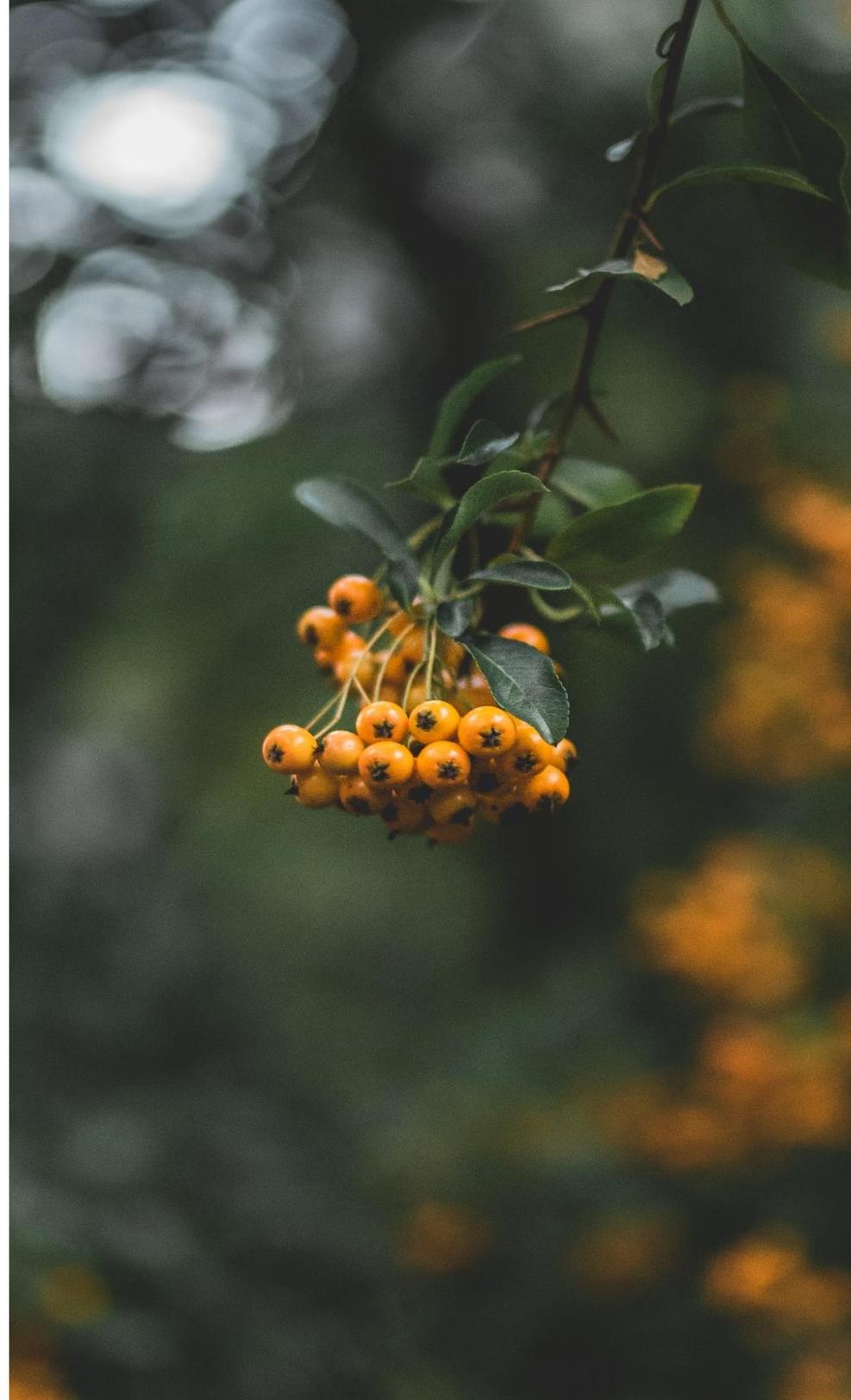


# Karnell.

## SUSTAINABILITY REPORT 2022

Karnell Group AB (publ)



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## CEO LETTER

Sustainability is at the core of Karnell, and we make a long-term commitment when we invest. We believe that companies that integrate sustainability into their strategy strengthen their competitiveness and are better prepared for the future.

