

An aerial photograph of a dense, lush green forest. A winding asphalt road with white lane markings curves through the trees. Overlaid on the center of the image is the text 'ESG' in large, bold, white, sans-serif capital letters.

ESG

REPORT 2023

LYKKEGAARD A/S

ESG report Lykkegaard A/S

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Preface

Lykkegaard Pumps is a family-owned and operated company that has been proudly producing pumps in Denmark since 1883. Four generations of the family have led the business, and in the coming years a fifth generation of the Lykkegaard family will continue the tradition.

The company designs and produces high-quality customized pumps for, among other things, drainage, sewage, aquaculture, and other industrial needs. While Lykkegaard Pumps is proud to be a Danish company, it exports pumps to the whole world.

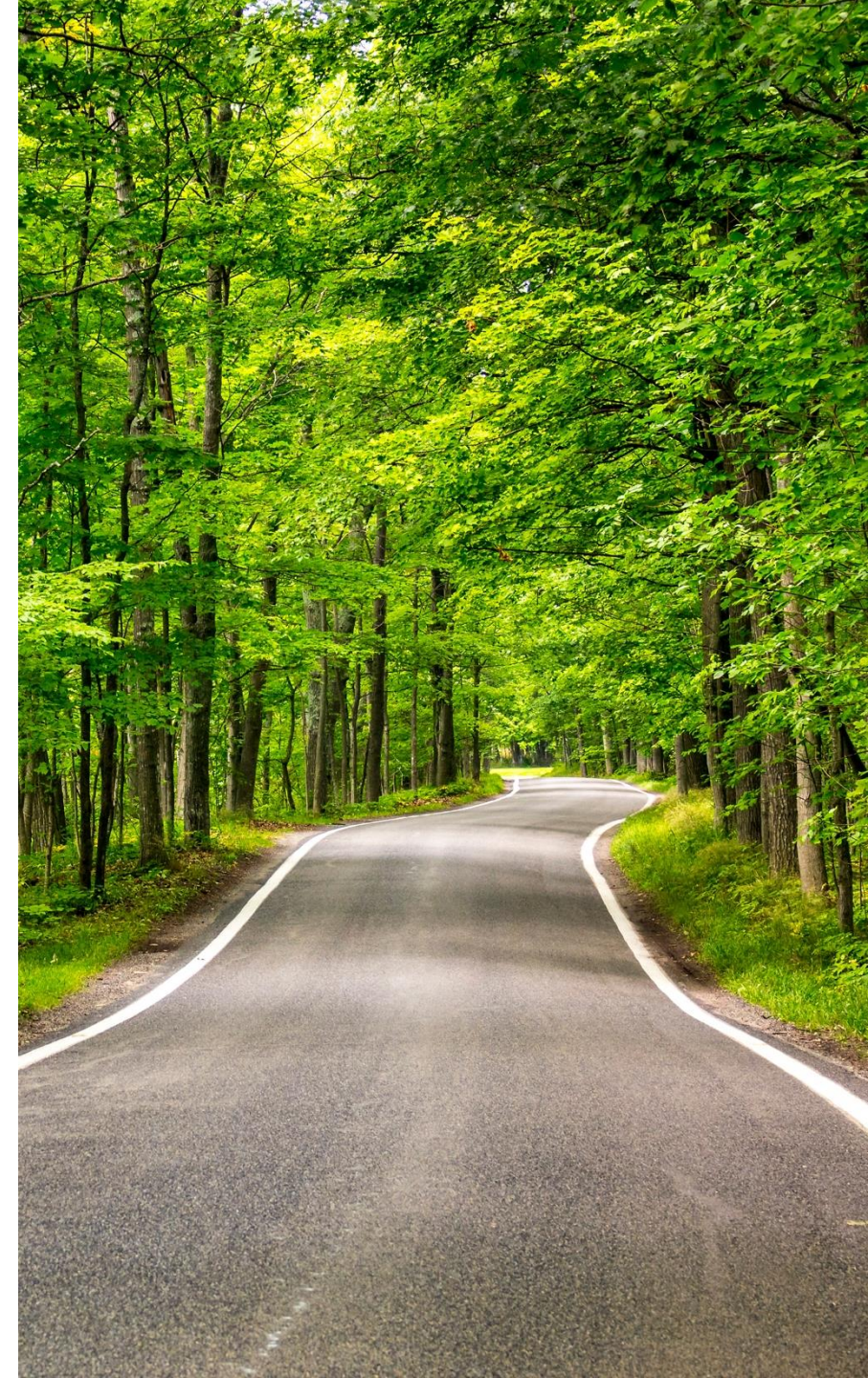
The company's values are built on integrity and quality. Those values guide everything we do, from production to our working environment, customer relations, and our commitment to the climate. Our pumps are only produced using materials that are reusable and recyclable. This is how we have been making pumps for the past 100 years and how we will continue to make them.

While our values are in many ways old-fashioned, our ambitions are not. We strive to produce the world's best pumps in terms of operational reliability, durability, and energy efficiency. That is why we are constantly working to adapt, optimise, and develop our pump designs.

We don't just make high-quality pumps; we also service and repair them. We produce pumps with the goal that we won't see them again for repairs for another 50 years. While we are proud to have many loyal customers, this also means that sometimes we don't see them for decades after they purchase our pumps. But we appreciate that, and in the same way we also want loyal local partners.

We choose high-quality local suppliers as much as possible. Our strategy is to source our materials by first buying locally in Denmark, then we turn to sources within the Nordics, and if that is not possible, we have a few suppliers from Germany.

But as a matter of principle, we do not buy goods produced in China, both because we do not support Chinese business methods and because we do not want to contribute to the global spread of parts from China.



Preface- Sustainability profile

Due to the climate crisis, we have put a renewed focus on thinking and working as sustainably as possible. For example, we prefer to use reusable and recyclable materials and even prefer sourcing refurbished electronics. We also sort waste into 41 different categories so that it can be recycled as efficiently as possible.

In our drive to be more sustainable and increase energy efficiency, we can run into difficult situations like the one we are currently grappling with. Currently, the company uses oil for heating our facilities. We have investigated the possibility of transitioning to more green energy heating sources, like solar power or heat pumps. However, the lion's share of available solar panels is made in China, which we cannot support in principle. We also have unanswered questions about how recyclable solar panels are after use.

The heat pump systems we have examined so far, all create an unacceptable draft through the factory hall, which annoys our employees and causes issues with our machines.

