

The background of the cover is a photograph of a modern building with a facade of horizontal metal slats. The DAFA logo is mounted on the building in large, blue, three-dimensional letters. A large, leafy green tree is in the foreground on the left side, partially obscuring the building. The sky is blue with some light clouds.

DAFA ESG/COP report 2022

February, 2022

Version 1.2

DAFA A/S 2022

February, 2022

In 2010 DAFA A/S joined UN Global Compact, the world's largest initiative for corporate social responsibility. DAFA A/S is a privately owned Danish production company with more than 80 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, 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.

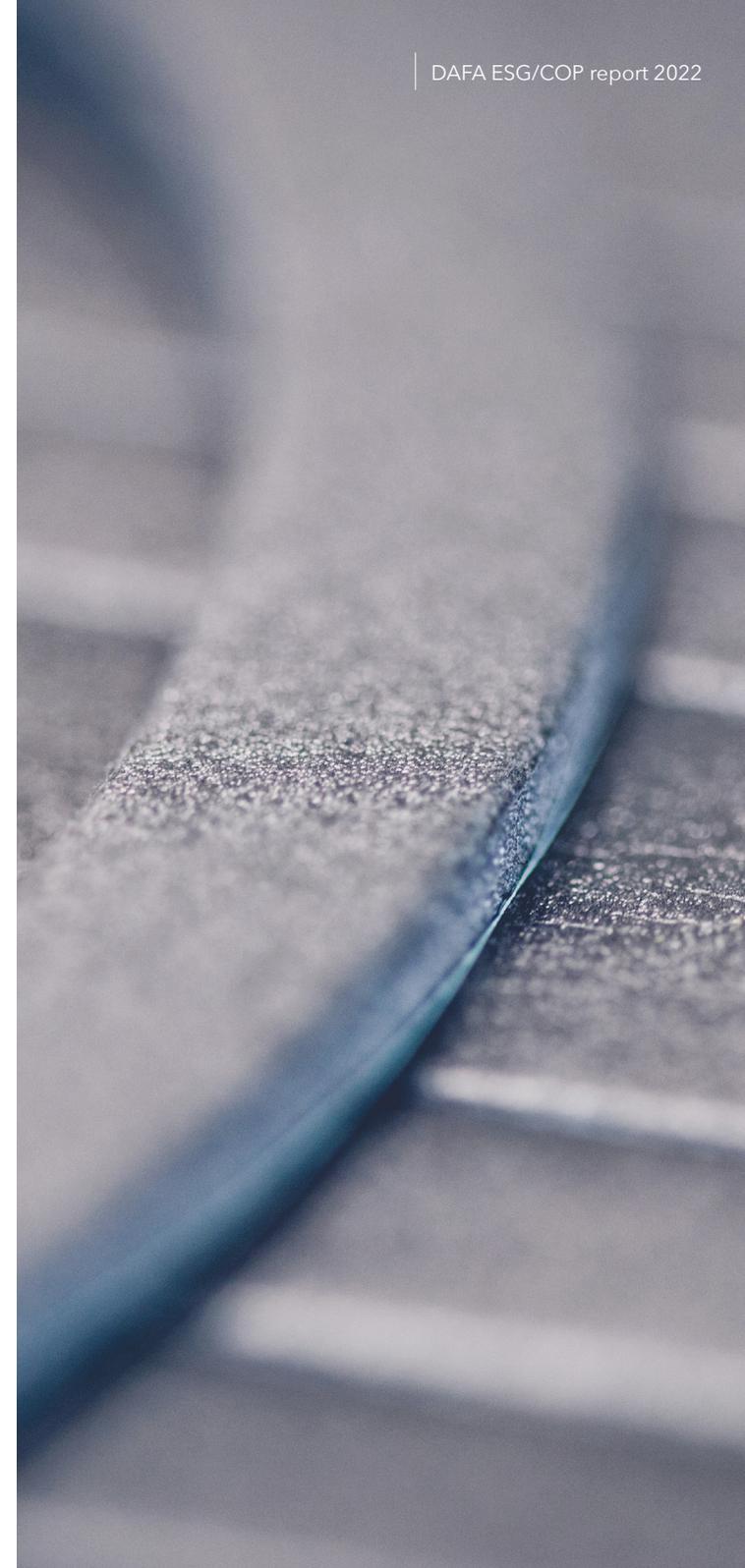
DAFA cares about its employees, and they are the most important assets of business success. Every year DAFA organizes different activities to show appreciation of employees' efforts and their dedication to DAFA. The company has a safety policy, staff policy, and

