



# **SUSTAINABILITY REPORT**

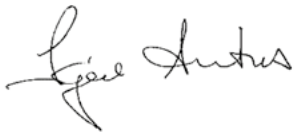


## MESSAGE FROM THE CEO

In the last decade, global initiatives, such as the Paris Agreement and other sustainability goals, have set a clear forward-looking agenda for the world. At the European level, we are seeing increasingly stringent initiatives with increasing regulatory requirements for companies, which also apply to the KWH Group, as we continue to strive to stay ahead of developments. Meanwhile, events related to sustainability, such as the war in Ukraine and the European energy crisis, have had a significant impact on our activities, which will characterise future priorities.

To ensure the KWH Group's long-term competitiveness, we took some important steps to accelerate our strategic ESG work in 2022. As the first step, we conducted a materiality analysis to understand the sustainability aspects on which we have the greatest impact and which reflect the expectations and demands of our stakeholders. The analysis resulted in a common ESG strategy for the group, covering our sustainability ambitions and key sustainability issues. In 2023, we will continue pursuing our ambitious goals by implementing the new strategy through our action plan. This way, we can future-proof our divisions and demonstrate to our stakeholders that we conduct our operations in a responsible, far-sighted and sustainable manner.

I am proudly looking forward to our continued sustainability journey!



Kjell Antus,  
CEO



■ ■  
At the KWH  
Group, we strive  
to stay ahead of  
developments, also  
in sustainability.

## ABOUT THE KWH GROUP

The KWH Group (Ltd) is an Ostrobothnian family company with subsidiaries all over the world. Our operations include abrasive materials and sanding and polishing machines, as well as service activities in the logistics sector. Since the 1920s, the KWH Group has developed into a diversified industrial group, which today consists of four independent divisions. The divisions form sub-groups for different sectors: Mirka (abrasive materials), KWH Logistics (logistics), KWH Freeze (cold storage) and KWH Invest with Prevox (water traps) and strategic holdings and real estate. The divisions consist of unlisted companies whose common denominator is that they hold a market-leading position in their respective fields. The majority of operations are conducted in Finland, but the subsidiaries are also active in Sweden, the UK, Germany, France, Spain, Belgium, Poland, Turkey, the US, Mexico, Brazil, Singapore, China, Canada, India, Italy and the United Arab Emirates.

At KWH Group, we strive to be a responsible holding company with a long-term focus. Our goal is to generate value for our shareholders and be a competitive industrial group. We can see a clear link between sustainable business models and long-term value generation.



### KWH GROUP

**Corporate form:** Limited liability company

**Corporate headquarters:** Vaasa

**Equity:** EUR 632.8 million

**Member of:** Ostrobothnia Chamber of Commerce, Finnish-Swedish Chamber of Commerce, Kansainvälinen Kauppakamari, Suomen osasto (International Chamber of Commerce; ICC), and Jeppo Skogsvårdsförening

<sup>1</sup> Net sales: EUR 619.0 million, Interest-bearing net debt: EUR -10.5 million





# SUSTAINABILITY GOVERNANCE



## SUSTAINABILITY GOVERNANCE

KWH Group's philosophy on long-term and sustainable value generation starts with our owners, employees, and our common values. The Group Management currently consists of seven employees: heads of divisions, our CEO and the parent company's managers. The Group Management is responsible for implementing the decisions of the Board of Directors, which includes setting goals and directions for the organisation and leading the Group's activities to achieve the established goals. The CEO of the parent company is ultimately responsible for the ESG work within the KWH Group and leads the Group development work, while the division CEOs have the ultimate responsibility for advancing sustainability issues in each division and business unit.

In addition to our policy framework, during the year we have developed an ESG strategy for active ownership and an accompanying ESG handbook (ESG stands for Environmental, Social and Governance, and the concept includes all sustainability issues relating to a company). The strategy describes our sustainability ambitions and provides a framework and common direction for the Group's long-term ESG efforts. The ESG handbook, in turn, provides practical guidance on the implementation of the strategy and proposed actions. It also contains information on current and upcoming regulations, laws and standards.

### Policies

Our internal policy framework sets guidelines for the Group's actions as a responsible corporation and contains a number of Group-specific policies that have been approved by the Group Board of Directors. Our Code of Conduct for staff and business partners provide guidelines for how the KWH Group should act as a responsible owner and employer. All employees and other KWH Group representatives are required to comply with our governing documents and understand their practical implications. Devi-

