

Schou-Fondet

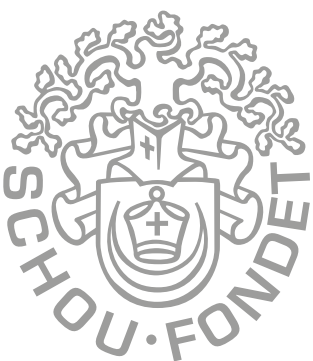
ESG REPORT 2024





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About this report

This is Schou-Fondet’s first ESG report covering the company in its entirety, including all subsidiaries. The report covers the 2024 calendar year.

This report contains information about Schou-Fondet’s sustainability performance for the fiscal year 2024, between 1 January 2024 and 31 December 2024. It comprises the consolidated report of Schou-Fondet and its subsidiaries.

The purpose of the report is to provide a balanced overview of the material sustainability impacts, risks and opportunities across all our business activities within Schou-Fondet. The primary focus is our main activity which is plant-based food ingredients and polymer additives, but the report also covers additional relevant business units within the company.

This sustainability report has been prepared in accordance with disclosure requirements of the Danish Financial Statement Act, Section 99a. The policies and further information can be found on the following pages: For environmental matters on **page 32**, for social matters on **page 55**, and for matters related to governance on **page 73**. Specific descriptions and policies on anti-corruption and bribery can be found on **page 75**.

With the expected changes to the CSRD legislation which is a consequence of the EU’s “omnibus” proposal, it is highly likely that the requirements will be postponed. We will ensure that we follow the development and comply with relevant requirements for 2025 and onwards.

In the year under review, we initiated preparations for alignment with CSRD despite of this uncertainty. While not claiming full compliance, the 2024 report is a first step in our transition to CSRD. In 2024, we conducted a double materiality assessment (DMA) considering CSRD requirements as outlined in the European Sustainability Reporting Standards (ESRS) 1 and 2. This forms the baseline for the report. Reporting on sustainability performance data is based on strategic relevance and organisational materiality.

In the process we have identified our level of data maturity as well as certain data gaps, which we aim to improve on going forward.

In addition to this report, we will continue to support the work of UN Global Compact, and we will publish our Communication on Progress in a separate report. Reporting according to the Global Reporting Initiative (GRI) will be discontinued and replaced by the information and data available in this report.

Scope of this report

Reporting on sustainability data covers Schou-Fondet in its entirety.

The emulsifier business in Palsgaard A/S with subsidiaries across the world is by far the biggest asset of Schou-Fondet. This is true both in financial terms and in terms of sustainability-related impacts.

As a consequence, the entities in scope are collectively defined and referred to as ‘Palsgaard’ throughout the report. When stating Palsgaard in the description of our sustainability approach we are referring to Schou-Fondet in its entirety including Palsgaard Gods (Estate), unless otherwise stated. Please also refer to **page 11** for a full organisational overview and **page 25** for detailed specifications of the entities included in the report.



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Management letter 2024

Every day, we are taking steps to prepare our business for the future with a dual focus on financial and sustainability performance. Our financial results are reported in full elsewhere, but overall, 2024 exceeded expectations with a 38% increase in profits before tax compared to 2023. This major improvement was driven by strong operational performance and continued strategic investments in research and product development as well as substantial production capacity expansions in Denmark and the Netherlands.

Inevitably, more activity also leads to higher consumption of natural resources and a potential increase in our impact, negative or positive, on people and planet. However, a strong financial performance will also allow us to continue investing in mitigation and a sustainable transformation of our business processes. We remain very ambitious, and simply striving for compliance and living up to industry standards on ESG is never enough.

In 2024, we reached an important milestone when our first comprehensive ESG-strategy was published. The strategy outlines our priorities in terms of minimising and mitigating our negative impact on people and planet while also striving to further develop our positive impact with a special emphasis on reducing food waste and food loss.

The strategy consists of two primary parts. Part one is what we call ‘License to Operate’. Our license to operate is all the things we do to meet expectations from customers, employees and financial stakeholders, and help us mitigate regulatory, legal and reputational risks. One example is our uncompromising focus on food quality and safety demonstrated by our FSSC 22000 certification, and we are proud to disclose that in 2024 we continued our unbroken record of zero food safety recalls.

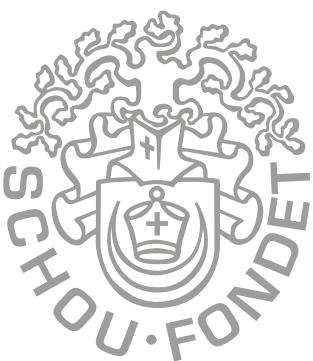
The second part of the strategy is our four ‘heart working commitments’ which define our primary concerns as we move forward on the ESG-agenda. The four commitments are:

- To put safety, health and well-being first and set high standards for human & labour rights
- To support customers through R&D in minimising food loss, waste and scarcity
- To reduce CO₂e emissions and energy consumption
- To cut resource consumption and waste



ANDERS BRIX
Group CEO
Schou-Fondet

HELLE MÜLLER PETERSEN
CEO
Palsgaard A/S



The strategy also includes a specific focus on establishing a strong ESG organisation, and we are happy to announce that we have managed to attract new senior profiles with substantial experience on subjects which are crucial to our strategy. We strongly believe that this organisational upgrade is necessary to ensure that we are successful in turning commitments into reality.

In 2024, we expanded our double materiality assessment to include Schou-Fondet in its entirety. Representatives from all business areas have contributed to collecting extensive data on all the sustainability matters defined by the European Sustainability Reporting Standards (ESRS). This has been a challenging process which also highlighted that there is potential for improvement in our data collection and documentation processes. Expanding the DMA to include Schou-Fondet as a whole was motivated by an aspiration to acquire a more comprehensive understanding of all the ESG impacts, risks and opportunities which are relevant for us and our stakeholders, and these insights are invaluable when we must prioritise specific actions going forward. To ensure transparency, we also decided to expand the scope of our ESG report, and as a result, this is our first ESG report which covers all our business areas.

Climate action is among our most important priorities, and to be able to assess our impact, we have completed our first full greenhouse gas inventory including all three scopes. Compared to 2023, our absolute emissions

have gone up because of increased production volumes, but we have seen a reduction in emissions per unit of finished product. This is primarily caused by changes in the product mix during the year as well as phasing out LPG from our production in Denmark.

Currently, we are developing a reduction roadmap which will outline both how we aim to further reduce our CO₂e-emissions and mitigate the negative climate impacts from our production. Also, we are exploring opportunities for committing to the Science Based Targets initiative (SBTi), which is a global framework for setting emissions reductions targets in line with what is needed to significantly reduce global warming. We are looking forward to communicating further about this on our website and in next year's report.

The growth and well-being of our colleagues is another important priority for us, and we are very pleased that this year's Palsgaard People Survey indicated an increase in overall satisfaction and motivation compared to 2023. With 81 from a possible 100 points, we are among the best 10% for manufacturing businesses with 300-2.000 employees. We are proud of this result and consider it a validation of our ongoing efforts to build a people-centred workplace culture.



However, there is always more to do, and especially for health and safety, we had a difficult year. Despite an ambitious new health and safety campaign implemented globally in 2024, our rate of lost time incidents (LTI) in Palsgaard Denmark went up. We are working hard to reverse this negative trend, and, also in 2024, we have started work on a global health and safety strategy which will include specific measures as well as targets and key performance indicators to enable us to track progress.

On the ESG-agenda, 2024 was a transformative year for us. This is our first ESG report which has also been externally audited. The report and the many concrete actions it describes represents a major leap forward in our ambitious efforts to conduct business in a responsible and sustainable way. However, like everyone else, we have also been forced to consider the implications of EU’s ‘omnibus’ proposal. And while we certainly welcome any initiatives to reduce the complexity of reporting, we have also decided to stay the course. For us, ESG

was never about compliance. We are deeply committed to contributing to a more sustainable future for people and planet, and this report provides a detailed insight into how we do it.

We invite all our stakeholders to read the report and share your feedback with us.

28 May, 2025

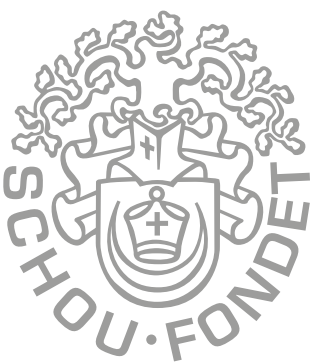


ANDERS BRIX
Group CEO
Schou-Fondet



HELLE MÜLLER PETERSEN
CEO
Palsgaard A/S





ESG highlights 2024



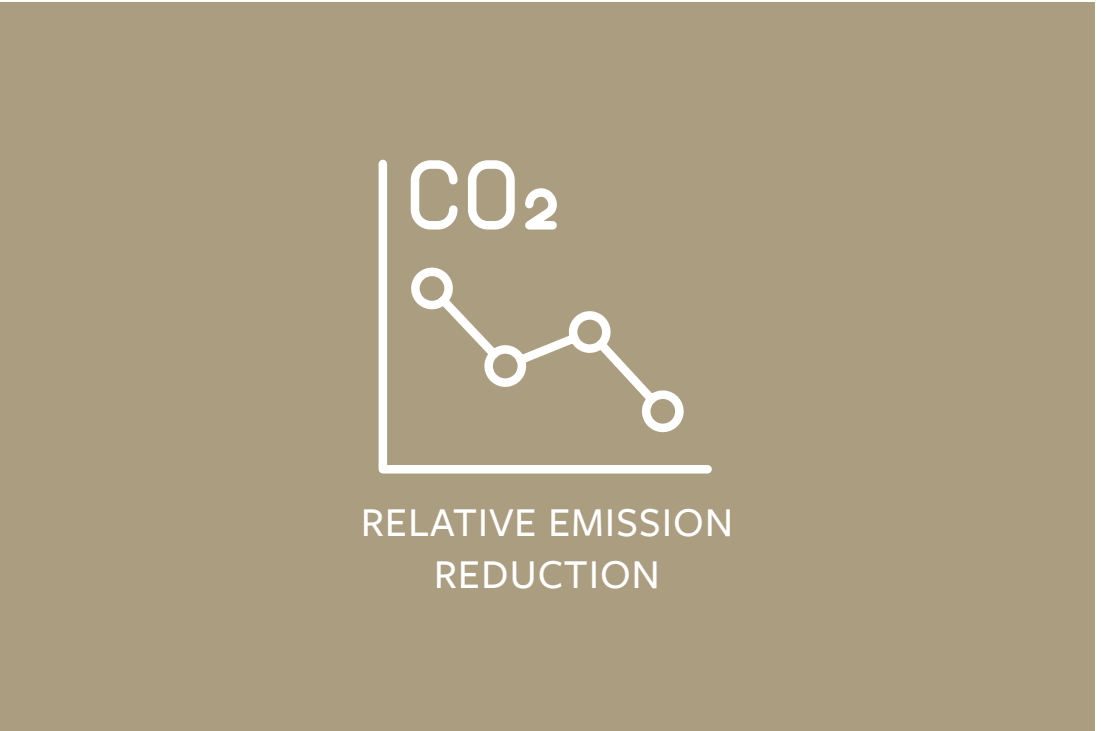
New ESG-strategy

In 2024, we published our first ESG-strategy which is based on four ‘heart working commitments’. These commitments outline our primary priorities on the ESG-agenda and will be a guiding light in our ongoing work to remain an ESG-frontrunner in our industry. Responsible business conduct was fundamental to our founder Einar Viggo Schou, and we are dedicated to honouring his legacy.



Upgraded ESG-organisation

To align with our new ESG-strategy, we have taken steps to substantially strengthen our ESG-organisation. This is necessary to ensure that we have a strong focus on implementation of our strategy, and we are proud that we have managed to attract new senior profiles with extensive experience on a wide range of ESG-related issues.



Climate actions

Despite increased production volumes and subsequent increased energy consumption, we have achieved reductions in the relative climate impact per kilo produced product. In 2024, we have also installed additional solar-capacity in our Dutch production facility and phased out LPG from our production in Denmark, the latter leading to our global scope 1 emissions staying level even though we consumed more energy.

About Schou-Fondet

Innovating since the beginning

In 1908, having become a successful inventor and businessman in industrialised England's margarine industry, Einar Viggo Schou returned from England to Denmark. Acquiring the Palsgaard estate (Gods), a sprawling country manor located in the green fields of Jutland, Einar Viggo Schou revisited a question that had fascinated him for many years: How could water and oil be made to mix better together? His answer became the world's first commercial emulsifier: Palsgaard Emulsion Oil, which opened a range of new opportunities for the food manufacturing industry.

Palsgaard Emulsion Oil, which was entirely plant-based, enabled manufacturers to obtain an entirely new understanding of what was occurring at a chemical and functional level. This allowed different raw materials and emulsion types to be brought into recipe development, and manufacturers were able to achieve a level of consistency in their production which was previously unattainable.

Einar Viggo Schou made his breakthrough invention in 1917, and in 1919 he built a factory and founded the company Emulsion A/S, now Palsgaard, which is still

located on the same site as the original invention. From the beginning, the Palsgaard estate also included forests and farmland, and Einar Viggo Schou soon developed a strong sense of responsibility towards the local community and the many families which depended on the estate for their livelihood.

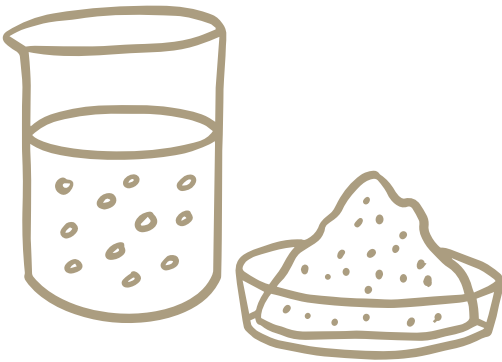
A responsible, long-term owner

Following the death of his father in 1925, Einar Viggo Schou's son Herbert inherited the estate and the fast-growing company of Palsgaard. Herbert Schou also inherited his father's commitment to the local community, and, in 1957, he established Schou-Fondet and transferred all assets including forests, farmland, buildings and Palsgaard itself to the foundation. However, the assets are formally owned by Palsgaard Gods A/S as a holding company for Schou-Fondet.

This foresighted decision safeguarded Palsgaard from the threat of takeover, removed the need for short-sighted decision-making and assured the company's future as an oasis of independent development efforts for the food industry, supported by Nexus A/S, which is an

independent company also owned by Palsgaard Gods A/S engaged with research and development work for Palsgaard. Transferring ownership to the foundation via Palsgaard Gods A/S also contributed to ensuring that Palsgaard remained firmly rooted in the local community in and around Juelsminde and was able to continue to prioritise the professional development and well-being of its employees.

Today, our activities in Schou-Fondet are varied and successful. Palsgaard Gods A/S runs a modern agricultural business with a focus on traditional crops such as wheat, grass seed, rapeseed, malting barley and catch crops which are suitable for the Danish climate and soil. We use state-of-the-art techniques and methods to minimize our environmental impact and ensure biodiversity, and we are constantly experimenting with new crops and cultivation methods to find the best solutions for our farming. In fact, our fields have produced some of the finest grass seed, used at Soccer World Cup finals in foot-ball.



Einar Viggo Schou (1866–1925), founder of Palsgaard and inventor of the commercial food emulsifier.



Herbert Schou (1902–1986), founder of Schou-Fondet and inventor of the extruded emulsifier.



The Palsgaard estate park is home to a number of sculptures by internationally acclaimed artists, like this steel rotunda by Erik A. Frandsen. It's open to the public and is visited by thousands of guests each year.

The Palsgaard estate is surrounded by approx. 700 hectares of forest. The forests are characterized by deciduous trees, with beech as the dominant species. The forests contain both high-quality timber and a rich natural life. The forests at the Palsgaard estate are PEFC-certified. This means that productivity, nature conservation, working conditions for employees and public access are all considered in the operation of the forests.

In addition to the forests around the estate, Palsgaard Gods also owns approx. 5,100 hectares of forest in Latvia and Lithuania. The forests in the Baltic States are mainly planted with Scots pine, birch and Norway spruce. The forests are either PEFC or FSC certified, which ensures sustainable operations.

Activities also include ownership of a major share of a solar farm being developed on land owned by Schou-Fondet near the estate. The solar farm will have a capacity of 59 GWh and is expected to become operational in January 2026. Finally, real estate rental and a range of financial investments focused on real estate, industry and private equity contribute to Schou-Fondet's overall value creation.

The Palsgaard estate itself is open to the public, with its vast parklands ornamented by the art of internationally acclaimed sculptors. And each year, an open-air summer play attracts thousands of visitors.

However, by far the most important asset of Schou-Fondet remains the emulsifier business in Palsgaard A/S with subsidiaries across the world. This is true both in financial terms and in terms of ESG-related impacts.

The objectives of Schou-Fondet

1. To command companies of the kind that the Foundation's governing body may find expedient in order to meet the Foundation's remaining objectives.
2. To preserve and develop the splendour of Palsgaard Gods A/S as an aesthetically beautiful and good workplace for all its employees.
3. To set up, command and support independent companies within the fields of research and development in areas which the Foundation's governing body may find expedient in order to promote the Foundation's companies.
4. To support the Palsgaard Foundation to the extent that Schou-Fondet's governing body may consider responsible, bearing in mind Schou-Fondet's remaining objectives.



About Palsgaard

A century of emulsifier expertise

Ever since Einar Viggo Schou invented the plant-based food emulsifier, an agile and entrepreneurial spirit has powered everything we do at Palsgaard. Our food technology experts across seven global application centres are dedicated to using our understanding of emulsifiers to drive customer value by constant innovation and empower the international food industry to explore new trends.

Nexus, Palsgaard’s specialised research and development sister company, plays a vital role in this process. Nexus has a significant degree of scientific freedom, allowing researchers to push the boundaries of emulsifier technology. This ensures a steady stream of innovative solutions that benefit all of Palsgaard’s endeavours as well as our customers.

Emulsifiers enable the mixing of otherwise incompatible ingredients, such as water, oil, and air. While they make up only a fraction of the finished product, they have a huge impact on its quality, allowing makers of bakery, confectionery, condiments, dairy, ice cream, margarine, and plant-based food products to produce stable emulsions, prevent oil separation, and control aeration and viscosity.

In turn, this enables the production of endless tasty food products, such as soft, moist cakes, perfectly moulded and enrobed chocolates, and delightful whipping creams. When combined with stabilisers, emulsifiers also help ice cream, dairy, and plant-based product manufacturers improve the stability, mouthfeel, creaminess, and texture of their creations.

Our emulsifiers and stabilisers help our customers to produce delicious foods with a longer shelf-life while using fewer resources, just as they support food products with leaner labels, less fats, salt and sugar.

More than food

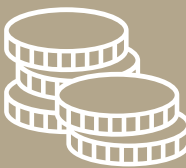
Our dual-use emulsifiers also serve as plant-based personal care ingredients and polymer additives, which are rapidly emerging as highly effective, safe and sustainable alternatives to conventional additive chemistry. By providing anti-static and anti-fog features, not only do they help keep food packaging clean and attractive, they also keep food fresh for longer and help reduce food waste.

Committed to responsibility

Long before Environmental, Social and Governance (ESG) reporting was ever a thing, Einar Viggo Schou established an enduring culture of responsibility, loyalty and respect at Palsgaard. This commitment continues to fuel our work to make Palsgaard a great place to work, and we are very proud that over the years more than 300 colleagues have been awarded the Palsgaard Medal for 25 years of service.

Being niche experts doesn’t mean we lack ambition. From responsible sourcing to reducing our energy consumption and CO₂e-emissions, we aspire to do better every single day. And we’re actively involved in initiatives tackling societal challenges like food safety, food waste and food scarcity. We’ve been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2008, and our full range of food emulsifiers is available with RSPO SG certification where applicable.

Palsgaard in numbers



314 million Euro turnover in 2024



750+ employees across 16 countries



300+ colleagues have received the Palsgaard medal for 25 years of service



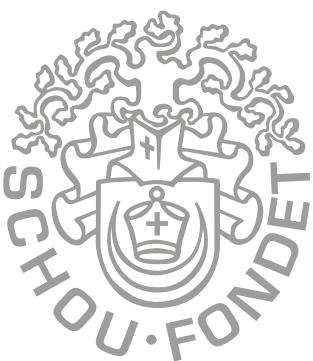
9 application centres in 7 countries



6 factories on 4 continents



120+ countries sold to



Our business model

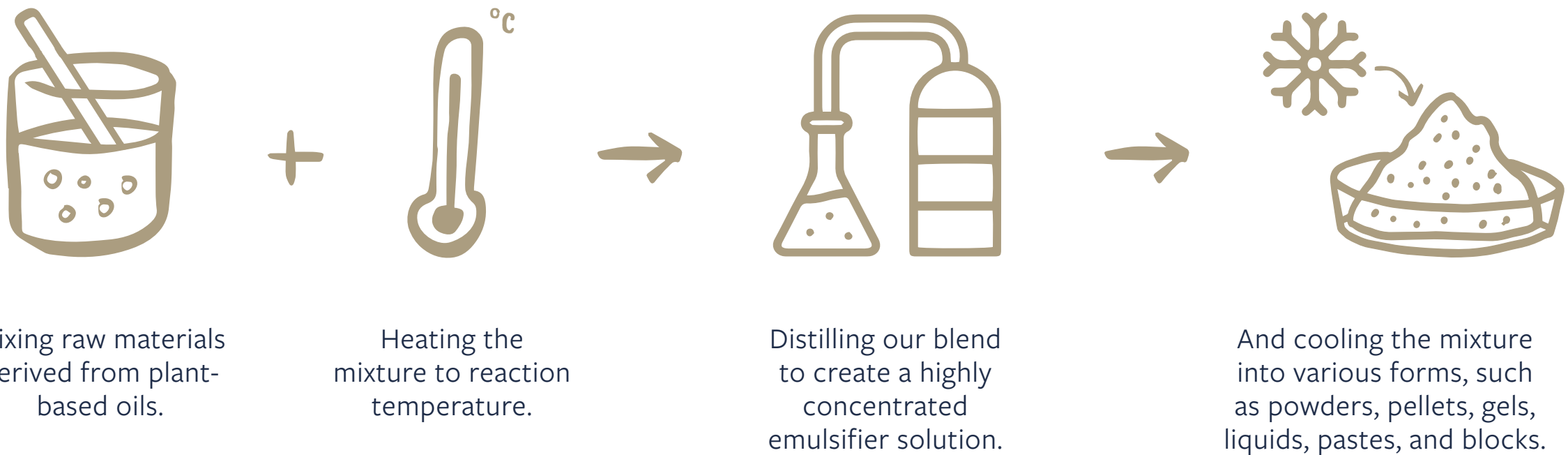
For over a century, we have dedicated our efforts to the application and innovation of emulsifiers and stabilisers and their use in foods, packaging and personal care products. Today, our experts and application specialists make a personal commitment to collaborating closely with customers to solve their production challenges.