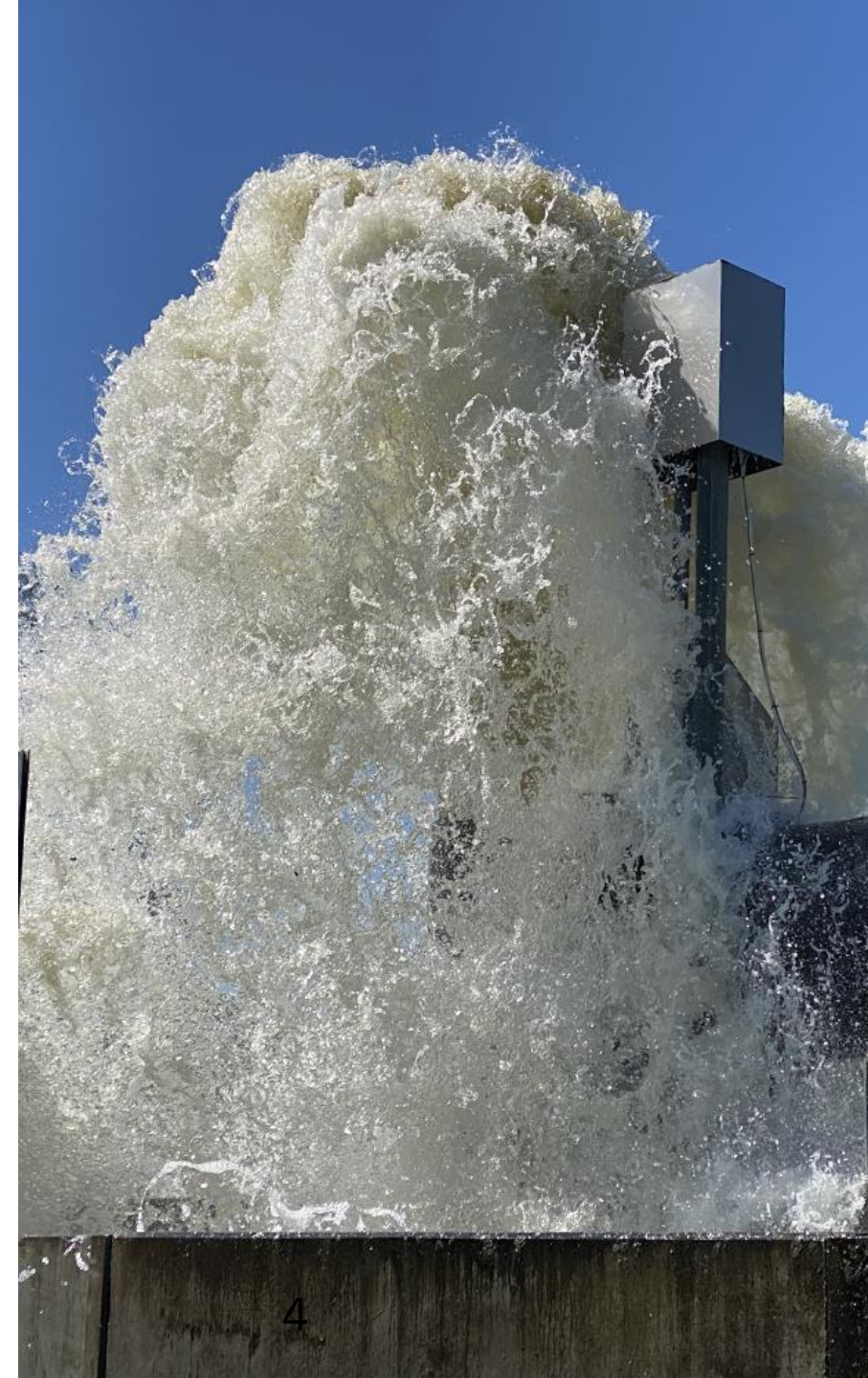
Alternatively, we would have to rebuild the entire heating system at a considerable cost. Therefore, we have not yet resolved what the most sustainable choice in relation to heating will be.

New, more precise propellers

One of the concrete initiatives that we are focusing on in 2022-2023 is developing new propellers for our pumps. Up until now, they have been cast in aluminum, duplex [stainless steel] or bronze. In the old process we would first have a model of the propeller made, which is then sent to the foundry. They cast the propeller and send it to us, where our employees polish and grind them.

However, we have adopted a new method for a more precise and efficient final product. Now new propellers are designed and developed digitally and are milled at the factory.

The process makes the propellers more precise, so that they are more efficient and use less energy while emitting less CO2. This process also comes with cost savings on the transport that was previously associated with the production of propellers, especially those cast in Sweden. In addition, it also saves our employees from being exposed to metal dust during the grinding process. We have high hopes for this new process and the energy savings we are hoping to achieve. We look forward to having hard data soon.



Facts on Lykkegaard A/S

Sector	Machine factory - manufacturing of pumps
Products/services	Manufacturing of pumps, assembly, service and repair of pumps and pump accessories
Markets	B2B, agriculture, industry with special focus on the fishing industry. We produce pumps for the whole world. Drainage pumps primarily in Denmark.
Turnover	15 mio dkr
Number of employees	12 – Three in administration, 9 in workshop, including four apprentices
Calculation Period	2023 – to the extent possible. Accounting runs July-July and therefore some figures are from the 2022-2023 accounts.

Basis information on ESG data

This ESG statement has been prepared according to the Basic Module of the draft voluntary SME standard.

The statement has been prepared on an **individual basis**, i.e. the statement covers LYKKEGAARD A/S (point 21b).



