people. We have a long history of giving a high priority to our employees' safety and well-being, and watching out for them is a fundamental aspect of our group culture. Accordingly, we are exposed to reputational risk in the event the principles and values we adhere to do not filter through to companies in the Group.
Child labour, working hours, right to organise and discrimination	<ul style="list-style-type: none"> ▶ Generally, the risk of violation of ILO conventions is assessed as fairly significant given our presence in a number of countries where national legislation cannot always be expected to respect these principles or where they may sometimes be disregarded in common practice. In light of this, the issue is addressed in the Group's policies and practices, which are generally based on high standards ▶ The risk is therefore deemed to be higher in relation to external suppliers, who are consequently required to comply with our high standards, and due diligence processes are in place to follow up on their compliance. 	<ul style="list-style-type: none"> ▶ Schouw & Co. does not tolerate forced or compulsory labour. We do not permit the use of forced labour or labour which is otherwise compulsory or performed involuntarily or under threat of punishment. ▶ We observe all applicable laws, rules and relevant agreements on working hours, overtime work, leave and minimum rest periods. ▶ We seek to eliminate all forms of discrimination in employment. We support equal and fair opportunities for everyone, and we do not tolerate discrimination based on race, ethnic origin, religion, gender, age or disability. ▶ We do not tolerate child labour. We do not employ children under the age of 15 or children who are subject to compulsory school attendance, unless there are exceptional circumstances that make it fully justifiable and even then only to a very limited extent. ▶ We respect our employees' freedom of association and right to organise and bargain collectively.





Risk assessment and policies

SOCIAL (S)

THEME	RISK ASSESSMENT	KEY POLICY POINTS
Occupational health and safety	<ul style="list-style-type: none"> As Schouw & Co. has several companies that operate in the processing industry and/ or with various levels of manual labour, there are risks related to occupational health and safety. The processes are not usually high-risk, but accidents may occur, and it is therefore important that we address the health and safety of our employees. 	<p>Occupational health and safety policy</p> <ul style="list-style-type: none"> Schouw & Co. acknowledges that, as a responsible company, we must safeguard our employees' occupational health and safety. Personal safety is always given top priority. No matter how serious, work-related illness or accidents are basically always unacceptable, as less serious incidents could point to a risk of more serious incidents. The Group's portfolio businesses must make continual efforts to improve the occupational health and safety and minimise work-related risks. Our fundamental approach to occupational health and safety must be reflected in all portfolio businesses.
Diversity	<ul style="list-style-type: none"> As an international conglomerate, there is a natural diversity among the Group's nearly 15,000 employees, and it is important that we respect this. On the other hand, there is a risk that not all members of the Group comply with our policies and principles. When it comes to gender diversity, for example, the Group companies are obviously operating in fairly male-dominated industries with an unequal gender distribution in nearly all cases both generally and at the companies' management levels. This involves the risk that we lose the skills and talent of individuals who are not afforded the right opportunities. At the same time, recruiting people will become harder if we appear to be out of step with society. 	<p>Diversity Policy</p> <ul style="list-style-type: none"> Schouw & Co. is built on the fundamental view that results are created by people. In that context, Schouw & Co. considers diversity a strength that can make a positive contribution to growth, risk management and value creation for the Group. In addition, diversity of skills and backgrounds is seen as a factor that can contribute to enhancing the quality of the work performed by management and the interaction in and between the company's management levels. Having a presence in more than 30 countries across the globe, the Group has a diverse workforce and access to talent. We must be aware of any structures that pose a challenge to equal access and opportunities and proactively seek to eliminate them. This will increase our access to talent and offer competitive advantages.

