

Annual
ESG Report

2025

ESG REPORT

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READING

DISCLAIMER

HydraSpecma is 100% owned by the Danish industrial conglomerate Schouw & Co., which is required to report sustainability statements in accordance with *the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)*. As part of HydraSpecma's CSRD preparation, we conducted a *Double Materiality Assessment (DMA)* to identify areas of significant impact and risk, addressing both financial and non-financial aspects as well as stakeholder perspectives. To ensure the reliability, transparency, and credibility of our data, a third-party provider performed limited assurance on all disclosures deemed material at parent company level, supporting continuous improvement of sustainability reporting, governance, and data quality across both Group and operating business unit levels.

External validation of our ESG data through limited assurance is a central element of CSRD, as it strengthens the reliability of reported ESG measures. It also sets requirements for improved documentation, controls, and data quality for material disclosures. Twice a year, a third-party provider assesses our ESG reporting processes and provides corrective actions where updates or improvements are required.

This sustainability report does not fully meet the requirements of CSRD or follow the ESRS structure, as it presents HydraSpecma's standalone view of sustainability performance in 2025, and HydraSpecma is not directly subject to CSRD at this stage. Our sustainability performance, initiatives, and achieved results are aligned with those presented in Schouw & Co.'s Annual Report. Our CSRD- and ESRS-related sustainability disclosures can therefore be viewed in Schouw & Co.'s *Annual Report* which is available at [schouw.com](https://www.schouw.com).



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Hydra
Specma

INTRODUCTION

At HydraSpecma, sustainability is not a parallel agenda. It is a core part of how we create value, manage risk, and build a resilient business for the long term.

Our ESG efforts are embedded in our strategy, governance, and daily operations because we believe that responsible business conduct and strong financial performance reinforce each other.

” *For HydraSpecma, sustainability is not an add on to our strategy – it is a prerequisite for long term value creation. Responsible business conduct strengthens our resilience, our competitiveness, and our ability to grow.*
– Morten Kjær, Group CEO.

2025 was a year of tangible progress. We continued to reduce our environmental footprint, strengthened the reliability and transparency of our ESG data, and advanced initiatives that supported the well-being, safety, and engagement of our people across the Group. At the same time, the business continued to grow, demonstrating that disciplined execution and sustainability ambitions can go hand in hand.

A key milestone in our ESG journey is our continued preparation for the Corporate Sustainability Reporting Directive (CSRD). While HydraSpecma is not yet directly subject to CSRD, we remain aligned with the Group-level reporting of our owner,

Schouw & Co. In this context, we continued to develop our Double Materiality Assessment and further strengthened our data governance, internal controls, and documentation processes. This work improved both regulatory readiness and management decision-making.

” *Our ESG efforts are increasingly data driven, structured, and embedded in decision making. This strengthens transparency while also improving management quality across the Group.*
– Daniel S. Andreasen, Director of Group Strategy & ESG.

Our environmental performance in 2025 reflects focused action. We made significant progress in reducing Scope 1 and 2 emissions and accelerated the transition to renewable electricity. At the same time, we continued to address our largest impact area, Scope 3 emissions, where the majority of our climate footprint lies. Progress here depends on collaboration, innovation, and the continued electrification of the industries we serve.

On the social side, we remained committed to providing a safe, inclusive, and engaging workplace

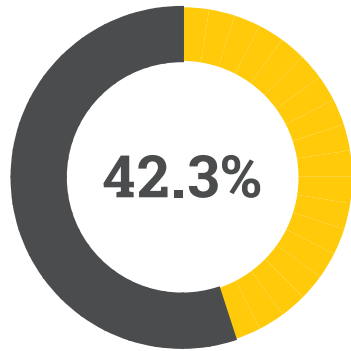
for our more than 1,600 colleagues worldwide. Employee satisfaction remained high, participation in our global engagement survey reached a new record, and we continued to invest in health & safety, leadership, and development initiatives. We firmly believe that results are created by people.

Strong governance underpins everything we do. In 2025, we further strengthened our ethics, compliance, and risk management practices, including continued focus on anti-corruption, whistleblower mechanisms, and responsible supplier management. Transparency, accountability, and integrity are non-negotiable principles for us, and we expect the same standards across our value chain.

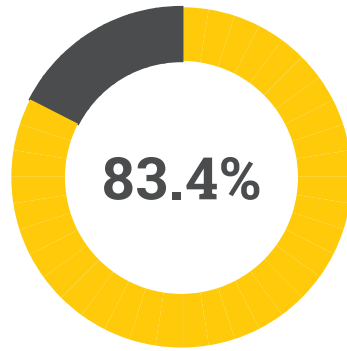
This ESG Report presents HydraSpecma’s stand-alone view of sustainability performance in 2025. It reflects our progress, challenges, and priorities going forward, while remaining aligned with the sustainability disclosures in Schouw & Co.’s Annual Report.

We see this report not only as documentation, but as a foundation for dialogue on how we continue to build a robust, responsible, and future-ready HydraSpecma.

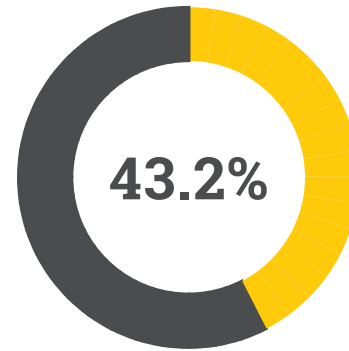
ACHIEVEMENTS 2025



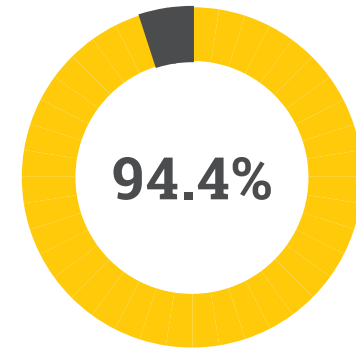
...reduction in Scope 1 and 2 (market-based) emissions (tCO2e) from 2024 to 2025.



...share of renewable electricity.



...share of renewable energy.



...of our functions-at-risk employees had a valid anti-corruption course.

Global **Employee Satisfaction** Survey



- » Participation rate: **92.0%**
- » Employee Net Promoter Score (eNPS) of **7**



» Global **Age Distribution**

ABOUT

HYDRASPECMA



1,600
skilled employees



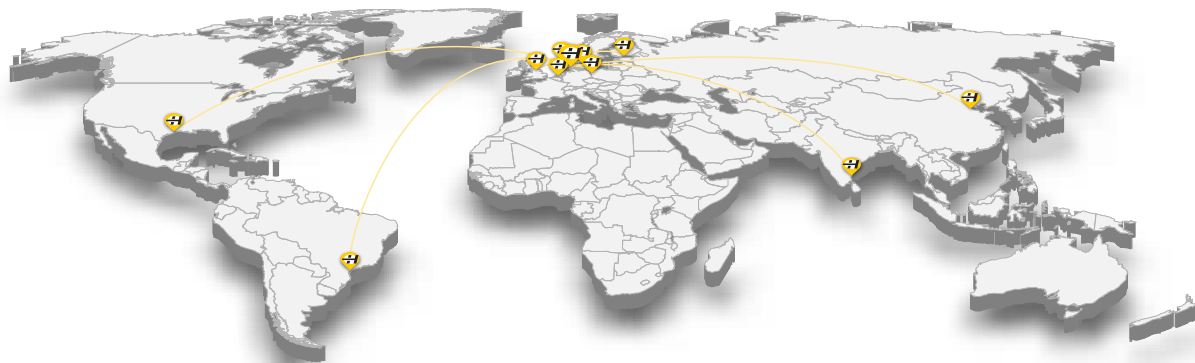
11
countries worldwide



3.19 bn
DKK revenue in 2025



+100
years experience



HydraSpecma is headquartered in Skjern, **Denmark** with facilities in Denmark, Sweden, Finland, Norway, Poland, The Netherlands, United Kingdom, India, China, United States, and Brazil.



HydraSpecma supports the world's leading companies in many industries all over globe.

1918
Specma AB traces its roots back to the founding of *Special Maskiner AB* in Gothenburg, Sweden.

1974
Hydra-Grene A/S was founded in Skjern, Denmark, as a subsidiary of *Grene A/S*.

1988
Schouw & Co. acquires *Hydra-Grene A/S*, supporting the company's continued growth.

2016
Hydra-Grene A/S acquires **Specma AB** bringing together two strong Nordic hydraulic companies.

2020
Hydra-Grene A/S and *Specma AB* unite under one name: **HydraSpecma**.

2023
HydraSpecma acquires the wind division from *Ymer Technology AB* and establishes three strong divisions: **Renewables, Global OEM** and **IAM & OEM**.

2026
HydraSpecma acquires the Stavanger-based *Hycos AS*, further expanding its Nordic platform.



The **company**

HydraSpecma is a specialised trading and engineering company with core competencies in trading, production, and technical know-how across hydraulic components, electrification, turnkey solutions and systems, central lubrication, manifolds, pipes, hoses, and fittings, as well as cooling systems, filtration and lubrication systems, pitch hydraulic systems, and connectors within the renewables industry.

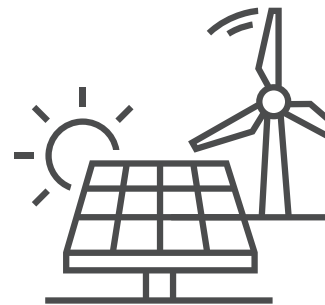
HydraSpecma Group is the umbrella for three divisions serving customer segments within **Renewables**, **Global OEM**, and **IAM & OEM**.

These divisions serve industries such as commercial vehicles, wind turbine generators, construction equipment, marine, material handling, agriculture, forestry, and many others.

Headquartered in Skjern, Denmark, we employ more than 1,600 people in 11 countries worldwide. The company is owned by Schouw & Co., which is listed on Nasdaq Copenhagen.

You can read more about HydraSpecma at www.hydraspecma.com.

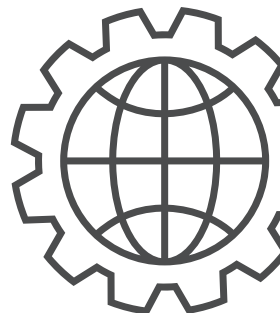




Renewables division

HydraSpecma Renewable Division mainly serves customers within the wind industry with high-technology and reliable cooling solutions and systems, as well as aftermarket spare parts.

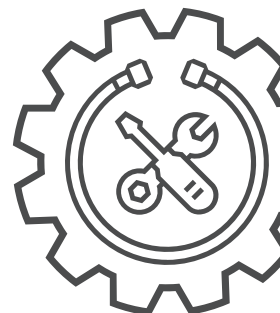
The cooling solutions are based on liquid circulated through cooling matrices, thereby reducing the temperature in a given system. Cooling systems contribute to more efficient operations, reducing energy consumption and minimising climate impact.



Global OEM division

HydraSpecma Global OEM Division serves large OEM customers with hydraulic solutions within the *Power & Motion* business areas. The transmission of extreme power is essential in a broad range of technical applications, such as contractors' equipment and cranes, agriculture and forestry, and other areas where heavy machinery generates power and motion.

HydraSpecma supports customers with professional hydraulic, electric, and hybrid solutions that help minimise environmental impact across industries.



IAM & OEM division

HydraSpecma IAM & OEM Division serves industrial and aftermarket customers, mainly in the Nordic region, with a wide range of quality products, solutions, and services for original equipment.

HydraSpecma's IAM & OEM Division is dedicated to close collaboration with customers to help them achieve operational and environmental goals and thereby support enhanced productivity and reduced climate impact across industries.

VALUE CHAIN

Our ambition is to improve the energy efficiency and long-term durability of our products across the divisions and industries in which we operate, ensuring the most suitable solutions for our customers without compromising our core values and ESG goals.

1. DESIGN AND PRODUCT DEVELOPMENT

In close collaboration with our customers, we focus on developing highly energy-efficient products with long-term durability to minimise climate impact throughout their lifetime.

