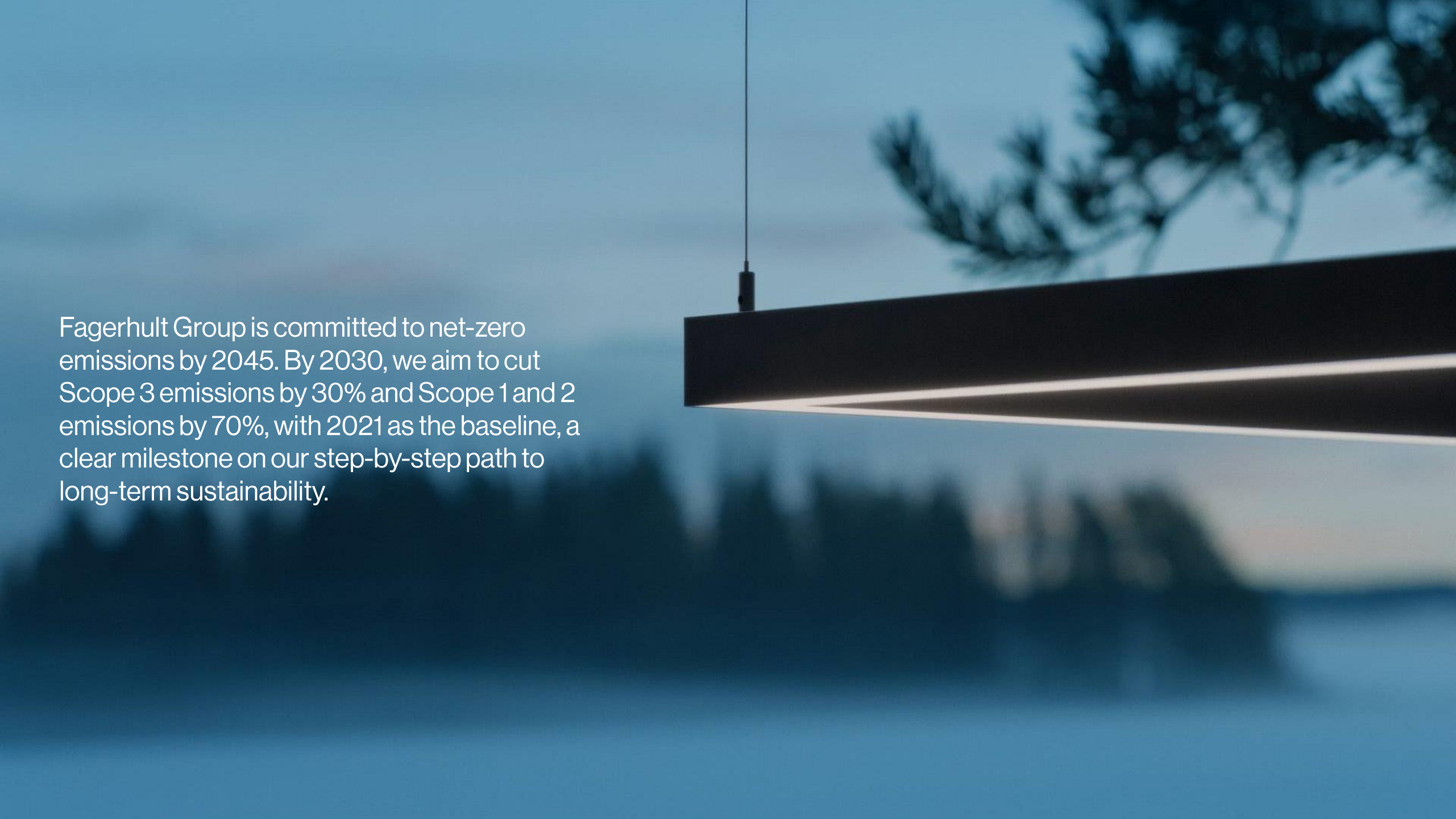
Towards net-zero – progress and priorities

November 2025



Fagerhult Group is committed to net-zero emissions by 2045. By 2030, we aim to cut Scope 3 emissions by 30% and Scope 1 and 2 emissions by 70%, with 2021 as the baseline, a clear milestone on our step-by-step path to long-term sustainability.

Why net-zero?