GOVERNANCE (G)

THEME	RISK ASSESSMENT	KEY POLICY POINTS
General business ethics	<ul style="list-style-type: none"> Schouw & Co. is founded on strong values and has a long history and tradition. Our corporate culture is generally characterised by integrity, but since we operate internationally across several different companies, there is a risk that not everyone adheres to these values. However, this is countered by an approach whereby we invest in companies that operate according to the same fundamental values and apply the same approach to their locations internationally to ensure high standards across the Group. 	<p>Policy on anti-corruption and business ethics</p> <ul style="list-style-type: none"> Over the years, Schouw & Co. has built a reputation as a company maintaining a high degree of integrity and ethical conduct. Based on our fundamental values, we are committed to a high degree of ethical integrity in the way we conduct business.
Anti-corruption	<ul style="list-style-type: none"> Generally, our portfolio businesses do not have much contact with public authorities and the sectors they operate in do not involve a high risk of corruption. However, the businesses have a presence in several countries characterised as high-risk countries, and it is therefore important that employees are aware of our guidelines and trained in understanding them. 	<ul style="list-style-type: none"> Schouw & Co. combats all forms of corruption, including bribery and facilitation payments. We strive to ensure that all relevant employee groups are trained in good business ethics on a regular basis, including anti-corruption.



Statement on diversity

pursuant to sections 99b and 107d of the Danish Financial Statements Act

Diversity at Schouw & Co.

Schouw & Co. is an international group with a natural level of diversity. In order to benefit as much as possible from the competencies and talent available, Schouw & Co. prioritises ensuring diversity throughout the Group and ensuring increased representation of diversity at all management levels of the Group. Schouw & Co. updated its diversity policy in December 2022, which is available on the website: www.schouw.dk/en/cg. The purpose of this policy is to increase and safeguard value creation in Schouw & Co. by focusing on increasing the relevant diversity in the company and at its management levels. In accordance with the updated requirements laid down in section 99b of the Danish Financial Statements Act and section 139c of the Danish Companies Act, which come into force in 2023, similar policies were adopted for all the Group's subsidiaries subject to these provisions.

As set out in Schouw & Co.'s diversity policy, the purpose of the company's targets and efforts on diversity is to ensure a corporate culture that supports diversity. It is important that no barriers of opinion or assumption (whether or not deliberate) exist that would restrict diversity or counteract equal employment or career opportunities, regardless of seniority, age, gender, ethnicity etc. The company wants relevant diversity to be reflected at all levels of the organisation and considers diversity a strength that makes a positive contribution to growth, risk management and value creation.

Policy for increasing the proportion of the underrepresented gender

The policy specifies the Group's responsibility to work for a higher degree of gender diversity in management. Schouw & Co. wants to be an attractive and stimulating workplace that attracts and retains the most qualified employees, and we want equal career opportunities for all employees – regardless of gender. Among other things, the policy specifies that recruitment and appointment procedures support an inclusive culture for both genders and that when appointing managers, we must strive to always have at least one of each gender among the final candidates.

Targets for the gender composition of management

The appendix to the policy specifies targets laid down by the Board of Directors for the proportion of the underrepresented gender at management levels:

As a long-term goal, Schouw & Co. wants to achieve equal gender distribution on the company's Board of Directors and its other management levels. An equal gender distribution is considered to be each gender making up at least 40 per cent of the individual management layers. Furthermore, the company's Board of Directors has defined short-term targets for the shareholder-elected proportion of the underrepresented gender on the company's Board of Directors:

• **Targets in per cent for the underrepresented gender on the Board of Directors:** *Our goal is for the proportion of the underrepresented gender on the Board of Directors of Schouw & Co. to be at*

least two out of a maximum of seven shareholder-elected members of the Board of Directors, corresponding to a representation of at least 28.57%.

• **Targets in per cent for the underrepresented gender at the company's other management levels:** *Our goal is for the proportion of the underrepresented gender at the company's other management levels to be at least 33.33% by 2025.*

In 2022, one of the shareholder-elected members was replaced, but as the new member did not belong to the underrepresented gender, the company's Board of Directors at 31 December 2022 was still composed of six members, one of whom is a woman.

A target has also been set for the Group that all of its Danish reporting class C companies should have at least one female board member elected by the shareholders in general meeting by 2025. The Group has eight companies in the relevant Danish reporting

class. They relevant companies are: BioMar Group A/S, BioMar A/S, GPV Group A/S, GPV International A/S, HydraSpecma A/S, Borg Automotive A/S, Fibertex Personal Care A/S, Fibertex Nonwovens A/S.