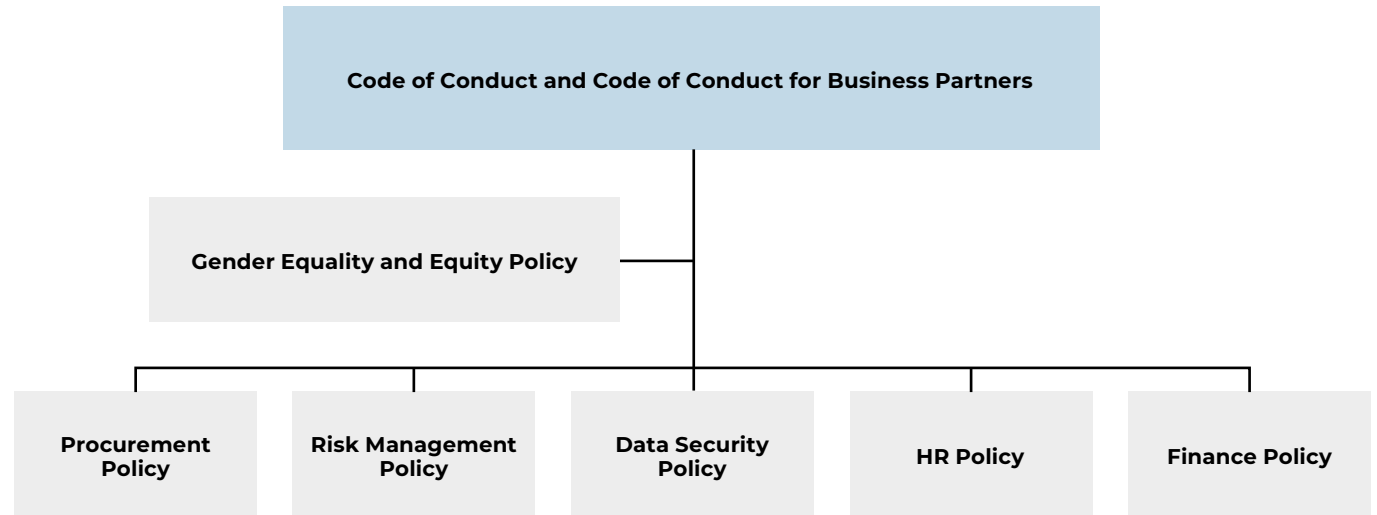


Image 1. Group-wide policies of the KWH Group.

ations and incidents are reported through our whistle-blower function. The internal policy framework will be monitored and updated as needed. In addition to the group-wide policies, each division has business-specific policies in place on, for example, the environment, health and safety, and procurement. This ensures compliance with the Ten Principles of the UN Global Compact (including labour rights, environment, and anti-corruption). In 2023, the KWH Group's Code of Conduct and Code of Conduct for Business Partners will be reworked to include the Ten Principles of the UN Global Compact.

According to the KWH Group's policies, each division's ESG work should be integrated into their own operations. The work is continuously evaluated and discussed during the KWH Group's

regular meetings with the respective management teams of each company. Here, the KWH Group's ESG strategy serves as a general basis, while company-specific issues are resolved based on the company's specific position and business focus. Thus, each company is given space to focus on the sustainability issues that are critical for that particular company. In the wholly owned subsidiaries, there is room to influence the daily operations to a greater extent.

Potential conflicts of interest and their management are governed by our Code of Conduct. The parent company also provides annual related party disclosures on the Group Board of Directors, Group Management, Division Board of Directors and Division Management, according to the international accounting standard IAS24.

## Governance structure

The KWH Group's Board of Directors consists of eight members, six of whom are shareholders. In addition, there are two external board members with complementary competences. Neither the chair nor any other board members hold management roles in the company. The KWH Group is a family-owned business where the owner families have the right to elect the members of the Board, which is governed by a shareholder agreement.

The Board manages the KWH Group's affairs on behalf of the owners and is ultimately responsible for managing the Group efficiently and in accordance with good business practices. The Board also approves the KWH Group's business strategy, strategic goals, risk strategy and governance. Moreover, the Board also monitors the Group Management's implementation thereof. Sustainability is discussed annually by the Group Board during the strategy review and budget planning, and also on an ongoing basis, such as in connection with new investments. In the coming years, the Board will undergo sustainability training to increase their knowledge of the impact and follow-up of sustainability-related issues.

## Remuneration of the Board of Directors and senior decision-makers

Remuneration to the Board of Directors, management and CEO shall follow the framework set by the KWH Group's remuneration system. Members of the Board of Directors (the Group Board of Directors and the boards of each division) receive remuneration in the form of fixed monthly and meeting fees determined by the KWH Group's General Meeting. Each year, the Group Board appoints a committee to evaluate the level and principles of remuneration. Remuneration must be market-based and competitive, and it shall be reported annually in order to be compared with similar companies and with larger and listed Finnish companies. The Board of Directors then decides on the management's remuneration, benefits and other terms of employment. The Board

also determines the outcome of any reward programmes for the CEO and Group Management. Variable remuneration is based on an overall assessment of the fulfilment of personal objectives and the performance of the group or division. The criteria are both qualitative and financial, and all executives have a portion of their bonuses linked to sustainability performance. To avoid conflicts of interest in the decision-making process, we comply with the Finnish Corporate Governance Code, the Finnish Companies Act and other relevant legislation.

In line with market practice, written agreements are in place regarding the notice period, severance pay and non-competition clauses for the CEO and Group Management. The Board has the right to negotiate and decide on other terms and conditions for the CEO, such as supplementary pension, contract period and changes to current agreements. KWH Legal assists with contract models. The board members are not covered by any bonus or incentive programmes.

## Risk management

Our overall risk management policy defines how risks are identified, evaluated and managed. Risk analysis is part of the Group's continuous planning process, and each division's board must approve the division's risk management plan within the framework set by the Group Board. Our risk management efforts are based on continuous and systematic work aimed at preventing damages at all levels of the organisation, not only at management level but also in the daily work of all employees.

The KWH Group's Code of Conduct is central to the Group's culture and commitments. Compliance with the Code is, therefore, essential and the responsibility of each employee. All employees are expected to report suspected violations of the law, the Code of Conduct or other company policies. Problems and complaints should primarily be discussed with the immediate manager or other supervisor, the Human Resources Department, the Internal

Audit Department or any other appropriate person within the company or business unit. The person receiving a report shall pass it on to a person who is authorised to take action to deal with the situation. In addition, employees can report possible offences through the Group's whistleblowing channel by sending an anonymous e-mail to the Group's Legal Department. Policies and information on the whistleblowing procedure are available on our intranet. We also intend to publish this information on the Group's website and the division websites in 2023, so that external partners can also report any incidents.

