



DIATOM A/S
SUSTAINABILITY REPORT 2022

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SUSTAINABILITY REPORT

Diatom A/S

For over 50 years, Diatom A/S has been engaged in the sale of technical materials, components, and equipment to major industrial market segments in Denmark. With a focus on six business areas - Mechanical Fastening, Dosing Technology, Polymer Technology, Lubrication Technology, Filtration Solutions, and Flow - the company caters to diverse industrial needs.

Diatom is a subsidiary of the Swedish industrial conglomerate Indutrade, renowned for its sales and development of high-tech components, systems, and services. Operating through a network of over 200 subsidiaries and employing approximately 7,000 people across more than 30 countries, Indutrade holds a prominent position in the industry.

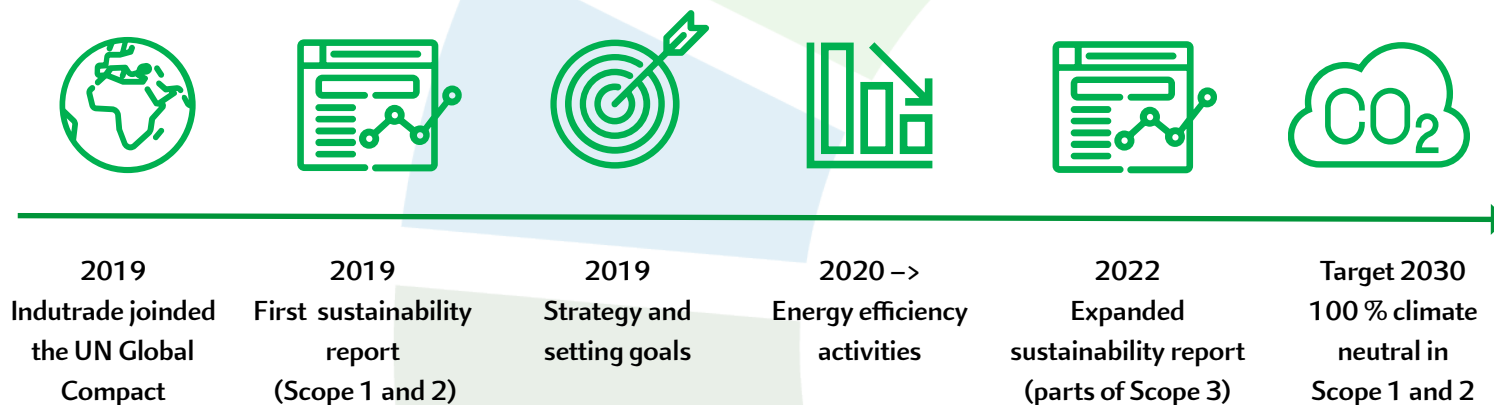
Sustainable business conduct

Indutrade joined the UN Global Compact principles for corporate social responsibility in 2019, emphasizing their commitment to promoting the 17 Sustainable Development Goals and the corresponding ten principles regarding human rights, labor rights, the environment, and anti-corruption. Consequently, Indutrade and Diatom are dedicated to advancing these goals and principles within our business practices.

Carbon footprint report

At Diatom A/S, we are focused on diligently reducing our climate footprint, which is documented in an annual carbon footprint report. This report is prepared in accordance with the globally recognized Greenhouse Gas Protocol standard, and we utilize sustainability software from Worldfavor to gather data and measure our CO2 emissions. Since 2019, we have been actively engaged in carbon accounting and have consistently tracked Scope 1 and 2 emissions. In 2022, we expanded our carbon accounting efforts to include aspects of Scope 3 emissions, demonstrating our ongoing commitment to measuring and reducing our climate impact.

Diatom aims to achieve 100% carbon neutrality for Scope 1 and 2 emissions by 2030.



SUSTAINABLE DEVELOPMENT GOALS

How we work with the Sustainable Development Goals

At Diatom, we have selected four Sustainable Development Goals (SDGs) that we believe are crucial to our sustainability efforts, with a focus on both the environment and people. These sustainable development goals include Goals 7, 12, and 13, which focus on responsible resource consumption, climate change prevention, and Goal 3, which addresses social well-being.

