



Sustainability Report 2023

A word from the CEO

The KWH Group is driven by shared values and principles that guide us in our business decisions. The current global situation, including the war in Ukraine and the economic downturn, continues to affect the KWH Group's operations and our future priorities, one of which is clearly sustainability. The past year has also shown how global sustainability initiatives and regulatory requirements continue to shape the business environment. Navigating and adapting to the emerging sustainability landscape shaping the modern global economy is a challenge for industrial companies like the KWH Group. At European level, the regulatory requirements for companies have started to become clearer, and some companies are preparing to report under the new statutory requirements of the Corporate Sustainability Reporting Directive (CSRD). Although the KWH Group is not yet subject to these new requirements, we are already preparing for them, which will also enhance our competitiveness.

To maintain the KWH Group's long-term competitiveness, we have been working to implement our action plan, which was developed with the ESG strategy. As a continuation of this, and to meet the requirements of CSRD, in 2024 we will update our materiality analysis, which will allow us to focus on the areas that are material to the KWH Group.

With a member of a younger generation taking over as Chair of the KWH Group's Board of Directors, we also look forward to further strengthening our position and success in the field of sustainability. In this way, we will continue to secure the future of our business divisions and reassure our stakeholders that our operations are conducted in a responsible, long-term, sustainable manner.

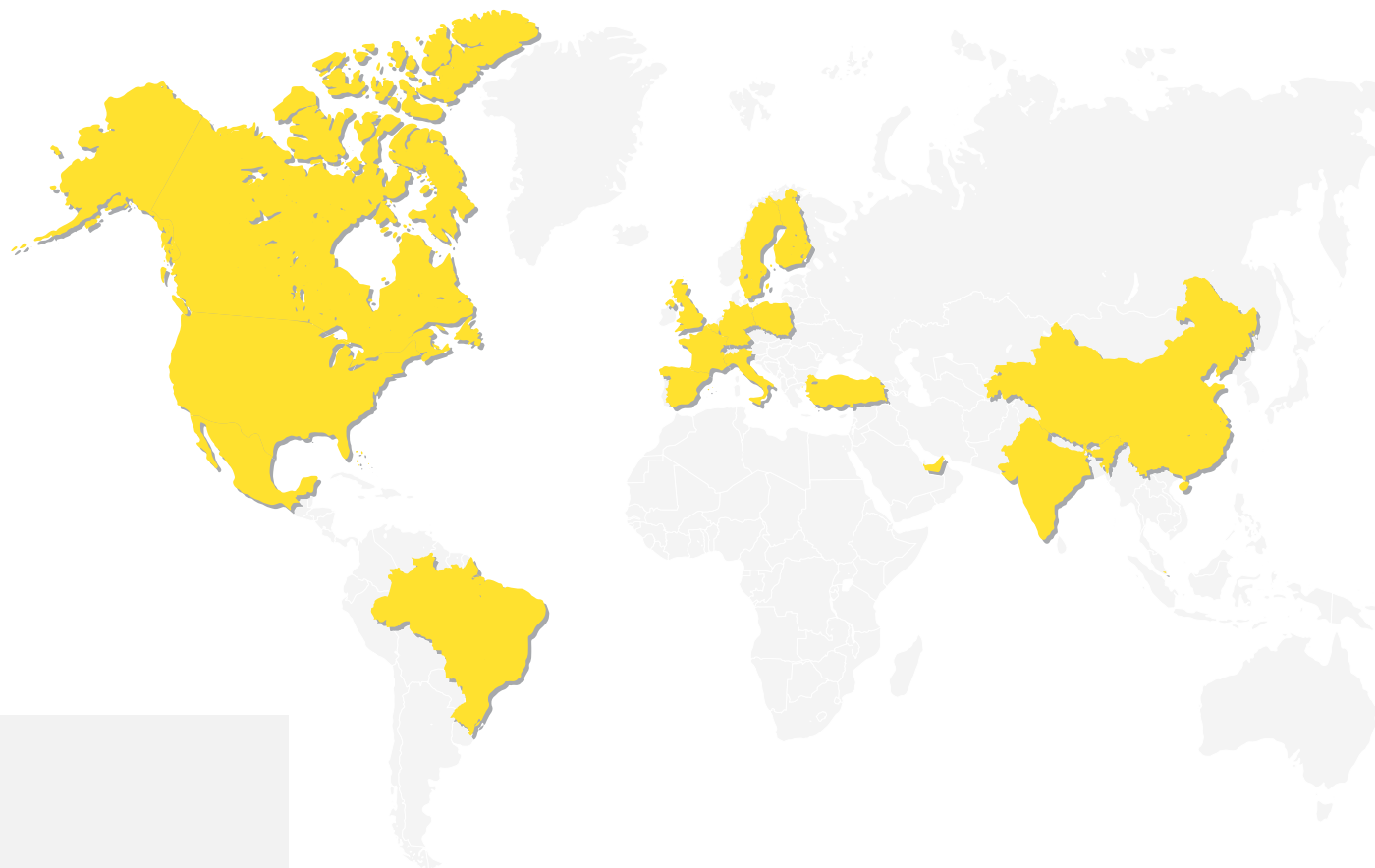
KJELL ANTUS
CEO



About the KWH Group

KWH Group Ltd is an Ostrobothnian family-owned company with subsidiaries around the world. Since the 1920s, the Group has developed into a diversified industrial group in which the parent company has been involved for a long time and has contributed to its successful development, enabling the Group companies to become market leaders in their respective fields. The Group currently consists of four independent business divisions which form sub-groups by sector: Mirka (abrasives), KWH Logistics (logistics), KWH Freeze (cold storage) and the business development group KWH Invest with Prevex (HVAC products), as well as the management of shareholdings and properties. More information about each business division's ESG work can be found on pages 15–23. The majority of the Group is located in Finland, but there are also operations in Sweden, the UK, Germany, France, Spain, Belgium, the Netherlands, Poland, Turkey, the USA, Mexico, Brazil, Singapore, China, Canada, India, Italy and the United Arab Emirates.

KWH Group Ltd aims to achieve a position as a responsible owner company with a long-term focus. The goal is to be a competitive industrial group that promotes sustainable business models.



