Sustainability report 2020-2021

The report comprises the Social Responsibility Statement, cf. sections 99a and 99b of the Danish Financial Statements Act.

Eltronic Group
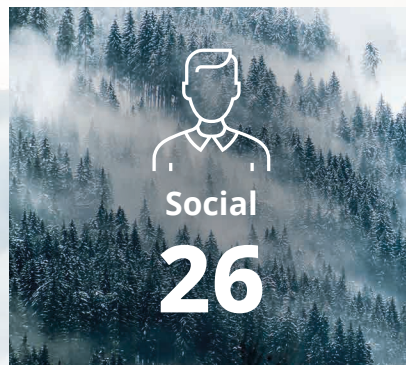
ENGINEERING IMPACT

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Establishing an approach and a roadmap to guide us towards our sustainability goals

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About this report

Approaching sustainability reporting

Throughout this report we describe how we work with sustainability in Eltronic Group and our companies. We highlight our approach to identifying and assessing the challenges which are essential to us and our stakeholders.

This report includes Eltronic Group and the subsidiaries partly or fully owned by Eltronic Group and covers the financial year 2020/21 from November 2020 to October 2021[1].

We spotlight our sustainability strategy and activities of the past year including our ESG ambitions, efforts, key figures, group policies and selected activities throughout the fiscal year.

We welcome any comments, suggestions, or questions.
Please send an email to sustainability@eltronic-group.com.

[1] See appendix Reporting companies for a full overview of included companies.

Highlights
2020-2021 in brief

To sum up 2020-2021, we have pointed out some highlights. On group level, these are the numbers that represent what we have emitted, affected, and created the past year.

Group highlights
Group of companies – turnover
990.156.000 DKK

Emitted
Environment
—
Emitted no less than:
516,9
tonnes CO_2e*

0,58
tonnes CO_2e
employee

0,52
tonnes CO_2e
turnover million DKK

Affected
Social
—
Headcount 893

LTIF
13.5

LTAF
1.7

Created
Governance
—
Supplier code of conduct created
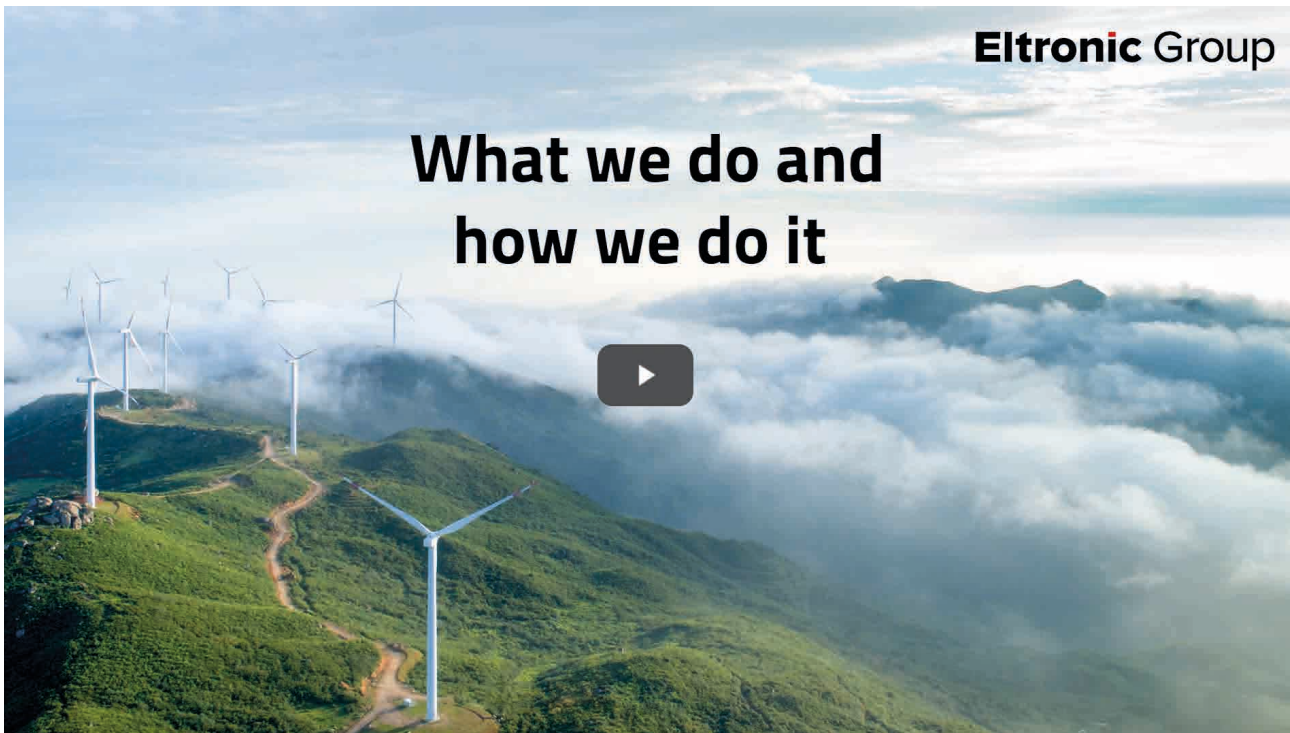
New policy framework:
10 policies

* GHG Scope 1 and 2

CEO statement

Establishing an approach and a roadmap to guide us towards our sustainability goals

▶ Watch the video with Lars Jensen explaining Eltronic Group's approach to sustainability.

Summery

Sustainability is now on the agenda everywhere. We have to accelerate the transition, and we need to prioritize it. Eltronic Group has become a global company within the last 21 years. And within the last couple of years, we have grown rapidly.

Today, we focus on three core areas: automation and digitalizing, x-to-power, and power-to-x. These technologies hold great potential to solve the world's climate problems. This is not enough though. We also need to look inward and set out more initiatives to document and reduce our own footprint. We need to ask ourselves in every aspect: How can we accelerate the transition to a more sustainable future? Therefore, we want to work proactively with the Green House protocol scopes 1, 2 and 3. We have a clear ambition: We will work to lower our own emissions and never forget the emissions we cause through the products and solutions we create.

In 2021, we have taken the first steps and anchored sustainability within our group. In 2022, we want to improve our framework and our data collection. In the near future, we want to reach scope 3 – this is where we will be able to make an actual difference.

Lars Jensen
CEO & President

Global presence

Expanding our business and our worldwide presence

We have operations in many countries around the globe and we continue to grow both nationally and internationally. Below you will find our global presence in 2021.

