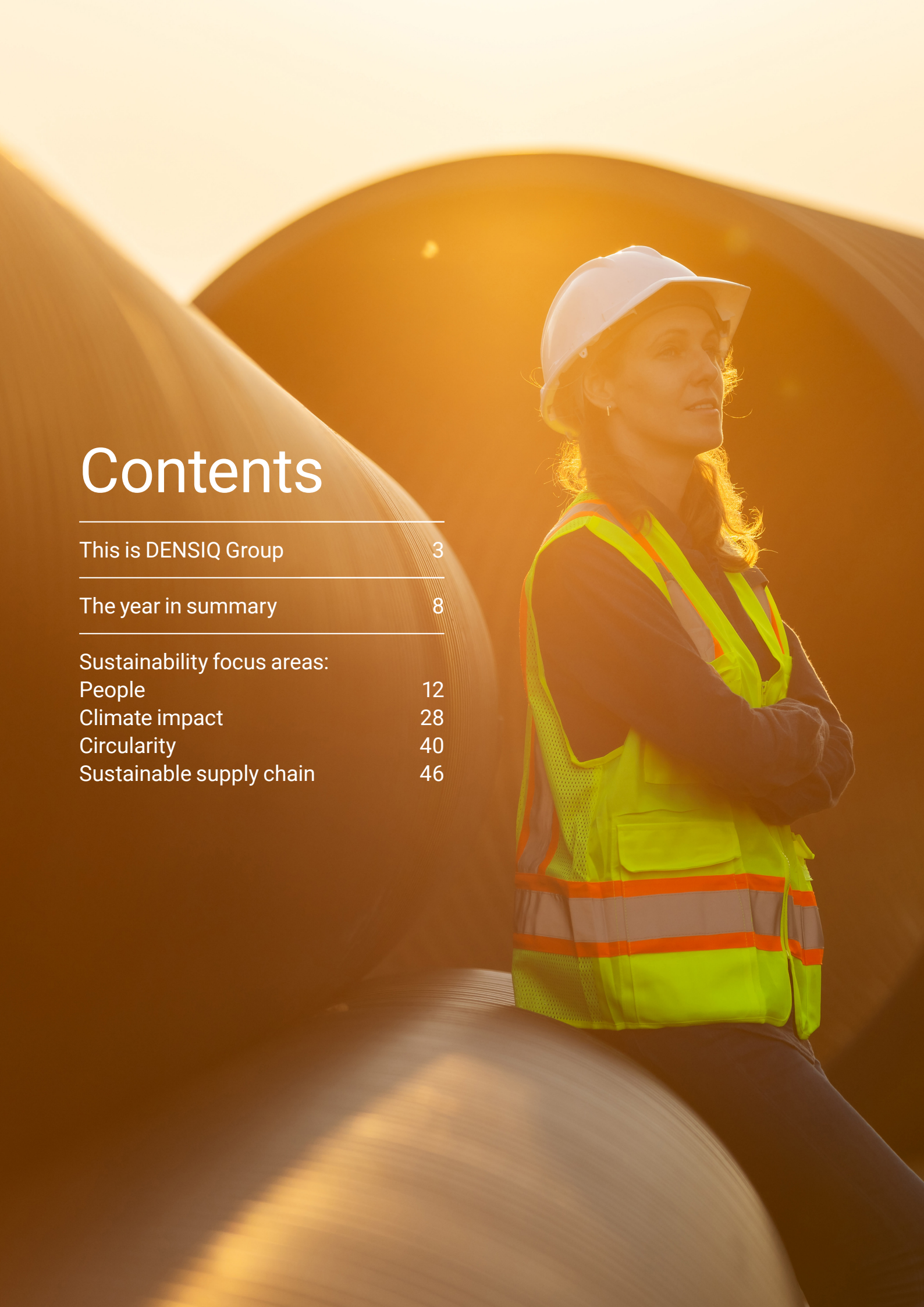
ANNUAL **SUSTAINABILITY** REPORT 2024

DENSIQ Group

WE DO WE DARE **WE CARE**



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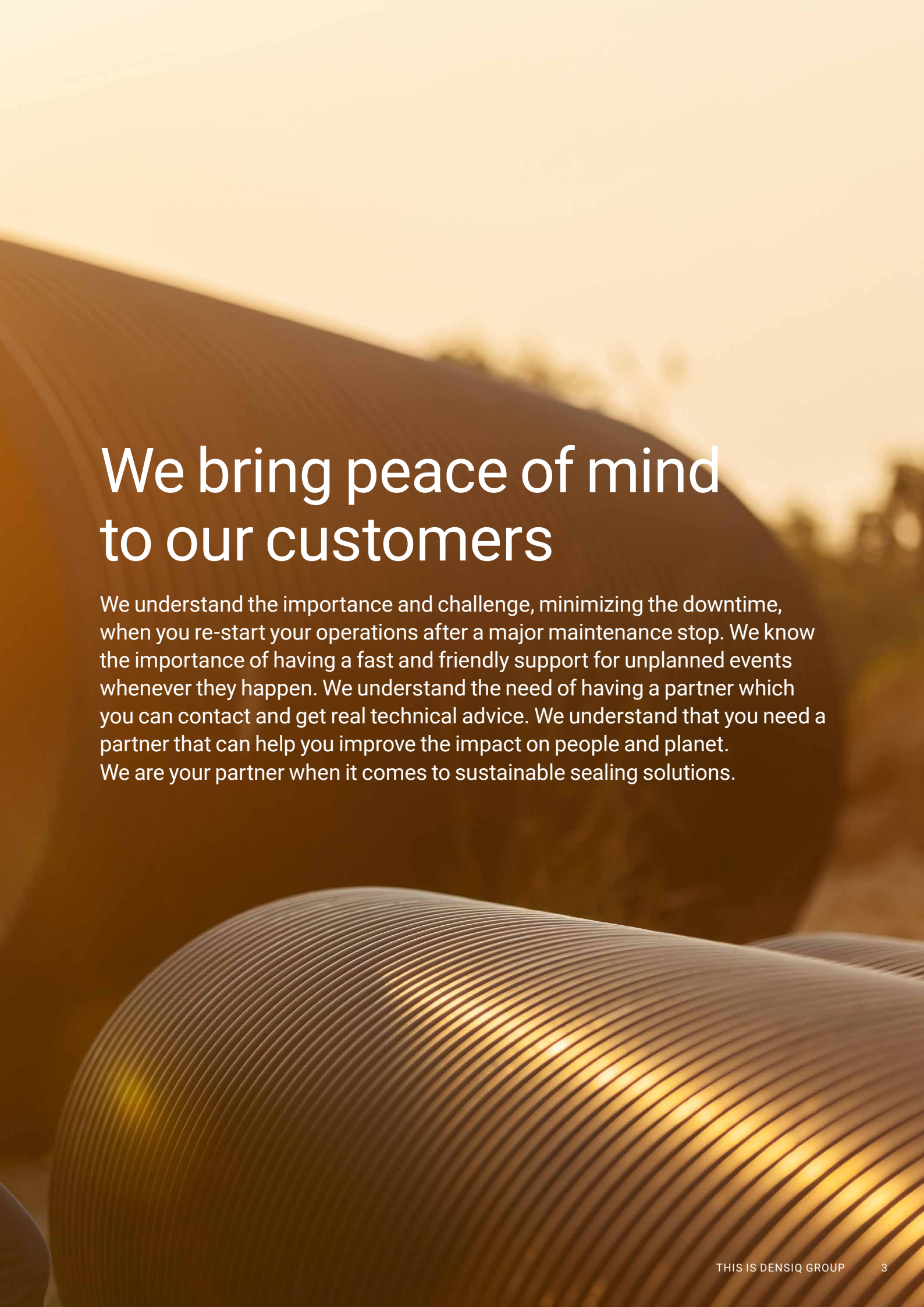


We bring peace of mind to our customers

We understand the importance and challenge, minimizing the downtime, when you re-start your operations after a major maintenance stop. We know the importance of having a fast and friendly support for unplanned events whenever they happen. We understand the need of having a partner which you can contact and get real technical advice. We understand that you need a partner that can help you improve the impact on people and planet.
We are your partner when it comes to sustainable sealing solutions.

The future of sealing solutions. Today.

DENSIQ Group is a wholly owned subsidiary of Investment AB Latour and a leading European producer and supplier of sealing technology. We offer products in static, dynamic and rotating sealing solutions and a broad range of connected services, including on-site machining and leak sealing during operation. DENSIQ Group works closely with the customer, allowing us to offer the highest operational reliability and minimize downtime. The DENSIQ Group family is constantly growing, and we strive for a broad workforce with a variety of vital skills that contribute to a diverse working environment.

Our brands

DEPAC

VM KOMPENSATOR

DENSIQ®

Vision

To deliver peace of mind to our customers

Mission

To provide our customers with the most suitable solution to their needs based on a strong and relevant portfolio of products and services within sealing technology

Values

Our values are born from our history and our diverse culture. The values will guide us in how to take decisions, how we do business and how to prioritize our job.

We do

We act fast and as a TEAM.

We keep deadlines and deliver on our promises.

We seek to always develop ourselves as individuals and as a team.

We dare

We dare to go our own way.

We dare to challenge ourselves and move boundaries.

We dare to be open-minded, admit mistakes, share and learn from them.

We care

We do business with concern for people, the environment and society.

We deliver with high ethics and morals.

We care about the welfare of our company and our colleagues.

Products

- Mechanical seals
- Seals & Gaskets
- Expansion joints
- Support products

Services

- Leak sealing during operation
- Retubing
- Wrapping
- Valve logistics
- On-site production
- Repair and refurbishment of mechanical seals
- On site machining
- Hydraulic bolt tensioning
- Valve testing on-line
- Installation
- Inspection

The year in summary

We have just finished 2024 and we have yet another year behind us. It's time to reflect, analyse and make new plans to continue to improve our impact on people and environment.

Safety always comes first! We have had some minor accidents during the year and in one case a person was absent from work for some days. We need to continue our work with improving our safety culture making sure that all of us is coming home safe after work, now and in the future. Part of that safety culture is that we take every opportunity to improve safety and act where we see safety risks.

During the year, we focused on leadership and carried out a Leadership program for all managers in DENSIQ Group. The leadership journey contained 5 modules in different locations in a total of 13 days. The course includes relevant theories, their application and a cross-national improvement project. Focus is to build a robust, competent and stabile group of leaders and at the same time find synergies in business and cross collaborations in the Group.

This year we have a spent a lot of efforts on understanding our climate impact and our contribution to the global warming. We have had dedicated team to collect data for scope 3 and we have taken the next steps in understanding our contribution of greenhouse gases into the atmosphere. Evident is that the consumption of materials is a main driver for our climate impact and it´s time to address the material areas and seek for improvements together with both customers and suppliers.

Related to scope 3 emissions we have taken the next step and made Life Cycle Assessment on mechanical seals comparing manufacture a new seal and refurbish a seal. Its interesting to see how we can reduce our impact on the climate if we together with our suppliers and customers develop the repair and refurbishment business model. Read more about this in our report.

Positively, we see that we are continuing to reduce our CO2 emissions for scope 1 & 2 and we are well aligned with our reduction targets. 19% vs our baseline year 2022! The main driver for this is our ongoing transfer to Electrical Vehicles and that we use 100% renewable electricity in all our locations.

Fredrik Sjödell, Sustainability Director DENSIQ Group.

In 2024 we reached another important milestone! Our Danish Operations in VM Kompensator AS finalized their ISO 14001 certification. This means that all our companies are now holding a certified management system for both ISO 9001 and ISO 14001.

Looking into 2025 the focus will be to start more collaborations with our customers and suppliers. We need to work together to improve the impact our sealing solutions have on people and planet to reach our sustainability targets.

We do, we dare, we care!

