



ESG REPORT

EHCOLO A/S

Foreword

Welcome to EHCOLOR's first ESG report.

EHCOLOR A/S supplies machinery and equipment to the packaging industry, including palletizing systems, stretch hood machines, complete turnkey packaging lines, bag fillers, including big-bag systems, as well as ship container loading systems.

EHCOLOR A/S primarily operates in the B2B market, providing solutions for companies within the packaging, food, agriculture, chemical, and construction material industries.

Quality and durability define our products, which is why our motto since the company's founding in 1987 has been *"Built to Last."* As a company, we also strive to be *"Built to Last,"* and with this report, we are initiating a process to future-proof EHCOLOR A/S.

We acknowledge the evolving regulations and requirements and embrace the opportunities for product innovation and corporate responsibility.

Best regards

Søren Ramsgaard

Basis for Preparation

This ESG statement has been prepared in accordance with the Basic Module of the voluntary VSME standard from EFRAG. We find the VSME Basic Module appropriate for our current stage on our CSR journey, where we aim to get started and establish a solid foundation.

Where possible, we have incorporated elements from the VSME Extended Module. Our goal is to comply with the VSME Extended standard in future ESG reports.

This statement has been prepared on an individual basis for EHCOLOR A/S.
All figures are from 2023.

Company Information

Company & Finance

Company Name: EHCOLOR A/S

VAT Number: 10859395

Company Form: A/S

NACE Code C-2829

Number of Employees 2023: 37

Balance Sheet EUR 3,536,540

Disclosure of revenue has been omitted due to competitive considerations.

Locations

EHCOLOR has production and head office on two properties in Tobøl:

Head Office

Smedevej 10 6683 Tobøl, Denmark

GPS: 55.415889201680514, 8.889094153410717

Production

Vesterbyvej 29 6683 Tobøl, Denmark

GPS: 55.41632157887795, 8.886497775275876

Initiatives, Policies and Plans

Current situation:

EHCOLO A/S has formulated a sustainability strategy in 2025.

Below an overview of our other CSR initiatives.

Area	The company has a concrete initiative in this area	Is the initiative publicly available?	Does the initiative contain future targets or initiatives?
Climate change	Yes	No	Yes
Biodiversity and Ecosystems	Yes	No	No
Circular economy	Yes	No	No
Own workforce	Yes	No	Yes

Action against Climate Changes

Procurement of Electrified Vehicles

Since 2020, EHCOLOR has strategically procured electric forklifts, hybrid, and electric vehicles.

By doing so, we contribute to reducing fossil fuel emissions. The management team is committed to continuously expanding our fleet of hybrid and electric vehicles.

One of the challenges with hybrid and electric vehicles is kilometer range per charge.

If we continue the traditional mindset of travelling from A to B as efficiently as possible, it may take a long time to convert to a fossil-free fleet.

We are therefore open to rethinking the culture and routines around the use of hybrid and electric vehicles. Charging breaks can serve as a much-needed pause on longer journeys.

Procurement of Solar Panels

In 2023, the management team strategically decided to procure solar panels for the rooftops. Ideally, the electricity generated from the solar panels should be able to cover the energy consumption in our production facilities, where energy-intensive activities such as welding take place.

EHCOLOR consumes approximately 168,394 kWh of electricity annually from non-renewable energy sources, presenting a significant potential for pollution reduction.

EU Origin Declaration: Over 50% of the goods we procure are produced within the EU. This helps ensure shorter transportation distances and, at the same time, we believe these goods are manufactured under better conditions than those produced outside the EU.

Initiative for Increased Biodiversity and Ecosystems

Consciously and unconsciously, we have worked with biodiversity. In 2023, we established a pond in the outdoor area near our production site, primarily to manage surface water runoff.

As a positive side effect, we have observed increased animal life in and around the pond, and thereby contributing to greater biodiversity in the area.

The pond's impact, along with the process of developing our ESG report, has provided valuable insights into the importance of biodiversity—even in small geographic areas like ours.

Therefore, the management team has decided that in 2025, most conventional grass area in front of the headquarters on Smedevej to be replaced with different vegetation contributing to greater biodiversity in the area.

