FSN HoldCo ApS

ESG
REPORT

Environment | Social | Governance

2024

ice cream the way you like it

gram-equipment.com

This report constitutes to FSN HoldCo ApS' non-financial reporting on corporate responsibility in alignment with §99a.

FSN HoldCo ApS' primary activity includes control and ownership of subsidiaries, including control and ownership of Gram Equipment A/S.

It has been assessed by FSN HoldCo ApS' Management, that the most significant impact on society and environment occurs through the ownership of the aforementioned company, and therefore the following reporting is a reflection of the subsidiary's reporting.

FSN HoldCo ApS

Contents

About this Report

This report constitutes the statutory reporting on corporate responsibility, cf. §99a.

A Passion For Ice Cream

Our **focus** – and our **passion** – is **ice cream**.

We design and assemble processing equipment while developing service and spare parts solutions for the global ice cream industry. We supply leading ice cream brands and provide full-line equipment that produces over 42,000 ice creams per hour.

Innovation and durability are central to our work. Our advanced machinery ensures efficient, flexible, and high-performance industrial ice cream production.

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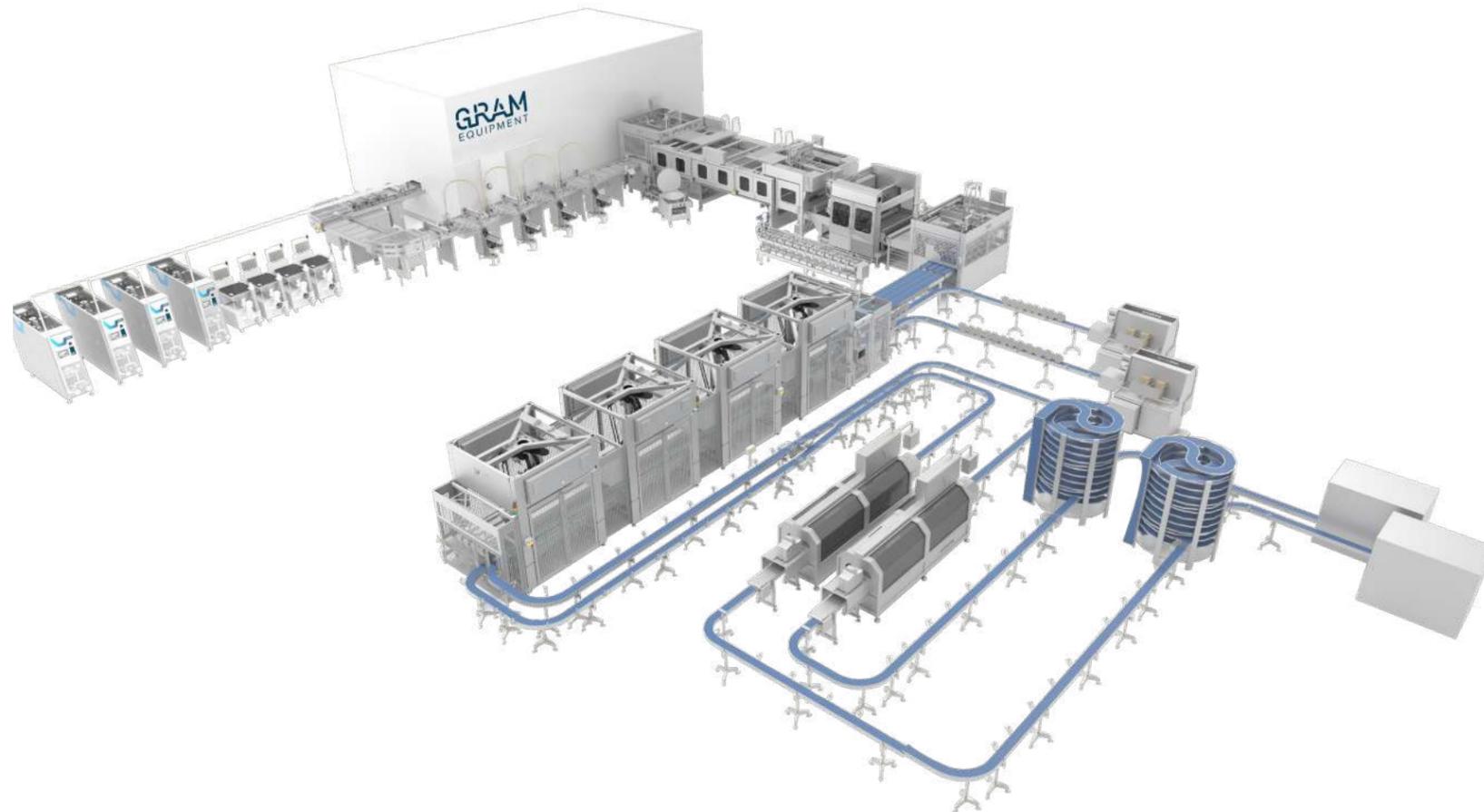
Our expertise allows us to offer top-quality solutions, services, and supervision for any project, regardless of its size. Gram Equipment's product range includes machines for freezing, filling, feeding, extruding, molding, wrapping, and packaging. We continuously develop and innovate to ensure smooth and efficient production.

As a global company, we have about 650 employees worldwide in 2024. Our headquarters in Kolding, Denmark, employs around 360 people, including production staff, engineers, support teams, and management.

We also operate an assembly and engineering facility in Izmir, Türkiye, known for its skilled mechanical and automation engineers. Over the past decade, we have expanded our presence there, growing to a team of more than 160 employees.

Additionally, we run a mold production facility in Milan, Italy, an office and warehouse in Hamilton, US, and an office in Shanghai, China.

Letter from our CEO

In October 2024, I joined Gram Equipment with the ambition to strengthen our role as more than just an equipment provider. From day one, I have been met with a team dedicated to delivering solutions that support our customers and contribute to a more sustainable future.

Sustainability is a key pillar of our strategy. As the food industry faces increasing pressure to reduce waste, conserve energy, and optimize water use - we remain committed to helping customers achieve their sustainability targets while minimizing environmental impact.

ESG Progress in 2024
Over the past year, we have taken important steps to reinforce our ESG commitments.

We completed a full carbon footprint inventory and committed to the Science Based Targets Initiative (SBTi) to guide our emission reduction efforts.

Our EcoVadis rating improved, from bronze rating (58 points) in 2023 to silver (68 points) in 2024, covering our headquarters and four global entities.

Safety remains a top priority. Through training and safety awareness initiatives, we reduced our incident frequency rate from 8.4 in 2023 to 5.9 in 2024, and we will continue working towards an even safer workplace.

A key focus in 2024 has been conducting the CSRD Double Materiality Assessment process, developing a gap analysis for the material disclosures, and creating a roadmap for the 2025 CSRD data collection.

In early 2025, these plans were subject to reevaluation due to the CSRD Omnibus proposal, according to which Gram Equipment will no longer be in scope for CSRD reporting.

Regardless of this change in regulatory requirements, the process has been highly valuable in identifying and refining our most material topics. The outcomes of the Double Materiality Assessment will continue to shape our ESG priorities and guide our strategic focus moving forward. With resources now freed up from mandatory reporting, we will seize this opportunity to further advance our sustainability agenda—driving progress across both short-term initiatives and long-term goals.

Looking Ahead
In 2025, our focus will remain on decarbonization and energy efficiency, developing solutions that reduce energy consumption, food waste, and water use.

Our goals include lowering our employee health and safety incident frequency rate to below 2 and achieving full compliance with our internal ethical training program.

Progress happens through collaboration - within our organization, with our customers, and across the value chain.

I am inspired by the dedication of our employees and partners, and I firmly believe that by working together, we will drive meaningful change and I look forward to building on this momentum in the years to come

Dirk Hämling
CEO of Gram Equipment

8

Using EcoVadis to guide progress

In 2024, Gram Equipment completed its first EcoVadis reassessment. Our initial assessment in 2023 was a key step in demonstrating our sustainability processes.

We improved our performance from a bronze medal with 58 points in 2023 to a silver medal with 68 points in 2024. This reassessment covers our headquarters in Denmark and our four global entities. It helps us benchmark, align processes, and collaborate effectively.

Our 2024 results reflect corrective actions taken after the 2023 assessment. We see EcoVadis as a valuable tool for guiding continuous improvement. Our goal is to further enhance our results in 2025 while maintaining at least a silver rating.

EcoVadis updated its scoring method in 2024 and the medal awards now reflect performance over the past 12 months. The silver medal, awarded to Gram Equipment in December 2024, places us among the top 15% of rated companies.

EcoVadis, a global sustainability assessment platform, evaluates our environmental, social, and ethical performance. It assesses areas, such as environmental impact, labor rights, ethics, and sustainable procurement. By participating, we demonstrate our commitment to industry standards.

SILVER | Top **15%**

ecovadis

Sustainability Rating

DEC 2024

Our vision for tomorrow & ESG approach

PURPOSE

We strive to be the world's best provider of sustainable ICE CREAM equipment and services.

MISSION

Driven by continuous improvements, we will be a leader in innovation and globally recognized as the premium supplier of sustainable commercial solutions within the ice cream industry.

VISION

We ensure our customers' success in the ice cream industry by providing innovative solutions and services, while seeking to minimize the environmental impact of our solutions and footprint.

VALUES

Trust & Respect
Innovation
Ambition & Performance
Dedication
People focus

ENVIRONMENT I SOCIAL I GOVERNANCE

GRAM
EQUIPMENT

Sustainability is integrated into our purpose, mission, vision, and values. We aim to reduce our environmental footprint while fulfilling our social and governance responsibilities.

We are a member of the UN Global Compact, using its ten principles to guide our ESG strategy.

We integrate ESG goals into our business strategy, set annual targets, and manage initiatives through our Project Management Office (PMO). Our decentralized approach ensures that ESG responsibilities are shared across all departments, not just the ESG team.

In 2024, we strengthened our ESG function. We added an ESG controller in Finance, an Environmental Engineer in Engineering, and an ESG student worker.

Our ESG Steering Committee, including Group Management and the Global Head of ESG, meets monthly to track progress. ESG is also on the agenda at board meetings, and we include ESG training in onboarding for all new employees.

We stay updated on industry trends through Confederation of Danish Industry sustainability initiatives, webinars, and sustainability reporting networks. We also engage in an ESG network for large companies in Kolding, Denmark.

These collaborations help us implement best practices and strengthen our commitment to responsible business practices.

