

A close-up, slightly blurred photograph of an industrial robotic arm with blue and silver components, positioned over a metal workpiece in a factory setting.

ESG REPORT 2025

FJ Industries A/S

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Introduction and Boundaries



This ESG report is structured in accordance with international standards for sustainability reporting, including the GHG Protocol and the voluntary VSME standard, and is updated annually. The report focuses on the most relevant issues within the iron and steel industry, as well as the specific challenges in Denmark, where our plant is located. We have identified the most critical climate issues as being of key importance to FJ Industries: CO₂ emissions, energy consumption, water consumption, and waste management, including the handling of hazardous waste. Through this analysis, we can identify areas for improvement and set realistic goals 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. The company uses production machinery under operating leases. The leases are not reported separately in the CO₂ accounting, as emissions from the operation of the machinery are already included in the recorded energy and electricity consumption under Scope 1 and Scope 2.

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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. We had 97 full-time employees in 2025.



EcoVadis 2025



Overall score: 63 / 100

In 2025, FJ Industries was awarded a bronze medal by EcoVadis, a leading global provider of corporate sustainability assessments.

The EcoVadis assessment evaluates sustainability efforts across four key themes:

- Environment
- Labor Practices and Human Rights
- Ethics
- Sustainable Procurement

This places FJ Industries among the top 35% of assessed companies worldwide and among the top 16% in our industry. The Labor Practices and Human Rights and Ethics categories, in particular, scored highly.

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

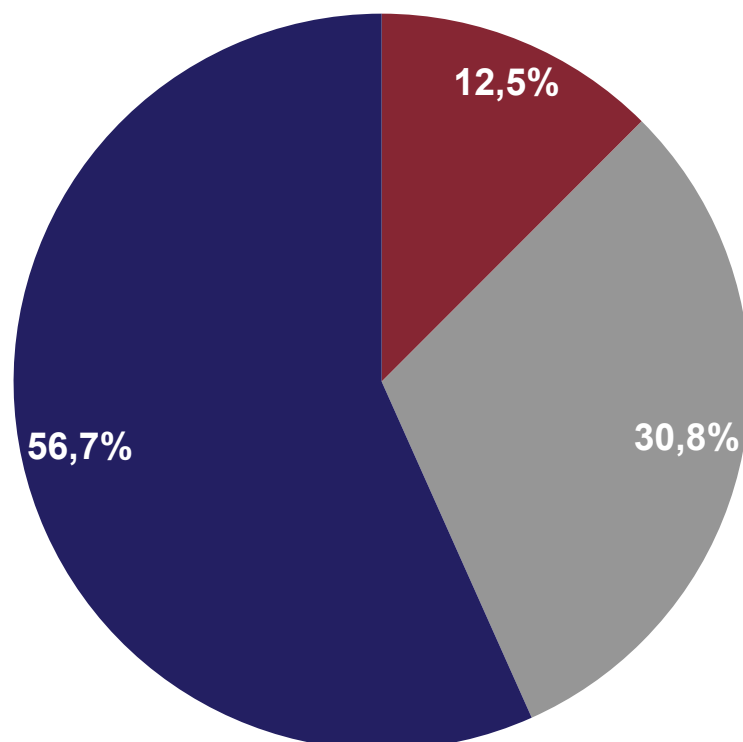
FJI is committed to ensuring a healthy and safe working environment where all employees thrive physically and mentally. We comply with all applicable work environment laws and have a work environment organization with dedicated groups and committees that regularly conduct workplace assessments and work 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 solutions. Through continuous evaluations and open dialog, we work towards reducing our carbon footprint and ensuring a responsible impact on climate, environment and society.

Distribution between Scopes 2025

■ Scope 1 ■ Scope 2 ■ Scope 3



Results

Total CO2 emissions for 2025 were 4,267 metric tons of CO2. In accordance with the GHG Protocol, emissions are broken down into direct emissions (Scope 1) and indirect emissions (Scope 2 and Scope 3). CO2e intensity stands at 2.6%.



Scope 1 – Direct emissions



Scope 2 – Indirect emissions

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



Scope 3 – Other indirect emissions

Results: Scope 1

Direct process emissions

Scope 1 includes direct process emissions from propane used in production, fuel for company cars and trucks, and natural gas used to heat buildings. This category accounts for 12.5% of total emissions.

