

# DAFA ESG/COP REPORT 2024

1 JANUARY 2023 – 31 DECEMBER 2023



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# INTRODUCTION

At DAFA, we strive to become an even more responsible business. Therefore, we have made several current and future initiatives covering environmental, social, and governance focus areas.

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## SENIOR MANAGEMENT ENGAGEMENT

**This report covers the financial year 1st of January 2023 to the 31st of December 2023 and represents the corporate social responsibility statement of DAFA Group as required pursuant to section 99a of the Danish Financial Statements Act.**

**This report is published once a year along with the Annual Report. This report also constitutes our Communication on Progress under the UN Global Compact and CSRD.**

At DAFA, we strive to become an even more responsible business and have committed ourselves to different goals covering various social and environmental responsibilities.

We strive towards manufacturing with a focus on the environment, through continual improvements to our manufacturing processes.

We follow the REACH, RoHS, and WEEE directives and thereby aim to protect humans and the environment from hazardous and toxic chemicals.

We also focus on waste management and as much recycling and reuse as possible.

During 2023, we have made investments to achieve our goals within ESG. Investments covering the hiring of an ESG Manager, waste optimization processes, and much more will be highlighted in this report.

We are committed to accelerating our sustainability efforts as it plays a crucial part in our strategic direction and is vital in how we operate and prioritize business opportunities.



# PUBLIC STATEMENT

In 2010, DAFA A/S joined the UN Global Compact, the world's largest initiative for corporate social responsibility.

DAFA is a production company with 85 years of experience. DAFA develops, manufactures, and delivers a wide range of sealing, absorption, and protection products and total solutions for the construction and industrial sectors.

Profit, the planet, and people matter to DAFA. Our ambition is to become even more sustainable in our business decisions, processes, and stakeholder relationships. We aim to have a sound balance in our responsibilities towards the environment, social impact, and our governance.

DAFA cares about its employees, and they are the most important assets of business success. Every year, DAFA organizes different activities to show appreciation for the employees' efforts and their dedication to DAFA. Since February 2023, DAFA Group has had a company car policy, anti-corruption policy, and management guidelines, and a

collaboration committee has been set up to improve collaboration across functions.

The 10 Principles of the Global Compact concern respect for human rights, labor, environment, and anti-corruption. A set of guidelines to ensure that DAFA's employees, in cooperation with customers, suppliers, authorities, and other stakeholders, create a responsible development of DAFA's business and surroundings. DAFA is reporting yearly on UN Global Compact questions regarding communication on progress.

This statutory report is based on the principles for ESG reporting set out by CFA Society Denmark, FSR, and NASDAQ for "ESG key figures in the annual report", guidelines for the UN Global Compact annual Communication of Progress and the CSRD.

  
**Steen Bødtker**  
CEO, DAFA Group



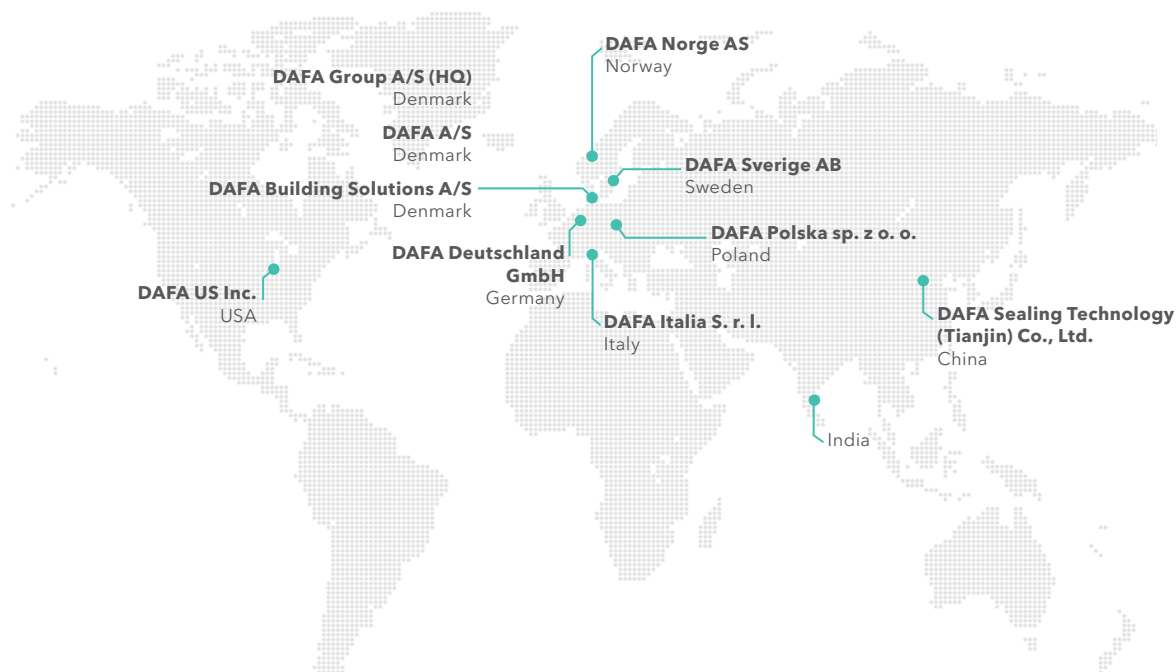
*At DAFA, we combine decades of experience and technical insight with principles of sustainability in everything we do. To become an even more responsible business, we have committed ourselves to a number of goals covering various social and environmental responsibilities. We consider these goals in all of our business decisions to create value for our customers, colleagues, and the environment.*



# DAFA STRUCTURE

## DAFA GROUP AT A GLANCE

DAFA offers sustainable, enduring solutions which seal, absorb, and protect. Our goal is to become our customers' preferred supplier and for them to experience added value by working with DAFA.



### MAKING SMALL INVISIBLE CHANGES WITH A BIG IMPACT

At DAFA, we seal, we absorb, and we protect. With a passion for foam and rubber, we are specialized in making small invisible changes with a big impact. We seal cold air from hot air - and absorb sound to create silence. We dampen vibrations, and we protect objects against shocks and damage. And while our products may seem unnoticeable, they are always irreplaceable.

### IT ALL STARTED IN 1939 IN DENMARK

What began as an entrepreneurial family business producing sealing strips of bronze has today expanded into an international operation - manufacturing the unimaginable across three continents. We cut, we print, and we innovate new solutions. From small nose pads for face masks to protecting large wind turbine blades during transportation, we combine cutting-edge production equipment with great engineering skills and know-how to develop solutions geared to the demands of the future.

### BUT IT ALL BEGINS WITH OUR PEOPLE

Engineers, operators, or quality controllers. At DAFA, everyone is a master of their craft, united into a culture like a family. Our ambitions are global, but our values are practical and local.

### WORLD-CLASS SOLUTIONS DRIVEN BY OUR PASSION FOR INNOVATION AND SUSTAINABILITY

Like our products, being visible to the world is not the most important for us. We simply care about being good at what we do and the difference we can make. We go to work every day to earn the trust of each other and our customers - together shaping the future of manufacturing by pushing the industry standards for quality and more sustainability.

We want our 'invisible' products to bring a noticeable impact and make DAFA the best in the world at what we do. Seal, absorb, and protect. One innovative solution at a time.



**285**  
Employees



**9**  
DAFA units on  
3 continents

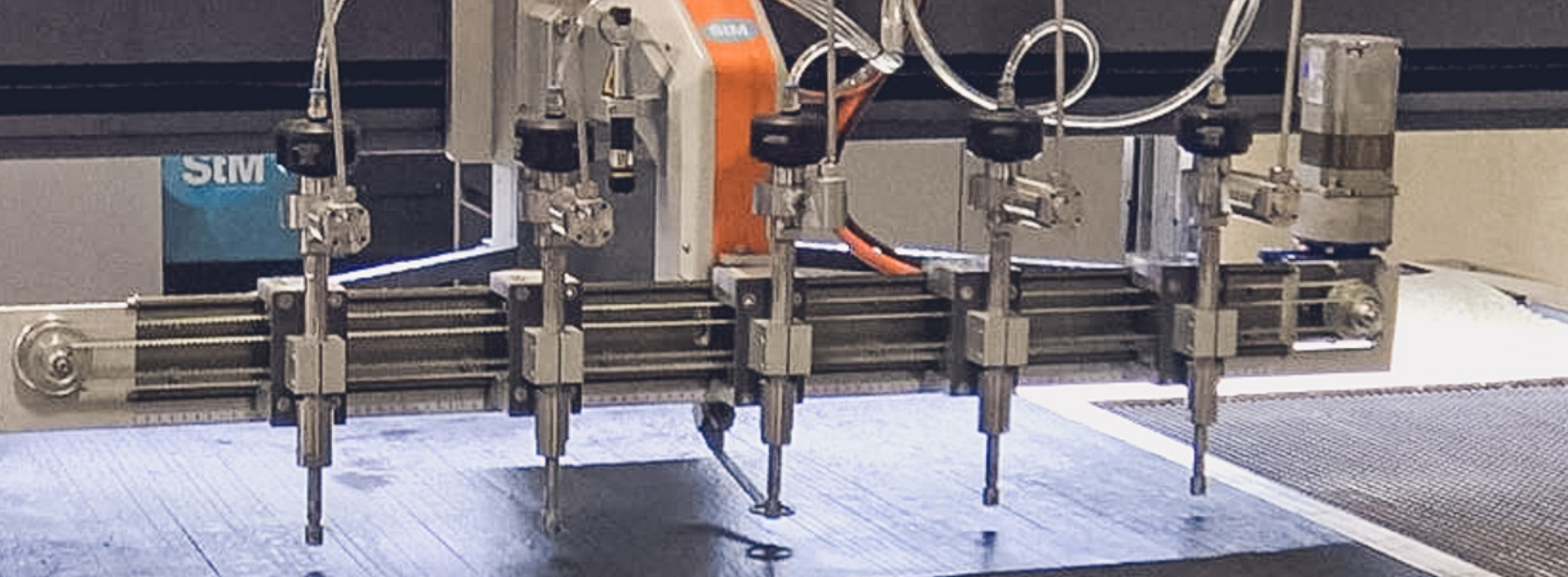


**4**  
Production sites



**€62**  
Million turnover





# ESG RESPONSIBLE STRUCTURE

At DAFA, the overall responsibility for our efforts and ambitions within ESG resides with the Management Board.

Along with our Group Chief Business Development Officer, Group Chief Operation Officer, and Head of People & Culture, the Management Board is responsible for our efforts and goals toward sustainability.

The primary focus is setting a strategic direction by defining relevant goals and ensuring that the organization and stakeholders are working towards these goals.

## DAFA Management Board

## Group Chief Business Development Officer



### Environment and Climate

*Group Chief  
Operation Officer*



### Social

*Head of People &  
Culture*



### Corporate Governance

*Group Chief  
Business  
Development  
Officer*

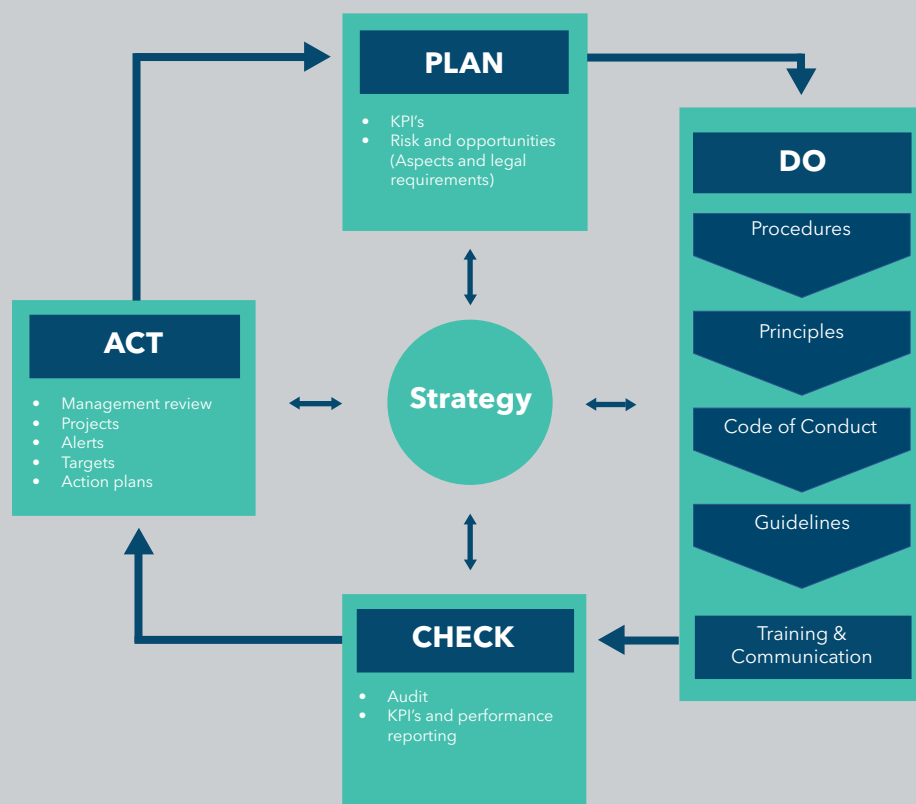


# RISK AND OPPORTUNITY ASSESSMENT

Within DAFA, we evaluate risks across various project types by considering both impact and probability. Using scales from 1 to 5, the impact scale ranges from 1 (no significant effect) to 5 (project cannot continue), and the probability scale ranges from 1 (very low likelihood) to 5 (risk is inevitable).

