



Sustainability Report 2023

CEO STATEMENT

Dear Stakeholders,

It is with great enthusiasm that I introduce our Environmental, Social, and Governance (ESG) report, aligned with the Sustainable Development Goals (SDGs) set forth by the United Nations.

At Guldager A/S, we have always believed that our success is intrinsically tied to our commitment to corporate responsibility. As we stand at the intersection of business, society, and the environment, we recognize that our actions have a profound impact on our stakeholders, the communities we serve, and the planet we all share. We also understand that our responsibility extends beyond profit margins, encompassing our role in addressing the pressing challenges of our time.

Our ESG report reflects our dedication to transparency, accountability, and continuous improvement. It outlines the progress we have made and the milestones we have achieved in the realms of environmental stewardship, social engagement, and sound governance. Moreover, it sheds light on our commitment to the SDGs, illustrating how we align our strategies and activities with these global sustainability targets.

As we navigate an ever-changing and challenging business landscape, our commitment to ESG principles is unwavering. We believe that by focusing on environmental sustainability, fostering positive social impact, and upholding high governance standards, we can create long-term value for our stakeholders, mitigate risks, and seize new opportunities.

In this report, you will find insights into our initiatives, achievements, and areas where we aim to improve. It is not only a reflection of our past efforts but also a roadmap for our future. We invite you to explore our ESG journey with us, providing feedback and suggestions along the way.



Claus Christian Torbøl
CEO

A handwritten signature in black ink, appearing to be 'CCT', written over a light blue horizontal line.

This report constitutes the fourth ESG report from the Guldager Group and represents an updated statement on our environmental, social and governance efforts.

As mentioned 2023 continued to be a year with high focus on ESG in the Guldager Group - despite challenging market conditions with supply chains under pressure, high inflation, and war in Europe.

Factors, that put our business model under pressure and added an extra layer of complexity to our operations.

Despite these implications we were able to continue working strategically and actively with the defined Sustainable Development Goals (SDG) towards creating a sustainability focused company with social responsibility and reduced direct environmental impact of Guldager's operations worldwide.

The focus on SDG's has created a tremendous awareness on this subject both internally and externally and currently impacts almost every business decision we make.

At Guldager, our vision for sustainability is a vibrant tapestry woven with a commitment to several Sustainable Development Goals (SDGs) set forth by the United Nations.

These SDGs provide the foundation for our journey toward a more sustainable and responsible future. In pursuit of these SDGs, we are not just working to fulfill our corporate responsibilities; we are also contributing to a more equitable, just, and sustainable world. Our vision for sustainability reflects our belief that business success is intertwined with global well-being, and we are committed to being a force for positive change. Together, through our actions and determination, we aspire to make these visions a reality and to leave a legacy of sustainability and responsibility for generations to come.

One of our most significant contributions continues to be inherent in our business model, as delivering our intelligent water treatment solutions enables our customers to substantially reduce their environmental footprint. This is achieved by prolonging the lifetime of their equipment and reducing their consumption of energy and water. We have initiated various internal projects to gather information about the carbon footprint of our products and services and the difference they make for our customers. At the beginning of 2024, we acquired Vision Watercare and ARO Energy Solutions A/S to strengthen our service offerings. Vision Watercare has developed a reusable filter for softening water in restaurants and hotels contributing our customers to reduce their carbon footprint.