BioMar Group A/S achieved the target of one female board member in 2021, while GPV Group A/S, a newly founded company in 2022, achieved the target when the board was established, with one woman out of six shareholder-elected members. The other companies have no shareholder-elected women on the board, and thus did not meet the target in 2022. In some of the companies, there were no changes on the board of directors during the year, and where changes were made, they did not increase the proportion of females. From 2023, the subsidiaries adopt their own diversity policies and targets in accordance with the updated requirements of the Danish Financial Statements Act and the Danish Companies Act.

Proportion of women among staff and management

	2022	2021	2020	2019	2018	2022	2021	2020	2019	2018
	Management					All employees				
■ Parent company Schouw & Co.	17%	17%	20%	20%	20%	35%	40%	43%	43%	38%
■ BioMar	22%	20%	20%	20%	22%	22%	21%	21%	20%	20%
■ GPV	41%	34%	34%	34%	32%	59%	61%	60%	62%	55%
■ HydraSpema	16%	16%	17%	17%	18%	21%	22%	22%	23%	23%
■ Borg Automotive	33%	26%	16%	16%	14%	37%	36%	35%	38%	35%
■ Fibertex Personal Care	22%	25%	34%	34%	32%	16%	16%	17%	16%	15%
■ Fibertex Nonwovens	23%	23%	20%	20%	26%	24%	23%	23%	23%	24%



Statement on data ethics

pursuant to section 99d of the Danish Financial Statements Act

Description of the company's policy on data ethics

Schouw & Co. adopted a policy on data ethics in 2021 as part of its general internal guidelines. The policy is available on the Group's website at www.schouw.dk/en/cg and sets out requirements of maintaining a high standard of data integrity, which is considered essential in order to ensure the trust of business partners, employees and the general public. Furthermore, the policy recognises the Group's responsibility in relation to data collection and data processing, including the responsibility for ensuring that technical and organisational measures support the ethically responsible use of data. The purpose of the policy is also to express expectations for the Group's companies.

As data work can be very context-specific, the policy does not provide a specific description of the procedures and measures to be introduced by the Group's companies with a view to ensuring compliance with the data ethics values. The policy serves to provide guidance on the Group's general view on data ethics issues, while the day-to-day work on data ethics and data security takes place in the Group's companies, which are responsible for integrating the policy guidelines into day-to-day operations and implementing the data ethics framework and targets laid down by Schouw & Co. Each individual company decides what new technology to integrate.

The companies of Schouw & Co. are characterised by a relatively low level of data complexity. They operate exclusively in B2B markets and process a limited amount of personally identifiable data. Such processing typically takes place in connection with the collection of data that are relevant and required in an employment law context. Other types of data are collected and used in a more business-specific context and always in compliance with the Group's principles for responsible data use.


When processing data in general, the companies are expected to comply with the Group's policy on data ethics and the fundamental principles stated therein: responsible conduct, purpose limitation, data minimisation, lawfulness, fairness, transparency, accuracy, integrity, confidentiality and storage limitation.

Actions and initiatives during the year

Cybercrime and unauthorised access to data pose a continuous risk to the Group's companies. They are therefore expected to ensure the implementation of adequate security levels in and around the systems and technologies used for data storage and processing. Security measures must be implemented at both the technical and the organisational levels, and the required security level is determined on the basis of a risk assessment of the specific processing activity and the technology applied to process the data.

Cyber and data security was a focus area for several of the Group's companies in 2022. Some of them have hired external consultants to help test their resilience against different types of attacks and provided employee awareness training, for instance concerning phishing and how to act to ensure responsible handling of data. Several companies also worked on implementing new IT systems with heightened focus on data security, including HR systems for handling employee data and CRM systems for handling customer data.

In 2022, GPV was certified to ISO 27001, which is an information security standard setting out requirements for a company's policies, procedures and guidelines, including requirements for employee skills in this area, so the company now has documented high standards in the area of information security.

Data security is an issue of increasing priority among all Group companies, with each of them being responsible for ensuring correct and secure handling of data, as Group-wide IT systems exist only to a limited extent. 