For Karnell, sustainable business practices mean striving to have a long-term business model, which among other things, integrates sustainability in the business strategy and in the governance of our group companies, as well as taking responsibility for the impact we have on people and the environment. We believe that companies that identify and handle business risks and opportunities associated with sustainability are better positioned to create long-term value. We have during this year continued to integrate ESG as part of our strategy and business, more specifically, to consider ESG aspects in every decision we make in the Group.

During the year, we have continued our acquisition strategy and welcomed three new companies as well as made one add-on acquisition in the Group. Similar to last year, ESG consultants have performed an ESG GAP analysis on the new additions to the Group to assess their strategic maturity and risk management as well as future development areas. Furthermore, we have included several frameworks in our ESG Policy for a more holistic approach to the Group's sustainability work, however, this is yet to be fully implemented in all our companies during 2023. To keep the Group up-to-date, external ESG consultants provide expertise and an objective eye to help guide the Group with the latest standards and regulatory requirements in the sustainability field.

Based on the ESG materiality analysis, where we identified the ESG focus areas that we considered to be most crucial for the Group's long-term value creation, our ambition for the coming reporting year is to set quantifiable targets for each commitment within our focus areas with the help of external ESG consultants. However, we are humble and understand that we are only at the beginning of our sustainability work and that it is a continuous learning curve, and for us, ESG remains a work in progress.

Petter Moldenius

CEO



## ABOUT KARNELL

Karnell is a long-term, active owner of Nordic industrial and technology companies. To act decisively, we take a majority position in the companies we acquire to be able to make quick decisions when needed. Our primary focus is on smaller and medium-sized private companies with good development opportunities operating in the industrial technology sector headquartered in the Nordics. We have two business segments: product companies and niche production companies. Our companies develop, produce, and sell industrial goods and services. We have a perpetual ownership model, and we act as advisors and support our companies through the board of directors. Together we break down significant issues and work in a structured way with the challenges.

*“Engaged long-term owner of industrial product market leaders, headquartered in the Nordics”*

### OUR VISION

An attractive choice for long-term investors who seek above-market returns. Karnell creates value by being an engaged long-term owner with financial strength, deep industrial know-how, and a network to support our companies.

### BUSINESS CONCEPT

Karnell is an owner of sustainable industrial product market leaders headquartered in the Nordics, supported by underlying global market trends and solid prospects for continued outstanding performance. We work together with our companies to identify and support the initiatives that create the most value for each company.

### KEY VALUES

We run our Group in a decentralized manner, all companies have their unique culture and way of working but Karnell’s values are guiding principles throughout the Group.

- Sustainability
- Professionalism
- Challenge and improve

## OUR COMPANIES

Today, Karnell has nine companies in the Group within two business segments: (i) product owning companies which often have their own production, development, and sales of industrial products and (ii) niche manufacturing companies with high value creation for the customer. During 2022 Rotomon, Drivex and Timeka became part of the Karnell Group.

### PRODUCT COMPANIES

#### AUTORI OY

Autori is Finland's leading supplier of administrative software for the infrastructure maintenance industry, based in Uleåborg. Acquired 2017.



#### VEBE TEKNIK AB

Vebe is a developer and manufacturer of bag filling systems, based in Björköby. Acquired 2020.



#### RE-BOARD TECHNOLOGY AB

Re-board is a manufacturer of board material, based in Norrköping. Acquired 2020.



#### ROTOMON OY

Rotomon is manufacturer of rainwater-, culvert-, drainage- and cable protection pipes as well as wastewater treatment systems, based in Kangasniemi. Acquired 2022.



#### DRIVEX AB

Drivex is a leading manufacturer of attachments for snow removal, road maintenance, material handling and construction work, based in Edsbyn.

Acquired 2022.



### NISCH PRODUCTION

#### TEKNISERI OY

Tekniseri is Finland's leading supplier of industrial printing on plastics and metals, based in Kempele. Acquired 2017.



