

SUSTAINABILITY REPORT 2023

Shaped by the sea





INTRODUCTION

ABOUT THIS REPORT

ESG is becoming a new way of working for us and Carsoe is committed to transparent reporting. Our environmental, social, and governance priorities are outlined in the following report.

Drawing inspiration from the Sustainable Development Goals (SDGs), we provide an overview of our approach, as well as the impact of our efforts so far within the areas of human rights, labor, the environment, and anti-corruption.

Unless otherwise specified, the information contained in this report pertains to the Carsoe Group and dates back to the fiscal year beginning January 1, 2023 and ending December 31, 2023.

INTRODUCTION

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INTRODUCTION

LETTER FROM THE CEO

With great pleasure, I present our first Sustainability Report. This document marks a milestone in our journey towards sustainable business practices, especially as we navigate through a transformative period where we recently included two new companies into our group.

In 2023, we embarked on our ESG journey. We conducted a thorough analysis of our current state and engaged external ESG consultants to guide us in developing a robust strategy that aligns with our values and objectives. Creating a new culture and mindset takes time, but we are committed to this transformative process.

At Carsoe, we are dedicated to engineering and developing quality products and solutions for the seafood industry. Our ESG targets highlight this dedication: designing efficient products that help minimize our customers' time at sea. Additionally, we emphasize product safety, circularity, retrofitting by upgrading existing lines to match updated performance metrics and extend solution lifetimes. That is why we have built our strategy on three key pillars: People, Planet, and Products.

We understand that our employees are our most valuable asset, and we are committed to investing in

them. By providing education and apprenticeships, we are not only helping them grow as individuals but also supporting a sustainable pipeline of skilled workers for the future.

We are passionate about taking care of our planet. That's why we're taking steps to assess and mitigate our environmental impact through climate accounting. We're striving to reduce our greenhouse gas emissions and are proud to announce our intention to commit to the Science Based Targets initiative (SBTi). We're also working hard to decrease our energy consumption through various initiatives to improve efficiency and implement sustainable practices throughout our operations and value chain.

At our company, we're committed to doing the right thing. We know that by positively impacting our people and the planet through our products, we're creating a better future for everyone. Our commitment to enhanced ESG performance is not just a



passing trend. We have established clear targets as part of our ESG strategy that extend through 2027 and beyond. We understand that sustainability is a journey, not a destination, and we are committed to continuous improvement and innovation.

We know that our journey to sustainable practices will be challenging, but we are grateful for our stakeholders' ongoing support and partnership.

Thank you for reading along. We look forward to sharing our progress with you in the coming years.

Sincerely,

Hugo Dissing
CEO - Carsoe Group

INTRODUCTION

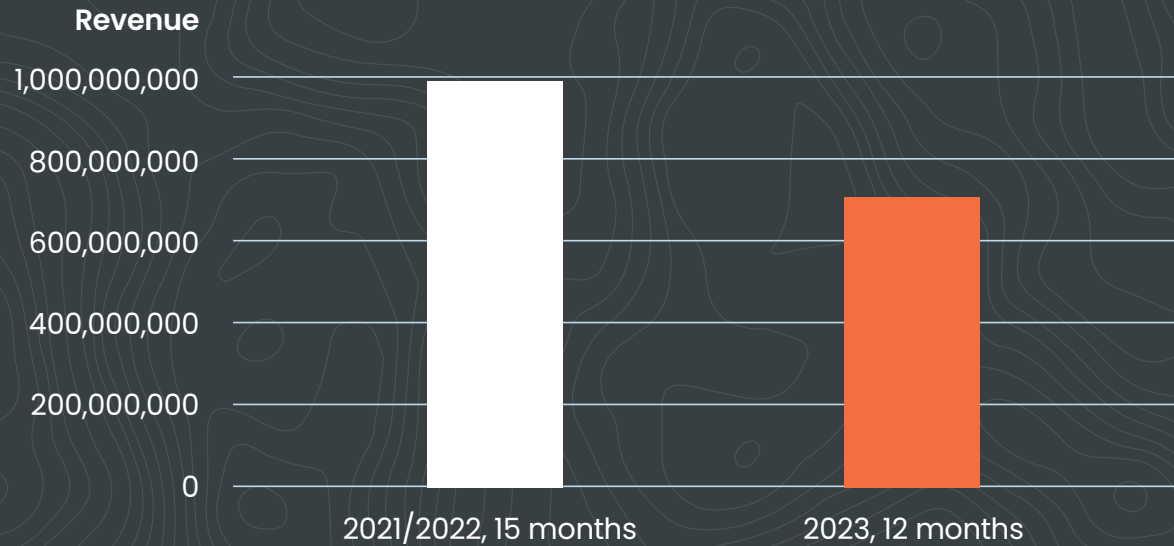
CARSOE AT A GLANCE

Carsoe, a leading provider of processing equipment and solutions for the seafood processing industry, has embarked on a significant journey towards Environmental, Social, and Governance (ESG) responsibility.

Recognizing the imperative to address sustainability challenges, Carsoe has just begun its ESG journey, signaling a commitment to integrating ethical, social, and environmental considerations into its operations and decision-making processes. By prioritizing sustainability, Carsoe aims to reduce its environmental footprint, enhance social impact, and uphold high governance standards.

This endeavor reflects Carsoe's dedication to fostering a more sustainable future while continuing to deliver innovative and reliable solutions to its customers worldwide. Through strategic initiatives and collaborative efforts, Carsoe is poised to make meaningful contributions to sustainability and to responsible business practices in the seafood processing industry.

Financial performance



10%
of our workforce are
apprentices, trainees,
and student workers



Workforce:
300



Production sites: 3

Administrative sites: 4

CARSOE VALUES

Values play a significant role in shaping culture, guiding behaviors, and influencing decision-making. In 2023, we made the strategic decision to refresh our values, aiming for increased dynamism and actionability. Our objective was to ensure that our values not only contribute to our identity and brand but also resonate throughout the entire organization. Inclusivity was a key consideration in identifying our culture and implementing any improvements. The outcome highlighted that our organization prioritizes teamwork, responsibility, sparring, and curiosity.

