

DIATOM A/S

SUSTAINABILITY REPORT 2023



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SUSTAINABILITY REPORT

Diatom A/S

Diatom A/S has been engaged in the sale of technical materials, components, and equipment to all major industrial market segments in Denmark for over 60 years. Diatom operates in six business areas: Mechanical Fastening, Dispensing Technology, Polymer Technology, Lubricants, Filtration Solutions, and Flow. In addition to these business areas, Diatom also has three subsidiaries: Drifton, Dacos and Dia-Tech.

Diatom is a subsidiary of the Swedish industrial conglomerate Indutrade, renowned for its sales and development of high-tech components, systems and services. Indutrade operates through more than 200 subsidiaries with approximately 9,100 employees in over 30 countries.

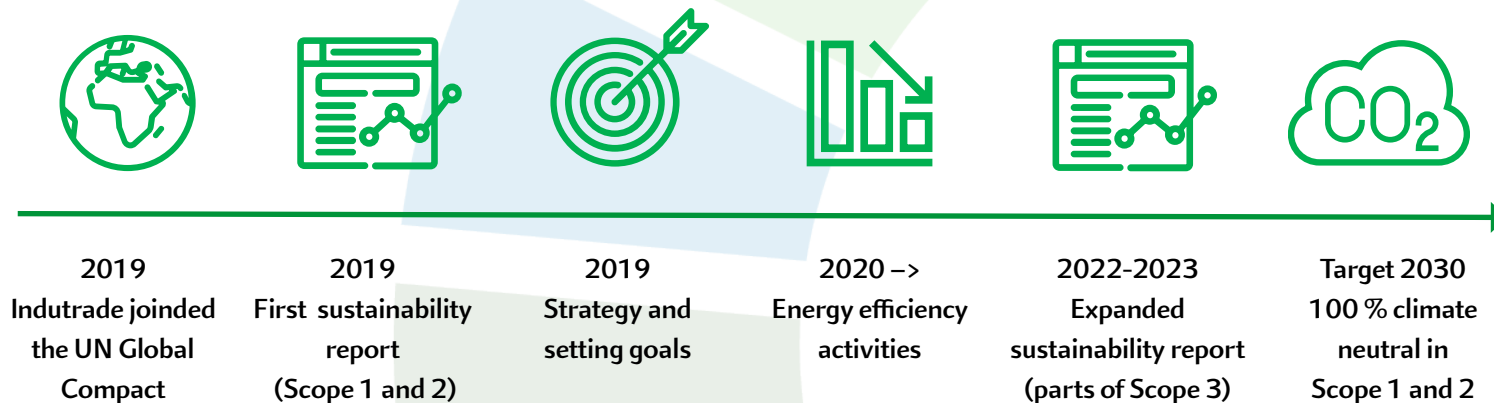
Sustainable business conduct

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 work diligently to reduce our climate footprint, which is documented in an annual carbon footprint report. This report is prepared according to the internationally recognized Greenhouse Gas Protocol standard, and we utilize sustainability software from Worldfavor to collect data and measure our CO₂ emissions. We have been engaged in carbon accounting since 2019, and since then, we have tracked Scope 1 and 2 emissions. In 2022 and 2023, we expanded our carbon footprint report to include parts of Scope 3.

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



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.



SUSTAINABLE DEVELOPMENT GOALS

How we work with the Sustainable Development Goals

At Diatom, we have selected five Sustainable Development Goals (SDGs) for our sustainability efforts, with a focus on both the environment, people, and society. These SDGs include Goals 3, 7, 8, 12 and 13. Goals 3 and 8 focus on human social conditions, while Goals 7, 12 and 13 address responsible resource consumption and climate change.

Take urgent action to combat climate change and its impacts



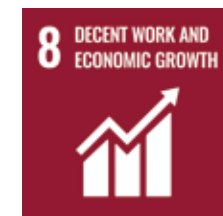
Ensure sustainable consumption and production patterns.



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.



Promote inclusive and sustainable economic growth, employment and decent work 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:

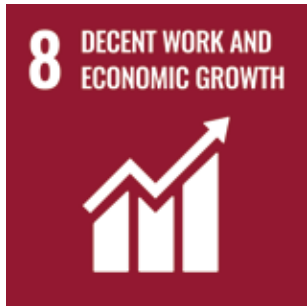
2021 and 2022

- **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.
- **Online meetings**
We conduct online meetings to minimize air travel and car journeys, which helps reduce our CO2 emissions and 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 to 2028, 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**
We have contributed to the climate by planting 250 trees in a public forest together with the Growing Trees Network Foundation. By planting trees, we are helping to sustain ecosystems that are crucial for reducing CO2 in the atmosphere, increasing biodiversity and preserving our environment.