Net-zero is about reducing global greenhouse gas (GHG) emissions to as close to zero as possible and removing the small amount of unavoidable emissions, so that no new emissions enter the atmosphere. Net-zero is essential to limiting global warming to 1.5°C.

- Net-zero is a crucial step in avoiding the most severe impacts of climate change
- The world is missing the 1.5°C Paris agreement target, we must all act together
- Fagerhult Group must reduce its own emissions and support customers with high-efficiency smart lighting solutions

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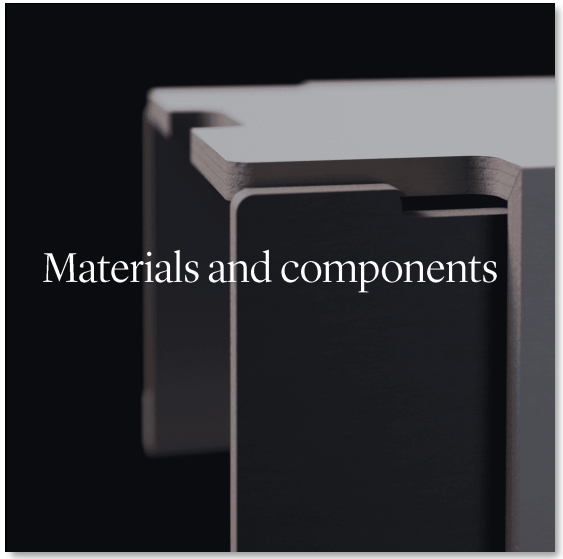
Key challenges in reaching net-zero

Phase-out natural gas in own operations
Reaching net-zero emissions by 2045 is challenging but achievable through updated heating and paint-curing systems and a continued shift to electric vehicles.



Conscious material choices by us and suppliers
Key materials in lighting products include steel, aluminium, plastics and electronics. Reducing embodied carbon requires conscious material choices and lower emissions across the supply chain.

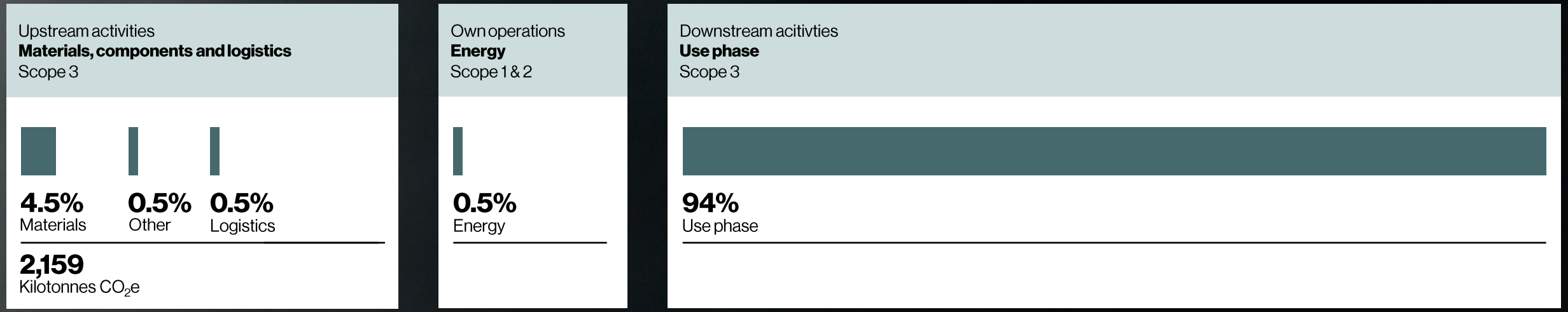
Decarbonisation of electricity grids
Fossil-free energy is key to net-zero. As most emissions stem from electricity used in our luminaires, reaching net-zero depends on global grid decarbonisation and energy policy.

Unlocking circularity
Closing the loop and achieving full circularity is challenging but vital for a net-zero future. We already run take-back programs upgrading old luminaires with new technology, though scaling across all applications remains a challenge.

Our footprint

The biggest footprint we have is when our lights are switched on, through the electricity they consume.

The materials and components we use to make our products is the second largest emission category.



