ESG Report 2024

FJ Industries A/S

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FJ · INDUSTRIES

Introduction and boundaries

This ESG report is structured in accordance with international sustainability reporting standards, including the GHG Protocol and the voluntary VSME standard. The report focuses on the most relevant issues within the iron and steel industry, as well as the specific challenges in Denmark, where our factory is located. We have identified the most critical climate-related topics for FJ Industries: CO2 emissions, energy consumption, water usage, and waste management, including the handling of hazardous waste. Through this analysis, we can identify areas for improvement and set realistic targets for future reductions in our CO2 emissions. The ESG report has been prepared for the parent company in Denmark (FJ Industries A/S) and does not cover our subsidiaries.

Overview

1

About us

Our sustainability procedures, policies and goals

2

Results CO2-emissions

Stated in scope 1, 2 and 3

3

Comparison with 2023

CO2-emissions and calculation method

4

Reduction potentials

For scope 1, 2 and 3

5

Our own workforce

Social data and initiatives

6

Corporate Conduct

Corruption and bribery

About us

FJ Industries A/S

FJ Industries A/S (FJI) is a privately owned Danish company established in 1943. We have been producing powder metal products in Denmark since 1985 and have been selling cast and machined metal components since 2006, manufactured at our subsidiary in China. The components are sold to industrial segments such as healthcare, pumps, robotics, smart buildings, and the automotive industry (NACE: 254000). We serve customers from all over the world, all of whom demand high standards of quality, precision, and consistency. We tailor solutions to each individual project, and thanks to efficient processes, we can deliver both small and medium-sized series at competitive prices.

Our sustainability procedures, policies and goals

Code of Conduct

FJI has a global Code of Conduct that forms the basis of our ethical guidelines and business conduct. The code contains policies and procedures that support responsibility, environmental concerns and sustainability throughout the value chain; from production to supplier cooperation. It is management's responsibility to ensure that all departments and employees comply with the code, and we monitor compliance through management accountability. Our whistleblower system also ensures that violations of the policy can be reported anonymously and handled effectively.

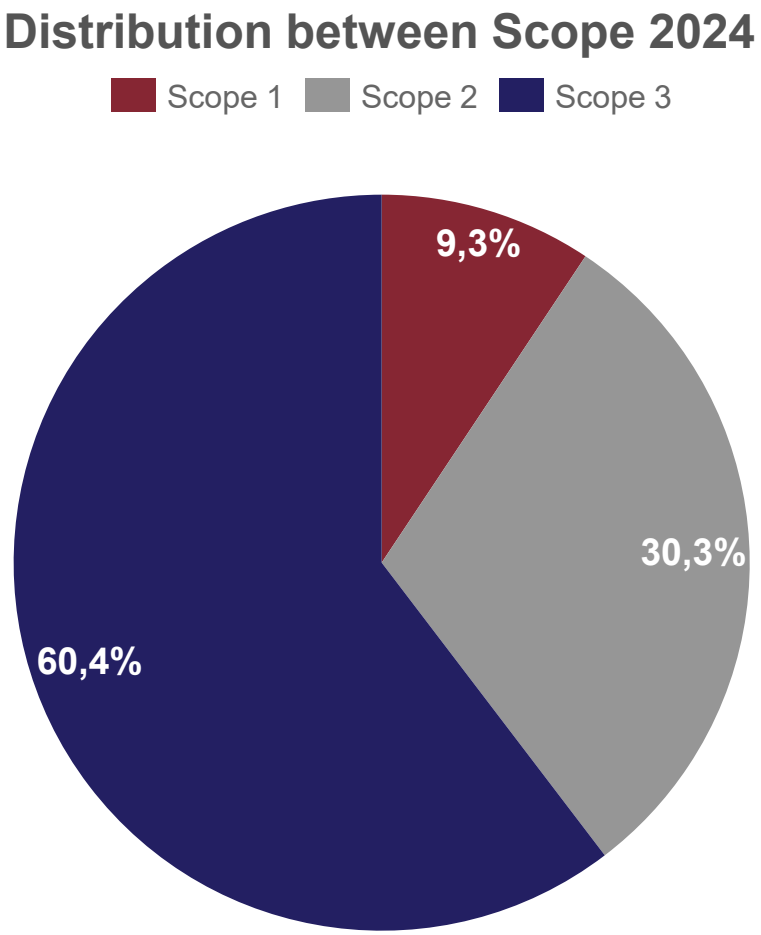
Employee handbook and health and safety policy

FJI is committed to ensuring a healthy and safe working environment where all employees thrive physically and mentally. We comply with all applicable work environment laws and have a work environment organization with dedicated groups and committees that regularly conduct workplace assessments and work environment surveys. Our policies for work environment, health and behavior are clearly described in our personnel policies and employee handbook, which is available to all employees.