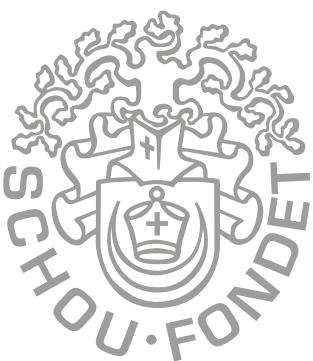
Zooming in, producing our plant-based emulsifiers, is a process which can be simplified into 4 key steps:

Zooming out, our business model is based on combining 100+ years of experience in emulsifiers with a relentless focus on innovation and technology and a global distribution network to drive the core business. At the heart of our core business is understanding our customers' needs, continuously coming up with new solutions and helping customers identify new business opportunities. We are very proud that many of our customers have been with us for many years, and we do not take their loyalty for granted.

Our business model is further elaborated in the figure on **page 14**.

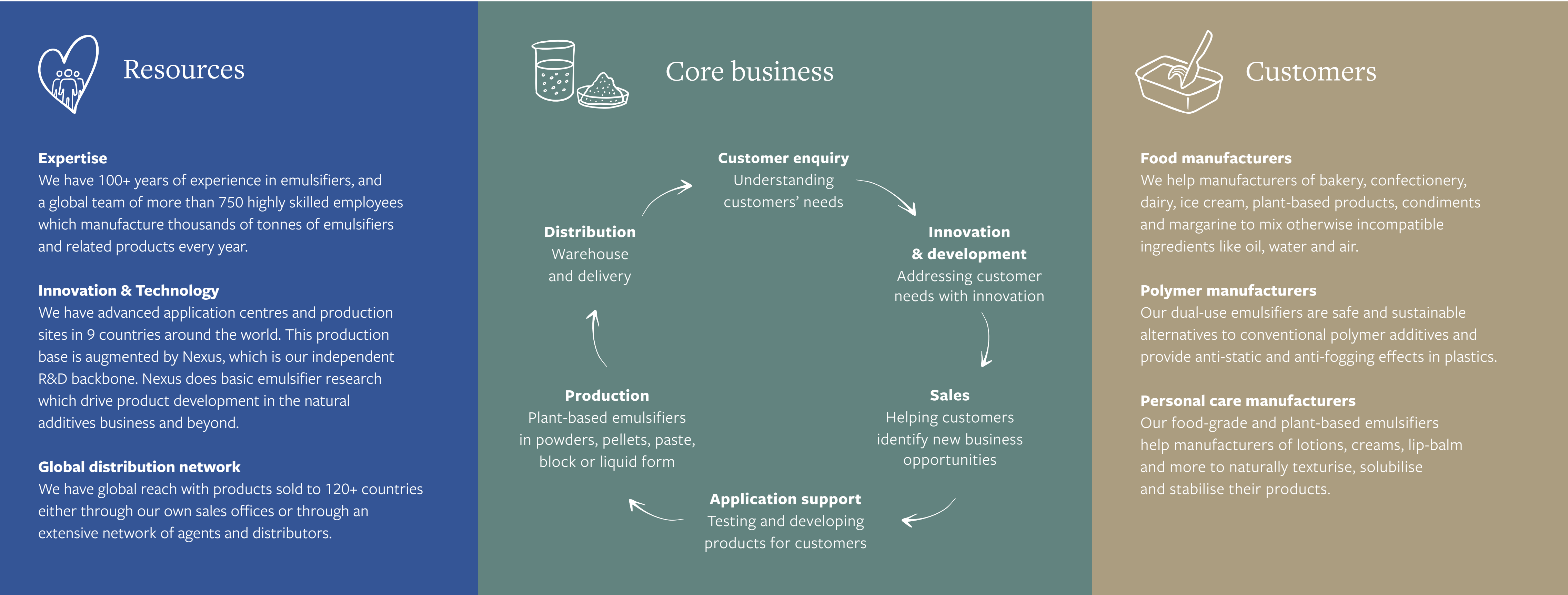
FIGURE 2:
Simplified production of emulsifiers.





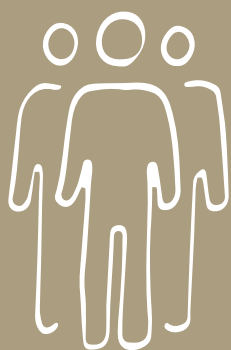
Palsgaard's business model

FIGURE 3:
Palsgaard's business model



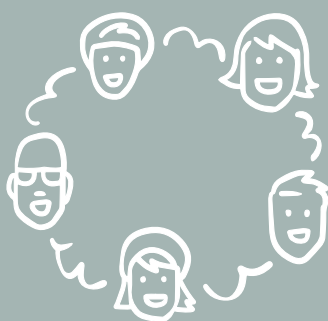
Value creation

Based on our business model, we have a holistic approach to value creation which goes beyond short-term financial returns.



Our customers, colleagues and communities

Because we are owned by Schou-Fondet, we are able to act in the long-term interests of our customers while also taking care of our colleagues and community responsibly. We never sacrifice long-term interest for short-term gains.



Your business, your processes and your products

We create value for our customers by providing safe, high-quality and customisable plant-based emulsifiers. We treasure our longstanding customer relationships where we collaborate closely to develop new products and solve a wide range of market-specific challenges.



The future of emulsifiers and stabilisers

We reinvest our profit to stay at the forefront of emulsifier and stabiliser innovation – not just in the pursuit of better-tasting, longer-lasting foods, but also for the polymer and personal care markets.



Our workplace

Since 1957, Schou-Fondet has worked to ensure that Palsgaard is a great place to work for all employees. As recently as 2023, our Danish site won Danish labour union 3F's 'Workplace of the Year'.

Stakeholders



Local seaweed farmer in the Philippines visited by Palsgaard’s procurement team.

Einar Viggo Schou could express the core values that were close to his heart in just three words: Loyalty – Diligence – Persistence. Words that acted as guiding principles for his entire life and which still live on in our corporate culture.

Today, over one hundred years later, Palsgaard’s values are fundamentally the same, albeit expressed slightly differently as: Loyalty – Responsibility – Commitment.

These values are also the foundation of our ongoing dialogue with our most important stakeholders. This dialogue helps us to assess their expectations and understand how we can accommodate changing needs, not only on the sustainability agenda. Developing stakeholder relations which are constructive and mutually beneficial is crucial to remaining a successful business.

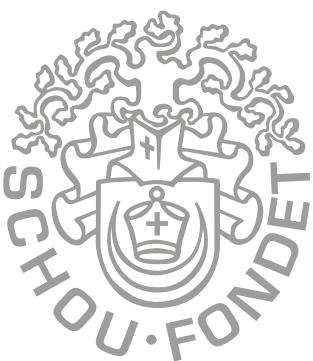
Customers

We strive to develop a lasting partnership with our customers. A partnership where we actively engage in spotting opportunities and trends and work together to develop innovative solutions which enable our customers to remain competitive in their markets. This includes the sustainability agenda where our products contribute to reducing food loss and food waste, for example by lowering the input of other raw materials such as cocoa and extending the shelf-life of food products.

Also, we engage with our customers to solve actual production challenges on an ongoing basis, helping to ensure both operational efficiency and exceptional product quality.

Suppliers

On an ongoing basis, we conduct supplier performance evaluations to assess whether suppliers live up to our standards and corporate values. We continuously follow-up with suppliers to ensure that we understand local conditions and are able to anticipate and mitigate any potential supply chain disruptions. In addition, we acknowledge that the majority of impacts on people and the environment occur in the manufacturing processes of the raw materials that we use in our production, and as such with our suppliers. Therefore, we work closely with stakeholders across our supply chain to ensure an on-going focus on mitigating potential negative impacts.



Employees

Developing a strong workplace culture is an important priority for us, and we regularly conduct employee satisfaction surveys to evaluate well-being and understand how to improve working conditions. We believe that work should be enjoyable, rewarding, and safe, and we are committed to ensuring that our employees are able to manage the obligations of both work and family life.

Financial partners

We maintain a constructive dialogue with our financial partners about the need for data and documentation on the ESG agenda. We keep them updated on the ESG matters which may affect our business in a positive or negative way.

Affected communities

Palsgaard is deeply rooted in the community in and around Juelsminde, where we continuously aim to live up to the example set by Einar Viggo Schou. This includes keeping the park around Palsgaard Estate open to the public and providing support for a variety of civil society activities. We strive to extend this approach to all the sites around the world where we have representation and engage actively with local communities to understand their broader sustainability needs and concerns.

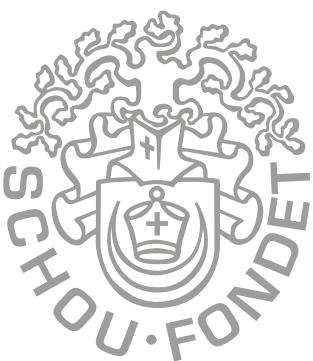




Strategy and materiality



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GUNHILD NØRGAARD

Sustainability Director,
Palsgaard A/S

TORBEN DAHL-HANSEN

Chief Sustainability Officer & Chief
Supply Chain Officer, Palsgaard A/S

Strategy and materiality

Our business was built on a strong social foundation.
We care for our colleagues and the community.

Today, a changing business environment, new regulation and increasing expectations from customers, employees and financial stakeholders require us to work more systematically with compliance and development on the ESG agenda.

Since the summer of 2023, we have completed a detailed mapping of material ESG matters and developed an ambitious ESG strategy to address the primary challenges and opportunities. We have also taken steps to upgrade our organisation with relevant ESG competencies, and an ESG governance structure has been established to ensure accountability and progress. In the following, we have outlined this development process as well as the primary facts and conclusions from the individual parts of the process.

ESG governance

Our ESG organisation consists of an ESG Committee and an ESG Core Group which is supplemented by global subject matter experts across the organisation. Additional resources are added for specific purposes when necessary and these include ESG communication, annual reporting and data management.

The ESG Committee and Core Group are briefed and updated on essential ESG-related topics and regulation as a recurring part of the regular meetings in the two groups. This ongoing upskilling, undertaken by external consultants, will provide the ESG organisation with operational capabilities to match the tasks which are further described below. Also, the purpose is a shared understanding and language about ESG in our business context based on the ESG strategy and commitments.



ESG-related impacts, risks and opportunities (IROs) have been carefully assessed in the double materiality assessment and will be reviewed on a yearly basis as a part of the overall review of the materiality assessment.

Incentive schemes linked to sustainability targets are not offered to any members of management or administrative bodies in Schou-Fondet, Palsgaard Gods A/S, Palsgaard A/S or any subsidiaries. ESG has been part of our DNA since the establishment of our business and as such we do not have special rewards and incentives related to this agenda. ESG is fundamental and always considered a baseline for our business.

ESG committee

The ESG Committee is chaired by the Chief Sustainability and Supply Chain Officer and consists of Palsgaard’s Executive Leadership Team and the Sustainability Director. The Committee has the following primary responsibilities:

- Being accountable for development and implementation of the ESG strategy, including our four ‘heart working’ commitments which are further described below
- Allocating resources to and ensuring prioritisation of ESG initiatives and projects
- Reviewing the double materiality assessment on a yearly basis, based on input from the ESG core group
- Ensuring that our ESG efforts are aligned with relevant external frameworks and approving ESG report

The ESG Committee convenes on a regular basis, or as necessary, when specific matters require discussion or deliberation.

FIGURE 4:
Palsgaard’s ESG organisation



ESG core group

The ESG core group is chaired by the Sustainability Director and consists of four commitment leads as well as representatives from the line organisation. The core group has the following primary responsibilities:

- Working collaboratively to align business operations with strategic ESG commitments and objectives
- Driving cross-organisational ESG initiatives
- Reporting on ESG initiatives and progress to the ESG Committee
- Ensuring data availability for ESG reporting
- Reviewing the double materiality assessment on a yearly basis
- Providing input to Palsgaard’s strategy review and budget-planning to ensure a continuous focus on ESG priorities

Members of the core group report on progress on to the Sustainability Director every two months as part of regular meetings in the group.



Materiality principles

The following materiality principles were used in the assessment of the materiality of impacts, risks and opportunities for Schou-Fondet. Overall, materiality is defined as a combination of impact and financial materiality, or double materiality.

Double materiality means that the assessment looks at both how the business impacts the surrounding world, called impact materiality, and how sustainability matters might impact the business, called financial materiality. What we mean by impact and financial materiality respectively is further described below.

Impact materiality

Impact materiality covers the assessment of the impacts on people and the planet which occur in connection with the business’ own operations as well as upstream and downstream value chain, including through its products and business relationships.

A sustainability matter is material from an impact perspective if there is a significant impact on people or the planet. The assessment covers four aspects:



- Scale: How grave are the negative impacts or how beneficial are the positive impacts
- Scope: How widespread are the negative or positive impacts
- Irremediability: Whether and to what extent can the negative impacts be remediated, i.e. whether and to what extent can the environment or affected people be restored to their prior state
- Likelihood: How likely is it that the impact will occur, expressed in a percentage of likelihood (0-100%)

Financial materiality

Financial materiality covers the assessment of the risks and opportunities related to the sustainability impacts, relative to the enterprise value they potentially impose on the business. This includes assessing how risks and opportunities are expected to impact the business financially through cash flows, profitability and cost base as well as investments and financing needs.

A sustainability matter is financially material if there is a significant financial impact or if there is expected to be a significant financial impact on the business.

The financial materiality level for Schou-Fondet is established at DKK 23m for revenue (~1% of revenue at Schou-Fondet Group level) and DKK 9m (~5% of profit before tax at Schou-Fondet Group level). These levels have been decided with inspiration from the ISA 320 standard.

The assessment covers three aspects:

- Magnitude of the financial effect, expressed in a monetary value (DKK, USD etc.)
- Likelihood of the financial risk or opportunity occurring, expressed in a percentage of likelihood (0-100%)
- Time perspective in terms of short-, medium- and long-term

Double Materiality Assessment in Schou-Fondet

The process leading to a full double materiality assessment (DMA) for Schou-Fondet started in Q3 2023 with a project designed to develop an ESG-strategy for Palsgaard A/S.

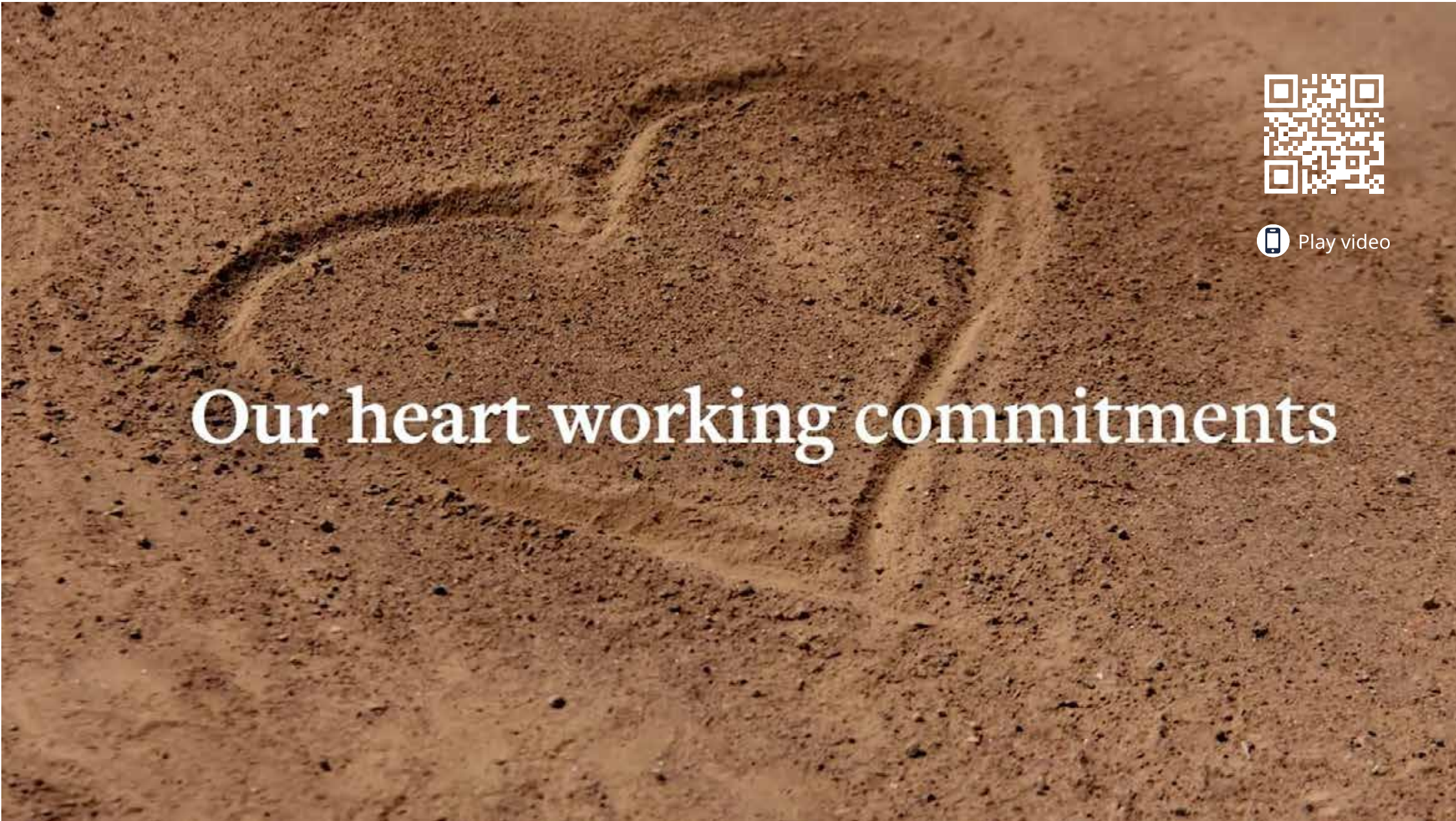
The purpose of the first phase of the strategy project was to identify the most relevant sustainability matters for Palsgaard A/S. This was done through a combination of mapping Palsgaard’s existing ESG initiatives, a market screening of major customers and industry peers and their ESG focus as well as interviews with selected stakeholders. The outcome was a list of 28 ESG topics which were deemed to be material for Palsgaard A/S.

To further qualify the list of topics, selected customers, suppliers, financial partners and employees were asked to rate their materiality via an online questionnaire. The feedback from the survey provided input to an internal process where the materiality assessment was reviewed and the gap between ‘as is’ and ‘desired state’ on the ESG-agenda in Palsgaard was clarified.

Next came a detailed analysis of the material matters, including how they are connected and their long-term implications for Palsgaard. This also included a data collection process which contributed to establishing an understanding of the ESG-readiness of Palsgaard’s internal organisation. The purpose of this phase was to develop a strong strategic narrative which became Palsgaard’s four ‘heart working’ commitments. The four commitments are the core of our ESG-strategy and will be explained and referred to throughout the report.

Finally, the strategy project included the development of an ESG governance structure for Palsgaard which is described above.

The strategy project as a whole was based on a series of meetings and workshops which included members of Palsgaard’s executive and operational management and selected internal subject matter experts as well as external consultants.



Click on the image to play the video online or scan the QR code.

Palsgaard’s ‘heart working’ commitments

Palsgaard’s ESG-strategy was published in June 2024 and consists of two primary parts. Part one is what we call ‘License to Operate’. Our license to operate is all the things we do to meet expectations from customers, employees and financial stakeholders, and help us mitigate regulatory, legal and reputational risks.

One example is our uncompromising focus on food quality and safety demonstrated by our FSSC 22000 certification, and how we work hard to uphold our record of zero food safety-related product recalls.

Another example is our ongoing efforts to prepare for CSRD-alignment in our annual reporting. We are aware of

potential changes to CSRD legislation as a consequence of the “omnibus” proposal and will monitor this closely before deciding how to proceed with next year’s report.

The second and more forward-looking part of our ESG-strategy is our four ‘heart working’ commitments. The four commitments are our strategic compass as we aim to go above and beyond industry standards on the ESG-agenda.

The four commitments are further described in the chapters with environmental and social information together with examples of how we strive to live up to the purpose of the commitments. Across the report, the icons below will guide you to examples of our commitments in action.

