

# Annual ESG Report

Unaudited

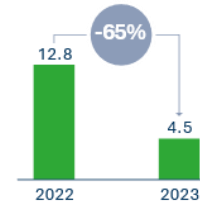
# Controlant's Sustainability Highlights 2023

Controlant has reduced emissions in 2023 by 38%, which means it is on track to meet its 2030 science-based target.

Controlant has reduced **Scope 1+2** emissions in 2023 by 38%



Controlant has reduced **Scope 3** emissions in 2023 by 65%



## Controlant on track to meet its 2030 science-based target (SBTi)

Scope 1 and 2 absolute emission reduction

**38%**

Measure and reduce scope 3 emissions

**65%**

Carbon intensity to revenue lowered by

**4.4x**

Share of renewable energy

**87%**

## Controlant – what we achieved



**22-74**

Age range



**17**

Average training hours



**>90%**

Recyclability rate



**89%**

Renewable electricity



**2**

Lifecycle assessments



**37**

Nationalities



**4.2/5**

Overall employee satisfaction score



EcoVadis and CDP Climate rated



**42%**

Female representation among total workforce



**3**

Minor injuries



Partnerships – Unicef, Red Cross, Employee well-being program launched



ISO 9001, ISO 27001, SOC 2 and Equal Pay certifications



SCIENCE  
BASED  
TARGETS



## Non-Financial Information

Controlant hf. (the “Company”) is a global leader in the digital transformation of pharma supply chains. Controlant’s vision is to deliver zero-waste supply chains for our partners and the planet through digitalization, automation, and transformation of the pharma supply chain. Controlant was founded in 2007 and had average FTE of 539 employees representing 37 nationalities in 2023. With backing from a strong investor base, Controlant generated USD 185 million in revenues in 2023.

Controlant’s validated real-time visibility platform, control tower, services, and advanced IoT devices, are trusted by leading pharmaceutical and logistics companies to make their operations significantly more reliable, cost-effective, and sustainable. Ultimately, Controlant’s solutions help get life-saving medicines to more patients, curing more diseases.

### Minimum safeguards, code of conduct and policies

Controlant’s commitment to a robust governance framework, respect for human rights, adherence to social and labor standards, anti-corruption measures, promotion of fair competition, and commitment to responsible taxation across all its activities serves as the cornerstone of its efforts to ensure compliance with minimum safeguard requirements. Furthermore, these minimum safeguards are reinforced through established company policies, a supplier code of conduct, mandatory employee training, and external audits conducted by Controlant’s customers and ISO bodies. Additionally, Controlant adheres to Icelandic tax laws and labor law and regulations.

Controlant supports the Ten Principles of the United Nations Global Compact on human rights, labor, environment, and anti-corruption and is committed to making the UN Global Compact and its principles a part of the strategy, culture and day to day operations of the company. Controlant became a participant to the UN Global Compact in 2022. Recognizing the ongoing importance of minimum safeguards standards, Controlant remains committed to prioritizing these areas in its future endeavors. The company aims to prevent, detect, and address such activities within the organization to protect Controlant’s reputation, values, and legal compliance – reflected in Controlant’s policies such as Controlant’s Anti-Bribery and Corruption Policy, Environmental Policy, Corporate Sustainability Policy, Health and Safety Policy, Procurement, Equality, Diversity, and Inclusion Policy, and Community Engagement Policy among others (available on Controlant.com and/or on request).

Controlant’s code of conduct applies to all its employees as well as suppliers that provide services and support to Controlant. The code of conduct outlines commitment to fair, compliant, transparent, and sustainable business practices, and governance structure. Controlant strives to fulfill the spirit and not only the letter of laws and regulations of the countries in which it operates and expects nothing less from its partners.