Our assessment offers a thorough comprehension of potential risks, aiding in informed decision-making for each project. At DAFA, our approach to risk management is a meticulous process integrated into our overall operational framework.

We prioritize identifying and assessing risks to ensure the achievement of our process objectives. This proactive stance allows us to navigate potential challenges and uncertainties that may arise within our operations.



## RISK ASSESSMENT PROCESS

OUR RISK ANALYSIS INCORPORATES SEVERAL KEY INPUTS:

**EXTERNAL RISKS:** Risks originating from sources external to our processes, hereby aspects and legislations.

**PROCESS RISKS:** Identifying potential challenges within the execution of our processes, focusing on understanding what could go wrong.

**OUTPUT RISKS:** Evaluating whether our processes can effectively fulfill their intended purposes and deliver the desired outcomes.

**RECIPIENT RISKS:** Assessing the risks associated with the recipients of our process outputs, ensuring their needs and expectations are met.



## BINDING COMMITMENT WITH STAKEHOLDERS

We engage in ongoing dialogues with stakeholders to assess the risk of non-compliance with their requirements, quality, and environmental standards. Regular reviews of contracts ensure alignment with evolving requirements. In 2023, we strategically aligned our customers' environmental, social, and governance requirements with our DAFA Go Green action plan, mitigating the risk of non-compliance and fostering a sustainable partnership.

Our Group policies set the fundamental principles that govern the way we operate and describe the roles and responsibilities of relevant stakeholders. These policies are supported by group manuals

providing working instructions and details on how to comply with the fundamental principles set out in the policy. Guidelines, handbooks, and manuals provide detailed instructions and are specific to functional areas.

By consistently monitoring and addressing various risks, we uphold our commitment to creating a resilient and adaptive organizational framework.



# SUSTAINABILITY DOCUMENTATION

We are dedicated to securing pertinent knowledge and documentation for sustainable alternatives, aspiring to be the preferred ESG partner. Our commitment involves furnishing customers with comprehensive product documentation and addressing their requirements for enhanced environmental information regarding product impacts across the entire life cycle.

DAFA is driven to empower customers with the information they need to make informed decisions. We strive to provide essential product documentation and meet our customers' demands for improved environmental insights

into product impacts throughout the complete life cycle.

To ensure sustainability, consider opting for products bearing specific eco-labels. Furthermore, DAFA boasts a wide range of products approved for Nordic Swan Ecolabel constructions, aligning with our commitment to environmentally conscious choices.



## ECOVADIS

In 2022, DAFA committed to joining EcoVadis, a global leader in sustainability assessments and ratings for businesses operating across diverse sectors and regions. EcoVadis plays a role in helping companies manage value chain risk, ensure compliance, enhance performance, and address the evolving landscape of due diligence regulations.

Utilizing a comprehensive approach, EcoVadis provides sustainability ratings through its global cloud-based platform. The EcoVadis rating

encompasses a wide spectrum of non-financial management systems, including environmental, labor & human rights, ethics, and sustainable procurement impacts.

In our assessment in 2023, DAFA achieved a bronze rating, signifying our commitment to sustainable practices. Looking forward, our goal for 2024 is to elevate our standing to a silver rating, demonstrating our ongoing dedication to advancing sustainability standards.





# MATERIALITY ASSESSMENT

DAFA's commitment to environmental, social, and governance principles is underpinned by a materiality assessment framework.

DAFA's commitment to sustainable business practices is underscored by a comprehensive materiality assessment framework. Led by our ESG Manager, this assessment delves into the environmental, social, and governance dimensions, aiming to identify and prioritize factors that have a substantive impact on both internal operations and external stakeholders.

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# PROCESS OVERVIEW

## STAKEHOLDERS' ENGAGEMENT AND SESSIONS

In 2023, we started the materiality assessment process by identifying key stakeholders, who understand the diverse perspectives that influence our ESG landscape.

Sessions dedicated to environmental, social, and governance aspects were conducted, involving key decision-makers such as the ESG

Manager, Group Chief Business Development Officer, Group Chief Operation Officer, and Head of People & Culture. These sessions, spanning half a day each, allowed for in-depth exploration of material issues.

## EXTERNAL KNOWLEDGE AND STAKEHOLDER

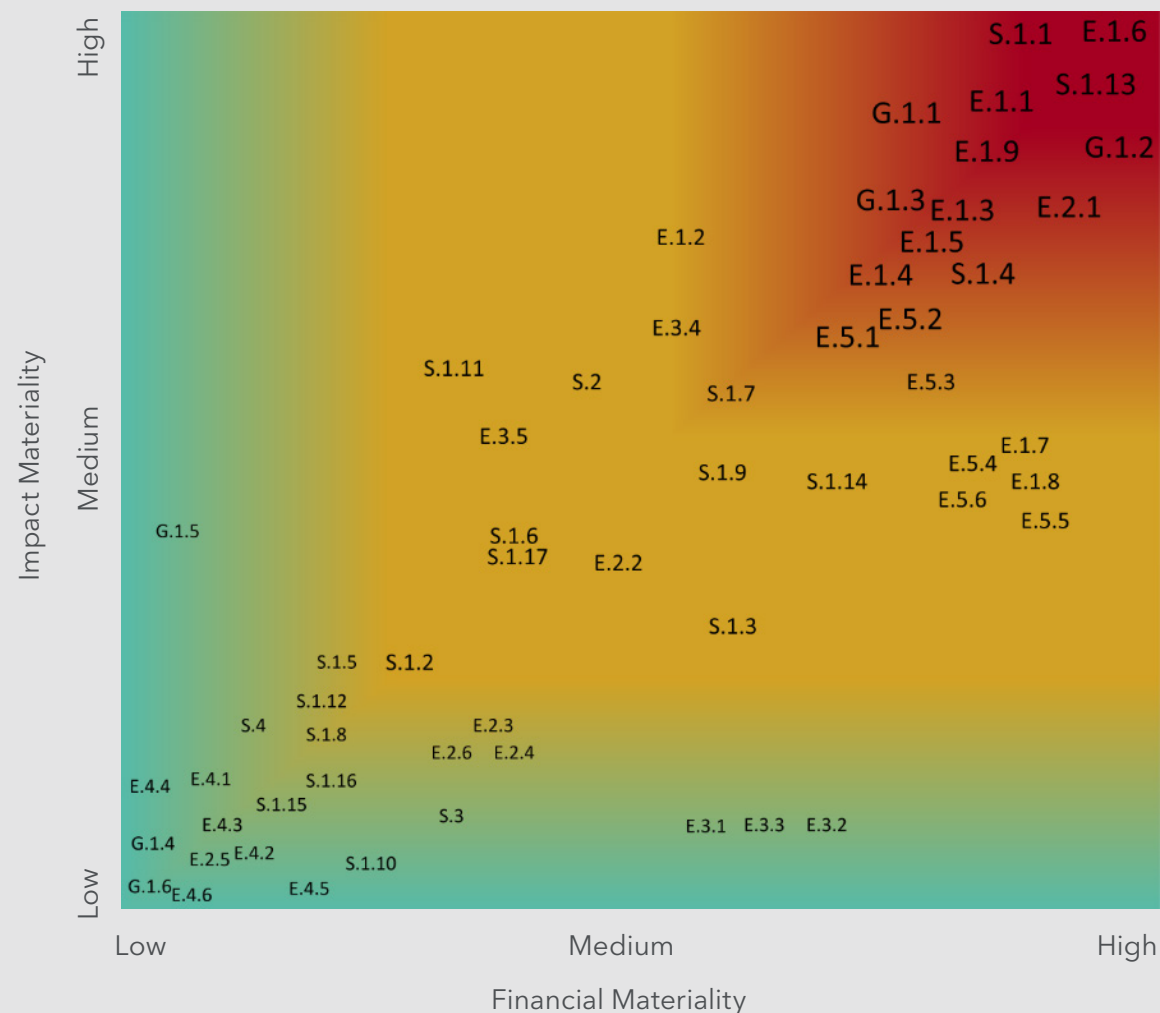
To complement our internal perspectives, we have actively sought external knowledge regarding industry-related factors.

This external insight has been thoroughly integrated into our double materiality assessment, contributing to a more comprehensive and nuanced understanding of key issues. We have consulted relevant industry analyses, expert assessments, and benchmarking

data to ensure that our evaluation is informed, not only by internal perspectives, but also by external factors that may impact our business and stakeholders.

This combination of internal and external insights has strengthened our ability to identify and prioritize material issues across our ESG agenda.

## DOUBLE MATERIALITY ASSESSMENT





## FOCUS AREAS IDENTIFIED

Building on the insights gathered during the sessions, specific focus areas were identified for environmental, social, and governance considerations:



### ENVIRONMENTAL

- E1.1: Transition plan for climate change mitigation
- E1.3: Actions and resources in relation to climate change policies
- E1.4: Targets related to climate change mitigation and adaptation
- E1.5: Energy consumption and mix
- E1.6: Gross Scopes 1, 2, 3 and Total GHG emissions
- E1.9: Potential financial effects from material physical and transition risks and potential climate-related opportunities
- E2.1: Policies related to pollution



### SOCIAL

- S1.1: Policies related to own workforce
- S1.4: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
- S1.13: Training and skills development indicators



### GOVERNANCE

- G1.1: Corporate culture and business conduct policies
- G1.2: Management of relationships with suppliers
- G1.3: Prevention and detection of corruption or bribery

We commit to annually updating our double materiality assessment, with a more comprehensive review and adjustment process over the next three years. Every third year, this assessment will undergo a thorough update and alignment with our Management Board and stakeholders, ensuring continuous progress and refinement of our ESG focus areas.

Additionally, current 'red' material issues will be reported and prioritized in the upcoming three years, followed by attention to 'orange' issues in the subsequent three years, and finally addressing 'yellow' issues in the subsequent period.

## ESG KEY FIGURES

DAFA GROUP KEY FIGURES

	Unit	2023	2022	2021	2020	2019
<b>ENVIRONMENT</b>						
CO2e, scope 1	Tonnes	294	333	378	274	360
CO2e, scope 2 (location based)	Tonnes	1441	1555	1468	1304	1430
CO2e, scope 2 (market based)	Tonnes	1386	1210	1468	1304	1430
CO2e, scope 3	Tonnes	26506	Not calculated	Not calculated	Not calculated	Not calculated
Energy consumption	GJ	13605	14500	16918	14058	15878
Renewable energy share	%	41	22	1	1	1
Water consumption	m3	3265	3882	4488	4332	4173
<b>SOCIAL</b>						
Full-time workforce, average total	FTE	285	303	340	309	302
Employee turnover ratio	%	20	21	11,1	13,9	15,6
Sickness absence	Days per FTE	5	10,1	9,8	8,1	7,5
Customer retention ratio	%	63,85	76,0	61,3	76,8 *	80,2 *
<b>GOVERNANCE</b>						
Board gender diversity	%	20	0	25	25	25
COC commitment (suppliers**)	%	100	100	100	0	0
COC commitment (employees)	%	100	100	0	0	0

\* DAFA A/S

\*\* Strategic suppliers

The methods of calculation are listed on page 42.