KWH Group

- KWH Group Ltd is a limited company.
- Head office: Vaasa
- Equity: EUR 665.8 million
- Member of: Ostrobothnia Chamber of Commerce, Finnish-Swedish Chamber of Commerce, Kansainvälinen Kauppakamari, Suomen osasto (International Chamber of Commerce, ICC) and Jeppo Skogsvårdsförening (Jeppo forest management association).

A background photograph of three business professionals in an office setting. A man with glasses and a patterned shirt is looking towards the right. A woman with glasses and a black shirt is looking down at a laptop. A third person is partially visible in the foreground on the left, out of focus. A large, light blue circular graphic is overlaid in the center of the image.

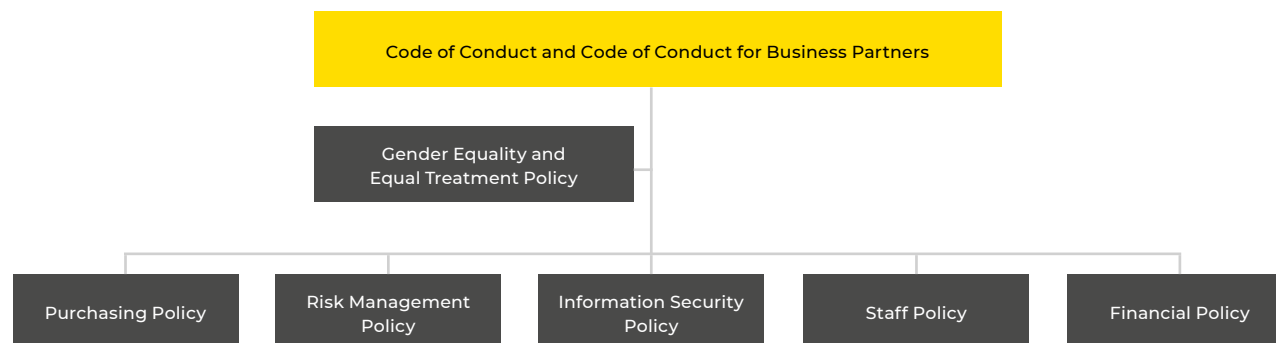
Sustainability governance

Sustainability governance

The KWH Group's philosophy on long-term, sustainable value creation is based on owners, employees and shared values. The Group management team currently consists of seven people: business division managers, the CEO and the parent company's managers. Management's role is to implement the decisions of the Group's Board of Directors by setting the framework and direction for the organisation and managing the Group's operations to achieve its goals, targets and objectives. The ultimate responsibility for ESG work and Group development work in the KWH Group lies with the CEO of the parent company, while the CEOs of the business divisions in turn have the ultimate responsibility for driving sustainability issues in each business division.

Policies

The KWH Group's behaviour as a responsible company is governed by an internal policy framework which includes a number of Group-specific policies adopted by the Group Board of Directors. The Code of Conduct and the Code of Conduct for Business Partners set the framework for how the KWH Group should behave as a responsible owner and employer. It is the responsibility of the employees and other representatives of the KWH Group to follow policy documents and gain an understanding of what they mean in the relevant contexts. The KWH Group's whistleblowing service is used to report nonconformities and incidents. The internal policy framework is monitored and updated as required. In 2023, the Code of Conduct and the Code of Conduct for Business Partners were updated and aligned with the principles of the UN Global Compact. In addition to Group-wide policies, each business division also has business-specific policies based on its needs, for example an envi-



The KWH Group's Group-wide policies

ronmental policy, a health and safety policy and a purchasing policy.

According to the KWH Group's policies, each business division must assume responsibility for its own ESG work, and this must be continuously evaluated and addressed at the KWH Group's regular meetings with the management teams of the companies. The KWH Group's ESG strategy acts as a general basis within the Group, while company-specific issues pursued in the various companies are determined by each company's specific position and business focus. This allows each company to focus on the sustainability issues they prioritise.

Potential conflicts of interest and their management are governed by our Code of Conduct. The parent company also submits an annual report on 'disclosure of related party transactions' for the Group Board of Directors, Group management, business division Boards, business division management and key individuals, which means disclosing any transactions and dealings between persons in decision-making positions and Group companies. Monitoring of related party transactions is reported in the consolidated financial statements in accordance with IAS 24.

The Board of Directors

The KWH Group's Group Board of Directors consists of eight members, six of whom are owners and two are external members who provide additional expertise. In 2023, a new Chair and a new Vice-Chair were appointed. None of the members of the Board of Directors, including the Chair, holds an operational position in the company. The KWH Group is a family-owned company in which the owners have the right to appoint members to the Board of Directors under the terms of the shareholders' agreement.

The main responsibility of the Board of Directors is to manage the affairs of the KWH Group on behalf of the owners. They are ultimately responsible for managing the Group effectively and in accordance with sound business principles. The Board also decides on the KWH Group's business strategy, strategic objectives, risk strategy and management. These decisions are followed up and monitored through a delegated mandate given to the Group management for implementation. Sustainability is a regular item on the agenda of Group Board meetings. Sustainability issues are discussed annually during strategy reviews and budget planning.

and regularly in the event of new investments and/or as required. In 2023, the Board of Directors, the owners and the management team attended basic training in sustainability. In the years to come, the Board of Directors and management will undergo further training to increase their knowledge of the impact and monitoring of sustainability-related issues.

Remuneration of the Board of Directors, senior decision-makers and employees

The KWH Group's remuneration system sets the principles for the remuneration of the Board of Directors, management and the CEO. The members of the KWH Group's Boards of Directors (the Group Board of Directors and the Boards of Directors of the respective business divisions) receive remuneration in the form of fixed monthly and meeting fees determined by the KWH Group's Annual General Meeting. The Group Board of Directors appoints a committee every year to evaluate the level and principles of remuneration. Remuneration should be market-based and competitive and reported annually for comparison with similar companies and large listed Finnish companies.

