

ESG report 2022

HOYER

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ABOUT THIS REPORT

This report covers the accounting period from 1 January 2022 to 31 December 2022 and is part of the Hoyer Annual Report 2022. The report contains the standards of The Danish Financial Statements Act section 99a and 99b.

This is our second ESG report. In this report, we assess and report our latest initiatives and projects regarding environmental, social, and governance issues. We measure and report on the targets set for 2022, and we set the new targets for 2023.



CEO STATEMENT

Becoming an Environmental Challenger

Through our deep understanding of our customers' applications, through our long-term partnerships and through our skilled and knowledgeable employees, we aim to become an active part of the green transition by using our forward-thinking concept Environmental Challenger in the entire value chain.

This is our environmental strategy.

For Hoyer, it is important that our environmental initiatives and focuses are closely connected to the core business. We believe that we can make the largest difference when we consider and include the environmental and social aspects in our already existing business.

We have a clear ambition to reduce Hoyer's environmental footprint by both supporting customers in choosing the most energy efficient solutions for their applications, and by advising and supporting the implementation of more energy efficient motors.

Additionally, we prioritise doing business in markets, niches and applications that directly support the green transition like Wind Power Generation, Ballast Water Management Systems (BWMS), Air Lubrication Systems (ALS), Electric Vehicle Manufacturing etc.

We work closely together with our suppliers and other business partners around the world. With a special focus on our suppliers, we will increase our focus on safe workplaces. For example, we will implement Health & Safety reporting requirements for our main suppliers.

In 2022, we have focused on creating a base. This work will continue in 2023 so that we can start setting targets for our environmental, social and governance issues.

We look forward to making an impact with our ESG ambitions in the years to come.



A handwritten signature in black ink, which appears to read 'Henrik Sørensen'.

Henrik Sørensen, CEO






ABOUT HOYER

Hoyer is a value-adding provider of bespoke intelligent electric motor solutions

We are a tier-1 brand for electric motors, drives and controls with primary markets in Europe, Asia and the US. The journey of adding additional complementary products to the portfolio enables us to offer complete packages and assume greater responsibility of the solutions. Thus, we offer complete solutions to our customers, and thereby create further value to their supply chains. By using Hoyer’s drives and controls our customers will have the potential for energy savings of up to 50%.

Our unique operating model combines in depth application knowledge, high service levels, and a comprehensive offering of value adding services, setting us apart from traditional electric motor providers. The electric motors are sold under the Hoyer brand and are designed and manufactured according to own product specifications. Our customers value our ability to offer tailored solutions including classifications approvals, combined with industry leading delivery times, testing capabilities, and high quality.

| 2022 numbers | |
|-----------------|-------------------|
| Employees | 220 |
| Turnover | DKK 711.3 million |
| Equity | DKK 358.5 million |
| Adjusted EBITDA | DKK 67.5 million |
| Solvency ratio | 46.4% |

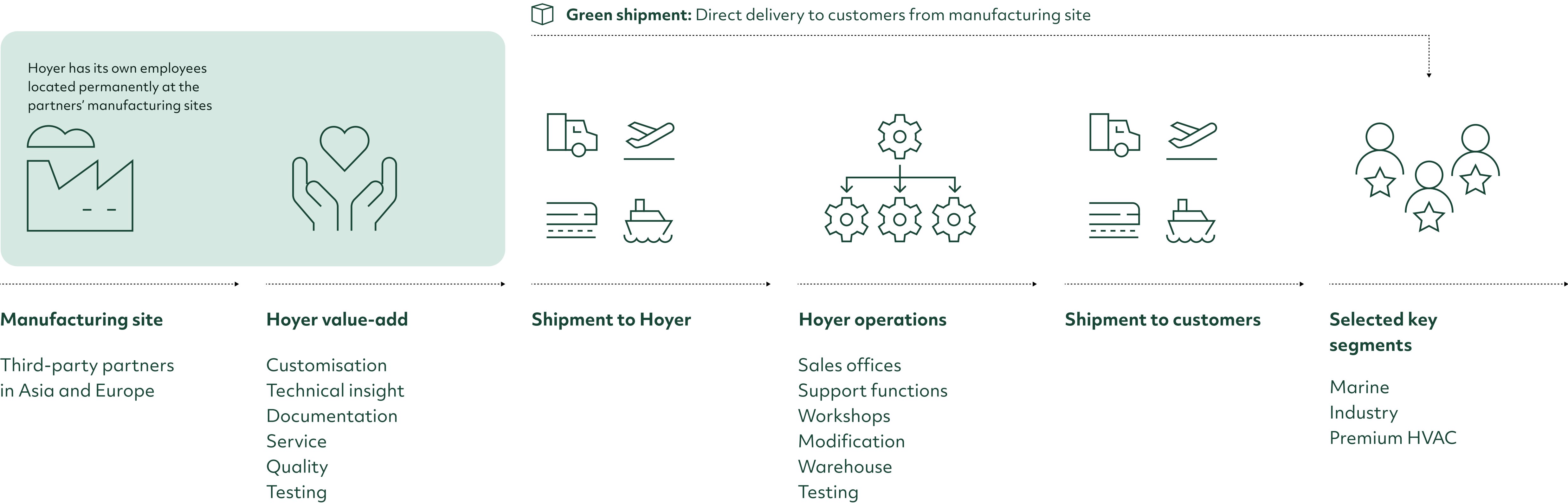
| Marine case example | | |
|--|--|------------|
| From IE1 to IE3 75 kW motor on engine room pumps | | |
|  Sales price | | +32% |
|  Fuel savings | | 2.0 t/year |
|  Co2 savings | | 6.2 t/year |
|  Consumption and emission savings | | 2.3%/year |
|  Payback time | | 6 months |



ABOUT HOYER

Hoyer operates within several markets. Our core markets are Marine, Industry and Energy. Our business model is supported by a unique operational setup including quality assurance, technical capabilities, logistics and modification of motors. The business is market-driven and works strategically within multiple segments and selected niches.

The illustration below illustrates our business model. The grey circles are our core value chain while the yellow circles demonstrate the extra value we create throughout the value chain. Our ESG approach, which is shown in the green circles, is found throughout the entire value chain. These areas are further described in this ESG report.



OUR APPROACH TO ESG

In 2022, we took a big step to increase our ESG performance and implement ESG into the core business – across initiatives and across departments.

In 2022, we established an ESG group. The group is made up of employees from HR, Quality, Marketing and Communication. They are to work with ESG on a cross-organisational level.

The purpose of the ESG group is to make sure that the ESG work is grounded across the organisation. The group is responsible for bringing forward proposals for continuous development of ESG and the target setting for the review and approval from top management. The ESG group meets up every month to discuss ongoing projects and activities.

Furthermore, ESG is core to our overall strategy, and we are working on making it a part of our everyday mindset.

The ESG structure is as follows:

Management Group
Overall responsible for targets

ESG Responsible
ESG contact person - communication with MG

ESG - Group
Reporting and delegation

All departments
Specific activities



ISO CERTIFICATION

By being ISO certified we ensure that our processes are well controlled.

Hoyer is ISO 9001:2015 certified both in Hadsten, Denmark and in Ningbo, China. (ISO 9001 is Quality Management).

In Hadsten, we are also certified according to ISO 14001:2015 (ISO 14001 is Environmental Management).

As part of our continuous accreditations, the plan was to extend our ISO certification with an ISO 14001 certification at our Chinese facilities in 2022.

However, due to relocation of our facilities, the ISO 14001 certification of our Chinese facility was postponed.

For 2023, the plan is that our Chinese facility will be ISO 14001 certified, and both our facilities in Denmark, and China will be ISO 45001 certified (ISO 45001 is Health and Safety Management).

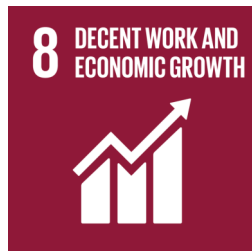
ESG FRAMEWORK – UN GOALS

Hoyer continues to support the UN Global Sustainable Development Goals.

As with previous years, Hoyer sees particularly strong potential to positively impact two selected goals which are related to our core business:

Goal 7: Affordable and clean energy and **Goal 9:** Industry, innovation and infrastructure.

In 2023, we add a third goal **Goal 8:** Decent work and economic growth.



GOAL 7

Affordable and clean energy

We have to change the way we produce and consume energy. Target 7.3 states that by 2030 the global rate of improvement in energy efficiency has to double. At Hoyer, we work determinedly to reduce the energy loss by offering motors with high efficiency classes and by offering solutions with variable frequency drives which optimise energy consumption.

We also focus on target 7.A which states that by 2030, we must enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

Together with our global customers, we approach the renewable energy sector by offering bespoke motors and solutions to fit the needs. By operating in renewable energy sectors such as wind energy, we influence the share of these energy sources in the global energy mix.