Description of specific transition efforts

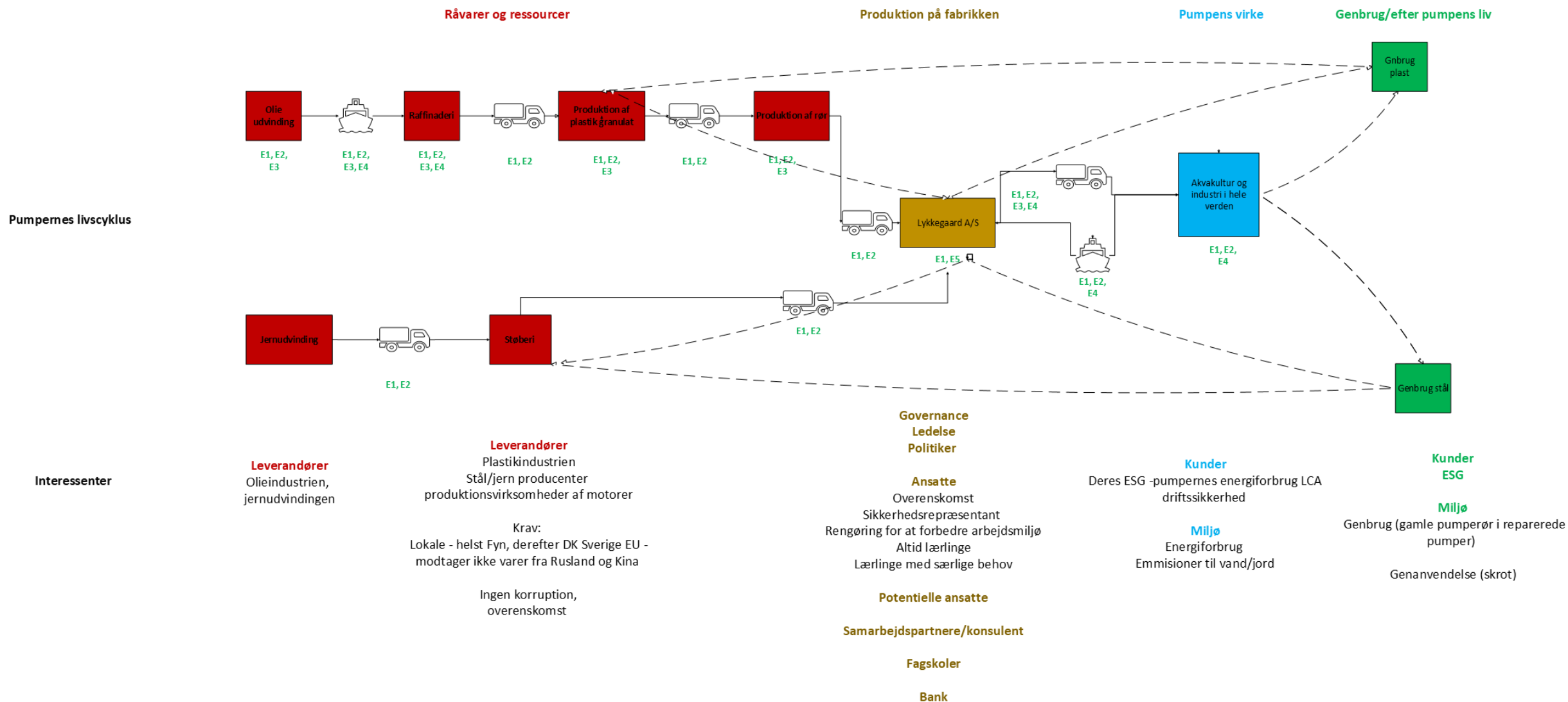
Concrete transformation efforts in Lykkegaard A/S in 2022 and 2023 (point 22)

AMBITIONS	ACTION	STATUS
To create the most energy-efficient and durable pumps on the world market.	Develop, design, and mill propellers in-house for lower CO2 emissions, saving transport costs, and more energy-efficient pumps. Continue investing to optimise and improve propeller design for a better, more optimal product for our customers. The use of bronze was phased out in 2023 for propellers made of steel or aluminium, which reduced CO2 emissions.	In 2022, we hired an industrial technician specialising in programming the machinery milling the propellers. Continuing to evolve the propeller-making process both to bring it more in-house and to optimise the designs to improve efficiency while reducing emissions.
Avoiding work accidents Ensuring a healthy work environment – including avoiding work accidents	Quarterly meetings between our safety representative and an occupational health and safety consulting firm. Rigorous training for employees on the use of safety equipment.	In 2022, we had our first work-related injury in many years. An apprentice was trapped by a machine and had to receive medical treatment. After that we tightened up safety procedures and training with a focus on ensuring safety is top of mind before the work even starts.
Zero Waste – all waste must be recyclable	Sorting of waste into 41 categories. All employees, right down to cleaning staff, are trained to sort waste materials. Engaging outside partners to help recycle waste material. Anything left we take to the recycling centre ourselves.	We are facing training challenges with cleaning staff due to the timing of their shifts compared to the rest of the workers. Getting them onboarded for training on sorting waste remains a challenge. We are in ongoing dialogue with the cleaning company when we experience errors and deficiencies.

Description of specific transition efforts – continued

AMBITIONS	ACTION	STATUS
To reduce energy consumption on our property, which in turn will result in decreased carbon emissions in Scope 1 and 2.	We have fully transitioned to LED lighting over the last few years. Power saving is a big priority, with lights turned off when rooms are not in use and even during lunch breaks. Employees are aware to turn off all machinery and electronics when not in use. The office building, canteen, and small workshop hall have been converted to use a heat pump/air conditioner, which runs on electricity. Hopefully this can somewhat reduce heating oil consumption.	Electricity consumption has been reduced by 36% over a period from 2017-2023
Phasing out heating with oil boilers	Options involving air-water heat pumps, solar panels, and district heating have all been explored. Solar panels are made in China, and we cannot guarantee proper production methods, and we will not engage in trade with Chinese goods on principle. Air-water heat pumps cause an unacceptable draft in our large halls. Both air-water heat pumps and district heating will require a complete rebuild of our heating system, which will require a very large investment of funds.	The best solution is not yet in place. That's why we still heat with an oil boiler – but are investigating different options.

Værdikæde



In depth with E-data

CO2-emissions

Water consumption

Energy consumption

Reuse/recycling

Energy og CO₂e-emmissions

Energy consumption /MWh		Year 2023
Fossil fuels (oil) (pkt. 24a)		195 MWh
Electricity		
	Non-renewable Energy	57 MWh

Greenhouse gas emissions/ tCO ₂ eq	Year 2023
Scope 1 CO ₂ e emissons (pkt. 25a)	52,09
Scope 2 CO ₂ e emissions (Location based) (pkt. 25b)	6,06
Total scope 1 og scope 2 CO ₂ e emissions (Location Based) (pkt. 92)	58,15

Overview of the company's total CO ₂ e emissions 2022 – From the Climate Compass		
Scope	Ton CO ₂ e	Share of emissions
Scope 1	73,49	15,2%
Scope 2	9,42	1,9%
Scope 3	400,57	82,9%
Total	483,48	100,0%

The figures from 2022 are from a review of accounting and the value chain from procurement to the products leaving the factory.