The Board of Directors is responsible for decisions on management remuneration, benefits and other conditions of employment. The Board of Directors also determines the outcome of any reward programmes for the CEO and Group management. Variable remuneration is based on an overall assessment of the achievement of personal targets and the performance of the Group or business division (qualitative and financial criteria). Part of the management team's bonus is linked to the sustainability performance of each business division. Conflicts of interest in decision-making processes are prevented by the KWH Group's compliance with the Finnish Corporate Governance Code, the Finnish Companies Act and other applicable legislation.

The notice period, severance pay and competition clause for the CEO and Group management have been agreed in writing between the parties in line with market practice. The Board of Directors is authorised to negotiate and decide on other terms and conditions for the CEO, such as supplementary pension arrangements, terms of the contract and amendments to the current contract. The members of the Board of Directors are not subject to any bonus or incentive programmes.

Risk management in the KWH Group

Sustainability risks exist in different parts of the KWH Group's operations and include everything from occupational injuries to data security and emissions and discharges into the environment. The KWH Group's risk management is based on continuous, systematic work to prevent injuries, losses and damage at all levels of the organisation, both at management level and in the day-to-day work of all employees. The process for how risks are identified, evaluated and managed is defined in the KWH Group's risk management policy. Risk management is an integral part of the Group's planning process, and the Board of Directors of each business division must approve the business division's risk management plan based on the framework determined by the Group Board of Directors.

The KWH Group's Code of Conduct is central to how the KWH Group should operate in a socially, ethically and environmentally sound manner. It is therefore important that there is uniform, Group-wide compliance, and it is the responsibility of each employee to uphold and follow these principles. All employees are expected to report any non-compliance or suspected non-compliance with the Act, the Code of Conduct or other company policies. If a problem or complaint arises, employees should report it to their line manager or other supervisor, the human resources department, the internal control or compliance functions or any

other appropriate person in the company or business unit. The person receiving such a report is responsible for escalating it to the person authorised to take action to address the situation.

For those who do not feel comfortable reporting as described above, the KWH Group set up a whistleblowing channel in 2023 that can be used by anyone to report actual and/or potential non-compliance. The whistleblowing channel is maintained by and reports received are investigated by an independent Compliance Team consisting of members of the Group's legal and internal control departments. In 2023, two complaints were reported via the whistleblowing service. One concerned purchasing and the other discrimination. Both incidents have been investigated and managed in accordance with the KWH Group's policies. Policies and information relating to the whistleblowing process are available on the intranet and on the local intranets of the business divisions. Since the end of 2023, it has also been possible to access the whistleblowing channel and report potential incidents on the KWH Group website, making it easier for external partners to report actual and/or potential incidents. Subsidiaries in the EU with at least 50 employees have also established their own whistleblowing channels to receive reports of breaches referred to in the EU Whistleblowing Directive and related national legislation.

Serious incidents, such as fire incidents and those relating to cybersecurity, are escalated to the Group Board of Directors. During the year, two incidents were raised with the Board. A data intrusion incident occurred at KWH Freeze which temporarily affected the company's operations. The company took immediate action to investigate and remedy the situation. Staff and partners were informed, the incident was reported to the Data Protection Ombudsman and criminal charges have been filed with the authorities. The second incident concerned non-compliance with laws and regulations relating to confidentiality. Both incidents were reported to the Board of Directors and dealt with accordingly.

A high-angle photograph of a large array of solar panels, showing their grid-like structure and metallic frames. A large, semi-transparent white circle is centered over the image, containing the text "ESG strategy".

ESG strategy

ESG strategy

The KWH Group's corporate strategy is to create value in our business divisions and build successful businesses by means of transparency and long-term ownership. Long-term value is generated in the companies by taking an active approach to sustainability in the Group. In addition to being a potential competitive advantage, sustainability is also key to reducing the Group's impact on the climate, managing risks linked to climate change, and ensuring fair, democratic societies. The cornerstones of the Group's business model are deep commitment and an active presence in the business divisions to develop and build future-proof companies. ESG work is important for the Group as any shortcomings may result in lower returns and damage the Group's reputation and position in the market in the long term. In turn, this may lead to lost business opportunities for the KWH Group. During the year, new ESG targets will be set with the update of the materiality analysis.

As a further step in the Group's sustainability work, the business divisions set up coordination groups in 2023 to share experience and lessons learned in areas such as sustainability reporting, sustainable product development, communication and internal development. The project is an important part of the work to ensure active, structured sustainability work throughout the Group.

STAKEHOLDER GROUP

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

THE KWH GROUP'S PRIORITY SUSTAINABILITY ISSUES

PRIORITY	FOCUS	MONITOR
Active ownership and implementation of ESG in Group companies Promoting the circular economy through innovation and green technology Reducing climate impact and energy consumption	Ensuring a safe, secure and fair workplace Integrating ESG in investment processes Maintaining data security and customer privacy.	Promoting gender equality, diversity and equal treatment Proactive promotion of transparent business practices and anti-corruption.

Materiality analysis

In 2022, the KWH Group conducted a materiality analysis to identify priority sustainability issues and areas for the Group. Stakeholder dialogues were conducted as part of the materiality analysis to ensure that the sustainability aspects are aligned with the expectations and requirements of the Group's key stakeholders. The stakeholder dialogues consisted of surveys and in-depth interviews with our owners, representatives of each business division, staff and financial advisors. The materiality analysis also included an impact analysis in which each aspect was evaluated based on the KWH Group's environmental and social impact on each aspect, and how these affect us as a company financially in the short and long terms. The materiality analysis will be updated in 2024 to meet future regulatory requirements.

The materiality analysis resulted in the KWH Group's materiality matrix, which shows the different aspects based on our stakeholders and our impact.



VISION

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

OVERALL GOALS

To contribute to sustainable, innovative solutions for a better environment

To create a safe, pleasant workplace for all our employees

To integrate ESG throughout our business for long-term, responsible ownership

Employees and diversity

The current and future success of the KWH Group is strongly linked to the commitment and skills of its employees. Attracting talent with the right skills and offering opportunities for further development is a top priority. The KWH Group endeavours to create a workplace that promotes gender equality and equal treatment, and in which discrimination is not tolerated. To ensure a fair, inclusive working environment, issues relating to gender equality and equal treatment are governed by the Group's Gender Equality and Equal Treatment Policy. All Finnish companies in the KWH Group have also drawn up a gender equality plan in accordance with Finnish legislation, reflecting the commitment to comply with national rules to promote gender equality and equal treatment. The majority of the company's employees, almost 85%, are subject to collective agreements, which strengthens working conditions and creates the basis for fair, uniform terms of employment. The remaining employees have contracts of employment that are equivalent to collective agreements.