Gram Equipment 2025 ESG Priorities

FOCUS AREA	KPIs /TTIs	LONG TERM TARGET	PERFORMANCE 2024	ANNUAL TARGET 2025
1. Support the decarbonization of the ice cream business	1a. Optimized use phase energy efficiency of equipment/services 1b. Reduced food waste per produced ice cream	1a. Support customers on their journey towards a net zero ice cream production 1b. Support customers to produce ice cream towards 0% waste	1a and 1b: In the beginning of 2024 an environmental engineer joined our cross-departmental ESG team. The focused recourses has enabled us to establish a strong data-collection and reporting framework for product-related GHG categories: purchased items, use-phase of equipment and end-of-life handling. The data inventory established in 2024 will inform the decarbonization strategy and customer focused reduction initiates planned for 2025 We strongly believe in partnership with our customers and that by working together, we can minimize the environmental impact of the ice cream business.	1a/b. Develop commercialized customer offerings focusing on reducing: • Energy use • Food waste • Water consumption
2. Reducing our planetary footprint	2a. GHG emission reductions in Scope 1, 2 & 3	2a. Net Zero	2a. In 2024 we have worked systematically to establish a full Scope 3 inventory for all carbon emissions in the value chain. The progression towards a full inventory has been monitored monthly, securing prioritization and focus from all stakeholders. We have focused on improving data quality and preparing the frameworks for full Scope 3 reporting. At the end of 2024 we committed to SBTiI	2a. Define reduction targets for Scope 1, 2 & 3
3. Employee health and safety and a positive working environment	3a. Health and safety incident frequency and gravity reductions Definition: Incident frequency is measured according to the ILO standard (Number of accidents * 1000000/total working hours) 3b. eNPS score 3c. Diversity, equity and inclusion targets: recruitment/promotion/ pay	3a. Health and safety incident frequency of 0 3b. eNPS of +40 3c. Employee diversity that reflects the community/country	3a. By year end 2023 the health and safety incident frequency was 8.4. In 2024 we have focused on reaching a result below 5. We have increased awareness through training, information campaigns and by celebrating the "Safe Days" both globally and by entity. Strengthening awareness and competences have brought us to a year-end result of 5.9 3b. eNPS of 18 3c. Female new hire = 21%	3a. Health and safety incident frequency below 2 3b. eNPS 27 3c. Female new hire 25%
4. Ethical value chain	4a. Supply chain ESG risk reductions 4b. Number of supplier ESG assessments/ audits conducted 4c. SCoC compliance ratio	4a. All high supply chain ESG risks eliminated 4b. All suppliers ESG assessed/audited 4c. 98% of yearly spend from direct and indirect suppliers	4a. ESG risk assessments have been conducted for all component suppliers. The procurement team have each been enrolled in a 5 hours training program in the EcoVadis Academy 4b. Threshold has been defined for supplier ESG risk, based on EcoVadis risk assessment. 50% of high-risk suppliers have been invited for assessment in 2024 4c. SCoC system, standard process and information campaign have been completed. In 2024 the share of spend covered by signed SCoC has increased from 50% to 65% resulting from the initiated activities.	4. 75% of 2025 spend from direct and indirect suppliers to be covered by signed Gram Equipment SCoC or by equivalent CoC held by the supplier
5. Good governance and high ethical business standards	5a. EcoVadis rating level 5b. Annual ethical training of all employees	5a. Platinum-level EcoVadis rating 5b. All employees enrolled in annual ethical training	5a. Based on the results of the first EcoVadis assessment conducted in 2023, we have implemented corrective actions and in our first reassessment we advanced from a Bronze medal and 58 points out of 100, to a Silver Medal and 68 points 5b. 96% of global employees have finalized ethical training program in 2024, and all new employees have committed to the Employee Code of Conduct	5a. Keeping minimum a Sliver-level EcoVadis rating based on insights from the 2024 assessment 5b. 100% of global employees to complete ethical training program

*Note: The content of this page will also be published in the **FSN Capital 2024 ESG Report.***

Sustainability is not just a goal; it's a responsibility we owe to future generations.

Double Materiality Assessment

In 2024, we prepared for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), set to take effect from the reporting year 2025. This process included conducting a double materiality assessment in line with the CSRD framework. It is important to highlight that the 2024 reporting is not aligned with CSRD, but it represents our preparation for CSRD-compliant reporting in 2025.

In 2025, we will monitor potential changes to reporting requirements under the EU CSRD Omnibus proposal. This also includes reevaluating our implementation plans, as the proposal indicates that Gram Equipment will no longer be in scope for CSRD reporting.

Assessment Process
We prioritized sustainability topics based on impact and financial materiality. The process aligned with CSRD and identified potential impacts, risks, and opportunities (IRO's).

Stakeholder Involvement
This expanded on our initial 2022 assessment - internal stakeholders were involved directly, while external perspectives came from industry research, market analysis, and NGO reports. Stakeholders were engaged through workshops and feedback sessions. Key activities included:
- A workshop with teams from Sales, Service, Engineering, Operations, PMO, Legal, Finance, HSE, and HR.
- Additional involvement from Gram Equipment Italy, Executive Management, and Global HR.
- Use of industry assessments and risk evaluations as stakeholder proxies.

The following databases where used in the stakeholder proxy assessment: ENCORE, SASB and MVO Risk Checker.

Value Chain Mapping
We analyzed the upstream and downstream stages of our products and services. This helped us understand material flow, financial transactions, and stakeholder impact.

Key steps included:
- Identifying all value chain stages, from raw material extraction to end consumers.
- Mapping stakeholders involved in each stage, including suppliers and customers.
- Identifying stakeholders who can influence or are affected by our operations.

Looking Ahead to 2025
We will reassess materiality results to incorporate strategic changes and new insights. This will involve internal and external stakeholders to verify findings and ensure relevance.

2024 Double Materiality Criteria
IRO's were mapped to European Sustainability Reporting Standards (ESRS).

The highest-scoring IRO determined its position in our materiality matrix. When multiple topics had the same score, they were listed in order of first occurring ESRS standard.

Materiality Threshold
IRO's scoring 3-5 were classified as material, while those scoring below 3 were considered non-material. Assessments covered:
- Positive and negative impacts.
- Actual and potential impacts.
- Risks and opportunities.
- Own operations and the upstream and downstream value chain.

Results 2024

Gap Analysis and CSRD Implementation Roadmap
Following our materiality assessment, we conducted a gap analysis in 2024. We identified key disclosure requirements and developed a roadmap for CSRD implementation in 2025. To ensure efficiency, we designated key internal resources while limiting the operational team's workload. The results of the 2024 Double Materiality Assessment are presented below.

The European Sustainability Reporting Standard (ESRS) disclosures for the identified impacts, risks and opportunities (IRO's) will not be included in the 2024 report.

This is because Gram Equipment's first CSRD reporting was originally expected to take effect in 2025.

Future disclosures were planned in accordance with the CSRD phase-in timelines, including both the general phase-in options for all companies and the additional phase-in options available to companies with fewer than 750 employees. However, with the introduction of the European Union CSRD Omnibus proposal, it is now expected that Gram Equipment will fall below the reporting threshold. As a result, the company will likely not be subject to the phased-in of mandatory reporting of CSRD disclosures.

Key Reporting Areas:
- **Own Operations (OO):** Direct company activities
- **Value Chain (VC):** Suppliers, customers, and industry-wide impacts.

Company Specific: **Dependence of Ice Cream Ingredients**

Material Impact or Risk		Description
Negative impact VC	Negative impact associated with ice cream ingredients	Gram Equipment has an indirect impact by supplying equipment for ice cream production, which involves ingredients that can have: ▶ Negative environmental impact on climate and biodiversity (milk, palm oil and other ingredients depending on the agricultural set-up) ▶ Negative animal welfare impact related to milk and egg production ▶ Negative social impact in the agriculture of ingredients like cacao, almonds, nuts, vanilla, soy, where workers in the value chain may face adverse conditions.
Risk VC	Risk associated with the availability of ice cream ingredients	Gram Equipment exclusively produces equipment for ice cream production, therefore highly dependent on the availability of ice cream ingredients. ▶ There is a risk of impact from carbon taxation on animal agriculture and a societal and regulatory push to reduce livestock numbers. ▶ For cacao, almonds, nuts, vanilla and soy, climate change and biodiversity loss pose risks, as changing weather conditions may affect crop yields and threaten their availability. In both cases, rising raw material prices could reduce the profitability of the ice cream industry, potentially impacting customers' willingness to invest in equipment and services.

Environment: **E1 Climate Change**

Material Impact or Risk		Description
Climate Change Mitigation		
Negative impact OO	Carbon emissions from scope 1 and 2 activities	In scope 1 and 2 at Gram Equipment entities, electricity and different types of heating are consumed, along with company car usage, all of which contribute to the company's carbon footprint. While these emissions are relatively insignificant compared to Scope 3 activities, they still represent an impact that Gram Equipment must address, especially because this is where we have direct control and immediate impact.
Negative impact VC	Carbon emissions from the upstream and downstream value chain.	The mining and manufacturing of raw materials and finished input materials are highly energy consuming throughout the entire upstream value chain. In addition to the core processes, the transportation of materials and equipment, as well as business travel, also contribute significantly to emissions. In the downstream value chain, energy consumption during the use phase of sold equipment has a substantial environmental impact.
Positive impact VC	Reducing carbon emissions in the use-phase of our equipment	In the short-term, downstream climate change mitigation may be perceived as a negative impact, but our goal is to transform this into a positive impact under the initiative "Supporting the Decarbonization of the Ice Cream Business". This means we are committed to enhancing the energy efficiency of the equipment we bring to market, ensuring lower energy consumption per produced ice cream, and actively supporting our customers in reducing food waste.
Opportunity VC	Reducing carbon emissions in the use phase of our equipment	Energy efficiency and food waste reductions are highly relevant to customer market, not only for their environmental benefits, but also for their potential to lower operational costs. Therefore, introducing these solutions to the market is viewed as a financial opportunity.
Energy		
Negative impact OO	Energy use in own operations	Energy Use at the Gram Equipment Entities: At the headquarters and largest production facility in Denmark, renewable energy certificates are purchased to offset energy consumption. However, a substantial share of the energy used in other global entities still comes from fossil sources.
Negative impact VC	Energy use in the value chain	Energy use for mining, refining, and processing is a major contributor to carbon emissions in the upstream value chain, Resulting in a negative environmental impact from current upstream energy consumption.
Risk VC	Risk of energy pricing impacting operational cost	Rising energy prices can increase the cost of raw materials and component production, which in turn affects the variable costs of equipment input materials and spare parts.