We sought values that would empower our employees to make choices aligning with Carsoes' culture, ambitions, and strategy, always keeping our customers in mind. Consequently, we distilled our values into three concise, actionable sentences: "Stand United," "Take Action," and "Finish Strong." Each sentence encapsulates an underlying statement and serves as a guiding principle for behavior.

To implement and activate these values, we conducted workshops for our management team. Looking

ahead to 2024, our goal is for each management team to organize their own value workshops within their respective organizations.

Our overarching purpose is to simplify the business of the seafood processing industry. Regardless of how much we grow and change, our values will remain the foundational bedrock to guide our operations.

OUR VALUES

We know how important it is to work together as a team. We know what matters and how to make a change. And we never stop, before the job is done.

STAND UNITED

The strength of cooperation.

TAKE ACTION

The strength of ownership.

FINISH STRONG

The strength of commitment.

BUSINESS MODEL

Product Design and Manufacturing:

Carsoe specializes in designing and manufacturing equipment for the seafood processing industry. The company focuses on delivering customized solutions to its global clientele, ensuring optimal performance and efficiency in processing operations.

After Sales Services:

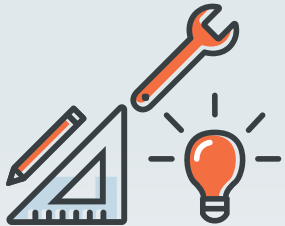
In addition to its core manufacturing activities, Carsoe places emphasis on after-sales services, including maintenance, technical support, and training. This commitment ensures the longevity and reliable functioning of its equipment.

Sourcing



Raw materials such as stainless steel, components, motors, electrical components are sourced.

Production, design and innovation



Seafood processing equipment is constructed in 3D.

Stainless steel equipment is assembled and tested at Carsoe's Aalborg site.

Transportation



Equipment is disassembled and transported by road to assembly sites.

Assembly on site



Factory line/processing equipment is reassembled on site in boat or shipyard.

Factory/equipment is tested again on site and is handed over to customers.

Service and maintenance



After-sales offers retrofit of processing plants, upgrade of equipment, service and maintenance, implementation of new/additional equipment.

MAIN RISKS AND MITIGATION STRATEGIES

Environmental Risks (Including Climate Impacts):

Risk: Climate change and environmental degradation can impact Carsoe's operations, from resource availability to increased regulatory scrutiny.

MITIGATION:

- Incorporate reusing parts or recycled materials, e.g Al, steel and look into more green production processes, for example bolting parts together instead of welding.
- Regularly assess and improve energy efficiency in manufacturing.
- Develop and adhere to responsible sourcing practices, where there is increased transparency in the upstream value chain and focus on the social aspect.

Carbon Footprint Reduction:

Risk: The increasing global impact of carbon emissions on ecosystems urges us to strive to reduce our operational carbon footprint, as well as across our value chain.

MITIGATION:

- Transition to renewable energy sources for manufacturing.
- Set ambitious carbon reduction targets and regularly monitor progress.

Social and Personal Conditions (Human Rights):

Risk: Risks related to human rights violations in the supply chain or workplace may affect Carsoe's reputation.

MITIGATION:

- Implement and enforce a robust supplier code of conduct.
- Conduct regular supplier audits to ensure compliance with human rights standards.
- Foster a company culture that prioritizes ethical practices, diversity, and inclusion.

Combating Corruption and Bribery:

Risk: The risk of engaging in corrupt practices or bribery, either directly or through the supply chain, could have legal and reputational consequences.

MITIGATION:

- Implement a comprehensive anti-corruption policy and code of conduct.
- Provide regular training to employees on ethical business practices.
- Conduct due diligence with business partners and suppliers to ensure they adhere to anti-corruption standards.

Social Responsibility and Labor Conditions:

Risk: Violations of labor rights or poor working conditions can lead to reputational damage.

MITIGATION:

- Adhere to international labor standards and codes of conduct.
- Implement fair labor practices and prioritize employee well-being.

Carsoe's business model centers on delivering solutions in the seafood processing industry with a focus on technical innovation and environmental and social responsibility. To mitigate associated risks, the company must adopt a proactive approach, incorporating environmental, social, and ethical considerations into its operations, supply chain, and corporate culture. This holistic strategy not only aligns with conscientious business practices, but also enhances the company's resilience in an ever-evolving business landscape.



OUR ESG STRATEGY

As we embrace growth and navigate change, Carsoe remains steadfast in our commitment to conduct responsible business. We have therefore established our Environmental, Social, and Governance (ESG) strategy, which serves as a roadmap, guiding us towards integrating sustainability into our core business practices.

In 2023, we have developed the fundament for the Carsoe ESG strategy for the foreseeable future: a series of sustainability targets, resting on three pillars: people, planet, and product; because we are committed to prioritizing the well-being of our people and our products' users, safeguarding our planet, and enhancing the efficiency of our products.

Our 'people' targets address key aspects such as expanding workforce competencies while fostering the coming generation of specialists, as well as enhancing our products' user safety. In 2024 we initiate our climate work by calculating our value chain emissions baseline and committing to reductions, in line with scientific guidelines. Our 'planet' targets also include sourcing renewable energy for our global operations going forward, as well as

engaging and supporting our partners and suppliers in their transition to renewable electricity use.

Finally, our 'product' targets focus on consistently decreasing resource use: energy, water, materials, etc. We aim to achieve this by boosting our equipment's efficiency and collecting and controlling data, which serves as a fundament for productivity improvement initiatives. At Carsoe we strive for gradually improving on product circularity, through strategic initiatives focusing on retrofitting and upgrading machinery. By promoting circularity in our after-sales services, we not only reduce waste, but through innovation and collaboration, we support our customers and partners on their transition journeys.

We have not been on our journey for long, but we have gathered that the learning curve is steep, and the path not always revealing. We are however well underway. Our ESG strategy has a strong fundament, and we intend to further develop and grow as we navigate the fast-changing ESG climate.

Our targets are detailed in the infographic below, and more details about our ESG roadmap are available in page 30.



OUR ESG STRATEGY

We engineer the seafood industry of today and tomorrow.

We are committed to reducing our impact on people and the planet, through our products.



