Basis of Sustainability Reporting

1. Purpose

This Basis of Reporting outlines the scope, principles, and methodologies Arxada applies in preparing the environmental, social, and governance (ESG) information disclosed in our annual Sustainability Report and other public communications. It describes the reporting boundaries, data sources, calculation approaches, and underlying assumptions used to compile our sustainability metrics.

Arxada's sustainability reporting is grounded in our commitment to transparency, continuous improvement, and alignment with our broader sustainability strategy, as reflected in our annual Sustainability Reports. Because our ESG data collection systems and coverage continue to expand as part of our evolving reporting journey, certain data points may incorporate estimates where direct measurements are unavailable. These estimates are based on the best available information, including operational data, financial or activity-based proxies, and historical trends.

To ensure consistency and accuracy, this document is reviewed and updated annually alongside the preparation of the Sustainability Report, reflecting methodological enhancements, system developments, and changes in reporting scope. Updates to this document also support our increasing focus on data quality, completeness, and external assurance, which are key elements of Arxada's ESG reporting maturity.

2. Scope

This Basis of Reporting defines the organizational, operational, and thematic boundaries applied to the ESG information presented in Arxada's annual Sustainability Report and related public disclosures. The scope covers Arxada's global operations across all business units and sites included in the Sustainability Report, reflecting our companywide commitment to responsible growth, environmental stewardship, and transparent reporting. It encompasses the environmental, social, and governance (ESG) topics aligned with Arxada's sustainability strategy and governance structure, as overseen by the Sustainability Committee.

The environmental scope includes data associated with our efforts to decarbonize operations, reduce greenhouse gas (GHG) emissions, and optimize resource use—particularly air quality, water management, and waste practices across our global footprint. The social scope covers workforce related information across all applicable global associates, including health and safety, people and culture initiatives, and progress toward creating a safe, inclusive and collaborative work environment. The governance scope includes reporting related to sustainability oversight, policies, certifications, and commitments that guide our responsible business practices.

3. Responsibilities

Role	Department / Function	Responsibilities
Head of Sustainability	Corporate Sustainability	Environmental Metrics
Head of Human Resources	Human Resources	Social Metrics
Senior Manager EHS	Corporate EHS	Health & Safety Metrics

4. Terms and Definitions

Term or Abbreviation	Definition
GHG Emissions	GHG Emissions are defined as Scope 1, 2 and 3 greenhouse gas emissions of the Group, determined in accordance with the Scope 1, 2 and 3 guidance of the GHG Protocol Corporate Accounting and Reporting Standard.
Scope 1 Emissions	Direct GHG emissions occur from sources that are owned or controlled by the company.
Scope 2 Emissions	Indirect GHG emissions from the generation of purchased electricity, stream, and heating/cooling consumed by the company.
Scope 3 Emissions	All other indirect emissions not covered in Scope 2 (e.g. purchased goods and services, transportation and use of sold products and services.
Net zero	Reducing Scope 1, 2 and 3 emissions to zero or to a residual level that is consistent with reaching net-zero emissions at the global or sector level in eligible 1.5°C-aligned pathways and neutralizing any residual emissions at the net-zero target year and any GHG emissions released into the atmosphere thereafter (aligned to the SBTi definition).
Total Recordable Incident Rate (TRIR)	Safety metric calculating the number of work-related injuries per 100 full-time employees over a year, it standardizes safety performance by representing 100 employees working 40 hours/week for 50 weeks.
Lost Time Injury Frequency Rate (LTIFR)	Safety metric calculating the number of lost time injuries per 100 full-time employees over a year, it standardizes safety performance by representing 100 employees working 40 hours/week for 50 weeks.
Total waste	Waste is defined as the volume of hazardous and non-hazardous waste generated in a given year (following GRI).
Direct spend	The total amount spend on suppliers providing materials and services that directly contribute to the production of Arxada's products.

5. Reporting Boundary

The scope of our reported **Environmental metrics,** including GHG Emissions and Waste, includes all manufacturing sites with FTE > 10 (Auckland, New Zealand and Trentham, Australia are included even though they have less than 10 FTEs) and Pilot Manufacturing sites with FTE > 45. Emissions and waste from offices are not included, as these are not material to Arxada's overall emissions and waste.

