

HydraSpecma Environmental Policy

Purpose of application

We, at HydraSpecma, acknowledge the global challenges and environmental disturbances which ravages the earth, and our share in the long-time emergence of the problematics. Why we, at HydraSpecma, strive to take responsibility for our environmental and climate impacts throughout our value chain, and wish to prevent and control potential risks we endure the environment.

We, At HydraSpecma, have performed an environmental-materiality assessment based on SASB Materiality finder for reckoning our processes, to help identify where we have negative environmental impact, which needs to be delt with abruptly. We consider use of resources, energy consumption, emitted CO₂e emission, and waste to be our most material impact on the environment across the value chain. Our environmental initiatives are based and calculated according to the internationally accepted framework of the Greenhouse Gas Protocol.

Scope of application

The fundamental principles of this policy applies to all HydraSpecma's employees, operations, and operational sites. The measures of this environmental policy are an integrated part of HydraSpecma, ensuring timely and relevant environmental practices across our corporate activities and value chain. Environmental awareness across our corporation ensures high employee engagement and HydraSpecma's commitment to an environmentally positive corporation.

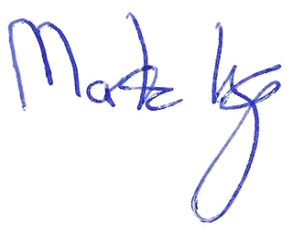

We will, among others, be working actively for reducing energy consumption and CO₂e emission, ensure waste management and enhance material usage thereof through recycling, integrate environmental assessments and embedding a circular-mindset and sustainable development for:

- Reduce direct and indirect energy (Scope 1 and 2) consumption and CO₂e emissions with 50% relative to output
- Reduce the total environmental impact in our value chain (Scope 3) 45% relative to output
- Reduce water consumption relative to output
- Enhance material utilization efficiency and reduce waste by increasing recycling relative to output
- Continuously improve our performance towards zero impact
- Integrate environmental assessments and a circular mindset in all decision-making across the value chain
- Promote more sustainable processes and products
- Engage with our suppliers, in stakeholder dialogue and partnerships towards sustainable procurement practices
- Comply with legal requirements and report our progress to stakeholders in a timely and transparently

Roles and responsibilities

Our Environmental Policy apply to all prospective and current employees of the company.

Policy Authorized	Policy Owner	Last review	Next review
Morten Kjær Group CEO	Daniel S. Andreasen Head of Group Strategy & ESG	11/06 - 2024	11/06 - 2025

	
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We report on our environmental performance indicators and measurement units through our acquired sustainable software, Position Green. Yearly, our sustainable achievements are published at a minimum with our owners, Schouw & Co, in their annual ESG report.

HydraSpecma environmental principle

Environmental law and regulation compliance

HydraSpecma's environmental policy for employees, corporate operations and value chain must comply with international requirements, (if applicable) ISO standards and national/local legislation.

Environmental management practices

We, at HydraSpecma, manage our corporate environmental performance through a sustainable management software, Position Green, and KPI's, and our operational sites are certified according to ISO 14001.

HydraSpecma environmental and sustainable transparency

HydraSpecma's assessment of impacts, risk and opportunities are performed by HydraSpecma ESG responsible, results of environmental and sustainable measures are reported monthly and reported yearly according with relevant reporting standards and EU legislation.

Continuous environmental performance improvements

We, at HydraSpecma, strive to provide guidance and training to promote corporate responsible environmental performance at all levels of HydraSpecma's organization and where applicable

towards our value chain. All aspects of HydraSpecma work to improve our environmental performance.

As we strive to regularly revisit our materiality assessment, we will make process/managing changes to ensure that these conditions do not deteriorate and that new material environmental areas are handled accordingly if such should occur.

HydraSpecma material environmental areas and actions

Environmental reporting

To ensure continuous development and measurement units towards our 2030 sustainability strategy goals, we are implementing practices for reporting on environmental performance across all HydraSpecma's operational sites.

Our operational sites are certified according to ISO 14001, environmental management. The ISO 14001 certified Environmental Management system ensures continuous improvements through a systematic approach and audits (internal and external).

Action:

We have implemented a sustainable management software, Position Green, for collecting sustainable data from each operational site in HydraSpecma. The software's setup is intuitive and guides the individual user when reporting data. Each sustainable data-point requires data proof for completion, which ensures transparency and quality when reported.

To improve our reporting activities, we are transitioning our practices from yearly environmental reporting to monthly reporting. This transition will improve the data transparency and provide a timely image of our performance, enabling us to work targeted with our environmental goals towards 2030.

Reporting of our environmental measures are allocated to relevant personnel at each operational site of HydraSpecma, thus combined, covering environmental measures on HydraSpecma group level.

Energy consumption - Greenhouse gas emissions and Climate impact mitigation

We, at HydraSpecma, are aware that our operational sites and daily operational activities emit direct and indirect emissions, which has a negative impact on the climate.

The production of HydraSpecma's products is an energy-intensive operation in terms of acquiring materials and components for our manufacturing and product development processes. We are therefore dedicating our efforts towards reducing our energy consumption, direct and indirect emissions, across all operational sites and invest in green energy solutions for mitigating these.

Action:

We do climate accounting according to the Greenhouse Gas Protocol on Scope 1 + 2, baselined in 2020 and are continuously looking for improving our own emissions through process optimization, renewable energy investments, guarantee of origin-based Certificates and renewable power

purchase agreements, leading to mitigation of our non-renewable energy sources. We aim to reduce our Scope 1 + 2 emission with 50% relative to output by 2030.

We have implemented a sustainable software, Position Green, for collecting data on amongst other energy usage across all operational sites of HydraSpecma. The outcome of such reporting and thus monitoring practice, enable us to set appropriate KPIs towards our 50% reduction target for our 2030 goals and reduce general energy consumption across all operational sites on HydraSpecma group-level.