Controlant conducts an annual corporate risk assessment, covering all organizational assets including sustainability and climate risk. Controlant has a three-stage risk management process (identification, assessment, response) to effectively address asset risks, including transitional and physical climate-related risk. In 2023, 136 corporate asset risks were identified, further assessed in a double heat map and mitigation steps put in place as deemed necessary by the Executive Team. During 2023 Controlant performed its first climate-related risk and opportunity assessment in line with the Task Force on Climate-Related Financial Disclosures (TCFD). Selected risk causes and opportunity triggers deemed most relevant for Controlant are summarized in the following table.

Identifier	Primary climate-related risk driver	Time horizon	Likelihood	Magnitude of impact		Likely potential financial impact
				1.5 °C scenario	2.5 °C scenario	
<b>Current regulation (Transition risk)</b>	ESG reporting mandate, Renewable Energy Certificates, EU Green Claims Directive, Iceland's Paris Agreement carbon reduction target	Short-term	Very likely	High	Low	Increased compliance costs and increased access to markets
<b>Emerging regulation (Transition risk)</b>	Carbon tax and Carbon Border Adjustment Mechanism regulation	Medium-term	Very likely	Medium	Medium	Increased operating/compliance costs
<b>Technology (Transition risk)</b>	Increased cost for material substitution to low emission options	Short- to Medium-term	Likely	High	Low	Increased operating costs and increased revenues
<b>Market (Transition risk)</b>	Consumer pressure for sustainability leadership rises while aluminum costs increase due to emission reduction pressures	Medium-term	Very likely	High	Medium	Increased operating costs and potential reduced profitability
<b>Acute (Physical risk)</b>	Rising temperatures, shifts in wind patterns, floods, earthquakes, and volcanic eruptions	Short- to Medium-term	Very likely	Low	Medium	Increased operating costs
<b>Chronic (Physical risk)</b>	Sustained high temperatures and sea level rise	Long-term	Likely	Low	High	Increased operating costs

Notes: Company information. Short-term <0-3 yrs, Medium-term 3-10 yrs, Long-term >10-30 yrs. Potential financial impact both positive and negative cannot be fully assessed and is likely to be integrated into Controlant’s day-to-day operations. Mitigating actions are being assessed and will be used going forward to align with Controlant’s business strategy to minimize negative effects and maximize opportunities, where possible.

## Corporate social responsibility

In 2023, Controlant set a clear path towards corporate sustainability leadership aiming to balance environmental, social, and economic performance. Sustainability has become more integrated into the Company's daily business operations and interactions with stakeholders. Stakeholder engagement with Controlant's customers, employees, suppliers, investors and the communities in which it operates is key to improving performance and creating shared value. Controlant as part of the private sector and wider pharma ecosystem has the power to create solutions needed to address key challenges the world is facing.

Controlant places significant importance on how it addresses environmental, social, and governance topics in its operations, products, solutions beyond its own value chain and thereby creating a more sustainable future for the planet and patients. Controlant pioneer's continuous product innovation, driving a circular economy within global pharma supply chains. By eliminating waste in one of the world's most critical supply chains, Controlant is helping to shape the future of sustainable and responsible supply chains.

Controlant reports transparently on its sustainability journey, key milestones achieved and ESG performance metrics aligned with the Nasdaq ESG data reporting guide 2.0. Controlant reports its progress towards corporate sustainability leadership through the Communication on Progress (accessible on [unglobalcompact.org](https://unglobalcompact.org)), providing a transparent account of Controlant's corporate sustainability activities and impacts that are aligned with the Ten Principles and the UN Sustainable Development Goals (UN SDG). In 2023, Controlant participated for the first time in the UN SDG day, a united call for international cooperation to promote well-being and make the world a better place by 2030. Controlant has chosen to prioritize four of the UN SDGs. These goals are as follows:

- Goal 9, which focuses on building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation.
- Goal 3, which centers around ensuring healthy lives and promoting well-being for all individuals, regardless of age.
- Goal 4, which aims to guarantee inclusive and equitable quality education, in addition to promoting lifelong learning opportunities for all.
- Goal 13, which emphasizes the urgent need to take action against climate change and its impacts

The importance of formal environmental, social, and governance (ESG) ratings is growing rapidly. Controlant's customers require their suppliers and partners to clearly demonstrate engagement and progress across the ESG spectrum. Recent ESG ratings by EcoVadis and CDP affirm Controlant's commitment and progress towards realizing its zero-waste vision for pharma supply chains, in line with its ambition to become a sustainability leader.

