SVANEHØJ
An ITT Company

ESG REPORT 2023

POWERING A BETTER FUTURE

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About This Report
This Environmental, Social, and Governance (ESG) report covers the activities of Svanehøj for the financial year January 1, 2023 to December 31, 2023. Our efforts and performance of 2023 as well as our future ambitions are presented in this report. The report represents the corporate social responsibility of Svanehøj as required by sections 99a and 99b of the Danish Financial Statements Act. At Svanehøj, we strive to maintain the same level of governance and scrutiny of our ESG data as we do of our financial data, including aiming for reasonable assurance from our auditors by 2024.

YOUR PARTNER FOR THE ZERO CARBON TRANSITION

As a global leading specialist in solutions for handling critical cryogenic liquids, Svanehøj is set to make a difference and take pride in having the knowledge and solutions to develop a fast transition to a greener tomorrow.

Svanehøj designs and manufactures specialized deepwell and submerged marine pumps for vital applications within fuel, cargo, and offshore, as well as high-end tank gauging systems for LNG and LPG storage on vessels and land-based terminals.

Svanehøj is also a leading full-scope provider of inspection, service, and calibration of cargo equipment on gas and P&C tankers.

Svanehøj's mission is to help power a better future by offering solutions and services that support a rapid transition to renewable energy in the hard-to-abate sectors. At least 95% of our R&D budget is invested in solutions for the energy transition. Our pump technology is compatible with all forms of liquified gas, including LNG, LPG, CO_2, ammonia, and methanol.

Svanehøj's mission is to help power a better future by offering solutions and services that support a rapid transition to renewable energy in the hard-to-abate sectors.

A LETTER TO OUR STAKEHOLDERS

At Svanehøj, we proudly say that we have the expertise, the solutions, and the potential to bring forward the green energy transition in the hard-to-abate sectors. However, as a company committed to reducing emissions for our customers, we must also improve our environmental impact, and we aim to serve as an inspiration for others.

That is why our ESG performance is a key priority in our corporate strategy, "Let's Grow Together". Our first ESG report, published in May 2023, was a massive milestone, but our journey is just getting started. In this year's ESG report, we continue the journey, reporting on our progress in 2023.

SOLUTIONS FOR "POWERING A BETTER FUTURE"

The shipping sector is accelerating its transition to cleaner fuels at a pace beyond what most people would have imagined just a few years ago. In recognition of this urgent need for new products and solutions, we have committed to directing at least 95% of our R&D investments into solutions and products that support our mindset of "Powering a better future."

We have already invested significantly in new products for the LNG segment, including our new electric submerged fuel pump, the CS Fuel Pump, and our HPP Triplex Unit, a high-pressure fuel pump solution for LNG-fueled engines. Both products introduce significant innovations, designed to meet the maritime industry's demands for leak-free critical components with long service lives.

We have also invested heavily in our service and aftersales business to become a leading service provider in the LNG segment. In 2023, we acquired Complete Cryogenic Services (CCS) in Tustin, California. With over 30 years of experience in the service and overhaul of submerged pumps on LNG tankers, our new CCS colleagues bring invaluable expertise to our efforts in developing new products and services for the energy transition of shipping.

We believe liquified gas will play a pivotal role in the sustainable energy system of the future. At Svanehøj, we strive to become a globally-leading specialist in producing and servicing equipment for handling all types of liquefied gas – natural gas, biogas, and net zero e-fuels – now and in the future.

GOING FORWARD AS A PART OF ITT

In January 2024, we celebrated a significant milestone in our company's nearly 100-year history, as Svanehøj officially became part of ITT Inc. This integration places Svanehøj within ITT's Industrial Process (IP) business, a global leader in flow focused on highly engineered pumps, valves, and aftermarket services. ITT's mission is to help industries solve their most critical challenges with innovation as a key factor driving sustained differentiation. Both ITT and Svanehøj recognize the energy transition of the hard-to-abate sectors where it is more challenging to decrease carbon intensity, and we will work purposefully to improve our business in line with ambitious ESG targets. Together, we will further speed up our contribution to a better future.

June 2024

Søren Kringelholt Nielsen
CEO, Svanehøj

ESG 2023 HIGHLIGHTS

A DOUBLE MATERIALITY ASSESSMENT SHAPES OUR ESG STRATEGY

In 2023, we revised our Materiality Assessment from 2021 by initiating a Double Materiality Assessment according to the EU Corporate Sustainability Reporting Directive (CSRD). This enhanced assessment method refines our ESG strategy by offering a detailed analysis from a sustainability perspective and a financial perspective of how ESG-related issues impact our organization and how we, as an organization, impact our surroundings. Based on our Double Materiality Assessment, prior to the acquisition by ITT, we identified 14 material sustainability matters that will form the basis of our ESG strategy going forward.

REDUCING SCOPE 1+2 EMISSIONS

In 2023, we made substantial progress towards reducing our greenhouse gas (GHG) emissions in Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions) by 50% in 2025 per revenue in MDKK. To achieve this target, we have invested strategically in automation and lean manufacturing, which has yielded visible results: Since our baseline year 2021, we have achieved a relative reduction in Scope 1+2 emissions of 38%.

SCOPE 3 BASELINE FURTHER CLARIFIES OUR CLIMATE IMPACT

In 2023, we started calculating our Scope 3 GHG emissions by establishing 2022 as our baseline year. Together with the calculations of our Scope 1 and Scope 2, this mapping will further clarify our climate impact and provide the basis for reliable target-setting. Going forward, as part of ITT, we expect that future disclosures will include the identification and analysis of Scope 3 emissions as well.

A PRODUCT IMPACT ASSESSMENT: OUR FUEL PUMPS MAKE A REAL DIFFERENCE

By conducting a Product Impact Assessment, we calculate our contribution to decarbonization in the maritime sector to show that we are already making a significant difference today. LNG and LPG fueled vessels ordered in 2023 with Svanehøj DW Fuel Pumps are expected to achieve an overall lifetime (25 years) saving of 33.96M tons of CO_2 compared to similar vessels with HFO propulsion. It corresponds to approximately 45% of Denmark's annual consumption-based CO_2 emissions.

A SIGNIFICANT MILESTONE: 1,000 DEEPWELL FUEL PUMPS SOLD

At Svanehøj, we provide pump solutions and critical components to handle the increasing demand for LNG which provides a cleaner alternative to the heavy fuel oil (HFO), while new renewable technologies develop and mature.

In 2016, we introduced our patented Svanehøj Deepwell (DW) Fuel Pump for liquified gas. Now, we have reached a significant milestone with 1,000 pumps sold, thereby supporting the transition towards more environmentally friendly maritime transport. Based on thorough data analysis, we estimate that installing an LNG fuel pump system in a vessel, as opposed to using HFO, results in CO_2 reductions equivalent to converting around 18,500 households annually from fossil fuel to wind energy (and at 1/10th the investment). The conversion from HFO to LNG also contributes considerably to eliminating particle emissions.

At Svanehøj, we believe we are prepared to meet future demand. Our DW fuel pump is designed and engineered to handle all future fuels, including green ammonia, methanol, and hydrogen. This ensures that ships can comply with both current and future regulations.

SDG EDUCATION STRENGTHENS OUR ESG AWARENESS

Working strategically with ESG requires a shared understanding of our global challenges and our shared responsibility as a company. As a part of our ESG awareness campaign, we initiated an online training program on the UN's Sustainable Development Goals. By the end of 2023, 70 Svanehøj employees have completed all six training courses, thereby strengthening ESG awareness in our daily operations.

ESG IDEA TRACKER FOSTERS GREEN INITIATIVES

At Svanehøj, an ESG ambassador corps of seven colleagues is responsible for gathering ideas with the potential to help us reach our ESG targets. To facilitate this process, we have implemented a smartphone app – the "ESG Idea Tracker" – to collect ideas and insights from across the organization. In 2023, we saw the first inputs submitted through this platform evolve into actual ESG initiatives.