GOAL 8

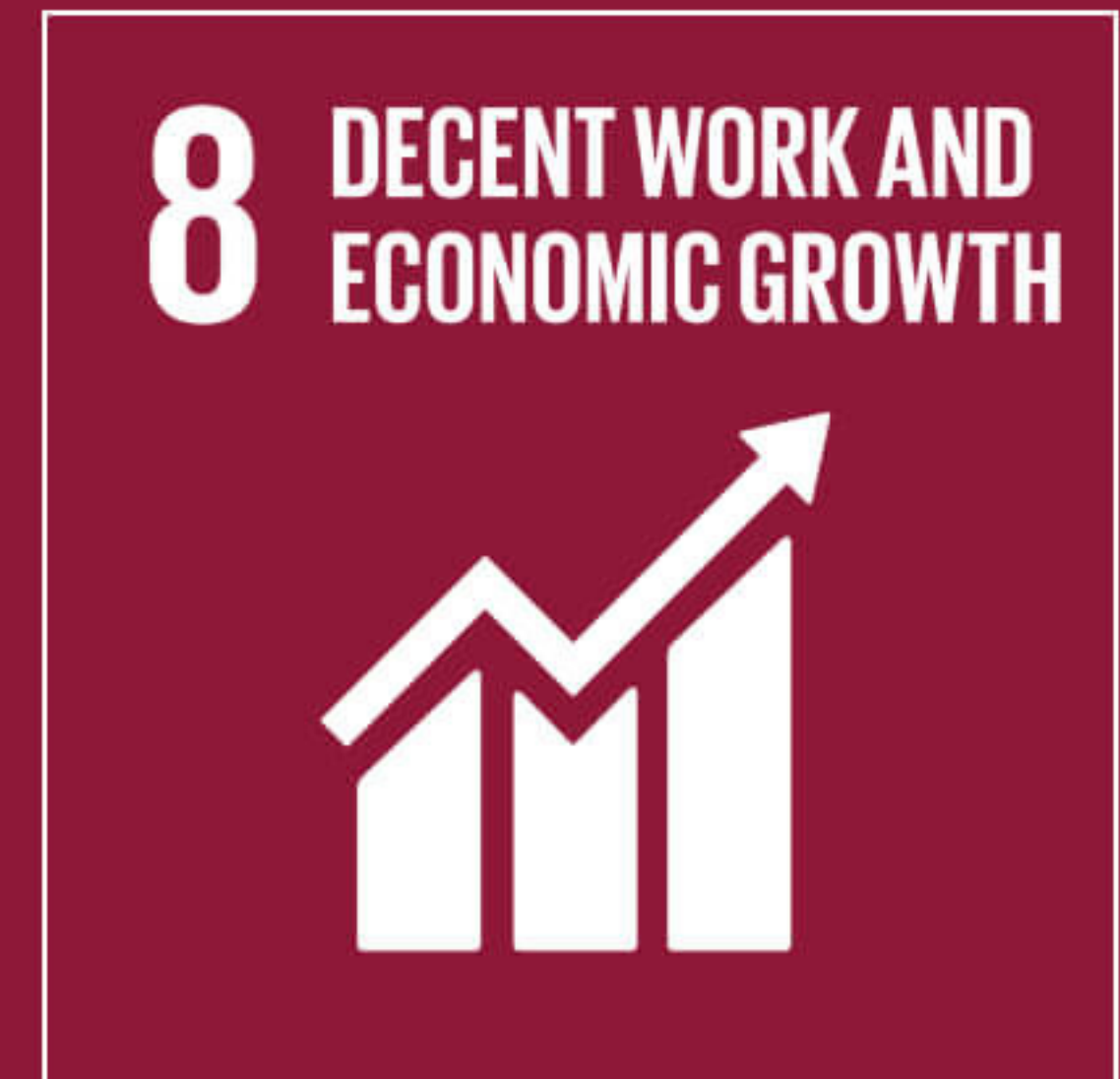
Decent work and economic growth

We work goal-oriented on ensuring a safe and healthy work environment – both internally at Hoyer and by affecting our key suppliers.

We focus on target 8.5 that states that we by 2030 should achieve full and productive employment and decent work for everybody. Our focus is to create diversity throughout the whole group. We focus on nationalities, cultures, genders and, people with disabilities.

We also focus on target 8.7 stating that we are to take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour. Our suppliers are located around the world, and we work closely together with them to ensure absolutely no use of forced labour or child labour.

Furthermore, we focus on target 8.8 to protect labour rights and promote safe and secure working environments for all workers. This goes for both for our own employees and for the employees of our suppliers. In 2023, we aim to become ISO 45001 (Health and Safety Management) certified.



GOAL 9

Industry, innovation and infrastructure

To meet future challenges, our industries and infrastructure must be upgraded.

We focus on target 9.4, that states that we by 2030 must upgrade infrastructure and retrofitting industries to make them sustainable with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

We want to promote sustainable industrialisation and foster innovation. In close collaboration with our customers, we offer retrofit solutions where we target better utilisation of resources and higher efficiency, thereby saving energy.

Furthermore, we focus on transporting our products directly from our suppliers to our customers. We optimise our internal infrastructure - how we transport our products - and thereby save fuel.



Environmental



ENVIRONMENTAL

We want to be an Environmental Challenger.

By this we mean that we want to challenge our customers, our suppliers and other supply chain partners to make the best environmental choices.

As a global supplier of energy efficient electric motors and drives, we acknowledge and respect our responsibility. Our activities have the potential to affect society and the environment in both positive and negative ways.

We are aware that our biggest environmental impact lies in the production of our motors, the transportation around the globe and the final use of the motors.

To create an overview, we have divided our reporting of environmental measures into scope 1, scope 2 and scope 3.

The plan for 2022 was to calculate our Scope 1 and 2 emissions.

We have been working on this topic throughout the year but have not yet defined the final tool to be used for accurate CO2 calculations, as we want these to be compliant with the Greenhouse Gas Protocol (GHG).

In 2023, we will calculate our CO2 emissions for scope 1 and 2 following the Green House Gas Protocol, and we will start to create a base for our scope 3 emissions. Step by step.

ENVIRONMENTAL

Scope 1

In Scope 1, we focus on emissions from own consumption. We measure heating and company cars.

Heating

In Hadsten, we primarily use district heating. However, one of our buildings is still heated with natural gas, from which we have some CO2 emission within scope 1. Heating only covers Hadsten, as our heating in China is electrical (scope 2).

| Global energy consumption | 2020 | 2021 | 2022 |
|---------------------------|--------|--------|--------|
| Natural gasses (M3) | 31,922 | 36,962 | 37,737 |

Source: Extract from natural gas supplier, Andel's webpage.
*In China all heating is electrical (scope 2)

Company cars

Over the last three years, we have had an increase in the number of company cars, which naturally increases the company's direct impact on the environment. However, in the same period, we changed focus by moving towards more environmentally friendly cars (Hybrid and Electrical). The data on company cars covers only Hadsten. In 2023, we will include our sales offices as well.

| Company cars type | 2020 | | 2021 | | 2022 | |
|-------------------|--------|------|--------|--------|--------|------|
| Diesel | 14 PCS | 100% | 11 PCS | 68.75% | 15 PCS | 60% |
| Hybrid | 0 PCS | 0% | 5 PCS | 31.25% | 8 PCS | 32% |
| Electrical | 0 PCS | 0% | 0 PCS | 0% | 2 PCS | 8% |
| Total | 14 PCS | 100% | 16 PCS | 100% | 25 PCS | 100% |

| Consumption | 2020 | 2021 | 2022 |
|-------------------|--------|--------|--------|
| Diesel (liter) | 27,816 | 25,016 | 15,033 |
| Gasoline (liter) | 0 | 3,490 | 18,774 |
| Electricity (kWh) | 0 | 6,392 | 19,944 |

Source: Data from leasing company on number of cars and gasoline & diesel consumption. Data from Clever on electricity consumption.



ESG target

Reduce scope 1 emissions by becoming net-zero in Europe and by moving away from all fossil fuel usage in Asia by 2030

Planned actions:

- Electrify company cars
- Switch from natural gas to district heating

ENVIRONMENTAL

Scope 2

In Scope 2, we focus on emissions from purchased energy. We measure electricity and district eating.

Electricity

During 2022, we have seen a slight decrease in our electricity consumption. After relocation of our facilities in China to better insulated and new-build offices, we expect the electricity consumption to decrease further in 2023. Our electricity measurements covers Denmark and China.

| Global energy consumption | 2020 | 2021 | 2022 |
|---------------------------|---------|---------|---------|
| Electricity (kWh) | 701,055 | 786,257 | 722,036 |
| Total facility m2 | 30.277 | 30.277 | 30.277 |
| kWh used per m2 | 23,15 | 25,97 | 23,85 |

Source DK: Extract from supplier, Norlys' webpage.
Source CN: Invoiced consumption.

District Heating

In 2022, we have seen a slight increase in our district heating consumption which might be weather related. When changing from natural gas heating to district heating the consumption will of course increase further. District heating covers Denmark, as our Chinese facilities are heated with electricity.

| Global energy consumption | 2020 | 2021 | 2022 |
|---------------------------|-------|-------|-------|
| District heating (MWH) | 1,038 | 1,023 | 1,133 |
| Degree days per year** | 2.831 | 3.252 | 2.988 |
| MWH per degree days | 0.37 | 0.31 | 0.37 |

Source: Extract from supplier of district heating Hadsten Varme's web-page.

** Degree days shows how cold a year has been and are calculated as a difference of an inside temperature of 17 degrees and the actual outside temperature, meaning that if outside temperature is 2 degree – it will calculate as 15 degree days.