EcoVadis, one of the world's most trusted business sustainability ratings placed Controlant among the top 15% of rated companies for sustainability across industries, awarding the company with a silver medal. As part of the assessment outcome, Controlant received an advanced rating in three sustainability criteria: environment, ethics, and sustainable procurement.

The Climate Disclosure Project (CDP), a global non-profit that runs the world's leading environmental disclosure platform rated Controlant B- for its coordinated action on climate issues. The company's scores are particularly strong in areas of renewable energy, climate-related risk management processes, carbon emission verifications, and value chain engagement. In addition, Controlant has also received a B rating in its CDP Supplier Engagement Rating, which measured Controlant's performance on governance, targets, Scope 3 emissions, and value chain engagement. The following table reflects Controlant's ESG rating journey.

	2023	2022
CDP Climate	B-	-
CDP Supplier Engagement	B	-
EcoVadis	Silver	Bronze

## Environmental responsibility

During 2023, Controlant opened new offices in Iceland and Denmark, expanding the company's footprint. Despite this growth, Controlant has remained committed to environmental responsibility and sustainable practices. This includes a commitment towards accurate reporting of greenhouse gas (GHG) emissions, crucial to reducing the company's environmental impact. Controlant followed through its climate action plan as published in January 2023 with a focus on (i) establishing a GHG baseline no later than 2023; (ii) setting a science-based target no later than 2024; and (iii) reporting its sustainability information on an annual basis. The Company made substantial progress by engaging with its employees and suppliers, defining key levers as part of a long-term decarbonization path.

In May 2023 Controlant had its science-based target validated and published by the Science Based Target initiative (SBTi). Validation of Controlant's science-based target marked an essential milestone on the Company's sustainability journey, demonstrating commitment to the environment and to stakeholders. Controlant commits to reducing absolute scope 1 and scope 2 greenhouse gas emissions by 42% by 2030 from a 2022 base-year. Controlant committed to measuring and reducing its scope 3 emissions. The company's near-term target reflects the level of decarbonization required to keep global temperature increase to 1.5°C. Controlant supports Iceland's climate action plan to meet the Paris Climate Agreement's obligations and achieve the ambitious goal of carbon neutrality in Iceland by 2040.

Controlant achieved a threefold decrease in emissions year-on-year, a 68% decrease from 2022. This was driven primarily by scope 3 reductions in category 1 purchased goods and services. Driven by internal measures around optimizing the Company's logger inventory management and optimizing logger utilization. Substantial emission reductions were achieved by transitioning from airfreight to ship for upstream transportation in category 4. Despite the expansion of Controlant's operations, including the addition of two office locations in Denmark and Iceland, as well as including category 9 as a new category into reported scope 3 emissions, significant progress has been made in emission reduction efforts.

To enhance Controlant's environmental stewardship, the Company has established a robust carbon accounting system mirroring our financial reporting approach. This system facilitates the measurement of scope 1, 2, and 3 emissions in accordance with the greenhouse gas (GHG) protocol. Moreover, conducting a comprehensive Life Cycle Assessment has provided valuable insights into the environmental impacts of our products across their entire life cycle.

## Social responsibility

All employees of Controlant are employed in compliance with applicable labor laws and practices. Controlant does not use any forced labor or child labor in its operations. Controlant respects all rights of employees, including the right to associate freely, join or not join labor unions. Almost all of Controlant's employees are covered under a collective bargaining agreement (2023: 95%). Employees can communicate openly with management regarding working conditions without threat of reprisal, intimidation or harassment. Controlant provides its employees with a healthy working environment, all in compliance with applicable laws and regulations regarding the workplace. Discrimination of any kind is not tolerated.