Denmark

Eltronic Group A/S
Hedensted

Dynatest A/S
Ballerup

Eltronic A/S
Hedensted, Horsens, Ballerup

Sonne A/S
Ikast

Data Intelligence A/S
Hedensted

Blaaholm A/S
Varde

Eltronic Wind Solutions A/S
Hedensted

HE Marine
Thyborøn, Hanstholm Munkebo

Fueltech A/S
Hedensted

BIIR
Aarhus

China

Eltronic A/S
Jiang Su

Eltronic Wind Solutions A/S
Shanghai

Ukraine

Sonne A/S
Kharkiv

BIIR
Odessa

United Kingdom

Eltronic Wind Solutions A/S
Hull

India

BIIR
Chennai

USA

Eltronic Wind Solutions A/S
Daphne

Dynatest
Gainesville

Taiwan

Eltronic Wind Solutions A/S
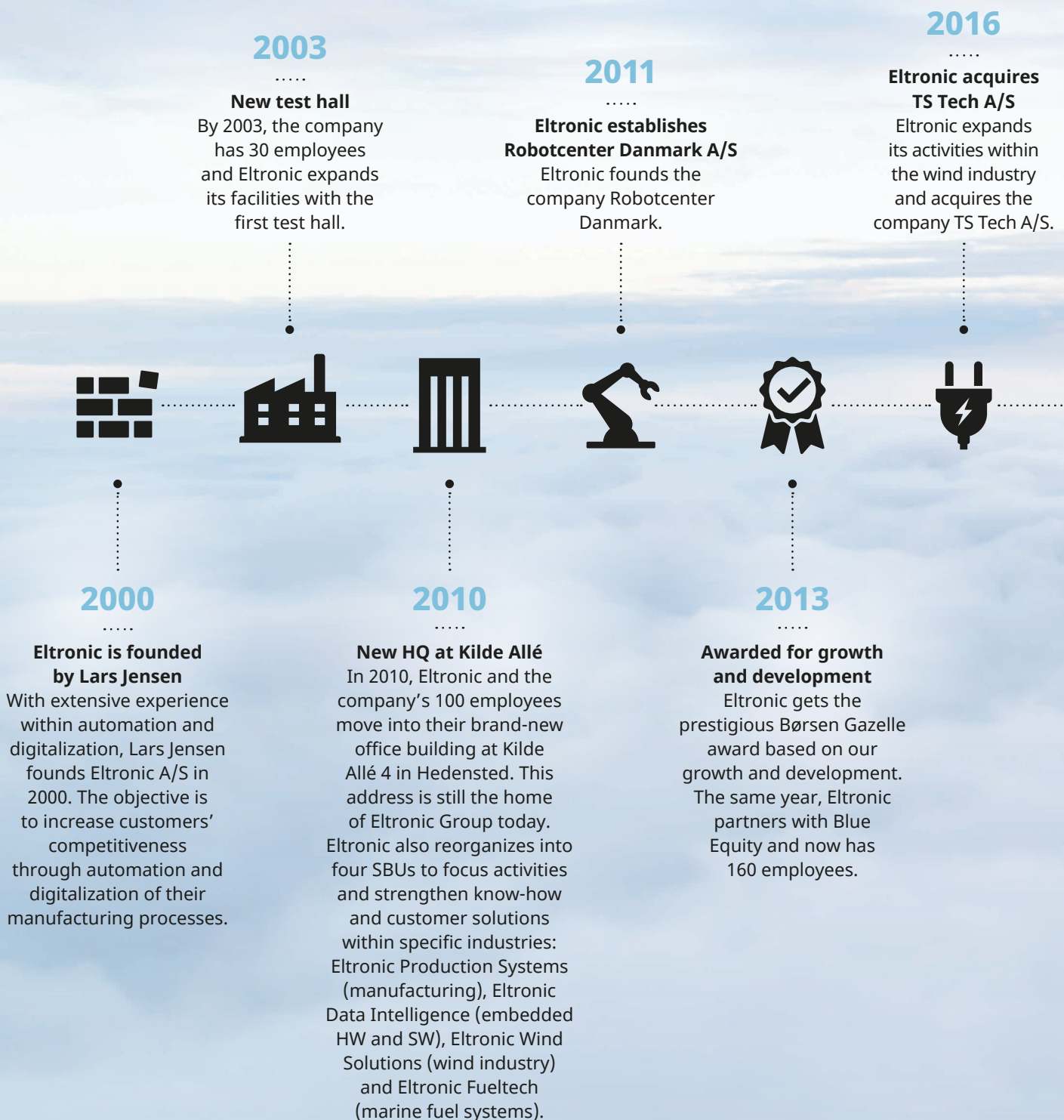*Taichung City*

Bulgaria

Sonne A/S
Sofia

Our History

Strengthening the industry's competitiveness for more than 20 years

In 20 years, we have grown from a locally anchored business to a global business with 29 sites and presence in eight countries.

2003
New test hall
By 2003, the company has 30 employees and Eltronic expands its facilities with the first test hall.

2011
Eltronic establishes Robotcenter Danmark A/S
Eltronic founds the company Robotcenter Danmark.

2016
Eltronic acquires TS Tech A/S
Eltronic expands its activities within the wind industry and acquires the company TS Tech A/S.

2000
Eltronic is founded by Lars Jensen
With extensive experience within automation and digitalization, Lars Jensen founds Eltronic A/S in 2000. The objective is to increase customers' competitiveness through automation and digitalization of their manufacturing processes.

2010
New HQ at Kilde Allé
In 2010, Eltronic and the company's 100 employees move into their brand-new office building at Kilde Allé 4 in Hedensted. This address is still the home of Eltronic Group today. Eltronic also reorganizes into four SBUs to focus activities and strengthen know-how and customer solutions within specific industries: Eltronic Production Systems (manufacturing), Eltronic Data Intelligence (embedded HW and SW), Eltronic Wind Solutions (wind industry) and Eltronic Fueltech (marine fuel systems).

2013
Awarded for growth and development
Eltronic gets the prestigious Børsen Gazelle award based on our growth and development. The same year, Eltronic partners with Blue Equity and now has 160 employees.

## 2020

Growing and focusing activities

Yet again, Eltronic expands its activities within the wind industry by acquiring the company BIIR A/S and the company Blaaholm A/S. Meanwhile, the two business units Eltronic Production Systems and Eltronic Data Intelligence separate into independent companies called Eltronic A/S and Data Intelligence A/S. Eltronic also diverts Robotcenter Danmark A/S to Yaskawa. More than 600 employees are now part of Eltronic.

2018

Eltronic Fueltech becomes independent company

Eltronic Group separates the business unit Eltronic Fueltech into an independent company – Eltronic Fueltech A/S.
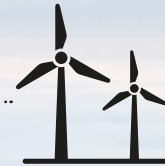
2017

Eltronic acquires HE Marine

Eltronic expands its activities within the maritime industry with the acquisition of HE Marine.

2019

Eltronic is expanding with more companies

The business unit Wind Solutions becomes an independent company – Eltronic Wind Solutions A/S. Eltronic expands its activities within the wind industry by acquiring the company SONNE A/S. It is also in 2019, the group acquires the company Dynatest A/S, which has operations within the infrastructure industry. The mother company is now Eltronic Group A/S.

2021

Becoming a stronger supplier within the wind industry and automation

The three companies Eltronic Wind Solutions A/S, BIIR A/S, SONNE A/S and Blaaholm A/S merge under the name Enabl to become a stronger supplier and one-stop-shop for the wind industry. In 2021, Eltronic also expands its global activities within automation with the acquisition of Epcido A/S. The group now has more than 900 employees in total.

The companies within Eltronic Group 2021

Together we engineer greater global sustainability

Our companies work in different areas and industries, but our common aim is to create greater sustainability worldwide. Learn more about each of our companies below.
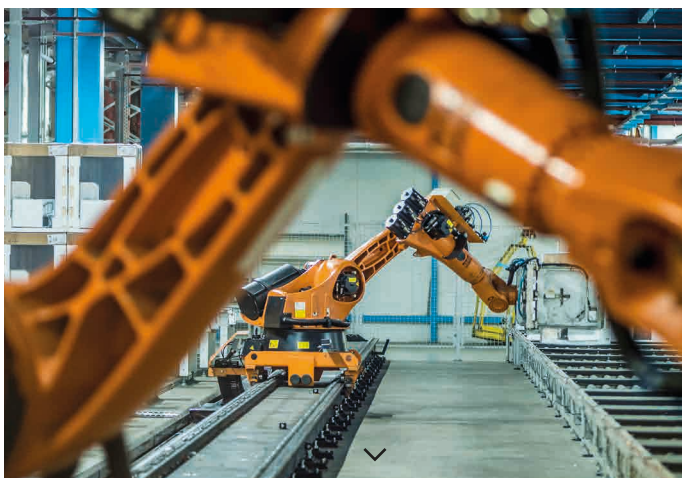
Eltronic
WIND SOLUTIONS

* Eltronic Wind Solutions is a leading strategic partner when it comes to innovative equipment solutions for the entire life cycle of wind turbines both onshore and offshore.
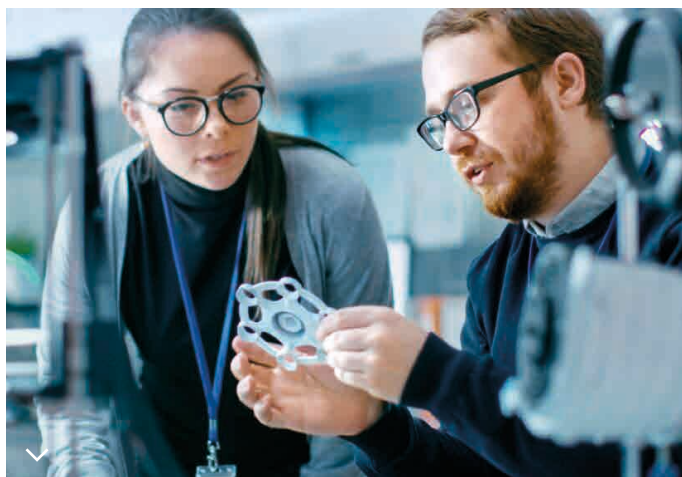
🌐 **Read more**

Eltronic
YOUR PRODUCTION PARTNER

Eltronic A/S is an ambitious engineering company with more than 20 years of experience developing production systems and automation.

🌐 **Read more**

Eltronic
FUELTECH

Eltronic FuelTech A/S is a global engineering company specialized in solutions for the maritime industry enabling ships to run on alternative, greener fuels.

🌐 **Read more**

BIIR®

* BIIR is an engineering company with highly specialized competencies and delivers consultancy services to the wind industry.

🌐 **Read more**

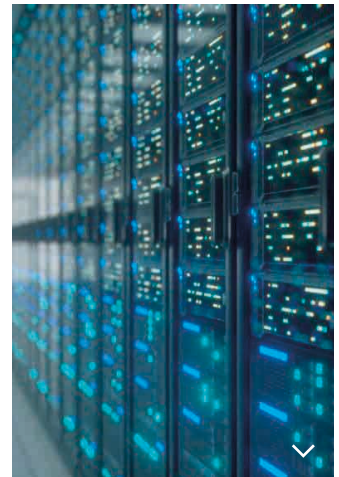## Get to know more about each company by clicking the images below

SONNE

SONNE is an engineering company focused on delivering consultancy services and projects to the wind industry.

