

Measuring our carbon footprint

2023

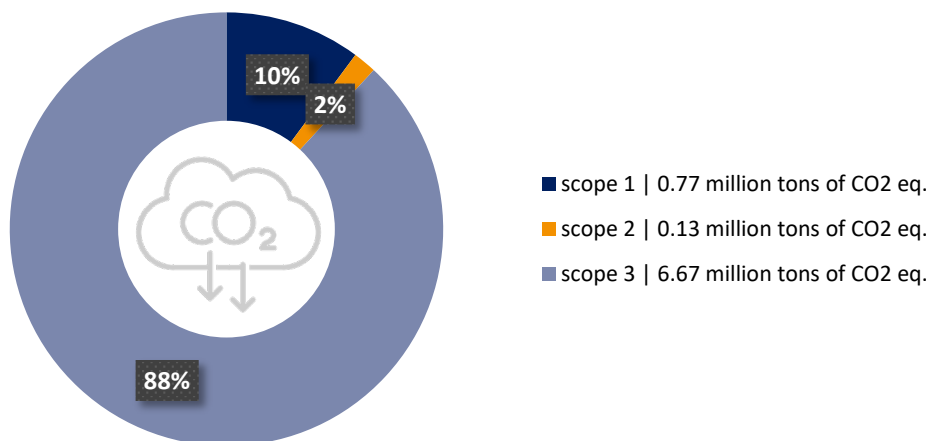


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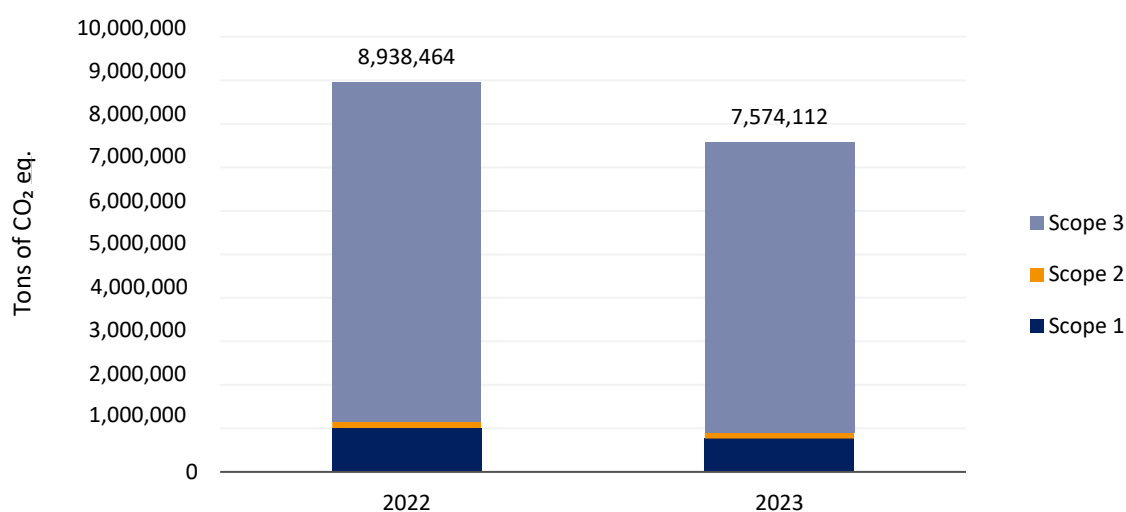
Carbon reporting: scope 1-2-3

Compared to 2022, and in consultation with external assurance, we have slightly adapted our measuring protocol, the full scope of which can be found in Annex 1.

2023 total greenhouse gas emissions by scope¹



Carbon footprint evolution



Our full scope greenhouse gas emissions in 2023 amounted to 7.57 million tons of CO₂ equivalent, which is 15.3% lower than our emissions in 2022.