The year in numbers

+160
employees around the world

~400
million SEK revenue

+100
years of experience

19%
reduction of CO2e (Scope 1&2) since 2022

100%
of our operations certified to ISO 14001 and ISO 9001

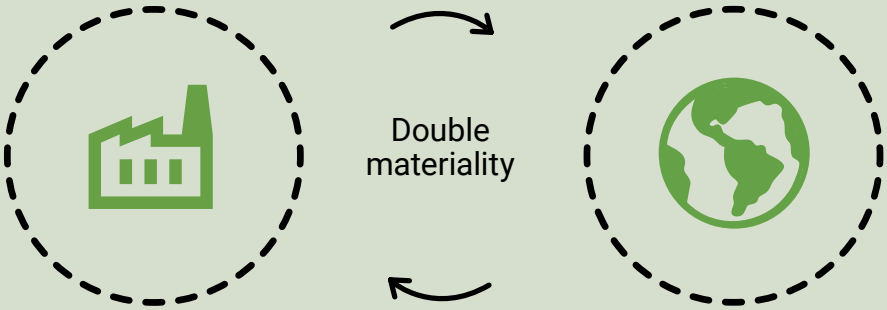
100%
renewable electric energy in all our operations. Energy index improved with 5%

Our impact

DENSIQ Group remains committed to monitoring, managing, and reporting on the focus areas in our sustainability agenda and regularly conducts materiality assessments. In 2024, we completed our first Double Materiality Analysis (DMA), with guidance from our owner Latour Industries, CSRD and the ESRS.

The DMA process involved identifying and assessing the material impacts that DENSIQ Group has on people and the environment – called impact materiality – and the material risks and opportunities that various ESG topics have on our business, referred to as financial materiality. These material impacts, risks and opportunities (IROs) were grouped under material topics related to the focus areas of our sustainability agenda.

Related to our focus areas and our sustainability policy we have a number of defined targets which we quarterly (some yearly) monitor and evaluate. These targets are deployed to our individual companies so that they can monitor and evaluate their performance and contribution. We are continuing with our established yearly rhythm by quarterly reporting, analyzing and follow up on our focus areas, material topics and related initiatives.



Impact materiality
Company impact on the people and planet

Finance and climate impact
Sustainability and climate impact on the company

Material topics	Our focus areas
Own workforce	People
Climate change	Climate impact
Circular economy	Circularity
Business conduct	Sustainable supply chain

Focus area: People

Why its important

Value chains depend on people and people depend on value chains for their income, life and wellbeing. DENSIQ Group can enhance the lives of the people in our value chains by respecting human rights in our workplaces, in our supply chains and local communities.

Our ambition

Creating and maintaining a safe, inclusive and motivating workplace with equal opportunities for all.

Material topics

Own workforce.

Employee health and safety

At DENSIQ Group we are committed to ensure the occupational health and safety of our employees, visitors or anyone that might be affected by our operations.

Our goal is to maintain a safe and healthy environment with zero accidents and work-related illness which is also anchored in our sustainability policy and indicators. Regular review and follow up on the most important metrics is done to make sure that all of our employees are focused on safety.

Our targets
- Zero Lost Time incidents.
- Zero Work related accidents.
- Transparency in number occurrences arising out of or in the course of work that could have resulted in an injury.

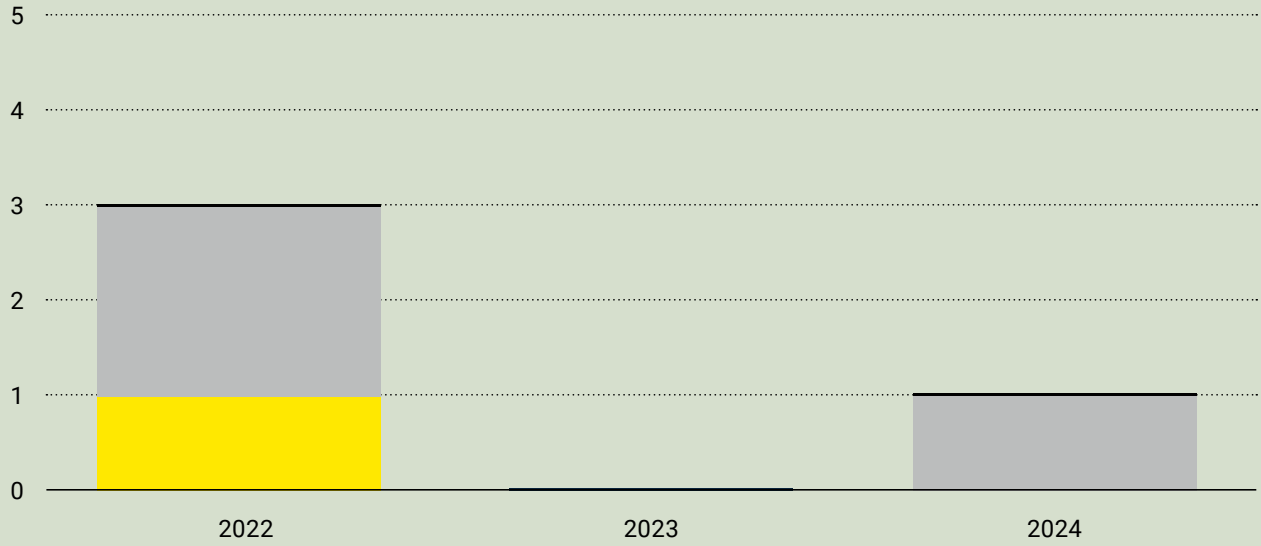
In 2024 we have had an increase in the number of accidents vs last year and we also see that the number of near-misses reported have decreased which is a trend we need to look into.

The nature of the accidents in 2024 was related to hand and finger injuries. Each case is evaluated and documented (accident report) for the true root causes and what can be done to prevent it to happen again.

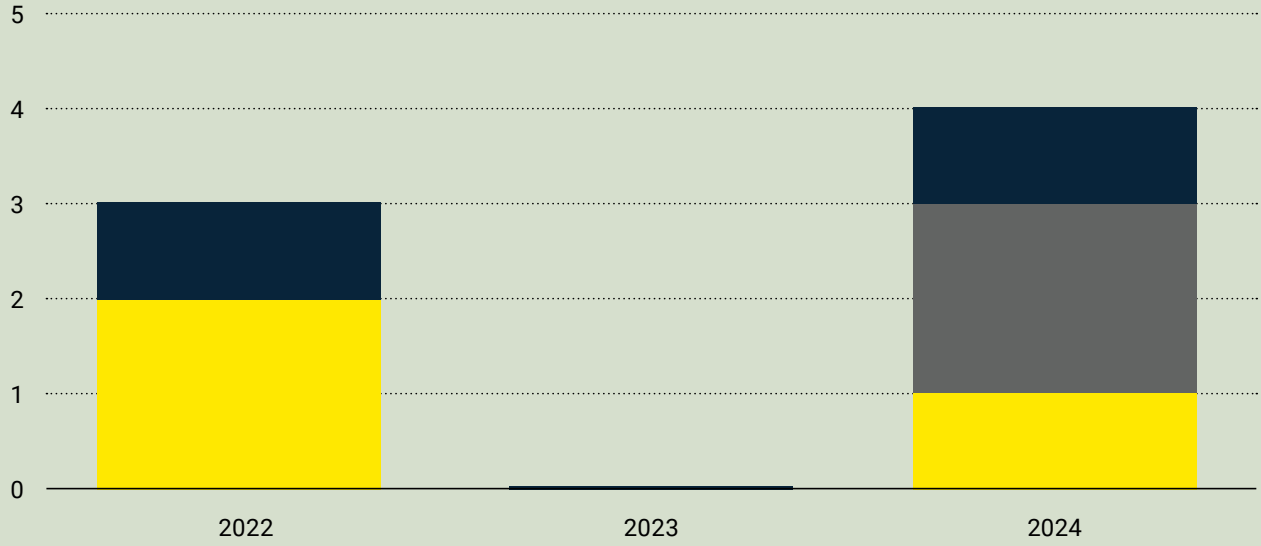
Key initiatives in 2024
- Increased focus on information and training in our online reporting system (DMS) to drive engagement when it comes to reporting and timelines.
- Introduced a health & safety checklist for each company to use and understand if the basic parts of the health and safety system is in place.
- First aid and CPR training was conducted in all our companies throughout the year making sure that we can help each other when the accident happens.

Outlook
- Continued focus supporting our companies to build stable processes for the regular work of assessing and reducing work related risks.

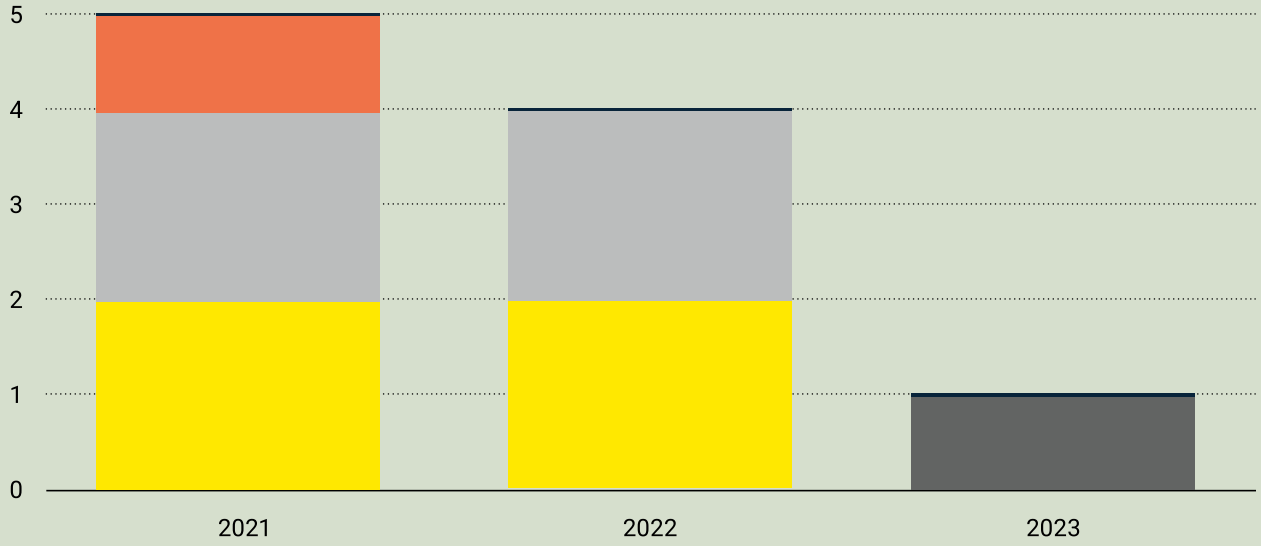
Lost time incidents



Accidents – NO LTI



Near miss incidents



DENSIQ AB DENSIQ AS DENSIQ OY DEPAC VM Kompensator

Peace of mind for our People

Since we are a rather small company, we need skilled, motivated and happy employees who dare to challenge themselves and who enjoy working for us.

We do our outmost to create a profitable, secure, fun, sustainable and challenging workplace.

We strive to provide a clear purpose, objectives, and the opportunity to develop. Just as important is making sure the necessary processes and tools are available. We believe our people grow in the balance between challenge and abilities. When our people succeed, our business grows accordingly.

Focus areas

- Developing and retaining our employees through training and on-the-job learning. Our goal is to fill 70% of our vacancies internally.
- Creating a safe and sustainable workplace and common identity by creating structure and processes, competent leaders and the opportunity to grow and exert influence.
- Seeking to score above the industry average on the Leadership Index (LI) and engagement. In addition, we measure the degree to which our employees are ambassadors for the company.
- Secure that we have key competencies for the future.

