



KWH GROUP

Sustainability Report 2024

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS



A word from the CEO

During the past year, the KWH Group focused on accelerating preparations to align with the global sustainability initiatives and regulatory requirements that we see in the market. The Group's sustainability efforts are key to securing the future of our business divisions and reassuring our stakeholders that we are operating in a responsible, long-term, sustainable manner. Despite the current world situation, where war and defence issues are high on the agenda, we can also see that the green transformation continues to be a focus, both for society at large and within our Group.

At European level, preparations for the regulatory requirements for companies are becoming increasingly visible, and some companies have already started reporting in accordance with the new CSRD requirements. Although the KWH Group is not yet subject to these requirements, we are already preparing by developing our reporting towards CSRD. In the past year, the Group performed a double materiality assessment in line with the requirements of CSRD/ESRS and also updated our ESG strategy. In this way, we can continue to work on and focus our resources on the areas that are material to the KWH Group.

It is clear that these efforts have raised the level of sustainability performance and awareness across all our business divisions. In the coming year, we look forward to developing further and improving our alignment in the area of sustainability. Sustainability

remains one of our future priorities. Industrial companies like the KWH Group face a decisive challenge in navigating and adapting to the sustainability landscape that is taking shape and characterising the modern world economy.

By focusing on sustainability matters across our Group, we will continue to secure the future of our business divisions and reassure our stakeholders that we are operating in a responsible, long-term, sustainable manner.



Kjell Antus



Despite the current world situation we can also see that the green transformation continues to be a focus.



A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

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 KWH Group 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 services), KWH Freeze (cold storage) and the business development group KWH Invest with

Prevox (plumbing and heating products), as well as the management of shareholdings and properties. The majority of the Group is located in Finland, but there are also operations in Sweden, the UK, Germany, France, Spain, Belgium, Poland, Turkey, the USA, Mexico, Brazil, Singapore, China, Canada, India, Italy and the United Arab Emirates.

KWH Group Ab 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 LTD

- Business structure: limited company
- Head office: Vaasa
- Net sales: EUR 625.1 million
- Equity: EUR 714.3 million*
- Number of employees: 2,586**



* Net sales: EUR 625.1 million, Net interest-bearing liabilities: EUR -131.0 million
 ** The number is given as an average.

Highlights from our business divisions



Mirka

In 2024, Mirka continued to develop its sustainability efforts and made significant progress in several areas. Energy efficiency enhancements and alternative energy solutions remain a priority, resulting during the year in the start of construction of a solar farm in Oravais, the inauguration of a geothermal plant at the same site and a switch to biodiesel for selected transport. Mirka has long focused on product development, including dust-free sanding and other technological developments. These efforts are increasingly visible in the product portfolio, with the opportunities to offer products with safer chemicals and produced with less energy constantly growing. Furthermore, Mirka has also started the construction of an abrasive grain factory that will enable the use of residual materials from both Mirka's own operations and customers. The factory is expected to have been completed by spring 2026 and marks an important part of Mirka's efforts to promote a circular economy and ensure sustainable utilisation of the materials on which production depends.

Mirka continues to prioritise the well-being of its own workforce and takes a systematic approach to occupational health and safety. As part of this work, Mirka continues to be involved with the Finnish Vision Zero Forum, Nollis. To spread sustainability within the company, during the year Mirka developed a sustainability training programme, which is expected to be launched in 2025.

To continue to promote a sustainable supply chain, Mirka's efforts have been further formalised. A human rights and labour law policy has been developed and during the year Mirka also implemented EcoVadis, a supplier assessment tool. EcoVadis will offer the opportunity for structured monitoring of the company's suppliers. To ensure that sustainability work is firmly incorporated throughout the organisation, a sustainability steering group has also been established. The steering group includes representatives of all head office departments and is intended to act as a driving force in sustainability and reporting efforts going forward.

SELECTION OF METRICS

Mirka



Number of employees

1,753



Geographical areas

Benelux, Brazil, Canada, China, Finland, France, Germany, India, Italy, Mexico, Singapore, Spain, Turkey, United Arab Emirates, United Kingdom, United States



Percentage of women

Board of Directors of the business division **0%**
 Management team of the business division **25%**
 Employees **26%**



Health and safety

Percentage of employees covered by a health and safety management system **81%**
 Number of work-related accidents (frequency) **16.9%**



Environment & climate

Energy consumption **91,248 MWh** (50 % renewables)
 Fuel consumption **25,066 MWh** (6 % renewables)
 Greenhouse gas emissions **124,895 tonnes** of CO₂eq

1. Energy consumption refers to the use of non-fuel energy.
 2. Greenhouse gas emissions refer to Scopes 1, 2 (market-based) and 3 emissions.

A word from the CEO
 About the KWH Group

Highlights from our business divisions

Mirka

KWH Logisics
 KWH Freeze
 Prevex

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

Highlights from our business divisions



KWH Logistics

In 2024, KWH Logistics continued to build on its previous sustainability work. Energy is an important area in which measures such as increased use of biodiesel and electrification of vehicles and machinery remain a priority. During the year, KWH Logistics also started a project for its port operations involving the electrification of cranes.

Monitoring of fuel use within the company has continued and, with improved data quality, there is now a basis for identifying and prioritising further improvement measures. In parallel with data collection, KWH Logistics has also provided staff with information and training on fuel use and ways to reduce idling, for example, as an initiative to reduce fuel consumption in its operations. KWH Logistics has also carried out an extensive study of various risks related to the fuel station to permit it to work proactively on these risks.

KWH Logistics continuously addresses health and safety and social issues to maintain a safe, inclusive workplace. During the year, KWH Logistics invested in leadership develop-

ment for foremen and employee representatives, among others. To support both staff and managers, updated staff and leadership principles have been developed. Work on safety also continued during the year and, as part of this, several workshops were held during the year with participants from various subsidiaries to share experience and identify areas for improvement. Efforts related to employee surveys have had a positive impact on the well-being, leadership and social responsibility index. Preventive safety inspections and other proactive occupational safety measures have produced immediate results in reducing the number of accidents at workplaces.

To clarify the division of responsibilities and decision-making at its subsidiaries, during the year KWH Logistics further developed policy documents on matters such as management and decision-making, including sustainability matters. The overhaul of the policy documents has enhanced transparency and improved long-term governance in the business division.

SELECTION OF METRICS

KWH Logistics



Number of employees

588



Geographical areas

Finland



Percentage of women

Board of Directors of the business division **0%**

Management team of the business division **13%**

Employees **11%**



Health and safety

Percentage of employees covered by a health and safety management system **99%**

Number of work-related accidents (frequency) **29.4**



Environment & climate

Energy consumption **9,999 MWh** (48% renewables)

Fuel consumption **53,608 MWh** (12% renewables)

Greenhouse gas emissions **64,005 tonnes** of CO₂eq

1. Energy consumption refers to the use of non-fuel energy.

2. Greenhouse gas emissions refer to Scopes 1, 2 (market-based) and 3 emissions.

A word from the CEO

About the KWH Group

Highlights from our business divisions

Mirka

KWH Logistics

KWH Freeze

Prevex

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

Highlights from our business divisions



KWH Freeze

KWH Freeze is Finland’s largest cold storage supplier, handling up to half of the frozen food consumed in Finland. Every day, KWH Freeze works to maintain and improve its procedures to ensure that goods are handled, stored and transported safely.

The year saw a more intensive focus on energy use and utilisation of waste heat and the latter is expected to be realised in 2025. When it is operational, the project will utilise the waste heat generated as a result of the cooling process.

KWH Freeze has long worked with various management systems to structure and develop its work in different areas. ISO 9001, ISO 14001 and FSSC 22000 were renewed during the year. In connection with this, the company was also certified under ISO 45001, the international standard for occupational health and safety management systems. The certification standardises the systematic work carried out and helps keep occupational health and safety high on the agenda.

KWH Freeze also continued to focus on enabling incident and risk reporting for each employee.

KWH Freeze worked to increase its visibility by investing in employer branding, attending recruitment fairs and maintaining visibility on social media. The employee well-being and satisfaction survey revealed a positive trend. Over the past year, several related initiatives were developed, including the introduction of flexitime for everyone in the company. The initiatives developed are examples of updates that are being implemented to ensure employee well-being and enhance performance.

KWH Freeze has continued to work on initiatives related to matters such as data security and data protection to fulfil ever-increasing requirements in these areas. Going forward, the company will actively invest in the development of agile administrative processes.

SELECTION OF METRICS

KWH Freeze



Number of employees

145



Geographical areas

Finland



Percentage of women

Board of Directors of the business division **33%**

Management team of the business division **33%**

Employees **8%**



Health and safety

Percentage of employees covered by a health and safety management system **100%**

Number of work-related accidents (frequency) **4.7**



Environment & climate

Energy consumption **13,807 MWh** (0.4% renewables)

Fuel consumption **1,049 MWh** (6% renewables)

Greenhouse gas emissions **3,785 tonnes of CO₂eq**

1. Energy consumption refers to the use of non-fuel energy.

2. Greenhouse gas emissions refer to Scopes 1, 2 (market-based) and 3 emissions.

A word from the CEO
About the KWH Group

Highlights from our business divisions

Mirka

KWH Logistics

KWH Freeze

Prevex

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group’s material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

Highlights from our business divisions



Prevox

In 2024, Prevox continued to build on its previous sustainability work and the targets it has set, related to both climate and recycled plastic. Through the development, design and production of water traps and related products, several initiatives are being implemented to reduce the environmental impact of the products. For example, the percentage of recycled plastic (rPP, recycled polypropylene) increased from 55% to 60% in 2024. Further efforts have also been made relating to the production of pipes made of recycled plastic and to offer plastic-free packaging to a greater extent going forward. During the year, Prevox developed all its products to be completely lead-free by 2025. This is seen as a success in reducing the use of toxic substances and enabling the use of other alternatives.

Climate remains high on the agenda. Prevox's operational emissions in Scopes 1 and 2 in 2024 were reduced by 99 percent compared to the base year 2018. This is in line with

the ambition to gradually reduce the volume of CO₂ offset.

Prevox continues to prioritise and value the health and safety of its employees through, among other things, regular risk assessments and employee surveys. Prevox is already part of the Finnish Occupational Safety and Health Administration's Vision Zero Forum (Nollis), aligning its ambitions with the target of zero workplace accidents. To make it easier to give regular feedback, all employees are able to report nonconformities via a digital platform.

During the year, Prevox also launched a major initiative in relation to its suppliers, including more dialogue with suppliers and risk analyses to facilitate more evaluation in the future. Prevox also wants to enhance relations with the local community and worked with various local organisations during the year. One example includes partnerships aimed at creating more jobs.

SELECTION OF METRICS

Prevox



Number of employees

173



Geographical areas

Finland, Poland



Percentage of women

Board of Directors of the business division **17%**

Management team of the business division **20%**

Employees **35%**



Health and safety

Percentage of employees covered by a health and safety management system **100%**

Number of work-related accidents (frequency) **0**



Environment & climate

Energy consumption **6,478 MWh**

(100 % renewables)

Fuel consumption **45.3 MWh** (6% renewables)

Greenhouse gas emissions **12,620 tonnes** of CO₂eq

1. Energy consumption refers to the use of non-fuel energy.

2. Greenhouse gas emissions refer to Scopes 1, 2 (market-based) and 3 emissions.

A word from the CEO

About the KWH Group

Highlights from our business divisions

Mirka

KWH Logistics

KWH Freeze

Prevox

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

1. About the Sustainability Report

BP-1: General basis for preparation of sustainability statements

This is the third consolidated sustainability report for the KWH Group. It includes both KWH Group Ltd and the companies in all business divisions, subsequently referred to as the KWH Group. The KWH Group published sustainability reports with reference to GRI Standards for the previous two years, but has chosen not to do so for 2024. For this sustainability report, the KWH Group has chosen to switch to reporting more in line with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) despite the fact that the Group was not subject to these requirements in 2024. The 2024 sustainability report also includes information from Mirka, KWH Logistics, KWH Invest (Prevex) and KWH Freeze in addition to the owner company and its operations and thus has the same scope as the consolidated financial reporting.

The report covers the period from 1 January 2024 to 31 December 2024 and both the KWH Group's own operations and the upstream and downstream value chain.

The KWH Group publishes sustainability reports annually, and this report is published in May 2025. The information contained in this report has not been reviewed by external parties.

BP-2: Disclosures in relation to specific circumstances

Environmental data for the KWH Group has been collected from 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. 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.

