



PINDSTRUP

**Corporate Social
Responsibility Report
for
Pindstrup Mosebrug A/S
2023/2024**

Statutory Statement of CSR
February 2025

Corporate Social Responsibility Report for Pindstrup Mosebrug A/S 2023/2024

This is the statutory Corporate Social Responsibility (CSR) Report, pursuant to section 99a of the Danish Financial Statements Act. The report is a supplement to the Annual Report for Pindstrup Mosebrug A/S, covering the 2023/2024 financial year (1 October 2023-30 September 2024).

About the company

Pindstrup provides growing media solutions for professional growers all over the world. With more than 50 years of experience in this business, the company is a leading supplier to the horticultural and agricultural industries. Our high-quality products are designed, developed and tested in close collaboration with customers as well as researchers.

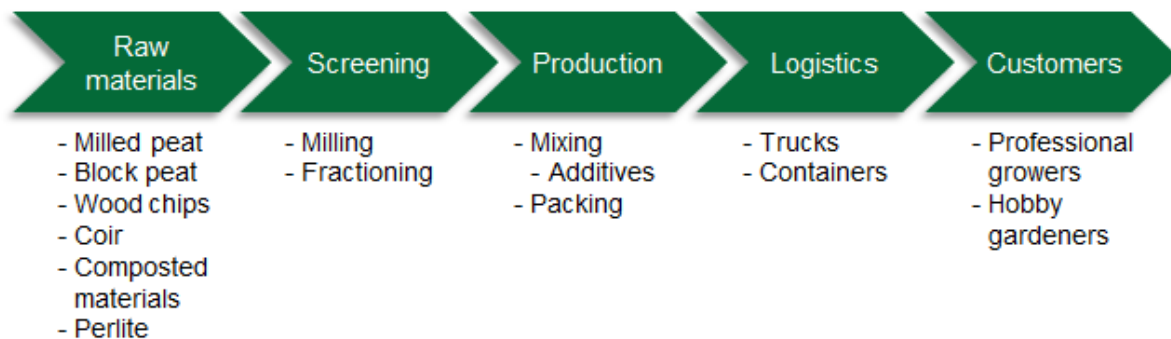
Originally based on peat, our product portfolio today offers a variety of peat-free and peat-reduced mixes, reflecting our ambition and dedication to create sustainable solutions, and to lead the way towards a greener and more responsible world through the use of renewables and alternatives.

Pindstrup was founded in 1905 and continues to be a 100% Danish, family-owned business. Preserving the values of our founder, Pindstrup is a professional company that takes responsibility for creating an attractive work life for our employees by focusing on their wellbeing, development and safety.

Head-quartered in Denmark, we also have production facilities in Brazil, Estonia, Latvia, Spain and the UK. With sales offices in China, North and South America, Southeast Asia and many locations across Europe, Pindstrup's products are exported to more than 100 countries.

In addition to supplying professional growers, Pindstrup also produces growing media for the retail market, primarily sold through retailers in Denmark, Spain and the UK.

Business model



Important events and comments on the past financial year

CSR activities

During this financial year, a revised strategy plan for 2028 was finalised and communicated throughout the organisation. The strategy plan explicitly addresses Pindstrup's change in focus and our ambition to be a greener global company by including interlinked ESG-related elements as building blocks in our strategy. This covers activities within the development of the people of Pindstrup, product development, market-related activities, and specific targets on the share of alternative raw materials, employee engagement and development – and later also on CO₂ emissions.

As the result of a development process involving employees from the entire Pindstrup Group, we launched the Pindstrup Compass, which defines the WHAT, HOWs and WHY of the company. Pindstrup's WHY reads "We help grow a responsible world", and with this we wish to accentuate the core of our work: we aim to make a difference by acting responsibly in everything that we do. The ambition, strategy and compass of Pindstrup are all clearly linked together and guide our day-to-day activities.