Controlant aspires to become one of the best places to work for the most talented people. Controlant is proud to be certified as an equal-pay employer in Iceland. The Company's culture is built around creating the best possible work environment for its employees. Valuing equality, diversity, and inclusion in the workplace where its people feel safe, supported, and included. Controlant is committed to creating an inclusive and equitable workplace environment where everyone is treated with respect and dignity. Controlant is committed to creating a culture of inclusion; 40% of people leaders' positions are held by women.

A motivated and engaged workforce is crucial for Controlant to deliver on its company goals. The annual employee engagement survey is an important tool on that journey, providing comprehensive insights into the well-being and engagement of team. The 2023 survey, conducted in October 2023 resulted in an overall satisfaction score of 4.2 out of 5, which reflects Controlant's efforts to be an employer of choice.

Throughout the year, Controlant has actively participated in various organizations and initiatives aimed at supporting and giving back to the communities where it operates in line with the Company's community and engagement policy.

By collaborating with local causes and initiatives, Controlant aims to contribute positively to the communities it serves. In 2023, Controlant entered into a three-year partnership agreement with UNICEF, focusing on life-saving child immunizations, supporting UNICEF's critical work in promoting children's welfare and health.

In another impactful collaboration, Controlant has partnered with Employment Horizons to offer employment opportunities to individuals with special needs through its service center in New Jersey. Controlant actively participated in the agency's annual recognition dinner in October, raising awareness and funds to further support their mission of empowering individuals with disabilities to secure and excel in jobs of their choice.

During 2023, Controlant has engaged with over 300 students from various universities, schools, and student associations. Controlant's origins trace back to the University of Iceland, where the Company's founders first met, sparking the ideas that have propelled Controlant in becoming a global leader in real-time visibility solutions for pharmaceutical companies and logistics providers.

#### **Controlant's core values**

Creativity	We believe in fostering creativity and innovation.
Transparency	We believe in transparency in our work and with our customers.
Excellence	We believe in high quality and setting the standard for excellence.
Fun	We believe in making work enjoyable; it keeps us coming back.