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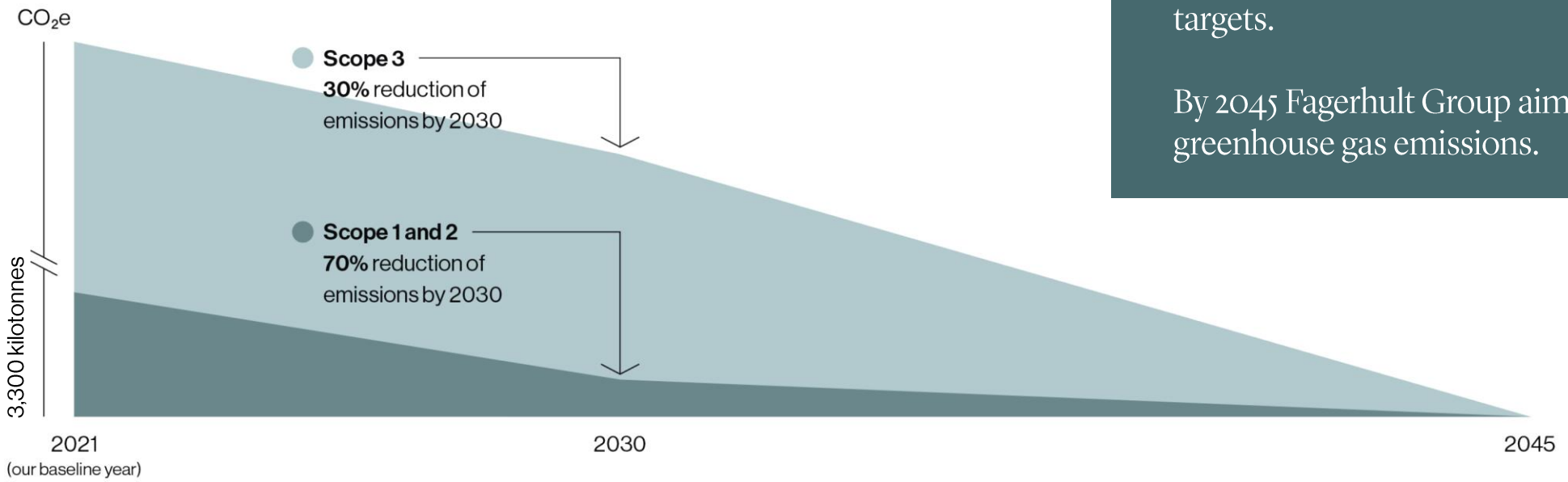
Our roadmap to reach net-zero



Our commitment to reducing our footprint goes back a long way. Already in 2021, we set ambitious targets and implemented a plan for reducing our GHG emissions. The targets are validated by the Science Based Targets initiative which is the most well-respected body within corporate climate targets.

By 2045 Fagerhult Group aims to have net-zero greenhouse gas emissions.

Prioritised activities to reach net-zero

- Purchase 100% renewable electricity
- Switch car fleet to electric
- Phase-out of natural gas for space heating at our sites and for curing within painting processes

- Develop products with less materials and components
- Minimise virgin materials where alternatives exist
- Innovate with alternative materials with lower climate impact
- Engage with suppliers to identify alternative solutions

- Product and technological development to increase energy efficiency
- Reach 100% smart lighting to optimise energy use
- Encourage customers to purchase renewable electricity to lower emissions

- Reuse products where possible by upgrading existing luminaires with new technology
- Explore circular business models within the value chain and through partnerships