Pindstrup will be reporting in accordance with the EU CSR Directive (CSR-D) as from 2025. During the past year, preparatory work towards compliant reporting was initiated, driven by Pindstrup's Group Sustainability Manager and carried out by an internal working group in close collaboration with an external consultancy. As per CSR-D, we completed a Double Materiality Assessment, identifying which datapoints we will report on from 2025. Subsequently, a gap analysis was conducted to establish an overview and an understanding of which data we have, and which data we need to collect.

While Pindstrup is required to report from 2025, which in practice will be published as part of our annual report for 2025/2026 in early 2027, we plan to start reporting on a number of the datapoints identified in the Double Materiality Assessment, already with the annual report for 2024/2025, to be published in early 2026.

Throughout our CSR activities, we will continue our work with the UN Sustainable Development Goals with an ongoing focus on balancing the three bottom lines of people, planet, and profit. The Sustainable Development Goals that we have defined as being relevant to our business are:

Goal 2 on Zero Hunger, Goal 12 on Responsible Consumption and Production, and Goal 15 on Life on Land.



Changes to operations

Increasing the production of wood fibre

In line with our strategy plan, we are expanding our wood fibre capacity and recently commissioned a dedicated wood fibre plant at our production facility in Denmark, which is already producing wood fibre used in products for both professional and retail use.

The installation of a new wood fibre plant is underway at our Bulrush production facility in Northern Ireland, which will replace older equipment and allow an increase in production output. This plant will be commissioned in the first half of 2025. Other expansions in wood fibre production in strategically important locations are being planned.

This capacity expansion underlines our dedication to wood fibre as an excellent raw material for growing media and our continued research and development of more sustainable products, as the higher output of wood fibre will enable us to significantly increase the share of peat alternatives in our substrates. The plants will to the highest extent possible run on renewable energy, also contributing to reducing our CO₂ footprint.

Risks and action in 2023/2024

The table below presents an overview of identified main risks for the company, impact, and action related to each of the policy¹ areas covered by this report.

	Risk	Action
Human Rights	With an international presence and production sites in several different countries, non-compliance with human rights and labour standards is a risk.	We have a strong, ongoing focus on ethical management at our own production sites and in ongoing dialogue with suppliers. We visited selected current and potential suppliers with a focus on high-risk regions.
Social and Employee Terms	The safety of our employees is a critical issue, particularly as we use heavy equipment and heavy transport in our production sites.	At management level and across locations, safety is a priority and a strong focus area. We continue our work to create a safer work environment, e.g. through traffic management in our global production sites and ongoing knowledge sharing on preventive actions and safety awareness across the entire Group.
Environment and Climate	With own production and sourcing of raw materials and application of new types of materials, negative environmental impact is a risk.	We work systematically to reduce our environmental footprint. We work on re-establishing bogs and on energy efficiency across locations. We roll out the application of alternatives to peat and work with Life Cycle Assessments to evaluate progress.
Anti-Corruption and Bribery	The risk of bribery and the reinforcement of anti-corruption legislation requires an ongoing focus on compliance, especially in high-risk countries as identified by the Transparency Corruption Index.	We continue our commitment to do business with a strong ethical mindset in accordance with our values and current policies.

¹ Cf. The Danish Financial Statements Act §99a.

Policies

Human Rights

Policy

Pindstrup supports and respects internationally acknowledged human rights across the company. We accept the responsibility we have towards our employees and the communities in which we operate, and we expect the same from suppliers.

In Pindstrup, we

- support and respect international agreements regarding human rights
- do not accept forced labour and/or child labour
- respect our employees' free choice of union and their right to take part in collective bargaining
- meet current, local standards regarding work hours across the Group
- comply with the laws and regulations that apply in the countries in which we operate, and we aim to ensure that Human Rights are an integral part of relevant processes.

Policy implementation and progress

Result: During this financial year, we have experienced no breaches in terms of the human rights policy. Internally, we have not identified any significant risks for policy breaches. For external partners, suppliers in particular, we have visited selected suppliers as well as potential suppliers with a particular focus on high-risk regions. Further, we have initiated the evaluation of reporting requirements towards our suppliers. Similarly, we have initiated the development of a Code of Conduct and a Supplier Code of Conduct, which are expected to be implemented during the coming year.

