



# SUSTAINABILITY REPORT

FISCAL YEAR 2020



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This report provides a status on Asetek's work on sustainability for the financial year of 2020, covering the period from January 1st 2020 to December 31st 2020.

The report is part of the management commentary section in Asetek's 2020 annual report as stated in section 99a and 99b of the Danish Financial Statements Act.

We welcome feedback, including suggestions, comments and questions. Please direct any feedback to Peter Dam Madsen, CFO at Asetek, at [pdm@asetek.com](mailto:pdm@asetek.com) or tel. (+45) 20 80 72 00.

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# CEO STATEMENT

## DEAR READER,

Welcome to our sustainability report 2020.

While this is our first report on sustainability and ESG topics, the subject matter is not new to Asetek. Through our roughly 20 years of driving Asetek forward, we have always cared about running a responsible business. Both as an employer, a manufacturer of electronic consumer products and – probably most importantly – as the inventor of products that work to reduce the consumption of finite natural resources. This is most pronounced by our data center products that can reduce the consumption of electrical power usage for cooling a data center by 50% as well as capture and re-use the waste heat for the benefit of CO2 reduction and circular economy.

In recent years, our owners, investors and other players have started to request a more concise sustainability and ESG reporting on Asetek's respect for globally recognized principles for responsible business conduct, and our ability to apply those principles in our business development. We embrace that trend and see it as a business opportunity to both provide full transparency in this area and increase our efforts to integrate sustainability as a business driver.

We therefore gathered a group of our employees from all departments from around the world. Their task was to start developing and deploying a more systematic approach to handling sustainability and ESG in Asetek. Starting in spring 2020, they have worked on the strategy and implementation and have provided our board

of directors with the necessary background material enabling the board to provide decisive guidance. The group has also built this report, and they will be adding valuable communicative tools to our website in near future.

We realize that this is very much a work in progress and a learning journey that we have embarked on. Hence, our data gathering will improve; our reporting will improve; and our positive impact on business and society will improve as we strive to reach our full potential.

I hope you enjoy reading this report, which includes our commitment to responsible business development, hard-core data, formal strategy statements as well as stories around the process and where we are heading.

Thank you for your interest in Asetek,



André Sloth Eriksen  
CEO and founder



# 2020 SELECTED HIGHLIGHTS

## In 2020, Asetek has:

- // Reached an all-time high on product performance in terms of energy efficiency
- // Conducted in-depth analysis of sustainability issues and opportunities for Asetek
- // Developed a three-year sustainability strategy and goals
- // Revised Asetek's general sustainability policy commitment and begun defining other core and theme policies
- // Published Asetek's first sustainability report
- // Implemented an IT solution for GHG carbon accounting
- // Begun improving our sustainability data management to better track our sustainability performance
- // Launched 14 sustainability projects across seven key focus areas
- // Defined our contribution to the SDG's

## 2020 Selected Financial Key Figures

Fiscal Year	2020	2019	2018	2017	2016
Comprehensive Income (\$000's)					
Revenue	72,750	54,334	67,314	58,194	50,921
Income before tax	9,426	1,454	4,870	1,499	4,991
Ratios & Metrics					
Organic growth	33.9%	-19.3%	15.7%	14.3%	41.5%
Share price (NOK)	108.80	31.00	40.60	105.00	53.50
Market capitalization (\$000's)	323,054	90,205	119,083	322,972	154,661
Business Drivers					
Sealed loop units shipped (000's)	1,201	895	1,19	1,020	949
Revenue per employee (\$000's)	661	560	709	626	645
Number of employees	110	97	95	93	79
Balance Sheet (\$000's)					
Total assets	71,393	54,105	51,398	49,176	41,164
Total equity	47,525	39,008	38,958	33,394	28,290
Investment in property, plant and equipment, net	7,049	6,115	4,103	3,856	1,684
Investment in intangible assets, net	3,217	1,920	2,414	2,754	1,871

# OUR BUSINESS EXPLAINED

## A GLOBAL LEADER

Asetek is a global leader in liquid cooling solutions for computer hardware enthusiasts, gamers, servers and data centers. Asetek's products enable increased performance and provide lower acoustic noise, power savings and improved efficiency when compared with traditional air cooling.

Asetek's Gaming and Enthusiast products are all-in-one coolers that provide reliable, maintenance-free liquid cooling to gaming and high-performance PC customers. Through the use of circulating liquid, which by nature is a much stronger heat capacitor than air, Asetek's products provide significantly higher cooling per consumed wattage than competing products based on air cooling. At scale, our technology enables our customers to significantly reduce energy and mitigate climate change.

Our data center products offer direct-to-chip liquid cooling solutions to OEM (Original Equipment Manufacturers) customers for delivery of cost effective, high performance data center solutions. These products can reduce the consumption of electrical power in data centers by up to 50%, and may in addition offer recapture of waste heat in the form of hot water, which can be used for subsequent heating of buildings, etc.

With over eight million liquid cooling units deployed, Asetek's patented technology is being adopted by a growing portfolio of OEMs and channel partners. Founded in 2000, Asetek is headquartered in Denmark and has operations in California, Texas, China and Taiwan.

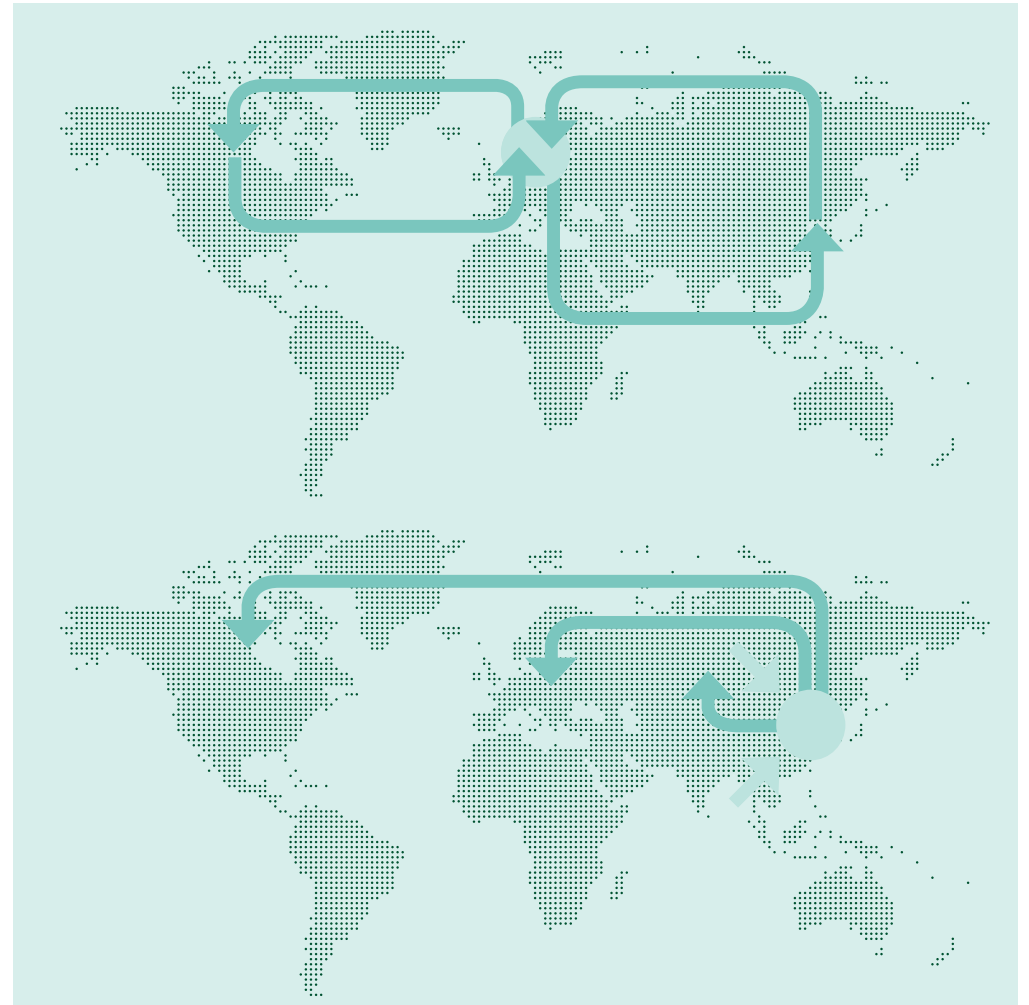
## GLOBAL OPERATIONS

Asetek's business model begins with its R&D team and technology labs based in Aalborg, Denmark, which manage collaboration with the Company's global customer base to define requirements and develop cutting edge technology. The Aalborg team works closely with the R&D team in Xiamen, China, to identify the optimal sources for the necessary components to fulfill specific customer requirements.

The sales and marketing teams, based principally in USA and Taiwan, oversee customer relationships to facilitate communication and development, ensuring the developed product meets or exceeds customer demands.