#### SIMFAS SWEDEN AB

SimFAS is a manufacturer of fillers, adhesives, and sealants, based in Simrishamn. Acquired 2019.



#### KL MECHANICS OY

KL Mechanics is one of Finland's leading precision manufacturers, based in Oulunsalo. Acquired 2021.



#### TIMEKA OY

Timeka is a niche supplier of customizable parts, mainly for global industrial machinery manufacturers, based in Mynämäki. Acquired 2022.



## ESG DURING OUR OWNERSHIP

Karnell integrates sustainability aspects throughout our ownership. We develop resilient companies that can withstand the challenges of the future. Through our ESG and investment policies, we have developed a framework for integrating sustainability that includes exclusion criteria, processes for identifying risks and opportunities, and ESG standards and expectations of our group companies. Our ESG Policy includes frameworks and several policy areas. These are summarized in the table below. The ESG Policy is accessible on Karnell’s website, [www.karnell.se](http://www.karnell.se). Currently, Karnell does not carry out any formal control measures to see whether the Group complies with the policies or not. Strengthening our compliance control is something we plan to address in the future.

ESG Policy Content	Purpose
Framework for the Investment Process	The framework’s purpose is to define what constitutes an acceptable investment and ensure Karnell does not invest in businesses that carry out activities involving manufacturing of weapons, betting and gambling, alcohol and drugs, fossil fuels, or illegal economic activities.
Framework for Responsible Ownership and Sustainable Entrepreneurship	By defining several focus areas within ESG, the framework aims to guide the Group to a holistic approach to sustainability.
Code of Conduct	The Code of Conduct exists to ensure that the Group’s operations contribute to positive social and environmental development with responsible and sustainable investments. The code addresses human rights, forced labor, child labor, freedom of association, and Karnell's whistleblower function.
Work Environment Policy	The policy addresses safety and health with the purpose to guide the Group to maintain a safe workplace and minimize work environment risks.
Business Ethics Policy	The policy’s purpose is to define what constitutes acceptable business behavior by providing information and guidance on how employees should act in relation to anti-corruption, competition, handling of personal data, tax and money laundering, marketing and information, and insider information.

Karnell evaluates several potential acquisitions each year to find companies that already are, or can become, market leaders in their segment. The first step in this process is to screen the target companies against Karnell's investment criteria and restrictions. This process excludes companies whose business models or activities are linked to controversial or unethical sectors. We also exclude companies that risk violating international conventions and guidelines, such as the OECD guidelines, UN Guiding Principles on Business and Human Rights, and Labor Rights conventions. We also assess sustainability risks and opportunities as part of the due diligence. In the assessments, we consider both sector-specific risks and general trends.

The second step is an in-depth evaluation of the target company and any significant potential risks and opportunities. Due diligence is mandatory and is carried out by external experts. The assessment result is used to develop the new group company. The results from the due diligence are weighed together with the total final basis for investment decisions and used as a basis for developing the new group company.

In 2021, we specified Karnell's requirements and expectations for each group company's integration of sustainability. We also developed our ESG Policy, which serves as a framework for the group companies to lean on, including mandatory guidelines that each company must adhere to. Full implementation of the policy was initially planned for 2022. However, all our group companies have yet to implement the policy. The remaining companies plan to implement the policy in 2023.

## DEAL SOURCING & ACQUISITION STRATEGY

- INVESTMENT RESTRICTIONS AND EXCLUSION CHECK
- ESG DUE DILIGENCE

## GROUP COMPANY MANAGEMENT

- ESG POLICY IMPLEMENTATION
- ESG REPORTING AND MONITORING

# OUR ESG AREAS OF FOCUS

We are specific about what we mean when we say we are responsible owners. Based on a materiality analysis where we considered our impact on our stakeholders and the society as well as our stakeholders and the society's impact on us, we have identified our ESG areas of focus (as seen in the model below). These are the areas we consider most critical to the Group's long-term value creation.