2. PURCHASING

We strive to purchase the most suitable materials and components and work closely with our suppliers to reduce negative impacts on people and the planet in our upstream activities.

3. SALES

We believe in transparent collaboration with our customers to ensure the best solutions for their needs.

4. OPERATIONS

We work continuously to reduce our climate impact in our own operations by improving operational efficiency and energy usage across all sites.

At HydraSpecma, we also believe that ensuring the best conditions for our employees' health, safety, and well-being creates the best working environment.

5. DISTRIBUTION

We engage with our customers to secure the best packaging and logistics solutions for our products in order to minimise climate impact.

6. USE OF PRODUCTS

The majority of our emissions come from the use phase of our products.

We therefore work continuously to improve our solutions in collaboration with customers in order to minimise climate impact during use.

7. SERVICE

We take pride in being a service-minded company, which is why continuous optimisation of our products and solutions' performance is essential.

8. END OF LIFE

We strive to reduce waste both within and beyond our operations. This is why our products and solutions are designed with a limited number of components to support easier disassembly and reuse of materials.

OUR VALUES

Our business and culture are based on five fundamental values that are reflected in everything we produce and in how we act. We believe these values form a strong foundation for market relevance, results, employee satisfaction, and how we are perceived externally.



BE RELEVANT

Being relevant is key to everything we do and to all our stakeholders. We need to remain relevant to our customers through the right offerings and services.

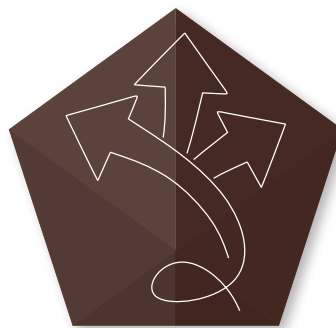
We also need to remain relevant to our employees to support retention and to our owners to remain an attractive business.



BUSINESS ACUMEN

To remain a good employer, business partner, and portfolio company to our owners, it is essential that we adhere to good business acumen.

This allows us to reinvest in HydraSpecma, which benefits our customers, employees, and owners.



FLEXIBLE

We need to be flexible to stay competitive and attractive to our business partners and employees.

We offer solutions that cannot be matched through an innovative and flexible approach.



INTEGRITY

We act with integrity, which means we keep our word to our employees and partners and can be counted on.

We are honest and transparent, demonstrate good judgment, and show respect for the work and efforts of others.



SUSTAINABLE

We constantly work to improve our processes to ensure that we leave things better than when we started.

2030 AMBITIONS

Our Future - Our Responsibility

For us, sustainability and ESG are not just ambitions; they are embedded in how we do business. We acknowledge the global challenges and environmental pressures affecting the planet, as well as our own role in addressing them.

As a Nordic-based company with global reach, we see it as our responsibility to ensure environmentally responsible and ethical practices and to foster a positive impact in every market where we operate.

Sustainability is one of the core pillars of our company strategy, reflecting our commitment to integrating sustainability into everything we do while creating value for our stakeholders. It is our promise to take responsibility and to contribute to mitigating any negative impact we may have globally.

This work is organised across the company and integrated through our sustainability ambition and strategy towards 2030.

Environment

Reduce environmental impact and benchmark emission reductions.

- » Reduce Scope 1 and 2 GHG emissions by 50% by 2030 (base year 2020).
- » Reduce Scope 3 GHG emissions by 45% by 2030 (base year 2021).
- » 100% renewable electricity consumption by 2030 (base year 2020).
- » 90% of our Nordic (DK, SE, NO, and FI) car fleet must be powered by low- or no-emission fuel types by 2030 (base year 2024).
- » Improve material utilisation efficiency and achieve 95% waste recycling by 2030 (base year 2021).

Social

Enhance the well-being of our employees and across the value chain.

- » Below 2 LTI incidents per million working hours (LTIFR) by 2030 (base year 2022).
- » Employee satisfaction (participation rate >85, eNPS of 10, and an engagement rate of 4.0) by 2030 (base year 2021).
- » By 2030 our goal is to have 0% of all our employees replying 1 or 2 to the question "I am free from bullying or harassment" in the global satisfaction survey (base year 2023) to align with our zero tolerance policy.
- » Foster a safe, inclusive, and equitable workplace that promotes health & safety, development, and engagement for all employees.
- » Ensure that our suppliers adhere to and respect, as a minimum, the same ethical standards for human rights and fair labour as HydraSpecma.

Governance

Transparent, accountable, and integrity-based business conduct.

- » Zero confirmed fraud, bribery, corruption, and anti-competitive incidents per reporting year (base year 2016).
- » >95% of our functions-at-risk employees must have a valid anti-corruption course by 2030 (base year 2024).
- » 80% of our total spend must have signed our Supplier CoC by 2030 (base year 2024).
- » Zero IT-related GDPR cases forwarded to the authorities per reporting year (base year 2016).
- » <3 hours of unplanned IT down time on Group level per reporting year (base year 2016).
- » Maintain open and transparent communication with our stakeholders to ensure actions, expectations, and sustainable development are aligned.



ENVIRONMENT

Our commitment to safeguarding the environment is a fundamental part of our corporate values and strategy. Our Environmental, Health & Safety, and Code of Conduct policies and standards define the minimum requirements that support this commitment.



Environmental **data collection**

We have established our climate accounting and calculation of emissions across Scope 1, 2, and 3 in alignment with the Greenhouse Gas (GHG) Protocol Corporate Standard, following a Financial Control consolidation approach.

We systematically monitor our corporate inventory's direct and indirect CO₂e emissions to ensure accurate measurement of our GHG emissions performance and year-on-year development.

We have used Position Green software for this purpose since 2020. This forms the basis for transparent ESG reporting and is essential for meeting our established reduction targets.

Furthermore, an increasing number of our customers request ESG-related data, which we aim to provide through reliable and near real-time reporting. We support this by including all our sites in environmental reporting, assigning local data contributors, and collecting and validating environmental activity data on a monthly basis.

All 39 sites, whether offices, shops, or production facilities, were included in our climate accounting. Environmental activity data were collected monthly

or quarterly by local contributors, enhancing transparency and ownership across the company. They reported their activity data in the Position Green software, after which the data was validated. The environmental data we reported and reviewed each month included purchased electricity, purchased district heating, process emissions, stationary combustion, water consumption, and fuel consumption from our car fleet. Waste data was reported and reviewed quarterly, while fugitive emissions as well as Scope 3 emissions were reported annually.

We continuously prioritise improvements to our climate reporting by refining the measures we track, with the aim of increasing data reliability year by year. For example, we revised how we report the number of company vehicles and related fuel consumption, which will provide more reliable data from January 2026 onwards.

Updated emission factors

To ensure the highest possible accuracy and reliability of our carbon footprint, we updated our emission factors in 2025 to reflect the most recent available data. The emission factors were updated in alignment with the GHG Protocol guidelines.

This update affects year-on-year comparability, as previous Scope 1, 2, and 3 calculations were, for example, based on local grids and environmental reports covering emission factors for electricity and district heating.

The update in 2025 was necessary to reflect the most current emission factors, and going forward the emission factors will be updated annually to support comparability.

SCOPE 1 EMISSIONS

Scope 1 emissions are direct greenhouse gas emissions from sources that we own or control.

Three measures were included in our Scope 1 calculations:

- » stationary combustion (diesel for generators and natural gas),
- » process emissions (welding gases), and
- » transportation (fuel).

Our first calculation, completed in 2020, was subject to a higher degree of uncertainty than the figures we collect today.

From 2020 to 2025, our overall Scope 1 emissions were reduced by 472 tCO₂e, corresponding to 57.3%. This indicates that we are moving in the right direction toward our target of reducing Scope 1 and 2 GHG emissions by 50% by 2030 (base year 2020).

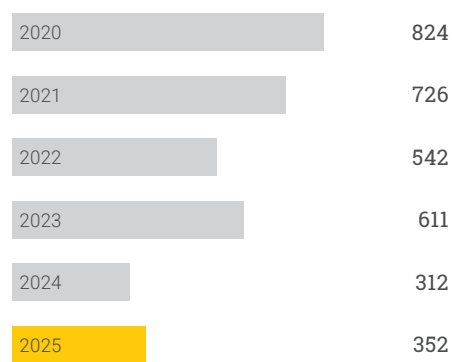


Figure: Total Scope 1 emissions (tCO₂e) per year.

Comparing 2024 with 2025, our Scope 1 emissions increased from 312 tCO₂e to 352 tCO₂e, corresponding to 12.8%.

During 2025, revenue and activity levels increased, which affected Scope 1 emissions. Looking at the individual measures within Scope 1, stationary combustion declined slightly from 49 tCO₂e to 48 tCO₂e, indicating marginally lower use of natural gas and diesel for generators (-2%) in 2025 compared with 2024.

The increase in process emissions was primarily due to more accurate reporting, as two additional sites reported process emissions compared with 2024.

SCOPE 2

LOCATION-BASED EMISSIONS

Our Scope 2 location-based emissions included purchased district heating and purchased electricity.

Transport emissions increased by 15.6%, or 30.9% in litres, mainly because more vehicles were registered in Position Green, providing a more complete picture of actual fuel consumption.

To support our target of reducing Scope 1 emissions, we aim to have 90% of our Nordic (DK, SE, NO, and FI) car fleet powered by low- or no-emission fuel types by 2030 (base year 2024).

	2024	2025
Stationary combustion	49	48
Process emissions	0.18	0.74
Transport	262	303

Figure: Scope 1 emissions (tCO₂e) per measure point.

Electricity consumption from our electric cars is currently not included in these figures.

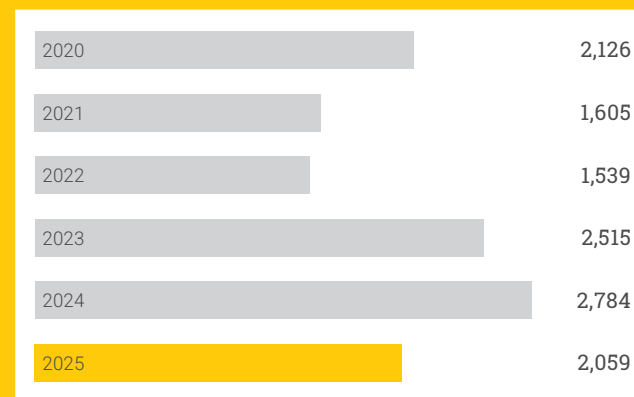


Figure: Total Scope 2 location-based emissions (tCO₂e) per year.

As with our 2020 Scope 1 calculations, the early Scope 2 emission calculations were also subject to a higher level of uncertainty. With these uncertainties in mind, our overall Scope 2 location-based emissions decreased by 3.2% from 2020 to 2025. During the same period, our revenue increased which affected performance. Since 2020, and

earlier, we have electrified an increasing share of equipment such as forklifts, and we have also converted lighting to LED.

Comparing the most recent numbers, we reduced our Scope 2 location-based emissions by 26.0% from 2024 to 2025. This decrease was driven by updated emission factors, as Poland – one of our largest production countries – increased the share of renewable and fossil-free electricity in the national grid by 1.2% from 2024 to 2025, while Denmark – one of our largest production countries – increased the share by 2.2%. As national grids increase their share of renewable and fossil-free electricity, our location-based emissions are positively affected.

According to Green Power Denmark, Norway had 98% fossil-free electricity production, while Sweden had 95%, Finland 84%, Denmark 74%, the United Kingdom 59%, Poland 19%, and the Netherlands 19% in 2024.

As we have shops, production sites, and/or offices in these countries – as well as in countries outside Europe that were not represented in Green Power Denmark’s overview – the electricity mix in national grids has a significant impact on our location-based emissions.

SCOPE 2

MARKET-BASED EMISSIONS

Our Scope 2 market-based emissions included purchased district heating, purchased electricity, our power purchase agreement (PPA), and Guarantee of Origin (GO).

As with Scope 1, the early Scope 2 calculations from 2020 were subject to a higher level of uncertainty.



