

-fabricAir

ESG Report 2024

1 January – 31 December 2023

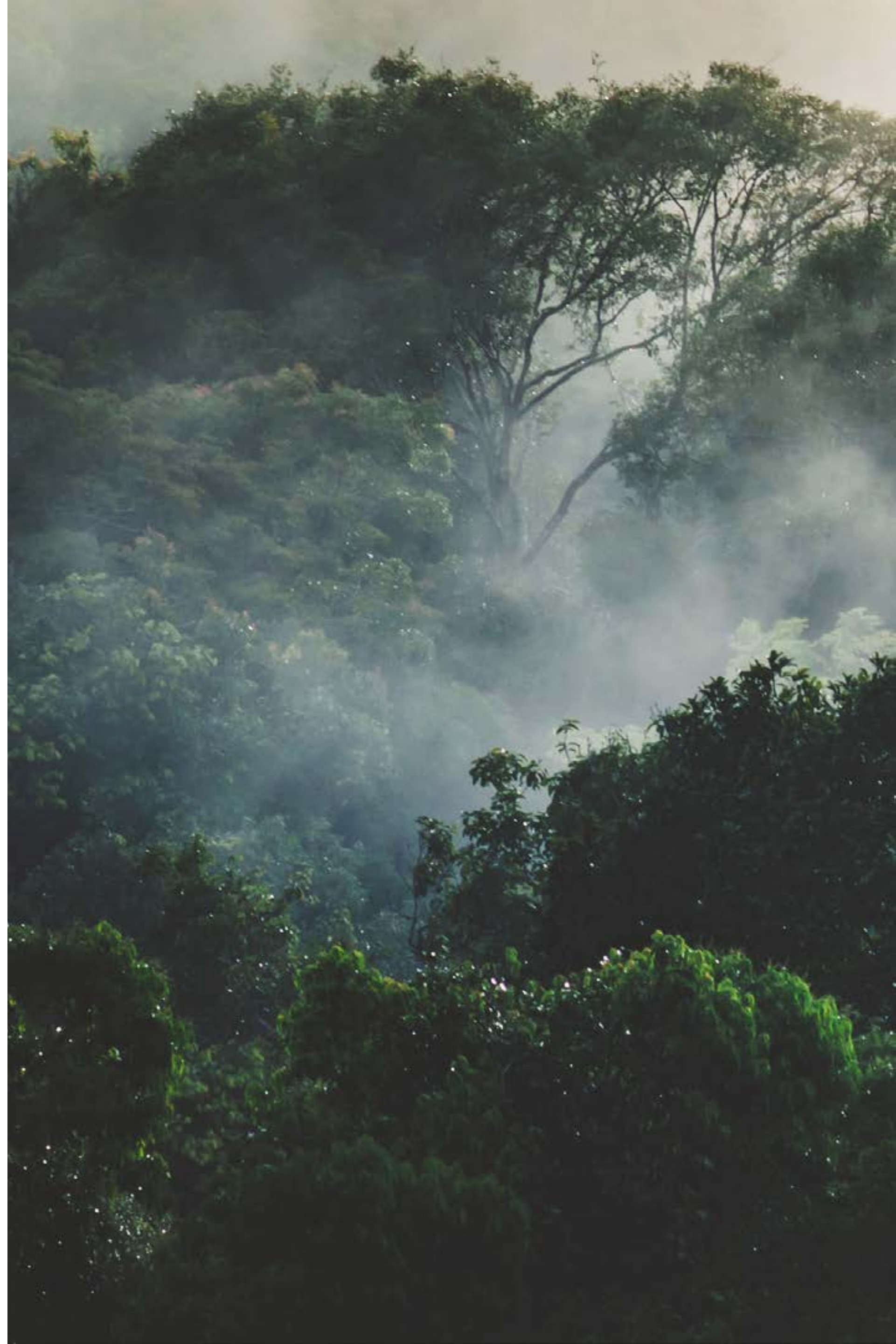


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INTRODUCTION TO FABRICAIR

FabricAir at a Glance

For over 50 years, FabricAir has been a global leader in fabric-based air distribution solutions, delivering efficient, customizable, and sustainable air dispersion systems to various industries. Our innovative solutions enhance indoor environments while improving energy efficiency and performance for 120+ markets around the world.

Our fabric duct systems ensure uniform airflow, condensation-free operation, and energy-efficient air dispersion for applications ranging from industrial manufacturing to retail and massive sports facilities. In the renewable energy sector, our BorealisWind Ice Protection System minimizes wind turbine downtime with advanced, patented de-icing technology, increasing efficiency and energy output.

With two strategically positioned production facilities FabricAir continues to set industry standards, combining decades of expertise with a commitment to innovation, sustainability, and precision-engineered solutions that serve some of the world's largest companies.