The flow of physical products generally commences throughout Asia. Asetek's manufacturing and logistics team in Xiamen, China, evaluates and sources components and suppliers for the finished product to be assembled by the Company's principal contract manufacturer based in Xiamen. Asetek only has a contractual relationship with the tier-1 contract manufacturer but carries out qualitative evaluations and oversight of the suppliers further up the value stream. Finished products are delivered directly to customer hubs in China, with smaller quantities shipped to Europe and USA. Lower volume, highly complex data center products and components are manufactured in Asetek's own plant in Aalborg.

A sizeable quality team is divided in two groups; one in Denmark and one in Xiamen. Their main focus is to ensure cradle-to-grave control over all aspects of quality and compliance with a growing number of regulated parameters.



# OUR COMMITMENT AND STRATEGY

## WHY WE EMBARKED ON WORKING SYSTEMATICALLY WITH SUSTAINABILITY

It is a primary objective for the board of directors of Asetek to ensure the longtime sustainability of the company. The board's work is expressed in a sustainability strategy and a supporting policy framework that outlines our commitments to sustainable development and provides effective work instructions to the executive management and employees on relevant sustainability and ESG topics.

For years Asetek has had policies related to corporate citizenship in place, and adherence to the policies has been an integral part of becoming a valued Asetek employee. In recent years, however, we have realized

a need to develop a concrete sustainability strategy and a fully cohesive framework in line with the general requirements of today.

Sustainability has also gained acceptance in the global investor community, where ESG considerations (environmental, social and governance) have become mainstream practice. Customer requirements, regulations and other stakeholder demands that companies encounter result in investors viewing ESG considerations as a part of their investment decisions. At the same time, there is a growing consensus among investors that ESG matters are important for their portfolio's risk profile and return. Combined, these factors mean that investors are far more aware of ESG matters today than just a few years ago.

Therefore, in early 2020 a group of employees was formed and tasked with bringing Asetek's compliance up to current standards, and with looking into business opportunities with sustainability. The group was led by the CFO and had participation from other VP's as well as managers from all departments.

## OUR MATERIAL SUSTAINABILITY ISSUES AND STAKEHOLDERS

The strategy group worked through a process and identified our most significant stakeholders, such as owners, customers, the board of directors, employees, the EU and politicians.

We proceeded to discuss various impact areas based on a broad battery of 25 identified areas relevant to Asetek and our surrounding business environment and society.

## OVERVIEW OF OUR MATERIAL ISSUES

CATEGORY	TOPIC						
Society	Responsible purchasing	Conflict metals	Local engagement	Anti-corruption	Human Rights		
Finance	Responsible sales	Sustainability data and reporting	Sustainability communication	Sustainability compliance	Lobbying	Tax matters	sustainability organisation
Environment	CO2 emissions	Energy consumption	Waste	Packaging			
Products	Product design	Hazardous substances	Safe end-of-use disposal	Product information	Design		
Employees	Employee satisfaction	Diversity	Discrimination	Training	Stress		

The impacts on Asetek's business as well as the company's actual or potential adverse impacts on topics such as human rights, environment and anti-corruption were discussed with various risk assessments in mind. We soon decided that sustainability must be an integral part of our jobs and business development going forward, and that we

will handle all relevant areas of opportunity and actual or potential adverse impacts in due course.

Based on the preceding analyses and diagnosis of 25 identified sustainability and ESG topics, we decided to prioritize seven topics for Asetek to work on in the period 2020-2023.

## PRIMARY MATERIAL ISSUES

MATERIAL TOPIC	ABOUT	READ MORE ON PAGE
Responsible purchasing	Ensuring that that our work on responsible purchasing is at least equal to standard practice in the area, globally recognized principles and advisory industry standards	28
Sustainability data and reporting	Ensuring effective and systematic sustainability and ESG data management and continuous reporting on our development and actual results to our primary stakeholders	12
Lobbying	Conducting responsible lobbying in our mission to change the rules of the game in the market for cooling solutions	22
Sustainability communication	Increasing our Sustainability and ESG communications efforts internally and externally to improve transparency, awareness, knowledge, and initiative	22
Sustainability compliance	Ensuring a solid and appropriate foundation of policy commitments and obligations that drive our future work and help us avoid adverse impacts on internationally recognized principles for responsible business conduct (UNGP/OCED/RBA)	13
CO2 emissions	Taking our own medicine by reducing CO2 emission to enhance our integrity as per our climate mitigating product solutions	20
Product design	Implementing a holistic approach to sustainability in our product design and use phases, fx life cycle considerations, circular economy etc., besides being the market leader in energy-efficient cooling systems	18

### PERSPECTIVES ON RISK

Being a fast-growing technology company that sources, develops, manufactures, and distributes high-tech cooling solutions globally is inevitably associated with the risk of causing or contributing to adverse impacts on human rights, the environment and anti-corruption.

#### SOME OVERALL RISK PERSPECTIVES INCLUDE:

// **Compliance risks** due to immature systems for identifying, preventing, or mitigating actual and/or potential adverse impacts on principles defined by the UNGPs/

OECD guidelines and the RBA industry standard. Partially also with respect to conflict metals.

// **Product and operational risks** due to immature systematic management of climate and environmental matters with regard to waste, waste from products' end-of-use-phase, chemicals, hazardous substances, responsible business relationships etc.

// **Management risks** in a fast-paced growth company due to poor or lacking assessment of staff conditions, physically and mentally, with respect to satisfaction, stress, accidents etc.

// **Business risks** due to lack of transparency, communication and reporting on sustainability issues to our primary stakeholders.

As a consequence, we are especially focused on maintaining and developing an agile organization that adheres to sound practices and strengthens its resilience to avoid adverse impacts on our business, our customers and society at large. We aim to hedge risks through strategy, policy commitments and practices that align with globally recognized principles for responsible business conduct and industry standards.



## OUR STRATEGIC SUSTAINABILITY FRAMEWORK

We concluded the 2020 strategy process by developing Asetek's Strategic Sustainability Framework which outlines our general commitment to sustainable development and how it is supported by a number of strategic focus areas and overall ambitions for addressing our

material topics. The framework also forms the structure of the following report chapters.

The work with the framework is ongoing, especially with the goal setting and discussion around the ambitions at early stages.

OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT	AS THE GLOBAL LEADER IN HIGH PERFORMANCE LIQUID COOLING SOLUTIONS FOR GAMERS, ENTHUSIASTS, AND DATA CENTER OPERATORS, ASETEK IS COMMITTED TO PROVIDING CUTTING EDGE TECHNOLOGY THAT RESPONDS TO THE CHALLENGES OF THE WORLD AND PROMOTES SUSTAINABLE DEVELOPMENT			
OUR CORE STRATEGIC FOCUS AREAS	OUR PRODUCTS AND OPERATIONS	OUR ROLE IN SOCIETY	OUR PEOPLE	OUR BUSINESS PARTNERS
OUR AMBITIONS	<p><b>Responsible Products</b> Minimize the environmental and climate impact of our products by developing responsible liquid cooling solutions</p> <p><b>Responsible operations</b> Walking the talk by mitigating adverse environmental impacts of our operations and working towards climate neutrality</p>	<p><b>Working for a Greener Future</b> Engage with key external stakeholders and lobby for a greener future</p> <p><b>Protecting Business Integrity</b> Promote transparency and prevent corruption</p> <p><b>Being a Good Corporate Citizen</b> Foster strong local communities through engagement and sponsorships with end-users</p>	<p><b>Promoting Human Potential and diversity</b> Ensure healthy, fair and safe working conditions for all people in Asetek</p> <p>Promote inclusive and effective learning and working environments to inspire skills and potentials of all employees</p> <p>Promote diversity among all employees and management</p>	<p><b>Fostering Responsible Business Relationships</b> Ensure that Asetek's business relationships, including suppliers and partners, demonstrate responsible business conduct</p> <p>Act against the use of conflict minerals</p>
OUR FOUNDATION	ASETEK'S SUSTAINABILITY POLICY FRAMEWORK			
	OUR VALUES			

# GOALS

Setting the level of ambitions and actionable goals is a challenge. We understand it to be an iterative and very dynamic process. Hence, we will revise our goals and ambitions yearly at a minimum.

At this point we have among others identified the following goals for our near to mid-range efforts:

- // Asetek's operations are carbon neutral (Scope 1 + 2, partly 3) by 2023
- // We have reduced our absolute CO2 emissions by a minimum of 50% (index year 2019)
- // We have conducted an LCA assessment on 100% of our products
- // 100% of our primary suppliers have signed Asetek's Responsible Business Relationships Code of Conduct
- // 100% of our employees have a high understanding of Asetek's goals within sustainability
- // We systematically collect quantitative data for all our sustainability policy areas to ensure a high-quality standard of our sustainability data and the ability to monitor progress of our efforts
- // Our goals align 100% with RBA
- // We have defined and implemented a process for continuously identifying, preventing or mitigating potential and/or actual adverse impacts according to the principles reflected in our sustainability policy commitments and the UNGPs/OECD
- // We have significantly increased communication, transparency and awareness of our efforts towards our stakeholders

The goals are further described in later sections of this report and more goals will be presented in each chapter.