Figure: Total Scope 2 market-based emissions (tCO2e) per year.

When comparing 2020 with 2025, the uncertainties in the early reporting years should be kept in mind. Since 2020, we have reduced our market-based emissions by 30.5%, equivalent to 812 tCO2e. Comparing the most recent figures, we reduced our emissions by 47.2% from 2024 to 2025.

The reduction of 1,652 tCO2e was driven by the solar panels installed at our larger production site in Poland, which reduced the total MWh of purchased electricity. The use of green certificates as well as the power purchase agreement also contributed positively to the reduction.

Sites using district heating reduced consumption by 5.7% from 2024 to 2025, which also contributed to the reduction in market-based emissions.

Our total Scope 1 and 2 (market-based) emissions were 3,483 tCO2e in 2020 and 2,199 tCO2e in 2025. The reduction of 1,284 tCO2e (36.9%) indicates that we are on track toward our ambition of reducing Scope 1 and 2 GHG emissions by 50% by 2030 (base year 2020). The reduction was positively impacted by our Scope 2 market-based reductions of 42.3% from 2024 to 2025.



TRANSITION TO GREEN ENERGY



Renewable electricity

Our share of renewable electricity increased significantly in 2025. In 2024, 18.3% of our electricity consumption came from renewable sources, while in 2025 this increased to 83.4%. This development was driven by investments in on-site solar panels at our production site in Poland, a power purchase agreement, and continued use of Guarantee of Origin.

Our target is to achieve 100% renewable electricity consumption by 2030 (base year 2020). The combination of installed solar panels, the power purchase agreement, and green certificates are important steps towards meeting this target.

To further increase the share of renewable electricity, we are installing solar panels at our new factory in Tianjin, China, which we expect to be ready in Q3 2026.

	2024	2025
Purchased renewable electricity (MWh)	2,259.3	10,686.8
Purchased nonrenewable electricity (MWh)	10,109.6	2,123.6
Share of renewable electricity	18.3%	83.4%

Figure: Share of renewable electricity per year.

In 2025, we consumed 12,810 MWh of electricity. Of this, our on-site solar panels accounted for 6.6% of total electricity consumption, the power purchase agreement accounted for 27.2%, and green certificates accounted for 49.6%.

The nonrenewable share represented 16.6% of total electricity consumption in 2025.

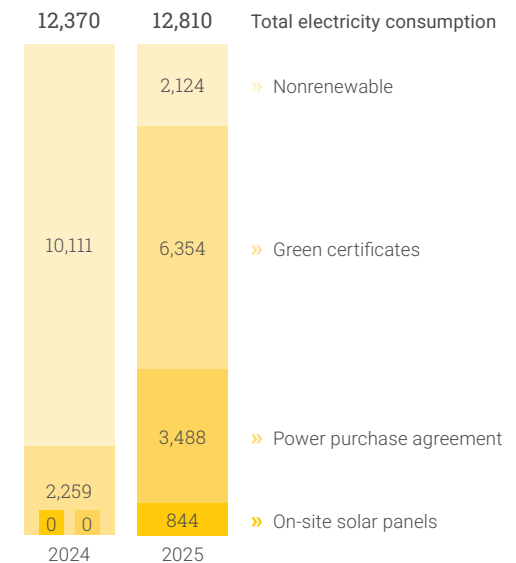


Figure: Split between electricity consumption sources per year (MWh).

On-site solar panels

The solar panels at our site in Poland were installed during 2024, and we began registering the electricity generated in January 2025. Solar panels are also installed at our store in Ishøj, Denmark, and at our office in Silkeborg, Denmark.

In total, the three sites generated 844.4 MWh of electricity in 2025, with the installation in Poland accounting for 96.2%. Overall, our solar panels represented 6.6% of total electricity consumption in 2025.

In 2026, we will merge our two production sites in Tianjin, China, into one new and modern factory located in the same area as the previous two. We expect the solar panels installed there to cover 50% of total electricity consumption in Tianjin.

Power purchase agreement (PPA)

Our owner, Schouw & Co., entered into a long-term power purchase agreement to supply renewable energy certificates to its portfolio companies. Under the agreement, Schouw & Co. receives renewable electricity certificates from the *Fundici Solar Park* near Seville, Spain. *Fundici* is expected to generate approximately 88 GWh of electricity per year, of which we have owned 10% since 1 March 2025.

The forecast generation from March to December 2025 was 7,859.4 MWh, while actual generation was 5,965.0 MWh. The power generated could only be allocated to our European business and therefore did not affect our market-based electricity consumption outside Europe. Furthermore, because we allocated the PPA monthly, we could not allocate all of the electricity. We used 3,488.0 MWh of the actual production of 5,965.0 MWh from March to December, corresponding to 58.5% of the electricity generated. Even so, the PPA accounted for 27.2% of our total electricity consumption and reduced a significant share of our emissions in Europe in 2025 and will continue to do so over the next nine years.





Guarantee of Origin (GO)

Some of our sites have used green certificates for several years, and in 2025 green certificates covered 49.6% of our total electricity consumption, corresponding to 6,354.0 MWh.

Our facility in Skjern, Denmark – our largest site by number of employees, functioning as both headquarters and production site – used 100% green certificates. The same applied to sites such as Våxtorp, Motala, and Skellefteå, Sweden, which are also among our larger production sites.

We have six stores in Sweden, five of which purchase 100% green certificates, including Kiruna and Umeå.

Skjern, Denmark	100%
Pirkkala, Finland	100%
Kungsbacka, Sweden	100%
Skellefteå, Sweden	100%
Våxtorp, Sweden	100%
Motala, Sweden	100%
Ljungby (Component), Sweden	100%
Stores (Component), Sweden	79%

Figure: Percentage of total electricity consumption per site covered by green certificates.

Energy consumption

At HydraSpecma, 43.2% of our total energy consumption came from renewable sources in 2025. These sources were on-site solar panels, a power purchase agreement, and green certificates. In 2024, the share of renewable energy consumption was 10.8%.

Fuel consumption from company vehicles, stationary combustion, purchased district heating, and purchased electricity are included in our total energy consumption. Comparing 2024 with 2025, total energy consumption increased from 20,945.3 MWh to 24,731.6 MWh, corresponding to an increase of 18.1%. During 2025, revenue and activity levels increased, which affected total energy consumption. More accurate reporting of transport emissions also influenced the figures.

	2024	2025
Share of renewable energy	10.8%	43.0%

Figure: Share of renewable energy per year.

SCOPE 3

EMISSIONS IN THE VALUE CHAIN

Upstream emissions in value chain

As a company primarily supplying pipes, hoses, and hydraulic solutions to the industrial sector, we have performed a Double Materiality Assessment of our Scope 3, which indicated four material Scope 3 categories:

- » purchased goods and services,
- » upstream transportation and distribution,
- » waste generated in operations, and
- » use of sold products.

Our total Scope 3 emissions in 2025 were 466,164 tCO₂e, representing a 5.5% decrease from 2024. Compared with 2021, the decrease was 43.8%, which is in line with our ambition to reduce Scope 3 GHG emissions by 45% by 2030 (base year 2021).

	2021	2024	2025
Category 1			
Purchased goods and services	281,465	205,795	65,788
Category 4			
Upstream transportation and distribution	9,720	14,775	5,897
Category 5			
Waste generated in operations	245	202	335
Category 11			
Use of sold products	538,699	272,604	394,143
Total Scope 3 emissions	830,129	493,377	466,164

Figure: Total tCO₂e for the material Scope 3 categories per year

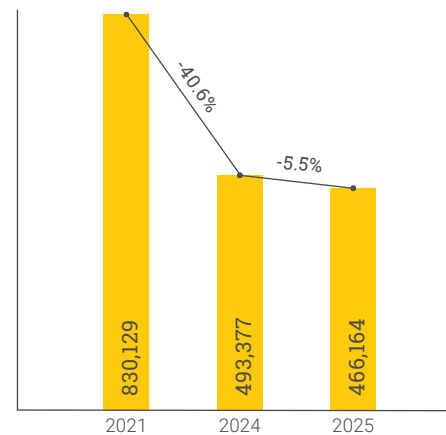
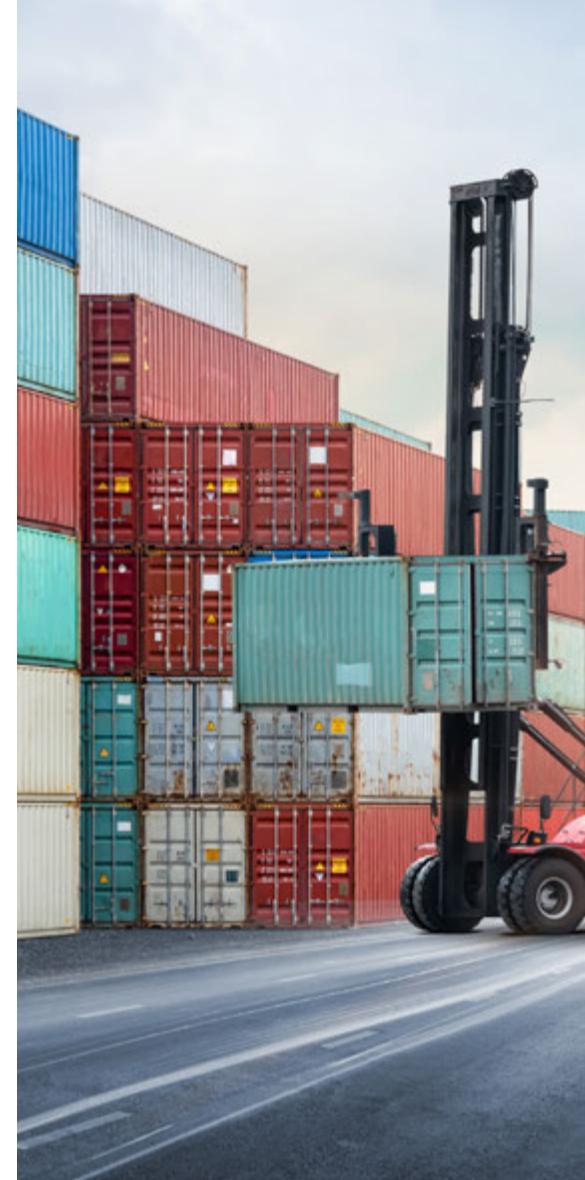


Figure: Scope 3 emissions and yearly reductions

Three of our four material categories are upstream emissions, accounting for 15.4% of total Scope 3 emissions in 2025.





CATEGORY 1

Purchased goods and services

The calculation of Category 1 was based on spend data from our Finance department, and due to increased sales and activity, group-level spend increased in 2025 compared with 2024. Despite the higher spend, emissions from purchased goods and services declined significantly by 68.0% from 2024 to 2025. This reduction was driven by updated emission factors. From 2021 to 2025, Category 1 emissions were reduced by 76.6%.

Continuous improvement operational upgrades

A continued operational focus in R&D is the development of lighter and more material-efficient cooling solutions. Such product improvements have the potential to reduce material consumption, especially stainless steel, while maintaining performance and supporting lower lifecycle impact over time.

CATEGORY 4

Upstream transportation and distribution

The calculation of Category 4 – upstream transportation and distribution – was based on a mix of internal spend data from our Finance department and CO2e emission reports from external transport and logistics providers able to deliver GHG reports. Almost all received reports provided well-to-wheel emissions.

Our total Category 4 emissions were 5,897 tCO2e in 2025, of which 3,643 tCO2e were calculated using the spend-based method and 2,254 tCO2e were based on well-to-wheel calculations from received GHG emission reports.

65.1% of our total Group freight spend was covered by emission reports from transport and logistics providers, while 34.9% of emissions were based on spend data. According to the GHG Protocol, emission reports provide higher reliability than spend data, meaning we improved the credibility of Category 4 reporting compared with 2024, when 42.5% of total spend was still calculated using the spend-based method.

We have reduced our upstream transportation and distribution CO2e emissions by 39.3% from 2021 to 2025, and 60.1% by 2024 to 2025.