QHSE and sustainability policy

FJI is IATF certified and works with QHSE as an integrated part of the company's daily operations and strategic development. We follow a "zero environmental accidents philosophy" and have procedures for waste, energy conservation and emissions. FJI is also committed to promoting sustainable development through responsible resource consumption, investment in green technology, use of recyclable materials and circular soluteions. Through continuous evaluations and open dialog, we work towards reducing our carbon footprint and ensuring a responsible impact on climate, environment and society.

For more details see appendix



Results

Total CO2 emissions for 2024 were 4.826 tons of CO2. In accordance with the GHG Protocol, emissions are divided into direct emissions (scope 1) and indirect emissions (scope 2 and scope 3). The CO2e intensity is 3%.

Scope 1 – Direct emissions

Scope 2 – Indirect emissions

The CO2 emissions related to the consumption of electricity are here calculated based on the market-based method.

Scope 3 – Other indirect emissions

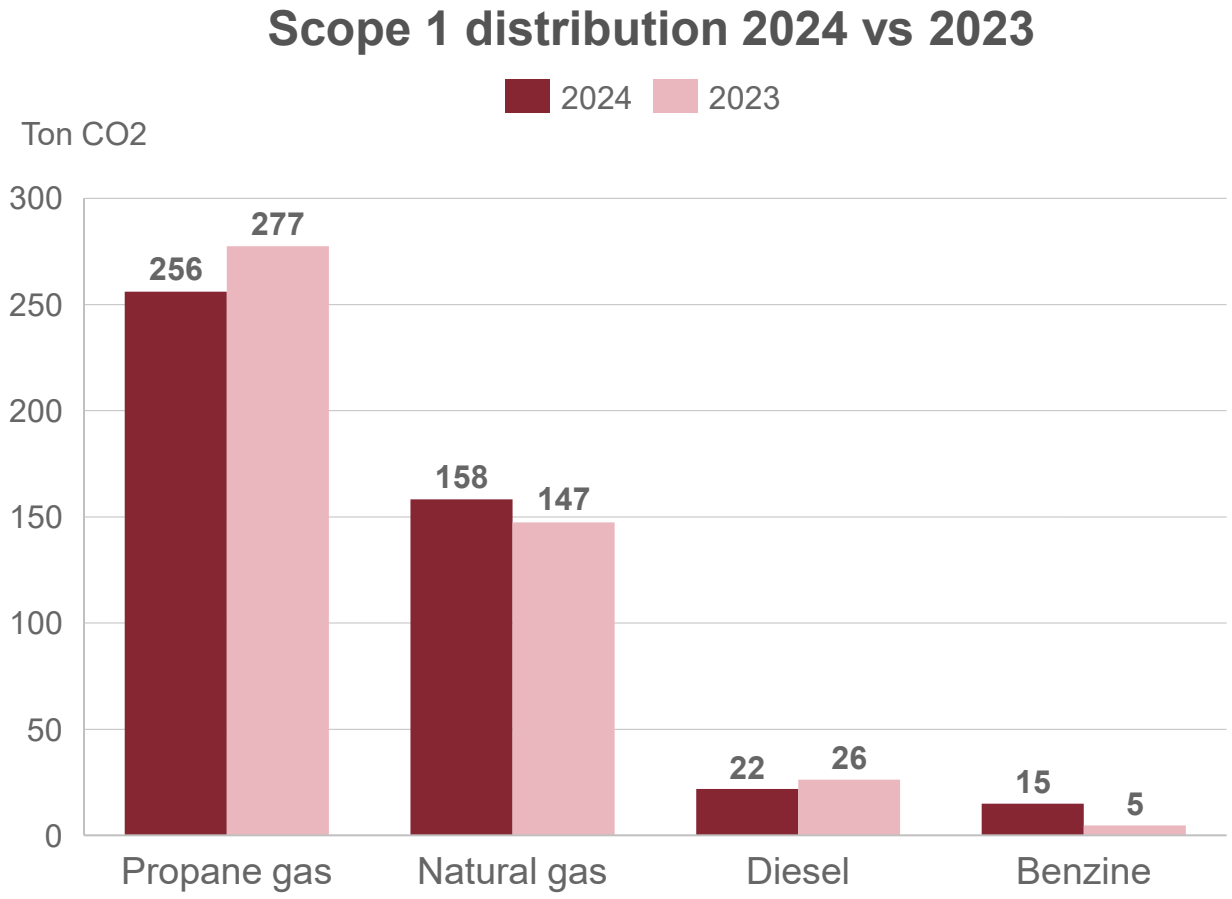
Results: Scope 1

Direct process emissions

Scope 1 includes direct process emissions from propane in production, fuel for company cars and trucks, and natural gas for heating buildings. This category accounts for 9,3% of the total emissions.