ESG target

Reduce scope 2 emissions, by becoming net-zero in Europe and by committing to 100% renewable energy in Asia by 2030

Planned actions:

- Investing in green energy
- Reduce electricity usage at Hoyer facilities

ENVIRONMENTAL

Scope 3

In Scope 3, we focus on emissions from our upstream and downstream supply chain. We currently have not calculated emissions from scope 3, but plan to do so by 2024. This year we will perform a scope 3 screening to create the foundation for calculating our scope 3 baseline next year. This is to identify our emission hotspots from scope 3. Although we do not have the full picture of our emissions from scope 3, we acknowledge our responsibility in the green transition and have instigated multiple initiatives.

Suppliers

Until now, we have requested our suppliers to have focus on Environment and Health & Safety, which has been mentioned in a short chapter in our Global Supplier Quality Agreement (GSQA).

Furthermore, our suppliers have signed that they acknowledge Hoyer Code of Conduct.

To ensure that we in the future can report on both Scope 1, Scope 2, and Scope 3 emissions related to our business, it is important for us that we can obtain data from our supply chain.

Transportation from factories to Hoyer and from Hoyer to customers

We will focus on the environmental impact of our transportation of goods.



ESG target

Establish a scope 3 baseline by 2024 to identify emission hotspots in the entire value chain

Planned actions:

- Get data from our two biggest suppliers in 2023: During Q1/Q2 2023, Hoyer will implement an appendix to our Global Supplier Quality Agreement (GSQA) that defines the requirement for Suppliers Data Reporting.
- Get supplier-specific data from our transportation suppliers in 2023: Together with our main transport suppliers, we will create a baseline for our environmental impact by collecting Green Gas Emission reports from main transport suppliers.

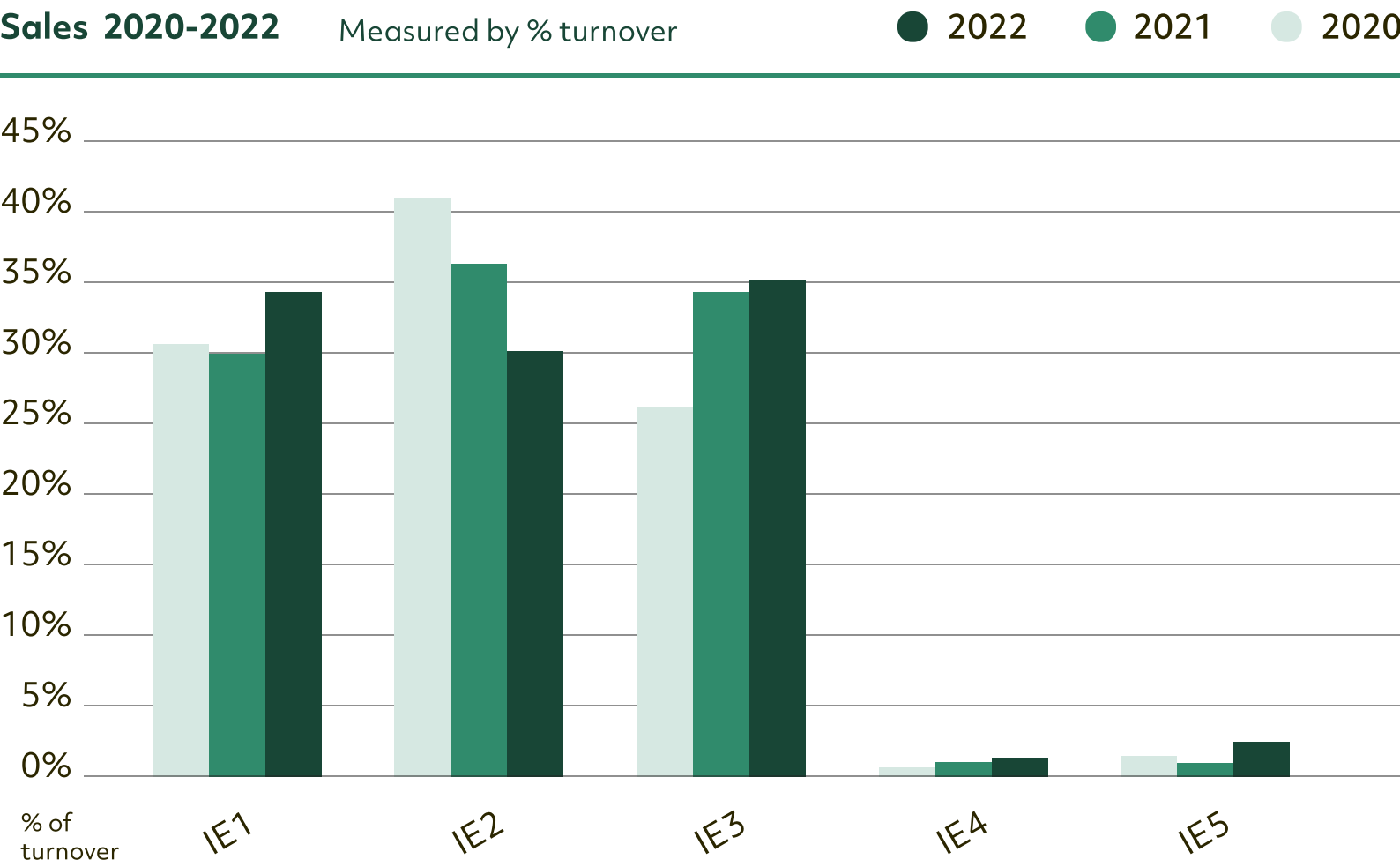
ENVIRONMENTAL

Scope 3

Energy efficient products

For 2022, Hoyer defined a target to move customers towards buying more energy efficient motors. During the last years, we have seen a positive trend in this direction.

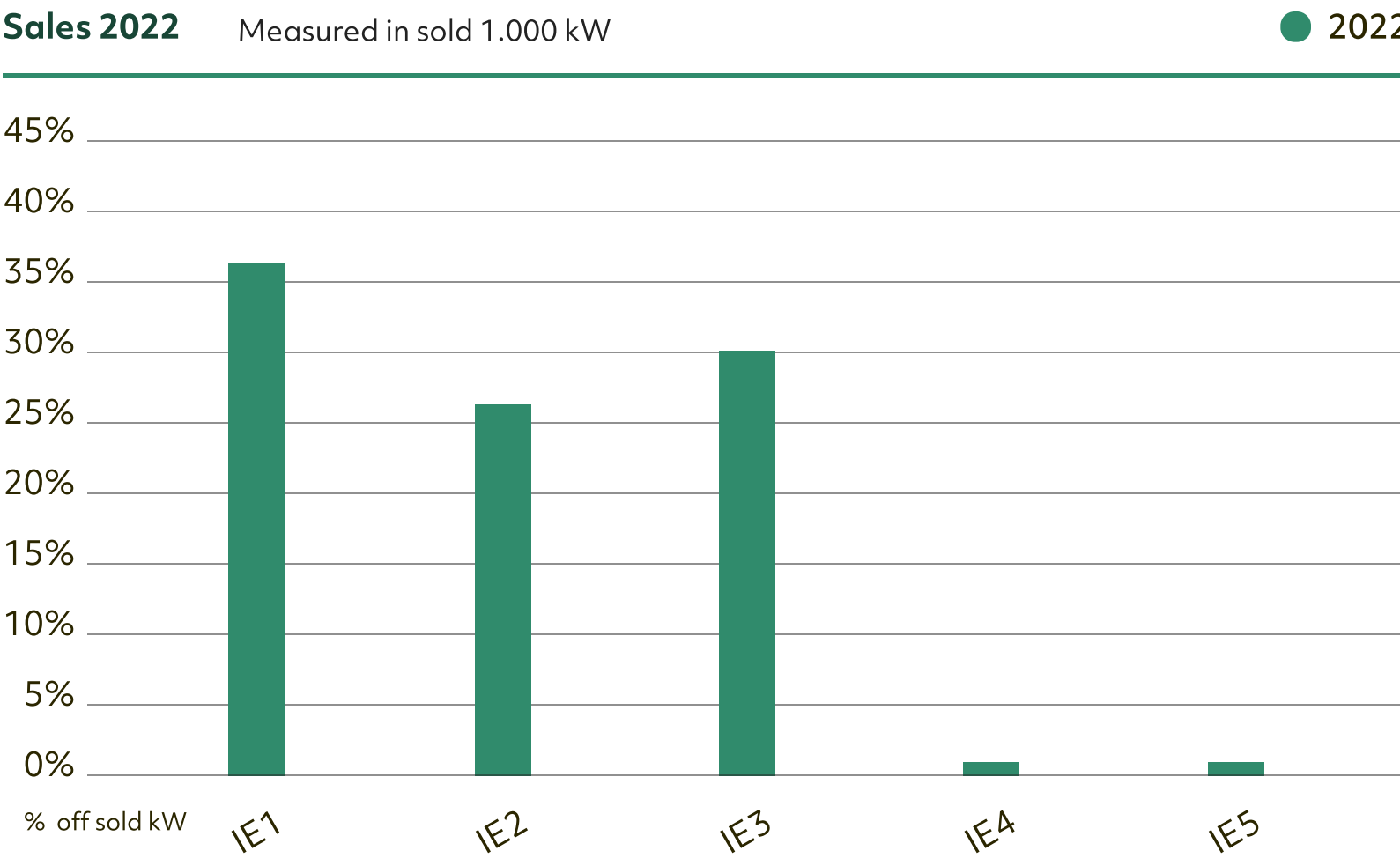
Measured on turnover in 2022, 38.5% of the turnover was from motors of efficiency class IE3 or higher (in 2020 this was only 30.4%).



