

## Group Environmental Policy

At DAFA, we stand at the forefront of recognizing the urgent need to address climate change and its far-reaching consequences. As stewards of sustainability and corporate responsibility, we have crafted a comprehensive Environmental Policy, aligning our actions with our commitment to safeguarding the planet for current and future generations.

### **Our commitment to sustainability**

Central to our corporate ethos is a dedication to significant reductions in our carbon footprint and the embrace of sustainable practices across all facets of our operations. The Environmental Policy serves as a blueprint for achieving these ambitious goals, charting a course towards a more sustainable future for both DAFA and the wider global community. To gain deeper insights into our environmental progress and ongoing improvements, we encourage all to explore our annual ESG report on our website.

This comprehensive document highlights the strides we have made in sustainability and provides a detailed account of our efforts throughout the year.

### **Transition plan for climate change mitigation**

At DAFA, we recognize the critical importance of addressing climate change and mitigating its impact on our planet. As part of our commitment to sustainability and corporate responsibility, we have developed a comprehensive Transition Plan for climate change mitigation.

As part of our overarching environmental goals, we are committed to significant reductions in our carbon footprint and the adoption of sustainable practices. Our Transition Plan for climate change mitigation outlines key steps to achieve these objectives, ensuring a more sustainable future for DAFA and the planet.

To ensure progress and adherence to our goals, we have launched DAFA Go Green, an action plan tailored to address the most critical Environmental, Social, and Governance (ESG) areas. This plan will be updated annually in alignment with our double materiality assessment, reflecting our commitment to continuous improvement.

Regular development meetings are held quarterly to review progress and identify areas for further enhancement. Through DAFA Go Green, we aim to:

- 50% reduction of CO2 by 2025 by production hour.
- 100% renewable energy consumption by 2030.
- 90% local sourcing of raw materials by 2025.
- 50% of our waste is recycled by 2030.
- 30% of DAFA's products comply with EU Taxonomy substantial contribution by 2030.

Through these efforts, we strive to lead by example in combating climate change and creating a more sustainable future for generations to come.

### **Actions and resources in relation to climate change policies**

Our policy on the Transition Plan for climate change mitigation is a central component of our overarching environmental strategy. This plan is designed to coordinate and manage our actions and resources in relation to climate change policies. To ensure progress, it is crucial to integrate capital expenditures (CapEx) and operating expenses (OpEx) into our annual budgeting process, encompassing all departments, not just ESG.



Our Transition Plan for climate change mitigation focuses on identifying and implementing actions that reduce our organization's climate impact. This includes investments in energy efficiency, renewable energy sources, emission-cutting technologies, and sustainable practices across our supply chain and operational processes. We will also prioritize awareness and education among our employees to foster a culture of sustainability and environmental consciousness.

### **Targets related to climate change mitigation and adaptation**

Our Environmental Policy prioritizes the development of a Transition Plan to address climate change. A crucial aspect of this plan is setting targets for reducing energy consumption and greenhouse gas (GHG) emissions at a high level. We aim to ensure that our actions align with emission and energy consumption goals, considering realistic objectives.

We focus our efforts on areas where we can make the most significant impact. This means our initiatives target Scope 2 emissions and the relevant categories within Scope 3 that we have influence over. These categories include procurement, transportation, end-of-life, and operational waste.

### **Energy consumption and mix**

In our endeavor to address climate change, one crucial aspect we are focusing on is the Transition Plan for climate change mitigation. Energy consumption and mix stand out as pivotal, constituting a significant portion of our climate impact that we can influence. We believe it's imperative for both our suppliers and customers to shoulder responsibility in this effort. Therefore, we emphasize responsible resource and energy usage, alongside conducting energy audits and exploring alternative energy sources.

As part of our commitment to sustainable practices, we conduct energy audits to assess and optimize our energy usage. These audits help identify areas where we can improve efficiency and reduce our carbon footprint. Additionally, we actively explore alternative energy sources to diversify our energy mix and decrease reliance on fossil fuels. By investing in renewable energy technologies such as solar, wind, and hydroelectric power, we aim to transition towards a more sustainable energy future.

### **Gross scope 1, 2, 3 and total GHG emissions**

At DAFA, we are committed to transparency and accountability in reporting our greenhouse gas (GHG) emissions. This includes comprehensive tracking and reporting of our Scope 1, Scope 2, and Scope 3 emissions to ensure we are making measurable progress in our climate change mitigation efforts.

This policy applies to all levels of our operations and covers Scope 1 emissions, which are direct GHG emissions from sources owned or controlled by the company; Scope 2 emissions, which are indirect GHG emissions from the consumption of purchased electricity, steam, heating, and cooling; and Scope 3 emissions, which are all other indirect GHG emissions that occur in the value chain of DAFA, including both upstream and downstream emissions.

### **Potential financial effects from material physical and transition risks and potential climate-related opportunities**

DAFA acknowledges the importance of addressing climate change and adapting our business model accordingly. One of the key challenges we face is reducing our reliance on fossil fuels, as our primary raw materials are deeply connected to them. To address the potential financial impacts of material physical and transition risks and identify climate-related opportunities, we are actively exploring alternatives within the circular economy and investigating materials derived from bio-oil.

We are seeking alternative materials such as bio-based products and the circular economy to diminish our dependence on fossil fuels. This involves identifying and integrating sustainable solutions into our supply chain and production processes. We are investing in research and development of new materials that can replace traditional fossil fuels while maintaining or enhancing the quality and performance of our products.



## Policies related to pollution

Our company is committed to minimizing environmental impact and promoting sustainable practices. This policy outlines our approach to managing and reducing pollution in all aspects of our operations. This policy applies to all employees, contractors, and stakeholders involved in our operations.

We recognize the importance of preventing pollution to protect human health and the environment. To achieve this, we are committed to the following principles:

1. Compliance and prevention:

We will comply with all relevant environmental laws and regulations and adopt measures to prevent pollution at the source, including the use of cleaner production techniques and materials.

2. Waste and emissions management:

We aim to reduce waste through recycling and reusing materials and will safely manage and dispose of hazardous waste.

3. Water and soil protection:

We will prevent contamination of water bodies and soil by managing chemicals and waste responsibly and ensuring water usage.

Responsibilities for pollution prevention will be assigned within the organization. We will conduct training for employees, monitor progress through audits, and engage with stakeholders to support pollution prevention initiatives.

### Review

This policy will be reviewed annually to ensure its relevance and effectiveness. Updates will be made as necessary to reflect changes in regulatory requirements, industry best practices, and organizational goals.

This policy will be reviewed annually by the Top Management.

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