The scope of our **Social metrics,** including Health & Safety as well as Education & Training (e.g. sustainability training, cyber security training etc.), include 100% of our workforce, including all Arxada sites, Troy and ET regardless of size or materiality.

The scope of our **Governance metrics** (e.g. % direct spend covered by Supplier Code of Conduct) apply to the whole company.

6. Reporting Metrics

Arxada reports on the following metrics:

6.1 Greenhouse Gas Emissions

6.1.1 Scope 1

- Direct emissions to Air from our operations, including N_2O and CO_2 from chemical processes, waste/VOC incineration and purchased CO_2 (refrigerants are not included as immaterial), direct emissions from Fuels, including LPG, Motor Diesel, Motor Gasoline, Natural Gas and Fuel Oil.

6.1.2 Scope 2 (location-based and market-based)

- Generation of Purchased Electricity
- Generation of Purchased Steam

6.1.3 Scope 3

- Category 1: Purchased Goods and Services
- Category 2: Capital Goods
- Category 3: Fuel and Energy Activities
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Operations
- Category 6: Business Travel
- Category 7: Employee Commuting
- Category 9: Downstream Transportation and Distribution
- Category 11: Use of Sold Products
- Category 12: End of Life

6.2 Air Quality Management

- NOx: NOx emissions do not include N_2O, which is included in our Scope 1
- SOX
- VOC's
- PM10

6.3 Energy Management

- Total energy consumed
- % grid electricity
- % renewable

6.4 Waste

- Total waste generated
- Hazardous waste generated
- Non-hazardous waste generated
- Hazardous waste recycled
- Non-hazardous waste recycled

- Hazardous waste incinerated
- Hazardous waste sent to landfill
- Hazardous waste disposed (other options)
- Non-hazardous waste incinerated
- Non-hazardous waste sent to landfill
- Location of disposal

6.5 Safety & environmental stewardship for chemicals

- % of products containing GHS category 1 and 2 health and environmental hazardous substances
- % of products containing GHS category 1 and 2 health and environmental hazardous substances with a hazard assessment
- % of direct spend covered by Supplier Code of Conduct

6.6 Health & Safety

- Number of comprehensive SIF prevention inspection
- Percentage of operation sites where health & safety risk assessment have been conducted
- Number of sites where global audits have been conducted
- Total Recordable Incident Rate (TRIR)
- Total Recordable Fatality Rate (TRFR)
- Lost Time Injury Frequency Rate (LTIFR)
- Individual associate safety engagements

6.7 Operational safety, emergency preparedness & responses

- Process Safety Incidents Count (PSIC)
- Process Safety total Incident Rate
- Number of transport incidents

6.8 Diversity & equal opportunity

- Senior leadership gender diversity
- Gender diversity

6.9 Employee engagement

- Percentage of associates who responded to Insight2Action survey
- D&I score
- Health & Wellness
- Employee Engagement Score
- Average eNPS score

6.10 Employment

- Total employees
- New hire gender diversity
- Turnover gender diversity
- Full-time employee benefits
- Employees paid above living wage
- Parental leave female
- Parental leave male

6.11 Training & Education

- % Employees who received sustainability training
- % Employees who received cyber security training
- % Employees who received ethics & compliance training

The reported metrics cover the previous calendar year (January 1st – December 31st).

Acquired businesses are incorporated into Arxada's sustainability reporting once data becomes available, and no later than 12 months following the acquisition, unless explicitly stated otherwise. Entities that are divested are removed from the reporting boundary from the date of divestment, and—where a full business is sold—are also removed retrospectively. In line with the GHG Protocol, site closures within Arxada's existing portfolio are not removed from historical datasets.

As environmental performance reporting may require estimations and assumptions, Arxada applies these only where direct data is unavailable. In accordance with our internal definitions, changes are considered significant when they exceed 5% of total emissions. Historical data may be restated when material improvements to data quality occur, including updates to methodologies, refinements of estimation approaches, or the availability of previously missing data (e.g., Scope 3 updates for Troy and Enviro Tech). Narrative explanations of such adjustments are provided in the Sustainability Report to ensure transparency.