Propane gas

The use of propane in the production process accounts for 57% of the emissions while natural gas for heating accounts for 35% within scope 1.

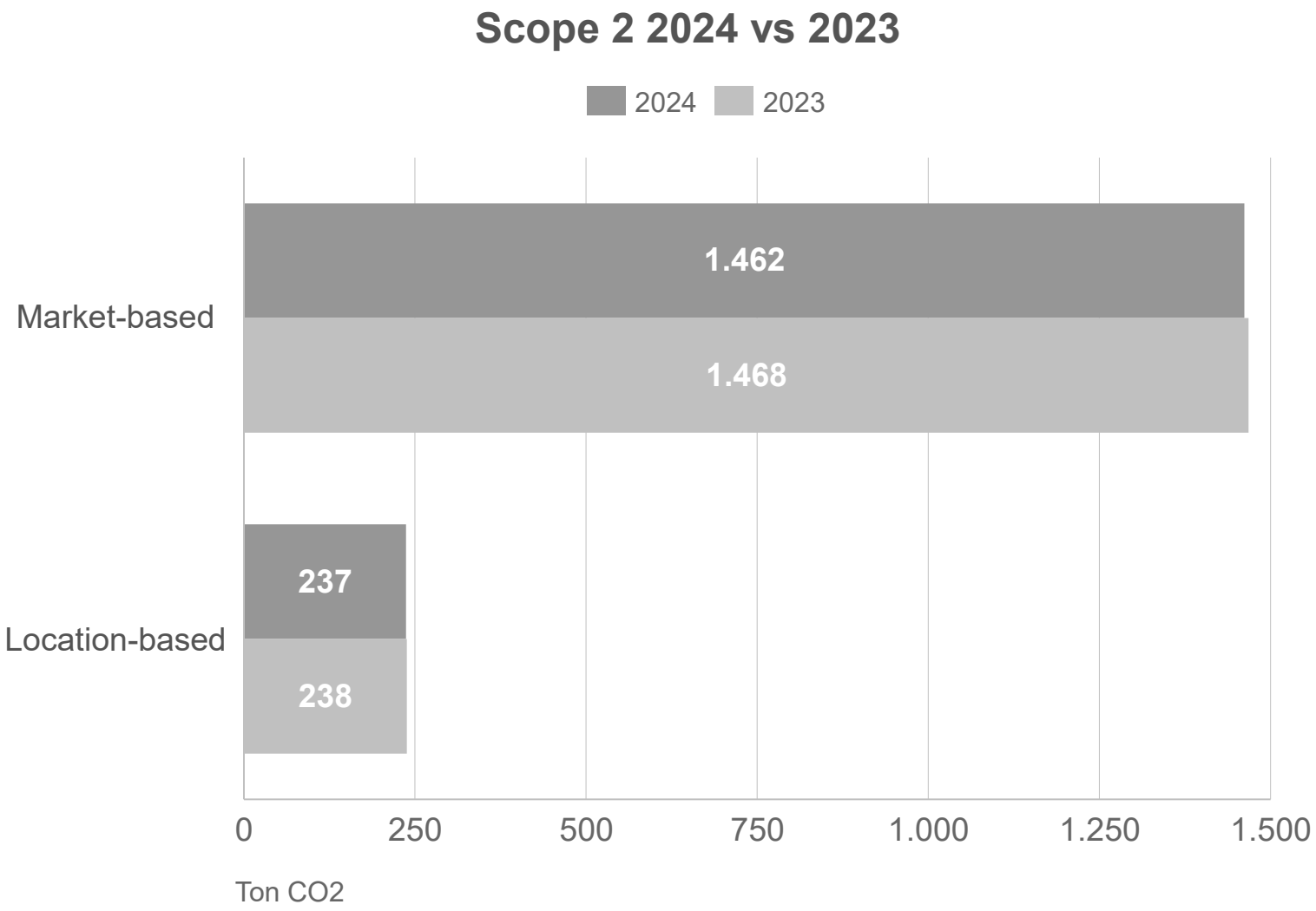


Results: Scope 2

Indirect emissions

Scope 2 includes emissions related to the **consumption of electricity**.

Overall, this category accounts for 30,3% of total emissions.