Take urgent action to combat climate change and its impacts



Ensure sustainable consumption and production patterns.



Ensuring healthy lives and promoting well-being at all ages is essential to sustainable development.



Ensure access to affordable, reliable, sustainable and modern energy for all.

SDG 7: AFFORDABLE AND CLEAN ENERGY & SDG 13: CLIMATE ACTION



INTERNAL INITIATIVES

Sustainable Development Goals 7 and 13 both pertain to the climate. Our vision is to achieve carbon neutrality in relation to Scope 1 and 2 emissions by 2030.

We have taken several concrete steps to reduce our climate impact:

2022 and 2021

- **New Windows**
In 2022, we replaced our old windows with more energy-efficient ones. This will reduce heat loss and help save energy.
- **New Radiator Thermostats**
In 2021, we installed new radiator thermostats that assist in effectively managing our heating consumption and reducing our CO2 emissions.
- **Electric Vehicle Charging Station**
In 2021, we installed an electric vehicle charging station for the convenience of our employees and customers. This will make it easier for more individuals to choose a sustainable transportation solution.

In addition to these measures, we also prioritize online meetings whenever possible to reduce the number of flights and car journeys, which further contribute to lowering our CO2 emissions and overall climate impact.

2023

- **Green Electricity**
Starting from April 2023, our electricity consumption will be covered by GoO certificates from European wind turbines. This ensures that our electricity consumption is 100% sourced from renewable energy.
- **Electric Vehicles**
We plan to replace our company cars with electric vehicles during the course of 2023 and 2024, which will significantly reduce our CO2 emissions.
- **LED Lighting**
We are in the process of replacing our light sources with LED lighting. This will decrease our energy consumption and CO2 emissions considerably.
- **Climate Compensation - Tree Planting**
In 2023, we contribute to the environment by planting 250 trees in a public forest in collaboration with the Growing Trees Network Foundation. By planting trees, we help sustain ecosystems that are crucial for reducing CO2 in the atmosphere, while also promoting biodiversity and protecting our natural surroundings.

SDG 13: RESPONSIBLE CONSUMPTION AND PRODUCTION



As a trading company without our own production, our direct CO2 emissions are limited. However, we are highly aware of our opportunity and responsibility to influence our customers and suppliers to make better environmental choices.

We have implemented a range of internal and external initiatives:

INTERNAL INITIATIVES

- **Waste Sorting and Recycling**
We have implemented a comprehensive waste sorting process to minimize our waste generation and increase material recycling. We sort different types of waste, including metals, organic waste, plastics, electronics, and paper, to ensure they are recycled or disposed of in an environmentally responsible manner. We also actively work on reducing our residual waste.
- **Digitization**
We have digitized our work processes, including order management and invoicing, to reduce our paper consumption.
- **Green Office Supplies**
Whenever possible, we utilize Fairtrade, organic, and certified products.
- **Electric Vehicle Charging Station**
We have installed a charging station at our location to enable our employees and customers to charge their electric vehicles.

EXTERNAL INITIATIVES

- **Suppliers**
We have a Supplier Code of Conduct that obligates our suppliers and business partners to act ethically and responsibly regarding the environment, working conditions, human rights, and corporate practices.
- **Product Range**
As a trading company, we are mindful of our influence on suppliers and customers, and we offer a wide range of "greener" solutions.
- **Packaging Materials**
We minimize our packaging consumption and use recycled materials whenever possible. The majority of our paper packaging is made from 100% recycled fibers.
- **Goods Transportation**
We strive to minimize our CO2 emissions by optimizing our transportation practices. We consolidate shipments whenever possible and prefer road and sea transportation over air transportation.

SDG 3: GOOD HEALTH AND WELL-BEING



Health and well-being are central focus areas internally within the company, and we are highly committed to creating a healthy and safe workplace for all employees.

We also believe that our commitment to promoting health and well-being should extend beyond our organization and contribute to a healthy and sustainable societal development.