Reporting areas

Standard	Contents
ESRS 2	General disclosures (BP – Basis for preparation, GOV – Governance, SBM – Strategy and business model, IRO – Impacts, risks and opportunities, MDR-P/A/M/T – Minimum disclosure requirements regarding policies/actions/metrics/targets)
ESRS E1	Climate change
ESRS E2	Pollution
ESRS E5	Resource use and circular economy
ESRS S1	Own workforce
ESRS S2	Workers in the value chain
ESRS S4	Consumers and end-users
ESRS G1	Business conduct
Company-specific disclosures	Responsible investment and ownership

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS



2. Business model, strategy and stakeholder engagement

SBM-1: Strategy, business model and value chain

The KWH Group's corporate strategy is to create value and build stable businesses in the industries in which our business divisions operate by means of clear, long-term ownership. Long-term value is promoted in the Group's companies by taking an active approach to sustainability in the Group. In addition to being a potential competitive advantage, sustainability is also a prerequisite for reducing the Group's impact on the environment, managing risks linked to different sustainability areas, and for fair and 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.

The KWH Group's Group-wide ESG strategy is based on the Group's core values and the results of the double materiality assessment. With the update of the Group's double materiality assessment, the ESG strategy has also been updated. During the year, the ESG strategy was aligned with the Group's material areas and minor adjustments were made to strategic focus areas.

The KWH Group's companies operate in many different industries and with different types of impact and risk in their own operations and value chain. The companies work actively on the material sustainability areas, both to reduce their impact and to identify business opportunities. The Group's value chain consists partly of the value of the parent company but mainly of the different value chains of the business divisions, as reflected in the figure on page 10.

The Group is not active in the production of chemicals or weapons, the cultivation of tobacco products or the fossil fuel sector.

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

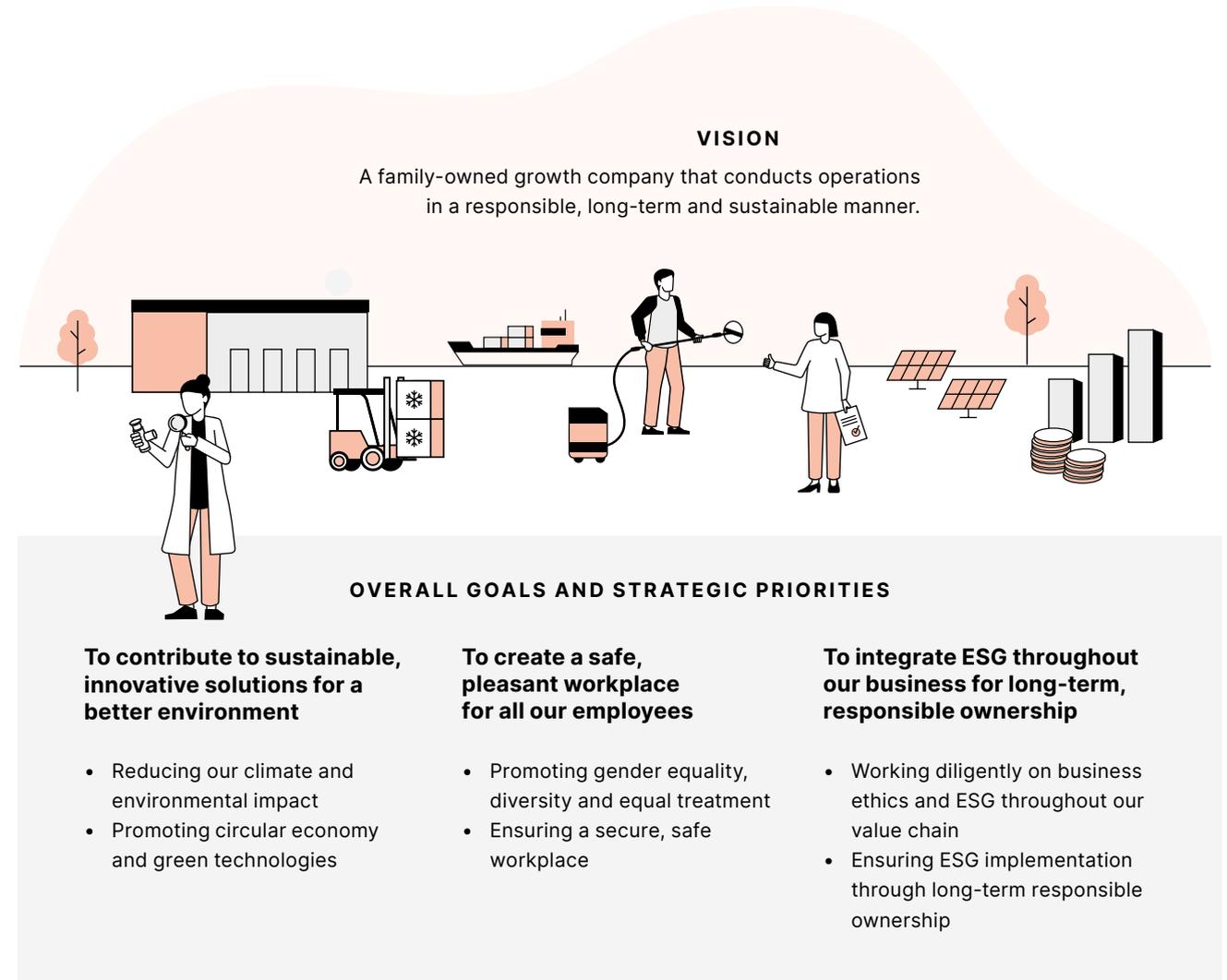
6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS



2.1 The Group's value chain



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- About the Sustainability Report
 - Business model, strategy and stakeholder engagement**
 - 2.1 The Group's value chain**
 - Sustainability governance
 - Risk management and internal control systems
 - The KWH Group's material sustainability matters
 - Environmental information
 - Social information
 - Business conduct
 - Responsible investment and ownership
 - Disclosure requirements in ESRS

SBM-2: Interests and views of stakeholders

The KWH Group's stakeholders include a number of different stakeholder groups. Regular stakeholder dialogue involves discussion and surveys, and is part of the Group's double materiality assessment.

The overall purpose of stakeholder dialogue is to gain insight into the expectations and requirements of the Group's various stakeholders and to understand the impact of the Group and its subsidiaries on stakeholders. Stakeholder dialogue also supports the prioritisation of issues and actions going forward. Stakeholder dialogue involves surveys and interviews and is a regular activity in the operations of the different business divisions. There is currently no official process in place. However, the KWH Group plans to formalise dialogue with relevant internal and external stakeholders in the future. During the year, the KWH Group had no direct dialogue with affected communities. However, this is something that takes place as part of the work of the business divisions and when necessary.

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

In 2024, the KWH Group performed its first ESRS double materiality assessment to systematically identify, assess, prioritise and monitor both potential and actual impacts, risks and opportunities related to sustainability. The materiality assessment was carried out using the guidance available from the European Financial Reporting Advisory Group (EFRAG) and internal expertise, external expertise and the work done in relation to the previous materiality assessment based on stakeholders and impact.

The updated double materiality assessment was performed from both impact and financial perspectives. The topics that resulted in a material impact, risk or opportunity are presented in the figure below. Water and marine resources, biodiversity and ecosystems and affected communities were included within the scope of the assessment and were deemed not to be material at this time.

Read more about the method on page 16.

Stakeholder group	How
Owner	Board representatives, owner meetings, etc. sustainability reporting
Board of Directors	Surveys, board meetings
KWH management team and within each business division	Ongoing dialogue, management team meetings
Staff in all business divisions	Employee surveys, whistleblowing channel, incident reporting system
Financial advisors	Ongoing dialogue
Customers	Customer surveys, ongoing dialogue
Trade union organisations	Ongoing dialogue
Other stakeholder organisations	Partnerships, initiatives and through trade associations
Local communities	Whistleblowing channel
Employees in the value chain	Audits of suppliers, whistleblowing channel

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement**
- 2.1 The Group's value chain**
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS





- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement**
- 2.1 The Group's value chain**
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

Strategic area	Material topics	Material sub-topics	Part of the value chain			Impact	Risk	Opportunity	Description and governance
			Upstream	Own operations	Down-stream				
Reducing our climate and environmental imp	E1. Climate change	Climate change adaptation					X		
		Climate change mitigation				X	X		
		Energy				X	X		
	E2. Pollution	Pollution of air				X			
		Hazardous substances (substances of concern)				X	X		
		Substances of very high concern				X			
Promoting circular economy and green technologies	E5. Resource use and circular economy	Resources inflows, including resource use				X	X		
		Resource outflows related to products and services				X	X		
		Waste				X	X		
Promoting gender equality, diversity and equal treatment	S1. Own workforce	Working conditions*				X	X	X	
Ensuring a secure, safe workplace		Equal treatment and opportunities for all*				X	X	X	
Working diligently on business ethics and ESG throughout our value chain	S2. Workers in the value chain	Working conditions				X			
		Equal treatment and opportunities for all				X			
		Other work-related rights				X			
	S4. Consumers and end-users	Information-related impacts for consumers and/or end-users				X			
		Personal safety of consumers and/or end-users				X	X		
	G1. Business conduct	Corporate culture				X	X	X	
Protection of whistleblowers					X				
Ensuring ESG implementation through long-term responsible ownership	ES. Company specific	Corruption and bribery				X	X		
		Responsible investment and ownership				X	X		

*Positive and negative impacts identified within the sub-topic. Otherwise, the impacts identified are negative.

3. Sustainability governance

GOV-1: The role of the administrative, management and supervisory bodies

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 shareholders' agreements. The Group Board consists of eight members, six of whom are owners and two are external. The external members have been appointed to provide additional skills. None of the members of the Board, including the Chair, holds an operational or executive position in the company, and all members (100 percent) are independent. The Group Board is ultimately responsible for managing the affairs of the KWH Group on behalf of the owners. It is ultimately responsible for managing the Group effectively and in



Composition and diversity of the Group Board

Gender	Number of persons	%
Men	6	75
Women	2	25
Others	0	0
Not disclosed	0	0

accordance with sound business principles. The Group Board is also responsible for deciding on the KWH Group's business strategy, strategic objectives, risk strategy and management. Such decisions are followed up via a delegated mandate to Group management for implementation.

Employees and other workers are currently represented via meetings known as Group Cooperation Meetings, which take place once or twice a year and at which Group management and staff representatives meet for discussions. Group management can then raise any issues with the Group Board.

GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Sustainability is a regular agenda item at Group Board meetings. Major discussions on sustainability matters also take place annually during strategy review, budget planning and on an ongoing basis for new investments and/or as needed in line

with the Group Board's annual cycle. During these meetings, the Group Board is informed about the business divisions' efforts to improve their social, environmental and economic impact, as well as concrete activities planned and follow-up on any targets. Furthermore, the Group Board and business division Boards are also regularly informed about sustainability matters in operations by the operating management. In 2025, the Group Board will also appoint an ESG Committee to work actively on sustainability matters.

Key skills when Board members are appointed are relevant education, previous Board experience, management experience and experience of running a business. In 2024, the Board of Directors, the owners and the management team participated in a full-day presentation of the results of the double materiality assessment and other projects related to sustainability. In 2023, the Group Board received basic training related to sustainability matters and regulations in the areas of environment, labour law, human rights and anti-corruption.

KWH:s organisationsmodell



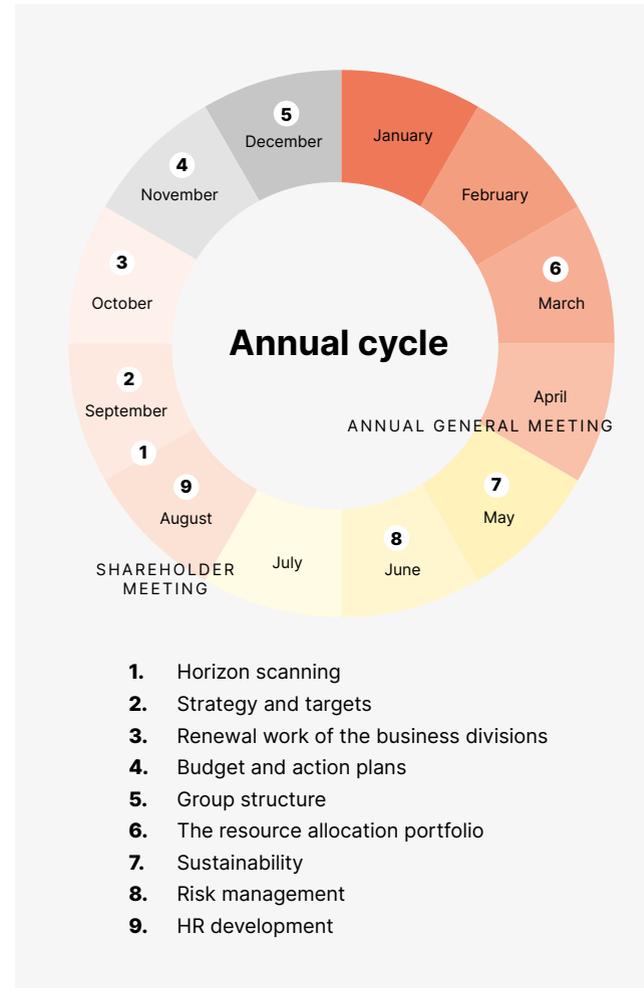
GOV-3: Integration of sustainability-related performance in incentive schemes

The principles for the remuneration of members of the administrative, management and supervisory bodies and the CEO are governed by the KWH Group's remuneration system. 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

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance**
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

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). Board members are not covered by any bonus or incentive programmes. Group management and the management teams in the business divisions are covered by bonus programmes that include sustainability-related parameters.