2023 is based on supply data only(As data from some suppliers is still missing and scope 3 data is therefore incomplete).



Explanations of terms

CO₂e stands for CO₂ equivalents. CO₂ emissions are measured and reported as CO₂e under three different types of emissions, referred to as scope 1, 2 and 3.

Scope 1 is the direct emissions from activities that the company itself controls. These are emissions from its own vehicles and its own plants for heat and energy production, e.g. natural gas plants.

Scope 2 is the indirect emissions from supplied energy, including electricity and district heating. Here, the emissions occur elsewhere, e.g. at your local combined heat and power or district heating plant.

Location-based CO₂e means that the actual emissions associated with the production of the electricity that comes out of the socket are calculated. You only “have to” disclose the location-based scope 2 emissions when you follow the voluntary SME standard. You may choose to supplement with market-based CO₂e. This is particularly relevant if your company purchases so-called guarantees of origin, i.e. certificates for green electricity.

The Greenhouse Gas (GHG) Protocol is an internationally recognized standard for companies to calculate their CO₂ emissions, recommended by the European Commission. The calculation model in the Climate Compass is based on this standard.

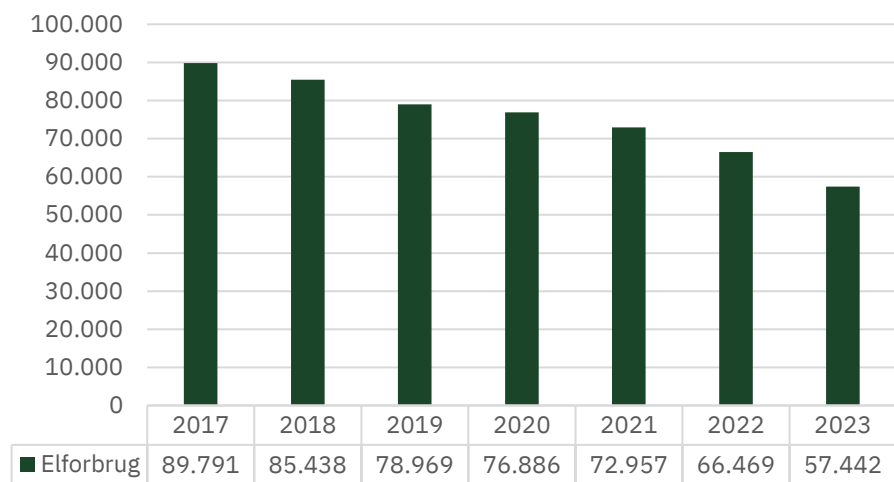
Energy and CO₂e emissions - continued

The most striking figure from 2022 is that the company uses a relatively large amount of energy to heat the large workshop halls. Here, heating is done via oil boilers. The administration, the canteen and the newest workshop hall have had air-to-air heat pumps installed in recent years, but it is not possible to heat the large halls in this way without creating an unpleasant draft in the buildings, to the annoyance of both employees and machines.

We have investigated the possibilities for heating via solar cells or air-to-water heat pumps but have not yet found an optimal solution.

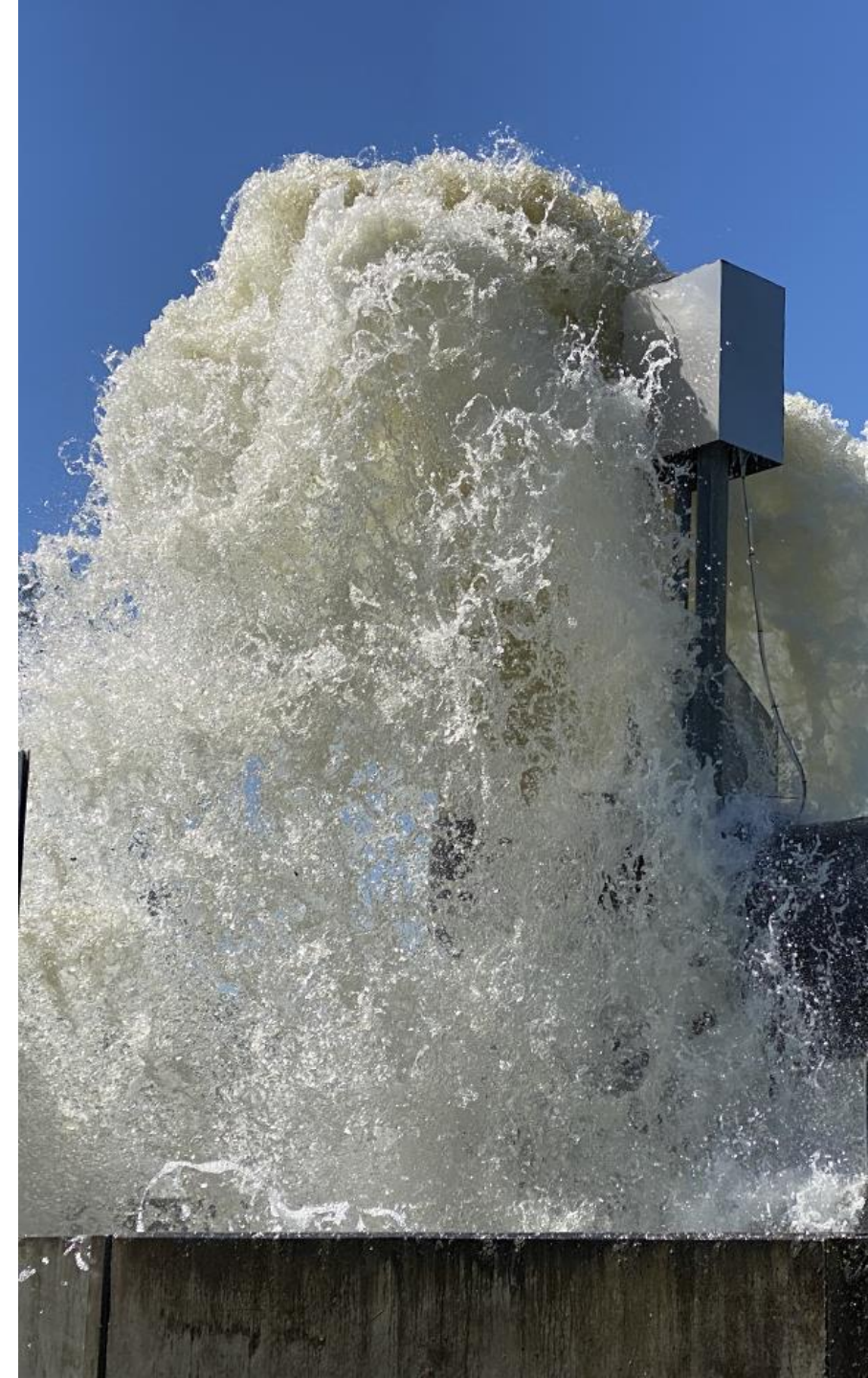
In Scope 3, materials in primary purchases, i.e. parts for the pumps themselves, account for 184 Tons, i.e. half of all purchases – while transport accounts for 21.65 tons.