Serious matters, such as fire or cybersecurity incidents, are referred to the Group Board. With regard to cybersecurity, one incident was reported to the Board in 2022. However, no incidents of non-compliance with laws and regulations were reported during the year.







# ESG STRATEGY

## ESG STRATEGY

Our corporate strategy is to be a clear and long-term owner, creating value in business divisions and building successful companies. Integrating sustainability into the group is a prerequisite for long-term value creation within our companies. Sustainable business development is also a prerequisite for reducing the impact on the climate, for managing the effects of climate change, and for a fair and democratic societies. Sustainability can create competitive advantages in our divisions and ultimately provide increased profitability. The cornerstone of our business model is a deep commitment and a high presence in our divisions to develop and build future-proof companies. Our ESG activities are of the utmost importance to the company, as any shortcomings can result in decreased returns, as well as damage our reputation and public trust in us. This, in turn, can result in lost business opportunities.

### Materiality analysis

In 2022, a thorough materiality analysis was carried out to identify prioritised sustainability issues. The prioritised areas should receive additional resources from the KWH Group. Furthermore, the analysis is essential for ensuring that our sustainability aspects are in line with the expectations and requirements of our key stakeholders. Therefore, as part of the materiality analysis, stakeholder dialogues in the form of questionnaires and in-depth interviews were held with our owners, representatives from each division, employees, and financial advisors. As part of the analysis, an impact analysis was also conducted, in which each aspect was evaluated from the dual materiality perspective, i.e. how the KWH Group affects each aspect from an environmental and social perspective, and how these affect us financially in the short and long term.

STAKEHOLDER GROUP	PRIORITISED ISSUE
Owners and board	Safe, secure and fair workplace Climate impact and energy use Circular economy and green technology
Employees within each division	Safe, secure and fair workplace Climate impact and energy use Gender equality, diversity and equal treatment
Division management	Circular economy and green technology Active ownership and implementation of ESG Safe, secure and fair workplace
Financial advisors	Active ownership and implementation of ESG Transparent business practices and anti-corruption Climate impact and energy use

Table 1. Prioritised sustainability issues by stakeholder groups.

### THE KWH GROUP'S PRIORITISED SUSTAINABILITY ISSUES

Priority	Focus	Monitor
<ul style="list-style-type: none"> <li>• Maintain active ownership and implement sustainability in the KWH companies</li> <li>• Promote the circular economy through innovation and green technology</li> <li>• Reduce our carbon footprint and energy consumption</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure a safe, secure and fair workplace</li> <li>• Integrate ESG into the investment procedures</li> <li>• Uphold data security and customer integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Promote equality, diversity and equal treatment</li> <li>• Pro-actively promote transparent business practices and anti-corruption</li> </ul>





During the year, the ESG Strategy of the KWH Group was developed. The strategy is built upon our corporate values and the outcome of the materiality analysis, and frames our future ESG work. Moreover, a number of sustainability targets will also be defined in 2023 within the strategy framework.

In 2022, we launched a comprehensive collection of sustainability data from all divisions in order to monitor the development of the ESG strategy's goals and key figures. In the coming years, we intend to further develop the data collection process to create long-term value together with the divisions through governance, key figures, and follow-up.

### VISION

A family-owned growth company that conducts our operations in a responsible, long-term, and sustainable manner.

### OVERALL GOALS

Contribute to sustainable, innovative solutions for a better environment

Create a safe and pleasant workplace for all our employees

Integrate ESG throughout our business for long-term and responsible ownership

## EMPLOYEES IN THE KWH GROUP BY GENDER

Employment contract	Men	Women	Total
Permanent	1,913	592	2,505
Temporary	86	28	114
Total	1,999	620	2,619
Form of employment	Men	Women	Total
Full time	1,953	572	2,525
Part time	46	48	94
Total	1,999	620	2,619

1. The KWH Group has 231 non-guaranteed hours employees. These are reported in the headcount, as reporting as FTE is not possible.

2. The KWH Group headcount includes about 22 workers who are mainly seasonal workers who work in the various KWH companies; however, there have been difficulties in reporting this type of data and the data is therefore not complete.

3. Compared to the total number of employees in the annual report, the total number reported in this report differs slightly. This is because several companies have not been able to report in FTE in the same form as that data is reported in the annual report.

4. The owner company KWH Group Ltd corresponds to 6 men and 7 women, all of whom are based in Finland and in a permanent full-time employment relationship.

## EMPLOYEES IN THE KWH GROUP BY REGION

Employment contract	Finland	Global	Total
Permanent	1,750	755	2,505
Temporary	77	37	114
Full time	1,765	760	2,525
Part time	62	32	94

1. The KWH Group has 231 non-guaranteed hours employees, all of whom are in Finland. These are reported in the headcount, as reporting as FTE is not possible.