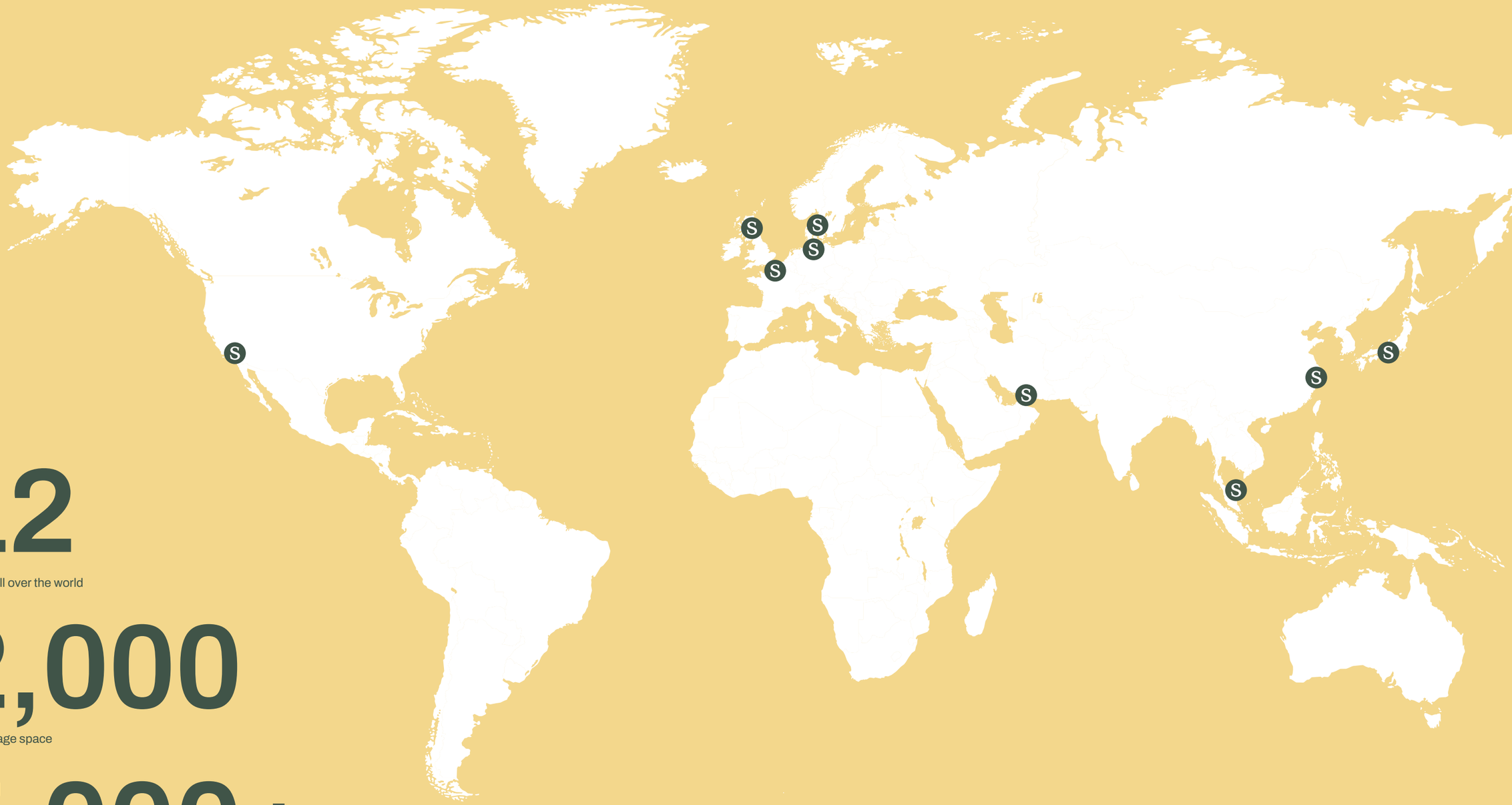
POWERING A BETTER FUTURE

Svanehøj was founded in 1928 by F. Dam, a Danish marine engineer who, after many years at sea, decided to go ashore to use his experience to develop pumps for the marine industry. Today, Svanehøj is a part of ITT Inc., a multinational company with over 10,000 employees in more than 35 countries.

In recent years, we have positioned Svanehøj among the leading suppliers of marine fuel and cargo pump solutions and tank gauging systems. Additionally, we have built an extensive service and aftersales business, offering inspection, service, and calibration of cargo equipment on gas and energy tankers.

Our mission is to help power a better future by offering solutions and services that support a rapid transition to renewable energy in the hard-to-abate sectors. Our pump technology is compatible with all types of liquified gas, including LNG, LPG, CO_2, ammonia, and methanol.

LOCATIONS IN 9 COUNTRIES



312

dedicated employees all over the world

12,000

m^2 production and storage space

15,000+

quality deepwell pumps delivered since 1969

OUR VALUES

Svanehøj has a proud history as a trusted manufacturer of marine pumps and tank control systems for almost a century.

Our name carries a commitment, both in the field and at our various locations worldwide. The everyday work of our dedicated employees is centered around a set of core values to ensure that we provide the quality and service that our customers expect from us.

PEOPLE
We believe the strength of our company lies in the competences of our people.

TRUST
We believe that we earn the trust we give – and that trust is the key to valuable and successful relations.

INNOVATION
We strive to redefine the standard of excellence in everything we do.

EXCELLENCE
We strive to be second to none in all our dealings.

COST-EFFECTIVE
We strive to create efficient work habits to deliver excellent performance, and to stay competitive in the market.

Our values are fundamental for realizing our ambitions and securing our future business.

STRATEGIC FOUNDATION

Three fundamental principles form the foundation of everything we do: proven technology, collaboration, and knowledge. This strategic foundation guides our approach to creating a better and more sustainable future for all.

PROVEN TECHNOLOGY

A deep understanding of the shipping industry's current challenges is at the core of our commitment to support a greener world. We know that transitioning to greener fuels is one of the most critical steps to create a more sustainable future for all, and we know the transition needs to go fast.

That is why we are dedicated to leveraging our extended knowledge and expertise to help drive this transition forward, regardless of the type of green fuel adopted.

At Svanehøj, we have extensive experience with pumps operating under the most demanding and hazardous conditions. Our pumps are designed and developed to handle extremely cold liquids, which are often used for mission-critical applications.

The continuous development of our products enables ships to comply with both current and future requirements, as our pumps are fully compatible with all types of liquid gases, including LNG, LPG, ammonia, methanol, and hydrogen.

COLLABORATION

Collaboration is another essential element of our approach. We recognize that no single organization or individual has all the answers, which is why we work closely with our partners, customers, and stakeholders to develop solutions tailored to their unique needs. We can pool our resources and create better solutions by sharing knowledge and expertise.

KNOWLEDGE

Finally, knowledge is at the core of everything we do. We will continue to drive innovation and create truly transformative solutions by staying on the cutting edge of research and development. We are committed to continuous learning and development and strive to share our knowledge with others to create a more sustainable future for all.

OUR PURPOSE

We contribute to a greener world through close partnerships and trusted future-proof solutions.

Svanehøj supports the energy transition in the hard-to-abate sectors by providing future-proof marine pump solutions, tank control systems for liquified gas storage, and worldwide service, repairs, and aftersales.

Today, Svanehøj's fuel and cargo pumps are mostly used for LNG, LPG, CO_2, and product/chemical (P&C). However, our patented technology is fully compatible with all types of liquid gases, including ammonia, methanol, and hydrogen, making our pumps a viable choice for future fuels.

No one can change the world alone. Only by working together can we develop and bring forward the technological solutions that the hard-to-abate sectors require for the energy transition. That is why we strive to share our knowledge and experience with other companies, researchers, institutions, and networks. We believe that through partnerships and collaboration, we enhance our collective strength in discovering solutions and answers. We want to make a real difference in the world, one step at a time.

No one can change the world alone. Only by working together can we develop and bring forward the technological solutions that the hard-to-abate sectors require for the energy transition.

FUTURE PROOF SOLUTIONS

Svanehøj offers a comprehensive electric fuel pump program providing technical solutions for both deepwell and submerged fuel pumps.

DW FUEL PUMP

The Svanehøj DW Fuel Pump enables a ship to comply with both current and future requirements, as the pump is fully compatible with all types of liquified gas fuels, including LNG, LPG, ammonia, methanol, and hydrogen. The DW fuel pump is a smaller version of our well-proven deepwell cargo pump for gas, a market-leading solution for decades. All the benefits of the larger cargo gas pump have been retained in the DW fuel pump, ensuring stability, optimized performance, high reliability, and long service intervals.

SERVICE SOLUTIONS

Svanehøj is a leading service provider of inspections, service, and calibration of cargo-equipment on gas, product, and chemical carriers. Our unique combination of services provides customers with fast and proactive troubleshooting, lower costs, and cooperation with one OEM representative supplier only.

CS FUEL PUMP

The CS Fuel Pump is a newly developed submerged pump design for LNG fueled ships. With the CS pump (short for cryogenic submerged), Svanehøj introduced two significant innovations to the market:

1. A patented, self-cleaning LNG filter that enables the efficient removal of harmful particles, resulting in less wear and tear, longer service intervals and maximum uptime.

2. A new and highly efficient permanent magnet motor, which ensures higher efficiency and lower energy consumption than other motors on the market.

HPP TRIPLEX UNIT

The Svanehøj HPP Triplex Unit is a high-pressure LNG fuel pump solution for two-stroke engines, which was pre-launched at Kormarine in 2023. It is a compact unit with belt-drive system and three combined cold ends, designed to meet the maritime industry's demands for leak-free fuel supply components with long service life.

The cold end includes two patented innovations:

1. A new low-pressure sealing system that reduces friction, ensuring longer service intervals.

2. A new inlet valve design, ensuring higher efficiency and low-pressure drop. Furthermore, we have optimized the design and material composition of the cylinder and added a copper-based alloy, thereby reducing the cooling down time of the pump by around 50%.

CARGO PUMP SOLUTIONS

Svanehøj provides deepwell cargo pump solutions for all vessel types, from the smallest, fully pressurised push barges and dedicated LCO_2 carriers to the largest, fully refrigerated VLGCs. Our pumps can handle any type of gas cargo at all temperatures and gravities without component changes.

Since the 1960s, we have supplied deepwell cargo pumps for more than 1,200 gas carriers worldwide. Designed to be safe, reliable, and flexible, our cargo pump solutions support the shipping industry and other related industries with technology that is tailored to accelerate the green transition and power a better future.

1,200+

Gas Carriers have been supplied with Svanehøj deepwell cargo pumps worldwide.

Svanehøj is a leading provider of inspections, service, and calibration of cargo-equipment on gas, product, and chemical carriers.

TANK GAUGING SYSTEMS

Svanehøj's range of gauges, temperature transmitters, and control systems ensure the safety of LNG, cryogenic, and refrigerated storage, both onshore and offshore. Established in Calais, France in 1961 as Whessoe plc., Svanehøj Tank Control Systems has equipped gas carriers and land-based terminals with cutting-edge solutions for enhancing safety in storage facilities.

