

CSR REPORT 2022/23

Word from the CEO



Entering a New Phase

We have reached the final year of our CSR Strategy *Allies in Responsibility*. In this document, we can now show our accomplishments and set a new ambition for Terma's Corporate Social Responsibility.

After what was expected to be a year of returning to normal after the COVID-19 health crisis, the situation in Europe has turned the world on its head once more. The war in Ukraine has generated a series of political decisions of historical importance, and nations look to companies like Terma for technologies, strengthened resilience, and new competences. As the largest defense company in Denmark and key supplier to NATO, Terma is entering a new phase where we take the lead and contribute.

More than ever, I am strengthened in my belief that Terma is a critical societal actor and has the responsibility to participate in safeguarding society's values. Therefore, I am proud to say that because of our commitment to responsibility throughout our operations, Terma is considered a critical partner in innovation during challenging times. Over the past three years, we have made important steps across all our six focus areas. We have not met all our targets; however, we have demonstrated that we are committed to a robust approach to CSR, and we have gone above and beyond in several areas.

In this strategy, we have laid a foundation built on strong compliance, where our due diligence has been strengthened towards customers and suppliers. We have led the way in the field of human rights as the first company in our industry to regularly conduct and publish human rights impact assessments. We continue to implement activities that make Terma an attractive and safe place of work.

Most of these activities are now ready to become part of our business continuity and business conduct, and new themes deserve to be elevated.

Our ambition for the new CSR strategy is to shape tomorrow's workplace, strengthen our involvement in the STEM education through partnerships, and do our part in the green transition. Ambition levels are high as we enter the next phase of *Allies in Responsibility*.

I hope you will enjoy reading the 2022/23 CSR report.



Jes Munk Hansen
CEO and President



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This report represents our statements on CSR and underrepresented gender in Terma A/S and Terma Aerostructures A/S, in accordance with sections §99a and §99b of the Danish Financial Statements Act.

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TERMA'S CSR STRATEGY 2020/23

ALLIES IN RESPONSIBILITY

Strategy Performance FY2020/23

Below is an overview of the CSR strategy performance for the 3 year strategy period.

Anti-Corruption

Activities

- Strengthen the Anti-Corruption Compliance Program
- Develop annual wheel for the Anti-Corruption Compliance Program
- Update due diligence procedures for Terma's third parties
- Develop and launch e-learning for medium and high-risk job functions
- Strengthen monitoring and internal control function
- Strengthen trust in and awareness of *Ethics Line* and *Tell us your concerns*
- Roll-out strengthened due diligence procedures for Terma's third parties
- Conduct mandatory anti-corruption training workshops for high-risk employees in all Terma's locations globally
- Train external marketing consultants

Targets

- Reach as a minimum Band C in the next publication of Transparency International Defense Anti-Corruption Index
- All employees in high and medium risk job functions have undergone extended anti-corruption training
- Train all Terma's external marketing consultants

Diversity

Activities

- Recruitment training to ensure diversity HR to challenge managers during hires to push for more
- Ensure broad appeal in language, pictures, and messages in Employer Branding Specific branding campaigns highlighting the need for and current diversity in Terma
- Closer cooperation with initiatives supporting women in STEM (Science, Technology, Engineering and Mathematics)
- Encouraging women in Terma to be ambassadors
- Review compensation and benefits procedure and update to appeal more broadly to a diverse talent pool
- Define local targets for diversity

Targets

- Establish local targets for diversity
- 4% annual increase in number of female applicants hired
- 3% annual increase in the female composition of leadership




Employee Health & Mental Well-Being

Activities

- Develop additional leadership training courses covering all leadership levels
- Leadership training focused on creating well-being, including avoidance, assessing, and handling of stress
- Develop e-learning with good advice on how to prevent and handle stress
- Develop a toolbox for leaders with guidelines, advice, and best practice on how to create high performing stress-free teams
- Implement various health activities across our locations
- Annual awareness campaigns on good tone at work, collaboration and respecting diversity of opinions, stress, etc.

Targets

- Develop additional leadership courses for all leadership levels
- Increase employee survey score for Immediate Manager by 2 points
- Increase employee survey score for Satisfaction and Motivation by 3 points
- Train all managers within well-being and stress management
- Reduce female sick leave absence to maximum 4.2%



 Fully Achieved
  Nearly Achieved (>80%)
  Not Achieved

Employee Safety

Activities

- Establish a governance structure and dedicate resources
- Assess Terma's various sites to determine their current safety level and what is required to reach the ambition set
- Continuously monitor and evaluate the safety culture and behavior, as well as performance
- Implement safety initiatives in the various locations

Targets

- Reach a world class safety level in all Terma
- Secure sustainable improvements by implementing a new Safety Management Framework (Terma Safety Excellence)
-  Improve safety culture and behavioral safety to a high performing "inter-dependent" safety culture
-  Decrease Lost Time Injuries Frequency Rate (LTIFR) by 50%

Human Rights

Activities

- Update human rights impact assessment
- Continue conducting due diligence
- Assess whether Terma's grievance mechanisms, such as *Ethics Line* and *Tell us your concerns*, are in alignment with the UNGPs
- Train relevant departments in human rights
- Communicate assessment and findings internally and externally

Targets


- Conduct human rights impact assessments
- Organize global human rights awareness campaigns

Responsible Supply Chain Management

Activities

- Develop a Responsible Supply Chain Management Program including processes and due diligence mechanisms.
- Roll- out the Responsible Supply Chain Management Program
- Complete Terma's Conflict Mineral Reporting Template

Targets

-  All required active Terma suppliers have undergone our responsible supply chain management due diligence process

FOCUS AREA

Anti-Corruption

Terma’s anti-corruption efforts are guided by an annual wheel. On a yearly basis, we review our anti-corruption program, update and conduct anti-corruption training, and every other year we update our Employee Code of Conduct and associated e-learning with relevant new policies and scenarios. On a continuous basis throughout the year, we investigate cases, raise awareness of our reporting channels, monitor and report compliance, as well as conduct due diligence.

Anti-Corruption Training

An integral part of the anti-corruption program is the training of employees according to each employee’s job function risk profile. The training status and requirements for each anti-corruption risk profile at the end of FY2022/23 is shown here.

The Value of In-person Training

Employee engagement on anti-corruption issues: by providing employees with the opportunity to discuss ethically complex issues in advance of encountering them, we are normalizing dialogue and discussion, and employees are becoming better at spotting when something could be a potential issue. The in-person workshops have created more awareness and visibility of the CSR & Compliance department, meaning people feel comfortable reaching out if they are in doubt.

Increased understanding: by engaging with employees, we are also collecting best practice examples and have gained a better understanding of the sorts of risks the organization is exposed to. By knowing the types of issues different departments experience, we can target our efforts and give extra attention where it is needed.

Annual Training for High-Risk Job Functions

All employees with a high-risk job function must participate in an annual anti-corruption workshop. The feedback from last year’s workshops were positive, highlighting the usefulness of dilemma cases. Therefore, it was decided this year to predominantly focus on cases in the workshop.

The workshops provide a space for dialogue and confidential discussions of scenarios that Terma employees could potentially encounter. To ensure these workshops continue to be relevant, the cases are put together based on actual experiences, issues, cases, and learnings from the past year. Moreover, scenarios are tailored to the various departments and their type of risk exposure.

Going Forward

Terma’s anti-corruption program and procedures are robust and well-implemented. We will continuously work to ensure that this remains so and actively seek out new ways of optimizing our processes. For instance, it has been two years since we implemented our upstream and downstream due diligence processes. These two processes are continuously being optimized based on the learnings acquired and feedback received.

Moreover, one of the key initiatives during the next financial year is to update the Employee Code of Conduct and associated e-learning with relevant new policies such as a Due Diligence Policy a Responsible Lobbying policy.

Anti-Corruption Training Status end FY2022/23



Type of Mandatory Training	LOW Risk profile	MEDIUM Risk profile	HIGH Risk profile	Frequency
Employee Code of Coduct e-learning	✓	...	✓	Every 2 years
Anti-Corruption e-learning		...	✓	Every year
In-person workshop			✓	Every year

The level of anti-corruption training corresponds to each employee's job function risk profile.

Deep Dive: Step-by-Step Due Diligence

Terma's suppliers follow the Supplier Due Diligence Process (upstream), while all other third parties – including, but not limited to, customers, end-users, and marketing consultants – undergo the Business Partner Sanction Screening and Due Diligence Process (downstream). To illustrate how the downstream process works in practice, Terma's Compliance Advisor, Annija Apele, shares her experience with Terma's approach.

When and how does a due diligence case end up on your desk?

» The foundation of all effective due diligence is adapting the process to different types of third parties, as suppliers and customers can pose very different types of risks. For that reason, we have separated our due diligence processes into 2 flows: upstream and downstream. Our sourcing department is responsible for the upstream due diligence on suppliers while the downstream due diligence process is managed by both the Legal department, which is responsible for sanction screening, and the CSR & Compliance Department, where I work, is responsible for preparing the due diligence reports. For both processes, our focus is on anti-corruption, human rights, and the environment.

The downstream process is closely integrated with the existing sales process. As a result, all it takes to create a downstream due diligence request is to upload the documents from our customers to

our Customer Relationship Management (CRM) system, where I can check if a new request has been submitted.