Source: Sales statistics extracted from Hoyer ERP systems, C5 and D365

Measured on sold kW in 2022, 32.6% motors were of efficiency class IE3 or higher (no figures from 2020 and 2021 on sold kW).

Furthermore, we focus on offering frequency converters. Using a frequency converter enables the customer to control the operation of the application, making it up to 50% more efficient.



Source: Sales statistics extracted from Hoyer ERP systems, C5 and D365



ESG target

Engage with customers to move them to more energy efficient products (IE3 or higher)

Focus area:

For 2023, we maintain the target, and speed up the process. It has been decided to develop and implement different tools that both Hoyer and customers can utilise to calculate economic gain and energy savings by switching to more energy efficient products

CASE

Optimising the industrial market with smart sensor technology

Imagine being able to remotely monitor any number of low voltage motors without having to send technicians to physically check the applications.

In 2022, Hoyer introduced the new Hoyer Smart Motor Sensor, which allows application owners to reduce unforeseen downtime and optimise their maintenance scheduling.

“The wireless Hoyer Smart Motor Sensor enables application owners to upgrade from preventive maintenance to condition-based maintenance. This means that we can avoid repairs that are not necessary and this way optimise the products to the very best”, says Claus Balle Thomsen, Product Manager, Drives and Controls at Hoyer.

By preventing failure in the motor, it is possible to extend the lifetime of the installed electric motor and thereby use less raw materials and energy in the production, and less energy in logistics.

At the same time, we ensure less service visits and thereby less transportation for the technicians.



ENVIRONMENTAL

Scope 3

Waste

We monitor our internal waste volumes. In 2022, 88% of our waste (globally) was delivered for recycling, and 12% was delivered for incineration (in DK this is district heating).

Only a limited part of our waste is hazardous waste: 0.02%

| Global waste | 2020 | | 2021 | | 2022 | |
|----------------------------|----------|--------|----------|--------|----------|--------|
| Total waste | 431.70 T | 100% | 471.05 T | 100% | 307.40 T | 100% |
| • of which recycled | 385.34 T | 89.26% | 389.07 T | 82.60% | 270.80 T | 89.26% |
| • of which incinerated | 46.24 T | 10.71% | 81.78 T | 17.36% | 36.20 T | 10.71% |
| • of which hazardous waste | 0.13 T | 0.03% | 0.21 T | 0.04% | 0.05 T | 0.03% |

Source: Waste volumes are gathered from our different waste handling partners on an annual basis.



ESG target

Improve internal waste separation

Focus area:

At Hoyer we wish to contribute to minimising the extraction of virgin resources as much as possible and therefore we want to recycle as much of our waste as possible.

Hoyer will continuously focus on opportunities to improve our waste separation.

ENVIRONMENTAL

Scope 3

In Scope 3, we also work with these additional focus areas.

Logistics - Green Shipment

For 2022, Hoyer had defined a target to reduce our impact on the environment by moving 10% of our shipments to be shipped directly from the manufacturing partners instead of via our own facilities in Ningbo.

| Direct deliveries calculated basis | |
|------------------------------------|-------|
| Sold quantity | 0.27% |
| Sold weight | 0.88% |

Due to a new ERP system, we have had difficulties in creating valid data for 2022. The data collected is with some uncertainty but the tendency shows that we have not achieved this target for 2022.

In 2023, we changed the focus to determine which specific customers and projects can be moved to direct deliveries. The focus is still that it should be an advantage for both the customers, the environment and for Hoyer.

Employees working from home

Working from home is an option at Hoyer.

By defining rules and ensuring that the infrastructure is in place our employees can now work from home. This will reduce CO2 emissions both in our scope 1 and 2, and emissions from transportation to the office locations.

In 2023, we will implement guidelines to register working from home in our existing system enabling us to monitor and create a baseline.

Coating

For years, Hoyer has focused on reducing the environmental impact of VOC’s (Volatile Organic Compounds) from the surface treatment of our motors.

Therefore, over the last years, Hoyer has implemented surface treatment standards to be used at our OEM factories – and defined the coating systems to be used.

We wish to have a baseline for VOC emission from coating processes. Actions defined to achieve this is to request VOC reporting from our main suppliers.

Scope 3

Travel activities

Hoyer has defined a target of reducing internal travelling with 30% compared to 2019 (pre-Covid) to reduce the environmental impact. We have achieved the target for 2022. However, we are aware that travel restrictions related to Covid-19 has had a positive impact on these numbers.

| | Inter-European travels | | Inter-Asian travels | | Intercontinental travels | | Total number of travels | |
|-------------------|------------------------|-------|---------------------|------|--------------------------|--------|-------------------------|-------|
| | 2019 | 2022 | 2019 | 2022 | 2019 | 2022 | 2019 | 2022 |
| Number of travels | 41 | 23 | 8 | 0 | 14 | 0.5 | 63 | 23,5 |
| Change in % | 100 | -43,9 | 100 | -100 | 100 | -96,43 | 100 | -62,7 |

Source: Replies from employees on their travel activities - number of internal travels in 2019 and 2022

Actions for 2023 is to create a baseline and define how employees register travel activities and means of travel.



ADDITIONAL ENVIRONMENTAL MEASUREMENTS

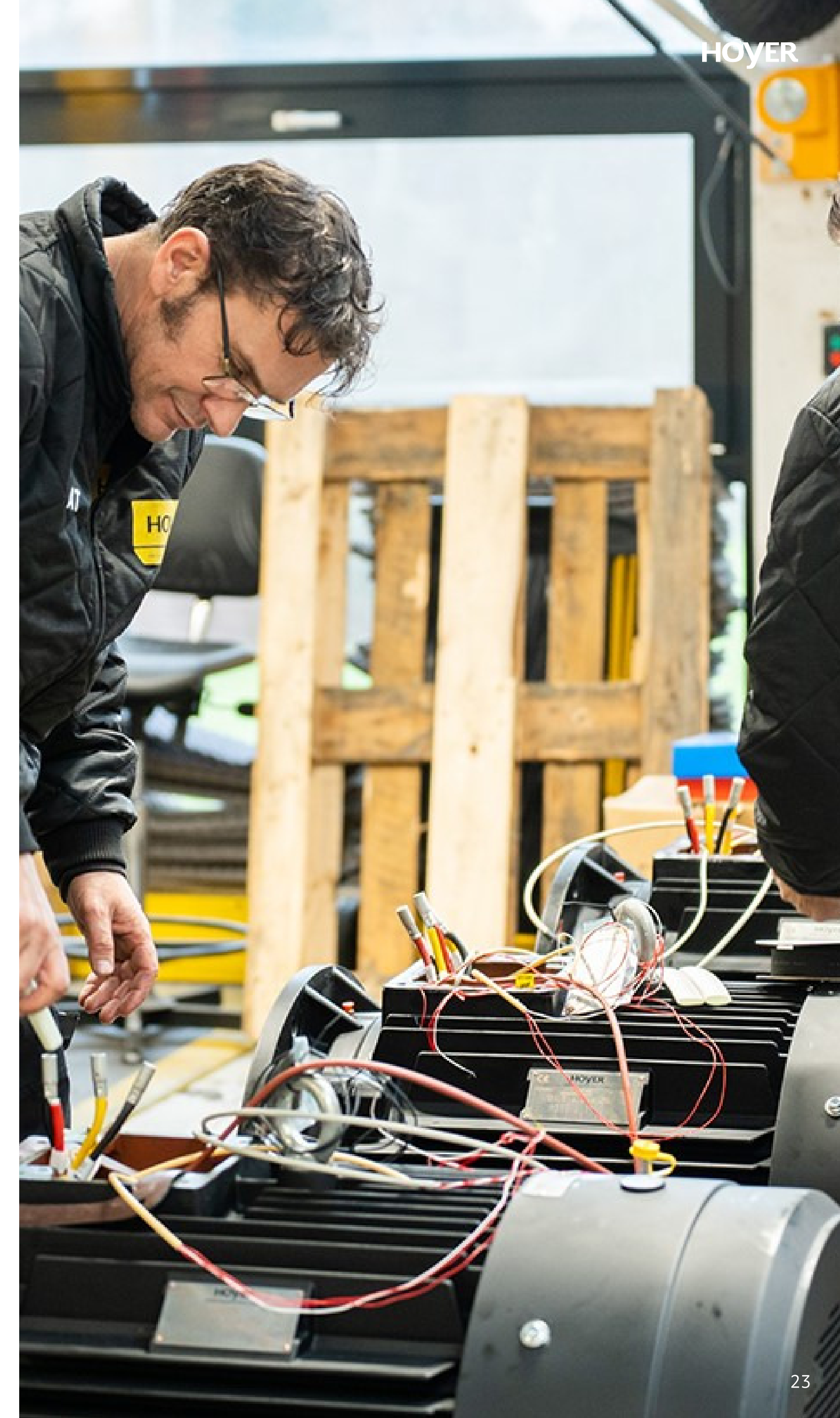
Water consumption

As Hoyer is not a manufacturing company, our water consumption only comes from our facilities (kitchens, baths, toilets and cleaning). We monitor water consumption for our facilities globally.

| Global fresh water consumption | 2020 | 2021 | 2022 |
|--------------------------------|-------|-------|-------|
| Water consumption (M3) | 2.542 | 2.259 | 3.087 |
| Employees | 174 | 173 | 188 |
| Consumption per employee (M3) | 14.6 | 13.1 | 16.4 |

Source: Water usage is monitored by monthly readings on meters in house.