# SUSTAINABILITY RAISES AWARENESS

Ever since Asetek was founded in 2000, we have been aware that the company needs to be a positive contributor to society. That is how Asetek CFO Peter Dam Madsen describes the ongoing development whose logical follow-up now is a sustainability report that will enhance the company's profile externally as well as raise awareness within it.

Asetek is constantly creating new jobs, thereby providing the economic foundation for an ever-growing number of families connected to our offices around the world.

'And through our focus on data centres especially, we are creating products that help our customers to save and recover large quantities of energy, supporting their work by achieving a sustainable balance. We are proud of that,' adds Peter Dam Madsen, who has been part of the Asetek journey for the past 15 years.

He continues:

'In recent years, sustainability has taken on growing importance in our relationship with our investors, too. We are finding that it is no longer enough just to take sensible action internally. Now, we must demonstrate publicly what we are doing. To that end, we are making commitments and defining goals to help set our direction and get everyone on board for the shared journey. By doing so, management is sending out guiding signals to the entire company.'

So in 2020, whether in Denmark, the USA, China or elsewhere around the world, Asetek concentrated on creating clarity about the different initiatives that were already

active. Sometimes, the task involved talking about the context and reporting, thus picking the low-hanging fruit. Now that the company and its staff have grown along with the task, it's about setting a course, agreeing on goals and ratcheting up the ambition level.

'We need to combine the wishes of customers and society at large with our own efforts and goals, and with the demands we have to make of our suppliers,' explains Peter Dam Madsen.



# SUSTAINABILITY GOVERNANCE IN ASETEK

## SUSTAINABILITY MANAGEMENT

As part of the 2020 strategy process, we formed a sustainability steering committee consisting of VP's and managers that cover all areas of Asetek's operations. Asetek's CFO heads the committee and reports to the board of directors. The sustainability committee and the board of directors continuously assess the risks, opportunities and progress of Asetek's sustainability efforts and decide which initiatives are relevant to launch, adjust or discard.

We have appointed a sustainability project manager who coordinates the many projects that have been initiated as part of the sustainability strategy. She reports directly to the CFO and the sustainability

steering committee meets with the project manager monthly to discuss and coordinate progress or issues.

## ASETEK'S SUSTAINABILITY POLICY FRAMEWORK

In 2020, we have revised our general sustainability policy and designed a whole new Sustainability Policy Framework to ensure a solid and appropriate foundation and obligations that drive our future work.

As is, we have formulated the stated policies in the framework below in 2020. It is our ambition to continue developing our Policy Framework in 2021 with more relevant policy commitments.

## ASETEK'S COMMITMENT TO SUSTAINABLE DEVELOPMENT

CORE POLICES	THEME POLICIES	RESPONSIBLE BUSINESS RELATIONS	COMPLAINEE MANAGEMENT
Environment	Staff Handook	Business Relationships Code of Conduct	Whistleblower
Human Rights	Diversity		Grievance mechanism (Tell us mechanism)
Anti-corruption	Lobbying		

Asetek's Commitment to Sustainable Development (our general sustainability policy) and Asetek's Business Relationships Code of Conduct (our expectations to all business relations including suppliers) are fundamental to all other policies.

Asetek's Commitment to Sustainable Development and associated policies support our business decision making at all levels and provide a frame of reference for how we want to deal with business opportunities and risks. Our general commitment as well as the other policies are applicable to all Asetek's products, services and organizational units as well as our business relations.





### KEY MESSAGES IN OUR POLICY COMMITMENTS

Rule of law	We respect the rule of law and comply with national regulations in all countries in which we operate.
Human Rights	We respect human rights by embedding this policy commitment in all our policies and processes in line with the UN Guiding Principles on Business and Human Rights (UNGPs).
Environment	We commit to promote and support environmentally sustainable practices. We will continuously work to reduce our own adverse environmental (including climate) impacts by applying and developing climate and environmentally friendly services, solutions, and technologies in our operations and product range.
Anti-corruption	We commit to being open and transparent about our business activities. We will not accept any form of bribery, corruption, or fraud.
Business relationships	We expect all our business relationships to meet the same global minimum standard for responsible business conduct (UNGPs/OECD) to which we hold ourselves accountable.

### WHAT DEFINES OUR RESPONSIBILITY?

As a basis for our policy commitments, Asetek's commitment to sustainable development and responsible business relationships has been based on our commitment to meet the global minimum standard for responsible business conduct as defined by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises respectively.

The two standards (UNGPs/OECD) define the authoritative global reference points for responsible business conduct, and they inform all larger codes in the tech industry, i.e. the Responsible Business Alliance (RBA) industry code and other related initiatives.

By using these standards as reference points for our basic principles and guidelines, we actively support dialogue

and partnerships between people and business relations on dealing with actual or potential adverse impacts on human rights, the environment and anti-corruption that we may cause or contribute to.

### HOW WE MEASURE PROGRESS

In 2020, we initiated a process to ensure a high-quality standard of our sustainability data and thereby a robust basis for monitoring and reporting on our policy commitments, our efforts, and results. Hence, we have begun developing and implementing a new KPI structure and data collection process based on leading data calculation and reporting standards. In the years to come, we will broaden the scope of our data collection and add more KPIs.

Further, in order to make our policy commitments operational, work is in progress to apply a systematic approach



in our management of the principles reflected in the UNGPs/OECD guidelines. This will enable us to conduct thorough impact assessments to identify and address actual and potential adverse impacts in our business practices and value chain.

# FIRST PRIZE FOR ALIENWARE'S CHILDHOOD CANCER FUNDRAISING

By sponsoring the 'top donor prize' in 2020, Asetek played a key role in helping Alienware attain its most successful fundraising year to date for St. Jude Play Live. This time, Alienware raised money for children with cancer at St. Jude Children's Research Hospital in Memphis, Tennessee.

According to Alienware, the Asetek-donated first prize significantly and positively heightened interest in the 2020 fundraising campaign. The prize won by the biggest donor to Alienware's campaign was a custom PC with Asetek liquid cooling system, including St. Jude branding and an entire ecosystem (monitor, mouse, keyboard, headset and headset stand). A total of 365 donations were received in the course of the 5-week campaign.

We at Asetek have decided to take part in Alienware's 2021 Play Live campaign, too, when we will again donate the first prize. It is a great pleasure to be able to play a part in helping sick children in this way,' says Solveig Malvik, who is Director, Branding & Outbound Marketing at Asetek.



# WE SUPPORT THE UN SUSTAINABLE DEVELOPMENT GOALS

With Asetek's Commitment to Sustainable Development and our concrete actions, we seek to contribute to the UN Sustainable Development Goals (SDGs) in the best possible way. The global goals give us a frame of reference in our strategy and a perspective on the business opportunities that lie within our sustainability work.

ASETEK HAS PRIORITIZED THE FOLLOWING SDGs	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
ABOUT	Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Ensuring sustainable consumption and production patterns	Taking urgent action to combat climate change and its impacts
HOW WE CONTRIBUTE (A BRIEF OVERVIEW)	<p>Asetek believes in promoting and developing talent across the organization,</p> <p>Asetek employs and supports apprentices across the organization, both in workshop, finance, R&amp;D and marketing.</p>	<p>We have initiated life-cycle-assessments of our product lines and production methods to improved cradle to cradle design and production practices.</p> <p>Asetek's own data center setup delivers waste heat to Aalborg district heating network.</p> <p>Aseteks excludes more hazardous substances from our products and packaging than required by law</p>	<p>Asetek's liquid cooling solution for data centers can reduce the energy used, and reuse 7% of the energy used as for example hot water.</p> <p>Asetek lobbies to support sustainable energy and less energy waste.</p>





# ASETEK HELPS MAKE DATA CENTRES CARBON NEUTRAL

Data centres – small, medium and hyperscale – are shooting up all over the world and being crammed with tens of thousands of servers that all need cooling. All our tablets, smartphones etc. require vast amounts of data storage in ‘the cloud’ – which in reality, of course, is situated in those data centres.

Unfortunately, data centres also have a global carbon footprint at least as big as that of worldwide air traffic (if fossil energy is used).

Asetek – endorsed, for example, by internationally recognised environmental thinktank Concito – is currently engaged in a major climate policy effort to draw attention to the need to set requirements for data centres on reusing the enormous amount of residual heat that they emit.

Processor water cooling is so much more efficient than traditional water cooling that around 20% of the electrical power needed can be saved altogether. On top of that, though, the technology has great potential for circular reuse:

‘In fact, in 2020, we set up our own little demonstration data centre here at our headquarters in Aalborg and connected it to the city’s district heating network. Together, we use it to show that, if you use direct processor liquid cooling such as Asetek has developed, up to 80% of the power coming into a data centre can be returned to society in a carbon neutral way in the form of hot water at 60 degrees, without the need for external district heating pumps,’ says the project’s technical manager, Anders Saksager, who is Senior Specialist, Global R&D at Asetek.