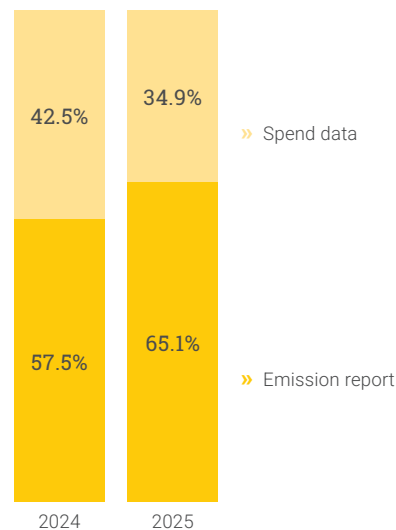


Figure: Share of emissions calculated based on emission reports or spend data

CATEGORY 5

Waste generated in operations

At HydraSpecma, we monitor waste generated in our operations to track how it is handled and to support improvements in recycling and waste reduction. Our ambition is to improve material utilisation efficiency and achieve 95% waste recycling by 2030 (base year 2021). In 2025 our recycle percentage was 92.8%, increased from 72% the year before.

Waste data was reported quarterly by our local sites and was based on available waste documentation. Across our operations, waste was classified into four categories based on treatment method:

- » disposal by incineration
- » disposal through special treatment
- » disposal by landfill
- » recovery/recycling.

This classification ensured consistent reporting and provided a clear overview of how waste was handled across our sites.

The data was subject to internal review, including checks for significant deviations compared with previous periods. Thresholds were applied to identify and investigate changes. This approach supported consistent reporting and provided a basis for monitoring waste streams, enabling us to improve waste handling and increase recycling across our operations.

Downstream emissions in value chain

One of our four material Scope 3 categories is downstream emissions (Category 11), which accounted for 84.6% of total Scope 3 emissions in 2025.

CATEGORY 11

Use of sold products

At HydraSpecma, we serve a wide range of customers in the industrial sector, resulting in significant variation in emissions from the use of sold products. Our emission calculations were based on internal sales data from our three divisions: Renewables, Global OEM, and IAM & OEM.

Our total Category 11 emissions in 2025 were 394,143 tCO₂e, which was a reduction of 26.8% compared to 2021.

From 2024 to 2025 we increased the emissions by 44.6%, which mainly was a result of updated emission factors, but it was also partly driven by higher volumes of sold products.

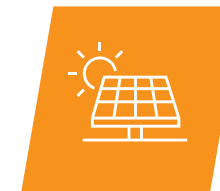
Our Business Areas



Material Handling



General Industri



Energy



Construction Equipment



Aftermarket



Agriculture



Forestry



Defence



Wind Power



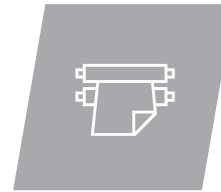
Offshore



Marine



Commercial Vehicles



Pulp & Paper



Truck & Trailer
Modifications



Steel & Mining

TOTAL SCOPE 1, 2 AND 3 GHG EMISSIONS

Compared with 2024, we reduced our total Scope 1, 2, and 3 GHG emissions by 5.8%, equivalent to 28,825 tCO₂e, despite increased activity and revenue. The total reduction from 2021 to 2025 was 43.8%, or 365,285 tCO₂e.

	2020	2021	2022	2023	2024	2025
Scope 1	824	726	542	611	312	352
Scope 2*	2,659	2,791	1,902	2,940	3,499	1,847
Scope 3		830,129			493,377	466,164
Total emissions	833,646				497,188	468,363

*Scope 2 market-based

Figure: Total Scope 1, 2, and 3 emissions (tCO₂e) per year.

	2020-2025	2024-2025	2030 Ambition
Scope 1	-57.3%	12.8%	
Scope 2 (location-based)	-3.2%	-26.0%	
Scope 2 (market-based)	-30.5%	-47.2%	
Total Scope 1 & 2 (market-based)	-36.9%	-42.3%	Reduce Scope 1 & 2 GHG emissions by 50% by 2030 (base year 2020)

	2020-2025	2024-2025	2030 Ambition
Category 1 Purchased goods and services	-76.6%	-68.0%	
Category 4 Upstream transportation and distribution	-39.3%	-60.1%	
Category 5 Waste generated in operations	-36.6%	65.7%	
Category 11 Use of sold products	-26.8%	44.6%	
Scope 3	-43.8%	-5.5%	
Total Scope 1, 2 & 3 (market-based)	-43.8%	-5.8%	Reduce Scope 3 GHG emissions by 45% by 2030 (base year 2021)

Figure: Historical changes in CO₂e emissions.

ENVIRONMENTAL MANAGEMENT SYSTEM

Scope 1 accounted for 0.08% of total emissions in 2025, while Scope 2 market-based emissions accounted for 0.39%. Scope 3 accounted for 99.5% of total emissions.

We continued to reduce emissions in 2025, but as most of our emissions came from Category 11 – “Use of sold products” – we continue to rely on, and contribute to, the broader electrification of the industries in which we operate.

	2021	2024	2025
Scope 1	0.09%	0.06%	0.08%
Scope 2	0.33%	0.70%	0.39%
Scope 3	99.6%	99.2%	99.5%
Scope 3 – Category 1	33.8%	41.4%	14.0%
Scope 3 – Category 4	1.2%	3.0%	1.3%
Scope 3 – Category 5	0.03%	0.04%	0.07%
Scope 3 – Category 11	64.6%	54.8%	84.2%

Figure: Yearly split between emissions per scope and category

To minimise environmental impact and ensure that our efforts across sites result in continuous improvements, all HydraSpecma sites are covered by our Environmental, Health & Safety, and Code of Conduct policies.

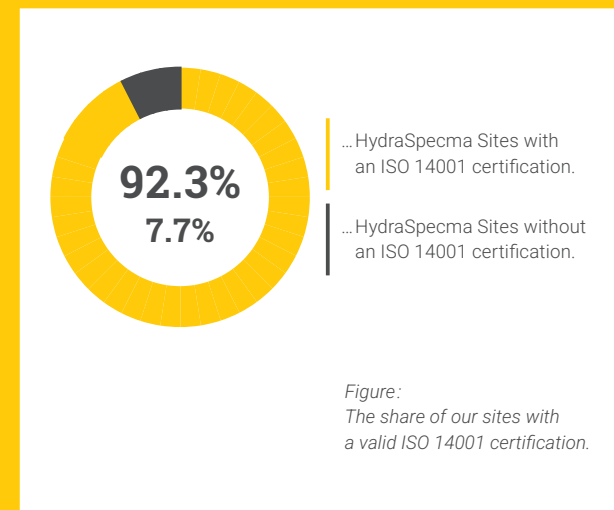
Furthermore, 92.1% of our sites are covered by an ISO 14001 environmental management system certification, which is a central part of our ESG efforts.

We apply ISO 14001 as the framework for environmental management and work systematically to identify, assess, and reduce our environmental impacts. Through ongoing risk assessments, clearly defined environmental objectives, and structured action plans, we support continuous improvements in resource use, waste management, and the reduction of environmental impacts. Regulatory compliance is a key focus area, and we continuously document our performance through environmental data, audits, and management reviews.

During 2025, additional three of our sites achieved an ISO 14001 certification, meaning that 36 of our 39 sites (92.3%) had a valid certificate by year-end 2025.

The sites not covered by ISO 14001 are two stores and our smallest production site by number of employees. By the end of 2025, 99.1% of all employees, including substitutes and temporary employees, were covered by our environmental management system.

All our ISO 9001, 14001, and 45001 certificates can be found at hydraspecma.com.



SOCIAL RESPONSIBILITY

At HydraSpecma, we believe our people are our greatest asset. With more than 1,600 employees across 11 countries, we aim to maintain and foster a safe, inclusive, and equitable workplace that promotes health & safety, development, and engagement for all employees.

That is why we say: #ResultsAreCreatedByPeople.



OWN **WORKFORCE**

As our owner, Schouw & Co., is subject to CSRD, we aligned our social reporting with the European Sustainability Reporting Standards (ESRS) by categorising our workforce into four groups.

This categorisation is designed by the EU to improve the comparability and reliability of social reporting across companies and industries.

For HydraSpecma, it has resulted in more detailed and structured social reporting, increasing both the number of measures tracked and the overall data quality.

Categorisation of employees

Most of our employees are classified as 'permanent', which means they have an individual contract without an expiry date. Our 'hourly paid employees' – also referred to as employees with few weekly working hours – are also counted as permanent employees.

We have defined an FTE of max. 40% for this category, which typically includes student workers or retired employees working a limited number of hours, for example as consultants.

Some of our social measures include only permanent employees, while others include both permanent and hourly paid employees.

Our 'temporary employees' have an individual contract with an expiry date, for example to cover maternity leave.

'Non-employees in own workforce' includes people hired to perform work that would otherwise be carried out by a HydraSpecma employee, such as substitutes, contractors, and consultants.

'Non-guaranteed hours employees' are employees without a guaranteed minimum or fixed number of working hours, such as casual employees, employees with zero-hour contracts, and on-call employees.

We do not use this type of employment and therefore do not report further on this category.

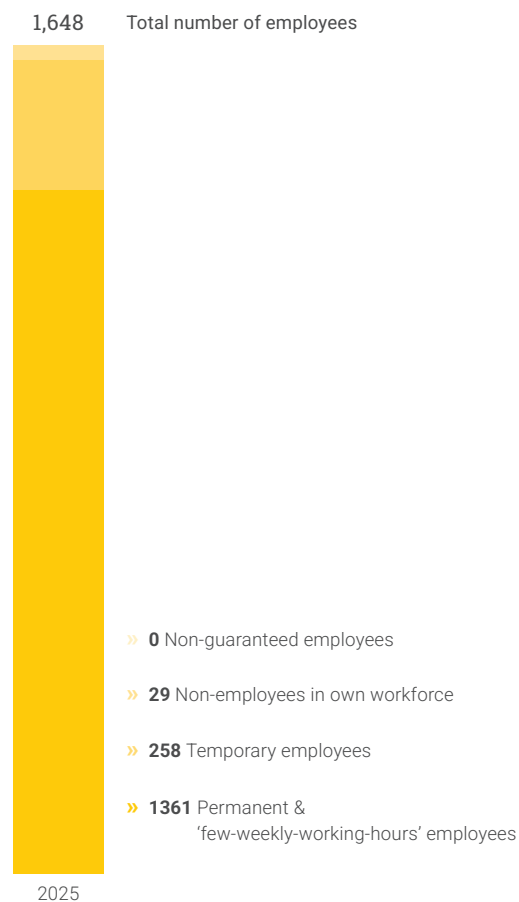
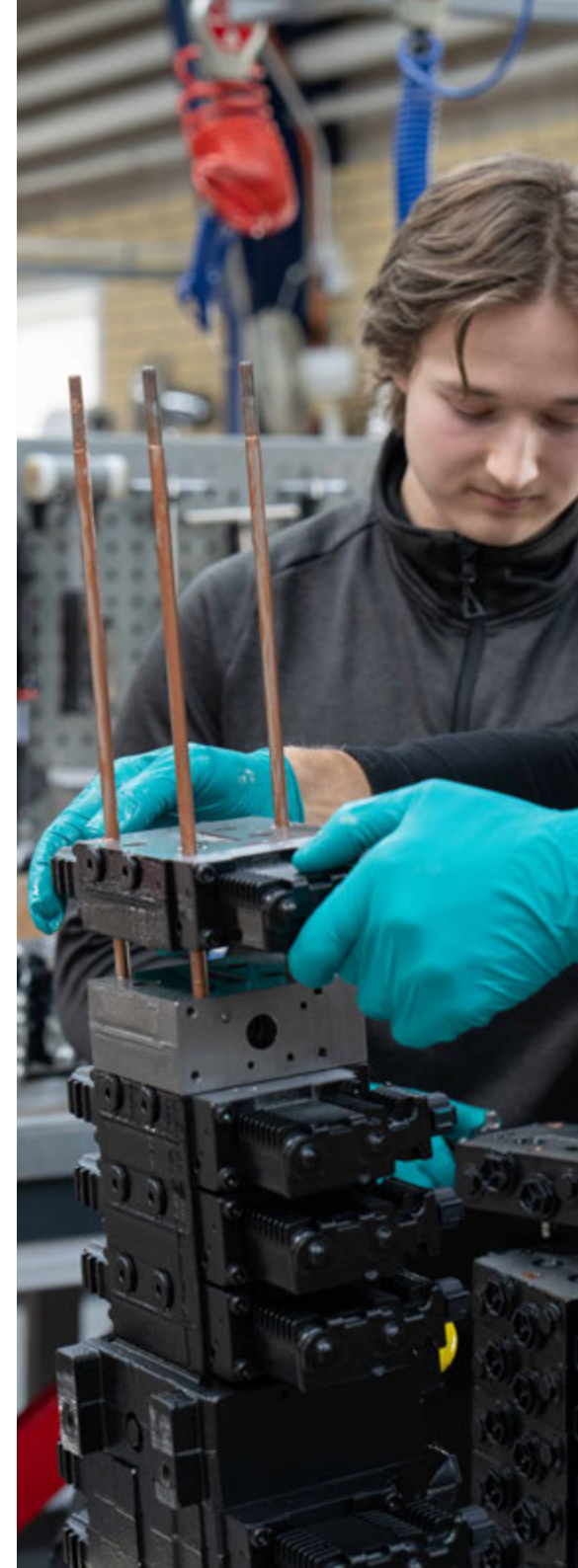


Figure: Number of employees split by category¹

We cannot directly compare headcount 2024 to 2025 figures, as the method has changed due to the ESRS alignment.