2. The KWH Group headcount includes 22 non-employed workers, of whom 21 are based in Finland and 1 is global.

## Employees and diversity

The current and future success of the KWH Group depends on our employees, and we are particularly proud to be Finland's 80th largest employer. It is of the utmost importance to be able to attract people with the right skills and give employees an opportunity for further development. The KWH Group strives to be an equal workplace, where equal treatment is promoted and discrimination is not tolerated. In 2022, no cases of discrimination were reported within the divisions. Issues such as equality and non-discrimination are regulated by the Group's equality and non-discrimination policy. In addition, all KWH Group's Finnish companies have drawn up an equality plan in accordance with Finnish legislation. Of all KWH Group's employees, 86 per cent are covered by collective agreements and the rest have agreements that are equivalent to collective agreements.

## DIVERSITY IN THE KWH GROUP BY EMPLOYEE CATEGORY AND REGION

Ratio	Gender		Age		
	Men	Women	<30	30–50	>50
Employee categories					
KWH Group Board of Directors	75%	25%	0%	25%	75%
KWH Group Management	100%	0%	0%	0%	100%
Employees	76%	24%	17%	57%	26%

1. One company within Mirka representing 80 employees is not included in the compilation as this type of data was not available.

2. The owner company KWH Group Ltd has 54% women, 46% men, 8% under 30-year-olds, 54% aged 30–50 years, and 38% over 50 years.



## Health and safety

In all industrial companies in the Group's divisions, health and safety are taken very seriously. In addition to this being regulated in our Code of Conduct, each division is also responsible for identifying and managing work-related risks and making it easier for each employee to report occupational accidents. Within the divisions, health and safety are managed as part of the companies' risk management work. The companies maintain statistics on various types of work-related accidents, and when accidents and incidents are reported, incident follow-up is carried out and necessary measures taken.

## Environmental impact

The KWH Group's environmental impact consists mainly of the activities of our divisions. Understanding, measuring and monitoring this environmental impact is a way for us to comply with Global Compact principle 8, which covers initiatives aimed at increasing environmental awareness. Therefore, we collect environmental data on, for example, energy consumption and climate impact in the form of greenhouse gas emissions, which is also a prerequisite for understanding the financial risks associated with climate change. All our Group companies are industrial companies whose environmental impact arises, among other things, from the use of machinery and vehicles, energy use in the premises, and materials required in the production.

To support future technology development, the KWH Group has donated EUR 10,000 to the University of Vaasa in 2022. High-quality education and research in technological development is of great interest to us, as it also supports the operations of our divisions.

### NUMBER OF WORK-RELATED ACCIDENTS AND ACCIDENT RATE IN 2022

Division	Work-related injuries: number (rate)	Work-related injuries: number (rate)	Serious work-related injuries: number (rate)	Serious work-related injuries: number (rate)
	Own employees	Other workers	Own employees	Other workers
KWH Group Ltd	0 (0)	0	0	0
Mirka	2 (0.12)	0	0	0
KWH Logistics	59 (11.2)	0	0	0
KWH Freeze	3 (3.2)	0	0	0
Prevex (KWH Invest)	7 (3.5)	0	0	0
Total	71 (2.9)	0	0	0

1. The KWH Group has not had any work-related fatal incidents during this year.

2. Work-related injuries refer to those that result in sick leave.

3. The rate of both work-related injuries and serious work-related injuries is calculated per 200,000 hours worked.

4. Within the different divisions, the most common work-related accidents are mainly related to physical work injuries caused by, for example, falling

### ENERGY CONSUMPTION IN THE KWH GROUP IN 2022 (PARENT COMPANY AND DIVISIONS)

Energy (MWh)	Renewable	Non-renewable	Total
Electricity	64,525	3,852	68,377
Heating	6,510	2,381	8,891
Cooling	0	0	0
Steam	41,336	5,109	46,445
Fuel	4,353	58,371	62,724
Total	116,723	69,713	186,436

1. The proportion of renewable fuels is partially based on reported quantities, and in part an estimate based on the reduction duty.

2. In cases where a company has not reported complete data for the entire operations, an extrapolation based on the average per FTE has been made. This corresponds to approximately 0.5 % for electricity and 11 % for district heating.

3. During the year, the owner company KWH Group Ltd demonstrated an electricity consumption of 899 MWh, a heat consumption of 504 MWh, and a fuel consumption of 423 MWh.

### GHG EMISSIONS IN THE KWH GROUP IN 2022 (PARENT COMPANY AND DIVISIONS)

Emission categories	Tonnes CO2e	Out of total
<b>Scope 1</b>	17,922	35%
<b>Scope 2 – market-based</b>	9,484	19%
<b>Scope 3</b>	23,551	46%
Scope 3.1: Purchased goods and services	6,979	-
Scope 3.2: Capital goods	907	-
Scope 3.3: T&D Fuel & Energy	8,261	-
Scope 3.4: Transport & distribution	1,293	-
Scope 3.5: Waste	19	-
Scope 3.6: Business travel	5,379	-
Scope 3.7: Commuting	713	-
<b>Total</b>	<b>50,957</b>	<b>100%</b>

1. Emissions are calculated in accordance with the Greenhouse Gas Protocol using the operational control approach and emission factors from DEFRA 2022, AIB 2022 and Norsus 2022. The emissions include the greenhouse gases CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O.

2. Scope 2 is calculated using the market-based method and includes electricity, district heating, district cooling, and steam. For the location-based method, the same consumption refers to 15,155 tonnes of Co<sub>2</sub>e.