External

User Safety

Increase marine user safety practices to land-based levels, on standalone machines by 2025, and for all other solutions by 2027.

This commitment reflects our dedication to delivering safe and regulatory-compliant seafood processing and handling solutions.



Greenhouse Gas Emissions

Calculate scope 1, 2, 3 emissions in 2024, then commit to SBTi, with ambitious 2030 targets, striving for net-zero* GHG emissions by 2050**.

This aligns with our dedication to conducting business within the planetary boundaries.



Impact per Kilogram Protein

Integrate data collection and process monitoring on selected processes on all our new installations by 2025.

We strive to enhance productivity in the seafood processing industry by increasing energy-efficient solutions – aiming to maximize equipment uptime and process quality.



Internal

Workforce Fostering

Empower young potential by aiming to allocate 8% of workforce capacity to apprentice and intern positions, and consistently enhance internal competence development by investing 2% of the previous year's net income in education.

Additionally, lower employee turnover by 5% year on year, enabling a stable, engaging, and supportive workplace environment.



Energy

Achieve 100% renewable electricity use on all Danish sites, by the end of 2024, and globally by 2027.

Additionally, engage our primary suppliers on securing 50% renewable electricity use by the end of 2025.



Circularity

Implement equipment retrofit programs and backward compatibility, from 2024 onwards.

We strive to maximize the efficiency and lifespan of our solutions by enhancing collaboration with customers and building a strong data-driven foundation.



* **Net-zero** - reducing absolute emissions across the whole supply chain, in order to support the target to limit global temperature increase to 1.5 degrees Celsius, as agreed in the 2015 Paris climate summit (SBTi commitment); vs. **Carbon neutral** - counterbalancing own CO2 emissions by reducing / removing an equal amount of CO2 from the atmosphere (carbon offsets); can cover a part of operations and typically accounts for CO2, but not other GHGs.

** While we stated 2050 as our target, we have an ambition and aspiration that we are able to reach our goals for net-zero ghg emissions by 2038.

DOUBLE MATERIALITY ASSESSMENT



A double materiality assessment is a comprehensive framework that evaluates the impact of environmental, social, and governance (ESG) factors both internally within an organization and externally on the broader environment.

In the process of identifying priorities, this assessment considers not only the risks and opportunities associated with the company's internal operations but also its influence on the external world. Internally, the assessment helps identify ESG issues that are most critical to the company's financial performance, reputation, and long-term resilience.

We want to make sure that our work continues to be focused on the issues that are most important to our company and the people who have a stake in it; these are the most material concerns our company faces.

A double materiality assessment considers the materiality of each ESRS topic, sub-topic and sub-subtopic based both on the impact our business may have on people and the environment, and on the financial risks and opportunities the global landscape may present to our company.

Our double materiality assessment was carried out in 2023 with the assistance of external consultancy to support us in making sure we live up to the CSRD requirements. This allowed us to determine the areas and aspects in which we have the potential for the most impact on the economy, the environment, and society. The findings are shown in the materiality matrix, which can be seen below.

The process was conducted by holding a discussion with a group of employees representing a variety of functions within the company. We will conduct a new materiality assessment in 2024 to monitor how our material impacts, risks, and opportunities evolve over time and ensure we uphold our commitments. Lastly we will use the insights we have acquired to guide the implementation of our ESG strategy.

DOUBLE MATERIALITY ASSESSMENT

CARSOE DOUBLE MATERIALITY MATRIX



Disclaimer: We disclaim future CSRD—ESG Reporting Standards adjustments. As regulations and reporting guidelines change, we remain transparent and responsible. CSRD—ESRS updates may change reporting and disclosures. Although we cannot guarantee real-time updates, we will follow revised standards.

DOUBLE MATERIALITY ASSESSMENT

SUSTAINABILITY MATTERS

CIRCULARITY & LIFE-TIME EXTENSION

Carsoe is working to replace plastic with steel to improve lifespan and functionality, while also focusing on disposal/recycling. Requirements for 10 years of critical spare parts delivery ensure that products remain relevant. There is no customer focus on recycling, and Carsoe currently has limited focus on waste sorting. Additionally, Carsoe sees an opportunity to expand by offering repair kits and increasing focus on retrofit and resale. Customers' tendency to repair old machines due to a 10-year quota requires a focus on expanding the aftersales and service department, as well as guaranteeing spare parts for 10 years. Carsoe also takes advantage of the opportunity to sell surplus materials.

RESOURCE USE, DEPENDENCIES & DESIGN

Carsoe is considering increasing requirements for suppliers regarding documentation of climate impact and traceability, as well as challenging them on less polluting technologies and longer durability. There is also an opportunity to experiment with new technologies and suppliers. Raw material prices and availability are threatened due to scarcity, especially steel, which is a bottleneck in global sourcing. The industry currently prioritizes chips and vehicles over steel, which could pose a potential risk for Carsoe in the future, especially considering the EU's possible decoupling from China and access to microchips and lithium. Recycling steel is an option, but there are also economic risks associated with the use of plastic due to potential sanctions

or reputational risks. Carsoe sees a risk in not investing in the best technologies and materials, as well as in high dependence on a few suppliers, which could lead to supply difficulties with significant consequences. One solution could be to expand the supplier base for better pricing and future-proofing the business. Better relationships with suppliers can also increase security and collaboration, thereby minimizing costs.

HEALTH AND SAFETY

Carsoe has a strong focus on HSE and hired an HSE manager in 2023. Near-miss measurements are being conducted to prevent accidents, but the results are not yet available. Situations regarding health and safety have been defined, and they are monitored and reviewed. Unfortunately, many workplace accidents occur internally at Carsoe, and there is a lack of a management system to handle them. Additionally, there has never been a screening of the psychological work environment. There is a significant reputational risk due to the high number of workplace accidents at Carsoe, and any errors in seafood handling could affect food safety and consumer health. The risk of fatal accidents with machinery can have dire consequences for Carsoe.

Carsoe generally sees potential in designing a better work environment through product design and healthy work processes, while continuing to work towards safety standards on board ships. Machine safety is generally underprioritized in the marine industry, and competitors do not take it seriously. Therefore, there is a great opportunity to be pioneers in safety work in the industry, as few companies work systematically with safety.