In Europe alone, these 11 capitals could be heated all year round using only waste heat from data centres in the EU, adds Anders: London, Paris, Berlin, Brussels, Amsterdam, Stockholm, Copenhagen, Vienna, Oslo, Dublin and Helsinki.

Asetek has been working on data centre cooling since 2012. The company specialises in cooling for high-performance computing data centres, but there is the potential for wider application. Asetek has been a supplier to twenty Top 500 installations.





# OUR PRODUCTS AND OPERATIONS

## 2020 HIGHLIGHTS

- We reached an all-time high on product performance in terms of energy efficiency
- We had zero non-compliance cases in 2020 with reference to EU Regulation
- We continued to remove or reduce use of hazardous substances beyond what is required by law
- We implemented an IT solution for GHG carbon accounting
- We initiated life cycle assessment (LCA) of our products

## RESPONSIBLE PRODUCTS

### OUR APPROACH

It is Asetek's ambition to minimize the environmental and climate impact of our products by developing liquid cooling solutions that are responsible in all relevant aspects of the product's lifecycle and performance.

Our current state of innovation has already given Asetek a head start as our solutions for data center cooling enable our customers to drastically reduce energy consumption by more than 50% and recover 75% of the energy in the form of 60C degree hot water, for district heating purposes.

However, to incorporate more sustainability aspects into our products, including our products for gaming and enthusiasts, besides energy efficiency we need to better understand our products' lifecycles, our material use and how we can integrate circular product design practices into our innovation processes.

### Our results goals in 2023:

- We have conducted an LCA assessment of 100% of our products
- We have completed a substitution assessment of 100% of our product materials with respect to use of alternative, sustainable materials
- We have integrated LCA assessments into our design processes
- We continue to lead energy efficiency within our product category

We currently measure progress with this KPI. More KPI's will be added in future reports.

Category	2020	2015	2012	2009
Relative product power draw	26%	31%	47%	100%

## OUR ACTIONS AND RESULTS IN 2020

### Climate mitigating solutions – greener data centers

Asetek's liquid cooling technology provides an energy efficient alternative to air-cooled data centers. Our data center product line enables significant reductions in energy consumption and climate benefits for our customers. In 2020, we continued developing our green solutions for data centers.

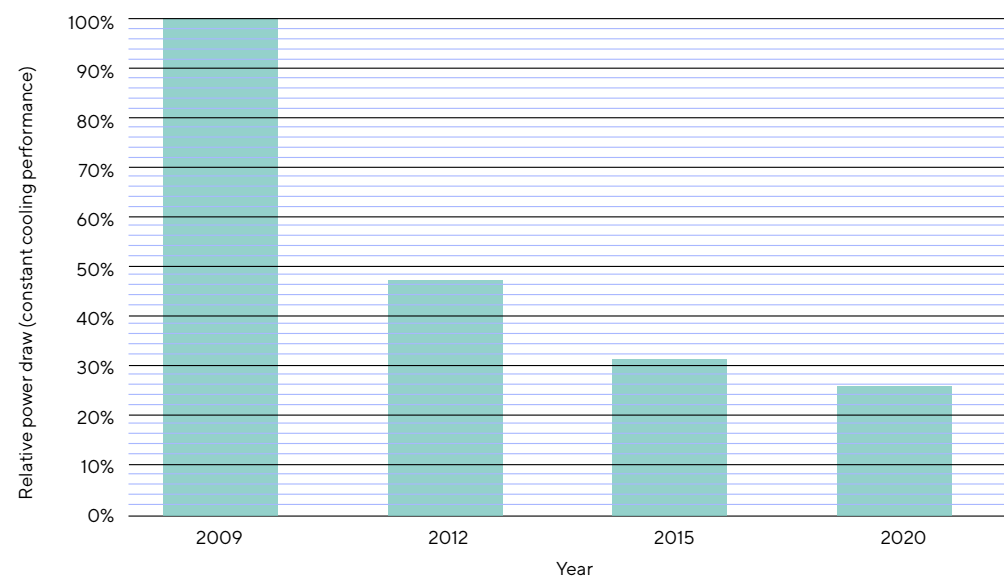
The below figure shows the relationship between Asetek pump generations and the power needed to achieve the same thermal performance in °C/W, which is a perfor-

mance parameter widely used in the industry.

As seen in the figure, Asetek has reduced the amount of power needed to achieve the same thermal performance by 74% from 2009 to 2020.

In 2020 Asetek's own data center setup continued to deliver waste heat to Aalborg district heating network.

Aalborg District Heating network receives 60C degree hot water directly from Asetek's own datacenter. In 2020 that amounted to 47,000kWh and the system has been running hassle-free for two years.



## PRODUCT DESIGN

In 2020, we initiated a product life cycle assessment (LCA) project. We believe that most of the materials used in our products and packaging can most likely be recycled into our own or other products. We expect the assessments to shed light on the total resource consumption throughout our products' lifetime, as well as what happens at end of use. We will use this knowledge to assess the opportunities for designing products, packaging, transport etc. smarter with respect to a circular economy and reuse of materials. This can strengthen our products' environmental profile and prepare us for future requirements and business opportunities. We expect concrete results from the project by 2021.

## PRODUCT SAFETY

Asetek is subject to a number of EU regulations like REACH and RoHS regarding product safety and we are also met with customer requirements about the use of hazardous substances.

At Asetek we prefer to stay ahead of the industrial changes to environmental requirements. This means that we not only live up to the most recent revisions of 3TG (conflict minerals), California Proposition 65, REACH and RoHS directives, but also more stringent requirements not dictated by law.

These additional requirements are the result of environmental responsibility, not only to climate and health, but also towards our customers to make sure our products

stay ahead of the game in order to avoid any future surprises as more and more substances are phased out from industrial use.

Examples of extraordinary efforts include, but are not limited to, reduction/removal of halogenated flame retardants in wires and plastics, use of low-halogen PPS, exclusion of PVC and use of non-lead aluminium and steel alloys.

Our efforts to ensure product safety have resulted in 0 non-compliance cases in 2020 with reference to EU Regulation 1907/2006; Annex XVII of REACH, Candidate List of SVHC of the REACH Regulation, RoHS Directive 2011/65/EU, 3TG Conflict Minerals and Proposition 65 of OEHHA under CalEPA.

All of our products are marked with standard markings such as the CE and UL marking.

To prevent risks of any legal changes falling through the cracks unnoticed, we continue to assess our products and in 2020, we signed a partnership with Mediator A/S. Mediator is specialized in legal and practical consultancy within chemical, environmental, safety and transportation requirements for international businesses.

We have a list of substances where use is either prohibited or proactively reduced by Asetek (going above and beyond legal requirements under RoHS, REACH etc.).

The list includes but is not limited to:

- PVC
- All brominated flame retardants
- All chlorinated flame retardants
- PPS with >1000 ppm residual chloride

We currently measure progress with this KPI.

Category	2020	2019
Non-compliance cases raised by customers or authorities	0	0

## THE WAY FORWARD IN 2021, WE EXPECT TO:

- // Further increase energy efficiency of our cooling solutions
- // Harvest the first results from our product life cycle assessment project and begin optimization
- // Publish our exclusion list of hazardous substances online
- // Further develop our sustainability KPI's

# CHEMICAL ENGINEER SHOWS THE WAY TO NEW SUSTAINABLE STANDARDS

Asetek's chief chemical engineer looks up from his metallurgical optical microscope.

Not only is Asetek intently focused on sustainability when it comes to things like reusing the huge quantities of residual heat from data centres; the 'clean tech' company itself is also increasingly concerned with finding carbon neutral solutions when selecting materials for the products Asetek makes and is continuing to develop.

'Years ago, we were often a bit slow to react and didn't change the materials used in things like liquid cooling units, racks or packaging until new international regulations came out. The mood has changed in recent years, and my colleagues often come up with constructive suggestions of their own, so nowadays it is Asetek that is setting the course on sustainability,' says Nils Johannes Klitmøller, the chemical engineer responsible for that area. He describes his job at Asetek as something of a labour of love. In his university days, he wrote his Bachelor's dissertation on environmental technology, as well as a Master's thesis on plastic-based solar cells.

He continues:

'We have now put ourselves at the head of the field, and we always use the EU's REACH environmental requirements as a minimum standard for our products – even for our high-volume exports to the USA and the Far East, where the requirements aren't yet as strict. But we ourselves are trying to push Asetek even further ahead all the time.

'As a starting point, we now use any special request of the individual customer as a new, higher common denominator for all our products in the same category, whoever the customer is, where sustainability is concerned. So we are also stricter now about proactively showing the way even in areas where no regulations currently apply at all,' adds Nils Johannes Klitmøller.

He adds that this has led to quality solutions being found to reduce the quantity of PVC in cables, for example. It has also been possible to completely eliminate the use of halogenated flame retardants in the rubber tubes developed to supply water – without the risk of leaks that would come from compromising on quality.

It may well be a little more expensive in the short term, but it makes by far the most sense for the environment and for all of us in the longer term. One of the most important future priorities, says Klitmøller, will be reducing – ideally, completely eliminating – the amount of lead in the brass alloys used in the bushings and fittings of Asetek liquid coolers.