Propane gas

The use of propane in the production process accounts for 50% of Scope 1 emissions. The increase in CO2 emissions from propane is primarily due to a slightly higher level of production activity in 2025 and the resulting higher propane consumption.

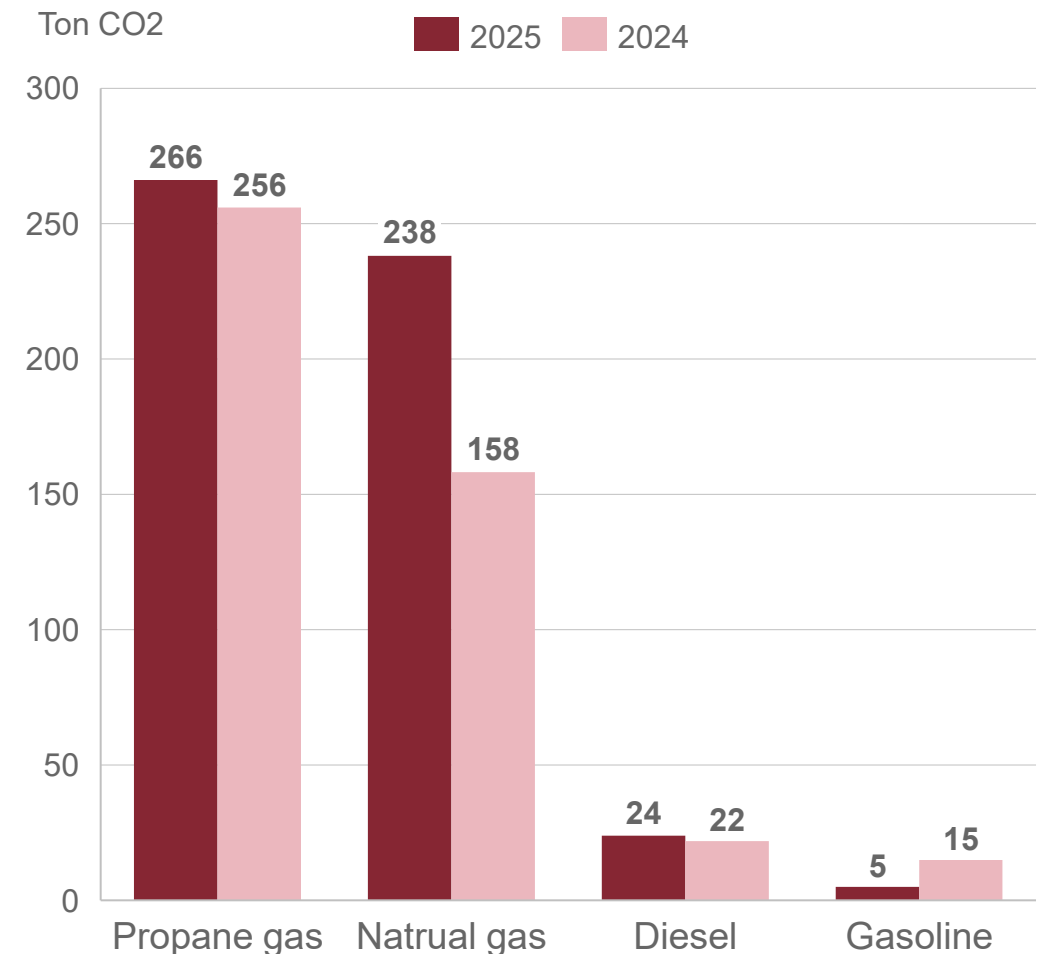
Natural gas

The increase in CO2 emissions from natural gas used for heating buildings from 2024 to 2025 cannot be attributed to higher energy consumption but is primarily due to a change in the calculation methodology and updated emission factor. Overall, physical consumption has remained stable.

Gasoline

The decline in CO2 emissions from gasoline is primarily due to the fact that more company cars have been replaced with electric cars.