Nasdaq ESG indicator		Unit	2023	2022
<b>Environmental indicators</b>				
<b>E1.</b>	<b>Total GHG Emissions</b>	tonnes CO <sub>2</sub> eq	<b>4,075.0</b>	<b>12,825.4</b>
E1.1	Total amount, in CO <sub>2</sub> equivalents, for Scope 1	tonnes CO <sub>2</sub> eq	0.6	0.1
E1.2	Total amount, in CO <sub>2</sub> equivalents, for Scope 2 (location-based)	tonnes CO <sub>2</sub> eq	-	30.3
E1.2	Total amount, in CO <sub>2</sub> equivalents, for Scope 2 (market-based)	tonnes CO <sub>2</sub> eq	18.2	-
E1.3	Total amount, in CO <sub>2</sub> equivalents, for Scope 3	tonnes CO <sub>2</sub> eq	4,056.2	12,795.0
	of which is Cat. 1 - purchased goods & services	tonnes CO <sub>2</sub> eq	2,881.5	9,710.6
	of which is Cat. 2 - capital goods	tonnes CO <sub>2</sub> eq	3.1	13.9
	of which is Cat. 3 - fuel and energy-related activities	tonnes CO <sub>2</sub> eq	7.9	7.3
	of which is Cat. 4 - upstream transportation	tonnes CO <sub>2</sub> eq	14.0	2,409.0
	of which is Cat. 5 - waste generated in operations	tonnes CO <sub>2</sub> eq	16.0	16.4
	of which is Cat. 6 - business travel	tonnes CO <sub>2</sub> eq	670.8	346.3
	of which is Cat. 7 - employee commuting	tonnes CO <sub>2</sub> eq	299.6	251.5
	of which is Cat. 8 - upstream leased assets	tonnes CO <sub>2</sub> eq	40.6	40.1
	of which is Cat. 9 - downstream transportation and distribution	tonnes CO <sub>2</sub> eq	122.9	-
<b>E2.</b>	<b>Emissions Intensity</b>			
E2.1	Total GhG emissions relative to revenues	tonnes CO <sub>2</sub> eq per USD 1m revenues	22.0	96.1
E2.2	Total GhG emissions relative to employees	tonnes CO <sub>2</sub> eq per FTE	7.2	30.0
E2.3	Total GhG emissions relative to square meters	kg CO <sub>2</sub> eq per m <sup>2</sup>	446.1	1,726.9
<b>E3.</b>	<b>Energy Consumption</b>			
E3.1	Total amount of energy directly consumed	MWh	1,968.5	1,786.3
E3.2	Total amount of energy indirectly consumed	1,000 tonnes	-	-
<b>E4.</b>	<b>Energy Intensity</b>			
E4.1	Total direct energy usage per output scaling factor	MWh per USD 1m revenues	10.6	13.4
<b>E5.</b>	<b>Energy Mix</b>			
E5.1	Percentage: Electricity usage by generation type	% of renewable electricity	88.7	86.6
E5.2	Percentage: Energy usage by generation type	% of renewable energy	86.9	89.2
<b>E6.</b>	<b>Water Usage</b>			
E6.1	Total amount of water consumed	1,000 m <sup>3</sup>	-	-
<b>E7.</b>	<b>Environmental Operations</b>			
E7.1	Does your company follow a formal Environmental Policy?	Yes/No	Yes	Yes
E7.2	Does your company follow specific waste, water, energy, and/or recycling policies?	Yes/No	Yes	Yes
E7.3	Does your company use a recognized energy management system?	Yes/No	No	No
<b>E8.</b>	<b>Climate Oversight / Board</b>			
	Does your Board of Directors oversee and/or manage climate-related risks?	Yes/No	Yes	Yes
<b>E9.</b>	<b>Climate Oversight / Management</b>			
	Does your Senior Management Team oversee and/or manage climate-related risks?	Yes/No	Yes	Yes
<b>E10.</b>	<b>Climate Risk Mitigation</b>			
	Total amount invested in climate-related product development	% of revenue	11%	18%
<b>Social indicators</b>				
<b>S1.</b>	<b>CEO Pay Ratio</b>			
S1.1	CEO total compensation to monthly median FTE total compensation	%	4.7x	3.2x
S1.2	Does your company report this metric in regulatory filings?	Yes/No	No	No
<b>S2.</b>	<b>Gender Pay Ratio</b>			
	Median female compensation to median male compensation (Iceland only, conducted mid-year)	Ratio	-	0.99