management guidelines, and a collaboration committee has been established to improve collaboration across functions.

The 10 Principles of the Global Compact concerning 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 has latest submitted Communication of Progress No. 13 for publication on our website.

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" and guidelines for UN Global Compact annual Communication of Progress.

Steen Bødtker
CEO, DAFA Group





Initiatives

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.

Some of our initiatives are minded towards the entire DAFA Group, whereas others are adopted locally at our headquarters. In the future, we intend to make all local initiatives applicable for the entire DAFA Group when it is possible.



Environment

Management's review



DAFA aims to live in harmony with our surroundings, neighbors as well as the environment. While maintaining and strengthening the company's competitiveness, we will actively work to reduce the environmental impact from our processes and products.

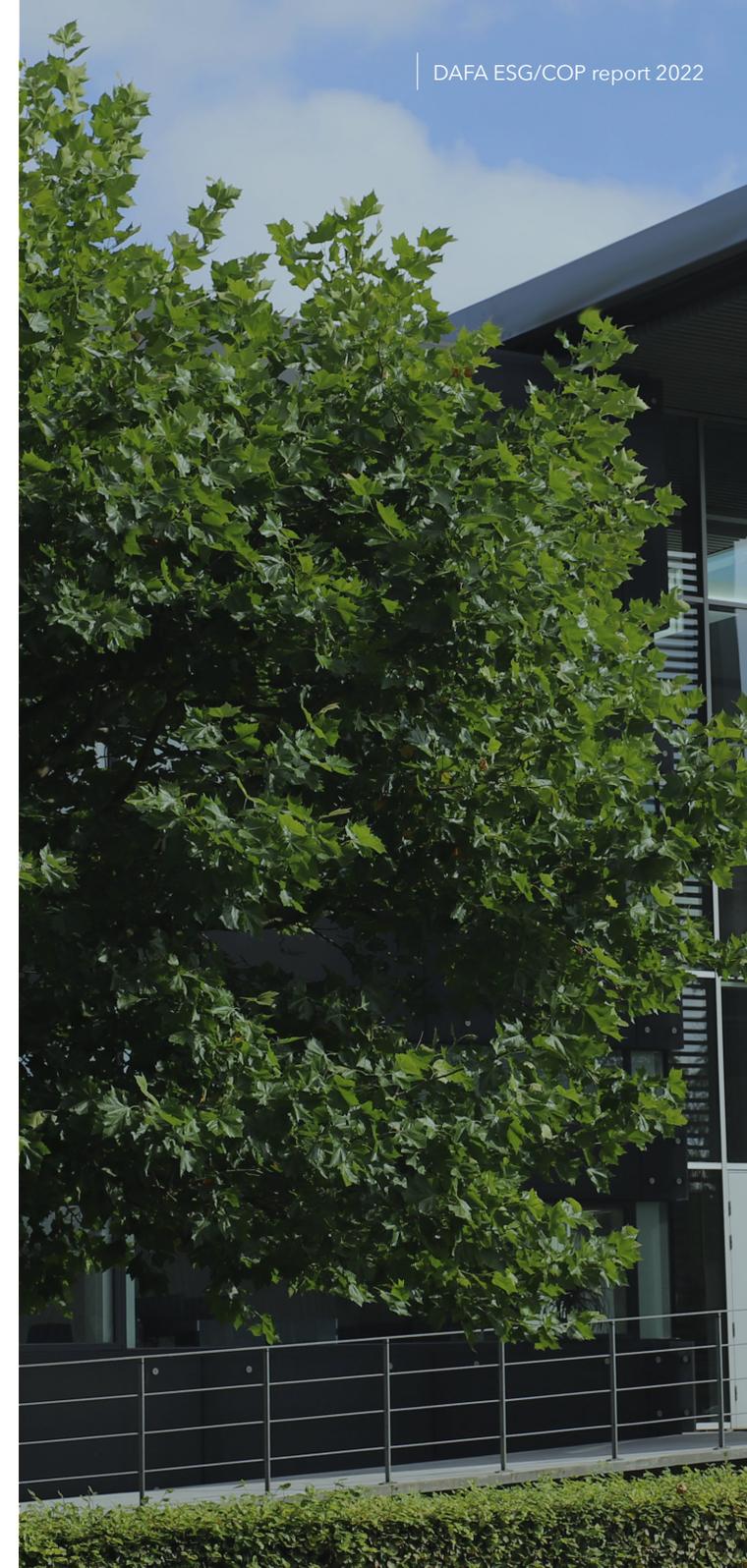
In its decision-making, management will consider environmental and energy factors via risk and opportunity management so that no significant decisions are made before these factors have been assessed. We aim to refine our existing energy management in order to achieve better utilization continually. 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.

