

POWERING A BETTER FUTURE

ESG REPORT 2022

SVANEHØJ

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About This Report

This Environmental, Social, and Governance report covers the activities of Svanehøj Danmark for the financial year January 1, 2022 to December 31, 2022. Our efforts and performance of 2022 as well as our future ambitions are presented in this report.

The report represents the corporate social responsibility of Svanehøj Danmark A/S as required by sections 99a and 99b of the Danish Financial Statements Act. At Svanehøj, we strive to maintain the same level of governance and scrutiny of our ESG data as we do of our financial data, including aiming for reasonable assurance from our auditors by 2024.

This report list numbers in point decimal format. 1.200,000.75 = One million two hundred thousand point seventy-five.

At Svanehøj, we are dedicated to the green energy transition – actively contributing to a greener world through close partnerships and trusted future-proof solutions.

Svanehøj is positioned as a facilitator for the green transition, being a leading specialist in handling critical liquids and cryogenic fuel solutions with a renewable-ready product portfolio.

For nearly a century, we have been dedicated to developing high-quality pumps for fuel systems and cargo handling solutions for the shipping sector, as well as delivering reliable gauges and instrumentation for liquefied gas storage tanks for land terminals.

Our solutions have a material positive impact on the environment through a significant reduction in carbon emissions. Deliveries of the Svanehøj Fuel Pump System for LNG/LPG in 2022 alone are expected to help our customers in preventing 38.8m tons of carbon emissions from being released into the atmosphere.*

More importantly, our existing products and solutions across segments are already designed

and prepared for all types of liquid gases, including LNG, LPG, and any of tomorrow's carbon-free Power-to-X technologies (e.g. ammonia, methanol, hydrogen etc.).

Additionally, with our extensive experience in transportation and handling of liquefied CO₂, we are also set to play an important role in the development of the global carbon capture and storage (CCS) infrastructure.

Being part of the marine industry, which accounts for approximately 3% of the world's CO₂ emissions, we fully understand the need and urgency to reduce CO₂ emissions and switch to carbon-neutral fuels. Svanehøj has set ambitious targets, but we also know that without them and without like-minded partners, we will not achieve our goal of Powering a Better Future.

* Please refer to page 7 for a detailed description of the product impact assessment calculation.



Our solutions make a material impact: deliveries of the Svanehøj Fuel Pump System for LNG/LPG in 2022 alone are expected to help our customers in preventing 38.8m tons of carbon emissions from being released into the atmosphere.



To put 38.8m tons of carbon emissions into perspective, this corresponds to 601,550 average-sized petrol cars in Denmark, driving an average of 20,000 km per year for 25 years.



38.8M TONS

The volume of carbon emissions expected to be avoided from vessels equipped with Svanehøj fuel pumps delivered in 2022.*

A PRODUCT IMPACT ASSESSMENT

The need for decarbonization requires leaving fossil fuels behind for better alternatives.

At Svanehøj, we are very proud of our purpose and take great pride in our involvement in the transition to net-zero fuels in the maritime sector. We supply full-scale solutions that accommodate all future fuel types and are tailored to the needs of our customers.

Our product impact assessment presents our contribution to decarbonization in the maritime sector through the supply of our fuel pumps to operating vessels in 2022. The calculation is based on vessel type, size, and fuel type as stated in our reference list of delivered fuel pumps, combined with vessel specifications, data, and voyage assumptions from Clarksons Research, the world's largest shipping services provider, and carbon (CO2) emission factors from European Union regulations. As vessels, and Svanehøj's pump solutions, typically have a lifetime of 20-35 years, the assessment is based on a 25-year lifetime period.

Our product impact assessment will be updated on a yearly basis with the latest and most applicable data sets. Currently, we can conduct calculations for only 45% of our 2022 reference list paired with the relevant vessel specification, data, and voyage assumptions. Consequently, we have chosen to extrapolate the result for our complete reference list. The missing data will be available in the future.

As a result of sailing on lower emission fuels such as LNG or LPG, we estimate that deliveries of the Svanehøj fuel pump systems in 2022 alone will help our customers in preventing 1,553,688 tons of CO2 from being released into the atmosphere annually. Our product lifetime assessment, based on a 25-year lifetime, reveals that our deliveries of the Svanehøj fuel pump in 2022 will help our customers in preventing an overall 38,842,222 tons of CO2 from being released into the atmosphere.

This is equivalent to the carbon emissions emitted from 31 container vessels (15,000 TEU) running on heavy fuel oil and operating for 25 years (350 operating days per year). With approx. 6,000 container vessels globally, the transition towards greener fuels in the maritime industry is a key enabler in reducing carbon emissions. To put 38.8 tons of carbon emissions into perspective, this corresponds to 601,550 average-sized petrol cars in Denmark, driving an average of 20,000 km per year for 25 years.**

The current calculation is based on LNG/LPG, and given that our solutions are ready for Power-to-X fuels, the impact is expected to be significantly higher with the development and supply of carbon-free fuels.

*Disclaimer: Svanehøj is currently disclosing our Scope 1 and 2 greenhouse gas emissions on a yearly basis. In 2023, we will calculate and establish our Scope 3 greenhouse gas emissions baseline. Our product impact assessment is not included nor associated with the Scope 1, 2, and 3 emissions reporting framework established by the Greenhouse Gas Protocol. Instead, we are reporting, in collaboration with our customers, the expected amount of avoided emissions.

**The product impact assessment is based on CO2 (carbon dioxide) emissions, and does not include other greenhouse gases from the Kyoto Protocol. It is also worth mentioning that LNG contains very little sulfur, and by utilizing reduction technologies, it emits low amounts of NOx (nitrogen oxide) and SOx (sulfur oxide).



As a green transition leader, we focus strategically on our goals and developments toward a greener future.



LETTER TO OUR STAKEHOLDERS

The shipping sector needs to switch to carbon-neutral fuels faster than anyone could imagine. This has a huge impact on Svanehøj and on our future, which is why we, as a company, need to take action and serve as an inspiration for others to follow.

At Svanehøj, we fully understand the urgency of reaching net-zero emissions and why sustainability must be central to everything we do. That is why our ESG performance is a priority in our new corporate strategy, Let's Grow Together, launched in 2022.

With the green transition moving to the top of the agenda, our new strategy prepares us for the rapid change and will help us seize the many new opportunities that follow. We have the expertise, the solutions, and the potential to contribute to this transition, but it will require a strong commitment from us – including an understanding of ourselves as a company.

CIRCULAR AND SUSTAINABLE SOLUTIONS

As a green transition leader, we focus strategically on our goals and developments toward a greener future. We provide world-leading technology and support our customers in reducing their environmental impact with our knowledge, and expertise in handling critical liquids and cryogenic fuels.

From a maritime perspective, it is remarkable to see how fast the green transition has developed from talks of scrubbers and compliance to net-zero shipping.

Currently, Svanehøj supplies pump solutions and critical components for handling the critical liquids in use today. More importantly, we already have the products needed for customers to be compliant with zero emission solutions for marine applications. This means we can support a fast and full transition to zero-carbon maritime fuels, including ammonia, hydrogen, and synthetic carbon-based electrofuels.

At Svanehøj, we actively seek to support every part of the green energy transition that fits our products. Our solutions extend beyond shipping to serve the land terminal and carbon capture and storage sectors as well. We are committed to continuously innovating our product portfolio designs and service models and increase their circularity, i.e., opportunities for reuse, re-manufacturing, and recycling, at the lowest possible environmental lifecycle cost.

POWERING PEOPLE

At Svanehøj, our most valuable assets are our employees. They are the ones who serve our customers, walk the extra mile, and deliver on our promise every day. With around 300 employees located at multiple locations worldwide, we have a diverse staff, with many different backgrounds who work in a wide range of fields. This means we must motivate all our employees and ensure that everyone shares the same mindset and feels like part of the Svanehøj team, working together to achieve our common goals.

THE FUTURE

The motivation and collaboration of our employees are essential to our success, and our results in 2022 are proof that our strategy can be realized when everyone is on board. But we aren't stopping here. We intend to broaden our horizons to be present all the way – everywhere our solutions can contribute to the net-zero transition. By reaching out more broadly, we will play a pivotal role in the transition to a greener world.

March 2023

Søren K. Nielsen
CEO, Svanehøj Danmark A/S

AT A GLANCE

At Svanehøj, we believe that accelerating climate changes calls for a complete transformation from fossil fuels to clean and renewable energy types.

Our primary focus is on the hard-to-abate sectors, with our most significant business areas being fuel and cargo pump systems for the shipping industry and tank control systems for the land industry. However, we are also expanding our business in other areas of the liquefied energy infrastructure to become a vital partner in the market for future fuels and energy mixes, including Power-to-X.

24/7

worldwide repair and service availability

12,000

m² production and storage space

14,500+

quality deepwell pumps delivered since 1969

Financial Performance

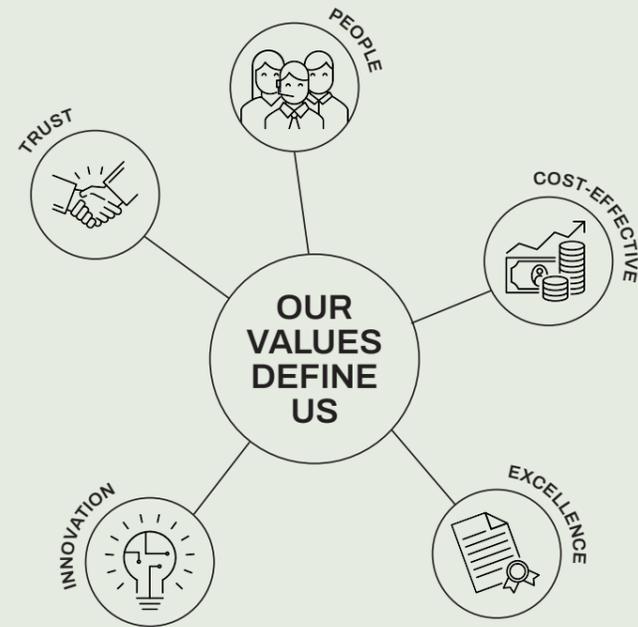


OUR VALUES

Our diversity and unique personalities make us who we are and define the Svanehøj DNA

Our name carries a commitment – both in the field and within the organization where around 300 employees each day carry out our work based on carefully selected core values to ensure that we provide the advice, service, quality, and reliability expected of us.