Circular Economy

■ Built to Last – A Commitment to Quality and Longevity

Since its founding in 1987, EHCOLOR has upheld the motto *"Built to Last."*

We always prioritize quality over price, which is one of the reasons why our first palletizing system from 1991 is still in full operation today.

This very same system was deemed obsolete by its original owner in 2024, but rather than scrapping a fully functional system, we successfully extended its lifespan by matching it with a new customer whose capacity requirements align with what the system can deliver.

■ Product Consistency

We are still able to supply spare parts for most of our machines, as we fundamentally design components that can be used across both new and older products.

We are therefore exploring opportunities to extend product lifespans by replacing components with compatible products or spare parts. Our commitment to Circular Economy is embedded in our DNA.

The ESG process has made us more aware of how we can structure our efforts to achieve even greater environmental and financial benefits through Circular Economy principles.

Waste Sorting

We currently sort waste into the following fractions: Combustible waste, Clear PE film, Cardboard, and Clean wood. Waste is managed by an external waste distributor, who ensures proper handling and directs the fractions of film, cardboard, and wood for recycling.

Combustible waste accounts for approximately 33% of our total waste. This figure needs to be reduced, and we are taking action in 2025, where we commit to easier sort wasting at workstations.

Workstations will be redesigned, and designated waste bins for different fractions will be installed.

The workstation project will at the same time, serve as a pioneer project and opportunity to kick-start the CSR transformation process in our organisation.

Metal recycling

All excess metal from the machine production are carefully sorted into 3 fractions for proper recycling.

In total we sort in 3 fraction, Black steel, Stainless steel and aluminum.

Metal recycling is managed by an external partner, who ensures proper handling of the fractions.

Resource Consumption

EHCOLOR operates in a material-intensive industry and is therefore required under the VSME Basic Regulation to disclose which "key materials" are used in production. The majority of our products are made of steel and aluminum, which we source as processed materials from subcontractors.

We "assemble the puzzle" through welding and assembly. Unfortunately, we are currently unable to obtain precise data on the quantities of steel and aluminum we purchase in processed form.

However, our supplier expects to begin proper data collection in 2025.

Strategic CSR objectives for 2025

After conducting workshops with a thorough review of current efforts and potential opportunities, we have identified the initiatives mentioned earlier. During a prioritization workshop, the management team selected two strategic CSR focus areas for 2025:

Focus Area 1- Business Strategy

Facts: We have primarily focused on business operations and daily management.

The CSR agenda presents an opportunity to integrate established practices with documented strategies that will shape the CSR transformation process ahead.

Challenges: CSR is a completely new area for us.

Initiative: We have engaged external expertise to provide guidance on considerations related to certifications and strategy, ensuring a structured approach that aligns CSR with our overall business direction.

Objective: CSR and financial performance must go hand in hand. We will develop CSR strategies that are practical and can be effectively implemented across all levels of the organization.

Focus Area 2 - Culture (Health, Safety, Well - being)

Facts: To ensure the success of Focus Area 1, we must simultaneously foster a company culture that supports the transformation within our organization.

Challenges: We have a loyal workforce, but we do not yet fully understand their perspectives on the changes brought by CSR.

Initiative: We must ensure that employees feel heard, included, and have a sense of ownership in the CSR process.

Objective: By the end of Q2 2025, a well-being survey will be conducted to assess attitudes and motivation regarding the CSR transformation.

In Q3 2025, an action plan for employee inclusion in the CSR process will be developed.

ESG Key Figures

As a small and medium-sized enterprise (SME), we are not yet legally required to comply with standards or regulations regarding key figure reporting.

However, we strive to be as transparent as possible, which is why we have chosen to report based on the points outlined in EFRAG's voluntary reporting module, VSME Basis. Our carbon accounting focuses on emissions in Scope 1 and 2.

We are currently excluding our Scope 3 emissions but are already in the process of structuring how we collect data related to, among other things, the procurement of raw materials, which constitute a significant part of Scope 3.

Brief Explanation of Scopes:

- **Scope 1:** Covers the company's direct fossile emissions from its own sources.
- **Scope 2:** Includes indirect emissions from purchased energy.
- **Scope 3:** Includes other indirect emissions from the company's value chain.