PRODUCTS & SERVICES

SEGMENT

LIQUID GAS CARRIERS

LPG CARRIERS
CO_2 CARRIERS
AMMONIA CARRIERS

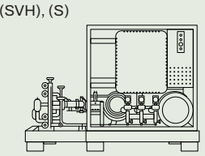
(SVH), (S)

CARGO, BOOSTER AND FUEL PUMPS

(SVH), (S)

CARGO, SPRAY AND FUEL PUMPS

(SVH), (S)



HPP TRIPLEX PUMP UNIT

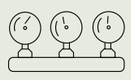
(S)

CARGO AND COOLING COMPRESSORS

(S)

SAFETY VALVES

(SVH), (S)



INSTRUMENTATION AND GAUGES

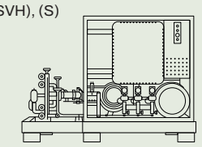
LIQUID GAS CARRIERS

CRYOGENIC LNG CARRRIERS
ETHANE CARRRIERS
AND FSRU'S

(SVH), (S)

CARGO, SPRAY AND FUEL PUMPS

(SVH), (S)

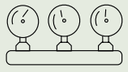


HPP TRIPLEX PUMP UNIT

(S)

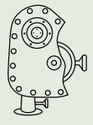
SAFETY VALVES

(SVH), (S)



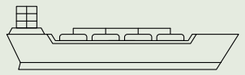
INSTRUMENTATION AND GAUGES

(S), (SVH)



LNG Gauge

ENERGY CARRIERS



(SVH), (S)

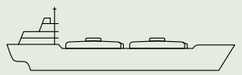
CARGO PUMPS

(SVH), (S)

FUEL PUMPS

ALL OTHER VESSEL TYPES

- ZERO-EMISSION READY



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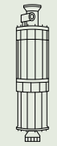
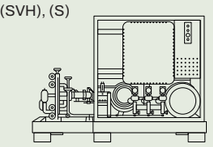


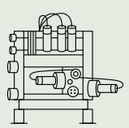
FUEL PUMPS

(SVH), (S)



HPP TRIPLEX PUMP UNIT

(S)

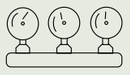


GAS VALVE UNITS

(S)

BOG AND HIGH-PRESSURE COMPRESSORS

(SVH), (S)



INSTRUMENTATION AND GAUGES

ENERGY

(SVH), (S)

CARGO PUMPS

(SVH), (S)

PROCESS PUMPS

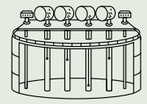
(S), (SVH)

LTD Gauge

LAND

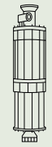
CRYOGENIC LIQUID GAS
LPG AND AMMONIA

(SVH), (S)



GAUGING SYSTEMS

(S)



SUBMERSIBLE PUMPS

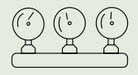
(SVH), (S)

CARGO PUMPS

(SVH), (S)

SAFETY VALVES

(SVH), (S)



INSTRUMENTATION

(S), (SVH)

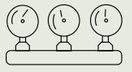
LTD GAUGE / LPG GAUGE

CARBON CAPTURE AND STORAGE

(SVH), (S)

CARGO PUMPS

(SVH), (S)

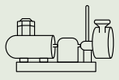


GAUGES

(S)

COMPRESSORS

(SVH), (S)



BOOSTER PUMPS

(S) = Service Solutions
(SVH) = Svanehøj new sales

THE ENERGY TRANSITION REQUIRES MORE THAN JUST ONE SINGLE SOLUTION

In 2023, the International Maritime Organization (IMO) adopted the “2023 IMO Strategy on Reduction of GHG Emissions from Ships”, setting out the future vision for international shipping and the levels of ambition to reduce GHG emissions. The strategy targets an average reduction in carbon intensity across international shipping of at least 40% by 2030, compared to 2008.

The strategy also incorporates an ambition to adopt “zero or near-zero GHG emission technologies, fuels and/or energy sources”, aiming for these to constitute 5-10% of the energy used in international shipping by 2030.

At the same time, due to tightened regulations and market demand, orders for vessels with alternative fuel propulsion are on the rise. According to Det Norske Veritas (DNV) Alternative Fuels Insight (AFI) platform, LNG fueled vessels (excluding LNG carriers) surpassed the 1,000-vessel mark in 2023, showing the fuel’s continued importance in the maritime energy transition.

While the demand for LNG fuel has sharply increased in recent years, with almost 600 LNG-fueled ships ordered globally in 2021-23, other fuel types are also emerging. In fact, with 138 vessels ordered, methanol proved to be the most alternative fuel orders in 2023, while ammonia is also beginning to make its mark with 11 orders in 2023 and a growing pipeline.

At Svanehøj, we firmly believe that the energy transition of shipping requires more than just one single solution. In some cases, it will require upscaling of existing solutions and, in other cases, entirely new products.

As part of our ESG strategy, we have committed to direct 95% of our R&D investments at solutions and products that support our mindset "Powering a better future". We have already built on our extensive experience in handling liquified gas to meet the demand for LNG fuel by developing new products and solutions. Today, we serve as a one-stop shop of full-range fuel and cargo pumps, tank control systems, and integrated full-scope service and aftersales solutions. Going forward we will also be increasing our focus on green ammonia. Globally, several projects are underway to showcase the viability of ammonia as a future marine fuel, and with more than 2,000 ammonia-compatible marine pumps on our reference list, we will be pursuing our engagement in future ammonia projects.

In the coming years, a significant number of LCO_2 carriers will be needed to meet the increasing demand for carbon capture and storage (CCS). According to Rystad Energy, 55 LCO_2 carriers will be required by 2030 to transport over 90 million tons of CO_2 annually. This reflects the growing importance of CO_2 shipping in global efforts to reduce greenhouse gas emissions and support climate goals.

As one of the few marine pump manufacturers with actual experience in CO_2 pumping systems, we will also seek our opportunities in CCS, which is described as one of the most promising technologies for reducing CO_2 emissions in the hard-to-abate sectors. We have already secured cargo pump orders for some of the world’s largest LCO_2 carriers, which, in this context, are essential for transporting liquefied CO_2 to depleted oil and gas reservoirs or other deep places where it is stored.

FUTURE-PROOF SOLUTIONS FOR PIONEERING PROJECTS

We are proud to offer a wide range of products that support the transition to a greener and more sustainable world.

THE NORTHERN LIGHTS LCO_2 CARRIERS RELY ON SVANEHØJ PUMP TECHNOLOGY

In 2024, the Northern Lights Carbon Capture and Storage (CCS) facility in western Norway will be ready to receive CO_2 for underground storage. The project includes the newbuilding of three dedicated LCO_2 carriers, all equipped with Svanehøj cargo pump systems for safe and efficient handling of the captured CO_2.

The three LCO_2 carriers are among the world's largest of their kind, and the order represents a significant milestone for our ambitions in Carbon Capture and Storage. Svanehøj supplied its first CO_2 pump system for an LCO_2 carrier in the 1990s. As a result, although long-term storage of CO_2 is currently in a rudimentary stage, we believe we have already had the experience and competencies to supply the pumping systems.

The Northern Lights LCO_2 carriers will each have a cargo capacity of 7,500 m^3, custom-built with pressurised cargo tanks for transporting liquefied CO_2. Svanehøj will deliver two deepwell CO_2 cargo pumps of 15 metres for each ship. Once operational, the ships will transport CO_2 from industrial emitters in Norway and other European countries to a receiving terminal in western Norway for intermediate storage, before being transported by pipeline for permanent storage in a geological reservoir 2,600 metres under the seabed.

SVANEHØJ FUEL PUMP SOLUTION FOR DUAL-FUEL LNG/AMMONIA RETROFIT

As hundreds of ships will face green fuel conversion in the coming years, Svanehøj's patented multigas technology offers a safe, efficient, and reliable solution for shipowners looking to improve efficiency, reduce emissions, and ensure regulatory compliance. Our reference list includes over 2,000 deepwell pumps specified for ammonia over the past decade.

In 2023, a 13,000 TEU containership with a 2-stroke engine was converted from MGO/HFO to LNG and ammonia with Svanehøj as the supplier of deepwell fuel pumps. The vessel was retrofitted with a newly developed technology based on liquid injection of LNG, ammonia, or methanol. This new technology reduces costs significantly compared to solutions that evaporate the gas before injection, making fuel conversion a more attractive business case for shipowners.

Whether a fuel conversion is an attractive business case will depend on engine power and the charter rates for the vessel in question. But with the recent development in technology, we estimate that fuel conversion will be attractive for up to 1,200 diesel-powered ships built in 2013 or later.

The vessel was retrofitted with a newly developed technology based on liquid injection of LNG, ammonia, or methanol.

In 2025, we will deliver DW cargo, booster, and fuel pumps for the ambitious project.

FUEL AND CARGO PUMPS FOR PIONEERING AMMONIA GAS CARRIER

Leading companies in Japan's maritime industry are working to construct one of the world's first ammonia-fueled gas carriers.

Both the shipbuilder and the fuel system supplier have chosen Svanehøj pumping technology for the design of this pioneering vessel. In 2025, we will deliver DW cargo, booster, and fuel pumps for the ambitious project which aims to achieve a GHG reduction rate of 80% or more for the entire ship.

With over 2,000 ammonia-ready marine pumps in operation, including nearly 100 fuel pumps, our vast experience in ammonia applications significantly influenced the decision to trust the specialized Svanehøj deepwell pump design. The new ammonia carrier is scheduled for completion in late 2026.

ESG STRATEGY

Svanehøj's mission is to help power a better future. Our products and solutions support the transition to renewable energy in the hard-to-abate sectors, and we continuously strive to improve our ways of doing business.

Aligned with our ambitions, we have adapted the United Nations Sustainable Development Goals (SDG) as a framework to guide our ESG efforts and ensure a successful green transition. The 17 SDGs represent a global call to action for a better and more sustainable future for all. Each SDG consists of a goal, supported by targets that outline specific initiatives companies can follow to reach the particular goal.

Working with the SDGs ensures a focused, systematic, and persuasive approach to implementing local and global sustainability efforts and initiatives.

FIVE SUSTAINABLE DEVELOPMENT GOALS

We have based our ESG strategy on the United Nations SDGs to provide a globally recognized framework and ensure a shared understanding of our sustainability efforts within our organization. In 2022, we assessed the SDG's and chose to increase our focus on five SDGs that align with our business operations, values, and strategic objectives.