Our ‘heart working’ commitments are:



To put safety, health and well-being first and set high standards for human & labour rights



To support customers through R&D in minimising food loss, waste and scarcity

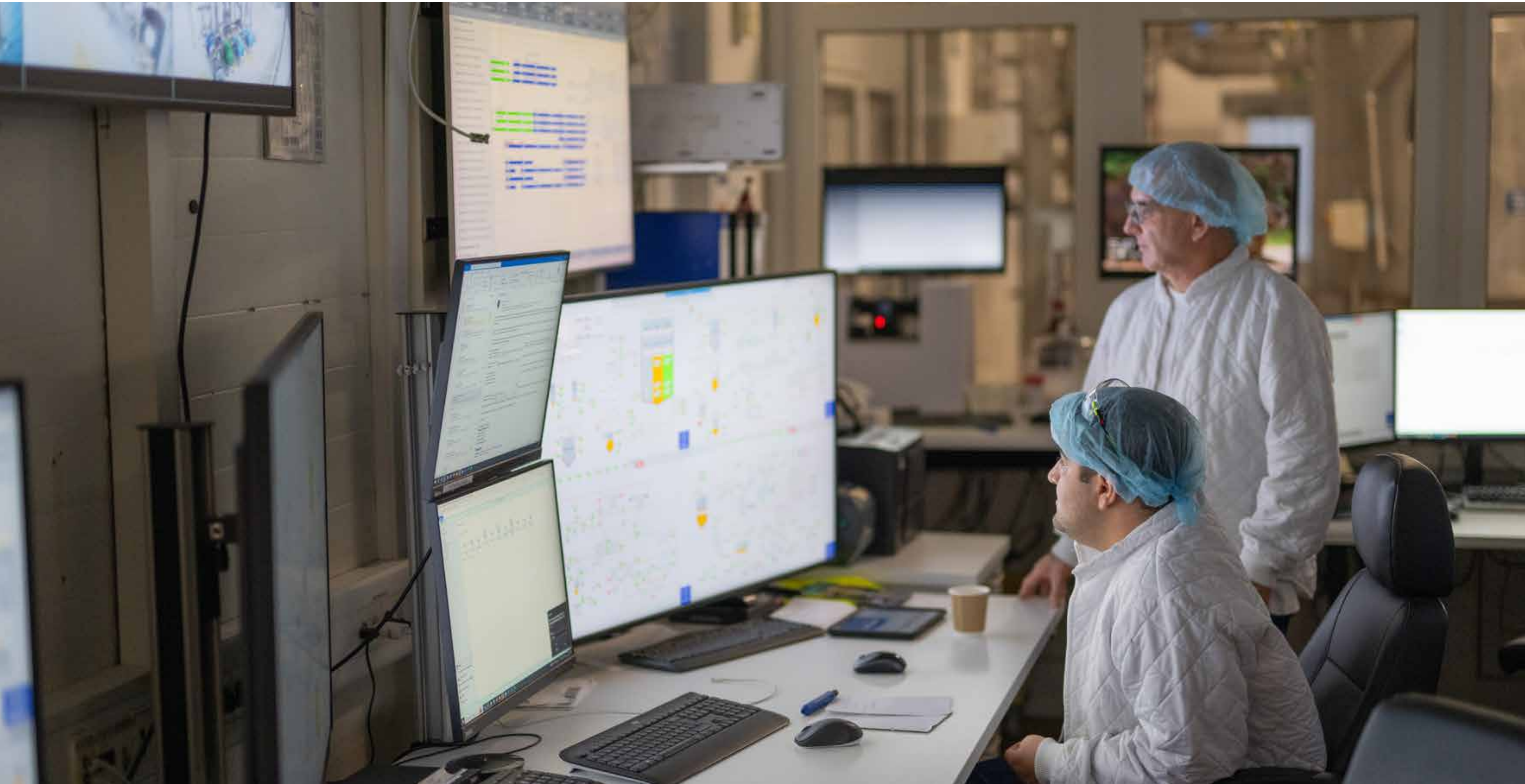


To reduce CO2e-emissions and energy consumption



To cut resource consumption and waste

Expanding the DMA to Schou-Fondet



The decision to expand the scope of the DMA to include Schou-Fondet as a whole was motivated by an aspiration to explore potential dependencies, synergies and impacts across the different business areas. Also, developing a consolidated approach will contribute to streamlining administrative processes and increase transparency in terms of responsible business conduct. As such, this step was taken to ensure a more comprehensive and efficient approach to our work on the ESG agenda.

The first step was to identify which activities and companies to include in the expanded materiality assessment. An initial mapping was made of the sustainability impact of all the companies which are part of Schou-Fondet. This was supplemented by a financial materiality assessment to evaluate the relative size of the entities and their potential impact on group-level risks or opportunities.

Based on this initial assessment it was decided to develop a full value chain analysis of Palsgaard A/S, including Nexus A/S, as well as the agriculture and forestry business of Palsgaard Gods A/S.



This choice was made because those three business areas represent the vast majority of value creation and estimated impacts in Schou-Fondet.

The value chain analysis provided a detailed understating of the activities, resources and stakeholders which are instrumental to value creation in the business. Also, the value chain analysis contributed to identifying additional potentially material matters which were not included in the first round of materiality assessments. The value chain analysis and subsequent assessment of any new matters were carried out in an iterative process involving the ESG Core Group, internal subject matter experts as well as external consultants.

Merging the list of new topics with the list of 28 ESG-topics from the first round of materiality assessment, the outcome was a comprehensive long list of ESG-topics relevant for Schou-Fondet as a whole.



The forests owned by Palsgaard Gods A/S in Denmark, Latvia and Lithuania, are managed according to PEFC principles.

Impacts, risks and opportunities (IROs)

To align with CSRD, the next step was to evaluate and rate the matters from the perspective of impacts, risks and opportunities (IROs). The process of rating IROs is based on the value chain analysis and begins with a mapping of the potential IROs in the individual parts of the value chain.

The mapping and first rating were conducted with input from internal subject matter experts, who were asked to identify and rate the matters from both an impact and financial materiality perspective as defined by the materiality principles described above. In practice, the work was done in a series of workshops supported by external consultants.

As such, the IRO-process involves the mapping and rating of a wide range of sustainability scenarios across the different value chains. We have mapped and rated no less than 84 individual scenarios across the businesses in Schou-Fondet. Some scenarios are primarily relevant from an impact or financial perspective, while others receive a high rating on both parameters, in which case they have double materiality.

An example: Sourcing of raw materials

Sourcing of raw materials happens in our upstream value chain, and among the most important raw materials is palm oil. Zooming in on palm oil, the process looks at palm oil from the perspective of impact materiality (inside-out) and financial materiality (outside-in).

Impact materiality is focused on the impacts, both positive and negative, on people and planet from our sourcing of palm oil. In the case of people, we have for example considered working conditions for workers in the value chain. What are the implications for us in terms of ensuring that workers on palm oil plantations are not exploited or working under conditions which does not live up to international standards for labour rights. The implications are then rated in terms of scale, scope, irremediability and likelihood, and given a score from 1 to 5 where 5 is the highest or most serious.

In the case of planet, we have considered biodiversity. How might our sourcing of palm oil negatively impact biodiversity in the areas of the world where the palm oil is sourced from, and what are the levels of scale, scope, irremediability and likelihood.

Looking at financial materiality, we have considered the negative consequences of a complete or partial interruption in the supply of palm oil or a significant increase in the cost either due to climate change or other factors beyond our control. A potential opportunity is the possibility of developing an alternative to palm oil which would both eliminate the financial risk of sourcing palm oil and potentially become an important new business area for us. Subsequently, the risks and opportunities are rated in terms of magnitude, likelihood and time perspective with a similar scale from 1 to 5.

We fully recognise the importance of palm oil to our value chain as well as the potential impacts on people and planet from our sourcing of palm oil. As a consequence, we have been a Roundtable on Sustainable Palm Oil (RSPO) member since 2008, and we strongly recommend our partners and customers to support the RSPO system.

To ensure that our customers have the choice, we offer a complete RSPO SG-certified product range for emulsifiers. In addition, we continue our research in non-palm alternatives and experiment with their implementation across our product range.



Palsgaard has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since 2008. Our full range of food emulsifiers is available with RSPO SG certification where applicable.

FIGURE 5:

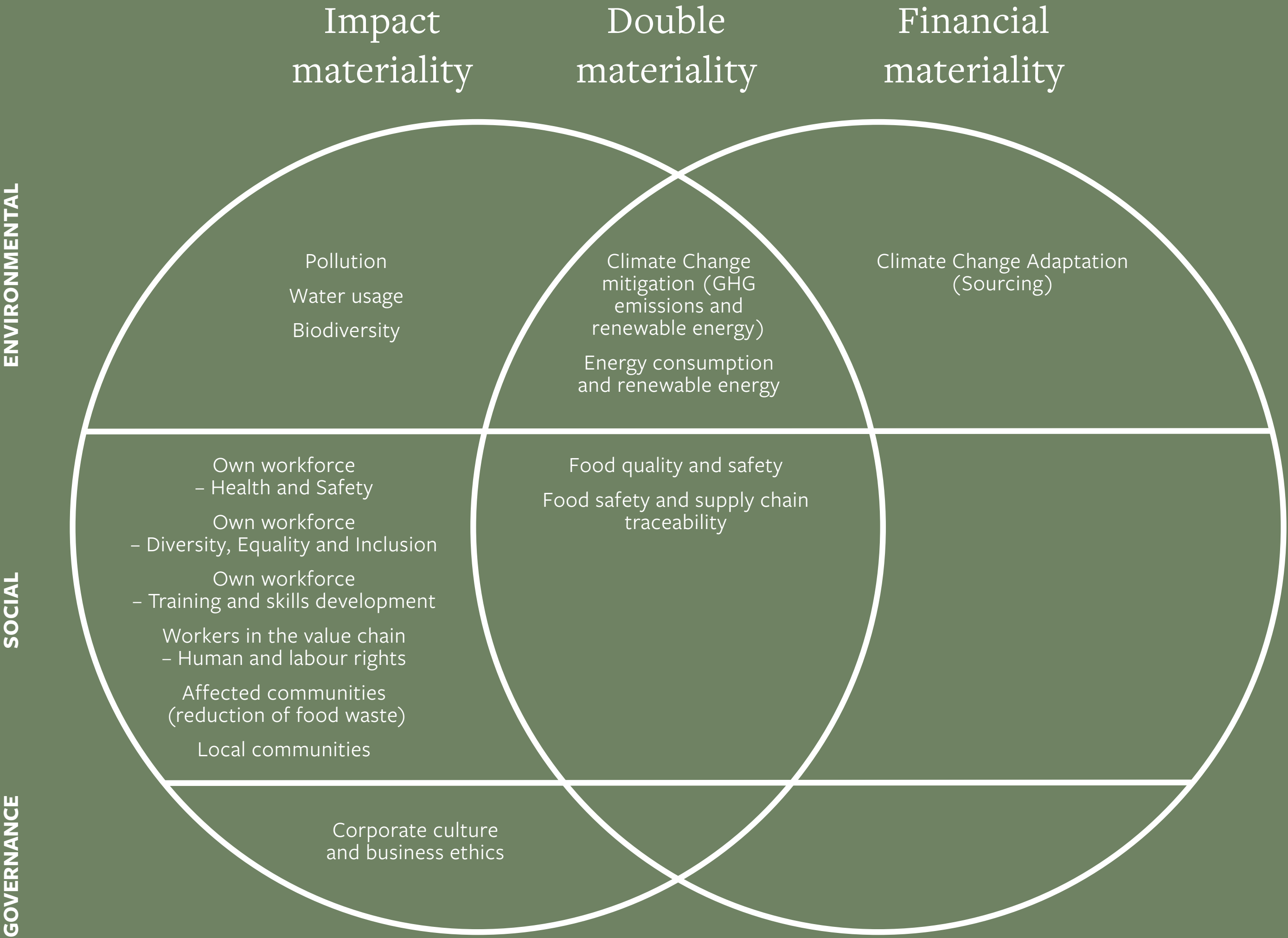
Final Double Materiality Assessment for Schou-Fondet. The below model provides an overview of the results of our IRO-process. The topics can be rated both positive and negative, and potential or actual, but we do not disclose the specific scores.

Final DMA for Schou-Fondet

The outcome of the first rating was presented to the ESG Core Group and ESG Committee for a second rating and validation. The second rating included a specific focus on how the material topics related to the four ‘heart working’ commitments of the ESG strategy.

The outcome of the second rating was a list of 15 material topics which was then subjected to a final review and approval by the Executive Leadership Team. The secondary purpose of this final rating was to establish a shared understanding of materiality in the Executive Leadership Team which is important in the implementation phase of the ESG-strategy. The final review only resulted in minor adjustments and no changes in materiality. Subsequently, the material topics were translated into ESRS disclosure requirements as well as associated data points, and specific data points were assigned to data owners in Schou-Fondet and Palsgaard A/S.

Due to a strategic focus on reducing resource consumption and waste, circular economy has been added as a topic in this ESG-report.





Data collection and gap analysis

Based on the result of the DMA, internal subject matter experts were tasked with collection of the specific data points. This includes quantitative data as well as qualitative data from policies and other internal guidelines and strategies. The data was subjected to quality assurance by external consultants and used to analyse performance compared to previous years. The purpose was to indicate to what extent progress is being made towards implementing the four ‘heart working’ commitments of the ESG-strategy. Insights from this analysis is included in the chapters about environmental, social and governance information.

Also, the data collection process provided input to a gap analysis which is carried out to identify the data requirements that are not already included in existing reporting and whether those data are available. Data is important for tracking progress and setting targets, and the outcome of the gap analysis made it clear that we have more work to do in improving our processes for data collection and documentation. As a consequence, this report does not include comprehensive data points across all the material topics. Making more data available is an ongoing process which is highly prioritised, and we are looking forward to presenting more data in next year’s report.

ACTIVITY		ACTION
1	Revisiting the 2023 materiality assessment for Palsgaard A/S	28 material ESG-topics were identified in 2023 as part of the ESG-strategy project for Palsgaard A/S. These topics were translated into ESRS standards and included in the gross list of ESG-topics for Schou-Fondet.
2	Mapping the business activities of Schou-Fondet	The sustainability impact and financial materiality of the 13 companies which are part of Schou-Fondet were assessed to decide the scope of the double materiality assessment.
3	Full value chain analysis	Full value chain analysis of Palsgaard A/S and the agriculture and forestry business of Palsgaard Estate was carried out involving internal subject matter experts and external consultants.
4	ESG long list of topics	The 28 ESG-topics from 2023 and the new topics identified in the value chain analysis, were consolidated into a long list of ESG-topics relevant for Schou-Fondet as a whole.
5	IRO-process	The materiality of the impacts, risks and opportunities (IROs) of the topics on the long list was rated based on previously defined materiality principles. This resulted in a list of 15 material ESG topics.
6	Review by Executive Leadership Team	The 15 ESG topics and their IRO ratings was subjected to a review by the Executive Leadership Team
7	DMA completed	The Executive Leadership Team approves a final list of material ESG-topics for Schou-Fondet.
8	Mapping of ESRS disclosure requirements	The final list of material ESG-topics were translated into ESRS-related data points..
9	Data collection and gap analysis	Internal subject matter experts were tasked with collecting and assessing the data quality supported by external consultants. This was followed by a gap analysis which determined where additional data is required to set targets and track progress.

FIGURE 6:

Overview of the Double Materiality Assessment process for Schou-Fondet

Taxonomy statement

The EU-taxonomy is a classification system that defines criteria for economic activities which are aligned with the EU Green Deal target of a net zero CO₂e trajectory by 2050 as well as the broader environmental goals other than climate. The taxonomy is a robust, science-based transparency tool to help companies and investors make sustainable investment decisions and avoid greenwashing.

Currently, the taxonomy regulation is being reviewed as a part of EU’s general “omnibus” effort to reduce complexity in sustainability reporting. As a consequence, it is unclear to what extent Schou-Fondet must report according to the taxonomy in the years to come. We will await further clarification of this matter before taking additional steps to prepare for taxonomy reporting.



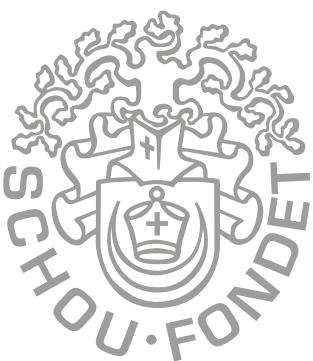
Since 2005 burning straw from Palsgaard’s own fields has provided the majority of the comfort heating needed for our buildings and offices in Denmark.



Environmental information

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Environmental information

For us, ‘heart working’ people sums up precisely how we do business. How we go the extra mile and approach every challenge with humility and care. This personal and collective way of working is fundamental in everything we do. Simply striving for compliance is not enough. We aim higher and set our own ambitious targets. We call them our ‘heart working’ commitments, because they will demand all our ‘heart working’ efforts to live up to.

At the core of our ESG-strategy are four such ‘heart working’ commitments. Three of these commitments are focused on our work to reduce our negative environmental impact while also exploring ways to realise potential opportunities for a positive impact. In this chapter, we will begin by introducing the three commitments which are:

- To support customers through R&D in minimising food waste, loss and scarcity
- To reduce CO₂e-emissions and energy consumption
- To cut resource consumption and waste

After this introduction, we will briefly mention policies which are relevant for this chapter before diving into the ESG performance data and report on our progress in 2024 including selected environmental projects.

To support customers through R&D in minimizing food waste, loss and scarcity

We create emulsifiers that help customers ensure product stability and consumer appeal, extend shelf-life and produce affordable products by reducing the use of raw materials. This commitment is about expanding this effort further by:

- Helping customers reduce production food loss by providing products that improve raw material efficiency
- Minimising food waste in end products by further extending product shelf life
- Helping to prevent food scarcity by innovatively using raw materials in our own and customers’ products
- Continuing to develop innovative products and application methods

Innovation is developed through alliances with universities, customers, and other third parties, with an important role played by Nexus. Nexus’ research helps to develop and improve emulsifiers across all our business areas. The purpose is to make the benefits of plant-based emulsifiers more widely applicable, bringing new capabilities and possibilities to the food ingredients industry as well as other industries that can benefit from safe plant-based emulsifiers.

Discover how we’re helping to lower the footprint of chocolate on **page 44**.

Established in 1949, Nexus is fully owned by Schou-Fondet, and our values safeguard the impartiality of the research. There is, in fact, a significant degree of scientific freedom in this innovative company. Research may spring from pure curiosity – acknowledging that, more often than not, crazy ideas can lead to revolutionary discoveries.

One such discovery in the works may lead to a considerably lower footprint for the food industry, as Palsgaard and Nexus are working to develop plant-based egg-replacers. Read more about the PIER project on **page 45**.





GUNHILD NØRGAARD,
Sustainability Director, Palsgaard A/S

To reduce CO₂e-emissions and energy consumption

Reducing our emissions and energy consumption is about taking a step back and seeing the bigger picture. We're in dialogue with our stakeholders, who are crucial in helping us to succeed with this challenging commitment. Among our most important initiatives are:

- Reducing CO₂e-emissions in scope 1 and 2, and working with stakeholders up- and down-stream to reduce scope 3 emissions (baseline will be decided in 2025)
- Exploring options for committing to the Science Based Targets initiative (SBTi) and developing Life Cycle Analysis (LCA) for our products
- Reducing our energy consumption and further investing in renewable energy

For example, we already have solar panels installed on our production facilities in the Netherlands, Mexico and Brazil, and we are in the planning phase for a 52-hectare solar panel park with an annual production capacity of 59 GWh in Denmark. The solar farm will not provide electricity directly to our production, but the capacity is more than equal to the current needs and the planned expansion of our factory in Juelsminde. We hope to break ground on the solar farm in 2025 and expect it to be operational in the beginning of 2026.



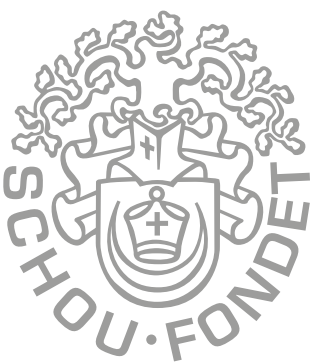
To cut resource consumption and waste

This commitment is focused on efficient resource and waste management without compromising food safety and product quality. We have begun by defining relevant waste categories and measuring mass balances within those categories. Our next step is to analyse and prioritise potential improvements and identify reduction initiatives before implementation can begin during 2025.

Our FSSC 22000 certification ensures that we have rigorous food safety standards in place. The new initiatives will contribute to cutting food loss in our production and further reducing consumption of all our resources. This includes reusing and upcycling waste to the highest level possible, following the waste hierarchy.

New Sustainability Director in Palsgaard A/S

During 2024, we have been focused on strengthening our sustainability organisation, and we are very excited to introduce Gunhild Nørgaard who is our new Sustainability Director. Gunhild started working for us in October 2024, and she drives the ESG strategy implementation, ensuring that ESG initiatives are executed, and targets are met while also engaging directly with stakeholders to promote sustainability initiatives. Before joining Palsgaard, Gunhild worked for many years in the retail sector, and her latest position was Head of Private Label & CSR Project Manager at REMA1000 A/S.



Material policies

Our efforts to minimise negative impacts and continuously strengthen our positive impacts on the environment are guided by our Environmental Policy. The Environmental Policy outlines our primary priorities and overall targets, which are to:

- Increase our renewable energy capacity
- Reduce our CO₂e-emissions
- Reduce our raw material use and waste quantities
- Reduce food waste and food loss
- Increasing our use of RSPO certified palm oil and providing a range of RSPO certified products

Actions related to the above priorities are further described below. The Environmental Policy emphasises that we strive to engage directly with affected communities and other stakeholders to identify any potential environmental issues which must be mitigated or otherwise taken care of.

Our Procurement Policy and Supplier Code of Conduct highlights that our commitment towards responsible business practices extends to our value chain and we strive to build long-term relationships with vendors with similar values. We expect our vendors to adhere to all applicable laws and regulations in the countries where they operate, treat their employees with dignity and respect, and manage their production in an environmentally responsible manner. Our vendors should have similar expectations towards their respective vendors.

The Procurement Policy does not include specific targets. Implementation of the policy as well as the Supplier Code of Conduct is further described in the section about ‘management of relationships with suppliers’ in the **governance chapter**.



Palsgaard’s plant-based anti-fog additives help extend the shelf-life of packaged foods and thereby reduce food waste.

Climate change

Reducing CO₂e-emissions in the value chain and striving for CO₂e-neutral production sites by increasing the share of renewable energy is an integrated part of our environmental policy. Because climate change is considered material for Schou-Fondet, we will strive to develop a specific climate policy over the coming years. This will include emission reduction targets across the three scopes as well as actions to incorporate climate adaptation across relevant business areas.

For the first time, in this year’s report, we will include all the CO₂e-emissions from our own production as well as our upstream and downstream value chain – not only for Palsgaard, but for Schou-Fondet in its entirety. Including emissions from all three scopes of the Greenhouse Gas (GHG) Protocol and from all our production sites is an important step towards providing full transparency regarding our impact on planet and people.

Our total CO₂e-emissions are up from 279,353 tCO₂e in 2023 to 316,963 tCO₂e in 2024, an increase of 13.5%. However, production volumes have also increased by 19% compared to 2023 which means that we are seeing a relative reduction in total emissions of 4.4% per kilogram of finished product. Global production volumes grew from 62,965 tonnes in 2023 to 74,718 tonnes in 2024.

This relative reduction is mainly a result of changes in product mix during the year. The product mix is important because our products are in large part based on organic oils with different emissions factors. Phasing out LPG from our production processes in Denmark and replacing it with natural gas, which has a lower emissions factor than LPG, resulted in substantial reductions in scope 1 emissions. Also, in Denmark natural gas is calculated with a 39% share of biogas which leads to further reductions in emissions.