ENERGY USAGE & GHG EMISSIONS

Carsoe acknowledges a significant climate impact through resource consumption and procurement, primarily of materials such as steel and electronics for production processes and transportation. There is a financial opportunity to screen suppliers based on energy consumption and communicate this to customers. There is also potential to optimize product design to reduce the carbon footprint both during production and on the boat. However, the procurement strategy, aiming to buy more from Asia and Eastern Europe, could increase the climate impact. Measures such as time restrictions for production facilities are already in place to save energy, but the design phase is not yet energy-optimized. There is also the opportunity to optimize energy consumption on board the ship and market more energy-efficient products. Transportation also contributes to greenhouse gas emissions, as does employees' commuting to and from work by car. There is a general opportunity to increase awareness of oil and energy consumption.

COMPANY CULTURE

A forthcoming well-being survey will identify areas for development, with committees formed to address them. The company's high employee turnover indicates a suboptimal culture, which can be improved through collaboration, empowerment, and enhanced well-being, expected to improve our turnover and financial performance. We have launched a new culture "strategy" to address this. Carsoe sees a need to standardize knowledge to ensure continuity and improved efficiency.

SDGs & TARGETS

Global action is being called for, aiming to create a better and more resilient future for all people, as outlined by the United Nations' 2030 Agenda for Sustainable Development, at the heart of which the 17 Sustainable Development Goals (SDGs) are found.




At Carsoe, we believe that actively pursuing the UN SDGs can ensure a long-lasting and successful transition.

FOUR SELECTED SDGs AND WHY

We aim to focus our efforts on the SDGs where we can achieve the greatest impact, while recognizing the significance of each goal in our collective pursuit of living sustainably on the planet.



SDGs & TARGETS

SDG	SDG TARGET	CARSOE TARGET	OPERATIONAL OVERVIEW
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	 <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.</p>	<p>Achieve 100% renewable electricity use on all Danish sites, by the end of 2024, and globally by 2027, while engaging suppliers to secure 50% renewable electricity use by the end of 2025.</p>	<p>Increasing renewable electricity use, both in operations and across the supplier portfolio can result in a boost in the demand for renewable energy production, in the global areas where Carsoe and suppliers operate.</p>
	 <p>7.3 By 2030, double the global rate of improvement in energy efficiency.</p>		<p>Including performance parameters on new machines with the goal of increasing equipment efficiency directly supports SDG target 7.3.</p>

SDGs & TARGETS

SDG



SDG TARGET



8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.



8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.



8.6 By 2030, substantially reduce the proportion of youth not in employment, education or training.



8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.



8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

CARSOE TARGET

Empower young potential by aiming to allocate 8% of workforce capacity to apprentice and intern positions, and consistently enhance internal competence development by investing 2% of the previous year's net income in education.

Lower employee turnover by 5% year on year, enabling a stable, engaging, and supportive workplace environment.

Redefine marine 'Best practice' by boosting user safety to land-based standards, on standalone machines by 2025, and for all other solutions by 2027.





OPERATIONAL OVERVIEW

Carsoe sets focus on promoting education and development among young and new employees, with consistent interest in developing skilled work, thereby fostering the next generations of qualified employees.

The company is committed to consistently working on lowering employee turnover each year. This goal is part of the strategic commitment to enhance employee satisfaction and retention, reflecting our dedication to foster a stable, engaging, and supportive workplace environment.

A secure work environment for all workers is high priority, thus enhancing current marine 'Best practice' ensures both Carsoe employees and equipment users benefit of safety at work.

SDGs & TARGETS

SDG	SDG TARGET	CARSOE TARGET	OPERATIONAL OVERVIEW
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>		
	 <p>12.4 By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.</p>	<p>Implement equipment retrofit programs and backward compatibility, from 2024 onwards.</p>	<p>Carsoe strives to maximize the efficiency and lifespan of the solutions by enhancing collaboration with customers and building a strong data-driven foundation.</p>
	 <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>		<p>Through extending the lifespan of equipment, Carsoe aims to reduce the overall consumption of virgin materials and resources in their value chain.</p>

SDGs & TARGETS

SDG



SDG TARGET



13.2 Integrate climate change measures into national policies, strategies and planning

CARSOE TARGET

Calculate scope 1, 2, 3 emissions in 2024, then commit to SBTi, with ambitious 2030 targets, striving for net-zero* GHG emissions by 2038.

OPERATIONAL OVERVIEW

Carsoe is actively implementing climate action by calculating value chain emissions and setting reduction targets.

SDGs & TARGETS



User safety

Redefine marine 'Best practice' by boosting user safety to land-based standards, on standalone machines by 2025, and for all other solutions by 2027.



Workforce Fostering

Empower young potential by aiming to allocate 8% of workforce capacity to apprentice and intern positions, and consistently enhance internal competence development by investing 2% of the previous year's net income in education, while lowering employee turnover by 5% year on year.



GHG emissions

Calculate scope 1, 2, 3 emissions in 2024, then commit to SBTi, with ambitious 2030 targets, striving for net-zero* GHG emissions by 2038.



Energy

Achieve 100% renewable electricity use on all Danish sites, by the end of 2024, and globally by 2027, while engaging suppliers to secure 50% renewable electricity use by the end of 2025.



Impact per Kilogram Protein

Integrate selected process and performance parameter on all our new installations by 2025.



Circularity

Implement equipment retrofit programs and backward compatibility, from 2024 onwards.



Small impact

Medium impact

Large impact

ESG PERFORMANCE HIGHLIGHTS

CURRENT STATE ANALYSIS

A current state analysis evaluates an organization's environmental, social, and governance practices. At Carsoe, this assessment currently considers energy use, diversity and inclusion policies, supply chain ethics, board composition, and regulatory compliance. Analyzing our business conduct from an ESG perspective enables us to identify potential risks, and improvement opportunities. This process aligns business operations with ESG principles, promotes transparency, and benefits stakeholders and the community.