3. All divisions have reported data for Scopes 1–3 to varying degrees. In cases where a company has not been able to report complete data for the entire operation, extrapolations based on an average per FTE have been made. This corresponds to approximately 4.5 % for Scope 2 and 0.5 % for Scope 3.3. For the remaining Scope 3, no extrapolation has been made. The data for Scope 3.1 does not include KWH Freeze, 3.2 Scope does not include Mirka or Prevex and Scope 3.5 does not include KWH Freeze and parts of Mirka.

### DESCRIPTION OF SCOPE 1, 2 AND 3

#### Scope 1

A company's direct greenhouse gas emissions, including fuel combustion and vehicles owned or controlled by the organisation.

#### Scope 2

Indirect emissions from purchased energy sources, such as purchased electricity and district heating.

#### Scope 3

Any indirect emissions for which a company is responsible in relation to its value chain, such as business travels or purchased materials.

### ENERGY INTENSITY FOR THE KWH GROUP IN 2022

Energy intensity	2022
Energy intensity (MWh/FTE)	71
Energy intensity (MWh/M€)	301

### GHG EMISSIONS FROM THE PARENT COMPANY KWH GROUP LTD

Emission categories	Tonnes CO2e
Scope 1	115
Scope 2 – market-based	9.3
Scope 3	88.0

### EMISSION INTENSITY FOR THE KWH GROUP IN 2022

Emission intensity	2022
Emission intensity (tCO <sub>2</sub> e / FTE)	10.5
Emission intensity (tCO <sub>2</sub> e / M€)	44.3

1. The emission intensities include Scope 1 and Scope 2.



## Business ethics and anti-corruption

Professional behaviour is of utmost importance within the KWH Group. In accordance with our Code of Conduct, there is zero tolerance for all forms of bribery and corruption. During the past year, no incidents of corruption have been confirmed and no legal cases regarding corruption have occurred.

## Data security and customer privacy

Data security and customer privacy are among the KWH Group's key areas, governed by our information security policy. In the past year, all divisions have carried out a survey with a focus on identifying potential risks related to data security and IT. The results will be used to improve the ongoing work on data security. To ensure that the work progresses, the KWH Group has during the year used the help of an external party that will continuously evaluate the Group's development. During the year, IT security trainings were also conducted, and stress tests are planned for 2023

During the year, there were no complaints or losses of customer data within the Group or the divisions. However, our associated company Uponor Infra was exposed to a data breach where personal data may have been leaked. This incident was raised with the Group Board, and it triggered processes in accordance with the GDPR. The incident is considered closed.





A close-up photograph of a vibrant green leaf with numerous clear water droplets of various sizes. The leaf's veins are clearly visible, and the droplets are in sharp focus, reflecting light. The background is a soft, out-of-focus green.

# **SUSTAINABILITY IN THE DIVISIONS**



## MIRKA

Mirka offers a broad range of revolutionising solutions for surface treatment and precision grinding. Mirka is a global company with exports to over 100 countries and subsidiaries in Europe, Middle East, North America, South America, and Asia.

### Key events in 2022

Last year, Mirka launched several initiatives focused on energy efficiency and the reduction of emissions. A new machine that reduces process gases has been installed at the plant in Oravais, and in Karis the company has reduced its emissions of hazardous air pollutants. During the year, Mirka developed and launched a new production technology solution that is 90–95 per cent more energy efficient than before. The Italian factory in Como is now completely self-sufficient in terms of electricity following the installation of solar panels. A new, completely fossil-free plant is being installed in Jakobstad, where the energy comes from geothermal heating and solar cells. The plant will be commissioned in 2023. To ensure that sustainable and efficient energy is also prioritised in the future, the management has decided that all new buildings will be designed so that they can be equipped with solar panels.

One of Mirka's key focus areas is the health and safety sector, and over the years a rigid structure has been built around it. Mirka is also part of the Finnish forum for zero accidents called "Nollis", which was founded in 2003 and currently includes 475 companies. However, after Covid, Mirka has seen an increase in work-related accidents and shortcomings in safety procedures. To counteract this and maintain proactive safety efforts, Mirka has in 2022 strengthened the systematics through cross-functional collaboration.

### ♀ DIVERSITY PROPORTION OF WOMEN

0%  
DIVISION BOARD OF DIRECTORS

20%  
DIVISION MANAGEMENT

27%  
EMPLOYEES

### 🛡️ HEALTH & SAFETY NUMBER (RATE)

2 (0.12)  
WORK-RELATED INJURIES

0 (0)  
SERIOUS WORK-RELATED INJURIES

### 🐝 ENVIRONMENT & CLIMATE (PROPORTION RENEWABLE)

86,300 MWh (93%)  
ENERGY CONSUMPTION

8,843 MWh (14%)  
FUEL CONSUMPTION

21,014 ton CO<sub>2</sub>e  
GHG EMISSIONS TONNES CO<sub>2</sub>E



1. The energy consumption refers to the consumption of electricity, heating and steam.

2. The emissions refer to Scope 1, Scope 2 Market-based, as well as a number of Scope 3 categories; see "Environmental impact".

## KWH LOGISTICS

KWH Logistics is Finland's largest port operator that also offers services in logistics, international transport, stevedoring, and cargo handling. In 2022, KWH Logistics celebrated 140 years as a pioneer in logistics, and the anniversary year was characterised by a strong focus on climate and occupational safety.

### Key events in 2022

In 2022, KWH Logistics worked to map and measure its climate emissions with a particular focus on fuel consumption. Going forward, the collection of fuel data will be developed, centralised and systematised. This is becoming increasingly relevant due to an ever-increasing demand from customers.