🌐 **Read more**

HE Marine a/s
El & Elektronik

HE Marine has a strong position as a total supplier of electrical and electronics installations to the maritime industry.

🌐 **Read more**

Dynatest®

Dynatest is the global leader in pavement engineering equipment and services. The company is a multi-national business with offices in Denmark and the USA.

🌐 **Read more**

DATA INTELLIGENCE

Data Intelligence A/S is a pioneering company working in the field of Industry 4.0.

🌐 **Read more**
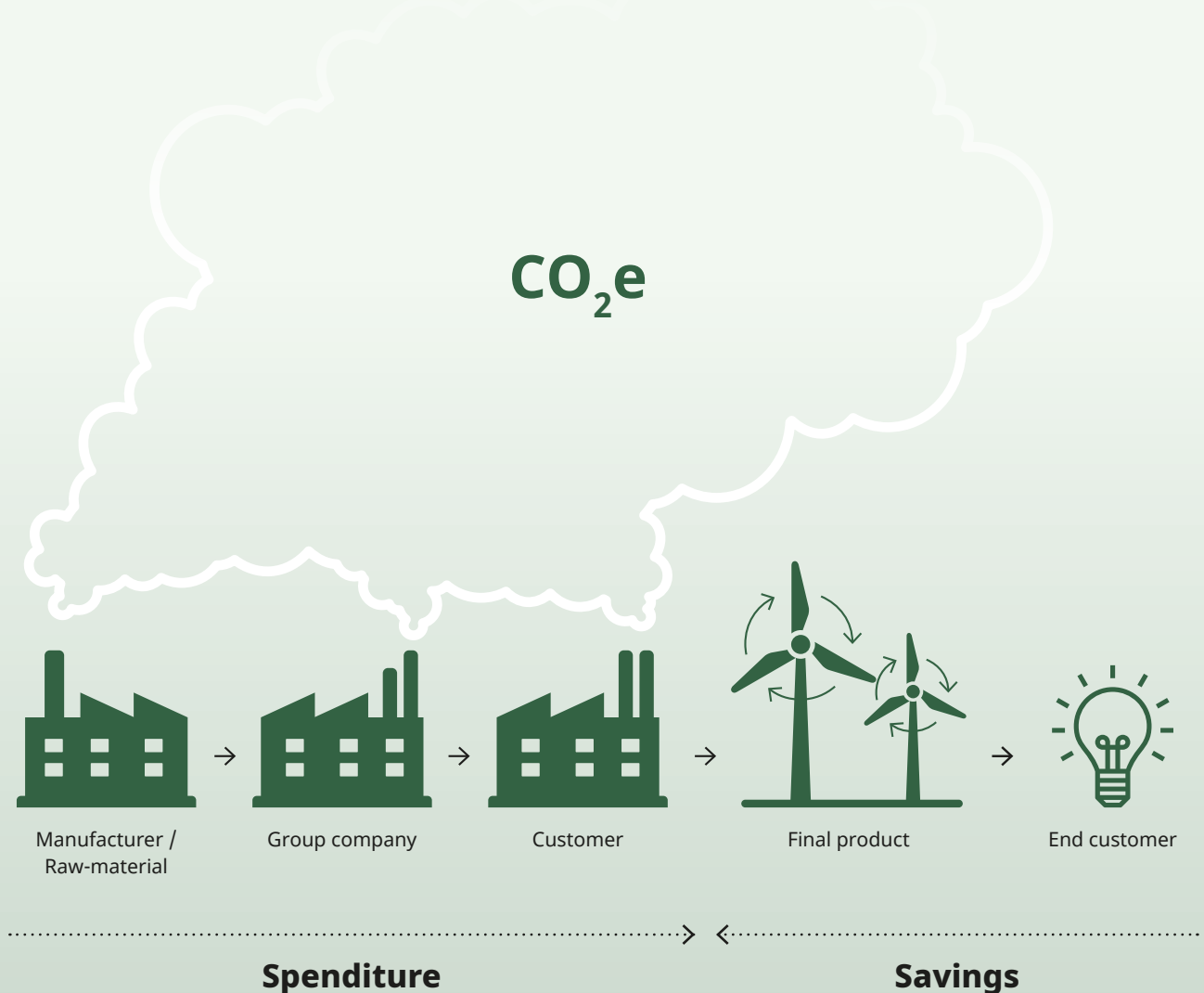
Our business models

Our core business supports the transition towards a cleaner world

Eltronic Group is a global technology and engineering group headquartered in Denmark. We mainly hold and invest in companies focusing on automation and digitalization, power-to-x, and x-to-power.

Even though we work in different fields, all our companies share some common traits.
We all aid in the transition from utilizing depleting resources for transportation or electricity to renewables or aid in the optimization of direct energy usage for our customers.
We play a role in the transition to more sustainable businesses and in that way to a more sustainable society. However, the gains that our customers or the end-users obtain are not ours and cannot be added to our environmental or social bottom line without double counting.

We need to address the negative impacts created through our business even though, we in many cases have limited opportunity to lower this impact, due to e.g. price constraints imposed by the market or the customer – available data, technology, partners, etc.

CO_2e

| Manufacturer / Raw-material | Group company | Customer | Final product | End customer |

Spenditure   **Savings**

Our common challenges

Understanding the world around us

Understanding the challenges we all face is key to implementing and adjusting our sustainability work and initiatives. There are several challenges we need to address, and we all have a responsibility. This is our perspective on the most critical challenges.

We see an unprecedented change in global warming with the warmest century in more than 100,000 years. The global temperature has already risen more than 1.07 degrees Celsius, and the global mean sea level has risen 0.2 meters since the 1970s[2].

» We have already overshot the 1.5-degree Celsius goal

Despite pledges from governments around the world, CO_2 emissions from energy and industry have increased by 60% since 1992. To meet the 2050 net-zero emission pathway, we need to have a global energy sector largely based on renewables[3]. To get there, for solar power, it would be equivalent to installing solar parks resembling the current largest solar park in the world roughly every day.

» The transition to a more sustainable future is taking too long

We are heading towards a 2 to 3-degree global warming scenario[4]. We are consuming more than the earth can deliver. This is demonstrated by the "Earth Overshoot Day", which marks the date when humanity's demand for ecological resources and services each year exceeds what Earth can regenerate in that year. In 2021, it fell on July 29. In 2000, only 21 years ago, the Earth Overshoot Day fell on September 23.

In 2021, Denmark alone reached this day months earlier than the world altogether. On March 26, Denmark reached this limit - only 12 days after e.g., Kuwait and the United States of America. If everybody consumed as we do in Denmark, we would need 4.3 Earths[5].

» We consume too much

While it is troublesome that the climate is suffering, the climate is only one of the nine Planetary boundaries. Issues as deforestation from the production of raw materials, loss of biodiversity, nitrogen in the atmosphere all present equally or more important issues. Still, these are often not being prioritized equally.

» It is not all about CO_2e

[2] IPCC – AR6, climate change report 2021
[3] Net-zero-by 2050 report
[4] IPCC – AR6, climate change report 2021
[5] www.weforum.org/agenda/2021/08/wolrd-earth-planet-natural-resources-overshoot-day-consumption/

Our sustainability journey

Setting ambitious and tangible goals is crucial

It is crucial to the global sustainable transformation that industries and companies are tuning in on sustainability.

Companies must rethink their business models and set clear and tangible targets in order to make a difference that matters. We recognize our role in acting on the global challenges and **linking the global challenges to our own company policies and business practices.**

Our main ambition is to root the understanding of the sustainability challenges both internally within the group of companies, but also to enable suppliers and customers to act sustainably.

As defined by the UN commissioned report from 1987 - "Vor Fælles Fremtid" also known as "Brundtlandrapporten":

"...meeting the needs of the present without compromising the ability of future generations to meet their own needs."

Sustainability is a term that consists of more aspects. For a company to act sustainably, it requires that the company review the way their business is conducted and how it may in fact compromise or negatively impact the world.

This means that companies have to assess the products or services they bring to the market in regard to how sustainable these are and if it could be done another way. They need to consider how the products or services are priced and marketed, how the internal business practices are carried out, how the suppliers are engaged, and how customers are informed about the consequences of their choices. Just to name a few.

One size fits none
Eltronic Group consists of different companies with a wide range of products and services. We also serve a large number of customers. There is no one standard for sustainability. Our customers across the business have different ambitions, which in turn affect our materiality assessment.

Understanding our challenges

To contribute to the bigger picture, we need to take a closer look at our challenges as an engineering and technology group.

The assessment of our challenges differs within the companies of the group, as these have different stakeholders, different products, and services.

