

# Our approach to sustainability

Purmo Group's sustainability strategy  
**'Complete Care'** puts sustainability at the  
heart of how we do business.

Sustainability means meeting our needs as a business  
without compromising the needs of anyone or anything  
else, today or tomorrow. We believe we can have a  
significant positive impact on the planet's future.



**Perfect indoor climates should  
not cost the planet's climate.**

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## Welcome from our CEO

**Often, when I look at our approach to sustainability, I don't use the word 'challenge', but the words 'gift' or 'privilege'. I don't mean to underestimate the seriousness of the issues but to lead the company into its opportunity to make a genuine difference to the future. Let's look at the biggest facts and trends:**

17% of all the energy used in our cities makes residential buildings warmer or cooler, and around 240 million buildings in Europe alone require some level of energy-based renovation if the EU is to hit its various targets. This means a renovation rate of almost 9 million buildings per year. At the same time, and in the aftermath of COVID 19, people are rethinking their relationships with the built environment: where they live and work, and what they build, demolish or repurpose.

The upside is that Purmo Group can answer these trends with a broader range products, systems and solutions for indoor-climates than perhaps any other supplier. The more sobering truth is that, as a manufacturer on the global stage, we have our own emissions footprint, energy consumption, and effect on people and communities. We must take responsibility for all of these things.

A simple test for responsibility is to ask three questions: "should I care?", "is it in my sphere of influence?" and "can I make a difference?" If the answer is 'yes' three times, then the next question must be: "when do I start?"

Our sustainability strategy of Complete Care is our answer. It covers the things we make, the ways we make them, the people who do it, and the communities we touch – that's why we call it Complete Care. We have designed an approach that is wide-reaching, has tangible effects, measurable progress and is backed up not just by science but by the world's foremost organisations.

**So: striving to improve ourselves and the world IS a gift and a privilege. In this first sustainability report I invite you to judge how well you feel we're doing.**

Our sustainability strategy of **Complete Care** covers the things we make, the ways we make them, the people who do it, and the communities we touch.



## The Sustainability Challenge

Transforming the energy efficiency of buildings is of paramount importance. Buildings in the EU are responsible for approximately 40% of the EU's energy consumption and 36% of its emissions. 85% of European building stock was built before 2001 and three quarters of it (including its HVAC systems) is not energy efficient, according to current building standards. There is an urgent need for refurbishment<sup>1</sup> because around 90% of these buildings will still be standing in 2050.

This is enshrined in the Green Deal's Renovation Wave strategy, which aims to at least double renovation rates in the next ten years and make sure the renovation of buildings leads to higher energy and resource efficiency.

Reaching the EU's climate and energy targets by 2030 requires a decrease of 18% in heating and cooling energy consumption, with the Green Deal highlighting building renovations as a key to energy savings. Responsible solutions will be increasingly in demand as society adapts to frequent climate extremes. More can be achieved by uniting entire value chains that include: manufacturers, wholesalers (distributors), installers, specifiers and the end-customers behind this shared cause.

85% of European building stock was built before 2001 and 75% of it (including its HVAC systems) is not energy efficient.



<sup>1</sup> European Commission (2020) A Renovation Wave for Europe – greening our buildings, creating jobs, improving lives. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52020DC0662&rid=5>

# Purmo Group at a glance

## Who we are

We are delighted to present our second sustainability disclosure, as a listed company, for the reporting period January to December 2022. It demonstrates how we are creating sustainable value for our customers, our people, communities and stakeholders.

We will cover the key reporting principles of materiality, context, completeness, balance and stakeholder inclusion. Our sustainability-reporting reference is the GRI (Global Reporting Initiative) Standards. In 2022, we enhanced our disclosure according to these revised standards, to give more transparency on our progress. We are committed to delivering on our newly enhanced sustainability strategy and ensuring we capitalise on ESG opportunities.

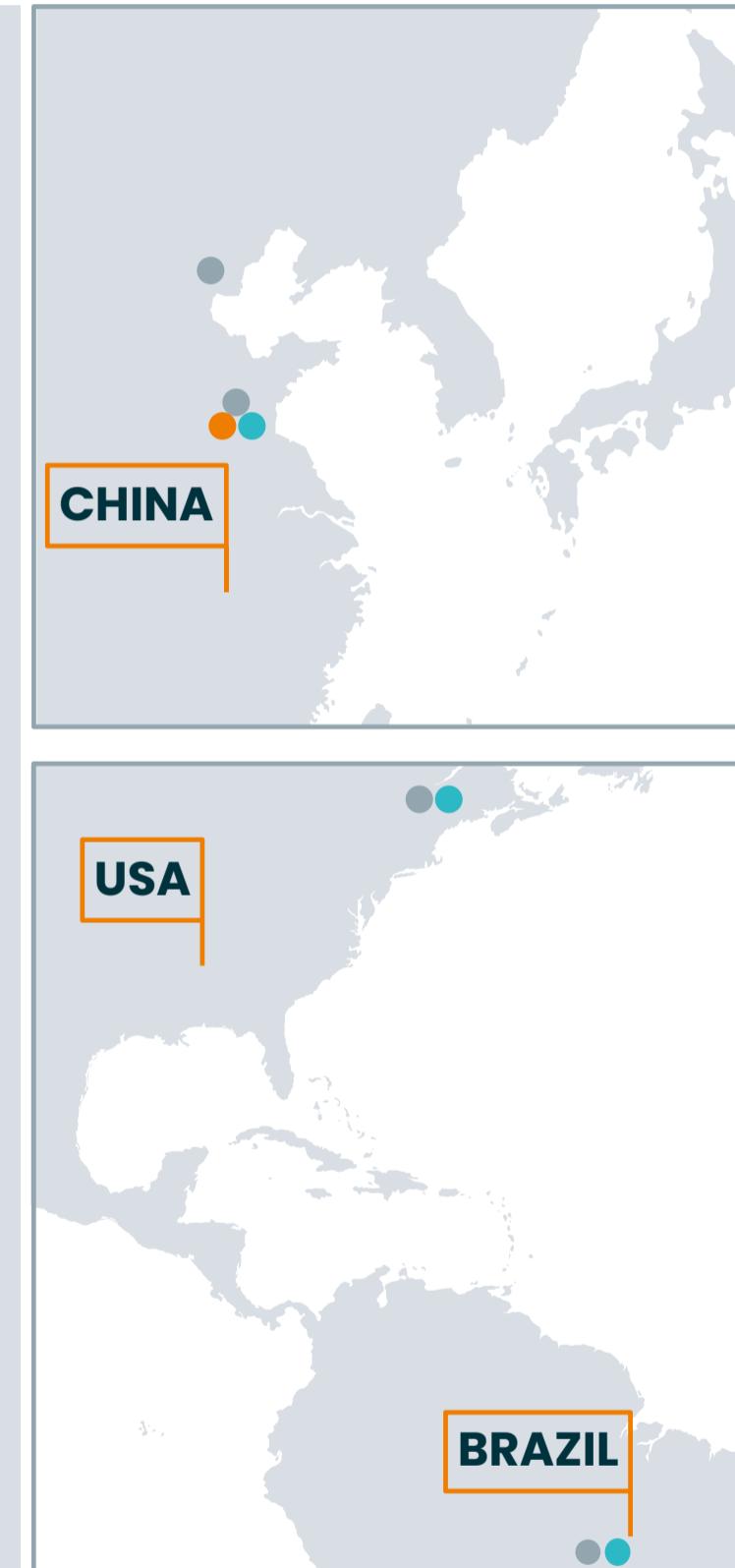
### We are Purmo Group

We are 3,400 courageous, ambitious experts. We offer the very broadest range of products, systems and solutions for heating and cooling using energy from multiple sources; flexible control systems for best efficiency, and unrivalled experience in design, installation and performance.

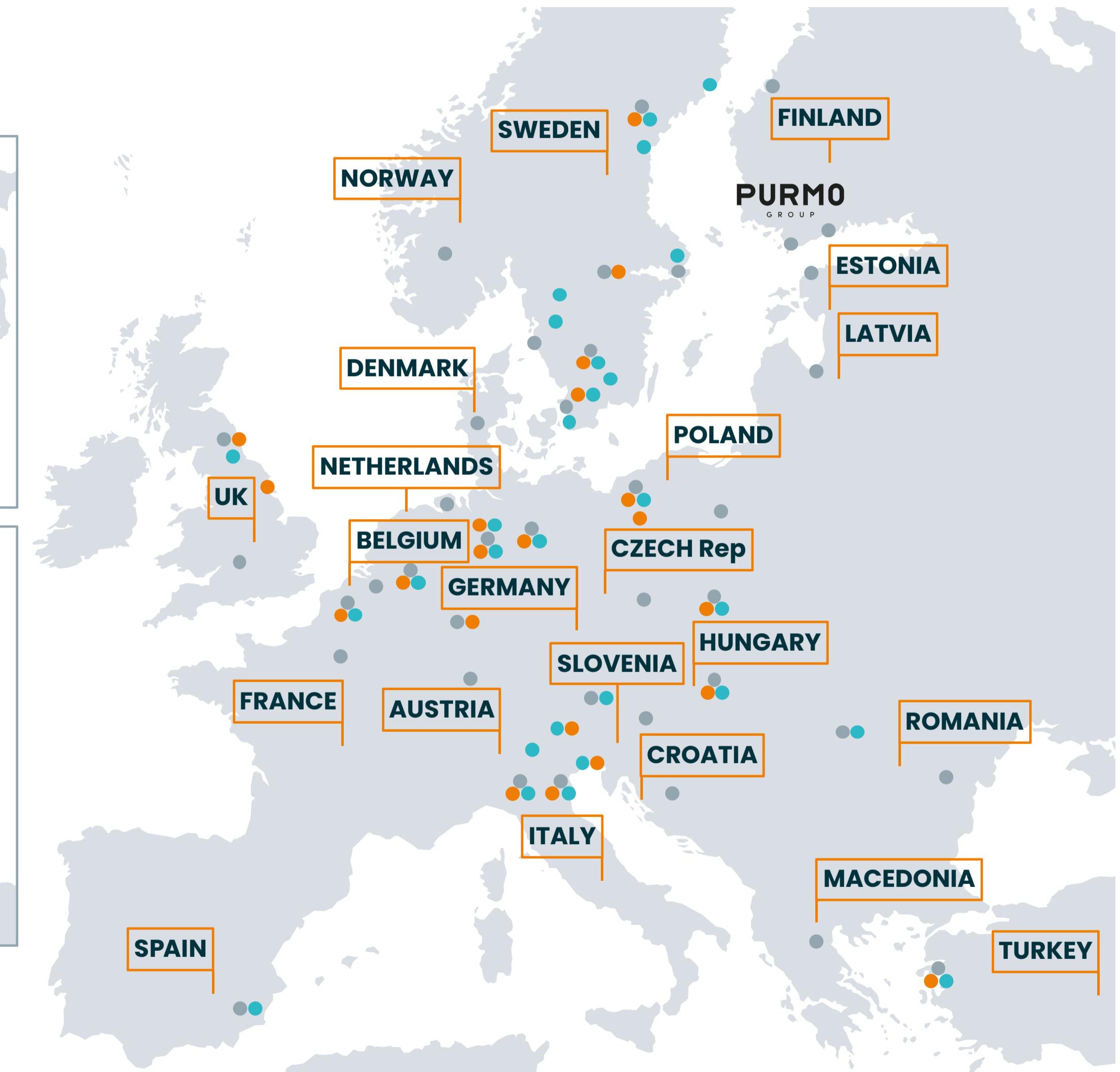
### Where we operate

We operate across 24 countries, manufacturing, selling and distributing to customers in more than 100 countries around the world. Our headquarters is in Helsinki, Finland and Purmo Group Plc is listed on Helsinki Nasdaq.

### Manufacturing in 12 countries



### Customers in 100+ countries



### Operations in 24 countries

- Manufacturing
- Warehouse
- Sales support or other office

## Purmo Group at a glance

### What we do

We make hydronic and electric radiators, embedded radiant-heating and cooling systems (like under floors or in walls), air-based heating and cooling systems (including ventilation), dedicated hydronic and electronic controls and piping distribution systems. That's exciting but quite technical – so we prefer to say we deliver *perfect indoor climates*.

We serve residential buildings (both new-builds and renovations), commercial buildings such as offices and hotels, industrial buildings like factories, and public spaces such as airports, schools and hospitals.

### Our vision

### 'Perfect indoor climates should not cost the planet's climate'

The planet is driving everyone's agenda from government to business to consumer. As a result, people are rethinking how they heat the places in which they live, work and socialise. They are also reconsidering what they demolish, build or repurpose.

We're focusing on complete solutions to customer problems because when we look at a challenge in its entirety, we can offer better performance and lower energy consumption. We're focusing on smart products that are more intelligent, more sustainable, and a better visual fit in modern homes. And overall, we're expanding in to markets and geographies where we can make the biggest difference.

### Our mission and motto

We're on a mission to be the World's leader in sustainable indoor climate comfort solutions. We're going to deliver this by ensuring our motto is at the heart of everything we do: *We're proud of what we do and we care. We're courageous and ambitious and we make changes that matter.*

### Reporting-period, scope and contract details

This report, published March 2023, covers January 2021 – December 2022 and is aligned with our financial reporting period. External assurance of sustainability reporting will commence with the sustainability report for the Jan – Dec 2023 financial reporting period. All our manufacturing plants are a part of Complete Care, our Group-wide global sustainability strategy. Our acquisition of Thermotech, based in Sweden in 2022, is not included in reported figures.