# OUR GOALS

Our sustainability goals towards 2030 have been set out as shown below with reference to the year 2019.



**50%** reduction of CO2 by 2025 by production hour



**100%** renewable energy consumption by 2030



**50%** of our waste is recycled by 2030



**40%** of DAFA's products contain recycled materials by 2025



**90%** local sourcing of raw materials by 2025



**30** eNPS score in DAFA's yearly employee engagement survey







# ENVIRONMENTAL

In the pursuit of mitigating climate change and aligning with global efforts, DAFA has outlined a comprehensive transition plan that encompasses various aspects of its operations.

This chapter provides a detailed overview of the disclosure of the transition plan, targets, decarbonization levers, key actions taken, and future plans for climate change mitigation.

- 
- |    |   |    |   |
|----|---|----|---|
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## DISCLOSURE OF TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

DAFA recognizes the significance of disclosing its transition plan for climate change mitigation. While the company is in the process of developing a comprehensive plan, it acknowledges the influence of climate-related risks and opportunities on its strategy.

Although not currently utilizing the Science-Based Targets initiative (SBTi), DAFA asserts its commitment to aligning with the Paris Agreement's goal of limiting global warming to one and a half degrees Celsius.



# DECARBONIZATION LEVERS AND KEY ACTIONS

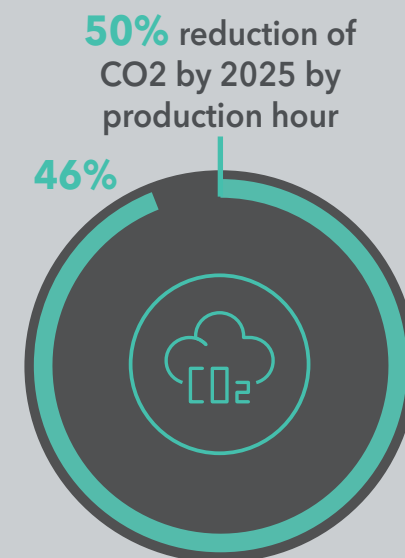
## 50% REDUCTION OF CO2 BY 2025 BY PRODUCTION HOUR

DAFA initiated a comprehensive corporate-level inventory in 2023 to monitor greenhouse gas emissions, adhering to the standards set by the GHG protocol. This step ensures accurate measurement and understanding of the company's carbon footprint.

We have significantly reduced our carbon footprint by optimizing working hours and material use across

multiple productions. Additionally, we have invested in renewable energy for our Danish facilities, contributing to a reduction in CO2 emissions per production hour.

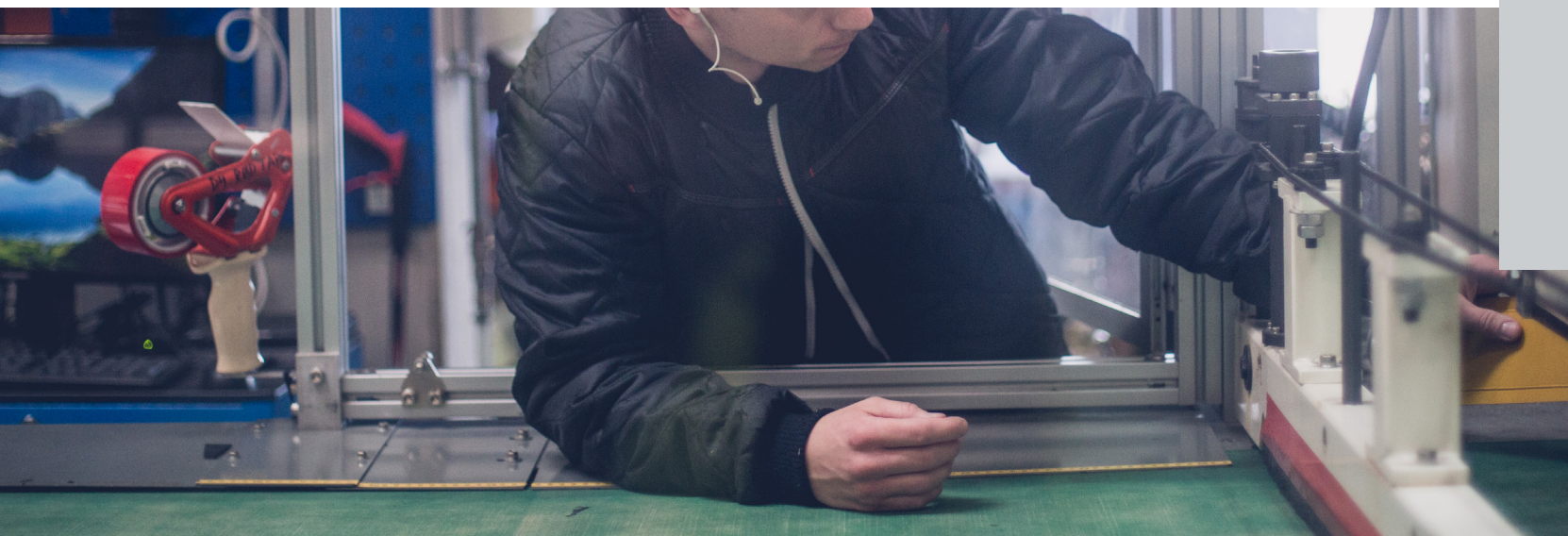
By the end of 2023, we have achieved a 46% reduction of CO2.



### OUR PROGRESS

24% → 46%  
2022 2023

The method of calculation is listed on page 43.



## 100% RENEWABLE ENERGY CONSUMPTION BY 2030

In 2023, DAFA took a significant step towards achieving its goal of 100% renewable energy consumption by introducing a new company car policy. The policy mandates that all company cars must be electric, contributing to the reduction of carbon emissions associated with the company's transportation.

In 2013, we initially invested in 20 kWp solar panels for Danish production. However, in 2023, we took a larger step, investing in 267 kWp solar panels.

This resulted in a notable increase of 131 MWh in energy production in 2023. Despite initial plans for further solar panel investments, we decided against it due to environmental and economic factors, finding it to be an impractical and costly endeavor.

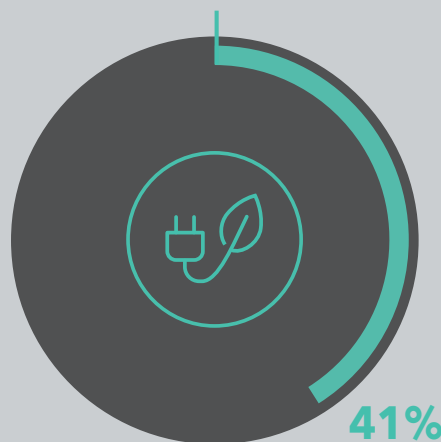
Consequently, we redirected our focus towards energy consumption in Poland, conducting a comprehensive energy audit of our production site to analyze consumption patterns and explore opportunities for improved energy efficiency.

By the end of 2023, we have achieved 41% of renewable energy consumption.

### OUR PROGRESS

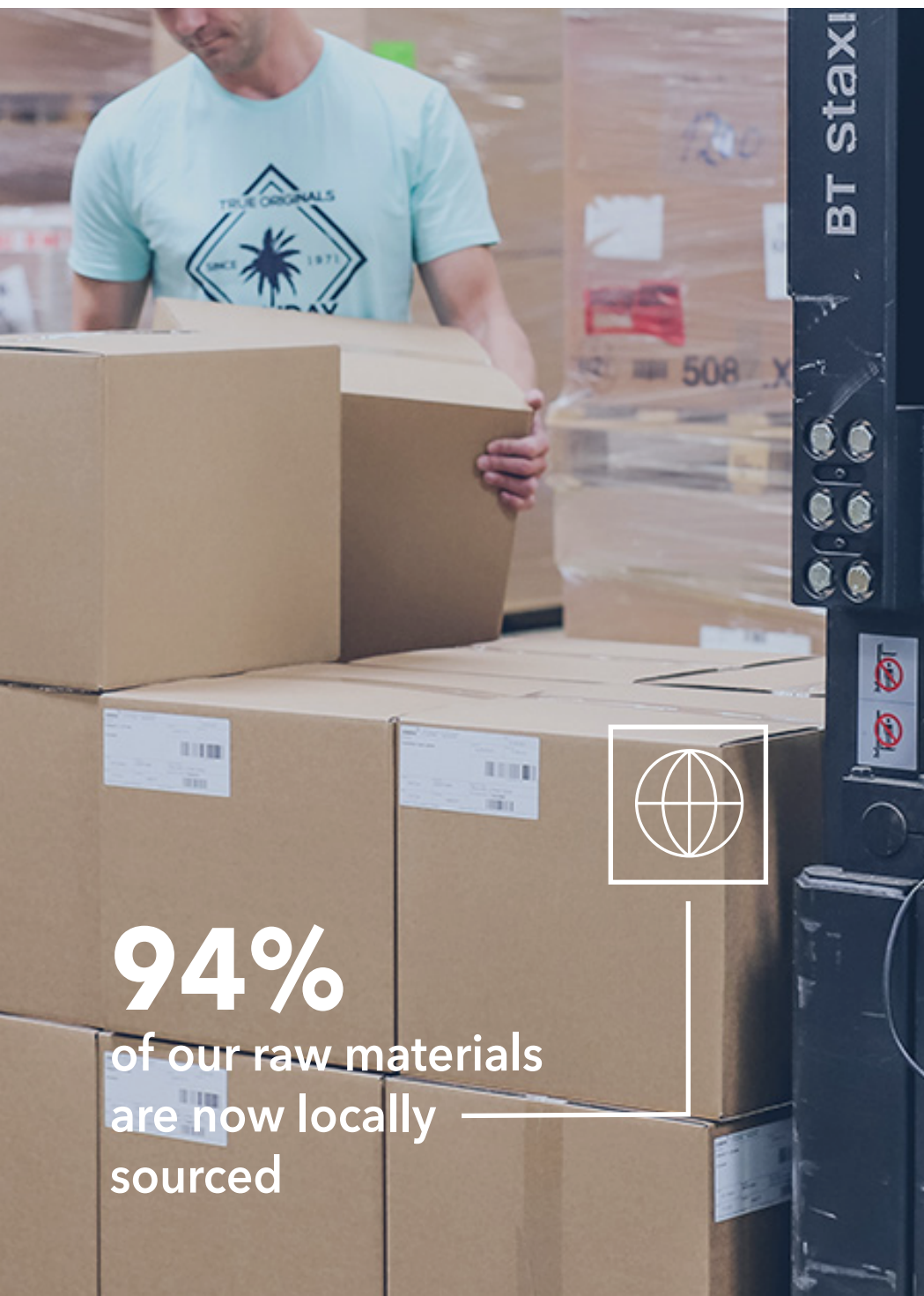
**22%**  **41%**  
2022 2023

**100%** renewable energy consumption by 2030



The method of calculation is listed on page 43.





**94%**  
of our raw materials  
are now locally  
sourced

## 90% LOCAL SOURCING OF RAW MATERIALS BY 2025

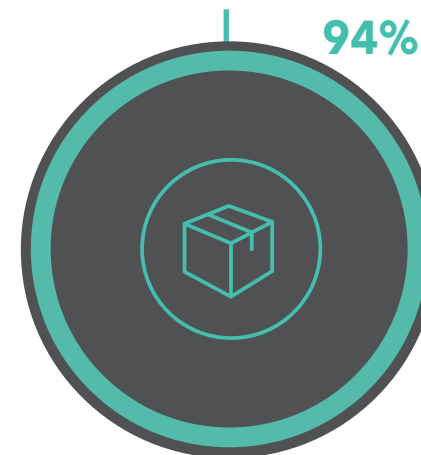
DAFA achieved its goal of 90% local sourcing in 2023 and remains committed to tracking the sources of supplied materials. This commitment ensures that the raw materials used in production are sourced responsibly.

Looking forward, DAFA aims to strengthen its commitment to sustainable sourcing by engaging in dialogues with suppliers. These discussions will emphasize the importance of sustainable practices in the supply chain, fostering a collaborative approach towards responsible sourcing.