Responsible approach to tax

Schouw & Co. takes the general approach that tax should be paid in the countries where earnings are generated. Through its presence in more than 30 countries, Schouw & Co. contributes significantly to local communities and national institutions through its tax payments. In this way, the Group contributes positively and specifically to several of the UN Sustainable Development Goals, including goal 11 (Sustainable Cities and Communities) and goal 16 (Peace, Justice and Strong Institutions).

Tax policy of Schouw & Co.

The Schouw & Co. Group takes a responsible approach to tax, which has been specified in the Group's tax policy. The policy is available on the Group's website at www.schouw.dk/en/cg. The policy applies to all group companies, all of which are required to comply with both national and international tax legislation. The tax policy covers all types of direct and indirect taxes. The Executive Management of Schouw & Co. is responsible for implementing the tax policy, whereas the Group's tax function is charged with ensuring that the tax rules are complied with.

The policy stipulates that the Schouw & Co. Group may not take part in activities in low-tax countries or tax havens on the EU blacklist. Furthermore, the Group may not participate in tax structures with high risk or the like that may involve reputational risk. As the Group conducts transactions across national borders, Schouw & Co. is under an obligation to

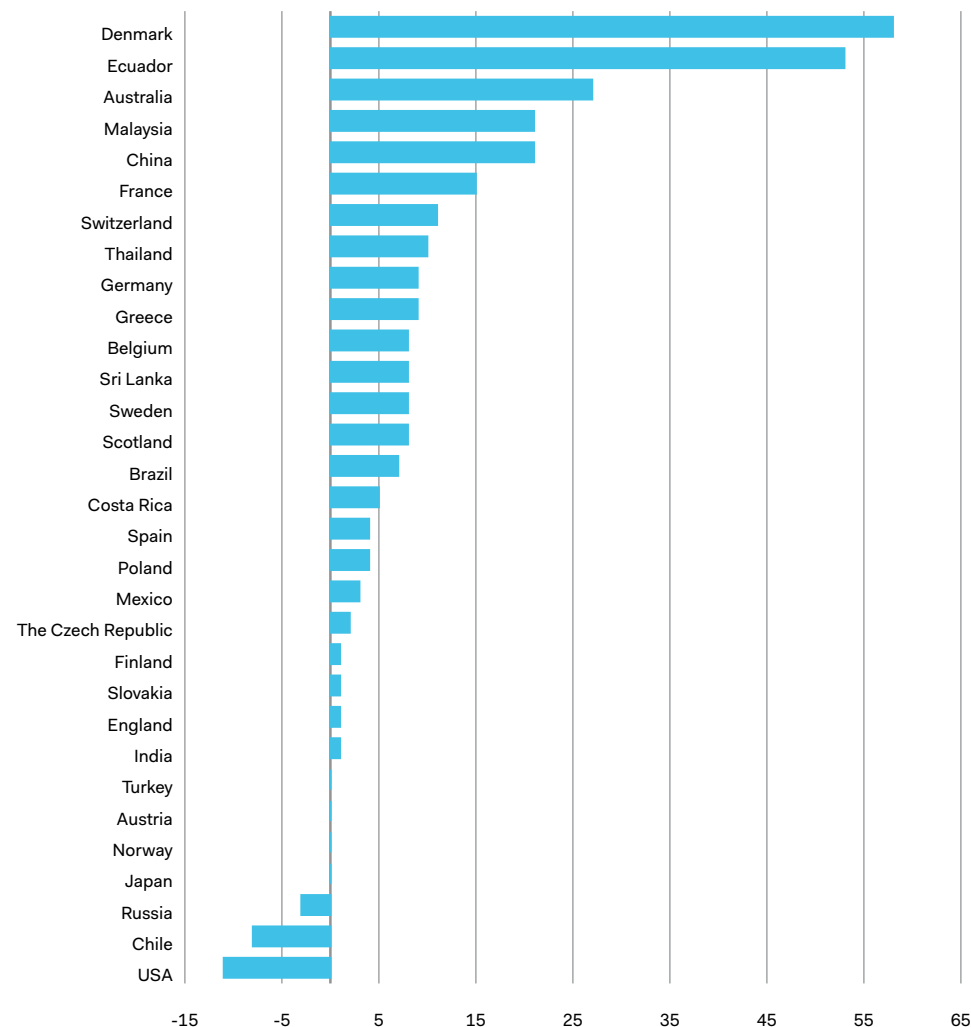
ensure that such transactions are completed on an arm's length basis in accordance with the OECD Transfer Pricing Guidelines and local tax rules.