In 2016, the environmental system ISO 14001 was implemented, and once a year, management reviews the targets, actions, and results.

DAFA has set out an ambitious strategy named "DAFA Go Green" based on the most significant risks and impacts for climate, environment, and CSR. The goals and the status of achievement is reported on DAFAs website on an annual basis:

dafa-group.com/en/sustainability





Initiatives



Environment

We recognize our responsibility towards the environment. DAFA has developed a sustainability strategy named 'DAFA Go Green', this to adapt to the Danish Climate law goal of 70% reduction of greenhouse gas emissions by 2030.

The 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



90% local sourcing of raw materials by 2025



50% of our waste is recycled by 2030



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

Initiatives



Environment

- A new way of stacking our goods, which optimizes the space during transportation and reduces our carbon footprint.
- Introduce active waste management in the manufacturing and innovation processes, based on the waste hierarchy set by the EU. The future goal is to lift the lower fractions of the hierarchy to support the circular economy further.
- Agreements with an energy company that guarantees that all future electricity supplied to DAFA A/S and DAFA Building Solutions A/S will be certified as renewable energy.
- During the first quarter of 2022, we will initiate the first step in a significant investment plan concerning our solar cell plant at our headquarters. With this expansion, we can generate approximately 25% of our energy consumption.
- Projects concerning the collection and reuse of rainwater in production processes at DAFA's headquarters.
- To increase the part of the waste being recycled and/or reused, the following actions were implemented:
 - *The installation of a machine used for granulating excess foam, so it takes up less space during transportation to the recycling site*
 - *Increased recycling of paper used in administrative processes*
 - *Disposable tableware made of plastic has gradually been phased out*
 - *Enhanced recycling of waste by collaborating with local networks*
 - *The use of material declarations and recycling codes on our products is gradually enhanced*





Status

Environment

Our current initiatives have resulted in an already visible improvement in our figures. Below are our goals accompanied by the current status:

Currently, it is only possible to measure the progress at our headquarters. However, our sustainability strategy and goals are minded towards the entire DAFA Group. Therefore, we will in the years to come include all subsidiaries in the status of progress.



50% reduction of CO2 by 2025 by production hour

Status:
4 % reduction*
Result for CO2e, scope 1 +2



100% renewable energy consumption by 2030

Status:
3 %*



90% local sourcing of raw materials by 2025

Status:
88,6 %**



50% of our waste is recycled by 2030

Status:
41 %*



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

Due to a broader reorganization of our system's data, this status will be available in the next report.