We are committed to acting in support of achieving the UN Sustainable Development Goals (SDGs). The progress made towards each of the 17 goals and the 169 targets has an impact on us, and they are all interconnected. Our focus areas must be linked to the SDGs to make an impactful contribution to this complex development. In our quest to ensure sustainable development in our group companies and society, we focus on SDG 8 Decent Work; SDG 9 Industry Innovation; SDG 12 Sustainable Consumption and Production; SDG 13 Climate Action; and SDG 16 Peace Justice and Strong Institutions.



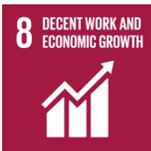


## ENVIRONMENT

The increase in global temperatures will only slow down if businesses take action. These climate changes have environmental, social, and economic consequences. Changes in weather patterns, rising sea levels, and increased frequency of extreme weather events have caused the general public and policymakers to expect more regarding business climate action.

Karnell has prioritized mitigating climate impact in our operations and our group companies. Failure to address climate concerns can result in several direct and indirect harmful effects on our group companies and us, including regulatory and reputational risks. The primary climate-related risks for Karnell and our group companies are greenhouse gas (GHG) emissions that the Group generates through its operations, energy consumption, and transportation. We initiated a climate commitment for the Group during the year to reduce emissions. It is material to keep the climate footprint as small as possible for all our group companies. The emissions vary between the companies depending on their operations, and they need different strategies to reduce their climate impact. As part of establishing our ESG Policy and framework for sustainability, we take action to map and measure each company's greenhouse gas emissions. Obtaining reliable data for the entire Group's emissions is a huge commitment that will take time and perseverance. However, systematically reporting and monitoring the group companies' climate impact is necessary to transition to a climate-adapted business model. In 2021, we started calculating the group companies' greenhouse gas emissions in scope scopes 1 and 2, using the international framework GHG Protocol as inspiration, as a starting point in our journey towards net-zero emissions.

We have decided that each company should implement an environmental policy as part of the overall management and risk management system. In addition to stipulating the control of greenhouse gases, the policy must address other environmental concerns. This includes, where applicable, waste management and usage of water, chemicals, and plastic.



## SOCIAL

The Group's employees are our most valuable asset, and positive relationships between employees and management are crucial for our company's development and long-term value creation. By supporting employee well-being, we avoid costly consequences. Risks associated with failure to ensure a good work environment include:

- a) High staff turnover and absence lead to higher recruitment and training costs.
- b) Poor working and living conditions for workers pose a threat of low productivity levels or strikes.
- c) Risks associated with a bad reputation lead to negative effects on the brand.
- d) Difficulties in committing talent.

Our vision is to ensure long-term growth without compromising working conditions. Therefore, we have zero vision regarding work-related accidents, illnesses, and incidents. We are committed to promoting good health and well-being among employees at Karnell and in the group companies and strive

to be a positive force in the lives of all employees. All companies must provide a safe and healthy work environment with policies that define guidelines and principles. We urge all companies to take a proactive approach to prevent health and safety incidents and occupational injuries or diseases. Priority must be given to managing risks linked to mental health within the organization. Sustaining good working conditions does not only apply to our Group but to our entire value chain. Thus, management and control of ESG risks in the value chain are essential. This includes respect for human rights, environmental aspects, working conditions, and business ethics. In the upcoming years, we plan to map the group companies' value chains and systematically follow up on the most central suppliers to manage risks at the supplier level. We want our companies to establish a Supplier Code of Conduct based on the UN Global Compact that the companies' significant suppliers must sign. Furthermore, regular compliance checks must be carried out.



## GOVERNANCE

Our view of governance in the context of sustainable business practices is essentially about how well we attend to the interest of stakeholders and act to mitigate social and environmental risks. In this work, we focus on:

- a) **Accountability:** We hold ourselves and our companies accountable for precise analysis regarding board accountability and executive compensation as well as a review of relevant financial disclosures and internal controls.
- b) **Risk management and organizational structure:** Compliance, reporting, responsibilities, policy, guidelines and routines and risk processes need to be reviewed and monitored by executives and boards.
- c) **Business ethics:** Refers to counteracting bribes, corruption, and fraud as well compliance with laws and regulations. Also refers to transparent and reliable ESG accounting, communication, and tax management.