A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

4. Risk management and internal control systems

GOV-4: Statement on due diligence

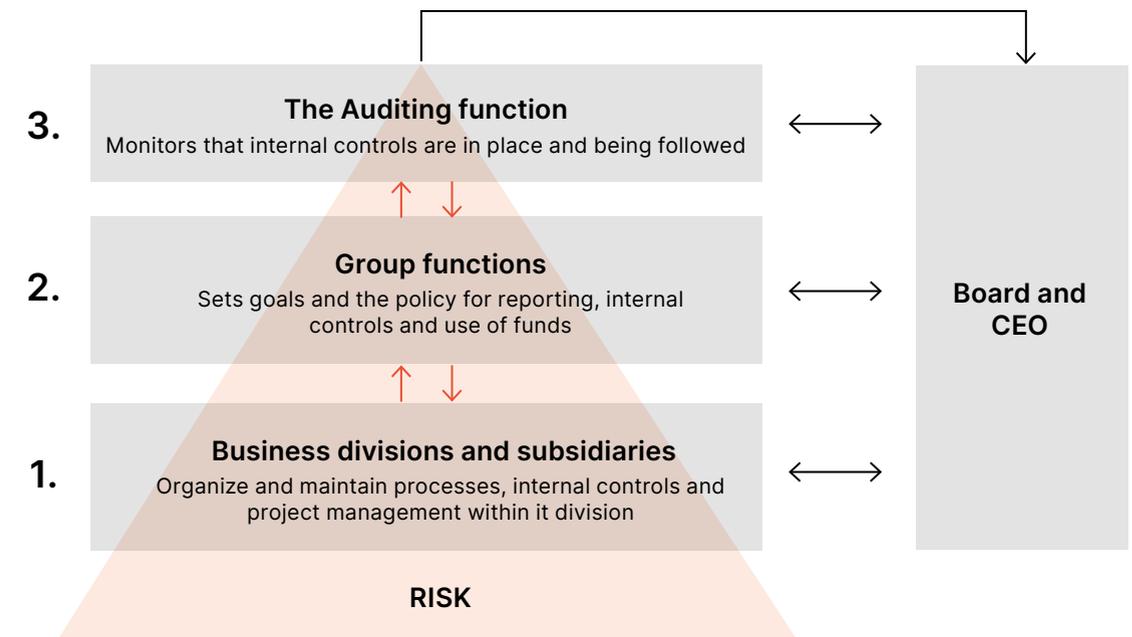
The KWH Group does not currently have a formal due diligence process specifically for sustainability matters except, for example, through the double materiality assessment in which negative impacts are identified and assessed. In light of miscellaneous legislation, for example, the Corporate Sustainability Due Diligence Directive (CSDDD), the Group will continue to review the possibilities of structuring and implementing a process in the coming years.

GOV-5: Risk management and internal controls over sustainability reporting

Since the publication of the KWH Group's first sustainability report in 2021, the various business divisions have continued to develop processes for reporting and data collection. Relevant functions have been involved in data collection and the data received has been scrutinised for quality and completeness. The sustainability report has been reviewed by the business divisions' management and the Group's management team before publication.

During the year, the KWH Group made further efforts to improve and clarify the sustainability reporting process in the Group and the various business divisions and will continue to do so for the 2025 reporting.

Levels of the internal control



5. The KWH Group's material sustainability matters

IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

The KWH Group's double materiality assessment followed a structured methodology combining both qualitative and quantitative assessments. The following steps were included in the double materiality assessment process:

1. Analysing the current situation and understanding the value chain
2. Initial mapping of impacts, risks and opportunities and relevant stakeholders
3. Aggregation and the business divisions
4. Assessment of impact materiality
5. Assessment of financial materiality
6. Thresholds and results of the double materiality assessment

1. Analysing the current situation and understanding the value chain

To further strengthen the overview of the impact the Group has through its own operations or as a result of our business relationships, and any risks and opportunities that may be related to this, the value chain (upstream, own operations and downstream) was mapped.

2. Initial mapping of impacts, risks and opportunities and relevant stakeholders

An initial mapping of impacts, risks and opportunities related to the Group's activities and the value chain was carried out to identify relevant topics for further assessment.

In line with ESRS and to gain a better understanding of the KWH Group's actual and potential impacts, risks and opportunities in relation to sustainability, various stakeholders and sustainability experts were included in the development of the double materiality assessment. Interviews were conducted with internal functions in HR, finance, legal, risk and environment. External stakeholders were also interviewed, such as sustainability experts, owners and financial advisors. Employee surveys from 2022 and 2023 and customer surveys from 2023 were also used.

3. Aggregation and the business divisions

As the KWH Group consists of various companies in different industries, four separate double materiality assessments were initially performed, one for each of the KWH Group's business divisions. The results of the assessments for the business divisions were then taken into account in the assessment for the KWH Group.

For the assessment of impact materiality, both positive and negative impacts from the business divisions were aggregated using a weighting in relation to scope for the severity assessment. For the assessment of financial materiality, risks and opportunities from the business divisions were aggregated based on their percentage share of revenue and capital allocation.

4. Assessment of impact materiality

The impact assessment included assessing negative and positive, actual and potential impacts on the environment and

people in relation to the Group's activities and value chain.

The severity of impacts was determined by assessing the scale, scope and irremediable character of negative impacts. For positive impacts, scope and scale were assessed. For potential impacts, the likelihood was also assessed on a five-point scale. Impacts were assessed at short, medium and long time horizons (during the reporting year, 2–5 years and more than 5 years).

Scale: The severity of negative impacts or how beneficial positive impacts are for people or the environment.

Scope: The extent of negative or positive impacts. In the case of environmental impacts, scope may be interpreted as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be interpreted as the number of people adversely affected.

Irremediable character: Whether and to what extent the negative impacts can be remediated, i.e. restoring the environment or affected people to their prior state.



A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS



5. Assessment of financial materiality

The financial materiality assessment was carried out by evaluating whether an area could have a financial impact on the Group or any of its subsidiaries. The result of material impacts was also taken into account as material impacts may be the source of material risks and opportunities. Financial parameters evaluated included impacts on the KWH Group’s business performance, financial position, financial performance, cash flow, cost of capital and access to finance.

Risks and opportunities were evaluated based on the Group’s risk management policy, which includes the likelihood of occurrence and the potential scope of financial impacts. Risks and opportunities were assessed on a five-point scale of likelihood and financial impacts at short, medium and long time horizons (during the reporting year, 2–5 years and more than 5 years). The scope of financial impacts was assessed on the basis of qualitative descriptions except where financial estimates were already available. These were then used as an addition to the assessment.

6. Thresholds and results of the double materiality assessment

To decide which areas were material from impact and financial perspectives, thresholds were applied. For impacts, thresholds were based on severity and likelihood. For potential negative impacts on human rights, as specified in ESRS 1, article 45, severity was prioritised over likelihood in assessing material areas. To take this into account, an alternative threshold was applied when human rights impacts were identified. For financial materiality, the limit values used in the Group’s risk management policy were used, which correspond to risks considered significant and very significant.

The results of the double materiality assessment have been reviewed and approved by the Group management team and the Group Board. The results have been verified by the Group’s auditors.

MDR-P: Policies adopted to manage material sustainability matters

The internal policy framework is monitored and updated as required. In 2024, we started a review of the KWH Group’s

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group’s material sustainability matters

6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

Material topics	Material sub-topics	Relevance for our business divisions			
		Mirka	KWH Logistics	KWH Invest (Prevex)	KWH Freeze
E1. Climate change	Climate change adaptation				
	Climate change mitigation				
	Energy				
E2. Pollution	Pollution of air				
	Substances of concern				
	Substances of very high concern				
	Microplastics				
E5. Resource use and circular economy	Resources inflows, including resource use				
	Resource outflows related to products and services				
	Waste				
S1. Own workforce	Working conditions				
	Equal treatment and opportunities for all				
S2. Workers in the value chain	Working conditions				
	Equal treatment and opportunities for all				
	Other work-related rights				
S4. Consumers and end-users	Information-related impacts for consumers and/or end-users				
	Personal safety of consumers and/or end-users				
G1. Business conduct	Corporate culture				
	Protection of whistleblowers				
	Corruption and bribery				



policy framework to clarify the link to the material sustainability areas and their governance. The Environmental, Social, Governance, Whistleblowing and Anti-Corruption Policies are still in progress and will be finalised in the first quarter of 2025. All Group policies are reviewed and adopted by the Board.

MDR-A: Actions and resources in relation to material sustainability matters

The KWH Group has not currently developed or decided on Group-wide actions and resources in relation to material sustainability topics, but will do so in connection with the completion of policy work and evaluation of targets. However, the business divisions are implementing various initiatives which will be described in relation to relevant topics.

MDR-T: – Tracking effectiveness of policies and actions through targets

The KWH Group has not currently developed or decided on a Group-wide target for any of the material sustainability areas. However, the business divisions have their own targets, which include, for example, reducing greenhouse gas emissions, minimising work-related accidents and increasing the use of recycled materials. In the coming years, the KWH Group will review the possibilities to further align the targets of the business divisions with the Group’s ambitions. The Group’s material sustainability areas are currently tracked by means of reporting to the Board of Directors and through the overall objectives of the ESG strategy.

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group’s material sustainability matters

6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

Policies adopted	Contents and purpose	Material areas
Code of Conduct	The Code of Conduct sets the framework for how the KWH Group should act as a responsible owner and employer. The Code of Conduct describes how the KWH Group expects our companies and staff to act and is available at www.kwhgroup.com .	All
Code of Conduct for Business Partners	The Code of Conduct for Business Partners sets the framework for the business values that the KWH Group expects our business partners, including suppliers, subcontractors, resellers, agents, consultants and other business partners, to uphold. It is available at www.kwhgroup.com .	All
Environmental Policy	The policy covers environmental management, energy/climate, emissions, materials, development issues and stakeholder relations, i.e. all material environmental issues, in a comprehensive manner. The policy is available internally to employees and is shared with business partners as needed.	E1, E2, E5
Social Policy	The policy addresses issues such as diversity, gender equality and inclusion, pay and training/development. The policy is available internally to employees and is shared with business partners as needed.	S1, S2, S4
Governance Policy	The policy addresses the company’s ethical business conduct with zero tolerance for all types of bribery and corruption, including limits for gifts and services. The policy addresses all employees’ respect for competition law issues. The policy is available internally to employees and is shared with business partners as needed.	G1
Personnel Policy	The policy addresses issues such as diversity, gender equality and inclusion, leadership and training/development, and health and safety.	S1
Gender equality and equal treatment policy	The policy addresses issues such as diversity, gender equality and inclusion, pay and training/development.	S1
Whistleblowing policy	The policy concerns the right of all employees to raise concerns about suspected irregularities or unethical behaviour without fear of retaliation. KWH uses Ethics Line for whistleblowing, which is a confidential communication channel maintained by a third party. For more information on our whistleblowing channel, visit www.kwhgroup.com .	S1, S2, S4 and G1
Anti-corruption policy	The policy explains and defines the different types of corruption and bribery, as well as how employees should respond to them and report any non-compliance.	G1

6. Environmental information

The KWH Group's environmental impact is mainly linked to the activities of its business divisions. The following sections describe the Group's material environmental areas. The strategic areas 'Reducing climate and environmental impact' and 'Promoting circular economy and green technologies' guide work on climate change, pollution and resource use and the circular economy.

6.1 Climate change

6.1.1 Impacts, risks and opportunities related to climate change and energy

All KWH Group companies are industrial companies and their impact on climate change is reflected in various aspects of their operations. This includes, for example, the use of machinery and vehicles, energy consumption linked to premises and the materials needed in production. Impacts also occur along the value chain, from the extraction and production of materials on which the KWH Group's companies rely, to the use of products and finally their waste management. Activities to raise awareness of and manage the KWH Group's impact on climate change and energy use are driven not only by external requirements, but are also a way for the KWH Group to take proactive steps to reduce the Group's emissions and impact on the climate.

6.1.2 Strategy and policies

E1-1: Transition plan

In recent years, the KWH Group has been working on collecting data and calculating greenhouse gas emissions. The KWH Group has not yet developed a transition plan for climate change mitigation. Such a transition plan is planned to be developed and adopted in 2026 when the Group has more available data on its climate-related emissions.