* Applies to: DAFA A/S and DAFA Building Solutions A/S ** Applies to: DAFA A/S

Initiatives

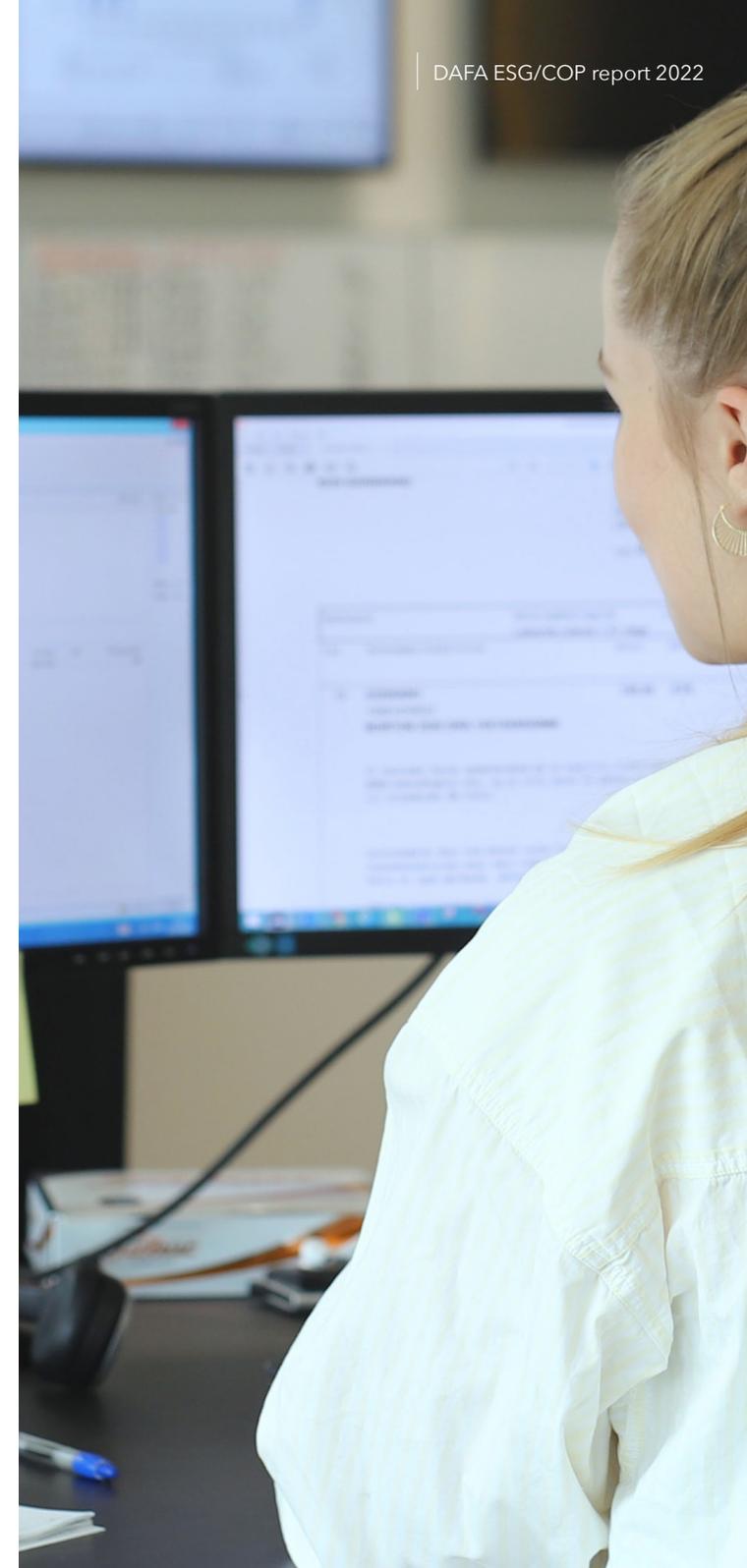


Social

Focusing on our people

We recognize our responsibility to respect human rights in the workplace and society. We want to ensure that both current and future colleagues are treated in a fair non-discriminating manner.