All relevant data related to ESG key figures is securely archived and can be provided upon request.

Key figures for Environment 2023

78.39

Ton CO2e

Scope 1

13.79

Ton CO2e

Scope 2

2.49

Ton CO2e

Per employee

Consumption item	Total consumption 2023
Electricity consumption (from non-renewable energy sources)	168.4 MWh
Fossil fuels consumption:	299.66 MWh
Water consumption:	175.3 m ³
Waste mangement and resource consumption:	Quantity recycled:
Combustible waste: 3525 kg	0 kg recycled.
Clear PE film: 550 kg	478.5 kg (87%) recycled
Cardboard: 3905 kg	3787.85 kg (97%) recycled
Clean wood 2,160 kg	1965.60 kg (91%) recycled

Key Figures for Social

Workforce	37 full-time employees consisting of 25 hourly wage workers and 12 salaried employees.
Workforce distribution by gender	100% men
Number of employees on collective agreement	All hourly wage workers, corresponding to 67.56% of the total workforce.
Number of work accidents / fatalities	5/0. Accident frequency 14.84 per 100 employees
Training hours:	Average 75.55 hours per employee.
All employees receive a salary that is at least at the level of the minimum wage	Yes
Apprentices and trainees	6 apprentices - 1 trainee = 19% of the workforce

Commentary on Key Figures

Environment

Scope 1

33% of our Scope 1 emissions come from heating oil used for building heating.

At present, switching to heat pumps is not economically viable, but we continuously monitor opportunities to reduce emissions in this area.

The remaining Scope 1 emissions come from transportation in our own and leased vehicles. We are in the process of transitioning to electric vehicles where feasible. While we cannot replace the entire fleet at once, we will establish a strategy and action plan in 2025 for future vehicle acquisitions.

Scope 2

100% of the electricity we use today is made from non-renewable energy sources such as fossil fuels.

Measures for reducing scope 1 and 2 emissions

In 2024, we installed solar panels on our buildings. With this initiative, we expect to become nearly self-sufficient in electricity. Therefore, our natural goal is for at least 90% of our Scope 2 emissions to come from green energy.

Once we assess the results of the solar panel installation, we will evaluate whether production capacity and cost make it feasible to replace heating oil from Scope 1 with heat pumps.

Environment (Commentary on key figures - continued)

Waste Management

Through a professional waste distributor, we ensure responsible waste disposal.

66% of our waste consists of cardboard, PE film, and clean wood. These fractions have a high recycling rate but lose approximately 5% in the process due to material waste.

Overall, 61% of our waste is recycled, contributing positively to the Circular Economy.

34% of our waste is combustible waste that is not recycled.

Objective:

Bringing these figures to light has been beneficial, as it has given us the final push to initiate a project we have long had in the pipeline but have yet to implement.

Therefore, our goal is to install sorting bins for relevant waste fractions at technicians' workstations as soon as possible in 2025. We are confident that this initiative will have an impact, and we therefore expect a lower amount of combustible waste and a higher recycling rate in our next ESG report.

Social - Apprentices and Workplace Safety

19% of our workforce consists of apprentices or students. We aim to maintain this percentage, as this group brings fresh perspectives, diversity, and contributes to a company culture where no idea is too bold.

At the same time, we take pride in shaping young individuals during a crucial phase of their lives.

Our accident frequency rate is 14.84. While this number may appear high, 4 out of 5 workplace accidents resulted in an limited absence of between 0 and 1 day.

Governance

We have no convictions for corruption, which is the only disclosure requirement under VSME Basis.

We operate our business based on sound principles and maintain a general respect for both internal and external stakeholders.

We comply with all applicable laws and regulations.

Throughout the ESG reporting process, we have recognized the need to improve our ability to translate ideas and actions into structured strategies. Therefore, we see it as a natural step to increase our strategic focus in 2025. This has also become one of our prioritized focus areas, as outlined earlier in this report.

The next ESG report

No specific date has been set for the next report. We will use 2025 to measure the impact of the initiatives we have implemented.

Our goal is to publish the next ESG report in 2026, based on data from 2025.

EHCOLO A/S

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