2024

In 2024, we focused on leadership and carried out a Leadership program for all managers in DENSIQ Group. The leadership journey contained 5 modules in different locations in a total of 13 days. The course includes relevant theories, their application and a cross-national improvement project. Except from building a robust, competent and stable group of leaders was also to find synergies in business and cross collaborations in the Group.

In general, we see that our leadership score is increasing and gives us the indication that we are moving in a desirable direction.

Like the past years indications in the market show that while people are seeking greater stability, salary is also an important factor when choosing an employer. One major future challenge will be to attract the right people, specifically within sales and service-related roles.

We improved our network in the Latour Group and work more systematically with development and succession. Amongst other we will use the same recruiting and banding tool within the Latour.

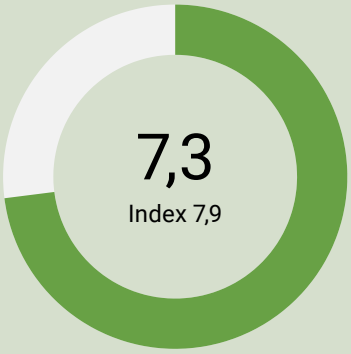
One common reflection and conclusion during the year is that we need to be better and faster in introducing new employees, but also employees holding new roles in the companies.

2025

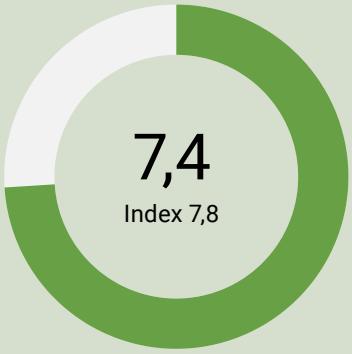
The world climate, recession and global uncertain times will this year more than before effect the labour market and the companies within DENSIQ Group. To keep our strategic focus and retaining our employees

Employee satisfaction index – Winningtemp*: Total: 7,1 (index 7,6), ENPS: -11 (index 12).

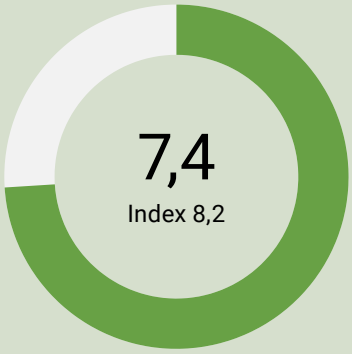
Leadership



Engagement



Teamwork



*Response rate 80%

is a challenge. We will keep enhancing our managers by offering training to new managers. As well as keep getting our processes and communication run even better. More of the mindset of keeping it simple.

Relaunching our engagement tool is also an action for 2025 with the intention to create more commitment and understanding to why and how we are using the tool. More importantly to keep the stress and ambiguity in the organization down.

How we onboard our employees will be high on the agenda, and we will investigate if we can be more structured and consistent together in the Group. Can we use a common platform, perhaps more film material and make it as ease and accessible as possible.

In May all the employees will meet up and spend time together, networking, relaxing and doing fun activities together during our DENSIQ Days. One important activity will be to celebrate and award employees that are role model in carrying out our values.

For the first time the entire sales force will meet and discuss sales approaches, customers and synergies but also get inspiration and tools in exceeding in the reaching of our sales goals.

Liselotte Lindell, HR Director at DENSIQ Group.

Community involvement.
Together for clean water – Solvatten.

Nearly two billion people in the world today lack access to clean water in the home. This has a negative impact on their health, equal opportunities, education and the environment. But there are solutions. The Swedish innovation Solvatten® helps families to purify water using the sun's rays[1].

This is supported by a foundation of the same name, which works with companies and organizations in various countries in order to reach out to families in need and thereby improve their quality of life.

Solvatten® is a smart, durable and easy-to-use portable water purifier that makes a big difference, above all for women and children all around the world. It feels only natural to support this, and we are doing so with the commitment of the entire organization. Solvatten® makes everyday life easier and saves energy, money and the environment. Innovations such as this enable a brighter, more sustainable future for everyone.

[1]For more info visit www.solvatten.org

Female entrepreneurship for the climate

Every woman who is trained to sell solar lamps in Tanzania helps 250 people gain access to clean energy and reducing carbon emissions by the equivalent of more than 160 flights Stockholm – London. Every year.

She also receives an income, enabling her children to go to school and giving her a higher status in the village.

The successful scheme, named Solar Sisters, has been in place since 2010. But the needs are great. Nearly a billion people live without access to electricity today, while the Covid pandemic has led to increased poverty worldwide. To raise more funding to recruit and train more women, Swedish companies have joined forces under the Social Initiative Women and Climate.

The initiative is run by the organization Social Initiative[2] who has been working closely with Swedish companies and social entrepreneurs across the globe for twenty years. Solar Sisters was started by Katherine Lucey after a meeting with a local woman in rural Uganda. She realized that many people lit their homes with expensive, toxic kerosene lamps that can cause fires and disease, and that food was cooked over an open fire. Solutions were needed that were both sustainable and affordable, and that could easily be passed around to families in need.

Solar Sisters has really made a difference. The products sold create a ripple effect on the health of families, their finances, education and by extension, communities at large. It also enhances the status of women. Today, there are more than 7,000 Solar Sisters entrepreneurs in Southern Africa who have brought clean energy to three million people. But that's just the beginning.

Local engagement

In Sweden we have initiated a social initiative, in cooperation with Göteborgs Stad, opening up the opportunity for younger people from socioeconomically vulnerable areas to come into contact with worklife and help them to broaden their network. We are offering one opening with more administrative focus (a couple of hours per week) and one type of apprenticeship, where the person will be working in our service team.

[2]For more info visit www.socialinitiative.se

Client case: A sustainable maintenance shutdown

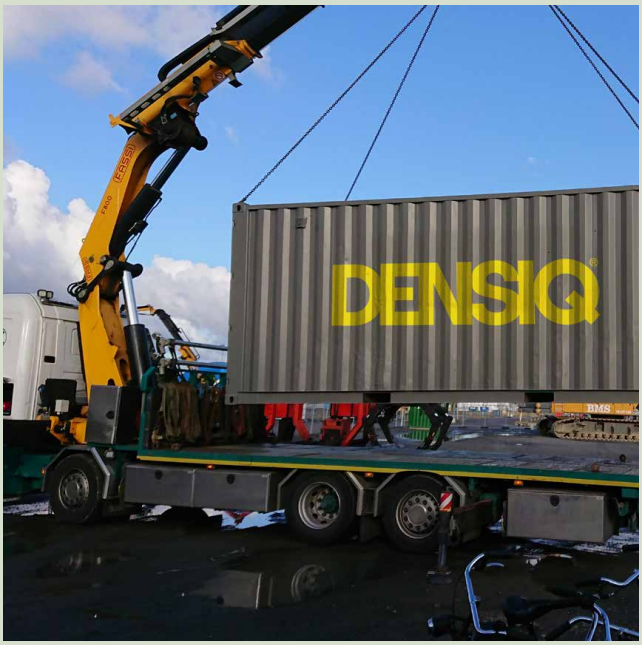
When every minute counts, On-Site Production (OSP) helps SCA Östrand stay on schedule, avoid unnecessary transports and improve the working environment.

THIS IS SCA ÖSTRAND

The Östrand pulp mill in Sweden produces bleached softwood kraft pulp (NBSK). The premium pulp is renowned for its consistent high quality, excellent strength properties and superior environmental performance – as the factory is equipped with the latest technology to minimise discharge to air and water.

Primary clients include global hygiene companies that manufacture end products, e.g. paper sheets, from the pulp. These include former affiliated companies such as Essity, as well as other major stakeholders in the hygiene sector. The facility has a capacity of 900,000 tonnes per year.

SCA Östrand used OSP in recent maintenance shutdowns and will talk about their experiences in this interview.



"The main focus is on preventive maintenance. We put a lot of effort and energy into maintenance shutdown planning."

TELL US ABOUT YOUR MAINTENANCE SHUTDOWN – WHAT ARE THE IMPORTANT ASPECTS AND CHALLENGES YOU EXPERIENCE IN THIS CONTEXT?

– The main focus is on preventive maintenance. We put a lot of effort and energy into maintenance shutdown planning. Maintenance shutdowns take place annually and last for 2–3 weeks, but some may even exceed this. Planning begins the day after a maintenance shutdown has been completed, as this is when you have the best idea of what you need to do during the next maintenance shutdown. Of course, there are always unplanned events that need to be dealt with and there has been times, for example during Christmas, where we have had to spend time at the facility and contact our suppliers for support.

IMPORTANT ASPECTS:

– Safety is paramount, which includes careful planning to prevent accidents. Strict coordination and permit management are required when there are more than 800 contractors on site at the same time.

– Material availability: Another principal focus area is ensuring that both scheduled and unscheduled material needs can be met. The On-Site Production (OSP) mobile unit is crucial for this.

– Efficiency: Minimising unplanned downtime and ensuring that the factory can restart on time to avoid major financial losses.

– An understanding from suppliers that the shutdown will take place for a certain period of time and each hour of delayed production can be very expensive. As a supplier, it is extremely important to keep your promises and help stick to the schedule.→

“On-Site Production provides reassurance and ensures that critical materials can be manufactured and supplied on site.”

CHALLENGES:

– Unexpected needs: Maintenance inspections can reveal urgent repair or replacement needs, necessitating quick access to materials and spare parts. If it is extremely urgent, you might have to fly materials in.

– Weather: Wind and other weather conditions may affect the schedule, especially for crane lifts and other heavy operations.

– Logistics: Handling large quantities of materials and large numbers of contractors requires smooth and well-coordinated logistics.

TELL US ABOUT YOUR EXPERIENCE AND HOW YOU USED OUR ON-SITE PRODUCTION (OSP) SERVICE DURING THE MAINTENANCE SHUTDOWN:

– OSP provides reassurance and ensures that critical materials can be manufactured and supplied on site. This was especially valuable when it came to unexpected needs arising in connection with inspections.

– The location of the unit, close to the workplace and the canteen, meant that it was easily accessible for both our own personnel and for contractors.

– Speed and flexibility were crucial and even though special cutting heads had to be delivered from Gothenburg, the service ran smoothly and ensured that the shutdown could be completed on time.

– It has a positive impact on the working environment, as you can avoid a great deal of stress when it comes to the material you need to order.”

– The DENSIQ staff were highly skilled and very service-oriented. →

”Maintenance inspections can reveal urgent repair or replacement needs, necessitating quick access to materials and spare parts”

USING THE SERVICE:
– The unit was used to manufacture custom-made gaskets directly on site, eliminating the need to wait for deliveries from external warehouses.

– Informing contractors about the availability of the unit ensured that everyone was able to benefit from the service. Everyone on site needs to know that it exists and that it can be used by anyone."

– The reassuring element is that it is available from the start and if anything happens the required gaskets can be manufactured quickly. Over the past two years, there have been instances in which a large unit was opened and we found that the gaskets we had in stock were unsuitable, but fortunately we were able to manufacture gaskets on site. The first time, we performed measurements on site before manufacturing, but the second time we had already saved data for the same application and could simply manufacture what was needed."

"Both internal feedback and feedback from contractors has been consistently positive."

HAVE YOU HAD ANY INTERNAL FEEDBACK FROM OTHER DEPARTMENTS OR CONTRACTORS REGARDING OSP?
– Feedback from internal departments and from contractors is consistently positive. Highlights include:

- It is a positive that we can extend the time on site.
- At the beginning, our cutting equipment disrupted production, but this was resolved.
- The convenience and speed of having materials available without having to go through storage or external purchasing is a plus.
- The reassurance of being able to solve unforeseen problems quickly, which reduces stress and facilitates workflow.

WHAT DO YOU CONSIDER TO BE THE BENEFITS OF OSP AND WHAT DOES THE SERVICE ADD TO YOUR VALUE?

– Reassurance: Reassurance that materials are available for both scheduled and unexpected needs.