During 2022, we have seen an increase in the water consumption in Ningbo, which relates to a leakage. This leakage is fixed.



Social



SOCIAL

By developing and supporting our employees, we take part in building a better future. A sustainable future.

We report on social key figures, and we comment in the progress we have achieved through 2022. We describe specific actions taken as well as ambitions and plans for the coming year.



SOCIAL

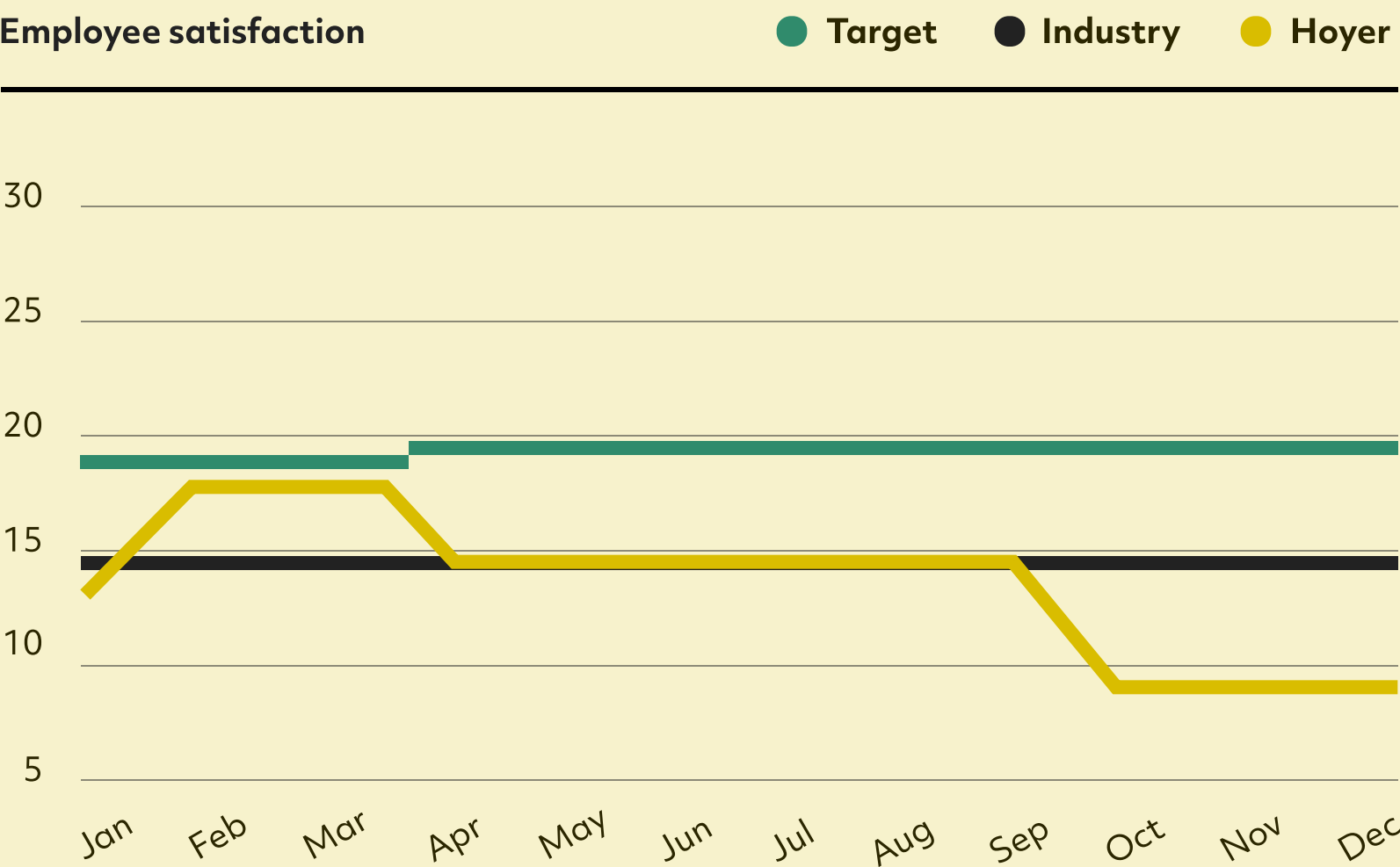
Employee satisfaction

In Hoyer, we strive to work continuously with employee satisfaction; and our survey tool, Hoyer MyVoice, is a crucial part of this. Our main focus is to ensure a well-functioning organisation, based on constructive dialogue, clear goals and strong teamwork across the entire company on a global level.

We measure the employee satisfaction globally as an ENPS score through an online-based system with real-time feedback from the employees on areas such as development, management support, recognition and work-life balance.

By using this survey platform, we are able to monitor the satisfaction and engagement while maintaining an open dialogue at both organisation, department and team levels. This enables us to solve both small everyday issues and larger issues, such as those regarding collaboration and communication within or between departments.

2022 has been a challenging year because of the implementation of a new ERP system. Most parts of the organisation have had an intense workload in 2022 due to the implementation of a new ERP system. Because of this, it was decided to decrease the number of surveys during 2022. Only three surveys were conducted, whereas we would usually run approximately six surveys per year.



Source: MyVoice employee satisfaction system



SOCIAL

There has been an obvious difference in employee satisfaction between our Europe and Asia offices.

Our colleagues, in especially China, have been affected more by Covid-19 lockdowns, and thereby the intense workload that followed. This has affected employee satisfaction.

We have also felt the impact of not being able to travel freely between Europe and China for the third year in a row, which meant that training and development of our Chinese employees have been less than desired.

We have had a few temporary exchanges of employees between China and Denmark to mitigate these challenges.

Based on employee feedback the following actions have been put into place throughout 2022:

- Peer Relationships: Hoyer has, especially in Europe, focused on increasing the level of social activities. We want to support and develop our international and diverse company culture – getting together across borders on a regular basis is how we make this possible.
- Engagement and Workload: Hoyer MyVoice has helped managers monitor the employee satisfaction and workload through a challenging year. Through employee feedback, many issues have been addressed. Wherever possible, actions have been taken to minimise problems and challenges during the ERP launch, while also improving and supporting cross-organisational collaboration.



ESG target

Improve employee well-being

Focus area:

ENPS at benchmark

In 2023, we aim to reach the industry benchmark. At the beginning of 2023, the industry benchmark is 19.