Scope 1 distribution 2025 vs 2024



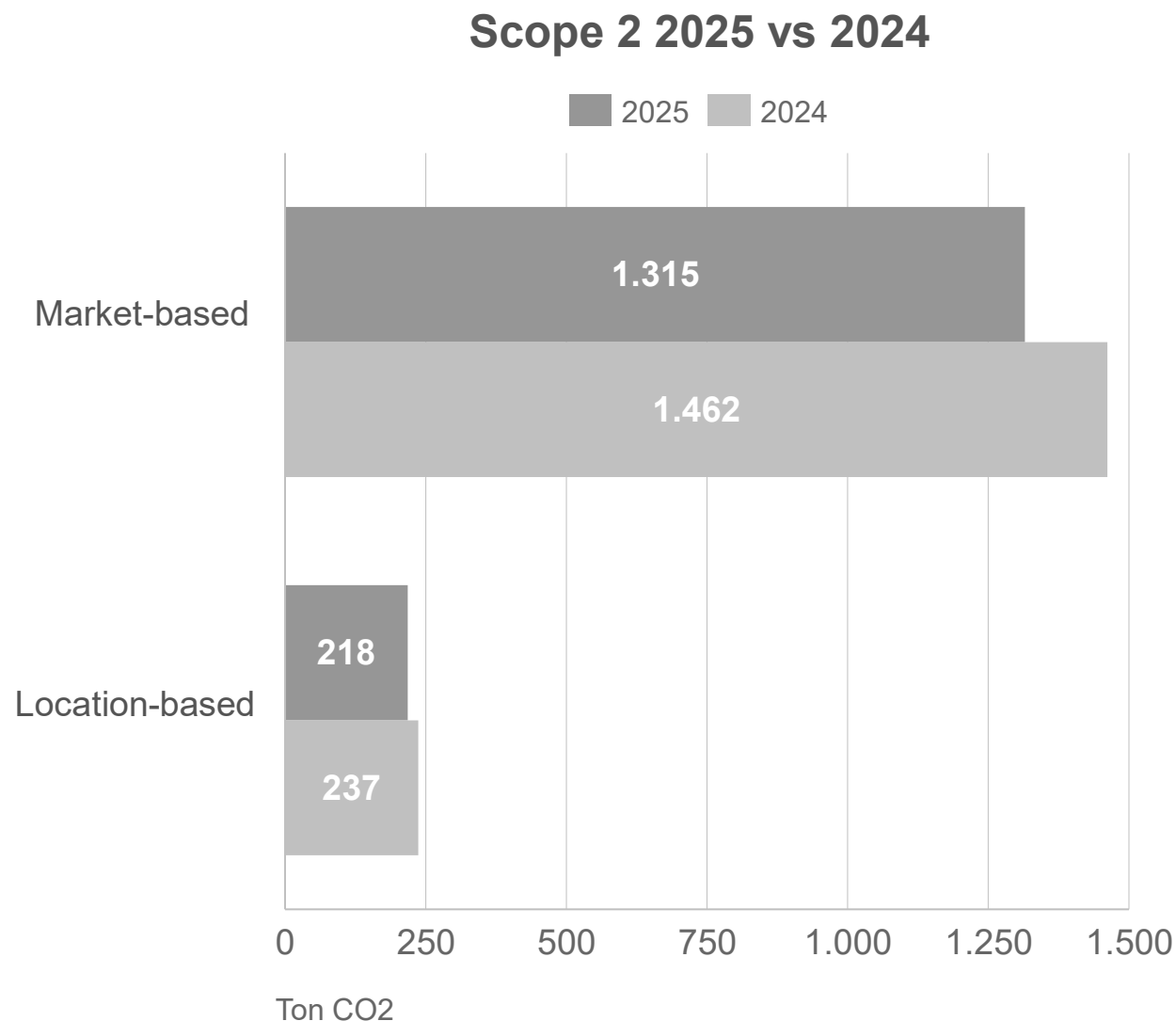
Results: Scope 2

Indirect emissions

Scope 2 includes emissions related to electricity consumption. This category accounts for 30.8% of total emissions, and there is a slight decrease in CO2 emissions from 2024 to 2025. This trend is influenced by an updated emission factor, a slight increase in activity levels, and energy-saving initiatives in production. The graph shows the two recognized methods for calculating CO2 emissions from electricity consumption.