We have implemented a range of internal and external initiatives:

INTERNAL INITIATIVES

In Diatom, the management has a focus on internal health, well-being, and camaraderie among employees. This is crucial for creating a healthy and productive workplace. Therefore, there are several offerings available to all employees:

- **Collective health insurance**, providing access to a range of healthcare services and treatments.
- **Monthly subsidy for exercise or sports activities** to promote a healthy and active lifestyle.
- **Workplace fruit program.**
- **Dental insurance** to ensure access to necessary dental treatment and prevention.
- **On-site fitness facility** that can be used during working hours to encourage physical activity.
- **Bi-weekly running club**, serving as both a social activity and a way to increase physical activity.
- **Social events** that strengthen collaboration and cohesion among employees, enhancing well-being in the workplace.

EXTERNAL INITIATIVES

As a company, we are aware of our responsibility to contribute to a healthier and more sustainable society. In line with our focus on SDG 3 regarding health and well-being in the workplace, we have chosen to support two organizations that make a significant difference in society - Kræftens Bekæmpelse (the Danish Cancer Society) and Julemærkehjemmene (the Danish Children's Aid Foundation).

We support **Kræftens Bekæmpelse** through an annual donation that contributes to financing research and the development of treatments and medication for cancer patients.

We also support **Julemærkehjemmene**, which provides vulnerable children with a chance for a better life through their stay at a Julemærkehjem (Christmas Seal Homes). Julemærkehjemmene work to promote the well-being and health of children by offering them a safe and supportive environment where they can learn about a healthy lifestyle, physical activity, and social skills. We support Julemærkehjemmene through an annual donation.

SUSTAINABLE BUSINESS CONDUCT

Code of Conduct

Diatom A/S' Code of Conduct is based on Global Compact's 10 principles for corporate sustainability and OECD's guidelines for multinational enterprises. It provides guidance for our daily conduct, including care for the environment, health and safety, business ethics including anti-corruption, employee relations, human rights, and societal impact.

Supplier Code of Conduct

Our Supplier Code of Conduct is a comprehensive set of guidelines for our suppliers and business partners. The code requires our suppliers to maintain a sustainable and ethical approach to their production. This means they must adhere to our standards for human rights, labor rights, environmental protection, and anti-corruption in their operations.

Whistleblower-function

Our Whistleblower function enables our employees, suppliers, partners, and subcontractors to report any deviations from our Code of Conduct.



CARBON FOOTPRINT REPORTING

Carbon footprint report

Diatom's carbon footprint is calculated based on the GHG Protocol, and we use sustainability software from Worldfavor to collect data and measure our CO2 emissions.

We have been engaged in carbon footprint reporting since 2019 and have been tracking Scope 1 and 2 emissions. In 2022, we expanded our carbon footprint reporting to include certain aspects of Scope 3.

As we gain better insights into the climate impact from various sources within Scope 3, there may be a need to define goals and initiatives for other areas within Scope 3 as well.

Currently, we measure the following:

- Scope 1
- Scope 2
- Scope 3
 - Upstream: Transportation and distribution
 - Upstream: Business travel by air

SCOPE 1

Direct emissions within the company

Scope 1 emissions originate from the company's own combustion of fuels, processes, production, and transportation. In the case of Diatom, Scope 1 includes driving in company vehicles and employees' driving in their own cars during working hours.

Baseline year: 2019

Target year: 2025

2019-2022:

Result: Decrease by 32%

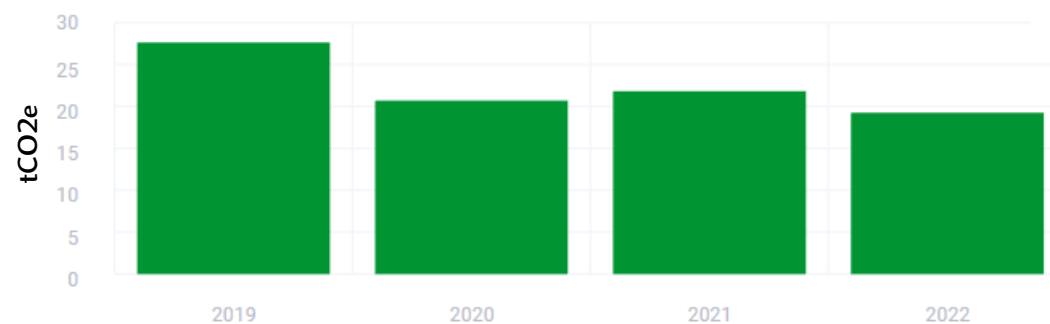
2025 TARGETS:

- Gasoline: 100% reduction from baseline year
- Diesel: 50% reduction from baseline year

HOW:

Company cars will be replaced with electric vehicles in 2023 and 2024.