Disclosure requirements related to ESRS 2, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Through the double materiality assessment performed in 2024, the KWH Group has identified climate-related risks and opportunities and climate impact in its own operations and for the upstream and downstream value chain. Going forward, the Group intends to improve its analysis of how companies and their business models may be affected by climate-related physical and transition risks in the future.

The KWH Group's companies operate in a variety of industries, some of which rely on materials and energy to manufacture their products, while others rely on products and fuel to provide their services. The Group operates in several sectors with high climate impact that are and will be required by various stakeholders, such as authorities and customers, to reduce their climate impact and work proactively.

Physical climate risks

Exposure to physical climate risks such as storms, floods, rain and snow entails potential damage to buildings and factories owned and used by the KWH Group. This may happen over several time horizons in the short, medium and long terms. These risks are expected to increase over time and the Group is therefore working actively to adapt its various operations to climate change.

Transition risks

Relevant transition risks for the Group are related to several factors, for example the ability to ensure climate adaptation of the KWH Group's physical assets such as buildings and any investments required for this. Climate-related aspects may also lead to increased costs for energy and various materials on which Group companies rely, for example owing to increased taxation or reduced availability. This type of impact may either be directly targeted at the Group or be an indirect effect of the corresponding impact on the Group's suppliers. At Group level, it is expected that additional resources will be required

in the future to meet various reporting requirements and other statutory requirements.

E1-2: Policies related to climate change mitigation and adaptation

The KWH Group strives to operate in a way that minimises its environmental impact. In Q1 2025, the KWH Group will develop a Group-wide environmental policy which sets out guidelines for the management of material environmental aspects and compliance with environmental laws and encourages continuous improvement of environmental performance.

The policy applies to employees of the KWH Group, including the Board, employees and external stakeholders such as suppliers. The division of responsibilities is clear: senior management is ultimately responsible for the content and implementation of the policy, while the environmental departments in each business division are responsible for maintaining and implementing environmental actions. The business areas also regularly monitor and report data on various environmental parameters as part of their annual sustainability reporting.

The Environmental Policy includes guidelines for managing climate-related risks and opportunities, focusing on both mitigation of and adaptation to climate change. It also underlines the importance of reducing emissions throughout the value chain by optimising energy cons

6.1.3 Targets and metrics for climate impacts and adaptation

E1-4: Targets related to climate change mitigation and adaptation

The KWH Group has currently not developed or decided on Group-wide targets related to climate change mitigation or adaptation. However, several of the business divisions have already developed their own targets related to reducing their impact on climate change. In the coming years, the Group will analyse previous initiatives and, based on this, develop Group-wide targets.

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters

6. Environmental information

6.1 Climate change

6.2 Pollution

6.3 Water and marine resources

6.4 Biodiversity and ecosystems

6.5 Resource use and circular resource management

6.6 Disclosures under the Taxonomy Regulation

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS



E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

This is the third year in which the Group has collected data on greenhouse gas emissions. The KWH Group's current greenhouse gas emissions inventory and reporting includes Scope 1, Scope 2 and Scope 3 (categories 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.9, 3.11, 3.12 and 3.13). In 2025, the Group will perform an updated inventory of the 15 Scope 3 categories to ensure that all significant categories are included in the Group's reporting going forward. The methodology for calculating the business divisions' Scope 3 emissions has been updated compared to previous years, and now includes a mix of activity-based and expenditure-based data. However, as in previous years, Scope 3 emissions at Group level have been based solely on activity data. We strive continuously to increase the coverage and quality of greenhouse gas emissions data, but some limitations still remain where individual subsidiaries have not been able to provide complete data.

Compared to previous years, there are large differences in Scope 3 emissions, which are primarily attributed to the extensive methodological changes. For example, the switch to a mix of activity-based and expenditure-based data has allowed more data to be included in the calculations. Emissions in other categories have also seen some changes, with Scope 1 emissions increasing and Scope 2 emissions decreasing. This is probably explained by a combination of actual changes in emissions, for example owing to changes in energy consumption and energy sources, and methodological changes, such as data availability and the use of supplier-specific or general emission factors.

E1-7: GHG removals and GHG mitigation projects financed through carbon credits

In the KWH Group's own operations and value chain, there are no GHG removals or storage. However, Prevez finances GHG emission reduction projects through the purchase of carbon credits. The carbon credits purchased have been used as part of public claims of operational carbon neutrality for 2024, covering Scope 1 and Scope 2 emissions. However, the use of carbon credits does not affect Prevez's climate targets; the carbon credits are an additional measure. Prevez intends to gradually reduce the volume of offsets and further reduce its own emissions. Information about carbon credits planned to

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters

6. Environmental information

6.1 Climate change

- 6.2 Pollution
- 6.3 Water and marine resources
- 6.4 Biodiversity and ecosystems
- 6.5 Resource use and circular resource management
- 6.6 Disclosures under the Taxonomy Regulation
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

Gross Scopes 1, 2, 3 and Total GHG emissions	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO ₂ eq)	18,141.7
Proportion of Scope 1 GHG emissions from regulated emissions trading schemes (%)	0.0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	17,491.3
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	9,137.2
Significant Scope 3 GHG emissions	
Total gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	178,240.0
1 Purchased goods and services	84,915.4
2 Capital goods	23.9
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	15,744.5
4 Upstream transportation and distribution	12,868.9
5 Waste generated in operations	47,510.7
6 Business travel	5,414.3
7 Employee commuting	3,688.4
9 Downstream transportation	254.0
11 Use of sold products	880.9
12 End-of-life treatment of sold products	3,066.2
13 Downstream leased assets	171.7
Total GHG emissions	
Total GHG emissions (location-based) (tCO ₂ eq)	213,873.0
Total GHG emissions (market-based) (tCO ₂ eq)	205,518.8

1. Emissions are calculated in accordance with the Greenhouse Gas Protocol under the Group's operational control and using emission factors from DEFRA 2024, IEA 2024 and others under GWP 100.
2. Assumptions used for calculations include waste volumes, purchased goods and services and employee commuting.
3. The KWH Group's biogenic emissions correspond to 1,848 tCO₂eq in Scope 1. The corresponding figure is not available for Scopes 2 and 3.
4. Proportion of Scope 3 calculated with primary data includes 9% of total Scope 3.

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
 - 1. About the Sustainability Report
 - 2. Business model, strategy and stakeholder engagement
 - 3. Sustainability governance
 - 4. Risk management and internal control systems
 - 5. The KWH Group's material sustainability matters
- 6. Environmental information**
 - 6.1 Climate change**
 - 6.2 Pollution
 - 6.3 Water and marine resources
 - 6.4 Biodiversity and ecosystems
 - 6.5 Resource use and circular resource management
 - 6.6 Disclosures under the Taxonomy Regulation
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

be cancelled in the future reflects this current situation and the company's intentions, which remain unchanged unless there are significant changes in the future.

E1-8: Internal carbon pricing

The KWH Group does not currently use an internal carbon pricing system.

E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Based on the climate-related risks identified by the KWH Group within the framework of the double materiality assessment, there are a number of anticipated financial effects. Climate-related risks may affect the Group's assets, financial performance and cash flow, among other things. Based on the geographical areas in which the Group is active, the risks are currently limited, although this may change in the future. Transition risks are mainly expected to affect the operational costs of the Group, for example through higher prices for materials and energy, as well as any investments required for a possible transition.

The KWH Group also has climate-related opportunities, for example related to various climate adaptation projects and choice of materials that could enable a competitive advantage and strengthen the Group's market position.

Going forward, the KWH Group will further develop the analysis of climate-related risks and opportunities, including the anticipated financial effects, to improve both understanding of and the strategic work on climate adaptation.

6.1.4 Energy consumption and efficiency enhancement metrics

E1-5: Energy consumption and mix

The KWH Group's total energy consumption in 2024 remained at a similar level as in 2023. However, some differences are



GHG intensity based on net revenue	2024
Total GHG emissions (location-based) per net revenue (tonnes CO ₂ eq/MEUR)	342
Total GHG emissions (market-based) per net revenue (tonnes CO ₂ eq/MEUR)	329

GHG intensity is calculated using turnover reported in the annual report.

Carbon credits cancelled during the reporting year	2024
Total (tCO ₂ eq)	15.8
Percentage from removal projects (%)	0
Percentage from emission reduction projects (%)	100
Share from recognised quality standards (%)	100
Share from projects within the EU (%)	0
Share of carbon credits that qualify as corresponding adjustments (%)	0

Carbon credits planned to be cancelled in the future	Volume until 2026
Total (tCO ₂ eq)	40.9

noted in the composition, with the share of fossil and renewable energy increasing, while the share of energy from nuclear sources decreased. This may be attributed, among other things, to PreveX having switched to using only renewable electricity in Finland.

The KWH Group has a number of companies operating in sectors with high climate impact, which include those used to calculate the above energy intensity.

6.1.5 Actions related to climate change impacts

The KWH Group works actively on actions to reduce its impact on climate change and energy consumption. Several of the Group's business divisions depend on vehicles and fuel to provide their products and services. To reduce the negative impact of fuel use, work is ongoing to improve fuel efficiency and to evaluate alternatives to fossil fuels.

At Group level, renewable electricity is also procured for the Finnish part of operations, which is the country where the Group has most manufacturing. Otherwise, the energy mix consists largely of energy from nuclear sources. In addition to purchased energy, several of the Group's companies generate their own energy using solar cells and other solutions with external partners to meet their energy needs.

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters

6. Environmental information

6.1 Climate change

- 6.2 Pollution
- 6.3 Water and marine resources
- 6.4 Biodiversity and ecosystems
- 6.5 Resource use and circular resource management
- 6.6 Disclosures under the Taxonomy Regulation
7. Social information
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS

Energy consumption and mix	2023	2024	Change
Total fossil energy consumption (MWh)	81,955.3	87,954.9	7.32%
Fossil sources' percentage of total energy consumption (%)	40%	43%	9.10%
Consumption from nuclear sources (MWh)	60,751.3	48,321.8	-20.46%
Percentage of consumption from nuclear sources of total energy consumption (%)	29%	24%	-19.14%
Fuel consumption from renewable sources, including biomass (MWh)	4,211.0	8,279.4	96.61%
Consumption of purchased or acquired electricity, heating, steam and cooling from renewable sources (MWh)	57,926.0	57,050.5	-1.51%
Consumption of self-generated non-fuel renewable energy (MWh)	1,618.5	1,481.6	-8.46%
Total renewable energy consumption (MWh)	63,755.5	66,811.5	4.79%
Renewable sources' percentage of total energy consumption (%)	31%	33%	6.53%
Total energy consumption (MWh)	206,462.1	203,088.2	-1.63%

Energy intensity per net revenue	2023	2024	Change
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/MEUR)	338	325	-3.9%

Energy intensity is calculated using turnover reported in the annual report.

Sector (NACE code)	
Manufacturing (C)	C22.2.3 – Manufacture of builders' ware of plastic C23.9.1 – Production of abrasive products
Transporting and storage (H)	H49.4.1 – Freight transport by road H52.1.0 – Warehousing and storage H52.2.4 – Cargo handling H52.2.9 – Other transportation support activities

6.2 Pollution

6.2.1 Impacts, risks and opportunities related to pollution

Through the double materiality assessment performed in 2024, the KWH Group has identified and assessed the impacts, risks and opportunities related to pollution in the KWH Group's own operations and value chain. As several of the KWH Group's companies operate in different industries, there are impacts, risks and opportunities related to pollution. The Group has not currently undertaken any consultation with affected communities in relation to such impacts, risks and opportunities.

Air pollution is generated via several different aspects of the Group's activities. For example, the combustion of fossil fuels in the KWH Group's vehicles leads to emissions of nitrogen and sulphur oxides, methane and carbon monoxide, among others, and the generation of dust and other particles. Production processes also contribute to air pollution, such as laser cutting and surface treatment, which generate formaldehyde and other volatile organic compounds. Given the impact these emissions may have on the Group's employees and on neighbouring areas and nature, the Group's different business divisions work actively to reduce and prevent emissions. Air pollution is also likely to occur in the Group's upstream and downstream value chain, for example in the production of materials and components such as plastics, electronics and fuel, and when transporting them and the KWH Group's products.

The Group also uses plastics and plastic products, both as an input in the form of, for example, plastic pellets in the manufacture of products and as part of packaging. The Group does not use microplastics, but microplastics may, for example, be created as a result of tyre wear, in certain manufacturing processes and during waste management.

