

DEFA Group

Sustainability Report 2024

Leading With Responsibility



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This report is designed primarily for digital viewing to minimize printing and environmental impact.



DEFA

Hello




Introduction

DEFA Group (“DEFA”) is an international, industrial company, with headquarters at Slependsveien 108, 1396 Billingstad, Norway, which operates within the automotive electrical preheating systems, electric vehicle charging infrastructure, power & security systems, and professional lighting solutions.

In DEFA, we pledge to conduct our business in a sustainable and responsible manner. As a global company, we acknowledge the significance of reducing our environmental footprint, championing social responsibility, and safeguarding the well-being of future generations. To attain these objectives, we commit to monitoring and complying with pertinent legislations and regulations, and we vow to uphold the principles of our Sustainability & QHSE Policy.

DEFA is dedicated to ingraining sustainability into the fundamental operations and culture of the core business. Acknowledging that all our activities bear an impact on the environment, society, and the well-being of future generations, we consider sustainability an integral aspect of our Quality Management System and it is the responsibility of all employees. DEFA cooperates efforts with both customers and suppliers.

DEFA will report its corporate social responsibility (CSR) efforts according to the ESRS framework.



In 2024, DEFA's products in use reduced 135,920 tCO₂e.
This is more than 17 times our own footprint and results in a net reduction of 128,192 tCO₂e

Strategy

A fundamental social objective is to enable people to live and thrive on Earth without exhausting the resources future generations will need. This has been embedded in DEFA's approach from the very beginning, through products designed to reduce pollution, conserve natural resources, and help combat climate change. As such, the principles of ESG, along with the UN Sustainable Development Goals, are a natural and integral part of DEFA's governance and operational framework.

We focus on balancing the main pillars of sustainability (the triple bottom line) by:

Having governing rules, policies & practices to manage and operate our business. (Our Management System).

Setting clear commitment in our Code of conduct & ethics on key social principles. (UN global compact, OECD guidelines for multinational enterprises).

Continuously evaluating the impact of our operations, and mitigating these.

To achieve this, we:

Strive to make our products with Quality, Robustness and User friendliness in mind.

Focus on minimizing the carbon emission from our operation and in our supply chain.

Focus on recyclability, reuse and sound material choices in product development and design.

Focus on key social principles, such as diversity, inclusion, fair practices, engagement and development.

Risk assessments are done every year as art of our strategy and planning process. This includes the ESG principles. The top 5 risks are assessed to be:

#	Process	Risk Element	Failure Mode	Actions to mitigate
1	Strategic planning	War	Market and supply chain collapses	Continuously evaluate freight alternatives (from China to EU/Canada) with regards to cost and lead time
2	Supply Chain	Disruption due to trade wars	No production, no deliveries to customers	Continuously evaluate freight alternatives (from China to EU/Canada) with regards to cost and lead time
3	IT	Cyber security	Compliance - GDPR Breach. Virus/hostage situations	Policies & compliance training of employees.
4	Strategic planning	External Opportunities & Threats: Growth Divers	Fail to define the correct growth drivers; you may be entering the wrong markets with wrong products	Include market analysis for at least two external sources
5	Development	Phase 0 - MRS (Market Requirement Specification)	MRS does not cover the correct requirements	DPM (DEFA Project Model) training have been performed in Q4 - 2023.

Our commitment is to continuously reduce the environmental impact of our operations, while securing sound business ethics, compliance and our social commitment towards employees and the community.

We expect our partners and suppliers to abide by the same standards.

Governance

DEFA abides by several standards and guidelines, such as UN Global Compact, UN Sustainable Development Goals (SDG) and ISO 26000, and compliance with several reporting requirements and standards in the industry. DEFA is certified according to ISO 9001, ISO 14001, ISO 45001 and IATF 16949, and reports on compliance with local regulations in the countries where we operate. As the world is constantly evolving, and standards, guidelines and regulations might be impacted by this, DEFA closely monitors changes to secure compliance and best practices.