Our values are fundamental for realizing our ambitions and securing our future business.



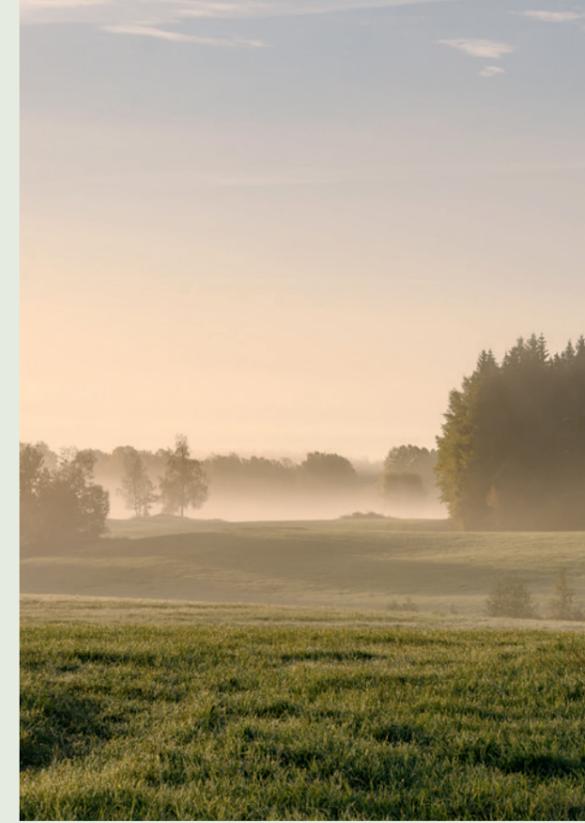
BRINGING SUSTAINABLE SOLUTIONS TO THE MARKET

One unique feature of each of our solutions is the design for handling all types of liquids at all temperatures.

As an example, Svanehøj's DW Fuel Pump is a future-proof solution that currently enables LNG/LPG fuels to be pumped into ship engines. This same pump can also be used to transfer other types of zero-carbon marine fuels in the future.

The versatility of Svanehøj's solutions is further evidenced by the fact that Svanehøj's cargo pumps for liquid gas are already used for industrial pumping of liquid CO₂, demonstrating their proven potential for future carbon capture and storage tankers. Svanehøj received the first orders from this market in early 2022.

Svanehøj estimates that installing a liquid gas fuel pump system in a vessel, as opposed to using heavy oil as fuel, results in CO₂ reductions corresponding to converting around 18,500 households annually from fossil fuel to wind energy (and at 1/10th the investment). Conversion to liquid natural gas also contributes considerably to eliminating particle emissions.



Our values are fundamental for realizing our ambitions and securing our future business.

SUPPORTING THE FUELS OF TODAY & TOMORROW

The marine industry has traditionally relied on heavy fuels to power its vessels. However, there is a growing push to transition to cleaner, more sustainable fuels, faster. One of these fuels is liquified natural gas (LNG).

LNG has several advantages over traditional heavy fuels, including that it is a cleaner burning fuel, emitting lower levels of green-house gases and other pollutants. Being widely available with natural gas reserves in many parts of the world, it is currently positioned as one of the the preferred transition fuels. Ships equipped with an LNG fuel system from Svanehøj are also suitable for operating on bio-LNG without the need to make any changes.

Gas will play a crucial role in the sustainable energy system of the future. At Svanehøj, we are a leading global specialist in the manufacture and servicing of equipment for handling all types of liquefied gas – LNG, LPG, and any of tomorrow's carbon free Power-to-X technologies (e.g. ammonia, methanol, hydrogen, etc.).

PRODUCTS & SERVICES

SEGMENT

	LIQUID GAS CARRIERS LPG CARRIERS CO2 CARRIERS AMMONIA CARRIERS	LIQUID GAS CARRIERS CRYOGENIC LNG CARRIERS AND FSRU'S	ENERGY CARRIERS	ALL OTHER VESSEL TYPES - ZERO-EMISSION READY	ENERGY	LAND CRYOGENIC LIQUID GAS	CARBON CAPTURE AND STORAGE
(SVH), (S)	 CARGO, BOOSTER AND FUEL PUMPS	(SVH), (S) CARGO, SPRAY AND FUEL PUMPS	(SVH), (S) CARGO PUMPS	(SVH), (S) FUEL PUMPS	(SVH), (S) CARGO PUMPS	(SVH), (S) GAUGING SYSTEMS	(SVH), (S) CARGO PUMPS
(S)	 CARGO AND COOLING COMPRESSORS	(S) SAFETY VALVES	(SVH), (S) FUEL PUMPS	(SVH), (S) NEW PRODUCT LAUNCHING 2023	(SVH), (S) PROCESS PUMPS	(S) SUBMERSIBLE PUMPS	(SVH), (S) GAUGES
(S)	 SAFETY VALVES	(SVH), (S) INSTRUMENTATION AND GAUGES		(S) GAS VALVE UNITS	(SVH), (S) SAFETY VALVES	(S) COMPRESSORS	
(SVH), (S)	 INSTRUMENTATION AND GAUGES			(S) BOG AND HIGH-PRESSURE COMPRESSORS	(SVH), (S) INSTRUMENTATION	(SVH), (S) BOOSTER PUMPS	
				(SVH), (S) INSTRUMENTATION AND GAUGES		(SVH), (S) NEW PRODUCT LAUNCHING 2023	(SVH), (S) NEW PRODUCT LAUNCHING 2023

(S) = Service Solutions
(SVH) = Svanehøj new sales

OUR PURPOSE

We contribute to a greener world through close partnerships and trusted future-proof solutions.

At Svanehøj, we contribute to the green transition by offering future-proof pump solutions, tank control solutions, applications, and services that help accelerate the global CO2 emission reduction goals.

With decades of experience in an industry shaped by the highest standards, we already have the know-how, the people, and the solutions to support customers and partners on this journey. And our renewable-ready pump technology is fully compatible with all types of liquid gases, including LNG, LPG, ammonia, methanol, and hydrogen.

No one can change the world alone. This is why we collaborate and share knowledge and experience with other companies, researchers, institutions, and networks. Cooperation and openness make us stronger and better at finding answers and solutions.

Our commitment to our purpose is unwavering and drives us to push the boundaries of what's possible every day. By working closely with our partners, we can harness the power of innovation to create a brighter, more sustainable future for all. We can make a real difference in the world, one step at a time.

STRATEGIC FOUNDATION

There are three fundamental principles that form the foundation of everything we do: proven technology, collaboration, and knowledge. This strategic foundation guides our approach to creating a better, more sustainable future for all.

PROVEN TECHNOLOGY

At the core of our commitment to support a greener world is a deep understanding of the shipping industry's current challenges. We know that transitioning to greener fuels is one of the most critical steps to create a more sustainable future for all, and we know the transition needs to go fast.

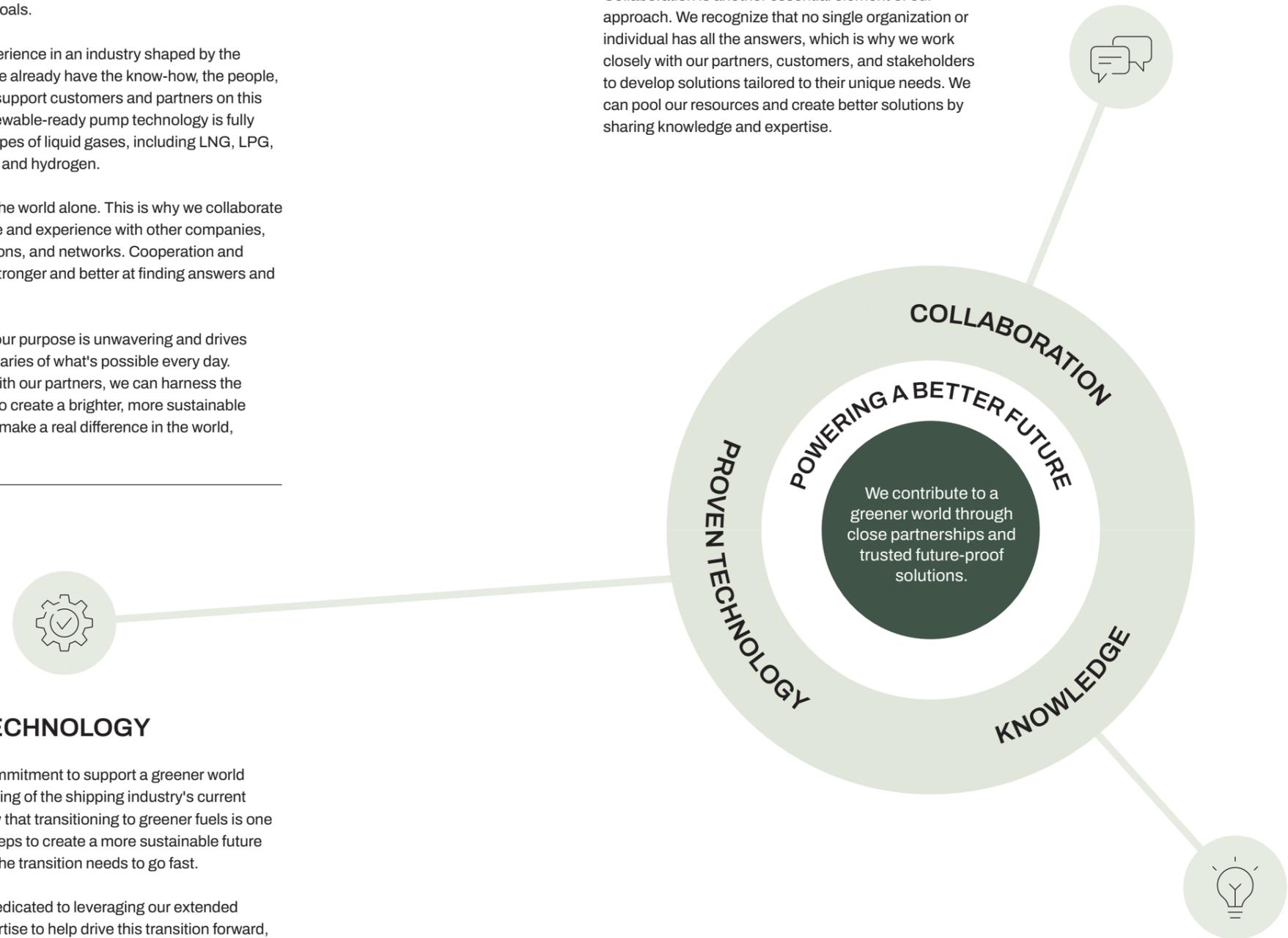
That is why we are dedicated to leveraging our extended knowledge and expertise to help drive this transition forward, regardless of the type of green fuel adopted.