<b>S3.</b>	<b>Employee Turnover</b>			
S3.1	Year-over-year change for full-time employees	%	32	25
S3.2	Voluntary turnover ratio	%	12	11
<b>S4.</b>	<b>Gender Diversity</b>			
S4.1	Total enterprise headcount held by women and men	%	42/58	41/59
S4.2	Executive-level positions held by women and men	%	38/62	43/57
S4.3	Senior leadership (SVP, VP) positions held by women and men	%	44/56	43/57
S4.4	People leaders (Managers) positions held by women and men	%	40/60	37/63
<b>S5.</b>	<b>Temporary Worker Ratio</b>			
S5.1	Total enterprise headcount held by part-time employees	%	0.8	0.8
S5.2	Total contingent workers	%	0.9	0
<b>S6.</b>	<b>Non-Discrimination</b>			
	Does your company follow a sexual harassment and/or non-discrimination policy?	Yes/No	Yes	Yes
<b>S7.</b>	<b>Injury Rate</b>			
	Frequency of injury events relative to total workforce time	TRIR	0.9	-
<b>S8.</b>	<b>Global Health &amp; Safety</b>			
	Does your company follow an occupational health and/or global health & safety policy?	Yes/No	Yes	Yes
<b>S9.</b>	<b>Child &amp; Forced Labor</b>			
S9.1	Does your company follow a child and/or forced labor policy?	Yes/No	Yes	Yes
S9.2	If yes, does your child and/or forced labor policy cover suppliers and vendors?	Yes/No	Yes	Yes
<b>S10.</b>	<b>Human Rights</b>			
S10.1	Does your company follow a human rights policy?	Yes/No	Yes	Yes
S10.2	If yes, does your human rights policy cover suppliers and vendors?	Yes/No	Yes	Yes
<b>Corporate governance indicators</b>				
<b>G1.</b>	<b>Board Diversity</b>			
G1.1	Total board seats occupied by women and men	%	40/60	40/60
G1.2	Committee chairs occupied by women and men	%	-	-
<b>G2.</b>	<b>Board Independence</b>			
G2.1	Does company prohibit CEO from serving as board chair?	Yes/No	Yes	Yes
G2.2	Total board seats occupied by independents	%	100%	100%
<b>G3.</b>	<b>Incentivized Pay</b>			
	Are executives formally incentivized to perform on sustainability?	Yes/No	No	No
<b>G4.</b>	<b>Collective Bargaining</b>			
	Total enterprise headcount covered by collective bargaining agreement(s)	%	95%	83%
<b>G5.</b>	<b>Supplier Code of Conduct</b>			
G5.1	Are your vendors or suppliers required to follow a Code of Conduct?	Yes/No	Yes	Yes
G5.2	If yes, what percentage of your suppliers have formally certified their compliance with the code?	%	-	-
<b>G6.</b>	<b>Ethics &amp; Anti-Corruption</b>			
G6.1	Does your company follow an Ethics and/or Anti-Corruption policy?	Yes/No	Yes	Yes
G6.2	If yes, what percentage of your workforce has formally certified its compliance with the policy?	%	76%	-
<b>G7.</b>	<b>Data Privacy</b>			
G7.1	Does your company follow a Data Privacy policy?	Yes/No	Yes	Yes
G7.2	Has your company taken steps to comply with GDPR rules?	Yes/No	Yes	Yes
<b>G8.</b>	<b>ESG Reporting</b>			
G8.1	Does your company publish a sustainability report?	Yes/No	No	No
G8.2	Is sustainability data included in your regulatory filings?	Yes/No	Yes	Yes
<b>G9.</b>	<b>Disclosure Practices</b>			
G9.1	Does your company provide sustainability data to sustainability reporting frameworks?	Yes/No	Yes	Yes
G9.2	Does your company focus on specific UN Sustainable Development Goals?	Yes/No	Yes: 3, 4, 9, 13	Yes: 3, 4, 9, 13
G9.3	Does your company set targets and report progress on the UN SDGs?	Yes/No	Yes	Yes
<b>G10.</b>	<b>External Assurance</b>			
G10.1	Are your sustainability disclosures assured or validated by a third party?	Yes/No	No	No