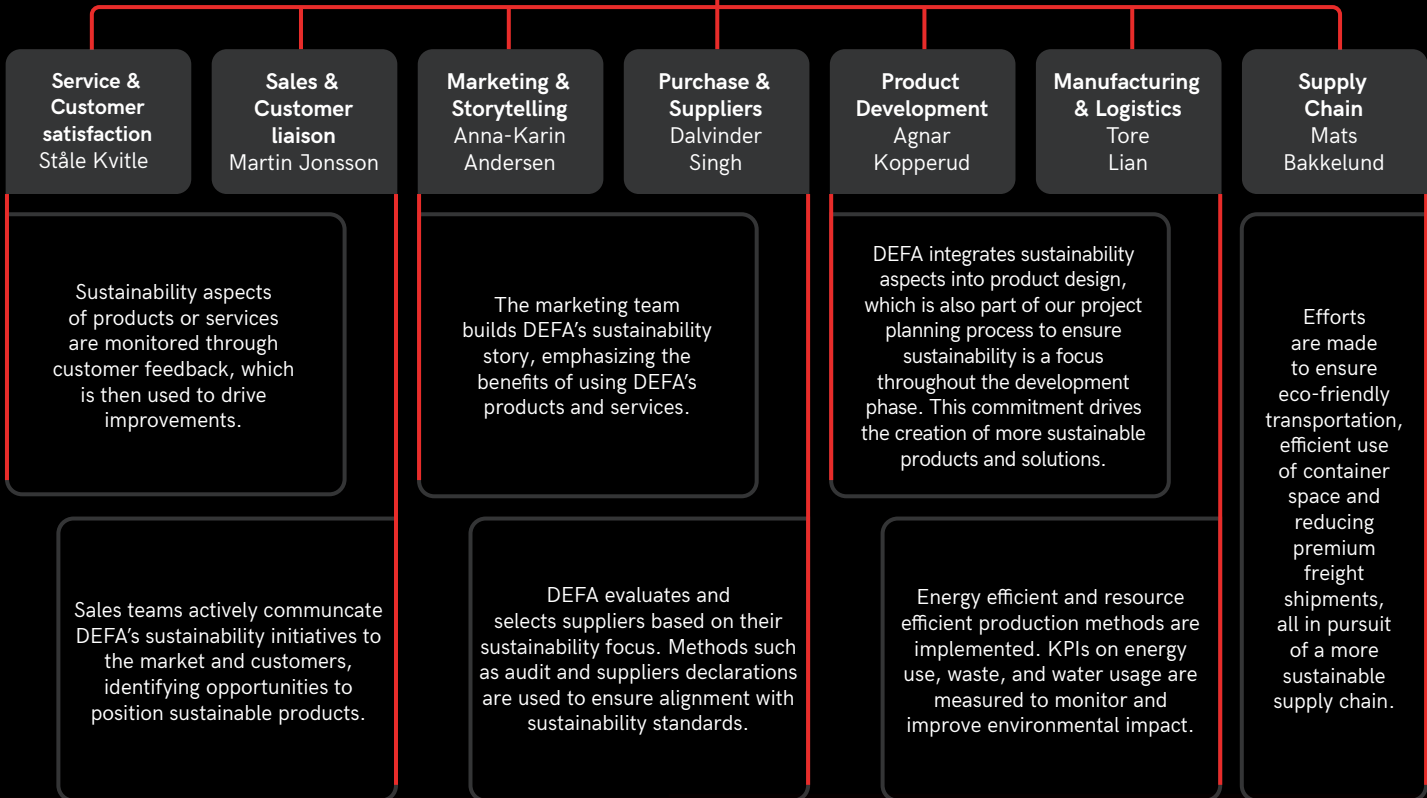
DEFA is committed to supporting the United Nations Sustainable Development Goals, with a strong focus on Goal 7 (Affordable and Clean Energy), Goal 10 (Reduced Inequalities), and Goal 12 (Responsible Consumption and Production).