Learn more about our Complete Care sustainability strategy at [www.purmogroup.com/en/sustainability](http://www.purmogroup.com/en/sustainability)

or contact us at [sustainability@purmogroup.com](mailto:sustainability@purmogroup.com)

We're on a mission to be the World's leader in sustainable indoor climate comfort solutions.



# Our Complete Care strategy

**Complete Care** demands that sustainability runs through everything we do and forms part of our DNA. It puts sustainability on every agenda from production lines to product design, from emissions to material-sourcing, and from training to community engagement.

We have four focus areas: our production, our solutions, our people and our community. They are defined like this:

## Our Production

To fully align our business operations with a 1.5° future by improving energy efficiency and sourcing more energy from renewables.

## Our Solutions

To increase sales of smart, sustainable solutions, helping end-consumers make informed choices and use our products in a way that saves energy and money. To capitalise on the need for efficient, digitally managed buildings by offering more, integrated HVAC solutions.

## Our People

To increase the engagement of employees: supporting them with a new human capital management system, giving them state-of-the-art training, measuring satisfaction and implementing change where necessary.

## Our Communities

To increase our commitment to volunteering and community support: making donations, providing products and funding employee-volunteering hours.

The four areas of Complete Care are turned into actions by 10 commitments, measured by 24 KPIs.

You can read more about this in the section: "putting Complete Care into action".

## OUR SOLUTIONS

### 4. Climate smart choices

We will help our customers to save energy and make sustainable choices

### 5. Circularity & end of life

All products will have circular design principles applied and invest into new solutions where circularity is not immediately possible

## OUR PRODUCTION

### 1. Emissions and energy:

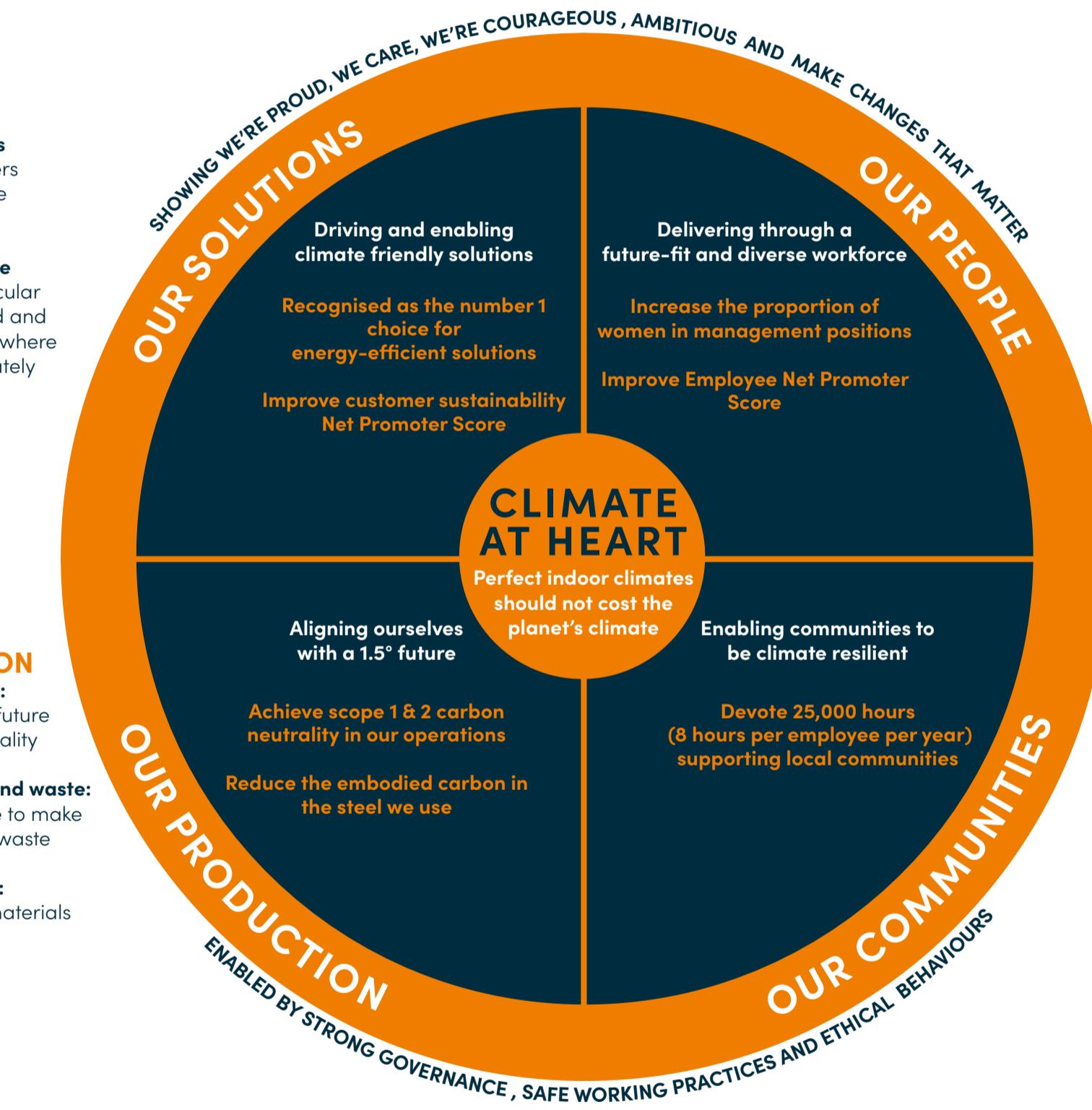
We will align with a 1.5° future and target carbon neutrality

### 2. Resource efficiency and waste:

We will use less resource to make products and eliminate waste

### 3. Responsible sourcing:

We will source our key materials responsibly



## OUR PEOPLE

**6. Diversity, equality and inclusion**  
Create a diverse and inclusive culture within Purmo Group

**7. Engagement at work:**  
Ensure our employees are satisfied at work

**8. Employee upskilling**  
Inspire a future-fit workforce to tackle the skills gap and build pipeline of future workers.

**9. Health & Safety**  
Ensuring Purmo Group is a safe place to work

## OUR COMMUNITIES

**10. Community engagement**  
We will support the most vulnerable people to have access to adequate shelter and indoor climate

## 2022 Sustainability highlights

The longest journey starts with a single step. In 2021 we launched a comprehensive and transparent sustainability programme demonstrating our ambition to embrace sustainability through Complete Care and put it on every agenda of our business.

We have made some significant changes in how we do business, from our HVAC solutions to our production facilities, and from our employees to the communities we live amongst. We are already starting to make a difference, but there is a long way to go, and we have even more ambitious plans for 2023.

Our commitment to Complete Care is just beginning. In 2022 we created strong foundations with 4 focus areas, 10 commitments and detailed action plans to help us achieve our vision.

There is much more to be done in the coming years, and 2023 promises to be an exciting year. Our enhanced sustainability strategy will allow us to make more informed decisions that will make a positive difference. This is vital for the planet and great news for our customers, shareholders and other stakeholders.

### Science-based targets

We announced our commitment to setting science-based targets in 2022. In 2023 we will submit near-term, long-term and net-zero by 2050 targets to the SBTi for approval, covering our own greenhouse gas emissions as well as those of its supply chain (referred to as scope 1, 2 and 3).

### UN Global Compact

In 2022 we joined the UN Global Compact, which promotes activities that contribute to sustainable development goals for a better world. Joining the UNGC initiative demonstrates our commitment to taking responsible business action by aligning our strategies and operations with universal principles on human rights, labour, environment and anti-corruption, for a more sustainable future.

### First Environmental Product Declaration (EPD)

Our first Environmental Product Declaration (EPD), also known as a Product Environmental Profile (PEP), was for The Thermopanel V4, V4 Plan and V4 Ramo ranges and was completed in 2022. Gaining EPDs for all new products by 2025 is one of the 24 KPIs in our Complete Care approach to sustainability.

Our enhanced sustainability strategy will allow us to make more informed decisions that will make a positive difference. This is vital for the planet and great news for our customers, shareholders and other stakeholders.



# 2022 Sustainability highlights

## Health and Safety

We are pleased to report an improvement in all health and safety KPI's in 2022 compared to 2021, including a reduction in the number of accidents deemed 'High Severity', which declined by 57% compared to the previous year. Overall we had 14% fewer lost-time incidents in 2022 compared to 2021. We have a groupwide zero-accident target, and safe working practices are embedded in our business and over 90% of all Purmo Group employees are now covered by ISO 45001 (occupational health and safety standard).

## Global Reporting Initiative (GRI) Gap Analysis

During 2022 we completed a gap analysis on our Environmental & Social Governance progress in accordance with GRI reporting standards. A summary can be found on [www.purmogroup.com/en/sustainability](http://www.purmogroup.com/en/sustainability).

## Packaging and circularity reviews

We completed in-depth reviews of our packaging and circularity. These have created strong foundations to accelerate progress toward 100% recycled, recyclable or biodegradable packaging by 2030.

## EU Taxonomy

EU Taxonomy regulation defines whether an economic activity carried out by a company can be classified as environmentally sustainable. In 2022 we carried out an alignment assessment for the product groups that were already identified as eligible in 2021. Whilst the portion of the aligned turnover is lower than that of the eligible products, we believe our strategic focus on solutions selling will increase it through 2023 and beyond.

## EcoVadis assessments

We have worked with EcoVadis to assess the sustainability of our plants, and invited over 115 of our suppliers to do the same. This assessment of Purmo Group and its top suppliers will continue into 2023 and beyond.

More information about each of the above initiatives can be found from: [www.purmogroup.com/en/sustainability](http://www.purmogroup.com/en/sustainability).

Key indicators	2022	2021	% Change
<b>Production</b>			
Scope 1 and 2 GHG emissions (market based) tCO <sub>2</sub> e, actual excluding fuels data	<b>79,035</b>	86,780	-9%
Net sales	<b>904.1</b>	843.6	7%
Scope 1 & 2 CHG emission carbon intensity	<b>87.4</b>	102.9	-15%
Steel procured, tonnes	<b>147,925</b>	201,675	-27%
Carbon emissions from procured steel, tCO <sub>2</sub> e	<b>279,578</b>	381,166	-27%
EU taxonomy Revenue eligibility / alignment, %	<b>84% / 5%</b>	86% / n/a	
EU taxonomy Capex eligibility / alignment, %	<b>81% / 3%</b>	69% / n/a	
EU taxonomy Opex eligibility / alignment, %	<b>93% / 2%</b>	93% / n/a	
<b>Solutions</b>			
Customer Net Promoter Score	<b>33</b>	n/a	n/a
Customer Sustainability Net Promoter Score	<b>8</b>	n/a	n/a
<b>People</b>			
Lost Time Injury Frequency Rate (LTIFR)	<b>4.9</b>	5.2	-6%
Number of safety observations	<b>1,218</b>	1,013	20%
Number of Lost Time Incidents	<b>28</b>	32	-13%
Proportion of women in senior management positions	<b>27%</b>	24%	
Employee Net Promoter Score (eNPS)	<b>-8</b>	-9	11%
Anti-corruption policy training coverage	<b>98%</b>	99%	
<b>Communities</b>			
Volunteering hours	<b>6,680</b>	n/a	

# Caring about production

## Caring about Production

**How we make our products has a direct impact on the sustainability of our industry, business and products through reduced embodied energy. Our operations are, therefore, a key factor in our sustainability strategy.**

**Commitment 1. We will align with a 1.5°C future and target carbon neutrality in our Scope 1 and 2 emissions.**

We reduced our CO<sub>2</sub> emissions by 9%. This was driven partly through lower production volumes but also through energy efficiency measures in our plants. We have committed to carrying out energy audits and installing smart energy monitoring devices at all our plants by the end of 2023. 100% of our manufacturing plants have clear sustainability action plans, which include installing LED lighting, taking energy efficiency measures and identifying heat recycling opportunities.

Each of our manufacturing sites already manages its environmental impact through ISO 14001-certified environmental management systems and we also aim to achieve ISO 50001 certification across our plants by 2025.

In 2022 we approved €1.5 million of works to further improve the energy efficiency of our plants.

### Improving energy efficiency

In 2021, we baselined our GHG emissions with the aim of achieving carbon neutrality across our operations (absolute zero Scope 1 and 2 emissions, measured in cubic tonnes). This activity will continue in 2023 with baselining our Scope 3 GHG emissions, essential for us to set verifiable and meaningful science based targets.

In 2022 we continued to enhance our ESG data-reporting capability using a sustainability-monitoring system. It is called 'Resource Advisor' and was created by Schneider Electric. The platform ensures that we have consistent monitoring and reporting.

We have identified the purchasing of renewable energy as a priority and are committed to only sourcing clean energy by 2030. This includes our commitment to generating energy onsite from renewable technologies in the coming year. This is a scope 2 reduction.

### Reduction in Scope 1 & 2 carbon emissions

In 2022 we continued to replace older machinery with modern, energy-efficient replacements, replace lighting with lower energy LED equivalents and explore opportunities in solar photovoltaic installations. In Italy for example, we now purchase electric power from certified renewable sources for all our plants, as well as our manufacturing operations. We are continuing to focus our efforts on identifying energy savings in our offices, from switching off equipment from standby when not in use to major investments in heat recycling.