SDG 9 – INDUSTRY, INNOVATION, AND INFRASTRUCTURE
As a leading manufacturer of cryogenic fuel pumps and cargo pumps, Svanehøj is committed to building resilient infrastructure, and driving innovation in the maritime industry.

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION
As a market leader, Svanehøj is committed to ensuring responsible consumption and production patterns by implementing new supply chain protocols and supplier audits.

SDG 7 – AFFORDABLE AND CLEAN ENERGY
As a designer, manufacturer, and supplier of a wide range of marine pumps and instrumental solutions, Svanehøj is an active part of the energy transition, thereby ensuring access to affordable, reliable, and modern energy for all. As our technology is compatible with all forms of liquid gas, including LNG, LPG, CO_2, ammonia, and methanol, we help accelerate the transition towards clean and renewable energy at a global scale.

SDG 13 – CLIMATE ACTION
At Svanehøj, we strive to reduce our negative impact on our surrounding environment and the climate. Starting from our own operations, we have mapped our entire value chain, and we work closely with our suppliers for the benefit of future generations.

SDG 8 – DECENT WORK AND ECONOMIC GROWTH
Svanehøj is committed to creating a responsible, inclusive, and appealing work environment. We achieve this by providing appropriate employment and working conditions for our employees. In doing so, we promote sustained, inclusive, and sustainable economic growth that benefits our business, employees, and shareholders.

SUSTAINABLE DEVELOPMENT GOALS

ENGAGE TO SUSTAIN

“Engage to Sustain” is our framework for implementing ESG targets and initiatives and serves as our roadmap towards 2025. Based on the five chosen SDGs and the results of our Materiality Assessment, we divided our ESG efforts into eight ESG targets across the focus areas “People”, “Planet”, “Solutions”, and “Supply Chain”. We identified these four areas based on our materiality assessment and with inspiration from The Triple Bottom Line sustainability framework of profit, people, and the planet.

OUR ESG TARGETS

PEOPLE	PLANET	SOLUTIONS	SUPPLY CHAIN
Zero health & safety incidents from 2023.	50% reduction in Scope 1 & 2 GHG emissions per mDKK in in 2025 relative to our baseline year in 2021.	>95% of R&D investments support our mindset of Powering a Better Future consecutively up to 2025.	Establish a Svanehøj supplier program by 2024 and ensure that all new suppliers, and 15% of existing strategic suppliers, are compliant with the program from 2025.
We aim to attract and retain our talent base by establishing Svanehøj Academy Entry and Svanehøj Excellence programs by 2024, with the first enrollments in 2025.	We establish a Scope 3 GHG emission baseline year by 2023 and ensure that 25% of all strategic suppliers are calculating their Scope 1 & 2 GHG emissions in accordance with the GHG Protocol by 2025.	Establish take-back program of used pumps for the intent of reuse, recycle or responsible end-of-life treatment by 2024 for all products.	Ensure and establish best-in-business manufacturing facilities in current and potential new operating areas measured by productivity, diversity, and workplace satisfaction.

DOUBLE MATERIALITY ASSESSMENT

To ensure we are well-prepared for upcoming requirements, we have revised our Materiality Assessment by initiating a Double Materiality Assessment according to the EU CSRD directive, refining our ESG strategy. The analysis has identified 14 sustainability matters that reflect the most significant areas for Svanehøj.

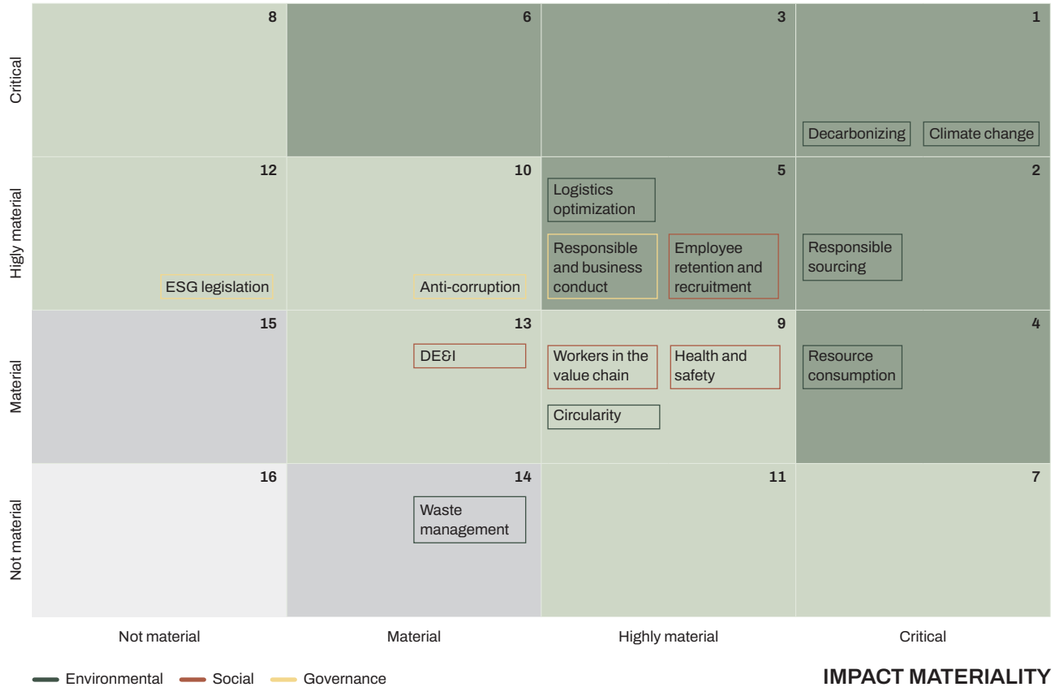
From 2025, Svanehøj will be required to report according to CSRD, which is a directive adopted by the European Union to improve and expand the scope of sustainability reporting by companies. The CSRD builds on and replaces the existing Non-Financial Reporting Directive (NFRD), introducing more detailed reporting requirements and expanding the range of companies required to report. To ensure we are well-prepared for the upcoming requirements, we proactively revised our Materiality Assessment in 2023 by initiating a Double Materiality Assessment according to the CSRD standards.

While a Materiality Assessment is characterized by financial materiality and is focused on identifying and prioritizing the most significant ESG factors affecting a company's financial performance, a Double Materiality Assessment adds external materiality, thereby analyzing how the company's actions affect the external world, including environmental and social effects. This enhanced assessment method refines our ESG strategy by providing a comprehensive analysis from a sustainability perspective and a financial perspective, examining how ESG-related issues impact our organization and how we, as an organization, impact our surroundings.

As outlined in our 2022 ESG report, we considered joining the UN Global Compact to adopt its principles in human rights, labor, environment, and anti-corruption as a framework for our ESG reporting. However, this consideration is no longer relevant because going forward as part of ITT, we intend to implement the CSRD standards in our reporting.

This enhanced assessment method refines our ESG strategy by providing a comprehensive analysis from a sustainability perspective and a financial perspective, examining how ESG-related issues impact our organization and how we, as an organization, impact our surroundings.

FINANCIAL MATERIALITY



IMPACT MATERIALITY

The materiality matrix visualizes the results of our Double Materiality Assessment. The analysis has identified 14 sustainability matters that reflect the most significant areas for Svanehøj in terms of sustainability.

Each box in the matrix is assigned a number to denote the relative importance of the 14 sustainability matters, with higher numbers signifying greater priority based on their impact.

How we map the specific topics continues to evolve and will be re-evaluated regularly to ensure that it continuously reflects our material topics, and subsequently shapes our strategic priorities as part of ITT.

Climate change also affects financial risks and opportunities associated with decarbonization and climate transition plans, significantly affecting market possibilities.

Under this background, we highlight and describe the most critical topics in our ongoing ESG efforts.

CLIMATE CHANGE

The sustainability matter 'Climate Change' refers to material impacts, risks, and opportunities (IROs) related to the direct and indirect GHG emissions and reductions stemming from our business model and supply chain. This includes emissions from Scope 1, 2, and 3 and our role as a company in mitigating climate change through solutions contributing to decarbonization and carbon capture and storage (CCS). Climate change also affects financial risks and opportunities associated with decarbonization and climate transition plans, significantly affecting market possibilities.

DECARBONIZING IMPACTS

The sustainability matter 'Decarbonizing Impacts' refers to material IROs related to the innovation, efficiency, and application of solutions to reduce GHG emissions in the maritime sector. It includes our contribution to the deployment of pump technologies for low-emission fuels and enhancing energy efficiency during the use-phase of products. In addition, the durability and serviceability of our products ensure a long service life. It reduces the need for new production, lowering material consumption and emissions in manufacturing. From a financial viewpoint, a growing demand for low-emission logistics solutions will positively impact our growth as a company.

RESPONSIBLE SOURCING

The sustainability matter 'Responsible Sourcing' refers to material IROs related to Svanehøj's role in mitigating negative environmental impacts in the supply chain through choice of materials and suppliers, requirements, and collaboration with suppliers, thereby reducing the overall environmental footprint of the supply chain.

RESOURCE CONSUMPTION

The sustainability matter 'Resource Consumption' refers to material IROs related to the procurement and use of raw materials and resources, particularly steel, in pump manufacturing. This sustainability matter highlights the environmental and financial challenges associated with resource depletion and GHG emissions. The rising costs of steel and additives, driven by the green transition, pose potential financial risks. However, strategies such as optimizing product designs for modularity to minimize waste, and introducing longer-lasting materials and spare parts, present opportunities to reduce overall resource consumption.

EMPLOYEE RETENTION & RECRUITMENT

The sustainability matter 'Employee Retention & Recruitment' refers to material IROs related to the challenges and opportunities Svanehøj encounters in attracting, retaining, and developing a skilled and diverse workforce in a competitive labor market. The shortage of qualified talent (eg. industry technicians) presents a financial risk, emphasizing the importance of making Svanehøj a visible and attractive employer through actions such as training and skills development, offering competitive salaries and collaborating with educational institutions.