Each of these goals is backed by specific, targeted actions embedded in our strategy and operations. DEFA's key governing documents are the Code of Conduct and Ethics, and the Management Systems Manual that includes the policy for Quality, Health, Safety, Environment and Sustainability.

DEFA's principles, policies, vision, values, established processes, and leadership commitment collectively guide employees in their daily work. To ensure awareness and alignment with these expectations both within the organization and among partners and suppliers DEFA conducts regular process audits, undergoes third-party certifications (such as ISO and IATF), participates in customer audits, and requires supplier declarations, SAQ 5.0 compliance, and CO₂ reporting, among other verification methods. The defined processes have clear responsibilities related to sustainability, securing commitment and compliance within all parts of our organization and towards our suppliers and customers.

Sustainability Organization

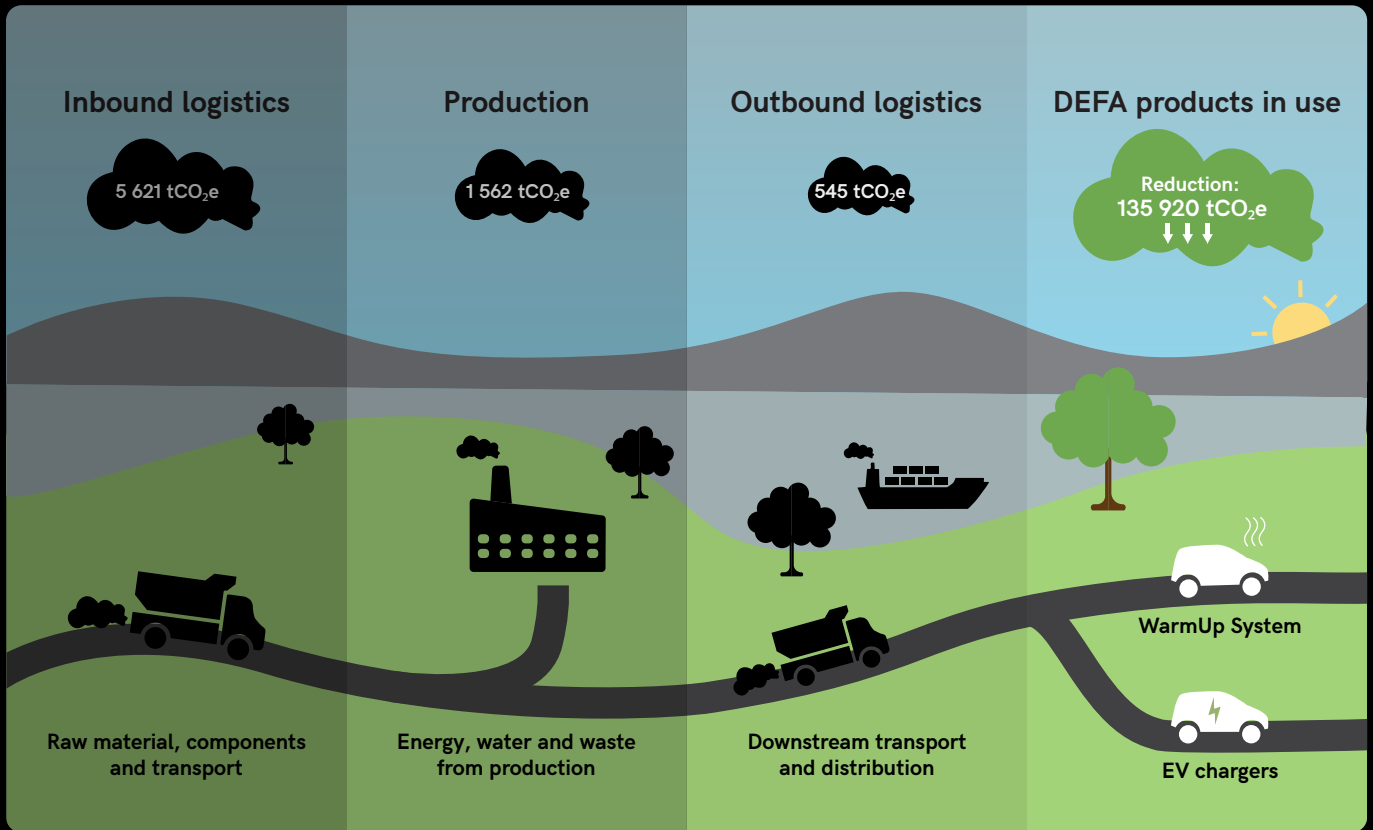
Strategy
(incl. Policy & Risk)
Bård Klungseth