KWH Logistics works continuously to minimise its emissions caused by fuel use through measures such as using electric vehicles and more sustainable transport alternatives. As part of this work, the group company Adolf Lahti Yxpilä Oy has started using a converted, fully electric Scania lorry. The project was tested in 2021 and the converted lorry was put into use in 2022. The truck has a range of about 75 km, which is sufficient for daily operations. As KWH Logistics purchases many new machines, the machine park will gradually become increasingly electrified.

During the year, KWH Logistics has also invested heavily in occupational safety to reduce the number of accidents and incidents. Several workshops and safety inspections have been organised to increase knowledge and awareness among the employees.

### ♀ DIVERSITY PROPORTION OF WOMEN

**17%**  
DIVISION BOARD OF DIRECTORS

**22%**  
DIVISION MANAGEMENT

**11%**  
EMPLOYEES

### 🛡️ HEALTH & SAFETY NUMBER (RATE)

**59 (11.2)**  
WORK-RELATED INJURIES

**0 (0)**  
SERIOUS WORK-RELATED INJURIES

### 🐝 ENVIRONMENT & CLIMATE (PROPORTION RENEWABLE)

**7,206 MWh (43%)**  
ENERGY CONSUMPTION

**51,506 MWh (6%)**  
FUEL CONSUMPTION

**19,973 ton CO<sub>2</sub>e**  
GHG EMISSIONS TONNES CO<sub>2</sub>E



1. The energy consumption refers to the consumption of electricity and heating.

2. The emissions refer to Scope 1, Scope 2 Market-based, as well as a number of Scope 3 categories; see "Environmental impact".



## KWH FREEZE

KWH Freeze is the largest cold storage company in Finland. Having previously been part of the KWH Logistics division, KWH Freeze became a separate division in 2021. Since then, the company has focused on laying the foundation for its ESG work by, for example, developing several steering documents and a strategy for steering which sustainability issues should be systematically followed up.

### Key events in 2022

The well-being and safety of employees is a top priority at KWH Freeze. In 2022, a large employee survey was conducted to get improvement suggestions from employees. A thorough analysis of the risks has also been carried out to make the workplace safe and secure by collecting statistics on occupational accidents and analysing their causes. The year also saw the introduction of a digital system that makes it easier for employees to report near misses and incidents, simplifying the process and the follow-up system.

KWH Freeze's warehouses are expanding, and in 2022, the latest extension of the cold storage in Vantaa was taken into use. The high energy prices in 2022 have also affected KWH Freeze, making energy consumption and energy efficiency an important issue also in the future. KWH Freeze works actively to find alternative energy solutions to reduce its climate emissions. For example, in 2021, the amount of solar panels on the roof of the cold store in Vantaa was doubled. In addition, KWH Freeze is actively working to find solutions to leverage the heat losses generated in the cooling process.

#### **DIVERSITY** PROPORTION OF WOMEN

**17%**  
DIVISION BOARD OF DIRECTORS

**25%**  
DIVISION MANAGEMENT

**4%**  
EMPLOYEES

#### **HEALTH & SAFETY** NUMBER (RATE)

**3 (3.2)**  
WORK-RELATED INJURIES

**0 (0)**  
SERIOUS WORK-RELATED INJURIES

#### **ENVIRONMENT & CLIMATE** (PROPORTION RENEWABLE)

**22,232 MWh (99,7%)**  
ENERGY CONSUMPTION

**1,196 MWh (3%)**  
FUEL CONSUMPTION

**1,385 ton CO<sub>2</sub>e**  
GHG EMISSIONS TONNES CO<sub>2</sub>E



1. The energy consumption refers to the consumption of electricity and heating. KWH Freeze also consumed 1,291 MWh self-produced electricity in 2022, out of which 100% was renewable.

2. The emissions refer to Scope 1, Scope 2 Market-based, as well as a number of Scope 3 categories; see "Environmental impact".

## PREVEX

Prevex specialises in water traps for the kitchen and bathroom industry. With 60 years in the industry, Prevex is a leading supplier with all of its production taking place in Finland. Prevex develops, designs and produces water traps and related products for both the manufacturing industry, distributors, and retailers.

### Key events in 2022

The climate issue is a major focus for Prevex, which has long worked to ensure the use of renewable energy in its operations. Since 2021, production has based entirely on renewable electricity. In 2022, the company’s application for the Science Based Target for SMEs was approved. Prevex will thus reduce its emissions within Scope 1 and 2 by 50 per cent by 2030 compared to 2018. In addition, the company will measure its emissions within Scope 3. Since the company switched to renewable energy a few years ago, emissions in Scope 1 and 2 have already been reduced by 89 per cent. In 2022, the company has also measured and calculated its historical emissions in Scope 3, and this work will continue.

The circular economy and smarter use of resources are also central issues for Prevex. In 2022, the “Smartloc” product was relaunched with 45 per cent recycled plastic, and later in the year the amount of recycled plastic was increased to 60 per cent. The packaging of the products is also part of the initiative, and now all Prevex plastic packaging is made from 51 per cent recycled plastic. The company has also decided to reduce the amount of brass as part of phasing out toxic materials. In 2023 and beyond, work will continue to increase the proportion of recycled plastic in all Prevex products and to reduce climate emissions from the company’s use of metals.