LOGISTICS OPTIMIZATION

The sustainability matter 'Logistics Optimization' refers to material IROs related to enhancing the efficiency and sustainability of sourcing, product distribution and service operations within Svanehøj's supply chain. Enhancing transportation and logistics efficiency not only boosts sustainability but also reduces costs, highlighting the financial significance of this sustainability matter.

RESPONSIBLE GOVERNANCE & BUSINESS CONDUCT

The sustainability matter 'Responsible Governance & Business Conduct' refers to material IROs related to compliance with standards and legal frameworks, company culture and improving governance processes. This includes ensuring the maturity of governance practices in line with Svanehøj's growth and development as a company. Another aspect is to act responsibly towards business partners by offering fair payment terms and fostering a positive company culture across the group. Financially, adherence to ethical standards and compliance with legal frameworks are crucial for mitigating financial and reputational risks.

THE DOUBLE MATERIALITY ASSESSMENT REFINES OUR ESG EFFORTS, ENSURING WE FOCUS ON THE MOST CRUCIAL ASPECTS.

Yet, this analysis has not prompted any alterations to our strategy or goals. However it has reaffirmed that our "Engage to Sustain" framework forms a tangible and effective plan for our ambition to power a better future.

In the following chapter, we will report on our ESG progress in 2023 for each of the four focus areas: People, Planet, Solutions, and Supply Chain.

PEOPLE

The value of our people surpasses our products and technical know-how, even as an engineering and technology company. They are our organization's most valuable asset.

INCREASING HEALTH AND SAFETY AWARENESS
Preserving the health and safety of our people is key in Svanehøj. In 2022, we set a very ambitious target to reach zero health and safety incidents from 2023. As was the case in 2022, we recorded no fatal injuries in 2023. However, 12 recorded lost-time injuries remind us that we have not yet met our high ambitions within health and safety. In light of this, we have increased our focus on strengthening our health and safety culture to prevent work-related accidents to the greatest extent possible.

In early 2023, we reorganized our occupational health and safety (OHS) organization in Denmark to strengthen preventive OHS efforts and increase the visibility of our health and safety conditions among our employees. In line with these changes, we have initiated several initiatives to improve the working environment in Svanehøj:

- We have introduced a new, user-friendly digital platform for reporting unsafe conditions and incidents, significantly increasing reports. The platform's underlying workflow helps us ensure we manage all reports accurately. Additionally, data from this system is incorporated into our safety walks, ensuring that current challenges are addressed when our Health & Safety representatives convene monthly to assess the site. We have digitized our risk assessments for service jobs using the same platform.

- In our production facility in Denmark, we have introduced 5S LEAN, a tool for maintaining a clean, uncluttered, safe, and well-organized workplace. 5S LEAN helps us build a quality work environment, both physically and mentally.

- In collaboration with Aalborg Municipality, we conducted an optional health check program for all colleagues at our headquarters in Denmark. Nearly 70 employees underwent free individually tailored health checks, including blood pressure measurement and Tanita biometric measurements (body composition, BMI, and metabolic age) to conversations about mental health and physical well-being.

- We have introduced a new health and safety book to our Service Engineers to ensure easy access to essential safety guidelines and information. Service Engineers are always on the move and require offline accessibility worldwide.

- In partnership with Falck Healthcare, we have initiated a training program covering first aid and fire safety. To date, 45 employees have successfully completed the course.

In early 2023, we reorganized our occupational health and safety (OHS) organization in Denmark to strengthen preventive OHS efforts and make health and safety conditions visible to employees.

PEOPLE

TOWARDS A MORE DIVERSE WORKFORCE

Svanehøj is committed to fostering an inclusive and supportive environment for all employees, regardless of gender. We believe that diversity among our employees and management, including gender and age balance, contributes positively to the workplace environment and strengthens our performance and competitiveness.

The maritime industry is a male-dominated business. Svanehøj's demographics mirror this trend, with 85% of the workforce being male in 2023. We recognize the need for a more diverse workforce and have increased our focus on attracting more women to Svanehøj.

This increased focus has positively impacted our 2023 data, as 21% of all new hires were women. In parallel, the share of women in management positions has increased substantially, from 22% in 2022 to 30% in 2023.

Overall, we have seen the effects of a strengthened focus on employees' personal and professional development in 2023, as employee turnover has decreased from 18% to 12%.

ENHANCING LEAN SKILLS IN THE FACTORY

In collaboration with UCN act2learn, we designed and implemented a tailored educational program for all employees at the production facility in Denmark. The aim was to make the theoretical aspects of lean more apprehensible for the employees by establishing a mutual 'lean language' among the production teams.

The lean educational program is based on the ICoED method (Industrial Collaborative Educational Design), which was used to design upskilling programs for Industry 4.0. The employees were actively involved in the process and contributed to developing a practice-oriented educational program with the factory floor as the classroom.

Overall, we have seen the effects of a strengthened focus on employees' personal and professional development in 2023, as employee turnover has decreased from 18% to 12%.

DEVELOPMENT IN DIVERSITY

	2023		2022	
Workforce (Average)	312		279	
	Male	**Female**	**Male**	**Female**
Employees (%)	85	15	86	14
New employees (%)	79	21	88	12
Management positions (%)	70	30	78	22

PEOPLE

A NEW IN-HOUSE TRAINING AND EDUCATIONAL CENTER

Over the last few years, we have invested significantly in our Service & Aftersales Department to become a one-stop shop of integrated service solutions for pumps, compressors, valves, and instrumentation on LNG, LPG, and P&C carriers.

Building a best-in-class service setup requires a workforce with specialized technical knowledge within various technologies. Consequently, we have invested in an in-house Training and Educational Center to ensure that both employees and costumers acquire the necessary knowledge about Svanehøj's solutions and services.

At the same time, we are improving our Scope 3 emissions by reducing our use of transportation and accommodation. In the last few years, our service department has grown from 15 to over 100 employees, and we are dedicating more resources to training and upskilling. With the new in-house training facilities, we can organize training sessions more efficiently and eliminate the need to travel abroad for service jobs to upskill our staff and onboard new colleagues.

THE ESG IDEA TRACKER NURTURES A CULTURE OF SUSTAINABLE THINKING

In 2023, our ESG ambassador corps has been working to gather ideas with the potential to help us reach our ESG targets. To facilitate this process, we have implemented a smartphone application – the "ESG Idea Tracker" – to collect ideas and insights from across the organization. As a result, we initiated several ESG-related initiatives in 2023.

Some examples:

- Partnered with Jooll, a bike leasing company, to offer premium bikes to our employees for home-to-work commuting.
- Optimized the internal transport for caisson pipe production.
- Developed a water recycling system for caisson pipe pressure testing.
- Organized a team of colleagues to clean up the local neighborhood and build insect hotels on Earth Day.

The initiatives are detailed in other sections of the ESG report.

S INTRODUCTION TO SUSTAINABILITY

AFFORDABLE AND GREEN ENERGY

INDUSTRY, INNOVATION, AND INFRASTRUCTURE

DECENT WORK AND ECONOMIC GROWTH

RESPONSIBLE CONSUMPTION AND PRODUCTION

CLIMATE ACTION

SUSTAINABLE DEVELOPMENT GOALS ON TOP OF THE AGENDA

The climate agenda is changing the maritime industry and requires a different mindset. In 2022, we initiated an education and awareness campaign to strengthen SDG awareness and thinking in our daily operations. By the end of 2023, 70 employees had completed all six courses in our SDG training program, enhancing ESG awareness in our daily operations.

As a part of the SDG education and awareness campaign, we established an ESG ambassador corps of selected employees widely represented by different organizational functions. The ambassadors act as change agents, pushing the ESG agenda to ensure employer involvement, work, and communication between management and employees, allowing for the exchange of feedback on current ESG initiatives and ideas for further improvements.

PLANET

At Svanehøj, we contribute to a greener world by providing future-proof solutions and services that help accelerate the energy transition in the hard-to-abate sectors. But while we help our customers reduce emissions, we, as a company, must also reduce our impact on the environment and become an inspiration for others to follow.

In 2023, we implemented Position Green, which is a digital platform for the management of ESG performance. It includes features for tracking, analyzing, and reporting on various sustainability metrics and compliance with regulations. The Position Green supports us in identifying areas for improvement, setting sustainability goals, and demonstrating progress.

SCOPE 1 + 2: TOWARDS A 50% REDUCTION OF OUR RELATIVE EMISSIONS

At Svanehøj, we are committed to reducing our GHG emissions in Scope 1 (direct emissions) and Scope 2 (indirect energy-related emissions) by 50% in 2025 per revenue in MDKK relative to our baseline year 2021*.

In 2023, we made further significant progress toward this target, cutting our Scope 1+2 emissions per million DKK by 21% relative to 2022. Since our baseline year of 2021, we have achieved a 38% reduction in Scope 1+2 emissions per million DKK.

The primary driver behind the reduction in scope 1+2 emissions is the increased productivity achieved through investments in lean and automation. According to our lean strategy, we have invested significantly in optimizing the production of pipes and shafts while outsourcing non-strategic activities. Additionally, our scope 1+2 emissions were affected by a decline in production activity in Q4 2023. This was due to shipyards operating near maximum capacity, which extended order lead times and resulted in fewer direct production hours compared to the previous year. Therefore, our Scope 1-2 intensity ratio per produced hour increased from 2022 to 2023.

While we have set targets for our relative emissions, we also work to reduce our absolute emissions. In 2023, we reduced our absolute Scope 1+2 emissions by 21% compared to 2022. Going forward, we are analyzing our energy consumption to clarify how we can further reduce our consumption and replace fossil fuels with renewable energy.