2

PRODUCTION
FACILITIES

18

SUBSIDIARIES

50+

YEARS OF
EXPERIENCE

120+

MARKETS

25+

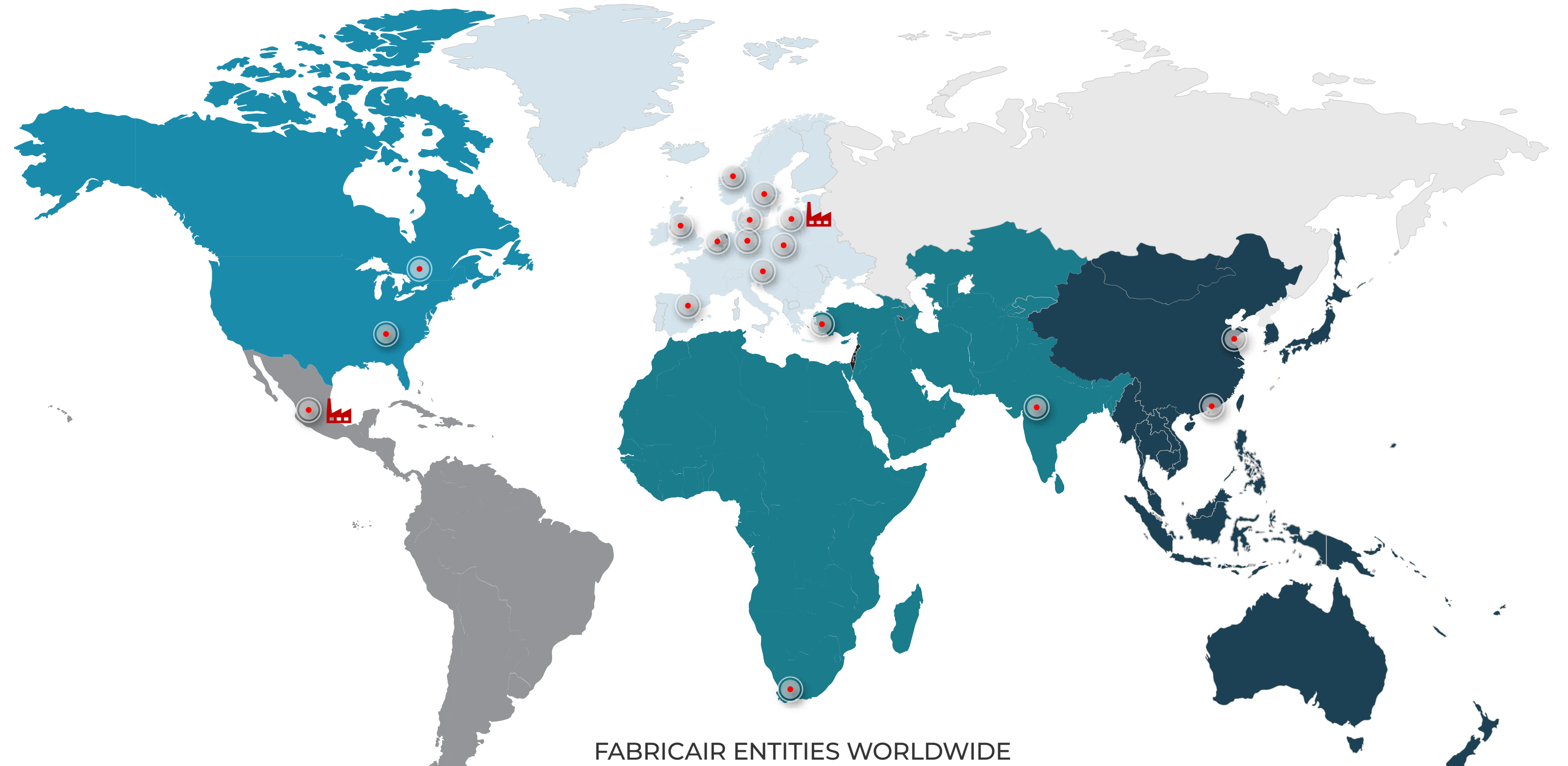
NATIONALITIES



Global Presence

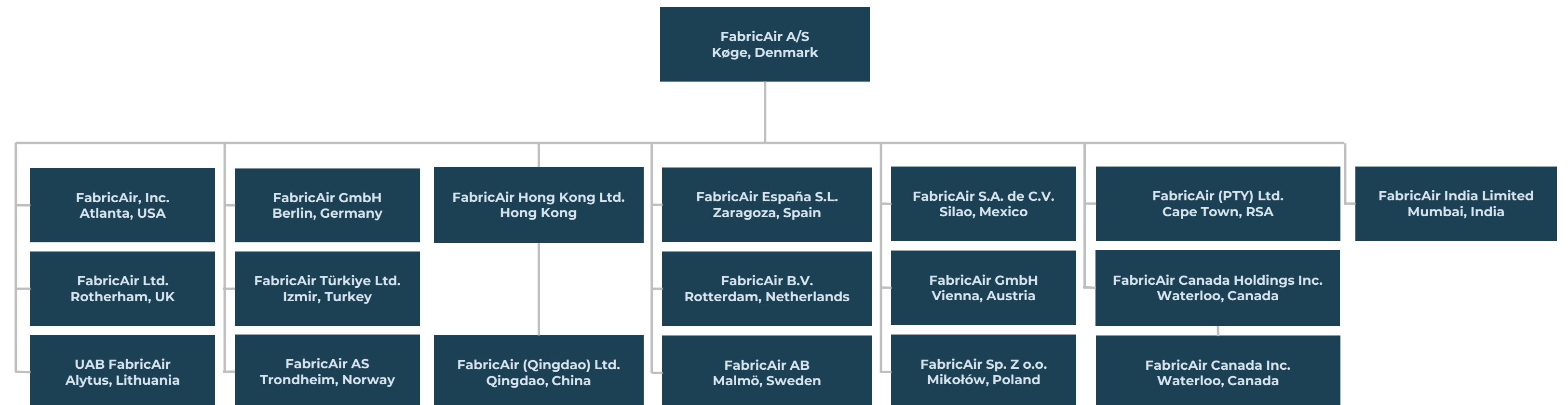
To serve customers globally, FabricAir has segmented the world into five regions: Europe, Middle East/Africa/India, North America, Latin America/Caribbean, and South-East Asia/Oceania.

The 18 of FabricAir's subsidiaries are strategically located across five continents, ensuring proximity to key markets and facilitating efficient service delivery. This global network underlines the company's commitment to providing high quality, customized air distribution and ice protection solutions tailored to diverse client needs worldwide.



FABRICAIR ENTITIES WORLDWIDE

- Europe
- Middle East/Africa/India
- North America
- Latin America & Caribbean
- China, South East Asia & Oceania
- Production Facility
- FabricAir Entities



FabricAir Product Lines

FabricAir designs, engineers, and manufactures innovative air dispersion solutions utilizing high quality fabric ducts.

Zip-a-Duct® and FabricAir® product lines represent fabric-based ventilation systems for indoor air distribution used in a wide range of applications, from greenhouses, restaurants, industrial facilities, to ice rinks, schools and many other. They provide solutions for a variety of ventilation challenges including cold storage, poor indoor air quality, corrosive environments and more.

After acquiring the Canadian Clean Tech company BorealisWind in 2023, we have introduced a new product line – BorealisWind® that represents a patented ice protection system for Wind turbines.

Our three product lines are specially engineered to leverage the unique benefits and adaptability of high-tech fabrics.

With over 50 years of expertise in utilizing premium textiles to engineer innovative airflow solutions, today FabricAir offers three product lines to meet the diverse needs of customers around the world.

FabricAir

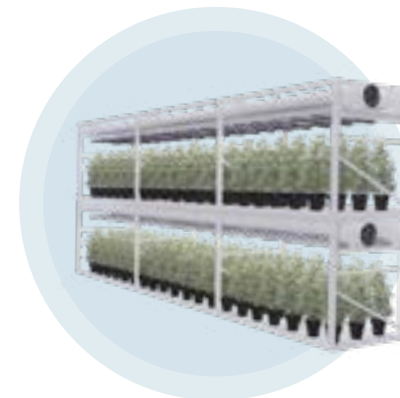
Premium Fabric HVAC Solutions



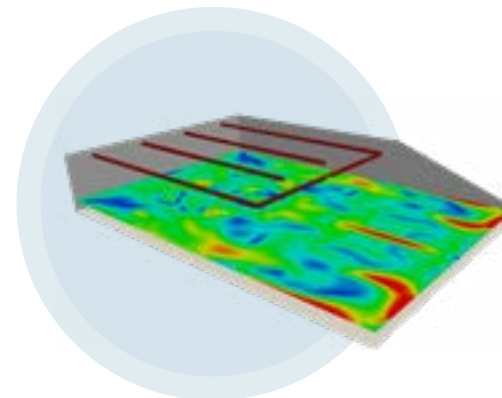
DISPERSION SYSTEMS



CEILING DIFFUSERS



SPECIALTY SOLUTIONS



COMPUTATIONAL FLUID DYNAMIC STUDIES

BorealisWind

Ice Protection Solutions for Wind Farms



ICE PROTECTION SYSTEM

Zip-a-Duct

Fabric Ventilation Ducts



DISPERSION SYSTEMS

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ESG

A Clear Vision for a Greener Tomorrow

Sustainability and circularity are business imperatives and implementing ecofriendly and circular solutions is necessary to stay relevant and meet increasing demands from stakeholders, including society, financial partners, and customers. We are building a strong ESG governance structure using the CSRD and ESRS as our sustainability framework. We spent 2024 onboarding sustainability and have a sustainability vision:

We are committed to operating our business in a manner that respects and enhances the well-being of our planet, society, and stakeholders. Our Sustainability direction is integral to our values and shapes our approach to conducting business responsibly.