Social and Employee Terms

Policy

In Pindstrup, we

- offer a versatile and including workplace with equal opportunities for all
- create room for employees' personal development in their job
- develop leaders who inspire to bring out the best in our employees
- offer competitive terms of employment for our employees
- create a safe and healthy work environment
- engage in our communities through partnerships, donations, sponsor agreements, events or other ways of supporting
- offer work conditions that comply with legal requirements and relevant guidelines, and that acknowledge the principles of the UN Global Compact.

Policy implementation and progress

Result: During the current financial year, we have continued our focus on employee health and safety by continuing the implementation of Group guidelines for systematic safety reporting based on LTI, preventive actions and safety awareness. A Group Safety Advisor has been appointed,

working along with the global Safety Steering Group to improve working conditions and bring the number of accidents to an absolute minimum.

We recorded 15 incidents during 2023/2024, corresponding to 15 incidents per 1 mill. working hours (LTI frequency), up from 14 last year. This number is not satisfying, and as mentioned above we will continue to work with safety awareness, training and learning across sites. Part of the reason for the higher number of incidents is increased attention, meaning that incidents that would previously not have been reported, are now registered, handled and used as learning. This may seem like a paradox but is a known effect from increased attention to an area.

Our target going forward is to have zero work incidents.

Environment and Climate

Policy

In Pindstrup, we acknowledge the concern for the environment and for climate changes related to human activities, and we take responsibility for reducing the climate impact from our operations.

In Pindstrup, we

- promote a sustainable approach throughout the company
- work to prevent and reduce negative impact on environment and climate
- engage in ongoing dialogue with all stakeholder groups regarding environmental challenges and opportunities
- meet current legal requirements and relevant demands from external partners.

Policy implementation and progress

Results²: The total energy consumption per produced cubic meter (m³) in 2023/2024 amounted to 18.4 kWh/m³ compared to 23.1 kWh/m³ in 2022/2023. This corresponds to a decrease in energy consumption per m³ produced of 20%.

Compared to the baseline year 2018/2019, the energy consumption per m³ produced is on par.

The decrease in energy consumption compared to last year was mainly realized because of the following activities:

- Significant increase in energy efficiency when producing wood fibre at the production facility in Latvia compared to earlier years.
- Better utilisation of capacity at the production facility in Latvia leading to more energy-efficient production in general.
- Better utilisation of the capacity at the factories in Brazil leading to more energy-efficient production in general.

² Our accounting policy for the KPI on energy savings is energy consumption covering electricity, district heating, oil, diesel and peat for energy and heating from our production sites (Brazil, Denmark, Latvia, Spain and the UK) and company vehicles incl. tractors and excavators. The method for calculating the energy consumption per produced cubic meters of finished goods does not consider the effect of stock change for raw materials. The raw materials are used in the finished goods, but due to seasonal fluctuations there can be either an increase or a decrease in the raw materials in stock. Over time, the production of raw materials corresponds to the production of finished goods.

- Minor variations in energy efficiency at the production facilities in Denmark, Spain and the UK, despite minor decreases in volumes produced.

We have a target of using 40% peat alternatives in our substrates by 2028. In 2023/2024 the raw material mix was 69% peat and 31% alternatives, compared to 71% peat and 29% alternatives in 2022/2023. We expect the increased use of peat alternatives to continue, and the 2028 goal is still realistic.

By increasing the share of alternatives to peat and by producing products that contain a higher share of wood fibre and other alternatives, we use more energy in the production. However, alternatives are and will remain an important part of the green transition as the use of alternatives lowers our customers' emissions taking end-of-life impact into the equation. End-of-life impact from peat is significant, whereas end-of-life impact from alternatives is zero.

Anti-Corruption and Bribery

Policy

All employees and representatives are expected to show honesty and integrity in dealing with customers, other employees, suppliers, business partners, authorities, and organizations.