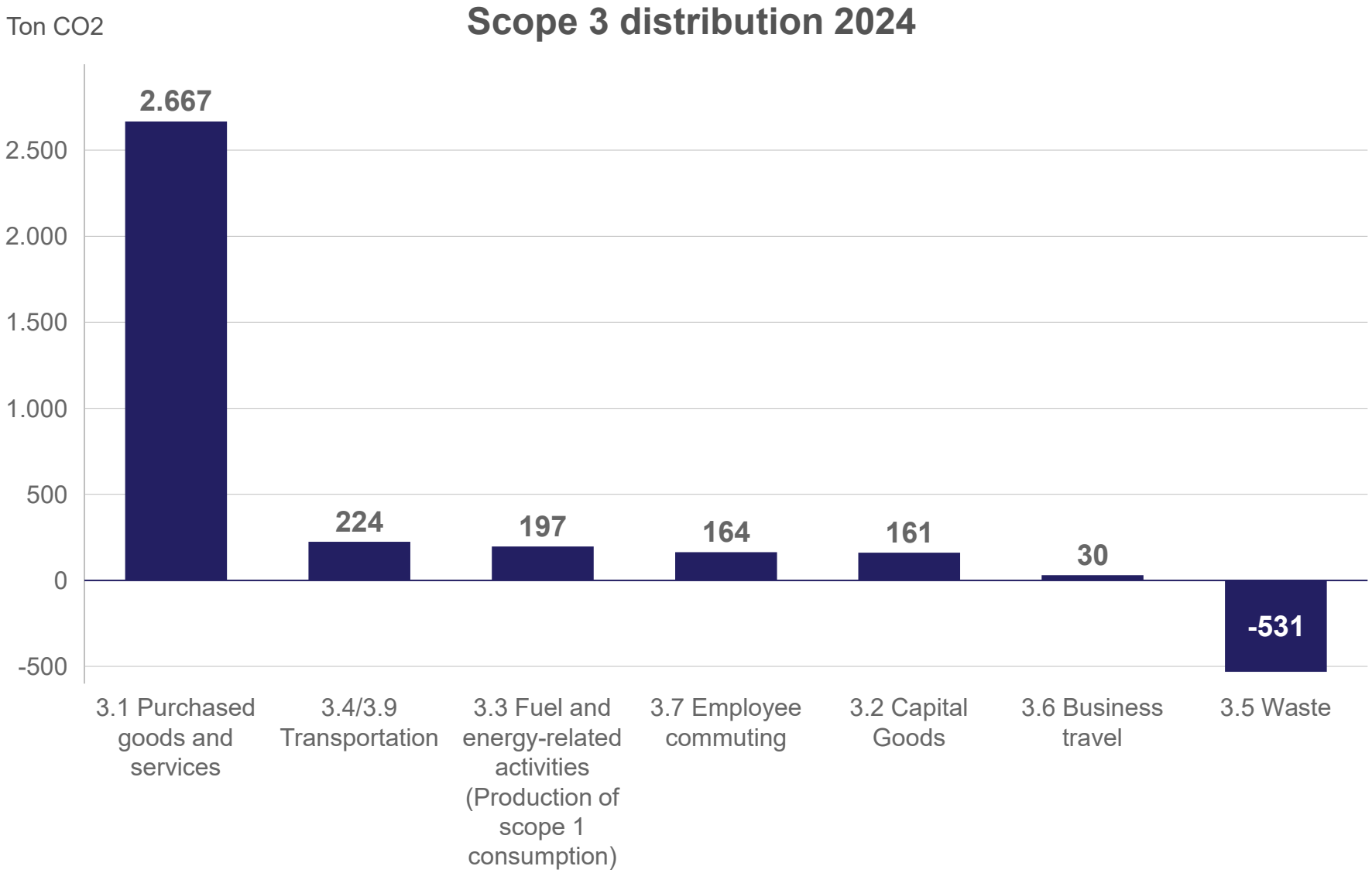


Results: Scope 3

Direct emissions

Scope 3 includes indirect emissions related to the company's own activities. These emissions are often the largest and most complex to calculate.

This category accounts for a total of 60,4% of total emissions.



Results: Scope 3

Scope 3.1: Purchased goods and services

The largest source of CO2 emissions in scope 3 is related to the purchase of goods. This category accounts for 92% of our scope 3 emissions, corresponding to 2.667 tons of CO2. See next page for more information.

Scope 3.4 and 3.9: Transportation

The second largest CO2 emission in scope 3 relates to the transportation of purchased goods as well as the transportation of finished goods. Here, shipping accounts for about half of the CO2 emissions and relates to the transportation of cast customer parts produced in China.