MATURITY MATRIX

A maturity matrix is integral for evaluating and enhancing sustainability practices within an organization. It provides a structured framework for assessing ESG performance across multiple dimensions. By identifying strengths, weaknesses, and areas for improvement, this tool facilitates strategic decision-making towards responsible practices. Moreover, the matrix aids in tracking progress and setting realistic goals by categorizing ESG initiatives into maturity levels, guiding us in determining the most suitable approach for our company.

ESG TARGETS

We have developed SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) ESG targets to advance our sustainability agenda. These targets address environmental, social, and governance issues, supporting our overall goals to reduce our carbon footprint, increase diversity and inclusion, support an ethical business conduct, and strengthen governance. The targets serve as a framework for holding ourselves accountable, tracking our progress, and proving our commitment to responsible business practices to our stakeholders.

SDGs

The SDGs address significant aspects including poverty, inequality, climate change, and environmental degradation. Incorporating the SDGs into our ESG strategy allows us to pinpoint areas where our actions can yield the most significant impact, contributing to the realization of these ambitious goals by 2030. Our commitment to the SDGs advances our sustainability agenda and reiterates our steadfast dedication to fostering positive global change.

ROADMAP, 1ST DRAFT

The first draft of our ESG roadmap outlines our organization's initial steps on the path leading to our transition journey. This roadmap outlines environmental, social, and governance milestones and initiatives tailored to our business context and stakeholder expectations. To ensure accountability and progress tracking, it identifies actionable steps, assigns responsibilities, and sets timelines. While this is just the first draft, it provides a solid foundation for refinement and alignment with our long-term strategic objectives, reinforcing our commitment to sustainable business practices and value creation for all stakeholders.





ESG FOCUS AREAS

OUR WORK / PROGRESS IN 2023

This section of the report will focus on highlighting our efforts and initiatives throughout 2023. As our ESG targets were developed in late 2023, progress may not be evident for all targets. However, we will showcase areas where significant progress and relevant data are available.

To comprehensively assess the various dimensions of sustainability within our industry, we conducted a current status analysis. This included the completion of a maturity matrix, which evaluated our current maturity level and positioned us within the industry landscape. Additionally, as highlighted earlier in this report, we conducted a double materiality assessment subsequent to this analysis. This assessment provided the foundation for advancing our ESG efforts.

ESG FOCUS AREAS

ENVIRONMENTAL

Ensuring the effective management of global seafood resources is a key responsibility of the fishing industry. Carsoe prioritizes the development of products and systems that uphold high quality standards in the final output while minimizing waste.

In addition to leveraging climate and environmental opportunities, our objective is to minimize negative impacts and maximize positive contributions. We are committed to fostering an ethical business strategy that benefits not only our customers but also our employees and society as a whole.

To maintain our position as a leading fish processing company, Carsoe must operate in a manner that ensures resilience on the long run, in a fast-changing business environment. Both environmental protection and effective risk management are integral aspects of sustainable business practices.

Climate Accounting Baseline

In the final quarter of 2023, we initiated the assessment of our current emissions profile. Following the Greenhouse Gas Protocol's guidelines, we set our base year for climate accounting to be 2023, and started collecting data on our operational emissions (scopes 1 and 2). Scope 1 emissions include our direct emissions, stemming from fuel use in manufacturing and by our vehicles, and scope 2 emissions include the emissions stemming from the production of the electricity, heating and cooling we purchase for our facilities.

In 2024, we plan to expand the emissions assessment to our value chain, and conduct a scope 3 screening, which will serve as groundwork for our future full scope 3 calculation. More details on our ESG work roadmap are available in page 30.

The scope 1 and 2, and scope 3 screening results, which serve as a fundament for our future reduction initiatives, will be published in our 2024 Sustainability Report.

Developing an ESG Strategy

The final quarter of 2023 also brought the foundation for our ESG strategy and the development of the targets detailed in page 9, which were an organic consequence of all the analyses we conducted throughout the year (maturity, current state, and double materiality). The more we learn about the impact our business conduct has on the world, the clearer it becomes where and how we wish to continue our activities going forward.

Our strategy involves the commitment to implement these initiatives:

- Minimize and consolidate our carbon emissions
- Enhance the process of handling and disposing of waste, decrease the amount of residual waste, and increase the utilization of purchased materials and goods.
- Enhance the longevity of products by retrofitting, servicing, and repairing machines and production lines that are already in use.
- Minimize the utilization of non-renewable energy sources
- Boosting the impact per kilogram of protein, by improving energy efficiency and integrating selected processes and performance metrics to enhance machinery productivity



ESG FOCUS AREAS

SOCIAL

Throughout financial year 2023, Carsoe implemented a new people strategy aiming to minimize industry challenges and to enhance the company's ability to achieve its business strategy and growth goals.

Employee turnover is a serious risk for Carsoe and the industry as a whole. The low unemployment rate is hindering recruitment efforts, while vocational education is declining in popularity. Internal risks for companies in our sector include lack of diversity and inequality, as well as employees pushing for a hybrid workplace, which requires new workstream norms and organizational structures.

A multitude of various factors influence the employee turnover rate at Carsoe. Seasonal peaks represent a significant component with notable impact. Carsoe is increasing its peak workforce numbers in response to the demand. Operational changes are another element that influences staff turnover. In the past two years, conflict escalation on the global landscape has led to a rise in short-term tenures.

Carsoe did regrettably not achieve a reduction in its overall turnover for the financial year 2022/23. We need to continuously prioritize initiatives aimed at enhancing employee engagement, provide opportunities for professional growth and development, and foster a positive work culture that values and respects every individual.

Carsoe has identified this issue and is actively implementing measures to decrease employee turnover in the future. Specifically, the goal of mitigating this aspect landed under our ESG target "Workforce Fostering," with the ambition of reducing employee turnover by 5% year on year. We are in the process of defining key performance indicators (KPIs) to address the goal, and so far have identified the following areas of interest:

- Management Training
- Enhanced Onboarding and Offboarding
- Increased Focus on Employee Engagement
- Collaboration with Managers and Departments

By acknowledging the root causes of our high turnover and implementing targeted interventions, we can create a more stable and fulfilling work environment that attracts and retains top talent. This will not only benefit our employees, but will also contribute to the long-term success and resilience of our organization.