This means that our companies also have different risks and opportunities.

From a group perspective, we categorize as follows:

ESG Topic – potential

Environment	Product design & lifestyle management	Waste / ressource management	Water reduction	Scope 1 and 2 emission reduction	Scope 3 emission reduction

Social	Labor practices and human rights	Occupational health and safety	Employee attraction and retention

Governance	Business ethics – anticorruption / integrity	Partnerships & customer engagement	Systemic risk management	Data segurity & privacy (GDPR)	Supply chain and responsible sourcing

Each topic represents both a risk and an opportunity for the group, which we address through our policies or actions in the daily operations or development projects.

Aligning these in terms of impact on and importance for stakeholders and the business will be done in 2022 for the group companies. .

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Structuring our work
A systemic approach to sustainability

A systemic approach to sustainability is critical to ensure that we meet our targets and that we are constantly improving our efforts and procedures.

We need to understand and capitalize on emerging sustainability topics. In addition, we need to understand any inherent risks which might in effect change our materiality and prioritization.

As result, we act with various due diligence principles based on a Deming circle approach.

Plan – do – study – act

The Plan, Do, Study, Act (PDSA) model is a method for testing a change - by planning it, trying it, observing the results, and acting on what is learned. This is a useful tool for documenting a test of change.

The next step on our journey is to form further tangible projects and sustainability programs. The goal is that this will be the foundation for a **sustainable and future-fit group of companies**.

We will get there through compliant, due diligent policies with clear and ongoing goal setting, with a focus on 'do no significant harm principles' and materiality assessments.
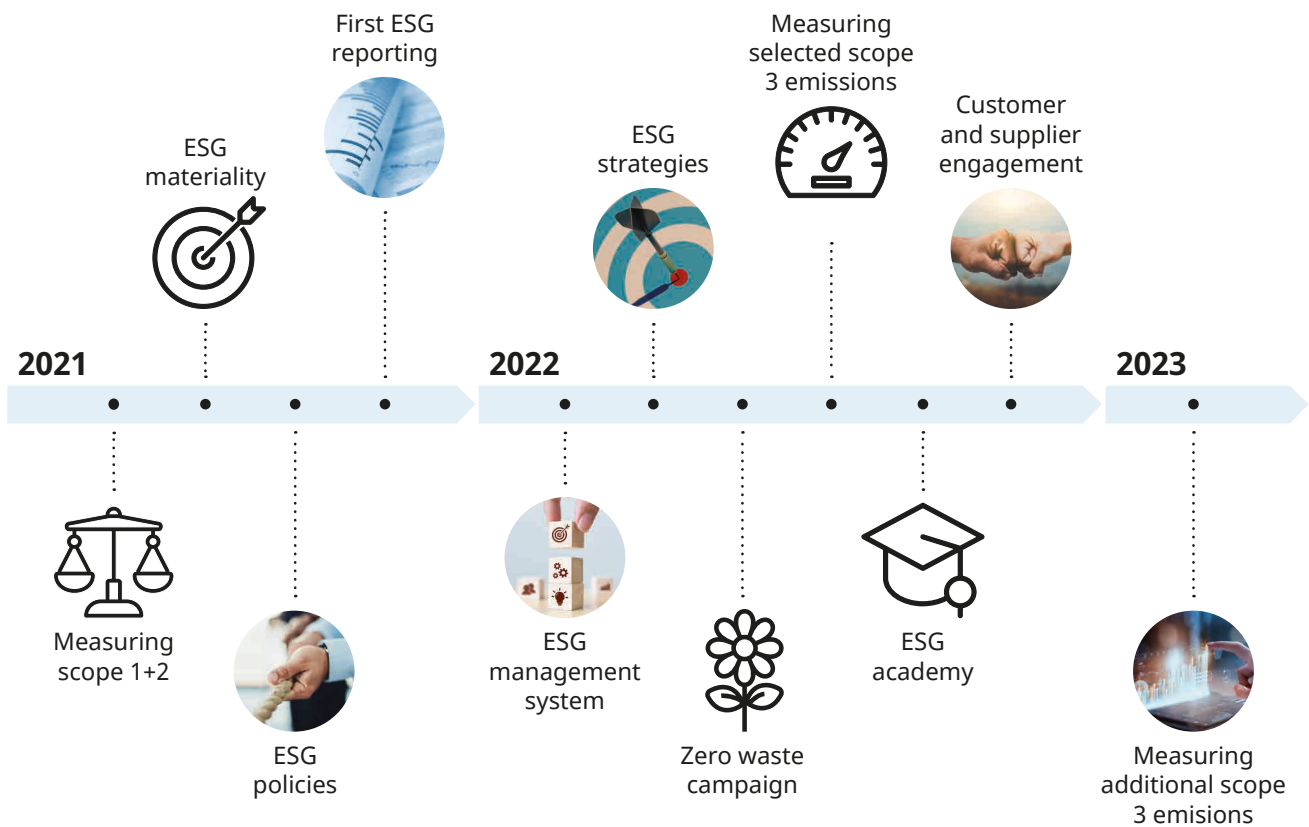
Sustainability roadmap

We are on our way

To guide us on our sustainability journey, we have developed a roadmap.
In the coming years, we will address the most important challenges step by step.

Our systemic challenge is to ensure that sustainability issues are continuously anchored in our businesses. We need to ensure that we can exploit the business opportunities that arise to reduce inherent risks.

The roadmap for the coming years highlights how we integrate sustainability into:
- **business practices and processes**
- **systems**
- **solutions and products**
- **new business opportunities**

First ESG reporting

ESG materiality

Measuring selected scope 3 emissions

ESG strategies

Customer and supplier engagement

2021

2022

2023

Measuring scope 1+2

ESG policies

ESG management system

Zero waste campaign

ESG academy

Measuring additional scope 3 emisions

2021: In 2021, we have laid the foundation for our sustainability work. We have created the framework for collecting data and how we need to mature our sustainability strategy. Focusing attention on scope 1 and 2 in 2021 is the first step on our journey.

2022: While measuring selected scope 3 emissions, sustainability gets a firmer grip on our companies. We need sustainability to be part of the Eltronic DNA. Therefore, we will become more specific than we have been up until now and it is central to engage our employees, suppliers, and customers.

2023: By 2023, we have reached scope 3. This is when our sustainability work starts paying off and we will see an actual impact on the group and the world around us.

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Our approach to ESG
Turning theory into practice

Our approach to working with sustainability is led by the ESG factors. We divide our efforts into the three areas – environmental, social and governance.

In the following section, we will present our efforts within the three areas. In each area, we have specific policies, results and challenges.
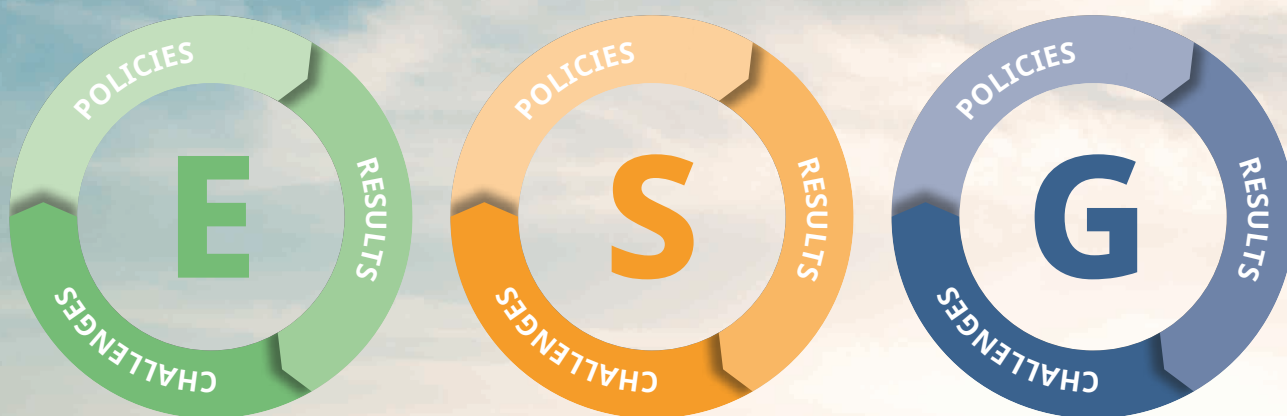
The various reporting practices and calculation methods can be found in appendix 1-5.

"In 2021, we have taken the first steps and anchored sustainability within our group. In 2022, we want to improve our framework and our data collection."

Lars Jensen, CEO & President

ENVIRONMENT

**In this section, we look at the environmental criteria.
We focus attention to our energy use, waste and
pollution. Furthermore, we also look at evaluating
environmental risks and challenges.**

—

Policies within environment

Anchoring policies within the group

We have created the resource policy and the climate and environmental policy to help ensure that our purpose and values are reflected in the work we do in every aspect of our business.