KWH Group employees broken down into women and men

TYPE OF CONTRACT	WOMEN	MEN	TOTAL
Permanent employment	537	1,937	2,474
Temporary employment	40	114	154
Non-guaranteed hours	15	59	74
Full-time employees	514	2,000	2,514
Part-time employees	61	50	111

1. The owner company KWH Group Ltd's employees are 6 men and 7 women, all of whom are based in Finland and employed on a full-time permanent basis.
2. The KWH Group has no employees in the non-binary and non-reported categories.

KWH Group employees by region

EMPLOYMENT CONTRACT	FINLAND	WORLD-WIDE	TOTAL
Permanent employment	1,736	738	2,474
Temporary employment	79	75	154
Full-time employees	1,738	776	2,514
Part-time employees	77	34	111

1. The KWH Group has 74 employees in the non-guaranteed hours category, 72 of whom are in Finland and 2 worldwide.
2. The KWH Group has 183 workers who are not employed but working for the Group, 73 of whom are in Finland and 110 worldwide.

Diversity in the KWH Group by employee category and age

PERCENTAGE	AGE		
EMPLOYEE CATEGORIES	<30	30–50	>50
KWH Group Board of Directors	0%	50%	50%
KWH Group management	0%	0%	100%
Employees	16%	55%	29%

1. The owner company KWH koncernen Ab has 8% under 30 years, 46% between 30 and 50 years and 46% over 50 years.
2. Management includes only the Group management.

Diversity in the KWH Group by employee category and gender

PERCENTAGE	GENDER	
EMPLOYEE CATEGORIES	MEN	WOMEN
KWH Group Board of Directors	75%	25%
KWH Group Group management	100%	0%
Employees	78%	22%

1. The owner company KWH koncernen Ab has 53% women and 47% men.
2. The KWH Group has no employees in the non-binary and non-reported categories.

Attractive workplace

The well-being of its employees is important to the KWH Group. Striving for well-being and investing in the skills of its staff allows the KWH Group and its business divisions to continue to grow. A number of skills development initiatives are being implemented in the Group and the business divisions to ensure that employees have the right skills and can develop, and to promote a safe workplace. Employees' individual development is discussed annually in performance reviews with their line managers, and individual targets in line with the company's ambitions are also defined.

Percentage of employees who have had performance reviews and average number of hours of training

GENDER	% OF EMPLOYEES WHO HAVE HAD A PERFORMANCE REVIEW	NUMBER OF HOURS OF TRAINING PER EMPLOYEE
Men	54.7%	9.7
Women	73.0%	11.9
Total	58.7%	10.2

1. The total number of hours of training is 27,067.
2. The KWH Group has no employees in the non-binary and non-reported categories.

Health and safety

Health and safety are of paramount importance in the KWH Group's business divisions, and this commitment is reflected in structured, proactive work throughout the Group. The Code of Conduct sets out health and safety guidelines, and allows potential risks to be monitored and managed. By following up incidents and documenting statistics on different types of work-related accidents, the company gains insight into areas that can be improved and can thus proactively take action to reduce these risks.

Number and frequency of work-related accidents for employees in 2023

EMPLOYEES	
Employees subject to a health and safety management system	2,377
Percentage of employees subject to a health and safety management system	88%
Number of work-related injuries (frequency)	60 (13.49)
Number of work-related accidents (frequency)	63 (14.16)
Number of days lost owing to work-related ill health, work-related injuries and death	939

1. The KWH Group had no work-related deaths of employees during the year.
2. The number of work-related injuries refers to injuries that resulted in sickness absence.
3. The frequency of both work-related injuries and serious work-related injuries is calculated per 1,000,000 hours.
4. In the different business groups, the most common work-related accidents are mainly related to physical occupational injuries, for example from falls and loud noises.

Number and frequency of work-related accidents for workers who were not employed in 2023

WORKERS WHO ARE NOT EMPLOYED	
Workers subject to a health and safety management system	149
Percentage of workers subject to a health and safety management system	81%

1. The KWH Group had no work-related deaths or reported injuries for workers during the year.

Our environmental impact

The KWH Group's environmental impact is mainly linked to our business divisions. Understanding, measuring and monitoring the Group's environmental impact is key to raising awareness of environmental issues. This is currently done through the collection of environmental data in the form of energy consumption and climate impact in the form of greenhouse gas emissions. This is done not only to fulfil commitments under the Global Compact, but also to create the conditions to understand potential risks linked to climate change. All KWH Group companies are industrial companies and their environmental impact is reflected in various aspects of their operations. This includes, for example, the use of machinery and vehicles, energy consumption for premises and the use of materials in production. Creating an awareness of and managing our environmental impact is not only a consequence of external requirements, but also a way for the KWH Group to take proactive steps towards minimising our impact on the environment.

Energy intensity in KWH Group

ENERGY INTENSITY	2023
Energy intensity (MWh/FTE)	79
Energy intensity (MWh/M€)	338

Energy consumption and mix in 2023

ENERGY CONSUMPTION AND MIX	2023
Fossil energy consumption (MWh)	
Fuel consumption from fossil sources	65,963
Electricity from fossil sources	6,686
Heat from fossil sources	2,011
Cooling from fossil sources	0
Steam from fossil sources	7,294
Total fossil energy consumption (MWh)	81,954
Fossil sources' percentage of total energy consumption (%)	40%
Nuclear energy consumption (MWh)	
Consumption from nuclear power sources	60,751
Percentage of consumption from nuclear sources of total energy consumption (%)	29%
Renewable energy consumption (MWh)	
Fuel consumption from renewable sources	4,211
Electricity from renewable sources	4,880
Heat from renewable sources	16,848
Cooling from renewable sources	0
Steam from renewable sources	36,198
Total renewable energy consumption (MWh)	62,137
Renewable sources' percentage of total energy consumption (%)	31%
Total energy consumption (MWh)	204,842

1. The percentage of renewable fuel is partly based on reported quantities and partly an estimate based on the reduction obligation.
2. Self-generated energy corresponds to 1,618 MWh, primarily from solar cells.