SOCIAL

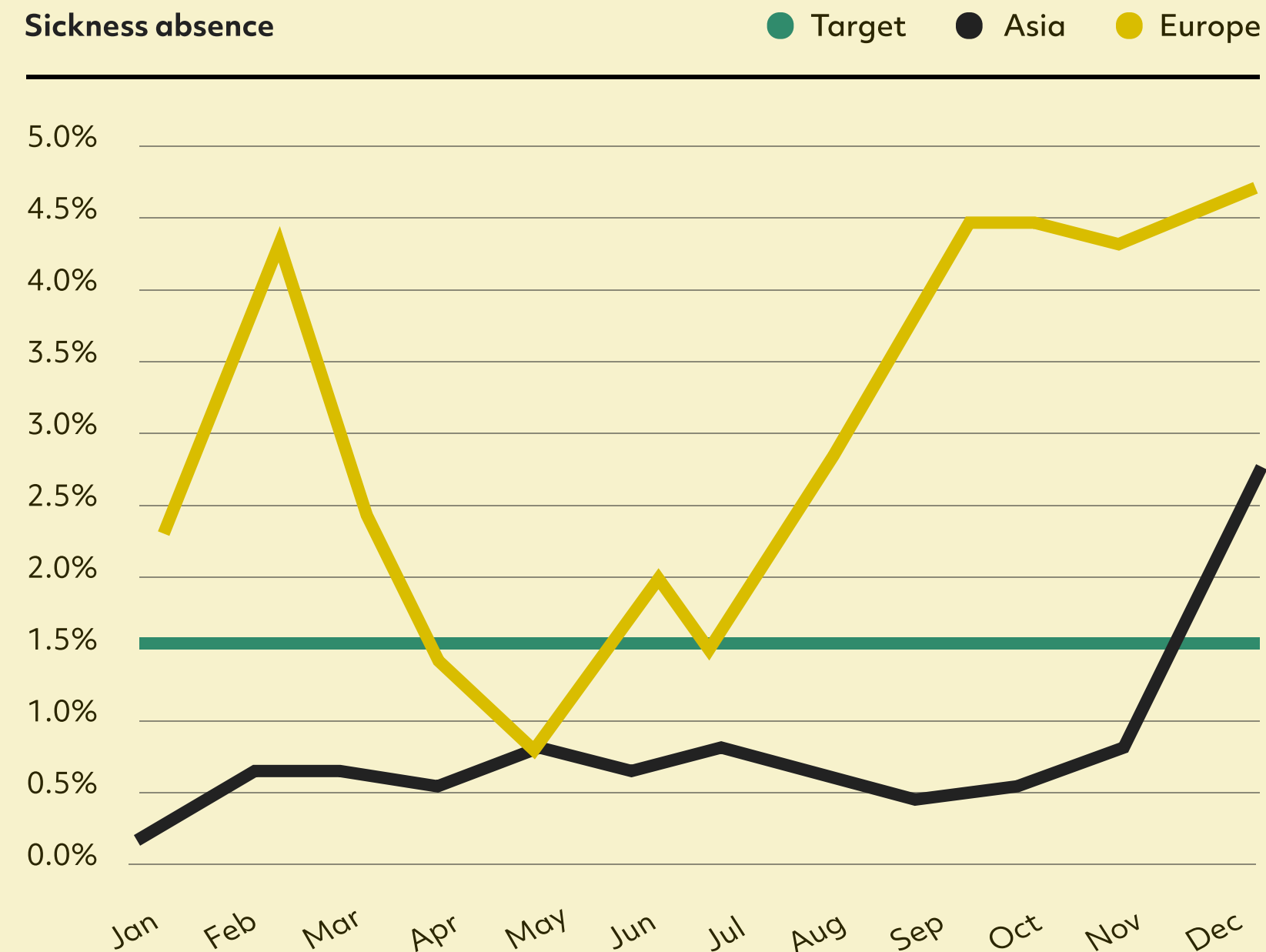
Sickness absence

For 2022, Hoyer had a target of maximum 1.5% sickness absence.

During 2022, we have seen an increase in the sickness absence – mainly in Denmark, but at the end of the year also in China.

We know that some of the sickness absence is related to a high workload during a longer period when implementing a new ERP system, and some is related to Covid-19.

The increase in China at the end of the year comes after China lifted the Covid-19 restrictions, which led to a general increase in Covid-19 occurrences all over China.



Source: Hoyer HR System, Bitabiz



ESG target

Improve employee well-being

Focus area:

Maximum 1.5 % sickness absence

For 2023, we will maintain a target of maximum 1.5% sickness absence.

To achieve this, we have planned to set up stress management trainings for management, middle-management and for our HSE groups.

SOCIAL

Safety

We aim to become ISO 45001 (Health and Safety Management) certified in both Hadsten and Ningbo in 2023. To ensure a safe work environment, we work with different safety initiatives.



Safety screenings

To ensure focus on the safety, Hoyer performs regular safety screenings/safety walks.

The target in 2022 was to have at least four safety walks per year at each location in Denmark and China. During 2022, a total of 10 safety walks have been performed in Denmark and 7 in China. Actions from these are recorded and discussed during regular HSE Group meetings. All at C-level management take active part in safety screenings.



Near misses

Near-miss reports enable us to better identify potential safety issues and eliminate them before any serious accident happens. We set a target in 2022, of a minimum of 24 near-miss reports - twelve in each of Denmark and China respectively. The target has not been achieved.

Only five reports in China and six in Denmark have been received. It is difficult to get employees to register near misses, as they have the experience that “nothing really happened”.



Safety observations

To further increase safety awareness, reporting on Safety observations will be implemented in 2023.

Safety observations differs from near misses by the definition. A safety observation is a potential accident. Something could happen but nothing has happened yet.

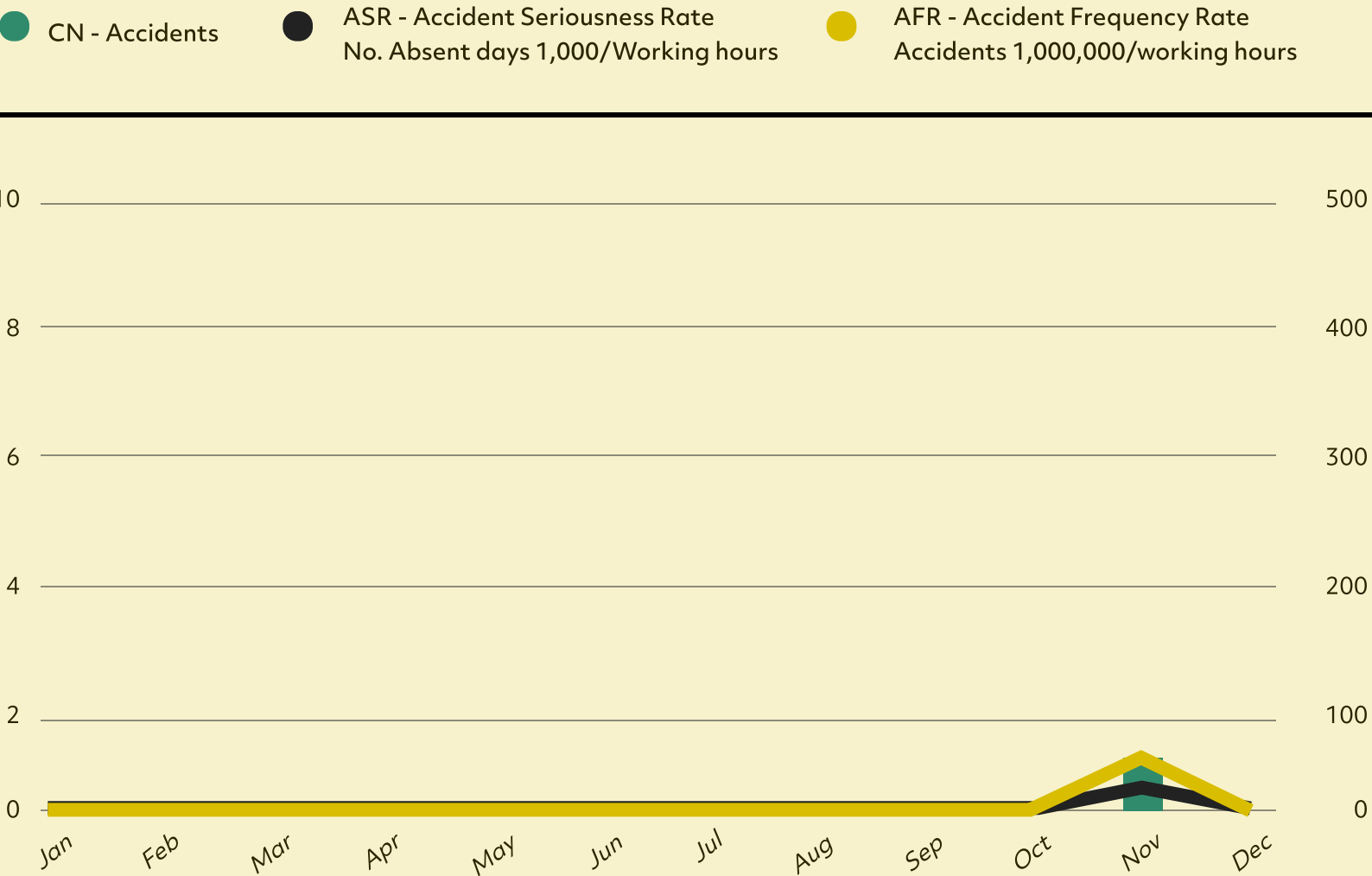
SOCIAL



Work accidents

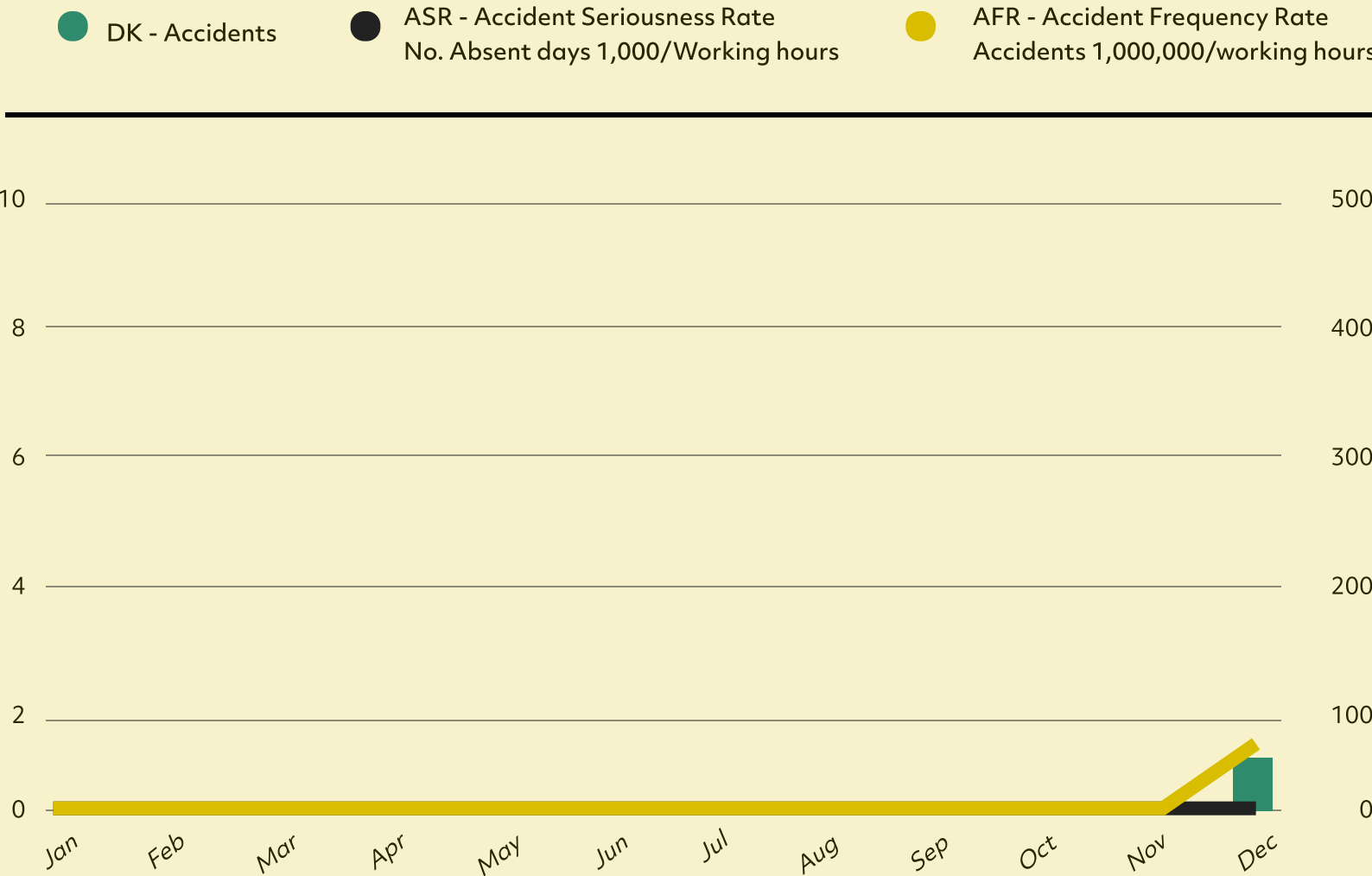
At Hoyer, we monitor accidents and the degree of seriousness of these. During 2022, we have had two accidents (one in China and one in Denmark) – of which only one was a lost-time case. In China, during motor assembly, a fitter hit his own finger with a hammer. He was off work for 13 days. In Denmark, a picker was moving motors with a stacker . When reversing she hit her head on a small crane hook. She had no absence days.