Elforbrug Lykkegaard 2017-2023



Electricity consumption has decreased by 36% from 2017 to 2023. This is partly due to the fact that all bulbs and fixtures throughout the factory have been switched to LED during the period.

There has also been a fluctuating turnover, which has been low in recent years (21-23)



Water

Water consumption in m ³ (pkt. 30)	År 2023
For all locations	123
From locations in an area with a lack of water (high water stress)	0



Concept explanations

Drought stress: An area with a lack of water (high water stress): Publicly available tools are available that have mapped water shortages globally, such as WRI’s Aqueduct Risk Atlas.
There are currently no areas in Denmark marked by WRI as areas with water shortages.

Water consumption refers to: a) water that is lost through evaporation – e.g., in thermal energy processes such as drying or power generation; b) water that is contained within products – e.g., in food production; or c) water for irrigation purposes – e.g., as used in agriculture or for watering company land.
Locations cover the company’s own area and facilities (it does not include the value chain).

Resource consumption, circular economy and waste management

Information on the application of circular economy principles (point 32)		
	Ja	Nej
The company uses principles from the circular economy	X	

Description of how Lykkegaard A/S works with resource consumption and waste management (point 32)
Resource consumption and waste sorting are one of the company's core values. For the past 100 years, Lykkegaard's pumps have been designed so that they can be easily disassembled and the parts can be reused or recycled. We continue with that principle. Today, everything in the pump - except for the rubber seal at the bearing - can be recycled. In addition, we sort waste into 41 categories. The metal is separated and sorted by quality and by the metal and part type so that it can be recycled or reused as much as possible. With the goals of a circular economy in mind, when we disassemble our old pumps, we set aside all the parts that are still in good shape, which are then used when we are repairing a broken or defective pump. In 2022, we had a lot of steel waste because we had a lot of old pumps and pipes that needed replacing in our facilities, as well as old pumps. We wanted to ensure that they were all disassembled and recycled as best as they possibly could be. Our reuse and recycling efforts resulted in a net equivalent of 120.29 tonnes of CO2e emissions, or roughly a quarter of the company's carbon footprint.



Explanations of terms

Circular economy is about making better use of resources and materials, so that your products last longer, and so that they can be more easily repaired and recycled.

“Circular economy principles” that your company can apply include supporting the reusability and repairability of your products, as well as designing your products so that they can be easily disassembled and, for example, incorporated into new products.



Resource consumption, circular economy and waste management – continued

Concrete efforts to apply principles from the circular economy (point 131)	
Examples of concrete efforts	Description of specific efforts
Minimizing waste and pollution	The factory sorts waste into 41 categories and constantly seeks to reuse and recycle what can be used. Wood from packaging is saved and used to adapt our own packaging.
Circulation of products and materials	Lykkegaard offers to take back old and used pumps and arrange to separate them and sort the parts for recycling. The parts that are intact are saved and can be reused when repairing older pumps.
Test facility uses only rainwater	The company has a test facility with 1 million liters of water. It collects rainwater. The water is regularly cleaned so that it can be reused without too many algae and bacteria.



Resource consumption, circular economy and waste management – continued

Recycling in the products and packaging my company produces		
Products	Recycled content (point 33a)	Percentage of recycled content in the product (point 33b)
Pumps steel	Steel	Up to 95% all steel mills recycle steel and iron, but few document the extent to which much of what they sell is recycled.
Pumps HDPE	Duplex steel	HDPE must be virgin when used in food production. That's why we only produce with new. Duplex: Up to 60% recycled steel
Packing	Recycled content (point 33a)	Percentage of recycled content in packaging (point 33b)
Wooden pallets	Wooden pallets	0
Plast	Plastik-film	?
Wooden boxes	Wooden boxes produced for Lykkegaard	0



Resource consumption, circular economy and waste management – continued



Total amount of waste annually		
	2023	2022
Total amount of waste	10.962 kg	45.150
Non-recycled waste	1.700 kg	2342
Recycled waste	9.262 kg	42808
Hazardous waste	0	1477

Explanation for the large fluctuations in quantities:

Lykkegaard has large containers and bins for recyclable waste. Therefore, some of the separated materials waiting to be recycled simply are not collected every year

In 2024, as of August 29, 1960 kg of HDPE was collected, a large part of which originates from 2023, but will appear in the accounts for 2024.

There are cooperation agreements with Marius Pedersen and Nyborg Jern for the collection of recyclable waste.

Waste management per waste type 2023

Mængderapport - pr. affaldstype				
Category of waste	Category	Treatment	% of total amount	Total Mængde (kg)
General waste			0,00%	0,00
Solid org. chemical waste	Hazardous waste	Forbrænding	0,00%	
Solid oil products	Hazardous waste	Forbrænding	0,00%	
HDPE plast	Plast	Recycling	0,00%	
Oil emulsion	Hazardous waste	Recycling	0,00%	
Organic solvents	Hazardous waste	Forbrænding	0,00%	
Paper and cardboard	Emballage pap	Recycling	4,01%	440,00
Misc general waste	Forbrændingseget	Forbrænding	15,51%	1.700,00
Waste oil	Hazardous waste	Recycling	0,00%	
Dublex	metal	Recycling	0,00%	0
Stainles steel	metal	Recycling	4,93%	540
Steel	metal	Recycling	57,38%	6290
Electric motor	metal	Recycling	7,55%	828
aluminium	metal	Recycling	5,13%	562
gunmetal	metal	Recycling	1,82%	199
brass	metal	Recycling	0,28%	31
Cable	metal	Recycling	0,24%	26
Blended metal	metal	Recycling	2,37%	260
Unclean brass shavings		Recycling	0,76%	83,5
Copper		Recycling	0,02%	2
Total			100 %	10.961,50