HEALTH & SAFETY

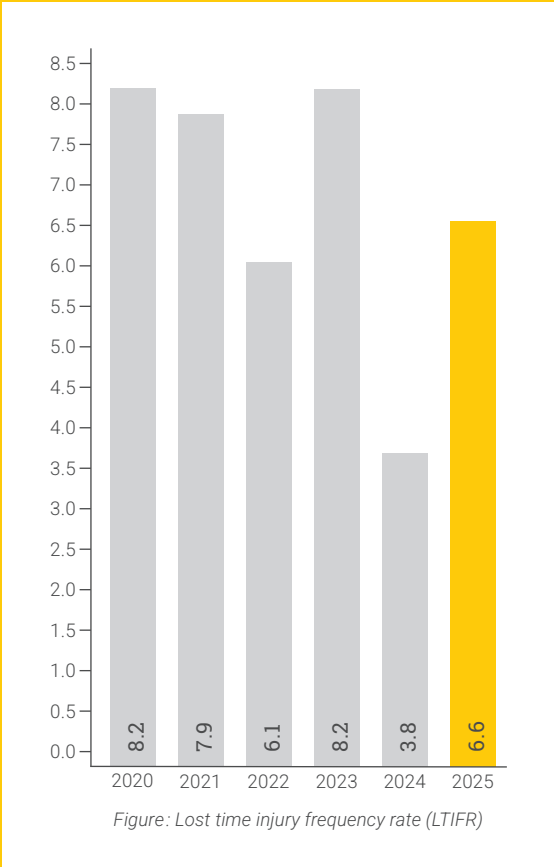
Lost Time Injury Frequency Rate (LTIFR)

To maintain HydraSpecma as an attractive workplace, we continued to prioritise a safe working environment during 2025.

It is crucial that our employees both feel safe and are safe at work. We remain committed to achieving a low Lost Time Injury Frequency Rate (LTIFR), and our ambition remains unchanged: fewer than two LTI incidents per million working hours by 2030 (base year 2022).

In 2025, our LTIFR was 6.6, which unfortunately increased from 3.8 in the previous year. Health and safety are – and have always been – top priorities, and we continue to focus on lowering LTIFR through preventive actions.

Despite the higher LTIFR, days lost due to work-related injuries decreased by 5.7%, falling from 201 days in 2024 to 182.5 days in 2025.





One of our key actions in 2025 was the development of a global Incidents & Accidents recording system.

The software was developed during 2025 and became effective from January 2026. The portal is available across all our sites globally and can be used by anyone to report a case.

We expect the portal to create a better overview of observations, incidents, and accidents, supporting our continued work to ensure a safe and healthy working environment. For example, we will encourage everyone to report observations that could represent potential risks if left unmitigated, enabling preventive action and helping us avoid future incidents

Health & Safety initiatives – global Incident & Accident reporting portal

” SITES STORIES – GOOD SAFETY CULTURE

Safety remains a key priority at Hydra-Specma, and we continuously review and strengthen our safety procedures to support ongoing improvement.

Throughout 2025, a range of initiatives and safety measures were implemented at site level. At one site, internal safety inspections were conducted regularly to identify discrepancies and ensure that corrective actions or improvement plans were initiated and followed up.

At another site, structured safety training and regular safety meetings were implemented to strengthen awareness and facilitate knowledge sharing on safety-related matters.

Communication was also enhanced at site level. One site introduced a monthly information letter covering topics such as incidents, near misses, production updates, and planned safety investments, supporting transparency and continuous learning.

In addition, several targeted technical improvements were implemented.

One site conducted a comprehensive machine safety review with support from external specialists, resulting in identified

risks being addressed and safety standards improved.

Operational safety was further strengthened through equipment upgrades.

At one site, two older forklifts were replaced with new models equipped with 360-degree light warning systems to reduce collision risks. Furthermore, a hydraulic system test area was upgraded with robust protective screens to enhance operator safety during testing activities.

” SITE STORIES – IMPROVED ERGONOMICS

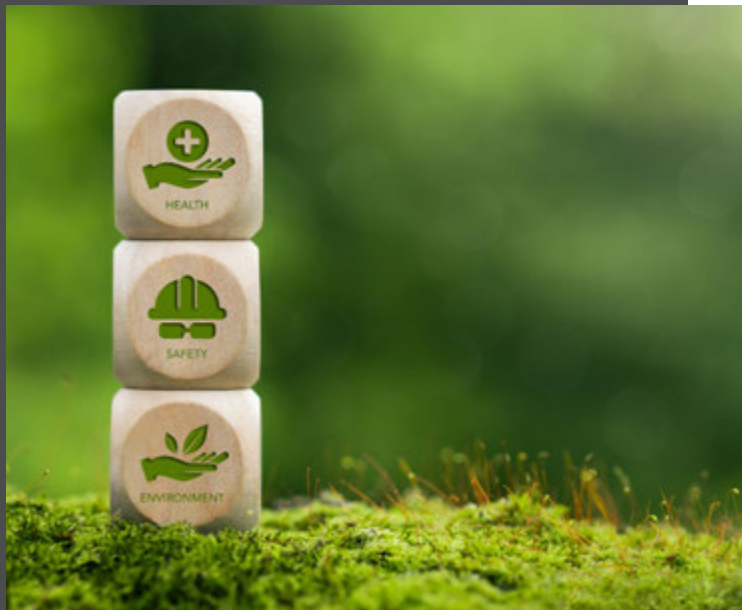
Strain injuries typically develop over time as a result of repetitive motions. In 2025, several initiatives were implemented to reduce such risks and improve ergonomic working conditions.

At one site, post-processing operations previously performed manually were automated, reducing repetitive strain. At another site, the assembly area was upgraded with adjustable workstations, enabling operators to tailor working height to individual needs during assembly.

A third site focused on reducing manual lifting, repetitive strain, and the risks associated with material handling.

The actions taken were the implementation of vacuum lifters to handle heavy and bulky components in a controlled and ergonomic way, as well as new height-adjustable electric trucks, which allow operators to handle materials at optimal working heights.

By combining vacuum lifters with these adjustable trucks, our employees became better equipped to carry out tasks safely and efficiently, minimizing the risk of musculoskeletal injuries.



Occupational health and safety management system

ISO 45001 forms the foundation of our occupational health and safety efforts and supports a safe, healthy, and inclusive working environment.

We work systematically to prevent accidents and mitigate occupational risks through structured risk assessments, employee involvement, and robust reporting practices. Training, dialogue, and openness around safety are key elements of our approach, and we monitor performance through KPIs, work-place assessments, audits, and continuous improvement initiatives.

34.4% of our employees, including substitutes at our production sites, are covered by an occupational health and safety management system (ISO 45001).

All our ISO 9001, 14001, and 45001 certificates can be found at www.hydraspecma.com.

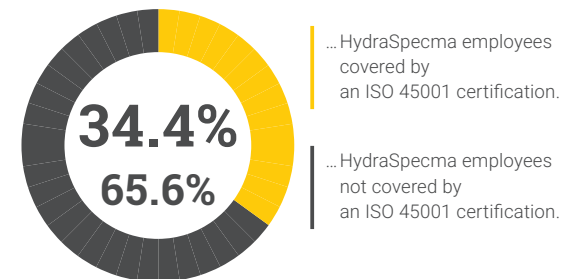


Figure:
The share of our employees at production sites covered by a valid ISO 45001 certification.

EMPLOYEE SATISFACTION

Global employee satisfaction survey

Each year, we take actions to maintain a high level of employee satisfaction and to continuously improve well-being across the organisation.

Our annual employee satisfaction survey helps us take the temperature of the organisation. Each year, we encourage all employees – regardless of employment type – to participate in the survey, and our target in 2025 was a participation rate above 85%.

We successfully achieved this target, setting a new record with a participation rate of 92%. This was driven, among other factors, by strong local engagement from managers and P&C, who encouraged participation across teams. We hope participants continue to see changes being made and recognise the value of contributing their opinions to make HydraSpecma an even better employer.

From 2025 onwards, we changed the survey from bi-annual to annual to ensure better anchoring of the initiatives it gives rise to.

With an engagement rate of 3.9 since 2023, we increased our target from 3.8 in 2024 to 4.0 in 2025. We maintained an engagement score of 3.9 in 2025, which was 0.1 point below our target.

We use the employee Net Promoter Score (eNPS) as an indicator of employee satisfaction.

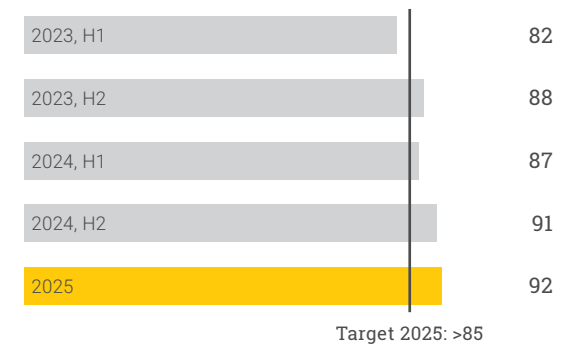
In 2025, we achieved an eNPS of 7, which was an all-time high and well above our target of 3.

In 2024, we stated that we wanted to reach an eNPS of at least 3 – the benchmark for our industry, manufacturing – before setting a new target. As this benchmark was already exceeded, a new and more ambitious eNPS target will be set. Overall, the survey indicates a high level of employee satisfaction, which we are committed to maintaining through new actions in the coming years.

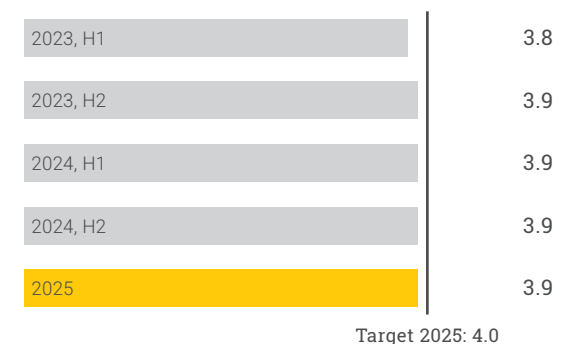
In 2025, we maintained our strong commitment to a zero-tolerance approach to discrimination, harassment, and bullying. In our annual employee satisfaction survey, the statement “I am free from bullying and harassment in my workplace” could be rated 1-5, where 1 indicated “strongly disagree” and 5 indicated “strongly agree”. The average score in 2025 was 4.4, which we considered very good.