When a due diligence case is sent to you, what steps do you take from start to finish? And where do you find the necessary information?

» My starting point is scoping the due diligence based on the country where the third party is from. If the country is a fragile state, has an increased corruption risk, or is involved in armed conflict, the due diligence becomes more extensive and looks more closely at the owners and principals of the third party, as well as the overall political, human rights, corruption, and environmental risks in that country.

In all cases, regardless of scope, I focus on identifying whether the third party has had any issues related to human rights, corruption, or the environment in its track record, whether there might be any other risks, such as reputational risks or ongoing litigation, and, in case of private companies, whether the company exists.

My main tools include:

- the Dow Jones Risk & Compliance database on companies and individuals, which helps to identify whether such risks are present,
- the Dow Jones Factiva search for a targeted adverse media search on the third party, which

helps me access media sources that may otherwise be unavailable,

- official commercial registries, if these are available in the target country,
- open-source research on online search engines,
- for country risks, information from NGOs, government agencies, embassies and research institutes.

Once I finish the due diligence report, I update our customer database, and the result is automatically transferred to all business opportunities involving this customer. A specific third party can act as a customer in one business opportunity and as an end-user in another business opportunity.

If you find anything of concern, what steps are open to you?

» The aim of the due diligence is to tailor the compliance/risk mitigating actions to the risks identified during the research. Therefore, depending on the number and the severity of the adverse findings, the due diligence recommendations can range from including specific clauses in the contracts to the third party submitting additional documents for more extensive due diligence, to escalating the case to management for a decision.

What do you find challenging about this process?

» The challenging – but also the very fun – part of the process is that no two third parties are alike. So, a large part of improving the due diligence process

is constantly discussing the more complex cases within the team, understanding the implications the findings have for Terma's operations and for the specific products, and finding new tools to adequately address the risks that come up. Therefore, it is very important to renew the due diligence regularly, as our capabilities grow with each case. I also look forward to Terma's first product human rights impact assessment being made next financial year, which will be an invaluable contribution for an even more intricate analysis.

What advice would you give to a company that is just starting to build their due diligence process?

» Due diligence is never "one size fits all". But, in my opinion, the keys to a good due diligence process are:

- Creating a process that reflects the risks relevant to the different types of third parties.
- Integrating the due diligence process into existing processes and IT systems, so that the process is as effortless and efficient as possible for all stakeholders.
- Working with your stakeholders to continuously improve the process, the methodology, and the compliance action toolbox. The due diligence needs to reflect not just the best compliance practices, but also the organization's own goals, needs, and realities.

FOCUS AREA

Diversity

We want Terma to be an attractive and inclusive workplace with high performing and diverse teams, able to attract and retain new talents from a wide range of backgrounds. We work to foster an inclusive culture overall through a variety of initiatives.

Survey

To be able to choose the right initiatives, we launched a survey towards women in departments where there is a gender gap and high recruitment needs, namely STEM-focused (Science, Technology, Engineering, Mathematics) departments.

The survey result showed that immediate managers are good at fostering an inclusive environment in their own teams, however, a company-wide diversity agenda is less visible to employees. Respondents highly appreciated things like work-life balance, colleagues, and being valued for one’s skills. They also suggested ways to create a more inclusive environment, such as having a focus on female leaders and role models, creating equal opportunities, and improving bottom-up communication.

Recruitment Guidance

The language used in job ads can influence women’s decision to apply. As we aimed to increase the number of applications received from women, we developed a global recruitment guide and template to help managers write diversity-focused job ads.

Improved Parental Leave (DK Locations)

The new Parental Leave Act, which includes earmarked paternity leave for fathers, came into force in 2022. In addition to implementing the new law, Terma has chosen to increase gender equality and improve parental leave rules for all employees in our Danish locations, which comprise approx. 82% of our total workforce. With the new Terma scheme, all employees will get an improvement, both in length of the leave, but also in the right to full pay. We believe this will help towards fostering an inclusive culture across the organization.



Supporting Women in IT

Every year, Terma takes part in various initiatives that aim to promote interest and careers in STEM (Science, Technology, Engineering, and Mathematics). In February 2023, the Soeborg location hosted a network of women university students and recent graduates within IT, who were treated to a tour, quizzes, and demonstrations from our cybersecurity and AI specialists. Former and current student workers and interns also shared their experiences of working or writing their thesis with Terma and transitioning from student to employee. There were opportunities to network and ask more technical questions, and participants received information on how to apply for internships, student jobs, or full-time positions.

Going Forward

In the current strategy period, we did not reach the targets of more female hires, and while progress has been made in other ways, diversity continues to be an important topic for the organization to address. Therefore, we have decided to keep and enhance the topic in the next strategy under the focus area Diversity & Inclusion (see page 32).

Gender Distribution

We strive to attract more female employees and create a more gender-balanced workplace as the current gender distribution among Terma’s employees is 73.5% men and 26.5% women. We have set a target of 4% annual increase in number of female applicants hired, which we unfortunately did not reach.

Gender Distribution in Management across the Group



The global gender distribution in people management across Terma group was 20% for FY2022/23 as shown. For Terma A/S, the gender distribution was 19% for FY2022/23 (21% for FY2021/22). For Terma Aerostructures A/S, it was 13% for FY2022/23 (8% FY2021/22).

In line with creating a more gender balanced workplace, we had a strategy target for an increase of 3% in the female composition of leadership. This target was unfortunately not reached during the 3 year strategy period and we have therefore chosen to continue to focus on this in the next strategy period.

In FY2022/23, new board members were elected to Terma A/S, where the most relevant candidates were chosen. We will continue to strive towards a more balanced gender representation at Board level and are taking steps to this end. By FY2025/26, we aim to have 40% female board members, where we currently have 0 out of 4.

Terma Aerostructures A/S' Board of Directors consists of 3 male members of Terma A/S Executive Management. There were no changes to the Board in this financial year. By FY2025/26, we aim to have 33% female board members.

This year, new external board members were appointed to the Terma Inc. Board of Directors, with 2 out of 4 members being female.

Gender Distribution across all Leadership Levels

There is new legislation in Denmark concerning the mandatory reporting of gender distribution at board and executive level, as well as "other leadership levels", i.e., employees who have people-management responsibility reporting to executive leadership.

This comes into force for Terma from FY2023/24. However, we have decided to report our numbers for FY2022/23 and make this our baseline year. Moreover, we are including numbers for all leadership levels who have people-management responsibilities, to gain a more nuanced picture. There is no separate report for Terma Aerostructures A/S, as there is only one employee at executive management and other leadership level respectively. From next year, we will develop a policy and action plan aimed at increasing representation of the underrepresented gender, as well as targets.

Gender Distribution across Terma A/S Top Management

Leadership level		Total (men + women)	Percentage of underrepresented gender (women)	Target by FY2025/26
Terma A/S Board	General assembly elected board members	4	0%	40%
	Elected employee representatives	3	66%	-
Executive Management	CEO, CFOO, EVP	4	0%	20%
Other leadership level reporting to executive management (people-managers)		19	21%	25%

Gender Distribution across all Terma Employees, with People-Management Responsibilities

Leadership level	Total (men + women)	Percentage of underrepresented gender (women)	Target by FY2025/26
Senior Vice Presidents	11	18%	25%
Vice-President, Chief Specialist, Chief Project Manager, Chief Commercial Manager	24	17%	
Senior Director, Director, Senior Specialist, Senior Project Manager, Senior Commercial Manager	70	17%	
Senior Manager, Manager, Specialist, Project Manager, Commercial Manager	75	24%	

FOCUS AREA

Employee Health & Mental Well-Being

Continuous Listening

This year, the global employee survey switched from being biennial to annual, to be able to work with the results in a more strategic and agile way. Moreover, as a way of continuously assessing progress against implemented activities and targets, we launched a global “pulse” survey based on selected engagement drivers from the previous employee survey. The topics were job content, Terma reputation, and overall satisfaction. The short survey has the purpose of ‘taking the temperature’ of the organization and allows managers to follow up more quickly on issues that deserve attention. The results showed a slightly lower score across all three topics; however, the numbers rose again in the annual employee survey results.