Energy consumption in the Group increased in 2023, mainly in terms of the volume of heat. The increase is because additional factories have entered into service in the Group.

Data quality and availability increased for the Group's emissions for 2023 compared to 2022. More companies in the Group were able to provide data and thus categories such as capital goods, upstream and downstream transport and waste have increased. Emissions for business travel decreased during the year as fewer trips were made compared to the previous year, and data coverage is lower as a number of companies were unable to provide data for the year.

Greenhouse gas emissions of the KWH Group in 2023, including the owner company and business divisions

EMISSION CATEGORIES (TONNES OF CO ₂ E)	2023
Scope 1	16,282
Scope 2 – market-based	12,252
Scope 3	32,463
3.1 Purchased goods and services	5,977
3.2 Capital goods	3,529
3.3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	6,303
3.4 Upstream transportation and distribution	12,787
3.5 Waste generated in operations	363
3.6 Business travel	1,414
3.7 Employee commuting	1,471
3.9 Downstream transportation and distribution	622
Total	60,998

1. Emissions are calculated in accordance with the Greenhouse Gas Protocol under the operational control approach and with emission factors from DEFRA 2023, IEA 2023 and others within GWP 100. Emissions include the greenhouse gases CO₂, CH₄ and N₂O.
2. Scope 2 is calculated using the market-based method and includes electricity, district heating, district cooling and steam; for location-based, the same consumption is 18,851 tonnes of CO₂e; total emissions for location-based are 67,257 tonnes of CO₂e.

Emission intensity in KWH Group

EMISSION INTENSITY	2023
Emission intensity (tCO ₂ e/FTE)	13
Emission intensity (tCO ₂ e/M€)	47

Carbon credits cancelled during the reporting year for the KWH Group

CARBON CREDITS CANCELLED	2023
Total (tCO ₂ e)	127
Percentage from removal projects (%)	0
Percentage from emission reduction projects (%)	127

Business ethics and anti-corruption

Business conduct is of great importance in the KWH Group's corporate culture. The KWH Group's Code of Conduct is the basis for ensuring a good corporate culture and that operations are conducted ethically. This includes, for example, zero tolerance of all forms of bribery and corruption. Every employee has a duty to ensure compliance with the Code of Conduct. In the KWH Group, it is mainly roles such as buyers and sellers in countries that rank low on Transparency International's list that are at greater risk of being exposed to situations with a risk of corruption and bribery. In 2023, there were zero confirmed incidents of corruption and zero judicial cases of corruption. Consequently, no action needed to be taken to address incidents and no fines were paid.

Business partners in the supply chain

The KWH Group is a global company with business partners all over the world. The Code of Conduct for Business Partners is used to set requirements for suppliers and business partners. It includes anti-corruption, forced and child labour, and data protection and privacy. Compliance is monitored with audits of the largest suppliers. Going forward, the Group will work actively to ensure that more audits are conducted to ensure that business partners meet the requirements. Furthermore, the KWH Group will continue to develop its work on the supply chain, for example by identifying risks relating to the value chain, climate change and human rights.

Data security and customer privacy

In 2022, all business divisions conducted a mapping exercise focused on identifying potential risks in data security and IT. This mapping was updated in 2023. The results of the mapping exercise have been used to improve and strengthen the ongoing work on data security. In addition, a group-wide SOC (Security Operations Centre) solution was established during the year, with responsibility for identifying, analysing and countering all digital threats to the businesses. Intra-group collaboration on IT security was strengthened over the past year with the establishment of a cybersecurity working group which meets regularly and coordinates joint cybersecurity projects.

No complaints related to customer privacy were reported during the year. However, four incidents related to the loss of customer data occurred in the Group and its business divisions. Action was taken following all incidents, and the individuals concerned were informed.

The Group continues to work actively to reduce the risk of incidents. To increase awareness and enhance skills within the organisation, annual IT security training and regular phishing tests are carried out. As part of the proactive security work, vulnerability tests have also been carried out to identify and address any weaknesses in the organisations' IT infrastructure.





Sustainability in the business divisions

A close-up photograph of a person's hand wearing a white work glove, holding a black and yellow Mirka orbital sander. The sander's brown abrasive disc is in contact with a light-colored wooden surface, creating a fine dust. A semi-transparent white circle is overlaid on the center of the image, containing the company name and a paragraph of text.

Mirka

Mirka offers a wide range of revolutionary solutions and digital services for surface finishing and precision sanding to customers in a variety of sectors such as transport and automotive, woodworking and painting and renovation. Mirka is a global company with exports to over 100 countries and subsidiaries in Europe, the Middle East, North America, South America and Asia. In 2023, Mirka celebrated 80 years as a world leader in the surface finishing industry, and the anniversary year focused, among other things, on energy, climate and safety at work.

Highlights of 2023

In 2023, Mirka continued with several initiatives focusing on energy efficiency enhancements. A new assembly plant in Pietarsaari became commercially operational during the year, and the focus was on energy solutions that promote renewable energy sources such as solar panels and geoenergy. The assembly plant is an important milestone for the company, accounting for around one-eighth of its sales.

Renewable energy is one way Mirka is working to reduce its emissions, and to achieve its target to reduce greenhouse gas emissions by 55% in Scopes 1 and 2 by 2025. Mirka also aims to make 70% of its products recyclable and/or compostable and to significantly increase the use of recycled and/or renewable materials. Mirka works with several companies in Finland and the rest of the EU and receives funding from Business Finland for parts of the SHAPE sustainability project, which started in 2023 and will continue for five years. An important project under SHAPE involves increasing traceability and monitoring in the value chain to track progress better. Using life cycle analyses, Mirka has calculated emissions at different stages of a product's life cycle and depending on different material choices, which has supported decision-making in the company's product development.