Environmental performance

DEFA's environmental efforts are summarized in the DEFA Group CO₂ footprint report, capturing the impact of operations in the supply chain, including the positive effect of DEFA's products in use.

The CO₂ footprint from DEFA's operation can be viewed through different stages of our value chain:

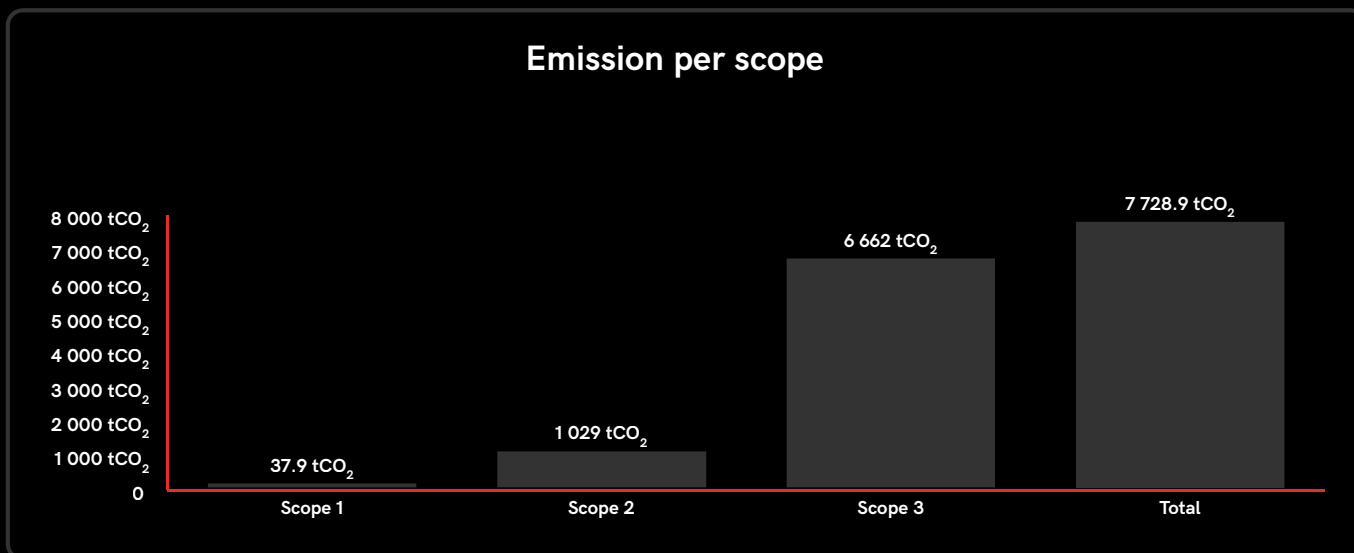


In total DEFA has a positive CO₂ footprint, i.e. reduction of CO₂. The reduction from products in use comes from installed EV chargers, enabling vehicles to use clean electricity instead of fossil fuels, and WarmUp systems installed used to preheat combustion engines and thereby reducing emissions from cold starts. Total consumption from DEFA's operation is 7,728 tCO₂e and reduction from products in use is 135,920 tCO₂e, giving a net reduction 128,192 tCO₂e.