Our policies are available on our website. Click on the link below each policy to read the document.
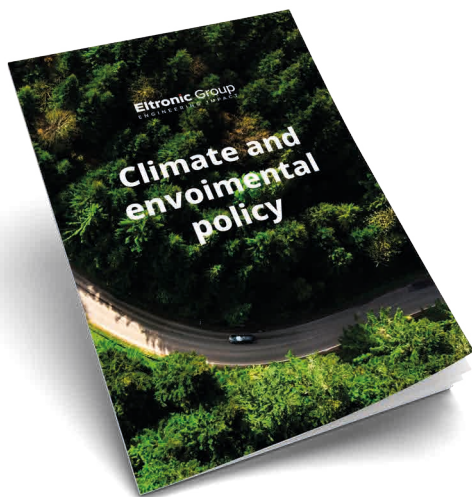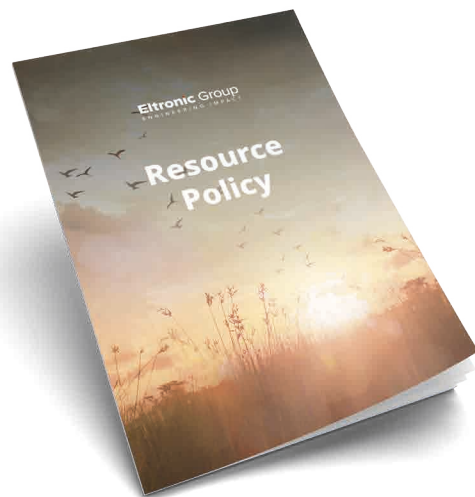
Climate and Environmental Policy

It is the policy of the group that we have a shared responsibility to protect our climate and act in a sustainable manner...

⊕ **Read more**

Resource Policy

It is the policy of the group that the value of group resources needs to be retained to the highest degree possible regardless of composition or state...
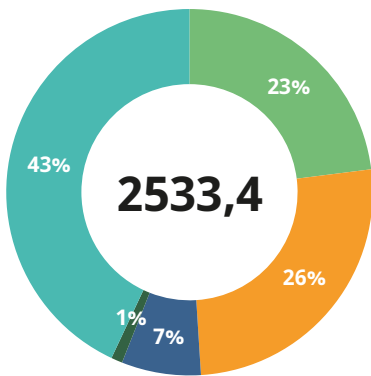
⊕ **Read more**

21

Results
Our environmental impacts

In 2020/2021, we have had various environmental impacts through our operations. We have summarized this in the graphs below for each of our companies.
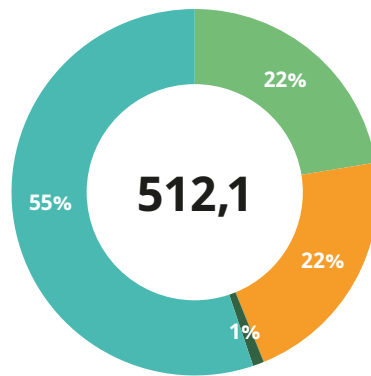
Total environmental impacts for all Eltronic Group companies included in this report.

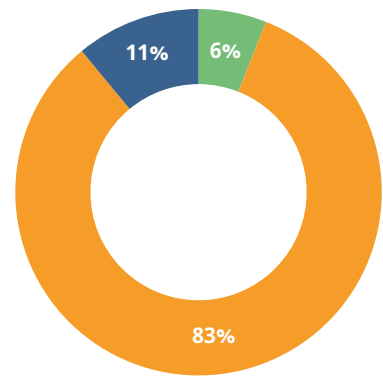**Click on any Eltronic Group company below to see their data.**

Energy consumption
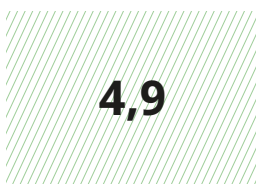*MWh usage*

Emissions from energy
tonnes CO_2e emitted

% Data quality

Energy consumption donut chart: 23%, 26%, 7%, 1%, 43%, center value **2533,4**

Emissions from energy donut chart: 22%, 22%, 1%, 55%, center value **512,1**

% Data quality donut chart: 6%, 83%, 11%

● Fossil Heating ● Grid Electricity ● Renewable Electricity ● District heating ● Fuels

● % A ● % B ● % C

Coolant leakage
tonnes CO_2e emitted

4,9

Tonnes CO_2 avoided
tonnes CO_2e avoid through renewable energy

22,9
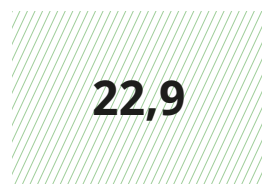
M³ water consumption

2098,8
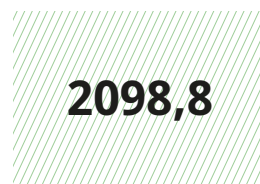
% of renewable energy

22%
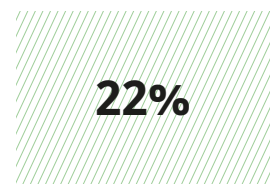
Eltronic Group — ENGINEERING IMPACT

Eltronic — YOUR PRODUCTION PARTNER

Eltronic FUELTECH

Eltronic WIND SOLUTIONS

BIIR®

SONNE

Dynatest® — Pavement Expertise in Action

DATA INTELLIGENCE

HE Marine a/s — El & Elektronik

Emissions
Scope 1, 2 and 3 emissions

Get a closer look at our emissions for each company. Below, we have divided our emissions into scope 1, 2 and 3. For now, we cannot show any scope 3 data.

Company	1 tonnes CO_2e	1 tonnes CO_2e / employee	1 tonnes CO_2e / turnover mill.dkk	2 tonnes CO_2e	2 tonnes CO_2e / employee	2 tonnes CO_2e / turnover dkk	3	3 tonnes CO_2e	3 tonnes CO_2e / employee	3 tonnes CO_2e / turnover mill. dkk
Eltronic Group A/S	14,9	0,551	N/A	3,0	0,112	N/A	Not counted	17,9	0,663	N/A
Eltronic A/S	127,0	0,814	0,807	13,4	0,086	0,085	Not counted	140,5	0,900	157,474
Eltronic Wind Solutions A/S	139,1	0,585	0,364	31,9	0,134	0,083	Not counted	171,1	0,719	382,803
BIIR A/S	0,0	0,000	0,000	20,1	0,264	0,260	Not counted	20,1	0,264	77,567
Sonne A/S	14,2	0,055	0,100	18,4	0,072	0,130	Not counted	32,6	0,127	142,152
Eltronic Fueltech A/S	16,0	0,280	0,128	6,0	0,106	0,048	Not counted	22,0	0,386	124,968
Dynatest A/S	7,4	0,172	0,080	14,5	0,336	0,157	Not counted	21,9	0,509	92,463
HE Marine A/S	75,5	2,516	2,237	6,4	0,213	0,189	Not counted	81,9	2,729	33,930
Data Intelligence A/S	8,2	0,824	0,449	0,9	0,086	0,047	Not counted	9,1	0,910	18,403
	402,3			114,6				516,9	0,580	0,52206

Challenges

Framework for data collection

2020/2021 has been a challenging year. We have focused on creating a strong data-driven foundation for our future sustainability works.

We see some clear trends in the market, which present **both risks and opportunities for differentiation**.

We are aware of increasing legal requirements, both in the form of e.g., the EU taxonomy, but also in various other legislations which will impact our business directly or indirectly through requirements from our customers. We believe these challenges are best met through good organizational frameworks - anchored into processes and systems, to avoid **unsubstantiated claims/'greenwashing'.**

Therefore, it has been a key focus in 2020-2021 to create a framework, that can help us **establish a baseline** for future years, but also enable us to deliver company and customer-specific data – when needed. An example could be the implementation of the GHG protocol in the reporting practices, to reduce the risk of data confusion, while increasing the ability to deliver data aligned with those customers that are science-based target aligned.

In 2020/2021, we have had challenges in our data collection as not all operational units/sites can deliver actual measured data with valid emission factors. This is mainly challenged by the fact that they occupy rented areas, or because of the organizational changes and growth, which has created various data collection issues.