SDG 8: DECENT WORK AND ECONOMIC GROWTH



We aim to ensure good employee conditions and financial growth by operating our business in a sustainable manner. We focus on understanding our customers' needs and offering solutions that are both effective and economically beneficial in the long term.

INTERNAL INITIATIVES

We firmly believe that positive employee conditions are fundamental for achieving economic growth and delivering quality products to our customers.

To ensure good working conditions within the company, we have an internal Code of Conduct with guidelines on how we expect all employees to interact with each other, as well as in their daily dealings with customers, suppliers, and the broader community. We place great emphasis on a positive work environment and employee well-being.

EXTERNAL INITIATIVES

Our Supplier Code of Conduct obligates our suppliers and partners to act ethically and responsibly regarding the environment, labor conditions, human rights, and business operations.

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**
Our Supplier Code of Conduct obligates our suppliers and partners to act ethically and responsibly regarding the environment, labor conditions, human rights, and business operations.
- **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 transport over air transport. Additionally, we prioritize transport companies that climate compensate.

SDG 3: GOOD HEALTH AND WELL-BEING



Health and well-being are central focus areas in our company, and we are highly committed to creating a healthy and safe workplace for all employees and promoting health and well-being in society at large.

We have implemented a range of internal and external initiatives:

INTERNAL INITIATIVES

Internal health, well-being, and camaraderie among employees are prioritized, as these are crucial for establishing a healthy and productive work environment. Therefore, there are several offerings available to all employees:

- **Collective health insurance**
- **Monthly subsidy for exercise or sports activities** to promote a healthy and active lifestyle
- **Workplace fruit program**
- **Collective dental insurance**
- **Fitness facilities** for use during work hours to encourage physical activity.
- **Running club**, for social interactions and increased physical activity.
- **Social events** to strengthen collaboration and cohesion among employees and enhance well-being in the workplace.

EXTERNAL INITIATIVES

As a company, we have a responsibility to contribute to a healthier and more sustainable society. We support three organizations working within SDG 3 on health and well-being:

- **Danish Cancer Society**, which finances research and development of treatments and medications for cancer patients.
- **Julemærkehjemmene**, which help vulnerable children to improve their lives through stays at their Julemærkehjem, where they learn about healthy lifestyles, physical activity, and social skills.
- **Danish Hospital Clowns**, that bring joy and laughter to hospitalized children, helping them cope with their illnesses.

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 since then been tracking Scope 1 and 2 emissions. In 2022 and 2023, we expanded our carbon footprint reporting to include 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
 - Business travel by air
 - Use of sold products
 - Purchased goods

SCOPE 1

Direct emissions

Our Scope 1 emissions originate from driving in company vehicles and employees' use of personal vehicles during work hours.

Baseline year: 2019

Target year: 2028

2019-2022:

Result: Decrease of 42 %

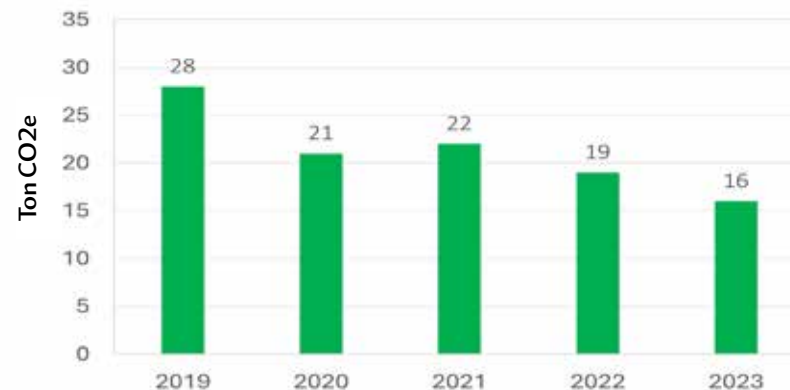
2028 TARGETS:

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

HOW:

Company cars will be replaced with electric vehicles in 2023 to 2028.

SCOPE 1 - TOTAL GHG EMISSIONS



CARBON FOOTPRINT REPORTING

SCOPE 2

Indirect emissions

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 2026

2019-2023:

Result: Reduction of 66 %

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

TARGET 2026:

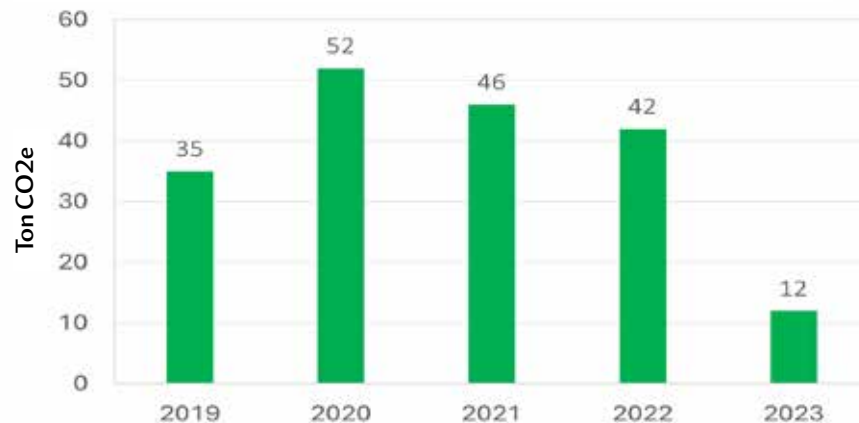
75 % reduction from baseline year.

