

## Explanatory Note

### Reporting principles

Transparency is one of Controlant's core values. 2023 marks the first time we are taking steps towards measuring and externally reporting our ESG data. We aim to give a fair representation of Controlant's sustainability activities and progress made by following best-practice guidelines and internationally recognized ESG reporting standards, such as the Greenhouse Gas Protocol (GHG Protocol, an international environmental accounting standard) and frameworks such as the UN Global Compact. Where applicable, the data is referenced to Nasdaq's ESG Reporting Guide 2.0. Our ESG reporting will reflect Controlant's ESG maturity profile and the company's financial calendar year, which is January until December. Over time we expect our ESG reporting to become more granular, robust, and limited assured. This will support steering Controlant towards sustainability leadership with impact beyond its value chain, enabling its customers and suppliers to execute on their climate commitments and meet Controlant's shareholder disclosure requirements.

### Operational control approach

Controlant's environmental information is prepared using operational control methodology. The business activities performed across these locations are grouped into: offices and service centers. As a growing company we aim to bring in ESG data from new locations as soon as the following two criteria are met: location needs to be in use, and a certain confidence level on data quality achieved; applying a grace period of no more than 12 months.

## Environmental performance

### Absolute CO<sub>2</sub> reduction

We report on absolute CO<sub>2</sub> emissions reduction as per the Science Based Targets initiative with 2022 as the base year.

**Scope 1:** Direct emissions from Controlant's activities as defined in the GHG protocol. Includes fugitive emissions (refrigerants) and emissions from operating company cars with internal combustion engines.

**Scope 2:** Indirect emissions from Controlant's activities as defined in the GHG protocol. In 2022, Controlant's reporting was limited to location-based carbon emissions due to unavailability of renewable energy certificates in Iceland. Energy attribute certificates in Iceland were introduced again in 2023, enabling Controlant to report market-based emissions.

**Scope 3:** Indirect emissions from Controlant's value chain as defined in the GHG protocol.

**Category 1:** Purchased goods and services such as IT equipment, office furniture and IoT devices.

**Category 2:** Capital goods such as cooling/calibration machines for Controlant's services centers.

**Category 3:** Fuel and energy related activities such as indirect emissions from production of fuels and energy purchased and consumed by Controlant, not included in Scope 1 and 2.

**Category 4:** Upstream transportation from shipping IoT devices to Controlant's service centers.

**Category 5:** Waste generated in own operations such as offices and service centers.

**Category 6:** Business travel includes emissions from business flights only.

**Category 7:** Employee commute emissions calculated from annual employee survey.

**Category 8:** Upstream leased assets associated with the heating of Controlant's rented properties with no direct control over the energy usage.

**Category 9:** Downstream transportation and distribution of IoT devices from Controlant's service centers to customers. New measure for 2023.

### Emissions intensity

Total GHG emissions relative to revenues (tonnes CO<sub>2</sub> equivalent per USD 1million in revenues); GHG emissions relative to employees (tonnes CO<sub>2</sub> equivalent per average headcount); and GHG emissions relative to square meters (kg CO<sub>2</sub> equivalent per m<sup>2</sup>).

### Renewable energy

Includes hydro and geothermal in Iceland for electricity and heating, while a mix of hydro, solar, wind and biomass in the other European locations.

## Social performance

### Headcount

Defined as all employees with an employment contract with Controlant who are on payroll regardless of the type of contract at year end. Excluded are employees on unpaid leave (except parental leave) and contractors.

### FTE

Defined as full-time-equivalent employees excluding contractors.

### Injury rate

Total recordable incident rate (TRIR) based on a number of reported work-related accident.