In order to be transparent on this issue and create a future goal for improving our data validity, we have chosen to create the data validity framework as presented on the results page – the framework is presented in appendix 1-5.
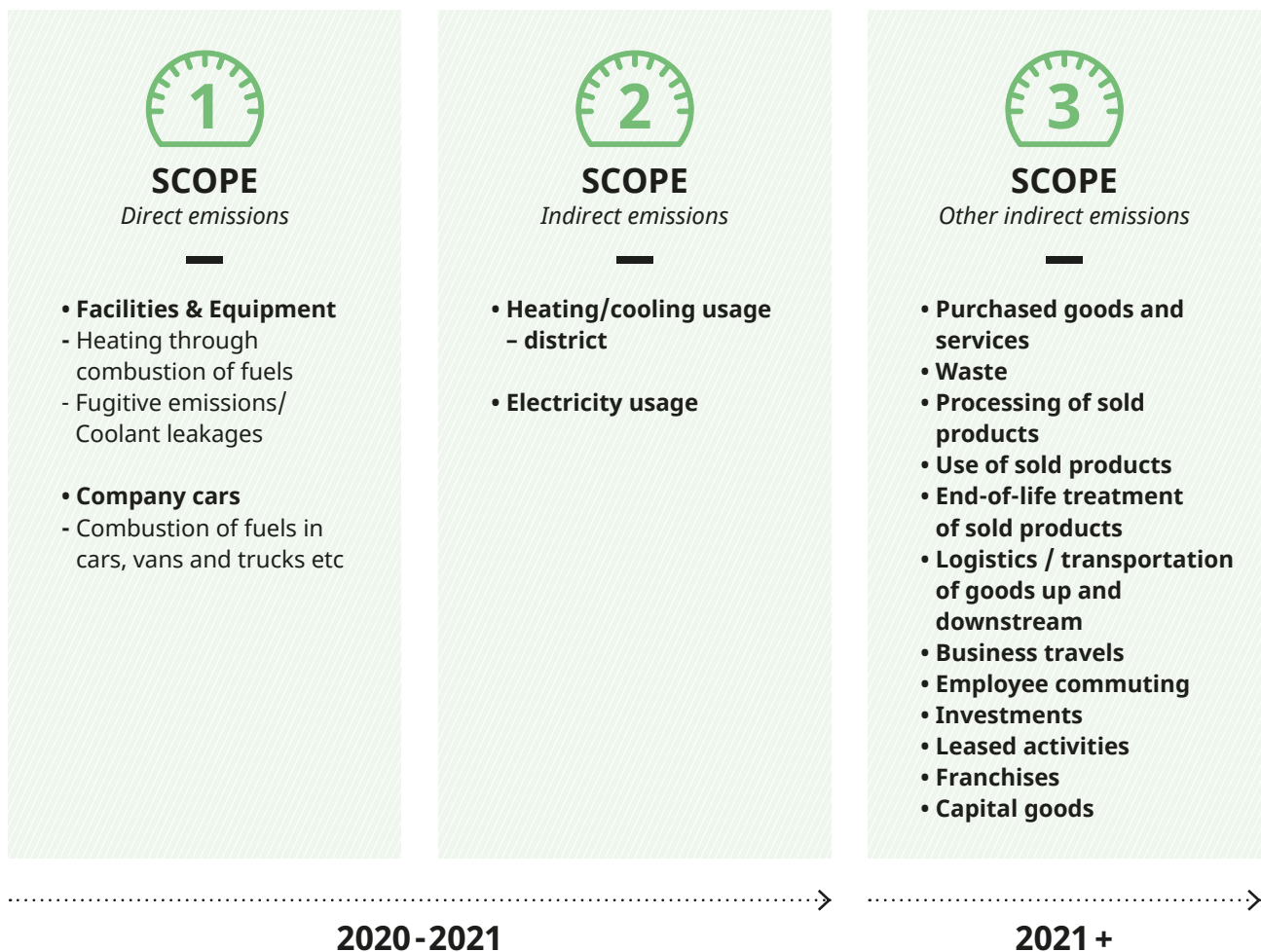
In addition to internal data challenges, we have risks associated with the data we are able to obtain from suppliers, which inherently will be the basis of the data we are able to provide our customers

Data

Supplier Operations Customers

Valid, reliable or accurate
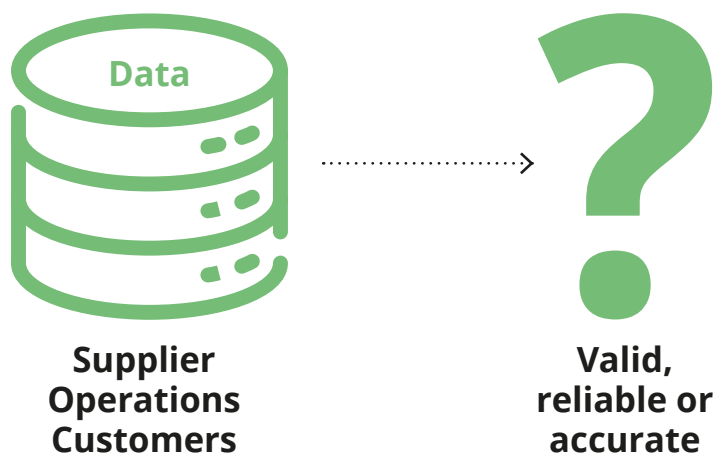
Lowering the impact or likelihood of data which may have - low validity, low reliability, and low accuracy – is an ongoing challenge we mitigate through a step-by-step process where we challenge our suppliers to improve their data quality regardless of supplier type.

However, as initial results have shown, we currently have very few valid scope 3 data. This is also why we have chosen to present scope 1-2 data with a goal of starting reporting on scope 3 emissions in 2021-2022.

1
SCOPE
Direct emissions

—

- **Facilities & Equipment**
- Heating through combustion of fuels
- Fugitive emissions/ Coolant leakages

- **Company cars**
- Combustion of fuels in cars, vans and trucks etc

2
SCOPE
Indirect emissions

—

- **Heating/cooling usage – district**

- **Electricity usage**

3
SCOPE
Other indirect emissions

—

- **Purchased goods and services**
- **Waste**
- **Processing of sold products**
- **Use of sold products**
- **End-of-life treatment of sold products**
- **Logistics / transportation of goods up and downstream**
- **Business travels**
- **Employee commuting**
- **Investments**
- **Leased activities**
- **Franchises**
- **Capital goods**

2020 - 2021

2021 +

In 2020-2021, we have started preparing several scope 3 data points. We have created a new setup for our waste management at our headquarters in Hedensted, on basis of the resource policy for the group, which has entailed that we have gone from sorting our waste fractions in 43 different fractions, up from 20. This new setup also means that a new waste-management provider has been chosen (consolidating from five different suppliers), to ensure more reliable and valid data.

We have also started the works on engaging with selected suppliers on what data they are able to provide, either on environmental product declaration level (EPD) or other data points, which we can use in our scope 3 calculations.

Finally, we have maintained our currently certification level within ISO14001, while we aim to increase the certification level to more sites in the next fiscal year.

SOCIAL

In this section, we look at the social criteria.
We focus attention to business relationships such as
working conditions, gender diversity, safety, etc.

—

Policies within social

Anchoring policies within the group

We have created the privacy/GDPR policy, the employee policy, and the working environment policy to help ensure that our purpose and values are reflected in the work we do in every aspect of our business.
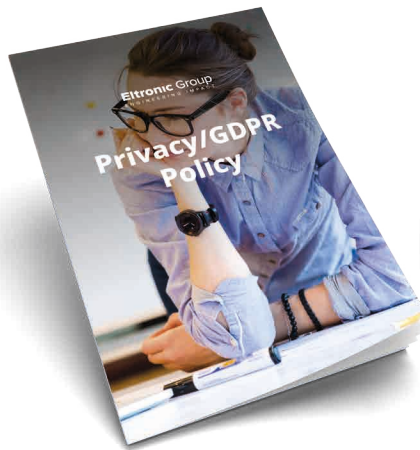
Our policies are available on our website. Click on the link below each policy to read the document.
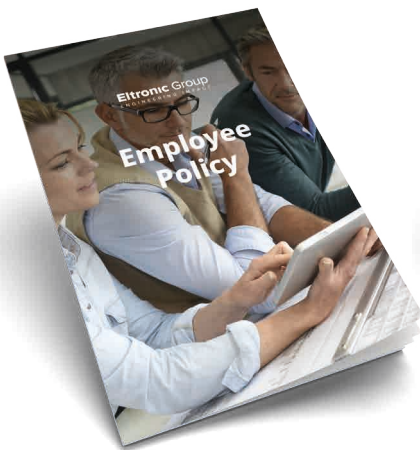
Employee Policy

It is the policy of the group that our employees are our most important asset, and their well-being is our top priority...

🌐 **Read more**

Privacy/GDPR Policy

It is the policy of the group that we respect the individuality of our employees, including their personal data and thus, privacy...

🌐 **Read more**

Working environment Policy

It is the policy of the group that we show through our actions the utmost conviction in ensuring that none of our employees or those working under our management or direct sphere of influence are subject to physical and psychological harm...