In depth with S-data

Workers at your own factory

Working conditions for workers in your value chain

Affected Communities

Social responsibility and challenges in attracting labor

Within the S categories, the focus is on Our employees (S1), employees in the value chain (S2), affected communities (S3) and consumers/end users (S4)

S1 – Our employees

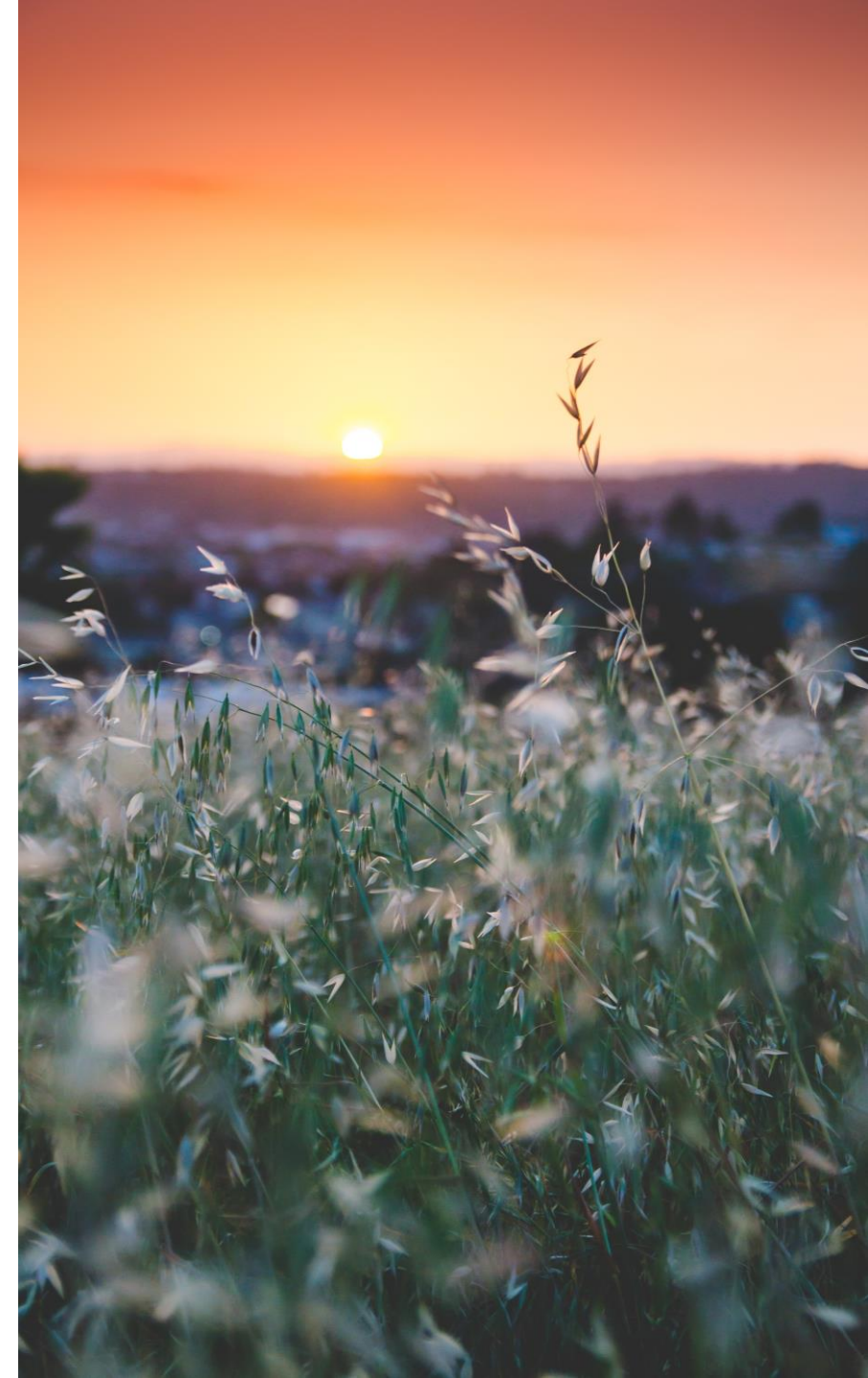
Apprentices have played an important role throughout Lykkegaard's history. We have enjoyed a close relationship with vocational schools focused on training industrial technicians. However, the work environment is changing, and along with it the role of apprentices. With the advent of new technologies, computer-controlled machines now perform some of the tasks that were done by apprentices in the past. We expect this trend to continue. We still value the role of apprentices, especially because it is crucial for our company, and the industry as a whole, to help train new craftsmen. However, we will probably reduce the number of apprentices we take on to two or three instead of the current three to five.

Recruitment challenges

In recent years, small companies like ours have faced a lot of challenges. When an employee leaves, it has become increasingly difficult to replace them. Employees today also want more flexibility than they have had in the past. For example, it has taken a year to hire a new engineer. Job postings on general portals also rarely pay off.

For a small company like ours with just 12 employees, the challenge of not being able to get enough qualified labour is a concerning vulnerability. The consequence of that is that we have to turn down jobs or outsource them to other companies, where we don't have the same confidence in the work that we have when it is done in-house.

There is a need to investigate how to increase job satisfaction so that our employees stay longer. It would also be worthwhile to assess what future employees value when choosing a job. Perhaps we should offer more flexibility and look at a reduced work week. However, it is difficult when work requirements fluctuate from day to day.



Own workforce: General characteristics

Type of contract (pkt. 34)	Number of employees (FTE)
Temporary employment	0
Permanent employment	12,25
Of which are apprentices	4
Total antal medarbejdere	12,25
Dertil kommer ungarbejdere på timebasis, og konsulenter som arbejder på fast basis inden for salg og marketing og regnskab	

Sex (pkt. 34)	Employee (FTE eller antal personer)
Men	11
Women	1,25
Total amount of employees	13



Explanations of terms

Full-time equivalent (FTE) is a unit that indicates the workload of an employee in a way that makes workloads comparable in different contexts. An FTE of 1.0 corresponds to a full-time position.