Health and safety continues to be one of Mirka's most important areas. Mirka is a member of the Finnish zero accident forum called Vision Zero Forum (Nollis), which was founded in 2003 and currently includes 475 companies. Since the pandemic, the focus has been on ensuring procedures are in place by measures such as training and safety walks. Mirka saw progress during the year and will continue to work to achieve constant improvement.

Diversity

Percentage of women

0%

BOARD OF DIRECTORS OF THE BUSINESS DIVISION

25%

MANAGEMENT TEAM OF THE BUSINESS DIVISION

26%

EMPLOYEES

Health and safety

Amount (frequency)

14 (4.7)

NUMBER OF WORK-RELATED INJURIES

17 (5.71)

NUMBER OF WORK-RELATED ACCIDENTS

Environment & climate

Amount (renewables)

90,788 MWh (55%)

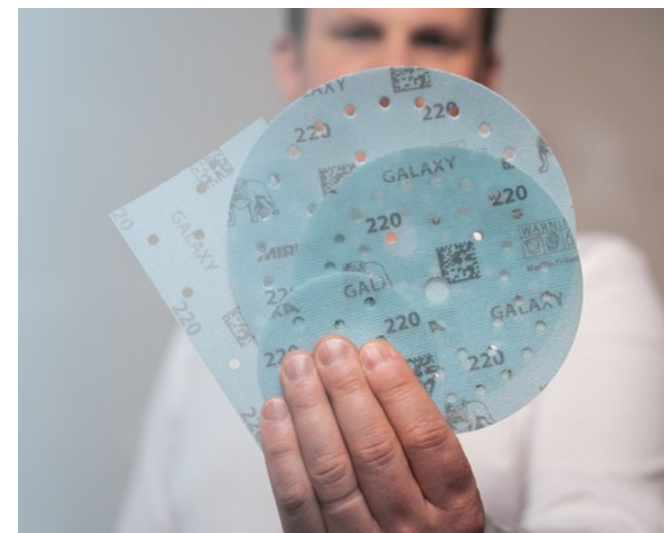
ENERGY CONSUMPTION MWH

26,240 MWh (6%)

FUEL CONSUMPTION MWH

32,820 CO₂e

GREENHOUSE GAS EMISSIONS, TONNES OF CO₂e



1. Energy consumption refers to the use of electricity, heat and steam.

2. Emissions refer to Scope 1, Scope 2 market-based and a number of Scope 3 categories. See 'Our environmental impact'.

KWH Logistics

KWH Logistics is Finland's largest port operator with over 140 years of experience of logistics, international transport, stevedoring and goods handling services. With over 15 million tonnes of freight in 2022 and a presence in all the important Finnish ports, KWH Logistics is able to help its customers with a turnkey supply chain solution. KWH Logistics also partners with KWH Freeze to offer freezing solutions for transport and logistics. In 2023, the company continued to focus on its key sustainability priorities, in particular in relation to climate, supplier management and safety at work.

Highlights of 2023

In 2023, KWH Logistics continued to map and measure its climate emissions. With the upcoming increase in reporting requirements, several customers, especially in the forestry industry, have started to ask for more detailed environmental data. KWH Logistics has started to monitor several new indicators, including waste data, dust emissions and fuel consumption, and data is reported monthly. As data collection improves and becomes more reliable, the ambition is to set environmental and climate emission targets in 2024.

KWH Logistics also takes an active approach to its supply chain, partly to ensure statutory compliance and partly to ensure that the price and quality requirements that KWH Logistics sets for its suppliers are met. KWH Logistics follows the KWH Group's Code of Conduct for Business Partners by choosing the most sustainable options possible with regard to energy consumption, lifetime and any eco-labelling.

KWH Logistics continued to focus on safety at work over the past year, for example through a number of training programmes on occupational risks and occupational safety. During the year, the company also started a pilot project related to remote control of different types of machinery, mainly to improve safety at work. There are clear procedures for safety at work, but in the years to come there will be a greater focus on proactive implementation.

Diversity

Percentage of women

0%

BOARD OF DIRECTORS OF THE BUSINESS DIVISION

11%

MANAGEMENT TEAM OF THE BUSINESS DIVISION

10%

EMPLOYEES

Health and safety

Amount (frequency)

43 (43.6)

NUMBER OF WORK-RELATED INJURIES

43 (43.6)

NUMBER OF WORK-RELATED ACCIDENTS

Environment & climate

Amount (renewables)

15,130 MWh (32%)

ENERGY CONSUMPTION MWH

42,229 MWh (6%)

FUEL CONSUMPTION MWH

18,177 CO₂e

GREENHOUSE GAS EMISSIONS, TONNES OF CO₂e



1. Energy consumption refers to the use of electricity and heat.

2. Emissions refer to Scope 1, Scope 2 market-based and a number of Scope 3 categories. See 'Our environmental impact'.

A photograph of a complex industrial system with numerous large, vertical stainless steel pipes and horizontal ducts, likely part of a cold storage or food processing facility. The pipes are highly reflective and arranged in a dense, overlapping pattern.

KWH Freeze

KWH Freeze is Finland's largest cold storage supplier and operates in Vantaa. The company creates an opportunity for its customers to grow as its warehouse operations are seasonally flexible. Almost half of the frozen food consumed in Finland passes through its warehouses.

Having previously been part of the KWH Logistics business division, KWH Freeze became a separate division in 2021. Since then, the company has continued its sustainability work, both as part of the division and also working on company-specific issues, such as a strategy for the sustainability issues which should be monitored systematically.

Highlights of 2023

Employee safety and health continued to be a focus area for KWH Freeze in 2023. As in previous years, a staff survey was sent to employees twice during the year. It allows KWH Freeze to gain insight into employee well-being and satisfaction, which is important for supporting staff and retaining talent to ensure there are enough motivated employees.

Risk management has become a larger component of KWH Freeze's sustainability work with the current world situation of war in Europe, a more uncertain supply chain and higher energy prices. Information security is another risk that KWH Freeze actively addresses. During the year, a strategy was developed on how to manage information. An exercise was carried out during the year in which the company simulated an escape of ammonia, which is used as a refrigerant. KWH Freeze continues to emphasise risk and crisis management to ensure business continuity.