As an internal awareness campaign, we converted energy wastage in the lifestyles of our managers into hours of 'leaving a light on'. We included use of paper, travel, leaving phone chargers and computer equipment plugged in, and choice of vehicle. Some managers were surprised to discover that the potential savings from a year of their lifestyle were equivalent to a light bulb burning for 1,000 years.

### Setting science based targets

In 2022 we announced our alignment with the campaign: **Business Ambition for 1.5°C** by setting science-based emissions reduction targets. It is a response to the call from the Science Based Targets initiative (SBTi) for companies to commit to achieving a 1.5°C limit on global warming as well as net-zero emissions by 2050.

Science-based targets are emission-reduction goals required to realise the Paris Agreement: *limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C*.

This is the our first step into the adoption of these targets.

### Electric and self-charging hybrid vehicle fleet

In 2021, we decided that no more fully petrol or diesel cars will join our company fleet. Our ultimate aim is to transition all our company cars and onsite vehicles to self-charging petrol hybrid or fully electric by the end of 2025. In 2022 we continued the increase the installations of electric car charging points at our plants from 21 in 2021 to 26 by the end of 2022.

In 2022 we approved €1.5m of works to further improve the energy efficiency of our plants.

## Caring about Production

### **Commitment 2. We will use fewer resources to make products and eliminate waste.**

We completed a sustainable packaging review in 2022 and have committed to sourcing 100% of our packaging from recycled, recyclable or biodegradable materials by 2030. This review will be taken forward in 2023.

At our plant in Poland we are trialling more sustainable packaging, moving from white corrugated board to more easily recycled alternatives and introducing cardboard corner-bumpers for packing radiators.

At our plant in Zonhoven we reduced the use of chemicals in treating water and the amount of water used by replacing ultrafiltration membranes.

In our plant in Brescia, Italy we are trialling bio-compostable plastic for packing press fittings, and we are seeing encouraging early indications. The results of this trial will be reviewed in 2023 and, if implemented, will significantly reduce the use of single-use plastic packaging from this plant.

At our facility in Hull we invested in the installation and commissioning of a new box-making machine. This has resulted in substantial annual savings on cardboard of over €84,000, scrap reduction of 52%, reduced production time from 60 seconds to 15 seconds per box and annual board usage reduction of 112,000m<sup>2</sup>. In 2023 we will expand the use of this new facility to supply our plants at Gateshead and Birtley.

### **Commitment 3. We will source our key materials responsibly.**

Our products are designed and built to last. In many cases, 20 to 30 years, and some of our materials, such as steel, can be infinitely recyclable. Yet we also realise the importance of sourcing these responsibly and minimising the negative impacts on people and the environment. In 2021, we continued to extend the use of 'slim steel', a steel alloy that uses less steel without sacrificing product quality or heat output.

We aim to source all our key materials responsibly, including steel, brass, plastic and packaging materials, and ensure we can trace these back to source by 2030.

Our procurement team works according to responsible sourcing standards, set out by our Supplier Code of Conduct:

- **Respecting human rights**
- **Adhering to the high standards set out in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work**
- **Reducing our carbon footprint**
- **Increasing the use of both recycled and recyclable materials**
- **Refusing to source conflict minerals**

### **Assessing the sustainability of our operations and suppliers**

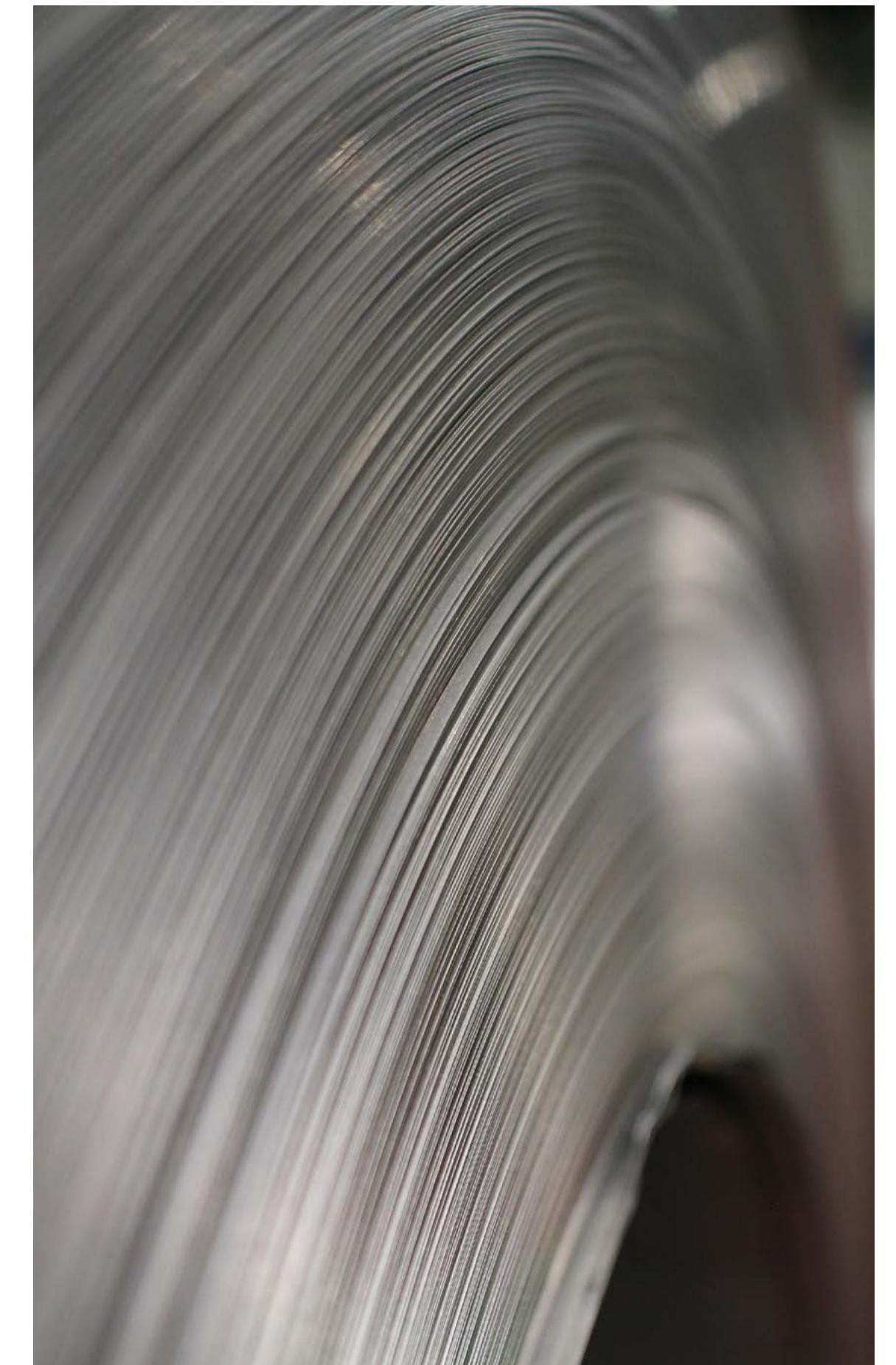
In 2022 we have worked closely with EcoVadis, one of the world's largest and most trusted provider of business sustainability ratings to assess the sustainability of our plants as well as our top suppliers by revenue. This will continue into 2023.

#### **Sourcing 'greener' steel**

In 2022 we entered a non-binding agreement with H2 Green Steel, agreeing terms on the supply of 140,000 tonnes of steel between 2024 and 2031.

H2 Green Steel is a pioneer in decarbonising the future production of steel. Its first plant will be built in Boden, Northern Sweden, producing green hydrogen from fossil-free electricity that is then used in the steel-making process. It is a start-up company, securing funding from forward-facing companies who share its vision.

We currently buy steel chiefly for the production of steel-panel radiators for global markets. Venturing in to green steel is a significant step as, according to H2 Green Steel, conventional steel production generates up to 25% of Europe's industrial CO<sub>2</sub> emissions.



## Caring about Production

### Case Study 1

#### Meiningen Laser Welding Module

**How one new laser welder revolutionised energy consumption on a production line**

**Purmo Group's distinctive Delta radiators are popular in schools and public buildings, and are increasingly seen in private homes, due to their stylish design and the efficiency that comes from their unique D-shaped columns.**

It was at the Delta radiator production line in Meiningen, Germany, that some creative thinking by the local production leadership team led to remarkable improvements in sustainability and energy savings. The laser-welding module used to join the radiator shells, was getting old and was inefficient compared with state-of-the-art technologies. Rather than simply replacing it, the team realised that it presented an opportunity for a completely new approach.

#### Replacing helium mixture with argon gas

The old laser welder often caused production losses due to seam-misalignment and porosities. It also used a lot of energy and consumed an expensive helium-mixture welding gas. It was decided to invest in a custom-made diode laser-welder, which completely changed the method of creating welding energy and replaced 75% of the total helium mixture consumption with cheaper argon gas. It was a huge undertaking.

Changing the laser beam meant redesigning the outer welding module, and creating a new laser cabinet. A bespoke design was needed to meet the very exact needs of the job, and the work took over a year.

#### Saving up to 700 kWh each day

The new laser welder is much more efficient, and has led to a massive reduction in energy consumption. This can clearly be seen in the plant's energy footprint. Up to 700 kWh are saved on a three-shift working day, which in a five-day working week, equates to the average household energy consumption of a family home for a whole year.

*Christian Richter, Plant Manager said:*

**'We are delighted with the new laser welder. As well as the environmental impact of reduced energy consumption, it has improved product quality. The welded surfaces are smoother, there is less leakage and less reworking is needed. We are so pleased that plans are already in place to replace another two laser welders.'**



**The new diode laser welder in action**

## Caring about Production

### Case Study 2

#### Water Recycling in China

**How water wastage was blown away on a production line in China**

**Purmo Group has a radiator plant in Yangzhou China which manufactures approximately 340,000 radiators per year, principally the H300, H600 and H900.**

Every radiator that comes off the production line has been through a pre-treatment tank (PT) and ultrafiltration flushing (UF). Pre-treating and flushing radiators is an important part of the production process as it is essential that, prior to painting, the radiators must be completely clean and free from any oils or residues.

These two processes consume a lot of water, which becomes contaminated as it is used. Once the radiator has been pre-treated and flushed this 'waste' water is transferred into an electrophoresis tank (ET). This is a commonly-used technique to essentially separate different molecules in the contaminated water based on their size, and involves using further chemicals. The waste water must be treated carefully and safely before it is released back into the environment.

#### Reduce, Reuse, Recycle

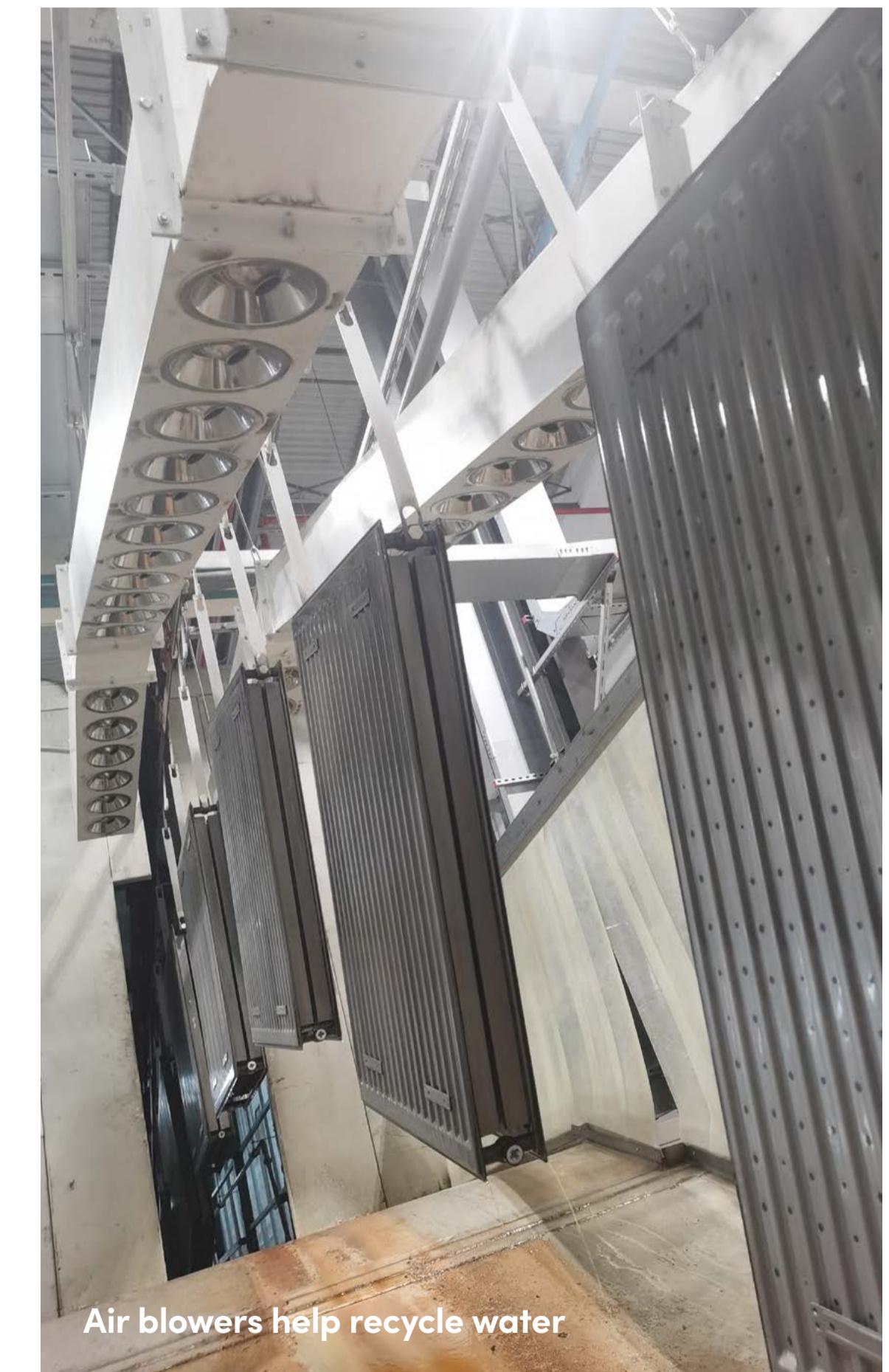
**The production team researched possible solutions to the problem and, inspired by a similar production line at the Rybnik plant in Poland, they hit upon the idea of simply blowing away the waste water.**

Air blowers were installed above the tanks, and now as the radiators emerge from the water, the excess water is blown straight back into the tanks, where it can be re-used. Less water is used, the ET tank is uncontaminated and there is less dirty waste to treat and dispose of.