Environment: **E2 Pollution**

Material Impact or Risk		Description
Pollution of Air, Water and Soil		
Negative impact VC	Pollution of air, water and soil in the up-stream value chain	The manufacturing of industrial machinery and associated components contributed to air, water, and soil pollution. Moreover, mining for iron, aluminum, other metals, and rare earth elements, along with their refining and processing, is known to course air, water, and soil pollution. Gram Equipment purchases manufactured components, and to a very limited extend sheet metal. Therefore, mitigating these negative impacts are not within our immediate control. While acknowledging this pollution impacts of raw material and component manufacturing, our focus is on the environmental arias, where we can directly reduce the negative impacts. This includes prioritizing to reduce the environmental impact from the use-phase of our equipment. Based on this prioritization upstream value chain pollution is not currently a focus area.
Substances of Concern		
Negative impact VC	Substances of concern – PFAS in sold products	Certain input materials used in our equipment contain PFAS, which may contribute to PFAS pollution. Mapping and mitigating any potential pollution risks is a high priority for Gram Equipment. Reporting on the actions we take to address Substances of Concern was expected to be included in the 2025 ESG report, in line with the CSRD phase-in timeline. Therefore, we have not prepared to include this in the 2024 ESG report. In 2025, we will focus on addressing the potential negative impacts of PFAS and will include a description of this work in the 2025 report.
Micro-plastics		
Opportunity VC	Opportunity to offer solutions for reducing micro-plastic impact	Ice cream products are often individually wrapped in plastic packaging, with packaging equipment supplied by Gram Equipment. Since ice cream is frequently consumed outdoors, a significant portion of ice cream packaging waste is likely to end up in nature, contributing to micro-plastic pollution. Regulations aimed at preventing plastic pollution can present an opportunity for Gram Equipment, as customers may seek new equipment or modifications to accommodate non-plastic based packaging solutions.

Environment: **E3 Water and Marine Resources**

Material Impact or Risk		Description
Water		
Negative impact VC	Water consumption in the upstream and downstream value chain	Large quantities of water are consumed in the mining, refining and production of raw materials such as iron, steel and aluminum, which are key materials used in the equipment we produce. Ice cream manufacturers also consume water for cleaning equipment and cooling processes. In some customer markets, water is a scarce resource, and global water availability is expected to become increasingly compromised in the future. Since our equipment requires water for operation, we indirectly contribute to overall water consumption. While acknowledging the environmental impact of water consumption, in the short term our focus is on other environmental areas. This includes prioritizing efforts to reduce the environmental impact from energy consumption and food waste occurring during the use phase of our equipment. Based on this prioritization, water consumption is currently not a focus area and is therefore not included in the scope of this report.

Environment: **E5 Circular Economy**

Material Impact or Risk		Description
Resource inflows, including resource use		
Negative impact VC	Impact from resource inflow	As an assembly company, we rely on finished components supplied by our vendors. The materials used, including steel, aluminum, plastics, and various other materials, are primarily sourced from virgin raw materials, which have a negative environmental impact. Reporting on the actions we take to address the negative impact of resource inflow was expected to be included in the 2025 ESG report, in line with the CSRD phase-in timeline. Therefore, we have not prepared to include this topic in the 2024 ESG report. In 2025, resource inflow will be addressed as part of our mapping of potential decarbonization efforts, with a focus on identifying reduction potential.
Risk VC	Risk of dependency of resource inflow	There is a financial risk associated with the availability of critical input materials and the impact of price increases on these materials. Reporting on the actions we take to address the financial risks related to resource inflow was expected to be included in the 2026 ESG report, in line with the CSRD phase-in timeline. Therefore, we have not prepared to include this topic in the 2024 ESG report. Based on the CSRD Omnibus proposal and the alignment of future requirements, we will evaluate how this topic will be addressed in future reporting.
Resource outflows related to products and services		
Negative impact VC	Impact from resource outflow	At the end-of-life stage, equipment is disassembled, and materials are sorted as waste or recycled in accordance with local regulations. The same applies to packaging materials. Since this process is managed by our customers, the negative impact will vary across different markets.
Waste		
Negative impact OO	Waste in own operation	In our own operations, we generate packaging waste from inbound shipments, along with metal and other types of material waste associated with the production and assembly activities.
Negative impact OO	Waste in the upstream and downstream value chain	Waste is generated throughout the upstream value chain processes, as well as downstream from equipment at end of life and from packaging.

Social: **S1 Own Workforce**

Material Impact or Risk		Description
Working Conditions		
Negative Impact OO	Impact associated with negative work-life-balance	When employee surveys and workplace assessments are conducted, work-life-balance is addressed by our employees. As a project-based organization, Gram Equipment experiences fluctuating workloads throughout the year, influenced by the annual production schedules of our customers, the ice cream producers. Mitigating the negative impact of workload variations on employees remains a continuous focus.
Negative Impact OO	Health and safety negative impact for employees	Employee health and safety is a major focus of Gram Equipment. Due to the dynamic shop-floor layout and the fluctuating workloads, there is a heightened risk of health and safety incidents. Beyond our own facilities, we also focus on the health and safety of operators and service engineers working at customer sites, where additional risks may arise. To address this, we have a clear target for reducing incident frequency, which is closely monitored.
Positive Impact OO	Positive impact on work-life-balance from flexibility	A positive aspect of the work-life-balance at Gram Equipment is the high degree of flexibility. We believe that life situations can change, and we meet our employees by creating the best possibilities to balance work and private life.
Risk OO	Risk associated with negative work-life-balance	Negative work-life-balance is considered a financial risk, as it can lead to reduced efficiency, increased errors, employee stress-related absences, and challenges in recruitment and retention.
Equal treatment and opportunities for all		
Positive Impact OO	Offering Training and skills development to our employees	Training and skills development is a major focus of Gram Equipment. During the low season, shop-floor employees are provided with qualifying courses. Additionally, we have the Gram Academy offering targeted courses and information to support our employees. Employees are also encouraged to pursue further education externally to expand their skills. All international employees working at our headquarters in Denmark are offered Danish lessons at the workplace in Kolding, while AI training and skill development programs are offered globally.
Positive Impact OO	Diversity in welcoming international employees	For us, diversity extends beyond gender. We also focus on diversity in embracing employees from various national and cultural backgrounds. English is the corporate language at our headquarters in Denmark and we welcome colleagues that do not speak Danish. This creates opportunities to recruit international employees for open positions.

Social: **S1 Own Workforce**

Material Impact or Risk		Description
Equal treatment and opportunities for all		
Opportunity OO	Financial opportunity from attracting diverse employees	Attracting diverse talent presents a financial opportunity, as it enables us to fill vacancies with highly skilled employees.

Social: **S2 Employees in the Value Chain**

Material Impact or Risk		Description
Working conditions		
Negative Impact VC	Negative health and safety impact for employees in the value chain	In the upstream value chain, employees of our suppliers, those working in the other steps of the supply chain and those involved in raw material refining, mining etc., are exposed to negative health and safety impacts. Ice cream producers use ammonia-based centralized cooling systems, which provide cooling for the freezers delivered by Gram Equipment. Ammonia leakages can occur, posing negative health and safety impacts to operators of the ice cream equipment (customer employees).

Governance: **G1 Business Conduct**

Material Impact or Risk		Description
Corporate Culture		
Positive Impact OO	Inclusive corporate culture and employee Code of Conduct.	By fostering an inclusive corporate culture, we create a positive impact through our "One Gram Equipment" approach. Through the annual Employee Code of Conduct training, we raise awareness of the corporate culture in Gram Equipment.
Opportunity OO	Opportunity of inclusive corporate culture	The "One Gram Equipment" corporate culture adds value to the company and serves as an enabler for achieving and successfully executing the commercial strategy of Gram Equipment.
Corruption & Bribery		
Positive Impact OO	Corruption and bribery impact	Gram Equipment is committed to preventing and detecting corruption and bribery in accordance with international standards and norms. Preventing corruption and bribery is included in the annual Code of Conduct training for all employees. Additionally, our Supplier Code of Conduct enforces zero-tolerance policy for corruption and bribery and we strive to ensure that all suppliers sign it.
Risk OO	Corruption and bribery risks	There is a potential reputation risk associated with the violations of the Gram Equipment's anti-corruption and anti-bribery policies

Environment

Decarbonizing the Ice Cream Business

As an equipment provider for the ice cream industry, we support its decarbonization efforts. We do this by developing solutions that reduce food waste, energy consumption, water use and use of high GWP (global warming potential) refrigerants.

In 2023, we conducted a market analysis. Customers identified food waste reduction and energy efficiency as their top ESG priorities. We share this perspective, as our equipment's biggest impact occurs during its use phase.

ESG AT THE 2024 SALES MEETING

In October 2024, we held a three-day global sales workshop, where ESG was on the agenda. The event highlighted the commercial value of ESG and provided updates on our initiatives.

The participants engaged in a group assignment, designed to help them understand the ESG priorities of our customers and identify ways to offer solutions, that support their sustainability goals. They were tasked with identifying how existing solutions, such as waste reduction, not only lower operational costs but also reduce environmental footprints and can help customers meet their Science-Based Targets (SBTi).

Additionally, the assignment encouraged the development of new solutions tailored to customer needs, such as water-efficient cleaning equipment. Each group worked collaboratively on their assignments, followed by a brief presentation and a Q&A session. The participants were engaged in both the group work and presentations, bringing great ideas and perspectives forward.

FOOD WASTE REDUCTION

Food waste harms sustainability. It wastes resources like water, energy, and labor. To combat this, we develop innovative equipment that minimizes waste.

A key initiative is our digitalized waste monitoring solution. This system tracks waste at different production stages and provides data-driven insights for optimization. It helps minimize waste from ingredient mixing to final packaging.

In 2024, we advanced our **Gram Equipment @ SMART Line** concept, which focuses on digitalized production line optimization. We sold two production lines with full data collection systems. Set for installation in 2025, these lines will help customers enhance performance and reduce waste.

Gram Equipment @ SMART Line prevents efficiency losses by identifying performance issues. Customers can take corrective actions, reducing both energy use and food waste per unit produced.

ENERGY OPTIMIZATION

Ice cream production is energy-intensive. Typically, our equipment last 20-30 years, so energy efficiency is a long-term priority for customers.

In 2024, we also expanded the use of high-efficiency air blowers for cooling tunnels. These were sold as part of new production lines and as upgrades for existing systems.

For 2025, we have implemented flow optimization in core equipment. This allows customers to increase production speed or maintain output with lower energy use, reducing consumption per unit.