Waste management - Resource use and recyclability

We, at HydraSpecma, understand the importance of efficient material usage and its effect on the environment if not handled correctly when producing/assembling our products, why we are committed to minimizing waste hereof.

Some of our operational processes generates waste suitable for recycling, where others, inevitable, is classified as general waste for incineration. We are committed to minimizing waste production by employing reduction, re-use, and recycling techniques at every stage of our operation.

Waste handling and legislatives differentiate from country to country. As HydraSpecma is globally present, we strive to take the best practices for waste management and implement them on group level.

Action:

First and foremost, we follow national waste management legislation on waste fractions and conduct responsible waste handling and separation through implemented waste management practices.

Towards achieving our 2030 sustainable strategy goals, we are committed to ensure that all our operations and activities are fully compliant with the Greenhouse Gas Protocol on Scope 3 category 5 – Waste generated in operations. We have implemented a waste monitoring system, through our sustainable software, Position Green, enabling us monitoring our total waste generated and reporting emissions on all waste-types (solid, gaseous, liquid, or hazardous) across all HydraSpecma's operational sites, to ensure continuous improvement and targeted measures for mitigation.

External stakeholders collect all waste-types in different intervals. Our reusable waste is collected and picked-up for correct recycling outside of HydraSpecma.

Responsible chemical management

We, at HydraSpecma, are committed to upholding the highest standards of environmental and regulatory compliance in our operations. We follow all local legislation on chemical management and takes necessary precautions for our own employees and the environment, as we are aware of its environmental impacts if not properly handled and contained.

Action:

To ensure correct practices for chemical management compliance, we have implemented a responsible chemical management system for systematically and holistically approaching use of chemicals. These practices include risk assessment on chemical products to ensure proper transportation, storage and disposing, secure usage with correct PPE and that all users know what safety-actions to take in case of spillage.

At HydraSpecma we have taken clear Health and safety measures for our employees, to ensure a maintained and safe environment. Our inventories and operational processes are screened on an annual basis and new legislation is monitored according to ISO 14001 and ISO 45001 standards.

We acknowledge our responsibility to adhere to REACH regulations by ensuring that all substances of very high concern (SVHC) are identified and reported as required. It is mandatory for all European companies to comply with REACH and it is in HydraSpecma's continued interest to remain so. We are continuously monitoring updates from European Chemical Agency (ECHA), who operate REACH, and new releases to the SVHC list. We are constantly in dialog with our suppliers to secure an on-going compliance and the potential need for declarations.

We are committed to the RoHS directive's principles by restricting the use of hazardous substances in our products. Our manufacturing and product development processes strictly adhere to the RoHS guidelines, ensuring that our products are RoHS compliant. It is mandatory for all European companies to comply with RoHS and it is in HydraSpecma's continued interest to remain so and also in this matter we are constantly in dialog with our suppliers to secure an on-going compliance and the potential need for declarations.

Water management and quality

We, at HydraSpecma, strive to reduce and eliminate our environmental impact. Through monitoring, we are aware that our water usage is limited to kitchen-, sanitation-, cleaning activities, and machine coolant, with no contact to pollutant chemical substances.

Action:

In terms of water quality, we follow the ISO 14001 standard to ensure continuous improvement.

We monitor our water usage, where withdrawal is equal discharge, to enhance improvements and collect all potentially polluted water to ensure it is discarded in a safe and secure manner. Water used for machine coolant is reused directly in the machine.

We share the ambitions set in the EU Water Framework Directive (2000/60/EC) and are taking active measures to secure clean water for future generations. We follow all local national legislation on water treatment and surface water treatment.

Emissions in the value chain - Sustainable Procurement

We, at HydraSpecma, are aware of the importance of taking responsibility for one's environmental impact throughout the value chain. We have a large contact surface globally, both in terms of upstream and downstream as a result of our business model activities, why our responsibility for mitigating environmental impacts extends to our entire value chain.

We strive for implementing sustainable procurement practices and ensured negative environmental impact mitigation throughout the value chain, by continuously initiating in close dialogue with our suppliers and customers.

Action:

In 2023 we initiated our Scope 3 emission calculations by mapping our greatest environmental impacts in the value chain, according to the Greenhouse gas protocol, baselined in 2021. We aim to reduce our Scope 3 emission with 45% relative to output by 2030, by working actively with- and engaging in partnerships with our value chain stakeholders.

We work to extend our sustainable goals to our stakeholders, why we interact with them to ensure compliance with our policies. To ensure compliance, we have made direct contact with suppliers for environmental data. Going forward, this element will be strengthened by continuously sending out questionnaires for signature to code of conduct, material bans and data proof.

Scope 3 reporting-practices are being implemented in our sustainability software, Position Green, for a systematic and transparent approach to reporting our environmental performance across the value chain. Our engagement in Scope 3 value chain emission calculations, enable us to commit to Science Based Targets, for concrete and scientific sustainability goals.

Biodiversity, land conservation and animal welfare

We, at HydraSpecma, are aware of the importance of securing the environment and the areas we are operational long term, why we are against operations involving significant land use or animal testing. Our corporate processes are not contributing to any these issues directly, why it is assessed as immaterial for us to report on. However, we find it important and necessarily to address that *HydraSpecma do not support deterioration of biodiversity, land conservation or use of animals in corporate processes.*

Action:

At HydraSpecma we continuously ensure that we are not responsible for any deterioration of biodiversity, land conservation or use of animals in our corporate processes. We follow all local legislation on chemical management and takes necessary precautions for our own employees and the environment, as we are aware of its environmental impacts if not properly handled and contained.