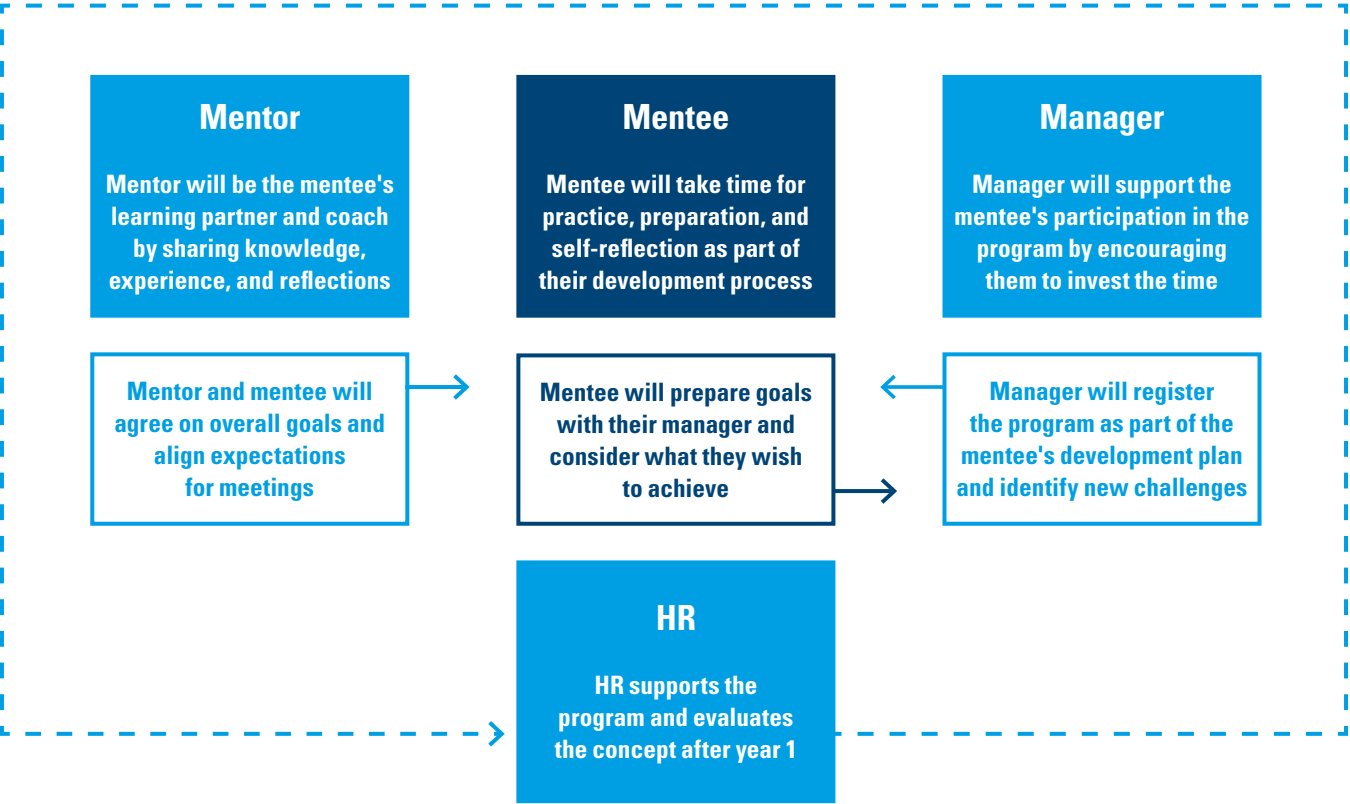
In the global employee survey, the Immediate Manager score continued to increase by another 2 points, making it a total of 4 over the strategic period, exceeding the target of 2. Overall *Satisfaction & Motivation* increased by 1 point this year, making it a total of 1 point over the strategic period, meaning the target of a 3-point increase was not met. There are of course variations across the organization, and each manager is given the results for their departments (above a certain size) and asked to develop action plans.

The previous employee survey from 2021 showed that employees with 1-3 years’ seniority are not as motivated and satisfied as other employee groups. As a result, we decided to explore whether there are issues already in the onboarding process that require attention, by asking new employees to provide feedback on the experience of joining Terma. Managers and employees have responded well to the process, and we will work with the results as they become available.

Mentor Program

We wish to support employees in their continuous personal and professional development. Therefore, we have launched an internal mentor program designed to provide this support, which creates a structure for competence development, reflection, and knowledge sharing. The Terma Mentor Program builds bridges across different areas of expertise, departments, and seniority.

It aims to help colleagues unlock their potential, and boost motivation, retention, and attracting talent to the organization. Mentors and mentees are matched across different parts of the organization, and for the pilot period, we have 21 matched pairs participating, who will evaluate the concept after 6-12 months. The feedback will subsequently be incorporated, and the program launched more widely.



Health Screening

With support from Topdanmark Pension, we conducted a health screening on Terma employees at Danish locations. The survey, entitled “*how are you actually feeling*”, focused on a wide range of topics such as mental well-being, exercise, diet, sleep, pain, social relations, and job satisfaction.

Every respondent received a personal health report and a customized action plan with concrete suggestions on how to improve health and well-being, as well as the opportunity of confidential follow-up sessions with health experts. Terma then received a company report with overall results from which we identified the top 5 challenges per location. Topdanmark recommended that we focus efforts on the following issues: movement, sleep, pain, and nutrition.

In dialogue with Topdanmark and our work environment committees, we have put together a catalogue of activities for 2023 that address these topics. This includes stress-management advice; a cycling campaign and maps of walk-and-talk routes to incorporate more movement in the workday; access to physiotherapy treatments; and information sessions for employees and their families on better nutrition, movement, and sleep.

Leadership Training

We continued with leadership courses throughout 2022, with high levels of participation and overall positive evaluations. Next year, we will develop tailored leadership courses for senior management.

Sick Leave

Our aim is to continuously reduce sick leave, and we have a specific target of reducing female sick leave absence to maximum 4.2% by end FY2022/23. This year, we are seeing improved numbers due to the levelling out of the health crisis, however, this target has not been met.

Sick Leave Absence by Gender and Age

		Below 35	35-55	Above 55	Average total
2018/19	Men	3.3%	2.4%	3.4%	2.9%
	Women	6.1%	5.1%	4.5%	5.1%
2019/20	Men	3.0%	2.2%	2.6%	2.7%
	Women	4.5%	4.6%	5.2%	4.9%
2020/21	Men	2.9%	2.1%	2.3%	2.3%
	Women	5.0%	6.3%	6.7%	6.2%
2021/22	Men	4.4%	3.0%	3.4%	3.4%
	Women	7.3%	6.5%	6.7%	6.7%
2022/23	Men	4.1%	3.0%	4.4%	3.9%
	Women	6.2%	6.5%	4.1%	6.0%

The figures above cover all Terma’s locations globally and include pregnancy related sickness. However, child sickness is not included in the figures.



FOCUS AREA

Employee Safety

Safety continues to be a high priority for Terma. With this being the last year of the current CSR strategy, we are proud to have implemented a series of systems and a governance structure, which will ensure this area continues to be strengthened.

Chemical Risk Assessment

This year, we finalized the chemical risk assessments for production sites in Lystrup and Grenaa. Based on these risk assessments, we have developed new safety instructions for employees who work with chemical substances. Furthermore, all instructions that describe protective measures are now digital, and all old paper-based versions have been removed. This is a natural step on the road to having paperless manufacturing, and it ensures employees are always accessing an up-to-date version at a given station. All relevant employees have now received training in how to locate instructions.

New and Improved Safety Intranet

The online Portal for the production site in Grenaa has received a comprehensive update. Most importantly, all instructions are now hosted on the Portal, which is more user-friendly and allows you to navigate between pages and documents, without the need to launch heavier systems. The updated instructions for employees are now more intuitive and readable, and available in both Danish and English.



Monitoring Safety Excellence

Through the strategy period, we have held a consistently low Lost Time Injuries Frequency Rate (LTIFR), as well as a low number of near misses and total number of injuries per FTE. This is despite the large number of new employees that have been hired over the last three years. Across all Terma locations globally, we had 20 working accidents of which 4 accidents resulted in absence from work.

At the beginning of the strategy period, we built a measuring system based on the Bradley Curve™ and adjusted for Terma’s requirements. The system looks at 12 parameters across leadership, structure, process, and actions. In the past year, we have conducted 3 more assessments. As part of our commitment to safety excellence, we strive for the safety class referred to as “interdependent safety culture”. This requires an average score of between 4 and 5, and Terma currently averages 3.2. We also continue to implement safety initiatives and campaigns to help us reach this target and a safety conscious work culture.

Lost Time Injuries (LTI) Frequency Rate



LTI Frequency Rate is calculated as follows: ((Absence in hours) / (total hours worked in accounting period)) x 1,000,000.

The process for reporting safety observations (i.e., near-misses) has also been digitized and the information collected is accessible to all staff. This information is critical to our manufacturing and helps us to identify areas that require attention, and thereby reduce the risk of accidents and injuries.

Going Forward: New Health, Safety, Environment and Energy (HSE&E) Structure

During this strategic period, where safety has been a focus area, we have identified challenges and areas for improvement, which we wish to build on to keep a steady focus. Importantly, as Terma grows as a company, we wish to sustain our high level of safety excellence.

Most importantly, we want to be ready for future legislation on environmental management, packaging, use of chemicals, and any others that touch on our industry and processes. Due to the differentiated manufacturing processes between Lystrup and Grenaa, each location has developed its own systems and ways of working with health, safety, and environment. In the future, we would like to see this unified and implemented using a “One Terma” approach, with alignment across locations and best practice sharing. There is a need for centralized coordination, strategic direction, and concrete targets, if we are to realize our commitment to reducing Terma’s environmental footprint and continue striving for safety excellence.

To this end, Terma leadership has decided to put a new HSE&E structure in place, headed up by a director. With an increased environmental focus, they will play a key role in the new CSR strategy, as well as continue the work on health and safety.

Deep Dive: Fits Like a Glove

Terma is part of an industry that uses a wealth of chemicals as part of the production process. It is therefore vital that employees who handle these substances are provided with personal protection equipment (PPE) that is both safe and comfortable. Moreover, PPE represents a significant cost to the organization, but usability and safety must always come before price.