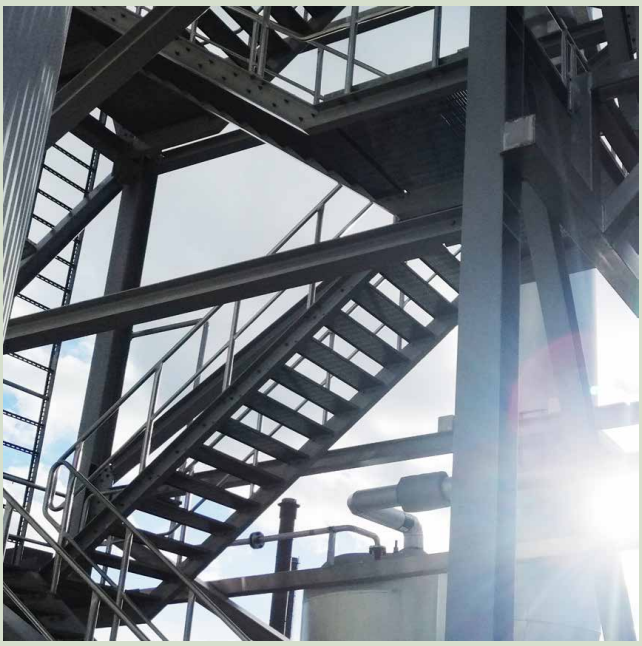
– Efficiency: Fast on-site manufacturing saves time and avoids costly delays.

– Sustainability: Less transport and reduced climate impact, as materials can be produced locally.

– Reduced stress: Personnel can focus on their main activities instead of searching for or ordering materials.

– Value: The service helps ensure operational reliability and minimise downtime, which are crucial for a production-critical business such as SCA Östrand.

Lars-Erik, Peter and Tomas from SCA Östrand.



HOW DO YOU COMMUNICATE/MARKET INTERNALLY AND TO OTHER CONTRACTORS TO MAXIMISE THE UTILISATION OF OSP?
– The service is presented in an information sheet that is distributed to all contractors in connection with the maintenance shutdown."

– Supervisors inform their teams about the function and availability of the service."

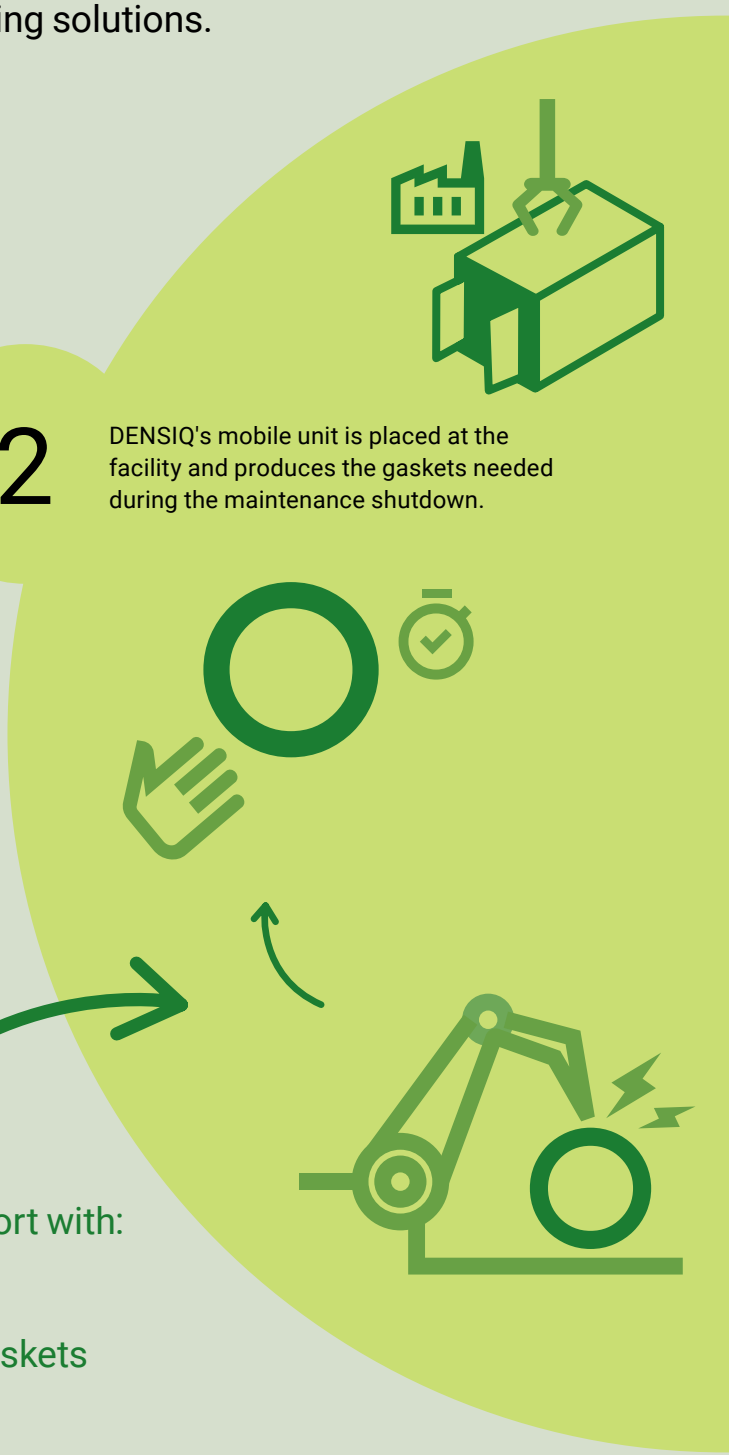
– The strategic location of the mobile unit near high-traffic areas, such as the canteen, means that it is both visible and easily accessible."

DO YOU SEE ANY AREAS FOR IMPROVEMENT?
– We have a pretty good idea of our material requirements and these are well covered using OSP. ●

”Reduced stress: Personnel were able to focus on their main activities rather than searching for or ordering materials”

This is On-Site Production

DENSIQ's mobile unit with sealing material and cutting machine for full On-Site Production of custom made sealing solutions.



1

The plant begins its planned maintenance shutdown which was preceded by planning and coordination together with DENSIQ.

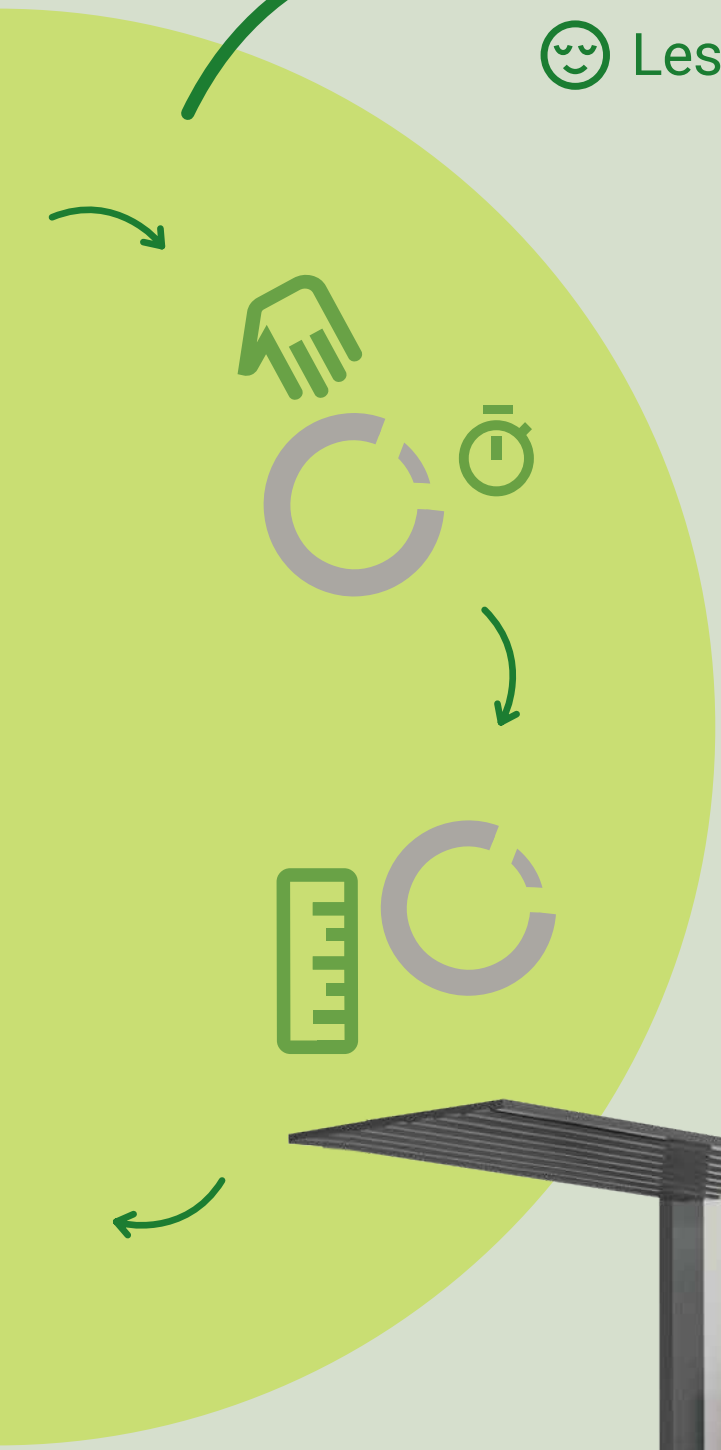
2

DENSIQ's mobile unit is placed at the facility and produces the gaskets needed during the maintenance shutdown.

DENSIQ personnel on-site to support with:

- Gasket production
- Measurement of flanges and gaskets
- Technical support
- Gasket Warehouse maintenance
- One-Stop-Shop for all parties active during a revision, not just the end-user

- Shorter lead times
- Less emissions from transports
- Less stress



3

The plant starts up according to plan and can return to normal operation.

Focus area: Climate impact

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Why its important

The world will exceed 1.5 C by 2035 and faces a 2.5 C warming by 2100 and we need deep, rapid and sustained GHG emissions reductions by 43% by 2030 and to Net Zero by 2050[3]. We need to understand how our operations contribute to the emissions of greenhouse gases (GHG scope 1,2 and 3) and identify opportunities to reduce our impact.

Our ambition

Take action on mitigating climate change by reducing[4] our contribution of CO2 in our whole value chain.

Material topics

Climate change.

[3]Goal 13, Department of Economic and Social Affairs, www.sdgs.un.org/goals/goal13.
[4]Our reduction efforts are focused on the calculated emission defined by GHG protocol scope 1, 2 and 3.

Our long term carbon emissions reduction plan

We are committed to reduce our GHG emissions across our value chain and we have defined absolute reduction targets for our Scope 1, 2 and 3. For scope 1 and 2 we have already a good understanding of what our impact comes from and what we need to do in order to reduce it. For scope 3 it's the first time we make a qualified data collection[5] and with this as a base we can start initiatives to reduce.

Our targets:

- Reduce our CO2 emissions (scope 1 & 2) by 40% until 2030 relative base line year 2022.
- Reduce our CO2 emissions (scope 3) by 20% until 2030 relative base line year 2022.
- Looking at our baseline and our targets we get the following reduction trajectory.