Taxes in 2022

Corporate income tax paid primarily covers tax paid for the current year or prior years. Most of the tax paid by the Group in 2022 consisted of income tax paid on account in respect of 2022. Total tax paid declined from DKK 381 million in 2021 to DKK 269 million in 2022. This lower figure was due to a number of factors, including tax refunded in 2022 as the tax paid on-account in 2021 exceeded the actual amount payable, and a tax payment of DKK 16 million made by the Group in 2021 in connection with a closed tax case. For detailed information, see note 24 in Schouw & Co.'s Annual Report.

In 2022, BioMar acquired Australian aquaculture tech business AQ1, including a minor subsidiary in Panama. Panama is on the EU's list of non-cooperative jurisdictions. The company has a few employees, who provide customer support to the parent company AQ1's customers in Central America against payment from the parent company. The company's costs are covered by AQ1 plus a small margin, and it has no external revenue. The Group's ownership of the company in Panama is therefore deemed to be within the scope of the policy. ☒

Exhaustive presentation of income taxes paid by country



In addition to the countries listed, the Group has activities in Estonia, the Netherlands, Panama, Portugal, South Africa and Vietnam, in which countries the Group paid no income tax in 2022 in accordance with local tax legislation.

EU Taxonomy reporting

pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council

The purpose of the Taxonomy Regulation and the associated delegated acts is to establish a common framework for classifying environmentally sustainable economic activities. Companies reporting on corporate responsibility under the Non-Financial Reporting Directive must disclose whether their economic activities are eligible under the taxonomy and whether they are in alignment with the criteria of the taxonomy. Companies must report both on revenue, CapEx and OpEx.

Article 9 of the EU Taxonomy Regulation defines six climate and environmental objectives. In order for economic activities to be considered taxonomy-aligned, they must contribute substantially to at least one of the objectives and must not have do significant harm (DNSH) to the other objectives. Only two delegated acts for climate change have been adopted, while delegated acts for the remaining four objectives are outstanding.

Assessment of eligibility and alignment

Being a diversified conglomerate, the Schouw & Co. Group is widely exposed to various different sectors, including in particular aquaculture, electronics manufacturing and the production of nonwovens. It had been expected that delegated acts would be adopted for the remaining environmental objectives in the course of 2022, in which both electronics and nonwovens were described, but these are currently in draft versions only. Accordingly, the economic activities of Schouw & Co. are still in very limited degree taxonomy eligible.

Revenue

Only close to 2% of the Group's total revenue is currently taxonomy-eligible. The Group only has activities matching category 3.1 *Manufacture of renewable energy technologies*, i.e. the production of components used in wind turbines, primarily at HydraSpecma. 3.1 is an enabling activity, for which the only technical screening criterion is that the production concerns renewable energy technologies. Accordingly, the Group finds that all the related revenue is aligned with the requirement of contributing substantially to the objective. The Group also finds that significant procedures are in place to ensure that both the Do No Significant Harm (DNSH) criteria are satisfied, including certified environmental management systems, and that the Minimum Safeguards criteria, including due diligence in the area of human rights, are satisfied according to the *Final Report on Minimum Safeguards (Oct 2022)*.

OpEx

Taxonomy-eligible OpEx currently relates to the eligible revenue, and accordingly a very small proportion of the Group's total taxonomy OpEx in this case as well. This means that aligned OpEx is related to the maintenance costs of the assets that manufacture renewable energy technologies.

CapEx

Taxonomy-eligible CapEx, on the other hand, represents a larger share due to the Group's additions of assets related to the following

categories: 7.1 *Construction of new buildings*, and 7.6 *Installation, maintenance and repair of renewable energy technologies*.

In practical terms, this means in Schouw & Co.'s case that additions of new buildings, including through acquisitions, and installation of solar panels and heat pumps at the production units are included as eligible, resulting in close to 16% of the Group's CapEx being eligible. In the Group's view, the only activities that are in alignment are activities under 7.6 and the part of CapEx that is related to eligible revenue, i.e. 3.1, which is CapEx related to production for wind turbines.