For a while Terma has been looking at options for switching suppliers of chemical gloves, which was put on hold during the health crisis. This year, it was back on the table, and we received an offer that also represented a cost reduction. The supplier underwent our supplier due diligence process and we decided to do a long-term trial of this new PPE, to ensure this did not mean a reduction in quality.

Prior to the trial period, we launched a survey to assess the gloves that were currently being used, and again at the end of the trial of the new gloves. Employee satisfaction with the new chemical gloves was a remarkable 33% higher with the new supplier.

We opted for contracting the new supplier and the next step is to develop 'glove plans' for each of the approximately 1,000 different chemicals used in our production. These plans dictate for how long a glove is safe to use with a specific chemical and in a specific environment.

This is a great example of adaptive management, listening to the needs and wants of employees, and finding ways to improve safety without breaking the bank or compromising on our due diligence. Terma safety employees used a scientific approach to great advantage.



FOCUS AREA

Human Rights

Throughout this strategy period, human rights has been a key focus area, and one that has helped to differentiate Terma. Within this focus area, we work with the UN Guiding Principles on Business and Human Rights (UNGPs), which require companies to have in place a human rights policy, due diligence processes, and grievance mechanisms such as reporting channels.

A Holistic Approach to Human Rights

As key societal actors, businesses have a role to play in respecting and protecting human rights, as reflected in the UNGPs. Operating in the Aerospace, Defense and Security sectors, we deliver products and services foremost in times of peace, but also in times of conflict. We recognize that we may become part of human rights impacts through our products, services, and the industry we belong to. These impacts can be positive or adverse. Therefore, during this three-year strategy period, we had an opportunity to develop our approach and implement the following elements:

Policy: Our human rights policy, which is aligned with the UNGPs, is included in our Employee Code of Conduct. All employees are required to undergo our mandatory Employee Code of Conduct training, where they, among others, are introduced to the UN Guiding Principles and the 48 human rights.

Due diligence: Terma conducts due diligence on third parties both for our upstream and downstream value chain. Human rights are a key component of this. We set human rights requirements via our Business Relationship Code of Conduct, which is aligned with internationally agreed standards for responsible business conduct, the UNGPs and the OECD Guidelines. Our suppliers are asked to complete a CSR self-assessment where they indicate whether they have a human rights policy, a due diligence process, and grievance and remediation mechanisms in alignment with the UNGPs.

Moreover, our customers and end-users are screened for adverse human rights issues.

Impact assessment: We need to know what our impacts are to ensure these are addressed and clearly communicated to our stakeholders. A human rights impact assessment is a process for identifying, preventing, or mitigating risks of adverse impacts from business operations and services on, at minimum, all 48 human rights listed in the International Bill of Human Rights. We have decided also to identify, where we have positive impacts. Over the past three years, we conducted annual human rights impact assessments for

How We take Action, Now and in the Future

Addressing results: The core activity has been the annual human rights impact assessment, requiring a broad stakeholder engagement process. Based on the result of the impact assessments, we work to address any identified issues or gaps. For instance, we identified that we were lacking a Responsible Lobbying policy. This policy is now being developed and will be integrated into our Employee Code of Conduct.

Upcoming legislation on corporate due diligence: The European Union is due to pass a new Corporate Sustainability Due Diligence Directive (CSDDD). Thanks to the strategic focus on human rights due diligence over the past three years, we are not only confident that our policies and procedures are able to cope with increased reporting requirements; we are ahead of the curve in many ways. We are writing a due diligence policy that reflects our practice, and, which will be aligned with the CSDDD and integrated into our Employee Code of Conduct.

the Danish locations, and this year we expanded and looked at an additional country location.

Awareness: We have sought to continuously create awareness around our human rights approach, both internally and externally. It is not only vital that employees are aware of the reporting channels available to them, but we also wish to show why we have decided to focus on human rights and how it is relevant to everyone. We regularly publish global portal messages, e.g., to mark International Human Rights Day, and when we publish our annual impact assessments, encouraging employees to provide feedback.

Moving on to products: We have decided to conduct human rights impact assessments on broad product categories to identify the positive and adverse impacts they can have on the different human rights. This work will start in spring 2023 and involve an extensive stakeholder engagement process.

Walking in front: A key benefit of the human rights work has been to know that we are setting an example to others within and outside our industry. We actively create awareness of our approach through our external networks, and we believe it sets us apart to be among the first in our industry to conduct and publish human rights impact assessments. We will continue to do so annually in Denmark and Germany, and from 2024 we will add our U.S. office.

Human Rights Impact Assessment of Terma GmbH

All locations with an excess of 50 employees are in scope for a human rights impact assessment. Our office in Germany, Terma GmbH, who solely operates within the Space industry, is the biggest subsidiary and therefore was chosen as the second location to have a dedicated human rights impact assessment. This activity took place in January 2023, as did the update to the assessment of the Danish locations.

We take a systematic and structured approach to conducting the assessment. Based on the experience from the Danish locations, employees from the CSR & Compliance Department hosted a workshop with relevant employees from Terma GmbH in their offices in Darmstadt.

At the workshop, we went through one human right at a time and assessed the following for each:

- Do we have a policy and/or process to cover this right? If yes, what is it called, where is it located and who is responsible for it?
- Description of the adverse impact
- Description of affected stakeholders
- Description of policies, processes, and activities in place to prevent or mitigate the impact
- Description of how we monitor the effectiveness of the policies, processes, and activities

Importantly, the assessment focuses both on actual and potential impacts, and the findings were consolidated in a separate report, which can be found on the Terma [website](#).

While we initially expected the assessment to be fairly similar to that of Denmark, there turned out to be key differences in the way Terma GmbH functions and where its impacts lie due to its

professional remit and the national legislation. This warrants a separate annual assessment for Terma GmbH going forward.



FOCUS AREA

Responsible Supply Chain Management

Through Terma’s Responsible Supply Chain Management Program (RSCM), we conduct due diligence on suppliers with a focus on human rights, anti-corruption, the environment, and conflict minerals. Thanks to the strategic focus on RSCM, these processes are now fully embedded in the organization, and we will implement key learnings going forward.

Strong Progress

Terma’s Responsible Supply Chain Program continued throughout FY2022/23. By the end of the previous financial year, 35% of active suppliers had undergone the new due diligence process, and the aim was to reach 100% by the end of the strategy period. Happily, the target is now close to being met. Going forward the due diligence work will continue towards our suppliers in our Supply Chain.

This year we progressed from 35% to 85% of active suppliers that have undergone the due diligence process.



The focus area has required a lot of time and resources but has been an excellent learning experience for Terma, allowing us to raise the bar by putting the necessary policies and guidance in place; build capacity both internally and with suppliers; and ready the organization for future legislative developments.

We continue to experience low maturity levels from suppliers, when it comes to having the relevant internal policies in place, and this is in part because many of our suppliers are relatively small companies and these requirements on due diligence and documentation on conflict minerals transparency is new for many. This means each purchaser is required to spend more time than anticipated with their suppliers providing one-to-one support, and we acknowledge many of the requirements are hard to fulfil without the necessary capacity.

In the future, we hope to look at how this process can be digitized and optimized; however, we are confident that once a supplier has been through the process once, it will be much simpler to submit updates in the future.

Supplier Maturity: Illustrative Example

We recognize that suppliers to Terma will have different levels of experience and capacity when it comes to developing and implementing internal policies and procedures. We have tried to illustrate this using four levels of maturity, as shown below, whilst acknowledging there is no "one size fits all".



Conflict Minerals Template

One of our activities was to update Terma's own Conflict Mineral Reporting (CMR), based on the industry standard template. This activity was finalized and the information can then be shared with our customers on request.

We used the data collected from our suppliers and incorporated it into our own CMR template. The challenge to this area of work lies in the consolidation of data, e.g., when information is received in a different format. In the future we plan to set up frameworks and requirements that will make this work easier.



Going Forward

The program is fully embedded in the Supply Chain and Quality Management department at Terma, and once all active suppliers have undergone the due diligence process, it is an opportunity for the organization to pause and assess. The following areas have been identified as priorities:

Dialogue: it is crucial that we continue to have an ongoing dialogue with our suppliers, thereby increasing their knowledge and capacity, aided by equipping purchasers with the necessary background information to help in this dialogue, particularly if CSR might be unfamiliar to both purchaser and supplier.

Better systems: at the beginning of the strategy implementation, we considered how to collect and store information on supplier progress and compliance and decided to work with a light system, rather than build a new database. This system will be optimized, based on our experience with data collection and access, enabling us to monitor and use the data in Terma's own reporting.

Examples of best in class: Suppliers who work with CSR and the associated legislation are looking for examples of what "best in class" looks like. We can provide inspiration and examples to our suppliers on how to work with human rights and anti-corruption. Moreover, examples of how new EU legislation must be implemented will be valuable for all concerned. Terma will continue to monitor these developments and aid in the transition.