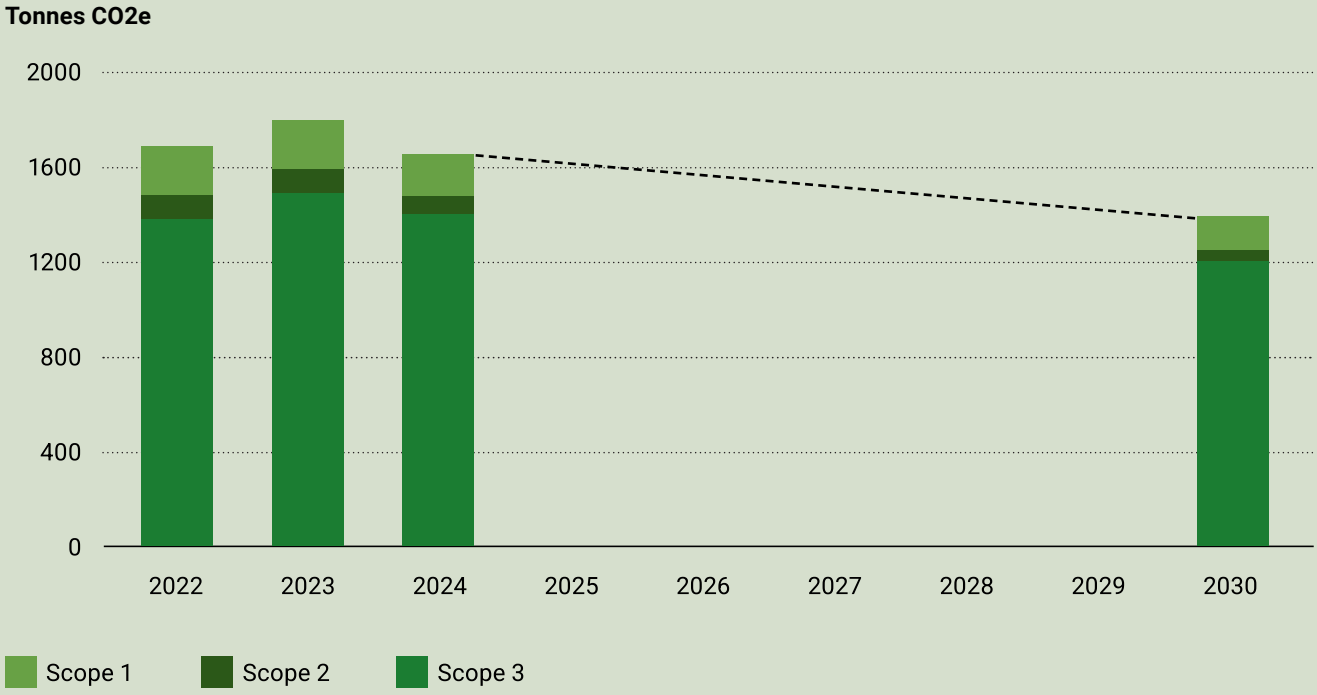
Key initiatives in 2024:

- Dedicated team worked together for scope 3 data collection.
- Continued transfer to electrical vehicles resulting in reduced scope 1 emissions.
- Energy savings resulted in reduced scope 2 emissions.

Outlook

In order to reach our reduction targets we need to focus on the following aspects:
Continue the transfer to electrical vehicles and increase the use of HVO-fuels for our company cars and service vehicles.

Scope 3 projects to be identified with the focus on reducing CO2 in the following scope 3 categories; Purchased goods and services, Upstream & downstream transportation, Business travel.



[5]See page 50 , Note 1.

Reducing our scope 1 and 2 emissions

Our work to reduce our emissions within our operations relates to all the activities and sites that are within our operational control. Moving to more renewable energy sources and reducing our energy intensity are key material topics for our business within our sustainability agenda.

During 2024, we reduced our scope 1 and 2 emissions by 19% compared to our 2022 baseline. This is well aligned with our reduction target of reaching 40% until 2030.

Our targets:

- Reduce our CO2 emissions (scope 1 & 2) by 40% until 2030 in absolute figures. (Starting from base year 2022).
- 100% renewable electricity for our own operations.

Direct emissions (scope 1)

Fleet transformation

One main contributor to our scope 1 emissions is the use of company cars. The driver for this is that our sales organization needs to be close to the customers and their applications to identify the needs and propose relevant sealing solutions. Since 2023 our company car policy only allows electrical vehicles (EV´s) to be able to reduce this impact.

The transformation of our fleet to EV´s is ongoing and as an effect we can see the reduction in use fossil fuels in 2024. When our service technicians provide services, they need to be at the customer site and for this they use service cars. This contributes to our scope 1 emissions as well. We see a challenge to directly switch to EV´s as there are some downsides such as range and flexibility that can negatively impact the quality and speed of our services. In Denmark we are planning to test the first electric service vehicle during 2025 to get more actual experience.

Company	2022	2023	2024	Diff 2022 vs 2024
DENSIQ AB	71	67	55	-29%
DENSIQ OY	38	30	33	-15%
DENSIQ AS	11	9	9	-22%
VMK	43	40	43	0%
DEPAC	74	66	43	-72%
Total	237	212	183	-30%

Table explanation: Scope 1 emissions in tonnes distributed per company in our group.

Phasing in HVO

In our Finnish operations the use of HVO[6] have increased over time as a mean for reducing the scope 1 emissions. Using HVO vs regular diesel we can reduce our GHG-emissions significantly[7]. Depending on the way forward with electric service vehicles or not this should be part of the strategy to reduce our scope 1 emissions for all relevant sites in our group.

Year	Fosil fuels	HVO	Total	Reduced C02e due to use of HVO
2022	37	0,9	38	7
2023	29	1,2	30	9
2024	32	0,4	33	3

Table explanation: Reduction of CO2e (tonnes) due to use of HVO vs fossil fuels in Finnish operations.

[6]Hydrotreated Vegetable Oil (HVO) is a diesel-like fuel that can be produced without fossil resources by processing renewable waste lipids.

[7]Neste MY Renewable Diesel is an HVO100 with which GHG emissions (CO2e) can be reduced by up to 75 or up to 95%.

Indirect emissions (scope 2)

Renewable energy

As of 2023 all our sites have a contract for purchased energy for electricity which is 100% renewable[8]. This means that all our products in our own facilities are manufactured with renewable energy. In Norway, Finland and Sweden we also have contracts regarding 100% renewable power for heating.

Company	2022	2023	2024	Diff 2022 vs 2024
DENSIQ AB	0	0	0	0%
DENSIQ OY	0	0	0	0%
DENSIQ AS	0	0	0	0%
VMK	32	29	30	-7%
DEPAC	53	53	44	-20%
Total	85	82	74	-15%

Table explanation: Scope 2 emissions in tonnes (market based) for all companies.

Year	Energy consumption from fossil sources	Energy consumption from nuclear sources	Energy consumptionfrom fuel consumption from renewable sources	Energy consumption of self-generated non-fuel renewable energy	Energy consumption of purchased or acquired heat, steam and cooling from renewable sources
2022	773	0	29	0	50
2023	680	0	38	0	48
2024	634	0	12	0	51

Table explanation: Scope 1 & 2 energy source distribution in MWh.

Energy reduction

Our improvement program includes energy efficiency activities, and this is especially important in the regions where we still are using energy sources which are not renewable as it will contribute to our CO2-reductions.

[8]Renewable energy is defined, in line with the UN Sustainable Energy for All (SE4All), as energy generated from sun, wind, geothermal, hydro and biomass.

Our scope 3 emissions

During 2024 we have for the first time collected data to understand our scope 3 emissions and this is now giving the priority in what areas we need to focus and find opportunities to reduce.

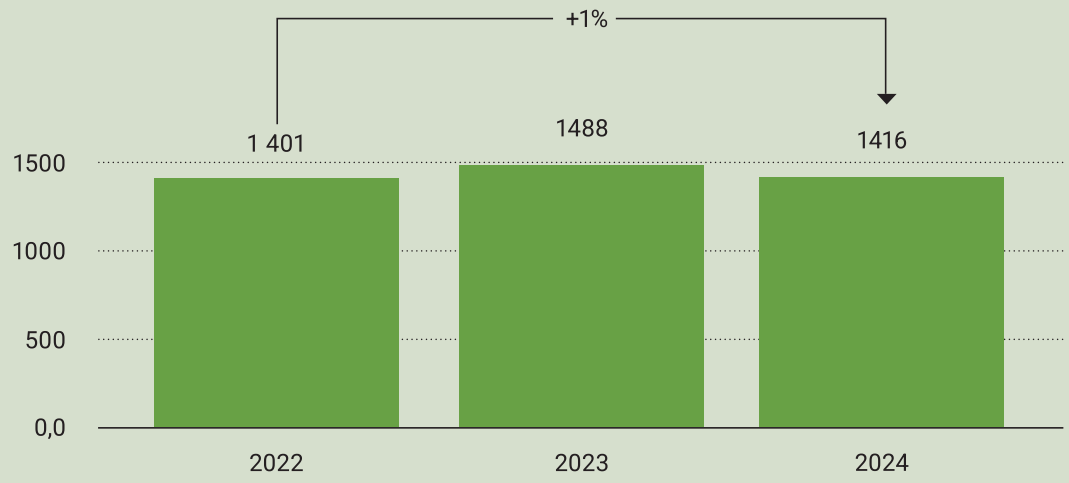
Our targets
Reduce our CO2 emissions (scope 3) by 20% until 2030 relative base line year 2022.

Material categories (2022–2024) for our group is:
- Purchased goods and services (74%)
- Upstream transportation and distribution (9%)
- Employee commuting (8%)
- Business travel (6%)
- Downstream transportation and distribution (2%)

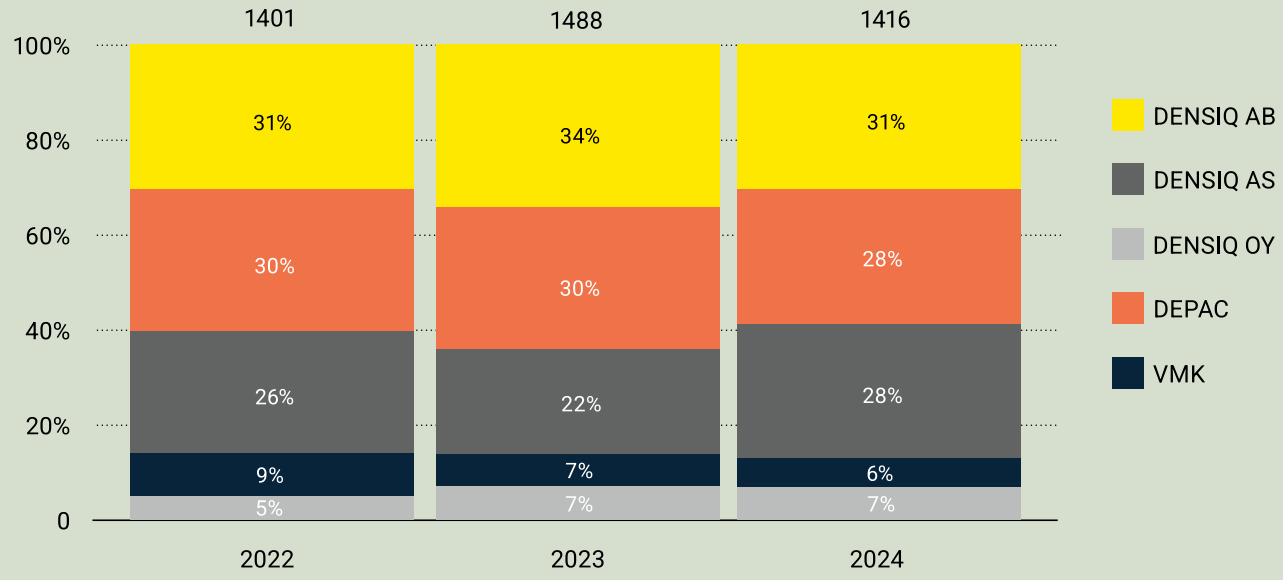
Going forward we will have to identify the hot spots in our emission data and assign scope 3 reduction projects.