Moreover, we have the ambition that each group company has its own management system, such as ISO or similar. As seen in the table on the next page, five out of nine group companies are ISO-certified, whereas one is partly certified, and one is in the process of preparing for becoming certified.

Group Company	Management System
Autori	ISO 27001, preparing for certification
Drivex	ISO 9001, 14001 and 3834, certified
KL Mechanics	ISO 9001 and 14001, certified
Re-board	None
Rotomon	ISO 14001 and 9001, one entity of the company is certified
SimFAS	ISO 14001 and 9001, certified
Tekniseri	ISO 9001 and 14001, certified
Timeka	ISO 14001, 45001, 9001 and 3834, certified
Vebe	None

### *OUR APPROACH TO BRIBERY AND CORRUPTION*

Bribery and corruption threaten democratic processes, fair business practices, and sustainable environmental and economic development. Corruption undermines positive effects and harms vulnerable parties by increasing costs and reducing the availability and quality of essential services, such as health care and education. Corruption can also jeopardize economic returns and adversely affect environmental and social performance. Karnell wants to work for ethical business behavior and a culture characterized by integrity. This means zero tolerance for all forms of corruption and bribery, in our operations, in our Group, and among our partners.

We have established a whistleblower function where employees or other stakeholders can report suspected incidents anonymously. The function is managed by an external party and can be found on Karnell's website, [www.karnell.se](http://www.karnell.se). We aim for this function to be fully implemented in each group company by 2023. Furthermore, we work for each group company to establish applicable systems for relevant internal control, continuously prevent money laundering and regularly train and ensure that staff follows policies and routines for business ethics. Suspected incidents of bribery, fraud, corruption and other illegal activities are reported to Karnell.



## STRATEGY

ESG is an integrated part of our strategy, which means we consider ESG aspects in every decision. Our approach is to create value for our key stakeholders through strong governance and good management practices by balancing short-term performance needs with long-term value creation and preservation. We seize opportunities, mitigate risks, and maximize resources while generating a financial surplus. We also assess how our companies develop and implement successful strategies to avoid impulsive and potentially harmful decisions. In the upcoming years, we have the ambition to dive further into and analyze our group companies' production in terms of circularity. We assess the companies' strategic maturity and how well they integrated ESG by the following criteria:



**Future-mindedness:** We look for action-oriented and realistic optimism. The company has identified future opportunities and has a real plan to become or remain a market leader.

**Grit:** The company demonstrates passion and perseverance for strategic objectives. The goals are clearly defined and responsive to longer-term drivers of value creation, such as technological, societal development, and climate change.

**ESG-embodiment:** The strategy and strategic objectives align with the organization's distinct contribution to the SDGs. We consider how well the company understands double materiality and can focus sustainability efforts in areas of significant impact.

**Resilience:** Refers to the group companies' business models and their ability to generate value in the long run. Includes the ability to convert to a circular economy, contribution/impact linked to global goals, and life cycle perspectives.

**Unbiasedness:** The company's sustainability priorities have been identified through the stakeholders' objective process. The company has taken specific conditions in the market into consideration and identified material aspects.

## RISK MANAGEMENT OF MATERIAL ESG ASPECTS IN THE GROUP

The table below shows our commitments in our eight priority ESG areas. Each commitment is linked to key actions and key performance indicators to create the most significant possible impact on the UN Sustainability Development Goals. We have been working with and collecting data in relation to these commitments for two years (2021 and 2022). Our next step is to set quantifiable targets for each commitment.

ESG	Focus Areas	Commitment	Planned Actions for The Group	KPI	Impact
Environmental	Climate Footprint	Reduce the Group's climate footprint and prepare for the transition to net-zero climate emissions	Strategic plan for reduced emissions	Emission intensity, scope 1 and 2 Total amount of energy used in operations per year	
			Mapping of CO <sub>2</sub> emissions and energy use		
Climate calculation based on the GHG Protocol					
	Environmental Concerns	Maintaining good control of compliance	Environmental management system and ESG Policy	Share of companies with environmental management systems	
Social	Responsible Human Resource Management	Protect employees' rights and promote a safe and secure, as well as sustainable work environment for all	Maintain good social conditions and implement systems for measuring social issues	Gender Diversity Sick leave Staff turnover Total number of injuries relative to total workforce Average hours of training per year per employee Employee engagement (through employee survey)	