To meet our overall business vision and values we have a robust and ambitious ESG and circularity framework where FabricAir stands out. FabricAir aims to be the preferred circularity partner for its customers.

We use the overall ESG framework defined in the European Sustainability Reporting Standard (ESRS) defining Sustainability as Environment, Social, and Governance (ESG) and our targets and transition plan are described accordingly. The ESRS is based on UN Sustainable Development Goals, and we see these as important global goals for the transition to a fair and sustainable world. We use the SDGs as educational materials and align them with our targets and actions in this ESG report.

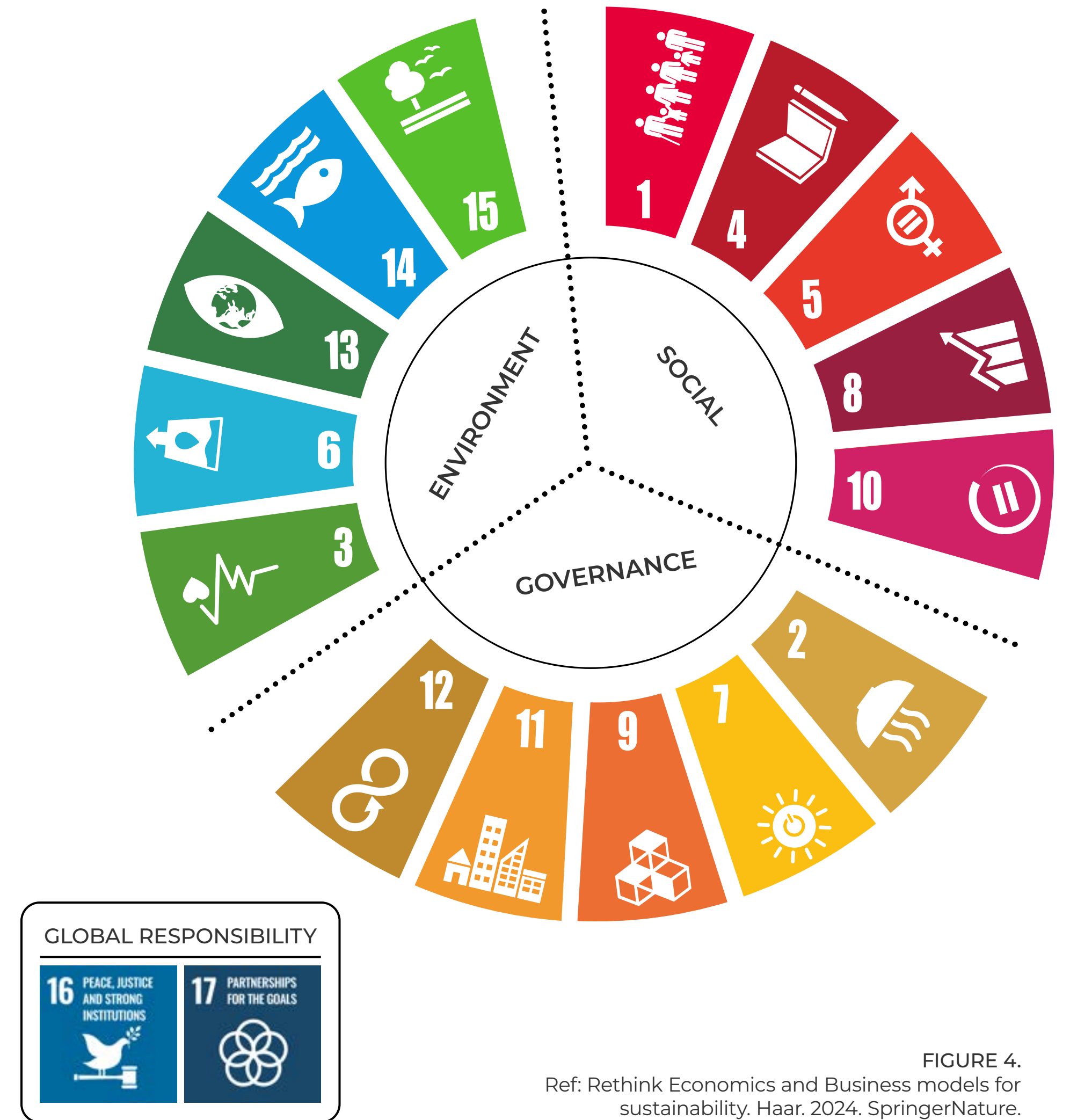


FIGURE 4.
Ref: Rethink Economics and Business models for sustainability. Haar. 2024. SpringerNature.

Double Materiality and Impact Risk and Opportunities

The Executive Management Group conducted an overall Double Materiality Assessment to identify the material impacts causing Risk and Opportunities (IRO) in the full value chain. Most impacts occur in scope 3, so it is important to set targets throughout the full value chain. The Double Materiality Assessment identifies material environmental impacts as:

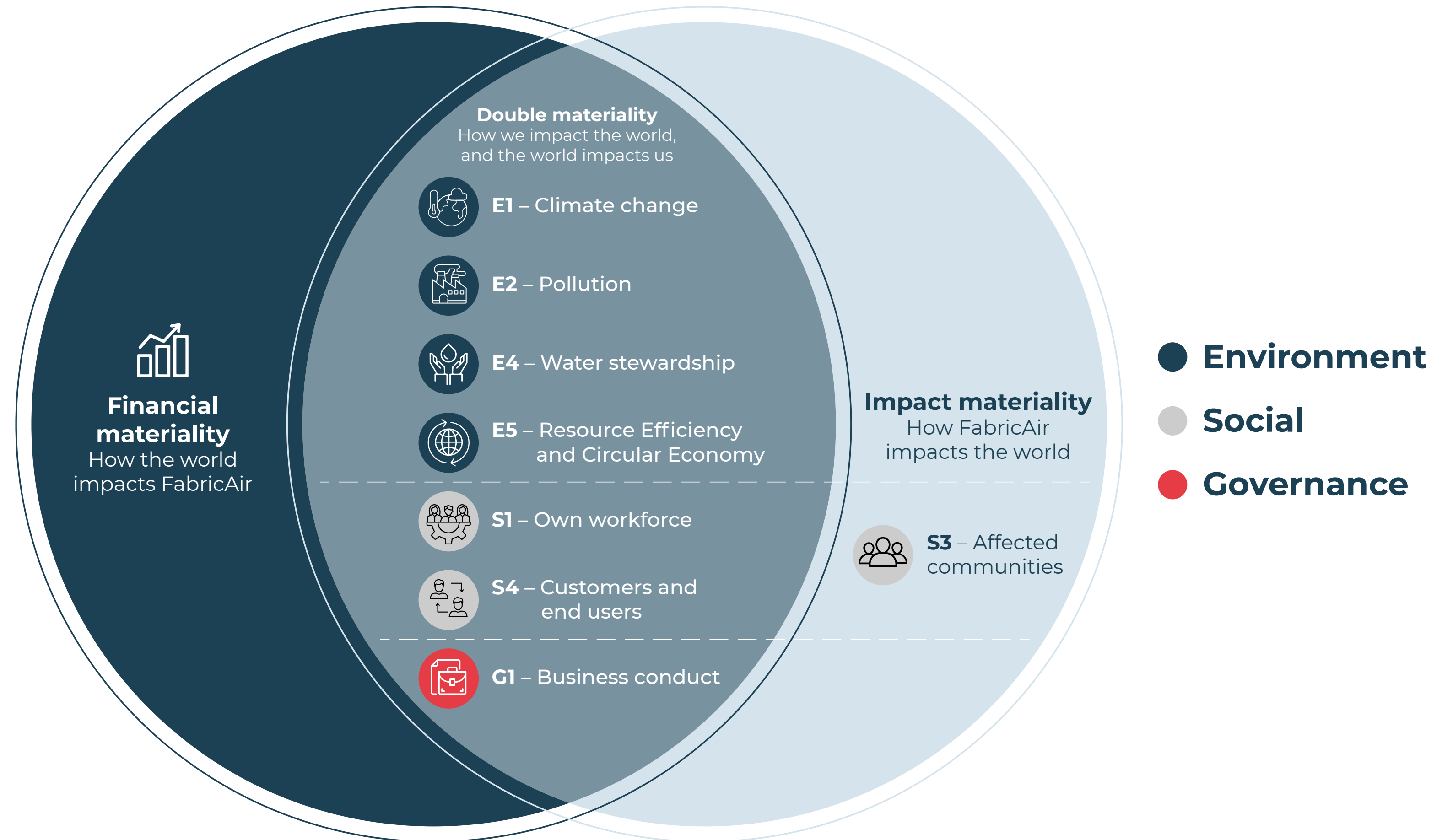
- **Climate change (E1)**
- **Pollution (E2)**
- **Water stewardship (E4)**
- **Resource Efficiency and Circular Economy (E5)**

As a global company with production in Lithuania and Mexico, we have material **social impacts** in:

- **Own Workforce (S1)**
- **Workers in the value chain (S2)**
- **Affected communities (S3)**
- **Customers and End Users (S4)**

Responsible business conduct is required for a changing world, and we will use the guidelines for Governance to monitor and document our business conduct.

FabricAir has set the following targets for Sustainability and Circularity along with a Sustainability Roadmap to ensure the implementation of policies and actions meet our ambitious targets.



ESG targets

Our environmental efforts and Sustainability Roadmap are managed and documented through our ISO 14001 Environmental Management Certification, supporting continuous improvement and accountability in our sustainability journey.

 <h2>Environment</h2>	 <h2>Social</h2>	 <h2>Governance</h2>
<p>Climate Neutral</p> <ul style="list-style-type: none"> In scope 1+2 in 2027 In scope 3 in 2030 <p>Circular Economy</p> <ul style="list-style-type: none"> Waste management 95% of sourced materials recycled in 2027 Fully Circular fiber2fiber by 2030 <p>Water Stewardship</p> <ul style="list-style-type: none"> Savings with 60% by 2027 <p>Chemical content</p> <ul style="list-style-type: none"> REACH, RoSH and OEKO-TEX® certified textiles 	<p>Comply with Human Rights and International labor regulation</p> <ul style="list-style-type: none"> For our own workforce From our suppliers <p>People and Engagement</p> <ul style="list-style-type: none"> Provide a safe and healthy working environment for all employees Include and engage all people independent on age, disability, ethnicity, gender, gender identity, nationality, political opinion, religion or sexual orientation Respect and fairness to all employees in their engagements in freedom of association No one under the age of 15 years old will be employed by FabricAir and we conform to local standards that specify a higher age Community project Engage locally by own employees <p>Engage Customers</p> <ul style="list-style-type: none"> Educate in sustainability and circularity Introduce circular business models 	<p>Align with CSRD and ESRS standards including policies and reporting on:</p> <ul style="list-style-type: none"> Anti-bribery Anti-Corruption Political influence and lobby activities Payment practices

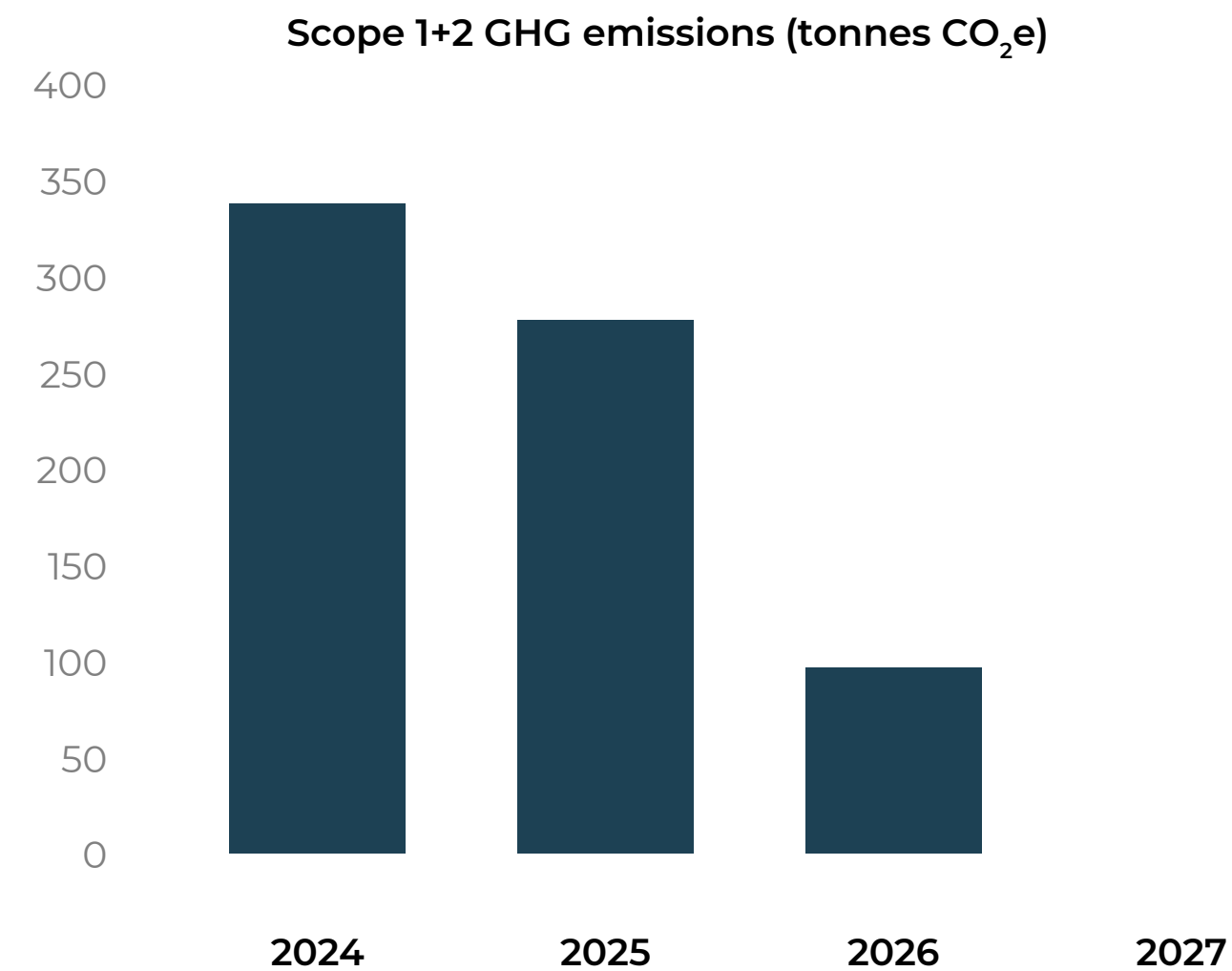
FabricAir is **ISO 9001** and **ISO 14001 certified**, with all offices and manufacturing facilities covered under these certifications. Our commitment to quality and environmental management goes beyond certification – we ensure that standards and procedures are consistently implemented across every site.