Market-Based vs. Location-Based Method

The location-based method reflects emissions from average electricity generation in the power grid, while the market-based method reflects emissions based on the company's specific electricity purchases and energy contracts.



Results: Scope 3

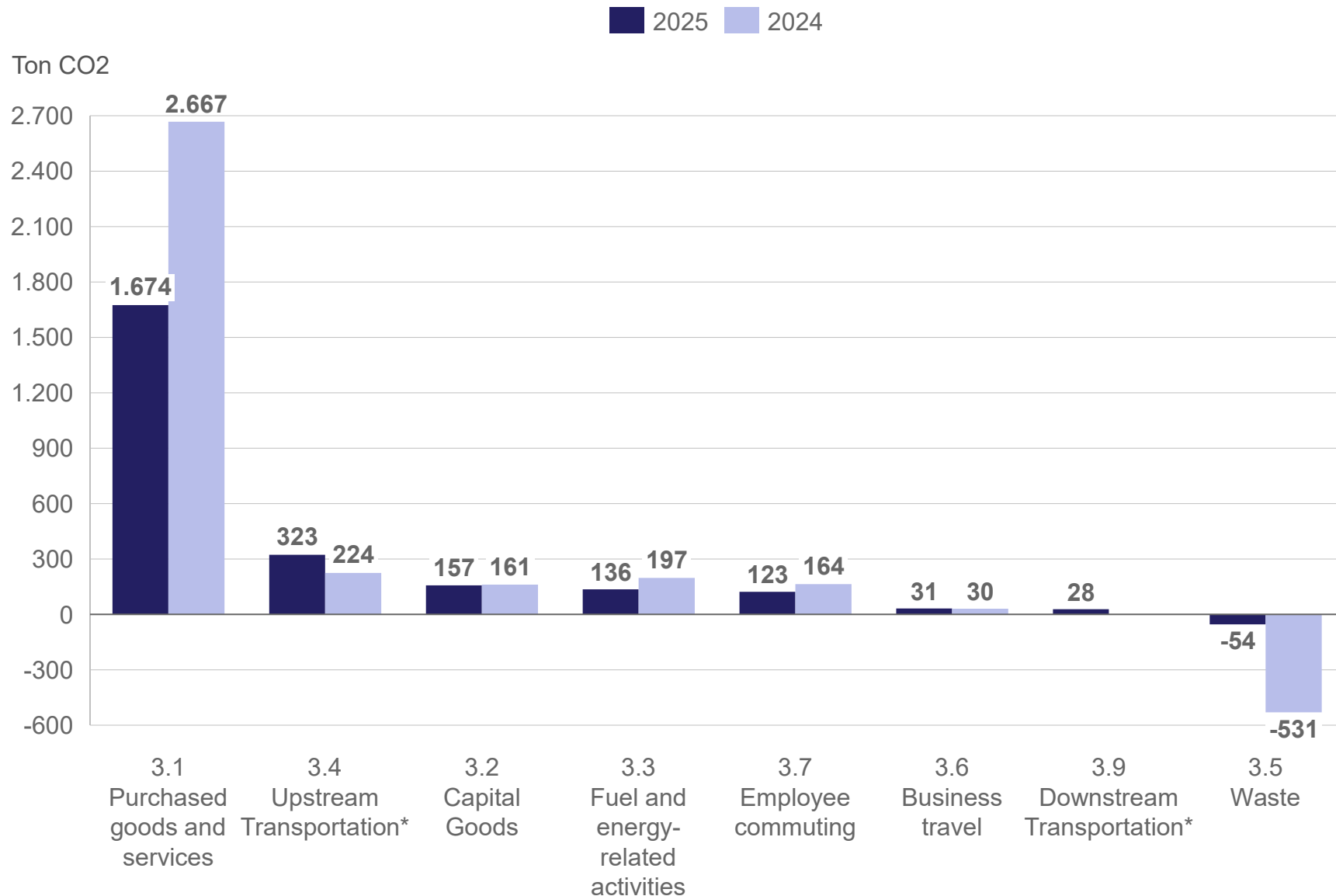
Other direct emissions

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 56.7% of total emissions.

Total Scope 3 CO₂ emissions will amount to 2,419 metric tons in 2025 and 2,914 metric tons in 2024. This means that Scope 3 CO₂ emissions have been reduced by 495 metric tons of CO₂ (-17%).