In Pindstrup, we

- have zero tolerance for all forms of corruption, whether giving or taking, and make active efforts to ensure that this does not occur
- strive for transparency in business decisions and practices
- show caution when receiving anything from business partners; the same applies when giving anything of value to business partners
- follow existing legal requirements.

Policy implementation and progress

Result: During this financial year, we have experienced no non-compliance with the anti-corruption and bribery policy. We will implement the policy on anti-corruption and bribery when updating or entering new contracts with suppliers. We conducted this implementation during 2023/2024.

Gender distribution in management

The statutory statement about gender distribution in management, cf. § 99b, is also included in the Management Review in Pindstrup Mosebrug A/S' Annual Report. In case of differences in the wording, the text in the Management Review is valid.

Policy

An inclusive working environment is vital for Pindstrup to maintain an innovative and high-performing organization. Pindstrup wants to be an attractive employer that attracts people with high competences regardless of gender, nationality, religion, ethnic background, sexual orientation, or age. We see an inclusive culture as a prerequisite for attracting the most talented employees and developing the business positively.

The overall objective of the policy on other management levels is to ensure an inclusive and versatile workplace that promote equal opportunities no matter gender. It is important for

everybody to have equal access to the management levels irrespective of gender. Pindstrup is committed to working towards increasing the share of the underrepresented gender (woman) in executive and managerial positions as well as in the organization in general.

Policy implementation and progress

Result: We continued our work to improve diversity and inclusion across the group with an emphasis on managerial levels by

- endeavouring to ensure diversity on the list of relevant candidates when conducting job interviews; this also applies when we use professional recruiters
- offering professional and personal skills development with a particular focus on encouraging all relevant candidates to develop their management skills
- ensuring that female employees experience the same opportunities in their careers and in achieving managerial positions as their male counterparts.

In the financial year, we have discussed and confirmed the policy on gender diversity in the board of directors. For other managerial levels we ensured that both genders were represented in the final stages of recruitment processes.

Highest level of management (Board of Directors)

The Board of Directors of Pindstrup Mosebrug A/S consists of 5 members (4 men and 1 woman) as per 30 September 2024. The gender composition has gone from 25% women in the previous years to 20% as the Board was expanded with one member in connection with the 2024 Annual General Meeting³. One man left the Board, while two men joined. The elected Board members were the most qualified candidates, but are representatives of the overrepresented gender, which is why the target figure was not met in 2023/2024. It remains the objective that the underrepresented gender in the Board of Directors should constitute at least 25% of the Board.

Other managerial levels (1 and 2)

The gender composition of other management levels as per 30 September 2024 is 18% women and 82% men, in total 44 members (8 women, 36 men). In 2022/2023, the numbers were 15% women and 85% men. The target figure for 2023/2024 was 15% and has thus been achieved. For 2024/2025, our target figure for the underrepresented gender is 20%.

Other managerial levels include level 1: Group Management Team and persons on the same organisational management level, and level 2: persons with personnel responsibility who report to level 1. The objective is to continuously increase the number of women in management positions throughout the Group. Please also refer to the table below.

³ Only board members elected by the General Meeting are counted when calculating the gender composition.

		2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026	2026/ 2027
Highest level of management (Board of Directors)	Total number of members	4	5			
	Underrepresented gender in %	25%	20%			
	Objective in %	25%	25%			
	Year for reaching compliance	2023	2025			
Other managerial levels (1 and 2)	Total number of members	39	44			
	Underrepresented gender in %	15%	18%			
	Objective in %	n/a	15%			
	Year for reaching compliance	n/a	2025			

KPI overview

For the following policy areas, several KPIs have been set and will be measured and reported in next year's CSR Report.