Environment

CLIMATE CHANGE

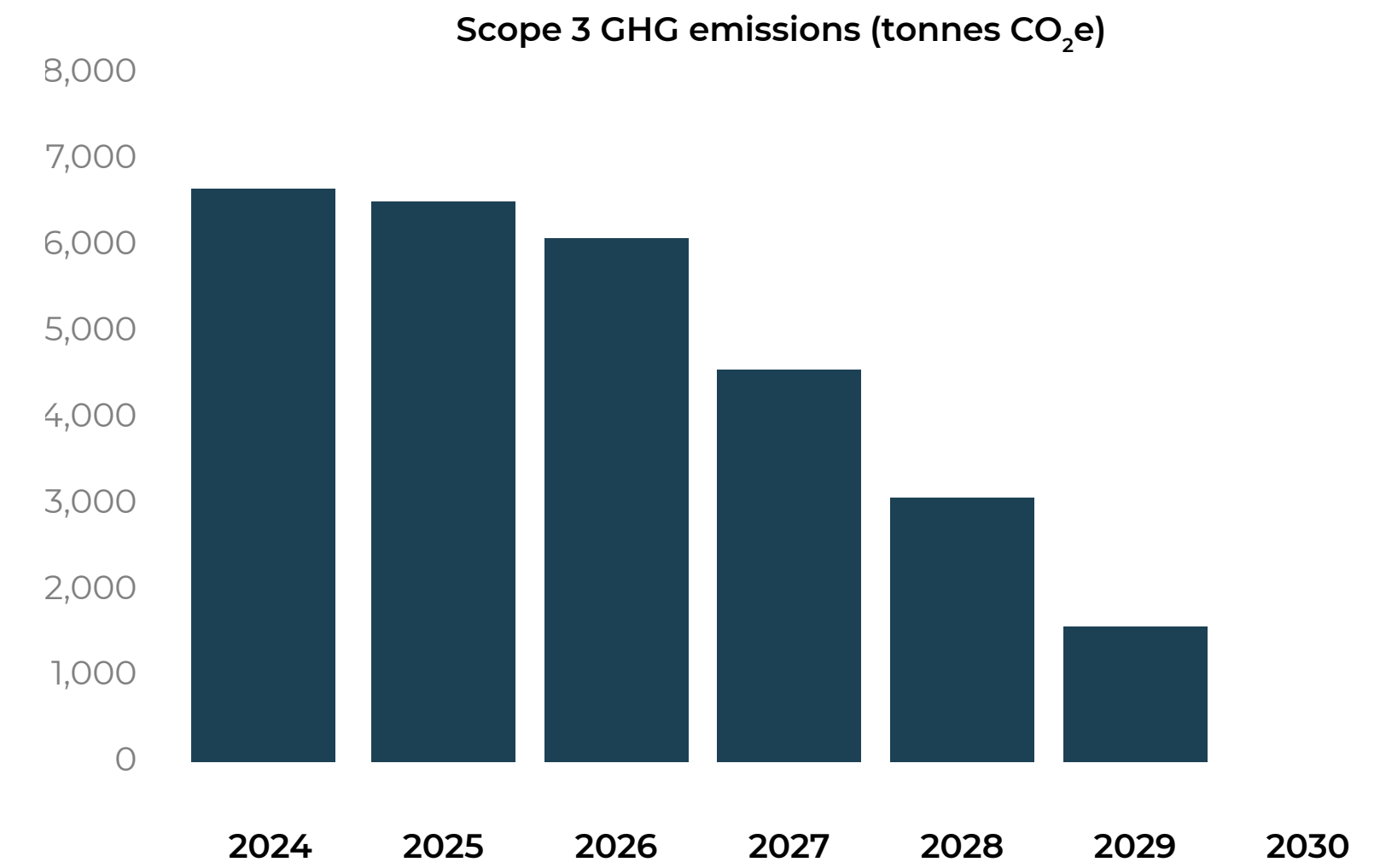
Climate change is considered one of the largest threats to human existence and thereby also for the business landscape. Therefore, it is our obligation to become climate neutral as soon as possible. FabricAir's targets to become climate neutral in scope 1+2 by 2027 and in scope 3 by 2030 are part of our contribution to a fair and just, green and circular economy. These targets require extensive action, utilizing a roadmap based on reductions, implementation of renewable energy. Scope 3 emissions require the transition to a circular economy to become fully climate neutral. We have developed the following transition plan (based on 2024 revenue) to meet our targets for climate neutrality including ambitious targets for the implementation of a circular economy into the core of our business.

The transition plan is implemented as:



Primary initiatives to become Climate Neutral in scope 1+2 in 2027

- Energy Optimization in Alytus (Lithuania) + Silao (Mexico)
- Electricity Compensation scheme in Alytus (Lithuania)
- Install Renewable Energy
- Transition to electric vehicles