## **EU Taxonomy disclosure**

This is the first EU Taxonomy disclosure by Controlant. The EU Taxonomy is a classification system to identify environmentally sustainable economic activities. Environmentally sustainable economic activities are described as those which “make a substantial contribution to at least one of the EU’s climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum safeguards.”

In accordance with Article 8 of Regulation 2020/852 of the European Parliament and the Council, as well as Delegated Regulation 2021/2178 of the European Commission, Controlant reports its contribution to the European Union’s environmental objectives related to climate change mitigation and climate change adaptation.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation and uncertainties. Starting from 2023, Controlant reports the shares of revenue, capital expenditure (capex), and operating expenditure (opex) that are aligned with the taxonomy, in addition to the shares that are eligible under the taxonomy.

Controlant applied the precautionary principle to determine applicable eligible activities and excluded activities not yet clearly defined in the EU Taxonomy. Controlant’s reporting approach will be reviewed during 2024 and expand accordingly, which may impact the taxonomy KPIs reported for 2023.

Controlant’s process for determining taxonomy eligible activities (the nominator of the taxonomy KPIs) has followed the following approach:

### **Defining the eligible activities and assessing for taxonomy alignment**

Taxonomy-eligible economic activities are considered environmentally sustainable and aligned if they significantly contribute to one of the six EU environmental objectives, without causing significant harm to other environmental objectives known as the do-no-significant-harm criteria.

A company’s economic activity must contribute to at least one of the environmental objectives to be considered sustainable.

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Controlant performed the eligibility assessment against two environmental objectives: climate change mitigation, and circular economy. Controlant’s taxonomy-eligible activities are not yet covered by the other four environmental objectives. Controlant’s taxonomy eligible economic activities have been examined to determine whether they meet the technical requirements of the taxonomy, as summarized in the following table.



## Controlant's Taxonomy-eligible activities

NACE	Sector	Activity Number	Contribution Type	Description	Substantial contribution assessment
J62, J63.11	Information and communication	8.2	Enabling	Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions. The economic activity covers computer programming, consultancy and related activities and data processing, hosting, and related activities.	Controlant's solutions are predominantly used for the provision of data and analytics enabling GHG emission reductions for its customers, fully in line with Controlant's zero-waste vision. Controlant's solution demonstrates substantial life cycle GHG emission savings compared to the best performing alternative solution. In 2023 Controlant conducted an internal life-cycle assessment on the Saga Logger according to ISO14040 and 14044 standards, assessing a range of environmental impacts, from Global Warming Potential to Terrestrial Ecotoxicity, ensuring a holistic assessment. While not third party verified Controlant utilized the third-party ISO-standard modelling tool Ecochain and the Ecoinvent database to ensure data accuracy and credibility in its calculations. Controlant's product environmental report for the Saga Logger is publicly assessable.
C27	Services	5.5	Enabling	Product-as-a-service and other circular use-and result-oriented service models. Providing customers with access to products through service models, which are either use-oriented services, where the product is still central, but its ownership remains with the provider and the product is rented; or result-oriented, where the payment is pre-defined and the	Controlant's cold chain as a service model enables a circular economy. Controlant provides its customers with access to, and use of products (platform, service, and applications), while the ownership remains with Controlant providing this service. The contractual terms and conditions ensure that all the following sub-criteria are met: there is an obligation for Controlant to take back the used product at the end of the contractual agreement; there is an obligation for the customer to give back the used product at the

				<p>agreed result (i.e., pay per service unit) is delivered.</p> <p>The economic activity covers products that are manufactured by economic activities classified under the NACE codes C27 Manufacture of electrical equipment.</p>	<p>end of the contractual agreement; Controlant remains owner of the product; the customer pays for access to and use of the product, or the result of access to and use of this product. Furthermore, the activity leads to an extended lifespan or increased use intensity of the product in practice.</p>
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**Classifying for no significant harm and meeting minimum safeguards**

Moreover, Controlant assessed that its economic activity does ‘no significant harm’ (DNSH) to the remaining environmental objectives.

Controlant adheres to the necessary frameworks for minimum safeguards, encompassing respect for human rights, social and labor standards, anticorruption measures, fair competition, and taxation across all activities. Controlant supports the Ten Principles of the United Nations Global Compact on human rights, labor, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture, and day-to-day operation of our company. Controlant’s governance framework and aligned global processes ensure that Controlant upholds and meets the requirements under the minimum safeguards.

Based on Controlant’s assessment, the company’s economic activities qualify as environmentally sustainable:

- Making a substantial contribution to at least one environmental objective (climate mitigation and circular economy)
- Doing no significant harm to any of the other five environmental objectives;
- Complying with minimum safeguards; and,
- Complying with the technical screening criteria in the Taxonomy delegated acts.