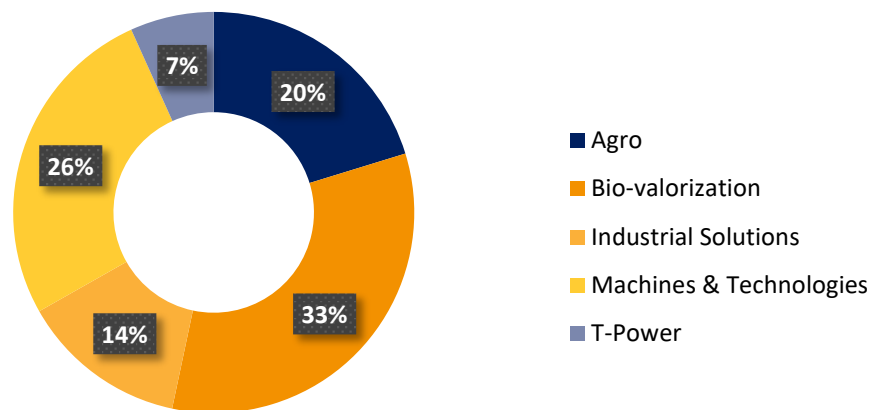
This reduction can largely be attributed to a decrease in sales and production volumes compared to 2022. Reduced sales and the ensuing lower production volumes will understandably lead to a decrease in carbon emissions related to purchased raw materials, manufacturing processes, transport, and energy consumption.

¹ The GHG protocol identifies three scopes of emissions: Scope 1 | Direct emissions from sources that are owned or controlled by the reporting organization, such as on-site combustion of fossil fuels or emissions from company-owned vehicles. - Scope 2 | Indirect emissions associated with purchased or consumed energy, such as emissions from electricity or heat purchased from an external source. - Scope 3 | Other indirect emissions from sources not owned or controlled by the reporting organization, such as emissions from the production of purchased goods and services or the transportation of products and waste.

GHG emissions quantification is subject to significant inherent measurement uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values to combine emissions of different gases. Greenhouse gas quantification is unavoidably subject to significant inherent uncertainty as a result of both scientific and estimation uncertainty. Estimation uncertainty can arise because of:

- the inherent uncertainty in quantifying inputs, such as activity data and emission factors, that are used in mathematical models to estimate emissions (measurement uncertainty).
- the inability of such models to precisely and accurately characterize under all circumstances the relationships between various inputs and the resultant emissions (model uncertainty).
- the fact that uncertainty can increase as emission quantities with different levels of measurement and calculation uncertainty are aggregated (aggregation uncertainty).

Carbon footprint by segment²



For scopes 1 and 2, the main impact can be observed in our T-Power segment, where reduced running hours gave rise to lower consumption of natural gas for production and, therefore, a considerable reduction in emissions. Some CapEx projects that had an impact on our carbon footprint were completed in 2023, although it is still too early to perceive the impact of those investments. For the 2023 calculations, we also optimized data collection processes and updated emission factors, hence increasing data accuracy. However, this only accounts for minor differences in the 2023 figures.

Moving forward, Tessenderlo Group must continue to implement sustainable practices, strategies, and investments in order to further reduce our carbon footprint and mitigate climate change impact.

The full scope of our carbon footprint now mapped for all our activities and segments, we have started to work on systematic roadmaps to further reducing our footprint. Concrete targets, in line with the Paris Agreement, will be defined and published in the course of 2024.

² Please note that all Tessenderlo Kerley, Inc. (TKI)-produced products (Crop Vitality, NovaSource and moleko) are reported under the Agro segment for this carbon footprint report.

Annex - Measuring our carbon footprint: protocol

This document describes the approach and results of our 2023 Carbon Footprint Study.

The Greenhouse Gas (GHG) Protocol is a set of standardized guidelines developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) for calculating and reporting greenhouse gas emissions. It provides a common language and methodology for organizations to enable them to measure and manage their carbon footprints.