Accident CN Frequency Rate & Seriousness Rate



Source: Employees Accident and Near Miss reports and Hoyer ERP system

Accident DK Frequency Rate & Seriousness Rate



Source: Employees Accident and Near Miss reports and Hoyer ERP system



ESG target

Maintain a safe work environment at Hoyer locations

Planned actions:

- 4 safety walks per year
- 8 near-miss reports per year
- 24 safety observations per year
- 0 work related accidents per year

SOCIAL

Safety and work environment in supply chain

Hoyer's supply chain is located around the world; and it is important that we work together with companies that focus on safety and working environment.

So far, we have not measured this.



ESG target

Maintain a safe work environment at supply chain locations

Focus area:

Work closely with suppliers - get data from our two biggest motor suppliers

In 2023, we will focus on implementing health & safety reporting requirements for our main suppliers through our appendix to the GSQA.

Furthermore, we will increase our focus on safe workplace during our visits and during audits performed at our suppliers.

CASE

Ensuring work conditions for employees in China.

Hoyer Ningbo has moved to a new updated location. The new Ningbo location holds several commercial and operational opportunities, and it will add value and take Hoyer Ningbo and our Asian branding to the next level.

In the process of finding and building the new location, it was important to:

- Find a place close to all employees' home addresses
- Ensure better insulation than the standards in China
- Ensure a good amount of space in warehouse and test centre
- Ensure minimum noise level

The employees say:

"A simply modern and dynamic workplace. It is spacious and airy, making us, the employees feel refreshed and energized each time we enter the office. We can easily access every part of the office from warehouse to meeting rooms, which let us collaborate with all co-workers efficiently. The big dining room has definitely become my favourite," Gabriele Vaneyssa, Internal Sales.

"The spacious and clean workspace makes our work more comfortable and gives a high-end and professional impression. The security facilities in offices, workshop, warehouse and public areas are all available, which makes us feel at ease. It is simply excellent," Ivy Wang, Quality.

"The sight of the new working environment with the lined work stations, the new test centre and the bright office, is more comfortable and more professional. I believe that our company can go further and smoother in the new facility," Zuo Lili, Workshop supervisor.



SOCIAL

Diversity

At Hoyer, we consider having a diverse workforce as one of our main assets. We strive to maintain and further develop an international and diverse work culture, seeing the differences in background, competencies, age and gender as an advantage.

As we want to include as many nationalities as possible in our organisation, English is our corporate language. As of the end of 2022, Hoyer is represented by twenty nationalities.

Whenever we hire new employees, we prioritise qualifications, personality, and the commitment to deliver on a high level, as well as the overall fit with the Hoyer culture.

When recruiting, we also search within our international network and across national borders. During 2022, the result was that more than 25% of our recruitments in Europe came from another country than where their Hoyer workplace is situated.

As in former years, we have continued our focus on students and newly graduated candidates. During the past year, 42 employees were hired in Europe.

Out of these, 13 employees have finished their education within the past two years or are at Hoyer while finishing their studies. Hereby, 31% of all employees hired in Europe are in the beginning of their careers. In Asia, we hired 29 employees during 2022, out of which 8 – or 28% - were students or newly graduated.

Apart from recruiting from the young and newly graduated, we have increased our focus on overall diversity, meaning that we strive to hire both junior and senior employees.

This creates balance in our workforce and ensures that we have fresh perspectives as well as experienced colleagues that constitute a solid base of knowledge internally and towards our customers.

Governance



GOVERNANCE

At Hoyer, we aim to be a trustworthy, open, and transparent company – and our governance structures are a representation of this.

In this chapter, we describe our governance structures within different areas.



GOVERNANCE

ESG Policy

In March 2022, we implemented an ESG policy, replacing the previous CSR policy.

The implementation of the policy was communicated on Hoyer Intranet on 2 March, 2022.

The ESG Policy is available for all employees in the Integrated Management System accessible from our intranet.



GOVERNANCE

Gender composition

This is the Hoyer Group statutory report for gender composition in accordance with section 99b of the Danish Financial Statements Act.

Hoyer continuously works to compose a diverse management team, where each member's qualifications complement the organisation's strategic development in the best possible way. During 2022, the existing level of women and men in our middle management has been stable.

As of 31 December, 2022, Hoyer consisted of 34% women and 66% men. Top and middle management consists of 22 managers, of whom 23% are women and 77% men. This means that there are fewer women in top and middle management compared to the organisation in general. However, it is worth mentioning that the top management was expanded with a female member, our CHRO, in October 2022.

When hiring employees, Hoyer focuses on attracting and employing more women in an industry that is highly dominated by men. This is done by offering internships and student jobs and by focusing on having at least 1-2 relevant female candidates at job interviews whenever possible.

It is our policy not to discriminate and always appoint or recruit people based on their qualifications and match with the requested profile.

Hoyer continues to work to create uniform conditions for leadership aspirants, regardless of gender. The objective is to achieve equal career opportunities for men and women through employment and recruitment procedures and through the Group's investment in development and education.

The Board of Directors is the superior management body of Hoyer Group and Svend Hoyer A/S. Currently, the Hoyer Group board consists of five members, while the Svend Hoyer A/S's board counts three members. By the end of 2022, all board members were men, but in February 2023 the Deputy Chairman was replaced by a woman. It has not been possible to achieve our target of a 60/40 balance of women on the board during 2022, as there were no changes to the board.



ESG target

Minimum 40% of the underrepresented gender on the Board by 2024

Focus area:

We maintain our target of a 60/40 balance of men/women on the board by 2024 and will continue our focus on creating this balance during 2023.



CASE

Promoting more women in tech companies: Girls' Day in Science

In Denmark, we need more people within IT, technology and science. A lack of knowledge of the many possibilities is one of the reasons why some people, especially girls, deselect an education within these areas.

Due to this, Hoyer participated in the national campaign Girls' Day in Science 2022. Hoyer welcomed 21 girls to a day focusing on electric motors. The target of the campaign is to attract more girls to the technical professions and thereby be able to recruit more women in the longer run.

"In recent years, we have focused on recruiting more women. But it is hard as men are still over-represented at the technical educations. Therefore, we wish to get into dialogue with the girls before they choose their educational path. The girls have to see that technology and science is not dangerous; and that an education within technology can lead to many different career opportunities", says Inge-Louise Linderøth, HR Manager, Hoyer.

At Hoyer, the girls met six female role models who in different ways works within the technical field. The girls got an insight into how it is possible to combine the commercial and the technical worlds; and they got to modify an electric motor.

"An electric motor is not a very exciting product in itself. But when you know; that this product is part of ensuring clean drinking water in Africa; that it is part of creating snow at the indoor ski slopes in Holland; and that it is part of transporting our suitcases in Oslo Gardamoen Airport, then it starts to become interesting," says Inge-Louise Linderøth.



GOVERNANCE

Delegation

As Hoyer grows and develops, there is a need to increase the efficiency of decision making.

This means that the ability to delegate tasks and authority becomes ever more important for all managers and team leaders.

2023 focus

- Empower our employees, supporting them in making most of the decisions in relation to daily tasks without involving top management.
- Relieve both top and middle management from many of their operational tasks, leaving more time for actual leadership, development of our business, and higher level of service for our customers.