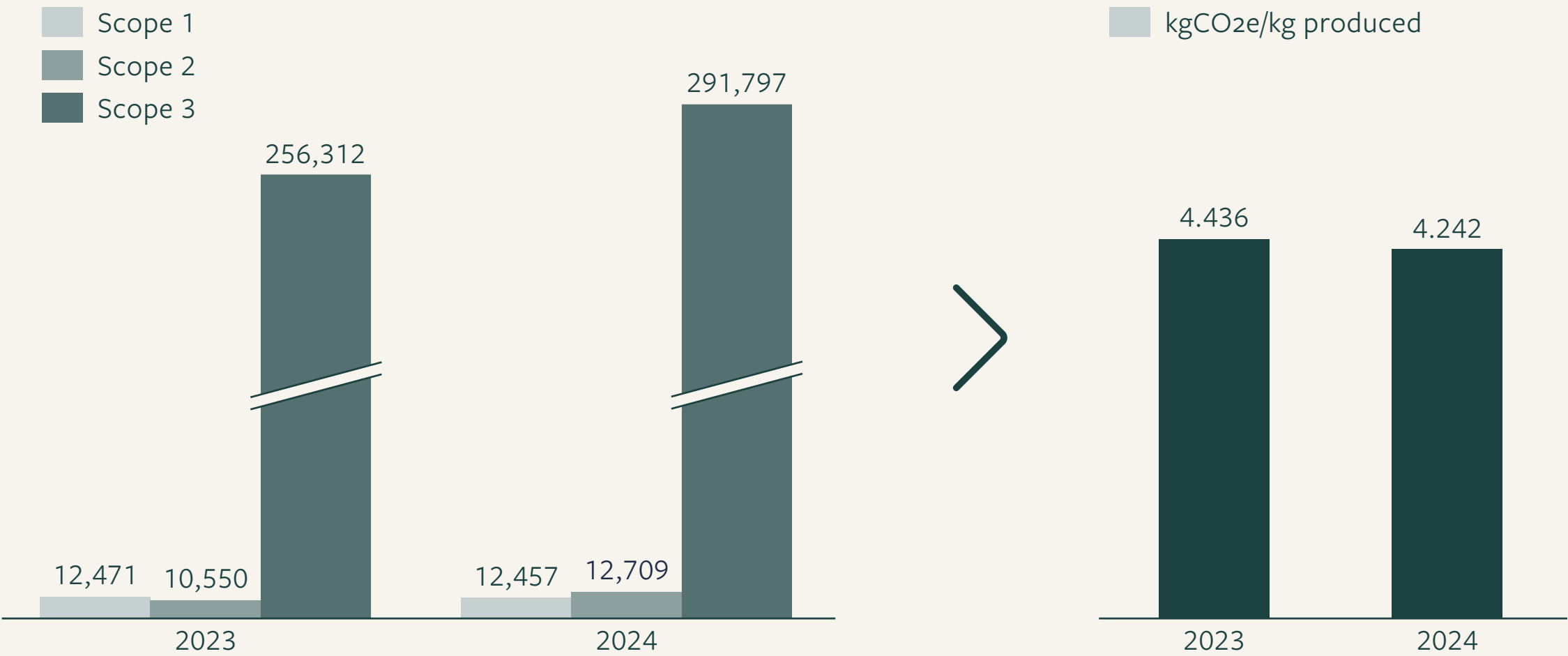


FIGURE 7: Across all three scopes, Schou-Fondet’s CO₂e-emissions increased by 13.5% in 2024 compared to 2023 – but emissions per kilogram of finished product decreased by 4.4% in the same period.



	2023	2024	YOY CHANGE
Scope 1	12,471	12,457	-0.1%
Scope 2	10,550 (market-based)	12,709 (market-based)	20%
Scope 2 (market-based)	10,550	12,709	20%
Scope 2 (location-based)	5,291	6,385	21%
Scope 3	256,312	291,797	14%
1. Purchased goods & services	197,831	234,735	19%
2. Capital goods	29,153	20,649	-29%
3. Fuel- and energy-related activities not in scope 1 & 2	3,369	3,736	11%
4. Upstream transportation	15,340	19,290	26%
5. Waste	541	615	14%
6. Business travel	2,688	2,737	2%
7. Employee commuting	890	947	6%
9. Downstream transportation	3,563	4,744	33%
12. End of life treatment of sold products	1,691	2,901	72%
13. Downstream leased assets	378	387	3%
15. Investments	868	1,055	22%

FIGURE 8:
Overview of Schou-Fondet’s total annual emissions (tCO2e) in 2023 and 2024.

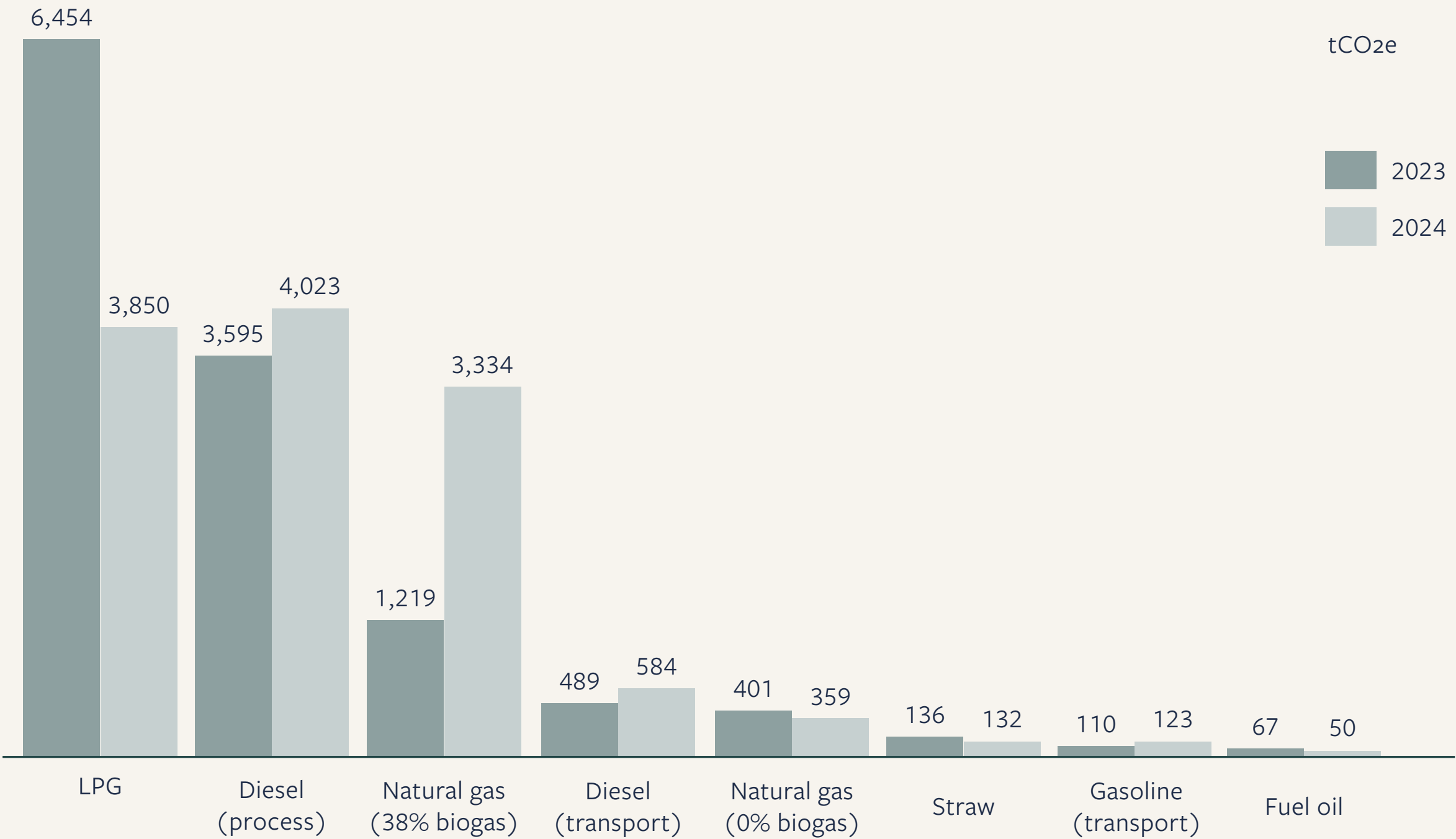


Mapping our emissions – scope 1

Scope 1 emissions are primarily the result of our own energy consumption across our production sites with Denmark and Malaysia, where the majority of our products are made, accounting for around 90% of our emissions in scope 1. Although our overall gas consumption increased, Scope 1 emissions did not increase in 2024 compared to 2023. This is a consequence of replacing LPG with natural gas in Denmark.

FIGURE 9:

Sources of scope 1 emissions: LPG, diesel for process purposes, and natural gas (with a share of biogas) account for 89% of scope 1 emissions.





Energy type and energy consumption across the company

FIGURE 10:
Total energy consumption in MWh across energy sources in scope 1 in 2024 compared to 2023.

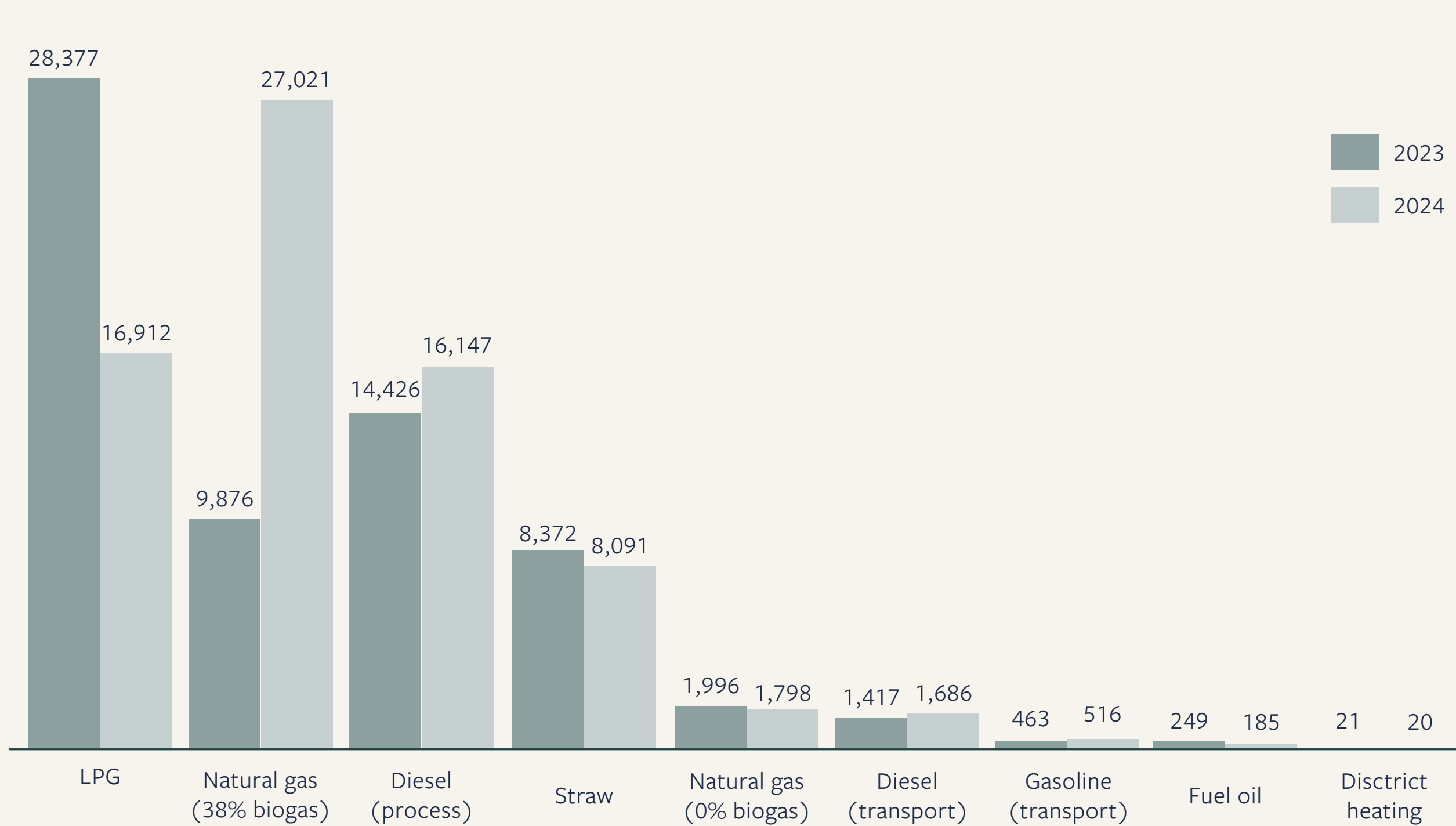
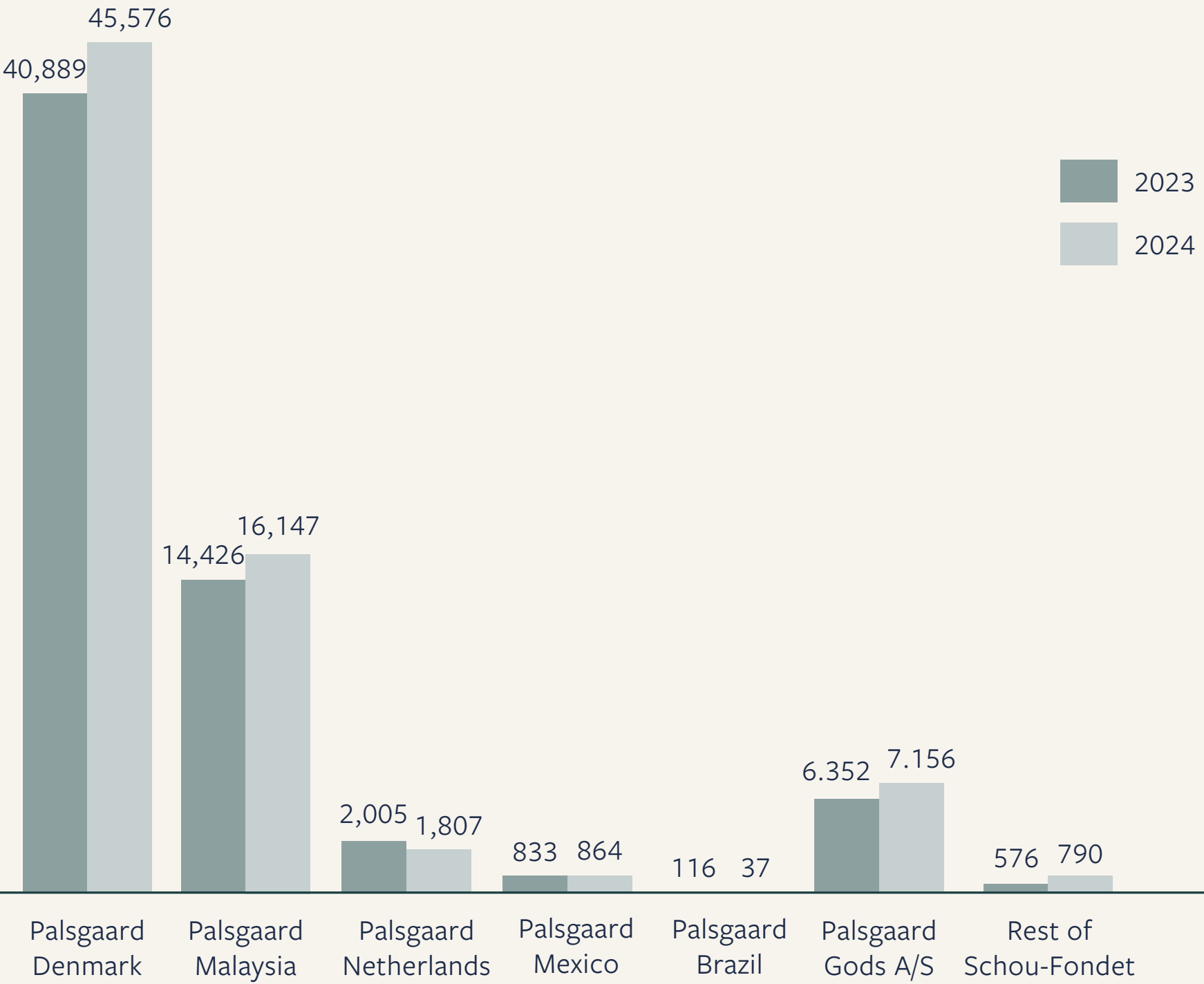


FIGURE 11:
Total scope 1 energy consumption in MWh across all our sites increased in 2024 by 17% compared to 2023.



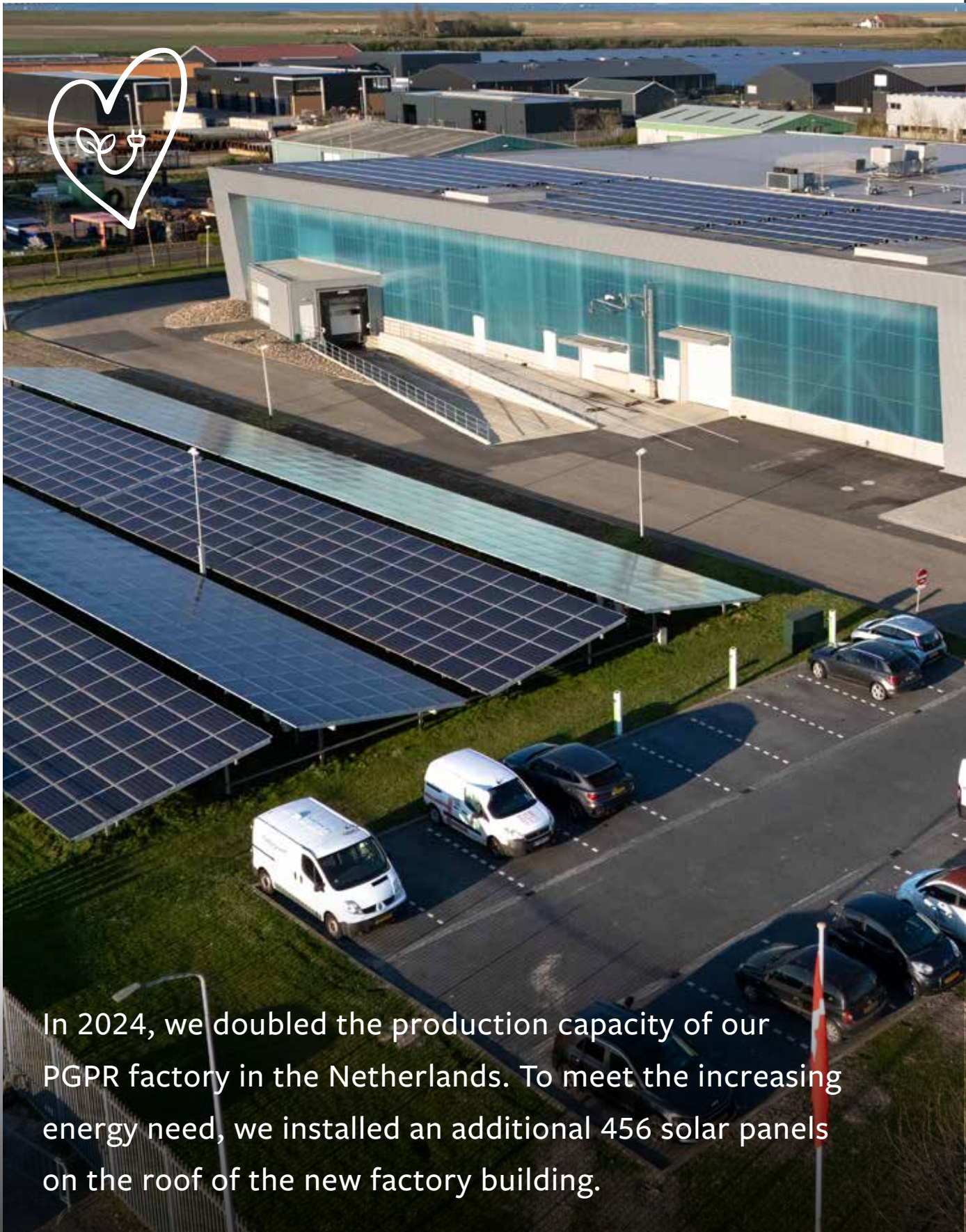
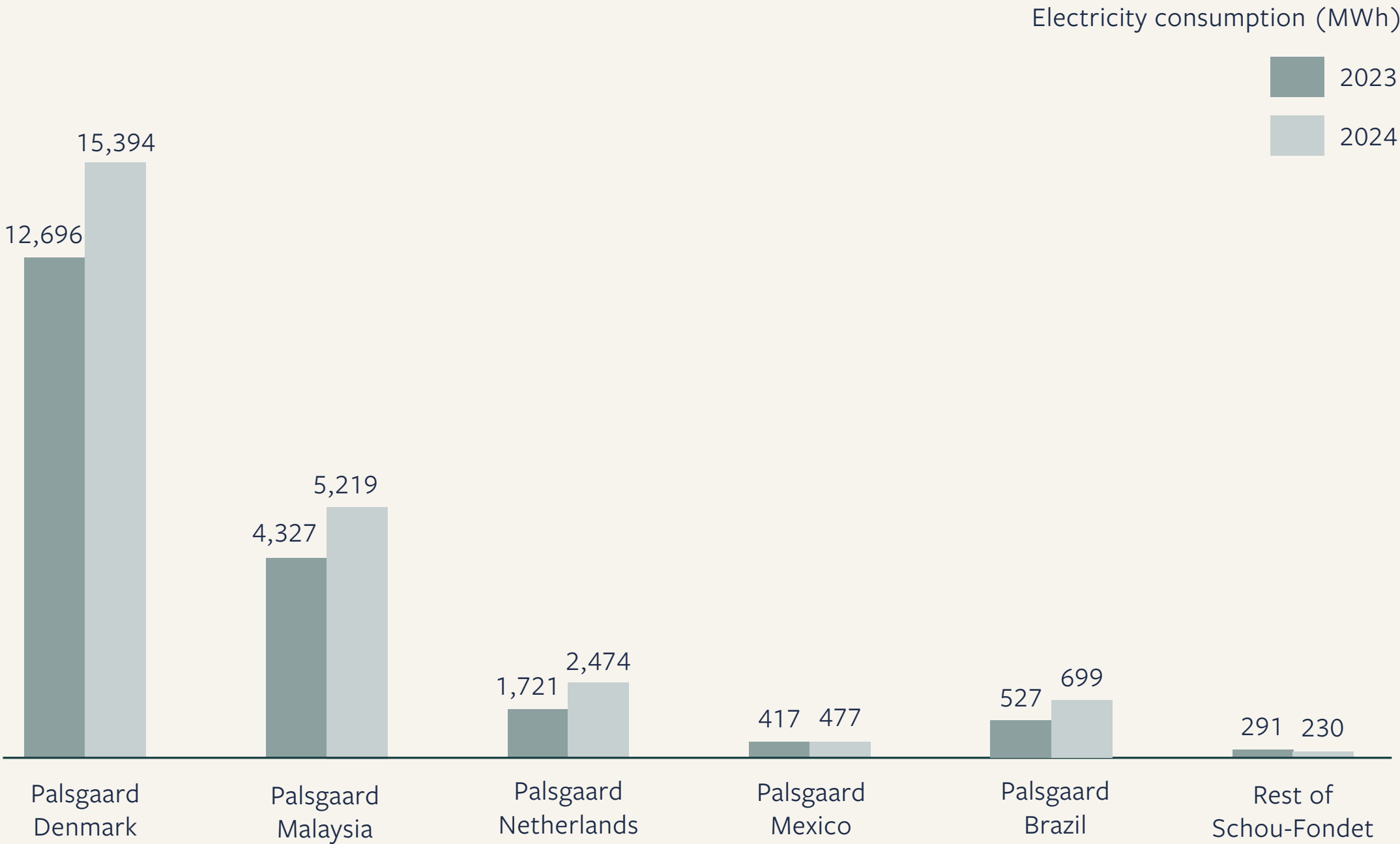
Mapping our emissions – scope 2

Scope 2 emissions are calculated from purchased energy which consists almost entirely of electricity. Again, production sites in Denmark and Malaysia consume most electricity, and overall, electricity consumption went up by 23% compared to 2023. This leads to an increase of 20% in scope 2 emissions, using a market-based calculation method. This approach is chosen to enable the inclusion of certificates from the solar park currently being developed in Juelsminde as well as other instruments and potential renewable energy investments to reduce emissions.