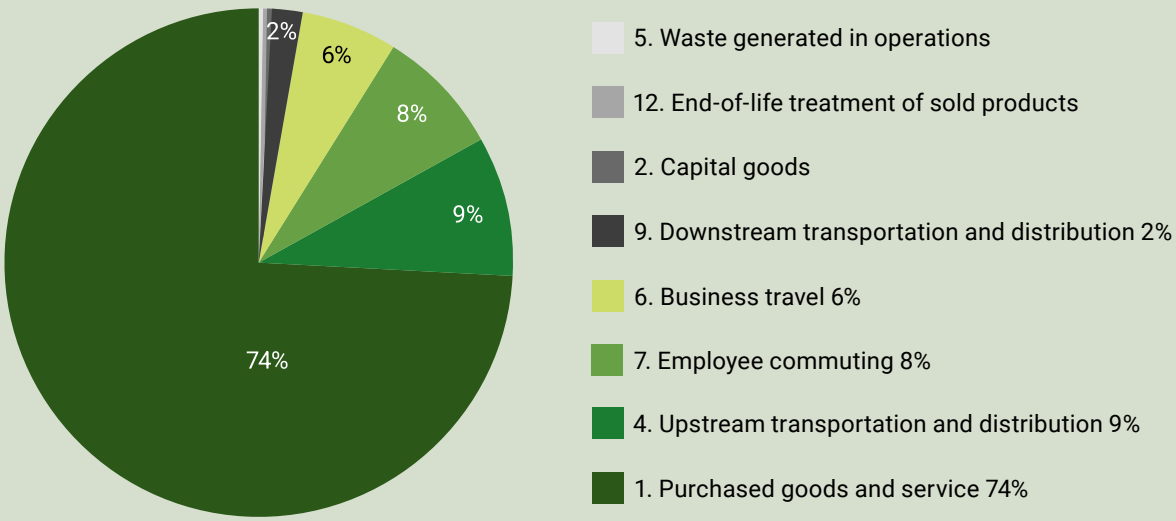
Data quality
In our efforts to calculate the scope 3 emissions there are many potential failures due to incorrect data such incorrect estimates of emission factors, incorrect data in ERP-systems (quantities, weights), estimates done by us or our suppliers and so on. As we progress and come more into depth in the details, our data and our baseline will change over time. Our intention is to be transparent over time and inform of any material changes in our yearly reporting.

CO2 tonnes



CO2e tonnes

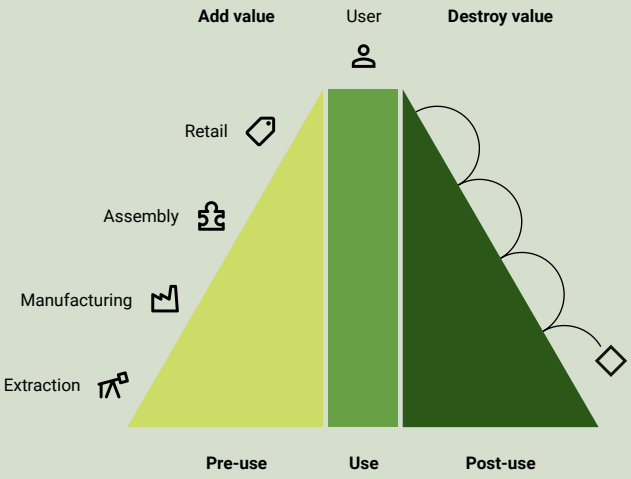




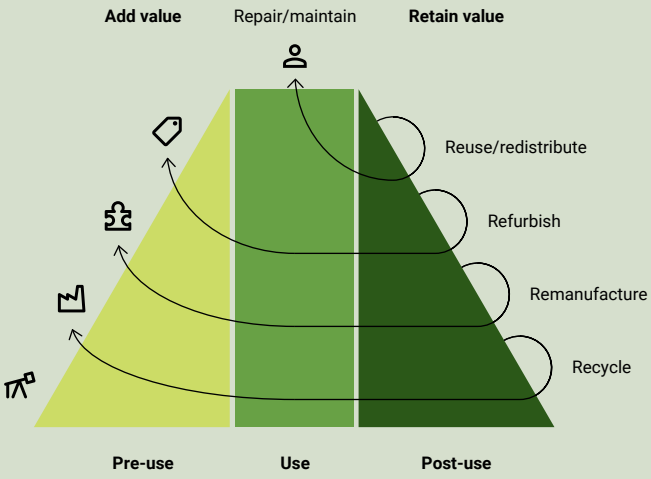
Repairing instead of buying new can reduce our carbon footprint

Several of our companies can repair or refurbish many different products such as valves, valve seats, cam profiles, mechanical seals and expansion joints. Instead of discarding and replacing worn-out products, we can refurbish and renew them. By doing so, we decrease the demand for materials, thereby reducing the associated carbon footprint and our environmental impact.

The linear economy



The circular economy

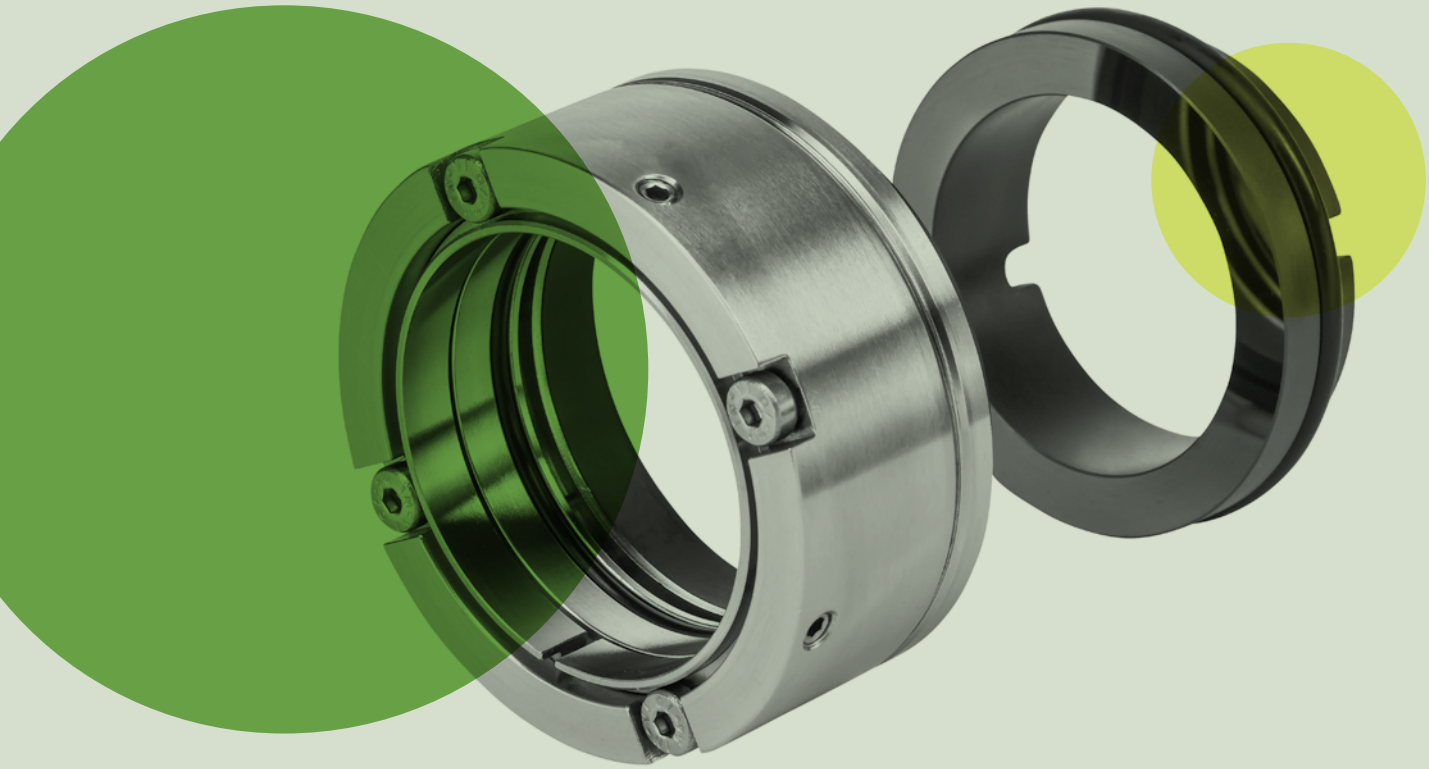


By renovating, we embrace the circular economy model by extending the lifecycle of many critical components. This approach not only minimizes waste generation but also optimizes resource utilization, aligning perfectly with our sustainability goals. The proportion of taxonomy eligible turnover (circular economy) in 2024 was 12% (9% in 2023) which is mainly based on the refurbishment/repairs of mechanical seals and valve maintenance.

DESIGNED

Case study: Refurbishing mechanical seals reduce the climate impact

Optimize performance, reduce downtime, and support your sustainability goals with our specialized mechanical seal renovation solutions.



All Brands Supported
We refurbish mechanical seals from all major manufacturers, ensuring compatibility and performance.

Genuine Spare Parts
Every renovation uses original spare parts to guarantee reliability and extend equipment life.

Short Lead Times
Our efficient processes and local service centres ensure fast turnaround to keep your operations running smoothly.

Cost-Effective Alternative
Renovation offers significant savings compared to new seal replacements, without compromising quality.

Performance Assurance
Each seal undergoes thorough inspection, reassembly, and pressure testing for optimal function and leak-free performance.

Reduced Environmental Impact
Extend the lifecycle of your equipment and minimize your carbon footprint through sustainable refurbishment practices.

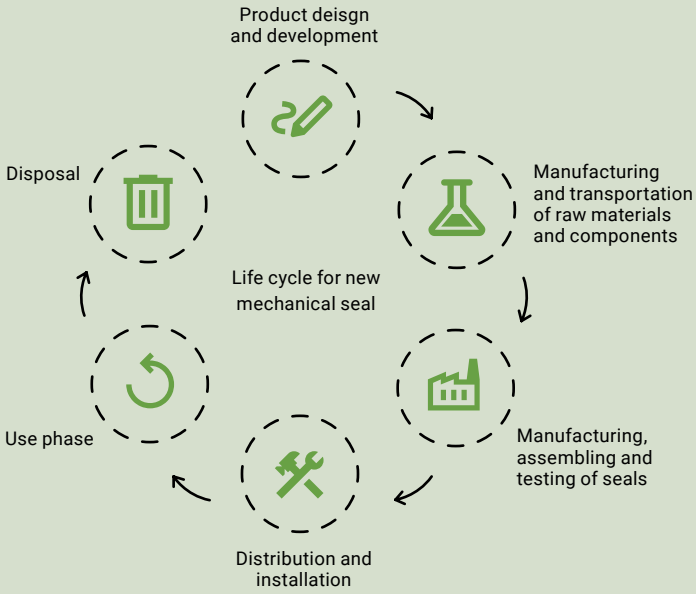
Last year we took a decision to take the next step in understanding our carbon footprint. To understand this better we have conducted a Life Cycle Assessment of two typical variants of seals supported by an external partner[9]. In our own studies we have seen the potential to reduce emissions by offering refurbishment and repair, but we wanted more accurate data to understand the potential.

One important question in the LCA: What is the difference in climate impact when doing a repair of a mechanical seal vs buying new one?

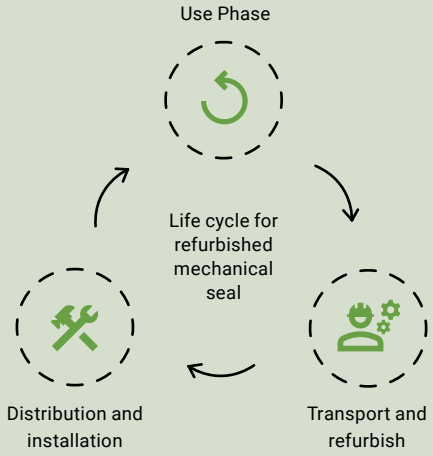
Our study show that refurbishment have significant impact on the climate impact comparing to manufacture a new mechanical seal. The LCA-study show that refurbishment have significant impact on the climate impact comparing to manufacture a new mechanical seal. The climate impact from doing a refurbishment is reduced by more than by up to 94–97% comparing buying a new seal.