Substances of concern and substances of very high concern are used in the KWH Group's operations both in the production of products and in the form of direct use of the chemicals. Mirka uses a large number of chemicals in its production of mainly sandpaper and polishing agents, for example several different types of adhesives, acids, bases and oils, and process chemicals such as lubricants and hydraulic oils. KWH Logistics primarily uses chemicals in connection

with the use and maintenance of vehicles and machines, for example fuels, oils, lubricants and washer fluid. KWH Logistics does not use any substances of very high concern, nor does it handle them for its customers. KWH Freeze uses certain chemicals in its operations, for example those required for vehicles and machinery. The company's refrigeration systems are closed systems containing carbon dioxide and ammonia, and the company maintains strict safety procedures to minimise the risk of leakage. Various Prevox products require brass, which in turn contains lead, which is classified as a substance of very high concern.

6.2.2 Policies

E2-1: Policies related to pollution

The KWH Group's environmental policy is designed to manage material impacts and material risks, dependencies and opportunities related to, among other things, pollution. The policy sets the ambition to minimise emissions of harmful substances to air, water and soil, and includes pollution prevention and control guidelines for all the Group's operations. Particular emphasis is also placed on reducing the use of hazardous chemicals and substituting them where possible. The policy lays the foundation for mitigation, prevention and control of potential negative impacts from pollution. The policy also addresses the overall management of incidents and emergencies, focusing on requirements for mitigating any impact on people and the environment.

6.2.3 Targets and metrics

E2-3: Targets related to pollution

The KWH Group has not yet set any Group-wide targets related to pollution.

E2-4: Pollution of air and the use and generation of microplastics

As part of the KWH Group's efforts to align its reporting with the outcome of the double materiality assessment, information about the business divisions' contribution to air pollution and the use and generation of microplastics has been included for the first time. Data coverage is not yet complete but, based on lessons learned from this year's reporting, collection



Environmental pollution of air

Type of pollution	Quantity 2024 (tonnes)
Ethylene oxide	1.5
Nitrogen oxides (NOx/NO2)	<u>1.5</u>
Nitrous oxide (N2O)	<u>1.0</u>
Volatile organic compounds	<u>3.5</u>
Particulate matter (PM10)	<u>15</u>
Sulphur oxides (SOx/SO2)	<u>20</u>

1. Includes data from the Mirka business division. This aspect was also deemed relevant for KWH Logistics in the double materiality assessment, but data is not currently available for this business division.

2. Underlined figures indicate that the quantity does not exceed the threshold for reporting requirements.

Microplastics used and generated

Microplastics	Quantity 2024 (tonnes)
Quantity used	2,244
Quantity created	Data not available

1. Includes data from the Mirka and Prevox business divisions.
2. The compilation is based on information about the use of products containing microplastics and the proportion of microplastics in these products for Mirka, and on information about the use of plastic granules for Prevox.

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

6. Environmental information

6.1 Climate change

6.2 Pollution

6.3 Water and marine resources

6.4 Biodiversity and ecosystems

6.5 Resource use and circular resource management

6.6 Disclosures under the Taxonomy Regulation

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
 - 1. About the Sustainability Report
 - 2. Business model, strategy and stakeholder engagement
 - 3. Sustainability governance
 - 4. Risk management and internal control systems
 - 5. The KWH Group's material sustainability matters
 - 6. Environmental information**
 - 6.1 Climate change
 - 6.2 Pollution**
 - 6.3 Water and marine resources
 - 6.4 Biodiversity and ecosystems
 - 6.5 Resource use and circular resource management
 - 6.6 Disclosures under the Taxonomy Regulation
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

processes will be further developed to ensure improved data availability and quality going forward. For reasons of transparency, all emissions data collected has been reported, but only the emissions of ethylene oxide exceed the threshold for reporting requirements.

E2-5: Substances of concern and substances of very high concern

In addition to air pollution, the KWH Group has also initiated the collection and reporting of data on inflows and outflows of substances of concern and substances of very high concern. This data is also currently not comprehensive, but the intention is to improve both coverage and data quality in the future.

E2-6: Anticipated financial effects from pollution-related impacts, risks and opportunities

To manage risks related to pollution, such as the risk of leakage, spillage or inadequate management, the Group's financial performance and cash flows may be affected to ensure that operational costs are covered. Major air pollution, leaks of substances of concern or microplastics may, in the worst case scenario, lead to a breach of local regulations and possible fines and remediation costs. Although these types of incident are rare, such a financial effect could affect the financial position of the companies through the payment of any fines and for the investments required to prevent similar incidents from happening.

In addition, the dependency of business divisions on different types of chemical poses a risk linked to availability and increased regulation. If the use of chemicals that are challenging to replace were to be restricted, this could potentially lead to negative financial effects on operations through, for example, increased research costs.

6.2.4 Actions and resources related to pollution

The KWH Group's business divisions work continuously to reduce their impact and minimise any risks, for example through their individual environmental management systems, product design and cooperation with suppliers.

To reduce the impact of microplastics, the business divisions maintain careful waste management procedures and reuse plastics where possible.

The various companies work actively to replace substances of very high concern and have been able to replace most of them with less harmful alternatives, but some challenges remain. For example, Prevez is working actively to phase out

and minimise lead by means of product development, and is now able to offer all its products lead-free.

Within the framework of the companies' environmental management systems, there are guidelines for chemicals management, including inventory lists and regulations for how chemicals should be handled and stored.

Substances of concern created, used or sourced

Hazard classes	Quantity 2024 (tonnes)
Acute toxicity	240.37
Corrosive or irritating to the skin	126.37
Serious eye injury or irritation	74.2
Airway/skin sensitisation	76.8
Mutagenicity	0
Carcinogenicity	97.17
Reproductive toxicity	0
Specific target organ toxicity – single exposure	0
Specific target organ toxicity – repeated exposure	211.17
Hazard on aspiration	98.37
Hazardous for the aquatic environment	192.8
Hazardous for the ozone layer	0
Endocrine disruptor for the environment	0
Endocrine disruptor for human health	0
Persistent, mobile and toxic or very persistent and very mobile	0
Persistent, bioaccumulative and toxic or very persistent and very bioaccumulative	0.4

Includes data from all four business divisions.

Substances of concern contained in emissions, products and services

Hazard classes	Quantity 2024 (tonnes)
Acute toxicity	97.17
Corrosive or irritating to the skin	97.17
Serious eye injury or irritation	2
Airway/skin sensitisation	0
Mutagenicity	0
Carcinogenicity	97.17
Reproductive toxicity	0
Specific target organ toxicity – single exposure	0
Specific target organ toxicity – repeated exposure	97.17
Hazard on aspiration	97.17
Hazardous for the aquatic environment	103.8
Hazardous for the ozone layer	0
Endocrine disruptor for the environment	0
Endocrine disruptor for human health	0
Persistent, mobile and toxic or very persistent and very mobile	0.35
Persistent, bioaccumulative and toxic or very persistent and very bioaccumulative	0.4

Includes data from all four business divisions.

Substances of very high concern created, used or sourced

Hazard classes	Quantity 2024 (tonnes)
Acute toxicity	0
Corrosive or irritating to the skin	0
Serious eye injury or irritation	0
Airway/skin sensitisation	0
Mutagenicity	0
Carcinogenicity	0
Reproductive toxicity	0
Specific target organ toxicity – single exposure	0
Specific target organ toxicity – repeated exposure	0
Hazard on aspiration	0
Hazardous for the aquatic environment	0
Hazardous for the ozone layer	0
Endocrine disruptor for the environment	0
Endocrine disruptor for human health	0
Persistent, mobile and toxic or very persistent and very mobile	0.35
Persistent, bioaccumulative and toxic or very persistent and very bioaccumulative	0.4

Includes data from the Mirka and Prevox business divisions.

Substances of very high concern contained in emissions, products and services

Hazard classes	Quantity 2024 (tonnes)
Acute toxicity	0
Corrosive or irritating to the skin	0
Serious eye injury or irritation	0
Airway/skin sensitisation	0
Mutagenicity	0
Carcinogenicity	0
Reproductive toxicity	0
Specific target organ toxicity – single exposure	0
Specific target organ toxicity – repeated exposure	0
Hazard on aspiration	0
Hazardous for the aquatic environment	0
Hazardous for the ozone layer	0
Endocrine disruptor for the environment	0
Endocrine disruptor for human health	0
Persistent, mobile and toxic or very persistent and very mobile	0
Persistent, bioaccumulative and toxic or very persistent and very bioaccumulative	0.4

Includes data from the Mirka and Prevox business divisions.

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information**
 - 6.1 Climate change
 - 6.2 Pollution**
 - 6.3 Water and marine resources
 - 6.4 Biodiversity and ecosystems
 - 6.5 Resource use and circular resource management
 - 6.6 Disclosures under the Taxonomy Regulation
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

6.3 Water and marine resources

6.3.1 Impacts, risks and opportunities related to water and marine resources

Via the double materiality assessment performed in 2024, the KWH Group has identified impacts, risks and opportunities for water and marine resources in its own operations and in the value chain. The assessment included the evaluation of various parameters such as water use in operations and the value chain, proximity to watercourses and any proximity to areas subject to water stress. KWH did not consult affected communities.

The KWH Group relies on water for various activities in the value chain. Water use is expected to be relatively high upstream, given the types of materials and products used in the business divisions' operations (for example plastics, metals and electronics). Downstream, it is assumed to be limited and mainly related to use in waste management. In the Group's own operations, water is used for activities such as steam production, cooling and sanitation. The Group's own installations are not located in areas subject to high water stress, and water is not considered material at this time. No direct material impacts have been identified for marine resources, but there are indirect links through KWH Logistics' operations in particular. However, the overall extent of the impact is deemed to be limited, and the area is therefore not considered material at this time.

6.4 Biodiversity and ecosystems

6.4.1 Impacts, risks and opportunities related to biodiversity and ecosystems

The KWH Group's impact on different aspects of biodiversity relates mainly to the upstream value chain. For example, from extraction processes such as mining, oil extraction and deforestation where land use can reduce the extent of ecosystems and pollution can affect the status of ecosystems and species. Negative impacts may also occur through transport, which takes place throughout the value chain. Potential



impacts from the Group's own operations are primarily related to production facilities and related operations. For example, potential negative impacts on surrounding ecosystems owing to potential pollution of air, water and soil, or if the operations generate noise that may cause disruption. However, the topic is not deemed to be material.

6.5 Resource use and circular resource management

6.5.1 Impacts, risks and opportunities related to resource use and circular resource management

All companies in the KWH Group are dependent on different physical resources. The manufacturing business units use a variety of materials and components in their production, and all Group companies require different products and machinery in their daily operations. Working to reduce and rationalise

Group resource use is therefore an important part of reducing the overall environmental impact. A large part of the Group's impact occurs in the Group's value chain, both upstream, for example in the extraction of raw materials and production of components, and downstream in processes such as waste management. However, in the Group's manufacturing companies in particular, there is a great opportunity to contribute to more circular resource management through the choice of materials, product design and responsible waste management. To capitalise on this opportunity, the KWH Group has several different initiatives in place, both internally in the various business divisions but also within the framework of cooperation with external parties.

6.5.2 Policies

E5-1: Policies related to resource use and circular economy
The KWH Group's environmental policy includes guidelines for resource use in the Group in which, for example, the appli-

A word from the CEO
About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters

6. Environmental information

6.1 Climate change

6.2 Pollution

6.3 Water and marine resources

6.4 Biodiversity and ecosystems

6.5 Resource use and circular resource management

6.6 Disclosures under the Taxonomy Regulation

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

cation of the waste hierarchy is central, with priority given to minimising waste and optimising resource use throughout the value chain. The policy also defines the Group's main strategies for improving resource efficiency and promoting the recycling and reuse of secondary materials.

6.5.3 Targets and metrics

E5-3: Targets related to resource use and circular economy

The KWH Group has not yet set any Group-wide targets related to resource use and the circular economy. Going forward, the Group will explore the opportunities for aligning its targets in this area.

E5-4: Resource inflows

This year's report is the first for which the KWH Group has collected data linked to our inflows of material resources. As a result, there are limitations in the coverage and quality of the data, which is based partly on information from business systems but also on various estimates. Some data may also have been counted twice. Overall, the available data shows that the KWH Group used 15,293.9 tonnes of materials during the year (data for products is not available), of which 12,508.3 tonnes are classified as technical materials (82%) and 2,785.5 tonnes are classified as biological materials (18%). Material resource inflows for the Group required for the products and services include, for example, paper, grains and adhesives for the production of sandpaper, chemicals and oils, plastic pellets such as polypropylene and polyethylene, plastic and metal parts, motors, batteries and electronics, and packaging materials such as plastics and cardboard. The operations also need different types of machinery, tools, workwear, IT equipment, etc. As several of the companies are dependent on electronics and the like, rare earth elements and minerals are also used as part of components and products.

The companies in the KWH Group have a shared ambition to choose recycled or secondary materials, components and products wherever possible. 1,653.5 tonnes (11%) of the materials used for the Group's products and services are secondary or recycled components.