**DIVERSITY**  
PROPORTION OF WOMEN

**33%**  
DIVISION BOARD OF DIRECTORS

**21%**  
DIVISION MANAGEMENT

**47%**  
EMPLOYEES

**HEALTH & SAFETY**  
NUMBER (RATE)

**7 (3.5)**  
WORK-RELATED INJURIES

**0 (0)**  
SERIOUS WORK-RELATED INJURIES

**ENVIRONMENT & CLIMATE**  
(PROPORTION RENEWABLE)

**6,573 MWh (97%)**  
ENERGY CONSUMPTION

**756 MWh (3%)**  
FUEL CONSUMPTION

**8,373 ton CO<sub>2</sub>e**  
GHG EMISSIONS TONNES CO<sub>2</sub>E



1. The energy consumption refers to the consumption of electricity and heating. Prevex also consumed 42 MWh self-produced electricity in 2022, out of which 100% was renewable.

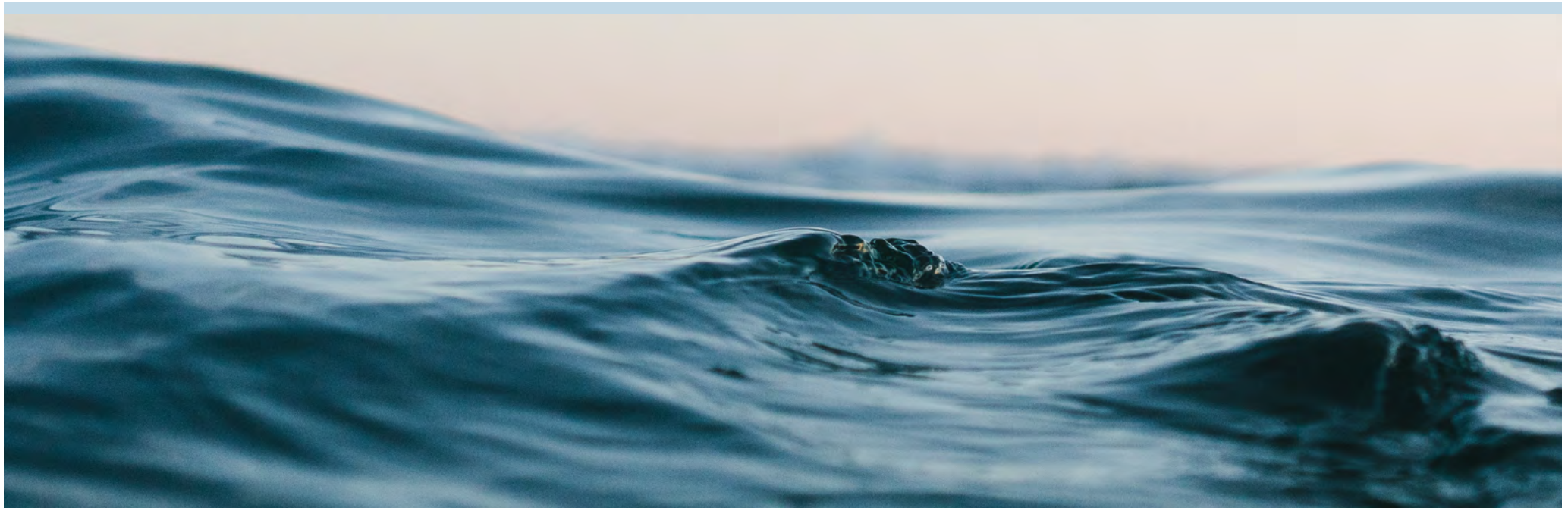
2. The emissions refer to Scope 1, Scope 2 Market-based, as well as a number of Scope 3 categories; see “Environmental impact”.



A large background image showing close-up, slightly blurred ripples on the surface of blue water, creating a textured, wavy pattern.

# **ABOUT THE REPORT AND THE GRI INDEX**





## ABOUT THE REPORT AND THE GRI INDEX

This is the KWH Group Ltd's first sustainability report. It includes the KWH Group, as well as the companies in each division. Uponor Infra, in which the KWH Group holds a 45-per cent stake, is not included in this report. KWH Group has done the sustainability report with reference to the GRI Standards for the period 1st of January to 31st of December. The Global Reporting Initiative (GRI) is the most widely used standard for sustainability reporting and is based on how organisations impact the economy, people, and the environment. The Sustainability Report will be published in June 2023, and a similar report will be published annually thereafter. The information in the report is not audited by an external third party.

The calculations for greenhouse gas emissions are based on the GHG protocol, a global standard used to facilitate and harmo-

nise GHG reporting. The calculations have been made according to operational control with emission factors from DEFRA (2022), IEA (2020) and AIB (2022). The environmental data for the KWH Group is compiled based on data from our suppliers, and the environmental data for the divisions is compiled by the companies themselves based on their contracts and information received from subcontractors. If data was not available on, for example, energy consumption, this has been estimated on the basis of average figures of other companies in the group.

The information on personnel is compiled by the KWH Group and each division. It is reported in Full Time Equivalent (FTE) and refers to the number of employees as of 31 December 2022. For companies in the Mirka division and for non-guaranteed hours employees, data in FTE has not been available, and this data is

therefore reported in the headcount as of 31 December 2022. This means that the total number of employees reported in this report does not match the data reported in the annual report. The number of cases of work-related health issues related to the number of employees and workers is not reported in this year's report due to limited follow-up possibilities. This is partly due to legal reasons in some countries and partly because the monitoring of illness does not differentiate whether the condition is work-related or not.