Energy use and energy recycling will continue to be a key priority this year. This is essential to continue to minimise greenhouse gas emissions, which is important both for KWH Freeze and for customers who want to reduce their emissions. KWH Freeze has, among other things, solar panels at its plant in Vantaa, and is working to find solutions to utilise waste heat generated during the cooling process.

Diversity

Percentage of women

33%

BOARD OF DIRECTORS OF THE BUSINESS DIVISION

33%

MANAGEMENT TEAM OF THE BUSINESS DIVISION

6%

EMPLOYEES

Health and safety

Amount (frequency)

3 (15.7)

NUMBER OF WORK-RELATED INJURIES

3 (15.7)

NUMBER OF WORK-RELATED ACCIDENTS

Environment & climate

Amount (renewables)

22,167 MWh (7%)

ENERGY CONSUMPTION MWH

1,051 MWh (6%)

FUEL CONSUMPTION MWH

1,596 CO₂e

GREENHOUSE GAS EMISSIONS, TONNES OF CO₂e



1. Energy consumption refers to the use of electricity and heat.

2. Emissions refer to Scope 1, Scope 2 market-based and a number of Scope 3 categories. See 'Our environmental impact'.



Prevex

Prevex is a leading supplier of water traps for kitchens and bathrooms. With 60 years in the industry, it offers flexible water traps that are easy to install and use to its customers in the manufacturing industry, distributors and retailers. Prevex has production facilities in Finland, with the factory in Nykarleby, Finland, running entirely on renewable energy.

Highlights of 2023

Sustainability has become increasingly important and through the development, design and production of its water traps and related products, Prevox works actively to reduce the carbon footprint of its products. One focus area is to increase the circularity of products by increasing the percentage of recycled plastic in water traps. This is a fundamental part of the company's strategy as fossil plastics are a long-term risk for the company. Increasing the quantity of recycled plastic in water traps has been an ongoing project for several years, and the target is for water traps to contain 60% recycled plastic by 2026. However, to achieve the targets, it is important for the supply of environmentally better and recycled materials to increase, and for regulatory requirements to enable the transition.

By increasing the percentage of recycled plastic in its products, using certified district heating and switching to renewable electricity, Prevox has reduced its emissions by 34% in Scopes 1, 2 and 3 compared to the baseline year 2018. The ambition for the future is to reduce emissions from packaging by switching to plastic-free packaging. Prevox also works actively to reduce lead in its products.

Prevox also focuses on the health and safety of its employees. Prevox is part of the Finnish Occupational Safety and Health Administration's Vision Zero Forum (Nollis) initiative, the aim of which is zero accidents at work. Prevox works actively to maintain the same procedures to continue to keep work-related accidents down.

Diversity

Percentage of women

29%

BOARD OF DIRECTORS OF THE BUSINESS DIVISION

17%

MANAGEMENT TEAM OF THE BUSINESS DIVISION

34%

EMPLOYEES

Health and safety

Amount (frequency)

0 (0)

NUMBER OF WORK-RELATED INJURIES

0 (0)

NUMBER OF WORK-RELATED ACCIDENTS

Environment & climate

Amount (renewables)

6,775 MWh (33%)

ENERGY CONSUMPTION MWH

121.6 MWh (6%)

FUEL CONSUMPTION MWH

7,753 CO₂e

GREENHOUSE GAS EMISSIONS, TONNES OF CO₂e

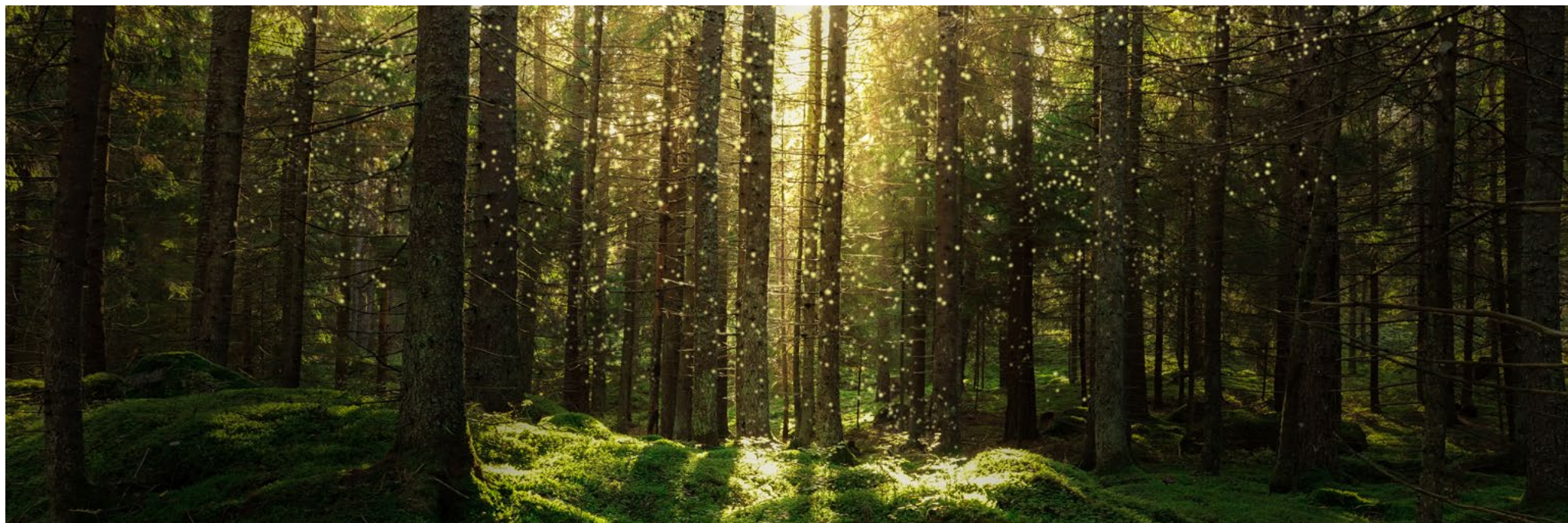


1. Energy consumption refers to the use of electricity and heat.

2. Emissions refer to Scope 1, Scope 2 market-based and a number of Scope 3 categories. See 'Our environmental impact'.

A photograph of two workers in safety gear. On the left, a man in an orange high-visibility jacket and white helmet is gesturing with his right hand. On the right, a woman in a yellow high-visibility jacket and white helmet is looking towards him. They are standing outdoors near a body of water under a cloudy sky. A large, semi-transparent white circle is overlaid in the center of the image, containing the text "About the report and GRI index".