At Svanehøj, we have extensive experience with pumps operating under the most demanding and dangerous conditions. Our pumps are designed and developed to handle extremely cold liquids that are often used for missioncritical applications.

The continuous development of our products enables ships to comply with both current and future requirements, as our pumps are fully compatible with all types of liquid gases, including LNG, LPG, ammonia, methanol, and hydrogen.

COLLABORATION

Collaboration is another essential element of our approach. We recognize that no single organization or individual has all the answers, which is why we work closely with our partners, customers, and stakeholders to develop solutions tailored to their unique needs. We can pool our resources and create better solutions by sharing knowledge and expertise.



KNOWLEDGE

Finally, knowledge is at the core of everything we do. We will continue to drive innovation and create truly transformative solutions by staying on the cutting edge of research and development. We are committed to continuous learning and development and strive to share our knowledge with others to create a more sustainable future for all.

FUTURE PROOF SOLUTIONS

We are proud to offer a wide range of products that support the transition to a greener, more sustainable world.

From advanced fuel gas systems to cutting-edge tank control solutions, our products are designed to provide reliable, high-performance solutions that help our customers reduce their environmental impact and meet their sustainability goals.

But our commitment to the green transition continues beyond that. We recognize that the journey toward a more sustainable future is ongoing, and we are committed to continuing our R&D efforts to develop new, innovative solutions that push the boundaries of what is possible.

THE AURORA CLASS FROM HÖEGH AUTOLINERS IS DESIGNED FOR A GREENER FUTURE.



The new vessels (PCTCs) from Höegh Autoliners will be among the greenest ever built.

"At Svanehøj, we are proud to contribute with our future-proof deepwell fuel pump system, which is compatible with all liquified gas fuels."

Johnny Houmann, CSO

"The Aurora class represents the future of our business as well as the future of the industry. We are proud to be setting the gold standard by reducing our environmental footprint significantly and enabling our customers to decarbonize their chain as well."

Sebjørn Dahl, COO, Höegh Autoliners



SVANEHØJ TO SUPPLY CO2 PUMPS FOR THE NORTHERN LIGHTS PROJECT.



Svanehøj was chosen to supply pump systems for the CO2 carriers to transport liquid CO2 to the new Northern Lights reservoir off Bergen, Norway.

"Thanks to our experience from the relatively few CO2 ships built so far, we are part of the dialogue on several upcoming CCS projects. CCS is one of the focus areas of our growth strategy and the order for the Northern Lights project is, therefore, of great strategic importance.

"In this project, our multigas technology will be shown to its full potential, as the customer also wants the pumps to be used for handling LPG and natural gas."

Johnny Houmann, CSO, Svanehøj



Our R&D teams are already hard at work, exploring new technologies and approaches to help our customers reduce their carbon footprint and achieve their sustainability goals.

By staying at the forefront of innovation, we can continue to provide our customers with the solutions they need to make a real difference in the world. Our commitment to proven technology, collaboration, and knowledge, combined with our ongoing research and development efforts, means we are positioned to help drive the green transition forward.

ENGAGE TO SUSTAIN

The Svanehøj sustainability journey has launched. Our ESG strategy 'Engage to Sustain' is the roadmap. It is based on people and values. We believe that our people, in every area of the company, are the foundation of change.

Together with people and values, innovation and efficiency form the foundation for our sustainability efforts to achieve goals and satisfy business requirements. This means that our path begins with a solid foundation of people and values elevated with innovation and efficiency.

A realistic roadmap and cross-functional governance provide the organizational backbone, and emphasis on education and peer knowledge sharing ensures that we continue to grow and develop throughout our journey. Finally, designing a tangible and effective plan for leading the path towards a green transition is established by combining other acknowledged frameworks like the UN Sustainable Development Goals with our own approach and SMART target setting.



Our sustainability efforts are guided by the SDGs as a framework.

ESG HIGHLIGHTS



CURRENT STATE ANALYSIS

We have conducted a current state analysis to map and understand the many aspects of ESG within the market and our industry. This provided insight into our industry's ESG efforts and issues and highlighted current facts, challenges, and future trends.



GHG SCOPE 1-2 BASELINE

We calculated and set our baseline year for 2021 in accordance with the Greenhouse Gas Protocol. This mapping clarified our climate impact, our greenhouse gas risks for future mitigation, and provided the basis for reliable target-setting. We are committed to annually calculate our greenhouse gas inventory for Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions).



AMBASSADOR CORPS ESTABLISHMENT

We have established an ESG ambassador corps of selected employees widely represented from different functions within the organization, who engage in the ESG activities at Svanehøj, act as change agents and promote the sustainability agenda throughout the company.



We will continue to calculate our Greenhouse Gas Inventory for Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions) yearly.



ESG Education in SDGs

To understand the importance of the sustainability agenda and increase knowledge throughout the organization about the UN's Sustainable Development Goals, we launched an internal education campaign. Training and education has ensured that everyone at Svanehøj has a common understanding about sustainability, the global challenges we face and our shared responsibility as a company.



ESG Targets

To ensure the long-term vision and short-term motivation, we have set eight different ESG targets within four focus areas of the ESG efforts at Svanehøj: People, Planet, Solutions, and Supply Chain. Our targets help us focus our efforts on the most material ESG topics for Svanehøj and our stakeholders. The aim is for our eight targets to lead our business performance and direct the organization's internal alignment on what is significant for Svanehøj.

ESG STRATEGY

The green wave has hit the world. We need to understand that the greater the demands, and the faster we engage, the more opportunities we have to make a difference.

MATERIALITY ASSESSMENT

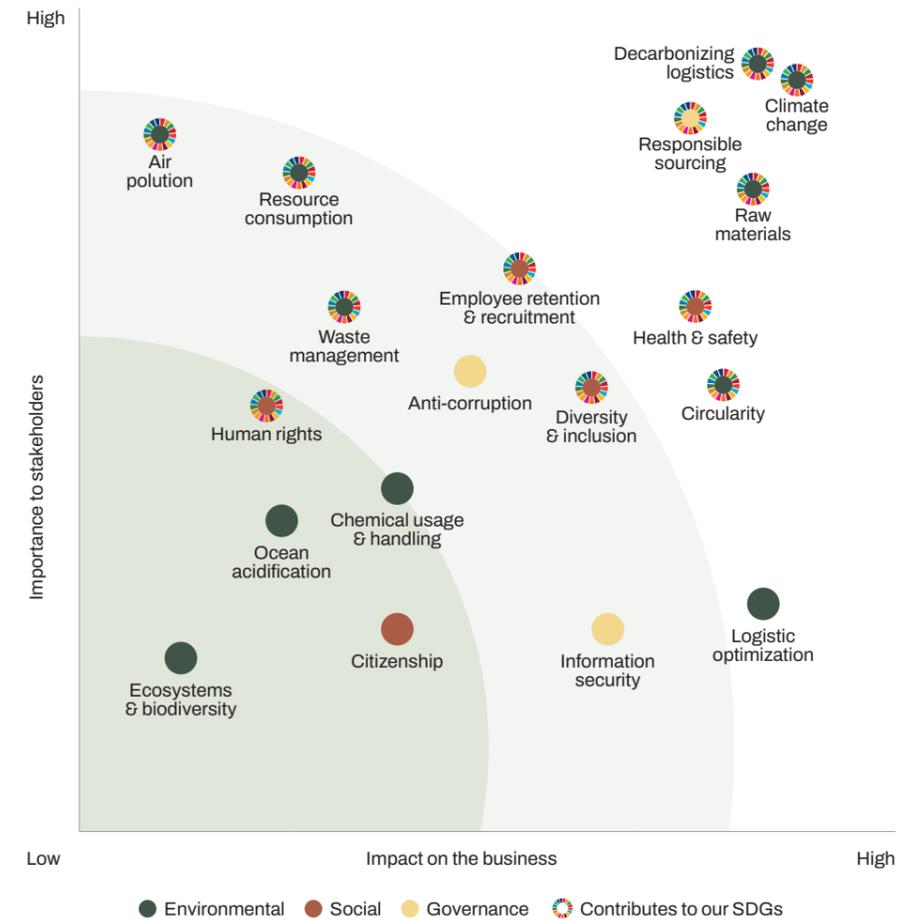
In late 2021, we conducted a materiality assessment to help us identify the ESG areas that were the most critical for our business success and essential for our stakeholders.

The assessment aids us in prioritizing the right ESG efforts and ensuring that we focus on what matters most. The Svanehøj materiality assessment reflects the double principle. Specific topics were evaluated according to their impact on our business as well as to how they are each impacted by our business. We have identified and prioritized the material areas where we have potentially the most significant impact or can mitigate the most considerable risk.

How we map the specific topics continues to evolve and will be re-evaluated bi-yearly to ensure that it continuously reflects our material topics, and subsequently shapes our strategic priorities.



Our process and approach for identifying material topics.



In late 2023, we plan to engage with our stakeholders to conduct a more comprehensive materiality assessment that maps business risks and reflects their evolving needs to better account for the double materiality aspects of relevant topics. Our ESG strategy will be evaluated based on the findings from the updated assessment, resulting in an even sharper strategy to meet the reality of the future.

We are aware that our materiality assessment must be updated according to the EU Corporate Sustainability Reporting Directive (CSRD). The inner pie chart on the previous page illustrates our approach to identifying all topics, primarily informed by two workshops: One workshop with the Svanehøj ESG Steering Committee and a second workshop with 16 selected employees, representing all departments.

risks with a potentially significant negative impact on society or the environment. Risks pose financial consequences to our business or to a shared value, and are areas where we can pursue solutions to benefit our business and society as a whole.