Employees

Achieving the company's strategic and financial targets depends largely on our employees' commitment and their competencies. The increasing complexity of the business landscape, along with the rapid evolution of competition and the pervasive impact of digitalization, has intensified the demand for skilled employees and executives. Therefore, it is crucial for Carsoe to strengthen our position in attracting the most qualified individuals. With this objective in mind, several key actions were examined. In 2023, we implemented a new framework aimed at enhancing our

performance appraisals, refining management training, and optimizing course selection. Additionally, we formulated a new set of values to clearly articulate Carsoe's purpose and to foster a sense of belonging among employees.

Skills and competencies

The skills and ideas that our talented employees bring to the table are crucial to our success. We consistently seek to foster a collaborative, innovative, and resourceful culture where each of our team members can bring their best selves to work.

In 2023, we successfully completed training programs tailored to enhance the skills directly relevant to our employees' job functions.

Management training

Management training is conducted for various reasons. Managers often encounter complex and critical decisions, requiring effective prioritization to optimize team performance. In alignment with this objective, we initiated the enrollment of our middle managers in communication and leadership courses designed to enhance their leadership and employee management skills. Recognizing the importance of effective communication, we understand its critical role in enabling managers to convey expectations, provide constructive feedback, and cultivate a positive work environment.



Employee survey

As previously established, employee turnover poses significant risks, both financially and in terms of overall productivity. Conducting an employee survey can help us identify areas for improvement and develop strategies to enhance workplace satisfaction.

It was essential for us to ensure that the survey offered a structured platform for our employees to express their thoughts, opinions, and concerns. As part of our continuous commitment to supporting and developing our workforce, we conducted an employee engagement survey in Denmark (DK), guaranteeing anonymity and focusing on aspects such as job satisfaction and engagement.

Our 2023 employee engagement survey indicated a high level of engagement (67%) and a strong emphasis on teamwork. However, it also highlighted the need for attention to performance management. This transparency enables us to work strategically on areas that require improvement. Our goal for 2024 is a participant rate of 70% and added KPIs for the previously mentioned topics, which will enable us to monitor progress.

Enhanced focus on sickness absence

We have increased our emphasis on managing sickness absence and remain steadfast in our commitment to supporting individual employees experiencing health challenges. It is imperative to adopt a fair and consistent approach, offering support to employees while ensuring their eventual return to work. To facilitate this, we have developed a tool for collecting data on sickness absence, resulting in a Bradford score for each employee. This tool serves as a communication aid for managers to take prompt action if an employee's absence rate starts to increase, allowing for the implementation of preventive measures before it escalates into prolonged sickness absence.

Health and safety

Carsoe places high priority on establishing a workplace environment that promotes health and safety. The health and safety protocols for personnel involve a wide range of functions and roles, including production workers, warehouse workers, and administrative staff.

Carsoe has implemented a workplace organization (AMO) that enables occupational health and safety in accordance with national regulations. The organization contributes to the maintenance of a positive and healthy workplace environment throughout the various departments and roles. Work environment divisions representing warehouse, administrative, and production functions were established. All team members readily consented to become members of the organization, and to closely collaborate, fostering a positive work environment. In 2023, all functional environment representatives completed the statutory working environment course, and Carsoe established Total Recordable Incident Rate (TRIR) on all sites, which serves as a formula to assess safety performance relative to similar businesses.

Datapoint	Unit	2023 Figure
Total number of recordable injuries	No.	12
Of which is lost time cases (LTC)	No.	6
Of which is medical treatment case (MTC)	No.	6
Of which is fatal	No.	0
Total recordable injury rate	%	3.9

Diversity

Carsoe places a high priority on fostering an inclusive environment that respects and values the diverse experiences, perspectives, and backgrounds of its employees. We are committed to providing all employees with equal opportunities and prohibiting discrimination based on factors such as gender, ethnicity, age, religion, disability, and sexual orientation.

Throughout the 2023 fiscal year, Carsoe remained dedicated to promoting diversity within its workforce, with a particular focus on increasing the representation of women in middle and senior management roles. When selecting candidates for management positions, our aim is to choose individuals whose profiles and qualifications best align with the company's needs and objectives. In this regard, Carsoe has implemented its diversity policy to ensure that gender is considered alongside other recruitment criteria, such as professional qualifications, trade experience, educational background, and diversity.

Additionally, Carsoe's employment procedures are designed to support equal career opportunities for all employees. Job postings actively encourage individuals from diverse backgrounds to apply, regardless of gender, age, ethnicity, disability, sexual orientation, or religion. Furthermore, recent updates to Carsoe's maternity policy ensure equal sharing of leave and benefits among parents, as required by law, reflecting our commitment to promoting gender equality and work-life balance.

CASE

WORKFORCE OF THE FUTURE

Today, the shortage of skilled labor is more pronounced than ever before. Young people are opting out of vocational education, companies are competing for the IT and software competencies available in the market, and many of those who pursue university paths end up unemployed after completing their education due to the imbalance in supply and demand, especially for graduates from humanities educations. It is a shared societal task to ensure that we have the workforce we need in the future, and therefore, the business sector must contribute to providing young people with a solid foundation upon which to make their life choices.

An analysis conducted by the Danish Youth Council indicates that the majority of young people today are afraid of making the wrong choices in life. It's a fear that we, as businesses, can and should help to break down.

In a time where the race for grades has become overwhelming, and the question "What do you want to be when you grow up?" demands a definitive answer in early adolescence, we at Carsoe, as future employers of workforce currently under development, believe we are obligated to assist in alleviating the pressure mounting on young shoulders. We need skilled and competent employees in the future, but what does that mean? Does it necessarily equate to having pursued a lengthy higher education or simply obtaining top grades? We don't believe so at Carsoe. At Carsoe, we believe that commitment and determination are two important qualities for achieving success in one's career.

We emphasize the importance of taking responsibility for one's own education for all our student employees. At Carsoe, we need both those with long academic backgrounds and those with vocational educations. We need those who are committed and passionate about what they do. If we want competent and engaged employees in the future, as a company, we must contribute to their development. At Carsoe, 10% of our workforce consists of apprentices and student workers.