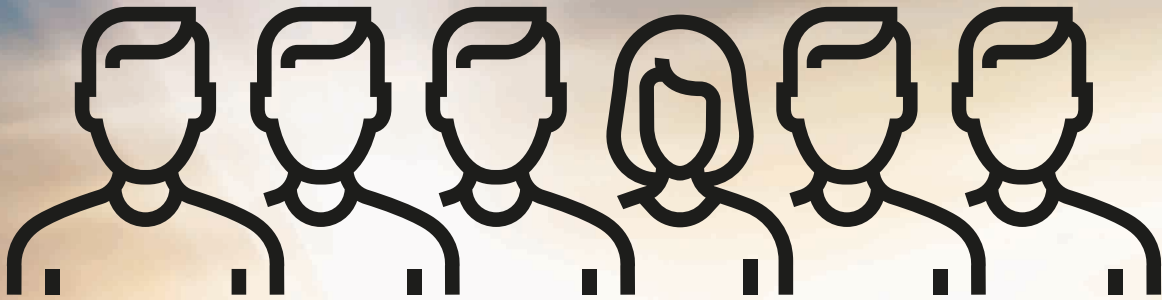🌐 **Read more**

Improving gender diversity on the board

We need to improve the gender diversity on our board. It is therefore our goal to have one woman on the board of Eltronic Group in 2022.

Other long-term target within social

Lost Time Injury Frequency

(LTIF)

= 0

Lost Time accident Frequency

(LTAF)

< 1

Challenges
Ensuring that our ambitions become reality

In 2020/2021, we have consolidated our current ambitions into policies with underlying targets.

The growth and organizational changes we have gone through mean that we more than ever are observant of the inherent risk associated with the social aspects of our business.

We need to ensure that the companies in the group represent attractive workplaces that enable employee retention and continuous development. In addition, in our fields of business, access to competent employees is a challenge that may affect our ability to grow and increase our market presence.

Therefore, we have in 2020-2021 maintained our ISO 45001 certification and aim to increase the certification level in the next fiscal year, as we believe that a work environment certification will help us continue improving our performance and create a more attractive and safe work place.

There is also a clear trend that the way we work is not fixed. We have seen this during the COVID-19 pandemic, which created a risk in our ability to accommodate a good working environment and still ensure the safety of our employees.

Therefore, it has been a key focus in 2020-2021 to set up targets for social aspects such as:
• Continuous aim to employ more female employees at all levels – a challenge in our fields of business
• Enhance safety understanding through training of employees across sites and regions – a challenge in a group that now spans many countries and continues to evolve

Linking these to some of our continued challenges. One of which is our efforts on ensuring equal opportunities no matter the gender an employee identifies with. We have been unable to avoid the under-representation of women (within the legal binary gender definition) in the Board of Eltronic

Groups meaning that any of the two genders are represented less than 40%. We continue to have it as a goal to reduce the challenge of an underrepresented gender, to ensure no less than one women (as per Guidance on §1288, 19 December 2012) in the Board of the Eltronic Group (5 in total, 2 of which are employee elected). In 2020-2021 we have not been able to find suitable candidates for a board position of the underrepresented gender, but we are committed to our goal of achieving this in 2022.

We work to increase the underrepresented gender in the remaining management levels, as part of our employee policy, but have not set up goals or a specific policy for gender diversity in the remaining management level for Eltronic Group due to the company size being below 50 FTE (Full Time Employment).

The remaining companies on the group of companies are all subject to the same policy commitment and will in 2022 work on defining specific goals for diversity within the company and the board.

[1] https://erhvervsstyrelsen.dk/vejledning-maltal-og-politikker-den-konsmaessige-sammensaetning-af-ledelsen-og-afrapportering-herom

Governance

In this section, we look at the governance criteria. We focus attention to how we ensure transparency and honesty in the way we conduct our business.

—

Policies within governance

Anchoring policies within the group

We have created the whistleblower policy, the supplier policy, the human rights policy, and the anti-bribery/corruption policy to help ensure that our purpose and values are reflected in the work we do in every aspect of our business.

Our policies are available on our website. Click on the link below each policy to read the document.

Whistleblower Policy

It is the policy of the group, that business is conducted in a legal, fair and competitive way, therefore...
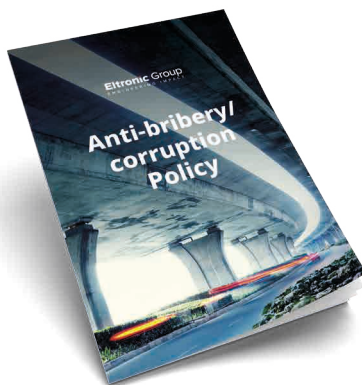
🌐 **Read more**

Supplier Policy

It is the policy of the group that we always conduct our procurement activities with integrity...

🌐 **Read more**

Anti-bribery/Corruption Policy

It is the policy of the group that bribery, corruption, facility payments and other unethical practices (hereafter corruption) undermine the confidence of its business environment...

🌐 **Read more**

Human Rights Policy

It is the policy of the group to recognize our corporate responsibility to operate for human rights and we acknowledge that...

🌐 **Read more**

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Results

Implementing tools to ensure framework and openness

In 2020/2021, we have implemented a new code of conduct for suppliers to set a clear framework for how we expect our suppliers to act.

We have also implemented a new whistleblower portal that makes it more likely that employees and partners will report information about criticizable situations within the group, and in that way contribute to a culture characterized by transparency and openness

• New code of conduct for suppliers
• New whistleblower portal
  https://eltronic-group.com/whistleblower/

New
whistleblower
portal
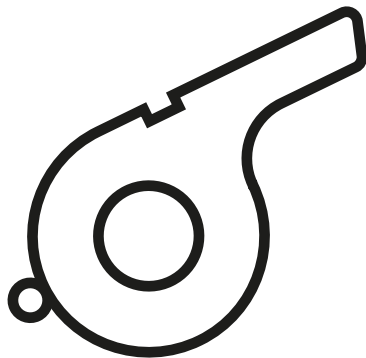
New
code of conduct
for suppliers

Challenges

Towards tangible documentation and impact

In continuation of our effort on our environmental and social frameworks, we have addressed some of our challenges in our supply chain and business practices in 2020/2021.

We see some clear trends in corporate governance and ethical expectations - we are moving away from soft law to hard law. Many would argue that this is spearheaded by the EU taxonomy with several implications in law, both on European and national levels. Needless to say, we move closer to a more tangible corporate standard, which makes it easier for us to document our impact on our supply chain.

In particular, it is judged that the requirement to qualify as an environmentally sustainable business includes the UN Guiding Principles (UNGP) on human rights (as part of the Minimum safeguards), will have significant implications on supply chains and increase awareness and compliance to already established legal frameworks.

We will work actively with these requirements because of both of the direct and indirect requirements set forth by our customers.

Therefore, we have in 2020-2021 updated our supplier code of conduct (code) and started the works on a risk-based supplier evaluation framework that can be deployed within the companies within the group – works which will continue in 2022.

This is to address human rights and corruption risks in our supply chain, where we have both 1 and 2 tier suppliers located in counties with human rights and corruption challenges – and whilst these are seen as unchanged in the fiscal year, we aim to manage these risk more proactively.

In continuation hereof, we will as part of our ESG academy, perform anti-corruption training to relevant employees, to increase employee understanding of corruption risks and knowledge of internal rules and frameworks.

As part of the supplier evaluation framework, we will initiate a process for supplier surveying and auditing to verify compliance with our code but also create a foundation for supplier development.

We have as part of our business governance in 2021 launched a common whistleblower portal

🌐 **Read more**

We will in 2022 perform internal training of our employees on business ethics and ensure full knowledge of the whistleblower portal.

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Appendix 1
Reporting companies

Eltronic Group
ENGINEERING IMPACT

Eltronic Group A/S, VAT no.: 35 48 04 63
The report includes other companies of the group, not subject to the requirement for non-financial reporting. The companies that have been included are those companies which have a direct environmental impact, thus holding companies etc have been excluded from the below list.

Eltronic
YOUR PRODUCTION PARTNER

Eltronic A/S, VAT no.: 17 02 42 80

Eltronic
FUELTECH

Eltronic Fueltech A/S, VAT no.: 39 96 74 13

Eltronic
WIND SOLUTIONS

Eltronic Wind Solutions A/S, VAT no.: 40 87 34 06
Including data from global companies:
• Blaaholm A/S, VAT no.: 41 66 43 20
• Eltronic Heavy Industries UK Ltd, Reg. 10 48 18 23
• Eltronic China, Reg. 91 32 05 85, MA1Q34UR1F
• Eltronic Wind Solutions Taiwan, Reg. 83 40 48 38

BIIR®

BIIR A/S, VAT no.: 41 62 58 99

SONNE

Sonne A/S, VAT no.: 31 37 21 78
Including data from global companies:
• Sonne Bulgaria EOOD, Reg. 20 50 89 357
• ENABL Engineering Private Limited, Reg. U74999TN, 2021PTC142162.