* In 2024, transportation was calculated as a total and not broken down into upstream and downstream

Scope 3 distribution 2025 vs. 2024



Results: Scope 3 – Top 3 emissions



Scope 3.1: Purchased goods and services

The largest source of Scope 3 CO2 emissions is related to the procurement of goods. This category accounts for 69% of our Scope 3 emissions, equivalent to 1,674 metric tons of CO2. Scope 3.1 emissions have decreased by a total of 993 metric tons of CO2. See the next page for more information.

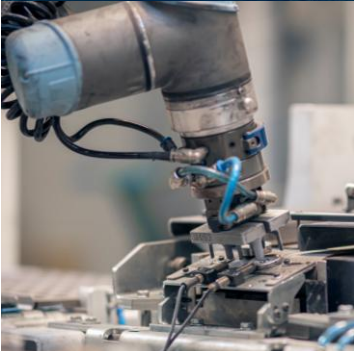
Scope 3.4 and 3.9: Transportation

The second-largest source of Scope 3 CO2 emissions relates to the transportation of purchased goods, accounting for 13% of our Scope 3 emissions. Here, shipping accounts for approximately half of the CO2 emissions and relates to the transportation of customer items produced in China. By 2025, CO2 emissions in this category will have increased by 99 metric tons of CO2 compared to 2024, primarily due to the division of the “transportation” category into upstream and downstream segments and a reduction in transport volume.