- The EU's whistleblower directive has been made available on our new DAFA Intranet. If DAFA's Code of Conduct is breached, every employee and business partner can report this on an anonymous and encrypted platform.
- To anchor this mindset which is rooted both in our DAFA values and our Code of Conduct, we are training all our colleagues across the DAFA Group and making sure that all new colleagues are onboarded to this from 2022.





Initiatives



Governance

We aim to be ethical and transparent in how we do business and in the way we measure and document DAFA's progress.

- To support and document DAFA's progress with the principles of ESG (Environmental, Social, Governance), the key figures recommended by UN Global Compact have been adopted. The key figures are listed on the next page.
- Formalize a CSR policy for DAFA Group covering human rights, labor, environment, and anti-corruption.
- Strategic suppliers' adherence to DAFA's Code of Conduct is a part of the annual supplier evaluation. DAFA's code of conduct is founded on the 10 Principles of the Global Compact.

ESG key figure overview

DAFA A/S key figures

	Unit	2021	2020	2019
Environment				
CO2e, scope 1	Tonnes	119	57	94
CO2e, scope 2	Tonnes	361	344	331
Energy consumption	GJ	7569	6098	6414
Renewable energy share	%	3	*	*
Water consumption	m ³	2040	1956	2171
Social				
Full-time workforce	FTE	123	129	127
Employee turnover ratio	%	12,9	12,3	18,2
Sickness absence	Days per FTE	8,4	3,5	4
Customer retention ratio	%	39,6**	76,8	80,2
Governance				
Board gender diversity	%	25	25	25

* Renewable energy share by solar cells panels could not be calculated, however it is assessed to be equal to 8% reduction of the electricity consumption or 5% of the CO2e, scope 2

** The substantial decrease in the customer retention ratio in 2021 is caused by a separation of a business area into a new subsidiary, DAFA Building Solutions A/S. An amount of previous DAFA A/S customers are now customers at DAFA Building Solutions A/S, and thereby do not count in the DAFA A/S figure. The total customer retention ratio for DAFA A/S and DAFA Building Solutions A/S is **72,1%** in 2021.



Future initiatives

At DAFA, we recognize our responsibility to continuously grow and improve in everything we do.

It is not sustainable to only focus on current progress; we also need to focus our attention on forthcoming initiatives. Therefore, we have a number of **environmental**, **social**, and **governance** focus areas, which will be initiated in the future.