People, Planet, Solutions, and Supply Chain are the core ESG topics identified and are the foundation for our eight ESG targets.

The outer circle demonstrates the assessment of each topic, which constitutes a responsibility to either prevent or mitigate

OUR FRAMEWORK

At Svanehøj, we have high sustainability ambitions, which is not least emphasized in our new corporate strategy, "Let's grow together." Our products and innovative solutions have a direct and positive impact on the UN Sustainable Development Goals and we continuously achieve more sustainable ways of doing business.

UN SUSTAINABLE DEVELOPMENT GOALS

Aligned with our ambitions for the sustainability of our products and solutions, Svanehøj is committed to spreading awareness of sustainability internally and externally. We work with the United Nations Sustainable Development Goals (SDGs) as a framework to guide our ESG and sustainability efforts and ensure a successful green transition.

The 17 SDGs represent a global call to action for a better and more sustainable future for all. Each SDG consists of a goal, supported by targets that outline specific initiatives companies can follow to reach the particular goal. Working with the SDGs and sustainability targets ensures a focused, systematic, and persuasive approach to implementing local and global sustainability efforts and initiatives.

In April 2022, Svanehøj assessed the SDGs and chose to increase focus on five SDGs where we have the highest impact potential with our business operations.



We know that transitioning to greener fuels is one of the most critical steps to create a more sustainable future for all. And we know the transition needs to happen fast.

SDG MAPPING IN 4 STEPS

STEP 01

Through a digital course, our steering committee of 6 participants, gained a shared understanding of the UN SDGs and the framework.

STEP 02

The steering committee pre-selected 48 SDG sub-targets assessed to be relevant for Svanehøj.

STEP 03

Target mapping by the steering committee identified 48 sub-targets on which Svanehøj has a direct or indirect impact, either internally within the organization or externally

STEP 04

Selection of which specific sub-targets and SDGs Svanehøj will focus on.



5 SELECTED SDGS AND WHY

As part of our work with the SDGs, we have launched an internal education and awareness campaign on the selected SDGs to inspire action and ensure a shared understanding of our sustainability efforts within the organization. This is not just a one-time campaign but will be repeated for existing and new employees.



SDG 7 – AFFORDABLE AND CLEAN ENERGY

As a designer, manufacturer, and supplier of a wide range of solutions and applications for cargo and energy pumps that can facilitate the transition to green energy in our industry, we want to help minimize climate change and ensure access to affordable, reliable, sustainable, and modern energy for all. Our products and solutions strengthen the green transition to a cleaner and more sustainable energy industry.



SDG 8 – DECENT WORK AND ECONOMIC GROWTH

At Svanehøj, we want to create a responsible, inclusive, and attractive workplace. We do this by ensuring proper jobs and good conditions for our employees. In doing so, we promote sustained, inclusive, and sustainable economic growth for our business, employees, and shareholders.



SDG 9 – INDUSTRY, INNOVATION, AND INFRASTRUCTURE

As a producer of pumping solutions for fuel and cryogenic energy cargo supply, we are committed to building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation in the industry, in particular, regarding new green technologies.



SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

As a market leader, we demand of ourselves in our green transition that we ensure sustainable and responsible consumption and production patterns by implementing new supply chain protocols and supplier audits.



SDG 13 – CLIMATE ACTION

We want to reduce our negative impact on our surrounding environment and the climate as a whole. Starting from our own operations, we are mapping our entire value chain to support our climate action. Additionally, we are developing and supplying solutions that allow customers to reduce their energy use and related greenhouse gas emissions.



STRATEGIC ROADMAP: ENGAGE TO SUSTAIN

Engage to Sustain is our framework for implementing our ESG targets and initiatives, and serves as our roadmap toward 2025.

The foundations of our strategic framework and sustainability efforts are 1) people and values and 2) innovation and efficiency. At Svanehøj, we believe that people drive change. It is our people, together with our values, innovation, and efficiency, who are the foundation of success in achieving our goals and meeting our business requirements.

To ensure that we are continuously increasing our capacity throughout our journey, we utilize our realistic strategic roadmap, cross-functional governance, education, and peer knowledge sharing.

At the top of our strategy framework, we combine other acknowledged frameworks with our approach, like the UN

Sustainable Development Goals and SMART target setting. Together, all Engage to Sustain framework elements form a tangible and effective plan for leading the way in the green transition. See section 2025 Strategy and Roadmap for the roadmap and operations in 2023, 2024, and 2025. To implement our ESG strategy, our focus is on eight ESG targets supporting our chosen SDGs and material topics.

We have divided our ESG ambitions into four focus areas People, Planet, Solutions, and Supply Chain. These areas were identified from our materiality assessment and with inspiration from The Triple Bottom Line sustainability framework of profit, people, and the planet.

OUR ESG TARGETS

 PEOPLE	 PLANET	 SOLUTIONS	 SUPPLY CHAIN
Zero health & safety incidents from 2023.	50% reduction in Scope 1 & 2 GHG emissions per mDKK in 2025 relative to our baseline year in 2021.	>95% of R&D investments support our mindset of Powering a Better Future consecutively up to 2025.	Establish a Svanehøj supplier program by 2024 and ensure that all new suppliers, and 15% of existing strategic suppliers, are compliant with the program from 2025.
We want to attract and retain our talent base by establishing Svanehøj Academy Entry and Svanehøj Excellence programs by 2024. With the first enrollments in 2025.	We will establish a Scope 3 GHG emission baseline year by 2023 and ensure that 25% of all strategic suppliers are calculating their Scope 1 & 2 GHG emissions in accordance with the GHG Protocol by 2025.	Establish take-back program of used pumps for the intent of reuse, recycle or responsible end-of-life treatment by 2024 for all products.	Ensure and establish best-in-business manufacturing facilities in current and potential new operating areas measured by productivity, diversity, and workplace satisfaction.
		  	 



PEOPLE

The value of our people surpasses our products and technical know-how, even as an engineering and technology company. They are our organization's most valuable asset.

Therefore, we must foster the right working conditions for all our employees across functions around the world while actively taking a stand on relevant topics such as inclusion and diversity. Our employees have access to personal as well as professional development.

We take great pride in offering quality educational roles for traineeships and apprenticeships. It is a tremendous responsibility to provide jobs and training opportunities for students within our local community. We strive to create hazard-free working conditions for all of our employees, contractors, and others working in various locations worldwide. We do this by applying high standards of occupational health and safety.

To this end, we have a clear people strategy detailing how we ensure that our employees are our competitive edge, where we want to be as human beings, and what resources we need now and in the future to deliver and succeed.

WE COMMIT TO THE FOLLOWING TARGETS:

- 01 Zero health & safety incidents from 2023.**
- 02 Attract and retain our talent base by establishing Svanehøj Academy Entry and Svanehøj Excellence programs by 2024. With the first enrollments in 2025.**





PLANET

Svanehøj is committed making the planet safer and more sustainable for all.

Therefore, it is imperative that we examine our impact on the climate, including our consumption of raw materials, water, and energy, as well as CO2 emissions.

This also includes assessments of the company's waste management and toxic emissions, and our impact on biodiversity. First and foremost, it is necessary to lower our greenhouse gas emissions to mitigate our impact on climate change.

WE COMMIT TO THE FOLLOWING TARGETS:

- 01** 50% reduction in Scope 1 and 2 GHG emissions per mDKK revenue in 2025 relative to our baseline year in 2021.
- 02** Establish Scope 3 GHG emission baseline year by 2023 and ensure that 25% of all strategic suppliers are calculating their Scope 1 and 2 GHG emissions in accordance with the GHG Protocol by 2025.





SOLUTIONS

We take responsibility for our environmental impact by measuring and reducing the global carbon footprint of our operations.

At Svanehøj, we are committed to mitigating our impact on climate change and providing solutions that facilitate the green transition by optimizing our pumps with the newest technology and, in doing so, reducing our customers' environmental impact, whether it be in the maritime industry or other industries.

WE COMMIT TO THE FOLLOWING TARGETS:

- 01 **>95% of R&D investments support our mindset of Powering a Better Future consecutively up to 2025.**
- 02 **Establish a take-back program for used pumps with the aim of reuse, recycle, or responsible end-of-life treatment for all products by 2024.**