Environment

Energy Saving Initiatives

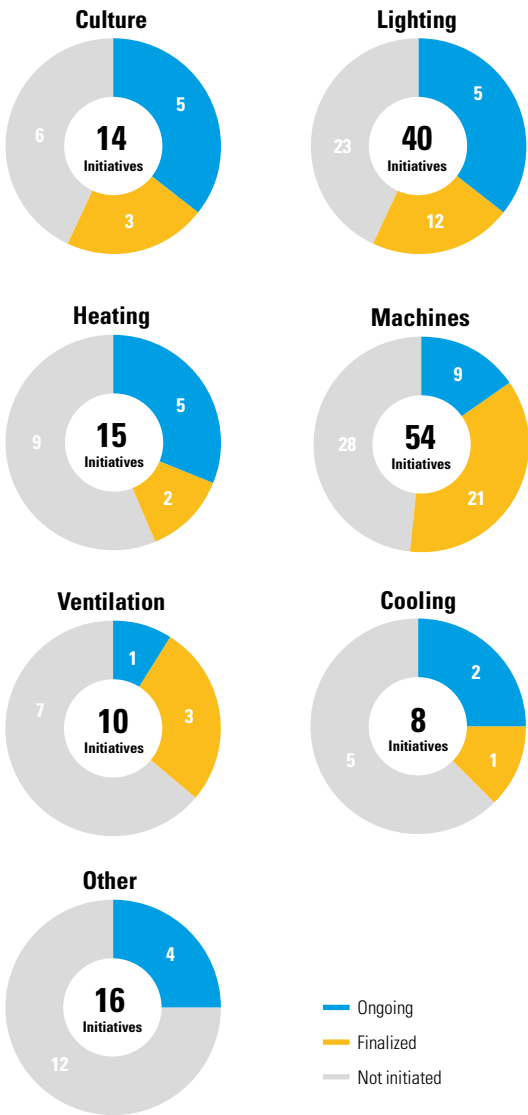
While exploring the various options for reductions based on the results of the energy screening conducted last year, the energy market became incredibly volatile, which pushed us to act faster, and identify new ways of optimizing and reducing energy consumption across all Danish locations, for example by adjusting work and production methods. We also encouraged staff to submit their suggestions and started an internal campaign to promote energy-saving behavior. Initiatives included installing motion sensors, switching to LED lights, switching off or setting timers on equipment and reducing the temperature in offices and meeting rooms.

In our headquarters in Lystrup, a host of initiatives have been explored and implemented in both production and offices. The main savings have been found in switching to LED across the site and by an overall optimization of the ventilation systems. This in turn also resulted in a significant saving on heating. Prior to the energy crisis, these changes may not have been identified as quickly, but the estimated annual saving is 195.595 kWh/year across 71 initiatives in Lystrup.

We have identified a large number of potential initiatives whilst prioritizing those that offer the largest potential energy saving.

Most activities have focused on Lystrup and Grenaa locations, as they are our production sites. Moreover, in the spring of 2022, Terma moved to a new office location in Søborg (DK), where energy efficiency was optimized during the associated building renovation. Across most office locations outside of Denmark, energy is paid for and managed as part of rental contracts. Nevertheless, we still encourage environmentally conscious behavior among our employees.

Overview of Energy Saving Initiatives across Danish Locations



Substitution of Hazardous Chemicals

Chemicals are widely used in the production of metal and composite parts at Terma Aerostructures. Some of these substances are hazardous to humans and the environment, and therefore we are actively working on substituting the most harmful chemicals and have made strong progress.

Surface treatment requires the use of an alkaline cleaner. The formerly used alkaline cleaner was harmful to both reproduction and aquatic life. To provide better working conditions for the operators and act in an environmentally responsible manner, we identified and tested a less harmful alkaline cleaner, and subsequently implemented this in production in August 2022.

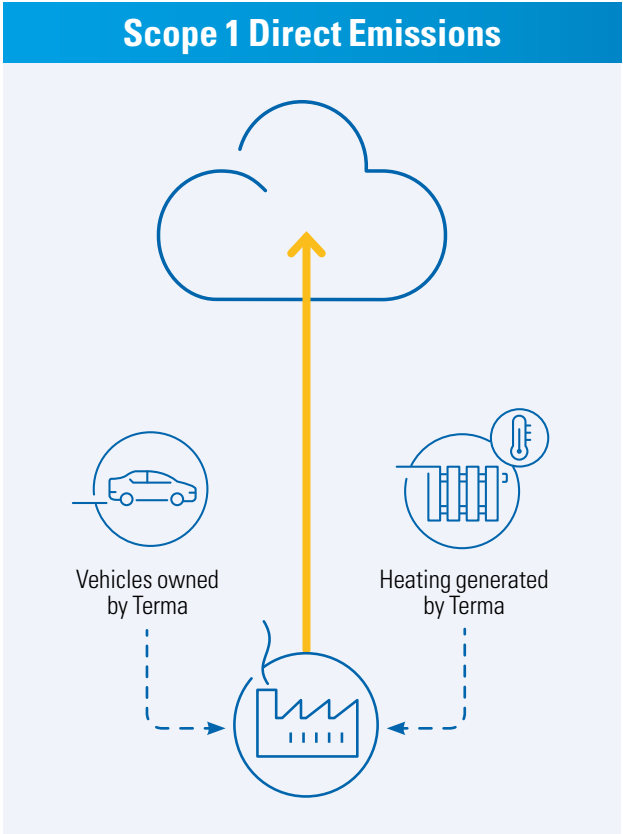
Use of primers containing strontium chromate, which is hazardous to health and included as part of the EU REACH regulation, was reduced to 14 liters (down from 70 in 2021 and 210 liters annually in the early 2000s). We are now working with customers to substitute the remaining primers, which are still part of some product specifications.

This year, we commenced the substitution process of chromic acid and sodium dichromate (also subject to REACH regulations due to being carcinogenic), which are used in anodization of aluminum alloys. The process requires a long trial period to demonstrate compliance towards our customers' specifications, who must approve before we can finalize the substitution.

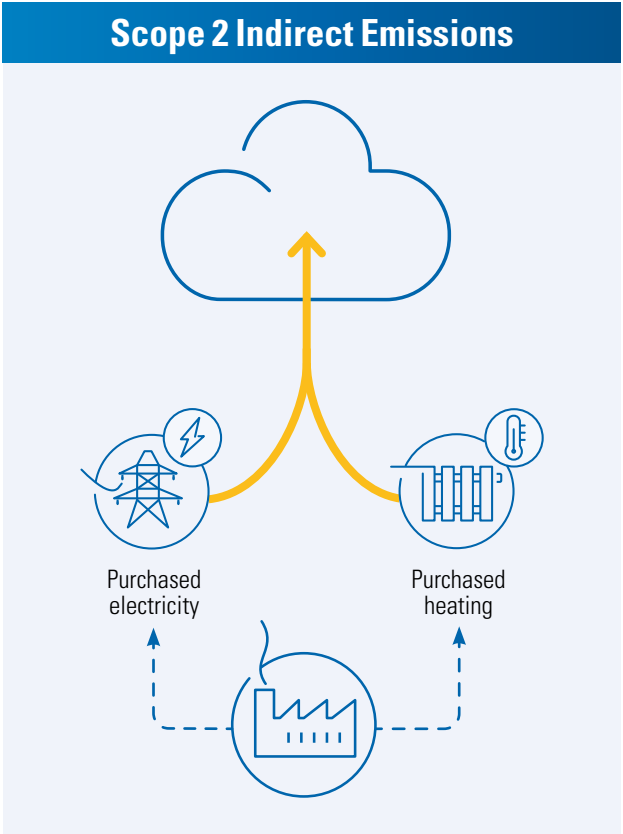
Going Forward

Energy and emissions, as well as waste and recycling, will be strategic priorities in Terma's new CSR strategy 2023/26. Moreover, environmental management will be part of the new Health, Safety, Environment & Energy (HSE&E) structure in Terma.

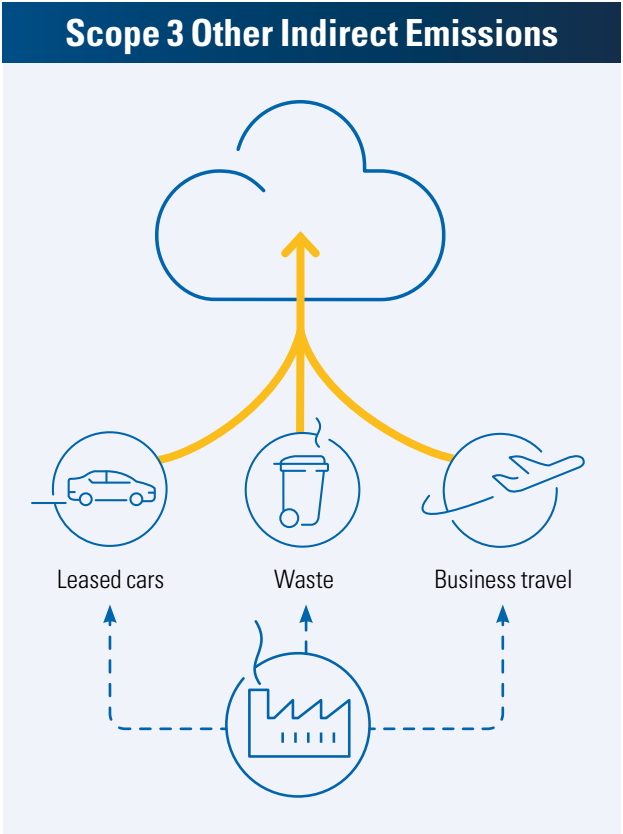
Terma's Greenhouse Gas Emissions



Direct GHG Emissions in Metric Tons of CO₂ Equivalent



Energy indirect GHG Emissions in Metric Tons of CO₂ Equivalent



Other Indirect GHG Emissions in Metric Tons of CO₂ Equivalent



*Scope 3 data for FY2019/20 and FY2020/21 have been recalculated due to an error in conversion factors

Solar Panels

The Grenaa site uses more than 10,000 MWh in electricity per year. During the energy screening, it was recommended to explore solar panels as an energy saving measure. In the fall of 2022, Terma expedited these plans. Thankfully, we were swiftly granted approval to mount 5,500 m² of solar panels, which covers approximately 10% of the energy consumption in Grenaa. The emissions associated with production of the panels will be offset within the first year of running.