Decarbonizing the Ice Cream Business

Collaboration for Energy Reduction

Reducing environmental impact requires collaboration. We participate in the Easy-E project with the Technical University of Denmark and the Danish Technological Institute. Supported by the Danish Energy Agency, the project aims to cut energy use in the production machinery.

In 2024, we analyzed energy monitoring data, that was collected in corporation with a German customer the previous year. We have in 2024 progressed into the next phase of the project, using these insights to guide productivity improvements aimed at further reducing energy consumption across the ice cream production process.

Carbon Emissions Inventory & Use-Phase Energy Consumption

In 2024, our top ESG priority was mapping out our carbon emissions. A central part of this process was gathering data on use-phase energy consumption, as we have always recognized that the energy use of sold products is the most significant contributor to our emissions.

Given that our products are highly customized, we had to determine the energy use of each piece of equipment delivered to customers in 2024. Data from our engineering and automation departments enabled us to make these calculations.

Beyond the kWh consumed per hour by a machine, two other important factors significantly impact the total lifetime emissions of an installed ice cream production line: the use phase scenario and the CO_2 intensity of the electricity used for operation.

The use scenario significantly varies across customers. Factors - e.g., operating hours in a year, number of shifts, and production schedules - all influence the total energy consumption. Additionally, the expected number of operating years must also be considered.

To calculate a realistic use-phase scenario, we have received valuable support from one of our European customers, openly sharing their use-phase data. We combined this information, with previously obtained energy measurements from a customer site, as well as by drawing on experiences from our engineers and R&D. Based on this a reliable use-phase scenario was developed.

We acknowledge that applying a use-phase scenario based on data from two European customers to our global customer base is a generalized approach. Our goal is to further refine and validate the use-phase model with additional data sources in the coming years.

In 2025, we will initiate a decarbonization plan - focusing on reducing the impact of use-phase energy consumption.

Environment

Decarbonizing the Ice Cream Business

ICE CREAM PACKAGING

New EU packaging regulations and plastic taxes have accelerated the shift to sustainable materials, like biodegradable paper wraps.

The transition to more sustainable packaging is only viable if it maintains current standards for food safety, quality, and end-consumer experience. Ensuring this transition presents various challenges for ice cream producers, highlighting the need for greater focus on packaging innovation.

As an equipment manufacturer, our role is to support our customers by delivering packaging equipment that can efficiently handle the new sustainable packaging materials while maintaining optimal performance.

We have successfully tested a wrapping machine for compostable paper wraps with Billerud and a customer. In 2024, we continued testing and improving our wrapping equipment.

Moving forward into 2025, we remain committed to supporting our global customers in their transition toward paper-based ice cream packaging.

REFRIGERANTS

Freezers are a central part of the ice cream production line. Most large-scale ice cream production lines use centrally refrigerated freezers that use low GWP (global warming potential) refrigerants. Currently, the majority of these systems operate with NH_3 (ammonia), while CO_2 is used to a lesser extent. CO_2 refrigerants offer some safety advantages over NH_3. In the previous years we successfully supported one of our major customers by delivering an increased number of CO_2-based freezers.

Smaller ice cream production lines typically use self-contained freezers with built-in compressors. Our focus is to enhance these smaller-scale production lines by integrating self-contained freezers with low GWP refrigerants, prioritizing sustainability.

In 2024, we completed our initiative focused on the use of low-GWP (global warming potential) refrigerants and are now ready to supply and deliver our self-contained freezers equipped with these low-GWP refrigerants.

In 2025, we will introduce these new offerings to the market, supporting our customers in making informed decisions in their transition towards reducing the environmental impact associated with freezer operations.

Additionally, we will develop an upgrade kit for existing self-contained freezers already installed in the market, enabling customers to convert their equipment to low-GWP refrigerants.

Throughout this transition, we aim to maintain flexibility in meeting the diverse needs of our global customers.

PRODUCT LONGEVITY & CIRCULARITY

We support our customers in extending the service life of our equipment by providing service solutions, repairs, and upgrade options to help existing equipment meet new demands.

In 2024, we successfully upgraded several existing lines with high energy- efficient air blowers for our cooling tunnels. Additionally, we have developed a spare parts kit for freezers.

For equipment that is no longer operational, we aim to promote responsible end-of-life practices by offering our customers guidance on proper disassembly and recycling of components. To facilitate this, we have begun mapping the requirements for an end-of-life guide.

In 2025, we will continue its development, with the goal of publishing the guide by the end of the year.

Environment

Reducing Carbon Emissions

In 2019, we began reporting Scope 1 and 2 carbon emissions from our Denmark headquarters. By 2021, we expanded this to all global entities. Since then, we have gradually integrated Scope 3 categories into our reporting.

Our global carbon footprint is tracked via the CEMAsys platform, with support from their consultants.
Our methodology aligns with the Greenhouse Gas Protocol framework, ensuring accurate and standardized carbon accounting.

EMISSIONS IN THE VALUE CHAIN
Our top ESG priority in 2024 was completing a full Scope 3 inventory. We collected comprehensive data, designating 2024 as our reference year for future reduction targets.

Due to our global operations in Türkiye, Italy, China, and the US, this process was highly complex. Gathering the necessary data and creating a comprehensive overview of the impact of all our activities has posed significant challenges. However, we recognize that the first step toward reducing our environmental

impact is to establish a reliable baseline for current emissions. Therefore, we have prioritized accuracy and completeness in finalizing this baseline.

In 2024, Scope 3 emissions accounted for 98,7% of our total carbon footprint. In 2023, this figure was 75%, though it was based on an incomplete inventory and is not directly comparable.

COMMITTING TO SCIENCE-BASED TARGETS
In December 2024, we registered with the Science Based Targets Initiative (SBTi) and committed to setting near- and long-term company-wide emission reduction targets aligned with climate science and the SBTi framework.

Committing to substantial emission reduction targets will help us:
▶ Meet stakeholder expectations
▶ Mitigate transition risks
▶ Comply with Corporate Sustainability Reporting Directive (CSRD)
▶ Ensure our transition plan aligns with the Paris Agreement

GHG EMISSIONS INVENTORY - DISTRIBUTION:

1%
SCOPE 1 & 2

66%
SCOPE 3
Use phase for sold equipment.

33%
SCOPE 3
Other Scope 3 categories.
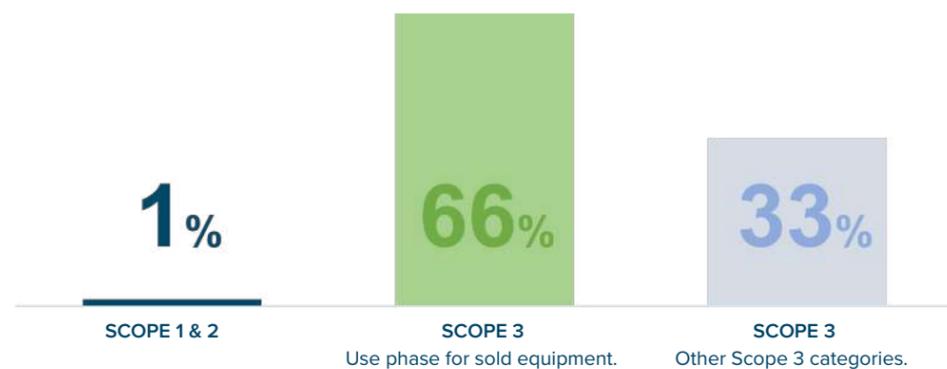
OUR SCOPE 1, 2 AND 3 INVENTORY INCLUDES:

SCOPE 1		**SCOPE 3.5**	Waste
SCOPE 2		**SCOPE 3.6**	Business Travel
SCOPE 3.1	Purchased goods and services	**SCOPE 3.7**	Employee commuting
SCOPE 3.2	Capital goods	**SCOPE 3.9**	Downstream transportation & distribution
SCOPE 3.3	Fuel-and-energy-related activities	**SCOPE 3.11**	Use of sold products
SCOPE 3.4	Upstream transportation & distribution	**SCOPE 3.12**	End-of-life treatment of sold products

For more details on Scope 3.11 (use of sold products), refer to the Energy Optimization section on pages 25-26.

Upstream Activities   **Reporting Company**   **Downstream Activities**
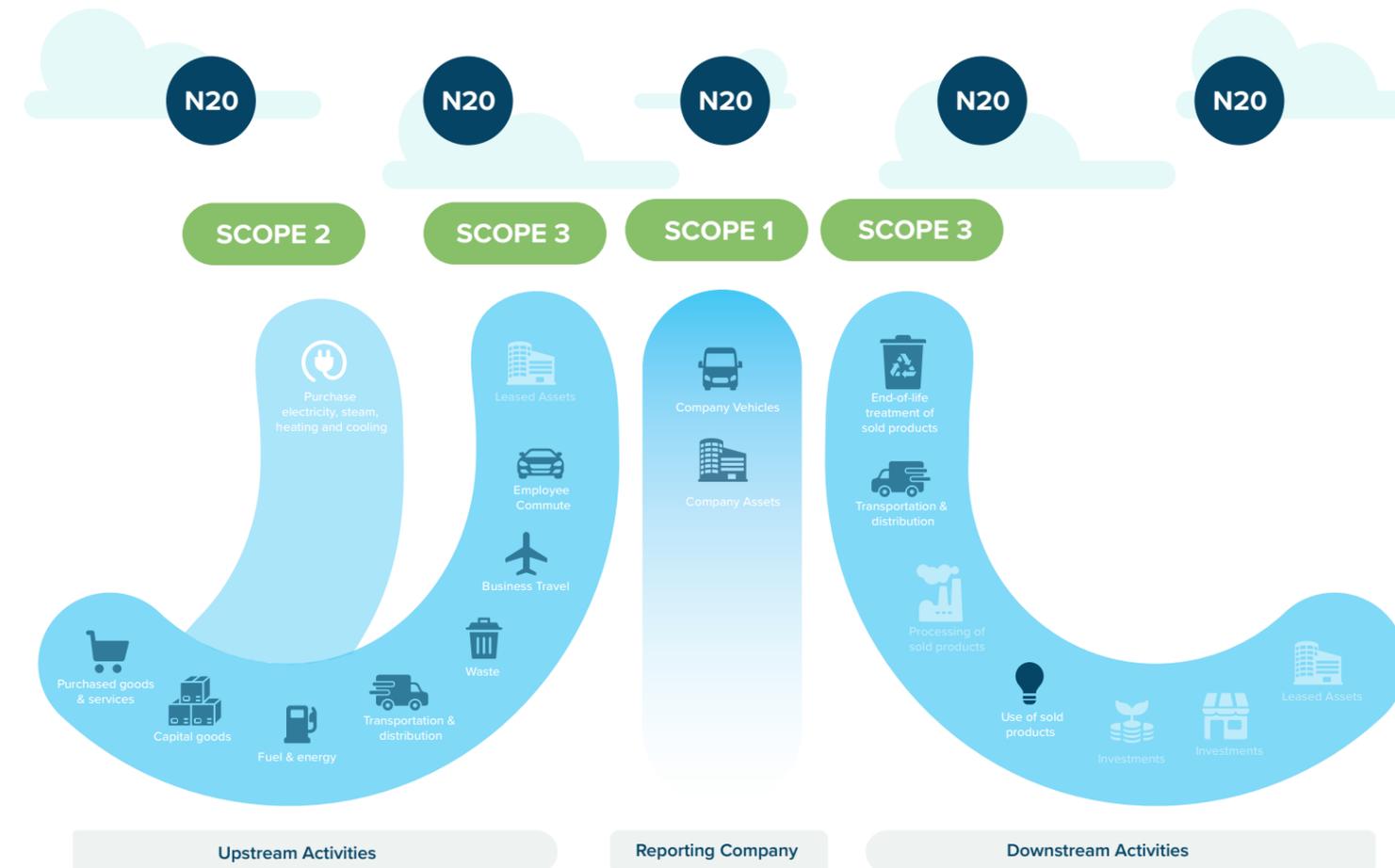
Environment