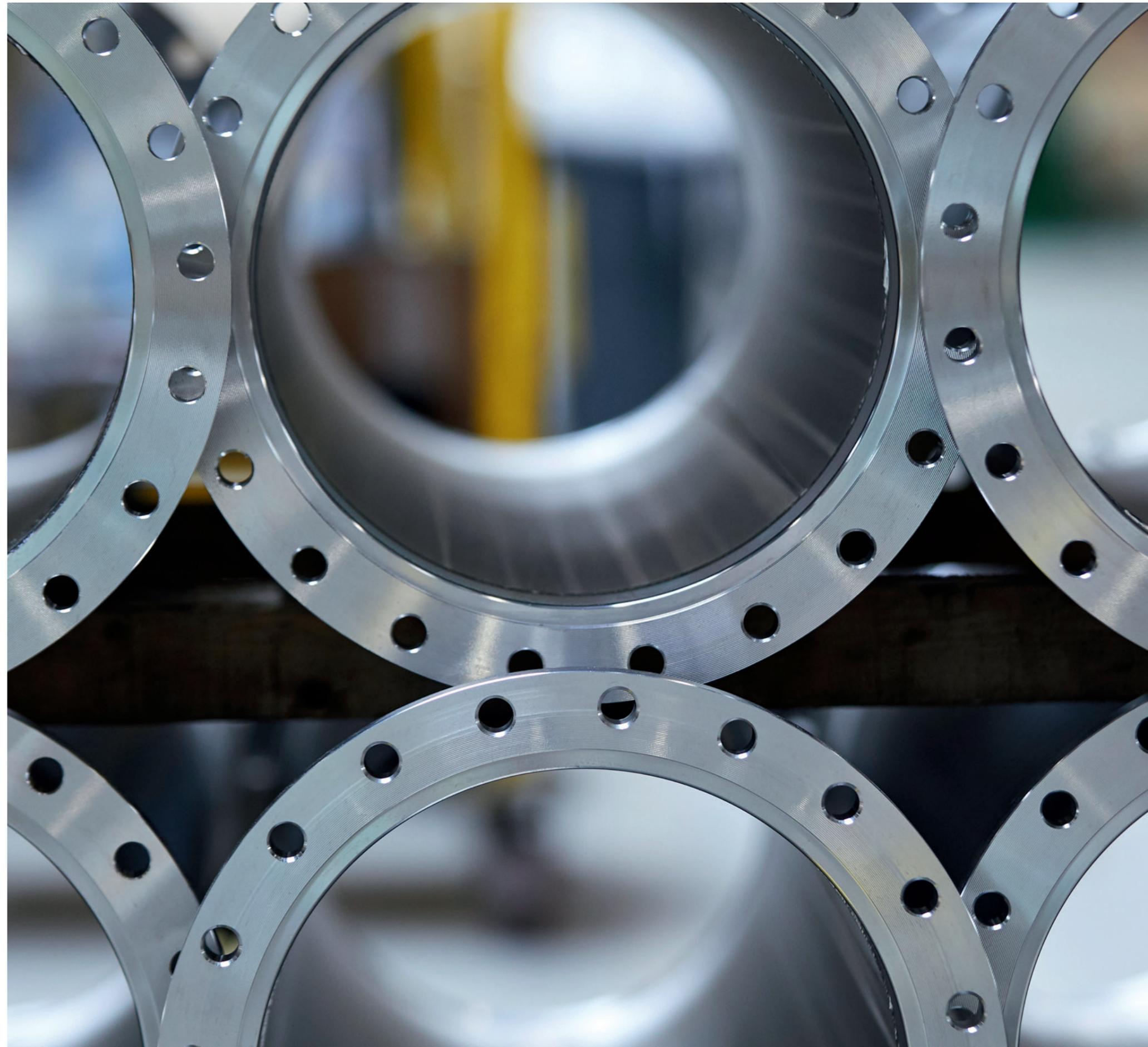
SUPPLY CHAIN

We work critically and strategically with our supply chain to ensure that our ESG efforts are fully implemented.

We only collaborate with suppliers who can comply with the relevant requirements set out by and agreed upon with Svanehøj. The qualification process may involve visiting our suppliers and auditing their quality management system and processes.

WE COMMIT TO THE FOLLOWING TARGETS:

- 01** Establish a Svanehøj supplier program by 2024 and ensure that all new suppliers, and 15% of existing suppliers, are compliant with the program from 2025.
- 02** Ensure and establish best-in-business manufacturing facilities in current and potential new operating areas measured by productivity, diversity, and workplace satisfaction.



ESG GOING FORWARD

Our ESG strategy for the next three years is clear, and the organization is well-informed and involved in the ESG journey ahead.

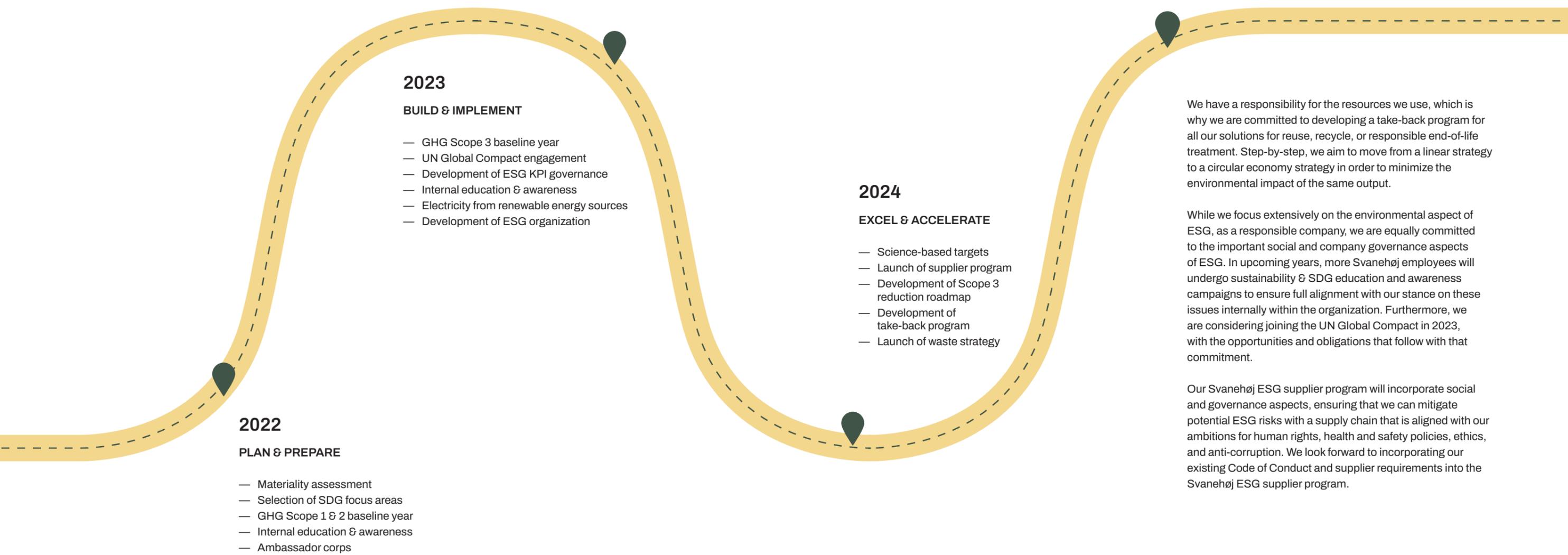
We have developed the Svanehøj 2025 ESG Roadmap "Engage to Sustain" that connects specific initiatives and projects with our ambition of being a responsible company.

In terms of the environment, we will calculate and establish our GHG Scope 3 baseline year in 2023 to manage value chain GHG risks and increase our material and energy efficiency.

Svanehøj is aware of the fast-moving legislative landscape within the European Union. Setting valid targets from our baseline years (for Scope 1 & 2 and Scope 3 emissions), we experience the value of science-based reduction targets that align with the Science-Based Target initiative (SBTi). Our GHG analysis will also contribute to developing our Svanehøj ESG supplier program.



While we focus extensively on the environmental aspect of ESG, as a responsible company, we are equally committed to the important social and company governance aspects.



2022

PLAN & PREPARE

- Materiality assessment
- Selection of SDG focus areas
- GHG Scope 1 & 2 baseline year
- Internal education & awareness
- Ambassador corps

2023

BUILD & IMPLEMENT

- GHG Scope 3 baseline year
- UN Global Compact engagement
- Development of ESG KPI governance
- Internal education & awareness
- Electricity from renewable energy sources
- Development of ESG organization

2024

EXCEL & ACCELERATE

- Science-based targets
- Launch of supplier program
- Development of Scope 3 reduction roadmap
- Development of take-back program
- Launch of waste strategy

2025

2030 STRATEGY LAUNCH

We have a responsibility for the resources we use, which is why we are committed to developing a take-back program for all our solutions for reuse, recycle, or responsible end-of-life treatment. Step-by-step, we aim to move from a linear strategy to a circular economy strategy in order to minimize the environmental impact of the same output.

While we focus extensively on the environmental aspect of ESG, as a responsible company, we are equally committed to the important social and company governance aspects of ESG. In upcoming years, more Svanehøj employees will undergo sustainability & SDG education and awareness campaigns to ensure full alignment with our stance on these issues internally within the organization. Furthermore, we are considering joining the UN Global Compact in 2023, with the opportunities and obligations that follow with that commitment.

Our Svanehøj ESG supplier program will incorporate social and governance aspects, ensuring that we can mitigate potential ESG risks with a supply chain that is aligned with our ambitions for human rights, health and safety policies, ethics, and anti-corruption. We look forward to incorporating our existing Code of Conduct and supplier requirements into the Svanehøj ESG supplier program.

OUR PROGRESS

We can report great progress with our 2022 ESG strategy and initiatives. The following section highlights the progress of our efforts which aligns with our ambitions and the Engage to Sustain framework.



OUR ESG PROGRESS & ACTIVITIES IN 2022

In the following section, you will find a review of our efforts and initiatives in 2022 that deliver on our purpose – Powering a Better Future. As our ESG targets were developed at the end of 2022, progress is not shown for all targets covered in this report.

CURRENT STATE ANALYSIS

We have carried out a current state analysis to map and understand the varied aspects of sustainability within the market. We also conducted an internal employee questionnaire to understand the organization's perception of ESG and sustainability in general and at Svanehøj specifically before finalizing a maturity matrix assessing our current sustainability maturity level. The materiality assessment mentioned earlier in this report was also conducted at this time.

The analysis provided Svanehøj with an overview of the environmental, social, and governance topics currently dominant in the industry within which Svanehøj operates, including current facts and future trends. This analysis created the right foundation for us to progress with our ESG efforts.



We carried out a current state analysis to map and understand the varied aspects of sustainability within the market.



ESG TARGET SETTING

Our targets were developed by our ESG steering committee and other employee contributors. We defined eight ambitious ESG targets across our priority areas of People, Planet, Solutions, and Supply Chain. Please refer to the previous section for the description of the targets.



PEOPLE

EMPLOYEES

Svanehøj continues to be a workplace that creates attractive jobs and supports its employees' personal and professional development – always striving to be an inclusive workplace without any discrimination.

Our employee gender diversity in 2022 (and previous years) is primarily represented by males (86%), which is most likely due to the type of industry and jobs. However, this is not a good excuse. We believe that diversity among our employees and management, including gender and age balance, contributes positively to the workplace environment and strengthens our performance and competitiveness. We therefore seek to increase the share of women in both management levels and as employees through internal promotion and recruitment.

This ambition is also reflected in our supply chain target of having best-in-business manufacturing facilities measured by gender diversity (together with productivity and workplace satisfaction). Our age diversity is more evenly distributed according to the identified age groups below. At Svanehøj, we see the benefits of an age-diverse workforce and harvest it in our daily operations.

Recruitment of new employees is based solely on the evaluation of candidates' skills and experience. As one of our People targets (see section Our Strategic Roadmap: Engage to Sustain) states, we must invest in employee recruitment to be at the forefront and maintain our skilled workforce. In addition, we will invest in the professional and personal development of our current employees because of the advantages.