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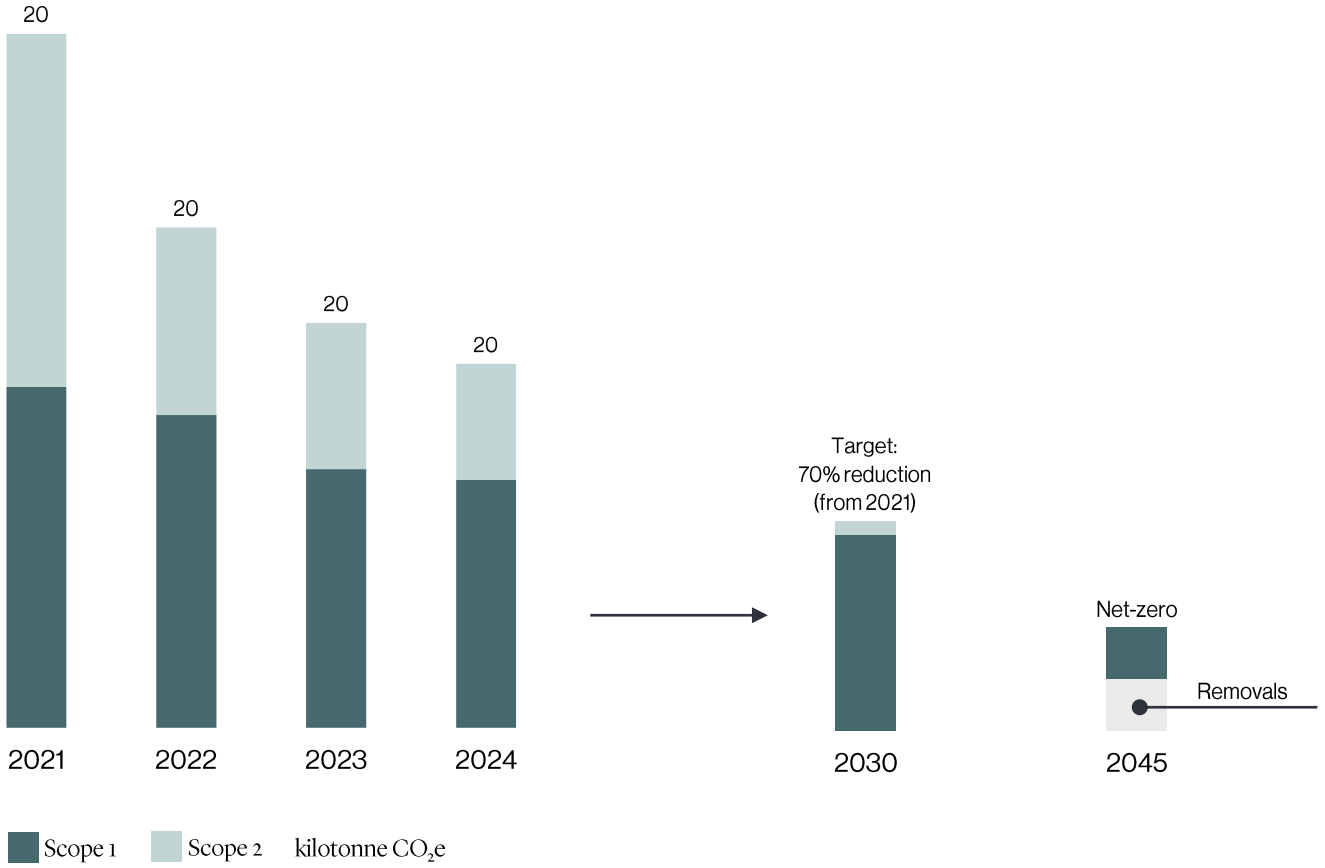
Deep dive – Scope 1 & 2

Scope 1 emissions are direct GHG emissions from sources we control, such as natural gas in own operations and fuels in company vehicles. We reduce them by electrifying fleets, switching energy sources and improving efficiency. Scope 2 emissions come from purchased electricity, reduced through renewable electricity and on-site solar generation.

Progress between 2021-2024

- Total scope 1 & 2 decreased by 48%
- Natural gas consumption decreased by 26%
- Share of renewable electricity increased from 43% to 77%
- 49% of company vehicles are electric or plug-in hybrid, compared to 23% in 2021

Our progress shows that we are on track for meeting the 2030 -70% reduction target, although important work remains.