Denmark Initiatives
For our entity in Denmark, we have a KPI for Waste Recycling Rate, which aims to track the ratio of recycled waste. The objective of this KPI is to highlight the importance of proper waste sorting and encourage the reduction of residual waste.

In 2024, our recycling rate improved to **86.3%**, up from 85.6% in 2023, though it did not reach our 89% target. Our 2025 goal remains 89%.

Waste prevention and improved sorting practices continue to be a key focus in both our office and production facilities.

In 2024, we implemented a waste management procedure as part of our ISO 9001 quality management system. This procedure supports our efforts to fulfill our waste management policy by ensuring consistent and systematic handling of waste across our operations.

In 2023, we tested an innovative, flexible waste sorting system in a specific assembly area, and in 2024, this system was implemented across all assembly halls. These systems allow waste to be sorted into up to ten categories directly during assembly, enhancing sorting quality and minimizing residual waste.

In March 2024, we conducted two 2-day courses titled 'Sustainable Production' for assembly employees in Denmark. These workshops focused on waste sorting, reduction, and prevention, aiming to raise awareness about recycling and actively involve employees in improving waste handling.

At the beginning of 2025, we will repeat the 'Sustainable Production' course, expanding it to a larger group of assembly employees.

Türkiye Initiatives
Our entity in Türkiye operates under local environmental regulations in İzmir, as well as the internal regulations of the free zone where it is located. As a result, each waste category (including plastic, metal, electronic, cables, and hazardous waste) is sorted at the source, stored in a designated area, and transferred for disposal through a licensed company.

In 2024, water dispensers were installed, eliminating the need for single-use plastic bottles for drinking water. Additionally, single-use cups and cutlery were phased out, resulting in a significant reduction in plastic waste.

Looking ahead to 2025, we plan to launch food waste awareness campaigns and implement environmental training programs for all new employees. These training sessions will include a waste management awareness component to further elevate sustainability consciousness across the organization.

RECYCLED WASTE
Our waste is sorted and handle according to local regulatory standards at all our sites.

Italy Initiatives
Italy follows strict regulatory waste sorting requirements. The country has extensive guidelines for waste disposal, ensuring compliance with environmental standards. Our facility aligns with these regulations to maintain proper waste management practices.

USA Initiatives
In previous years, waste management data for the US entity was incomplete.

Establishing a comprehensive data framework has been a priority in 2024, particularly as part of completing the carbon footprint inventory.

We have successfully collected all necessary data, ensuring that we now have a complete waste management dataset for all entities.

In the USA, our entity expanded beyond legal requirements by implementing a recycling system for paper, plastic, and batteries in 2024. In 2025, we will explore recycling for cardboard, wood, and packaging materials to further reduce waste.

China Initiatives
Previously, our China office was outside our waste reporting scope. In 2024, we incorporated its data into our global tracking, ensuring a full waste management dataset for all entities.

2024 Case Study: Optimized Packaging for Sustainable Intercompany Shipping

Introduction
We continuously seek sustainability improvements across operations. In 2024, we focused on intercompany spare parts shipping, applying circular economy principles to reduce packaging waste and lower environmental impact.

The Challenge
Traditional shipping relied on single-use cardboard and paper packaging. While effective, it generated excess waste and increased costs due to volume and weight.

The Solution
We introduced a reusable plastic box with flexible room separators, replacing disposable packaging. This innovation:
Reduced packaging volume by 50%, improving transport efficiency.
Lowered environmental impact by eliminating single-use materials.
Cut shipping costs by reducing weight and optimizing space.

Environmental Impact Assessment
To measure the impact, we conducted a life cycle assessment comparing traditional vs. reusable packaging. However, for this solution to be fully effective, optimized logistics for returning reusable boxes are essential.

In 2025, we will conduct additional trials between Denmark and the US to further assess environmental benefits and product protection.

Collaboration & Innovation
This project was developed with close collaboration between our warehouse team and an engineering student from the University of Southern Denmark, specializing in product innovation.

Looking Ahead
This initiative demonstrates how sustainable solutions can also deliver economic benefits. We remain committed to integrating ESG considerations into our operations, reinforcing our responsible business practices.

Conclusion
By optimizing intercompany shipping through reusable packaging, we align operational efficiency with environmental responsibility.

As we continue testing and refining this approach - we aim to foster a culture of sustainability and innovation within Gram Equipment.

Protecting Ecosystems & Biodiversity

Protecting Ecosystems & Biodiversity was included in the 2023 ESG report but will not be reported in 2024. This decision is based on the results of the 2024 Double Materiality Assessment, which determined that Ecosystems & Biodiversity fall below the materiality threshold.

Social

Our Employees

DIVERSITY
We believe that embracing diversity, equality, and inclusion strengthens our company and generally benefits the society. We are committed to building a workforce that reflects the diversity of our broader communities. Our goal is to be an employer of choice, attracting talent with diverse backgrounds, and fostering an inclusive environment where everyone have the opportunity to reach their full potential.

We continue to focus on diversity in recruitment, as diverse teams deliver the best results. However, we acknowledge that there is still progress to be made in attracting an equal number of women and men to our assembly roles. We have successfully recruited female graduates and student workers, and we are optimistic that they will continue their careers with us.

In 2024, our target was for 25% of new hires to be women. While we did not meet this target, we did achieve 21% female hiring rate. For 2025, we will maintain our target of 25%, while recognizing that achieving higher female representation may not be feasible for certain roles within the company.

Denmark Initiatives
Beyond gender, we actively support cultural diversity. In recent years, we have increased the number of international employees at our Denmark headquarters. Many relocated from within the EU and other regions, either moving to Denmark before joining us or as a result of a job offer from Gram Equipment.

To support international employees, we facilitate their integration into Danish culture. We host an "Internationals Club" and offer voluntary Danish language lessons at our office, available to employees and their spouses. This initiative enhances both workplace inclusion and social integration within the Danish community. We also offer support with job search and social integration for the spouses of our employees.

USA Initiatives
In 2025 Gram Equipment USA office will start posting open positions on Diversity Job Boards. This website features job opportunities from employers nationwide to connect qualified minority candidates - that will help them achieve their career goals. In 2024, following our diversity goals, 50% of our hires were women.

Türkiye Initiatives
At Gram Equipment Türkiye, we are fostering a diverse and inclusive workplace while prioritizing employee well-being and motivation.

We actively support gender diversity, particularly by encouraging female professionals to take on roles traditionally dominated by men, such as Design Engineer and Warehouse Manager.

Additionally, the new Graduate Program promotes cultural exchange, and we are excited to soon welcome a member of the program for a six-month exchange, creating a valuable opportunity for cross-collaboration between our Turkish and Danish colleagues.

Case: SammenomJOB Award – Recognizing Inclusive Employment

As part of our commitment to diversity and social responsibility, we are proud to have received the SammenomJOB Award, an esteemed recognition from Kolding Municipality in Denmark.

This award is given to companies that demonstrate exceptional dedication to creating sustainable and inclusive employment opportunities, ensuring that individuals from diverse backgrounds, including those facing barriers to the labor market, are given the chance to thrive.

Sammen om Job ("Together for Jobs") is a Kolding Municipality initiative, promoting inclusive employment. It supports businesses integrating people with disabilities, long-term unemployment, or social/health challenges into the workforce. The initiative encourages collaboration between businesses, public institutions, and social enterprises to create meaningful job opportunities.

Winning this award highlights our commitment to diversity, equal opportunities, and social inclusion, aligning with our broader ESG goals.

Social

Our Employees

HEALTH & SAFETY

We are committed to establishing and maintaining a healthy and safe working environment for all our employees, suppliers, and visitors. Our employees operate globally, both at our five entities and at customer sites, where they conduct service and maintenance activities. Given the scope of our operations, adopting a global approach to health and safety is of great importance to us, and we are committed to managing critical safety and security risks across all areas of our business.

At the end of 2024, our incident frequency rate was 5.9, showing a 30% improvement from 8.4 in 2023. Although we did not meet our 2024 target of 5, this progress demonstrates our commitment to improving workplace safety. For 2025, we have set an ambitious target of reducing incident frequency to 2.

The severity of incidents has improved by 50% compared to 2023, reflecting our focus on reducing workplace accidents.

Our 2024 safety initiatives included workshops, training sessions, and motivational competitions to strengthen our safety culture. Additionally, we launched an enhanced safety dashboard that displays key safety performance indicators across all entities.

Health and Safety have long been top priorities for Gram Equipment, with the monthly status of incident frequency and severity regularly reported to Group Management.

To further emphasize its importance, starting in 2024, incident frequency has been designed as a strategic TTI (Target to Improve).

Progress is monitored and reported monthly to the organization with the same level of visibility as our commercial and financial targets. Elevating incident frequency to a strategic TTI reflects both our responsibility to safeguard employee health and safety and our ambition to achieve long-term improvements, with the ultimate target of reaching zero incidents.