Performance Indicator	Unit	2022 Figure
Number of employees (FTEs) at the end of the reporting period	No.	303
Percentage of employees (FTE) by gender:		
Male	%	86
Female	%	14
Percentage of employees by age:		
Younger than 18	%	1
19-29	%	12
30-39	%	22
40-49	%	29
50-59	%	26
60 or older	%	10



The health and safety of all Svanehøj employees is a top priority.



HEALTH & SAFETY

Fostering and improving the health and safety of our people is key at Svanehøj. Just as our Chief Executive Officer, Søren Kringelholt Nielsen, said in the introduction, "The motivation and collaboration of our employees is essential to our success and impressive results in 2022." The safety of all Svanehøj employees is the highest priority in any job, but especially because Svanehøj operates in the manufacturing industry and services the marine and energy sectors.

We work to prevent risk related to employee motivation and work-related accidents through our OHS Organization, which is responsible for all matters concerning occupational health and safety. We are ISO 45001:2018-certified and work accordingly with our management system to ensure a safe and preventive work environment. All work-related incidents are always reported and handled by a safety representative.

New service employees unfamiliar with the maritime environment and shipyards must undergo STCW-approved training courses within the first year of employment at Svanehøj. In 2022, we recorded a total of 11 injuries (see table below), of which three were minor personal injuries and eight were injuries that caused lost time. There were no fatal injuries.

Preventive actions were initiated for the recorded incidents, and we have launched a renewed focus on our health and safety culture and guidelines within the organization.

Incidents	2022
Total number of recordable injuries	11
- of which, minor personal injuries ¹	3
- of which, lost time injuries ²	8
- of which, fatal injuries	0
Total recordable injuries per working hour	2.5
Lost time injury frequency rate	1.8

¹Accident where an employee receives medical treatment, but returns to work the same day (<1 day absence). ²Accidents where the employee has min. one day of sickness (≥ 1 day absence).



PEOPLE

UN SDG EDUCATION & AWARENESS CAMPAIGN

To integrate ESG deeper into our daily operations, we completed an education and awareness campaign on the UN's Sustainable Development Goals to increase knowledge of sustainability within the organization. The training program is the first initiative in the educational pillar of our Engage to Sustain strategy framework.

The educational program was conducted with our external supplier through courses on a digital learning platform, with 35 employees participating in the following courses:

S	INTRODUCTION TO SUSTAINABILITY
7	AFFORDABLE AND GREEN ENERGY
8	INDUSTRY, INNOVATION, AND INFRASTRUCTURE
9	DECENT WORK AND ECONOMIC GROWTH
12	RESPONSIBLE CONSUMPTION AND PRODUCTION
13	CLIMATE ACTION

The participants ranged from marketing and sales staff to production and distribution staff, and everyone showed great appreciation for working actively to gain new knowledge on the SDGs.

Svanehøj plans to carry out more education and awareness campaigns in 2023.



Svanehøj has established an ESG ambassador corps of selected employees widely represented by different functions within the organization.

AMBASSADOR CORPS ESTABLISHMENT

Svanehøj has established an ESG ambassador corps of selected employees widely represented by different functions within the organization. Their job is to engage Svanehøj's employees in ESG activities, act as change agents and promote the sustainability agenda throughout Svanehøj.

The ambassador corps is a change management program that accommodates the green transition among our employees. In transitioning to a company with a strong ESG focus, employees will experience changes in how they work. We believe that involving all employees in the process ensures a smoother journey toward the green transition.

To be well-equipped to promote the ESG agenda within the organization, the selected employees of the ambassador corps received training in change management, ESG, and the UN Sustainable Development Goals.

Moving forward, the purpose of establishing our ESG ambassador corps is threefold:

- Our ambassadors will ease the transition to a more sustainable company.
- Our ambassadors will continuously push the ESG agenda in the different departments to strengthen our ESG efforts.
- Our ambassadors will ensure employer involvement, work, and communication between management and employees, allowing for the exchange of feedback on current ESG initiatives and ideas for further improvements.

In 2023, the ambassador corps will continue to facilitate ideas and initiatives within the organization. In particular, working with implementing new waste sorting regulations and easing the ongoing organizational change transition.



DANISH MARITIME APPRENTICE PROGRAM

In 2022, Svanehøj partnered with the maritime apprentice program created by ErhvervsService Nord to help inspire and empower young people to choose a career in the maritime industry.

We know it requires a dedicated effort to attract the younger generation to our industry. Therefore, we work closely with other companies in the program to establish unique educational courses and opportunities. For example, an apprentice can create a learning path based on experiences from two or more companies, thereby gaining experience with different areas within the industry.

ErhvervsService Nord ensures close collaboration with the schools in Northern Jutland to attract new apprentices. This allows us to focus solely on our responsibility to educate young people. Most recently, Svanehøj was approved to educate storage and logistics operators.



PLANET

SEEKING SUSTAINABLE PARTNERSHIPS

With a new business development setup and strategy, Svanehøj has increased its focus on strategic partnerships and investments that will help speed up the transition to zero-carbon fuels. The purpose of the strategy "Let's grow together" is to seize new sustainable business opportunities, partnerships, and markets, while bringing Svanehøj's competencies in handling liquefied gas into play in new contexts and developing the technological solutions that our markets require for the green transition.

We are currently exploring the growing demand for green hydrogen applications, onshore and offshore. Simultaneously, we have established knowledge hubs to explore Power-to-X Fuels, strategic partnerships, and collaboration and development agreements.

The new business development and strategy function is anchored in Svanehøj Group and therefore covers both Svanehøj Denmark, Hamworthy Pumps, and the department for land-based activities, Svanehøj Tank Control Systems.

ESTABLISHING SCOPE 1 AND 2 BASELINE YEAR (IN METRIC TONS OF CO₂e)

Scope*	2021	2020
Scope 1	164.75	158.58
Scope 2 ¹ (market-based)	711.68	616.56
Total Scope 1 and 2	876.43	775.14

*in metric tons of CO₂e

¹We base calculation of our Scope 2 emissions from electricity consumption on the CO₂e emission factors from local sites in accordance with the market-based approach.

In 2023, Svanehøj will calculate and establish a baseline year for Scope 3 (value chain) greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting Standard.



With our baseline year, we have laid the foundation for and taken the first step toward creating reduction initiatives that support our ambitions to mitigate climate change.

GREENHOUSE GAS SCOPE 1-2 BASELINE YEAR

To reduce our greenhouse gas emissions and ensure consistency and transparency in our steps toward a green transition, we mapped our climate impact by calculating and establishing a CO₂e baseline year (2021) for Scope 1 and 2 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Corporate Accounting Standard (2004).

The baseline year serves as a foundation for greenhouse gas target-setting, public reporting to stakeholders, and provides an overview of the potential emissions risks in our organization. With our baseline year, we have laid the foundation for and taken the first step toward creating reduction initiatives that support our ambitions to mitigate climate change. On the left, you can also see our Scope 1-2 emissions for 2020, calculated as the control year for our baseline.

See our Scope 1 and 2 baseline year report on our website in the ESG section.





PLANET

2022 SCOPE 1 & 2 RESULTS

Based on the accounting and reporting inventory principles from our baseline year, we have calculated our Scope 1 and 2 emissions for 2022. Our direct Scope 1 emissions amounted to 208.60 tons of CO₂e, while our Scope 2 indirect emissions amounted to 699.43 tons of CO₂e. This represents a total increase of 3.6% in Scope 1 and 2 emissions relative to our baseline year (2021).

Tons CO₂e

Scope	2022	2021 (baseline year)
Scope 1	208.60	164.75
Scope 2	699.43	711.68
Total emissions	908.30	876.43

Our absolute emissions increased by 3.6% from 2021 to 2022. This was caused by an order backlog from 2021 going into 2022 combined with record-high revenue for Svanehøj in 2022. While we need to reduce our total emissions, looking at our intensity ratios, we actually produced at a higher output per emission than the previous year, thus reducing emissions relative to the chosen business metrics.

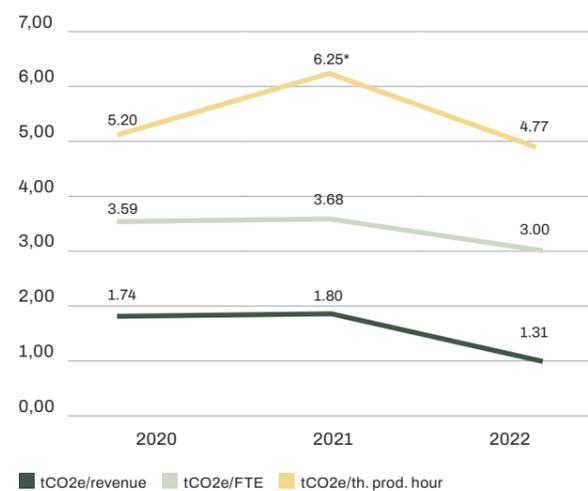
This means we have positively progressed on our Planet target: 50% reduction in Scope 1 and 2 GHG emissions per million DKK revenue in 2025 relative to the baseline year. Our Scope 1 and 2 emissions per revenue in million DKK in 2022 decreased by 27.2%, which is relatively close to our baseline year.