E5-5: Resource outflows

The KWH Group produces several types of products such as

Waste volumes	2024
Total volume of waste (tonnes)	6,731.5
Waste types	
Hazardous waste (tonnes)	1,602.4
Non-hazardous waste (tonnes)	5,129.1
Radioactive waste (tonnes)	0.0
Recycling	
Non-recycled waste (tonnes)	4,402.6
Non-recycled waste (%)	65
Recycled waste (tonnes)	2,326.2

Waste diverted from disposal	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)
Total	1,106.3	1,219.9
Preparation for reuse	0.0	437.5
Material recycling	12.7	688.9
Other recycling procedures	1,093.6	93.6

Waste destined for disposal	Hazardous waste (tonnes)	Non-hazardous waste (tonnes)
Total	496.1	3,909.2
Incineration	472.0	3,451.0
Landfill	10.0	411.8
Other disposal procedure.	14.1	46.4

abrasives, sanding machines and water traps. The Group's production companies work constantly to improve their circular performance and have already introduced various actions linked to resource use and the circular economy. For example, high quality and durability are prioritised to extend the life of products, employees are trained and encouraged to apply circular design principles, and the Group strives to use secondary raw materials such as recycled plastics.

Waste is inevitably generated in manufacturing and in the Group's other operations. The business divisions follow the waste hierarchy to continuously reduce waste to the maximum extent possible. The material waste streams include, for example:

- Residue from sandpaper and water trap production
- Hazardous waste from used chemicals, oil filters and similar
- Damaged goods and food that cannot be delivered to customers

6.5.4 Actions and resources related to resource use and circular economy

The Group's manufacturing business divisions work continuously to improve their resource use and contribute to a circular economy.

Mirka works with several companies in Finland and the rest of the EU in the SHAPE Ecosystem project, partly funded by Business Finland, which started in 2023 and will continue for five years. SHAPE Ecosystem is a strategic collaboration to boost the green transition in the manufacturing industry, focusing on sustainable materials, circular solutions and collaborating across the value chain. An important sub-project of SHAPE involves increasing traceability and monitoring of products and materials in the value chain to understand their life cycles better. Mirka also offers maintenance and repair services, as well as some spare parts sales.

PreveX's efforts are strongly focused on increasing the share of recycled plastics in its products and also on increasing the use of renewable materials in, for example, packaging.

E5-6: Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities
Material och utrustning står för stora delar av verksamhetens

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters

6. Environmental information

6.1 Climate change

6.2 Pollution

6.3 Water and marine resources

6.4 Biodiversity and ecosystems

6.5 Resource use and circular resource management

6.6 Disclosures under the Taxonomy Regulation

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

Materials and equipment account for a large part of operational costs and are also necessary to keep the Group's operations running. Risks such as lack of availability or changes in prices can thus lead to increased costs of operations. On the other hand, the business divisions also have opportunities to use circular principles to meet customer needs and reduce their own resource use, for example by recycling materials or launching services such as hire and extended repairs. There are also risks related to waste, for example negligent management of hazardous waste or end-of-life products, which could lead to fines, increased costs or costs to customers.

6.6 Disclosures under the Taxonomy Regulation

During the year, the KWH Group started Group-wide work on the Taxonomy Regulation. The Taxonomy Regulation is part of the EU Action Plan on Financing Sustainable Growth and is a common classification system to identify environmentally sustainable activities. The Taxonomy Regulation includes six different environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

In the spring, the KWH Group carried out an assessment of all economic activities covered by the Taxonomy Regulation and how they relate to the operations of the various business divisions in the context of the six environmental objectives. A number of activities have been identified that have emerged as potentially applicable to the KWH Group. These include:

- 1.2 Manufacture of electrical and electronic equipment
- 5.1 Repair, refurbishment and remanufacturing
- 5.2 Sales of spare parts
- 5.5 Products as a service and other circular use-oriented and result-oriented service models

- 6.5 Transport by motorcycles, passenger cars and light commercial vehicles
- 6.6 Transport by motorcycles, passenger cars and light motor vehicles
- 7.2 Renovation of existing buildings
- 7.3 Installation, maintenance and repair of energy efficient equipment
- 7.4 Installation, maintenance and repair of electric vehicle charging points in buildings (and car parks adjacent to buildings)
- 7.5 Installation, maintenance and repair of instruments and apparatus for measuring, regulating and controlling energy performance of buildings

- 7.6 Installation, maintenance and repair of renewable energy technologies
- 7.7 Acquisition and ownership of buildings

For an activity to be compatible with the Taxonomy Regulation, three criteria must be met: significant contribution, Do No Significant Harm (DNSH) and compliance with minimum protection measures. For 2024, the KWH Group has identified zero Taxonomy-compatible activities and will continue to evaluate the opportunities linked to the Taxonomy and the Group's relevant activities.



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information**
 - 6.1 Climate change
 - 6.2 Pollution
 - 6.3 Water and marine resources
 - 6.4 Biodiversity and ecosystems
 - 6.5 Resource use and circular resource management
 - 6.6 Disclosures under the Taxonomy Regulation**
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

7. Social information

The KWH Group has an impact on its own workforce, including the business divisions' employees, workers in the value chain, and consumers and end users via the business divisions' products. The section below describes the Group's material areas of social sustainability. The strategic priorities 'Promoting gender equality, diversity and equal treatment' and 'Ensuring a secure, safe workplace' underpin the Group's work.

7.1 The KWH Group's workforce

7.1.1 Impacts, risks and opportunities related to the Group's workforce

For the KWH Group, its employees are a necessary and valuable resource. Human resources policies are based on the Group's core values, and employee engagement and expertise play a crucial role in both current and future success. By promoting a pleasant working environment and investing in skills development, both the Group and each business division can continue to grow and enhance employee satisfaction. Providing opportunities for development and training is a priority for the KWH Group, as is an equal and fair workplace for employees. The KWH Group has a large proportion of employees working in manufacturing and therefore also has a large impact on their health and safety. Ensuring a safe working environment and minimising the risk of work-related injuries is essential for the health and safety of the Group's employees.

7.1.2 Policies and procedures

S1-1: Policies related to own workforce

The KWH Group has implemented several policies that govern the company's commitment to its own workforce, focusing on managing material impacts as well as material risks and opportunities. These policies include the Group Personnel Policy, the KWH Group Gender Equality and Equal Treatment Policy and the Social Policy, which is expected to be finalised in Q1 2025. Furthermore, these policies form the basis for how the Group ensures employee rights and employee engagement.



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information**
- 7.1 The KWH Group's workforce**
- 7.2 Workers in the value chain
- 7.3 Consumers and end-users
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

The above policies and the Group's Code of Conduct are based on the UN Guiding Principles of the UN Global Compact, the ILO Core Conventions, the UN Declaration of Human Rights, the OECD Guiding Principles for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Code of Conduct includes zero tolerance of forced labour, child labour, discrimination and other human rights violations in the Group's own operations and those of its business partners.

The Social Policy and the KWH Group Gender Equality and Equal Treatment Policy include provisions for combating discrimination and harassment. These policies promote equal opportunities for all and set the framework for the KWH Group's work to increase inclusion and diversity.

Furthermore, the Staff Policy and the Social Policy also address health and safety issues to enable a healthy, safe workplace for employees, contractors and visitors. The policy establishes procedures aimed at preventing accidents and minimising health and safety risks within the framework of internal guidelines and applicable laws. The KWH Group's business divisions also have their own health and safety management systems, within which additional and more business-specific guidelines are established.

S1-2: Processes for engaging with own workers and workers' representatives about impacts

The KWH Group strives to engage with employees and to maintain a continuous dialogue. This enables an exchange of perspectives and opinions to improve the work ahead. Cooperation between employers and staff is based on the requirements of legislation and agreements. The KWH Group does not have an overall process for engaging with employees, but this is handled by each subsidiary, for example via employee surveys, performance reviews and incident reporting channels.

It is the responsibility of each business division in the KWH Group to conduct individual employee surveys. KWH Logistics and KWH Freeze conduct two employee surveys a year. Mirka and Prevox also carry out employee surveys regularly, either annually or every two years. The surveys offer subsidiaries the opportunity to work proactively, create an interactive dialogue with employees and identify actions for the future.



Other methods are also used to consider and interact with the Group's employees. For example, several of the companies use digital solutions for ongoing reporting of incidents and nonconformities in the workplace.

S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns

The KWH Group endeavours to maintain a transparent business environment based on integrity and ethical principles. The KWH Group values an open, honest culture in which everyone, both internally and externally, is encouraged to express their views and report any risks to themselves, colleagues, operations or reputation.

If complaints or problems arise, they should be reported to the line manager, a supervisor, human resources, internal control or another appropriate person in the company. In 2023, the KWH Group established a whistleblowing channel, Ethics Line, which enables anonymous reporting of nonconformities and incidents. Anonymity in the whistleblowing channel works

through a combination of technical and organisational measures to protect the identity of the person reporting irregularities. Ethics Line is managed by a third party and is available 24/7 to anyone who wants to report actual or potential violations via the website.

When a complaint or report is received, the whistleblower receives an acknowledgement within seven days. The KWH Group's Compliance Team evaluates and assesses the report and an appropriate course of action is taken. Feedback is provided to the whistleblower as soon as possible. The KWH Group Ethics Line Channel Privacy Statement summarises information about how the KWH Group collects and processes personal data received via the whistleblowing channel.

Group subsidiaries operating in the EU and employing more than 50 people have their own whistleblowing channels to report breaches of laws. This also includes offences related to the EU Whistleblowing Directive and national laws. These channels can also handle complaints, although this is not their main purpose.

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
- 7. Social information**
 - 7.1 The KWH Group's workforce**
 - 7.2 Workers in the value chain
 - 7.3 Consumers and end-users
8. Business conduct
9. Responsible investment and ownership
10. Disclosure requirements in ESRS



7.1.3 Targets and metrics

S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The KWH Group has not yet set any Group-wide targets related to its own workforce. From a strategic point of view, the KWH Group works in two areas in particular; promoting equality, diversity and fair treatment and ensuring a safe, secure workplace.

S1-6: Characteristics of the undertaking's employees

Refer to Table: Number of employees broken down into men and women

Refer to Table: Number of employees in countries

Refer to Table: Employees by contract type

Refer to Table: Staff turnover

S1-7: Characteristics of non-employee workers in the undertaking's own workforce

The KWH Group has a small number of non-employee workers. These include, for example, consultants who provide specialised expertise related to the management and servicing of equipment.

Refer to Table: Non-employee workers in the undertaking's own workforce

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
 1. About the Sustainability Report
 2. Business model, strategy and stakeholder engagement
 3. Sustainability governance
 4. Risk management and internal control systems
 5. The KWH Group's material sustainability matters
 6. Environmental information
- 7. Social information**
 - 7.1 The KWH Group's workforce**
 - 7.2 Workers in the value chain
 - 7.3 Consumers and end-users
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

Employees by contract type

2024	Women	Men	Others*	Not disclosed	Total
Number of employees (full-time equivalents)	579.6	2,073.48	0	0	2,653.08
Number of permanent employees (full-time equivalents)	544.2	1,974.83	0	0	2,519.0
Number of temporary employees (full-time equivalents)	30.2	58.27	0	0	88.5
Number of non-guaranteed hours employees (full-time equivalents)	5.2	40.38	0	0	45.6
Number of full-time employees (full-time equivalents)	511.0	2,005.99	0	0	2,517.0
Number of part-time employees (full-time equivalents)	57.3	35.28	0	0	92.6

* Gender as specified by the employees themselves

1. Discrepancies in the total number of employees per gender depending on which categories are summarised stem from the fact that non-guaranteed hours employment may be regarded as relating either to the duration of employment (like permanent or temporary employment) or to the number of hours the employee works (like full-time or part-time employment). The values given in the table for the total number of employees per gender have been calculated on the basis of the number of permanent, temporary and non-guaranteed hours employees.

Staff turnover	
Number of employees who left during the year	239.0
Staff turnover	9.3%

Number of employees in countries	Number of employees (head count)
Finland	1,860
Italy	162
Belgium	129
Germany	81
USA	82
UK	55
Others*	303

* Countries with fewer than 50 employees.

Number of employees broken down into men and women

Gender	Number of employees (head count)
Gender	2,073
Men	599
Women	0
Others*	0
Not disclosed	2,672

* Gender as specified by the employees themselves

Non-employee workers in the undertaking's own workforce	2024
Self-employed persons	9.1
Employees provided by other organisations	96.9
Others	0.0
Total number of non-employee workers	106.0

S1-8: Collective bargaining coverage and social dialogue

The KWH Group's employees have either employment and working conditions determined by collective bargaining or employment contracts with conditions equivalent to those in collective agreements. In 2024, 44 percent of all employees were covered by collective bargaining.