Primary initiatives to become Climate Neutral in scope 3 in 2030

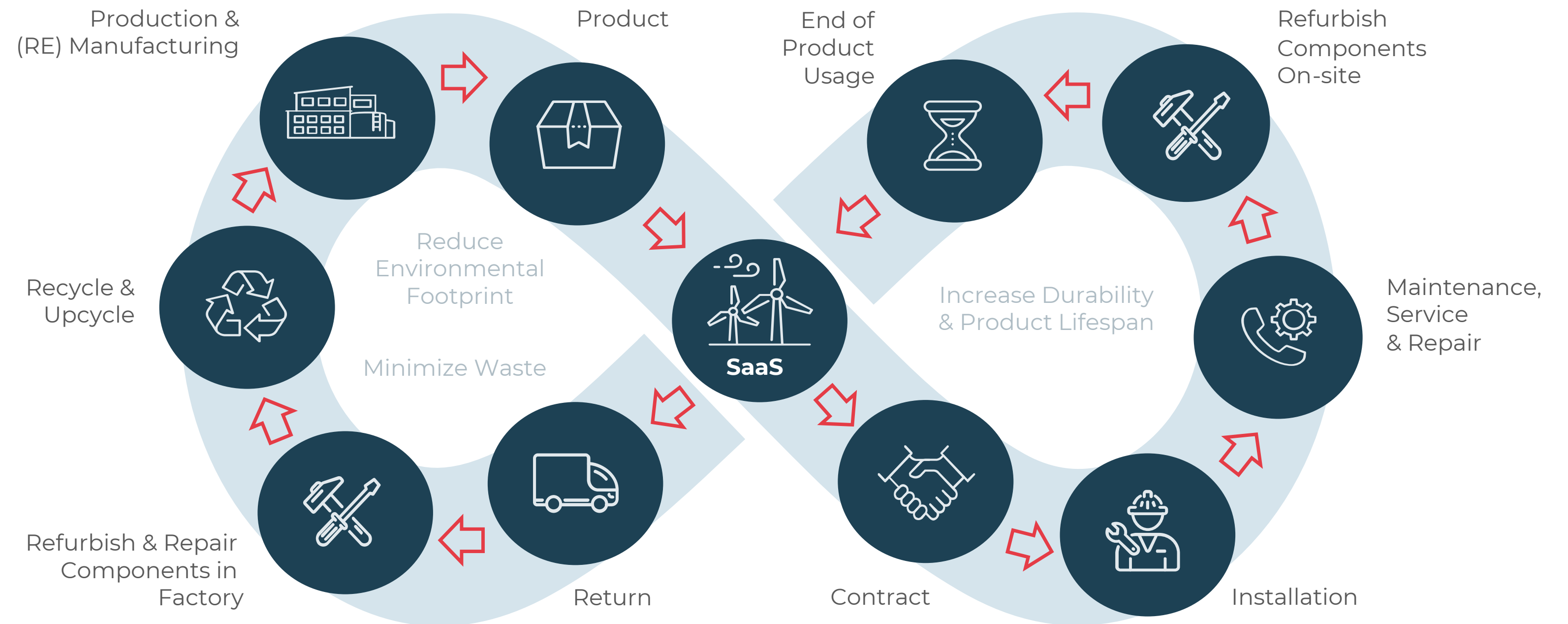
- Implement 95% circular materials and circular procurement in 2027
- Implement take-back programs with customers
- Full circular business model based on Fiber-2-Fiber circularity by 2030
- Introducing new technologies in production

Circular Economy

FabricAir sees a circular economy as a key to solving many sustainability challenges while building a robust and resilient business in the full value chain. Implementation of circular products and business models significantly reduces GHG emissions due to recycling and reuse. A circular economy is based on infinite material loops of recycled materials such as metals and plastic that our products are made from. It also requires clean material loops without hazardous chemicals or chemicals that cannot be recycled.

The target to become circular requires significant diligence to minimize chemical impact. A circular economy will bring an end to the harvesting of virgin resources and the generation of waste allowing nature to flourish. The independence of virgin resources and a change of our value chains is important not only for the planet but also in an unstable geopolitical situation.

FabricAir's line of ice protection systems for wind turbines is provided to customers through a circular business model or System-as-a-Service (SaaS). This means that FabricAir maintains ownership and responsibility for the systems installed and ensures ecofriendly maintenance, reuse, and recycling. The BorealisWind Ice Protection System generates avoided emissions through the extra energy these systems generate in the turbines. These avoided emissions are not included in our transition plan but are contributing to extra renewable energy in the power systems.



Our carbon footprint

This year we have included the carbon footprint for all three scopes. Scope 1+2 emissions decreased in 2024 with a Certificate of Origin to compensate for electricity consumption at the production site in Alytus. Additionally, FabricAir has increased revenue and established a manufacturing facility in Mexico. (See detailed description of the methods used under ESG accounting principles.) The 2024 footprint is the baseline for FabricAir's transition to climate neutrality and is the basis for the actions that we have and will take to decrease our carbon footprint. The majority of GHG emissions (95%) are in scope 3, and therefore the implementation of a circular economy is essential to meet our goal of climate neutrality. Compensation schemes will be used temporarily as we implement

emission based on the quotes they receive from us. This is a step towards transparent and specific data to support minimizing climate impact from our products and the solutions that our customers choose.

textiles are Ökotex certified. We are committed to minimizing the chemical content of our materials and ask our suppliers to commit to stricter requirements on chemical content. This protects human health and ensures healthy ecosystems as well as clean material loops in the circular economy.

WATER STEWARDSHIP

FabricAir is committed to water stewardship in the full value chain with a target to minimize water usage by 60% primarily by changing the dyeing technologies of our fabrics. We ask our customers to minimize water usage and show water stewardship in the sense that all wastewater has drinking water quality. Continuous dialog with suppliers and partners is essential for maintaining responsibility throughout the value chain.

CHEMICAL IMPACTS

The manufacturing of the materials in our products, such as textiles, plastic and metals (aluminum and steel) traditionally require

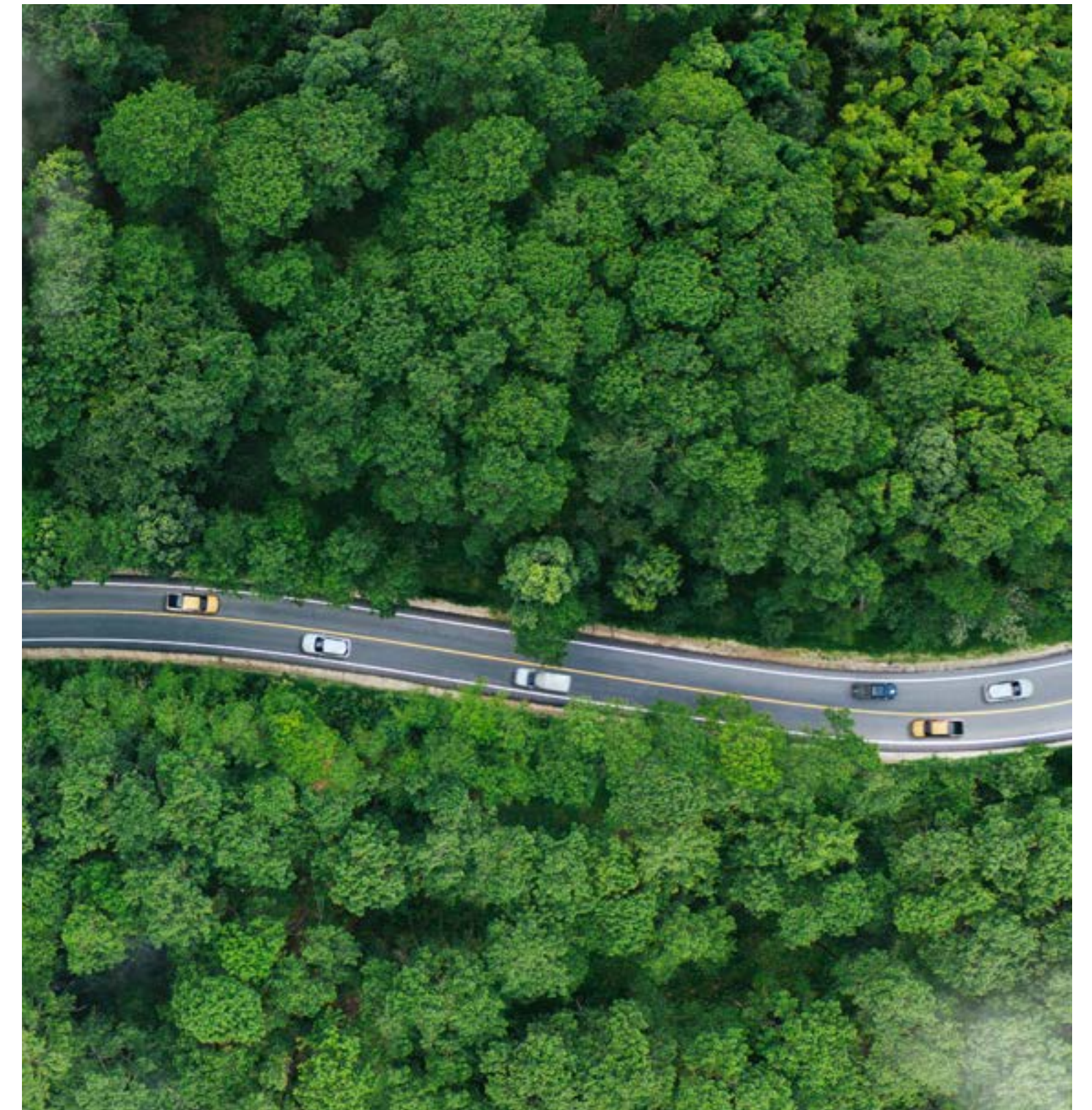
Education is an important tool to drive necessary change. Employees are educated in sustainability and