Scope 3.7: Employee commuting

Employee commuting in 2024 is calculated based on a standard emission factor and we expect the actual CO2 emissions to be lower, as many employees live in the local area and a large part of the administrative employees work from home one or more days a week. We will therefore prioritize in the near future to calculate employee commuting more accurately.

Results: Scope 3.1 Purchased goods & services

Steel/Iron FJI CN

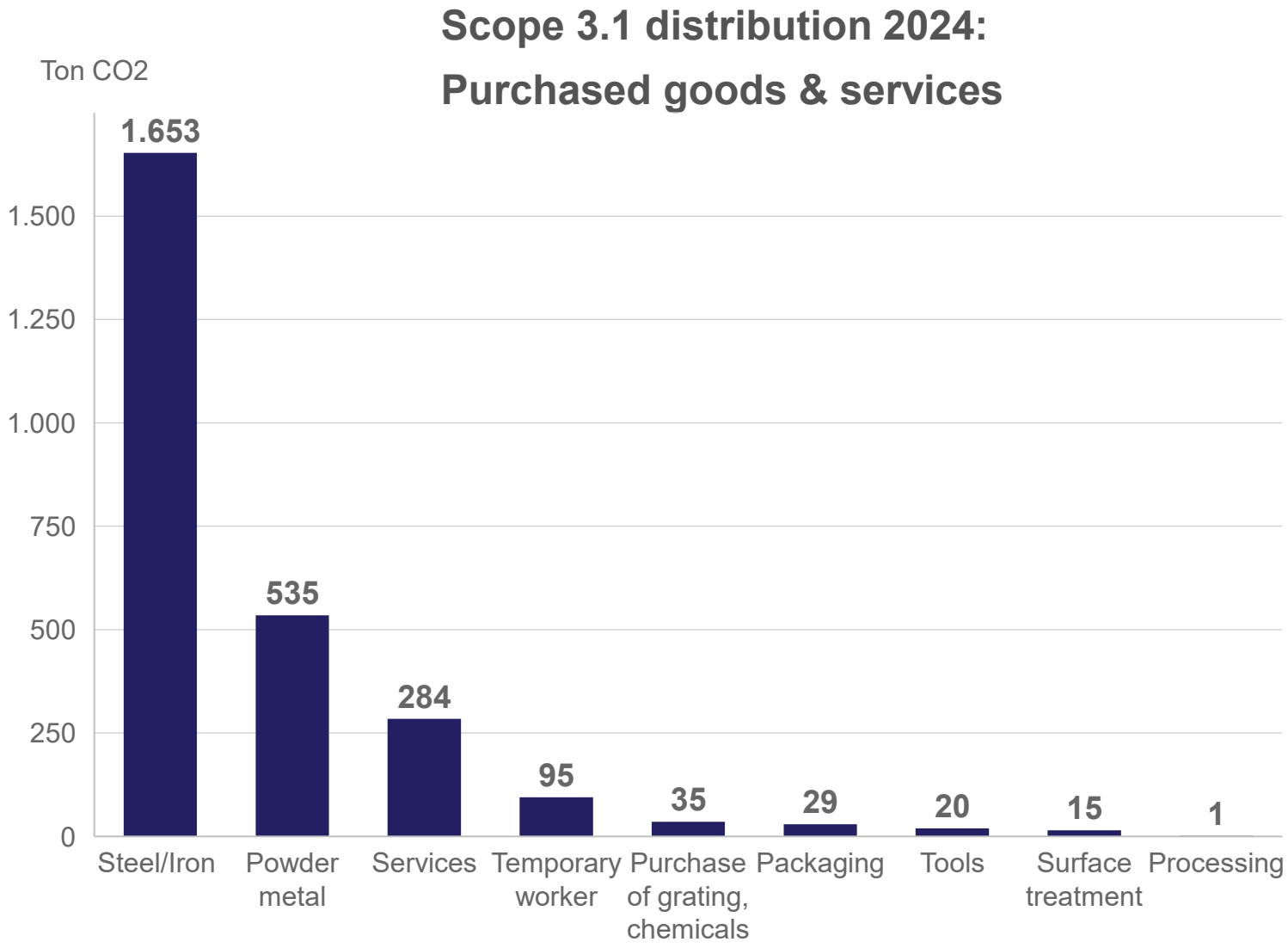
The largest source of CO2 emissions is internal trade in castings from our subsidiary FJI China (FJI CN). The castings from FJI CN are produced using 80% recycled and 20% new steel/iron.

Powder metal

Various powder metals are utilized, and the choice depends on the customer's specifications and requirements for the product. According to their own information, our main supplier of powder metal uses 50% secondary or recycled materials to manufacture their products.