The number of employees covered on a regional basis is presented in the table below. For employees outside the EEA, the number of employees covered by collective bargaining is presented by region.

Refer to Table: Collective bargaining coverage and social dialogue

S1-9: Diversity metrics

Refer to Table: Gender distribution at senior management level

Refer to Table: Age distribution of employees

S1-10: Adequate wages

The KWH Group is committed to paying fair wages and providing other benefits that meet or exceed national statutory requirements, collective agreements or generally accepted industry standards wherever it operates. This commitment also applies to compliance with laws, collective agreements and standards on working hours, including overtime and pay for overtime work.

S1-11: Social protection

All KWH Group employees are covered by social protection under national legislation. Social protection covers illness, unemployment, occupational injuries and acquired disabilities, parental leave and pensions.

Collective bargaining coverage and social dialogue

Coverage Rate	Collective Bargaining Coverage		Social dialogue
	Employees in the EEA	Employees outside the EEA	Workplace representatives (in the EEA)
0–19%	Belgium, Denmark, Norway, Poland, Germany	Asia, Europe, North America	Denmark, Netherlands, Norway, Poland, Spain, Sweden
20–39%			Finland
40–59%	Finland	South America	
60–79%	Italy		Italy
80–100%	Spain, Netherlands, France, Sweden		Belgium, France, Germany

Gender distribution at senior management level

Gender	Number of persons	Percentage
Men	131	80%
Women	33	20%
Others*	0	0%
Not disclosed	0	0%
Total number	164	

Includes both the senior management of the KWH Group and the senior management of each business division.

* Gender as specified by the employees themselves

Age distribution of employees

Age groups	Number of persons	Percent
Under 30	411	15%
Between 30 and 50	1,489	56%
Over 50	772	29%
Total number	2,672	

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information

7. Social information

7.1 The KWH Group's workforce

7.2 Workers in the value chain

7.3 Consumers and end-users

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

S1-13: Training and skills development metrics

Refer to Table: Annual performance review
 Refer to Table: Average number of hours of training per employee per gender

S1-14: Health and safety metrics

Refer to Table: Health and safety metrics

S1-15: Work-life balance metrics

Family leave or reduced working hours are granted according to statutory principles in the Group. Percentage of employees entitled to leave for family reasons is 99.4%.

Leave for family reasons

Percentage of employees entitled to leave for family reasons who have taken leave for family reasons	% of total number of employees
Men	5.5%
Women	7.7%
Others	N/A
Not disclosed	N/A
Total	5.5%

Annual performance review

Gender	Percentage of employees
Men	62%
Women	92%
Others*	N/A
Not disclosed	N/A
Total	77%

* Gender as specified by the employees themselves.

Average number of hours of training per employee per gender

Gender	Average number of hours of training
Men	19.7
Women	19.5
Others*	N/A
Not disclosed	N/A
Total	19.6

* Gender as specified by the employees themselves.

Health and safety metrics

Health and safety metrics	
Percentage of own workforce covered by the company's health and safety system owing to statutory requirements and/or recognised standards or guidelines	87%
Number of recordable work-related accidents	82
Frequency of recordable work-related accidents	17.7
Number of days lost owing to work-related injuries and deaths as a consequence of work-related accidents, work-related ill health and deaths as a consequence of ill health	881
Number of deaths caused by work-related injuries and work-related ill health	0
Workers in the value chain if they work on the company's premises	
Number of deaths caused by work-related injuries and work-related ill health	0

1. The number of work-related injuries refers to injuries that resulted in sickness absence.
2. The frequency of both work-related injuries and serious work-related injuries is calculated per 1,000,000 hours.

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
 1. About the Sustainability Report
 2. Business model, strategy and stakeholder engagement
 3. Sustainability governance
 4. Risk management and internal control systems
 5. The KWH Group's material sustainability matters
 6. Environmental information
 7. Social information
 - 7.1 The KWH Group's workforce
 - 7.2 Workers in the value chain
 - 7.3 Consumers and end-users
 8. Business conduct
 9. Responsible investment and ownership
 10. Disclosure requirements in ESRS



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
 1. About the Sustainability Report
 2. Business model, strategy and stakeholder engagement
 3. Sustainability governance
 4. Risk management and internal control systems
 5. The KWH Group's material sustainability matters
 6. Environmental information

7. Social information

- 7.1 The KWH Group's workforce
- 7.2 Workers in the value chain**
- 7.3 Consumers and end-users

- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

S1-16: Compensation metrics (pay gap and total compensation)

The KWH Group applies equal pay for work of equal value. Pay must be based on quality, productivity and personal qualities as defined in the Group's general skills requirements. The KWH Group is working to produce harmonised data from business divisions and developing Group-wide data related to the pay gap and rates of pay.

S1-17: Incidents, complaints and severe human rights impacts

Refer to Table: Incidents related to discrimination and harassment

7.2.4 Actions

S1-4: Actions to improve conditions for workers

The KWH Group's employees are a central part of operations. Therefore, the business divisions take a number of initiatives to ensure the well-being and security of employees.

To ensure that staff have the right skills for their jobs and the opportunity to grow, the Group invests in staff skills. 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. The KWH Group also offers opportunities for continuous professional development and training.

Incidenter relaterat till diskriminering och trakasserier

Type of incident	Number of reported cases	Number of cases reported in own channels	Number of cases reported to the OECD National Contact Points
Discrimination	0.0	0.0	0.0
Harassment	0.0	0.0	0.0
Total	0.0	0.0	0.0

The KWH Group endeavours to be an employer that promotes gender equality and equal treatment, and discrimination is not tolerated. The KWH Group therefore works 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. As mentioned earlier, all Finnish companies in the KWH Group have also drawn up a gender equality plan in accordance with Finnish legislation.

Health and safety is of great importance in the KWH Group's business divisions, and this is reflected in structured, proactive work throughout the Group. By following up on incidents and documenting statistics on work-related accidents, the Group gains insight into areas for improvement, enabling the business divisions to proactively plan and implement actions to reduce these risks.

7.2 Workers in the value chain

7.2.1 Impacts, risks and opportunities related to workers in the value chain

The KWH Group is a global group with business partners on several continents, with a major share of suppliers and purchases coming from Europe. Workers in the value chain play a crucial role in the manufacturing, assembly and distribution of materials and products required for the Group's own manufacturing and for the provision of its services. Via the Group's value chain, there is an impact on the working conditions of

workers in the value chain. This impact is largely indirect, via the Group's business relations with suppliers. For example, the Group may have an impact on working conditions, equal treatment opportunities and other types of labour rights. Workers who are particularly vulnerable to being subjected to discrimination and harassment include women, migrant workers, minors, LGBTQ+ and ethnic minorities.

The Group is aware that there is a potential negative impact in the value chain, especially related to the transport and logistics sector and the manufacturing sector, as some of the Group's suppliers operate in sectors in which hazardous work is carried out, and in high-risk countries where workers' rights may be less strong. Some of the Group's purchases related to metals and other components are made from countries where human rights legislation and practice are less strong and where shortcomings may exist.

The KWH Group endeavours to uphold and promote human rights in all parts of its operations and throughout the value chain, primarily via the Code of Conduct for Business Partners and supplier monitoring. The KWH Group and its subsidiaries have zero tolerance of child labour and forced labour. If non-compliance with the Code of Conduct for Business Partners is identified or a supplier does not act in line with the Group's values, an investigation is conducted and relevant actions are taken.

7.2.2 Policies and procedures

S2-1: Policies related to value chain workers

Ensuring a sustainable, ethical supply chain is a core part of the KWH Group's operations, and all employees are treated with respect and given access to safe working conditions wherever they are in the value chain. The Code of Conduct for Business Partners includes requirements that suppliers and business partners maintain the same high standards of working conditions that we apply ourselves, with a particular focus on preventing forced labour, child labour, discrimination and other human rights violations.

The KWH Group supports the UN's guiding principles in the UN Global Compact, which include human rights, workers' rights, the environment and anti-corruption. Furthermore, the KWH Group also supports the ILO Core Conventions, the UN Declaration of Human Rights, the OECD Guidelines for

Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

To ensure that suppliers operate in accordance with its standards, the KWH Group engages with suppliers and conducts regular audits and assessments to identify and minimise potential risks in the supply chain. The KWH Group also sees opportunities in strengthening relations with suppliers by supporting their development towards more sustainable, responsible business practices.

The Due Diligence Policy guides the KWH Group's efforts to conduct risk assessments of suppliers and other business partners to ensure compliance with international standards such as the ILO conventions, and to prevent risks related to negative impacts on workers in the value chain.

S2-2: Processes for engaging with value chain workers about impacts

The KWH Group endeavours to create strong, long-lasting relations with reliable suppliers that comply with the Supplier Code of Conduct. Regular audits of suppliers' practices are carried out to ensure compliance with the requirements set by the Group. To ensure to a greater extent that workers in the value chain are informed about identified impacts, the Group will develop a formalised procedure and a process for engagement with workers in the value chain in the future.

S2-3: Processes to remediate negative impacts and channels for value chain workers to raise concerns

The KWH Group sets high standards for suppliers and partners via the Code of Conduct. The KWH Group works actively to strengthen the Group's supply chain, including by identifying risks linked to the value chain and human rights. During the year, the Group also started to develop and implement a Group-wide Due Diligence Policy which sets out the ambition and guidelines to ensure responsibility throughout the value chain. The policy also establishes procedures for remediating negative impacts if they are identified. Each case is investigated individually based on the event and potential actions instead.

Via the whistleblowing channel, suppliers, business partners and workers in the value chain can anonymously report any non-compliance or misconduct in relation to the KWH Group's Supplier Code of Conduct. The whistleblowing



channel is managed by a third party, Ethics Line. Suppliers and business partners can also report directly to their contact at KWH, another appropriate person in KWH's management or directly to the KWH Group Compliance Team.

7.2.3 Targets and actions

S2-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The KWH Group has not yet set any Group-wide targets related to workers in the value chain.

S2-4: Actions related to workers in the value chain

The KWH Group will continue to improve due diligence and structured supplier monitoring in the future, and as part of the preparatory work for CSDDD.

7.3 Consumers and end-users

7.3.1 Impacts, risks and opportunities related to consumers and end-users

The double materiality assessment performed in 2024 shows that consumers and end-users are a material area for the KWH Group. This is because the area was deemed material to the Mirka and KWH Freeze business divisions.

Given the products that the Group manufactures, handles and markets, various types of negative impact may occur. Mirka's products may pose risks to end-users if they are not used correctly, for example power tools. To ensure the safety of end-users, it is important to provide correct information about how to use the products and possible risks, for example by distributing product manuals and user instructions. There may also be information-related impacts on consumers and/

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

6. Environmental information

7. Social information

7.1 The KWH Group's workforce

7.2 Workers in the value chain

7.3 Consumers and end-users

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
 1. About the Sustainability Report
 2. Business model, strategy and stakeholder engagement
 3. Sustainability governance
 4. Risk management and internal control systems
 5. The KWH Group's material sustainability matters
 6. Environmental information
- 7. Social information**
 - 7.1 The KWH Group's workforce
 - 7.2 Workers in the value chain
 - 7.3 Consumers and end-users**
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS

or end-users. This applies, for example, to the protection of customer data, and also to ensuring proper access to relevant information. For KWH Freeze, the impact is mainly the potential impact that could occur if goods are mishandled or if the cold chain is broken, which could affect customers financially if these goods were lost.

Ensuring customer safety is crucial, not only for customer satisfaction, but also to avoid potential injuries and minimise the risk of potential legal sanctions. The business divisions work continuously to safeguard these processes and to constantly improve them.

In addition to risks, there are also opportunities related to the KWH Group's consumers and end-users. For example, by developing lighter and more accessible products, it is possible to include a wider user group. To ensure that Mirka's products are ergonomic and suitable for different people, the products are tested with the help of people of different genders and nationalities. Mirka endeavours to offer lightweight products that reach a wide customer base. Sustainability is a natural part of this work, and Mirka works closely with customers to create ergonomic, sustainable products that enhance their working processes.

7.3.2 Policies and procedures

S4-1: Policies related to consumers and end-users

The KWH Group's Social Policy includes guidelines and actions to protect the interests of consumers. The policy ensures that the company's products and services meet high standards of quality and safety, that the company maintains transparent, clear communication, protects personal data in accordance with applicable laws and regulations, and also encourages an open dialogue with consumers, using their feedback to improve the Group's product offering.

S4-2: Processes for engaging with consumers and end-users about impacts

The KWH Group values consumer feedback and opinions, which are an important part of the Group's continuous development. Customers are encouraged to share their experiences, suggestions and questions about the Group's products and services.