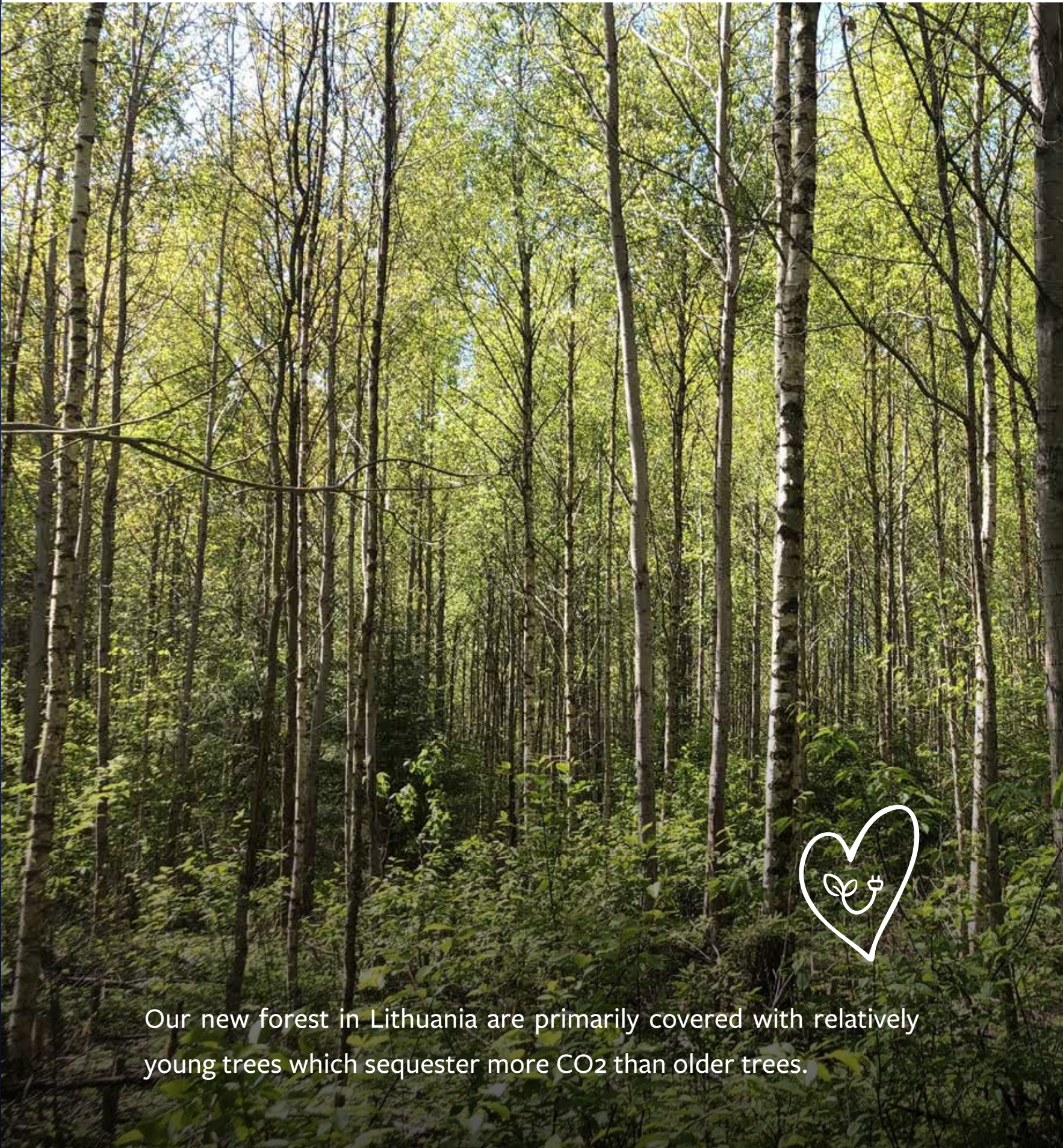
In 2024, the solar panels installed on the roof of our factories in the Netherlands, Mexico and Brazil produced a total of 830 MWh of electricity which were both used onsite and sold to the grid. We aim to continuously expand our renewable energy production capacity.

FIGURE 12:

Total electricity consumption increased by 23% in 2024 compared to 2023, including own production of electricity from solar panels.



In 2024, we doubled the production capacity of our PGPR factory in the Netherlands. To meet the increasing energy need, we installed an additional 456 solar panels on the roof of the new factory building.



Our new forest in Lithuania are primarily covered with relatively young trees which sequester more CO₂ than older trees.

Mapping our emissions – scope 3

Scope 3 emissions are the result of all relevant activities in the value chain, both upstream and down-stream. Scope 3 accounts for around 92% of all our emissions, and in 2024 they increased by 14% compared to 2023, mainly due to significantly larger production volumes as described above.

FLAG and non-FLAG

Around 80% of scope 3 emissions occur in our upstream procurement. Our products are primarily plant-based, and therefore it is necessary to further divide emissions from procurement into FLAG and non-FLAG emissions. FLAG emissions cover a wide range of emissions from activities in the forest, land management, and agriculture sectors, hence FLAG. They occur from cradle to farm gate, which means any activity that happens on-farm, as well as upstream activities like the manufacture of inputs such as fertilisers. FLAG emissions constitute 53 of our emissions from upstream procurement.

Overall we see an increase in our overall FLAG emissions of 17.5% from 106,933 tCO₂e to 125,730 tCO₂e in 2024. This increase is mainly driven by larger raw material FLAG related procurement volumes.

FLAG emissions may, under certain circumstances, result in net negative emissions, also referred to as removals. This refers to the potential for CO₂ to be sequestered by vegetation, such as trees and plants, over time. It is possible to model and estimate the extent to which such sequestration might occur as forests mature, although these numbers are subject to considerable uncertainty and variability.

In 2024, we acquired additional forest areas in Latvia and Lithuania. These newly acquired areas predominantly consist of younger trees, which, based on typical growth curves, may sequester more CO₂ than older trees. However, the primary purpose of these acquisitions was not carbon removal, and the potential sequestration is considered a secondary benefit.

We have made preliminary estimations of potential CO₂-removals associated with forest areas under our ownership, based on currently available data and widely accepted modeling approaches. Over the coming year, we will strive to improve our accounting methodology and gain more insights into this area. Importantly, none of these CO₂-removals have been included in this year’s GHG-inventory.



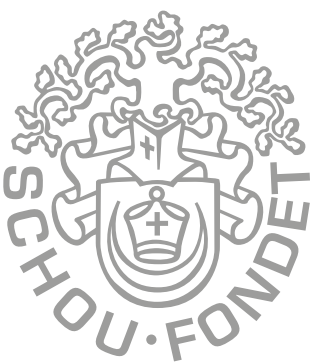


FIGURE 13:
Total scope 3 emissions are 291,797 tCO₂e in 2024,
of which purchased goods & services account for approximately 80%

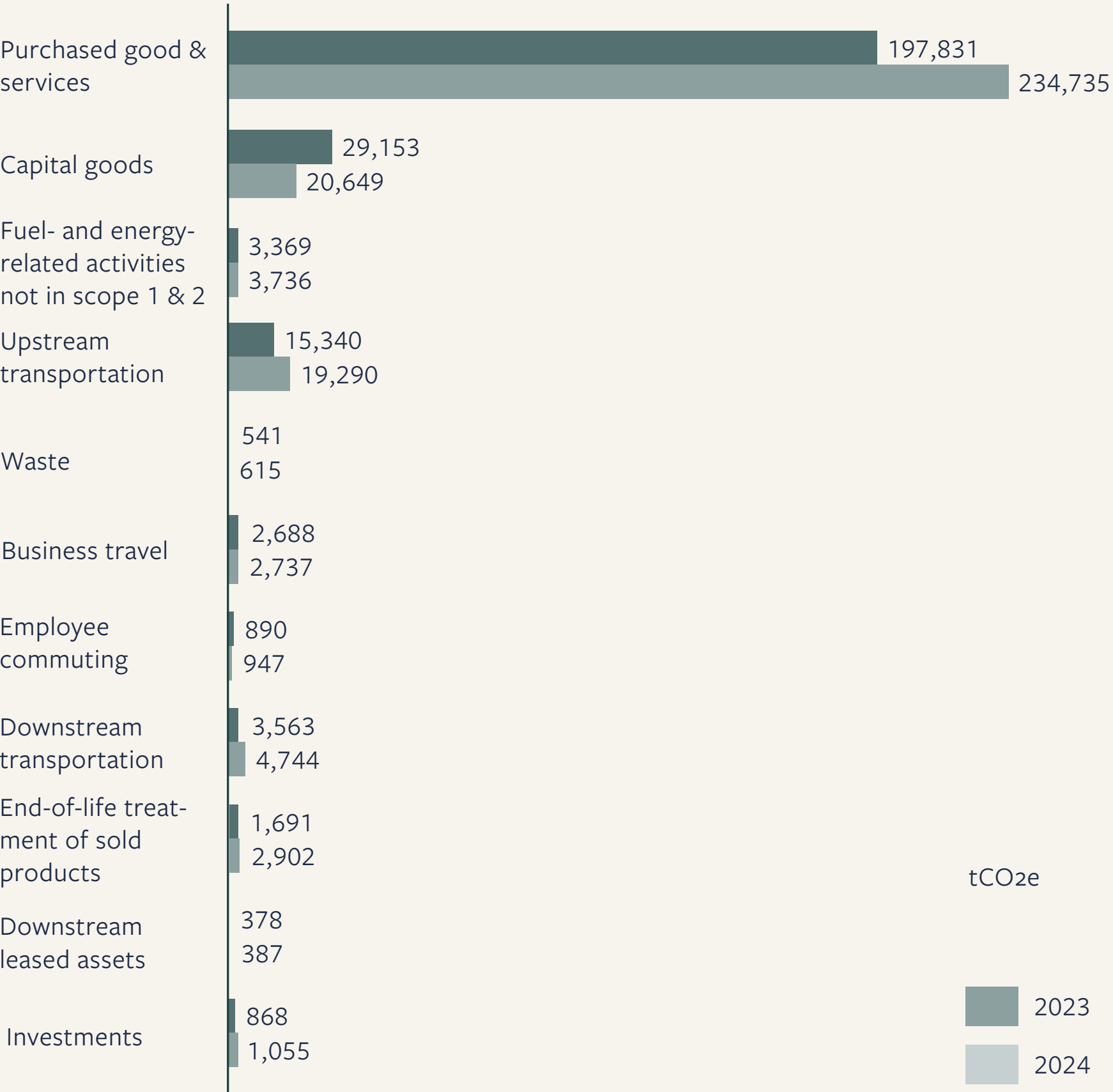
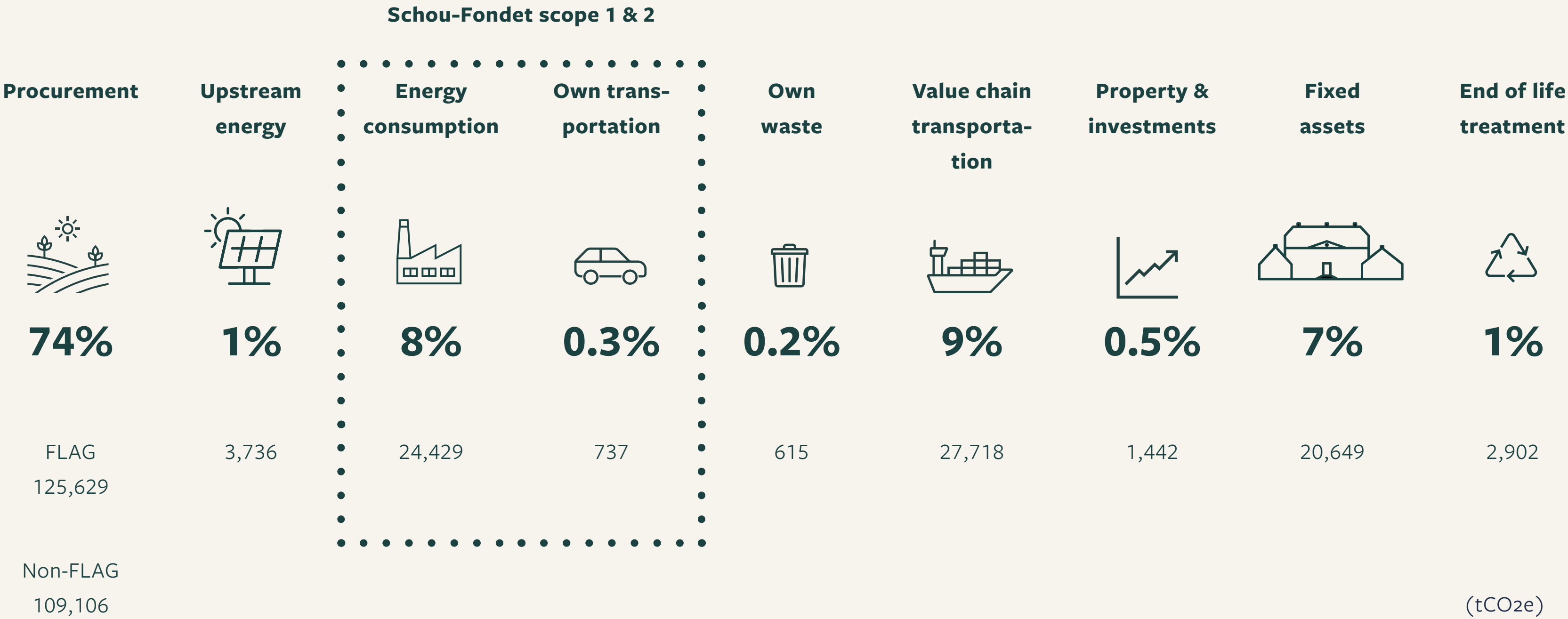
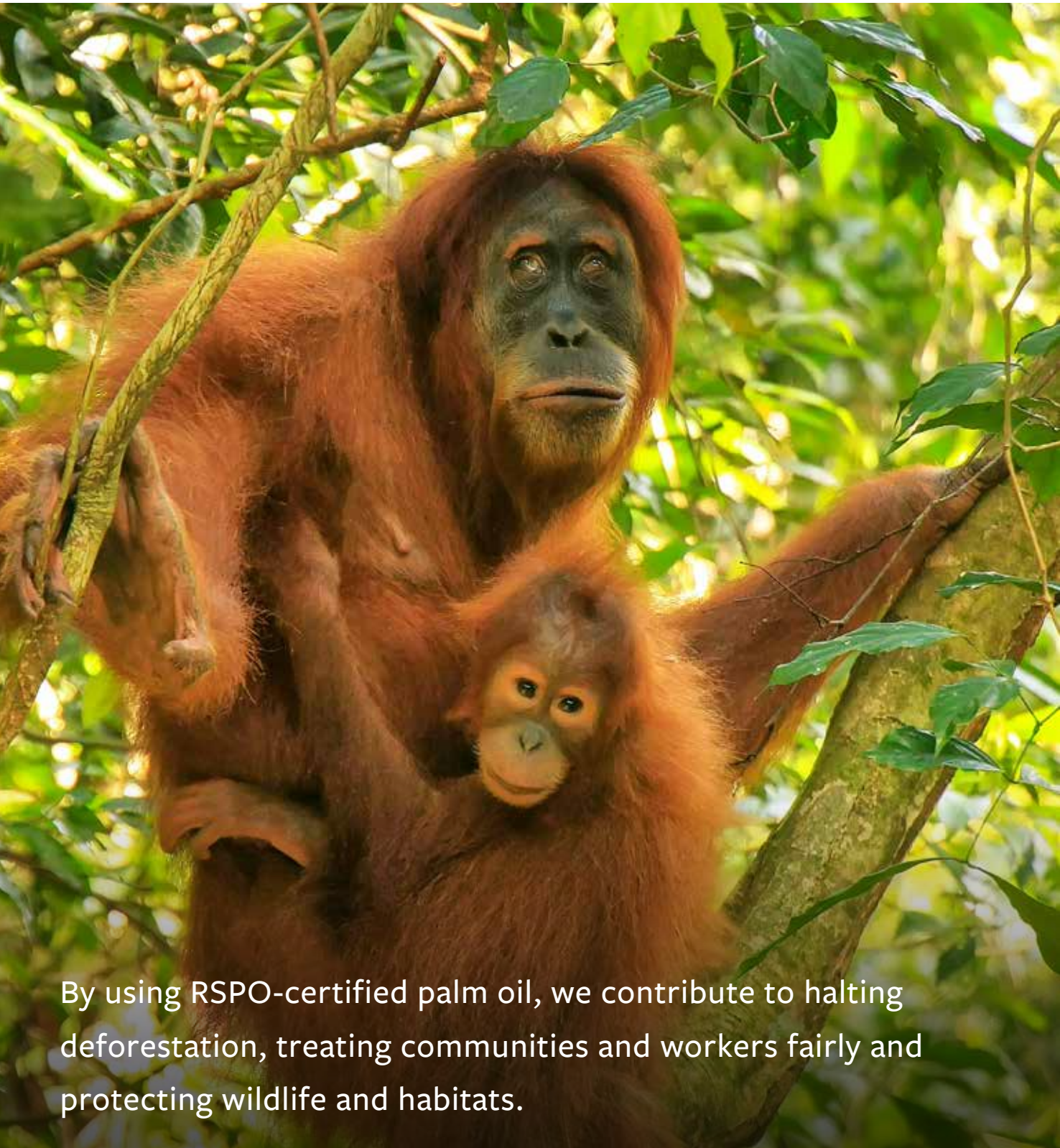




FIGURE 14:
Overview of 2024 Schou-Fondet activities in absolute numbers and approximate share of total emissions.





By using RSPO-certified palm oil, we contribute to halting deforestation, treating communities and workers fairly and protecting wildlife and habitats.

Responsible sourcing of raw materials

The largest single source of emissions is our sourcing of organic oils, of which palm oil is the biggest both in terms of quantities and CO₂e-emissions. These oils all derive from natural processes, the CO₂e-emissions are biogenic and the result of standard agricultural practices.

We fully recognise that palm oil in general has a negative impact on people and planet, including increased deforestation, loss of biodiversity and problematic working conditions in some palm oil plantations. However, as a high yielding crop per hectare, palm oil is also an important feedstock to meet the needs of a growing world population.

Palm oil remains a very important raw material in our production, and we are continuously working with stakeholders to reduce and mitigate the negative consequences of palm oil production. Since 2008, we have participated in the Roundtable on Sustainable Palm Oil (RSPO), and by using both RSPO segregated (SG) and mass balance (MB) palm oil, we support a more responsible production of palm oil. 63% of our palm oil procurement is certified with RSPO.

We make it a priority to offer a RSPO SG-certified product range for emulsifiers and we continue our research in non-palm alternatives and experiment with their implementation across our product range.

Transportation of raw materials and finished products

Upstream transportation of raw materials and downstream transportation of finished products remain a significant source of CO₂e-emissions. These transportation services are sourced from external suppliers, and the transportation industry does not yet provide solutions that both cover our transportation needs and make a measurable impact in terms of reductions in CO₂e-emissions. This is a general issue across all our markets.

However, we are currently analysing our current and future transportation needs as well as our procurement procedures. This also includes exploring the feasibility of making specific demands regarding emissions reductions from suppliers of transportation services.

Taking steps to reduce our impact

Mapping and calculating the full extent of our CO₂e-emissions across all three scopes have provided a detailed understanding of our climate impacts, and we are currently developing a comprehensive reduction roadmap to mitigate these impacts. The reduction roadmap will include concrete reduction measures for scope 1 and 2, including CAPEX estimates based on similar projects as well as a preliminary time schedule for implementation.

In addition, we are exploring the opportunity of committing to the Science Based Targets initiative (SBTi) which is a global framework for setting emissions reductions targets in line with what is needed to significantly reduce global warming. Supported by the UN, SBTi verifies and ensures the transparency and accountability of corporate reduction targets.

For us, committing to SBTi requires setting reduction targets across all three scopes and for both FLAG and non-FLAG emissions. This is in line with our ‘heart working’ commitment to reduce CO₂e-emissions and energy consumption, and we are currently assessing the implications, not least in terms of our relationship with our suppliers which must contribute to realising the targets.

We expect to be able to communicate further about our reduction roadmap and our possible commitment to SBTi during 2025.

Lowering the footprint of chocolate

Emulsifiers can contribute to significant savings of other raw materials with a negative environmental impact. For example, we work with some of the biggest chocolate manufacturers to reduce the environmental impact of cocoa farming. The farming of cocoa contributes to deforestation, and reducing the cocoa butter content of chocolate reduces the demand for this scarce resource.

Our own laboratory test show that our Palsgaard® AMP emulsifiers are twice as effective as lecithin in substituting the rheology effect of cocoa butter. As a result, you can reduce cocoa butter usage by up to 3% without compromising taste, quality or appearance. In other words, for every 10,000 metric tons of chocolate produced, it is possible to save up to 300 tons of cocoa butter and in doing so freeing up substantial areas of land from intensive farming.