Borealis Wind Avoided Emissions

GHG emissions (tonne CO₂e)

	2023	2024	Share (%)
Scope 1+2	376	339	5
Scope 3	-	6.685	95
Total	376	7.023	

	Total (CO ₂ t)
Winter 23/24	351



FabricAir's ice protection systems avoided emissions amounting to **351 tonnes CO₂e in 2024.**

Social Impacts

FabricAir supports all international human rights and International Labor Regulation (ILO), We respect those rights where we operate, and ask suppliers to do the same. The UN Guiding Principles on Business and Human Rights framework is implemented throughout business operations. FabricAir will strive to avoid infringing on the human rights of others and to mitigate or address adverse human rights impacts when applicable.

SAFETY AND WELL-BEING

FabricAir is committed to ensuring employees, partners and others involved in operations work in a way that contributes to their overall safety and wellbeing. Providing a safe and healthy working environment for all employees, both physical and mental well-being is a priority. Global policies and guidelines for safety, health, and environment ensure there are robust standards for safety and well-being in the workplace.

PEOPLE AND ENGAGEMENT

FabricAir proactively works to achieve diversity and inclusion in all aspects of our operations. An inclusive culture means that employees are treated fairly and with respect, can have a professional career, are seen and heard, and can thrive and grow. Equal opportunity is ensured to all applicants and employees, and we do not discriminate to include and engage all people independent on age, disability, ethnicity, gender, gender identity, nationality, political opinion, religion, or sexual orientation.

The table here showing gender equality within FabricAir illustrates that FabricAir overall has a strong position in gender diversity and the split into position is an important tool in continuously creating awareness on the overall target of gender diversity even though the traditions within the sawing industry has a bias towards more females. Therefore, the empowerment of all kinds of employees is important.

WAGES

Employee performance is rewarded in fairly. Legislated minimum wages will always be a minimum rather than a recommendation. Appraisals are made on an annual basis.

RESPECT AND FAIRNESS

FabricAir recognizes the value of trade unions and employees' right to choose whether to be represented by trade unions and bargain collectively. Employees shall not be discriminated against, regardless of whether they choose to exercise these rights or not.

MODERN SLAVERY

Under no circumstances will modern day slavery such as forced, bonded or compulsory labor or human trafficking be employed or used in FabricAir operations. Employees are not required to establish deposits of money or identification papers with their employer. Business partners are required to follow the same principles.

YOUNG WORKERS

FabricAir is strictly against child labor and any form of exploitation of children. No one under the age of 15 years old will be employed by FabricAir and we conform to local standards that specify a higher age. Business partners are required to follow the same principles.

COMMUNITY

FabricAir encourages learning and development through cooperation and engagement with local communities. Water for All, an employee-driven organization is the main global community engagement project for the FabricAir Group (S3).

Our Social responsibility is communicated internally and externally by our Code-of-Conduct (CoC) and employees, partners, and suppliers must commit to this to ensure full alignment (S1+S2).

WHISTLEBLOWER POLICY

FabricAir is committed to transparency and accountability. Our Whistleblower Policy provides employees and stakeholders with a confidential channel to report concerns about unethical or unlawful behavior. Since its implementation in December 2023, no reports have been submitted. The policy is a vital part of our efforts to ensure a safe and responsible workplace environment.

FabricAir Gender Statistics	2024	2023
Number of employees	237	219
Seniority, average years	6,4	6,8
Age, average	44	46

	2024	2023
Gender split, Overall		
Office & Sales		
Operation & Production		
Supervisors		
Executive Management		
Board		

Women Men

FabricAir Corporate Values

Core values and high ethical standards guide our way of working and our relationships.



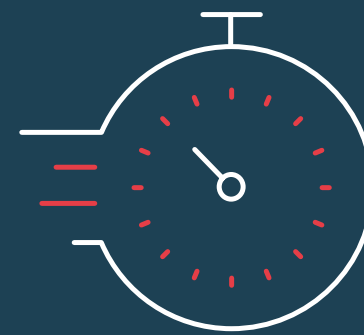
HONESTY

We speak the truth and face the facts.



CUSTOMER FOCUS

We go beyond simply delivering the best product or service. We are a partner who is easy to do business with.



TIME

We act immediately – time is valuable.



PEOPLE

We foster an inclusive workplace built on respect, collaboration and a shared commitment to social responsibility.



ENVIRONMENT

We care for the environment and innovate continuously to contribute in saving it.