The KWH Group offers channels for consumers and end-users to provide their feedback via both formalised communication channels and direct customer contact. This communication takes place via the products and their user manuals and via direct customer contact, available customer services and customer surveys. Indirect feedback is also received via consumer and end-user reviews collected via the business divisions' retailers. For example, Mirka uses a Customer Relationship Management (CRM) system, enabling a customer-centred approach that strengthens customer relationships and makes it possible to meet customer needs effectively.

S4-3: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The KWH Group does not yet have a formalised remediation process for consumers and end-users, but the Group is working to formalise this in the future. The Group's Due Diligence Policy establishes procedures for remediating negative impacts if they are identified. Each case is investigated individually based on the event and potential actions instead.

7.3.2 Targets and actions

S4-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

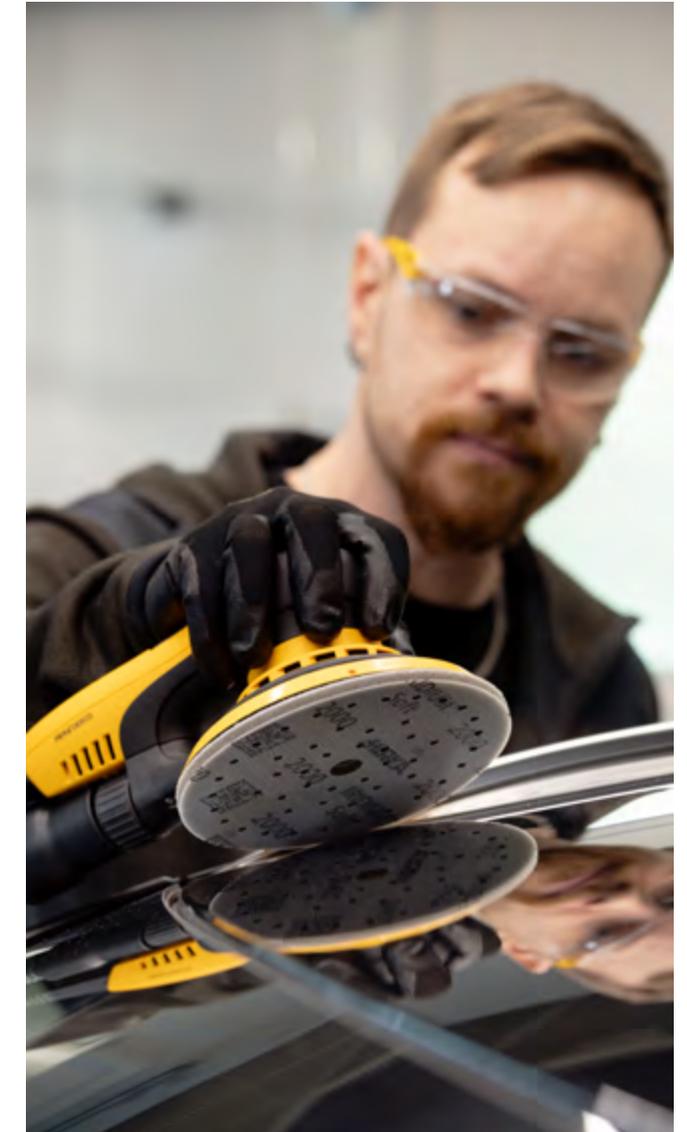
The KWH Group has not yet set any Group-wide targets related to consumers and end-users.

S4-4: Actions related to consumers and end-users

The KWH Group works continuously to monitor the views and needs of consumers and end-users to be able to continuously prioritise and work to respond to them.

For example, Mirka proactively develops its products to provide customers with a safer working environment by reducing the chemical content and dust from its products. Furthermore, Mirka is involved in the industrial partnerships FEPA (The Federation of European Producers of Abrasives) and EPTA (European Power Tools Association). FEPA sets specific safety criteria for Mirka and EPTA members base their designs on international safety standards (IEC).

KWH Freeze works daily to maintain its processes for handling goods to ensure the cold chain. KWH Freeze is also certified in accordance with FSSC 22000 Food Safety System Certification.



8. Business conduct

Business conduct is mainly linked to the KWH Group's own operations. The following is a description of the KWH Group's approach to this material area. The related strategic priorities are 'Working diligently on business ethics and ESG throughout our value chain' and 'Ensuring ESG implementation through long-term responsible ownership'.

8.1.1 Impacts, risks and opportunities related to business conduct

For the KWH Group, it is essential for operations to be conducted in a responsible, long-term, sustainable manner. The Group-wide principles and values are applied to all relationships with customers, suppliers, authorities and staff and also cover issues related to products, services and the environment, as well as how we operate in general. In the area of business conduct, the KWH Group has identified impacts on corporate culture and risks related to whistleblower protection and corruption.

Ethical business conduct is crucial to managing the impacts, risks and opportunities that a global value chain may entail and is therefore a key part of the KWH Group's business strategy and corporate culture.

8.1.2 Policies

G1-1: Business conduct policies and corporate culture

At Group level, the KWH Group has established and updated policies related to business ethics and corporate culture. These include the Group's Governance Policy, Anti-Corruption Policy and Whistleblowing Policy. The KWH Group's operating principles and core values also act as a foundation for its corporate culture, encouraging an open, friendly culture. For information about whistleblowing reporting channels, including whistleblower protection, see page 29.

8.1.2. Metrics

G1-3: Prevention and detection of corruption and bribery

The KWH Group has zero tolerance of corruption and bribery, as set out in the Code of Conduct. The Code of Conduct contains guidelines on how employees should handle and avoid situations in which corruption or bribery may occur, and how employees should act in the event of non-compliance. In 2024, major work on anti-corruption was carried out, including defining risk-exposed functions more clearly and starting preparations for regular training. This work will continue in 2025.

G1-4: Confirmed incidents of corruption or bribery

Refer to Table: Corruption incidents and judgments

Corruption incidents and judgments

Corruption incidents and judgments	2024
Number of convictions and fines for offences against anti-corruption and bribery laws	0.0
Fines for offences against anti-corruption and bribery laws (EUR)	0.0
Number of confirmed incidents of corruption and bribery	0.0
Number of confirmed incidents in which own employees have been dismissed or disciplined for corruption-related or bribery-related incidents	0.0
Number of confirmed incidents of contracts with business partners having been terminated or not renewed owing to offences related to corruption and bribery	0.0

A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report

2. Business model, strategy and stakeholder engagement

3. Sustainability governance

4. Risk management and internal control systems

5. The KWH Group's material sustainability matters

6. Environmental information

7. Social information

8. Business conduct

9. Responsible investment and ownership

10. Disclosure requirements in ESRS



9. Responsible investment and ownership

Responsible investment and ownership is a material area identified in addition to the topics contained in the ESRS area standards. The KWH Group's corporate strategy is to be a clear, long-term owner that creates value in the business divisions and builds successful companies. Integrating sustainability work in the Group is a prerequisite for long-term value creation in the companies. The ESG strategy sets the framework for the Group's long-term sustainability work. An ESG handbook was created in 2022. It gives the business divisions practical guidance on how to implement the strategy and the proposed measures.

The KWH Group is committed to integrating environmental, social and governance factors in all investment processes. Sustainability considerations are key to evaluating potential

investments, and the KWH Group works to help the business divisions incorporate sustainable business models across the Group's ownership. Before making new investments, KWH assesses the ESG maturity of the investment in question. The investment assessment includes identifying and assessing sustainability risks and opportunities, and establishing how companies comply with the guiding principles of the UN Global Compact and other relevant legal and regulatory frameworks. This assessment, combined with financial indicators, forms the basis for the final investment decision.

As a committed long-term owner, dedicated to fostering growth in operations, we are deeply involved and actively present in the Group's business divisions. The role of the Group company is to set overall objectives for the group, make

decisions on resource allocation and review the operations of the business divisions. By allocating resources, setting objectives and monitoring operations, the KWH Group can support the reduction or prevention of negative impacts and promote positive impacts on various sustainability matters. As owner, the KWH Group exercises significant influence over the business divisions and participates actively in Board representation to establish relevant policies and ensure that companies operate responsibly and ethically. Operational change is then driven by each business division. The KWH Group expects its business divisions to continuously increase their ESG maturity and to apply relevant legislation and frameworks to guide their development going forward. The KWH Group currently has no targets or actions in relation to the material area.



A word from the CEO

About the KWH Group

Highlights from our business divisions

1. About the Sustainability Report
2. Business model, strategy and stakeholder engagement
3. Sustainability governance
4. Risk management and internal control systems
5. The KWH Group's material sustainability matters
6. Environmental information
7. Social information
8. Business conduct
- 9. Responsible investment and ownership**
10. Disclosure requirements in ESRS

10. Disclosure requirements in ESRS covered by the sustainability report

The table below is a list of the disclosure requirements that formed the basis of the KWH Group's 2024 sustainability report. Please note that the 2024 sustainability report is an initial alignment with CSRD and ESRS, and that full compliance is not guaranteed for each disclosure requirement.

ESRS standard	Disclosure requirement	Page
General information		
ESRS-2	BP-1: General basis for preparation of sustainability statements	8
	BP-2: Disclosures in relation to specific circumstances	8
	SBM-1: Strategy, business model and value chain	9
	SBM-2: Interests and views of stakeholders	11
	SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model	11
	GOV-1: The role of the administrative, management and supervisory bodies	13
	GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	13
	GOV-3: Integration of sustainability-related results in incentive schemes	13
	GOV-4: Statement on due diligence	14
	GOV-5: Risk management and internal controls over sustainability reporting	14
	IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities	15
	MDR-P: Policies adopted to manage material sustainability matters	16
	MDR-A: Actions and resources in relation to material sustainability matters	17
MDR-T: Tracking effectiveness of policies and actions through targets	17	
Environmental information		
E1 - Climate change	E1-1: Transition plan	18
	E1-2: Policies related to climate change mitigation and adaptation	18
	E1-4: Targets related to climate change mitigation and adaptation	18
	E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions	19
	E1-7: GHG removals and GHG mitigation projects financed through carbon credits	19
	E1-8: Internal carbon pricing	20
	E1-9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	20
	E1-5: Energy consumption and mix	20

- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS**



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS**

ESRS standard	Disclosure requirement	Page
E2 -Pollution	E2-1: Policies related to pollution	22
	E2-3: Targets related to pollution	22
	E2-4: Pollution of air and the use and generation of microplastics	22
	E2-5: Substances of concern and substances of very high concern	23
	E2-6: Anticipated financial effects from pollution-related risks and opportunities	23
E3 - Water and marine resources		25
E4 - Biodiversity and ecosystems		25
E5 - Resource use and circular resource management	E5-1: Policies related to resource use and circular economy	25
	E5-3: Targets related to resource use and circular economy	26
	E5-4: Resource inflows	26
	E5-5: Resource outflows	26
	E5-6: Anticipated financial effects from resource use and circular economy-related material risks and opportunities	26
Social information		
S1 – Own workforce	S1-1: Policies related to own workforce	28
	S1-2: Processes for engaging with own workers and workers' representatives about impacts	29
	S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns	29
	S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	30
	S1-6: Characteristics of the undertaking's employees	30
	S1-7: Characteristics of non-employee workers in the undertaking's own workforce	30
	S1-8: Collective bargaining coverage and social dialogue	31
	S1-9: Diversity metrics	31
	S1-10: Adequate wages	31
	S1-11: Social protection	31
	S1-13: Training and skills development metrics	32
	S1-14: Health and safety metrics	32
	S1-15: Work-life balance metrics	32
	S1-16: Compensation metrics (pay gap and total compensation)	33
	S1-17: Incidents, complaints and severe human rights impacts	33
	S1-4: Actions to improve working conditions	33



- A word from the CEO
- About the KWH Group
- Highlights from our business divisions
- 1. About the Sustainability Report
- 2. Business model, strategy and stakeholder engagement
- 3. Sustainability governance
- 4. Risk management and internal control systems
- 5. The KWH Group's material sustainability matters
- 6. Environmental information
- 7. Social information
- 8. Business conduct
- 9. Responsible investment and ownership
- 10. Disclosure requirements in ESRS**

ESRS standard	Disclosure requirement	Page
S2 - Workers in the value chain	S2-1: Policies related to value chain workers	33
	S2-2: Processes for engaging with value chain workers about impacts	34
	S2-3: Processes to remediate negative impacts and channels for value chain workers to raise concerns	34
	S2-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	34
	S2-4: Actions related to value chain workers	34
S4 - Consumers and end-users	S4-1: Policies related to consumers and end-users	35
	S4-2: Processes for engaging with consumers and end-users about impacts	35
	S4-3: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	35
	S4-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	35
	S4-4: Actions relating to consumers and end-users	35
Governance information		
G1 - Business conduct	G1-1: Business conduct policies and corporate culture	36
	G1-3: Prevention and detection of corruption and bribery	36
	G1-4: Confirmed incidents of corruption and bribery	36
Unit-specific disclosures	Responsible investment and ownership	37



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