Since 2022, we have used an HSE app that enables employees to report safety observations and near-miss incidents. In 2024, 523 observations were reported, nearly doubling the 278 from 2023. This increase demonstrates a fully implemented system and a growing culture of safety reporting, as previously unreported observations are now being brought forward.

USA Initiatives

Starting in 2024, the Gram Equipment USA office has integrated safety training into its onboarding process, along with a Hazard Communication Program and updated safety sheets for chemicals in the warehouse and canteen.

The employees who work at customer sites complete the customer-required safety training every year. We were pleased to report 0 incidents for our 2024 OSHA compliance reporting to the US government and we will strive to have the same goal for 2025.

In 2025, we continue to focus on training and awareness. Additionally, we plan to develop an accident reporting application to improve accident reporting processes.

CALCULATION STANDARD

LTI (Lost-Time Injuries) frequency is calculated based on the number of lost-time injuries per million exposure hours. Lost-time injuries refer to accidents resulting in an employee being unfit for work on any day following the incident.

ILO calculation standard:
Number of LTI * 1.000.000 / Total Working Hours
The Gram Equipment performance is measured as the LTM (last twelve months) result.

DATA LIMITATION FOR CHINA RESOLVED

Until 2023, the reported LTI frequency was based on lost-time injury data and total working hours from Gram Equipment entities in Denmark, Türkiye, Italy, and the US. However, valid data from our entity in China was not available.

In 2024, establishing the necessary framework to obtain valid data from China was a priority. We have successfully secured the required data, and for the first time, Gram Equipment China is included in the 2024 LTI reporting.

Social

EMPLOYEE WELL-BEING & MOTIVATION

Our employees are the driving force behind the company's growth and innovation. Building a culture where our employees feel inspired to bring their best selves to work is essential to our success and a core company value. We strive to foster an open dialogue with all employees, promoting transparency and involvement. To facilitate this, we hold regular Town Hall meetings that encourage direct communication and feedback.

In November 2024, our annual Employee Net Promoter Score (eNPS) survey received an 89% response rate, up from 85% in 2023. However, the 2024 eNPS score dropped to 18, down from 23 in 2023. This decline reflects trends from 2021 and 2022, when the eNPS was 15.

To improve employee satisfaction and engagement, we have initiated new actions. Our 2025 goal is to achieve an eNPS of 27, maintaining the same ambitious target from 2024.

We offer hybrid work policies that employees highly appreciate. Administrative staff can work remotely for up to two days per week, providing them with greater flexibility. Shopfloor and administrative employees also benefit from flexible working hours, which help them maintain a better work-life balance.

Strong leadership plays a crucial role in employee engagement. Every new leader participates in our internal leadership program, designed to develop skills and build professional networks. In 2024, we introduced new leadership training, bringing together 22 global leaders from Denmark, Türkiye, the US, and China to strengthen their management capabilities. Additionally, Gram Leadership Days 2024 was attended by 50 leaders worldwide, focusing on AI's role in improving productivity and motivation and fostering insightful discussions on the future of leadership and innovation.

USA Initiatives

We have started a quarterly "Well Being" campaign. In the first quarter of 2025, focus will be on healthy habitus such as employees eating well, ergonomic at the desks and chairs, etc. Every quarter, we will pick a new topic and have handouts for our employees. Next quarter we will focus on Mental Health.

Türkiye Initiatives

On a local level, we also focus on employee engagement through monthly birthday gatherings in our Izmir office, where team members can share feedback, ask questions, and communicate openly with local management in a welcoming environment.

EMPLOYEES OF OUR SUPPLIERS

We acknowledge the risks associated with global business operations, particularly concerning human rights, corruption, and fair labor practices. We uphold fundamental human rights, promote equal opportunities, support freedom of association for workers, and prohibit child labor, forced labor, and discrimination.

We are also committed to ensuring fair wages and safe working conditions. Our Employee and Supplier Codes of Conduct and our commitment to the UN Global Compact reflect these principles.

We enforce a zero-tolerance policy for unethical commercial behavior, including bribery and corruption. Our Supplier Code of Conduct requires all suppliers to comply. In 2023, we started a collaboration with EcoVadis to assess supplier ESG risks and performance.

In 2024, we began inviting suppliers for evaluations based on their risk levels. More details are available in the Supplier Risk Assessment and Rating section under Governance.

EMPLOYEES OF OUR CUSTOMERS

We prioritize customer safety by ensuring that the equipment we supply are safe to operate. During the design phase, engineers focus on safety compliance. We also develop targeted training materials to educate customers and their employees on proper equipment use, minimizing workplace hazards.

Customer Safety was included in the 2023 ESG report but will not be reported in 2024. This decision is based on the results of the 2024 Double Materiality Assessment, which determined that Customer Safety fall below the materiality threshold.

Governance

Risk Management

Risk Management was included in the 2023 ESG report but will not be reported in 2024. This decision aligns with the CSRD framework, where Risk Management is not defined as a standalone ESG reporting topic.

Instead, general risk management will be covered in the financial annual report, while ESG-related risks will be addressed within the respective ESG topic sections.

Ethics and Business Processes

EMPLOYEE CODE OF CONDUCT
Our Employee Code of Conduct guides ethical behavior and is an essential part of our onboarding process. Since 2019, signing the Code has been mandatory for all new hires. It is included in employment contracts and introduced in onboarding meetings.

Gram Equipment Academy initiated e-learning for all employees, to remind everyone of the great importance of the Code of Conduct.

By the end of 2024 96% had gone through the training. This was a major improvement from 78% in 2023. We aim to continue this high compliance rate in 2025.

WHISTLEBLOWER SYSTEM
We maintain a whistleblower system to ensure employees can safely report ethical concerns. Since 2021, this platform has been available on our company website and intranet. In December 2024, we received one case, which was reviewed and found to have no major implications.

ETHICAL BUSINESS CONDUCT
Our ethical business practices are reinforced by our Supplier Code of Conduct and Employee Code of Conduct. These policies cover anti-corruption, fair competition, and anti-discrimination. We also take a proactive approach to data protection, ensuring we prevent abuse and privacy infringements while mitigating legal and libelous risks.

Responsible Supply Chain Practices

SUPPLIER CODE OF CONDUCT
We work closely with suppliers to ensure high ethical standards. Signing our Supplier Code of Conduct is a mandatory part of onboarding for all suppliers. This policy applies to all providers of materials, spare parts, and services for Gram Equipment.

The latest major update, completed in 2022, aligned the Code with the ten principles of the UN Global Compact and our company strategy.

In 2023, we implemented a new ERP system, improving access to global supplier data. This system now includes documentation for signed Supplier Code of Conduct agreements. A baseline measurement showed that 49.7% of 2023 spending was covered by signed agreements.

For 2024, our goal was 75% compliance, but we reached 65%, which is a 15% point improvement.

Responsible Supply Chain Practices

This progress was achieved through a targeted campaign, actively engaging supplier relationship owners to encourage suppliers to sign the Supplier Code of Conduct.

Our 2025 target remains 75%, covering both direct and indirect suppliers. Direct suppliers provide production materials and spare parts, while indirect suppliers include consultants, canteen services, and non-production vendors.

We have observed that many large international suppliers follow a corporate policy of not signing customer-specific Codes of Conduct, instead referring to their own Code of Conduct, which they claim meets or exceeds our requirements.

To account for this, we have adapted our Supplier Code of Conduct performance measurement by allowing these cases to be individually evaluated.

As a result, our 2025 target of 75% compliance will include spend covered by either a signed Gram Equipment Supplier Code of Conduct or an equivalent Supplier Code of Conduct held by the supplier.

SUPPLIER RISK ASSESSMENT AND RATING
Since 2023, we have collaborated with EcoVadis, a global sustainability assessment platform, to evaluate supplier ESG risks.

In 2024, we assessed all global suppliers of production materials and spare parts with active purchases in 2023.

The risk evaluation considered industry- and country-specific ESG risks. Following this, we invited selected suppliers to undergo EcoVadis assessments to gain deeper insights into their actual ESG performance. We prioritized high-risk suppliers for these assessments.

In 2025, we will temporarily pause certain sustainable procurement activities, including EcoVadis risk assessments. Our procurement strategy will prioritize operational performance, efficiency, and resilience.

However, we remain committed to responsible sourcing and will continue refining how we integrate ESG factors into procurement activities. Over the next few years, we will expand supplier assessments to further reduce supply chain risks.

Initial EU Taxonomy Assessment

The EU Taxonomy is a classification system that defines environmentally sustainable economic activities. It aims to guide investments toward sustainability.

Currently, Gram Equipment is not required to report under the EU Taxonomy as the regulations gradually phase in for different company sizes.

However, we have conducted a preliminary assessment to prepare for future compliance. Our analysis shows that Gram Equipment's main business activity falls under NACE code C28.93 - the manufacture of machinery for food, beverage, and tobacco processing.

Under the current EU Taxonomy framework, this activity is not classified as eligible.

In 2025, we will determine the eligibility of other additional activities within Gram Equipment. Based on our current understanding of the regulatory framework, we anticipate that 2025 will be our first reporting year under the EU Taxonomy.

However, this remains subject to change, depending on the outcome of the Omnibus negotiations, the development and implementation of the EU Taxonomy, to incorporate any amendments to the eligible economic activities that are relevant for our activities.

ESG Data

ESG Key Performance Indicators

	TARGET		RESULT			
	Definition	2025	2024	2023	2022	2021
Environment data						
CO$_2$e Scope 1	Tons	Developing SBTi decarbonization plan including reduction targets for the coming years	372	424	479	465
CO$_2$e Scope 2 (location-based)	Tons		530	474	367	346
CO$_2$e Scope 3 2021-2023: Not full scope - only selected data	Tons		67469	2644	3847	1639
Total renewable energy share (location based)	%	25	23.4	21,7	20,5	25,9
Total renewable energy share (market-based)	%	22	19.9	n/a	n/a	n/a
Waste Recycling Rate Denmark	%	89	86,3	85,6	83,3	79,3
Social data						
Gender diversity	%	20	18	18	18	16
Female new hires	%	25	21	23	26	16
Women managers L1 + L2	%	28	25	25	22	22
LTI frequency	Rate	2	5,9	8,4	13,5	10,9
Absence rate by employee groups	%	n/a	n/a	Production 4,7 Administration: 0,8	Production: 4,5 Administration: 1,2	Production: 4,1 Administration 0,9
Absence rate total	%	1,8	2,2	2	2	n/a
eNPS	Score	27	18	23	15	15
Employee survey response rate	%	100	89	85	84	85
cNPS	Score	Tier 1: 18 Tier 2: 27	n/a	Tier 1: 18 Tier 2: 27	n/a	Tier 1: 25 Tier 2: 31
Governance data						
Gender diversity on the board	%	16,7	16,7	16,7	0	0
EcoVadis rating	Score	Silver	Silver	Bronze	n/a	n/a
EcoVadis score	Score	78	68	58	n/a	n/a
Supplier CoC of total spend	%	75	65	49,7	Data not available	75
Employee CoC compliance	%	100	96	78	Data not available	Data not available

Environmental Data

CARBON FOOTPRINT DATA

The carbon accounting is developed according to the guidance documents from the Greenhouse Gas Protocol. The organizational boundaries applied are the operational control approach. The report provides a comprehensive account of greenhouse gas (GHG) emissions across Scope 1, 2, and 3. 2024 marks the first year of a full Scope 3 inventory, whereas previous reports included only a limited number of Scope 3 categories. It is important to highlight that the significant increase in reported Scope 3 emissions primarily results from the inclusion of additional categories in the reporting scope and should not be interpreted as an actual rise in emissions. Moving forward, 2024 will serve as the base year to compare emission levels.