By the end of 2023, 94% of our raw materials are locally sourced

**90%** local sourcing  
of raw materials  
by 2025

**94%**



### OUR PROGRESS

**91%** **94%**  
2022 2023

The method of calculation is listed on page 43.

## 50% OF OUR WASTE IS RECYCLED BY 2030

To enhance waste management practices, DAFA implemented controls over incoming materials in 2023. This involves measuring and weighing all materials entering the company, ensuring a proactive approach to waste reduction.

To ensure focus on the three higher stages in waste management, prevention, preparing for reuse and recycling, DAFA has started the project Waste Handling. Waste Handling is a collaboration between DAFA and external partners. This initiative has been instrumental in acquiring new knowledge and expertise in developing sustainable business models.

As part of the project, we have introduced a weekly Green Walk in our production, focusing on our waste streams and actions related to waste handling. Additionally, we have initiated discussions with strategic suppliers regarding

takeback deals and have started collaborating with customers who share similar ambitions for a sustainable future.

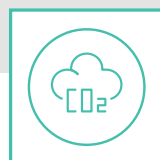
### INITIATIVES

The Waste Handling initiative has already delivered outcomes, amounting to more than 2.4 tons of annual CO<sub>2</sub> savings.

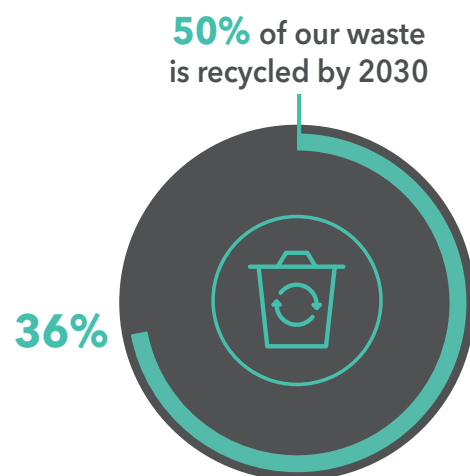
We have a close collaboration with our waste suppliers to constantly improve ourselves beyond our current state.

We strive to optimize production processes to minimize waste, for example, by using previous waste as raw material.

We reduce the amount of residual waste in favor of recycling in other productions.

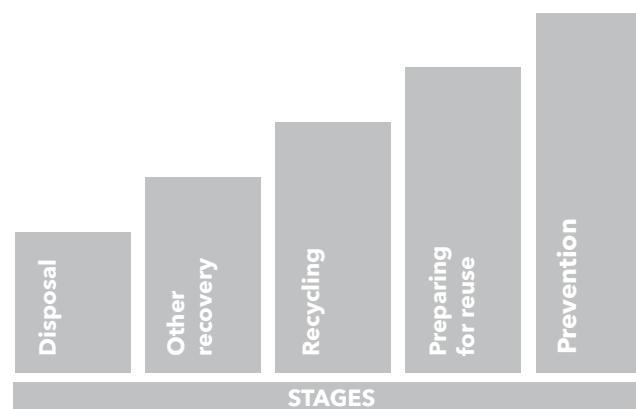


**2.4**  
tons of annual  
CO<sub>2</sub> savings



### OUR PROGRESS

**30%**  **36%**  
2022 2023



In 2024, DAFA plans to sustain its progress by continuing the focus on Waste Handling.

Additionally, the successful Green Walk initiative, initially implemented elsewhere, will be expanded to the Polish and Chinese production sites. DAFA will intensify collaboration with suppliers and customers who share similar sustainability ambitions.

By the end of 2023, 36% of our waste is recycled.





## 40% OF DAFA'S PRODUCTS CONTAIN RECYCLED MATERIALS BY 2025

In 2023, our primary focus has been on updating this goal. Since last year, we have become aware that defining our goal of 40% recycled materials in our products is challenging. Therefore, we have been searching for an alternative that clearly defines what a "sustainable" product is. Unfortunately, this has not been possible, so in 2024, we will once again attempt to update the goal. By the end of 2023, we have achieved 2% completion of recycled materials in our products.

However, this does not mean that we have not been working on actions that provide us with better opportunities to work with materials that can be considered in a life-cycle perspective.

In 2023, we have been working to establish collaborations with our customers, seeking to collectively address their needs while leveraging our expertise in products and product quality. This initiative has initially

proven to be a mutual opportunity, as many of the customers we are in dialogue with are also actively working to reduce their impact on the climate.

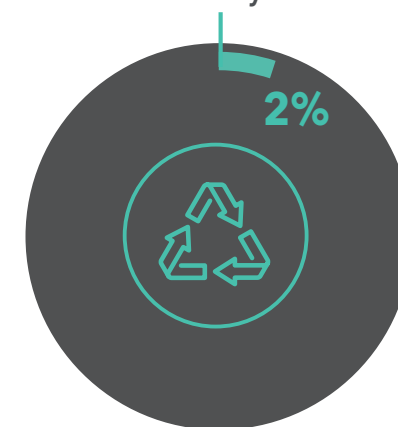
In 2023, DAFA initiated efforts to find alternatives for high-runner materials, including addressing challenges associated with crosslinked PE foam. This proactive approach aligns with the intention to incorporate more recycled materials into the production process.

In 2023, we developed 22 Environmental Product Declarations, EPDs, on selected products within our different segments. This helped us meet the increased demand for transparent documentation of product climate impact. We only just got started and integrated the EPD calculations framework, however, we will focus on bringing it more into our organization.

Looking ahead to 2024, DAFA plans to launch a new project focusing specifi-

cally on alternatives to crosslinked PE foam. Simultaneously, DAFA will initiate a project dedicated to addressing the issue of landfilled materials. Both projects aim to further advance DAFA's commitment to utilizing recycled materials and minimizing environmental impact.

**40% of DAFA's products contain recycled materials by 2025**



OUR PROGRESS

2% 2022 → 2% 2023



## ECONOMIC ACTIVITIES AND ALIGNMENT WITH REGULATIONS

DAFA's new company car policy is expected to result in a reduction of Scope 1 emissions to zero, affecting Scope 2 emissions as well. DAFA expects to see changes in 2024, aligning with the criteria established in the Commission Delegated Regulation 2021/2139.

Most of our actions related to Waste Handling were in the last part of Q4 in 23, which is why many of the initiatives first will be visible in the 2024 reporting on scope 3.

As part of last year's budget, we prioritized investments at both the operating expenses (OpEx) and capital expenditures (CapEx) levels. On the operational side, we increased working hours in production as a measure to optimize operational expenditures (OpEx). Simultaneously, we made significant investments in waste handling processes. Additionally, we allocated resources to validate our Scope 1 and 2 expenditures as capital (CapEx).

Furthermore, we would like to highlight our commitment to Environmental Product Declarations (EPDs). We invested in LCA calculation software and hired a new team member specifically to manage and implement the program effectively.

In our commitment to ESG initiatives and ongoing development, we acknowledge the necessity for strategic investments. Consequently, a decision has been made to subject all OpEx investments to approval processes with allocated time, while substantial CapEx investments require a compre-

hensive business case. The Management Board will then deliberate on whether to proceed with such investments, ensuring consideration of environmental, social, and economic factors.

For example, although there was a financial inclination to invest further in solar panels in 2023, the decision was influenced by the realization that it did not align with our environmental objectives. As a result, the focus shifted towards enhancing production capabilities in Poland.

## INTEGRATION WITH BUSINESS STRATEGY

DAFA integrates its climate change mitigation plan with its overall business strategy and financial planning. The company actively seeks to reduce its environmental impact, aligning with the UN Global Compact principles since 2010. Committed to sustainability, DAFA continually optimizes manufacturing processes, complies with environmental directives, and focuses on waste management, recycling, and reuse.

We ensure that our production gets a lower environmental impact through continual improvements to our manufacturing processes.

We are constantly investigating new ways of optimizing our manufacturing processes, and always with an eye on the environment.

We comply with the REACH, RoHS and WEEE directives, and thereby aim to protect humans and the environment from hazardous and toxic chemicals. We also focus on waste management, and as much recycling and reuse as possible.





# TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION



In ensuring consistency with Green House Gas (GHS) inventory boundaries for emission reduction targets, our approach involves selecting realistic objectives for DAFA. Acknowledging the superior accuracy of SBTi, we will consider incorporating these if we can prioritize and allocate the necessary resources.

To guarantee the representativeness of baseline values in terms of covered activities and external factors, we have validated our scope 1 and 2 calculations with an external company.

The determination of new targets, their achievement, and progress presentation over time is guided by an analysis of annual data on scopes and consumption. We identify areas with high emissions, directing our yearly targets accordingly.

Our strategy for achieving GHG emission reduction targets focuses on key decarbonization levers. Emphasizing waste handling, alternative raw materials, circular economy

practices, and collaboration, we aim to make quantifiable contributions towards our goals.

Consideration of a diverse range of climate scenarios involves active participation in networking to gather information on relevant environmental, societal, technological, market, and policy-related developments. Regular assessments of ESG impact and yearly calculations guide our approach.



# GREENHOUSE GAS EMISSION:

## ACCOUNTING CHANGES, EXCLUSIONS, AND INSIGHTS FOR 2023

In our comprehensive disclosure of Gross Scopes 1, 2, 3, and Total GHG emissions, we address various aspects. Firstly, we discuss significant changes in the definition of the reporting undertaking and its value chain, emphasizing the impact on the year-to-year comparability of reported GHG emissions. Notably, our accounting now incorporates scope 3 emissions upstream and, to a significant extent, downstream emissions since the previous year.

Furthermore, we disclose the effects of significant events and changes in circumstances relevant to GHG emissions that occurred between the reporting dates of entities in our value chain and the date of the undertaking's general-purpose financial statements. For the year 2023, no significant changes were noted.

In explaining the exclusion of certain Scope 3 GHG emissions categories, we clarify that category 3 (fuel and energy-related activities) is deemed irrelevant to our company's activities. Additionally, categories 8 (upstream leased assets), 10 (processing of sold products) and

11 (use of sold products) are excluded due to unavailable data and estimated very low emissions. Categories 13 to 15 are excluded because of the absence of downstream leased assets, franchises, and investments in 2023.

Finally, we highlight that biogenic emissions of CO<sub>2</sub> from combustion or bio-degradation of biomass in the value chain, specifically in packaging materials such as cardboard, wrap foil, and pallets, have not been included in our Scope 3 GHG emissions calculations.



### CATEGORY

**Category 3** (Fuel and energy-related activities)

**Category 8** (Upstream leased assets)

**Category 10** (Processing of sold products)

**Category 11** (Use of sold products)

**Category 13** (Downstream leased assets)

**Category 14** (Franchise)

**Category 15** (Investments)

### EXPLANATION

Is deemed irrelevant to our company's activities.

Are excluded due to unavailable data and estimated very low emissions.

Are excluded because of the absence of downstream leased assets, franchises, and investments in 2023.

# POTENTIAL FINANCIAL EFFECTS

## FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES

At the heart of our operations lies foam and rubber, both deeply connected to the use of fossil fuels. Given that our primary raw material is oil, it is crucial to acknowledge and address the potential financial impacts arising from material physical

and transition risks. Recognizing the importance of sustainability, we are actively exploring alternatives within the circular economy and seeking materials derived from bio-oil to mitigate risks and explore climate-related opportunities.

# POLICIES RELATED TO POLLUTION

Our approach to managing material impacts, risks, and opportunities related to pollution is outlined in our environmental policy. Referring to Appendix 1.

Within our environmental policy, we acknowledge our responsibility for the impact we have on others. However, recognizing the need for increased focus and clarity, we are taking action to update and align our policies with the negative impacts on pollution of air, water, and soil.

Furthermore, the policy addresses the substitution and minimization of the use of substances of concern, along with the phased-out approach towards substances of very high concern.

Specifically, in our procurement department, efforts are underway to optimize transportation efficiency. Recognizing shipping as the least emitting mode of transportation, we prioritize shipping for both our products and incoming materials.