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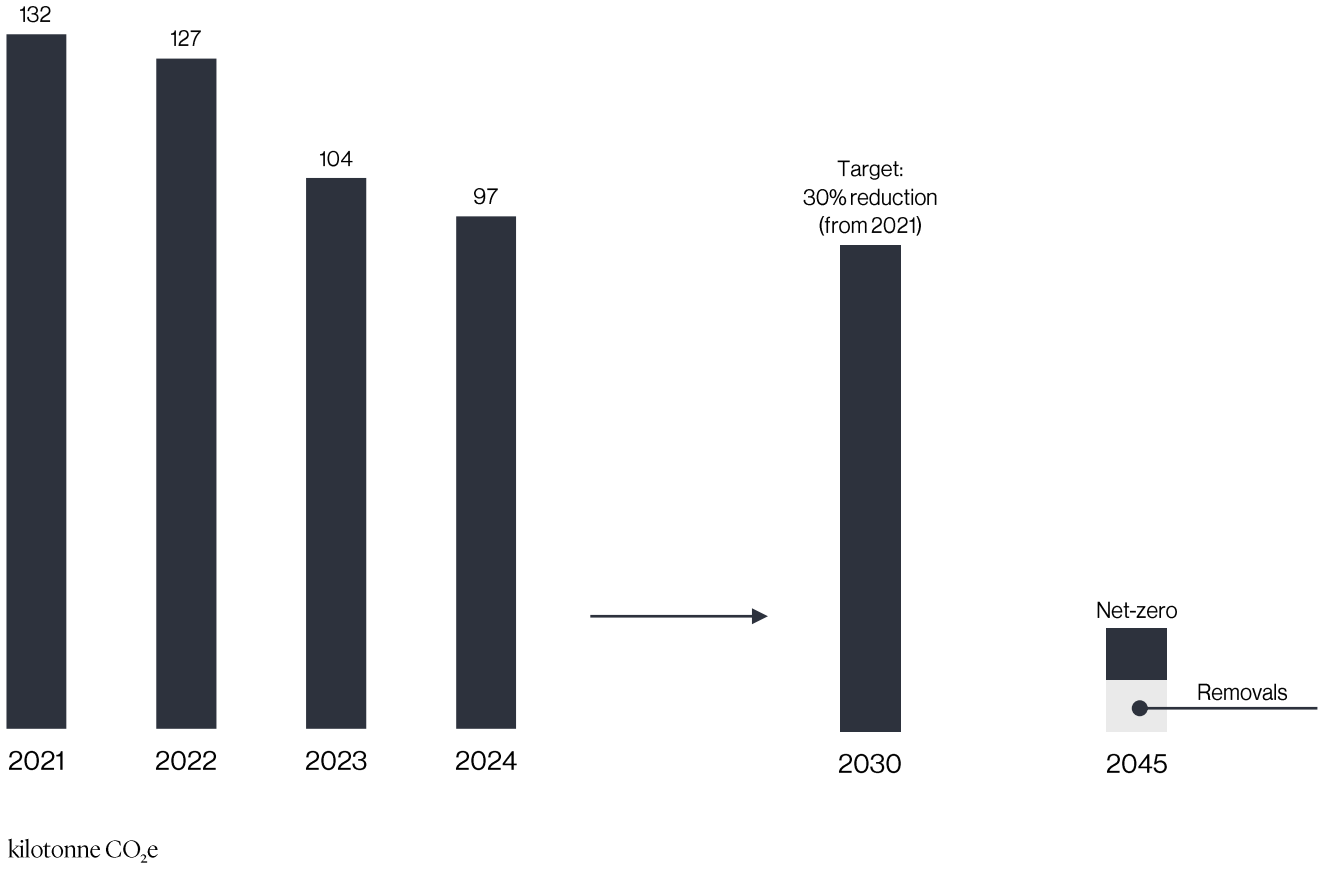
Deep dive – Scope 3: materials and components

About 5% of our emissions come from materials and components used to make our products, linked to extraction, processing, production and transport in the supply chain. Cutting these emissions and reaching net-zero requires using fewer, more recycled and low-carbon materials, and working closely with suppliers to reduce impacts upstream.

Progress between 2021-2024

- Reduced emissions from materials and components by 27%
- Miniaturisation embraced in several new product developments resulting in lower material use
- Increased the share of recycled materials.