In a full year, over 100,000 kg of water is directed back into the PT tank, and over 60,000 kg into the UF tank. The cost of installation of the blowers was recouped within four months, due to the decrease in costs of treating the contaminated waste water.

*Colin Wang, Environment & Safety Engineer at Yangzhou plant said:*

**'The installation of the blowers has been a resounding success. The environmental benefits are huge, with a significant decrease in water usage, the amount of contaminated waste water we need to deal with, and also the reduction in the chemicals we need to use. And as the investment paid for itself within four months, it made sound business sense as well. It really is a win-win solution.'**



## Caring about Production

### Case Study 3

#### Powder Coatings

##### A more sustainable solution for powder coatings

**At Purmo Group's UK manufacturing site in Gateshead, sustainability was the key consideration when selecting a new powder-coating booth system. They wanted a solution which was more energy efficient, would use less resources, and reduce the amount of waste going to landfill.**

A full market evaluation led them to a powder coating system called MagicCompact, which utilises a combination of software and hardware to produce high-quality finished components with a much-reduced environmental impact.

The system was the first of its kind in the UK, and it represents a move towards intelligent digitalisation and Artificial Intelligence. Being cloud-based, it draws intelligence from multiple areas of the plant, and provides digitalisation of all the coating parameters for the radiators being painted. It then uses this data to make autonomous decisions to optimise the painting process and reduce the consumption of resources.

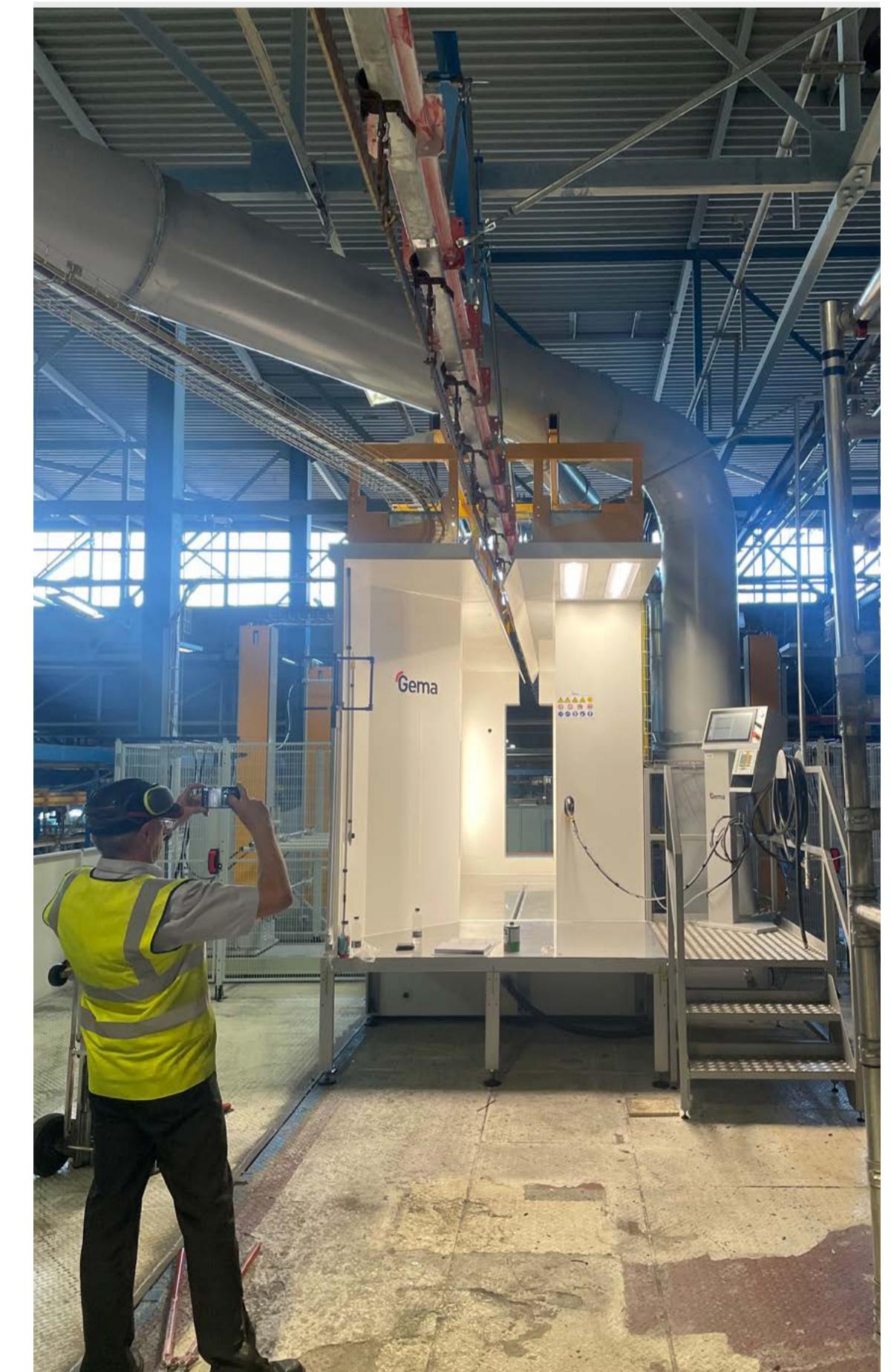
##### Better use of resources, less waste

At the heart of the new system was EcoDrive, an energy optimisation tool, which automatically adjusts power usage whilst maintaining a high quality paint finish. This has delivered a reduction in demand for electricity of up to 15% during normal operations. There has been a similar reduction in powder consumption due to high efficiency powder coating pumps, and an intelligent pressure monitoring system which has reduced the requirement for compressed air by 15% - 30%, depending on operating conditions.

As a further benefit, the amount of waste being produced has been reduced. The introduction of sinter-plate filtration has meant that much more powder is recovered. With a typical life-cycle of 10-15 years, compared with using traditional cartridge filters, this has resulted in a significant decrease in the amount of waste going to landfill.

*Grant Lennon, Plant Manager said:*

**'The new powder coating system has delivered all kinds of benefits. As well as reducing the resources needed and reducing waste, it provides us with data on the condition of the hardware, allowing preventative maintenance to take place to ensure it is kept in top condition, with no breaks in production. It is a real step forward in terms of sustainability, and we are delighted to have it in our plant.'**



# Caring about Solutions



## Caring about Solutions

With the broadest product offering in the industry, we have a unique ability to offer systems, end-to-end solutions and smart products that save more energy.

The majority of our solutions and products help to create more sustainable homes. However, we know we must do more to ensure the materials we use are sustainably sourced and ethically produced.

### Commitment 4. We will help our customers save energy and make sustainable choices

We recognise the responsibility we have to help homeowners save energy. We want to help them make informed choices about the efficiency and green credentials of the options they have.

### First Environmental Product Declaration (EPD)

European policies are increasingly focussing on the environmental impact of products. This has become an important factor in buyers' decisions as they want to understand the environmental impact of their purchases. EPDs provide this information.

In 2022 we completed our first Environmental Product Declaration (EPD). An EPD, also known as a Product Environmental Profile, covers all phases of the product lifecycle providing objective, third-party verified data about the product's environmental performance. The registration, PEP EcoPassport (PURM-00001-V01.01-EN), is for The Thermopanel

V4, V4 Plan and V4 Ramo ranges. Gaining EPDs for all new products by 2025 is one of our 24 KPIs in our 'Complete Care' approach to sustainability. This first registration is a milestone event.

### EU Taxonomy alignment

In 2018 the European commission published its action plan on sustainable finance, which triggered several legislative initiatives on ESG disclosures aimed at fostering transparency in the finance industry. A key component of the action plan is the taxonomy regulation, which establishes a common classification system for environmentally sustainable economic activities covering six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

To date, reporting has targeted the first two environmental objectives, pending finalisation of the Environmental Delegated Acts for the remaining four.

As part of this EU Taxonomy reporting Purmo Group performed alignment assessment for the eligible product groups identified initially as part of the 2021 reporting, consisting of substantial contribution evaluation, a *Do No Significant Harm* assessment as well as evaluation of compliance with the minimum social safeguards requirements. The proportion of

the aligned turnover is lower than that of the eligible products, due to the fact that Purmo Group's radiator and underfloor-heating product categories which initially identified as eligible do not fulfil the substantial contribution criteria, e.g. as no required energy labelling is currently available for these products.

Purmo Group's taxonomy-aligned turnover consists of solution sales (total package installations) under activity 3.5: *Manufacture of Energy Efficiency Equipment for Buildings*. The total package deliveries include underfloor heating equipment, automation, control valves and in some cases also heat pumps.

Our solutions enable our end-customers and installer clients to fulfil the EU Taxonomy economic activity 7.3. Installation, maintenance and repair of energy efficiency equipment.

For more detailed information on our approach on EU taxonomy please read the Purmo Group Annual Report 2022

### Sustainability Net promoter Score

To better understand if we are achieving our goal of providing the right information at the right time, we need the feedback of our customers, and that is what led us to our latest initiative in 2022.

As a company, we are accustomed to measuring our Net Promoter Score (NPS), which is a recognised metric for understanding customer perceptions. In 2021 we introduced a Sustainability NPS, with a view to understanding how customers perceive us specifically in relation to our commitment to informing and educating them about their options. We ran the survey across all nine territories that

we operate in, and our goal was to reach a score of +6. In the event, we achieved a score of +8, an excellent base to build upon. The feedback will allow us to tailor our communications to individual markets, ensuring that all our customers are informed about the efficient, circular and integrated solutions available to them and the lifetime environmental impact of all our products.

We recognise the responsibility we have to help homeowners save both energy and money.



## Caring about Solutions

**Commitment 5. We will apply circular design principles to all products. We will invest in new solutions where circularity is not immediately possible.**

In 2022 we completed a review of circularity in our new product development process and our packaging to identify clear roadmaps. We aim to incorporate circular design principles in all new products by 2025 and have 100% of our packaging from recycled, recyclable or bio-degradable sources by 2030.

The circularity review examined how our existing product design principles align with our sustainability targets and KPIs. We identified the need for an enterprise-wide circular design roadmap that will assist in achieving company-wide ambitions, while understanding and making allowance for site-level deployment plans. This will be taken forward in 2023.

### Our packaging material footprint

Our top three materials used by weight:

- Wood 13,619,224 kgs
- Cardboard 4,319,569 kgs
- Plastics 264,765 kgs

Plastics do not represent the main material by weight, but are the focus of the largest scrutiny.

Material	Material type	Material kg
Wood	Palettes	9,683,604
	Packing wood parts	3,935,620
Plastics	Plastic films	1,174,293
	Plastic packing material	439,907
	Packing tape	94,554
	Strapping	95,554
	Valve protection	1,887
Expanded plastic EPS/EPE	Expanded plastic	264,765
Cardboard	Cartons, paper	3,762,274
	Protection corners	557,295
Paper	Cartons, paperboard	40,610
Labels	Labels	42,139
	Product labels	41,255
Others	Others	8,756
	Steel Packing	1,924
<b>Grand total</b>		<b>20,144,427</b>

### Roadmap for circularity

In 2023 we will create circular design guidelines including:

1. Choice of circular design criteria (recyclability, ease of disassembly and others from suggested list)
2. Definition of each circular design criterion (suggestions for recyclability, ease of disassembly)
3. Circular design KPI definition

### Packaging review

In 2022 we began a study on our packaging to:

1. Understand current existing packaging targets and if those are aligned with our KPIs.
2. Investigate opportunities linked to packaging principles, best practices in the market and possible risks of continuing business-as-usual.

We have clear recommendations for actions to progress in 2023.

### Rework trial

In 2022 we planned a trial of reworking radiators that are damaged in transit to avoid them being scrapped. The trial, beginning in 2023, will identify an approach that can be adopted across all our markets.

## Caring about Solutions

### Case Study 4

#### Putting customers in control of energy use

**The cost of energy is at the top of everyone's mind, both in the monetary sense and in terms of environmental impact. So having full control of how energy is used for heating and cooling the home, is important to all householders.**

Bespoke solutions have previously been out of reach for the average consumer, and have often only been possible when replacing an existing system with something new. Now, however, in response to customer demand, we have developed Unisenza and Unisenza Plus: two systems which make it much easier to make this kind of control possible.

#### Control room-by-room, over the phone

**The ability to turn on the heating remotely isn't new, but our Unisenza UFH (Under Floor Heating) system does so much more. With room-by-room controls accessed through a phone app, the potential energy savings are significant.**

Unisenza UFH was launched in 2022 and it controls underfloor heating and cooling. It allows you to set the temperature for each individual room in the house, creating warmer or cooler zones depending on how the rooms will be used. You can even set up geofencing – programming the controls to turn on when you are within a certain distance from your house, so that the temperature is right for you as

you walk through the door. It also features an 'open window function', which senses any excessive drop in temperature and intervenes to prevent further energy losses.

In 2023, a new system, Unisenza Plus, will hit the market. This will allow smart thermostats to be fitted to existing radiators, giving the same level of control at even more pocket-friendly prices. No longer will householders have to fiddle with manual radiator thermostats in each room. Instead, for a small outlay, they will have effective remote control over their energy use whether they are in the living room, or away on holiday.

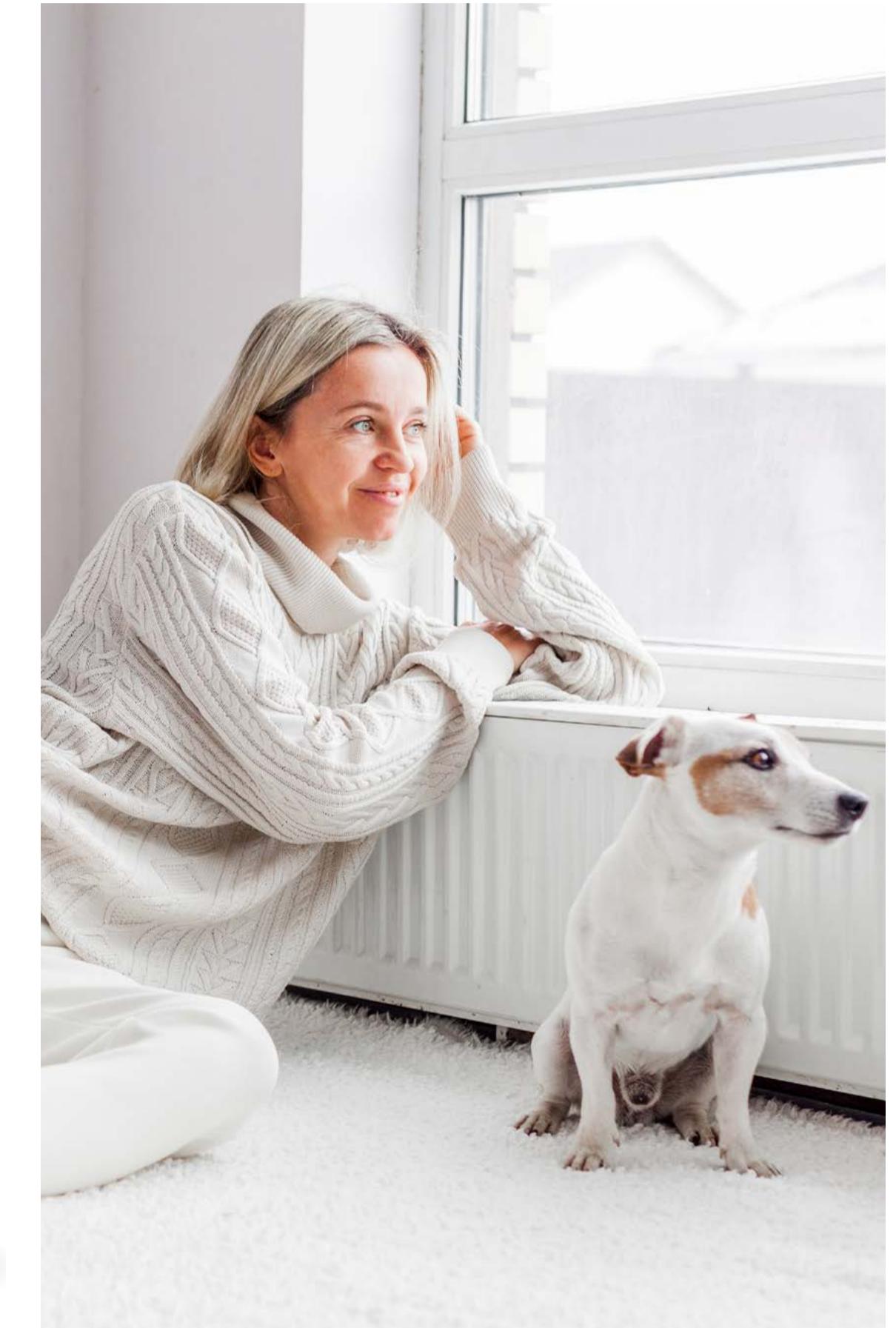
#### Dramatic savings for householders and the planet

**Few householders currently adjust individual radiator thermostats, or change their heating settings to reflect whether they are at home or away. So making multi-zone control easier has the potential to make a huge difference to the energy being consumed.**

With an initial outlay of more than a few hundred Euros and cost savings for an average home estimated to pay back within a year, this is a solution to energy savings that is within everyone's reach. It is great news for the customer, and for the planet, as much less energy will be wasted on heating or cooling empty homes.

*Barry Lynch, President of Products and Systems Division said:*

**'Our Unisenza Plus system is a real game-changer. Customers have been asking for this level of full heating system control for some time, so we are certain that it will have a real impact on energy use as we roll it out over the next year. We are proud to be taking the lead on this kind of technological innovation.'**



## Caring about Solutions

### Case Study 5

#### A holistic approach to sustainability

**Bringing a 1970's house up to 21<sup>st</sup> century energy efficiency standards.**

**In Dovadola in Italy, a large family home was badly in need in renovation. Built in the 1970s, with a 360m<sup>2</sup> footprint, it was poorly insulated and the fuel bills each year amounted to over €9,000. On the A-G energy efficiency class scale, it was ranked G, the worst possible.**

The team from Emmeti, part of Purmo Group, stepped in, and saw at once that a holistic solution was needed. The renovation had to comply with energy efficiency standards set out in EU law.

A combination of actions and products were identified to transform the house. This included installing photo voltaic (PV) solar panels, an air-source heat pump, underfloor heating, a new water tank and insulation. The family also chose to replace their condensing boiler so they could keep the existing radiators as a back-up.

#### Making the most of sunshine

**The abundant Mediterranean sunshine means that the PV panels provide electricity to fuel the heat pump. This in turn creates the energy for the underfloor heating.**

As there is an obvious mismatch between when the sun shines (the middle of the day) and when heating is most needed (mornings and evenings), an intelligent energy management system is needed. This is provided by Febos, a user terminal which sets the temperature of both the water and the heating, and can maximise the use of the solar power during the critical sunshine hours ensuring that as much daytime energy as possible is stored in the floor for slow release.

#### A bespoke solution for a unique property

**The renovation needed a bespoke solution because of the size and age of the property, and the project was complex and lengthy.**

The Emmeti team was able to manage the whole process, supplying everything from pipes and manifolds to mixing units and fittings. They were also able to advise on insulation, which turned out to play a major role in the transformation, contributing an estimated 60% - 70% of the eventual savings in energy usage.

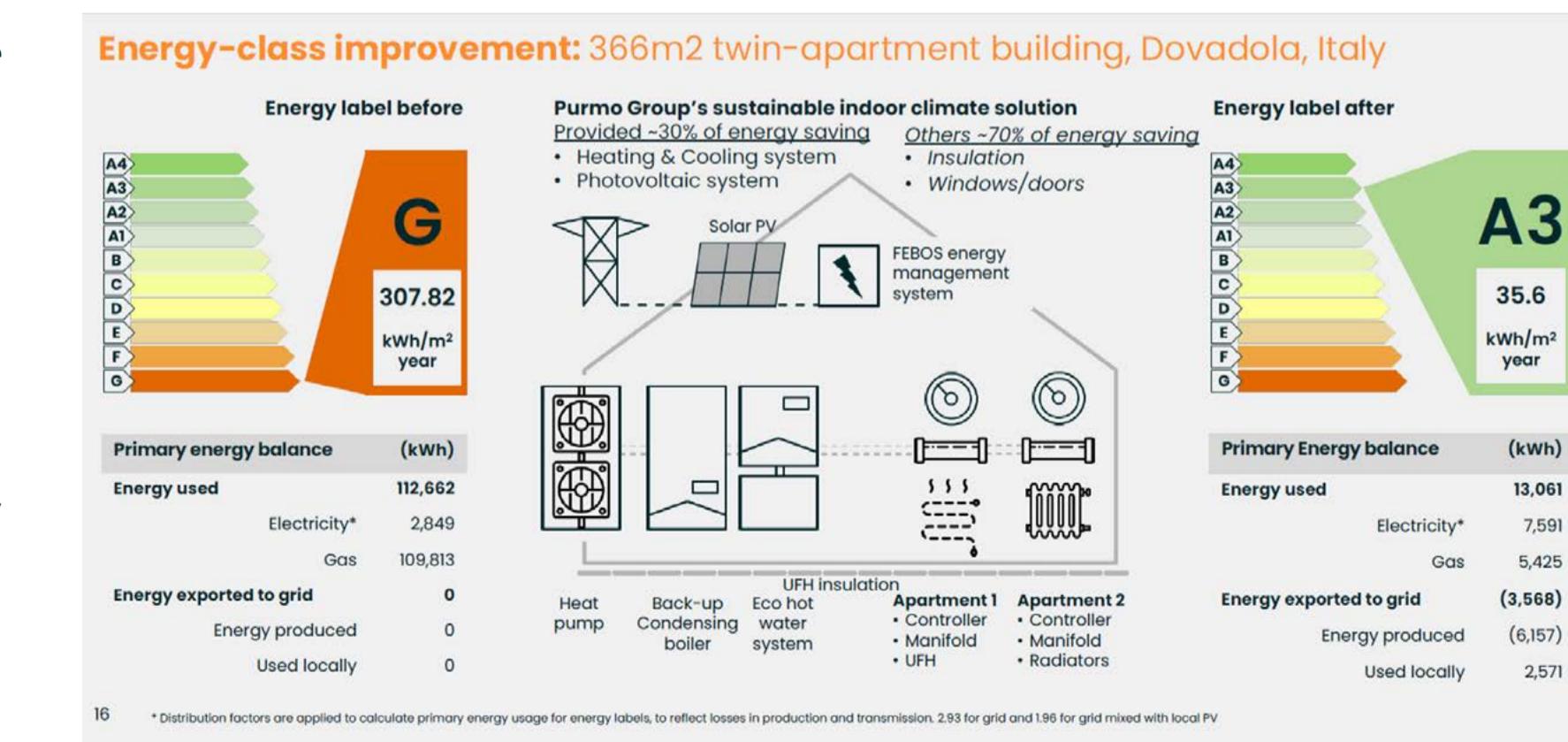
#### Dramatic savings for the householders – and the planet

**The eventual transformation in energy usage has been astonishing.**

Before the work was done, the household was consuming over 105,000 kWh of gas and 970 kWh of electricity, resulting in annual fuel bills of over €9,000. Now, the house is energy efficient, with 6,157 kWh of solar electricity being generated, and only 1,182 kWh of gas being consumed. Annual fuel bills have been reduced to around €500, just 5.5% of what they were previously. What is more, over 2,500 kWh of electricity is being sold back to the grid each year, and the house now ranks at energy efficiency class A3, the best possible score - an incredible nine classes above where it was.

*Marco Martin, Vice President of Sales for Emmeti said:*

**'Many people think that older properties aren't suitable for a 'green' makeover. This house proves that the results can be revolutionary, both in terms of ongoing fuel costs, and by drastically reducing the energy**



# Caring about People

A photograph of two women in a factory. One woman is in the foreground, seen from behind, wearing a blue sweatshirt with the text "We are proud of what we do and we care". The other woman is in the background, smiling and wearing safety glasses and a blue sweatshirt. They are standing near a large industrial machine.

We are  
proud of  
**what we do**  
and  
**we care**

## Caring about People

Caring about our people means demonstrating commitment to inclusiveness, wellbeing, happiness and development. In return we encourage them to find sustainability solutions in all areas of work.

### **Commitment 6. We will create a diverse and inclusive workplace culture.**

A healthy business is diverse and inclusive. We are actively increasing the number of women in senior management positions, bridging and eliminating pay gaps and creating a discrimination-free culture.

### **Joining the UN Global Compact**

By joining UN Global Compact in 2022, we demonstrated our alignment with universal principles on human rights, labour, environment and anti-corruption. That sets our commitment to responsible business action in stone.

The UN Global Compact consists of ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption. It promotes action in support of the UN's Sustainable Development Goals (SDGs).

As a participant of the United Nations Global Compact, we are committed to reporting our progress against the ten guiding principles of the starting from 2023.

### **Commitment 7. We will create a diverse and inclusive workplace culture.**

**We want all employees to be happy in their work. It makes for a safer, healthier workplace, and makes good business sense. Wellbeing is linked to accident reduction, less absenteeism and better staff retention.**

In 2022 we implemented actions based upon the staff engagement survey in late 2021. We identified three core themes:

- 1. Feedback and Communication**
- 2. Wellbeing and**
- 3. Learning and development**

We saw an improvement in all three themes driven by:

- Individual managers improving collaboration with their teams.
- Implementation of an online learning and development platform.
- Launching PG See – three-minute looped news briefings in all languages, shown on large screens installed in all manufacturing plants.
- Improving local initiatives in Health and Wellbeing.
- Implementing a performance management process for personal development.

Our 2022 engagement survey showed an improved response rate of 74%, up from 70% in 2021 and our eNPS score (Employee Net Promoter Score) increased to -8 from -9 in 2021.

The improved results in 2022 demonstrated that we identified the right areas of focus. We still have room for improvement specifically in:

- Feedback and communication between individual managers and the employee.
- Addressing stress related concerns from employees.
- Focusing on wellbeing through ergonomics.

There is no one-size-fits-all solution to increasing staff satisfaction. We also have to consider the financial and business limitations of what we can do. But we will address concerns around work-life balance, stress and long hours by enabling flexible working, and creating an open and understanding workplace.

### **Commitment 8. We will help prepare a future-fit workforce to tackle the skills gap and build a pipeline of talented employees.**

Employees are attending relevant upskilling and reskilling programmes.. We have created a sustainability ideas channel that can be accessed from desks or mobile phones to generate new ideas and harness the ideas and insights of staff from across the business.

**Caring about our people means demonstrating commitment to inclusiveness, wellbeing, happiness and development.**

## Caring about People

### Commitment 9. We will ensure Purmo Group is a safe place to work.

We saw an improvement in all Health and Safety KPIs in 2022 compared to 2021 including a reduction in the number of accidents deemed 'High Severity'. We also saw no significant machine failures in 2022. 90+ % of all Purmo Group employees are now covered by ISO 45001 (occupational health and safety standard).

We have a groupwide zero-accident target. Our health and safety strategy is based on a compliance-first approach to protecting our people. Our training is ongoing, and our monitoring and reporting system tracks safety incidents and observations closely to ensure it is constantly top of mind. We have a 100% investigation rate, and have reduced our accident rate by 80% since 2012. Our Health and Safety monitoring tool, Airsweb, continues to provide accident data throughout the business and we will continue to improve reporting and analytical capabilities in 2023.

This focus has been helped by implementing a new Health and Safety organisational structure in 2022. Every manufacturing plant now has a Health and Safety senior sponsor and manager who are the 'eyes & ears' of our focus.

We are investigating Health and Safety ergonomics software which can analyse employees movements to help them make improvements in lifting, moving and operating machinery in a visual and engaging way.

Indicator	2022	2021	% Change
Number of safety observations	<b>1,218</b>	1,013	20
Number of lost time injuries occurring in a workplace per 1 million hours worked <sup>1</sup>	<b>4.9</b>	5.2	6
Number of Lost Time Incidents	<b>28</b>	32	-13
% of employees within scope of ISO 45001 (occupational Health and Safety	<b>93</b>	89	4

<sup>1</sup> Lost Time Injury Frequency Rate (LTIFR)



Every manufacturing plant now has a Health and Safety senior sponsor and manager who are the 'eyes & ears' of our focus.

## Caring about People

### Case Study 6

#### A New Approach to Skills Training

**Partnering our expertise with that of a leading university.**

**In a fast-moving industry such as Heating, Ventilation and Air Conditioning (HVAC), it is always a challenge to ensure that skills and knowledge are kept relevant and consistent. Technology changes quickly, as there is constant innovation to improve efficiency, cost effectiveness and sustainability.**

At Purmo Group, a completely new approach to training has been developed, which will be rolled out globally. They have teamed up with the Engineering Department at FH Burgenland (Burgenland University), and are working together on a programme to develop technical skills and industry knowledge.

The academics at the University receive some EU funding for their research into HVAC technology. They have state-of-the-art laboratories for practical experiments, and they understand both the latest technological trends and the environmental impact of indoor climate comfort solutions.

#### **A wide-ranging programme designed for flexibility**

**The programme is made up of 10, 20 or 30 modules, depending on existing knowledge levels, and participants are expected to complete one 90-minute module per week.**

The content covers all aspects of indoor climate comfort, from thermodynamics to how the human body reacts to changes in temperature. It includes such diverse subjects as housing design, the needs of architects and how the environment is impacted by different technologies. It goes way beyond simply learning about products and solutions.

The training delivery is designed for a sales force that is geographically diverse. It will be accessed half off-line, in modules that can be completed at any time, and half on-line, by video-conferencing. There will also be opportunities to meet up in face-to-face workshops when needed.

#### **Pilot launching in January 2023**

**The first ten participants will go through the training between January and June 2023. They will be drawn from sales and product management roles in a number of countries.**

The programme will then be rolled out across the company, with senior management and new starters all expected to take part. It will also be translated into local languages to make it accessible for everyone.

*Lesia Gibbons, Head of Organisational Development said:*

**'The new training will give our people the skills they need to excel in their roles now and into the future. It will both complement the soft skills training already in place,**

**and ensure that their knowledge and expertise is relevant, consistent and sustainable.'**



# Caring about Communities



## Caring about Communities

### Local Community Action

The climate crisis has pushed many people into energy poverty, meaning that they can no longer afford indoor thermal comfort. In Europe alone, over 50 million people are already unable to heat or cool their homes effectively, with even higher numbers in regions which are developing economically.

Our expertise can benefit thousands of people and we have a unique opportunity to support communities in building resilience to climate change.

### Commitment 10. We will help the most vulnerable people access adequate shelter and indoor climate.

We've made significant progress in 2022 helping our local communities with over 6,000 hours of employee volunteering. Our focus for 2023 and beyond is to build our volunteering approach, focusing on providing our expertise in HVAC to help vulnerable local communities.

By 2025, we will donate 25,000 hours of employee time (eight hours for each employee) to support local communities by providing heating and cooling solutions, as well as supporting community action such as litter picking. We want this programme to result in lasting partnerships and true engagement with local communities.

Our aim is to create a strong giving culture within the company, and to have a genuine social and environmental effect on the local communities. We will share stories of the local community programmes across all plants, giving these activities the high profile and recognition they deserve.

Our expertise can benefit thousands of people and we have a unique opportunity to support communities in building resilience to climate change.



## Caring about Communities

### Case Study 7

#### Extending the hand of friendship across borders

**How Purmo Group staff stepped up when lives were on the line.**

**When war broke out in neighbouring Ukraine our staff in Poland had a very personal reason to help. Former colleagues, contract workers from Ukraine, got in touch asking for assistance for their families, who were fleeing the conflict zones.**

Several of our employees were already helping refugees who had arrived in Rybnik from other countries, travelling to the Ukrainian border to meet families and bring them to safety. Other staff members rallied round and offered accommodation, financial aid and essential supplies.

It soon became clear that many, many more refugees were arriving from Ukraine, all in desperate need of shelter and provisions. The volunteer work extended to Warsaw railway station, directing the new arrivals to the help they needed. Again, there was a growing feeling among the workforce that they wanted to give more to help.

#### Providing time and money to help

We set up an assistance fund for refugees, and staff can pay into it voluntarily from their wages. All contributions are matched by the company. This fund pays for initial hotel accommodation, rent, clothes, supplies and help with job seeking. It is available for refugees from any country, wherever the need is greatest.

As part of the assistance campaign, we are also funding many of the hours spent by individuals who volunteer to help, including time taken by many employees to give blood, as supplies are running low. This combination of time and financial assistance is making a real difference for those people displaced from their homes and forced to take shelter in Poland.

Monika Krakowczyk-Piotrowska, HR Manager for Purmo Group Poland said:

**'No-one should be forced from their home, and we hope our efforts have provided some comfort and have made refugees feel welcome.'**



## Caring about Communities

### Case Study 8

#### Building links with the community through education

**Helping Ukrainian refugees feel more at home in Germany**

**Supporting the local community is a key element of Purmo Group's sustainability strategy. One employee, for example, has been helping some of the most vulnerable members of the community with vital skills.**

Every Wednesday morning between 10 and 12 you will find Renate Mittelstädt, who works in customer services at the Lilienthal plant, teaching German to refugees who have escaped hardship, conflict or natural disaster and come to Germany. Often, they have no working knowledge of German. The problem is compounded by the fact that many of them are unable to read or write, and have to be taught basic literacy as well as the spoken language.

There is a particular skill in teaching German to someone who has no knowledge of the language, and has literacy challenges, so Purmo Group paid for Renate to attend a course for the appropriate training. We also funded the purchase of books for the learning centre in Lilienthal. Renate has found the work to be enriching, saying: *'It is a pleasure to be able to help. It brightens my life.'*

#### Providing resources for education

**In Germany, staff from the Lilienthal plant have been volunteering to support both adults and children with their education.**

Since February 2022, two employees, Sarah Smrzek and Sophie Meyer, have been volunteering four hours a week at a local community hall where support is given to vulnerable children. These may be migrant children who speak no German, children with learning difficulties or simply children who come from disadvantaged backgrounds and have missed out on valuable learning at home.

The skills being taught range from the academic such as literacy, numeracy or learning German; to practical such as cooking healthy food, social skills and table manners. The volunteers' time is paid for by Purmo Group and they are given use of a company car.

*Ines Hieber, HR Manager for Austria and Germany said:*

**'When Purmo Group announced that it would support volunteer work in the community, I asked for volunteers to come forward and I looked for suitable projects locally. The response from both staff and the local community has been wonderful, and I am delighted we are able to make such a positive difference to people's lives.'**



## Caring about Communities

### Case Study 9

#### Purmo Group Honey

**Giving children a healthy breakfast and a healthy curiosity.**

**Part of the land at our plant in Ochtrup, Germany, is dedicated to bee hives, which are tended by HR representative and part-time beekeeper, Melanie Oskamp.**

We give Melanie paid leave during working hours to look after the bees and harvest the honey. Production is so good that jars of honey are now branded with a Purmo group label, and are very popular.

The honey provides an opportunity to engage with the local community. Supplies are donated to a local nursery school, where the honey contributes to a healthy breakfast for the children. Once a month, Melanie visits the nursery to talk to the children about the honey and where it comes from.

#### Learning through listening, touching and eating!

**Topics include how honey is produced, the importance of bees in the environment, how they pollinate flowers and crops, and how a healthy breakfast can set you up for the day.**

The children get involved with making their breakfast and using the honey. It's a mixture of classroom and hands-on learning.

*Ines Hieber, HR Manager for Austria and Germany said:*

**'The children love learning about the bees, and have gained a new appreciation of the natural world and where their food comes from.'**

**Bees are now seen as friends, who provide a wonderful gift through their hard work**



## Caring about Communities

### Case Study 10

#### Creating a garden area in Kapfenburg

##### Transformation of a valued outside space

In Purmo Group Austria, a group of factory floor workers were inspired to lend a hand when they heard about the sorry plight of a community centre in Kapfenburg.

The centre provides resources for disabled and disadvantaged individuals. The management wanted to make use of the land surrounding the centre, but it was overgrown and was unsuitable as a safe space. The vision was to create an airy, open garden area where people could relax, enjoy nature and take in the fresh air.

In Autumn 2022, Rudolf Gutjahr, Gerhard Hierzerbauer and Stefan Strebinger, who work on the production line in Diemlach, took a van full of tools to Kapfenburg, where they set about transforming the overgrown grounds. Over 200 hours of their time, funded by Purmo Group, was spent cutting back trees and bushes, repairing and replacing broken benches and turning the area into a beautiful, tranquil space.

*Ines Hieber, HR Manager for Austria and Germany said:*

*'When I heard about this project I knew that we had the right people to take it on. They thoroughly enjoyed being let loose with power tools, and were happy to have a change of scene and be out in the fresh air. The amount of timber they cut down is quite remarkable, and the managers of the centre are delighted'*



**Gerhard Hierzerbauer and Stefan Strebinger  
volunteering in the great outdoors.**

## This is Paula Bear

**She's a visual device that we're using both inside and outside the company as an illustration of the actions we've taken in line with our sustainability strategy.**

We've chosen a polar bear because they lead lives that are annually dependant on heat and cold, and because the decline in their habitat illustrates the damaging effect that human activity is having on the planet.

Paula will appear on improved packaging, improved products and alongside any initiative that improves the sustainability of our behaviours towards production, solutions, people and communities.

She is more than a logo – she is a statement of conscience. She holds her ball protectively, looking at all of us with enquiring eyes in the hope that, one day, humans could be trusted with the planet again.

She only appears when something raises the question: "Why did you do that?" and when the answer is clear and simple.

**Because We Care.**



# Because We Care



# Governance, materiality, anti-corruption

**As a global business, Purmo Group has a huge responsibility to take Environmental Social Governance (ESG) seriously. Studies show that only 1% of the top global companies meet the standard for socially responsible conduct. This requires taking adequate action against issues such as corruption, bribery, anti-competitive behaviour, and human rights violations across the value chain.**

**We embed ethical behaviours into the business by informing, training and equipping our employees, stakeholders, and our leadership to address with the risks and issues.**

## Sustainability governance

Sustainability is part of our culture, and regular tracking of the progress of our sustainability targets is a high priority for our Management Team, Board of Directors and Audit Committee.

## Our commitment

Transparent sustainability governance ensures accountability towards our shareholders, as well as compliance with our legal, regulatory and contractual requirements. That is why our sustainability strategy includes incentives for our workforce by implementing ESG targets in financial benefit schemes for level one, two and, in some cases, three managers.

## Governance structure

Our sustainability work is governed by a model that clearly sets out responsibilities for the Board of Directors, Management Team, Head of Sustainability and CSR, and the Extended Leadership Team. The Management Team reviews and approves sustainability performance quarterly, and monitors progress bi-monthly. The Board of Directors reviews the sustainability programme and ESG risks annually, signing off key policies and principles, including remuneration, incentives and ESG investments.

Our Extended Leadership Team is responsible for implementing the sustainability programme, monitoring its KPIs and leading by example. In 2021, the governance bodies supervised the development of the materiality assessment and strategy.

## ESG Steering Group

Our ESG Steering Group meets every two months. It prepares key ESG-related policies and supports the Head of Sustainability and CSR and the Management Team in decision-making by ensuring sufficient subject command and an up-to-date view on ESG progress. The ESG Steering Group prepares the sustainability strategy for Management Team approval, reviews the strategy annually and monitors progress bi-monthly. It also reviews the progress of our sustainability programme every six months. The Group also supports our non-financial information and sustainability reporting activities.

## ESG risk management

Our risk-management approach forms a robust and harmonised group-led process, with ESG risks assessed under their own category. The process maps enterprise-level risks annually, guided by our Enterprise Risk Management policy covering all business units. The process is monitored by the Management Team and reviewed by the Board of Directors to ensure the long-term resilience of the group. The Board is assisted by the Legal and Risk Management functions and the Audit Committee.

The buy-in of senior management is critical to ensure that ESG is a part of decision-making. Purmo Group's board understands the value of embedding a sustainability culture in products and people.

## ESG communications and transparency

**We are already ensuring that sustainability data is verifiable and audited, and we include ESG in our annual report.**

Being publicly listed increases our requirement to be transparent and meet the relevant frameworks and regulations. Accessibility of information to investors or analysts scores us more highly in ESG ratings and rankings.

We aim to develop processes to identify climate change risks to predict the need for Climate-Related Financial Disclosures (TCFD).

## Cultivating an ethical culture

We have implemented policies for responsible tax payments, data privacy and security, ethical conduct, ethical supplier conduct, competitive behaviour and whistleblowing, and investing in training for bribery and corruption.

As we work across numerous markets and regions, the risks and standards vary. Our ESG strategy is audited closely, and whistleblowing channels have been put in place.

## Key actions for ensuring data privacy and security

**Purmo Group's ICT Information Security function is responsible for implementing technical and organisational security measures for protecting personal data. This is addressed in the Group Information Security Policy.**

Group ICT actively monitors systems for incidents or anomalies and investigates these. They also investigate potential security incidents notified by personnel or external sources. Any confirmed or likely incidents regarding personal data are immediately reported to the local Data Protection Manager / DPO and the Group Head of Legal.

# Governance, materiality, anti-corruption

## UN Sustainable Development Goals

In 2021, we performed a materiality study in line with the UN Sustainable Development Goals (SDGs) to better understand the SDGs most materially relevant to us. We believe our business can make a material difference to four of the UN's Sustainable Development Goals. These are:



### SDG 8. Decent work and economic growth



### SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable



### SDG 12. Ensure sustainable consumption and production patterns



### SDG 13. Climate action

## GRI Gap analysis

In the third quarter of 2022, we completed a gap analysis on reporting Purmo Group's ESG progress in accordance with GRI (Global Reporting Initiative) standards. A summary of this analysis can be found on [purmogroup.com](http://purmogroup.com)

## Restatements

Our 2022 and 2021 Scope 1 & 2 emissions data has been restated to include actual rather than estimated CO<sub>2</sub>/equivalent data that were not previously available.

## Due diligence

We implemented a whistleblowing channel in 2021 for both internal and external parties. The channel provides the opportunity to report any suspected wrongdoing, whether related to bribery, fraud, health and safety risks, damage to the environment, or any suspected breach of the Code of Conduct.

All reports are treated as confidential, and concerns can be raised anonymously via our intranet and corporate website. Communications about the channel are ongoing.

## Open dialogue and transparency

As a listed company, we maintain transparency and an open dialogue with shareholders, stakeholders and the wider industry. It is crucial for business prosperity that stakeholders have sufficient subject command to make informed decisions on ESG-related risks and opportunities. We disclose material risks, opportunities and strategic decisions to all stakeholders, including investors and regulators. Finally, through our sustainability microsite on our website, we inform our audiences on our ambitions and strategic direction.

## Our memberships

To help our industry move forward sustainably, we have joined a number of trade associations. Our membership of these associations helps us innovate where it matters most to our customers and allows us to promote our solutions more widely. We are members of:

## United Kingdom

**MARC** division of (EUA) [www.marcuk.com/about-us](http://www.marcuk.com/about-us)  
**BEAMA**, (which includes **TACMA**) [www.beama.org.uk/portfolios/heating-controls.html](http://www.beama.org.uk/portfolios/heating-controls.html)

## Sweden

**VVS Fabrikanternas Råd** [www.vvsfabrikanterna.se/](http://www.vvsfabrikanterna.se/)

## Finland

**Talteka** [www.talteka.fi/](http://www.talteka.fi/)

## France

**Uniclima** [www.uniclima.fr/](http://www.uniclima.fr/)  
**Cochebat** [cochebat.org/](http://cochebat.org/)  
**French Building Association** [buildeurope.net/our-members/](http://buildeurope.net/our-members/)  
**FNAS** [www.fnas.fr](http://www.fnas.fr)

## Poland

**Port PC** [portpc.pl/](http://portpc.pl/)  
**Spiug** [spiug.pl/](http://spiug.pl/)

## Italy

**Anima Assoclima** [www.assoclima.it/](http://www.assoclima.it/)  
**Uniplast** [www.uniplast.info/it](http://www.uniplast.info/it)  
**Confindustria** [www.confindustriaaltoadriatico.it/](http://www.confindustriaaltoadriatico.it/)  
**Qrad** [www.q-rad.it/](http://www.q-rad.it/)

## Germany

**BDH** [www.bdh-industrie.de](http://www.bdh-industrie.de)

## Hungary

**MÉGSZ** [www.megsz.hu/megsz/partoloink.html](http://www.megsz.hu/megsz/partoloink.html)  
**ÉVOSZ** (indirect supporters of) [evosz.hu/en/](http://evosz.hu/en/)

## Austria

**VIZ** [www.viz.at/](http://www.viz.at/)  
**SHL Future Forum** [www.meineheizung.at](http://www.meineheizung.at)  
**OASE Bad** [oasebad.at/](http://oasebad.at/)

## Governance, materiality, anti-corruption

### Anti-corruption and bribery

We have a stance of zero tolerance towards bribery and corruption. In 2021, the Board of Directors approved a new groupwide Anti-Corruption and Anti-Bribery policy. This was complemented by a suite of comprehensive policies covering topics such as competition law compliance, financial crime risks, whistle-blowing and enterprise risk management. Additional global policies cover topics such as competition law compliance, financial crime risks, whistleblowing and enterprise risk management.

We provide comprehensive anti-corruption training for all employees, and staff are given mandatory training on the anti-corruption elements of our Code of Conduct and encouraged to speak up about any concerns.

### Human rights

The complexity and opacity of supply chains present environmental and social risks. We are committed to internationally acknowledged standards and best practice which focus on human rights, such as labour rights and health and safety.

We report against the United Nations Global Compact's ten principles on human rights, labour, environment and anti-corruption and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. We also comply with all local and international laws and regulations. Our Code of Conduct aligns with the Global Compact and is reinforced by our Anti-Corruption and Anti-Bribery policy, Competition Law Compliance policy and Financial Crime Risks policy. In addition, topic-specific policies have been established at group and country level where relevant.



### Materiality assessment

In 2021, we completed a landscape and materiality analysis to establish what sustainability meant to our stakeholders, employees, customers and suppliers.

This rigorous stakeholder engagement process was part of our materiality assessment, consisting of over 130 interviews, a landscape assessment and workshops. The exercise allowed us to formulate a strong strategy for sustainable value creation and growth, with key issues prioritised and targets put in place.

The following material topics (with GRI references) were identified:

#### Material issues identified in 2021:

- 301: Materials
- 302: Energy
- 303: Water and effluents
- 305: Emissions
- 306: Waste
- 308: Environmental compliance
- 403: Occupational Health and Safety
- 404: Training and education
- 405: Diversity and equal opportunity
- 406: Non-discrimination
- 408: Child labour
- 409: Forced or compulsory labour
- 413: Local communities
- 414: Supplier social assessment

A GRI alignment assessment is available on:  
[www.purmogroup.com/sustainability](http://www.purmogroup.com/sustainability)

# Purmo Group's Perspectives





## Purmo Group's Perspectives

Purmo Group Perspectives is a growing collection of essays that clearly state our position on major sustainability issues. They are intended to inform key stakeholders in an open and transparent way. We have already created eight essays which illustrate our strategy of Complete Care:

1. [Climate transition](#)
2. [Sustainable materials, design and development](#)
3. [Circular solutions](#)
4. [Responsible sourcing](#)
5. [Creating a future-fit workforce](#)
6. [Health & Safety](#)
7. [Local community action](#)
8. [ESG, ethics and transparency](#)

### 1. Climate transition

**Our perspective:** The climate crisis is upon us, and every government, business and individual has a responsibility to take steps to mitigate its impact. Without immediate and significant action, there is a real threat of a catastrophic breakdown in the planet's social and ecological stability.

At Purmo Group, this gives us a huge responsibility. Heating, Ventilation and Air Conditioning solutions (HVAC) are significant contributors to emissions, both in their production and in their operation. Meanwhile, as weather extremes become more common, the demand for products which control indoor temperatures is increasing.

[Read more here](#)

### 2. Sustainable materials, design and development

**Our perspective:** In recent years, the terms 'sustainable', 'eco-friendly' and 'green' have been thrown around carelessly as catch-all definitions. This has resulted in confusion about how we evaluate the sustainability credentials of any business, product or initiative.

With Heating, Ventilation and Air Conditioning solutions (HVAC), when we say sustainable, we mean both the impact of a product in its development phase, and during its lifetime of use. This means we need to find a way of evaluating the true impact on people and the environment.

[Read more here](#)

# Purmo Group's Perspectives



## 3. Circular solutions

**Our Perspective:** The world is only approximately 8% circular. This means that only 8% of all materials are re-used, or recycled at the end of their life.

Continuously using and disposing of materials depletes natural resources and causes excessive waste generation, creating a major threat to the environment. Materials used in Heating, Ventilation and Air Conditioning (HVAC), such as metals and polymers, have large environmental footprints, and packaging is often single-use. While metals are likely to be collected and recycled by scrap collectors, plastic packaging and polymer pipes are not.

All industries need to move from a linear, 'make-use-dispose' system to a circular 'make-use-re-use/recycle' system. HVAC too must align with key circular economy principles, maximising material efficiency in sourcing and operations, prioritising re-use and recycling, and eliminating waste and pollution.

[Read more here](#)

## 4. Responsible sourcing

**Our perspective:** For any manufacturer, corporate responsibility does not begin at the factory gate, it extends to the whole supply chain that underpins your operation. Scrutiny is needed to ensure that both environmental and social risks are mitigated.

Heating, Ventilation and Air Conditioning solutions (HVAC) global supply chains can be complex and opaque. Materials and products go through many stages of refinement and assembly before reaching the end consumer, and it is difficult to trace the origins of materials to source. Metals such as steel and brass can have links with the mining and conflict minerals trade, and polymers rely on crude oil extraction.

Long supply chains also pose the risk of human rights violations, including modern slavery, discrimination and health and safety issues. We are starting to work with our suppliers to promote sustainable practices across entire value chains, with a focus on where the environmental and social risks are highest.

[Read more here](#)

## Purmo Group's Perspectives



### 5. Creating a future-fit workforce

**Our perspective:** The HR arena is dominated by two topics: the need for reskilling and redeployment as a result of increased automation and digitisation; and the recognition that a healthy workforce is one where equality, diversity and inclusion are embedded as best practice.

Manufacturing is affected more than other sectors by automation and digitisation. The impact of this transformation is twofold; workers are threatened by redundancy due to a lack of relevant skills, and there is a corresponding skills gap, which is expected to increase.

Meanwhile, discrimination and systemic inequality mean that women and ethnic minorities are disadvantaged and under-represented in workforces, and particularly in senior positions. As a traditionally male-dominated sector, Heating, Ventilation and Air Conditioning (HVAC) has a huge opportunity to improve equality, diversity and inclusion.

[Read more here](#)

### 6. Health and Safety

**Our Perspective:** In manufacturing, health and safety is usually synonymous with accident prevention, with the focus on eliminating physical risks. At Purmo Group, we have found that around 85% of accidents are caused by stress or exhaustion, demonstrating a critical link between mental wellbeing and health and safety.

Manufacturing plants by their nature have a high risk of accident, and these accidents can be severe. For this reason, an emphasis on reducing stress and ensuring physical and mental wellbeing are particularly important in the Heating, Ventilation and Air Conditioning (HVAC) sector.

[Read more here](#)

## Purmo Group's Perspectives



### 7. Local community action

**Our Perspective:** Corporate responsibility does not just mean keeping your own house in order, it also considers the communities that you interact with. At Purmo Group we recognise that our expertise can benefit thousands of people in the markets we operate in, and that we have a unique opportunity to make a difference.

The climate crisis has pushed many people into energy poverty, meaning that they can no longer afford indoor thermal comfort. In Europe alone, over 50 million people are already unable to heat or cool their homes effectively, with even higher numbers in regions which are developing economically.

Our skills, expertise and products can support communities in building resilience to climate change. We can donate money, products, knowledge and time to communities local to our operations, in order to alleviate the impact of energy poverty.

[Read more here](#)

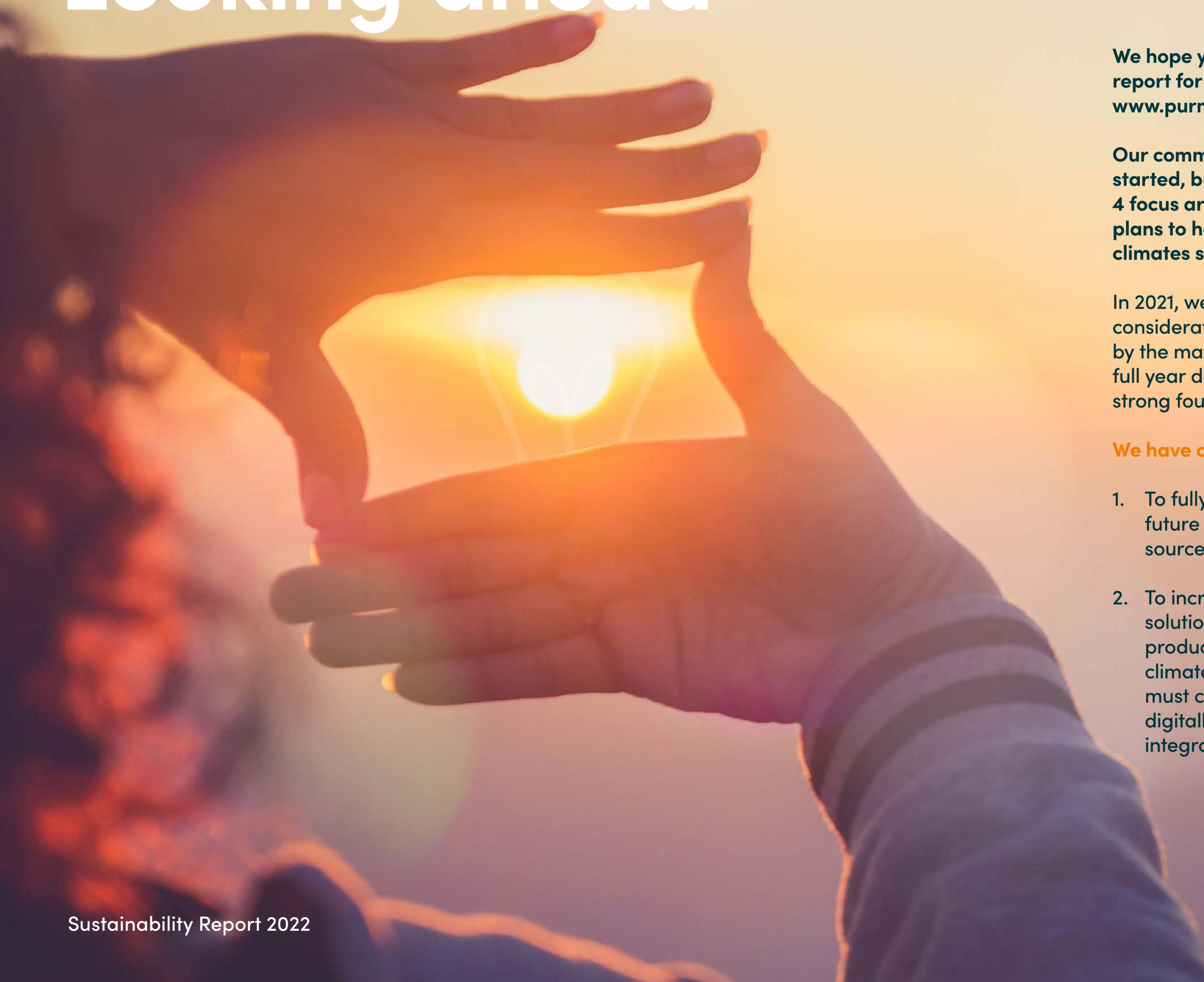
### 8. ESG, ethics and transparency

**Our perspective:** Studies show that only 1% of the top global companies meet the standard for socially responsible conduct. This means taking adequate action against issues such as corruption, bribery, anti-competitive behaviour, and human rights violations across the value chain.

As a global business, Purmo Group has a huge responsibility to take Environmental Social Governance (ESG) seriously. We need to embed ethical behaviours into the business by informing, training and equipping our employees, and engaging all stakeholders, especially our leadership, with the risks and issues.

[Read more here](#)

# Looking ahead



We hope you have enjoyed reading our sustainability report for 2022. You can read more online at: [www.purmogroup.com/en/sustainability](http://www.purmogroup.com/en/sustainability).

**Our commitment to 'Complete Care' has just started, but we are starting with strong foundations: 4 focus areas, 10 commitments and detailed action plans to help us achieve our vision that indoor climates should not cost the planet's climate.**

In 2021, we were able to fully integrate sustainability considerations into our business strategy, informed by the materiality assessment. And in 2022, our first full year delivering our sustainability strategy, we laid strong foundations.

**We have clear focus areas and ambitions for 2023:**

1. To fully align our business operations with a 1.5°C future improving energy efficiency and moving to source more energy from renewable sources.
2. To increase the sales of smart, sustainable solutions, and helping end consumers use our products to maintain a comfortable indoor climate whilst saving energy and money. We must capitalise on the need for energy efficient, digitally literate buildings by offering more integrated HVAC solutions and systems.

3. To increase the engagement of employees. Our people are our greatest asset in delivering on our plans, and our new sustainability metrics and commitments will enable us to better support their, and our, success. With a new human capital management system to support them, we feel well placed to succeed sustainably and thrive together.
4. To increase our volunteering commitment in 2023 through local community activities, giving help to those who need it most both through volunteering hours but also donations and products to communities in need empowering them to achieve climate resilience.

**Our enhanced sustainability strategy will allow us to make more informed decisions that will make a positive difference as we move to providing sustainable, integrated solutions while evolving our business to align with a 1.5°C future. This is vital for the planet and great news for our customers, shareholders and other stakeholders.**

# Our ESG metrics

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>1. Our Production Sourcing and making for a low carbon, resource efficient world</b>	<b>1. Emissions and energy:</b> We will align with a 1.5° future and target carbon neutrality by 2050	<b>1. Scope 1 &amp; 2 emissions</b> Scope 1 2 & 3 carbon neutral operations by 2050	1. Submit science based targets for validation by end 2023  2. Improve energy efficiency onsite annually through installation of LED's, efficiencies and digitisation, control devices, improved machinery, heat recycling)  3. Install energy monitoring devices at all plants by end 2025  4. All plants achieve ISO 50001 certification by end 2025	<b>On track</b>
				<b>On track</b>
				<b>On track</b>
				<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>1. Our Production</b> Sourcing and making for a low carbon, resource efficient world	<b>1. Emissions and energy:</b> We will align with a 1.5° future and target carbon neutrality by 2050	<b>1. Scope 1, 2 and 3 emissions</b> Scope 1, 2 & 3 carbon neutral operations by 2050	5. Only source clean energy (electricity) by 2030	<b>On track</b>
			6. Generate onsite energy through solar PV by 2030.	<b>On track</b>
			7. All company cars and onsite vehicles self charging petrol hybrid or electric only by end 2025.	<b>On track</b>
			8. Collaborate with key suppliers and establish agreements to purchase steel with 30% less embodied carbon by 2030	<b>On track</b>
			9. All plants / offices / warehouses have electric car charging points by end 2025	<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>1. Our Production</b> Sourcing and making for a low carbon, resource efficient world	<b>2. Resource efficiency and waste:</b> We will use less resource to make products and eliminate waste	<b>2. Water &amp; waste reduction</b> 30% reduction in water consumption by 2030. Zero waste to landfill by 2030	10. Identify resource efficiency and waste improvements annually at all plants	<b>On track</b>
	<b>3. Recycled materials and packaging:</b> 100% packaging from recycled / recyclable / biodegradable materials by 2030	<b>3. Recycled materials and packaging</b> 100% packaging from recycled / recyclable / biodegradable materials by 2030	11. Establish yearly targets for % recycled, recyclable and biodegradeable materials used in our packaging by end 2023	<b>On track</b>
			12. Elimination of all single use plastics used in packaging by 2030	<b>On track</b>
	<b>4. Responsible sourcing</b> Key materials (steel, brass, plastic, packaging) sustainably sourced by 2030		13. All major suppliers on-boarded and audited against our responsible sourcing standards and who align with our values and goals by end 2025	<b>On track</b>
	<b>5. Transparency</b> Trace all (key steel, brass, plastic, packaging) materials to source by 2030		14. Implement process to enable us to trace all key materials from major suppliers (Steel, brass, aluminium, plastics) back to source by end 2030	<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>2. Our Solutions</b> Smart, sustainable and healthy solutions for comfort, delivered	<b>4. Climate smart choices</b> We will help our customers to save energy and make sustainable choices and be recognised as the No 1 choice for energy efficient solutions	<b>6. Number 1 choice</b> Improve sustainability. Net Promoter Score	15. Carry out customer survey annually	<b>On track</b>
		<b>7. Product Environmental Profiles</b> By 2025 all new products to have published Product Environmental Profiles	16. Develop further EPDs in 2023	<b>On track</b>
		<b>8. Climate smart systems</b> Increase year on year sales of our smart, sustainable products	17. Increase the % of product/ solutions deemed 'aligned' to EU taxonomy criteria	<b>On track</b>
	<b>5. Circularity &amp; end of life</b> All products have circular design principles applied and invest into new solutions where circularity is not immediately possible	<b>9. Product end of life</b> All new products will have circular design principles applied by 2025	18. Apply circular design principles to all new products to facilitate disassembly and recyclability of pure material streams in local relevant recycling centres	<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>2. Our Solutions</b>  Smart, sustainable and healthy solutions for comfort, delivered	<b>5. Circularity &amp; end of life</b>  All products have circular design principles applied and invest into new solutions where circularity is not immediately possible	<b>10. Circular training</b>  All white collar employees awareness trained in circularity principles by end 2023	19. Training programme developed for key Purmo group employees end 2023. Key customers identified and trained	<b>On track</b>
		<b>11. Partnerships</b>  Invest 100,000 over next 5 years in thought leadership and academic partnerships	20. Identify three thought leadership or academic partnerships across the whole Group by end 2023 to explore more sustainable and innovative systems and solutions	<b>On track</b>
		<b>12. Donation service</b>  By 2025 implement service to enable wholesale customer to return damaged radiators for rework	21. Pilot radiator rework scheme by end 2023	<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>3. Our People</b> Future-fit workforce	<b>6. Diversity, equality and inclusion</b> Create a diverse and inclusive culture within Purmo Group	<b>13. Diverse company</b> Increase the proportion of women groups in senior management positions	22. Report annually on gender distribution across company Board, Management and employee levels	<b>On track</b>
		<b>14. Pay equality</b> Bridge and eliminate pay gaps and ensure pay equity by 2030	23. Identify & Monitor where pay gaps exist and develop plans to address	<b>On track</b>
		<b>15. Partnering</b> By end 2024 partner with relevant organisation(s) with mission to support STEM education in young people/women/under-represented groups	24. Identify potential organisations by end 2023 with agreements and approach agreed	<b>On track</b>
		<b>16. Inclusive culture</b> Implement a zero-discrimination culture by 2023	25. Review our global policies, practices and benefits to ensure they eliminate any bias and discrimination by 2023	<b>On track</b>
			26. Every manager with direct reports (300) trained on discrimination and bias misconduct by 2024	<b>On track</b>
			27. All office based employees complete mandatory customer excellence	<b>Project to begin in 2023</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>3. Our People</b> Future-fit workforce	<b>7. Engagement at work</b> Ensure our employees are satisfied at work	<b>17. Employee engagement and wellbeing</b> Develop and provide YoY improvement in eNPS and engagement metrics through to 2025 using 2020 as a baseline	28. Carry out regular engagement survey, analyse results and action plan accordingly  29. Create wellbeing groups for all countries by end 2024	<b>On track</b>
			30. Create channels for employees to contribute ideas (on sustainability, customers, products)	<b>On track</b>
			31. Employee discount schemes in place	<b>Completed</b>
	<b>8. Employee training, upskilling and career opportunities</b> Inspire a future-fit workforce to tackle the skills gap and build pipeline of future workers	<b>18. Future skills for commercial roles</b> 100% of commercial sales team (300) trained in sustainable and energy efficient solutions by 2025  <b>19. Future skills for all employees</b> 100% of our workforce to participate in relevant upskilling and reskilling programmes by 2030	32. Define relevant upskilling and reskilling programmes on what the future of work looks like for key HVAC commercial roles by end 2023. Implement training by end 2025  33. Define relevant upskilling and reskilling programmes so employees have future-fit skills for roles inside Purmo Group or beyond with a focus on digital and HVAC on what the future of work looks like	<b>On track</b>
				<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>3. Our People</b> Future-fit workforce	<b>8. Employee training, upskilling and career opportunities</b>  Inspire a future-fit workforce to tackle the skills gap and build pipeline of future workers	<b>20. Future talent pipeline</b> Offer 50 apprenticeships & internships across the Group by 2023	34. Establish internship & apprenticeship processes by end 2023 for all markets internships across the Group with opportunities for permanent hires	<b>On track</b>
	<b>9. Health &amp; Safety</b>  Ensuring Purmo Group is a safe place to work	<b>21. Zero harm</b> Target 0 accidents across our business	35. Demonstrate a constant yearly reduction in our Lost Time Injury Frequency Rate	<b>On track</b>
			36. Ensure 100% of safety observations submitted made year on year are acknowledged and improvements implemented	<b>On track</b>
			37. