

## Our approach to Climate Change

Ellab recognizes the critical importance of reducing its climate footprint and is committed to a science-based approach to achieve this. We have pledged to decarbonize our business across scopes 1, 2, and 3, with targets verified and approved by the Science Based Targets initiative (SBTi).

It is important to emphasize that our sustainability journey involves continually improving our understanding and collection of relevant data. Consequently, some of the data originally reported for BY2020 are currently under review and may be subject to change. Depending on the extent of these modifications, we might need to undergo the SBTi revalidation process again.

### Our SBTi journey toward 2023 targets:

- **79,6%** - Ellab A/S commits to reduce absolute **scope 1 and 2** GHG emissions 79.6% by 2030 from a 2020 base year. \*
- **25%** - Ellab A/S also commits to reduce absolute **scope 3** GHG emissions from purchased goods and services, upstream transportation and distribution, and employee commuting 25% within the same time frame.

*\*The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.*

### Inventory

Ellab A/S submitted two annual GHG inventories for review by the SBTi. For the base year of 2020, total emissions are 11,167 tCO<sub>2</sub>e, with Scope 1+2 representing 6% and Scope 3 representing 94% of total emissions. The GHG emissions inventory covers all relevant GHG emissions from all relevant sources and subsidiaries. Biogenic emissions have been reported alongside the GHG inventory and are also covered by the proposed targets.

Scope	Value (tCO <sub>2</sub> e)	Base Year	Target Year	Ambition	Boundary
Scope 1+ 2	683.00	2020	2030	79,6%	100%
Scope 3	10,484.00	2020	2030	25%	93,1%

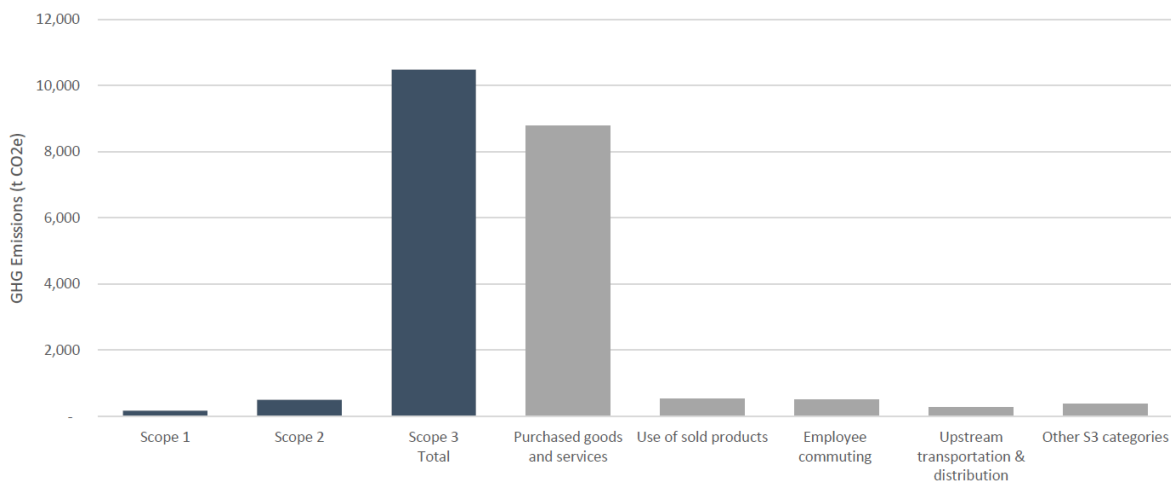


Chart A: 'Ellab's greenhouse gas emissions by scope and category.

### Scope 1 and 2 targets overview

To address Ella B.A/S's scope 1 and 2 emissions, as well as biogenic CO<sub>2</sub> emissions and removals, a specific target has been established. The proposed target aims to reduce absolute emissions by 79.6% by 2030 from a 2020 base year, and it is modelled using the Absolute Contraction approach.



The chart compares the target against two long-term Absolute Contraction temperature pathways. The ambition of the proposed scope 1 and 2 target surpasses the minimum ambition for the 1.5°C pathway in the target year of 2030 and is thus deemed ambitious.

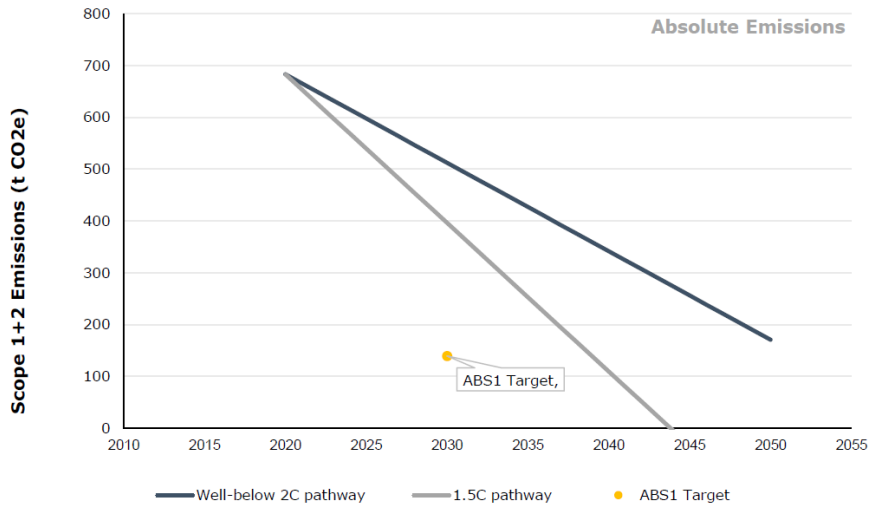


Chart B: Comparison of Target vs Two Long-Term Absolute Contraction Temperature Pathways

### 2023 Scope 1 & 2 - GHG Emissions Status

The two dominant items in this cluster are our fleet of leased/owned vehicles (Scope 1) and the electricity used within our facilities globally (Scope 2). The exceptional growth experienced by the company (+105% works force since 2020) has obviously resulted in an increase in both categories. Additionally, improvements in the quality of data collection have led to more accurate reported amounts compared to previous data, particularly concerning emissions from our fleet of vehicles. New and more accurate data show that Scope 1 emissions increased by 167%, from 176.0 tCO2e in BY2020 to 471.0 tCO2e, primarily due to previously unreported records (Chart C).

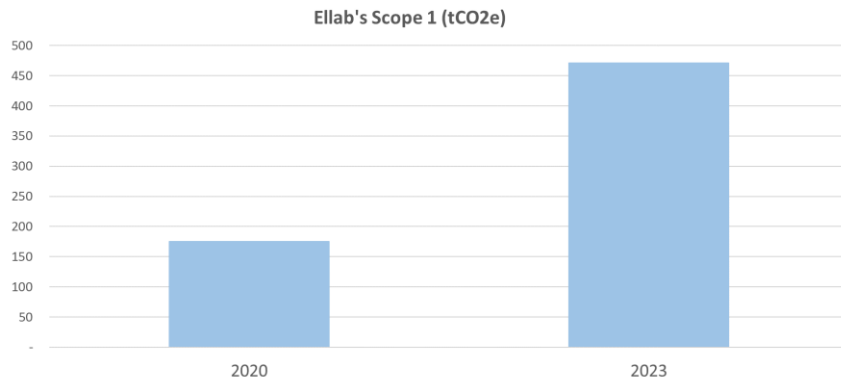


Chart C: Scope 1 evolution 2020 vs 2023.

NOTE: 2023 includes a large set of new data points, hence representing higher emissions' amount.

In contrast, Scope 2 data presents a more positive picture. Thanks to improved efficiency and investments in renewable energy—comprising both direct renewable energy sourcing and electricity certificates—we achieved a significant reduction in emissions, from 508 tCO2e to a market-based value of 19.1 tCO2e, equivalent to a reduction of approximately 96% (Chart D).

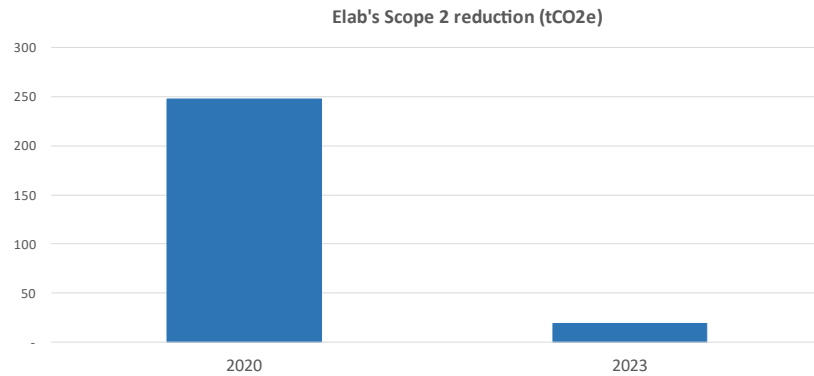


Chart D: Scope 2 evolution 2020 vs 2023.

### Scope 3 targets overview

To address Ellab's scope 3 emissions, a target addressing 91.3% of base year scope 3 GHG emissions has been established. The target aims to reduce absolute emissions by 25% by 2030 from a 2020 base year, and it is modelled using the Absolute Contraction approach. The graph on the right compares the ambition of the scope 3 target against the minimum absolute emission reduction required to be considered in line with a 2°C pathway. The ambition of the target surpasses the minimum ambition for the 2°C pathway under the Absolute Contraction Approach in the target year of 2030, and is therefore considered ambitious.



Chart E: Comparison of Scope 3 Target Ambition Against Minimum Absolute Emission Reduction

### 2023 Scope 3 - GHG Emissions Status

Approximately 80% of Ellab's Scope 3 emissions for 2023, fall under the following four categories of the GHG Emissions Protocol: Category 1 (Purchased Goods and Services - 7,055.0 tCO2e), Category 4 (Upstream Transportation and Distribution - 448. tCO2e), Category 6 (Business Travel - 340.8 tCO2e), and Category 7 (Employee Commuting - 360.6 tCO2e). This indicates that a substantial share of our emissions originates from upstream activities, particularly within our supply chain (see Chart F). Compared to BY2020, in 2023 we registered a worrying but still manageable increase of 65%.

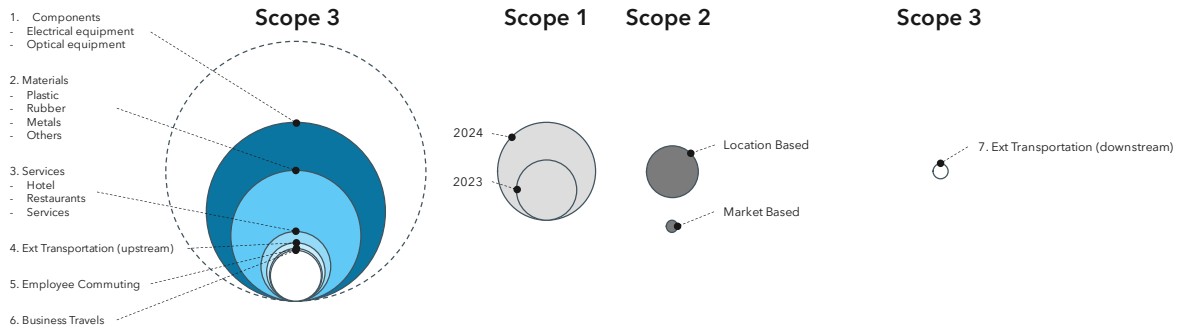


Chart F: Scope 3 GHG Emissions Breakdown (tCO<sub>2</sub>e) of Carbon Intensive Systemic items.