Scope 1

Scope 1 GHG emissions are calculated based on the amount of direct energy (fuel) and refrigerant leakage. In 2023, we implemented a procedure to eliminate refrigerant emissions during freezer testing at our entity in Türkiye. Based on this improvement, our 2023 ESG report stated that no further refrigerant emissions would be reported under Scope 1 for 2024. However, despite these efforts, some refrigerant emissions were still recorded in 2024. A thorough investigation was conducted to identify the root cause, and a corrective action plan is now in place. This plan is designed to prevent recurrence and ensure that similar issues do not arise in 2025.

Scope 2

Location-based scope 2 GHG emissions are calculated based on consumed electricity and heading purchased from third-party providers, using location-specific emission factors. Market-based Scope 2 GHG emissions, on the other hand, are calculated based on consumed electricity and district heating, purchased from third-party providers and applying country-specific market-based emission factors. In markets where Gram Equipment purchases renewable electricity, these emissions are calculated as part of the market-based Scope 2 GHG emissions, provided the necessary documentation is available. Certified green energy is only purchased by Gram Equipment in Denmark, this is based on guarantees of origin certificates under the conditions set out in DIRECTIVE 2009/28 / EC of the European Parliament and of the Council of April 23, 2009.

Scope 3

This year, data has been included for all relevant Scope 3 categories. The aim is to prioritize activity-based data in all cases wherever available and feasible within resource constraints.

Where activity-based data was not obtainable, the spend-based method was applied.

Value chain GHG emissions (scope 3 GHG) represent the total CO$_2$ equivalent emissions from Gram Equipment's value chain activities. Out of the 15 Scope 3 categories defined by the GHG Protocol, 10 categories have been identified as applicable to Gram Equipment's business model and activities.

The excluded categories are:
- ► **Category 8** - Upstream leased assets, since we do not engage in these types of activities.
- ► **Category 10** - Processing of sold products, since we do not sell products for third-party processing.
- ► **Category 13** - Downstream leased assets, since we do not engage in these activities.
- ► **Category 14** – Franchises, since we do not operate under a franchise model.
- ► **Category 15** – Investments, since we do not hold investments that fall within the scope for GHG reporting.

Value chain activities in scope for GHG reporting:
- ► **Category 1 – Purchased goods and services**

Purchased goods and services are categorized into two groups: direct and indirect. Indirect purchases (e.g., canteen services, consultants) are reported based on financial data. Direct purchases include production input materials for equipment and spare parts.

Environmental Data

These are primarily reported using activity-based data, based on item weight. A small portion of purchased items is reported using the spend-based method.

Category 2 – Capital goods
The carbon reporting of capital goods follow the thresholds defined for the financial capital goods reporting. Therefore, different thresholds are applied based on the country specific monetary thresholds for capital goods. Capital goods includes both material and immaterial assets.

Examples of capital goods: software, consultants and hardware for larger IT projects, furniture and office and production equipment. Reported based on financial data, with the spend-based method applied in most cases. In some instances, reporting is also based on mass.

▶ **Category 3 – Fuel and energy-related activities**
Emissions are reported based on the actual fuel procured and consumed. This accounts for the upstream emissions from electricity and WTT emissions from fuel.

▶ **Category 4 – Upstream transportation and distribution**
Emissions are reported based on transportation data recorded in operational systems and data provided by freight suppliers.
Assumptions: For upstream transportation and distribution, assumptions have been made regarding freight costs and transportation modes, in cases where financial or activity data was not available.

▶ **Category 5 – Waste generated in operations**
Emissions are reported based on the amount and type of waste. Where specific waste weights were unavailable, assumptions were made based on waste handling costs. In the 2023 ESG report, we reported an increase in emissions from the waste category "Refinery sludge waste, incinerated" due to intensified activities at our Ice Cream Technology test center. However, in 2024, we identified that this classification was incorrect in the previous year's reports.

The category has now been updated to "Organic sludge, recycled", significantly reducing the reported environmental impact of this waste type.

▶ **Category 6 – Business travel**
Emissions from business travel are primarily reported using the spend-based method, utilizing financial data. A smaller portion is reported using activity-based data.

▶ **Category 7 – Employee commuting**
Emissions are reported based on employee head-counts at each location, estimated commuting distances, and transportation modes.

▶ **Category 9 - Downstream transportation and distribution**
Emissions are reported based on data recorded in operational systems, along with estimates for transportation modes and distances.
Assumptions: In cases where weight data was unavailable, estimates were made based on available data.

▶ **Category 11 – Use of sold products**
Emissions are calculated based on activity data for sold equipment, estimated energy consumption, and use-phase scenarios. This also includes an estimate for the use-phase refrigerant leakage. To account for regional differences, location-based electricity emission factors are applied, reflecting country-specific energy grids based on customer locations. Indirect

emissions are not included in this inventory. Indirect emissions include cooling capacity, pressurized air, and electricity for cleaning provided by machinery outside of Gram Equipment. Additionally, within the scope of GHG accounting, food waste from ice cream ingredients is not classified as an indirect emission.

▶ **Category 12 – End-of-life treatment of sold products**
This category covers the emissions from future end-of-life handling of equipment and spare parts sold in the reporting year, as well as the packaging materials used for shipments of the sold goods. Emissions are reported based on data recorded in operational systems, along with estimated waste management method ratios for each region.

The Current Plan for 2025:
Reductions: In 2025, we will focus on developing a decarbonization plan and setting targets for emission reductions in the coming years. The plan is expected to be submitted to the SBTi for validation by the end of 2025. The primary focus will be on selecting reduction areas for category 11 - Use of Sold Products, along with other categories with the highest potential impact for reduction. The reduction initiatives will be mapped through workshops involving both internal and external stakeholders.

Scope 3, Category 1 - Purchased Goods and Services: Obtaining supplier-specific data using an impact-based prioritization approach, allowing for a transition from average data to supplier-specific data for specific materials and suppliers. Collecting for items previously reported using the average weight or spend–based method, enabling an improvement from spend-based to activity-based reporting. Enhancing data quality not

only in Category 1 but also in Category 4 and Category 12, as the weight of purchased items is applied in these categories as well.

Scope 3, Category 11 - Use of Sold Products: Validating the use-phase scenario and conducting use-phase measurements for equipment in operation.

TOTAL RENEWABLE ENERGY
Certified green energy: The renewable energy share is based on purchased certified climate-friendly energy at our headquarter and largest production site in Kolding, Denmark. The other entities have multiple nonrenewable sources for heating and electricity. We started purchasing certified climate-friendly energy for Kolding, Denmark on November 6, 2020. This is based on guarantees of origin under the conditions set out in DIRECTIVE 2009/28 / EC of the European Parliament and of the Council of April 23, 2009, on the promotion of energy use from renewable sources.

WASTE RECYLING RATE DENMARK
This KPI was in previous years named "Waste management Denmark", while the name has been changed to "Waste Recycling Rate Denmark" for 2024. The name has been changed to ensure an accurate representation of the data covered by the KPI. No change has been made to the methodology or accounting principles.

The waste in Denmark is collected and handled by the ISO14001 certified provider Marius Pedersen in accordance with BEK # 2512 of 10/12/2021. The different waste types are weighed and registered for recycling. This is only measured in Kolding, Denmark and thereby, the percentage is only reflecting data from this entity.

Social Data

GENDER DIVERSITY
Percentage of women in total workforce, based on headcount at year-end.

FEMALE NEW HIRES
Percentage of women among the total number of new hires within the reporting year.

WOMEN IN LEADERSHIP L1 + L2
In previous years, the definition of women in leadership was based on the percentage of C-level managers and managers reporting directly to them, calculated by headcount. At Gram Equipment, we also use the concept of Extended Management, which is defined based on strategic responsibility. In addition to C-level managers, this group includes other managers, who do not report directly to C-level managers but hold strategic responsibilities, as well as strategic managers without direct employee responsibility.

To align the externally reported KPI with our internal definition, the accounting principle for the women in leadership data point has been updated in 2024. Going forward, we will report women in leadership L1 + L2 based on strategic responsibility. The calculation remains headcount based as of year-end. In 2023, we reported a 25% share of women in leadership. Under the updated accounting principles, the 2023 result would still have been 25%.

LTI FREQUENCY
Calculation standard: LTI (lost-time injuries) frequency is calculated based on the number of lost-time injuries per million exposure hours. Lost-time injuries include all accidents that result in a person being unfit for work on any day or shift following the day of occurrence. ILO calculation standard: Number of LTI * 1.000.000 / total working hours. The Gram Equipment performance is measured as the LTM (last twelve months) result. In previous years, LTI frequency data was not available for our sales office in China.

However, 2024 marks the first year where no data limitation exists, ensuring that the reported LTI frequency includes all Gram Equipment entities.

ABSENCE RATE
Short-term absence refers to absences lasting fewer than four consecutive weeks, calculated as a percentage of total hours produced. In previous years, we reported the absence rate separately for administration employees and production employees. However, for 2024, we have decided to change the reporting principle to report a single, total absence rate for all employees. This adjustment aligns with industry best practices observed among peer companies. To ensure comparability with previous years, we have included the total absence rate for 2023 and 2022, even though it had not been reported previously.

eNPS (Employee Net Promoter Score)
The employee NPS methodology follows the Net Promoter Score methodology developed by Bain & Co in 2003.