Industrial technician og cnc-technician– completed education – Danmarks Statistik							
		2018	2019	2020	2021	2022	2023
Men		246	275	267	219	252	199
Women		12	25	21	17	27	15

Gender distribution in the workforce

Lykkegaard has so far been a workplace dominated by men. Among the skilled workers and apprentices, we still have no woman employed – we also haven't had any female applicants yet.

However, to facilitate more women in the workplace, we must have appropriate shower and changing facilities. At this point we do not have those, but we are ready to add proper facilities as soon as it is needed.

However, the industrial technician profession is still very much dominated by men, as only 7.5% of the industrial technicians who passed the journeyman exam in 2023 were women.

The management at Lykkegaard consists of a couple, Karsten and Karina Lykkegaard. They are also both, on the board of directors.

Own workforce: Health and safety

Cleaning is part of the working environment

There is a lot of focus on the working environment – and we have a safety policy that all new employees are introduced to.

We invest in cleaning and every week all machines are cleaned. They do this, among other things, to ensure a healthy working environment and an environment where employees can work as much as possible without having to wear a mask (Of course, they have to when they work with paint or other things that release fumes.)

work accidents (pkt. 35a)	Year 2023
Number	0
Frequency	0

Work-related deaths (point 35b)	Year 2023
As a result of an occupational injury/accident	0
As a result of work-related ill health	0



Occupational accidents – Frequency

The frequency indicates the number of work-related accidents per 100 full-time employees per year. There was one occupational accident in 2022, where an apprentice was injured by a machine and was on sick leave for two weeks. Apart from that, there have been no occupational accidents for many years.

Occupational deaths - Ill health

There has never been a work-related death in the company's history.

Own workforce: Remuneration, collective agreements and training

Apprentices

Lykkegaard has had apprentices throughout the company's history. In 2023, apprentices made up 44% of the workshop's employees. One is an adult apprentice, one is an EUX, and the other two are EUD.

As an apprentice, you automatically receive an apprentice's salary from the time you sign the contract. Even if the apprentice is in the first or second school term and has not yet started at the company. This is done to tie the apprentice closer to the company and to show its commitment.

The company also has a tradition of taking on apprentices who need extra help, are dyslexic or have social and/or professional difficulties.

This is done to take on its social responsibility and provide space for education for all young people - not just the truly talented. All skilled trade workers must therefore also take responsibility for the education and training of apprentices

	Year 2023
The relationship between starting salary and minimum wage (point 36a)	MANGLER



Own workforce: Remuneration, collective agreements and training – continued

Percentage of employees covered by a collective agreement (point 36c)	Year 2023
	100

Average training hours per employee (point 36d)	Year 2023
Male employees	MANGLER
Female Employees	MANGLER

The apprentices' training hours are not included in the statistics.


Explanations of terms

The percentage of employees covered by collective agreements may be higher than the percentage of employees who are members of a trade union if the collective agreement coverage applies to both members and non-members of a trade union.

Training hours refer to the development of skills and competencies (both formally, e.g. in the form of courses, and informally, e.g. in the form of peer training). The calculation may be based on estimates.

Workers in the value chain, affected communities, consumers and end-users

Working conditions for workers in your value chain

The vast majority of Lykkegaard's value chain takes place in Denmark – with a few steel foundries in Sweden. This means there is a high level of certainty that the workers have decent conditions, work under collective agreements and that there is no corruption or child labor.

It is more difficult to control the value chain further back to iron and oil extraction. Here we must – for now – trust that Lykkegaard's suppliers operate properly

Affected communities

Lykkegaard A/S is located in Ferritslev on Central Funen and has been in the same location for all of the company's 130 years. That is why it is also important for the company to actively participate in the local area.

There are a number of employees from the immediate local area - both trained, apprentices and the so-called sweepers, who come for a couple of hours in the afternoon after school.

Every year the company participates in the "Business Backpack" where school classes from 6-8 years have a teaching course in collaboration with the company and come to visit and have mathematics in the company's workshop. In this way, the students learn about the subject and the company, and those who can best understand mathematics when it is concrete and in reality, get a sense of why and how to measure and calculate precisely when a pump is to be constructed down to 0.01 mm accuracy.

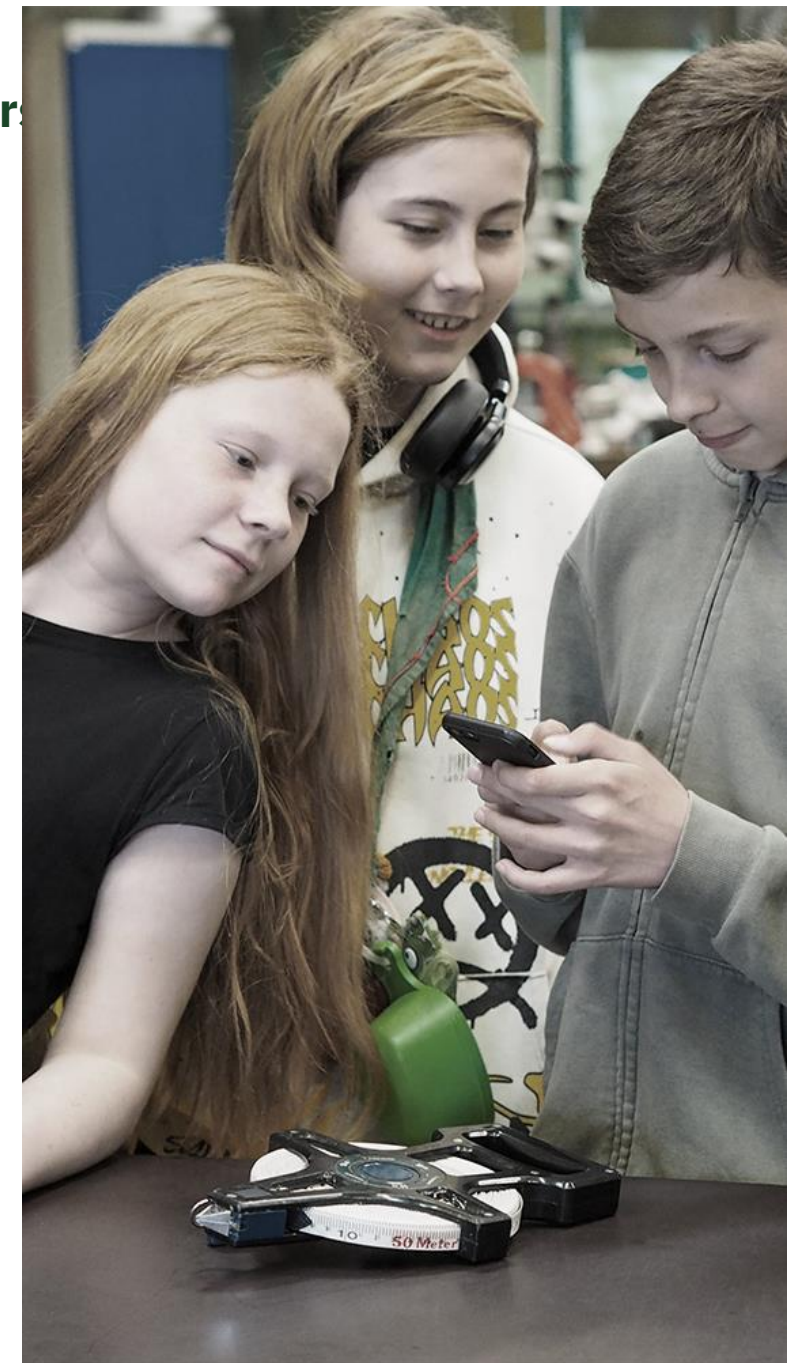
When buying gifts, inviting guests or other things, Lykkegaard always uses local companies as suppliers. Food for guests and parties in the company always comes from SuperBrugsen in Ferritslev, just as SuperBrugsen supplies drinks. The company also sponsors local sports clubs and the hall to strengthen the local area and “give something back”.