ESG	Focus Areas	Commitment	Planned Actions for The Group	KPI	Impact
Social	Sustainable Supply Chain Management	Ensure ethical conditions throughout the value chain	Implement Supplier Code of Conduct	Percentage of suppliers who have signed the Supplier Code of Conduct	
			Supplier follow-up and compliance control	Number of checks on suppliers' compliance with supplier code of conduct, and description of any deficiencies and actions taken.	
Governance and Strategy	ESG Risk Management	Ensure effective governance of ESG in all companies	ESG Policy and framework as part of each company's overall governance system	Percentage of companies that have implemented ESG Policy	
			ESG score card for the entire Group		
	Business Ethics	Promote a culture characterized by integrity. We have a zero-tolerance for bribes and corruption.	Implement Business Ethics policy	Percentage of all employees who have signed business ethics policy or code of conduct	
			Training for employees	Total number of whistleblowing cases and actions taken	
			Implement whistleblower function	Proportion of employees who have completed business ethics training	
Strategic Maturity	Integrate ESG into the group companies' value-creating agenda	Establish ESG framework and sustainability report for each company	Proportion of companies that report on sustainability		
Resilient Business Models	Contribute to circular economy and responsible resource management	Carry out life cycle analysis at the Group's manufacturing companies	Proportion of companies that performed life cycle analysis		
		Convert to renewable energy use	Percentage of renewable energy used for operations		

## COMPANY CASE: ROTOMON

PUTKI- JA KAIVOTEHDAS  
ROTOMON



Rotomon manufactures plastic products focusing on culvert-, drainage- and cable protection pipes as well as wastewater treatment systems with their own products and brand. Customers range from national and regional hardware chain stores in Finland to direct sales to construction and excavation companies. Rotomon's factories are characterized by effectiveness and have the capacity to adjust production to market demands. Rotomon supports SDG 12 Sustainable Consumption and Production in many ways. The company's products are designed with a long-term perspective in mind and have an extended lifeline. Moreover, Rotomon can use recycled materials in almost all their products and have the ambition to phase out virgin plastic where possible to become more circular, supporting SDG 13 Climate Action. As a result of their own product development, Rotomon has launched new environmentally friendly Polyethylene eco-pipes. Eco-pipes are produced by mixing up to 60% of recycled material with virgin material and they have excellent technical and mechanical characteristics.

### Environmental

In Rotomon's production, the company only utilizes environmentally friendly and high-quality polythene- and polypropylene plastics. The waste from the manufacturing of pipes at the production site can be recycled or utilized in energy production by burning. Rotomon measures the share of recycled plastic used in production and monitors any changes in legislation regarding the use of plastic. The company also follow-up on their electricity, fuel, and gas consumption. Rotomon uses chemicals according to the law and has an internal circular system for water usage.

### Social

Rotomon complies with authorities regarding the work environment. Rotomon monitors and assesses safety improvement. The company has processes to ensure that the products manufactured are safe to use and meet regulatory requirements. Rotomon respects cultural differences and does business with stakeholders who do not practice discrimination based on race, religion, gender, age, nationality, or sexual orientation. Rotomon is committed to conducting its business responsibly and expects the same commitment from suppliers.

### Governance

Parts of Rotomon are ISO 9001 and 14001-certificated. Rotomon ensures strong governance through well-planned processes for manufacturing and clearly defined objectives that are communicated in the organization.

## COMPANY CASE: RE-BOARD



Re-board holds patented technology and methodology for manufacturing rigid paper-based boards with a unique core. The company's main product is a premium lightweight and exceptionally strong board distributed globally and used for a long list of applications. Through its core operations, the company supports the achievement of SDG 8 Decent Work and Economic Growth. The company leads innovation and inspires others to follow with its unique product. The company also contributes to SDG 12 Sustainable Consumption and Production and SDG 13 Climate Action with a well-developed life cycle assessment (LCA). LCA is a method for assessing a product's environmental impact at all stages of its existence, running from the extraction of the raw materials to the moment the finished product leaves the Re-board production facility.