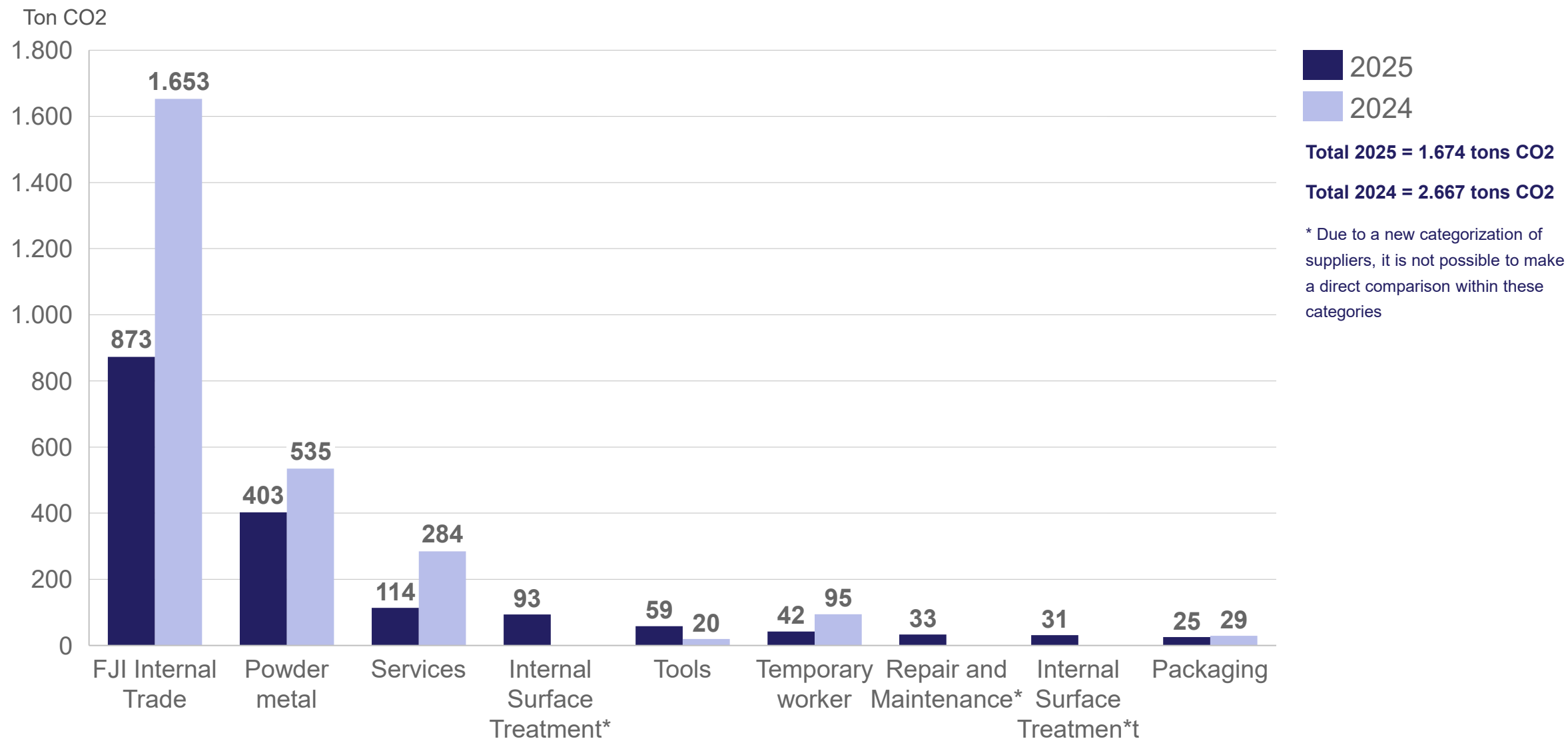


Scope 3.2: Capital Goods

Capital Goods account for 6.5% of our Scope 3 emissions. This category covers investments in long-term assets such as machinery, equipment, and buildings. It should be noted that new production machinery under operating leases is not included here. In 2025, CO2 emissions in this category will be on par with 2024 levels.



Results: Scope 3.1 Purchased goods & services



Results: Scope 3.1 - Details

FJI Internal Trade

The largest source of CO2 emissions is the internal shipment of cast and powder-metal components from our subsidiary in China (FJI CN). Our cast components from FJI CN are produced using 80% recycled and 20% new steel/iron. The updated emission factors in the public database have contributed to a reduction of 780 metric tons CO2 emissions in this category from 2024 to 2025.

Powder Metals

We use many different types of metal powders, and the choice depends on the customer's specifications and requirements for the part. According to its own information, our main supplier of metal powder uses 50% secondary or recycled materials to produce the metal powder. We have increased our use of zinc-free lubricants in our powder types and optimized our consumption by using more zinc-free powder and less zinc-containing powder. Overall, we have reduced CO2 emissions by 132 metric tons from 2024 to 2025 in the powder metal category, which corresponds to a 25% reduction.

Service

These services include advisory and consulting services, telecommunications and IT services, cleaning, leasing, and administrative services. CO2 emissions associated with this category have decreased by 119 metric tons of CO2, due to changes in categorization and shifts in consumption.

Packaging

Packaging is a key focus area in the industry due to increased demands for resource efficiency and waste reduction. CO2 emissions associated with our packaging consumption totaled 25 metric tons in 2025, compared to 29 metric tons in 2024. The reduction is attributable to both operational changes in the supply chain and improvements in data classification.

Results: Scope 3.5 Waste

Scope 3.5 Waste

Our waste policy emphasizes careful sorting. In close collaboration with our waste management companies, we strive to achieve the highest possible recycling rate. To this end, we have developed processes for reprocessing material waste and process scrap, which enable the recycling of production waste. Recycling eliminates the cost of waste disposal and, in some cases, generates a small amount of revenue.

These initiatives have resulted in the recycling of 41 metric tons of waste. In addition, FJI has 120 metric tons of hazardous waste, including wastewater, waste oil, and other materials, which is safely and efficiently treated by STENA Recycling.

Collectively, this results in a reduction of our CO2 emissions by 54 metric tons of CO2. FJI's responsible waste management is thus both environmentally sustainable and economically beneficial.

It should be noted that waste collection by our waste management companies does not occur on a regular basis, as the waste is collected over a longer period to optimize transportation. Consequently, relatively small quantities were collected in 2025, as larger quantities were collected at the end of 2024 and again in 2026.



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 41 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 -54 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 replaced twice a year, contains accumulated production materials such as metal and oil and amounts to 104 metric tons. The wastewater is properly managed by STENA Recycling, which collects and treats the water.

Water usage

FJI's total water consumption at its facility in Denmark, including water used for production, as well as for toilet use, showers, etc., amounted to 1,801 m³ in 2025, which is equivalent to the annual water consumption of approximately 18.4 average Danish families, each consisting of 2.11 people.* FJI receives its water supply from the local water utility.