'It's a nice feeling to be helping make the world a slightly better place to live in by doing this,' says Nils Johannes Klitmøller.



## RESPONSIBLE OPERATIONS

### OUR APPROACH

On equal terms with our ambitions for responsible products, we are committed to reducing our own environmental and climate impacts by promoting and supporting environmentally sustainable technologies and practices in our operations.

We want to take a greater stance as it relates to the current global climate agenda, which our major customers and the tech giants are particularly ambitious about. Reporting CO<sub>2</sub> emissions and reduction goals has become mainstream and a type of hygiene factor that we also want to demonstrate focus on. This is not least because our data center product solutions have a recognized climate profile by virtue of energy efficiency, which is why it makes sense that we also take our own medicine to enhance our integrity in the climate area.

#### Our results goals in 2023:

Our operations are climate neutral (Scope 1 + 2, possibly 3)

We have reduced our absolute CO<sub>2</sub> emissions by a minimum of 50% (index year 2019)

We have implemented all appropriate reporting areas from the GHG Protocol in our calculation method

We currently measure progress with these KPI's. For data breakdown see data section page 29. More data will be included in the aggregation in future reports.

Category	Unit	2020	2019
Total Scope 1 emission	tCO <sub>2</sub> e	43	52.5
Total Scope 2 (location-based method)	tCO <sub>2</sub> e	123.8	126.7
Total Scope 2 (market-based method)	tCO <sub>2</sub> e	451.6	442.3
Total Scope 3 emission	tCO <sub>2</sub> e	7,493.8	5,880.5
<b>Total (location-based method)</b>	<b>tCO<sub>2</sub>e</b>	<b>7,799.5</b>	<b>6,219.9</b>
<b>Total (market-based method)</b>	<b>tCO<sub>2</sub>e</b>	<b>7,988.4</b>	<b>6,375.2</b>
<b>Percentage change</b>		<b>25.4%</b>	<b>-</b>

Climate accounts according to Green House Gas Protocol (GHG protocol)

### OUR ACTIONS AND RESULTS IN 2020

#### Walking the talk – A Greener Asetek

In 2020, we began the implementation of an IT solution for carbon accounting according to the Greenhouse Gas Protocol. The system enables us to systematically collect, organize and report our CO<sub>2</sub> emissions. Hence, this report presents Asetek's first ever carbon accounting report. In years to come, we will refine our reporting as we broaden the scope of data collection. We will use the results to consider by what means we will reach carbon neutrality.

We have started improving our sustainability data infrastructure that enables us to collect other data concerning waste, water use, energy use etc.

We have installed a total of 2 charging stations for EV's and hybrid cars at Asetek in Denmark.

We continued our efforts to reduce waste production by means of our waste sorting system (only Danish operations) and use of paper and water in our daily operations.

#### THE WAY FORWARD IN 2021, WE EXPECT TO:

- // Include more data (scope 1, 2 and 3) to refine our climate accounting report
- // Improve data collection regarding waste, water use, packaging waste etc
- // Consider investments in reducing energy use from e.g. business trips, home-work commute, facility management, production, logistics etc., thereby reducing costs and CO<sub>2</sub> emissions







# OUR ROLE IN SOCIETY

## 2020 HIGHLIGHTS

We updated Asetek's lobbying policy

We developed a new Responsible Business Relationships Code of Conduct

We had zero whistleblower cases

We updated our anti-corruption policy

We developed Asetek's first sustainability report

## WORKING FOR A GREENER FUTURE

### OUR APPROACH

Asetek is on a mission to change the rules of the game within our business category. In Denmark alone, 300,000 households could have carbon neutral heating using surplus heat from data centers — if they were water cooled. This is certainly feasible and Asetek has the solution.

But we need politicians to support our ambitions by setting CO2 requirements for data centers to reduce climate-damaging energy consumption. Hence, Asetek may from time to time engage advocacy representatives in various countries to further our interests and to assist in policy development that impacts our company positively. Our ambition is to always conduct responsible lobbying.

### Our results goals in 2023:

We have formulated and implemented a strong policy for lobbying

We have zero breaches of the guidelines in our Lobbyist Policy

### OUR ACTIONS AND RESULTS IN 2020

#### Lobbying for positive impact

We have developed a Lobbyist Policy. The policy states, among other things, that Asetek believes in and is committed to full transparency in our policy and regulatory outreach. We will comply with all required ethics and transparency requirements and strive to strictly adhere to the various laws and regulations concerning gifts, entertainment, political expenses and reporting requirements in each jurisdiction.

Asetek has participated in several dialogues with politicians during 2020 to push forward the agenda for greener data centers.

## THE WAY FORWARD

### IN 2021, WE EXPECT TO

// Continue our course of action to pave the way for more efficient and climate friendly cooling solutions.

// Implement the new Lobbyist Policy in Asetek and communicate the Lobbyist Policy publicly.

## PROTECTING BUSINESS INTEGRITY

### Our approach

As a responsible company, we believe that sustainable behavior in every aspect of our business is a natural prerequisite for promoting innovation, building stronger relationships with customers and employees, and contributing to positive development in society.

Asetek wants to be a good corporate citizen in everything that we do. Hence, we will not accept any form of bribery, corruption, or fraud. We support high-quality standards for data protection and integrity.

We are committed to being open and transparent about our business activities and we will provide timely, regular, and reliable information on our business practices, our impact assessments and how we manage adverse impacts to all relevant shareholders, employees, customers etc. We believe regular assessments and transparent communication will help anchor our commitment and spur sustainable development and a strong image throughout our company and context.

### Our results goals in 2023:

We have developed an independent sustainability report/public edition of our annual report

100% of our employees have a high understanding of Asetek's goals within sustainability

75% of our employees see Asetek's sustainability goals as relevant to a high degree

75% of selected customers regard Asetek's sustainability goals as relevant

50% of selected customers regard Asetek as a sustainable company

We have conducted stakeholder dialogues regarding sustainability goals and expectations toward Asetek with 20% of our combined customer base

We have updated and implemented a robust anti-corruption policy

## OUR ACTIONS AND RESULTS IN 2020

We have initiated several communication projects in 2020 to increase transparency and raise awareness of our sustainability activities towards both internal and external stakeholders.

We have developed and published Asetek's first independent sustainability report and we have initiated the development of Asetek's new online sustainability site which we will launch in Spring 2021.

We have also linked our sustainability strategy to the Sustainable Development goals in order to clarify how our strategy contributes to the global goals.

To raise internal sustainability capacity, all VP's and managers who participated in the strategy process have been trained thoroughly in the field of business-driven sustainability and ESG matters. On our monthly meetings in Asetek's sustainability steering committee, we have continued to discuss several sustainability/ESG agendas and topics to further improve knowledge about corporate sustainability.

We continue to pay attention to risks of corruption in our daily activities. Anti-corruption is a part of the wording of our quotes, contracts and other relevant business documents and our internal controls include this topic.

We trained all Danish employees in GDPR.

## THE WAY FORWARD IN 2021, WE EXPECT TO:

- // Develop KPI's that support our 2023 results goals
- // Launch Asetek's online sustainability site
- // Refine our sustainability reporting with more data and results of actions
- // Publish all Asetek's sustainability policy commitments online
- // Begin developing a method for stakeholder dialogue about sustainability
- // Increase internal awareness and capacity-building through training and communication
- // Continue GDPR and cyber security training for all Danish employees







*We believe eSports contributes to the development of valuable skills such as cooperation, coordination and strategic thinking. We welcome any opportunity to develop a positive eSport community*

## BEING A GOOD CORPORATE CITIZEN

### OUR APPROACH

Asetek strives to be a good corporate citizen and to fulfil our responsibilities to the societies and communities in which we operate.

One of our primary focus areas is eSports which is now among the largest competitive sports genres in the world. We want to support this movement, it's in our DNA.