Regarding 7.6, the primary activity is the installation of solar panels, see point 7.6 (a), and there is only one DNSH criterion related to climate change adaptation under 7.6. Furthermore, the related minimum safeguards are considered to be in place in the form of Codes of Conduct and supplier screening. However, this only amounts to just under 1% alignment.

As for additions of new buildings related to 7.1, which also include all additions related to acquisitions, there is currently no documentation to show that they are in alignment with the

requirements for buildings as described in the technical screening criteria in 7.1 and these activities are therefore not aligned.

Accounting policies

Revenue: The Group's revenue is specified in note 2 to the financial statements and is in alignment with point 1.1.1 of the supplementing Annex 1 of the European Commission of 6 July 2021.

CapEx: Defined as additions of property, plant and equipment and intangible assets as specified in notes 10 and 11 to the financial statements and considered to be in alignment with the definition set out in point 1.1.2 of Annex 1.

OpEx: Defined on the basis of point 1.1.3 of Annex 1 and related exclusively to building renovation, repair and maintenance as well as other direct costs related to building assets.

Double counting: As no environmental objectives are included other than the two climate objectives, and on the basis of the relatively few areas that are taxonomy-eligible, no risk of double counting is deemed to exist. ✕

	Total (DKK million)	Eligible	Eligible (%)	Aligned	Aligned (%)
Revenue	32,637	594	1.8%	594	1.8%
Taxonomy CapEx	2,366	374	15.8%	20	0.9%
Taxonomy OpEx	427	8	1.9%	8	1.9%



EU Taxonomy reporting

KPI OVERVIEW

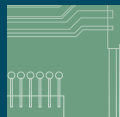
Economic activity	Absolute (DKKm)	Proportion, %	Substantial contribution					Do No Significant Harm					Minimum safeguards	Taxonomy-aligned proportion in 2022	Enabling activity	Transitional activity
			Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy				
A. REVENUE, TAXONOMY-ELIGIBLE																
A.1: Taxonomy-aligned																
3.1 Manufacture of renewable energy technologies	594	1.8%	J												1.8%	J
A.1 Revenue, taxonomy-aligned	594	1.8%													1.8%	
A.2 Eligible but not aligned	0	0.0%														
Total (A.1+A.2)	594	1.8%														
B. REVENUE, TAXONOMY NON-ELIGIBLE																
Revenue, non-eligible activities	32,043	98.2%														
Total revenue (A+B)	32,637	100%														
A. CAPEX, TAXONOMY-ELIGIBLE																
A.1: Taxonomy-aligned																
3.1 Manufacture of renewable energy technologies	8	0.4%	J					-	J	J	J	J	J	J	0.4%	J
7.6 Installation, maintenance and repair of renewable energy technologies	12	0.5%	J					-	J	n/a	n/a	n/a	n/a	J	0.5%	
A.1: CapEx, taxonomy-aligned	20	0.9%													0.9%	
A.2 Eligible but not aligned																
7.1. Construction of new buildings	353	14.9%	N					-	-	-	-	-	-	-		
Total (A.1+A.2)	374	15.8%														
B. CAPEX, TAXONOMY NON-ELIGIBLE																
CapEx, non-eligible activities	1,991	84.2%														
Total CapEx (A+B)	2,366	100%														
A. OPEX, TAXONOMY-ELIGIBLE																
A.1: Taxonomy-aligned																
3.1 Manufacture of renewable energy technologies	8	1.9%	J					J	J	J	J	J	J	J	1.9%	J
A.1 OpEx, taxonomy-aligned	8	1.9%													1.9%	
A.2: OpEx, eligible but not aligned	0	0.0%														
Total (A.1+A.2)	8	1.9%														
B. OPEX, TAXONOMY NON-ELIGIBLE																
OpEx, non-eligible activities	419	98.1%														
Total OpEx (A+B)	427	100%														

RELEVANT LINKS

To know more about our portfolio businesses, go to their respective websites



BioMar
www.biomar.com



GPV
www.gpv-group.com



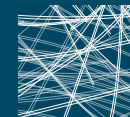
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