This aligns with our commitment to reduce the environmental impact associated with our operations





# ENVIRONMENTAL ACHIEVEMENTS AND GOALS



## ENVIRONMENTAL ACHIEVEMENTS 2023



- Company cars policy
- Working on an energy audit for our Polish production site
- Managing incoming materials by weight
- Waste handling
- Establishing Green Walks
- Collaborations with suppliers and customers on ESG
- Started documenting on EPDs
- Project on alternative to crosslinked PE foam

## ENVIRONMENTAL GOALS 2024



- Creating 100 % renewable energy action plan for DAFA in Poland
- Engaging sustainable supplier dialogues
- Implement Green Walk in our Polish and Chinese production sites
- Project on alternatives to crosslinked PE foam and landfilled materials





# SOCIAL

Our workforce is our most valuable asset, and we strive to create a diverse, inclusive, and engaging work environment for our employees.

We believe that respecting human rights is a matter of course, and it is essential for our long-term success and for making a positive difference in the world - this is part of Who We Are.

- 
- 29 Policies related to own workforce
  - 30 Global safety
  - 30 Grievance mechanisms
  - 31 Workforce actions: global learning, engagement, and development initiatives in focus
  - 31 Yearly employee engagement survey

- 32 Grievance mechanism
- 33 Employee well-being & development
- 34 Training and skills development
- 35 Socail achievements and goals



# POLICIES RELATED TO OWN WORKFORCE

At DAFA, we are committed to respecting human rights in our operations and business relationships. We believe that human rights are inherent, universal, indivisible, and interdependent, and that we have a responsibility to avoid breaking the human rights of others and to address any adverse human rights impacts we may cause or contribute to.

DAFA complies with international and local laws and regulations: ILO Conventions, The Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the UN Guiding Principles of Business and Human Rights as a responsible member of the UN Global Compact.

**LABOR RIGHTS** - We respect our workers' rights to fair and equal treatment, non-discrimination, freedom of association, collective bargaining, safe and healthy working conditions, fair wages and benefits, reasonable working hours, and freedom from harassment, violence, forced labor, child labor and human trafficking. This is elaborated and explicitly addressed in our Labor and Human Rights Policy, our Antiharassment Policy and our Code of Conduct.

Our human rights policy applies to all our employees. We expect them to respect our human rights standards and to follow all relevant laws and regulations in the countries where we operate. We communicate our human rights policy on our DAFA Intranet

which was globally introduced in 2023. In this way we support our employees in understanding our processes and expectations, to help identify and address how we may negatively impact human rights.

Actions going forward - and based on our DAFA Group Strategy and development plan 2027 - we will increase the efforts to identify risks in connection to labor and human rights. By 2027 our aim is to identify our potential human rights impacts before major changes in existing operations and before entering new markets. This is based on our identification of areas where the risk of adverse human rights impacts is most significant. We will work together with local stakeholders and engage in dialogue about how to prevent and mitigate such impacts.

**ENVIRONMENTAL RIGHTS** - We respect our workers' rights to a clean and healthy working environment. We work to reduce our environmental impact and to help protect and restore the natural resources we depend on. Through our DAFA Go Green Initiatives.

We know that human rights are complex and evolving, so we always strive to improve our governance and processes. Therefore, we also annually ask our employees for feedback as part of our global Employee Engagement Survey.

**WE ASK** our employees and business partners to think about how their decisions affect Human Rights and to act accordingly.

To make this commitment real, we will keep:

- Identifying our human rights impact throughout our operations and business relationships.
- Developing the means to manage our impact.
- Monitoring our performance.
- Communicating our efforts.

**WE WILL MAKE A POSITIVE IMPACT IN THE WORLD, AND WE BELIEVE THAT IT IS ESSENTIAL FOR LONG-TERM SUCCESS.**





## GLOBAL SAFETY

We have adopted local health and safety policies that set out our commitment and approach to ensuring the health and safety of our own workforce and other stakeholders. Our local policies are based on the international standards of ISO 45001.

By 2027, we aim as part of achieving one global certificate, to have one global health and safety policy supported by our quality management system IPW. However, the management system IPW is already now in place to support the local health and safety responsible.

We have an equal opportunity standpoint as part of our global recruitment policy that ensures that all our employees and job applicants are treated fairly and equally, regardless of their gender, age, race, ethnicity, religion, disability, sexual orientation, or any other

protected characteristic. Referring to Appendix 2. This is to advance diversity and inclusion in our recruitment and other related HR processes.

Our policy is aligned with the EU directives and the national laws on equal treatment and anti-discrimination. Our policy covers all aspects of employment, such as recruitment, selection, and onboarding. Grounds for discrimination are specifically specified in our anti-harassment Policy. Referring to Appendix 3.

## GRIEVANCE MECHANISM

DAFA values and respects honest and open communication, and all stakeholders can raise questions and or concerns through: **dafa@dafa.dk**

As an employee, you may ask questions or raise concerns regarding potential and actual adverse human rights impacts to your immediate leader or HR Manager, or you can report through our Whistleblower service available at our DAFA Intranet.

No reprisal or retaliatory action will be taken against any employee for raising concerns under DAFA's human rights policy. We will establish grievance mechanisms, and are committed to investigate any concerns, and if we discover any severe adverse human rights impacts, we will act appropriately without delay.



# WORKFORCE ACTIONS:

## GLOBAL LEARNING, ENGAGEMENT, AND DEVELOPMENT INITIATIVES IN FOCUS

We have identified several material impacts, risks, and opportunities related to our workforce, such as employee health and well-being, talent attraction and retention, skills development, and equal opportunities.

To address these issues, we have set specific and measurable objectives and targets, such as making equal learning and development opportunities available for all employees. Our goal is to continuously keep the numbers of learning opportunities to the same level as in 2023 with 408 hours (about 2 and a half weeks) of learning delivered compared to 234 hours (about 1 and a half weeks) in 2022. We will also be working on increasing the number of internal promotions and hiring by 5% compared to 1% in 2023.

We have allocated resources to local HR managers, increased management involvement, and recently introduced our global recruitment policy. The policy dictates that we shall spend time communicating new positions internally, allowing internal employees the opportunity to take on new challenges before the position is advertised externally.

Primary due to lower activity, the total workforce in the group declined from 303 FTE primo 2023 to 285 ultimo 2023. In Denmark, the development in FTE was from 123 FTE primo 2023 to 120 FTE ultimo 2023.

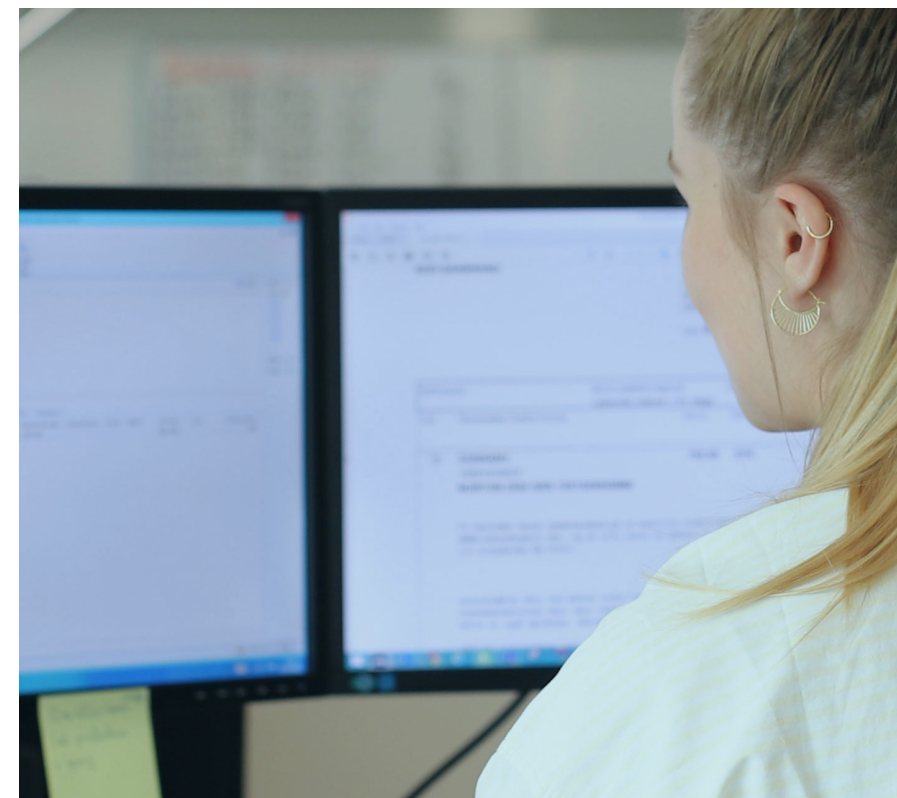
The workforce in the rest of the group developed from 180 FTE primo 2023 to 165 FTE ultimo 2023.

## YEARLY EMPLOYEE ENGAGEMENT SURVEY

In 2023, we have adopted a proactive approach to fostering the material positive impacts of our activities on our own workforce, such as employee engagement, motivation, and loyalty. We have established a global and regular employee survey to measure and monitor our employee engagement level, using indicators such as satisfaction, commitment, and advocacy.

In 2023, we achieved a successful implementation of our global employee engagement survey thanks to the active involvement of our employees and managers and achieved a response rate of 19,5% higher than the benchmark score for companies in our industry. Therefore, we have set a target to maintain the high response rate for the employee engagement survey of 90,5% (benchmark 71%) for the group for 2025.

We will also set a goal to increase our Employee Net Promoter Score, eNPS, from the benchmark year 2023 of a result of minus 4 with 10% by 2025 to help us on the way to reach our end goal of 30% in 2027. We will achieve this through increased involvement of our employees and managers in various initiatives and programs.



### OUR PROGRESS

**- 6 eNPS** 2022 → **- 4 eNPS** 2023



**OUR GOAL: 30 eNPS** score in DAFA's yearly employee engagement survey

## EMPLOYEE WELL-BEING & DEVELOPMENT

We have implemented DAFA Academy for our own workforce, aimed at enhancing their competencies, capabilities, and career prospects as well as job satisfaction and well-being. Our academy includes elements such as online courses, workshops, on-the-job learning, and certification. Promoting the global mindset and the feeling of belonging to the DAFA family.

We will launch well-being initiatives for our own workforce, aimed at improving their physical, mental, and social health. Our initiative includes activities such as fitness challenges, anti-stress sessions, and social events across the countries we operate in.

We will develop a set of indicators and methods to track and assess the effectiveness of our well-being. We will use a combination of quantitative and qualitative data, such as well-being surveys, health records, absenteeism rates, and focus groups. We will analyze the data regularly and compare it with our baseline and target values. We also benchmark our results with industry standards and best practices. We will use the findings to evaluate the impact and outcome of our initiative and to identify areas for improvement and adjustment.

We have identified a material opportunity of employee engagement in our own workforce, as a key driver of our performance, reputation, and sustainability. To pursue this opportunity, we have planned and implemented an employee engagement strategy as part of the People & Culture Strategy, which includes actions such as conducting regular surveys, providing feedback, recognizing achievements like the Employee of

the Quarter, and involving employees in decision-making. We track the progress and outcome of our strategy by measuring the employee engagement score, the employee advocacy rate, and the impact on customer satisfaction and loyalty.

As part of our DAFA Academy, we have identified a material risk of skills shortage in our own workforce due to the rapid changes in technology and customer expectations. To mitigate this risk, we have planned and implemented a comprehensive skills development program called DAFA Way of Selling, which includes online courses, coaching, and onboarding of new employees. We track the effectiveness of our program by measuring the skills proficiency level, from awareness and understanding to application and final business impact of increased sales.

**We ensure that our own practices** do not cause or contribute to material negative impacts on our own workforce by engaging and consulting with our employees and workers' representatives. We have established a social dialogue mechanism that enables us to communicate and cooperate with our employees and workers' representatives on matters related to our own workforce impacts. We have also integrated our employees and workers' representatives in our decision-making and governance processes that affect our own workforce impacts, such as strategy, policy, and performance. We are always working to foster a culture of trust, respect, and collaboration with our employees and workers' representatives, and we seek their feedback and input on our own practices and impacts.

**408**  
hours of training  
delivered by DAFA  
Academy





0  
incident reports  
submitted

## GRIEVANCE MECHANISM

We have established a grievance mechanism, our Whistleblower set-up for our own employees and workers' representatives to raise any concerns or complaints related to our own workforce impacts, such as discrimination, harassment, or unfair treatment.