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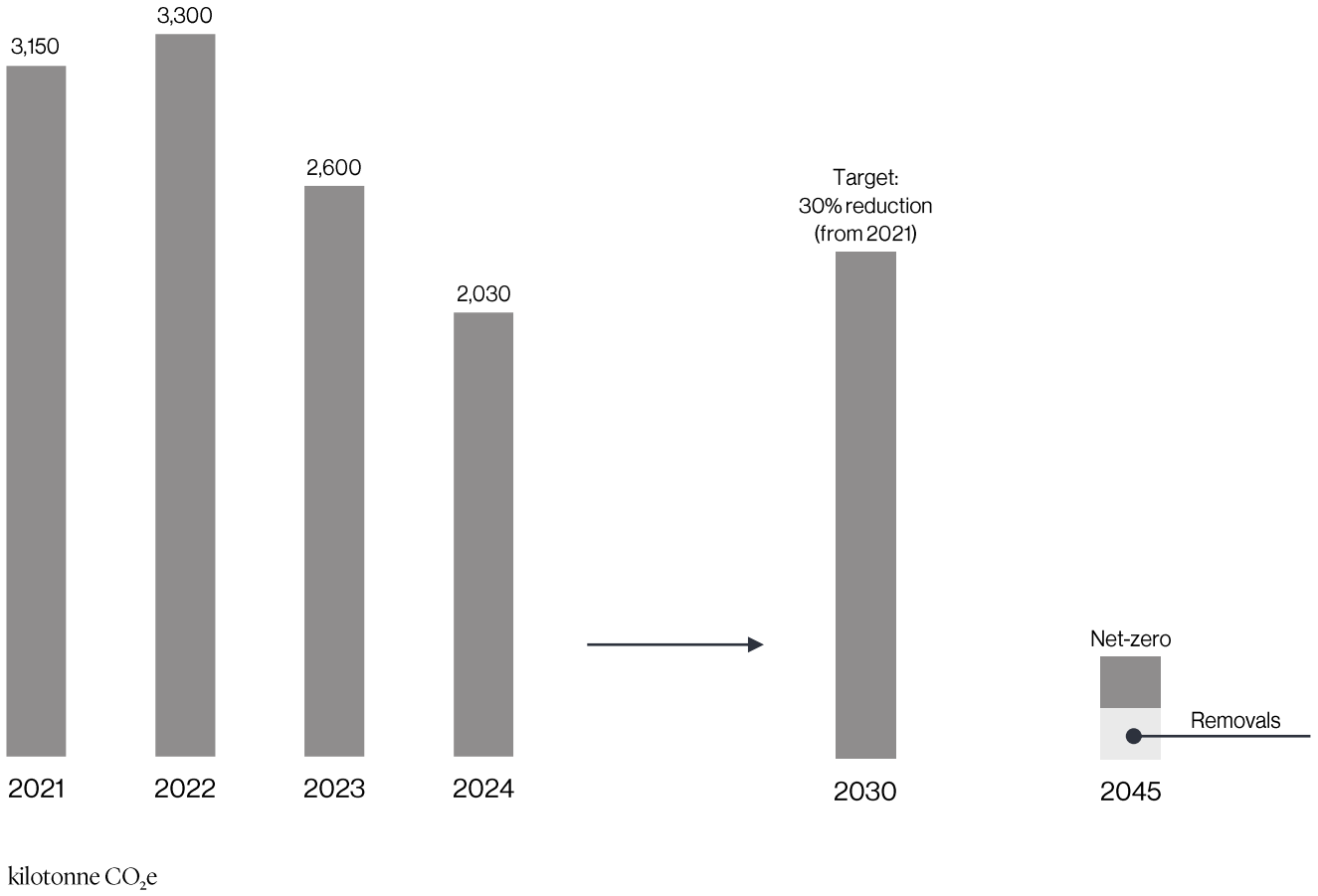
Deep dive – Scope 3: use-phase

The emissions that occur during the use-phase of our sold products represent 94% of our total emissions, making it key for our ability to reach net-zero. Emissions during use-phase depend on the energy used during the life of the luminaire and the electricity grid.

Since there are factors, we cannot influence, the key focus areas to reduce use-phase emissions are increasing the efficiency (lm/w) and the adoption of smart lighting controls to further reduce the energy consumption.