This shows how important it is for the environment that we can extend the lifetime of vital components by adequate service and repair.

Life cycle for **new** mechanical seal



Life cycle for **refurbished** mechanical seal



[9]Note 3. Carbon Footprint Report SWECO, 30080872, Mechanical seals GLRD-322 and GLRD322K.

Focus area: Circularity

Why its important?

There is only one planet Earth, yet by 2050, the world will be consuming as if there were three. Moving away from the linear “take-make-use-dispose” model and transitioning to a regenerative growth model is essential to keep resource consumption within planetary boundaries. In a circular economy, the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste is minimized[10].

13 CLIMATE ACTION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our ambition

Drive circular solutions by using recycled and renewable materials for packaging, collection and reuse system for applicable materials, extend the lifetime of some components by offering repair and refurbishment services.

Material topics

Circular economy.

[10] www.environment.ec.europa.eu/topics/circular-economy_en

Creating a drive towards a circular business model

We are still, as many other companies, part of the “take-make-use-dispose” business model. It will require a long-term commitment from us to move in the direction towards a circular business model with focus on reuse, repair, repurpose and recycle.

Our targets
- We are committed to having a yearly 5% energy consumption improvement (scope 1 & 2) in relation to sales.
- Packaging used shall be 100% recyclable as of 2030.
- Total waste index shall be reduced by 5% yearly.

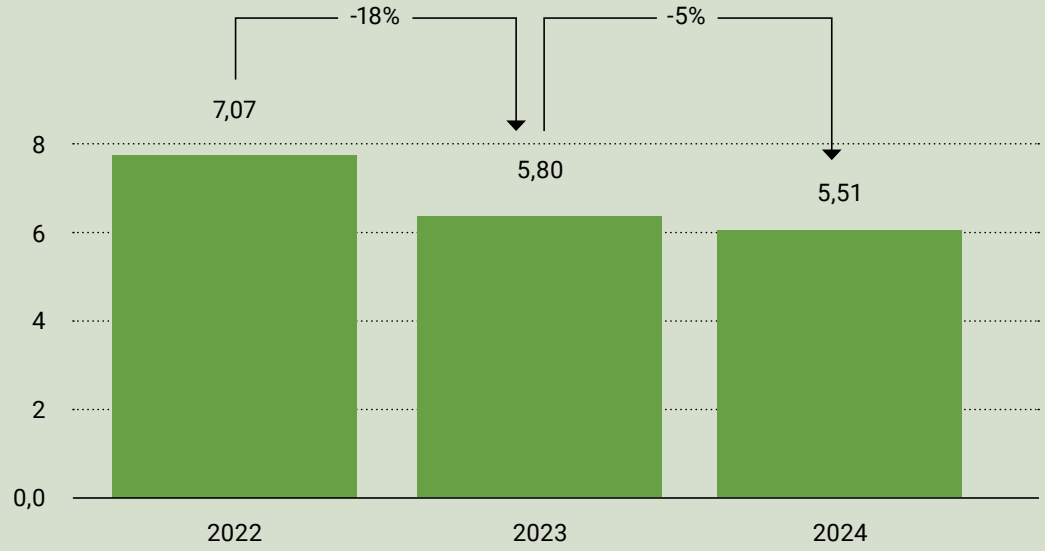
We are continuing as a group to get more effective when it comes to total energy consumption. Main drivers to the continued positive trend can be explained by following factors:

DEPAC could show significant improvement mainly driven by energy savings due to heating (use the energy from the CNC-machines to heat the areas)

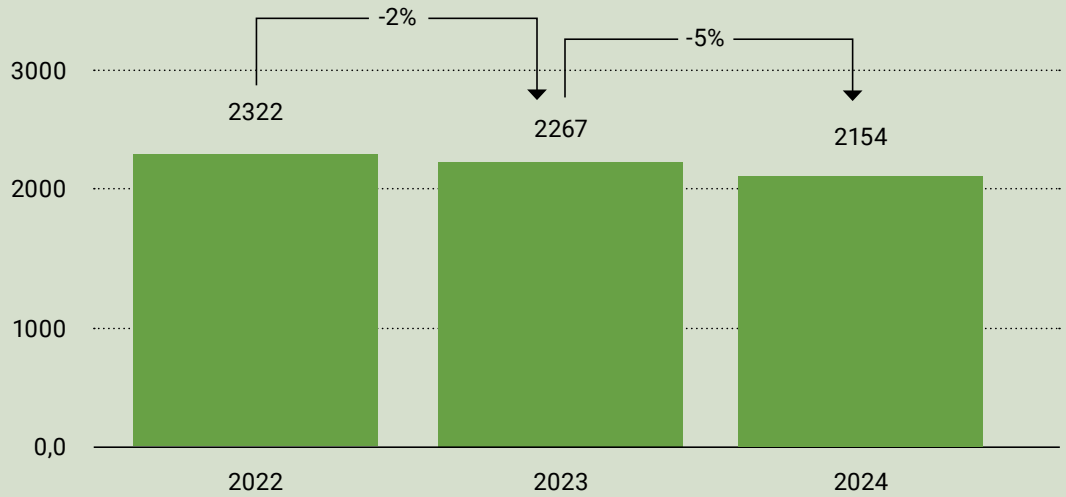
The shift from fossil driven to EV´s also have an impact on the energy consumption in a positive direction.

Outlook
- Continue the regular follow up and reporting to keep up the momentum.
- Continue encouraging our organization to seek opportunities to reduce energy consumption.

MWh/ MLOC



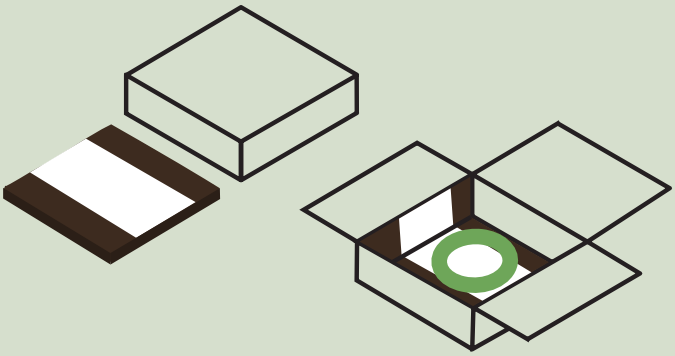
MWh



Packaging

Part of our sustainability agenda over the years have been to improve our methods and materials for the packaging in our different companies.

All see transparent plastic and ribbons for pallets are sorted out and sent to recycling managed by Stena Recycling.



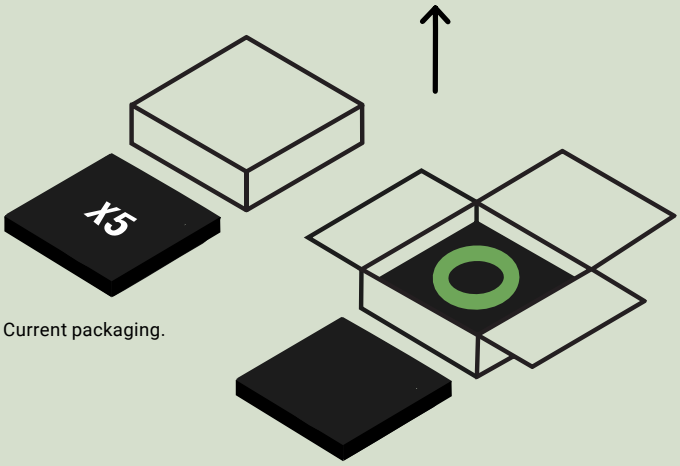
New packaging. 3 different types of foam are replaced by a cardboard with less than 5% plastic content.

Our focus is to go towards a situation where 100% of our packaging is part of the circular flows and can be recycled.

In our Swedish operations we are above 95% in terms of packaging materials that can be recycled. Focus is to use as much cardboard as possible. The use of carboard shredder machine enable to create protective packaging instead of using bubble-wrap. In sustainable packaging practices is an ongoing focus and incoming packaging materials are reused as much as possible, alternatively sorted for recycling. Purchased packaging materials are recyclable to the extent possible.

In Denmark operations then main packaging used is cardboard and wood. As for the cardboard we use, 70-89% of that is recycled material.

DEPAC is also in the process of going towards recyclable solutions in 2024 have already changed 40% to recyclable materials. They will gradually change all packaging sizes. First test each size for quality and ease of use, and we only use it when it works well.



Current packaging.

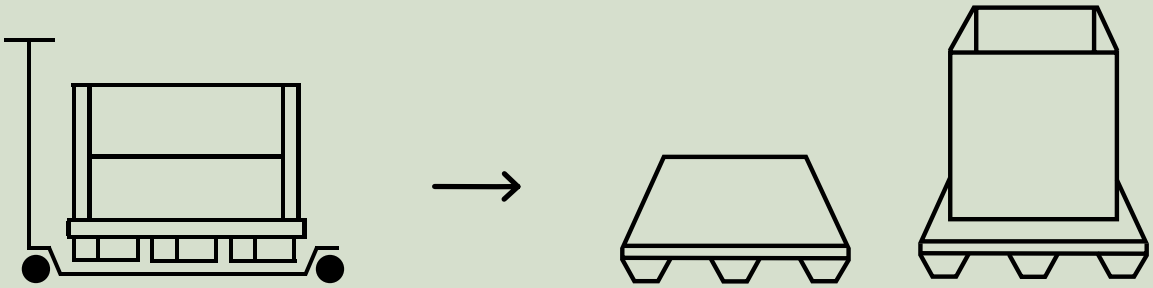
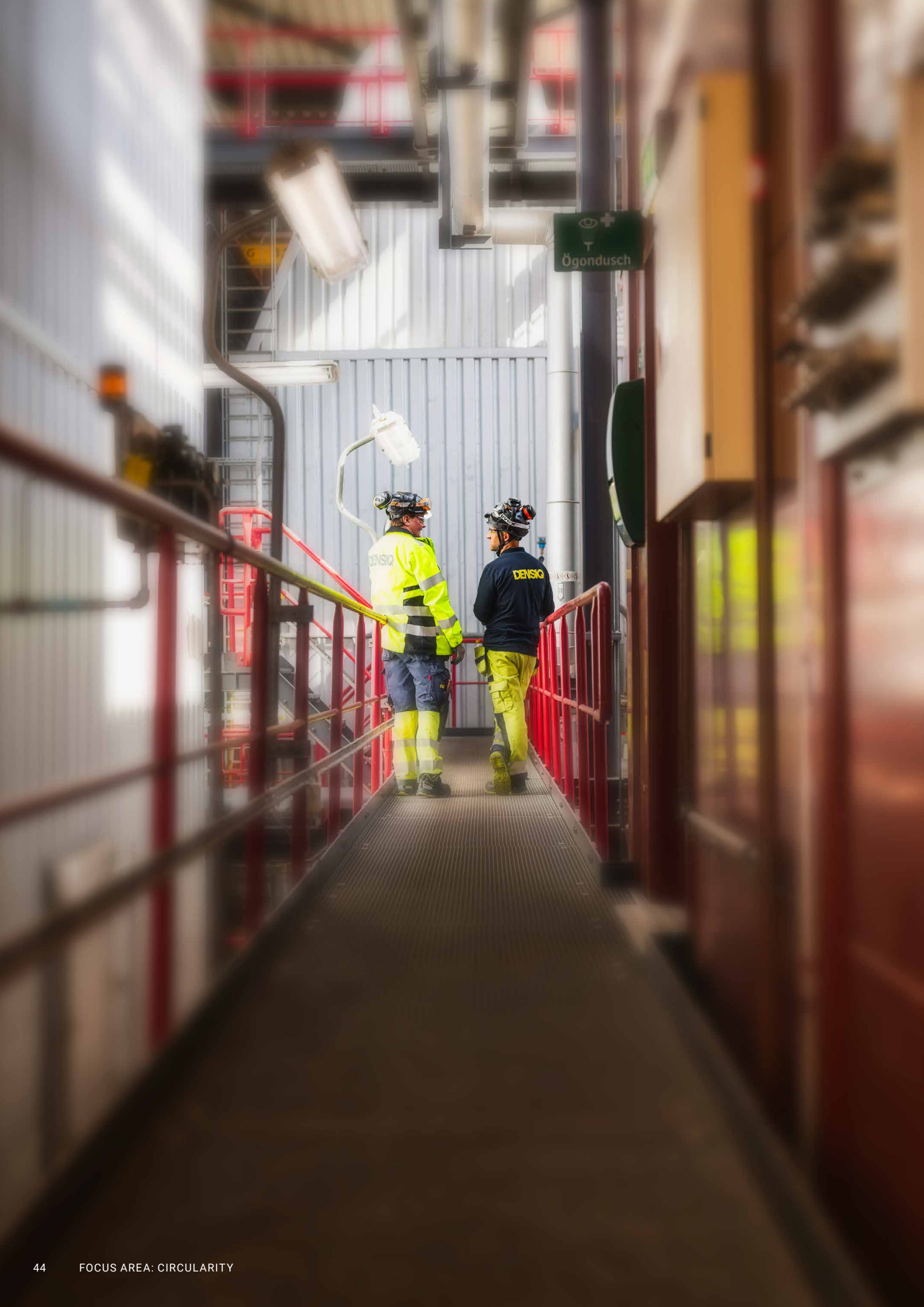