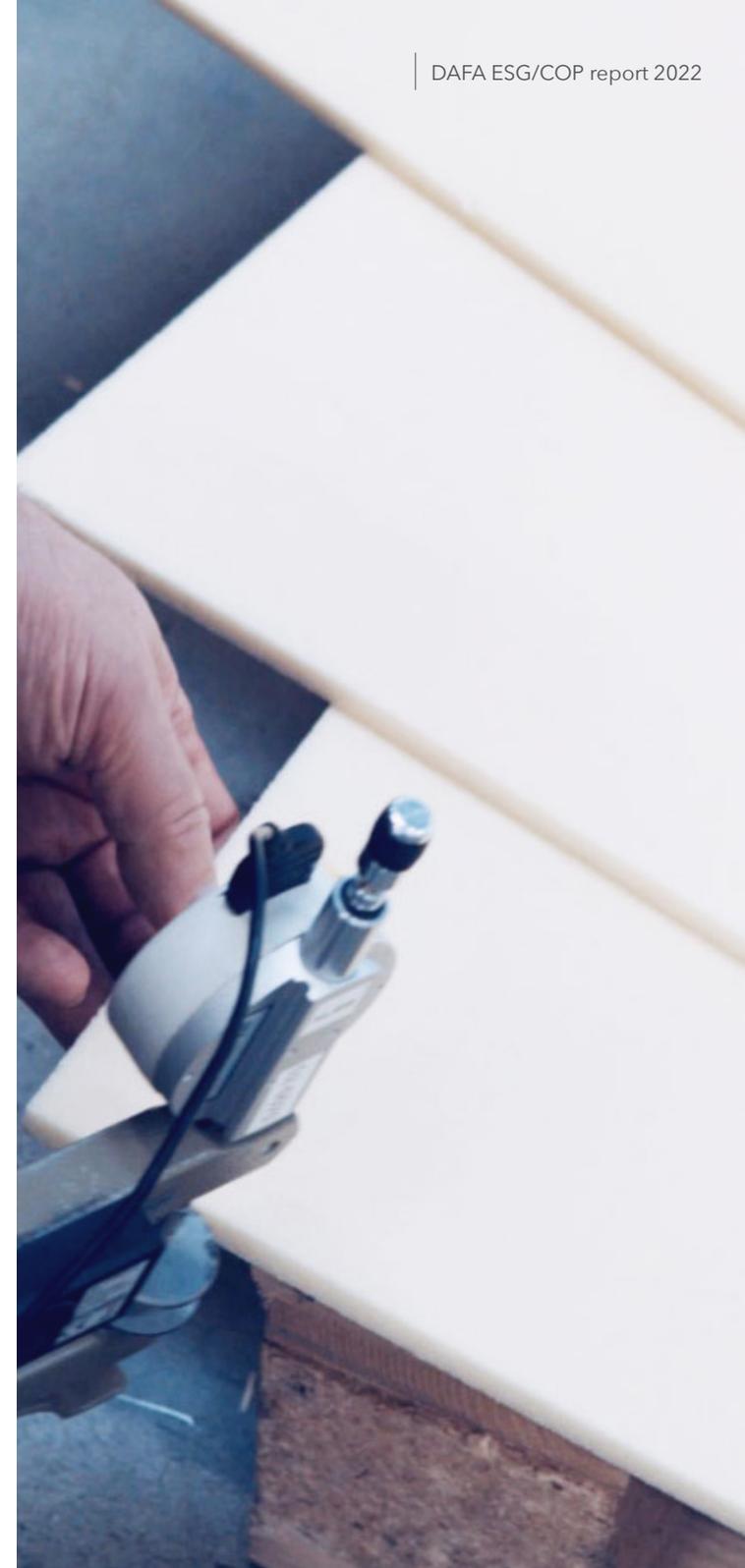
Future initiatives



Environment

For the next period, DAFA will set out initiatives to consolidate sustainability throughout the global sites.

- Recycled materials partially substitute traditional materials in a selected range of DAFA's products
- Develop Environmental Product Declarations (EPD) for our products when possible. This to ensure that DAFA's sustainable solutions for buildings can be the preferred choice for DGNB sustainability certified constructions.
- Further investment in solar panels at DAFA's headquarters.
- Endeavour supplier partnerships, which have a focus on reused and/or recycled raw materials. This to further reduce our carbon footprint.





Future initiatives



Social

Focusing on our people

The industry that DAFA operates in is becoming increasingly complex which sets higher demands on our efficiency and performance. Here our employees are key to the success and therefore monitoring their engagement and ensuring continuous upskilling has our focus also the coming years.

- An Employee Engagement Survey will be set up as an annual process and now as one survey across the DAFA Group and supported by HR action plans in all departments.
- The HR Portal and the DAFA Academy will continuously be developed and further anchored across our DAFA Group to support our leaders and ensure that all colleagues at all levels can continuously safeguard their competencies and performance.
- Facilitate an organizational culture where our colleague's health and wellbeing always is in focus. One way that we work towards this is by offering various types of activities and social events for our colleagues in order to facilitate good workplace relationships.