7. Reporting Criteria

7.1 Scope 1 and Scope 2 GHG Emissions

7.1.1 Scope 1 and Scope 2 GHG Emissions Inventory

- Arxada selected an organizational boundary based on operational control. GHG metrics for the sites in scope as defined above, are collected by the sites EHS manager via Sphera. Energy data is primarily collected from invoices or meters where applicable. Any estimations or assumptions are documented accordingly.

7.1.2 Scope 1 GHG Emission Factors and Global Warming Potential (GWP)

- 2025 UK Government's Department for Energy Security and Net Zero, or DESNZ (DEFRA) emission factors for fuel consumption (LPG, Motor Diesel, Motor Gasoline, Natural Gas and Fuel Oil)
- 2007 Intergovernmental Panel on Climate Change Fourth Assessment Report (AR4) emission factor for direct N_2O emissions

7.1.3 Scope 2 GHG Emission Factors (Location-based)

- 2023 EPA eGRID emission factors for electricity consumption in the U.S.A.
- 2025 International Energy Agency (IEA) emission factors (2023 data) for electricity consumption in all other countries
- 2025 UK Government's Department for Energy Security and Net Zero, or DESNZ (DEFRA) emission factors for steam consumption

7.1.4 Scope 2 GHG Emission Factors (Market-based)

- Residual-mix factors were used wherever available

- 2024 Association of Issuing Bodies (AIB) Residual Mix factors were used for electricity consumption in Europe
- 2024 Green-e® Residual Mix Emissions Rates (2022 Data) were used for electricity consumption in the U.S.A.
- Supplier-provided Emission Factor based on 2025 data was used for the steam consumption in Visp, Switzerland

7.2 Waste Metrics

Waste metrics represent waste associated with our operations. The waste metrics for sites in scope as defined above, are collected by the sites EHS manager via Sphera. Waste data is primarily collected from invoices or waste manifests where applicable. Any estimations or assumptions are documented accordingly. The classification of waste as hazardous or non-hazardous at our facilities depends on applicable local regulations. Waste metrics follow GRI 306: Waste 2020.

7.3 Health and Safety Metrics

Health and Safety incidents are classified in accordance with OSHA 29 CFR Part 1904, "Recording and Reporting Occupational Injuries and Illness". Health and Safety information is collected globally, and injury metrics are collected locally in Intelex reports and consolidated by the EHS team. Rates are calculated as the number of injuries or incidents per 100 full-time employees in the reporting period (50 weeks worked/40hours= 200,000 hours) / total hours worked in the reporting period. All injuries or incidents from all employee subtypes mentioned under 7.5. as well as all subtypes of contingent workers are considered for health and safety metrics.

7.4 Percentage Direct Spend covered by Supplier Code of Conduct

The % of direct spend covered by supplier code of conduct metric is calculated by the EcoArx core team. Each procurement buyer is responsible for sending the Supplier Code of Conduct and its acceptance form to the supplier/vendor and update the tracker accordingly.

This procedure is applicable for the Procurement function globally (MCS and NCE). Its scope covers all suppliers which supply direct materials, indirect materials and services for Arxada. Based on the risk profile and spend of the supplier, the EcoArx core team defines a supplier priority list for signing the SCoC and updates it on a regular basis.

7.5 Training and Education

The training and education metrics are collected by corporate sustainability on a yearly basis according to the scope defined above. The training metric reported are:

- Percentage of employees who received sustainability training
- Percentage of employees who received cyber security training
- Percentage of employees who received ethics & compliance training

Rates are calculated by the number of employees who have completed the corresponding training by December 31st in relation to Arxada´s headcount of employees based on the finance view. Total headcount (finance view) covers the following employee subtypes:

- Regular

- Collective Agreement
- External Contractor (Individual)
- Temporary (Fixed Term)
- Temporary (Trainee/Intern) (Fixed Term) (Trainee)

Trainings are conducted via our internal training platforms KnowBe4 and Intelex in all applicable Arxada languages. Results and reports are drawn directly from the respective training platforms.

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