We did also measure the percentage of employees who replied 1 or 2, to get a better picture of how many employees actually “strongly disagree” or “disagree” with the statement: “I am free from bullying or harassment in my workplace”. In 2025 4.4% replied 1 or 2. By 2030, our goal is to have 0% of all our employees replying 1 or 2 to the question “I am free from bullying or harassment” in the global satisfaction survey (base year 2023) to align with our zero-tolerance policy.

Participation Rate



Engagement Rate



Employee Net Promoter Score (eNPS)

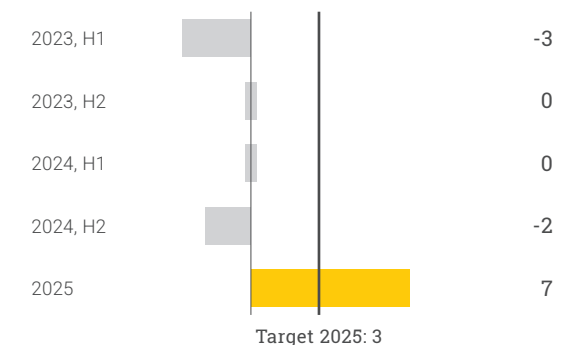


Figure: Results from the employee satisfaction survey.



Appraisals and salary reviews

As part of our efforts to maintain high employee satisfaction, we continued to hold at least quarterly one-to-one conversations with each employee's nearest manager, as well as a mandatory annual appraisal.

These conversations gave employees the opportunity to discuss topics such as job satisfaction, professional concerns, continuing education, career development, and internal job rotation.

Of the employees invited to an appraisal (1,422), 94.0% completed their 2025 appraisal, which was an increase of 2 percentage points compared with the previous year.

100% of our employees are entitled to an annual salary review, and once a year our employees have a salary dialogue to help ensure fair compensation. In addition, 62.0% of our 1,619 employees are covered by collective bargaining agreements, which typically include salary increases or other benefits.

Skills-related training

When conducting one-to-one conversations or appraisals with the nearest manager, themes such as competence building, career development, and personal development may arise.

We welcome this commitment and see skills-related training as a win-win for the company, the employee, and often also our customers.

Skills-related training may include courses, online training, or formal education.

In 2025, we did not collect training spend at Group level, but across our three Danish sites we spent more than DKK 1,000,000 on skills-related training. Of this amount, 94.1% was spent on white-collar employees, while 5.9% was spent on blue-collar employees.

We would prefer a more even ratio, but as skills-related training is largely driven by employee demand, we ensure that all employees have the opportunity to discuss development needs with their nearest manager.

DIVERSITY, GENDER & EQUALITY

Workforce mix

With operations in 11 countries and a broad employee base, HydraSpecma naturally reflected diversity in culture and nationality in 2025, as in previous years.

Furthermore, due to our strong Nordic heritage, it is deeply rooted in our culture to treat all employees equally and provide everyone with the same opportunities.

We promote equality across gender, ethnicity, and background, aligned with global standards. We do not discriminate on the basis of personal characteristics or preferences such as gender, age, ethnicity, disability, sexuality, political beliefs, or religious persuasion.

We have zero tolerance for discrimination in all forms, and we expect all employees to comply with our Code of Conduct and Diversity, Equity & Inclusion (DEI) Policy. An informal business culture, annual appraisals, and an anonymous whistleblower system support an inclusive environment.

If DEI-related concerns arise, employees can always contact their immediate manager or report the matter anonymously through our whistleblower system.

We strongly believe that our actions and behaviour in everyday life are the best indicators of whether employees are treated equally at HydraSpecma. This is also why we continued the process of collecting data to support our commitment that everyone is treated equally.

Denmark	22.4%
Sweden	38.1%
Finland	5.8%
Norway	0.7%
Poland	16.8%
Netherlands	1.5%
United Kingdom (UK)	1.8%
United States (US)	0.7%
Brazil	0.5%
India	3.0%
Chian	8.8%

Figure: Workforce Mix





Gender diversity

HydraSpecma operates primarily within industrial processing, where one gender is traditionally overrepresented. As a result, the Group’s diversity and inclusion efforts focus on gender and aim to improve opportunities for the underrepresented gender in management.

In 2024, we developed a DEI policy. Among other things, the policy emphasises procedures that support an inclusive culture, particularly in recruitment and appointments, and includes an ambition to always have at least one representative of each gender among the final candidates for management positions.

In 2025, we strengthened our Board of Directors with two new members. As of October 2025, the Board consists of six members, of whom one is female, corresponding to 16.7%.

HydraSpecma’s Executive Management remained unchanged during the year, and gender diversity at this level therefore remained stable.

At Level 2 and Level 3 management, minor changes in gender representation were observed. These developments primarily reflect adjustments in organisational structure and role definitions rather than underlying changes in personnel composition.

HydraSpecma’s overall gender composition was 23.5% female and 76.5% male end of year 2025 and our recruitment split was 23.7% of new female hires in 2025, reflecting our continued focus on increasing diversity across the organisation.

Board of Directors – Female		Executive Management – Female		Level 2 Top Management – Female		Level 3 Other Management – Female	
2022	0%	2022	0%	2022	12.5%	2022	17.2%
2023	0%	2023	0%	2023	27.3%	2023	16.1%
2024	0%	2024	0%	2024	21.4%	2024	24.7%
2025	16.7%	2025	0%	2025	19.0%	2025	18.5%

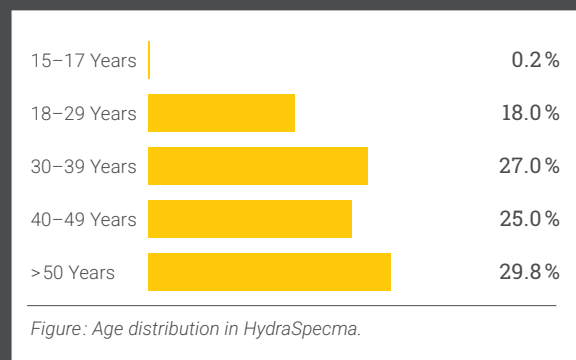
Figure: Share of female representation in the management.

Age distribution

The age distribution in HydraSpecma in 2025 was relatively balanced.

29.8% of our employees were more than 50 years old, while 27.0% were aged 30-39. One quarter of our total headcount of 1,619 permanent, hourly paid, and temporary employees were aged 40-49, while less than one fifth (18.0%) were aged 18-29. Only 0.2% were aged 15-17 and this group is composed of student workers working reduced time and with special rules according to local national legislation.

We value a balanced age distribution and recognise that employees of different ages bring complementary skills and ways of working.



Seniority

In 2025, the average length of service at HydraSpecma was 8 years and 5 months. The difference between 2024 and 2025 was mainly due to a changed method for categorising employees. We are satisfied with the average seniority of 8 years and 5 months, as it reflects the strong workplace, we strive to be.

The success of initiatives taken over the years – including annual employee satisfaction surveys, annual appraisals, health months, and local actions and benefits – is reflected in our average seniority and indicates a positive impact on employee well-being.

	2024	2025 ²
Number of permanent employees	1,502	1,210
Total length of service (month)	137,454	122,649
Average seniority per employee (year, month)	7 years 6 months	8 years 5 months

²Due to a new categorisation of employees, which is aligned with ESRS, the 2024 figures and 2025 figures cannot be directly compared.

Figure: Average length of service



Throughout 2025, a number of employees reached major service anniversaries, celebrating between 30 and 50 years with the Group. This illustrates a strong long-term commitment to HydraSpecma.

In a fast-moving and ever-evolving world, especially within technology and manufacturing, long service requires engagement and the ability to adapt to change and remain relevant. Employees whose careers began as early as 1975 and who reached their 50-year anniversary in 2025 reflect exactly that commitment and adaptability.

In Denmark, 40 years of employment with the same private company is recognised with the Royal Medal of Merit. It was therefore a matter of pride to see this milestone reached in 2025. We are proud to be a company where employees stay for decades.

Free menstrual products

In December 2025, we took another step to support a more inclusive workplace.

At HydraSpecma, we are committed to fostering an inclusive, supportive, and equal working environment for everyone by providing free menstrual products across our sites in Europe, helping to make everyday life easier for many of our employees. Menstrual supplies were installed in selected restrooms.

Our aim was simple: no one should feel limited, stressed, or unprepared at work because of menstruation, and providing free menstrual products is one practical way to support comfort and equality in the workplace.



Focus area – Bullying and harassment



In our 2024 employee satisfaction survey, we identified three key global focus areas that we believed would create significant value in 2025: reducing stress, improving communication and dialogue, and maintaining a continued zero-tolerance approach to harassment and bullying. Several initiatives were launched during 2025, including the rollout of our global leadership programme and the launch of our HydraSpecma Leadership Principles.

Focus area – Health month (mental and physical health)



As part of our continued work with these focus areas, we held our 2025 Health Month in September, focusing on mental health. The month was divided into four themed weeks: Recognise Stress & Take Responsibility, Communication & Time Management, Bullying & Harassment, and Together Is Better. Participation was mandatory, as each week featured dedicated topics and activities designed to anchor the different aspects of mental health across the company.

Employee turnover



We value all our employees and the unique skills they bring to HydraSpecma and our customers. At the same time, a certain level of employee turnover is natural in a healthy company. In 2025, our employee turnover rate was 9,6% among permanent and hourly paid employees who left voluntarily, due to dismissal, or through retirement. A turnover rate of 9,6% is considered a healthy and normal level in our line of business and did not give rise to concern.

HUMAN RIGHTS

During 2025, we continued our commitment to the United Nations Global Compact, reinforcing our dedication to responsible business conduct.

By being part of the initiative, we support and integrate its Ten Principles on human rights, labour, environment, and anti-corruption into our strategy, operations, and culture. This commitment aligns with our ESG ambitions and underlines our role in advancing the UN Sustainable Development Goals (SDGs). In particular, we focus our efforts on:



Decent Work and Economic Growth – by promoting safe working conditions, fair employment practices, and inclusive growth across our operations and supply chain.

Throughout 2025, we – as an example – maintained our focus on informing newly hired blue-collar employees about our health and safety procedures as an integral part of their onboarding. Furthermore, we continued to monitor and report on accidents and incidents on Group level.



Responsible Consumption and Production – through our work to improve resource efficiency, reduce waste, and promote sustainable procurement.

To enhance our commitment, we continued to register our waste generated in operations and recycle percentage on a quarterly basis during 2025.



Climate Action – by addressing our greenhouse gas emissions, including Scope 3, and integrating climate risk into strategic decision-making.

Throughout 2025 we continued to register and monitor our Scope 1, 2, and 3 GHG emissions and to use the information when decisions should be made.

As part of our participation, we report annually on our progress through the Communication on Progress (CoP), ensuring transparency and accountability. We want to ensure that our suppliers adhere to and respect the same ethical standards for human rights and fair labour as we do.

SPONSORSHIP & **CHARITY**

HydraSpecma is committed to contributing positively to society beyond our core business activities. In 2025, we donated more than 1.2 million DKK to sponsorships and charitable initiatives focused on socially beneficial purposes.

Our contributions are directed toward initiatives that support community development, inclusion, and improved living conditions for individuals in vulnerable situations. This includes partnerships with local organizations, support for youth and sports activities, and contributions to charitable causes with measurable societal impact.

These efforts reflect our broader commitment to responsible business conduct and our role in supporting resilient and inclusive communities.



GOVERNANCE

Our core values of Integrity, Business Acumen, Be Relevant, Flexible, and Sustainable are reflected in everything we produce and in how we act. The heart of the company is our skilled workforce. We believe our strongest partnership is with our employees, as they are our most important asset.

OUR BUSINESS

CULTURE

We take pride in fostering a secure and open workplace for our employees. This is reflected in our corporate policies, which outline our commitments to ethical conduct, environmental care, safe working conditions, and inclusive workplaces across all areas of the business and for all employees. Acting responsibly is the foundation for building leading positions in the business areas where we operate. We believe responsible business practices are the foundation for long-term success.