About the report and GRI index



About the report and GRI index

This is the second sustainability report for the KWH Group. It includes both the KWH Group and the companies in all business divisions. Uponor Infra, in which the KWH Group held a 45% interest until 31 August 2023, is not included in this sustainability report. The KWH Group report has been prepared with reference to the GRI Standards and covers the period from 1 January 2023 to 31 December 2023. We publish sustainability reports annually, and this report was published in May 2024. Please note that the information contained in this report has not been externally verified.

GHG emission calculations are based on the GHG Protocol with operational controls and emission factors from DEFRA (2023) and IEA (2023), among others. Environmental data for the KWH Group has been collected from our suppliers, while the business divisions' environmental data has been compiled by the companies themselves based on their own contracts and information from subcontractors.

Information on staff has been collected from the KWH Group and the respective business divisions and is reported in full-time equivalents (FTE) when employees are broken down by contract type. For roughly half of all employees, headcount has been used as an estimate as FTE data cannot be obtained with the current system support. For other social KPIs, such as diversity or the percentage of employees who have had performance reviews,

headcount (HC) has been used. Both FTE and HC have been calculated in terms of the average monthly number over the year. The number of cases of work-related ill health for employees and workers is not reported in this year's report owing to limited monitoring options. This is partly on account of legal restrictions in some countries and partly because the monitoring of disease does not distinguish between work-related illness and other illness. The number of serious work-related injuries is not reported for the year owing to a lack of data. The frequencies of work-related ill health, work-related injuries and deaths are calculated per 1,000,000, which differs from the previous report, in which 200,000 was used.

GRI Content Index

STATEMENT OF USE	The KWH Group has reported the information cited in this GRI content index for the period 1 January 2023–31 December 2023 with reference to the GRI Standards.
APPLICATION OF GRI 1	GRI 1: Foundation 2021

GRI STANDARD	REPORT	LOCATION AND COMMENT
GRI 2: GENERAL DISCLOSURES 2021	2-1 Organisational details	About the KWH Group, p. 3
	2-2 Entities included in the organisation's sustainability reporting	About the KWH Group, p. 3
	2-3 Reporting period, frequency and contact point	About the report and GRI content index, p. 25
	2-4 Restatements of information	Scope 3.6 has been recalculated for 2022 as an error was noted for parts of the data. For Scope 3.7, 2022 has been recalculated to align with an update in the method.
	2-5 External assurance	About the report and GRI content index, p. 25
	2-6 Activities, value chain and other business relationships	About the KWH Group, p. 3
	2-7 Employees	Employees and diversity, p. 10
	2-8 Workers who are not employees	Employees and diversity, p. 10
	2-9 Governance structure and composition	The Board of Directors, p. 5
	2-10 Nomination and selection of the highest governance body	The Board of Directors, p. 5
	2-11 Chair of the highest governance body	The Board of Directors, p. 5
	2-12 Role of the highest governance body in overseeing the management of impacts	The Board of Directors, p. 5
	2-13 Delegation of responsibility for managing impacts	The Board of Directors, p. 5

GRI 2: GENERAL DISCLOSURES 2021	2-14 Role of the highest governance body in sustainability reporting	The Board of Directors, p. 5
	2-15 Conflicts of interest	Policies, p. 5
	2-16 Communication of critical concerns	Risk management in the KWH Group, p. 6
	2-17 Collective knowledge of the highest governance body	The Board of Directors, p. 5
	2-18 Evaluation of the performance of the highest governance body	N.A.
	2-19 Remuneration policies	Remuneration of the Board of Directors, senior decision-makers and employees, p. 6
	2-20 Process to determine remuneration	Remuneration of the Board of Directors, senior decision-makers and employees, p. 6
	2-21 Annual total compensation ratio	Cannot be produced at this stage owing to the structure of the organisation.
	2-22 Statement on sustainable development strategy	A word from the CEO, p. 2
	2-23 Policy commitments	Policies, p. 5
	2-24 Embedding policy commitments	Policies, p. 5
	2-25 Processes to remediate negative impacts	Risk management in the KWH Group, p. 6
	2-26 Mechanisms for seeking advice and raising concerns	Risk management in the KWH Group, p. 6
	2-27 Compliance with laws and regulations	Risk management in the KWH Group, p. 6
	2-28 Membership associations	About the KWH Group, p. 3
	2-29 Approach to stakeholder engagement	Materiality analysis, p. 9
	2-30 Collective bargaining agreements	Employees and diversity, p. 10
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Materiality analysis, p. 9
	3-2 List of material topics	Materiality analysis, p. 9
	3-3 Management of material topics	KWH Group ESG strategy, p. 8

GRI 205: ANTI-CORRUPTION 2016	205-3 Confirmed incidents of corruption and actions taken	Business ethics and anti-corruption, p. 14
GRI 302: ENERGY 2016	302-1 Energy consumption within the organisation	Our environmental impact, p. 12
	302-3 Energy intensity	Our environmental impact, p. 12
GRI 305: EMISSIONS 2016	305-1 Direct (Scope 1) GHG emissions	Our environmental impact, p. 12
	305-2 Energy indirect (Scope 2) GHG emissions	Our environmental impact, p. 12
	305-3 Other indirect (Scope 3) GHG emissions	Our environmental impact, p. 12
	305-4 GHG emissions intensity	Our environmental impact, p. 12
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018	403-9 Work-related injuries	Health and safety, p. 11 Serious work-related injuries and work-related ill health are not reported owing to a lack of data.
	403-10 Work-related ill health	Health and safety, p. 11
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016	405-1 Diversity of governance bodies and employees	Employees and diversity, p. 10
GRI 406: NON-DISCRIMINATION 2016	406-1 Incidents of discrimination and corrective actions taken	Employees and diversity, p. 10
GRI 418: CUSTOMER PRIVACY 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data security and customer privacy, p. 14



Sustainability Report 2023