ESTABLISHING INTENSITY CO₂e RATIOS

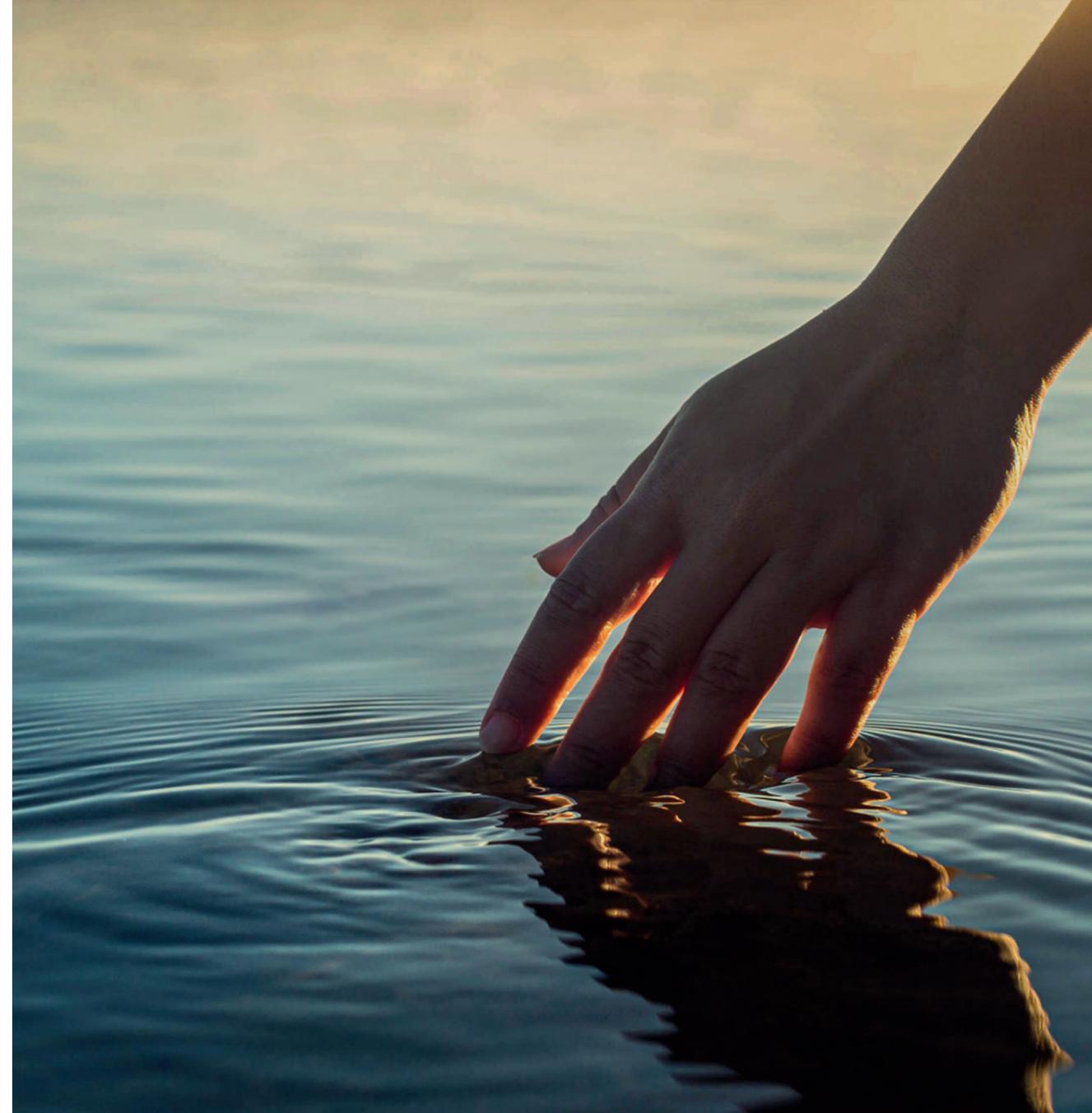
We are monitoring our greenhouse gas emissions in Scope 1-2 on three relative ratios: per revenue (in million DKK), per employee (FTE), and per 1,000 production hours. Although we also need to reduce our total emissions to mitigate our impact on climate change, navigating by these intensity ratios as leading indicators helps us manage our emissions while considering other business metrics.

*The increase in emissions per business metric from 2020 to 2021 is due to a return to normal working conditions after COVID-19, the acquisition of our site in France, expansion in Singapore, and a significant decrease in the number of production hours.

Scope 1-2: Intensity ratios



■ tCO₂e/revenue ■ tCO₂e/FTE ■ tCO₂e/th. prod. hour



ENERGY MANAGEMENT

After calculating our Scope 1 and 2 baseline year results, we initiated a project to leverage one of the levers identified in our baseline year – renewable energy. At the end of 2022, we started looking into solutions for and providers of renewable energy in terms of green electricity. We quickly decided to utilize Power Purchase Agreements with additionality (developing new renewable energy). Below, can see our energy consumption for 2022 and 2021.

Energy Consumption	Unit	2022	2021
Electricity	MWh	1394.80	1284.00
District heating	MWh	1358.89	1575.57
District gas	MWh	210.18	243.37

WASTE FROM OWN OPERATIONS

At Svanehøj, we are committed to using resources responsibly, which also applies to the waste produced by our own operations. We are pleased with the high volume of waste collected for recycling (80.5%). By executing our waste management while improving it daily and using materials containing scrap, it will be possible to reduce the consumption of natural resources in our value chain. Our waste management approach favors reuse and recycle above other treatment types.

Waste & Treatment Type	Unit	2022
Total waste from own operations	ton	314.76
- percentage of which is recycled	%	80.5
- percentage of which is incinerated with energy recovery	%	1.0
- percentage of which is incinerated	%	18.3
- percentage of which is landfilled	%	0.3
Amount which is hazardous	ton	13.37

EV CHARGING ON-SITE FOR EMPLOYEES

To facilitate and accommodate the sustainable lifestyle choices of our employees, Svanehøj has set up three EV charging points for employees at our head office in Svenstrup, Aalborg. Today, the charging points have more than 20 active users. Implementing the EV charging points has proven to be a good way to ensure employee involvement.



SOLUTIONS

SUPPLYING SOLUTIONS TODAY FOR THE MARITIME TRANSPORT INDUSTRY OF TOMORROW

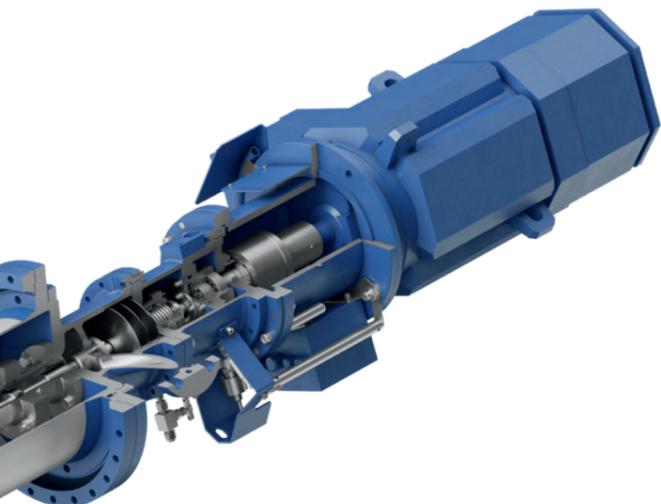
Transitioning to zero-carbon shipping in a maritime industry plagued by a troublesome global energy supply leaves many things unanswered and unsettled.

At Svanehøj, we care about the global challenges of the future fuel and energy supply, and we are proud to integrate an ESG strategy into our organization and help improve our customers' climate footprint by providing solutions that enable them to choose lower-impact fuels. Whether our customers rely on LNG, LPG, or ammonia, Svanehøj is ready to support and supply the maritime industry while protecting the planet we all live on.

The transport sector's reliance on fossil fuels is causing significant harm to the environment, and it is clear that a transition to renewable energy is necessary. Renewable energy is a key resource in the production of carbon-neutral fuels, and by utilizing Power-to-X (PtX), it can be converted into carbon-free hydrogen and further into synthetic fuels such as e-ammonia and e-methanol. At Svanehøj, we believe in the potential of PtX technology and have been working to develop solutions that can support the transition to climate-neutral fuels.

Our pumps have traditionally operated with fluids like LNG and LPG. However, they are already designed to operate with ammonia and methanol as well. Our pumps are ready to support multiple steps in the value chain, e.g., production, transportation, and handling of ammonia (and methanol), making our pumps a viable choice for future fuels.

Furthermore, we are part of the first project in the world to deliver combustion engines fueled by ammonia. This project aims to demonstrate the feasibility of using ammonia as a carbon-free fuel for power generation and transportation.



We support the transition toward a greener world through a future-ready and compliant product portfolio.





SUPPLY CHAIN

Svanehøj's supply chain function covers full end-to-end operations for our products, including procurement, transport, production, assembly, distribution, etc. In the following section you will find a review of our supply chain-related efforts.

OPTIMIZATIONS THROUGH LEAN AND AUTOMATION

In 2021, we completed a comprehensive modernization of our administration building in Svenstrup near Aalborg. In 2022, it was time to modernize our production facilities.

By remodeling our factory, we have reduced the lead time for all of our products, enabling Svanehøj to support the green transition in the maritime industry with efficient and flexible pump solutions.

The intention is to build a production setup that can support Svanehøj's ambitious growth strategy, limiting the use of outdated heavy machinery and optimizing our processes more sustainably. But LEAN has no end date. It is a learning process where we must constantly strive to perform a little better and smarter than we did the day before. It is a cultural mindset that we are adopting to maximize our output while minimizing our impact on our surroundings.

Reducing waste is a core element of LEAN, and focusing explicitly on this has alleviated an incredibly challenging year. In addition to the plan, we have worked with several focus areas that have yielded quick returns in reducing waste in selected manufacturing processes, planning processes, and internal transportation.

We have laid the foundation for our core manufacturing processes, enabling us to harness the potential in the coming years.

Most importantly, however, we have succeeded in changing key parts of our factory layout and implementing new procedures in critical areas of our supply chain – key elements in the efficient supply of competitive and sustainable solutions that our customers expect. Early deployment of hybrid planning, including the introduction of shop floor coordinators among our blue-collar staff, has greatly improved how we

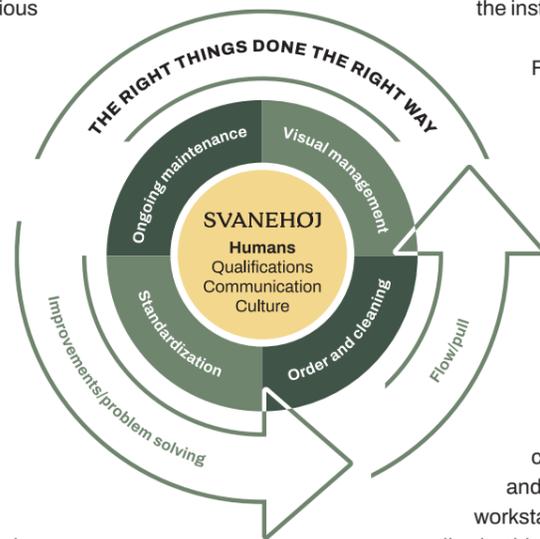
handle work in progress (WIP). In this context, however, WIP is not merely a financial parameter. Improving WIP, has an abundance of positive side effects that have helped us navigate a disruptive year in a very efficient way by greatly reducing the movement of goods, tools, materials, and people. This new foundation for our core manufacturing processes also ensures that all essential movements are carried out much smarter at specially designed workstations and complemented by smarter crane solutions.