Progress between 2021-2024

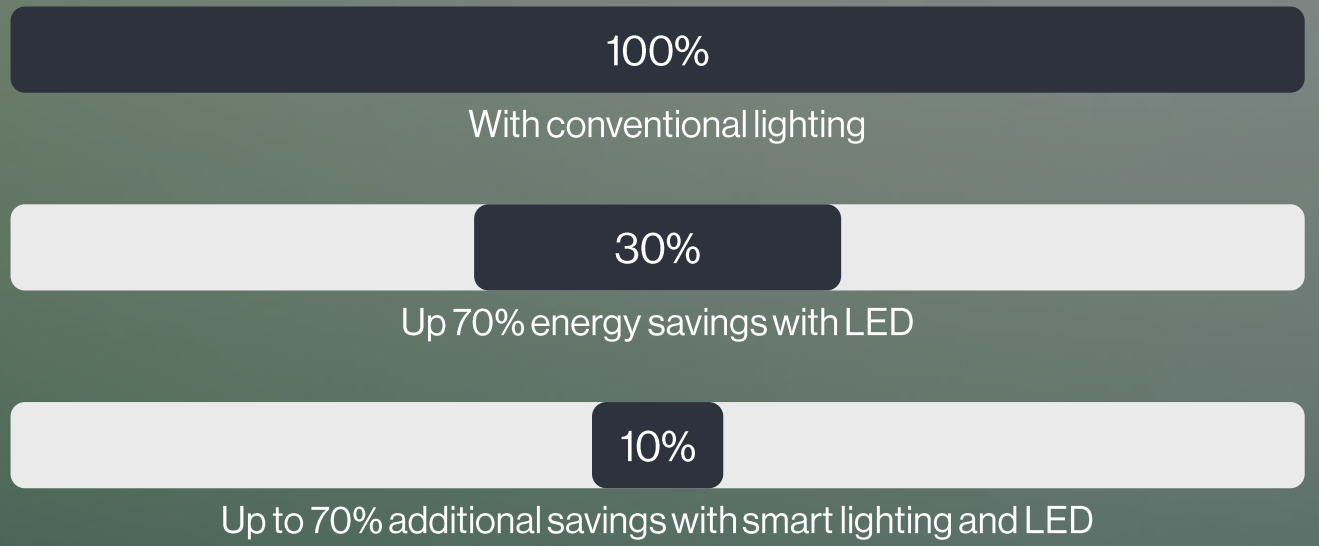
- Total use-phase emissions decreased by 36%
- Increased product energy efficiency, contributing to lower emissions during use
- Increased the adoption of smart lighting
- Cleaner electricity being used in our markets



Smart lighting

Smart lighting is where we can have the biggest impact of reducing customers' energy consumption and in turn the use-phase emissions of our products.

Compared to conventional lighting, energy consumption can be slashed by up to 90% through the latest LED technology in combination with controlling the lighting so that it is only on when needed and with the right intensity.



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What could 2045 look like if we reach net-zero?

40%
higher lumen efficacy driven by improvements in LED technology and product design

100%
of our luminaires are smart, meaning they have an integrated sensor and can control their own output autonomously and connect with external networks to share data. This saves more than 50% of the energy use

90%
lower CO_2 emissions from aluminium, steel and plastics driven by technological innovations and greener electricity

75%
of electricity used to turn on our lights around the world from renewable sources