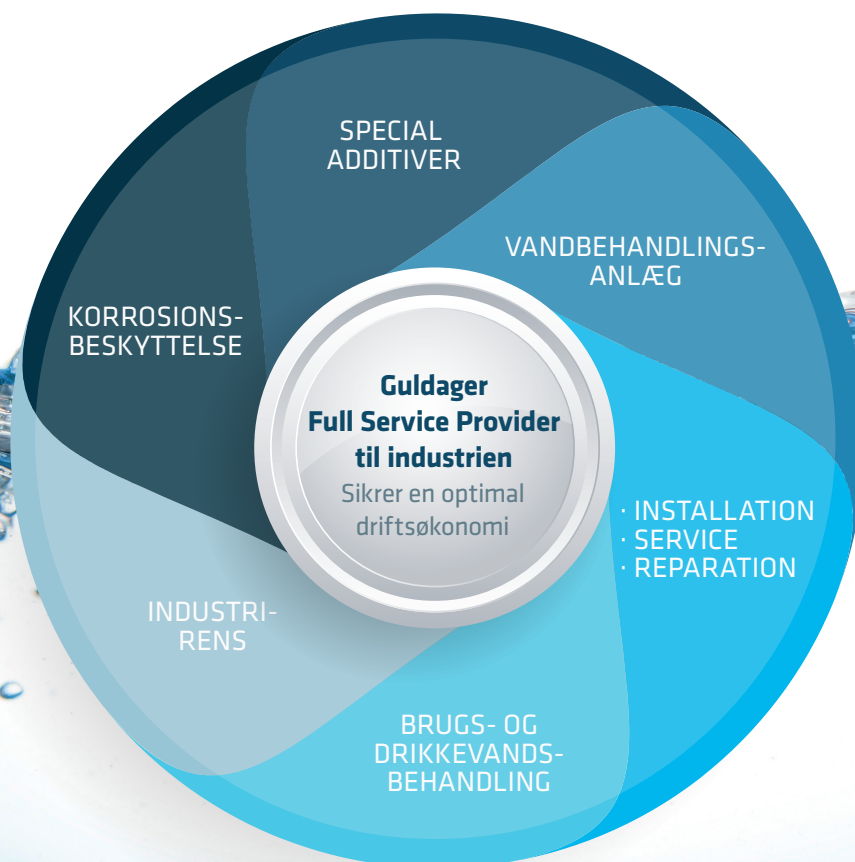
We call this **Wise Water Treatment**.

With experience and access to the latest technologies the Guldager Group has been a full-service provider of plants, equipment, additives, consultancy, and services within water treatment for almost 77 years.


Today we provide services to more than 10,000 customers in Denmark, Sweden, Norway, Germany, Switzerland, and Belgium and employs more than 120 employees.

Inevitably, our delivery of services and products has an impact on both climate and the environment through consumption of energy, water, transportation, and waste. Therefore, our strategy on corporate responsibility is centered around several of SDG's which are currently Guldager's focus areas and have the most significance for Guldager, the community, and our stakeholders.

These targets are listed below with a description based on the UNGC taxonomy and the specific ambition and contribution that the Guldager Group provides. Targets are not listed in order of priority as each of them is considered equally important.



Intelligente vandbehandlingsløsninger

SDG target	Description of target	Contribution
 7.3	By 2030, double the global rate of improvement in energy efficiency.	<p>Our ambition is to become an energy neutral company.</p> <p>We're in the process of developing tools to monitor and register energy, water and carbon emission savings of customers through deliveries of Guldager and the total (plus Guldager's consumption) should equal zero.</p>
 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	<p>We want to recycle as much of our waste as possible.</p> <p>Two years ago, we implemented waste sorting in Guldager's Danish HQ and through the sorting scheme we aim establish KPIs to monitor our waste production.</p>
 6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	<p>Our ambition is to reduce our customers' overall water consumption.</p> <p>To reach this goal we're in the process of developing a tool to monitor and register water consumption of customers and reductions through deliveries of Guldager.</p>
 8.8	Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	The health and safety of our employees is key to the Guldager Group, and we want to protect labor rights in a safe working environment.
 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	We aim at increasing the share of women in the board of directors and management, when possibilities arise through natural exchange of personnel.

As mentioned above the improvement in **energy efficiency (target 7.3)** is considered a key target for the Guldager Group as our customers experience significant energy savings through our products and services. Going forward we plan to measure our key supplier's environmental energy footprints (to obtain a full picture of our climate impact) and demand improvements over time.

Waste production continues to be one of the largest direct impacts of our operations which is why **SDG 12.5 is another key target.**

We've initiated an ambition to **sort and reuse as much waste as possible** and the initiative was initially an investment for the Group but was deemed necessary to reduce our environmental footprint through recycling and reuse.

The increase of **water use efficiency (target 6.4)** is obvious in this context as it relates to the core business of Guldager: Improving water quality, minimizing water consumption, and enabling water recycling.

SDG's 8.8 and 5.5 originates from the history of Guldager as a company, who always recognized the importance of employee wellbeing as a key to being successful. And we view both health issues, work safety and gender equality as key factors in maintaining and developing a successful organization in the future.



25 % increase of carbon emissions due to the acquisition of two companies with several fossil fuel operated vehicles

The Guldager Group can report an increase of direct carbon emissions (scope 1 & 2) from 312 tons in 2022 to 394 tons in 2023.