Services

The services include repair and maintenance of machinery, auditing and consulting, and IT services.



Results: Scope 3.5 Waste

Scope 3.5 Waste

Our waste policy focuses on careful sorting and has resulted in negative CO2 emissions. In close cooperation with our waste management company, we strive to achieve the highest possible recycling rate. To this purpose, we have developed processes for reprocessing material waste/process scrap, which enables the reuse of production waste. Reuse eliminates the cost of waste disposal and, in some cases, generates a small income.

These measures have resulted in 357 tons of waste being recycled. In addition, FJI has 133 tons wastewater that is safely and efficiently cleansed by STENA Recycling.

Overall, this results in negative CO2 emissions of -531 tons of CO2, corresponding to -15% of total emissions. FJI's responsible waste management is therefore both environmentally sustainable and economically beneficial.

Circular economy

The circular economy is about minimizing waste and keeping materials in circulation for as long as possible through reuse and efficient resource utilization. At FJI, we work with these principles by carefully sorting waste and reusing process materials in collaboration with our waste partner. This reduces both CO2 emissions and costs. The table below provides an overview of our activities:

Focus area	Our approach	Examples in FJI
Circular economy principles	We actively work with circular economy principles in our production.	Our use of sintering technology minimizes material waste in the production of metal components compared to traditional manufacturing methods. Further information about sintering technology can be found on the next page.
Waste and pollution	Our waste policy focuses on careful sorting and recycling.	Our partnership with STENA Recycling and targeted sorting has enabled the recycling of 357 tons of waste.
Material circulation and recycling	We strive for high recycling rates in close cooperation with our partners.	The recycling of production waste has resulted in negative CO2 emissions of -531 tons of CO2 and reduced disposal costs.

Additional information: sintering technology

Sintering technology is a production method in which metal powder is pressed into a mold and then heated (sintered) to a temperature below the melting point. This binds the powder particles together and creates a solid and precise component.

Advantages of sintering technology *

Low energy consumption

The sintering process requires less energy than casting or machining. A study shows that the sintering process can result in energy savings of up to 44% compared to machining.

High material utilization

Up to 95% of the raw material is utilized; far more than in machining (50-60%).

Less waste and reuse of materials

Minimal use of cutting fluids and fewer process steps reduce the environmental impact. In addition, most of the metal powder comes from recycled scrap metal.

Fewer process steps

The components can be manufactured directly in the requested shape, reducing the need for machining, which typically results in waste.

* Source: Metal Powder Industries Federation: A Green Technology

Water usage

Wastewater

FJI uses water in production for cooling in connection with powder pressing, as well as in connection with degreasing and plastic impregnation. Optimization has already been carried out in relation to minimizing water consumption, as the water is reused in a closed system.

The water, which is changed twice a year, contains accumulated production materials such as metal and oil and amounts to 133 tons. The wastewater is handled responsibly by STENA Recycling, which collects and purifies the water.

Water usage

FJI's total water consumption at its location in Denmark from production, toilet use, bathing, etc. was 1.711 m3 in 2024, corresponds to the annual water consumption of approximately 18,4 average families in Denmark with 2,11 persons.[1] FJI is supplied with water from the local waterworks.

1 According to Danva, the average annual water consumption is 98 m3 for an average household of 2,11 people (2023) Danva.dk

Comparison with 2023

The development of our CO2 emissions

In both 2023 and 2024, our CO2 emissions are calculated in accordance with the GHG Protocol.

Total tons CO2	2023	2024	% change
Scope 1	456	451	- 1,1%
Scope 2	1.468	1.462	- 0,4%
Scope 3	3.236	2.914	- 10%
TOTAL	**5.160**	**4.827**	**- 6%**

There is a slight decrease in CO2 emissions in scope 1 and 2 from 2023 to 2024, which is primarily due to fluctuations in production. There are several shifts in scope 3, which have collectively reduced CO2 emissions. The positive development is primarily due to an average lower emission factor of 14% on purchased powder metal, lower volume of cast items, and a lower level of purchases of new machinery.

In addition, in 2024 we have improved accuracy and expanded our calculation methods, resulting in more accurate and comprehensive data. We will continue to work on increasing accuracy, and as our suppliers become more precise in their calculation of CO2 emissions for the goods we purchase, our CO2 calculations will also be more accurate in the coming years.

Reduction potentials

FJI is continuously working to identify and evaluate opportunities for reducing greenhouse gas emissions across Scope 1, 2 and 3. Our approach is based on ongoing analyses, strategic investments, and collaboration with partners to ensure long-term impact.