The GHG Protocol is widely recognized as being the most comprehensive and authoritative standard for corporate carbon footprint reporting. It has been adopted by governments, businesses, and NGOs worldwide, and is commonly used by organizations to measure and report their GHG emissions. The GHG Protocol is regularly updated to reflect the latest scientific knowledge and best practices, ensuring that it remains a reliable and relevant tool for climate action.

To perform this carbon footprint study, we are adhering to the guidelines provided in the Corporate Standard and the Corporate Value Chain Standard, which can be found on the [GHG Protocol website](#).

This carbon footprint document has been made for the financial year ending December 31, 2023. Thus, the data collected in this document are in line with that reporting period. Our Picanol Group business unit is included in our scope for the full 2023 reporting year (in January 2023, Picanol Group became a business unit in the Machines & Technologies segment of Tessengerlo Group). Picanol Group was also included in our 2022 GHG calculations.

Calculating GHG emissions typically involves multiplying activity data with the appropriate emission factors, and the resulting value is commonly expressed in tons of CO₂ equivalent, which serves as a standard unit based on the global warming potential (GWP) of the different GHGs emitted. The accuracy of the carbon footprint is highly dependent on the quality of the data and emission factors used.

Tessengerlo Group has opted for an operational approach in its Corporate Carbon Footprint, which means that the focus is on the emissions that result from the company's activities and operations. Therefore, only the activities that are operated by Tessengerlo Group will be accounted for in scopes 1, 2, and 3.

Scope 1 | Direct emissions from sources that are owned or controlled by the reporting organization, such as on-site combustion of fossil fuels or emissions from company-owned vehicles.

Scope 2 | Indirect emissions associated with purchased or consumed energy, such as emissions from electricity or heat purchased from an external source.

Scope 3 | Other indirect emissions from sources not owned or controlled by the reporting organization, such as emissions from the production of purchased goods and services or the transportation of products and waste.

All operations of Tessengerlo Group are included. Due to the operational approach, Jupiter Sulphur (JV 50%) is included for the full 100% and T-Power is included in our Scope 1 greenhouse gas emissions reporting. Picanol Group is also included for comparison in future reports. The use of sold products is taken only for the relevant product lines (weaving machines/fertilizers/electronic appliances) as these are the only products where we can influence the use phase and where there is a clear view of the use phase. For other processed sold products, we have no influence and these are used in so many different processes that it is not possible to have a clear overview of further processing steps. Therefore, these do not form part of our GHG calculations.

All emission factors are split in order to account for Forest, Land and Agriculture (FLAG) emissions separately. For scope 2 we used a market based approach. This approach considers not only where energy is consumed (location based) but also where it was sourced and how it was generated, including any renewable energy certificates.

The emission factors are extracted from: Ecoinvent v3.9.1 and 3.10, GHG Protocol, co2Logic, Methanol Institute, Bilan Carbone© v 8.6 and 8.8.

The information and data were gathered by the following Tessengerlo Group departments: Finance, Operations, HR, Logistics, Procurement, and Engineering. The information used for reporting on GHG emissions in this report has been monitored by the central CSR team, which reports directly to the Executive Committee.

The report has been reviewed by senior management from our business units, and was approved by the Tessengerlo Group Executive Committee in March 2024.

This carbon footprint calculation was carried out with some support from South Pole, a global company offering comprehensive sustainability solutions and services. South Pole built our calculation model for the 2022 reporting year and supported us in terms of making the necessary updates for the 2023 calculation.

For the 2023 results, we analyzed impacts from the various categories. Those categories that had a low impact (< 5% of the total emissions) were investigated to ascertain if there were significant differences in comparison to 2022. If this was not the case, we calculated these categories with an extrapolation from 2022 to 2023 or took “as is” from 2022. Extrapolation was done based on volume or FTE depending on the categories. Meanwhile, for the categories that impact the remaining 95%, we collected new data for 2023.

Our carbon footprint of 2022 and 2023 was subject to a limited assurance from KMPG. Please see also the KMPG limited assurance report for 2023 in our annex.



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