Our grievance mechanism follows the principles of legitimacy, accessibility, predictability, equitability, transparency, and effectiveness. We have received no incident reports in 2023, and zero are still under

investigation. Should we, however, receive any, we would provide or enable remedy for the affected employees such as an apology, compensation, reinstatement, or disciplinary action, depending on the nature and severity of the impact.



# TRAINING AND SKILLS DEVELOPMENT

We have not been calculating our data on training and skills development in relation to gender, but we will implement actions during 2024 to be able to detail our training data further down on gender level, categories, and nationality.



**73%**  
of all employees  
have received  
training

## DATA TYPE

Training hours per employee

Employees who received training

Employees who received training by gender

Employees who received training by employee category

Employees who received training by nationality

## RESULTS

Average of **4,5 hours** per employee

**73%** of all employees

**35%** females, **65%** males

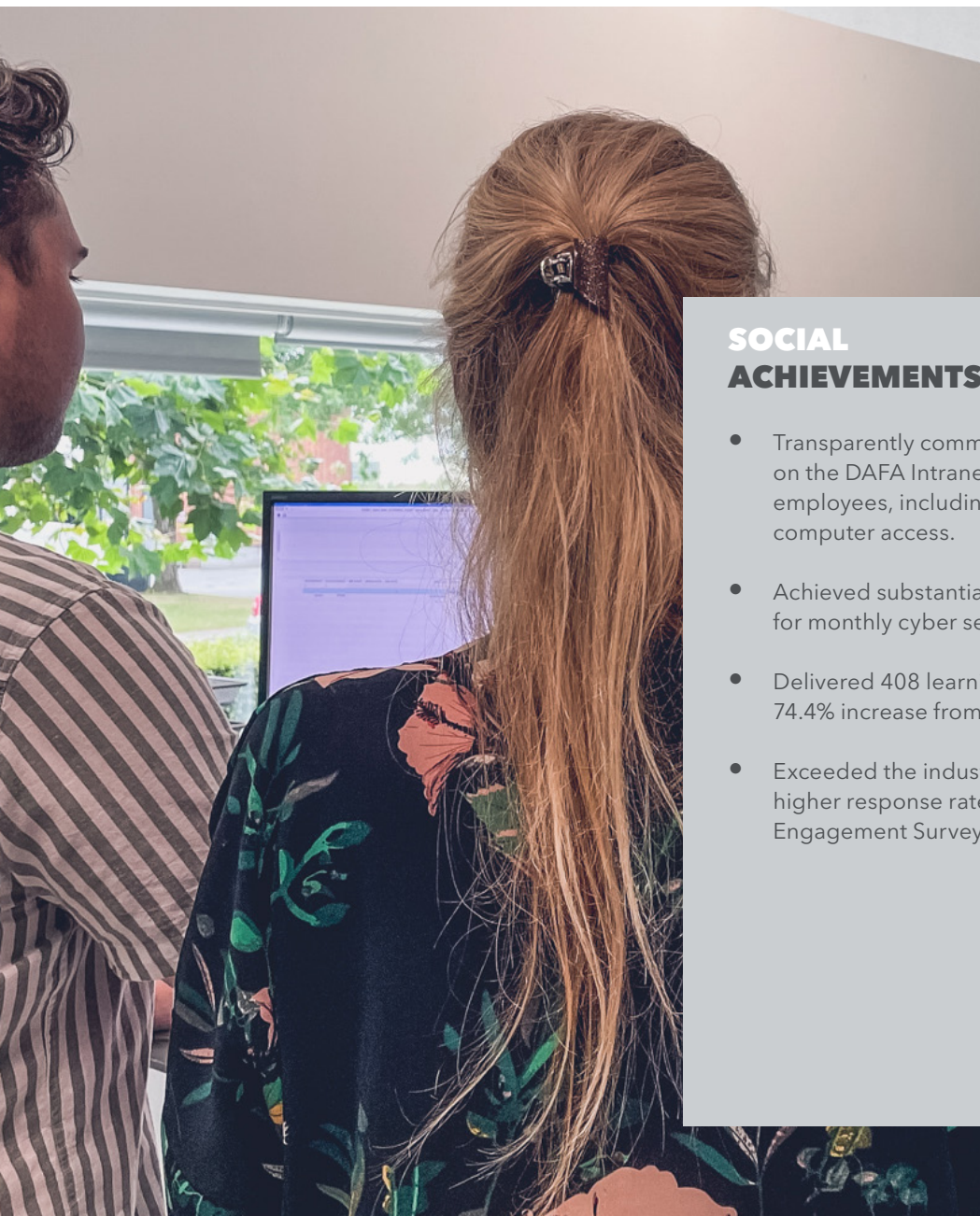
**100%** of all people **managers** were trained in 2023 and **85%** of all **white-collar** employees were trained. The % of **blue-collar** employees **we do not have accurate numbers** for 2023 but will initiate more detailed reporting for 2024

An average of **30%** of all our **different nationalities** attended the training sessions delivered in 2023. We have no detailed data on nationalities this year but will be in the scope of 2024





# SOCIAL ACHIEVEMENTS AND GOALS



## SOCIAL ACHIEVEMENTS 2023



- Transparently communicate workforce policies on the DAFA Intranet, ensuring accessibility for all employees, including those without regular computer access.
- Achieved substantial growth in completion rates for monthly cyber security training in 2023.
- Delivered 408 learning hours in 2023, a notable 74.4% increase from 2022.
- Exceeded the industry benchmark with a 12.6% higher response rate in the Employee Engagement Survey.

## SOCIAL GOALS 2024



- Three policies will be implemented in 2024: Global data protection, sickness leave, and health and safety.
- Focus on reducing reports of undesirable behavior in the workplace by colleagues in the 2024 employee engagement survey.
- Key focus on equal opportunities, diversity, and inclusion with measurable goals, including maintaining high learning opportunities and reporting on gender and nationality indicators.
- Increase internal promotions and hiring by 5% compared to 1% in 2023 to enhance development opportunities for employees.





# GOVERNANCE

DAFA is committed to ethical and transparent business practices, reflected in our meticulous approach to measuring and documenting progress. With recent achievements such as appointing an ESG Manager and developing an anti-corruption policy, we're poised for continued advancement.

- 
- 37 Hiring of our ESG Manager
  - 38 Corporate culture establishment, and mechanisms for identifying concerns
  - 38 Ethics
  - 39 Code of Conduct

- 39 Whistleblower
- 40 Management of relationships with suppliers
- 40 Prevention and detection of corruption or bribery
- 41 Governance achievements and goals



# HIRING OF OUR ESG MANAGER

In 2023, DAFA hired an ESG Manager, to increase focus and responsibility on ESG. First and foremost, the position is under the Group Chief Business Development Officer, which means the ESG Manager is responsible for internal and external projects. Furthermore, the ESG Manager is responsible for the development of ESG policies and collaborating with internal teams. Externally, partnerships for sustainable project collaborations with suppliers, customers, and the community are initiated.

The ESG Manager is responsible for transparent communication through ESG reports. It serves as a valuable tool, ensuring stakeholders are well-informed and aligned with DAFA's sustainable vision.

Actively engaged in addressing challenges and identifying opportunities for sustainability, the ESG Manager measures impact through clear key performance indicators. Employee engagement in ESG initiatives is facilitated through comprehensive training, enhancing responsibility among staff involved in various projects.

Looking ahead, the ESG Manager collaborates with the Group Chief Business Development Officer to outline a roadmap for future ESG initiatives, emphasizing the strategic importance of sustainability in both internal project workflows and external collaborations.

In **2023** —  
hiring of an ESG  
Manager, to  
increase focus and  
responsibility on  
ESG



# CORPORATE CULTURE ESTABLISHMENT, AND MECHANISMS FOR IDENTIFYING CONCERNS

We are committed to managing the material impacts, risks, and opportunities related to climate change mitigation and adaptation in accordance with the principles set by CFA Society Denmark, FSR, and NASDAQ.

Our ESG reporting aligns with the guidelines of the UN Global Compact Annual Communication of Progress. Data quality is ensured through ISO14001, emphasizing completeness, accuracy, consistency, validity, uniqueness, and integrity. In 2016, the environmental system ISO 14001 was implemented and once a year the Management Board reviews the targets, actions, and results.

## ETHICS

DAFA's data ethics prioritizes customer and employee privacy, fostering a culture of openness about mistakes for continuous improvement. We provide e-learning on data processing for employees. Our data ethics principles integrate data protection and human rights risks into management processes. While an ethical Policy is not fully integrated yet, it will be a focus area in 2024.

We are committed to contributing to sustainable development that meets the present needs without compromising the ability of future generations to meet their own. In practice, sustainability means that we respect and balance environmental, economic, and social aspects, thereby continuously improving DAFA's local environment, business, and organization.

A description of our corporate culture includes strategic narratives, emphasizing our passion for foam and rubber, innovation, and sustainability.

Our people are crucial, forming a responsible, and innovative culture where everyone contributes to global ambitions with practical and local values.

## OUR VALUES



We are customer, business, and result-oriented



We take responsibility



We make things happen



We are passionate about what we do



## CODE OF CONDUCT

Mechanisms for identifying concerns about unlawful behavior include external initiatives like signed CoCs with strategic suppliers and ISO 14001 environmental management system reviews.

DAFA aims to live in harmony with its surroundings, actively reducing environmental impact through energy management, sustainability commitments, and compliance with statutory environmental requirements.

As a member of the UN Global Compact, DAFA observes principles in human rights, labor, climate action, and anti-corruption, incorporating them into strategies, policies, and procedures.

The Code of Conduct is part of supplier agreements, ensuring adherence through regular audits and assessments, with termination possible in case of non-compliance. The Code of Conduct has been added to the supplier quality agreement, which must be signed by the strategic suppliers. None of these audits or assessments have given rise to the cessation of cooperation in the financial year 2023. Referring to Appendix 4.

## WHISTLEBLOWER

Internally, a whistleblower arrangement allows employees to report concerns anonymously or non-anonymously, encouraging transparency and addressing potential breaches of the law, financial losses, or damage to DAFA's reputation.

We are committed to responding to all inquiries and encourage employees to report any doubts about their observations.





# MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

We prioritize effective management of supplier relationships, ensuring adherence to timely payment standards, although we do not currently have a specific policy in place for preventing late payments. Our commitment to upholding these standards has resulted in no incidents, emphasizing the importance we place on ensuring punctual payments.

In managing our relationships with suppliers, we take a comprehensive approach, considering risks

related to the supply chain and the impact on sustainability matters. Our purchasing policy actively encourages collaboration with suppliers certified within ISO 9001 or ISO 14001, or an alternative environmental management system approved by DAFA.

For the selection of supply-side contractual partners, we ensure that social and environmental criteria are taken into account. This involves referencing our code of conduct and anti-corruption

policy. Additionally, we align with UN Global Compact initiatives. Recognizing the need for increased focus on environmental and social criteria related to our suppliers, we plan to take concrete actions in 2024 to specify our objectives and enhance our commitment to sustainable practices through our procurement policy. Referring to Appendix 5.



# PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY

We actively address the risk of corruption and bribery, particularly in the functions of purchase and sales, where an anti-corruption policy is firmly in place. DAFA's comprehensive risk assessment, structured through the DAFA Management system and guided by the Code of Conduct, extends its reach to employees, the supply chain, and partners.

Our policy commits to full compliance with the Anti-Bribery Act of 2010 and all relevant anti-corruption laws worldwide. Notably, there were no incidents reported in 2023, and inquiries about policy details can be directed to our Group Chief Financial Officer. Our whistleblower setup on our DAFA

Intranet serves as a channel for reporting outcomes to administrative, management, and supervisory bodies.

Currently, anti-corruption or anti-bribery training programs are not implemented but are slated to be integrated in 2024. Sales, Purchase, Logistics, and Management Board are identified as crucial members requiring training, with plans set for implementation in the coming year. Referring to Appendix 6.