SCOPE 1 + 2: TOTAL EMISSIONS

	2023	2022	2021
Scope 1	146	209	165
Scope 2	624	699	712
Total Scope 1 and 2	**770**	**908**	**877**

*in metric tons of CO_2e

*We calculated and established a CO_2e baseline year (2021) for Scope 1 and 2 greenhouse gas emissions in accordance with the Greenhouse Gas Protocol Corporate Accounting Standard (2004).

SCOPE 1 + 2 INTENSITY RATIOS

(TONS CO_2 PER REVENUE, PER EMPLOYEE, PER PRODUCED HOUR)

	2023	2022	2021
Per revenue	1.11	1.31	1.80
Per employee	2.47	3.00	3.68
Per produced hour	6.50	4.77	6.25

To address this issue, we implemented a water recycling system, which in 2023 saved 225,000 liters of water.

PLANET

REUSE OF WATER AND REDUCED INTERNAL TRANSPORT FOR PIPE PRODUCTION

In 2023, we reduced our water consumption at our headquarters in Denmark by 15%. Most of this reduction was achieved at our production facility, which previously consumed large quantities of water for caisson pipe pressure testing. To address this issue, we implemented a water recycling system, which in 2023 saved 225,000 liters of water. Additionally, this system delivers substantial time savings, enabling us to fill a caisson pipe 30-45 minutes faster compared to using the freshwater supply.

At the same time, we have optimized the entire manufacturing process of caisson pipes, from shortening the pipes to assembly. By redesigning the factory layout, we have reduced the internal transport of a caisson pipe by almost 60%, corresponding to a total saving of 225 km in 2023.

GREENER COMMUTING: EV CHARGING AND EMPLOYER BIKES

In Svanehøj, the green transition is not only about providing innovation and technology for the maritime industry.
We also want to support our employees in making healthier and more climate-friendly choices in their everyday lives.

In 2023, we expanded our electric vehicle facilities at our headquarters from three to ten charging points to make driving electric cars easier for our employees. We also entered into an agreement with the bike leasing company JOOLL to offer premium bikes to our employees for home-to-work commuting. Initially, 10-15 employees chose to take advantage of the offer, but we expect more to join continuously.

The commuting initiatives align with the broader focus of our ESG strategy, "Engage to Sustain", which is based on the belief that people in every part of Svanehøj are the foundation and driver of change. In this way, employees engage in our ESG efforts by contributing to reducing the company's indirect emissions.

Energy Consumption	Unit	2023	2022
Water*	m^3	2,653	2,091.09
Electricity	MWh	1112.09	1394.80
District heating	MWh	1184.82	1358.89
District gas	MWh	239.84	210.18

*Water consumption in 2022 is ex. Calais

PLANET

SCOPE 3 EMISSIONS: A TARGETED APPROACH
In 2023, we started calculating our Scope 3 GHG emissions by establishing 2022 as our baseline year. Since Svanehøj provides energy-consuming marine pumps with a lifespan exceeding 25 years, most of our emissions will be associated with the use phase of our sold products. By analyzing our full value-chain we have concluded that Scope 3 accounted for 99.93% of our total CO_2 emissions in 2022, and that 93.5% of our emissions stems from the use of sold products*.

This analysis underlines the undeniable fact that the transportation sector stands out as one of the most significant contributors to climate change. In 2022, international shipping alone accounted for nearly 3% of the world's GHG emissions. Recognizing that Svanehøj is a part of this problem, we are also part of the solution. Every day, thousands of ships use Svanehøj pumps to transport cargo safely and efficiently around the world. Our cargo pumps for P&C are driven by unparalleled technology and a unique electrical handling system that significantly reduces energy consumption, thereby contributing to lower emissions and more efficient port operations. In addition, Svanehøj is among the leaders in flow calculations, which further reduces the pumps' energy consumption.

As we will show in our Product Impact Assessment in the following section of this report, our products and solutions already significantly contribute to decarbonization in the maritime sector. Given that our DW fuel pumps are fully compatible with e-fuels such as green ammonia, methanol, and hydrogen, they will have an even greater impact on CO_2 reduction as the development and supply of e-fuels progress in the future. In fact, all Svanehøj pumps operating in 2050 will have zero Scope 3 emissions if the International Maritime Organization (IMO) achieves its net zero emissions target. This underlines the fact that transition towards greener fuels in shipping is a key enabler in reducing carbon emissions.

To effectively address our Scope 3 emissions, we adopted a two-pronged approach to differentiate between upstream and downstream activities. By handling upstream and downstream emissions distinguishably, we can approach the different sources of Scope 3 emissions within our value-chain more effectively. This targeted approach will allow us to prioritize actions that contribute to our overall ESG goals.

By analyzing our Scope 3 upstream emissions, we have identified that "purchased goods and services" account for 96.6% of our total upstream emissions, emphasizing the importance of working closely with suppliers to address and reduce supply-chain emissions. The analysis revealed that more than 50% of our strategic suppliers are already calculating their Scope 1 and 2 emissions in accordance with the GHG Protocol. This puts us significantly ahead of our 2025 goal, which aims for 25% of all strategic suppliers to calculate their Scope 1 and 2 GHG emissions. At Svanehøj, we commit to our purpose. We want to accelerate the green transition, and we dare to be ambitious. Understanding and mapping our suppliers' GHG emissions helps us manage value-chain GHG risks and increase our material and energy efficiency.

*Based on a 25-year lifetime use of fuel pumps, gas cargo pumps, and P&C cargo pumps.

Understanding and mapping our suppliers' GHG emissions helps us manage value chain GHG risks and increase our material and energy efficiency.

SCOPE 3 EMISSIONS

	Preliminary 2023
Total of indirect Scope 3 emissions	1,218,689
Scope 3 sub-category 1 emissions	59,635
Scope 3 sub-category 4 emissions	941
Scope 3 sub-category 6 emissions	1272
Scope 3 sub-category 11 emissions	1,156,841

*in metric tons of CO_2e

A PRODUCT IMPACT ASSESSMENT: WE ARE ALREADY MAKING A SIGNIFICANT DIFFERENCE TODAY

At Svanehøj, we proudly say that we have the expertise, the solutions, and the potential to help facilitate the green energy transition in the hard-to-abate sectors. By conducting a Product Impact Assessment, we have calculated our contribution to decarbonization in the maritime sector to show that we are already making a significant difference today.

33.96M TONS

The volume of carbon emissions are expected to be avoided from vessels equipped with Svanehøj fuel pumps delivered in 2023.

The Product Impact Assessment shows the total contribution to decarbonization from the supply of DW Fuel Pumps to operating vessels in 2023. The calculation is based on vessel type, size, and fuel type as stated in our reference list of delivered fuel pumps, combined with vessel specifications, data, and voyage assumptions from Clarksons Research, the world's largest shipping services provider, and carbon (CO_2) emission factors from European Union regulations. As vessels, and Svanehøj's pump solutions, typically have a lifetime of 20-35 years, the assessment is based on a 25-year lifetime period. Currently, we can conduct calculations for 65% of our reference list matched with the relevant vessel specification, data, and voyage assumptions. Consequently, we have chosen to extrapolate the result for our complete reference list. The missing data will be available in the future, and we will update our product impact assessment on a yearly basis with the newest and most applicable data sets.

LNG and LPG fueled vessels ordered in 2023 with Svanehøj DW Fuel Pumps are expected to achieve an overall lifetime (25 years) saving of 33.96M tons of CO_2 compared to similar vessels with HFO propulsion. The result in 2022 was 38.8M tons of CO_2. Despite a 30% increase in fuel pump sales, the overall contribution to decarbonization from our DW fuel pumps decreased from 2022 to 2023.

This decline is attributable to a change in the composition of ship types, specifically, LPG carriers, which have a relatively low reduction potential from fuel transition, and container vessels, which have a relatively high reduction potential. Consequently, in 2023, fuel pumps for LPG carriers constituted a more significant proportion of total sales than in 2022, while fuel pumps for container vessels comprised a smaller proportion.

The 33.96M tons of CO_2 that our fuel pumps prevent from being released into the atmosphere is equivalent to the CO_2 emissions from 29 container vessels (15.000 TEU) running on HFO and operating for 25 years (350 operating days per year). With approx. 6,000 container vessels globally, the transition towards greener fuels in shipping is a key enabler in reducing carbon emissions.

The current calculations are based on LNG/LPG. Given that DW fuel pumps are fully compatible with e-fuels such as green ammonia, methanol, and hydrogen, the impact on CO_2 reduction will rise significantly according to the development and supply of e-fuels.

Disclaimer: Svanehøj's Product Impact Assessment is not included nor associated with the Scope 1, 2, and 3 emissions reporting framework established by the Greenhouse Gas Protocol. Instead, we are reporting, in collaboration with our customers, the expected amount of avoided emissions. The product impact assessment is based on CO_2 (carbon dioxide) emissions and does not include other greenhouse gases from the Kyoto Protocol. It is also worth mentioning that LNG contains very little sulfur, and by utilizing reduction technologies, it emits low amounts of NOx (nitrogen oxide) and SOx (sulfur oxide).

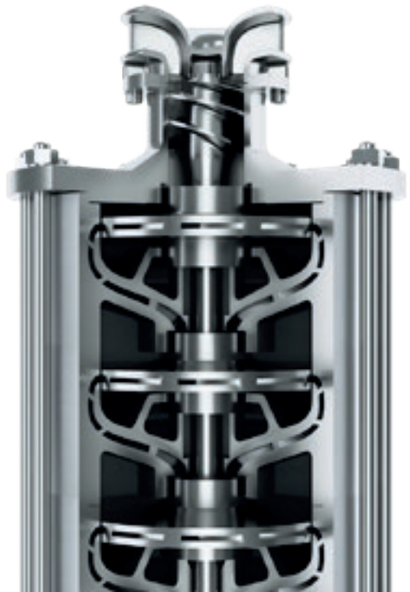
SOLUTIONS

At Svanehøj, we fully understand the urgency of reaching net-zero emissions and why the green transition must be central to everything we do.