These principles guide our daily decisions and help us build strong, transparent relationships with customers, partners, and employees alike. Each policy reflects our commitment to meeting international standards, complying with legislation, and continuously improving how we work.

We regularly review and update our policies to ensure they remain aligned with our values and applicable legislation, in the best interests of our employees and value chain.

We are committed to promoting a culture of transparency, honesty, and integrity that fosters a safe and open working environment and addresses negative impacts related to our operations.

The foundation of our business culture is defined in our Business Ethics Policy and Code of Conduct, covering topics such as corruption and bribery, fraud, discrimination, human rights, health and safety, donations, fair competition, environmental footprint, and conflicts of interest.

These policies emphasise our core values and build on principles from international conventions and guidelines that support sustainable development, such as the UN Global Compact, the UN Guiding Principles, and the ILO core conventions on labour and human rights.

HydraSpecma's guidelines on business conduct set the direction and help our employees live up to our values and policies, thereby supporting the strongest possible business culture.



SUSTAINABILITY GOVERNANCE & STRATEGY



Sustainability governance is an integrated part of HydraSpecma's Group governance and corporate strategy.

Our sustainability governance and strategy are anchored within the Group Executive Committee and the Strategic Council to ensure a strong foothold in the organisation's values and strategy.

Sustainability governance and strategy are overseen by the Director of Group Strategy & ESG, who has the overall responsibility for driving and executing HydraSpecma's sustainability strategy and ambitions. Through divisional management, sustainability governance and strategy are communicated and implemented across the corporation and its sites.

Anchoring sustainability at the core of governance enables us to drive our transformation and deliver on our ambitions across the company and value chain.

The Director of Group Strategy & ESG is supported by an ESG department responsible for collecting and reporting ESG measures and activity data across the corporation and for executing the sustainability strategy.

ESG data is collected monthly through management systems by locally placed data contributors across all operational sites, production facilities, shops, and offices in HydraSpecma, enhancing transparency and ownership throughout the company.

The ESG department compiles this data for assessment and strategic use in support of key targets.

The ESG department also oversees alignment with key global regulations, standards, and frameworks, such as the EU's Corporate Sustainability Reporting Directive (CSRD).

Sustainable management structure overview

The overview below illustrates the structure supporting sustainability governance and implementation across HydraSpecma.

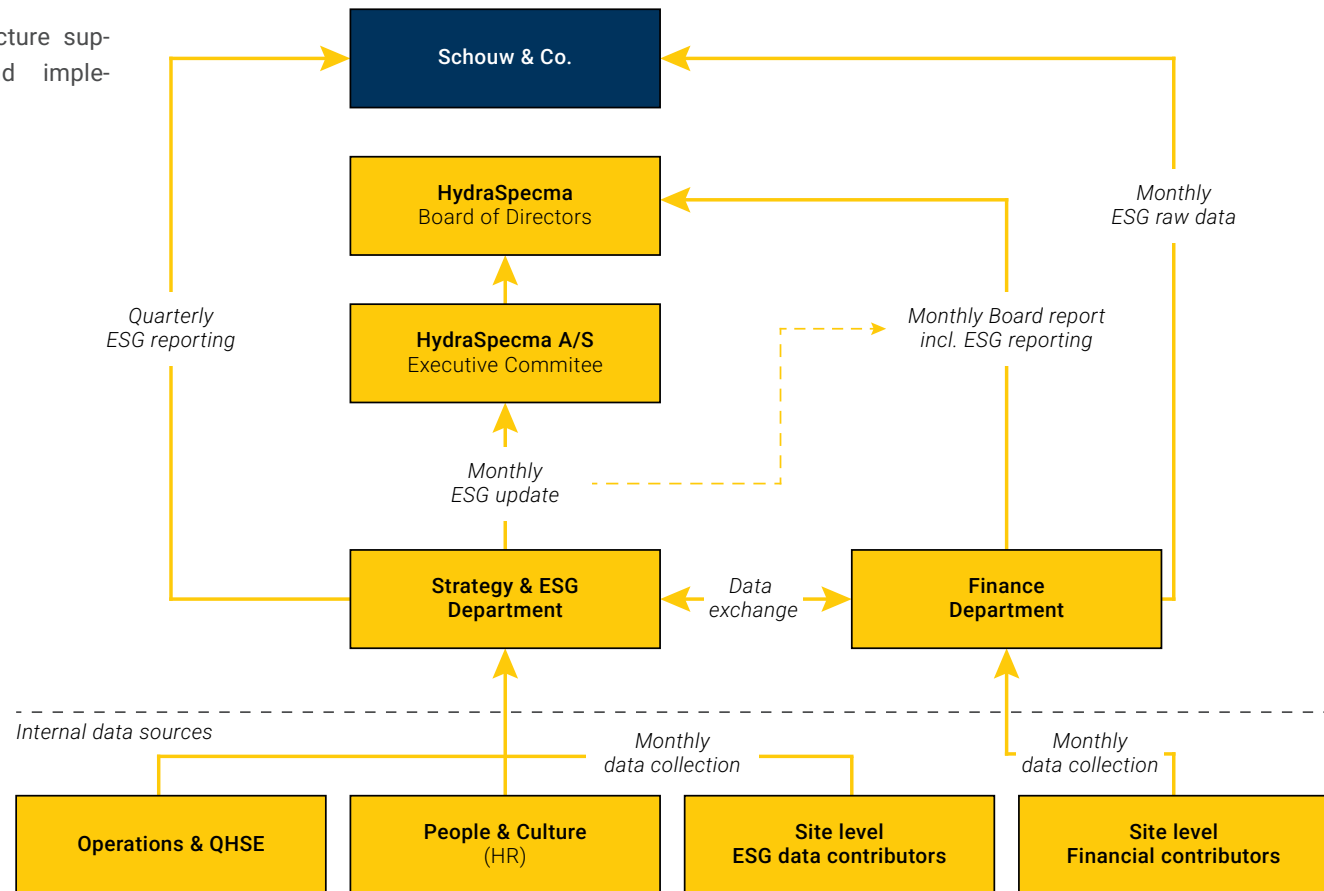


Figure: The illustration is based on HydraSpecma's internal governance framework.

ANTI-CORRUPTION AND PREVENTION OF BRIBERY

We maintain zero tolerance for corruption in all its forms and for unethical business practices. We are committed to upholding the highest standards of business ethics and integrity across all aspects of our operations. As part of our alignment with the UN Global Compact, our Business Ethics Policy, and our internal Code of Conduct, we actively work to prevent corruption, bribery, and other unethical practices.

We have established a recurring e-learning programme that includes mandatory training to promote awareness and build knowledge on topics such as bribery, fraud, donations, facilitation payments, and conflict of interest.

To support an ethical business culture, we have set a clear target that >95% of our functions-at-risk employees must have completed a valid anti-corruption course aligned with our policies. To remain valid, the anti-corruption course must be refreshed at least every second year.

In 2025, 94.4% of our functions-at-risk employees had completed a valid course, which came very close to our 2030 target at >95%. This provides a strong foundation for awareness and accountability throughout the organisation. Regular updates, guidance, and reporting mechanisms further reinforce our culture of integrity.

As another action to prevent bribery and corruption, we actively encourage and support employees in reporting any concerns or observations of actual or potential policy violations related to corruption, bribery, and other unethical practices through our whistleblower system.

We are committed to uphold zero tolerance towards corruption in all its forms, and our goal is to have zero confirmed corruption incidents from 2025 onwards.

Throughout 2025, we had zero incidents reported related to any kind of corruption, which was in line with our target of 0 confirmed corruption incidents per reporting year.

	2024	2025 ²
Convictions for violation of anti-corruption and anti-bribery laws	0	0
Fines for violation of anti-corruption and anti-bribery laws	0	0
Confirmed incidents of corruption and bribery	0	0

Figure: Anti-corruption and anti-bribery incidents



IT Business Ethics

As part of our business ethics, upholding a high ethical secured and legally compliant practice when collecting, processing, storing, sharing, or deleting information, either information concerning privacy or trade secrets, is a high priority in HydraSpecma.

Our goal is to minimise the risk of security breaches and data loss by implementing and maintaining robust technical and organizational security measures.

We are committed to doing everything within our power to protect confidential information and to ensure compliance with applicable laws and standards – including GDPR – for the benefit of our employees, customers, suppliers, and other relevant stakeholders.

In 2025, we had zero incidents forwarded to the authorities of IT-related GDPR cases or other breaches of confidential corporate information, which was perfectly in line with our target of having no IT-related GDPR cases forwarded to the authorities per reporting year (base year 2016).

Furthermore, we minimise the risk of global downtime and data loss by implementing and maintaining robust technical and organizational security measures, and in 2025 we had 0% unplanned IT downtime, which also was in line with our overall target of <3 hours of unplanned IT downtime on Group level per reporting year (base year 2016).

	2024	2025
IT-related GDPR cases forwarded to the authorities	0	0
Unplanned IT downtime	0.023%	0.000%

Figure: IT business ethics incidents.



WHISTLEBLOWER

To ensure transparency and accountability, we maintain a secure and confidential whistleblower scheme that enables employees and external stakeholders to report concerns related to unethical behaviour, legal violations, or breaches of our Code of Conduct. As the whistleblower system is available for all kinds of concerns – substantiated or not – it is a tool to secure continued compliance with e.g. our zero tolerance towards negative human rights impacts.

The system is accessible online and allows anonymous reporting in full compliance with applicable legislation. All reports are handled promptly, fairly, and with full respect for the rights of all parties involved. This mechanism is a key element in supporting our commitment to integrity and responsible business conduct.

Throughout 2025, two whistleblower cases were reported. However, these were outside the scope of the whistleblower mechanism and were therefore handled internally through other relevant processes.

No whistleblower cases reported were within scope and have therefore not been handed over to the public authorities nor led to any corrective actions.

We do not tolerate any kind of child labour, forced labour, involuntary labour, or human trafficking, and in 2025 zero cases were reported via our whistleblower system, which was in line with our target of zero confirmed cases of negative human rights impacts, such as child labour, forced labour, and human trafficking.

	2024	2025
Whistleblower cases reported	0	2
Whistleblower cases within scope	0	0
Whistleblower cases that led to corrective and/or preventive actions	0	0
Whistleblower cases handed over to public authorities	0	0
Cases of forced labour, child labour and human trafficking ¹	0	0

¹ Issues reported via grievance mechanism/whistleblower system.

Figure: Whistleblower Cases.