To align the reporting with internationally recognized standards, the emissions have been classified according to the Greenhouse Gas (GHG) Protocol Scopes.

The below table describes the breakdown of the emissions in Scopes 1, 2 and 3 with their relative share and control measure, and the estimated achievement/control of the scope.

Scope description	Estimated share of total GHG emission (tCO ₂ e and %)	Estimated achievement / control (%)	Key control mechanisms in place
Scope 1 All direct emissions that are generated from sources that are directly owned or controlled by DEFA	37.9 tCO ₂ e 0.5%	90%	Fuel and lubricants in factory: consumption monitored.
Scope 2 All indirect emissions from the generation of the electricity purchased and used by an organization at local or international sites	1 029 tCO ₂ e 13.3%	90%	Energy used in the factory - Electricity reports from the power usage
Scope 3 All indirect emissions that occur in DEFA's value chain that DEFA does not own or control	6 662 tCO ₂ e 86.2%	50%	Water used in the factory: consumption reports Waste from factory: reports of waste and categories of waste Transport inbound and outbound: reports from transport companies Raw material and components: reports from supplier and estimations Ongoing work to get more input from suppliers, therefore 50% achievement



Social performance

A key part of the CSR efforts is setting commitments to society, the employees and stakeholders to secure a sustainable future. Actions related to SDG 10 reflect the key social commitments. Social efforts can be very broad and challenging to have a strong grasp on for the whole value chain. Nonetheless, we have efforts linked to our own employees, workers in the value chain, our communities, and towards our consumers.

Through ongoing supplier's audits and SAQ assessments, we are obtaining a baseline for the social and workplace situation and efforts with our suppliers. This will give us further insight into where we need to set requirements towards the suppliers.

DEFA has for many years contributed to the local community at their plant site in Norway, by being one of the key employers in the area, by employing refugees (from ongoing wars), supporting local and central government organizations with integration and language training for immigrants, supporting local sports clubs, sponsoring establishment of structure for outdoor activities (bike paths), etc.

For our own employees, building awareness and understanding on how we all can contribute to a better future is important:

Key efforts towards DEFA employees includes:

Annual training in DEFAs Code of Conduct & Ethics, and the Management systems Manual (with policies) to secure understanding and commitment from all employees.

Communication of DEFAs vision and values, and training in this.

Establishing annual training in Sustainability for all employees, to encourage further engagement and awareness.

Established structure for employee representation (unions, safety representatives), and systematic work with topics such as work environment, safety, inclusion, diversity and employee engagement.

Bi-annual employee surveys.

Performance management structure to capture development needs and prioritizing training.

Systematic work to secure all employees have the necessary training, competence and tools to fulfill their job responsibilities and realize their potential.

Training in DEFA Production System (DPS) with related tools to secure consistent quality and minimize scrap in production.

"Sustainability is the responsibility of everybody. We have lead the project to summarize our efforts over many years - the impact will come from how we all contribute in our daily lives"



Tobias Johanson
(Director Management Systems
& Compliance, DEFA Group)

Cecilie Fritzner
(HR Director, DEFA Group)

Sustainability targets & KPI's

DEFA is in the process of establishing its ESG reporting framework, with defined measures and KPIs that will be reviewed on an annual basis. The KPIs and initiatives are focused on the following areas:

KPI	KPI Specification	Target	Result	Action
Reduce production scrap	Nesbyen plant	1,5 %	1,4 %	Continuous focus on reducing material waste, time waste & energy waste.
	Wuxi plant	1,5 %	4,5 %	
Reduce material and energy consumption	Nesbyen plant	2 %	Measurement initiated	As above.
	Wuxi plant	2 %	Measurement initiated	
Reduce fossil fuel emissions from company cars	Share of company cars in BEV, PHEV and Fossil with WUP (electrical preheating) of total	Baseline established	BEV - 73,5% PHEV - 8,8% Fossil with WUP - 17,7%	Continue to phase out non-EV company cars.
Reuse of IT HW, ensure effective use of HW life span	IT equipment average lifetime	Computers 5 years Mobile phones 3 years	Computers 5,5 years Mobile phones 4 years	Utilisation of the defined it equipment are within the target.
Reduce emissions in the supply chain	Share of carbon neutral transpotation	Base line established	Road - domestic: 33,08 %* Road - international: 0,00 %	Monitoring during 2025 to align and define current base line
Reduce product material weight including packaging	Establish routine for new products & baseline for key existing products in 2025			Long term goal >95% of the material weight (including packaging) possible to recycle for new projects.
Minimize risk to reputation, compliance and meeting customer requirements if unsustainable practises are exposed in the supply chain	Complete SAQ5.0 with suppliers on NQC Platform	50 suppliers	49 suppliers Target 2025: 30 further suppliers	Roll out campaign and have all suppliers complete, including any corrective actions on GAP/Failures identified.
	Complete Self declarations with suppliers related to purchase volumes	All suppliers above NOK 100 000 All suppliers above NOK 10 000	100% 98%	Close follow up with the suppliers to assure completion of the SAQ5.0
Awareness training	Establish & annual training in CoC, Policies (Management Systems Manual) and Sustainability	Q1 Management systems manual Q2 Code of Conduct (CoC) Q4 Sustainability (being developed in 2025)	100%	Annual review of content prior to the annual retraining.
Diversity (share male/female)	Hire for competence irrespective of gender or other diversity factors		34% female employees	Hire for competence irrespective of gender or other diversity factors
Ensure zero accidents	Accident reporting	0 accidents	3 accidents (none leading to absence)	Promote understanding (Initial & refresher training). Employee involvement & feedback (communication and near-miss reporting).
Reduce absenteeism to be lower than the target KPI	Absenteeism reporting			
	Norway	< 4 % absenteeism	8.6 %	Follow up absences as per national regulations.
	Sweden	< 2 % absenteeism	2.2 %	
	Finland	< 1 % absenteeism	1.6 %	Address unscheduled absences and no-shows.
	ROW	< 1 % absenteeism	0.1 %	
China	< 2 % absenteeism	1.0 %		

We consistently strive to adopt and apply sustainable practices in all aspects of our work, making sustainability a core part of everything we do.

Audits & Assurance

DEFA conducts both internal and external audits in accordance with the requirements set by ISO 9001, ISO 14001, ISO 45001, and IATF 16949. These audits are a key part of our governance structure and are used to verify compliance, assess performance, and identify areas for improvement across all relevant sustainability dimensions.

In addition to certification audits, DEFA regularly undergoes customer audits, performs supplier audits, and carries out internal process audits across departments and projects. These activities ensure that our operations, products, and partnerships are aligned with applicable standards, customer expectations, and our own Code of Conduct and Management Systems Manual.

Audit findings are used to drive continuous improvement through structured action plans and follow-up routines.