We are currently exploring several areas with potential for emission reductions, including energy efficiency in production, alternative heating sources, and more sustainable material choices. Additionally, we are assessing opportunities for increased recycling, improved logistics, and more precise supplier data to enhance the accuracy of our Scope 3 reporting.

While specific initiatives are under development and not disclosed in detail, our commitment to climate action is embedded in our strategy and reflected in our continuous efforts to reduce our environmental footprint.

Our own workforce

Contract type

In 2024, FJI had both temporary and permanent employees. The total number of employees was 102, of whom 95 were permanent and 7 were temporary.

Gender

Our employees in 2024 were distributed as follows by gender: 31% women, 69% men, 0 of other genders and 0 not registered in the system.

Employee turnover

Employee turnover is calculated as the percentage of employees who left the company during the reporting year. In 2024, we had an employee turnover rate of 10%.

Our own workforce

Workplace accidents

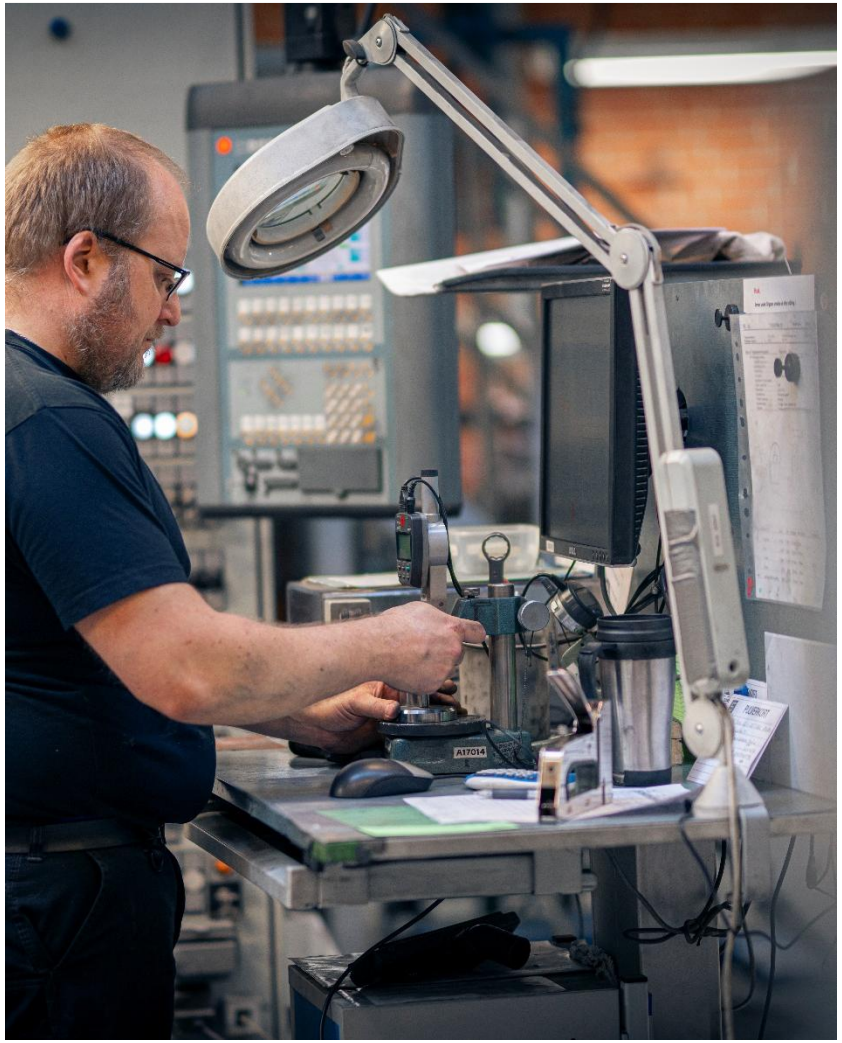
Two workplace accidents were recorded, corresponding to an accident frequency of 2,36%. No work-related fatalities were recorded during the period.

Minimum wage and collective agreement

All employees (including temporary employees) at FJI are paid at least the minimum wage applicable under relevant collective agreements or legislation. 71.57% of FJI employees are covered by a collective agreement.

Average training hours per employee

In 2024, employees received an average of the following number of training hours: 37 hours for men and 37 hours for women. Training hours include both formal learning, such as courses, and informal learning, such as on-the-job training. The calculation is based on internal estimates.



Our own workforce: Initiatives

Focus on work-life balance with flexible working hours and exercise opportunities

We want to support our employees' health and well-being by offering flexible working hours and the opportunity to participate in weekly exercise activities.

This aims to contribute to a better work-life balance.