Dynatest®

Dynatest A/S, VAT no.: 40 91 64 58
• Including data from global companies: Dynatest US inc., Reg. EIN 84-Delaware 7730615

DATA INTELLIGENCE

Data Intelligence A/S, VAT no.: 41 65 17 09

HE Marine a/s
El & Elektronik

HE Marine A/S, VAT no.: 10 28 53 72

Appendix 2
Reporting practices

All calculations have been performed in: ESG data - V.1

Environment

Organizational boundaries
In order to disclose emissions consistently throughout the companies within the group, the organizational boundaries are defined through the control approach with financial control – as seen in the consolidated figures for the group of companies.

Emission contributions
Emissions from sites or processes solely contributed to the activities from a single company have been allocated to the relevant companies. Sites or processes which are shared between companies of the group, emissions have been divided via an equity-based approved calculated on the present headcount on a given site or as part of the process.

The equities are as below for Kilde Allé, Denmark:

Company	Headcount 31/10/2021	Emission shares
Eltronic Group	27	7,0%
Eltronic	99	25,0%
Eltronic Fueltech	57	14,0%
Eltronic Wind Solutions	200	52,0%
Data Intelligence	10	2,0%

Appendix 3
Emission conversion

In order to provide the most valid representation of the environmental challenges, the overall indicator has been chosen to be CO_2 equivalents / CO_2e. This is a consolidated expression of the resulting climate change from the six greenhouse gases, as defined by the Kyoto Protocol in 1997 (Carbon dioxide (CO_2), Methane (CH4), Nitrous oxide (N2O), Hydrofluorocarbons (HFC´s), Perfluorocarbon (PFC's) and Sulfur hexafluoride (SF6)). CFC gasses as defined in the Montreal Protocol have been omitted since there has been no data on CFC gasses used within the group of companies.

In order to ensure an industry-aligned CO_2e conversion, three principles are applied:

1. The most specific emission data takes precedence, where specific data are rated most valid and norm-based emission data the least valid. The most recent dataset available is used at the time of reporting (December 2021).

2. All conversions are done in accordance with accepted standards and norms - defined by the industry or governmental recommendations.

3. Emission conversion figures are disclosed, as presented in Appendix 5 – Emission values.

Emission allocation

Scope 2 emissions are disclosed as market based. The Danish "miljødeklaration" (grid average) has been used as basis for emission conversions for electricity in Denmark and IEA emissions factors for sites abroad. Adjusted emissions factors have not been available and thus may result in double counting.

Emissions related to district heating have been calculated based on site-specific emission figures and a 20% transmission loss has been added as per guidance from Energistyrelsen in Denmark.

Emission conversions
In order to calculate the correct emission values, various unit conversions have been done as per:

MJ to Kwh	3,6
GJ to m³	0,0396
m³ fossil Gas to kwh	12,157
GJ to Kwh	277,78

Data collection
Data stem from numerous sources, ERP systems, facility systems, various third-party systems as well as various manually obtained site data from landlords etc as seen in Appendix 5 – Emission values.
In cases where site data have been available, thus energy and water usage, emissions for the given site has been calculated on the basis of headcount on the given site, using the average emission per headcount/ month on the Hedensted site. The Hedensted site contains both production and office, and while being an energy efficient site, it has been judged to be the most representative in the current year of disclosure.

Emission type	Factor
Electricity usage (kWh) pr Onsite headcount / year	1337
Water usage (m³) pr Onsite headcount / year	2,63
Heating/cooling usage (kWh) pr Onsite headcount / year	998

Heating and cooling usage has not been calculated for site outside of Denmark, since the Danish emission factor is based on a mix of district heating and fossil gas which is not present on the affected sites outside of Denmark.

Data quality
As the quality of data is paramount in order to identify our footprint, it also presents a risk if we are not transparent on the challenges which we have faced in 2020-2021, therefore we have created a framework for segmenting the data in categories of data quality in order to increase the transparency on the data we have obtained and to increase the focus on continuously improving our data quality.

Emission factor	Approximated	Calculated	Measured
Market based	B	B	A
Location based	C	B	B
Norm based	C	C	B
	Approximated	Calculated	Measured
		Data validity	

Social

Headcount
For 2020-2021 it has been chosen to use the headcount at years end - 31/10, rather than full time employment (FTE), as the headcount value was deemed more valid than the available FTE figures. However, it is the ambition to switch to FTE in 2022 as it better considers the impact of various employment types.

The headcount figure is split in two, with a total onsite headcount accounting for those employees working from the sites – used in calculating emissions. The onsite headcount has been approximated and differs from the total headcount, as many employees in the group of companies work as consultants etc. – not causing scope 1+2 emissions from our own sites.

On-site headcount	Total headcount
680	893

Lost time incident frequency (LTIF)
A lost time incident is defined within the group of companies as an incident with absence in excess of 7 hours.

$$\text{LTIF} = \frac{\text{Lost time injuries* 1.000.000}}{\text{Total hours worked in the reporting period}}$$

E.g., if an employee is injured and leaves the workplace at 12:00 (in a day with start 8:00 to 16:00) and returns the next day at 13:00, this equals 9 hours and thus 1 LTI.

Lost time accident frequency (LTAF)
TAF is defined as recorded absence in hours.

$$\text{LTAF} = \frac{\text{Lost time hours* 1.000.000}}{\text{Total hours worked in the reporting period}}$$

Appendix 5
Emission values

All calculations have been performed in: ESG data - V.1

Data point	Date	Value	Unit	Data source
Electricity - Miljødeklaration, DK	2020	0,12	CO_2e, kg/kWh	https://energinet.dk/El/Gron-el/Deklarationerw
Electricity - IEA, UK	2020	0,19	CO_2e, kg/kWh	2020 estimated, IEA emission (2021 edition)
Electricity - IEA, BG	2020	0,38	CO_2e, kg/kWh	2020 estimated, IEA emission (2021 edition)
Electricity - IEA, US	2020	0,35	CO_2e, kg/kWh	2020 estimated, IEA emission (2021 edition)
Electricity - IEA, TW	2020	0,61	CO_2e, kg/kWh	2020 estimated - Chinese emission data, IEA emission (2021 edition)
Electricity - IEA, CN	2020	0,61	CO_2e, kg/kWh	2020 estimated, IEA emission (2021 edition)
Electricity - IEA, UA	2020	0,38	CO_2e, kg/kWh	2020 estimated, IEA emission (2021 edition)
Electricity - IEA, IN	2020	0,72	CO_2e, kg/kWh	2020 estimated, IEA emission (2021 edition)
Electricity - IEA, UK	2021	0,00	CO_2e, kg/kWh	NRGI KLIMA SPOT-EL
District heating (factor)	N/A	20	%	Emission loss, as per Energystyrelsen guidenace
District heating Hedensted	2019	7,77	CO_2e, kg/kWh	ens.dk/service/statistik-data-noegletal-og-kort/data-oversigt-over-energisektoren (125% method is applied)
District heating Ballerup	2020	3,89	CO_2e, kg/kWh	"Miljødeklaration" 2020 districtheating Hovedstadsområdet (200% method is applied, as only availble)
District heating Thyborøn	2019	0,00	CO_2e, kg/kWh	ens.dk/service/statistik-data-noegletal-og-kort/data-oversigt-over-energisektoren (125% method is applied)
District heating Munkebo	2020	11,72	CO_2e, kg/kWh	"Miljødeklaration" 2020 district heating Munkebo (125% method is applied)
Fossil Gas Heating	2019	0,20	CO_2e, kg/kWh	ens.dk/ansvarsomraader/co2-kvoter/stationaere-produktionsenheder/co2-rapportering-og-returnering (2020 figures)
Fuel, Diesel B0	N/A	3,24	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Fuel, Diesel B0	N/A	11,86	CO_2e, WtW, kwh/l	EN 16258:2012
Fuel, BIO-Diesel	N/A	1,92	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Fuel, BIO-Diesel	N/A	19,03	CO_2e, WtW, kwh/l	EN 16258:2012
Fuel, Diesel B7	N/A	3,15	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Fuel, Diesel B7	N/A	12,36	CO_2e, WtW, kwh/l	EN 16258:2012
Fuel, Petrol E0	N/A	2,88	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Fuel, Petrol E0	N/A	10,47	CO_2e, WtW, kwh/l	EN 16258:2012
Fuel, Ethanol	N/A	1,24	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Fuel, Petrol E10	N/A	2,72	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Fuel, Petrol E10	N/A	9,70	CO_2e, WtW, kwh/l	EN 16258:2012
Fuel, Petrol E5	N/A	2,80	CO_2e, WtW, kg CO_2e/l	EN 16258:2012
Coolant, CO_2	N/A	1,00	CO_2e, kg	AR5
Coolant, R407C	N/A	1620,00	CO_2e, kg	AR5, calculated as compound coolant
Coolant, R410a	N/A	1920,00	CO_2e, kg	AR5, calculated as compound coolant

Eltronic Group

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