The solar panels were installed between December 2022 and February 2023. 25% of the panels are now up and running, with the remainder awaiting final permits. In the future, this facility can be expanded, and we will explore options for setting up panels in Lystrup and Søborg as well.

Rights-based Approach to Environmental Sustainability

Procuring the solar panels in a sustainable and responsible way is key to Terma, regardless of the urgency. It was important for us to demonstrate to our stakeholders that one does not have to compromise on ethical business conduct in the name of environmental sustainability.

Currently, 40% of global polysilicon manufacturing is concentrated in China's Xinjiang province where there are reports of widespread human rights abuses against the Uyghur population. Terma therefore sought assurance that the panels were not produced in Xinjiang province or with the involvement of forced labor.

Ultimately, were the contractor to procure the panels from certain suppliers, it would carry a risk, as sub-suppliers could not guarantee our requirements with 100% certainty. Deciding that we did not want to take this risk, we asked the contractor to find suppliers with the right documentation and to do a full due diligence our legal team could approve. Whilst carrying a higher cost, it has removed any risk that this step towards environmental sustainability has happened at the expense of human rights.





Reporting Channels

It is vital that employees and third parties have access to functioning reporting and remediation mechanisms. Terma has two reporting channels *Ethics Line* and *Tell us your concerns*.

Reported Cases

All cases are confidential, regardless of whether the cases are reported to *Ethics Line* or *Tell us your concerns*. Executive Management receives a monthly compliance report, which includes the number of cases reported in the two systems. The Board of Directors receives this information quarterly. At the end of each financial year, the number of cases and their categories are communicated to the whole organization.

ETHICS LINE

During the financial year 2022/23, Terma received 2 whistleblower cases via *Ethics Line*. Only Terma's Ethics Committee and the Chairman of the Terma A/S Board, and when relevant the Chairman of the Terma Inc. Board, have access to the reported cases. In total, we have received 4 cases since we launched *Ethics Line* back in January 2019.

TELL US YOUR CONCERNS

Terma's internal reporting channel *Tell us your concerns*, solely dedicated to Terma employees, received 17 cases during the financial year 2022/23. Only the specific investigator and the Head of CSR & Compliance have access to the reported cases, which are treated in a confidential manner. 12 out of the 17 cases pertained to the same matter regarding the dissatisfaction with the planned closing down of the fitness center in Lystrup. As most employees who reported did not want the matter to be treated confidentially and wanted the case to be escalated to top management, it was highlighted in the monthly compliance report to Executive Management to create awareness of the issue. However, as per our procedure, the identities of the employees reporting were protected and not revealed.

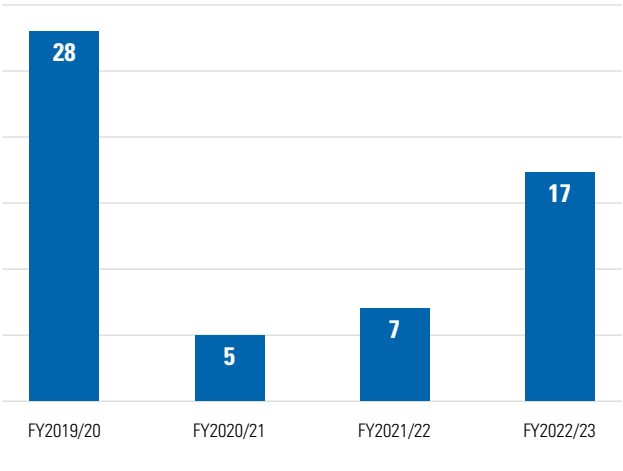
» I see it as a great value to be able to offer our employees two reporting channels. Employees tend to be more cautious of reporting cases, which go to a whistleblower channel, as whistleblower cases are commonly viewed as very serious cases. By providing employees with an alternative reporting channel, we are catching the cases that might never have been reported.

These cases provide us with knowledge and help us close possible procedure gaps that could have led to an actual whistleblower case. *Tell us your concerns* is a good tool to assess the compliance temperature and the wellbeing of our employees and thereby enabling us to invest our focus where needed.

Satnam Kaur Nanda-Jørgensen

Head of CSR & Compliance and responsible for the reporting channels

Cases in Tell us Your Concerns





Ethics Line is Terma's global (multilingual) whistleblower system, which offers a confidential and safe channel where any employee or third party can report concerns if they suspect that serious illegal misconduct or other potential wrongdoing is taking place. Employees and third parties can report anonymously or by name to the system.

Tell us your concerns is our global internal case management system solely dedicated to Terma employees. It is for all concerns, incidents, and issues, which do not qualify for reporting via Terma's *Ethics Line*. *Tell us your concerns* enables us to take our compliance temperature and assess whether there are any issues that might become serious if not addressed. It enables us to take a proactive approach and continuously improve our business operations, processes, and communication.





THE NEXT PHASE OF ALLIES IN RESPONSIBILITY

Developing Our New Strategy

From initial research to the global launch, this section describes Terma's CSR strategy development process.

RESEARCH & STAKEHOLDER ENGAGEMENT

May – August 2022

Interviewing employees

30 employees globally from across the organization were invited for in-depth interviews to share their views on what makes a responsible company; what in their view Terma should be known for; and what would make them proud to say they worked for Terma. This was an opportunity to view how employees see the current CSR strategy, how they are interacting with the topics in their day-to-day work, and where they see opportunities for the organization.

Peers and external stakeholder research

Based on employee recommendations, we conducted desktop research on 18 different stakeholders relevant to Terma.

Identifying global risks and trends

Based on the World Economic Forum Global Risk Report 2022, we summarized the most severe risks on a global scale over the next 10 years under the following categories: economic, environmental, geopolitical, societal, and technological risks. We also included the trends we are seeing across CSR standards and networks, and topics identified through employee interviews.

STRATEGY DEVELOPMENT WITH TERMA'S CSR BOARD

September 2022

Presenting research and recommendations

At the strategy development workshop, the CSR Board was presented with the results from the research and stakeholder engagement phase, as well as recommendations from employees.

Selecting strategic focus areas

The CSR Board chose the following focus areas to be further explored and developed:

1. Environment and Climate (hereunder waste, emissions, energy, and more),
2. Inclusion and Diversity,
3. Community Engagement and STEM Partnerships.

The CSR Board went through 3 different exercises at the workshop

1. Global Challenges: the first exercise was to discuss which global challenges (based on the Global Risk Report from World Economic Forum) they felt Terma should contribute to solving.
2. Manifesto: The second task was to write a CSR "manifesto" based on the key findings of the interviewed employees and the previous global risk discussions. The CSR manifesto is their vision of how we as a company take responsibility towards our stakeholders and how we see our role in society. The groups shared the manifestos and discussed their viewpoints.
3. Selecting strategic topics: The third and final exercise was to select focus areas to include in the next CSR strategy. 97 topics were presented under the headlines "environment & climate", "people", "community engagement" and "industry", arising from the stakeholder research. Each CSR Board member chose the topics they saw as most material, and these were combined in a list. Thereafter, each topic was discussed, ending up with a shortlist of the most material topics for Terma to focus on.

DEVELOPING THE FOCUS AREAS

October 2022 – January 2023

Scoping the activities

In the fall of 2022, we conducted an internal stakeholder engagement process, speaking to employees from across the business areas, facilities, group management, and more, to scope the topics. This feedback was vital to ensure that the strategy outcome is realistic and ambitious.

Compiling the strategy

Based on the information collected, we prepared action plans for each focus area, comprised of activities, key performance indicators, and assigned responsibility and resources.

Debating and revising

These action plans were discussed at a CSR Board meeting, leading to a new internal revision round.

Writing our story

It is vital that we understand where we are now and where we want to be. Based on the CSR Board's manifestos and input from key stakeholders, we started developing a CSR Storyline whose purpose is to describe Terma's CSR approach and ambition.

Finishing touches

The strategy is assembled into one strategy document.

NEXT STEPS

March – May 2023

Preparing to launch

We will develop communications material, prepare our leaders, and plan the launch of the strategy in the new financial year.

GLOBAL LAUNCH!

Terma's CSR Strategy 2023/26 will be launched globally towards our employees via an internal campaign, and towards our stakeholders with the publication of this report and update of our website.