Unprecedented disruption has required an almost constant need to prioritize and adapt to stay on course. None of the new equipment installed during the year arrived on time. As we were busy executing a record year, it was extremely challenging to get the timing right when planning for the controlled shutdown of production to enable the installation of new units.

From an environmental aspect, optimization of our internal transportation means our fleet of forklifts is now fully electric, utilization is up, and mileage is down. Together with the new equipment we have invested in for core manufacturing of shafts and pipes, our combined assets are now more environmentally friendly overall. From a social aspect, we have greatly improved working conditions by increasing automation and creating specially designed workstations with better ergonomic profiles, allowing blue-collar workers to work smarter.

In addition to implementing changes in production and on the assembly line, we ensure that our employees are trained properly in the new processes with a full skills boost by means of a tailored development course designed by Svanehøj, University College Nordjylland, and Act 2 Learn. So far, 40 employees have completed the first course, with the rest to follow in 2023. And more courses are expected to be offered in the future.

With the implementation of LEAN and automation, we are already seeing results in 2022, including a reduction in the average assembly time per DW fuel pump of 28% relative to 2021.



From a social aspect, we have greatly improved working conditions by increasing automation and creating specially designed workstations with better ergonomic profiles, allowing blue-collar workers to work smarter.

SUPPLIER TRANSPORT REDUCTION

As an aGreenment™ partner, Svanehøj has signed a green agreement with Lemvigh-Müller to deliver steel on specific days. This allows Lemvigh-Müller to plan, pack and load the trucks optimally and drive fewer kilometers, reducing CO2 emissions. Moving forward, Lemvigh-Müller is refueling trucks with HVO100 biodiesel, saving up to 90% in CO2 and helping Svanehøj reduce our climate impact throughout the supply chain.

CLIMATE-FRIENDLY WIPERS

Svanehøj has implemented the use of climate-friendly wipers from the Danish company Elis to clean up oil leaks and spills during repair work. With a reduction in CO2 of 64.9% compared to recycled paper after 1,000 uses, the eco-friendly wipers represent a good step toward lowering our climate impact in our daily routines, saving electricity, water, and CO2. On top of that, the wipers make the working environment for employees safer, because the used wipers are stored in airtight containers, which means they do not emit hazardous fumes and the risk of fire is minimized.

OPTIMIZATION OF WOOD AS PACKAGING

To reduce our environmental impact, we have examined our waste management, particularly our inbound wood packaging. We invested in a wood compactor to replace our existing container for this waste packaging. With this initiative, our waste wood packaging is no longer collected for incineration. Instead, it is compressed and collected for recycling. Prior to installation of the new compactor, we generated 24,950 kg waste wood for incineration. After installation, we generate 36.300 kg waste wood for recycling.

GOVERNANCE

This section provides an overview of our governance aspects and how ESG is managed and controlled at Svanehøj.

GOVERNING ESG

A solid governance structure is the backbone of our ESG work. Svanehøj ESG is anchored by our CEO with a steering committee represented by our CEO, CFO, CSCO, Executive Business Partner, and Process Quality Manager, and led by our CCO. The steering committee is responsible for developing our ESG strategy and coordinating our cross-functional sustainability initiatives, projects and ESG operations. In 2022, the steering committee met on a bi-monthly basis. In late 2021, we also partnered up with an advisor to boost our ESG performance. A Svanehøj ESG ambassador corps has also been established to ensure broader anchoring of our ESG efforts within the organization and the different functions and departments are each represented with an ambassador.

HUMAN RIGHTS

Svanehøj supports the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at work. Employees are forbidden to take any action that violates these human rights principles, directly or indirectly. Svanehøj upholds the freedom of association and effectively recognizes the right to collective bargaining.

There are potential risks in the supply chain with international suppliers, and these risks are addressed with internal audits of both new and existing suppliers. In 2022, no breaches of human rights were identified, and Svanehøj will continue to focus efforts to prevent any breaches of human rights.

We strive to maintain the highest legal and ethical standards, and the Svanehøj Code of Conduct guides every Svanehøj employee.

BOARD OF DIRECTORS

By 2026, we aim for at least 40% of Svanehøj's Board of Directors elected at the annual general meeting to be women. The current representation of women on our Board of Directors is 14.3%. Svanehøj operates in historically male-dominated sectors, which poses a challenge for Svanehøj and other companies in these sector. However, we will continue to set ambitious targets in this area.

We are aware of the new guidelines and requirements from the Danish Business Authority on equal gender distribution on Boards of Directors starting from January 1, 2023.



STATUTORY REPORT ON DATA ETHICS POLICY

Svanehøj is responsible for and processes information supplied by or collected about our customers. All customer information is treated with the utmost respect for confidentiality and customer privacy.

Svanehøj's clear corporate policy states that the use of personal information must respect the privacy of customers and other stakeholders and always be in compliance with the Danish Data Protection Act and the EU General Data Protection Regulation.

ANTI-CORRUPTION

As a company operating in the offshore and shipping sector, we are aware that our material risks are bribery, corruption, extortion, and embezzlement. Svanehøj is committed to never engaging in any form of corruption and to avoiding the risk of illegal activities aimed at influencing public officials, judiciary, or any other private parties.

We take active measures to ensure that all Svanehøj employees understand and uphold our ethical standards. This is also clearly stated in the Svanehøj Code of Conduct for employees and suppliers. Any Svanehøj employee who becomes aware of a potential violation of this code is expected to contact their supervisor, Group HR, or senior management. No corruption of any kind has been registered in connection with Svanehøj's activities.

ISO CERTIFICATION

Svanehøj is ISO 9001:15 (quality management), 14001:15 (environmental management), and 45001:18 (occupational health and safety) certified in our locations in Svenstrup, Frederikshavn, and Calais, while Suzhou and Kobe operates in accordance with ISO 9001:15 certification in Svenstrup. Our site in Singapore operates in accordance with the Group company Hamworthy Pumps. Svanehøj is working towards integrating the Singapore site into our management system, which is expected to be completed in 2023.

SYSTEMS

To implement ESG performance within an organization and ensure a structured approach, we have implemented a dedicated management system to facilitate our ESG data and reporting. We are currently using it for our Scope 1 & 2 emissions and climate accounting. However, in the long term, the platform will cover all relevant aspects of Environmental, Social, and Governance. We believe that building and having a dedicated system for our ESG performance is the right foundation for our ESG ambitions.

SUSTAINABILITY INDICATORS

Aspect	Topic	Sustainability Indicators	Unit	Figure
General		Total revenue	DKK	693.65
		Number of reporting locations	Number	7
		Total number of blue collar hours	Number	190,317.00
		Total number of white collar hours	Number	247,142.28
ENVIRONMENTAL	Energy	Total energy consumption		
		Purchased electricity	MWh	1394.80
		Purchased district heating	MWh	1358.89
		District heating	MWh	1358.89
		Purchased district gas	MWh	210.18
	Water	Total consumption of water	m3	2,091.09
	Waste	Total waste from own operations	tons	314.76
		- percentage of which is collected for recycling	%	80.5
		- percentage of which is collected for incineration with energy recovery	%	1.0
		- percentage of which is collected for incineration	%	18.3
		- percentage of which is collected for landfill	%	0.3
		- total amount of which is hazardous	tons	13.37
	GHG	Total of direct Scope 1 emissions	tCO2e	208.60
		Total of indirect Scope 2 (location-based) emissions	tCO2e	467.16
Total of indirect Scope 2 (market-based) emissions		tCO2e	699.43	
Total Scope 1 & Scope 2 (market-based) emissions		tCO2e	908.03	
Total Scope 1 & Scope 2 (market-based) intensity ratios				
Scope 1 & Scope 2 emissions per FTE		tCO2e/FTE	3.00	
Scope 1 & Scope 2 emissions per thousand production hours		tCO2e/th. prod. hour	4.77	
Scope 1 & Scope 2 emissions per revenue mDKK	tCO2e/mDKK	1.31		
SOCIAL	Employees	Average number of employees (FTEs)	Number	279
		Number of employees (FTEs) at end of reporting period	Number	303
		Employees (FTEs) by function		
		Percentage of white collar	%	46
		Percentage of blue collar	%	54
		Percentage of employees by employment type		
		Full-time	%	98
		Part-time	%	2

Aspect	Topic	Sustainability indicators	Unit	Figure
SOCIAL	Employees	Percentage of employees by gender		
		Male	%	86
		Female	%	14
		Percentage of employees by age		
		Younger than 18	%	1
		19-29	%	12
		30-39	%	22
		40-49	%	29
		50-59	%	26
		60 or older	%	10
		Number of new employees	Number	111
		- percentage of which are male	%	88
		- percentage of which are female	%	12
		Percentage of new employees by age		
	Younger than 18	%	2	
	19-29	%	24	
	30-39	%	26	
	40-49	%	25	
	50-59	%	15	
	60 or older	%	7	
	Employee turnover percentage	%	18	
	Diversity and inclusion	Percentage of women on the Board at the end of the period	%	14.3
		Percentage of women in leadership positions at the end of the period	%	16.7
Percentage of employees in executive management positions		%	2.3	
- percentage of which are male		%	78	
- percentage of which are female		%	22	
Percentage of employees in other management positions		%	13	
- percentage of which are male		%	89	
- percentage of which are female		%	11	
Number of interns/students with an educational/learning target		Number	11	
Safety		Total number of recordable injuries	Number	11
	- of which lost time injuries	Number	8	
	- of which fatal injuries	Number	0	
	Total recordable injuries per 100,000 working hours ¹	Number	2.5	
	Lost time injuries per 100,000 working hours ² (LTIR)	Number	1.8	
GOVERNANCE	Number of ISO 9001:15-certified sites	Number	3	
	Number of ISO 14001:15-certified sites	Number	3	
	Number of ISO 45001:18-certified sites	Number	3	
	Taxes by category			
	Corporate income taxes (tax on profit/loss for the year)	Million DKK	26.7	
	Employee taxes	Million DKK	49.6	
	Donations	Million DKK	0.32	

1) Number of incidents * 100,000/number of hours worked
 2) Number of lost time injuries * 100,000/number hours worked

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