HOW:

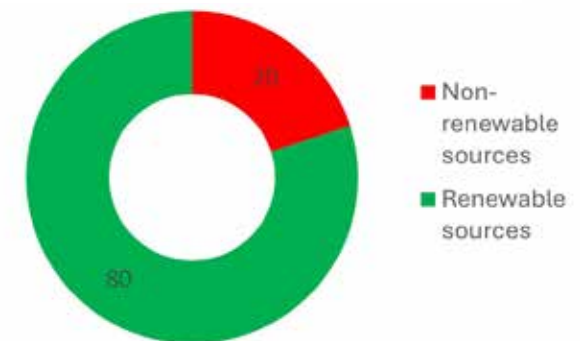
Through the initiatives we have implemented in 2021-2023:

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

SCOPE 2 - TOTAL GHG EMISSIONS



ORIGIN OF ELECTRICITY 2023



CARBON FOOTPRINT REPORTING

SCOPE 3

Indirect emissions

In 2022, we expanded our carbon footprint accounting to include parts of Scope 3, including CO2 emissions from:

- Upstream transport and distribution
- Business travel by air

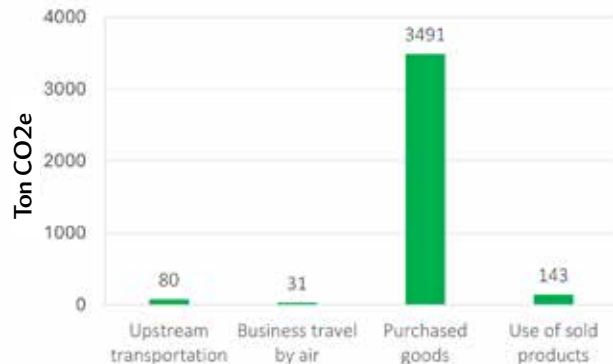
Starting in 2023, we also began measuring:

- Purchase of goods and services
- Use of sold products

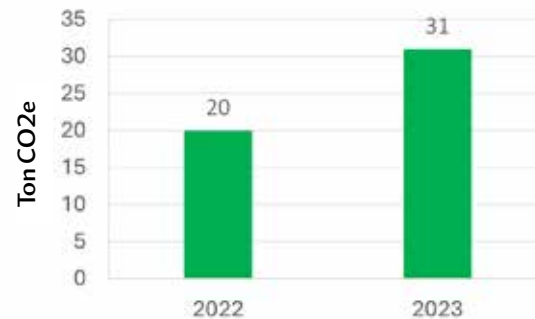
Baseline year is 2022 / 3023

Target year is 2028

DISTRIBUTION OF GHG EMISSIONS



BUSINESS TRAVEL BY FLIGHT - TOTAL GHG EMISSIONS



2022-2023:

Result: Increase of 55 %

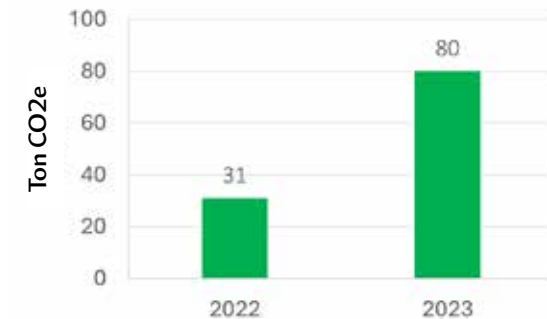
TARGET 2028:

No increase compared to baseline year

HOW:

- We conduct online meetings to minimize air travel when possible.
- We will be looking into clima compensation.

UPSTREAM TRANSPORTATION - TOTAL GHG EMISSIONS



2022-2023:

Result: Increase of 158 %

TARGET 2028:

No increase compared to baseline year

HOW:

- Prioritize sea and road transport when possible
- Explore options for sustainable fuel, especially for air transport
- Prioritize transport companies that climate compensate.

NOTE: The 2023 figure is estimated from data covering 70 % of total transport volume, while the 2022 figure is estimated from data covering 75 % of total transport volume.

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