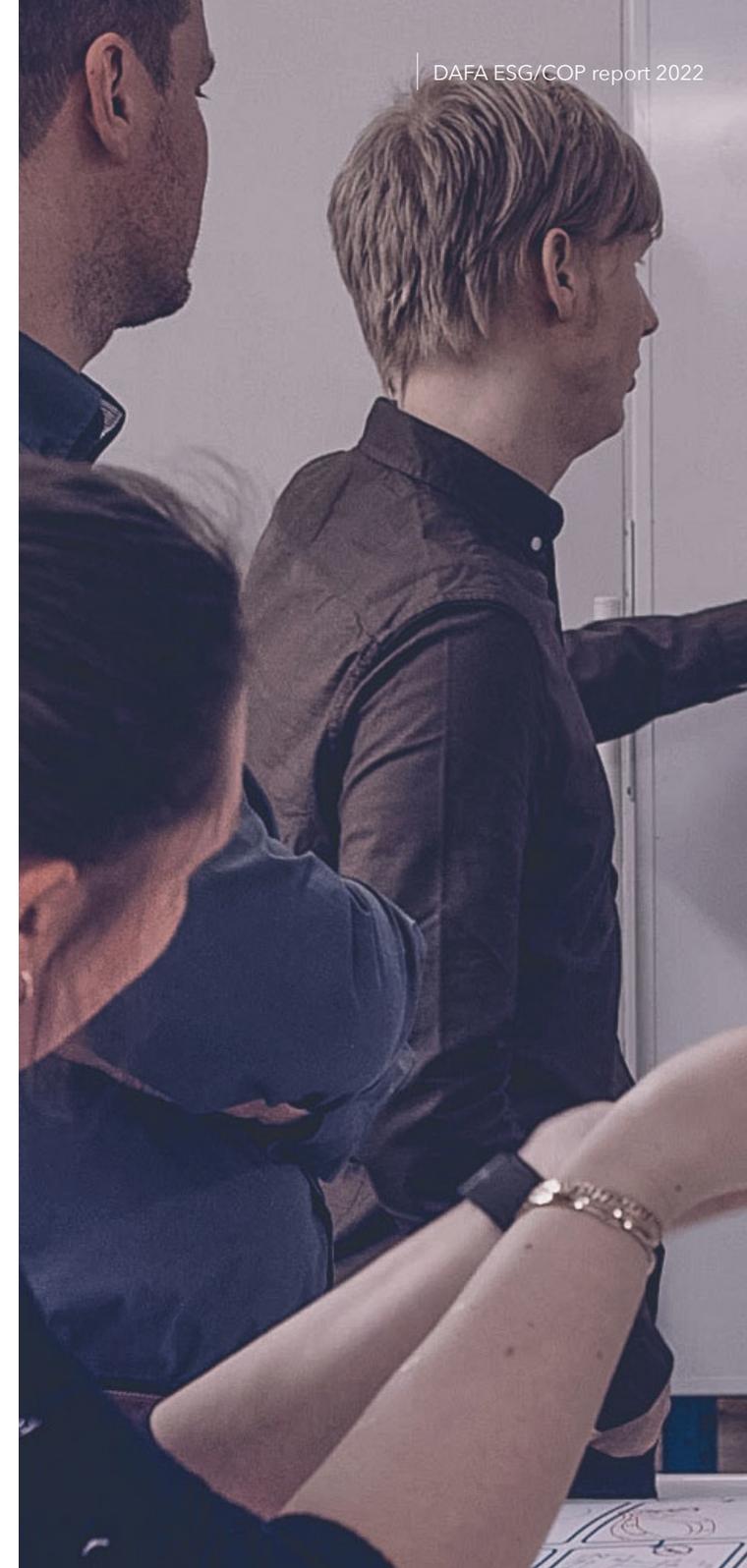
Future initiatives



Governance

For the next period, we will set out initiatives to guarantee best practices at all of DAFA's sites. Our goal is to continually conduct business ethically and become even more transparent in everything we do.

- Awareness of DAFA's commitment to the Ten Principles of UN Global Compact.
- Merging of certificates to one DAFA Group and assuring that best practices of business management, and governance will be rolled out at all our sites.
- Alignment of data calculation and reporting across subsidiaries, meaning that all our data will be standardized within the DAFA Group.





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 from 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.