Illustration shows how we have moved towards carboard packaging which is lighter and can be recycled in our Swedish operations.


Ögondusch
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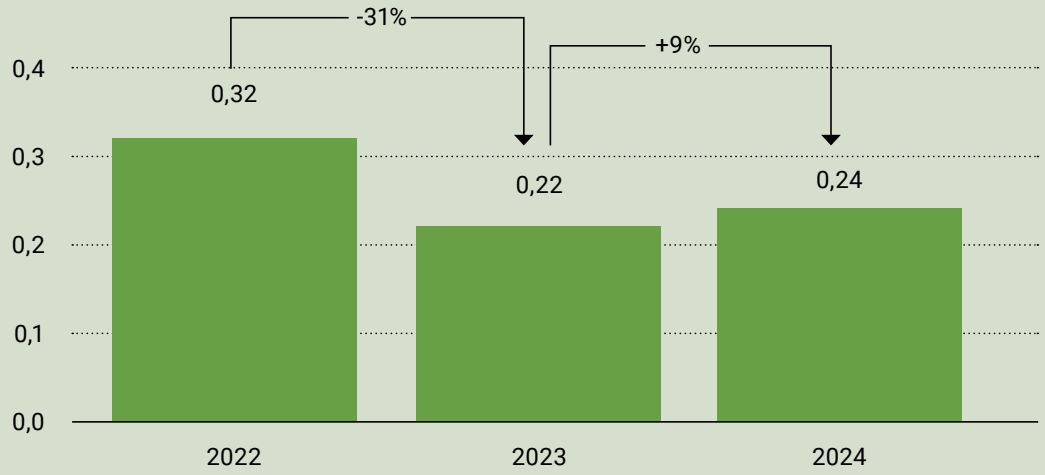
DENSIO

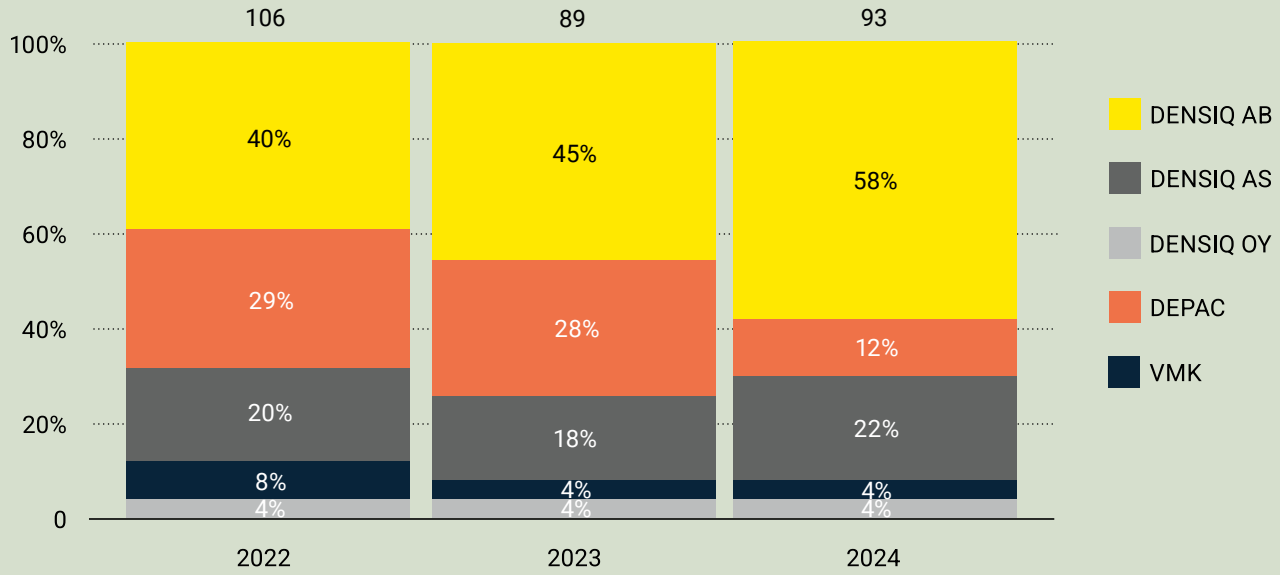
Waste

Our focus on waste has resulted in improvements in both the total amount and our waste index. Our companies have implemented various initiatives with a focus on re-use and waste reduction. Packaging material is an area where many units find opportunities for reducing the amount of waste by e.g. processing cardboard and reusing it as filling material instead of sending it directly for recycling. Alternatively, its actual value is recovered if a used cardboard box can be re-used again.

Waste/ MLOC



Waste (tonnes)



Focus area: Sustainable supply chain

Why its important

Sound business conduct fosters legal compliance, strengthens stakeholder relationships, reduces operational risks and strengthen supply chain relations.

Our ambition

We must ensure compliance with our code of conduct, transparency and value creation in our business and throughout the value chain, from production at suppliers to product use with the end customer.

Material topics

Business conduct.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Business Ethics

DENSIQ Group is a responsible owner of a few companies. We all share a common vision of the future, as well as a strong entrepreneurial spirit and fundamental principles of respect for the individual and the local community.

DENSIQ Groups Code of Conduct emphasises the principles that govern the relationship with its employees, business partners and other stakeholders, and constitutes minimum the requirements.

An important aspect is DENSIQ Groups standpoint that employees should not engage in any business transaction where the grounds are dubious. Together with our owner Latour, we have a central anti-corruption and anti-bribery policy, which complements the Code of Conduct, and all employees are required to adhere to this policy. To ensure a high level of knowledge and compliance with the Code of Conduct, policies and principles, DENSIQ Group demands that all management team members as well as employees with purchasing or sales positions must carry out online training on the topic every two years. The most recent training was held during 2023.

DENSIQ Group supports and respects the protection of human rights and guarantees, through internal processes and steering documents, that it is not involved in crimes against human rights. Suppliers, distributors, consultants and other business partners must apply the principles of our Code of Conduct. DENSIQ Group supported by our owner Latour has a centralised system for whistleblowing, WhistleB, through which employees can report suspected irregularities within the business anonymously. See separate information below.

Whistleblowing 2024

DENSIQ Group uses WhistleB to make anonymous whistleblowing possible. There were no instances of whistleblowing reported during 2024.

Code of Conduct

One of DENSIQ Groups minimum requirements is that all operations must implement the Code of Conduct internally. In recent years, there has been even greater focus on taking responsibility in the supply chain. All the companies are working actively to encourage all relevant suppliers, distributors and agents to sign the companies' Code of Conduct. This is also a minimum requirement from DENSIQ Group.

Supplier audits

All supplier relationships are under the condition that suppliers agree to our Code of Conduct. In our group we have done 10 audits in 2024 distributed in the following countries China, India, Italy, Switzerland and Slovakia. The audits are done to verify commercial, operational and sustainability-related conditions.

Environmental Management System Certification

During the past 2 years, DENSIQ OY, DENSIQ AS and DEPAC successfully achieved the goal of ISO 14001 certification by an accredited third-party certification body. ISO 14001 is a really good foundation for focused work on identifying environmental aspects to begin improving environmental performance.

In 2024 we reached another important milestone! Our Danish Operations in VM Kompensator AS finalized their ISO 14001 certification. This means that all of our companies are now holding a certified management system for both ISO 9001 and ISO 14001.

EcoVadis

DENSIQ AB and DEPAC Anstalt have been using Ecovadis to show our performance to many of our key customers for some years and the current status is the Bronze award for both companies. The objective of the EcoVadis assessment methodology is to assess the quality of a company's sustainability management system through its policies, actions, and results. The assessment focuses on 21 issues which are grouped into 4 themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The regular yearly evaluation help our companies to improve our ways of working and improve our sustainability impact.

CDP – Carbon Disclosure Project

By joining 12,500+ SMEs, VM Kompensator AS have joined the journey towards sustainability and this milestone marks the commitment to driving meaningful change and creating an Earth-positive future. By disclosing through CDP's first dedicated SME questionnaire, VM Kompensator have taken the next step towards environmental transparency and action.

Data is critical to power the transformative shift our planet and economy need. The data from disclosure is being used by a wide range of stakeholders – across finance, procurement, investment, and policy – to fuel more balanced decisions and enable the green transition.

For 2024 VM Kompensator received CDP SME Climate score: SME B for Climate.

Reparaturen
2020

Definitions

Scope 1 emissions

Scope 1 covers emissions from sources that an organization owns or directly controls – for example, from burning fuel in our fleet of vehicles (if they are not EVs).

Scope 2 emissions

Scope 2 emissions are those a company causes indirectly when the energy it purchases and uses is generated. For example, for our fleet of EVs, the emissions from the generation of the electricity they are powered by would fall into this category.

Scope 3 emissions

Scope 3 encompasses emissions that are not produced by the company itself, and also are not the result of activities from assets owned or controlled by it, but rather by those it is indirectly responsible for, up and down its value chain. An example of this is when we buy, use and dispose of products from suppliers. Scope 3 emissions include all sources not within the limits of scope 1 and 2.

Note 1

In order to define and select the data for what is our material impact in category 1 we have developed the following guidelines: We review our total spend to suppliers on production materials (components and raw materials for production) and apply the 80–20 rule. Meaning include at least the purchased materials (tonnes) up to 80% of the spend. Identify the purchased volumes (tonnes) for the following sub categories:

a. Packaging materials (all relevant packaging for transport and protection of products sold).
b. Tooling (presstools, drill, cutting tools).
c. IT-equipment (pc, screens, smartphones etc).
d. Service (renting manpower for service activities).

UN's Sustainability Development Goals (SDGs)

DENSIQ Group Annual Sustainability Report 2024
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A leakage is a waste of resources. Every day, our employees and partners focuses on how to solve our customers challenges with leakages by either preventing them from happening or stopping them when they occur. In doing so, we help our customers improve their sustainability performance. At the same time, we must consider how our operations impact people and environment and it´s crucial that we have the ambition to impact health, safety, environment and quality positively, thus taking care of our resources and never stop improving.

Do you want to know more on how we can help you improve your sustainability performance?

DENSIQGROUP.COM