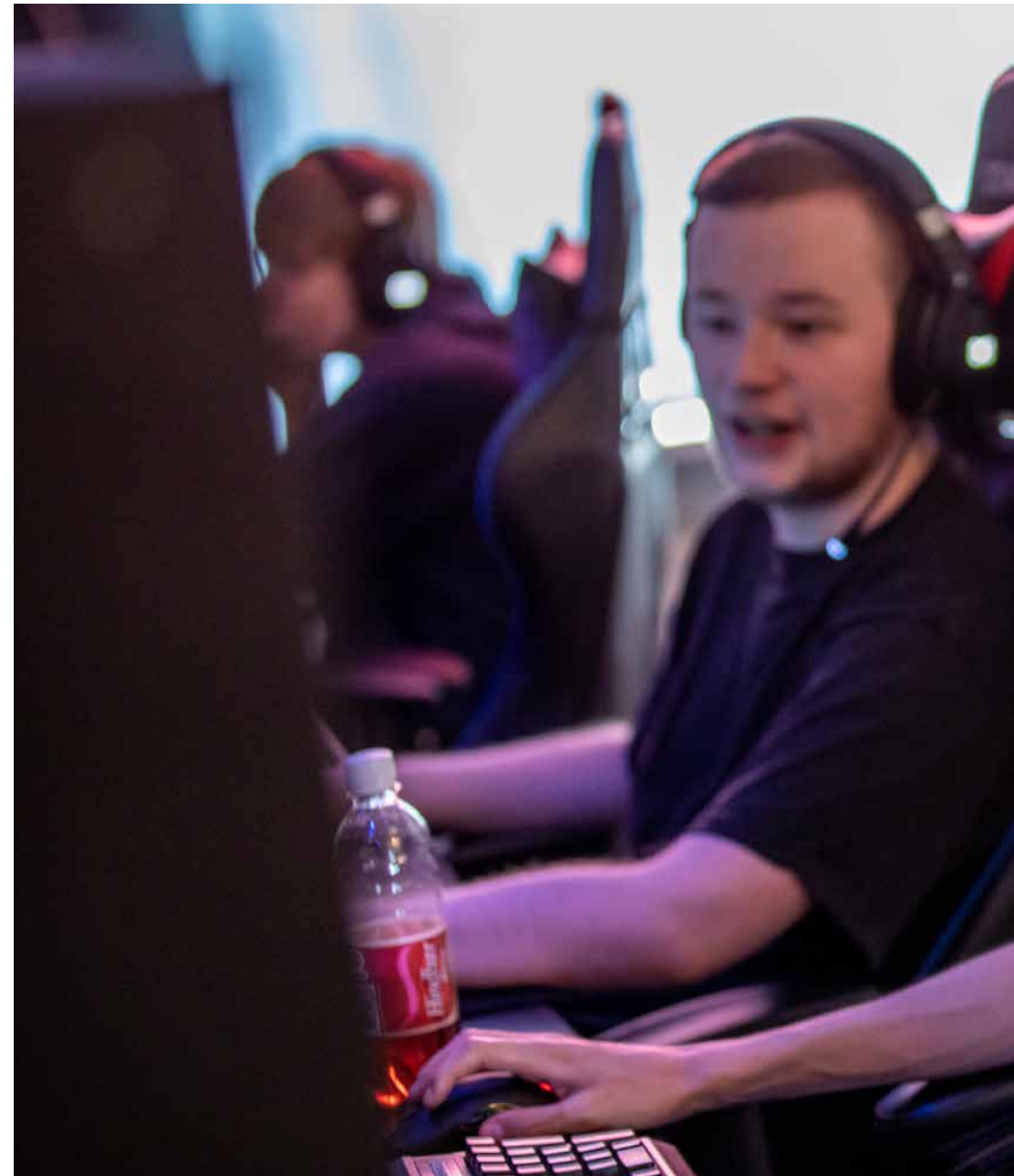
### OUR ACTIONS AND RESULTS IN 2020

Asetek launched an eSport gaming academy in 2019 to underline its commitment to the gaming and liquid cooling enthusiast community. The academy continues to be available for use by both local, national and international talent, and is equipped with the latest and greatest in gaming. Including high-end Alienware Aurora R8 PCs, 240hz Gsync monitors, amazing gaming chairs and Razer peripherals.

Asetek also sponsored the top donor prize at the 2020 Alienware and St. Jude Play Live 2020 Campaign.

### THE WAY FORWARD IN 2021, WE EXPECT TO

- // Continue running the Asetek eSports Academy
- // Once again support the Alienware and St. Jude Play Live Campaign
- // Participate in the 2021 Play Live campaign as sponsor of the top donor prize







# DONATION TO ESPORT CENTRE FOR CHALLENGED CHILDREN

Under the slogan 'Moving People Through eSport', we have supported Exzentriq in their creation of a welcoming, ground-breaking eSport centre in Aalborg, Denmark. The centre offers social and special educational provision to give challenged children who might otherwise fall through the cracks in the state school system a second chance by letting them experience success in eSport and IT.

Asetek and our staff are supporting Exzentriq through a number of initiatives, from sponsoring desk mats with the latest gaming surfaces to arranging on-site talks on PC hardware and computer troubleshooting, says Asetek's Technology Evangelist, Dennis Hampe.

Asetek has also donated goods including its own products, which are generating more buzz around Exzentriq's important mission and its amazing success. The donated items include a high-end desktop PC from Alienware, one of Asetek's long-standing partners - naturally featuring industry-leading Asetek liquid cooling of both CPU and GPU.

'At Exzentriq, we work with a wide and diverse target group, the majority of whom have a diagnosis on the autistic spectrum, often with comorbidity - and we have young people with psychiatric diagnoses, too. We are most grateful for the support, commitment and attention that Asetek gives us,' says the centre's founder, Casper Skafte.

Asetek also supports a number of other, similar projects around the world, including the Ecole Cycle d'Orientation de Marly (a Swiss primary school) and Shellback Tech in Fargo, North Dakota, a charitable organisation which exists to bring smiles, joy and respite to disabled veterans, first responders and others through PC gaming using hand-built hardware.

”

*It is amazing to see how Excentriq works with these kids, giving them confidence to learn new skills and be part of a unique community*

# OUR PEOPLE

## 2020 HIGHLIGHTS

We have made a new policy commitment towards employees (part of Asetek's Commitment to Sustainable Development)

We currently have 20% female representation in Asetek's Board of Directors

We currently have 17% female representation at other management levels in Asetek

## PROMOTING HUMAN POTENTIAL AND DIVERSITY

### OUR APPROACH

It is our ambition to always offer a healthy, safe and developing working environment for all employees, customers and external partners in Asetek.

Our most important resource is our employees. Therefore, we will work to create a safe, healthy and developing working environment in which all employees can unfold their professional and personal potential in the best possible way. However, Asetek is responsible not only for facilitating employee conditions in a socially responsible and fair manner, but also for promoting a culture in which employees consistently act responsibly towards customers, colleagues, Asetek and society in general.

We will also promote equality and diversity, including increasing the proportion of the underrepresented gender at all levels of management.

As part of our newly updated commitment to sustainable development (Asetek's sustainability policy), we are committed to continuously work to identify, prevent or mitigate potential and actual adverse impacts on human rights that we may cause or contribute to.

### Our results goals in 2023:

We have implemented a human rights due diligence process

We have conducted our first comprehensive human rights assessment

We are systematically collecting data about all relevant employee conditions



We currently measure progress with these KPIs

Category	2020	2019
<b>Health and safety</b>		
Sick leave (Days/100 FTEs)	5.2	5.3
Work Accidents	1	-
<b>Diversity</b>		
Share of women in other management positions	17%	18%
Share of women in the workforce	23%	25%
<b>People</b>		
Number of employees having benefited from an awareness program on the code of ethics	110	97
Full-Time Equivalents (FTEs) (average)	110	97
Non-permanent workforce at the end of the financial year	13	9
Number of permanent employees hired	19	15
Number of permanent employees departures	6	13
Share of non-permanent staff	12%	9%
Share of employees who benefited from an annual individual interview	100%	100%
Employee turnover	5%	13%
Share of employees with 5 years or more service	43%	37%
Share of employees at age <31	19%	10%
Share of employees at age 31-55	73%	80%
Share of employees at age 55+	8%	9%
<b>Education</b>		
Education hours	4,522	5,331

Category	2020	2019
Reports via whistleblower website	0	0
Share of women in board level positions	20%	20%

## OUR ACTIONS AND RESULTS IN 2020

All managers conduct employee development dialogues on a regular basis throughout the year. Ongoing dialogue is an important tool that helps us to nurture personal and professional development as well as prevent or mitigate incidents of stress or illness in our busy everyday life at Asetek.

We have IT systems for registering sick leave, so we are always able to monitor the overall level of sick leave in Asetek.

Despite our focus on our employees mental and physical health, the sick leave was 5.3 days per 100 FTE's in 2020.

The number of sick leave days per FTE is considered as low both in year 2019 and year 2020 as the average of employee sick days a year was 7.3 according to Danmarks Statistik. The character of the sick leave was non-severe. We had one work accident registered in 2020 which was also of minor severity.

We continue to update and train our employees in safety procedures regarding the use of machinery, electronic equipment and chemistry used in our products and production.

Our employee handbook informs about all relevant aspects of working at Asetek, i.e. work environment, IT, health and safety procedures, legal issues, communication, and Asetek's values and culture. It was updated in 2019 and a few iterations have been made in 2020.

During 2020, we began planning how to apply a system-

atic approach in our management of the UN Guiding Principles on Business and Human Rights (UNGPs) and conduct impact assessments to identify actual and potential adverse impacts on human rights that we may cause or contribute to among our employees.