Introducing Terma's CSR Strategy 2023/26

Creating a Foundation

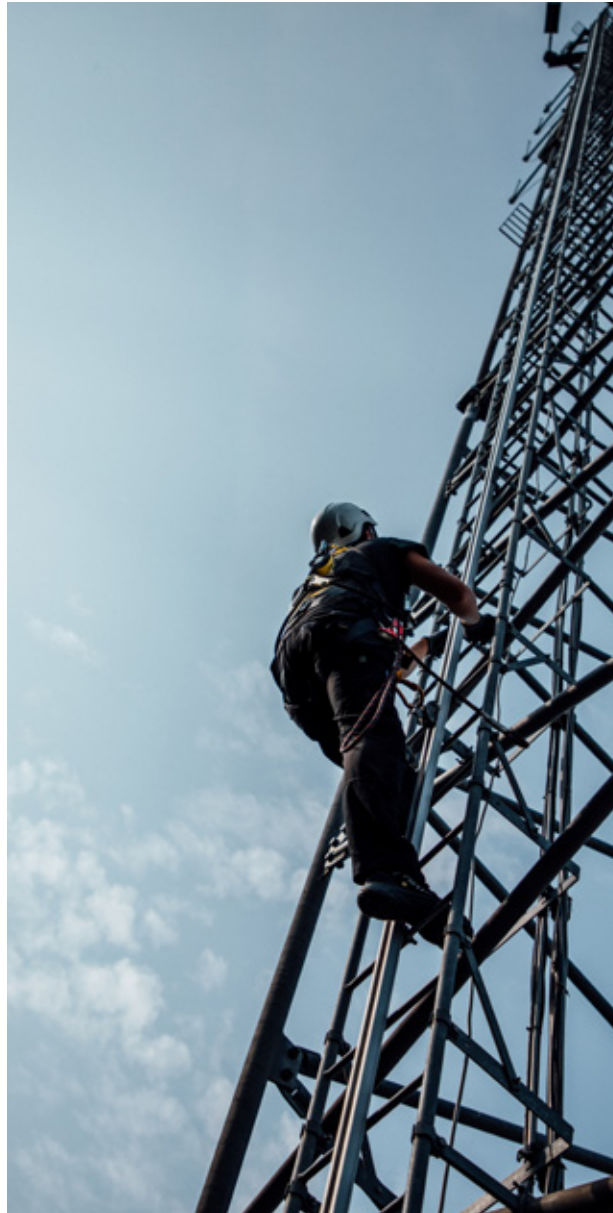
The purpose of Terma's first CSR Strategy *Allies in Responsibility 2020/23* was to build a strong foundation within CSR and compliance.

Three focus areas were chosen where the ambition level was to be in compliance: Anti-Corruption, Human Rights and Responsible Supply Chain Management. The dedicated efforts have resulted in robust compliance programs and due diligence procedures. Moreover, within human rights we have lifted the bar within our industry, being the first company to publish a human rights impact assessment.

For the remaining focus areas, the wish was to increase our efforts within these important topics: Diversity, Employee Health and Mental Well-Being, and Employee Safety. During the last 3 years, a lot of activities have been implemented, however not all targets were met as these areas are long-term investments. Therefore, Diversity has also been chosen as a focus area going forward in the next strategy and broadened with inclusion.

We are proud of the progress made and the lessons learned. Importantly, we are not closing the door on *Allies in Responsibility 2020/23*. The focus areas have now become a foundation in Terma, which we will continue to nurture over the years to come, and we are ready for the next phase of *Allies in Responsibility*, where we will challenge ourselves within 3 new areas that we find material to Terma.

We are proud to present our strategy, *Allies in Responsibility 2023/26*.



Presenting Our New Strategic Focus Areas

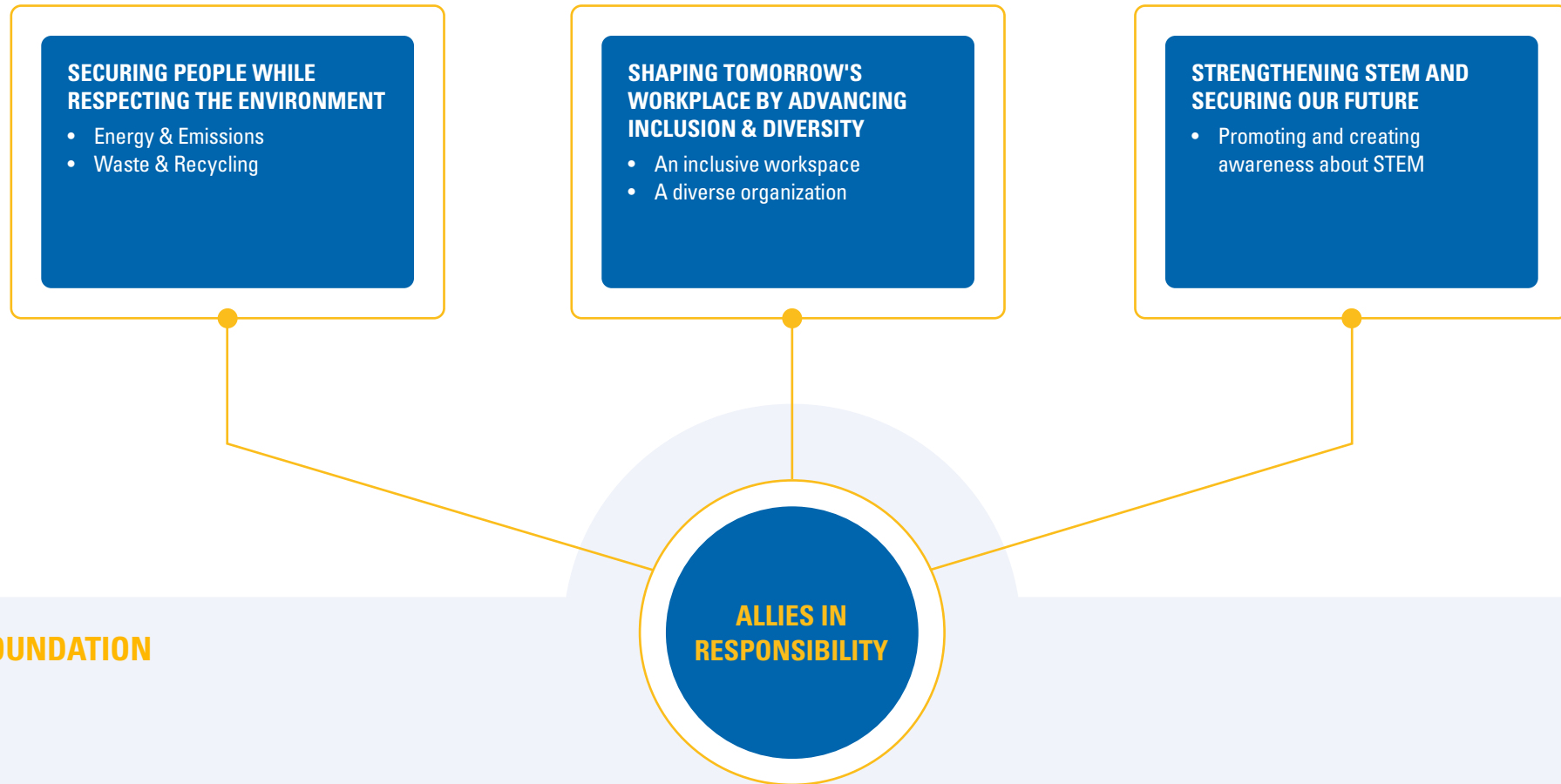
With the new phase of *Allies in Responsibility 2023/26*, we will further strengthen our CSR position and deliver value to our customers, employees, and society. The new CSR strategy's focus areas reflect the issues we believe society and our industry face, and where we feel we should contribute. We will still invest in the areas chosen in our previous strategy, as they form part of our foundation.

Under the headline "*Securing People While Respecting the Environment*", we will actively support the green agenda, by reducing our environmental footprint. There will be activities focused on Energy & Emissions and Waste & Recycling. Within these remits, we will implement a series of reduction activities without our own operations and our value chain and continue the shift to renewable energy sources and non-hazardous chemicals, as well as increase recycling efforts. Lastly, we will invest in environmental standards and certifications, and prepare for Science-Based Targets.

Terma must be an attractive place to work, and a place where thoughts, ideas, and perspectives of all individuals matter and are valued. We aim to achieve this by "*Shaping Tomorrow's Workplace by Advancing Inclusion & Diversity*". Our activities in this area will shape our company culture through capacity building, networks, and by setting targets for gender diversity. We will also explore new external partnerships that can help us move this topic forward.

Lastly, we will holistically engage with the educational field upon which we depend, namely Science, Technology, Engineering, and Mathematics (STEM), by building stronger partnerships within STEM. We will promote and create awareness about STEM educations and careers, and thereby take an active role in inspiring the next generation to choose STEM subjects. Moreover, we will engage in defense industry relevant STEM activities.