We will continue to explore and pursue other similar opportunities in an effort to live up to one of our ‘heart working’ commitments: To support customers through R&D in minimising food waste, loss and scarcity.



Click on the image to play the video online or scan the QR code.



Plant-based ingredients as egg-replacers



In 2024, we kicked off a project with a potential for substantial CO₂e-reductions in the global food industry. Through the PIER project (Plant-based Ingredients as Egg Replacers), Palsgaard and Nexus are developing sustainable, plant-based alternatives to egg ingredients in collaboration with Aarhus University.

Backed by a DKK 25 million investment from Innovation Fund Denmark, the project aims to tackle global food system challenges by creating scalable, cost-effective solutions. Over the next four years, the goal is to launch at least three new products, enabling manufacturers to replace eggs with more sustainable and affordable plant-based alternatives, without compromising quality or functionality.

The PIER project aims to replace 10% of eggs used globally as ingredients, equivalent to 100,000 tons of eggs, potentially reducing CO₂e-emissions by 33%* and transforming the way the food industry approaches sustainability and resource efficiency.

*(Source: **Aarhus University**)





Pollution

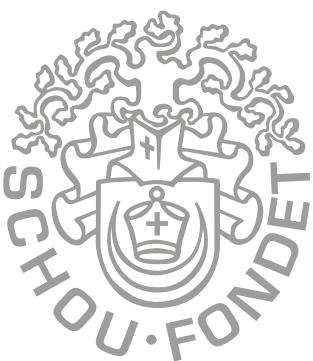
Our environmental policy provides a framework for managing potential negative impacts across our own operations related to pollution. Overall, the environmental impact from our production sites is regulated in the environmental permits given by local authorities, and we comply with all relevant regulation regarding prevention and reporting on potential or actual pollution across all our production sites.

Our products are primarily plant-based, but some chemicals are used in the production because they are necessary for the reaction process. We are continuously monitoring and improving our processes to ensure that the risk of pollution is mitigated. We recognise the need to explore this subject further and collect more data to establish a detailed understanding of our impact.

We expect this effort to lead to a revision of our environmental policy within the next 12-18 months months to include a specific focus on chemical use and potential reduction targets.

The agricultural business of Palsgaard Gods is operated in a conventional way, using fertilisers and pesticides within the legal requirements defined by Danish regulation. We are continuously striving to minimise our use of fertilisers and pesticides, and our efforts include ongoing monitoring of our leaching of nitrogen to nearby marine environments.





Water and marine resources

Fresh water is an important resource in our production processes, and we are aware that we have production facilities in parts of the world where water stress is a recurring and serious condition. Therefore, water efficiency measures and initiatives are being developed as a part of our ‘heart working’ commitment to cut resource consumption and waste and will be implemented in the next couple of years. We expect that this work will include a revision of our environmental policy to include specific reduction targets for water use.

In 2024, we withdrew 236,295 m3 of fresh water across all our production sites. This is equivalent to 3.2 m³ per ton of finished product. Global production volumes grew from 62,965 tonnes in 2023 to 74,718 tonnes in 2024.

Our focus on sustainable water management includes a separate focus on continuously optimising our wastewater treatment across all our production sites. In Denmark, we have for a number of years been experimenting with the implementation of a wastewater treatment facility which would allow us to collect our sludge, which contains significant quantities of grease, fats and oils, and produce biogas on-site at Juelsminde. The technology is considerably more expensive than a conventional

wastewater facility. It was decided to make the investment because the biogas could potentially displace conventional natural gas used in parts of our production and thus contribute to CO₂e-emissions reductions.

Unfortunately, stabilising the operation of the facility and the biogas production has been far more challenging than expected. The primary reason is that the overall composition of our wastewater fluctuates, especially in terms of grease and fats, in a way which makes it very difficult to continuously produce biogas in the estimated quantities. The facility went through major changes to accommodate these challenges, but in 2024 it was finally decided to shut the facility down permanently.

This is of course very disappointing but working with our local utility company in Hedensted Municipality we have learned important lessons about efficient management of our wastewater. Wastewater will still be treated on-site in Juelsminde, but the collected sludge will be sent to an external facility for biogas production and the biogas will be added to the national gas grid.





Biodiversity

We recognise that our products are plant-based, and as such we rely on a supply chain which include natural environments that are sensitive both in terms of climate change and a potential negative impact on biodiversity. This dependency is partly addressed in our environmental policy and implemented through our focus on responsible sourcing of raw materials as described above. This includes our participation in the Roundtable on Sustainable Palm Oil (RSPO).

We are also considering the need to develop a dedicated policy to manage potential biodiversity and ecosystems impacts and set specific targets and metrics for following up. At the moment, we are assessing the scope of this potential policy as well as the implications in terms of available resources across our organisation.

Also, by the end of 2025, EU’s Regulation on Deforestation-free Products (EUDR) will come into effect. Currently, we are mapping the potential impacts for our supply chain, and we are fully committed to implementing any necessary changes to comply with the new regulation.

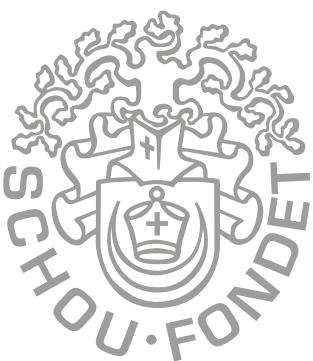
Reducing negative impacts from farming in Denmark

As mentioned above, the agricultural business on Palsgaard Estate is managed in a conventional way using fertilizers and pesticides only in quantities allowed by Danish regulation. We recognise that this practise results in a potential negative impact on biodiversity in and around Palsgaard Gods.

To mitigate this risk, 10.70 hectares out of a total of 625 hectares of farmland have been permanently taken out of normal operation and classified as a §3 protected grassland according to Danish environmental regulation. These are low-lying areas with an increased risk of leaching of nitrogen and pesticides to the marine environment. We fully support the goals of the Green Tripartite Agreement which was decided in Danish parliament in 2024 to further protect marine environments in Denmark, and we will continue to assess whether more farmland needs to be taken out of operation to live up to the long-term goals of the agreement.

On fields which are still being farmed, targeted catch crops are planted consistently, and pesticides are used in the lowest possible quantities to protect beneficial and other non-target organisms.





By no longer wrapping our IBCs, we have reduced our plastic waste by 874kg in 2024.

Resource use and circular economy

In 2024, we have begun the implementation of our ‘heart working’ commitment to cut resource consumption and waste, and a dedicated interdisciplinary work group has been assembled to focus specifically on this commitment. The purpose of the work group is to analyse our production processes and develop innovations which can be scaled up to make an impact across our whole business. There is no dedicated policy for this area, but in part this work is covered by our environmental policy, procurement policy and supplier code of conduct.

In general, we have two primary types of waste; production waste and conventional waste which is primarily packaging.

In terms of quantities, production waste is the biggest of the two types. Production waste is what remains when our raw materials, mostly plant-based oils, have been through a heating and distillation process to create a emulsifier solution. Already, we are able to recycle raw materials in several production cycles before sending the remains to be used as animal feed or for biogas production. To further increase the number of production cycles which raw materials can contribute to, we are exploring ways to redesign and rebuild our production processes and machinery.

This is challenging work, and in addition, we are currently mapping our waste streams across our production sites. This mapping is necessary to ensure both that we have a comprehensive understanding of the scope of the challenge and

will be able to set specific reduction targets. Overall, we are confident that we can reduce our waste quantities in selected categories significantly within a reasonable timeframe.

For conventional waste, primarily packaging, we are ready for the implementation of the Extended Producer Responsibility (EPR) which will extend our responsibility for managing and reducing the quantities of packaging used in our production. In addition, we have taken steps to reduce our use of packaging, removing for example the plastic wrap around the Intermediate Bulk Containers (IBCs) used for shipping our products. The wrapping was primarily used for attaching necessary labelling to the IBCs, but we have found alternative ways to label containers and in doing so, making the wrapping obsolete. This new procedure has reduced our plastic waste by 874kg in 2024.

Many of our products are transported in IBCs, but we are also experimenting with a newly developed type of packaging which is a container made of soft plastic encased in cardboard. This solution will reduce our use of plastics and other materials further and is currently being tested with selected customers.



Waste quantities in 2024

In 2024, our total waste quantities increased by 24% compared to 2023. In the same period, our production volumes also increased but not at the same rate. Variations in production waste quantities should be expected because different product types generate varying quantities of waste. We consider the minor increase in 2024 compared to 2023 to be caused by variations in product mix during the year.

FIGURE 15:
Overview of waste quantities in 2024 compared to 2023.

	2023	2024
Conventional waste, tons	2,723	3,577
Production waste, tons	5,099	6,150
Total waste, tons	7,822	9,727
Production volumes, tons	62,965	74,718
Total waste per unit produced, %	12	13



Accounting policies for Environment

GHG inventory

In line with our commitment to sustainability and transparency, our greenhouse gas inventory has been developed in accordance with the Greenhouse Gas Protocol (GHGP), including the Land Sector and Removals Guidance, and aligned with the Science-Based Targets initiative (SBTi) FLAG guidelines. This approach ensures that our GHG accounting practices are in compliance with internationally recognized standards and reflect best practices in emissions reporting.

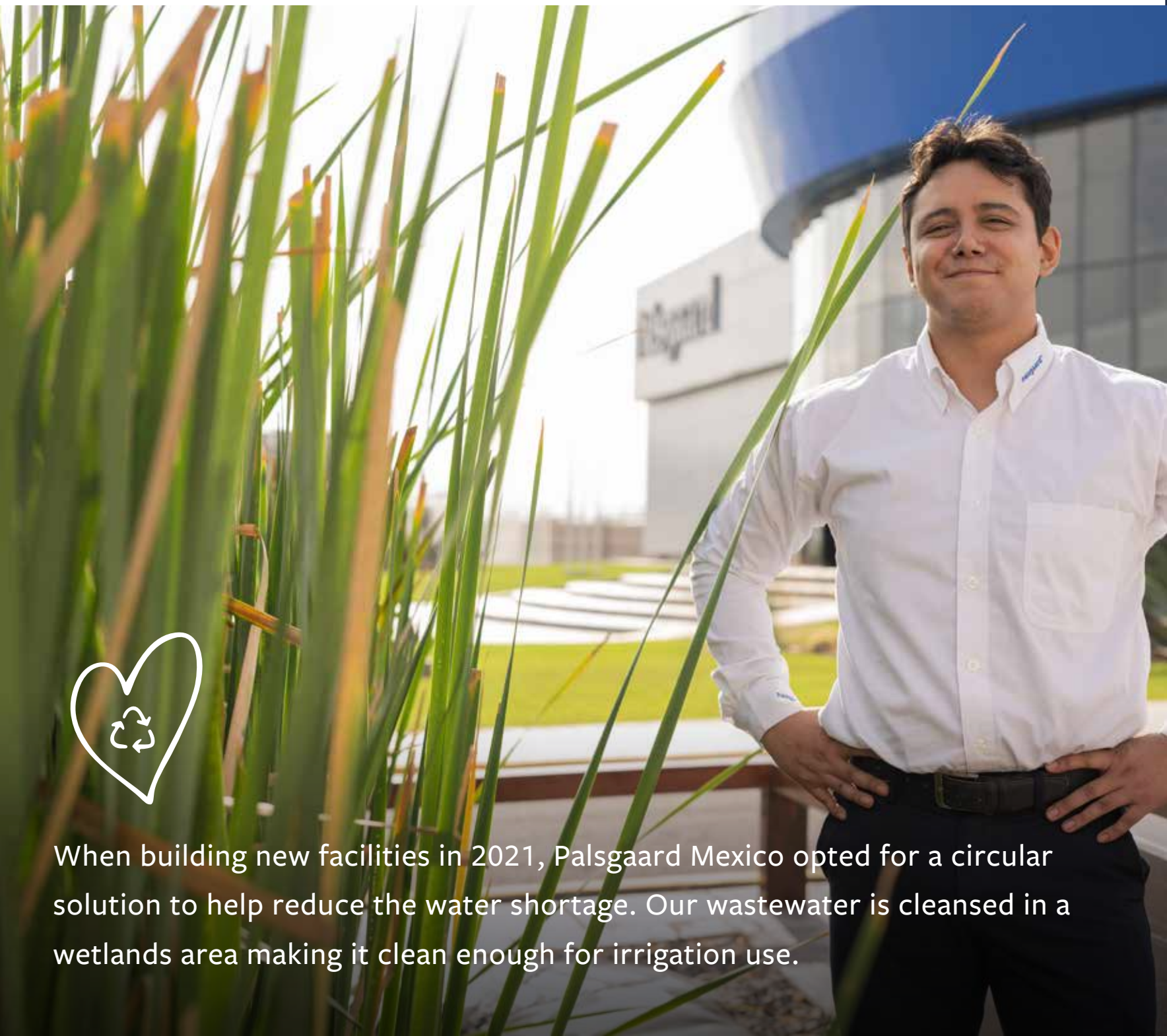
The scope of our GHG inventory covers all relevant direct and indirect emissions, categorized into three distinct scopes: Scope 1 (direct emissions from owned or controlled sources), Scope 2 (indirect emissions from the consumption of purchased electricity, steam, heating, and cooling), and Scope 3 (indirect emissions from our value chain). We have defined the organizational boundary in line with the financial control approach to align with our current financial reporting as well as the GHG reporting.

Our primary data sources are mainly activity data, combined with spend-based data where no activity data has been available. Data has been collected primarily from production sites, supplemented by information from select additional facilities within our operations. A significant share of the GHG inventory is based on extracts from our ERP-system, internal monthly data

collection sheets on energy and waste, financial system, and HR system on procurement of raw materials, which have been matched with relevant emission factors. For smaller locations, which contribute a minimal share of total emissions, activity data was extrapolated based on operational patterns from similar locations within the company – e.g. what is the average electricity usage pr. employee, at locations with similar activities. Such extrapolation relates to electricity consumption, waste and business travel for smaller location, which only relates to a small fragment of Schou-Fondet’s operations.

As part of the comprehensive assessment of Scope 3 emissions, we screened all 15 GHG Protocol categories for relevance. 11 categories were identified as material to our business operations.

To maintain the integrity and reliability of our inventory, data collected was reviewed and compared with the previous year. This process was designed to ensure consistency, transparency, and alignment with the GHG Protocol and SBTi FLAG guidelines. This year marks the first year a full scope 1-3 GHG inventory was conducted for all of Schou-Fondet. As such, we acknowledge some uncertainty regarding specific data sources. In relation to this, we also acknowledge that raw materials have been categorised on an aggregated basis, as many intermediate products used in our production do not have specific emission factors yet. We will continue to refine and expand the scope



When building new facilities in 2021, Palsgaard Mexico opted for a circular solution to help reduce the water shortage. Our wastewater is cleansed in a wetlands area making it clean enough for irrigation use.



Palsgaard A/S procures certified green electricity from Nordic hydropower plants.

of our data collection and matching with more precise emission factors in future reporting periods as we enhance our systems and collaborate further with supply chain partners.

Emission factors used to convert activity data into greenhouse gas estimates were sourced from internationally recognized and scientifically robust databases, including EXIOBASE, EcoInvent, DE-FRA, IPCC, CarbonCloud, Climate Transparency, and country-specific sources where applicable. These factors were selected based on their relevance, reliability, and alignment with the latest methodologies. The use of these established data sets supports the consistency, transparency, and comparability of our emissions reporting.

This GHG inventory serves as a cornerstone of our sustainability efforts, providing us with the critical information needed to track, manage, and reduce our emissions in line with our environmental goals. The GHG inventory was developed in collaboration with external consultants from Viegand Maagøe.

Fresh water in m³

Water consumption has been measured on the basis of meter readings, invoices or estimates where rainwater is used as technical water for Palsgaard A/S.

Conventional and Production waste (tons), and Total waste per unit produced, %

Waste data is gathered from invoices and monthly collection reports on site level. Data is comprised in monthly reports, which are collected at Palsgaard DK.

Total waste per unit produced in %

Waste data is gathered from invoices and monthly collection reports on site level. Data is comprised in monthly reports, which are collected at Palsgaard DK.



Social information



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Social information

Since 1908, Palsgaard’s values of loyalty, responsibility, and commitment have been key to our success. We care deeply for our colleagues, their families, and our communities, fostering a culture of respect and support. This people-centred approach is embodied in our company motto ‘heart working people’ which is further supported by our ownership model. The statutes of Schou-Fondet specify that Palsgaard must be a great place to work at, and this obligation extends to all companies owned by Schou-Fondet.

Four ‘heart working’ commitments are the primary focus of our ESG-strategy. Three commitments have already been introduced in the chapter with environmental information. The fourth commitment is:

To put safety, health and well-being first and to have high standards for human & labour rights

In practice, this means continuously working to maintain a strong workplace culture with the highest possible degree of physical, mental and social well-being of all employees. In addition, we strive to cultivate a comprehensive safety culture, optimising health and safety for our employees, guests and stakeholders, and ensuring that everyone gets home safe every day.





Material policies

The overall target of the Employee Policy is to ensure a safe, secure and stimulating workplace for all employees. Our priorities are:

- Health and safety
- Knowledge sharing and education
- Equality and non-discrimination
- Transparency and communication

Actions related to the above priorities are further described below as well as in the governance chapter. Our Employee Policy is supplemented by a Stress Policy which is available to managers and employees via our intranet, but the content is not shared with external stakeholders.

Occupational Health and Safety is covered by a separate policy which includes the following overall targets:

- Compliance with relevant legislation, standards and internal procedures
- Eliminate accidents and prevent occupational diseases
- Improve competences and training
- Continuously monitoring and communicating on health and safety
- Continuously improving our safety culture

Actions related to the above priorities are further described below.

We are committed to deliver high quality products and services to our customers by complying with the ISO 9001 and FSSC 22000 quality standards and deliver on our food safety and quality objectives. Our Food Safety and Quality Policy outlines our priorities which are:

- Producing safe products, controlled through risk assessments and risk management of our processes
- Ongoing training of our employees who handle food safety and quality-related tasks
- Ensuring internal and external communication when relevant
- Striving to continually improve our quality management system
- Ensuring compliance with locally required food safety and quality legislation and standards

Actions related to the above priorities are further described below.

Own workforce

Our team is a tight-knit group with many of our colleagues staying with us for many years. In fact, we're proud to say that since 1933 more than 300 of our exceptional colleagues have been awarded the Palsgaard Medal for 25 years of service.

Of course, this loyalty is something we must never take for granted, and we go a long way to ensure the growth and well-being of our colleagues. This includes fair wages to match the cost of living and comprehensive employment benefits such as health insurance, life insurance, paid maternity leave, pension plans and one extra week of vacation for all employees globally. Our goal is that all colleagues should maintain a healthy work-life balance.

Palsgaard People Surveys have been conducted since 2006 at all locations through an independent company, Ennova. Using Ennova ensures that results can be compared with other global businesses via the Global Employee & Leadership Index, GELx. As an addition to our large biennial survey, we have added a shorter "pulse" survey in intermediate years including 2024. This provides a good reference point for the indication of progress made on corrective actions resulting from the larger survey.

Our Palsgaard People Survey Pulse had a response rate of 88% in 2024 and results indicated a significant positive change for Schou-Fondet as a whole with +4 points at 81/100 points in overall Satisfaction & Motivation. We are proud of this result, which means that we are among the best 10% for manufacturing businesses with 300-2.000 employees. For loyalty, or willingness to recommend, the result is unchanged at 81/100 points. We have

continuously implemented initiatives based on the findings of the surveys, working to lift our results across Schou-Fondet's activities.

FIGURE 16:

People surveys, Ennova GELx



Since 1933, Palsgaard has awarded a silver medal to team members who have been with us for 25 years. In 2024, we reached a mile stone as medal number 300 was awarded to Regional Area Manager, Arne L. Nielsen.



As a long-standing Sedex-member, we are also committed to regular Sedex Members Ethical Trade Audits (SMETA). These audits are used to assess and monitor ethical and responsible business practices, and it is important for us to have an independent third party to validate that we are in compliance. In 2024, we had 8 findings at our production site in the Netherlands, and they are subject to follow up auditing in 2025. In addition, we had 2 findings in Denmark and 4 in Brazil. These have all been closed in 2024.

We have a continuous focus on additional leadership training to make sure that all people leaders are well equipped to actively build trust and increase employee engagement and well-being. This includes a strengthened focus on retention strategies, recognition programs, and personal development dialogues (PDD) – all supported by a targeted effort to gain a deeper insight into the competencies, performance, behaviours and potential of our colleagues. Taken together, these initiatives contribute to ensuring that we have a motivated, highly skilled workforce which support our long-term business success.

Finally, we are happy to announce that in 2024 we managed to reach our target of having no more than 6% voluntary resignations across all our locations. We feel a strong obligation towards all our colleagues, and we

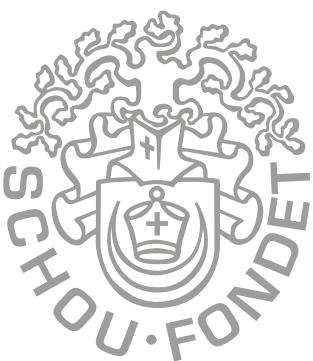
consider this achievement to be a validation our progress on developing an attractive and people-centred workplace culture.

Taking a personal interest

We recognise that the well-being and individual needs of our employees are essential to maintaining a strong and sustainable workforce. Rather than applying a one-size-fits-all approach, we strive to ensure that individual life choices and situations are handled as a part of the career and not considered an interruption, a compromise or even a sacrifice. We focus on accommodating the specific needs of individual employees to facilitate an inclusive and supportive work environment.

This approach includes:

- **Gradual return-to-work programs:** Employees who have been partially absent due to illness or injury are supported through structured reintegration programs, allowing them to gradually increase their working hours and responsibilities at a pace that suits their recovery.
- **Customised employment contracts:** We strive to offer employment terms that take into account individual capabilities, such as adjusted working hours or physical work limitations due to health conditions.



- **Flexible employment contracts:** Where possible, we provide opportunities for employees to adjust their work schedules to better balance health, family, or other personal circumstances.

By proactively addressing these individual needs, not only do we mitigate risks related to long-term absenteeism and workforce disengagement but also create opportunities for employees to remain active and valuable contributors to our business. This approach enhances job satisfaction, employee retention, and overall workplace well-being.