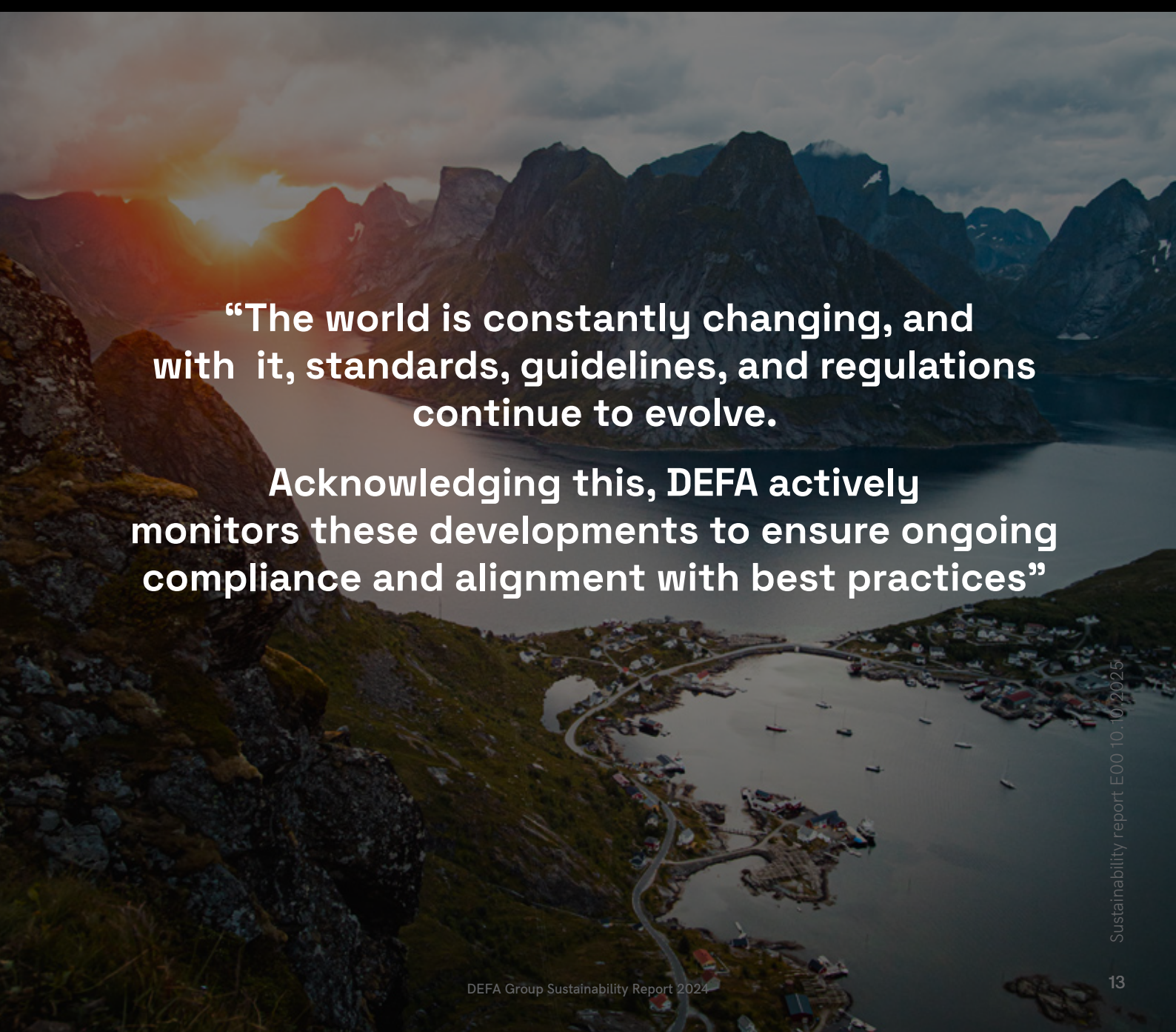


Conclusion & Future outlook

As outlined in Chapter 3 (Governance), the world is constantly changing, and with it, standards, guidelines, and regulations continue to evolve. Acknowledging this, DEFA actively monitors these developments to ensure ongoing compliance and alignment with best practices. This is achieved through our strategic planning and continuous process improvement efforts, which are deeply embedded in our daily operations across all levels of the organization.

This report represents DEFA's first formal summary of our sustainability activities, many of which have long been integrated into the way we operate. As part of our annual planning cycle, we regularly update and refine our sustainability plans and reporting to meet emerging requirements, such as the Corporate Sustainability Reporting Directive (CSRD).

The scope of our efforts is broad, and we remain committed to advancing across all areas of sustainability. Our continuous focus is on what we do and how we do it. The measures we implement and how we report on them will directly shape the content and development of future reports.



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More Power to You