Policy area	KPIs for the current financial year (2023/2024)	Status	KPIs for the next financial year (2024/2025)
Human Rights	Perform minimum 3 audits with suppliers.	KPI achieved.	Create and implement <ul style="list-style-type: none"> • Code of Conduct • Supplier Code of Conduct.
Social and Employee Terms	Achieve a year-to-year reduction in work accidents.	KPI not achieved.	Zero work accidents.
Environment and Climate	2% energy savings per m ³ product produced compared to last year.	KPI achieved.	2% energy savings per m ³ product produced compared to last year.
Anti-Corruption and Bribery	Maintain no cases of non-compliance with the anti-corruption and bribery policy.	KPI achieved.	Maintain no cases of non-compliance with the anti-corruption and bribery policy.

CSR in practice at Pindstrup

Throughout the year, Pindstrup engages in various activities that support our CSR-related efforts. Below are two cases that illustrate how we work with CSR in practise, and how CSR is integrated in the entire value chain – from investments at our plants to the final product that is used in the customers’ greenhouses.

A growing partnership – collaboration with Aspanias Burgos



For many years, Pindstrup Spain has had a partnership with the Aspanias Association of Burgos. Aspanias is a non-profit organisation that for more than 50 years has worked with people with intellectual disabilities to improve their quality of life and promote social and labour market inclusion. In addition to support and educational activities, Aspanias offers training and employment projects within e.g. gardening, nursery work and other productive activities.

Pindstrup Spain has supplied growing media to Aspanias’ greenhouse in Burgos since 1992. Over the years, we have partnered with them to carry out trials and comparative tests, mainly for retail products.

In 2024, trials were set up to compare the performance of peat-free products in the Spanish market and to choose between five different peat-free recipes of our own. Together with the students who work in the greenhouse, we organized the trial set-up, planted petunias in the selected growing media, marked the pots, etc.

In the following period, the greenhouse students took care of watering and check-ups. In exchange for their time and effort, we supplied professional growing media that can be used for other projects in the greenhouse.





Recently, we also had the pleasure of welcoming a group of 15 students from the project, accompanied by their teacher, to our plant north of Burgos. The purpose of the visit was to deepen their knowledge of growing media, as this is a key area of their training that will help them develop skills for working in nurseries. During the visit, the students and their teacher learned about the various production processes of our growing media, from

the selection of raw materials to the formulation of customized products. For us, this visit was an opportunity to share our knowledge and strengthen our relationship with Aspanias.

At Pindstrup Spain, we are proud to collaborate with Aspanias as this partnership provides a win-win situation – training and knowledge for the students, and trial set-ups for us, allowing us to better adapt our solutions. This collaboration reflects our commitment to social objectives, including promoting sustainability and supporting projects that generate a positive impact in our communities.

Peat-reduced and peat-free growing media on the rise

There is an increasing focus on the choice of raw materials for our products. This is not least true in the hobby market, where many consumers consider climate footprint to be an important parameter when choosing growing media for the garden. It is still a small segment, but it is important for garden centres and nurseries to be able to offer growing media without peat.

Potting soil and growbags completely without peat pose a number of challenges, however. This is because the new, alternative raw materials often

- have greater variation than peat in terms of physical, chemical and biological properties,
- have a certain content of nutrients,
- have a high pH level as a starting point,
- and are more expensive than peat.