However, we also recognise that implementing this approach consistently across all our global locations presents challenges due to cultural differences and varying workplace norms. In some regions, adapting to a more flexible and individualised way of working requires a shift in mindset and operational practices. As a result, we see a need to further develop and embed these principles globally, ensuring that all employees, regardless of location, experience the same level of support and inclusion.

For example, in 2024 we have introduced a Family Care Leave Policy for our production site in Malaysia. This policy includes paid leave for full time employees to take care of a family member in need during critical illness. More specifically, full time employees are eligible for 6 days of family care leave every year, and the 6 days are divided into 2 periods of 3 days in the first and second half of the year respectively. The new Family Care Leave Policy has been well received, and we are looking forward to reviewing the impact during 2025 together with a global benefit review across all our locations.

Implementing a people-centred workplace culture is made more challenging by our continuous growth. In 2024 alone, we made 136 new hires across all our sites, and we expect to hire many more in the years to come. To ensure that our unique workplace culture is maintained, we have developed an ambitious onboarding programme, where new employees are given a detailed introduction to our strategy and culture and are assigned a mentor which provides individual support during the first months. The onboarding process is further supported by our People & Culture department which is always available to assist and advice on any work-related issues.

New Chief People and Culture Officer in Palsgaard A/S

At Palsgaard, we’re always looking for the next person to join our global team of ‘heart working’ people, and maintaining a strong workplace culture is an important priority for us. In 2024, we took this commitment one step further and we are proud to introduce Janet Ross as our first Chief People and Culture Officer. Janet is a part of our executive leadership team and is responsible for further developing Palsgaard as an attractive and inclusive workplace for both existing team members and potential new colleagues. Janet has worked in multiple countries and before joining Palsgaard, Janet worked for The LEGO Group in senior HR positions for 13 years, and she has also worked for Novo Nordisk and Implement Consulting Group.



JANET ROSS
Chief People & Culture Officer, Palsgaard A/S

Diversity in management

The boards of Schou-Fondet, Palsgaard Gods A/S and Palsgaard A/S are identical and consist of 3 men and 2 women, which means that the boards consist of 40% women and 60% men. This complies with the target of 40% for the under-represented sex.

In 2024, executive management consists of 2 women and 4 men. Other management levels consist of 27 women and 77 men. As a part of our ‘heart working’ commitment to put safety, health and well-being first and set high standards for human & labour rights, we are committed to continue to foster diversity, equity, and inclusion across all levels of leadership and management within our organisation. We are currently evaluating relevant initiatives, and our progress will be further described in next year’s report.

Working to promote pay equity

Currently, we only have relevant salary data for our colleagues in Denmark, where the number of employees in identical roles is sufficient to conduct meaningful comparisons. Recognising the importance of comprehensive reporting, we are actively working to categorise our various job functions across the organisation. The outcome is a thorough analysis of compensation data for all employees, enabling us to identify and address any potential disparities.

Also, EU’s Pay Transparency Directive, effective from 2026, will mandate companies with over 100 employees to publish data on gender pay gaps. We are committed to aligning with the directive and are implementing the necessary processes to ensure compliance and promote pay equity throughout our organisation.



Arezoo’s journey to success

In 2024, Arezoo Arian, laboratory technician in our research department Nexus, won the DI Syd-østjylland (Danish Industries Southeast Jutland section) Apprentice Award. The award was presented at the DI Sydøstjylland Business Meeting on April 9, 2024, where Arezoo was honoured for her exceptional contributions in both professional and social aspects.

With an atypical background as a physician from Iran, Arezoo took a bold step by pursuing a new career path as a laboratory technician in Denmark. Her hard work and enthusiasm have resulted in outstanding grades and a deep understanding of her field. Her initiative, including a direct phone-call to the CEO of Nexus, Claus Hviid Christensen, secured her a coveted apprenticeship at Palsgaard and Nexus, where she has continued working after her apprenticeship ended.

Arezoo is a true ‘heart working’ colleague, and her efforts serve as an example of what can be achieved through determination, a positive attitude, and unwavering determination.

Health and safety is something we do for each other

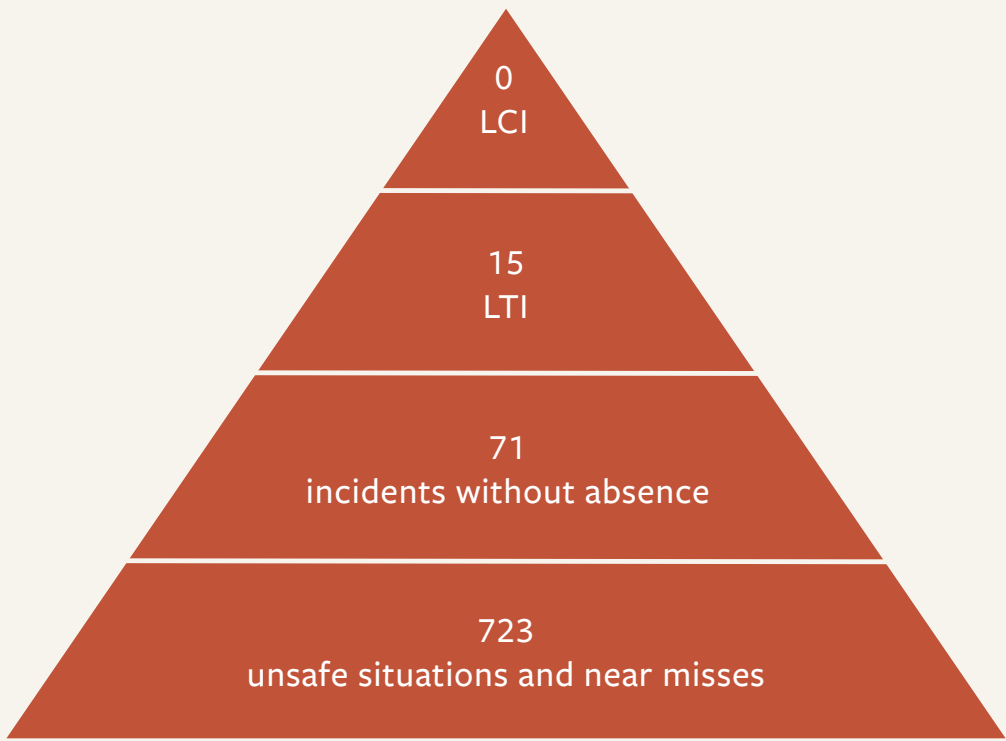
In many of our production processes, our colleagues must operate large machinery and handle substances at high temperatures. It is our responsibility to do everything we can to eliminate or minimise risk in every corner of our business, and one accident is always one too many.

Health and safety remain a top priority because our colleagues are our greatest asset. Coming to work every day must never be considered dangerous, and safety rules are always followed, even if it means that work is slowed down.

Across all our production sites we have implemented a procedure for reporting unsafe situations and near misses. Based on our intranet, we invite all colleagues to contribute, and in 2024 we received 723 such reports. At our site in Denmark, we have an additional procedure for reporting technical errors or malfunctions which may lead to unsafe situations, and these are not counted among the 723 incidents. Overall, we are convinced that this procedure contributes to raising awareness about health and safety among our colleagues, and we consider the relatively high number of reports as confirmation of this.

Unfortunately, despite this ongoing effort, we have experienced an increase in our accident rate in 2024 compared to 2023. We had no incidents with life changing consequences (LCI), but our rate of lost time incidents (LTI) went from 5 in 2023 to 15 in 2024. In addition, we had 71 incidents without absence in 2024.

FIGURE 17:
Overview of health and safety incidents globally in 2024.



Emmanuel, 8 years old, loves playing football and watching movies

Health & safety is something we do for Liliana in logistics

(and her son, Emmanuel)

Visit our Palsintra page for the latest health & safety news



Considering that our target for LTI is zero, our performance in 2024 is clearly not satisfactory, and this is a challenge we take very seriously. In 2024, we started work on a global health and safety strategy which will include specific measures to reverse this negative trend as well as targets and key performance indicators to enable us to track progress including proactive lead indicators for the Extended Leadership Group. We expect to communicate further about this important subject on our website during 2025 and in next year’s report.

In 2024, we have also implemented a new health and safety campaign under the headline ‘Health and safety is something we do for each other’. The campaign is designed to continuously remind our colleagues that health and safety procedures are not simply a matter of regulation and protocol. Health and safety procedures contribute to ensuring that everyone will be able to go home to their families at the end of the workday. This is a mutual responsibility, and we encourage everyone to be aware and report any unsafe situations and near misses via our intranet, as described above.

FIGURE 18:
Lost time incidents 2023. vs 2024.

	2023	2024
Lost time incidents (LTI)	5	15



New Global Environment, Health & Safety Director in Palsgaard A/S

One accident really is one too many, and therefore we are happy to announce that in 2024 Rikke Dencher Aagaard became our new Global Environment Health & Safety Director. Rikke’s work experixence include a position as Global Environment, Health & Safety Director at Danish Crown as well as Head of Inspection positions at the Danish Veterinary and Food Administration and the Working Environment Authority in Denmark and caseworker at the Danish Environment Protection Agency. In other words, Rikke is hand-picked to further develop our focus on a comprehensive safety culture and a strong environmental record.



RIKKE DENCHER AAGAARD
Global Environment Health & Safety Director, Palsgaard A/S



Information on employees

In Denmark, 45% of employees are covered by a collective bargaining agreement. This is not measured in our subsidiaries. We ensure that all employees are paid at or above the minimum wage, according to legislation. We always try to accommodate employees’ different needs by being flexible in offering part-time positions. All employees have the right to parental leave. We also offer an additional one week of paid vacation on top of what is set by local regulations.

FIGURE 19:
Employee overview.

Full-time	727 employees	96%
Part-time	30 employees	4%

All locations	757 employees	100%
---------------	---------------	------

Region	Number of employees	% of employees	Number of employees ¹	% of employees ¹	People manager ¹	Average age	New hires ¹
Europe	473	62	182/291	38/62	17/44	47.56	32/45
Americas	145	19	66/79	45/55	5/14	39.26	9/14
Asia	133	18	36/97	27/73	5/17	37.50	11/25
Africa	6	1	2/4	33/64	0/3	40.83	0/0
Total							

1. Women/men





Workforce in the value chain

We are committed to uphold human rights across our workforce and ensuring a safe, fair, and inclusive work environment. This commitment includes workers in our value chain. We have established clear procedures to prevent and address any potential human rights impacts through our whistleblower system.

Workers in our value chain have multiple channels to raise concerns, including direct communication with management, our People & Culture department, and employee representatives. In addition, we have a formal ethics hotline (whistleblowing) system in place to ensure that any issues related to human rights, working conditions, or ethical concerns are handled anonymously if needed, promptly and fairly.

We have implemented a Procurement Policy, Supplier Code of Conduct and a Responsible Sourcing Programme which also have a specific focus on working conditions in the value chain. This is further described in the governance chapter of this report under the headline ‘Management of relationships with suppliers’.

Our workforce policies are aligned with internationally recognised standards, including the UN Global Compact and the UN Guiding Principles on Business and Human Rights, and we are members of the International Labour Organization (ILO). Our commitment to ethical and responsible business practices is further reinforced by our Sedex membership and SMETA (Sedex Members Ethical Trade Audit) and ISO certifications, which help ensure compliance with international labour rights, fair working conditions, and human rights principles.

It is important to emphasise that at the moment we do not have a specific policy for actively monitoring and following up on working conditions in the value chain. We recognise that we need to commit more resources to this subject, and we are currently assessing the implications and potential scope of a dedicated policy to manage our impact on workers in the value chain.



Affected communities

We affect communities in different ways. One element is our sourcing of raw materials in the value chain. More specifically, these are communities situated near plantations and production facilities where our raw materials are grown and further processed before entering our own production process. In some places, these communities may include indigenous people. We have, however, not identified any affected communities with special characteristics or living in physical or social contexts which lead to an increased risk of negative impacts.

We do not have a specific policy to address affected communities and the potential impacts. The subject is covered in part by our Environmental policy, Supplier Code of Conduct and Responsible Sourcing Programme which are described elsewhere in this report. Furthermore, we have participated in the Roundtable on Sustainable Palm Oil (RSPO) since 2008, and by using RSPO SG and MB certified palm oil, we contribute to improving standards on topics such as human rights, child labour, freedom of association and collective bargaining as well as indigenous people's rights.

For affected communities living near our own production facilities, we assess our impact to be mostly positive. We provide job opportunities with a high degree of job security, healthy and safe working conditions, a salary which matches the cost of living as well as comprehensive benefits as described above.

In addition, our emulsifiers contribute to addressing issues regarding food scarcity and food waste. In some regions of the world, many people are still struggling to ensure access to nutritious meals on a regular basis.

Often, this is further exacerbated by not being able to keep food properly cooled. In richer parts of the world, far too much food is wasted before it goes bad, mainly because it stops looking fresh and attractive after a couple of days in the refrigerator. These are challenges which our range of food-grade emulsifiers and stabilisers can help tackle. Our products increase the shelf-life and keep food looking fresh for a longer time, and in doing so contribute to reducing food waste.

Surplus lunch sold to support PlanBørneFonden

Indirectly, we seek to provide a positive impact through our long-standing support for PlanBørneFonden which is part of Plan International, an international NGO which works with children, supporters and partners to strive for a world with more justice and equality. For more than 10 years, we have donated a yearly sum of 50,000 DKK directly to PlanBørneFonden.

This is supplemented by a scheme where our colleagues in Juelsminde can buy surplus food from the lunch buffet to take home for dinner. The cost is 15 DKK for a container, and the sum is donated in full to PlanBørneFonden. In 2024, more than 36,000 DKK was collected through this scheme, which is enough to sponsor 15 children which are given the opportunity to get a technical education, an apprenticeship or a microloan and support for starting their own business. Not only does this make a concrete difference in the lives of these children, but it also contributes on a small scale to realising our 'heart working' commitment to cut resource consumption and waste.



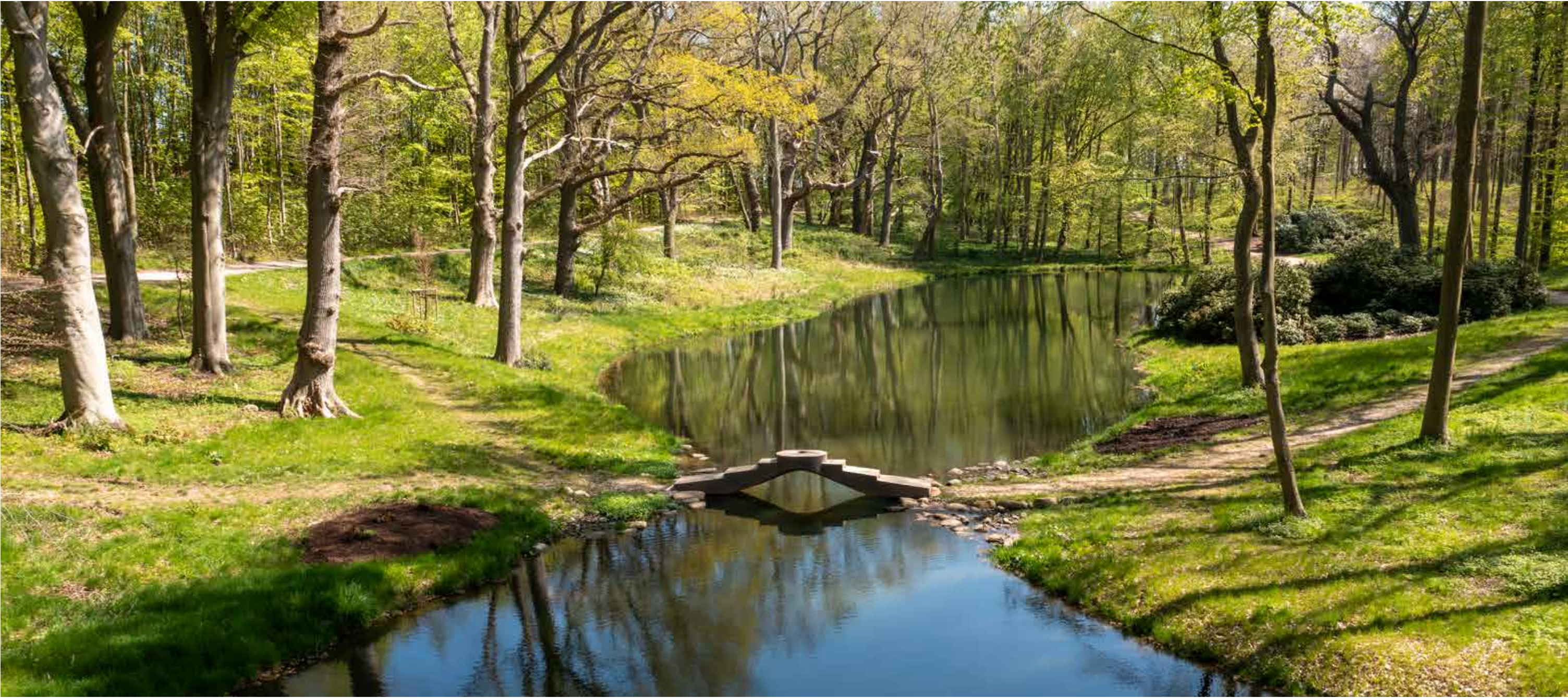
Palsgaard has sponsored PlanBørneFonden for more than 10 years. This is in addition to the sum donated by our employees through our surplus food scheme.

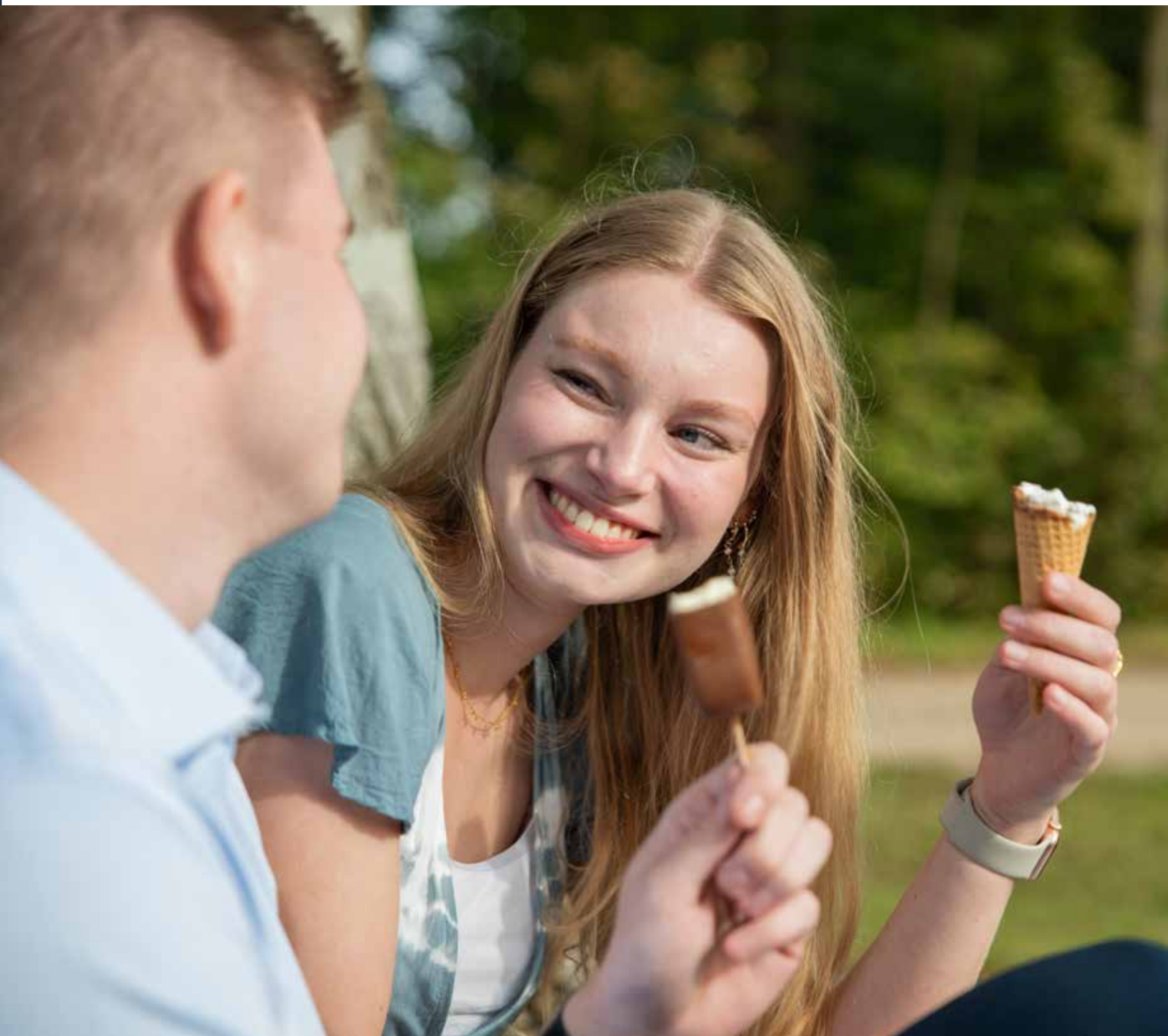
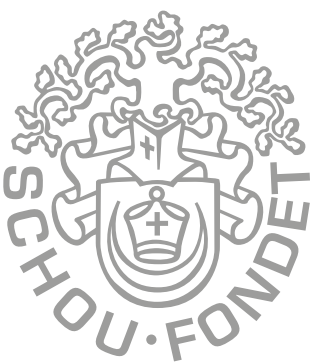
Our strong foundations in Juelsminde

In and around Juelsminde, where Palsgaard was founded in 1919, our positive impact is more profound. Schou-Fondet, and the companies it owns, continue a tradition of behaving responsibly towards local communities and the environment. Palsgaard is a source of pride for the local community, and we have several examples of generations of local families coming to work for us.

The Palsgaard estate itself is open to the public, with its vast parklands ornamented by the art of internationally acclaimed sculptors, including works by Bjørn Nørgaard, Hanne Varming and Sophia Kalkau. And each year, an open-air summer play attracts thousands of visitors. Palsgaard Gods A/S also includes sustainably managed forests which are open to the public and provide considerable recreative value for the local community.

To provide guests to the park with a better visitor experience, we launched the website [palsgaardgods.dk](#) in 2024, sharing insights on the history of Palsgaard and info on the sculptures and rare plants found there.