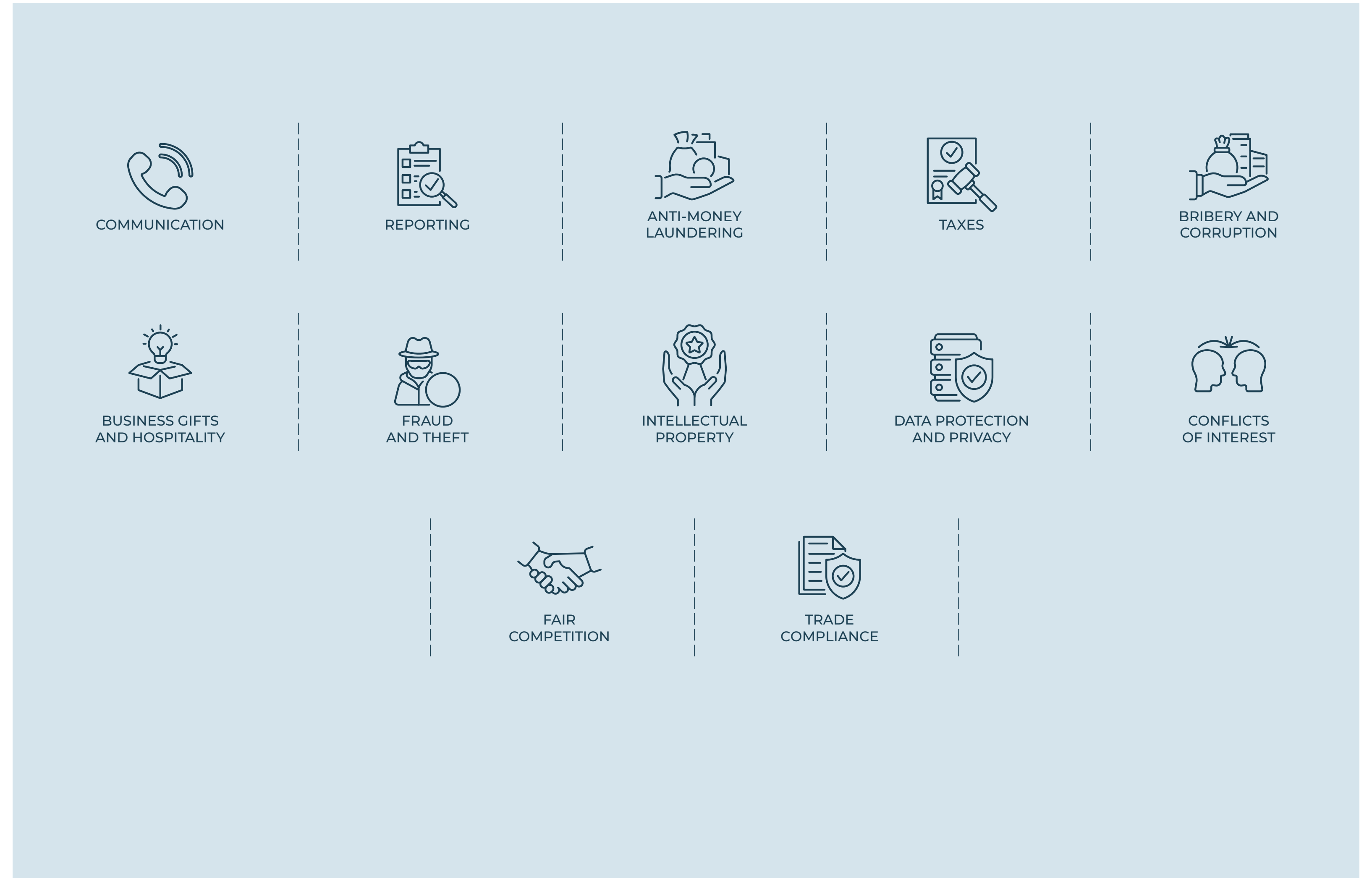
Governance

FabricAir acts in accordance with sound business practices to create the most value for society, and it is vital to combat corruption and other forms of unethical business practices. We recognize the key role that taxes play for economic development.

Our high ethical standards are reflected in our values and policies. FabricAir respects and follows all applicable laws and regulations in the countries where we operate. Even where applicable laws or regulations would allow, or do not specifically forbid certain practices, our Code of Conduct applies.

We continue to develop our sustainability governance as the sustainability landscape changes and stakeholder expectations evolve. We recognize that sustainability governance sits within a wider corporate governance context.

[Link to Code of Conduct](#)



Governance

FabricAir has a transparent and robust corporate governance structure in place to ensure responsible business conduct, effective oversight, and long-term value creation. Our two-tier governance model comprises the Board of Directors and the Executive Management Team, each with clearly defined roles and responsibilities.

The Board of Directors holds the ultimate responsibility for the company's overall direction and strategic management. It oversees the organisation and performance of the business, sets long-term objectives, and monitors progress toward sustainable growth. The Board also ensures that sound governance principles, risk management practices, and ethical standards are consistently upheld throughout the organisation.

While the Executive Management Team handles the day-to-day operations, the Board acts as a guiding body – providing oversight, supporting strategic decisions, and safeguarding stakeholder interests.

As of December 31, 2024, FabricAir's Board of Directors consisted of four members. Collectively, the Board brings together decades of international leadership experience, deep industry knowledge within HVAC, and a strong commitment to sustainability. This diverse and complementary set of competencies ensures professional and forward-thinking governance, enabling the company to respond proactively to market dynamics, regulatory developments, and stakeholder expectations.

Board of Directors



Palle Jørgensen
Chairman of the Board



Niels Valdemar Juhl
Member of the Board



Brian Refsgaard
Member of the Board



Gitte Haar
Member of the Board

Governance

FabricAir's Executive Management Team is responsible for the day-to-day operations and execution of the company's long-term vision. Composed of experienced leaders from key business functions, the team plays a central role in translating FabricAir corporate values and sustainability goals into actionable outcomes across the organization.

The Executive Management Team ensures alignment between company operational performance and ESG commitments, fostering a culture of transparency, accountability, and continuous improvement. Through cross-functional collaboration and strong leadership, the team upholds the highest standards of corporate governance, risk management, and ethical business practices.

Executive Management comprises broad, international management experience, comprehensive HVAC and renewable energy expertise, sustainability leadership and in-depth knowledge of our business.

Together, they drive the company's efforts in innovation, financial performance, employee engagement, customer satisfaction, and environmental stewardship.

Executive Management Team



Brian Refsgaard
CEO, FabricAir Group



Paulius Bareika
Chief Technology Officer



Lars Bonnichsen
Chief Financial Officer



Rūta Kairienė
Chief Marketing Officer



Daniela Roeper
Vice President
BorealisWind



Stig Wall
Chief Operations Officer



Kirsten Sohnesen
Chief Human Resources
Officer

ESG Accounting Principles

The carbon accounting for FabricAir follows the corporate standard of the Greenhouse Gas (GHG) Protocol. FabricAir's accounting follows the principle of operational control, and covers activities in all locations.

Consumption-based methodology is used for calculating our carbon footprint and less than 5% of baseline is derived from cost-based calculations. Consumption-based data ensures more accurate data and the way data is collected ensures a 2024-baseline for scope 1+2+3. This data is suitable for the implementation and monitoring of the actions in transition plan towards climate neutral.

Scope 1 includes fuel used for local heating and fuel combustion and travel in own cars.

Scope 2 includes electricity consumed for heating, cooling, and district heating in our premises, and electricity for company cars, as well as mileage from employee transport by flight, train and cars.

Scope 3 includes emissions from our value chain based on consumed materials.

The conversion factors for scope 3 are based on material consumption of production of products and are converted according to the factors included in the EPD (released in 2025). Work on minimizing impacts from scope 3 is aligned with product impact data.



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