Our contribution to vocational education

In collaboration with Aalborg Municipality, we invite a 7th-9th grade class from one of the municipality's public schools to spend a day at Carsoe, four times a year. Our ambition is to provide the visiting youth with insight into the educational and career paths available within our company. The program includes a tour and an introduction to all our departments, as well as meetings with several employees who tell about their jobs and career journeys. For some, it has been a straightforward path, while for others, it has been full of twists and stops. Some even have had a U-turn or two along the way. We aim to show the youth that they shouldn't be afraid of making the wrong choice. There are numerous paths to the same destination, and it's this understanding that we aim for them to glean from this experience—less about providing a concrete answer to the question of what they aspire to be in the future.

One of the requirements for the visiting days was a case for the students to work on. Our case at Carsoe became a mini conveyor. A miniature version of what we as a company deal with daily. The students were provided with an assembly kit



containing all the parts for their own mini conveyor. Under the watchful eye of our expert welders, they were guided and taught to mark, drill holes, and weld the frame together, eventually completing the mini conveyor each of them walked out with at the end of the day. Once the frame was welded, sanded, and polished, the students delved into the assembly manual that guided them through assembling the automation part and finally getting the conveyor belt to run.

Besides experiencing a different school day, the students get an encounter with the business world they will one day be a part of. They obtain an insight into the countless paths and opportunities that exist, because there are many possibilities, and our society is not moving towards fewer options.

Furthermore, if our guests depart with the realization that uncertainty doesn't equate to a 99% chance of making the wrong choice, then we consider our efforts impactful. If our company visits can aid young individuals in discovering their path, regardless of its direction, then we have accomplished our mission.

ESG FOCUS AREAS

GOVERNANCE

Gender diversity

Carsoe values and promotes diversity in all its forms, fostering a welcoming and inclusive workplace. Carsoe believes that a diverse workplace resonates with customers and creates a high-performing, engaged workforce, which is essential to the company's success.

A diverse workforce enables Carsoe's competitive ability, and enables it to perform well, promoting a supportive work environment. Through prioritizing diversity and inclusion as key focus points of the ESG strategy, and setting goals to support these focus points, Carsoe recognizes that workforce diversity can foster an inclusive corporate culture.

Datapoint	Unit	2023 Figure
Average number of employees (FTEs):	No.	290
Percentage of employees by gender:		
Male	%	90
Female	%	10
Percentage of employees by age:		
Younger than 18	%	0
19-29	%	8
30-39	%	30
40-49	%	8
50-59	%	30
60 or older	%	24

Gender diversity in management roles

Carsoe is dedicated to advancing gender diversity throughout all tiers of the Company. The objective is to ensure a balanced representation of both genders (40%-60%) on Carsoe's Board of Directors and in the first and second tiers of management, as mandated by the Danish Companies Act and the guidelines provided by the Danish Business Authority.

The current board of directors is composed of 33,33% female and 66,67% male, while women in other management positions amount to 14,8%. The overall gender distribution in Carsoe is 90% male and 10% female.

Currently, the situation does not meet the 40/60 distribution goal set by Carsoe, but specific targets were established to achieve this balance. For instance, in 2024, we will pilot 'blind recruitment' at our headquarters in Denmark, which involves anonymizing candidates' applications by removing their names and other identifying information. This trial initiative will undergo thorough evaluation before being expanded to the group level.

Human rights

Carsoe is committed to adhering to and honoring human rights as specified in the Universal Declaration of Human Rights by the United Nations.

This involves ensuring equal opportunity for all employees, including the freedom to form labor unions and engage in collective bargaining without constraints. Carsoe recognizes that child labor, discrimination, and the prevention of labor union formation by suppliers or sub-suppliers are

significant human rights abuses. Carsoe is dedicated to reducing these dangers by mandating suppliers, under the Carsoe's Supplier Code of Conduct, to create and manufacture products without employing child labor. This provision is included in all supplier agreements.

No human rights violations were found in 2023, and Carsoe does not anticipate any human rights violations to be discovered in the upcoming fiscal year.

33%
women in
current Board
of Directors

14,8%
women on other
management
levels



Carsoe's Supplier Code of Conduct

The Carsoe's Supplier Code of Conduct aims to set forth principles, standards, and obligations for Carsoe's suppliers and partners. The Code serves as the basis for Carsoe's interactions with suppliers and partners, outlining principles that promote ethical business practices and trust between Carsoe and external parties. The Code outlines the necessary conditions for Carsoe to engage in partnerships and is a crucial component of all supplier agreements. The rules encompass anti-corruption, bribery, data ethics, privacy, health and safety, human rights, protection of individuals in the value chain and society, and environmental preservation. Furthermore, it establishes requirements for Carsoe's suppliers to actively decrease their CO2 emissions and plastic usage. The document also outlines the disciplinary measures that Carsoe will implement upon identifying any breaches of the Code of Conduct within the value chain.

CSDDD

We welcome the forthcoming statutory reporting requirements that will be introduced by the EU. We believe that these rules will allow for a shift towards a more resilient, responsible industrial sector. As a result, Carsoe will conduct a gap analysis in 2024 to assess the essential requirements of the Corporate Sustainability Due Diligence Directive. This will be executed in conjunction with our efforts to prepare for compliance with the Corporate Sustainability Reporting Directive.

Combating corruption and bribery

Carsoe faces the danger of employees, suppliers, and partners not following anti-corruption laws, which could lead to financial and legal consequences. Carsoe is dedicated to adhering to all relevant regulations and vigorously combating corruption in all its manifestations. Employees are prohibited from accepting or seeking services, gifts, or payments that could be seen as an effort to gain advantages for themselves or the Company, as per the Company's standards. Violating these policies will lead to

severe disciplinary actions against the responsible workers. During the fiscal year 2023, Carsoe did not record any instances of corruption, and we do not expect any similar incidences in the future.

Whistle blower process

Carsoe has established a whistleblower scheme and a whistleblower policy. The whistleblower scheme was established because of requirements in the Danish Whistleblower legislation. The legislation obliges all companies with more than 250 employees to set up a whistleblower scheme and whistleblower policy. Therefore, the whistleblower scheme must be seen as a natural way of preventing any possible violations and not because of any prior issues.