At Svanehøj, we fully understand the urgency of reaching net-zero emissions and why the green transition must be central to everything we do. We already have the products to support a fast and complete transition to zero-carbon marine fuels, including ammonia, methanol, and hydrogen, and as part of our ESG strategy, we have committed to direct 95% of our R&D investments at solutions and products that support our mindset "Powering a better future". In recent years, we have invested significantly in new products and services for the LNG segment based on the belief that transition fuels are essential on the path towards net zero and that natural gas is, by far, the best transition fuel – with significant environmental benefits.

In 2023, we launched our new electric submerged fuel pump design for LNG – the Svanehøj CS Fuel Pump – and became the first supplier in the maritime market to offer complete series of both submerged fuel pumps and deepwell fuel pumps for LNG-powered ships. With a unique, patented self-cleaning LNG filter, a highly efficient electric motor, and a secondary cooling flow, the CS Fuel Pump solves the two main challenges for LNG as a marine fuel: clogging and boil-off gas. Our new cryogenic Interior Permanent Magnet (IPM) e-motor, developed and patented by Svanehøj for the CS Fuel Pump, performs with an efficiency of 96.7% – much higher than the industry standard of 84-88%. Because of the higher efficiency, the motor consumes less energy. It also generates less heat, reducing the risk of boil-off gas, dry running of bearings, and significant damage to the pump.

At Kormarine in October 2023, we pre-launched our new HPP Triplex Unit, a high-pressure piston pump solution for two-stroke LNG engines, designed to meet the maritime industry's demands for leak-free critical components with a long service life. With the HPP Triplex Unit we have introduced two patented innovations for the design of the cold end: A new low-pressure sealing system that reduces friction, ensuring longer service intervals, and a new inlet valve design, ensuring higher efficiency and low-pressure drop.



As a result, the focus at Svanehøj on upskilling has become more systematic, emphasizing individualized personal and professional development.

SUPPLY CHAIN

In 2023, we initiated several initiatives in line with our ESG target to ensure and establish best-in-business manufacturing facilities. These included investments in increased productivity, improved ergonomics, and further training and education for our blue-collar staff.

ADJUSTMENTS WITH SIGNIFICANT IMPACT ON THE WORKING ENVIRONMENT

According to our lean strategy, we strive to improve ergonomics in all processes. In 2023, we invested in a customized gripper to help us move and place pump cylinders. Previously, employees handled the heavy cylinders using straps mounted on a crane. With the new gripper, they can turn pump cylinders 180 degrees in a continuous flow.

We also invested in an electrified mover for the assembly of long-shaft pumps. At the same time, we mounted wheels on all tool and equipment racks. As a result, our assembly team can now carry out all tasks without changing positions. This enhancement has not only improved the working environment but also reduced the time spent on laying out and assembling cargo gas pumps by over 40%.

SUPPLY CHAIN

EMPHASIZING INDIVIDUALIZED PERSONAL AND PROFESSIONAL DEVELOPMENT

In 2023, fitter Rasmus Blach Nielsen was appointed Education Representative for all Svanehøj employees covered by the Collective Agreement for Industrial Workers in Denmark.

Previously, the Trade Union Representative was responsible for continuing education and courses. However, as something new, companies can appoint an education representative to help navigate the complexities of education and ensure that the self-selected education aligns with the employees' interests and expertise.

As a result, the focus at Svanehøj on upskilling has become more systematic, emphasizing individualized personal and professional development.

EXPANDED WASTE SORTING IN OUR OFFICES

In 2023, a new Waste Regulation entered into force, requiring all companies in Denmark to segregate their household-like waste into ten fractions: Food waste, paper, cardboard, glass, metal, plastic, food and drink cartons, hazardous waste, textile waste, and residual waste.

As defined by the Danish Ministry of the Environment, household-type waste refers to waste produced by companies that, in its composition, corresponds to waste from private households. In Svanehøj, waste management is of high priority, and we have enhanced our waste sorting systems in the canteen and offices to adhere to the updated Waste Regulation.

TOTAL WASTE FROM OWN OPERATIONS

	Unit	2023	2022
Total waste from own operations	Ton	316.18	314.76
Collected for recycling	%	89.36	80.50
Collected for incineration with energy recovery	%	0.0	1.0
Collected for incineration	%	8.12	18.3
Collected for landfill	%	0.72	0.3
Not specified	%	1.76	0.0
	%	100	100
Total amount which is hazardous	Ton	6.85	13.37

GOVERNANCE

This section provides an overview of our governance aspects and how ESG is managed and controlled in Svanehøj.

GOVERNING ESG

A solid governance structure is the backbone of our ESG work. Svanehøj's ESG is anchored by our CEO with a steering committee represented by our CEO, CFO, CSCO, Executive Business Partner, and Process Quality Manager, and led by our CCO. The steering committee is responsible for developing our ESG strategy and coordinating our cross-functional ESG initiatives, projects and operations. Since 2021, we have partnered with an external advisor to build a solid ESG framework and boost our performance.

A Svanehøj ESG ambassador corps was established in 2022 to ensure broader anchoring of our ESG efforts within the organization across different functions. All departments are each represented with an ambassador.

HUMAN RIGHTS

Svanehøj supports the United Nations Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at work. Employees are forbidden to take any action that violates these human rights principles, directly or indirectly. Svanehøj upholds the freedom of association and effectively recognizes the right to collective bargaining.

There are potential risks in the supply chain with international suppliers, and these risks are addressed with internal audits of both new and existing suppliers. In 2023, no breach of human rights was identified, and Svanehøj will continue to focus efforts to prevent any breach of human rights. We strive to maintain the highest legal and ethical standards, and the Svanehøj Code of Conduct guides every Svanehøj employee.

BOARD OF DIRECTORS
By 2026, we aim for at least 40% of Svanehøj's Board of Directors elected at the annual general meeting to be women. In 2023, the representation of women on our Board of Directors is 20%. Svanehøj operates in male-dominated sectors, which poses a challenge for Svanehøj and other companies in this sector. However, we will continue to set ambitious targets in this area, working accordingly to the new guidelines and requirements from the Danish Business Authority on equal gender distribution on Boards of Directors.

STATUTORY REPORT ON DATA ETHICS POLICY
Svanehøj is responsible for and processes information supplied by or collected about our customers. All customer information is treated with the utmost respect for confidentiality and customer privacy. Svanehøj's clear corporate policy states that the use of personal information must respect the privacy of customers and other stakeholders and always be in compliance with the Danish Data Protection Act and the EU General Data Protection Regulation.

ANTI-CORRUPTION
As a company operating in the offshore and shipping sector, we are aware that our material risks are bribery, corruption, extortion, and embezzlement. Svanehøj is committed to never engaging in any form of corruption and to avoiding the risk of illegal activities aimed at influencing public officials, judiciary, or any other private parties.

We take active measures to ensure that all Svanehøj employees understand and uphold our ethical standards. This is also clearly stated in the Svanehøj Code of Conduct for employees and suppliers. Any Svanehøj employee who becomes aware of a potential violation of this code is expected to contact their supervisor, Group HR, or senior management. No corruption of any kind has been registered in connection with Svanehøj's activities.

WHISTLEBLOWER SCHEME
To ensure a fair, safe, and transparent working environment, Svanehøj has a whistleblower scheme administered by an external partner. With this scheme, we encourage our employees to report any suspicions or incidents of misconduct, sexual harassment, policy and procedure violations, or illegal activities related to their work at Svanehøj. Our external partner handles all reports confidentially, and employees are not required to disclose their identity.

ISO CERTIFICATION
Svanehøj is ISO 9001:15 (quality management), 14001:15 (environmental management), and 45001:18 (occupational health and safety) certified in our locations in Svenstrup, Frederikshavn, and Calais, while Suzhou and Kobe operate in accordance with ISO 9001:15 certification in Svenstrup. Our site in Singapore operates in accordance with the Group company Hamworthy Pumps.

Svanehøj is working towards integrating the Singapore site into our management system.

HEALTH & SAFETY
The health and safety of people is a considerable risk in the maritime industry. At Svanehøj, we monitor risks to mitigate them accordingly and provide a safe work environment. We aim to create a company culture where health and safety are a shared responsibility, and we mitigate risks by creating safer work conditions and raising risk awareness amongst colleagues simultaneously.

In 2023, we restructured our health and safety committee to align with the strategic focus of our top management. It is now anchored by our CSCO as chairman of the committee. The committee is led and facilitated by our Head of Quality, Health, Safety and Environment and represented by relevant management and employee representatives.

In addition, all reporting of unsafe conditions and incidents is now digitized and handled by dedicated resources. It ensures compliance with legal and regulatory requirements and promotes a culture of safety throughout the organization.

SYSTEMS
To implement ESG performance within an organization and ensure a structured approach, we have implemented a dedicated management system to facilitate our ESG data and reporting. We are currently using it for our Scope 1 & 2 emissions and climate accounting. However, in the long term, the platform will cover all relevant aspects of Environmental, Social, and Governance. We believe that building and having a dedicated system for our ESG performance is the right foundation for our ESG ambitions.

STRENGTENING OUR ESG ORGANIZATION
As mentioned in this report, we have conducted a Double Materiality Assessment to ensure readiness for the upcoming CSRD requirements. Beginning in 2024, as part of ITT, we will assess reporting requirements in accordance with the European Sustainability Reporting Standards (ESRS). The CSRD/ESRS introduces detailed and standardized reporting criteria to ensure comprehensive, transparent, and comparable ESG disclosures while emphasizing the importance of governance and stakeholder engagement in the reporting.