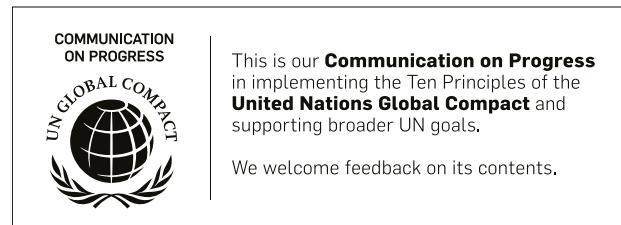
NEXT PHASE 2023/26



Accounting Principles

This Corporate Social Responsibility (CSR) report encompasses Terma's CSR efforts in all our locations in Denmark, the U.S., the Netherlands, Germany, Belgium, France, Singapore, the UAE, the UK, India, and Indonesia. The data in this report covers the financial year from the 1 March 2022 till 28 February 2023.

In accordance with sections §99a and §99b of the Danish Financial Statements Act, the report represents our statements on CSR and underrepresented gender in Terma A/S and Terma Aerostructures A/S.



The report serves as a supplement to our Communication on Progress (COP) to the UN Global Compact.

CO₂ Emissions

This year, the International Energy Agency Emission Factors (2022) and DEFRA GHG Conversion Factors (2022) were used to calculate our CO₂ emissions. To categorize our CO₂ emissions, we make use of the Greenhouse Gas Protocol (GHG) scope 1, 2, and 3.

Scope 1:

Our scope 1 data covers direct emissions from Terma's own consumption including diesel from company-owned cars and generation of heating. These are calculated using International Energy Agency Emission Factors (2022).

The emission factor used for natural gas, which covers generation of heating is 229.2 g CO₂/kWh, and the emission factor used for diesel oil for company-owned cars is 3.2 kg CO₂/kg fuel.

Scope 2:

Our scope 2 data covers our indirect emissions from purchased electricity and heating. These are calculated using International Energy Agency Emission Factors (2022). The emission factor used for Denmark is 109.9 g CO₂/kWh for electricity and 91.7 g CO₂/kWh for heating. The emission factor used for electricity in Germany is 356.1 g CO₂/kWh, 691.5 g CO₂/kWh for India, and 389.1 g CO₂/kWh for Singapore. For these three countries, heating is part of the rent and therefore not part of the data.

For the rest of Terma's international offices, Belgium, France, the Netherlands, the UAE, UK, the U.S., and Indonesia, the purchase of electricity, heating, and cooling is part of the rent and therefore not part of the data. As 82% of Terma's employees and our production facilities are located in Denmark, the data expressed in scope 2 is representative of our emissions.

Scope 3:

Our scope 3 data covers indirect emissions from leased cars, business travel, and waste disposal.

Leased Cars

Emissions are calculated using the International Energy Agency Emission Factors (2022), where the emission factor for diesel oil is 3.2 kg CO₂/kg fuel.

Business Travel

Terma makes use of the external travel agency CWT for business travel bookings. Therefore, the data for our business travel emissions are provided and calculated by CWT.

They make use of DEFRA's GHG Conversion Factors (2022). The data covers our offices in Denmark, Germany, India, the Netherlands, Singapore and the U.S.

Waste

The data covers emissions from waste disposal from all three Danish locations and is calculated using DEFRA's GHG Conversion Factors (2022). The emission factor used for combusted and closed loop commercial and industrial waste and wood is 21.3 kg CO₂ and 467.0 kg CO₂ for landfill disposal. The emission factor used for recycled/closed loop electrical and electronic equipment, metal, plastic, paper, and board is 21.3 kg CO₂. The emission factor used for combusted organic waste is 8.9 kg CO₂. Finally, the emission factor used for open loop batteries is 21.3 kg CO₂.

Employees at Terma

The employee data in this report comes from our internal HR systems.

Total Number of Employees

Number of employees in total, excluding consultants, and divided by gender and age. The data is stated per 28 February 2023.

Sick Leave

Sick leave is calculated as follows: Absence in %: ((Number of hours absent) / (number of possible work hours)) x 100. The data does not include child sick leave.

Lost Time Injuries

Terma measures Lost Time Injury Frequency Rate (LTIFR) as work-related incidents per 1 million working hours resulting in work-related illness causing absence from work. The LTIFR is calculated as follows: ((Absence in hours) / (total hours worked in accounting period)) x 1,000,000.

Our Business Model

Number of Female Applicants Hired

Change in number of female applicants hired is calculated as follows:
 (Number of female applicants hired current year/Number of female applicants hired last year) - 1.

Gender Diversity in Management

Covers people managers with regular staff excl. students and consultants and is calculated as follows: ((Count of female managers) / (total count of managers)) x 100.

Training Data

Number of employees in total and in percentage who have valid (i.e. completed and not expired) training. The data is stated per 28 February 2023.

Reporting Channels

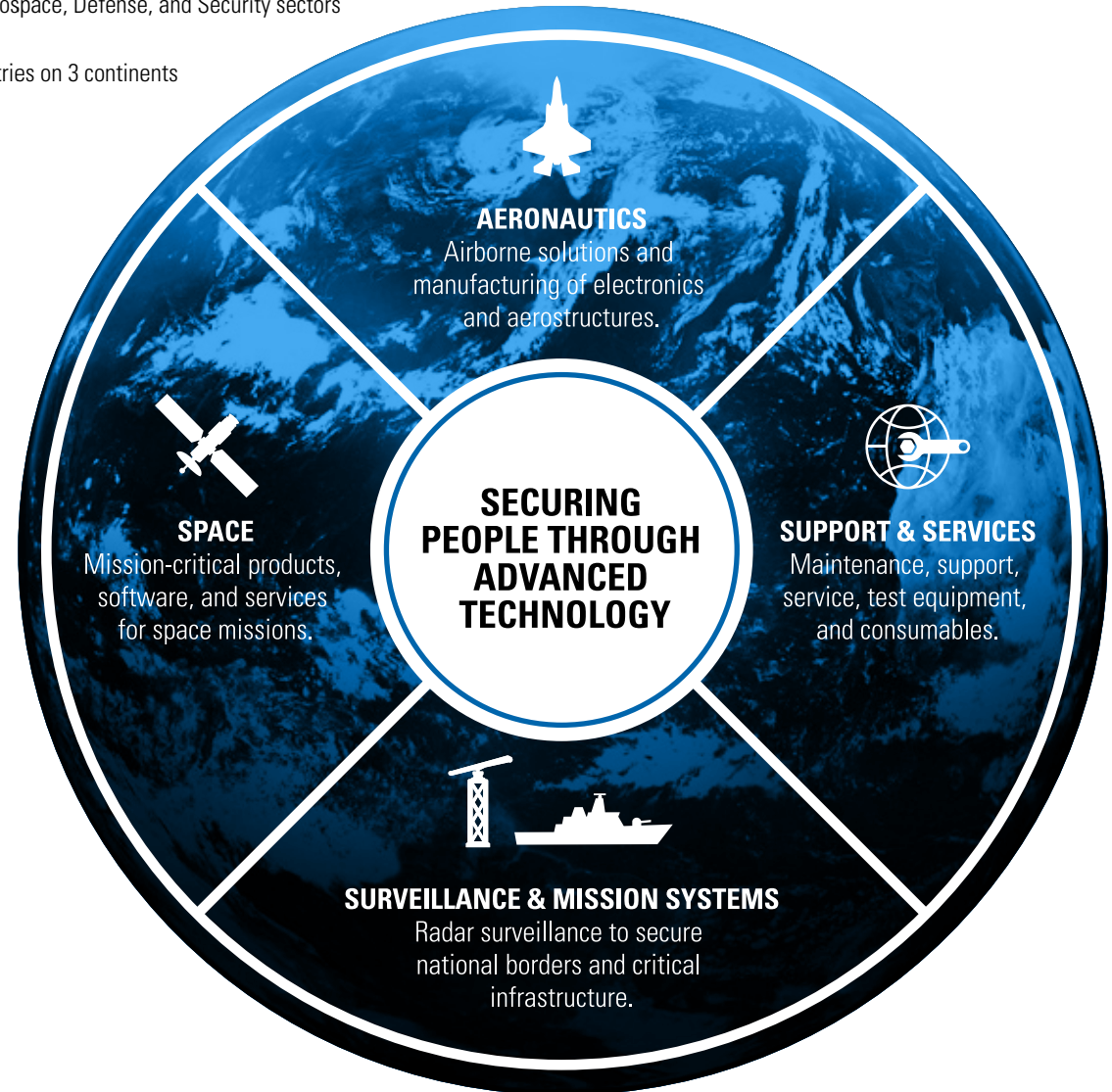
Terma's two reporting channels, *Ethics Line* and *Tell us your concerns*, are hosted by an external third party EQS Group AG. They do not have access to any of the data but merely hosts the channels. The Group Head of CSR and Compliance is the only Terma employee with access to the data in both systems and extracts statistical data regarding number of reported cases for the CSR report. The data is stated per 28 February 2023.

Due Diligence

The data is retrieved from our internal Customer Relationship Management (CRM) system and shows the number of different entities who have undergone our Business Partner due diligence screening from 1 March 2022 till 28 February 2023.

For suppliers, the data comes from our supplier database and shows the number of suppliers who have gone through our supplier due diligence process from 1 March 2022 till 28 February 2023.

- Owned by the Thomas B. Thrige Foundation
- Operating in the Aerospace, Defense, and Security sectors
- Facilities in 11 countries on 3 continents
- 1659 employees





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