Even though the Group has experienced both inorganic and organic growth in 2023, the increase cannot be explained entirely by increased activity. The rate of increase in carbon emissions is 25%, where the major increase factor is the number of fossil fuel driven company vehicles. Due to acquisition of two companies Guldager has taken over the operation of several fossil fuel operated vehicles. In 2023 we have also increased the use of electric cars with our electricity consumption for this purpose being quadrupled compared to 2022. However, this vast increase cannot equalize the carbon emission increase of the non-electric vehicles of the companies, that joined the group in 2023.

In the 2022 report we included scope 3 emissions for the first time. The 2023 calculations show a slight decrease in this figure. This was due to decreased freight to end-user and an overall decrease in water consumption in the whole Guldager Group.

The key metric of waste produced in DK reveals a growth in the volumes from the Danish operation of 13%. This number covers a different development, because the key metric this year includes a contribution of waste from our second warehouse, which was not included in the 2022 figure. Taking this into consideration the waste production decreased by over 20%, when looking at comparable figures.

When the second warehouse was included in the report, we have seen the recycled fraction of waste decreasing to 34% from 57% in 2022. This development is caused by the degree of fractioning is less extended in the newly monitored warehouse, resulting in a larger portion being disposed of as incineration waste. We are investigating the possibility of doing the same degree of fractioning in both Danish warehouses.

In the table below we have listed several environmental risks and opportunities, which our company is facing. Some of the risk and opportunity assessments reaches so far in the future, that they have been in our ESG report since the first edition, but we have reassessed the list to include new items. The risk and opportunities have been categorized in accordance with recommendation of the TCFD framework (Task Force on Climate related Financial Disclosures).

Risks

Type of risk	Sub-category	Description of risk	Materiality level	Time horizon	Describe current mitigation activities
Transitional	Technology	A potential scenario where energy costs will decrease because of decreasing solar energy cost following Moores Law of exponential drop in prices of electronics. Low cost of energy result in low incentive to invest in energy efficiency	Low	Long	Guldager should diversify their product range to become less sensitive to energy cost being the driver of the business.





Opportunities

Type of opportunity	Sub-category	Description of opportunity	Materiality level	Time horizon	Describe current mitigation activities
Transitional	Policy and legal	Abandonment of fossil fuel = Guldager A/S does not currently have the product portfolio to support this development.	Low	Medium-Long	Monitoring technology development and adapting products to the new market situation.
Increased demand for desalination equipment	Products/ services	Global increase in sea level will result in increased salt level in ground water close to Danish shores.	Low	Long	Product development and marketing
Increased demand for water treatment	Products/ services	Global scarcity in fresh water	Medium	Short-Medium	Fresh water scarcity is not a market driver on the markets, where the Guldager Group operate. Long term product development is required if Guldager decides to approach these markets.
Increased demand for energy efficient equipment	Products/ services	Increase in energy / CO2 taxes = Incentive to invest in energy efficiency	High	Short	Product development and marketing. Energy reducing focus in project phase of cases.
Increased demand for environmentally friendly technology	Products/ services	Increase in legislative demand for best available technology in achieving low environmental impact.	High	Short	Product development. Product documentation.
Increased demand for CO2 emission documentation of sold goods.	Product	Increase demand / requirement from marked to supply documentation of CO2 footprint of goods.	High	Short	Product documentation.

Guldager have an ambition to be workplace, where employees have a high degree of empowerment, and combined with a non-judicial work environment, we aim to create conditions, where employees can thrive and develop both personally and professionally.

Through decades of development Guldager has a thoroughly developed compilation of policies regulating the working conditions of our employees. Among these are policies outlining general work conditions, vacation, sickness, smoking, alcohol, retirement, senior work force, pregnancy, IT, handling of personal data and whistleblowing. The written policies are continuously updated, and the latest edition is made available in electronic form to all employees.

In 2023 we have registered **our LTI rate increase dramatically to 7,7 from zero in 2022**. These work-related injuries have been evaluated to find potential patterns, which would enable Guldager to take proper preventive actions. One incident related to not using the available safety gear, one happened due to poor access conditions at the customer sight, and the remaining two incidents were judged accidental in two different work situations. **The aim of Guldager is to return to zero in 2024** – we continuously evaluate any occurring injuries and implement procedure changes or new safety equipment if this is deemed necessary to avoid future incidents.