In the affected communities in the value chain, Lykkegaard encourages suppliers to also prioritize the immediate local environment as high as possible.

Consumers/End users

Ultimately, consumers are citizens who eat the grain that is grown on the farmers' (drained) fields – or who eat the fish that comes from fish farms to which Lykkegaard has supplied pumps. In this context, however, we primarily deal with the customers who receive the pumps.

Lykkegaard is always in contact with customers in connection with delivery and provides clear instructions on how to service and maintain the pumps so that they last the longest. This not only gives customers the best product but also ensures end users that there is no sudden downtime in the fish facility (which after a few hours will cause stress and later death in the fish), or flooded fields or homes.



In depth with G-data

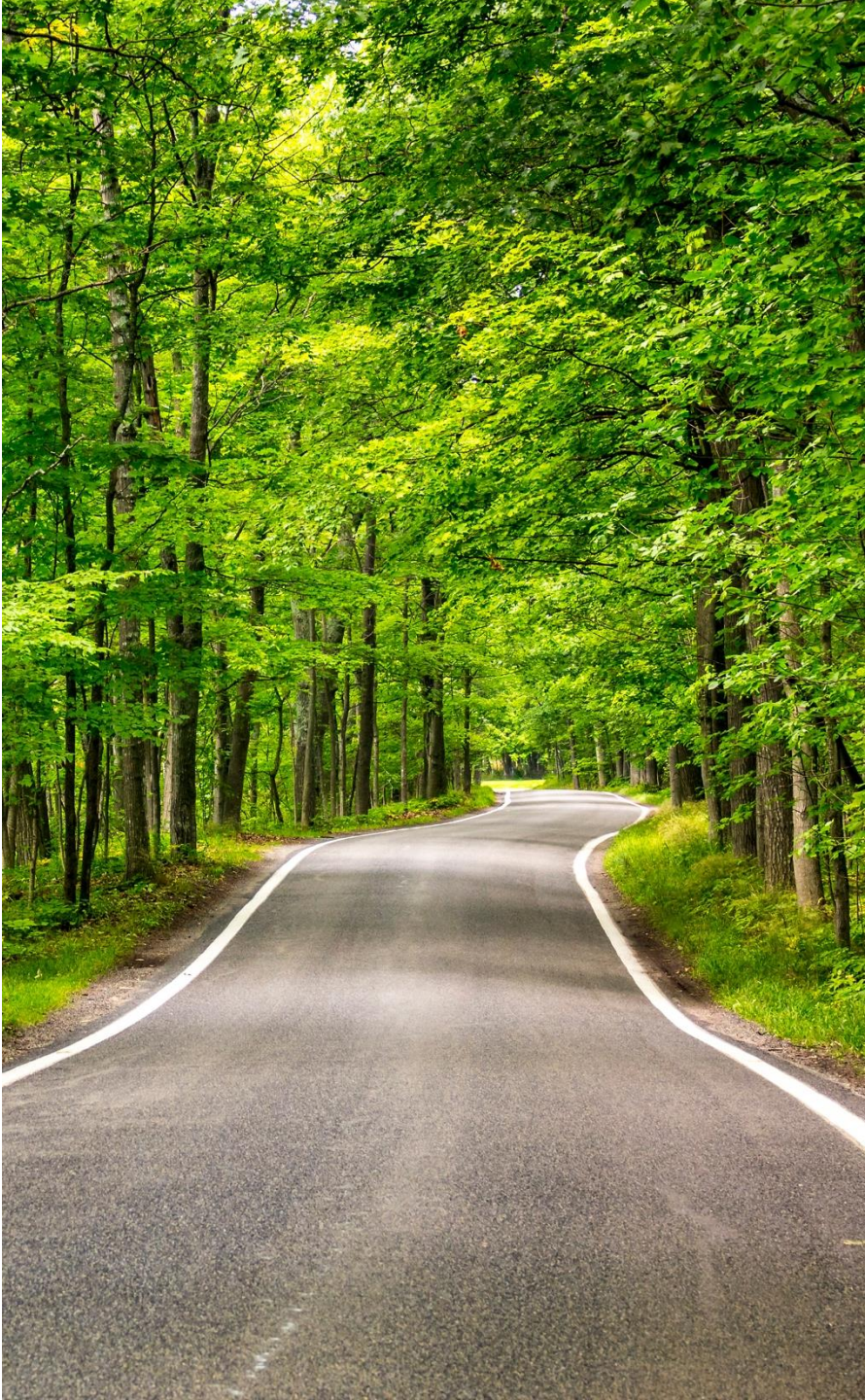
Company Culture

Loyal to customers and suppliers and does not accept goods from China. That is a very short description of the company's values.

Lykkegaard wants quality and is deliberately not the cheapest on the market – but wants to be the best and not least the most reliable, durable and energy efficient.

Virksomhedsadfærd:

Korruption og bestikkelse (pkt. 38)	Antal domme	Samlede bødestørrelse
	0	0



Thank you for reading

Lykkegaard A/S

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