### Environmental

The company calculates emissions related to the life cycle of products, focusing on CO<sub>2</sub>. The company has identified global warming potential, terrestrial acidification, ozone formation, fine particulate matter formation, and water consumption as their primary impact areas. Each environmental impact category group quantifies substance emissions into the effect on the environment. The most frequently used category is global warming potential, but the full range of categories gives a more comprehensive picture of a product's effect on the environment. Re-board's customers are interested in products' environmental impact, and the company has started considering the possibility of carrying out Environmental Product Declarations in relation to LCA.

### Social

The company has policies for anti-harassment and non-discrimination, health and safety, and data protection. The company closely monitors any changes in legislation or stakeholder expectations to adjust accordingly.

### Governance

Re-board has a collaboration with a local university to engage students in mapping out the business impact on the SDGs. This work has continued with students mapping Re-board's energy consumption and what alternatives exist to the company's steam boiler, taking CO<sub>2</sub> and the energy supply into consideration. The management team aims to gradually integrate Re-board's ESG work into the company's business strategy with defined targets that steer day-to-day decisions to concretize continuous improvements.

## COMPANY CASE: SIMFAS

**SIMFAS**



SimFAS produces private-label products within the segments of fillers, adhesives, and sealants in its factories in Simrishamn. The factories are characterized by effectiveness and have the capacity to adjust production to market demands. SimFAS production supports the achievement of SDG 8 Decent Work and Economic Growth. Many employees have been bringing value to the company for decades. The personnel's well-being and professional development are business imperatives. The organization aims to decrease the climate footprint and take climate action to support SDG 13 Climate Action. SimFAS has an extensive and well-implemented procedure to ensure quality and sustainability in its operations.

### Environment

SimFAS has an action plan and targets for energy, waste, packaging and products that have a low environmental impact. The goods meet customers' expectations for environmental compliance and SimFAS works with continuous improvements to minimize the products' environmental impact. The company is phasing out hazardous chemicals and has started buying electricity from wind power. SimFAS is certified according to the environmental management standard ISO 14001. SimFAS produces a range of products that are marked by the Swedish eco-label "The Swan". The company uses recycled plastic in its packaging. In 2022 SimFAS, carried out an environmental assessment, and has also started reviewing different Environmental Product Declarations to investigate the possibility to carry out life cycle assessments (LCAs).

### Social

SimFAS has implemented a business ethics policy, anti-harassment and non-discrimination policy, occupational health and safety policy, and a data privacy policy to comply with GDPR. Training and professional development are offered to employees to ensure safety and support a sense of meaning and accomplishment at work. Training is planned based on the employees' responsibilities, skills, and knowledge. Consideration is given to the possibility of a better working environment and more efficient production through work rotation. Completed activities are followed up during the management's review. SimFAS works with continuous improvements to minimize the products' health and safety impact.

### Governance

SimFAS is certified by the international ISO 9001 standard that specifies requirements for a quality management system. The company ensures strong governance through well-planned processes for manufacturing, and objectives are clearly defined and communicated in the organization. SimFAS has implemented a Supplier Code of Conduct signed by the suppliers, accounting for 95% of SimFAS's total purchases.

## COMPANY CASE: TEKNISERI



Tekniseri works as a partner for industrial manufacturers in producing and developing industrial labeling and insulation products. The company provides industrial customers with printed and insulation products, serving customers in Europe and Asia. The company has adopted an approach supporting SDG 12 Responsible Production and Consumption, including a well-implemented strategy for waste management and careful evaluation of suppliers. Tekniseri also drives innovation and contributes to the fulfillment of SDG 9 Industry Innovation.

### Environment

Tekniseri complies with environmental laws and pays close attention to how operations impact the air, climate, water, land, and biodiversity. Employees are aware of environmental issues in their day-to-day work and are expected to act responsibly and share best practices. Tekniseri is ISO 14001-certified and ensures that chemicals are handled safely by internationally recognized management systems. The company strives for product stewardship that considers the product's lifecycle. The company has processes to ensure that the products manufactured are safe for the use they are meant for and meet their regulatory requirements.