**Taxonomy KPI reporting**

Controlant is disclosing the proportion of its turnover, capital and operating expenditures (CapEx and OpEx) for the combined economic activities that is taxonomy-eligible and taxonomy-aligned to avoid double counting.

The taxonomy KPIs have been calculated as follows:

- taxonomy revenue KPI = Eligible revenue/Total revenue
- taxonomy CAPEX KPI (additions) = Eligible CAPEX/Total CAPEX
- taxonomy OPEX KPI = Eligible OPEX/Total OPEX

## 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 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 in 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 service 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 1 million 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 at year end excluding contractors.

### Injury rate

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

# Turnover

Financial year 2023				Substantial Contribution Criteria						DNSH criteria ("Does Not Significantly Harm")						Minimum safeguards	Taxonomy aligned proportion of total turnover, year 2022	Category (enabling activity)	Category (transitional activity)
Economic Activities	Code	Turnover	Proportion of Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
Text		USD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Turnover of environmentally sustainable activities (taxonomy aligned)		0	0%	0%	-	-	-	0%	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	N/A
Of which enabling		0	0%	0%	-	-	-	0%	-	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	N/A
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	NA
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	8.2 5.5	82,596,390	45%																
<b>Total (A.1+A.2)</b>		<b>82,596,389.56</b>	<b>45%</b>	EL	-	-	-	EL									-	-	-
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities		0.00	0%																
<b>Total (A+B)</b>		<b>82,596,389.56</b>	<b>45%</b>																

\* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.  
 \*\* Taxonomy-aligned turnover of the activity/ Total turnover of undertaking

**Legal Disclaimer**

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CapEx

Financial year 2023			Substantial Contribution Criteria							DNSH criteria (Does Not Significantly Harm)							Taxonomy aligned proportion of total CapEx, year 2023	Category (enabling activity)	Category (transitional activity)
Economic Activities	Code	CapEx	Proportion of CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards			
Total		100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100		
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. CapEx of environmentally sustainable activities (taxonomy-aligned)</b>																			
Of which enabling		0	0%	100%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Data-driven solutions for GHG emissions reductions (CapEx C)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)</b>																			
Data-driven solutions for GHG emissions reductions	8.2	81,659,473.00	98%																
Office equipment & Machinery	5.5	1,354,533	2%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		83,014,004	100%																
Total (A.1+A.2)		83,014,004	100%																
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Capex of Taxonomy non-eligible activities		0.00	0%																
Total (A+B)		83,014,004	100%																

\* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.

\*\* Taxonomy-aligned CapEx of the activity/ Total CapEx of undertaking

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OpEx

Financial year 2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum Safeguards	Taxonomy aligned proportion of total OpEx, year 2022	Category (enabling activity)	Category (transitional activity)
Economic Activities	Code	OpEx	Proportion of OpEx	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity and ecosystems	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity				
<i>Text</i>		USD	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>																			
Data-driven solutions for GHG emissions reductions (OpEx A)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	NA
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	NA	NA	NA
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																			
Data-driven solutions for GHG emissions reductions (OpEx A)	8.2 5.5	42,143,833	54%																
Transport by company vehicle		29,865	0%																
Support for Data-driven solutions for GHG emissions reductions (OpEx A)	7,193,062	9%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	49,366,760.00	63%																	
Total (A.1+A.2)	49,366,760.00	63%																	
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
OpEx of Taxonomy-non-eligible activities		28,380,577.54	37%																
Total (A+B)		77,747,337.54	100%																

\* For the purposes of this illustrative template, this figure shows the: Taxonomy-aligned turnover of the activity / Total Taxonomy eligible turnover of the activity.

\*\* Taxonomy-aligned OpEx of the activity/ Total OpEx of undertaking

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