Access to health insurance as part of employment

To promote well-being and ensure quick access to treatment, FJI offers health insurance to all employees.

The insurance covers both physical and mental health, thereby supporting our ambition to be a responsible and caring workplace.

We see health as an important part of our social responsibility towards our employees.

Regular job satisfaction interviews and workplace environment surveys

To ensure a good working environment and employee well-being, FJI has introduced a biannual well-being interview and an anonymous working environment survey.

This gives us insight into how we can best support our employees and improve working conditions.

Corporate Conduct

During the reporting period, FJI has not received any fines or been involved in any cases of corruption. It is crucial for us to comply with applicable legislation and act in accordance with high ethical standards. We place great emphasis on integrity, responsibility, and conscientious behavior in all parts of our business.

Corruption and bribery	Quantity	Unit
Convictions	0	Number
Fines	0	DKK

Conclusion

Scope 1	Scope 2	Scope 3
451 tCO2e	1.462 tCO2e	2.914 tCO2e
9,3%	30,3%	60,4%

2024 has been an **important transition year** for FJI in our climate efforts. **Total CO2 emissions amounted to 4.826 tons**, which is a **reduction of 6% compared to 2023**. Significant progress has also been made in understanding and calculating our scope 3 emissions in particular. We have **improved data quality** and included new subcategories, which has given us a more accurate picture of our climate footprint. Work is continuing to increase accuracy, and with the help of our suppliers in their own work to increase accuracy, further progress is expected in the coming years.

Our strategy includes an investment plan with **ongoing investments in new machinery that will further reduce electricity consumption.** In addition, opportunities for investment in solar cells are being explored, and opportunities for conversion to district heating have been identified as a medium-term potential.

Furthermore, we have **continued our work on the circular economy**, increased recycling, and waste sorting.

Overall, 2024 represents a step toward a more climate-conscious and data-driven basis for our future decisions and investments.

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Appendix

VSME Basis Modul Index

Area	Number	VSME Titel	Page number
General information	**B1**	Basis for preparation	1, 4 & Appendix
	B2	Actions, policies, and initiatives for transitioning to a more sustainable economy	5 & Appendix
E-data	**B3**	Energy consumption and CO2e emissions	6 – 12
	B4	Pollution of air, water, and soil	Not relevant
	B5	Biodiversity	Not relevant
	B6	Water	15
	B7	Resource consumption, circular economy, and waste management	12 – 13
S-data	**B8**	Own workforce	18
	B9	Health and safety	19
	B10	Compensation, agreements, and training	19
G-data	**B11**	Business management	21

Appendix

VSME Basis Modul: sustainability procedures, policies and goals

Area (pkt. 26 and 78)	**The company has a specific policy/initiative in this area (YES/NO)**	**Is the policy/initiative publicly available? (YES/NO)**	**Does the policy/initiative contain objectives or future initiatives? (YES/NO)**
Climate change	YES	YES	YES
Pollution	YES	YES	YES
Water and air pollution	YES	YES	YES
Biodiversity and Ecosystems	NO	NO	NO
Circular economy	YES	YES	YES
Own workforce	YES	NO	NO
Work in the value chain	YES	YES	YES
Corporate social responsibility	YES	YES	YES
Consumers and end users	NO, not relevant	NO	NO
Corporate conduct (code of conduct)	YES	YES	YES

Appendix

VSME Basis Modul: Basis for preparation (B1) – continued: Geolocation (coordinates)

55.30826100825925, 10.591856653884143

VSME Basis Modul: CO2e emissions (B3) – CO2e intensity

CO2e intensity is calculated based on the VSME formula: $\frac{\textit{Total CO2e-emissions}}{\textit{Revenue}} = \textit{CO2e-intensity}$

VSME Basis Modul: Own workforce: General characteristics (B8) – Employee turnover

Employee turnover is calculated using the VSME formula: $\frac{\textit{Number of employees who left the company during the reporting year}}{\textit{Average number of employees during the reporting year}} \textit{ X 100}$

VSME Basis Modul: Own workforce: Health and safety (B9) – Frequency of occupational accidents per 100 FTA

The frequency of recorded workplace accidents is calculated using the VSME formula: $\frac{\textit{Number of recorded work-related accidents in the reporting year}}{\textit{Total number of hours worked by all employees during the reporting year}} \textit{ x 200.000}$

VSME Basis Modul: Own workforce: Salaries, agreements, and training (B10) – Collective agreement

The percentage of employees covered by collective agreements is calculated using the VSME formula. : $\frac{\textit{Number of employees covered by a collective agreement}}{\textit{Total number of employees}} \textit{ x 100}$