# GOVERNANCE ACHIEVEMENTS AND GOALS

## GOVERNANCE ACHIEVEMENTS 2023

- Hiring of ESG Manager
- Developed anti-corruption policy
- Reach goal on gender diversity in BoD
- Full implementation of strategic suppliers signing CoC
- Actions and focus on Employee satisfaction survey

## GOVERNANCE GOALS 2024

- Whistleblower progress and systemic way of working
- Training on anti-corruption policy
- Define process for handling incidents of bribery and corruption



# ESG DATA AND ACCOUNTING POLICIES

## ESG KEY FIGURE OVERVIEW | Page 14

### CO2 e, Scope 1:

**Company Cars:** Volume of diesel and gasoline used overall

**Gas for technical installations in factory site:** Volume of natural gas used

### CO2 e, Scope 2 (location based):

**District heating:** MWh used based on data from providers

**Electricity:** MWh used based on data from providers

**Own solar electricity production:** MWh based on data from direct reading (app/el-meter)

### CO2 e, Scope 2 (market based):

**District heating:** MWh used based on data from providers

**Electricity:** MWh used based on data from providers

**Electricity from renewable sources**

**purchased with certificates:** MWh used based on data from providers

**Own solar electricity production:** MWh based on data from direct reading (app/el-meter)

### CO2 e, Scope 3:

**Category 1:** Purchase: Based on purchased quantity in DKK in all DAFA sites (Spend-based Method)

**Category 2:** Capital Goods: Based on Capital Goods quantity in DKK in all DAFA sites (Spend-based Method)

### CO2 e, Scope 3:

**Category 4:** Upstream Transportation: Based on quantity in DKK (Spend-based Method) and supplier-based data

**Category 5:** Upstream Waste: Based on quantity in Kg (Average-based Method)

**Category 6:** Business Travel: Based on cost in DKK (Spend-based Method)

**Category 7:** Employee Commuting: Based on estimates on FTE (Average-based Method)

**Category 9:** Downstream Transportation: Based on quantity in DKK (Spend-based Method) and supplier-based data.

**Category 12:** Downstream Waste - End-of-life: Based on Quantity sold

### Energy consumption:

Overall energy consumption in scope 1 and 2 in MWh converted to GJ.

### Water consumption:

All water consumed based on data from direct reading

### Renewable energy share:

Own solar energy production +  
Purchased certified electricity from renewable sources / Overall energy consumption in Scope 1 and 2

### Full time workforce, average total:

Full time equivalents + temporary workforce

### Employee turnover ratio:

Voluntary + involuntary leavers FTE / Total FTEs

### Sickness absence:

Number of sick days for all own FTEs / Total FTEs

### Customer retention rate:

Number of customers at the end of the period - new customers who have joined in the period / number of customers at the beginning of the period

### Boarder gender diversity:

Female board members elected by the general meeting / All board members elected by the general meeting

### COC commitment (suppliers):

Strategic suppliers that have signed the COC / total amount of strategic suppliers

### COC commitment (employees):

Employees that have signed the COC / total amount of employees



# ESG DATA AND ACCOUNTING POLICIES

## DAFA GO GREEN GOALS | Page 18-22

### 50% reduction of CO2 by 2025 by production hour:

CO2 e, Scope 1 + CO2 e, Scope 2 (market based) / overall production machine hours

### 100% renewable energy consumption by 2030:

Own solar energy production + Purchased certified electricity from renewable sources / overall energy consumption in Scope 1 and 2

### 90% local sourcing\* of raw materials by 2025:

Procured volume from site origin region / overall site procured volume

\*Local sourcing is categorized based on regions, e.g. Europe, Asia, Americas.

### 50% of our waste is recycled by 2030:

Amount of waste sorted for recycling / total amount of waste

### 40% of DAFA's products contain recycled materials by 2025:

Revenue of products containing raw materials that are partly or fully recycled / overall revenue

## TRAINING AND SKILLS DEVELOPMENT | Page 34

### Training hours per employee:

Total numbers of training hours / total number of employees

### Employees who received training:

100 / Total number of employees x blue-collar Poland

### Employees who received training by gender:

Female: Employees who received training x the percentage of female employees

Male: Employees who received training x the percentage of male employees

### Employees who received training by employee category:

Total number of people attending leadership training / Total number of people managers

Total number of people attending global white-collar offered training / Total number of white-collar employees

### Employees who received training by nationality:

Average number of nationalities per training session x 100 / Total number of nationalities in DAFA

## APPENDIX 1

# ENVIRONMENTAL POLICY

While maintaining and strengthening the company's competitiveness, we will actively work to reduce the environmental impact from our processes and products. In its decision making, management will consider environment and energy factors, via risk and opportunity management, so that no significant decisions are made before these factors have been assessed.

We aim to refine our existing energy management in order to continually achieve better utilization. Changes in energy consumption are observed and monitored through records and measurements. Efforts will be made to reduce energy consumption every time plant or equipment is replaced, modernized or adapted.

Wherever possible, xenobiotic substances will be replaced with environmentally neutral alternatives.

We aim to expand collaboration with our suppliers to include environmental issues in relation to processes and products.

Employees will be moved towards a high level of environmental awareness through training.

We undertake to comply with all statutory environmental requirements, including pollution prevention.

We are committed to contributing to sustainable development: "Development that meets the present needs without compromising the ability of future generations to meet their own". In practice, sustainability means that we will respect and balance environmental, economic and social aspects, thereby continually improving DAFA's local environment, business and organization.

DAFA is a member of the UN Global Compact and thus observes the 10 principles in the areas of human rights, labor, the environment and anti corruption.



## APPENDIX 2

# GLOBAL RECRUITMENT POLICY

### The DAFA Global Recruitment Guidelines

DAFA aims to recruit highly qualified professionals who are eager to perform and who are committed to the DAFA values. Because recruitment is a long-term investment and a matter of competitive advantage, it is of vital importance to find the right talents. To ensure this and to build desired employer image, recruitment is always conducted with a highly professional manner.

However, recruitment is not always the best solution for resourcing problems. Often these situations can be solved with distributing the tasks within the team or with an internal replacement. When the need for new employee exists, these considerations must be done first.

Once the recruitment need is clarified, the preparation is done thoroughly. The manager reviews the job description and gets help in drafting the job-add. While preparing the manager works in close co-operation with local HR professional and/or selected external agencies to assess what kind of competences, attitude, and other qualifications the applicant should possess.

### Ethics in the recruitment process

A recruitment process is a collaboration between DAFA, our recruitment partners and our surroundings. The way in which the recruitment process is approached at all stages reflects DAFA's attitudes and values. So, remember to leave a good impression with both the selected candidate and the rejected.

All recruitments are approved by the CEO and CFO and based on a Personnel Request that reflects the arguments for the business need and the recruitment profile presented by the manager.

Once the vacancy is approved, the job post is announced both internally and externally. This is done on our DAFA Intranet and on

our DAFA website and LinkedIn channel or equivalent to this in the local market.

We always encourage all employees to repost the LinkedIn post if they wish, as employee encouragement is always a strong promoter of the company.

We always include on all job-adds our Core Story as can be found on the DAFA Website. Ensuring one united way of telling who we are.

### Running an internal recruitment process.

We don't always use external partners for the recruitment, the cases where we will consider running a full internal process are for positions like:

- Student workers, part time workers, and roles on assistant level as accordance to our Job Catalogue.
- We strive to work with local unemployment bureaus to take a social responsibility for getting unemployed citizens in the community into the labor market.
- All CV's and applications are to be sent for Danish positions to Job@dafa.dk

**We always have a professional approach and only use qualified external partners.** Whether it is a question of choosing the right media for announcement, using recruiting services or analysis, we only trust professionals with solid track record and required licenses.

We prepare the interviews thoroughly and respect the applicants' rights. The interviews are conducted with high integrity and in co-operation with local HR/agency as well as the hiring manager. We strive to assess all candidates objectively towards the documented need and qualifications. With this we promote our employer image.

Being an employer of equal opportunity, DAFA invites all kinds of candidates to apply. We appreciate and consider all applications and we are committed to answer them all. All personal data collected and held by DAFA will be processed fairly, lawfully, and carefully in a way that protects the privacy of all applicants.

### Diversity and inclusion

Each recruitment process will contribute to drive our diversity & inclusion agenda for team composition:

- Max. 70% of team members with the same gender
- Max. 70% of team members from the same generation
- Max. 70% of team members from the same educational/disciplinary background

Leadership teams and employee teams must reach a minimum of one of the three demographic factors.

Candidate application review for shortlisting considers team composition gaps. This may not be excluding. In the candidate pool for selection, it is expected to have people represented from the diversity groups.

All people managers and HR professionals in DAFA must be briefed on the Global Recruitment Policy incl. The diversity and inclusion guidelines.

Agencies are to be briefed on diversity and inclusion agenda, criteria, and team composition gaps for the specific position(s).

## APPENDIX 2

# GLOBAL RECRUITMENT POLICY

### Handling of personal data in the recruitment process (GDPR compliance)

When you apply for a position at DAFA, please note that we register and store the information you send to us, acting as a data controller. The way we process your application, the information we collect, and the procedures we follow are described below.

If the position is filled through a recruitment agency, we furthermore refer to the recruitment agency's GDPR-policies as this agency is independently responsible for the data.

### Receipt of applications

You will be sent a confirmation message when we receive your application. We then review the applications and select which candidates we will invite to an interview based on qualifications that match the given position. Invitations to interviews are made by email or phone. Please refrain from sending us your social security (CPR) number, medical history, information about your political or religious beliefs or any other sensitive information.

### Interviews

We conduct interviews during the recruitment process which will focus on both your professional and personal skills. We will also inform you about the content of the job and DAFA as a workplace. We only note the relevant information from each interview and assess whether you will be offered the position on this basis.

### Obtaining information and references

As part of the recruitment process, we will often seek additional information about the applicant or applicants we consider to be best qualified. This will often involve seeking publicly available information from the Internet where relevant, including from social media such as LinkedIn. We may also ask you to send us additional information.

If we wish to seek information about you from your current or former employer in the form of a job reference, we will ask for your consent to do so first. If you do not give your consent, we will not obtain reference information.

### Personality tests

Where a personality test is used, the test can only be conducted if you consent to it. The test results are viewed as personal and therefore sensitive information.

### Rejections

If your application is unsuccessful, all information about you will be immediately deleted.



## APPENDIX 3

# ANTI-HARASSMENT POLICY

This policy covers DAFA's commitment to ensure a workplace characterised by mutual respect, free from any kind of harassment, bullying and discrimination. Further it describes the mechanisms for resolution of related complaints (incl. grievance process – informal / formal), and provides definitions on harassment, bullying and discrimination.

The policy applies to all DAFA's operations and all companies in the DAFA group. The policy covers all locations including the workplace and any other settings in which colleagues may find themselves in connection with their DAFA employment.

### Principles

In DAFA we are committed to ensure a workplace, which promotes equal opportunities and where all colleagues treat each other with openness, dignity and mutual respect, without verbal or physical abuse, regardless of rank or contractual status.

Focus shall be placed on preventive actions against harassment and discrimination, early detection, and actions to stop it. Prevention of harassment and discrimination is a shared responsibility, and in particular leaders at all levels are responsible for building a climate of trust and tolerance.

We will not tolerate any kind of harassment and/or discrimination, and we will take necessary steps to prevent and handle its occurrence. We encourage reporting of complaints (according to process description). All complaints are handled seriously, and if proven, harassment and discrimination shall be sanctioned, as will deliberately false or malicious allegations.

On a regular basis, DAFA analyses the complaints in order to initiate necessary measures for preventing and reducing the number of incidents.

### Definitions

Harassment/Discrimination:

- Any offensive, unacceptable verbal or physical conduct because of e.g. (but not limited to) race, religious beliefs, colour, place of origin, gender, physical or mental disability, age, ancestry, place of origin, marital status, source of income, family status, pregnancy, or sexual orientation, aimed at humiliating, demeaning, offending, or intimidating an individual or a group of individuals. The conduct includes face to face incidents as well as use of social media, etc.

- In addition to the above – discrimination is also when promotion and termination are not based on legitimate business reasons, and/or if equal pay for equal work is not ensured, taking into account differences in wages by country and region.

Sexual harassment:

- Unacceptable sexual advances, requests for sexual favours, and other unwanted verbal or physical conduct of a sexual nature, where such conduct interferes with the employee's work performance or creating an intimidating, hostile, humiliating or sexually offensive work environment.