The purpose

A whistleblower is someone who wants to do the right thing in a tough situation. The purpose of the whistleblower scheme is to enable employees in Carsoe ("whistleblowers") to report concerns and reasonable suspicions about actual or potential breaches of applicable laws, including serious breaches of internal guidelines issued by Carsoe, and attempts to conceal such breaches. Therefore, the whistleblower scheme must be seen as a way of protecting the employees and creating a safe space, to report any possible unethical or illegal acts.

The scope

The whistleblower scheme covers reporting of knowledge or reasonable suspicion of serious breaches of applicable law and other serious matters, including non-compliance with EU law, as set forth in the Directive of the European Parliament and of the Council on the protection of persons who report breaches of Union law.



ESG GOVERNANCE

ESG holds significant importance for all employees at Carsoe, reflecting a collective desire to generate positive impact across the entire Carsoe Group. The ESG group members are tasked with implementing ESG commitments throughout the company.

Throughout 2023, Carsoe established and consistently developed an ESG governance structure aimed at enhancing our approach to ESG and ensuring effective strategy implementation and management of ESG-related risks, including refinement of roles and responsibilities.

The ESG group is accountable for overseeing and communicating the execution and advancement of the ESG strategy, and consists of representatives from the management team who may leverage their significant influence into achieving the ESG goals and targets. The ESG Board consists of top management, and the ESG group members are responsible for overseeing and managing the ESG related risks in Carsoe, each within the areas they represent. The Group meets up 6-12 times annually to gauge and follow the progress according to the ESG strategy and the targets set for 2027. During the meetings, the ESG Board members engage in discussions regarding both internal and external variables that present obstacles to achieving their goals.




ESG GOVERNANCE



People

ESG category	Business area
User safety	R&D / Product Center
Workforce fostering	HR



Planet

ESG category	Business area
CO ₂	Finance + Supply Chain
Energy	Supply Chain



Products

ESG category	Business area
Products per kilogram	R&D / Product Center
Circularity	After Sales

2024 STRATEGY AND ROADMAP

An ESG roadmap is fundamental to orchestrating a structured journey towards sustainability and responsible business practices. This draft ESG roadmap delineates the strategic objectives and actionable steps necessary to integrate ESG principles into the core of our organizational ethos.

The roadmap provides a structured framework for integrating ESG considerations into our organization's business practices. By prioritizing ESG issues, setting clear goals, engaging with stakeholders, and implementing robust monitoring and reporting mechanisms, we aim to enhance our long-term sustainability, resilience, and positive impact on society and the environment.



ESG IN NUMBERS

Category	Datapoint	Unit	2022	2023	
At a glance	Total revenue/profit	mDKK	304,349	422,452	
	Number of reporting sites	number	4	3	
	Total number of thousand production hours	number	N/A	N/A	
Energy	Total energy consumption	GJ	N/A	3.88	
	Electricity consumption	MWh	N/A	1182394	
	District heating consumption	MWh	N/A	849630	
	Fossil fuel consumption	L	N/A	66720	
Water	Total consumption of water	1,000 t	N/A	2274	
Waste	Waste from own operations	1,000 t	N/A	127876	
	- of which collected for recycling	%	N/A	49	
	- of which is collected for incineration	%	N/A	9.5	
	- of which is collected for landfill	%	N/A	5	
	- of which is hazardous	%	N/A	N/A	
Materials	Material recycling rate	%	N/A	N/A	
GHG	Total of direct CO2e emissions (Scope 1)	tCO2e	N/A	302.18	
	Total of direct CO2e emissions (Scope 2)	tCO2e	N/A	545.55	
	Total of indirect emissions from our value chain (Scope 3)	tCO2e	N/A	N/A	
	GHG intensity indicators				
	- GHG emissions per FTE	tCO2e/FTE	N/A	2.92	
	- GHG emissions per thousand production hours	tCO2e/th. prod. Hour	N/A	N/A	
	- GHG emissions per revenue mDKK	tCO2e/mDKK	N/A	1.22	
Employees	Average number of employees (FTEs)		295	290	
	Employees (FTEs) by function				
	- Administration	number	138	145	
	- Production	number	166	145	
	Percentage of employees by employment type				
	- Full-time	%	95.5	90	
	- Part-time	%	4.5	10	
	Percentage of employees by gender				
	- Male	%	87	90	
	- Female	%	13	10	
	Percentage of employees by age				
	- Younger than 18	%	N/A	0	
	- 19-29	%	N/A	8	
	- 30-39	%	N/A	30	
	- 40-49	%	N/A	8	
	- 50-59	%	N/A	30	
	- 60 or older	%	N/A	24	
	Number of new employees				
	- Male	number	83	82	
	- Female	number	17	21	
	Percentage of new employees by age				
	- Younger than 18	%	N/A	2	
	- 19-29	%	N/A	27	
- 30-39	%	N/A	22		
- 40-49	%	N/A	18		
- 50-59	%	N/A	25		
- 60 or older	%	N/A	6		
Employee turn-over percentage		%	N/A	N/A	
Diversity and inclusion	Percentage of women in the Board at the end of the period	%	N/A	33.33	
	Percentage of women in leadership positions at the end of the period	%	N/A	15	
	Percentage of employees in management positions by level and gender	%	N/A	23	
	Gender pay ratio	number	N/A	N/A	
	Number of interns/students with an educational/learning target	number	17	24	
Safety	Total number of recordable injuries	number	N/A	12	
	- of which Lost Time Injuries	number	N/A	6	
	- of which fatal Injuries	number	N/A	0	
	Total recordable injuries per X working hours	%	N/A	3.9	
Governance	Number of supplier quality audits	number	0	0	
	Number of ISO 14001-certified sites	number	0	0	
	Number of ISO 45001-certified sites	number	0	0	
	Gender diversity on the Board at the end of the period	%	33,33 female & 66,67 male		
	Board meeting attendance rate	%	92	93	
	Taxes by category				
	- Corporate income taxes	mDKK	21.8	4.9	
	- Employee taxes	mDKK	N/A	51.8	

■ Company
 ■ Environmental
 ■ Social
 ■ Governance