## PROMOTING DIVERSITY

During 2020, we met our goal of at least 20% female representation at board levels. As of December 31, 2020, the Board consists of 80% male and 20% female members. We have now increased its goal to 30% female representation, the goal to be met in 5 years. When evaluating new potential board members, the Board of Directors encourages female candidates, while at the same time continues to search for relevant experience specific to Asetek. At other management levels, there is 17% female representation at the end of 2020, which is a decrease from the year before (18%). During 2020 the Company has continued to actively encourage women to apply for open positions as well as it has continued its communication with educational institutions which trains both male and female candidates. During the year, the Company has worked extensively with corporate social responsibility topics and has strengthened its focus on and awareness around being an appealing workplace and has thereby generally sought to increase interest from both male and female applicants.

## THE WAY FORWARD IN 2021, WE EXPECT TO:

// Continue monitoring the physical and mental health of our employees

// Improve data collection and KPIs

// Continue improving the gender balance

// Communicate Asetek's Commitment to Sustainable Development to all employees

// Increase internal communication about sustainability

// Begin implementing a human rights due diligence process

// Work towards our goal of 30 % woman in The Board of Directors / other management levels



Sales Director Sophie Wu, Technology Evangelist Shawn Sanders, Logistics Supervisor Janice Cheng

# OUR BUSINESS PARTNERS

## 2020 HIGHLIGHTS

We updated our Responsible Business Relationships Code of Conduct (RB CoC)

We conducted our yearly supplier assessment

## FOSTER RESPONSIBLE BUSINESS RELATIONSHIPS

### OUR APPROACH

Asetek purchases a wide range of goods and services required in the operation of our business and we also rely heavily on several key suppliers for the delivery of our products. Responsible business relationships with our suppliers and business relations in general are therefore central to the success of our business.

Our expectations for our business relationships are based on the same global minimum standard for responsible business conduct to which we hold ourselves accountable.

We expect all our business relationships to meet the global minimum standard as outlined in the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. They should avoid causing or contributing to adverse impacts on human rights, the environment, and anti-corruption, and should address any actual adverse impacts that arise. Our expectations are detailed further in our Code of Conduct for Responsible Business Relations.

We encourage responsible business conduct and sustainable development at all levels of our value chain. We

commit to using or building our leverage as a company to support and encourage others to address their severe impacts and move towards meeting the globally accepted standard (UNGPs/OECD).

### Our results goals in 2023:

We have assessed and validated 100% of our internal activities, with respect to our Commitment to Sustainable Development (including the principles reflected in UNGPs/OECD/RBA)

We have formulated and implemented sustainability policies in all relevant sustainability areas at Asetek

100% of our contracts with primary suppliers contain signed framework agreements

100% of our primary suppliers have signed a Supplier Code of Conduct

We have conducted a risk assessment of 100% of our suppliers

We have incorporated the RBA industry code of conduct into our system for responsible supplier management

## OUR ACTIONS AND RESULTS IN 2020

We conduct a yearly supplier assessment of all our Tier 1 suppliers. In 2020, we identified no severe adverse impacts that we either caused or contributed to.

We have identified no incidents of corruption in both our upstream and downstream activities.

In 2020, we decided to develop a new approach in relation to ensuring responsible business relationships. This approach, which is informed by the standard defined by the UNGPs, will when fully implemented replace and improve our current process of responsible supply chain management.

As a starting point, we have formulated Asetek's Code of Conduct for Responsible Business Relationships that outlines our expectations towards all our business relationships (including suppliers). The code has been approved by Asetek's Board of Directors in the fall of 2020.

## CONFLICT MINERALS

The use of potential conflict metals is a risk in the technology industry. Among known 3TG conflict metals, Asetek uses only one, which is on the watch list, namely tin, and concerning this metal Asetek has knowledge of all the smelters and we consider that the metal comes from responsible mines.

## THE WAY FORWARD IN 2021,

### WE EXPECT TO:

// Distribute our updated RBRCoC

// Engage with business relations about how to implement our RBRCoC

// Begin the process of getting our Tier 1 suppliers to sign our RBRCoC

// Begin implementation of a grievance mechanism in accordance with UNGPs

// Publish our RBRCoC online and share with all relevant stakeholders



# DATA AND COMMENTS

## Key Figures Environmental data (Asetek)

Category	Unit	2020	2019
<b>Scope 1</b>			
<b>Transportation</b>			
Diesel (B5)	tCO2e	16.6	32.4
Petrol (E5)	tCO2e	16.3	9.7
Transportation Total	tCO2e	32.9	42.1
<b>Stationary combustion</b>			
Natural gas (US avg.)	tCO2e	10.1	10.4
Stationary combustion Total	tCO2e	10.1	10.4
<b>Total Scope 1 emissions</b>	<b>tCO2e</b>	<b>43.0</b>	<b>52.5</b>
<b>Scope 2</b>			
<b>Electricity location-based</b>			
Electricity Denmark 125	tCO2e	68.8	78.2
Electricity China	tCO2e	30.1	23.4
Electricity Taiwan	tCO2e	3.7	2.6
Electricity US/CAMX	tCO2e	21.2	22.5
Electricity Total location-based	tCO2e	123.8	126.7
<b>DH Nordic Locations</b>			
District heating DK/Aalborg	tCO2e	138.9	160.2
DH Nordic locations Total	tCO2e	138.9	160.2
<b>Total Scope 2 emissions</b>	<b>tCO2e</b>	<b>262.7</b>	<b>282.0</b>
<b>Electricity market-based</b>	<b>tCO2e</b>	<b>312.7</b>	<b>282</b>
<b>Scope 2 market-based</b>	<b>tCO2e</b>	<b>451.6</b>	<b>442.3</b>
<b>Scope 3</b>			
<b>Business travel</b>			
Ground transportation travel	tCO2e	2.7	13.7
Sea travel	tCO2e	0.2	-
Air travel	tCO2e	77.4	296.6
Hotel nights, world	tCO2e	8.3	41.7
Business travel Total	tCO2e	88.1	352
<b>Waste</b>			
Residual waste, incinerated	tCO2e	43.0	41.4
Paper waste, recycled	tCO2e	0.1	0.1
Waste water treatment	tCO2e	0.8	0.8
Waste Total	tCO2e	54.2	42.2
<b>Packaging waste generated from production</b>			
Cardboard virgin	tCO2e	1.1	0.6
Plastic avg. (virgin)	tCO2e	0.2	0.1
Pallet wooden EUR, reused	tCO2e	0.2	0
Purchased goods and services Total	tCO2e	1.4	0.7
<b>Total Scope 3 emissions</b>	<b>tCO2e</b>	<b>143.4</b>	<b>395</b>

## Annual Market-Based GHG Emissions (Asetek)

Category	Unit	2020	2019
<b>Total location-based</b>	<b>tCO2e</b>	<b>449.1</b>	<b>734.5</b>
<b>Percentage change</b>		<b>-38.7%</b>	<b>-</b>
<b>Total market-based</b>	<b>tCO2e</b>	<b>638.9</b>	<b>889.7</b>
<b>Percentage change</b>		<b>-28.2%</b>	<b>-</b>

## Key Figures Consumption (Asetek)

Category	Unit	2020	2019
<b>Scope 1</b>			
<b>Transportation</b>			
Diesel (B5)	liters	6,497	12,676
Petrol (E5)	liters	7,400	4,431
<b>Stationary combustion</b>			
Natural gas (US avg.)	m³	5,385	5,385
<b>Scope 2</b>			
<b>Electricity</b>			
Electricity Denmark 125	kWh	449,733	387,017
Electricity China	kWh	48,737	37,014
Electricity Taiwan	kWh	6,044	4,050
Electricity US/CAMX	kWh	93,900	93,900
<b>DH Nordic locations</b>			
District heating DK/Aalborg	kWh	277,742	320,471
<b>Scope 3</b>			
<b>Business travel</b>			
Ground transportation travel (Taxi)	km	7,400	23,198
Ground transportation travel (Others)	pkm	1,009	7,501
Sea travel	pkm	1,200	-
Air travel	flight trips	163	573
Hotel nights, world	nights	178	897
<b>Waste</b>			
Residual waste, incinerated	kg	105,554	82,344
Paper waste, recycled	kg	3,420	2,470
Waste water treatment	m³	1,655	1,134
<b>Packaging waste generated from production</b>			
Cardboard virgin	kg	1,453	752
Plastic avg. (virgin)	kg	54	21
Pallet wooden EUR, reused	kg	4,765	1,038

**Key Figures Environmental Data (Tier 1 supplier)**

Category	Unit	2020	2019
<b>Scope 3</b>			
<b>Waste</b>			
Residual waste, incinerated	tCO2e	277.5	256.5
Metal waste, recycled	tCO2e	14.5	12
Waste Total	tCO2e	292	268.5
<b>Packaging waste generated from production</b>			
Cardboard virgin	tCO2e	6,521.3	4,820.1
Plastic avg. (virgin)	tCO2e	0.4	0.2
Cardboard, recycled (CL)	tCO2e	535.9	396.7
Purchased goods and services Total	tCO2e	7,057.5	5,217
<b>Total Scope 3 emissions</b>	<b>tCO2e</b>	<b>7,349.5</b>	<b>5,485.5</b>
<b>Percentage change</b>		<b>34%</b>	<b>-</b>

(Data collected from Asetek's principal contract manufacturer)