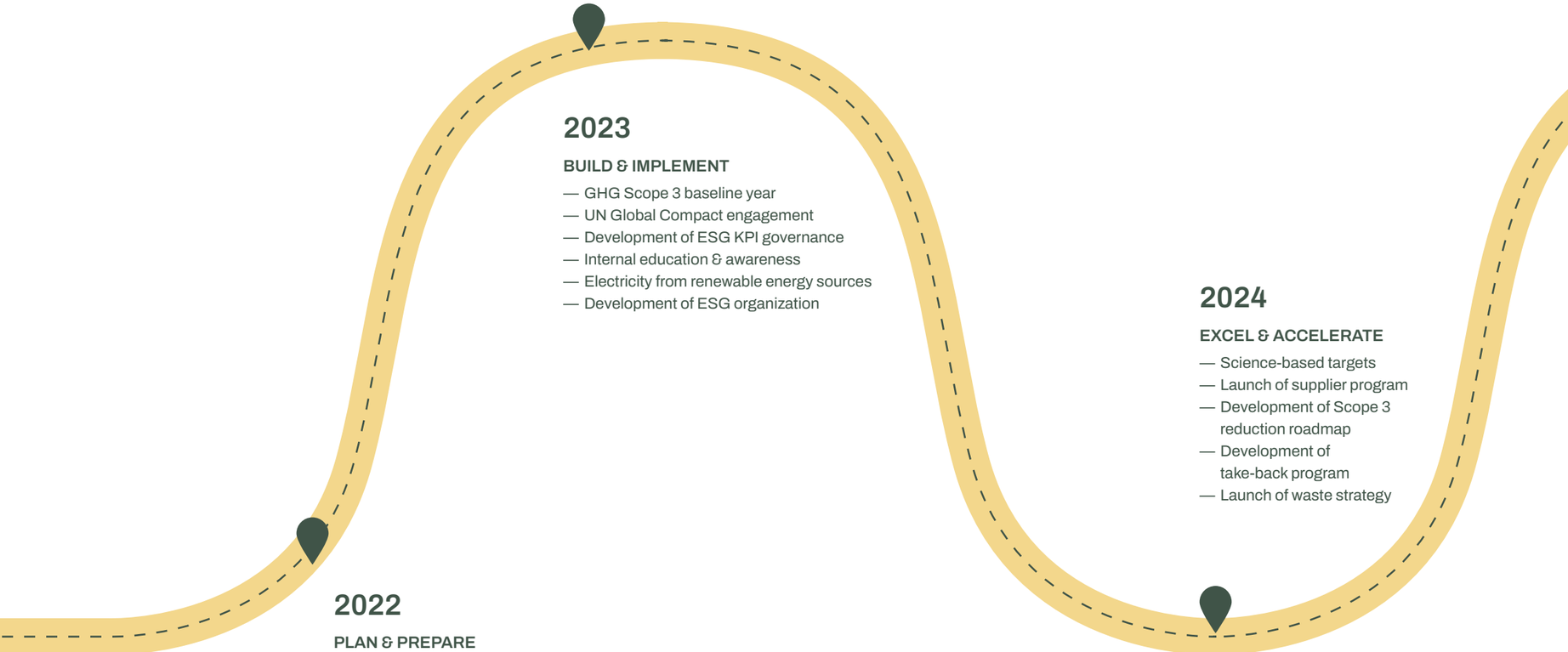
ESG GOING FORWARD

We are on track to achieve the ESG targets outlined in the “Engage to sustain” strategy covers the four-year period from 2022 to 2025.

ESG GOING FORWARD

Now, as part of ITT, we plan to align our strategy's to ITT's going forward. Our “Engage to sustain” strategy covers the four-year period from 2022 to 2025, and the roadmap connects specific initiatives and projects with our overall ambition of being a responsible company. We have successfully implemented most of the initiatives planned for 2022 and 2023, and we are on track to achieve the ESG targets outlined in the “Engage to sustain” strategy.

While we focus extensively on the environmental aspect of ESG, as a responsible company, we are equally committed to the important social and company governance aspects.



By calculating baseline years and assessing our Scope 1, 2, and 3 emissions we have laid a solid foundation for drawing up a GHG reduction roadmap in 2024, which determines the level of ambition for our future climate action activities. We will present the GHG reduction roadmap in our ESG report 2024.

We initially planned to enter a Power Purchase Agreement (PPA) in 2023 to secure our access to green electricity as a part of our approach to decarbonizing electricity consumption in our operations. By entering a PPA, we will increase the availability of renewable electricity on the Danish grid, equivalent to a specific share of Svanehøj's electricity consumption, thereby supporting the construction of new renewable energy facilities in Denmark. However, due to contractual conditions in our current electricity agreement and the change of ownership following ITT's acquisition of Svanehøj, this initiative is postponed until 2024. We remain committed to the ambition, understanding that renewable electricity is a prerequisite for achieving our Scope 1 and 2 reduction targets.

Our “Engage to sustain” roadmap also incorporates an ESG supplier program (2024/25), a waste strategy (2024), a take back program for the intent of reuse, recycle or responsible end-of-life treatment of products (2024), an Equality Program (2025) and a circular economy strategy to minimize the environmental impact of our overall activities as a company (2025). We plan to prepare and launch these initiatives according to our roadmap.

SUSTAINABILITY INDICATORS

Aspect	Topic	Sustainability Indicators	Unit	2022	2023
	General	Total revenue	mDKK	693.65	694.43
		Number of reporting locations	Number	7	8
		Total number of blue collar hours	Number	190,317.00	118,487.00
		Total number of white collar hours	Number	247,142.28	409,075.07
ENVIRONMENTAL	Energy	**Energy consumption**			
		Purchased electricity	MWh	1394.80	1122.09
		Purchased district heating	MWh	1358.89	1184.82
		Purchased district gas	MWh	210.18	239.84
		Diesel used in stationary combustion	MWh	518.45	257.99
	Water	Total consumption of water	m³	2,091.09	2,653.00
	Waste	Total waste from own operations	ton	314.76	316.18
		- percentage of which is collected for recycling	%	80.5	89.36
		- percentage of which is collected for incineration with energy recovery	%	1.0	0.0
		- percentage of which is collected for incineration	%	18.3	8.16
		- percentage of which is collected for landfill	%	0.3	0.72
		- percentage of which is not specified	%	0.0	1.76
			%	100.00	100.00
		- total amount of which is hazardous	ton	13.37	6.85
	GHG	Total of direct Scope 1 emissions	tCO_2e	208.60	145.62
		Total of indirect Scope 2 (location-based) emissions	tCO_2e	467.16	401.83
		Total of indirect Scope 2 (market-based) emissions	tCO_2e	699.43	624.14
		Total Scope 1 & Scope 2 (market-based) emissions	tCO_2e	908.03	769.76
		Scope 1 and 2 intensity indicators			
		Scope 1 & Scope 2 emissions per FTE		3.00	2.47
		Scope 1 & Scope 2 emissions per thousand production hours	tCO_2e/th. prod. hour	4.77	6.50
		Scope 1 & Scope 2 emissions per revenue mDKK	tCO_2e/mDKK	1.31	1.11
		Total of indirect Scope 3 emissions	tCO_2e	-	1,218,689
		Scope 3 sub-category 1 emissions	tCO_2e	-	59,635
		Scope 3 sub-category 4 emissions	tCO_2e	-	941
		Scope 3 sub-category 6 emissions	tCO_2e	-	1272
		Scope 3 sub-category 11 emissions	tCO_2e	-	1,156,841
SOCIAL	Employees	**Average number of employees (FTEs)**	Number	279	312
		Number of employees (FTEs) at the end of the reporting period	Number	303	308
		Employees (FTEs) by function			
		Percentage of White collar	%	46	62
		Percentage of Blue collar	%	54	38
		Percentage of employees by employment type			
		Full-time	%	98	98
		Part-time	%	2	2
		Percentage of employees by gender			
		Male	%	86	85
		Female	%	14	15
		Percentage of employees by age			
		Younger than 18	%	1	0
		19-29	%	12	12
		30-39	%	22	23
		40-49	%	29	29
		50-59	%	26	24
		60 or older	%	10	12
		Number of new employees	Number	111	68
		- percentage of which is male	%	88	79
		- percentage of which is female	%	12	21
		Percentage of new employees by age			
		Younger than 18	%	2	0
		19-29	%	25	33
		30-39	%	26	26
		40-49	%	25	28
		50-59	%	15	8
		60 or older	%	7	5
		Employee turn-over percentage	%	18	12
	Diversity and inclusion	Percentage of women on the Board at the end of the period	%	14.3	20
		Percentage of women in leadership positions at the end of the period	%	16.7	14.1
		Percentage of employees in executive management positions	%	2.3	3
		- percentage of which is male	%	78	70
		- percentage of which is female	%	22	30
		Percentage of employees in other (extent) management positions	%	13	12
		- percentage of which are male	%	89	71
		- percentage of which are female	%	11	29
		Number of interns/students with an educational/learning target	Number	11	8
	Safety	Total number of recordable injuries	Number	11	12
		- of which lost time injuries	Number	8	12
		- of which fatal injuries	Number	0	0
		Total recordable injuries per 100,000 working hours	Number	2.5	2.3
		Lost time injuries per 100,000 working hours (LTIR)	Number	1.8	2.0
GOVERNANCE		Number of ISO 9001:15-certified sites	Number	3	4
		Number of ISO 14001:15-certified sites	Number	3	3
		Number of ISO 45001:18-certified sites	Number	3	3
		Taxes by category			
		Corporate income taxes (tax on profit/loss for the year)	mDKK	26.7	26.11
		Employee taxes	mDKK	49.6	47.06
		Donations	DKK	0.32	50.00

LET'S POWER A BETTER FUTURE

We want to contribute to a greener world through close partnerships and trusted future proof solutions.

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