The Employee survey response rate is included in the data section for the first time in 2024, while the 2023 and 2022 results was reported as part of the text sections in the respective annual reports. The 2021 figures have been included for comparison, while it have not previously been reported.

cNPS (Customer Net Promoter Score)
The customer NPS methodology follows the Net Promoter Score framework established by Bain & Co in 2003. The cNPS is conducted every other year.

A customer survey was conducted in early 2023, and the next survey has been scheduled for 2025.
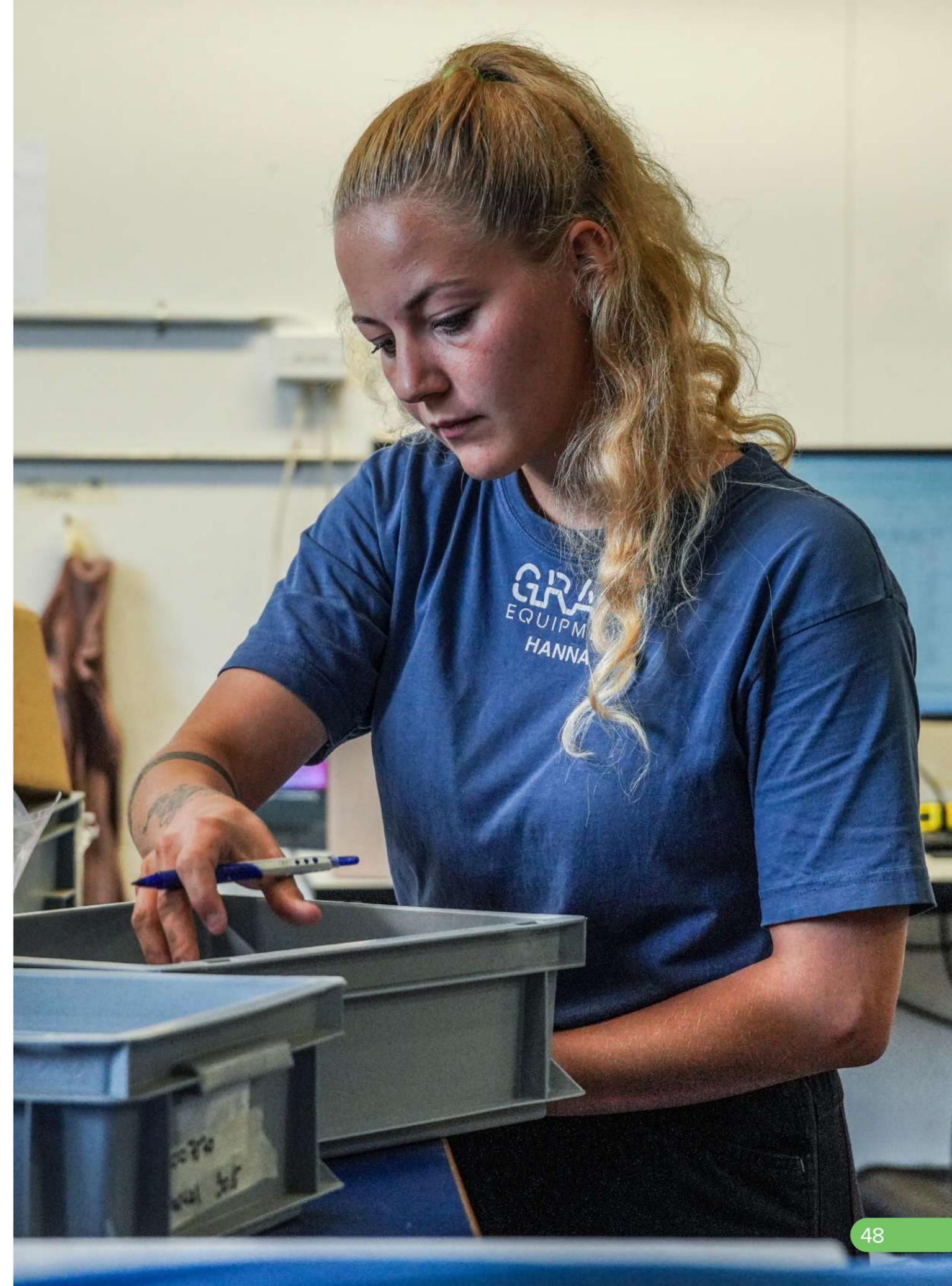
Governance Data

GENDER DIVERSITY ON BOARD

Percentage of women among the total number of board members at year-end. This calculation excludes employee representatives and includes only professional board members. In 2024, there were no changes in the gender composition of the board of directors. For 2025, there is no set target to increase the number of female board members. However, our long-term goal remains to establish gender equality on the board.

ECOVADIS RATING

The EcoVadis assessment is conducted based on a self-assessment questionnaire supplemented by supporting documentation for all answers. The evaluation is divided into four categories: Environment, Ethics, Labor and Human Rights, and Sustainable Procurement.

The impact of each category is weighted by EcoVadis, based on the industry in which the company operates. The number of questions in the assessment is adjusted based on the size of the company undertaking the evaluation. All submitted documentation is analyzed by EcoVadis, and each response is assigned an individual rating. The overall rating score ranges between 0 and 100.

Gram Equipment is classified under 'Manufacture of Special-Purpose Machinery' and falls within size group M (Medium), which applies to companies with 100 to 999 employees. The assessment is conducted at the group level, covering our headquarters in Denmark and our four international entities.

SUPPLIER CODE OF CONDUCT COMPLIANCE IN TOTAL SPEND

From 2024 onward, the Supplier Code of Conduct compliance ratio will include spend covered by either a signed Gram Equipment Supplier Code of Conduct or an equivalent Code of Conduct held by the supplier.

We have observed that many large international suppliers follow a corporate policy of not signing customer-specific Codes of Conduct, instead referring to their own Code of Conduct, which they claim meets or exceeds our requirements. To address this, we have adapted our Supplier Code of Conduct performance measurement from 2024, allowing these cases to be individually evaluated.

Spending associated with governmental institutions, such as tax payments, ATP, and The Danish Industry Foundation, has been excluded from the Supplier Code of Conduct compliance measurement. This practice was implemented in 2023 and has continued in 2024.

GENDER IN MANAGEMENT

At Gram Equipment, we are committed to fostering a workplace where all employees can participate, contribute to the company's success, and be valued for their skills, experience, and unique perspectives.

We recognize and appreciate all employees for their skills, knowledge, and unique viewpoints, regardless of gender, age, nationality, religion, sexual orientation, language, political opinions, or disabilities. We encourage all qualified candidates to apply for our open positions, including L1 and L2 managerial roles, of which 26% are currently held by women. In Türkiye, we have recruited many young women directly from university.

We celebrated March 8, International Women's Day, reinforcing our support for women and encouraging them to aspire to leadership positions.
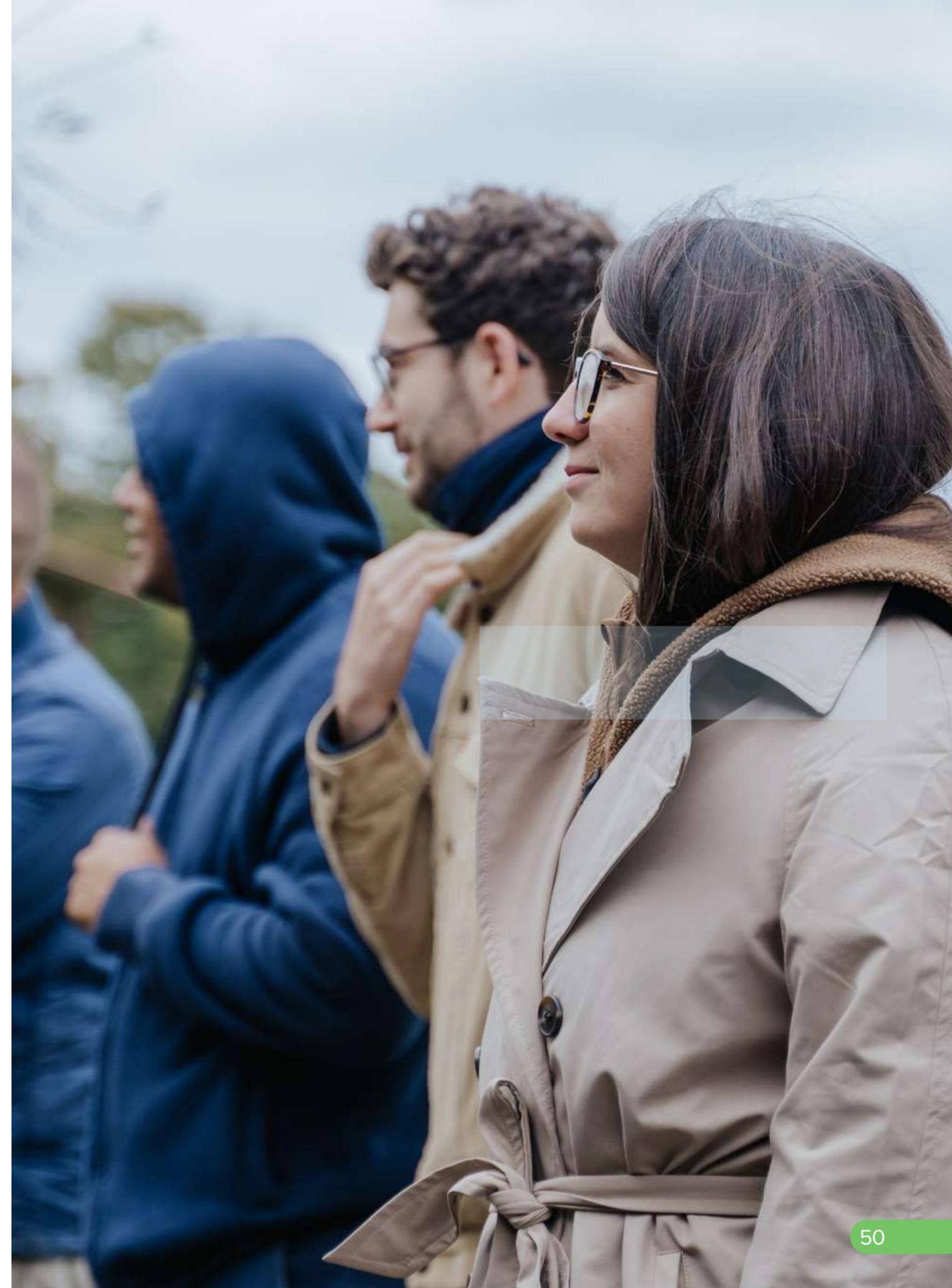
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