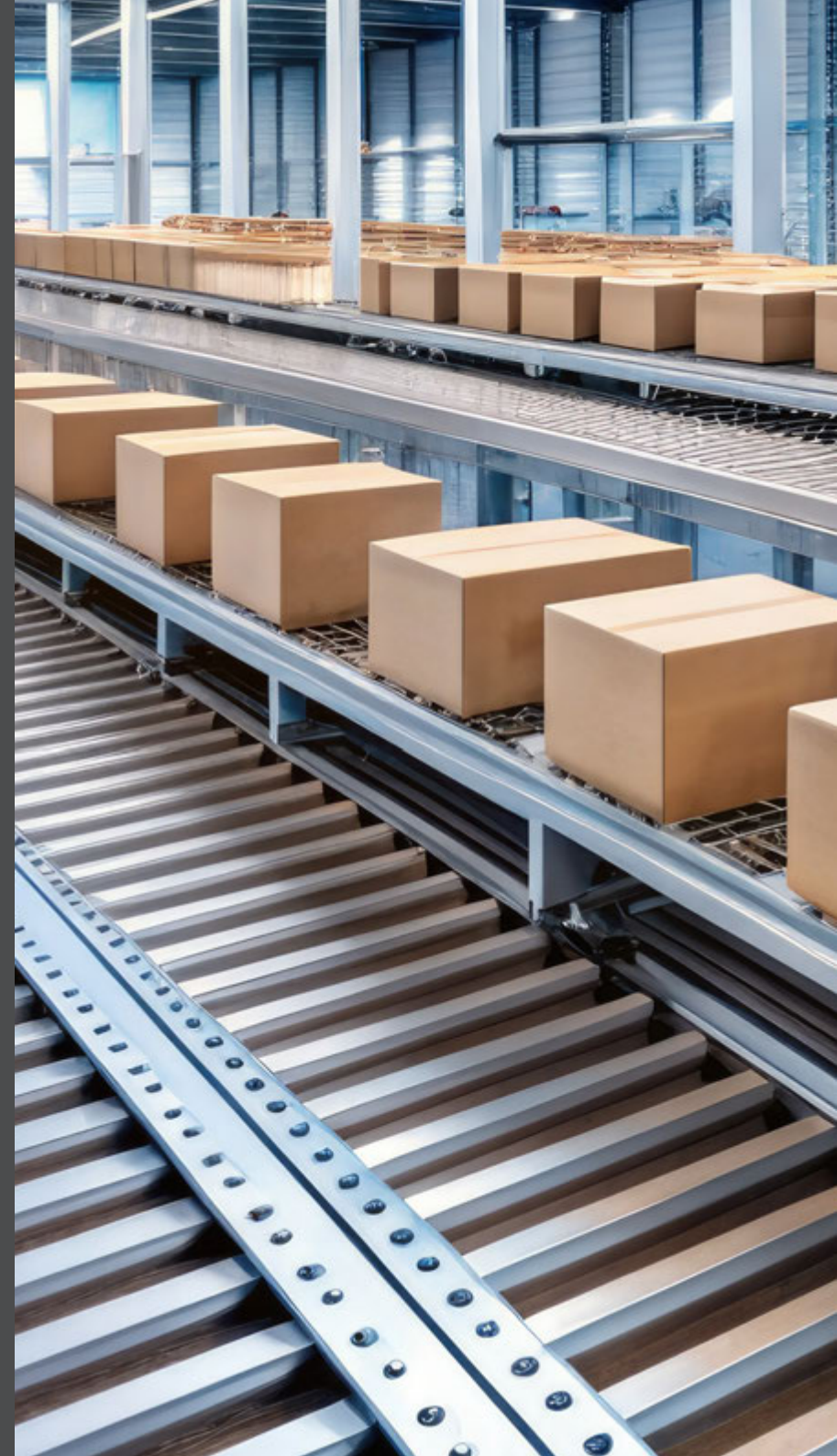
RESPONSIBLE SUPPLIER MANAGEMENT

We aim to strengthen responsible collaboration with our suppliers to help ensure good working conditions, compliance with national and international human rights legislation, and active efforts to minimise environmental footprint.

In 2024, we initiated Sustainable Supplier Requirements to increase our focus on responsible collaboration across the supply chain and to maintain open and transparent communication around actions, expectations, and development.

These requirements are expected to support preparation for the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD).

Furthermore, using a risk-based approach, suppliers are assessed through a self-assessment questionnaire covering a broad range of ESG-related topics.





Supplier Code of Conduct

For many years, we have asked our suppliers to formally sign a Code of Conduct to help ensure respect for human rights, good working conditions, and awareness of environmental impact. We encourage all suppliers to comply with HydraSpecma's Supplier Code of Conduct, which establishes specific environmental, social, and ethical business requirements aligned with our values, targets, and relevant legislation.

Our Supplier Code of Conduct is based on the ten principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, core International Labour Organization (ILO) conventions, and internationally recognised OECD frameworks.

We believe that sharing the same values for responsible business strengthens collaboration and transparency and supports stronger environmental, social, and ethical results across the value chain

Since 2024, we have formally reported on suppliers that have signed our Supplier Code of Conduct in connection with supplier contracts. Our aim is for suppliers representing 80% of our total spend to have signed the Supplier Code of Conduct by 2030.

We have made signing the Code of Conduct a requirement for cooperation so that suppliers and partners operate according to the same values as HydraSpecma and comply with relevant legislation.

In 2025, we secured signed Supplier Code of Conduct coverage corresponding to 60% of total spend.

Launch of chemical compliance portal

Over the last several years, HydraSpecma has experienced increasing demand for information on the presence of chemical substances in our products. These requests are driven both by legal obligations and by specific customer requirements.

To meet this growing demand and ensure transparency, HydraSpecma initiated the development of an internal Chemical Compliance Portal at the end of 2024 for registering and storing specific data related to the presence of certain chemical substances.

The first phase of the portal was launched in Q4 2025 and enables our Compliance Team to secure accurate compliance data for both components and finished products. The underlying data is built on active and ongoing dialogue with suppliers, helping ensure compliance with applicable regulations and business requirements.

The first phase was completed with good results, and phase two has now been initiated. In 2026, it will broaden the functionality and scope of the portal.

DOUBLE MATERIALITY

ASSESSMENT

In 2024, we prepared and conducted our first Double Materiality Assessment (DMA) in accordance with the requirements of the European Sustainability Reporting Standards (ESRS) in order to identify and prioritise sustainability matters relevant to our business.

This process evaluates both impact materiality – how our activities affect people and the environment – and financial materiality – how sustainability-related risks and opportunities may influence enterprise value.

The assessment was carried out through a structured methodology involving:

- » Stakeholder engagement to understand expectations and concerns.
- » Impact and risk mapping across our operations, value chain, and key geographies.
- » Scoring and prioritization based on severity, likelihood, and potential financial effects.
- » Validation by senior management to ensure alignment with strategic objectives.
- » The outcome defines our key sustainability priorities and metrics and forms part of the Schouw & Co. portfolio DMA that is reported on.

As no overall changes were identified in the prioritised sustainability matters from 2024 to 2025 following review of the DMA, our identified impact and financial materiality remained unchanged. Our material areas therefore remained the same in 2025 and will be reviewed again in 2026 for any changed circumstances.

Data relating to our Double Materiality Assessment was collected throughout 2025 for material measures and is included in our owner Schouw & Co.'s Annual Report. Our data is audited annually by Schouw & Co.'s third-party auditor.

SILVER | T

ecoV

Sustainability

AUG

Top 15%

adidas

Quality Rating

2025

ECOVADIS

SILVER MEDAL

In 2025, we achieved a Silver Medal from EcoVadis.

This recognition is awarded to the top 15% of companies assessed by EcoVadis and reflects our performance across key areas including environment, labour & human rights, ethics, and sustainable procurement.

In 2024, we stated our commitment to improving performance and transparency, with a clear goal of enhancing our EcoVadis rating in 2025 through targeted initiatives such as policy development and improved data collection and reporting.

These efforts resulted in a significantly higher score, increasing from 48 in 2024 to 70 in 2025. This external assessment provides valuable benchmarking and guidance as we continue to strengthen our ESG efforts.



LOOKING AHEAD

As we continue to strengthen our ESG performance, 2026 and beyond will be defined by increased integration, data maturity, and targeted actions across our most material impact areas.

A key milestone is our commitment in early 2026 to the **Science Based Targets initiative (SBTi)**, where we are currently working on our commitment on both near-term and net-zero targets. This marks an important step in aligning our climate ambitions with globally recognized standards and reinforces our long-term decarbonisation pathway.

To further accelerate our energy transition, we will expand our investments in **on-site renewable energy**, including solar panel installations at our new production facilities in China and India. These initiatives will support our ambition of achieving 100% renewable electricity consumption by 2030.

During 2026 we continued to strengthen our understanding of Scope 3 emissions by developing a more granular **emissions overview at bill-of-material (BOM) level**. Our aim is to improve data accuracy and enable more targeted reduction initiatives in collaboration with suppliers and customers.

On the social side, we will build on our strong employee engagement by raising our ambition for **employee Net Promoter Score (eNPS) to +10**. At the same time, we will intensify our global focus on health and safety through new initiatives and the implementation of our global incident and observation reporting system.

From a governance perspective, we will further professionalise our ESG framework by introducing a structured internal governance system for continuous review and **updating of policies** in line with evolving regulations and best practices. In addition, we will expand our compliance portal to handle increasing regulatory and customer requirements related to product and chemical data transparency.

Finally, we will strengthen our internal capabilities through an expanded e-learning program focused on corporate values, policies, and responsible business conduct, while also establishing a more robust **Enterprise Risk Management (ERM)** framework to further integrate ESG risks into business decision-making.

Together, these initiatives reflect our ambition to move from structured ESG management toward fully integrated sustainability across our operations and value chain.



POLICY

OVERVIEW



HydraSpecma's policies constitute the foundation of our approach to responsible and ethical business conduct. They outline our standards, expectations, and commitments across environmental, social, and governance areas, and guide decision-making throughout the organization and value chain.

To ensure transparency and accessibility, the most recent versions of all policies are publicly available at www.hydraspecma.com.

- » Code of Conduct
- » Code of Conduct | Supplier
- » Business Ethics
- » Labour & Human Rights Policy
- » Diversity, Equity & Inclusion Policy
- » Health & Safety Policy
- » Environmental Policy
- » Sustainability Strategy & Policy
- » Whistleblower Policy

ESG

METRICS

COMPANY DATA	UNIT	FY 2025	FY 2024	FY 2023
Revenue	DKKm	3,190.0	3,031.1	2,971.6
Average number of employees	#	1,590	1,466	1,452
Sites covered by ISO 9001 certificate (quality management system)	%	92	93	95

ENVIRONMENTAL DATA	UNIT	FY 2025	FY 2024	FY 2023
Scope 1	tCO2e	352	312	611
Scope 2 Location-based	tCO2e	2,059	2,784	2,515
Scope 2 Market-based	tCO2e	1,847	3,499	2,940
Scope 3 Upstream (Category 1, 4 & 5)	tCO2e	72,021	220,773	N/A
Scope 3 Downstream (Category 11)	tCO2e	394,143	272,604	N/A
Waste generated in operations	ton	3,813	4,042	4,209
Waste recycled	%	93	72	72
Hazardous waste generated in operations	%	4	3	4
Water	m3	20,605	25,114	N/A
Company cars NOx emissions (air pollution)	ton	0.13	0.10	N/A
Electricity generated from on-site solar panels	MWh	844	N/A	N/A
Electricity generated from power purchase agreement	MWh	3,488	N/A	N/A
Electricity consumption from renewable sources	%	83	18	18
Energy consumption from renewable sources	%	43	11	N/A
Sites covered by an ISO 14001 certificate (environmental management systems)	%	92	85	75

SOCIAL DATA	UNIT	FY 2025	FY 2024	FY 2023
Operational sites covered by ISO 45001 (occupational health and safety management system)	%	39	39	39
Lost time injury frequency rate (LTIFR)	rate	6.6	3.8	8.2
Days lost to work-related injuries	days	183	201	N/A
Free from bullying and harassment	score	4.4	4.4	4.4
Employee satisfaction survey (eNPS)	rate	7	-2	0
Employees who receive regular performance and career development reviews/appraisals	%	94.0	92.0	97.0
Employees who have a yearly salary negotiation	%	100	100	100
Employees covered by health care	%	87	90	89
Number of employees covered by collective agreements	%	62	77	52
Employee turnover rate	%	10	16	15
Average seniority	years	8.5	7.6	N/A
Gender pay gap	ratio	1.16	1.14	1.12
All employees – female	%	24	24	24
New hires – female	%	24	25	26
Board of Directors – female	%	17	0	0
Level 1 Executive Management – female	%	0	0	0
Level 2 Top Management – female	%	19	21	27
Level 3 Other Management – female	%	19	25	16
Suppliers who have formally certified their compliance with our Code of Conduct (spend based)	%	60	55	65
Functions-at-risk employees trained on anti-corruption and anti-competitive practices	%	94	78	50
Number of child or forced labour incidents reported	#	0	0	0
Number of inspections per year to audit factories for child or forced labour	#	9	10	10
Number of confirmed incidents involving corruption or bribery	#	0	0	0
Whistleblower cases forwarded to the authorities	#	0	0	0
IT-related GDPR cases forwarded to the authorities	#	0	0	0
Unplanned IT downtime	%	0.000	0.023	N/A

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