DIRECT (SCOPE 1) - TOTAL GHG EMISSIONS



The figure displays the emissions in tons of CO2 equivalents reported for Scope 1 for the years 2019 to 2022.

CARBON FOOTPRINT REPORTING

SCOPE 2

Indirect emissions in the company

Our Scope 2 emissions arise from the electricity and heat purchased and consumed at our company's premises.

Baseline year is 2019

Target year is 2025

2019-2022:

Result: Increase of 21%

The increase in 2020 can be attributed to the implementation of a storage facility of 393 m².

TARGET 2025:

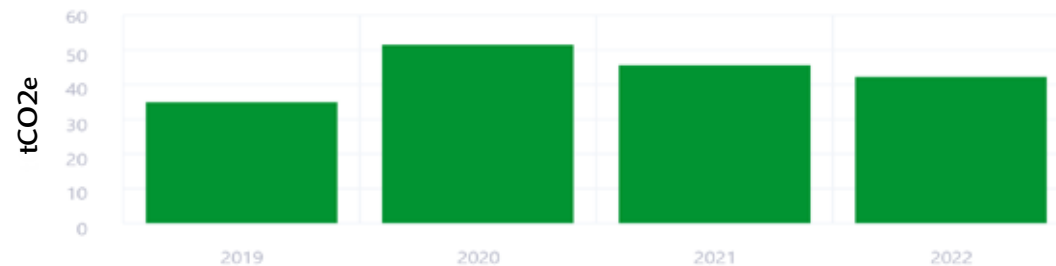
50% reduction from baseline year.

HOW:

Through the initiatives we have implemented in 2021-2023:

- Installation of energy-efficient windows
- Green electricity
- Replacement of all office lighting with LED
- Radiator thermostats that help control heating consumption

INDIRECT (SCOPE 2) - TOTAL GHG EMISSIONS



The figure displays the emissions in tons of CO₂ equivalents reported for Scope 2 for the years 2019 to 2022.

CARBON FOOTPRINT REPORTING

SCOPE 3

Indirect emissions in the company

In 2022, we expanded our carbon footprint to include parts of Scope 3. Currently, we measure CO2 emissions from:

- Upstream: Transport and distribution
- Upstream: Business travel by air.

As we gain better insights into the climate impact from various sources within Scope 3, there may be a need to define goals and initiatives for other areas within Scope 3 as well.

Baseline year is 2022

Target year is 2025

NOTE: The reported figure of 41.66 tCO2e is an estimate for 2022. It is based on data from transportation companies, covering 75% of the total transportation volume.

BUSINESS TRAVEL BY FLIGHT - TOTAL GHG EMISSIONS

2022
20.03 tCO2e

The figure shows the emissions in tons of CO2 equivalents calculated for Scope 3 Business Travel by air for 2022.

2022:

20.03 tCO2e

TARGET 2025:

10 % reduction from baseline year.

UPSTREAM TRANSPORTATION - TOTAL GHG EMISSIONS

2022
41.66 tCO2e

The figure shows the emissions in tons of CO2 equivalents calculated for Scope 3 Upstream Transport for 2022.

2022:

41,66 tCO2e

Air represents 73%, Ship represents 7%, and Road represents 20% of the total CO2e.

TARGET 2025:

5 % reduction from baseline year

HOW:

We will explore the possibilities for sustainable fuel, especially in relation to air transport.

The logo for Diatom A/S features the word "Diatom" in a bold, black, sans-serif font. To the left of the letter "D" is a stylized orange and black circular icon. To the right of "Diatom" is the text "A/S" in a smaller, black, sans-serif font, positioned vertically.

Diatom A/S

Diatom A/S
Avedøreholmen 84
2650 Hvidovre
Denmark

Tel. +45 3677 3600
Mail: info@diatom.dk