## Moving forward

### Premises

The exceptional growth Ellab experienced over the past four years (+105% works force since 2020), both organically and through acquisitions, has introduced additional challenges to defining a comprehensive reduction roadmap.

Since our engagement and familiarity with the Science Based Target initiative (approved in May 2023) is relatively new, our actions and strategies are still in the early stages. To address Scope 1, 2, and 3 greenhouse gas (GHG) emissions, Ellab is currently exploring various complementary approaches. To support this process, we have established a Sustainability Committee. This committee will not only define and validate different strategies but will also oversee progress and necessary adjustments.

Ellab's overall strategy is to tailor solutions to reduce Scope 1 and 2 GHG emissions based on the primary contributing factors and available solutions in each country where we operate.

### Tackling Scope 1 and 2 GHG Emissions

In 2023, Ellab's absolute scope 2 GHG market-based emissions decreased by 92% compared to 2020, surpassing the trajectory recommended by SBTi. The primary factors behind the reductions in 2023 were a notable 100% rise in renewable electricity (through the acquisition of certificates such as RECs and EACs).

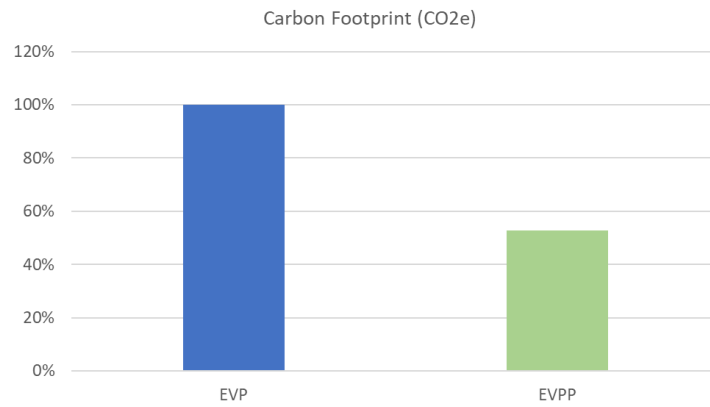
In 2023, Ellab's vehicle fleet was responsible for ca. 70% of the company's total scope 1 and 2 market-based emissions. Vehicle emissions represent one of the most significant emissions sources having increased during the last four years of growth (+105% works force since 2020), but also thanks to newly collected and more accurate data. We are currently exploring and evaluating all the possible solutions available. We expect to have a more define path within the end of 2024.

### Tackling Scope 3 GHG Emissions

Tackling Scope 3 GHG emissions is one of the most challenging sustainability tasks for Ellab, as it is for most companies. Ellab's approach involves considering the entire value chain. We are currently exploring a range of solutions, from product design to business model innovation, and from engaging with suppliers and customers to reviewing our procurement policies.

One concrete step we have taken is the innovation and replacement of one of our best-selling pieces of equipment, the E-Val Pro Module. In collaboration with the Technical University of Denmark (DTU), we conducted a comparative Life Cycle Assessment (LCA) between the existing product and its new version, the E-Val Pro Plus.

The results, although not officially certified by a third party, are very positive and encouraging. They show that thanks to an improved design which led to a significant reduction of materials for the case and the chassis (aluminium), a reduction of more than 50% in carbon emissions during the manufacturing phase (Chart G).



*Chart G: Carbon Footprint (CO<sub>2</sub>e) comparison - E-Val Pro vs E-Val Pro Plus*

This first assessment has been of paramount importance in providing the company's leadership with a better understanding of the relevance of using LCA analysis when defining a comprehensive sustainability strategy. In this perspective we plan to have further discussions with a wide range of stakeholders around this matter.