*If you have questions about the sustainability report and its content, contact **Carl-Magnus Tidström**, CFO of KWH Group Ltd: [Carl-Magnus.Tidstrom@kwhgroup.com](mailto:Carl-Magnus.Tidstrom@kwhgroup.com)*



## GRI CONTENT INDEX

<b>Statement of use</b>	KWH Group has reported the information cited in this GRI content index for the period 2022-01-01–2022-12-31 with reference to the GRI Standards.	
<b>Application of the GRI 1</b>	GRI 1: Foundation 2021	
<b>GRI STANDARD</b>	<b>REPORT</b>	<b>LOCATION</b>
<b>GRI 2: Standard reporting 2021</b>	2-1 Organizational details	<a href="#">About the KWH Group, s. 3.</a>
	2-2 Entities included in the sustainability reporting	<a href="#">About the KWH Group, s. 3.</a>
	2-3 Reporting period, frequency and contact point	<a href="#">About the report and the GRI content index s. 20.</a>
	2-4 Restatements of information	N.A
	2-5 External assurance	<a href="#">About the report and the GRI content index s. 20.</a>
	2-6 Activities, value chain and other business relationships	<a href="#">About the KWH Group, s. 3.</a>
	2-7 Employees	<a href="#">Employees and diversity, s. 10.</a>
	2-8 Workers who are not employees	<a href="#">Employees and diversity, s. 10.</a>
	2-9 Governance structure and composition	<a href="#">Governance structure, s. 6.</a>
	2-10 Nomination and selection of the highest governance body	<a href="#">Governance structure, s. 6.</a>
	2-10 Chair of the highest governance body	<a href="#">Governance structure, s. 6.</a>
	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Governance structure, s. 6.</a>
	2-13 Delegation of responsibility for managing impacts	<a href="#">Governance structure, s. 6.</a>
	2-14 Role of the highest governance body in sustainability reporting	<a href="#">Governance structure, s. 6.</a> As this is the KWH Group's first sustainability report, this has not yet been evaluated.
	2-15 Conflicts of interest	<a href="#">Policies, s. 5.</a>

GRI STANDARD	REPORT	LOCATION
<b>GRI 2: Standard reporting 2021</b>	2-16 Communication of critical concerns and whistle-blower incidents	<a href="#">Risk management, s. 6.</a>
	2-17 Collective knowledge of the highest governance body	<a href="#">Governance structure, s. 6.</a>
	2-18 Evaluation of the performance of the highest governance body	N.A.
	2-19 Remuneration and compensation policies	<a href="#">Remuneration of the Board of Directors and senior decision-makers, s. 6.</a>
	2-20 Process to determine remuneration and compensation	<a href="#">Remuneration of the Board of Directors and senior decision-makers, s. 6.</a>
	2-21 Annual total remuneration to the highest earners and its relation to the median wage	Currently unavailable, due to the structure of the organisation.
	2-22 Statement on sustainable development strategy	<a href="#">Message from the CEO, s. 2.</a>
	2-23 Policy commitments	<a href="#">Policies, s. 5.</a>
	2-24 Integration of policy commitments	<a href="#">Policies, s. 5.</a>
	2-25 Processes to remediate negative impacts	<a href="#">Risk management, s. 6.</a>
	2-26 Mechanisms for seeking advice and raising concerns	<a href="#">Risk management, s. 6.</a>
	2-27 Compliance with laws and regulations	<a href="#">Risk management, s. 6.</a>
	2-28 Membership organisations	<a href="#">About the KWH Group, s. 3.</a>
	2-29 Approach to stakeholder engagement	<a href="#">Materiality analysis, s. 8.</a>
	2-30 Collective bargaining agreements	<a href="#">Employees and diversity, s. 10.</a>
<b>GRI 3: Material topics 2021</b>	3-1 Process to determine material topics	<a href="#">Materiality analysis, s. 8.</a>
	3-2 List of material topics	<a href="#">Materiality analysis, s. 8.</a>
	3-3 Management and control of material topics	<a href="#">ESG strategy, s. 8.</a>
<b>GRI 205: Anti-corruption 2016</b>	205-3 Confirmed incidents of corruption and actions taken	<a href="#">Business ethics and anti-corruption, s. 13.</a>



GRI STANDARD	REPORT	LOCATION
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organisation	<a href="#">Environmental impact, s. 11.</a>
	302-3 Energy intensity	<a href="#">Environmental impact, s. 11.</a>
<b>GRI 305: Emissions 2016</b>	305-1 Direct GHG emissions (Scope 1)	<a href="#">Environmental impact, s. 11.</a>
	305-2 Indirect GHG emissions (Scope 2)	<a href="#">Environmental impact, s. 11.</a>
	305-2 Other indirect GHG emissions (Scope 3)	<a href="#">Environmental impact, s. 11.</a>
	305-4 GHG mission intensity	<a href="#">Environmental impact, s. 11.</a>
<b>GRI 403: Health and safety</b>	403-9 Work-related injuries	<a href="#">Health and safety, s. 11.</a>
	403-10 Work-related ill health	<a href="#">About the report and the GRI index, s. 20.</a>
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	<a href="#">Employees and diversity s. 10.</a>
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	<a href="#">Employees and diversity, s. 10.</a>
<b>GRI 418: Customer privacy</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">Data security and customer privacy, s. 13.</a>



**SUSTAINABILITY REPORT 2022**