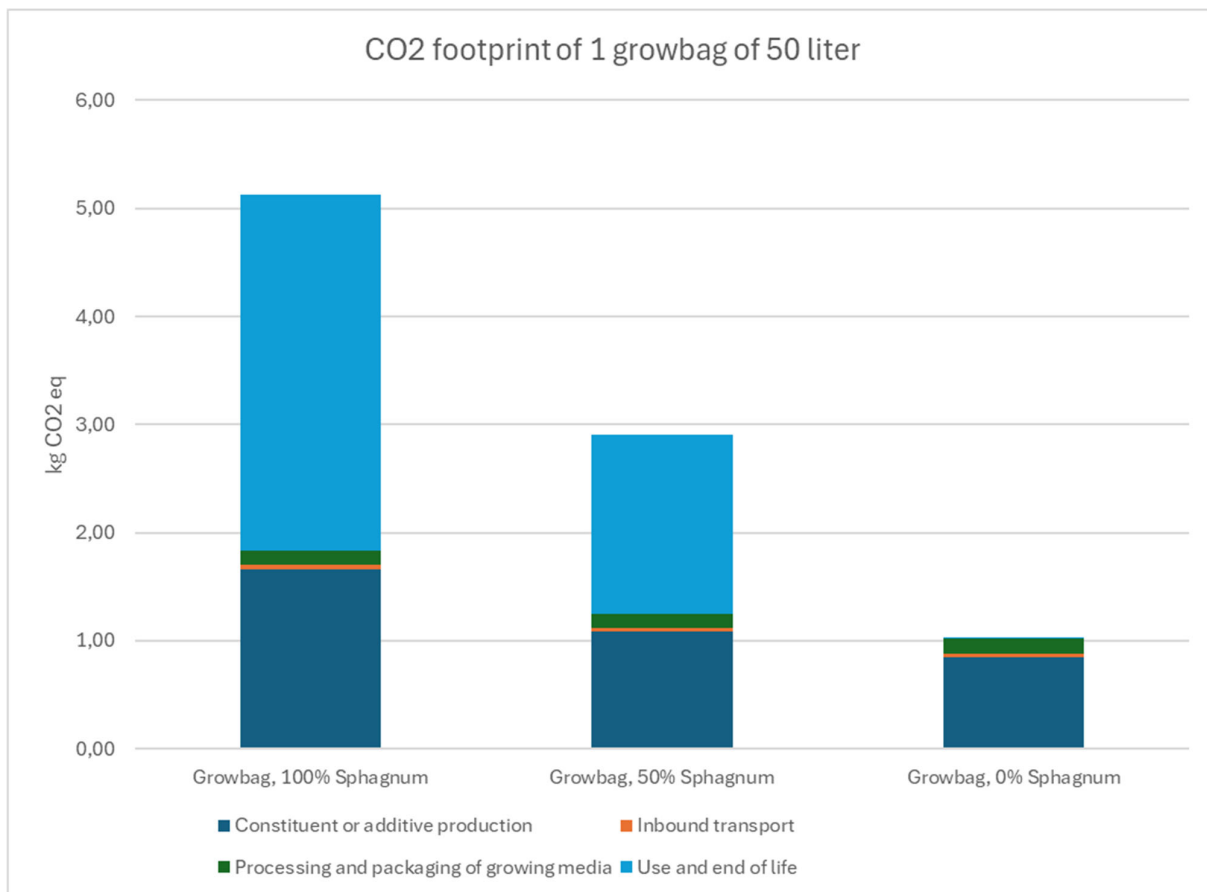
At Pindstrup, we have taken up the challenge and spent many resources on optimizing the alternative materials. This has meant that in the 2024 season we were able to offer products without peat in both the UK (from Bulrush Horticulture Ltd.), Spain (from the Spanish factory) and Denmark (from the Danish factory). The raw materials are typically a mixture of wood fibre, coco and available raw materials such as mature bark, bio fibre and various types of compost based on bark, garden/park surplus, willow chips and grass or other biomass from local suppliers. Interest has been high, and despite a higher price, many pallets have been shipped.

In the UK, all growing media for the hobby market are now peat-free. Most sales to the hobby market in Denmark and Spain are still peat-based products, but the segment that chooses peat-free is constantly growing.

The effect of choosing growing media without peat is clear when we look at the amount of CO₂ released during the lifetime of a product. The figure below compares the CO₂ footprint of three types of Danish-produced growbags:

- The column on the left: regular, peat-based growbag.
- The column in the middle: peat-reduced growbag with 50% peat, 30% wood fibre and 20% bio fibre.
- The column on the right: peat-free growbag with 50% wood fibre and 50% willow/grass compost.

The peat-reduced growbag will be marketed in Denmark in the coming season. The CO₂ footprint of this product is reduced by 43% compared to the peat-based growbag. The peat-free product has an 80% reduction in CO₂ emission.



We expect that the development in demand will continue, and in the future we will offer more and more products, both with reduced peat contents and without peat at all.