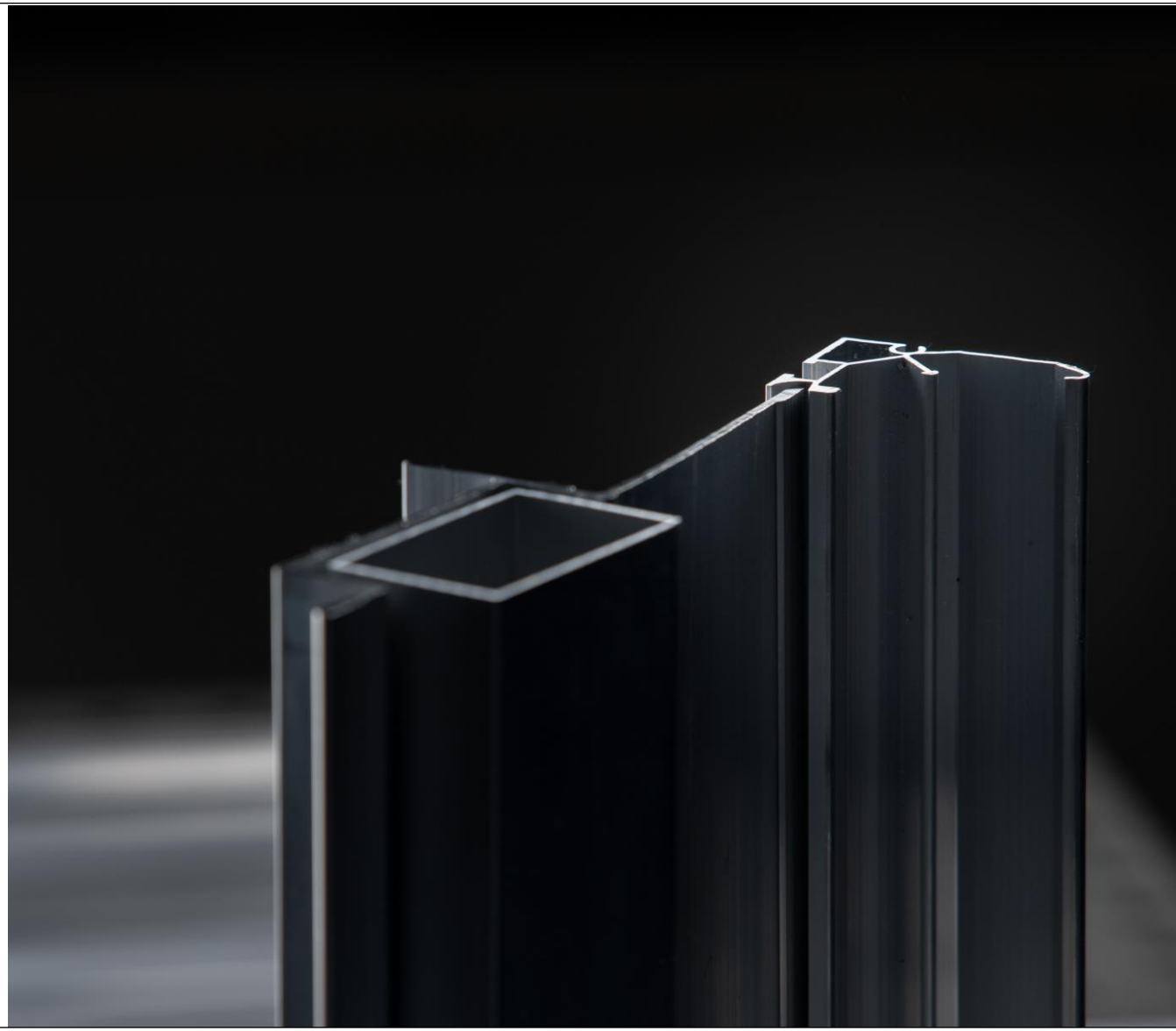
All numbers shown on this slide are purely speculative and do not represent forecast by Fagerhult Group.

Case: Fagerhult x Hydro

A pilot project that closes the loop

Aluminium can be recycled almost endlessly but needs to be managed correctly to retain its quality.

- When extruded aluminium is recycled, it is often downgraded and used in die casting.
- To close the loop, the luminaires were removed, brought back to site, disassembled, sorted and returned to Hydro Extrusion Sweden for melting and reshaping.
- Recycled aluminium requires only 5% of the energy needed to produce primary aluminium, resulting in significant CO2 savings.
- The pilot shows how it is possible through collaboration to reduce the need for producing new raw material, while remaining the same quality.



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Case: alternative materials

Innovating using non-conventional materials in lighting

Potential for significant CO_2 savings from alternative materials.

- Superdupertube from ateljé Lyktan made from hemp, reaching a CO_2 saving of 73% compared to aluminium.
- Lightshed Linen from iGuzzini made from linen, reaching a CO_2 saving of 40% compared to ABS/PMMA.
- Wrapped from Fagerhult made from solid board, reaching a CO_2 saving of 89% compared to aluminium.

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A closer look at Wrapped

Wrapped – our most sustainable pendant

- ✓ Developed and manufactured in Sweden by Fagerhult
- ✓ Made from recycled Solid board
- ✓ Designed with sustainability and innovation at its core
- ✓ Minimal use of plastic and aluminium – always recycled
- ✓ Combines premium light quality with circular design
- ✓ Opens new opportunities in sustainable lighting design

89%

Solid board has 89% lower climate impact per kilo than virgin aluminium.

85%

Recycled plastic (post-consumer) has 85% lower climate impact per kilo compared to virgin material.

93%

Recycled aluminium (post-consumer) has 93% lower climate impact per kilo compared to virgin aluminium.

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Approved by SBTi

Near- term targets
Reduce Scope 1 and 2 by **70%** and Scope 3 by **30%** by 2030

Long-term target
Reduce to **net-zero** by 2045

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

THE NET ZERO STANDARD
APPROVED NET-ZERO TARGETS

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Thank you.