*According to Danva, the average annual water consumption is 98 m³ for an average household of 2,11 people (2023) [Danva.dk](https://danva.dk)

Comparison with 2024

The development of our CO2 emissions

In both 2024 and 2025, our CO2 emissions are calculated in accordance with the GHG Protocol.

Total tons CO2 emissions	2024	2025	% changes
Scope 1	451	533	+ 18 %
Scope 2	1,462	1,315	- 10 %
Scope 3	2,914	2,419	- 17 %
TOTAL	4,827	4,267	- 11.6%

The **increase in Scope 1 emissions** from 2024 to 2025 cannot be attributed to higher energy consumption but is primarily due to a change in the calculation methodology and updated emission factors for natural gas. Physical consumption has generally remained stable across all categories and has even decreased slightly overall. There has been a **decrease in Scope 2** CO2 emissions, primarily due to a new, updated emission factor. There have been **several shifts in Scope 3**, which together have reduced Scope 3 CO2 emissions by 495 metric tons. This positive trend is primarily due to improvements in data quality and more precise calculation methods; however, the decrease in CO2 emissions associated with our powder consumption, amounting to 132 metric tons of CO2, is also noteworthy, as it corresponds to a 25% reduction in the powder metal category.

In 2025, we **improved the precision and expanded our calculation methods**, resulting in more accurate and comprehensive data. We will continue to work toward greater precision, and as our suppliers become more precise in their reporting of CO2 emissions for the goods we purchase, our CO2 calculations will likewise become more precise in the coming years.

Reduction potentials

FJI continues to work systematically to reduce greenhouse gas emissions across Scope 1, 2 and 3 through operational improvements, strategic investments and collaboration across the value chain.

In 2025, progress included continued preparation of a new production furnace planned for commissioning in 2026, increased use of zinc-free lubricants, improved transportation efficiency through delivery consolidation, and strengthened supplier engagement to enhance the quality of Scope 3 emissions data.

We are currently exploring several areas with potential for further emission reductions, including energy and climate initiatives identified through our Energy and Climate Review, opportunities to reduce emissions from production processes and material choices, increased use of lower-emission powder solutions where technically and commercially feasible, and continued optimization of logistics and transportation. 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 2025, FJI had both temporary and permanent employees. The total number of employees was 99, of whom 97 were permanent and 2 were temporary.

Gender

Our employees in 2025 were distributed as follows by gender: 25 women, 72 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 2025, we had an employee turnover rate of 18.6%.

Our own workforce

Workplace accidents

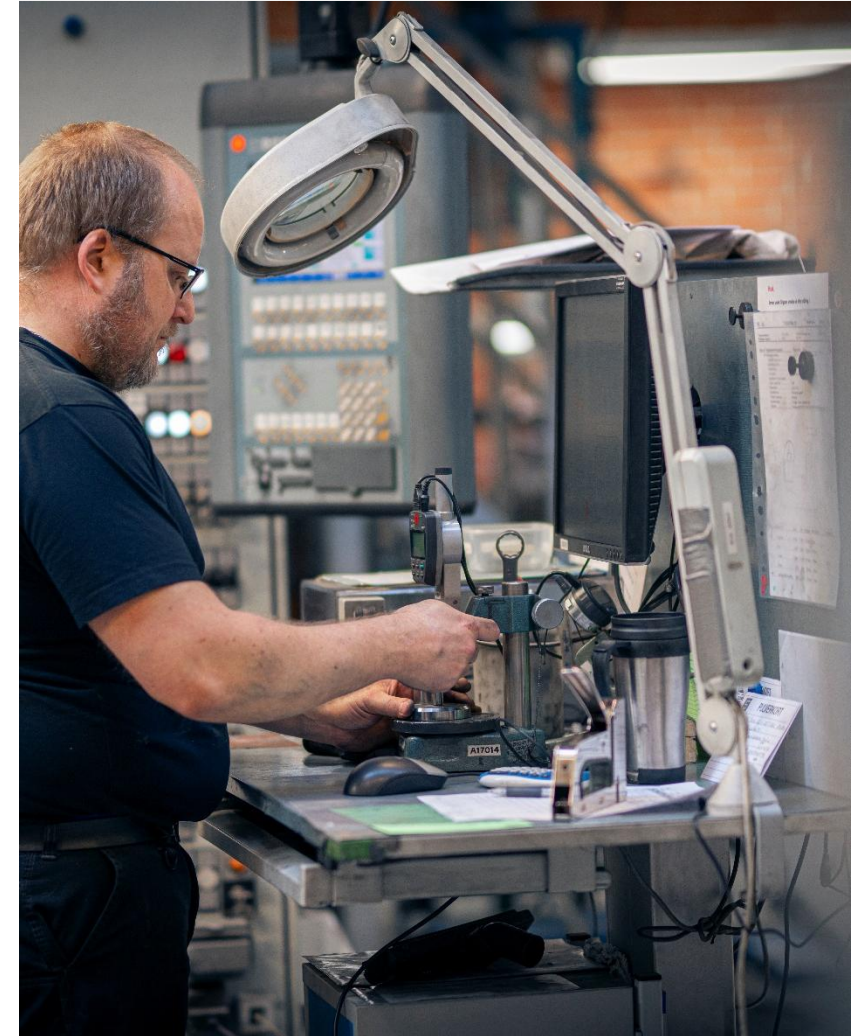
Four workplace accidents were recorded, corresponding to an accident frequency of 4.72%. No work-related fatalities were recorded during the period.