Consumers and end-users

Operating in a business-to-business market, we do not sell products directly to consumers and end-users. Our engagement with consumers and end-users happens through our customers, which supply finished products to the market. As such, it is our assessment that we do not have a material impact on consumers and end-users, and we do not have a specific policy or procedure for engaging directly with these groups.

This does not mean that we do not seek feedback and insights from consumers and end-users. Insights are collected through direct customer interactions, market research and structured data management. Our sales and application specialists conduct many customer visits annually. We engage with more than 900 customers across 125 countries, and they provide valuable end-user feedback and insights on market trends.

This is supplemented by online market analysis platforms such as Innova which help us to map and understand consumer megatrends. Finally, we also engage directly with credible industry proxies such as industrial associations and advocacy groups to ensure a broad and comprehensive perspective which also include the views of vulnerable and marginalised consumer groups.

Customer interactions and feedback are recorded in our customer relationship management (CRM) system with data being saved for a minimum of five years. The effectiveness of this engagement process is continuously reviewed through structured reporting to our executive leadership team. This ensures an ongoing focus on identifying potential market challenges and implementing solutions to improve both customer and consumer satisfaction.

Food safety is everyone's business

As a trusted supplier to the global food industry, we are obligated to have a strong focus on food safety and quality standards across our value chain and in our production. We are very proud that we have never had a food safety recall anywhere in our business, and it is among our highest priorities to maintain this record.

Our procedure for following up on our own suppliers is described in the governance chapter of this report, and this procedure also includes issues regarding food safety.



Our production sites in Denmark, Malaysia, the Netherlands, Mexico, Brazil and China have ISO 22000/FSSC 22000 6.0 certifications. In Denmark, Malaysia, the Netherlands and Mexico we have ISO 9001 certifications. These certifications are a validation of our detailed management system for managing food safety and quality including traceability. Our management system includes comprehensive manuals to guide our colleagues in all business units and ensure that all potential issues are identified and handled before any finished product leaves our production sites. Our colleagues are continuously trained in following and implementing the procedures, and we are striving to remain at the forefront by prioritising ongoing improvements.

Increased focus on food safety culture

In 2024, we had 11 food safety incidents which included 3 major incidents which led to delays in delivery and disposal of products for animal feed and biogas production. Fortunately, no food safety recall was needed. However, one led to a RASFF (Rapid Alert System for Food and Feed) sales stop while the other two were handled internally. Avoiding a food safety recall is very positive and a confirmation of the strength of our procedures, but we recognise that our record in 2024 is unsatisfactory. An additional focus on food safety culture has been included in our food safety and quality development goals for 2025.

Also, in 2024 we launched a food safety campaign under the headline ‘Food safety is everyone’s business’. The campaign was launched on WHO’s World Food Safety Day in June, and the purpose was to raise additional awareness about the importance of following procedures and highlighting how small everyday actions are very important for maintaining food safety.

Finally, in 2024 we have upgraded our procedure for handling complaints from customers. Our colleagues have been trained in the new and upgraded procedure and implementation is ongoing. The purpose is to ensure that our customers receive feedback on complaints as soon as possible and that any refund or replacement product is delivered promptly. Furthermore, improvements include additional focus on identifying and mitigating the root cause of complaints, and we have a specific KPI regarding customer complaints which is followed monthly.

FIGURE 20:
Food safety recalls 2023. vs 2024.

	2023	2024
Food safety recalls	0	0



Food Safety is everyone’s business!

At Palsgaard, we are proud to say that we've never had to recall a product.

We are committed to contributing to a world where everyone has access to safe food. Learn more on PalsIntra and see how we are supporting World Food Safety Day 2024.



Food fraud

We comply with the FSSC 22000 standard, which addresses food fraud, and our raw material quality control involves highly specialised and detailed analyses, see further information about supplier management in the Governance chapter and food safety procedures above. Our finished products are checked for compliance with functional and chemical specifications defined for the product. However, in 2024 we have experienced examples of fraudulent copies of Palsgaard products being observed in parts of Asia. We take these incidents very seriously and continue to follow-up with our local subsidiaries and authorities to avoid additional incidents.

FIGURE 21:
Reported instances of suspected or actual food fraud 2023. vs 2024.

	2023	2024
Reported instances of suspected or actual food fraud	0	2



Accounting policies for Social information

Palsgaard People Surveys

– Satisfaction and motivation

A survey conducted to measure satisfaction and motivation of all employees across all locations globally. The survey is conducted through an external and independent company, Ennova. The survey contains 17 questions across 6 topics.

People surveys

- Loyalty, willingness to recommend

A survey conducted to measure the loyalty and the willingness to recommend of all employees across all locations globally. The survey is conducted through an external and independent company, Ennova. The survey contains 17 questions across 6 topics.

Sedex Members Ethical Trade Audits (SMETA).

Third-party audits used to assess and monitor ethical and responsible business practices.

Life changing incidents (LCI)

The total number of work-related incidents resulting in life changing conditions. All employees, permanent and temporary, have been included in this metric.

Lost time incidents (LTI)

The total number of work-related accidents have been measured on the basis of accident records for all employees, permanent and temporary, entailing more than one day of absence.

Incidents without absence

The total number of work-related accidents have been measured on the basis of accident records for all employees, permanent and temporary, without entailing any absence.

Unsafe situations and near misses

Any situation reported where an employee has felt unsafe or experienced a near miss. All employees, permanent and temporary, have been included in this metric. At our site in Denmark, we have an additional procedure for reporting technical errors or malfunctions which may lead to unsafe situations, and these are not counted among the 723 incidents.

Employees by contract type

The data includes all recorded individuals employed by Schou-Fondet at year-end and is accounted for in Headcount. Permanent employees are regularly scheduled to work either part-time or full-time schedules without a specified end date, while temporary employees are regularly scheduled to work either part-time or full-time schedules with a specified end date. Schou-Fondet has no employees with a contract as non-guaranteed hours.





Employees covered by collective bargaining agreements

Percentage of employees in Denmark covered by a collective bargaining agreement. This is not measured in our subsidiaries.

Food safety recalls

No. of food safety recalls globally due to quality issues.

Food fraud

The number of reported instances of suspected or actual food fraud, globally.

Employee characteristics

Our employee characteristics are accounted for in accordance with ESRS S1-6. The number of employees includes all recorded individuals employed by Schou-Fondet, except external contractors, at year-end and is accounted for in Headcount. The gender distribution is based on the total number of employees at year-end.

Number of leavers

The number of employees, including temporary employees, who left Palsgaard A/S during the year.

Employee turnover

Employee turnover is calculated as the number of employees who left Palsgaard A/S during the year divided by the average number of employees for the same period.

Employee training

Average number of training hours per person for employees in Palsgaard A/S during the year.

Gender pay gap

The gender pay gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees. We only have index for 2023 since it is always one year behind the reporting period. This is only for Palsgaard A/S - Denmark as we do not have the numbers for the other countries, and it is only for groups with enough employees in Denmark.

Annual total remuneration ratio

The annual total remuneration ratio is the ratio between the highest paid individual and the median annual total remuneration for all employees (excluding the highest-paid individual).

Incidents, complaints and severe human rights impacts

The number of incidents of discrimination and complaints includes all complaints filed through our whistleblower hotline at year-end. Incidents of severe human rights includes the number of incidents connected to Schou-Fondet’s workforce, and all OECD reports are included in the reported number.

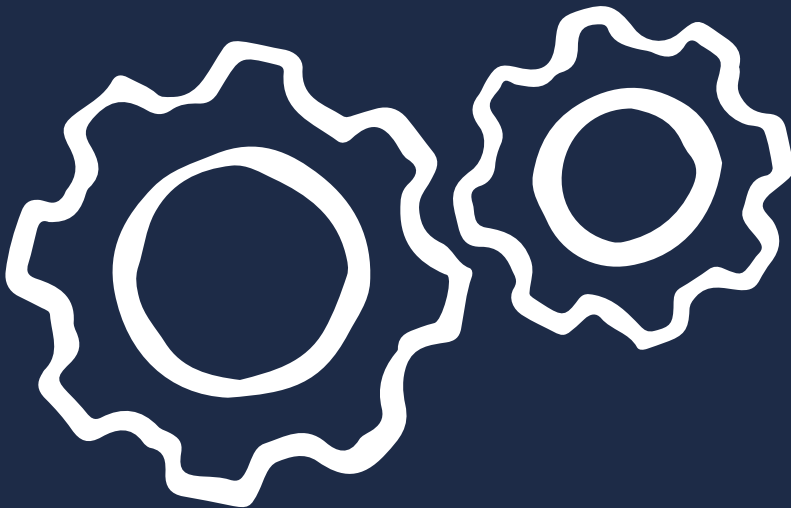
Customer complaints

Number of complaints received from consumers and/or end users during the reporting period.





Governance



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Board of Schou-Fondet, Palsgaard Gods A/S and Palsgaard A/S

ANDERS BRIX
Group CEO
Born 1978
Member since 2018

**METTE MARCINIAK
MIKKELSEN**
Born 1968
Member since 2017

**JANE HVOLBÆK
NIELSEN**
Born 1972
Member since 2021

BIRGER BRIX,
Chairman
Born 1953
Member since 2016

JAKOB THØISEN
Born 1964
Member since 2023

Governance information

All assets in the company, including Palsgaard A/S, are fully controlled by Schou-Fondet via Palsgaard Gods A/S as a holding company. This ownership form gives us the freedom to focus on long-term, responsible growth rather than short-term financial returns alone. The Group CEO fulfils the objectives of the foundation in line with its purpose, Articles of Association, relevant legislation, and the Danish Act on Commercial Foundations.

The board of Schou-Fondet is the same as the board for Palsgaard Gods A/S and Palsgaard A/S.

The policies and guidelines described below are relevant for Schou-Fondet as a whole including Palsgaard A/S, Nexus A/S, and the forestry and agriculture business in Palsgaard Gods A/S.

Policies and guidelines

Our internal policies and guidelines are reviewed as a minimum biennially to accommodate a moving market landscape. Selected policies and guidelines are considered material for this report, and they are further described below and in the relevant chapters.

Please visit palsgaard.com/en/esg for more information about policies and guidelines.

Click on the hyperlinks below to view more info on the policies and guidelines in the report.

Our policies and guidelines are:

- **Anti-corruption guidelines**
- **Code of Conduct**
- **Environmental policy**
- **Employee policy**
- **Food Safety and Quality policy**
- Global sales policies
 - not published due to confidentiality

- Global credit policy
 - not published due to confidentiality
- **Occupational Health and Safety policy**
- **Procurement policy**
- Stress policy
 - not published due to confidentiality
- **Supplier Code of Conduct**
- **Whistleblowing policy**

We comply with all relevant legislation and engage in analysis and guidance with subsidiaries on common market conditions.

Executive Leadership Team of Palsgaard A/S.

JANET ROSS

Chief People & Culture Officer (CPCO)
Born 1977

KIM BØJSTRUP

Chief Operations Officer (COO)
Born 1975

CLAUS HVIID
CHRISTENSEN

Chief Executive Officer (CEO), Nexus A/S
Born 1968

VACANT, INTERIM:

Helle Müller Petersen
Chief Commercial Officer (CCO)

HELLE MÜLLER
PETERSEN

Chief Executive Officer (CEO)
Born 1968

TORBEN
DAHL-HANSEN

Chief Supply Chain and Sustainability Officer (CSCO & CSO)
Born 1974

ANDERS BRIX

Group CEO, Schou-Fondet A/S
Born 1978

OLE ALBERTSEN

Chief Financial Officer (CFO)
Born 1970



External governance, compliance and certification

Palsgaard is a signatory to, compliant with or operates in accordance with:

- UN Global Compact (UNGC)
- FSSC 22000/ISO 9001
- Relevant EU regulations
- Local rules and regulations
- Sedex (4-pillar SMETA audit)

ISO-certified quality assurance systems, supplemented by guidelines in the employee manuals and our approved strategy, ensure compliance with current policies, applicable standards and legal requirements.

Corporate culture

Our business is built on a strong company culture inspired by the legacy of our founder Einar Viggo Schou. This corporate culture is reflected in our values (see **page 16**) and is further described in chapter 1, **About the company**, and chapter 4, Social, in the section **‘Own workforce’**.

Gender diversity

Palsgaard has an ambition regarding the proportion of gender in the Executive Leadership Team as well as other management levels. At Palsgaard, we emphasise our commitment to equal treatment of applicants and employees of diverse backgrounds and genders in connection with the composition of Palsgaard’s management, recruiting practices and career opportunities.

We aim to ensure that all candidates are considered equally. When choosing between equally qualified candidates, the general diversity and gender composition among the employees shall always be taken into consideration. Once a year, the Board of Directors will review the gender proportion to assess if the proportion is in line with the ambition.

See further information about diversity in management in chapter 4, Social, in the section **‘Own workforce’**.

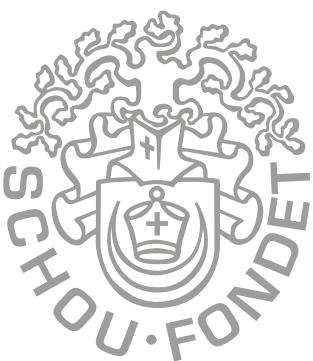
Management of relationships with suppliers

The plant-based raw materials we use originate from countries across the world as do our suppliers. The diversity in this portfolio of suppliers leads to significant and varying complexity in our supply chain, for example in relation to sustainability and fair labour conditions.

As a consequence of this complexity, supplier management has long been an integral part of our quality assurance system. Our Supplier Code of Conduct, Responsible Sourcing Programme and our corporate culture and ethics are important pillars in building a strong relationship with suppliers and defining the ESG requirements we set for suppliers and partners.

Our Responsible Sourcing Programme is managed by Global Procurement in close collaboration with internal stakeholders globally.





Sunflower oil is an important raw material in emulsifier production.

As defined by our Procurement Policy, our suppliers are required to sign a Supplier Code of Conduct which includes a provision identifying Palsgaard as a signatory to the UN Global Compact (UNGC) and answer an ESG supplier information sheet. The ESG supplier information sheet is a point-based system that determines the sustainability status of the supplier.

By signing the documents, suppliers warrant that they will conduct business in accordance with UNGC’s 10 principles of sustainable business within four areas: environment, labour standards, human rights and anti-corruption.

The Responsible Sourcing Programme enables us to maintain an open dialogue with our suppliers with a focus on driving continuous improvements in critical areas that may have been identified. We recognise that having such conversations can be challenging due to many different perspectives on these topics across different markets and geographies. However, we believe the dialogue is rewarding and necessary to gain a better understanding of local conditions. In 2024, 93.92% of our raw material spend has been subject to assessment in the Responsible Sourcing Programme. Also, 80% of our raw material spend comes from vendors who are certified according to SEDEX standards. See further information about responsible sourcing in chapter 3, Environmental, in the section ‘**Climate change**’, and in the chapter 4, Social, in the section ‘**Workforce in the value chain**’.

On an ongoing basis, we conduct supplier performance evaluations to assess whether suppliers live up to our standards and corporate values. The assessment considers input from internal stakeholders and includes both operational and administrative aspects of the supplier relationship as well as ESG and innovation. For 2024, the overall performance is considered satisfactory.

We do not have a specific policy regarding payment terms for suppliers, but we comply with all relevant legislation on the subject across all our markets.

Anti-corruption

Our Code of Conduct outlines our zero-tolerance to corruption, bribery and cartel activities, as well as our processes to ensure adherence. Our anti-corruption guidelines are circulated to all employees, agents and distributors and are referred to in written agreements.

All new employees receive information about our anti-corruption guidelines as part of their on-boarding. In 2024, new People Leaders and employees with external activities were trained in our anti-corruption guidelines via e-learning. All employees must register exposure to attempted corruption, bribery or cartel formation, and we observe the Corruption Perception Index (Transparency International). No instances of suspicion or knowledge of potential or actual corruption, bribery or cartel activities were reported in 2024.

FIGURE 22:
Reports of violations of our anti-corruption policies 2023. vs 2024.

	2023	2024
Reports of violations of our anti-corruption policies	0	0



Whistleblowing

An ethics hotline system allows any party to report ethical non-compliance of any type. Reports are managed by the Group CEO, the CEO of Palsgaard A/S, the CPCO and our external auditor, with additional assistance from other external partners when required. A whistleblowing policy has been published including guidance for reporting on the hotline. In 2024, we had one issue which was reported via our ethics hotline system. The issue involved inappropriate behaviour from an employee towards another employee. The issue was handled internally, and the board was informed about the details and how the issue was managed.

FIGURE 23:
Reports received via our ethics hotline 2023. vs 2024.

	2023	2024
Reports received via our ethics hotline	0	1

Remuneration

The remuneration guidelines are described in Schou-Fondet’s Articles of Association. The remuneration for the board of directors is a fixed fee. The calculation of the fee is fixed in the statutes of Schou-Fondet, and this also applies to the CEO of Schou-Fondet. The remuneration for the executive management of Palsgaard A/S and Nexus A/S is a combination of a base salary and a bonus. The bonus is calculated based on the profit for Palsgaard A/S including subsidiaries. The remuneration is not linked to sustainability targets in any way. There are no sign-on bonuses or other recruitment incentives or contracts with agreed termination payments. Likewise, there are no retirement benefits for the board of directors, and senior executives have the same retirement benefits as all other colleagues. There are no contracts with clawback clauses. Remuneration policies are confidential and not shared with our stakeholders.

Tax governance

We aim to always comply with the tax legislation in all the countries where we operate and that trade with inter-company products and services is conducted at arm’s-length. This means that we pay taxes in the countries where the income is rightly earned. The board of Palsgaard is the responsible governance body. The Executive Leadership Team and the board of Palsgaard A/S have set the tax strategy, and local managers are instructed in company tax governance.

Third-party financial auditors conduct audits of the financial statements including tax governance and evaluate compliance. In case of non-compliance, the Executive Leadership Team is responsible for following up, and any concerns regarding tax can be reported through our ethics hotline.

Targets and performance

In 2024, we launched our first ESG-strategy based on four ‘heart working’ commitments, and implementation continues in 2025. The process of implementing the ESG-strategy also includes defining strategic long-term objectives for our ESG work and setting specific goals. 2024 performance is reported in the relevant sections above. We will communicate further about the ESG-strategy on our website and follow up in next year’s Annual report.

Accounting policies for Governance

Reports of violations of our anti-corruption policies

The number of reported instances of violation of our anti-corruption policies.

Whistleblowing incidents

The number of reported instances received via our ethics hotline.



Statements



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Management’s statement

The management has today submitted the Sustainability Statement (hereafter Statement) for the financial year 1 January – 31 December 2024 for Schou-Fondet (the Group).

The Statement has been submitted in accordance with the GHG protocol and the applied sustainability reporting principles.

In our opinion, the Statement gives a true and fair presentation of the Groups sustainability activities and results of the company’s sustainability efforts in the reporting period, as well as a balanced presentation of the Groups environmental, social and governance performance in accordance with the stated reporting principles.

Juelsminde, 28 May 2025

Executive board


ANDERS BRIX

Board of directors


BIRGER BRIX


JANE HVOLBÆK NIELSEN


ANDERS BRIX


METTE MARCINIAK MIKKELSEN


JAKOB THØISEN





Independent auditor’s limited assurance report on sustainability statement

To the stakeholders of Schou-Fondet

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of Schou-Fondet the “Group” (the “sustainability statement”), for the financial year 1 January – 31 December 2024.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not prepared, in all material respects, in accordance with the sustainability reporting principles.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance en-

gagements other than audits or reviews of historical financial information (“ISAE 3000 (Revised)”) and the additional requirements applicable in Denmark.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Auditor’s responsibilities for the assurance engagement section of our report.

Our independence and quality management

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

BDO Statsautoriseret revisionsaktieselskab applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other matter

The comparative information included in the Sustainability Statement of the Group for the financial year 1 January – 31 December 2023 was not subject to an assurance engagement. Our conclusion is not modified in respect of this matter.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with the sustainability reporting principles, management is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Management’s responsibilities for the sustainability statement

Auditor’s responsibilities for the assurance engagement

Management is responsible for the preparation of the sustainability statement in accordance with the sustainability reporting principles described on **pages 3-79**. The sustainability report should be read and understood together with the sustainability reporting principles, which management is solely responsible for selecting and applying.

Management is responsible for the preparation of the sustainability statement, in accordance with including:

- designing, implementing and maintaining such internal control that management determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement as a whole.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised) we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities in respect of the sustainability statement include:

- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and

- Designing and performing procedures responsive to disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the sustainability statement.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the sustainability statement.

In conducting our limited assurance engagement, with respect to the process carried out by the Group to identify the information reported in the sustainability statement (the “Process”), we:

- Obtained an understanding of the Process by performing inquiries to understand the sources of the information used by management; and reviewing the Group’s internal documentation of its Process; and
- Evaluated whether the evidence obtained from our procedures about the Process implemented by the Group was consistent with the description of the Process set out in “Description of the process to identify and assess material IROs”

In conducting our limited assurance engagement, with respect to the sustainability statement, we:

- Obtained an understanding of the Group’s reporting processes relevant to the preparation of its sustainability statement including the consolidation processes by obtaining an understanding of the Group’s control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Evaluated whether material information identified by the Process is included in the sustainability statement;
- Evaluated whether the structure and the presentation of the sustainability statement are in accordance with the sustainability reporting principles;



- Performed inquiries of relevant personnel and analytical procedures on selected information in the sustainability statement;
- Performed substantive assurance procedures on selected information in the sustainability statement;
- Evaluated methods, assumptions and data for developing material estimates and forward-looking information and how these methods were applied;
- Obtained an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the sustainability statement.

Aarhus, 28 May 2025

BDO Statsautoriseret revisionsaktieselskab

CVR-nr. 20 22 26 70



Steen Søggaard Rasmussen

Statsautoriseret revisor

MNE-nr. 29473





Company details

Foundation

Schou-Fondet
Palsgaardvej 10
7130 Juelsminde

CVR No.: 17 58 20 11 17582011
Established: 31 December 1957
Municipality: Hedensted
Financial Year: 1 January - 31 December

Presidium

Birger Brix
Anders Brix
Jakob Thøisen
Jane Hvolbæk Nielsen
Mette Marciniak Mikkelsen

Executive Board

Anders Brix

Auditor

BDO Statsautoriseret revisionsaktieselskab
Roms Hule 4, 1. sal
7100 Vejle



Tell us what you think

We always welcome questions and input about our ESG activities. If you would like to get in touch with us, please send an email to gun@palsgaard.com

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