**Key Figures Consumption (Tier 1 supplier)**

Category	Unit	2020	2019
<b>Scope 3</b>			
<b>Waste</b>			
Residual waste, incinerated	kg	552,713	510,956
Metal waste, recycled	kg	681,500	563,200
<b>Packaging waste generated from production</b>			
Cardboard virgin	kg	8,691,530	5,720,480
Plastic avg. (virgin)	kg	120	75
Cardboard, recycled (CL)	kg	695,680	499,520

**Key Figures Environmental data (summed for Asetek and Tier 1 supplier)**

Category	Unit	2020	2019
Total Scope 1 emission	tCO2e	43	52.5
Total Scope 2 (location-based method)	tCO2e	123.8	126.7
Total Scope 2 (market-based method)	tCO2e	451.6	442.3
Total Scope 3 emission	tCO2e	7,493.8	5,880.5
<b>Total (location-based method)</b>	<b>tCO2e</b>	<b>7,799.5</b>	<b>6,219.9</b>
<b>Total (market-based method)</b>	<b>tCO2e</b>	<b>7,988.4</b>	<b>6,375.2</b>
<b>Percentage change</b>		<b>25.4%</b>	<b>-</b>

Climate accounts according to Green House Gas Protocol (GHG protocol)

**Key Figures Social Data**

Category	2020	2019
<b>Health and safety</b>		
Sick leave (Days/100 FTEs)	5.2	5.3
Work Accidents	1	-
<b>Diversity</b>		
Share of women in other management positions	17%	18%
Share of women in the workforce	23%	25%
<b>People</b>		
Number of employees having benefited from an awareness program on the code of ethics	110	97
Full-Time Equivalents (FTEs) (average)	110	97
Non-permanent workforce at the end of the financial year	13	9
Number of permanent employees hired	19	15
Number of permanent employees departures	6	13
Share of the workforce operating under a collective bargaining agreement	-	-
Share of non-permanent staff	12%	9%
Share of employees who benefited from an annual individual interview	100%	100%
Employee turnover	5%	13%
Share of employees with 5 years or more service	43%	37%
Share of employees at age <31	19%	10%
Share of employees at age 31-55	73%	80%
Share of employees at age 55<	8%	9%
<b>Education</b>		
Education hours	4,522	5,331
Education expenses	\$ 62,476	\$55,526
Average number of training hours per employee	41	55
Share of employees who benefited from a training during the financial year	59%	67%

**Governance Data**

Category	2020	2019
Reports via whistleblower website	0	0
Share of women in board level positions	20%	20%

## DATA DEFINITIONS

### FINANCIAL PERFORMANCE

Financial key figures is taken from the audited 2020 Annual Report of Asetek

### ENVIRONMENTAL DATA

#### Scope 1

##### Transportation

Diesel (B5) is measured as liters based on total expenses registered for all company-owned cars.

Petrol (E5) is measured as liters based on total expenses registered for all company-owned cars.

##### Stationary combustion

Natural gas (US avg.) is natural gas used for heating. Natural gas is only used on Asetek's location in California.

#### Scope 2

##### Electricity location-based

Electricity (location-based method) is measured by electricity meter on all Asetek's locations.

##### DH Nordic locations

District Heating DK / Aalborg is based on reports from Asetek's district heating distributor in Aalborg.

#### Scope 3 (Asetek)

##### Business Travel

Flights is measured as the total number of flights; nordic, continental, interncontinental, traveled by Asetek's employees. The number was drawn from Asetek's general ERP system.

Hotel nights is measured as the total number of hotels nights for all employees at Asetek owned locations. The number is drawn from Asetek's ERP system and include all registered expenses from each Asetek location.

Taxi kilometer is based on a calculation of expenses from taxi bills converted into kilometers by following calculation; taxi bill expense minus drop charge, the rest of the expense divided by average price per kilometer.

##### Waste and water

Residual waste, incinerated is shown in total for all Asetek owned locations. Residual waste is calculated on the basis of residual waste collected by various agencies, for Asetek's location in Aalborg. For Asetek's locations in California, Xiamen and Taipei residual waste is calculated as average of residual waste per capita multiplied by numbers of employees respectively at each location.

Paper waste, recycled is based on numbers reported by waste collecting agencies. Paper waste, recycled is reported for Asetek's locations in Aalborg, as it has not been possible to obtain knowledge about paper waste recycled at other Asetek locations.

Waste water treatment shows the total wateruse for all asetek's locations. Waste water treatment is calculated as average wateruse per capita respectively in Asetek's locations in Aalborg , California and Taipai. For Asetek's location in Xiamen the actual wateruse is measured.

##### Packaging waste generated from production

Cardboard virgin is measured as total kilos of cardboard used for product packaging. It is calculated as weight of cardboard used for each type of product, multiplied by number of sold products of each of these types.

Plastic avg. (virgin) is measured as total kilos of plastic used for product packaging. It is calculated as weight of plastic used for each type of product, multiplied by number of sold products of each of these types.

Pallet wooden EUR reused is measured as total of pallets bought during the year.

## COMMENTS

#### Scope 1

##### Transportation

The decrease in diesel and increase in petrol is due to one of Asetek's cars that was shifted from diesel car to petrol car. The decrease in Scope 1 is due to less transportation in 2020 compared to 2019, caused by covid-19.

#### Scope 2

##### Electricity location-based

The increase in electricity is due to growth and thereby workforce expansion in 2020 compared to 2019, also reflected in the increase in revenue.

##### DH Nordic locations

District heating is only used in Asetek's location in Aalborg.

#### Scope 3 (Asetek)

##### Business Travel

The decrease in business travels such as flights; nordic, continental, intercontinental, hotel nights, taxi, car, train and ferry travels is primarily due to less travels in 2020 because of Covid-19.

##### Waste and water

The increase in residual waste incinerated is expected to be due to the company's expansion in workforce from year 2019 to year 2020.

The increase in paper waste recycled is expected to be due to the company's expansion in workforce from year 2019 to year 2020.

The increase in Waste water treatment is expected to be due to the company's expansion in workforce from year 2019 to year 2020.

##### Packaging waste generated from production

The increase in cardboard virgin is due to increase in product turnover from year 2019 to 2020.

The increase in plastic avg. (virgin) is due to increase in product turnover from year 2019 to year 2020.

The increase in pallet wooden EUR reused is due to increase in product turnover from year 2019 to year 2020.

## DATA DEFINITIONS

### Scope 3 (Tier 1 supplier)

#### Waste

Residual waste, incinerated is measured as total residual waste from supplier, divided by their share of revenue obtained through Asetek.

Metal waste, recycled is the the total of cobber waste from suppliers production, dvided by their share of revenue obtained through Asetek.

#### Packaging waste generated from production

Cardboard virgin is measured as total kilos of cardboard used for product packaging of Asetek products. It is calculated as weight of cardboard used for each type of product, multiplied by number of sold products of each of these types.

Plastic avg. (virgin) is measured as total kilos of plastic used for product packaging of Asetek products. It is calculated as weight of plastic used for each type of product, multiplied by number of sold products of each of these types.

Cardboard, recycled (CL) wis measured as total kilos of reused cardboard used by supplier used in product packagning of Asetek products.

### Social Data

Sick leave is counted as total number of full days that all Asetek's own employees are not attending their jobs due to illness or accidents in relation to the total number of FTEs. Short- and long-term illness and sickness of children or any equivalents hereto is included. Maternity or paternity leave is not included.

Work accidents is defined as injuries occurred during working hours at Asetek's locations when the injury is reported as an occupational injury by the employee.

FTE data is taken from the audited 2020 Annual Report of Asetek.

Employee turnover rate is calculated by dividing the total number of employees who departed during the year by the average number of employees in the year.

Education hours is measured through Asetek's time registration system. The same system is used by all Asetek locations.

Education expenses is measured through Aseteks ERP system. The same ssystem is used by all Asetek locations.

### Governance Data

Inquiries via Asetek's whistleblower scheme is followed up on at a regularly basis.

### Others

## COMMENTS

### Scope 3 (Tier 1 supplier)

#### Waste

The increase in residual waste incinerated is considered to be due to the increase in Asetek's product turnover, which causes an increase in share of suppliers revenue obtained through Asetek.

Increase in metal waste, recycled, is considered to be due to the increase in Asetek's product turnover, which causes an increase in share of suppliers revenue obtained through Asetek.

#### Packaging waste generated from production

The increase in cardboard (virgin) is due to increase in Asetek's product turnover.

The increase in plastic avg. (virgin) is due to the increase in Asetek's product turnover.

The increase in cardboard, recycled (CL) is due to the increase in Asetek's product turnover.

### Social Data

The data for sick leave is sligthly reduced from year 2019 to year 2020, but is considered unchanged. The number of sick leave days per FTE is considered as low both in year 2019 and year 2020 as the average of employee sick days a year was 7.3 according to Statistics Denmark.

We had one work accident registered in 2020 which was of minor severity.

### Governance Data

Number of reports via whistleblower website was counted zero in 2020.







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