### Social

Tekniseri is committed to continuously improving the health and safety of its employees. This is followed up with a specific Safety at Work program. Tekniseri's Working program aims to improve the working environment and working conditions to maintain employees' operational capacity, prevent occupational accidents and diseases and eliminate hazards. Tekniseri respects cultural differences and does business with stakeholders who do not practice discrimination based on race, religion, gender, age, nationality, or sexual orientation. Tekniseri is committed to conducting its business responsibly and expects the same commitment from suppliers. By carefully evaluating suppliers, the company ensures that the quality, human rights, environmental, anti-corruption, and business ethics requirements are met.

### Governance

Tekniseri is certified by ISO 9001. The company is committed to supporting global economic, environmental, and socially sustainable development. The company has defined sustainability focus areas throughout the value chain. Those areas include employee health and safety, climate impact, and compliance with the ethical code of conduct, social responsibility, and related policies. Tekniseri has a zero-tolerance policy for any forms of bribery, corruption, extortion, and embezzlement.

# PERFORMANCE DATA FOR KARNELL GROUP\*

The ESG data presented below applies to the financial year 2022 and includes data from the Group, including the parent company and each group company.

ESG	Aspect	KPI	Outcome	
			2022	2021 (baseline)
Environmental	Climate Footprint**	CO <sub>2</sub> e emissions per year, scope 1 (tonnes CO <sub>2</sub> e)	753	456
		CO <sub>2</sub> e emissions per year, scope 2 (tonnes CO <sub>2</sub> e)	1 007	653
		Emission intensity of scope 1 and 2 (tonnes CO <sub>2</sub> e/Net sales (MSEK))	1,8	2,1
	Energy Management	Total amount of energy used in operations per year (kWh)	12 264 164	7 858 366
		Percentage of renewable energy used for operations	68 %	55 %
	Environmental Concerns	Group companies with environmental policy	67 %	83 %
Group companies with environmental management system (i.e. ISO)		56 %	67 %	
Social	Responsible Human Resource Management	Gender diversity throughout company	16 % women	18 % women
		Gender diversity in senior leadership (management team)	18 % women	11 % women
		Sick leave	4 %	3 %
		Staff turnover	12 %	13 %
		Injury frequency (total number of injuries/total number of employees)	6 %	2 %
		Average hours of training per year per employee	8	9
		Group companies with non-discrimination policy	89 %	83 %
		Group companies with occupational health and safety policy	89 %	100 %
		Group companies with data privacy policy to comply with GDPR	78 %	100 %
Governance	Business Ethics	Group companies with whistleblower function	67 %	0 %
		Total number of whistleblowing cases and actions taken	0	0
		Total number and nature of confirmed incidents of corruption	0	0
		Group companies with internal Code of Conduct for business ethics	67 %	50 %
	Strategic Maturity	Group companies that have taken ESG aspects into account in risk analysis and risk management	78 %	67 %

\* Karnell made three acquisitions in 2022. Thus, nine group companies are included in the performance data for the year 2022, whereas only six are included in the performance data year 2021. This explains any significant increase in outcomes, such as CO<sub>2</sub>e emissions, energy use etc., between 2022 and 2021.

\*\* Calculations of climate data have been inspired by the GHG Protocol.

## ABOUT THIS REPORT

This is Karnell's second sustainability report. The report covers sustainability data from 2022, with comparative figures from the year 2021, and refers to the period 1 January to 31 December. The report focuses on Karnell's approach to sustainability and highlights the sustainability aspects that are considered the most relevant and significant by Karnell's management.

This is the second year we have collected sustainability data from the group companies. Karnell's ambition is to improve the reporting and reliability of the data collected from year to year.

The report has not been externally assured. The report is available on Karnell's website, [www.karnell.se](http://www.karnell.se). For questions about the report, please contact Petter Moldenius, at [petter.moldenius@karnell.se](mailto:petter.moldenius@karnell.se).