Bullying:

- When one or more colleagues regularly and over an extended period of time expose one or several other colleagues to offensive, intimidating, malicious or insulting verbal or physical behaviour.

What is not harassment/discrimination:

- Managers must take a number of managerial decisions with

impact on individuals, e.g. assignment of work tasks, the monitoring of progress against expected results etc., and must also communicate on sensitive matters e.g. performance feedback. Such managerial actions, when taken in good faith, are not considered harassment/discrimination.

### Responsibilities

Everyone in DAFA is responsible for ensuring a workplace where all are treated with openness, dignity, and mutual respect, without verbal or physical abuse, regardless of rank or contractual status, in accordance with our values, and to counteract any kind of harassment and discrimination.

Colleagues' Responsibility - If you are exposed to harassment/discrimination you should:

- Whenever possible, attempt to stop the action as early as possible. Take action, speak up, tell the person(s) that the behaviour is unacceptable and ask them to stop.
- Keep a record of who, what and when – note possible witnesses.
- If the harassment/discrimination does not stop, or if it is not possible to deal with the situation, report the problem to the manager, the manager's manager, HR, or the Health & Safety representative.
- If this does not stop the harassment/discrimination, or if you feel you cannot go through the above steps (informal), send complaint to DAFA Whistleblower secured message function on the DAFA Intranet IPW.

## APPENDIX 3

# ANTI-HARASSMENT POLICY

If you witness harassment /discrimination incidents, you should:

- Support your colleagues, take action, speak up, ask the harasser(s) to stop.
- If necessary, support reporting.

### Manager's responsibility

- Inform own team members of this policy, incl. grievance process and any local guidelines.
- Take action on reported problems, participate according to grievance process.
- If necessary, initiate disciplinary actions and/or organisational changes.

### HR 's responsibility

- Help roll-out this policy, initiate dialogue about it – supported by relevant data, if possible
- Assist managers in case handling, investigate and comply with deadlines according to grievance process
- Collect information on number and nature of incidents (anonymously) in area of responsibility and report to Administrator
- Receive, evaluate and distribute complaints to DAFA Management
- Keep an anonymous file – and create statistics

All involved are required to keep information strictly confidential  
– only involve necessary people.

### **Grievances**

All complaints will be kept strictly confidential, all involved in the complaint, or its resolution must respect the sensitivity and confidentiality of the matter.

DAFA will not tolerate any retaliation or threats against those who make complaints under this policy and will take appropriate action.

### **Disciplinary Action**

Colleagues whose actions or behaviours are proven to constitute harassment/discrimination will face corrective action, ranging from a warning to termination. Similar for false or malicious allegations.

### **Review**

This Policy will be reviewed annually by the Top Management.

**Updated: January, 2024**

**By Steen Bødtker**  
**Group CEO**



## APPENDIX 4

# CODE OF CONDUCT

### CODE OF CONDUCT FOR DAFA EMPLOYEES AND SUPPLIERS

DAFA is highly focused on ethical, social, and environmental matters and aims to be a responsible and credible partner. This Code of Conduct describes how we do business and how we expect our suppliers to do business.

#### In general

- All units, employees in DAFA Group as well as our suppliers are expected to comply with the fundamental rules of this Code of Conduct as a minimum.
- DAFA's image and credibility is affected by our employees and partners, including our suppliers.

We expect them to show integrity and responsibility in all matters and to be loyal to DAFA's interests.

Our Code of Conduct is based on the 10 Principles of the United Nations Global Compact which covers human rights, labor rights, environmental responsibility, and anti-corruption. DAFA has committed to complying with these principles.

#### Suppliers

Suppliers are chosen on a professional, systematic, and fair basis. We expect suppliers who enter into an agreement with DAFA, to ensure compliance with our Code of Conduct throughout their organization.

To consolidate this DAFA continuously evaluates key suppliers with regards to matters of quality, human rights, and the environment.

#### Business principles

All DAFA Business Relationships and employees are covered by this Code of Conduct and they must always comply with the laws,

regulations and guidelines applicable in the countries in which they operate. No one may receive direct or indirect bribery or other forms of improper payment or extortion to promote business activities or affect business agreements.

We expect DAFA's employees to be aware that violations of this Code of Conduct may affect their employment relationship.

Everyone covered by this Code of Conduct is expected to show discretion and maintain confidentiality when handling compromising material, internally and externally, also when it comes to information about the company's employees. Equally they are expected not to take advantage of business opportunities, material or supplies which belong to DAFA to do business independently or on behalf of others.

#### Work environment

Everyone covered by this Code of Conduct should help to nurture a healthy and inspiring work environment. In a workplace where personal and professional development is prioritized, employees remain motivated and can thrive.

Safety is of paramount importance and all employees must commit to take responsibility for safety and to cooperate in making improvements that will prevent injuries.

#### Employees

Discrimination and assault based on gender, nationality, race, religion, disability, age, or sexuality in connection with recruitment, education, promotion and redundancy or business activities is unacceptable.

#### Human rights

Internationally recognized conventions on human rights must be considered and respected.

All kinds of forced labor and child labor is unacceptable. Business relationships working together with DAFA must ensure that they do not employ people younger than the minimum age according to national law. Applicable national laws and industry standards on working hours must be complied with. Employees have the right to join labor unions of their own choice. All wages and salaries must comply with applicable national laws and industry standards.

#### Climate and environment

We want to encourage our suppliers and partners to limit negative impacts on the environment and constantly improve energy efficiency. Everyone covered by this Code of Conduct must, as a minimum, meet applicable national environmental requirements and avoid production methods that are considered damaging to the environment.

#### Community relations

Everyone who is covered by this Code of Conduct must take responsibility for and prioritize the maintenance of good and respectful relationships with local communities.

#### Responsibility for implementation

DAFA's Group Management approves the above strategic responsibility initiatives and commits to further develop these initiatives in those parts of the organization that implement the actual projects. To support this implementation, all relevant policies and documents are available to the relevant employees.

**Updated: March, 2022**

**By Steen Bødtker**  
Group CEO

## APPENDIX 5

# PROCUREMENT POLICY

### Procurement policy for DAFA Group A/S

#### Statement

It is the policy of DAFA Group A/S (later DAFA) to practice a continuous improvement approach to understanding and taking appropriate responsibility for any adverse environmental, social, and economic impacts of its purchasing. In doing so, DAFA shall consider impacts on a life-cycle basis and prioritize actions according to alignment with the DAFA's values, the magnitude of impact, and compliance with any applicable regulations.

We recognize our responsibility towards the environment. DAFA has developed a sustainability strategy named 'DAFA Go Green' to adapt to the Danish Climate law goal of a 70% reduction of greenhouse gas emissions by 2030. This sustainable procurement policy supports the defined strategic sustainability goals.

#### Purpose

This Policy is adopted to align DAFA's purchasing with its climate, social equity, risk reduction, resource use reduction, stewardship, etc. values and goals, and Environmental, Labor, and Human rights policies. In doing so, DAFA seeks to harness the influence of its purchasing to support markets for and increase accessibility to, more sustainable goods and services.

#### Due diligence of procurement

Supplier Assessments are made internally at each DAFA site, based on daily performance, and internal DAFA departments' perception of the performance, and behavior of their suppliers. The comprehensive supplier qualification questionnaire is used to qualify potential suppliers and assure due diligence with DAFA processes. It includes the material ESG matters.

DAFA Group performs Supplier Assessment for strategic suppliers every 12 months, where quality, commercial, and sustainability aspects are evaluated.

DAFA aims for an ESG-secured supply chain based on supplier commitment to the DAFAs Code of Conduct, which is based on the UN Global Compact 10 principles.

DAFA has set the following goal: All DAFA strategic material suppliers (80% of spend volume) and critical suppliers sign CoC by 2025.



Committed to advance the 10 principles of the United Nations Global Compact with its sphere of influence





## APPENDIX 6

# ANTI-CORRUPTION POLICY

### Introduction

The following anti-corruption Policy ("Policy") was adopted by DAFA Group A/S effective 2023-08-03.

DAFA Group A/S, including its affiliates and its subsidiaries (collectively "DAFA"), values honesty, transparency, integrity, and professionalism in dealings with suppliers, competitors, clients, government officials, and all other parties DAFA Group A/S is involved in business dealings with.

This policy applies to all Company employees, officers, directors, and independent contractors worldwide ("Personnel"). This document gives specific details on DAFA's Policy prohibiting corruption in the performance of DAFA's business operations and individual employee responsibilities for ensuring adherence to the Policy.

The goal is to inform Personnel of their anti-corruption obligations and to ensure compliance by Personnel with the DAFA's Policy. It also provides information on how to identify potential risks, deal with challenging situations, and report when those situations violate or may lead to a violation of this Policy.

Questions about the Policy or its applicability to circumstances should be directed to CFO Kaare Bo Nielsen.

### Policy

DAFA's Policy is to engage in business practices in full compliance with the Anti-Bribery Act, of 2010, together with all other anti-corruption and anti-bribery laws and regulations applicable to DAFA's business anywhere in the world ("Anti-Corruption Laws").

DAFA has zero tolerance for any corruption in business activities. Bribes or other improper or unauthorized payments that directly or indirectly make, offer, or promise to make, kickbacks, benefits,

or advantages to any person, individual, organization, or entity, are prohibited by this Policy. A violation of this Policy can occur even if a bribe or other corrupt practice fails to achieve the desired outcome.

Personnel is expected to adhere to both the spirit and the letter of this Policy concerning all aspects of the DAFA's business anywhere in the world. Personnel must be aware of how each situation may violate or lead to a violation of this Policy and Anti-Corruption Laws.

### Anti-corruption

We firmly condemn and do not tolerate all forms of corruption. It is prohibited directly or indirectly to offer, promise, give, ask, solicit, or accept any unfair advantage or benefit, to obtain, retain or facilitate in any way the business. An unfair advantage or benefit may include cash, any cash equivalent (e.g., voucher), gift, credit, discount, travel, personal advantage, accommodation, or services. We do not permit facilitation (or "grease") payments to government officials or private businesses to secure or speed up routine actions. Corruption also covers the misuse of function or position as well, when someone makes that false appearance that s/he improperly influences a decision maker.

Corruption for either to obtain or retain business or to obtain or retain an advantage in the conduct of business is considered gross misconduct. Similarly accepting or allowing another person to accept a bribe is considered gross misconduct. Our staff must account for all benefits received while doing business and must not give or receive bribes or otherwise act corruptly.

### Gifts and Hospitality

We shall avoid any actions that create a perception that favorable treatment was sought, received, or given in exchange for personal benefits.

Business courtesies or benefits include gifts, gratuities, meals, refreshments, entertainment, or other advantage from persons or companies with whom we do or may do business. We will neither give nor accept such benefits that constitute, or could reasonably be perceived as constituting, unfair business inducements that would violate law, regulation, or policies, or would cause embarrassment. Our staff may never use personal funds or resources to do something that cannot be done with our resources.

We may accept and offer occasional gifts and hospitality that are customary and conform to reasonable ethical practices of the market, if they are not inappropriately excessive, not frequent, and do not reflect a pattern of frequent acceptance, does not create the appearance of an attempt to influence business decisions. Only trivial gifts with low value can be accepted. All other gifts must be politely refused or, if received through post, returned to the donor. If return is not possible it shall be offered for charity or community purposes. It is the responsibility of the person offering, providing, receiving, or accepting the gift to decide whether the gift is appropriate.

### Disciplinary Action

If Personnel should fail to comply with this Policy or Anti-Corruption Laws, they will be subject to disciplinary action up to and including termination of employment or other relationship with DAFA. Restitution could also be required, and civil or criminal action against individual Personnel could be warranted.

### Review

This Policy will be reviewed annually by the Top Management.

**Updated: August, 2023**

**By Steen Bødtker**

**Group CEO**

## **RESPONSIBILITY HAPPENS IN COLLABORATION**

DAFA constantly aims for improvements in the whole organization, and we believe that it is our responsibility to handle the impacts of our improvements correctly. We are very aware of our limited size seen from a global perspective, but we know we make a difference in our local business area.

By using UN Global Compact as our overall guideline, we will extend our sustainable business ethics while striving to become a more global company.

We look forward to communicating our progress in the years to come.