We consider sickness absence to reflect the overall well-being of our employees. Hence, we look with great concern at the **sickness leave increasing from 3,6% in 2022 to 4,8% in 2023**. Analysis of the sickness leave distribution showed, that only **two employees was cause of half of the registered sickness**. When clearing the figure of this cluster, the sickness absence of the **rest of the staff was 2,3%**, which indicates that our employees in general are found well.

In the Guldager Group we have for years been focused on reducing the rate of employee turnover. This has been a major concern of the company management. We are happy to report, that the **employee turnover ratio has decreased from a 29% level in 2022 to 15% in this 2023 reporting year**.

Guldager sets the standard of being a place of work, where we tolerate all employees and find no acceptance of discrimination of gender, faith, color, age, nationality, sexual orientation, disability, or political views. Guldager always aim to improve our company as a workplace, and in 2024 a taskforce will be formed to improve the culture within the

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company and determine standards, that we wish to define as the Guldager way of working. This taskforce will also consider **tools to continuously monitor the employee satisfaction** including catching stress signs of individual employees in early stages.

The general diversity of Guldager is limited by the fact, that the workforce of Guldager contains a high percentage of craftsmen. According to the union of water, heat, and sanitation craftsmen, they only registered 0,5% female members in 2020.

Guldager tries actively to increase the percentage of females under these limitations. In 2023 we proudly registered, that the **overall gender diversity of the Group increased from 16 to 19%, and in the management group the percentage increase from zero to 9%**. We find both developments very satisfactory, and we aim to increase the percentage, when occasions arise. .



The Guldager Group applies an overall policy of doing business in such matter, that the activities of Guldager does not have a negative impact on human rights. Guldager fully supports and respects the internationally recognized human rights as formulated in the UN Human Rights Declaration and Guldager does not accept child labor, forced labor or any form of human trafficking.

Overall, we have adapted a zero-tolerance policy in a wide range of areas – amongst these but not exclusively are human right violations, racial and gender discrimination, physical and sexual abuse, bribery & corruption, environmental threats, health, and safety.

As emphasis of the commitment of the Guldager Group to conduct our business ethically, a whistleblower scheme was introduced already in 2021 before this became legally mandatory. The scheme gives our employees the possibility to anonymously to report breaches within the fields mentioned above.

In 2023 we received one report through our whistleblower scheme. The report is being processed through an external party – a legal firm, who independently of Guldager investigate the report. To be clear the incident was entered by a third party – not an employee – which is outside the scope of the whistleblower scheme. We responded to the report and have not received any further reaction. We continue to await additional feedback or findings from the external legal firm processing the inquiry.

After a slight increase in board meeting attendance in 2022, we have now returned to the 100% figure, that has been the standard throughout the years of our ESG reporting. The high attendance rate underlines the commitment and active ownership of our Board of Directors.

As in the previous reports **the gender diversity of our Board of Directors remained unchanged at a 20% level.** We still maintain a goal of reaching 40%, but with low degree of replacement in the board, opportunities to increase the number of female board members are rarely occurring.

GOVERNANCE

Sustainability key metrics

The Guldager sustainability includes the direct GHG emissions of operation of the Guldager Group in all countries except our German organization. The goal to include reporting from Germany was unfortunately not achieved in 2023, thus remaining a task for 2024. Financially the German operation constitute 10,5 % of the total revenue of the Guldager Group.

In the 2023 however we have included the direct GHG emissions of Siwatec AG in Switzerland, which has been acquired by the Guldager. Furthermore, when viewing the key metrics, our carve-out acquisition of Hydro-X organization in Denmark and Norway must be considered.

	2020	2021	2022	2023
Scope 1 emissions (ton CO ₂ e)	314	269	267	339
Scope 2 market based emissions (ton CO ₂ e)	30	25	45	55
Scope 2 location based emissions (ton CO ₂ e)	11	9	16	17
Scope 3 emissions (ton CO ₂ e)	-	-	52	46
Total emissions (ton CO ₂ e)	344	294	335	404
Water consumption (m ³)	1.518	1.203	1480	1.245
Waste Denmark, all fractions (kg)	-	8.520 ¹	13.233	14.966
Overall gender diversity (%)	15	18	16	19
Board gender diversity (%)	20	20	20	20
Management gender diversity (%)	0	0	0	9
Employee turnover (%)	38	32	29	15
Employee safety (Lost Time Injury Rate) ¹	0,0	1,9	0,0	7,7
Sickness Absence (%)	2,0	4,0	3,6	4,8
Board meeting attendance (%)	100	100	97	100

¹) Waste April to December 2021