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. 71.7% of FJI employees are covered by a collective agreement.

Average training hours per employee

In 2025, employees received an average of the following number of training hours: 10 hours for men and 10 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 work environment and high employee well-being, FJI conducts an annual anonymous well-being survey, accompanied by action plans and follow-up on their implementation.

In addition, employees are offered a voluntary annual employee development interview with the option of a semi-annual follow-up interview, and an annual workplace environment review is conducted.

This provides valuable insight into employee well-being and supports the ongoing improvement of the workplace environment.

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
533 tCO₂
12.5%

Scope 2
1,315 tCO₂
30.8%

Scope 3
2,419 tCO₂
56.7%

2025 has been **another important year** for our ESG efforts. Total CO₂ emissions were calculated at 4,267 metric tons, representing an **11.6% reduction compared to 2024**. We have also made progress in **understanding and quantifying our CO₂ emissions**. We have improved data quality and were able to categorize our Scope 3 suppliers even more precisely, which has given us a more accurate picture of our climate footprint. We continue to work on increasing precision, and with the help of our suppliers, who are also working to improve accuracy, we expect further progress in the coming years.

Our **new furnace** was delivered at the end of 2025, and installation and commissioning will take place in 2026. We expect the first CO₂ reductions to be measurable starting in Q3 2026. We **expect consumption of electricity and propane gas to decrease**, and at the same time, the furnace will enable our customers to choose low-emission powder metals with reduced CO₂ emissions.

In 2025, FJI therefore took a major step forward in relation to our strategic plan, which includes ongoing investments in new machinery that will further reduce electricity consumption.

In 2025, **we worked intensively with EcoVadis** and, as part of this effort, conducted a materiality analysis and risk assessments across all categories, while also focusing on sustainable procurement. In addition, we focused on the Supplier Code of Conduct and developed internal training materials on ESG topics. We have also continued our efforts regarding the circular economy, increased recycling, and waste sorting.

Overall, 2025 represents a step toward a more climate-conscious and data-driven foundation 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	6 & Appendix
E-data	B3	Energy consumption and CO2e emissions	7 – 14
	B4	Pollution of air, water, and soil	Not relevant
	B5	Biodiversity	Not relevant
	B6	Water	17
	B7	Resource consumption, circular economy, and waste management	14 – 15
S-data	B8	Own workforce	20
	B9	Health and safety	21
	B10	Compensation, agreements, and training	21
G-data	B11	Business management	23

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:
$$\frac{\text{Total CO2e-emissions}}{\text{Revenue}} = \text{CO2e-intensity}$$

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

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

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:
$$\frac{\text{Number of recorded work-related accidents in the reporting year}}{\text{Total number of hours worked by all employees during the reporting year}} \times 200.000$$

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:
$$\frac{\text{Number of employees covered by a collective agreement}}{\text{Total number of employees}} \times 100$$