We want to reach these targets by optimising our internal decision making procedures and by communication to and training of our employees regarding our governance structure.

IT awareness

IT security and data security is amongst our top priorities in Hoyer.

This is also why we work continuously with updating and improving knowledge and procedures related to IT in our entire organisation.

2023 focus

In 2023, we aim to maintain a high level of IT security by improving the overall awareness in Hoyer through recurring awareness training and by examining and updating our IT procedures within all areas.

Furthermore, we will focus on our IT recovery plan, ensuring that Hoyer is at all times prepared to mitigate external threats against our business.

GOVERNANCE

Safety awareness

For Hoyer, the safety awareness among our employees is crucial.

To ensure that we have a safe workplace, all employees must be aware of how we work with safety in Hoyer, and that every employee is responsible for safety in the company. To ensure this, we arrange monthly introduction meetings for all new employees with a specific focus on environmental, health and safety.

Furthermore, we acknowledge that we have a responsibility to work towards a more safe working environment in everything we do. Therefore, the health and safety of our main suppliers is also part of the Global Supplier Quality Agreements (GSQA) signed between Hoyer and its main suppliers.

2023 focus

In 2023, we will introduce an appendix to our GSQA requesting our suppliers to report data on their health & safety performance, and further, Hoyer will increase the focus on health and safety issues during our supplier audits.

We aim to become ISO 45001 (Health and Safety Management) certified.

Legal requirement PIPL

Compliance with local legislation, whether in Europe or Asia, is always a top priority for Hoyer.

As new legislation has been introduced in China recently, we use our efforts internally and in collaboration with external partners to monitor the changes and understand their impact on our business.

2023 focus

Zero breach of personal data legislation globally. In particular, the China Personal Information Protection Law (PIPL) is our focus during 2023. Together with an external partner, we aim to understand the legislation in more detail and to ensure that we address the sensitive information according to the local legislation.

As guidelines are still being prepared by the Chinese authorities, we expect to spend both 2023 and 2024 fulfilling the compliance road map regarding PIPL.

GOVERNANCE

UN-Global Compact

In Hoyer, we are aware that we are present in areas where basic human rights might be challenged and where corruption and bribery might occur.

Our most material risks lie at our suppliers where we are not in full control of the work environment, health, safety, etc. To mitigate these risks we have implemented a Hoyer Code of Conduct, and we perform regular supplier audits.

The Code of Conduct follows the UN-Global compact 10 principles and specific anti-corruption and bribery policy. All employees at Hoyer are requested to sign this.

In addition, Hoyer's ESG Policy and Hoyer's Code of Conduct is part of the supplier agreements where all our main suppliers are required to sign that they acknowledge Hoyer's ESG Policy and Hoyer's Code of Conduct.

During the supplier audits in 2022, we have had no reports or observations of violations of our Code of Conduct, whether related to our employees or related to our suppliers.

As we know, reports on these issues can be difficult to obtain; Hoyer has thus implemented a Whistle-blower scheme.



GOVERNANCE

Whistle-blower scheme

In Autumn 2022, we entered into dialogue with several external partners about the establishment of a whistle-blower scheme.

For Hoyer, it is important that we are made aware of and manage any violation of our policies or legal requirements. We therefore decided to implement the whistle-blower scheme with full access to anonymous reporting to an external party, PwC, both for employees, business partners or other interested parties. This means that it is possible to report any violations of our policies or legal requirements both through a link on our intranet and on our websites.

As all reporting is managed by an external 3rd party company, it ensures the possibility to report anonymously and avoid any conflict of interest.



GOVERNANCE

GHG protocol

At Hoyer it is our aim to be compliant to the Green House Gas Protocol (GHG) when we calculate the climate impacts of our operations.

For this we will during 2023 start to collect and structure data internally and from our supply chain, to create a base of our impact.

2023 focus

In 2023, we aim to calculate a GHG Protocol compliant baseline for scope 1 and 2, as well as perform a scope 3 screening.

Materiality assessment

We want to ensure that we at all times work with and focus on the most relevant and essential areas. This also goes for ESG aspects.

In the 2023 ESG report we will report on the selected areas.

2023 focus

In 2023, we will perform a materiality assessment

RESULTS 2022

| Focus areas | Goals | Planned actions | Results |
|---------------|---|--|---|
| Environmental | Reducing the environmental footprint of Hoyer activities: Minimum 10 % of sold volume to be shipped directly to customers from factories. | Reduce transportation mileage through selling more volume to be shipped directly from production plants - instead of via Hoyer headquarter locations. | Not achieved. We ended up at around 1%. 2023 has changed focus. |
| | Reducing environmental impact from travel activities. 30 % reduction of internal travelling measured at the level before Covid-19. | During Covid-19 - more meetings has been performed online via Teams. Keeping focus on the possibility of using online meetings to reduce travelling. | Achieved. However, we are aware that travel restrictions related to Covid-19 has had a positive impact on the result. |
| Social | Increase employee satisfaction. Employee Net Promoter score of min. 18. | Through regular Peakon assessments among the employees - monitor the ENPS. | Not achieved. We ended at an average score of 13. |
| | Max. 1.5% sickness absence for employees. | Monitor sickness absence on a monthly basis. Status will be discussed in the local HSE groups. | Not achieved. The increase in sickness absence is mainly due to Covid-19 and implementation of new ERP system. |
| | No occurence of work accidents. | Monitoring Accident Frequency Rate. Status discussed during Monthly Management Meetings and HSE Group meetings and actions defined. Monitoring Accident Seriousness Rate. Status discussed during Monthly Management Meetings and HSE Group meetings and actions defined. | Not achieved. We have had two accidents (one in China and one in Denmark) – of which only one was a lost-time case. |
| Governance | Defining Hoyer ESG Strategy. | Top management shall define the Hoyer Group ESG Strategy - and ensure implementation of this in the organization. | Achieved. The ESG strategy is part of the overall strategy at Hoyer - and has been introduced at global information meetings - and it is available on the intranet. |
| | Implement ESG Policy - replacement of previous CSR Policy. | New ESG Policy replacing the existing CSR policy shall be defined and implemented in Q1- 2022. | Achieved. New ESG policy is implemented and has been communicated on the intranet. |
| | Developing environment monitoring tools. | First version of monitoring tool available in Q1-2022 covering all Hoyer direct impact topics. Start monitoring main suppliers environmental topics by the end of 2022. | Not achieved. We have not yet defined the final tool to be used for accurate CO2 calculations, as we want these to be compliant to the Greenhouse Gas Protocol (GHG). |
| | Establishment of a whistle-blower solution. | Whistle-blower solution managed by external 3rd party (neutral) to be implemented in 2022. | Achieved. A whistle-blower scheme was implemented and launched together with PwC in January 2023. |
| | Continuously develop Hoyer Group ESG reporting. | First version of an ESG Report to be released ultimo Q1-2022. The report shall be further developed during 2022 - through regular ESG team meetings. | Achieved. The ESG group has had ongoing dialogue throughout the year with monthly meetings. |
| | Raise awareness on safety in both warehouse and workshop and in offices. | Minimum 8 safety walks must be performed per year (4 in DK and 4 in CN). Minimum 24 near-miss reports per year - 12 in DK and 12 in CN. Top management will perform separate safety walks, to get "other eyes on safety". | Achieved. A total of 10 safety walks have been performed in Denmark and 7 in China. Not achieved. We have received 5 reports in China and 6 in Denmark. Achieved. Top management has performed one safety walk. |

ESG TARGETS

| Focus areas | Targets | Planned actions |
|---------------|---|--|
| Environmental | Reduce scope 1 emissions by becoming net-zero in Europe and by moving away from all fossil fuel usage in Asia by 2030 | <ul style="list-style-type: none">• Electrify company cars• Switch from natural gas to district heating |
| | Reduce scope 2 emissions, by becoming net-zero in Europe and by committing to 100% renewable energy in Asia by 2030 | <ul style="list-style-type: none">• Investing in green energy• Reduce electricity usage at Hoyer facilities |
| | Establish a scope 3 baseline by 2024 to identify emission hotspots in the value chain | <ul style="list-style-type: none">• Suppliers: Get data from two biggest suppliers in 2023• Transportation: Get supplier-specific data in 2023 |
| | Engage with customers to move them to more energy-efficient products (IE3 or higher) | <ul style="list-style-type: none">• Develop and implement a tool that customers can use to highlight the value of switching to more energy-efficient products |
| | Improve internal waste separation | <ul style="list-style-type: none">• Minimise extraction of virgin materials by maximising our share of recycled waste. |
| Social | Improve employee well-being | <ul style="list-style-type: none">• ENPS score at benchmark within the industry• Maximum 1.5 % sickness absense |
| | Maintain a safe work environment at Hoyer locations | <ul style="list-style-type: none">• 4 safety walks per year• 8 near-miss reports per year• 24 safety observations per year• 0 work related accidents per year |
| | Maintain a safe work environment in supply chain | <ul style="list-style-type: none">• Work closely together with suppliers - get incident data from two biggest suppliers |
| Governance | Minimum 40% of the underrepresented gender on the Board by 2024 | |

HOYER

Headquarters

Over Hadstenvej 42, 8370 Hadsten, Denmark
+45 8698 2255

CVR: 17 63 06 95

hoyermotors.com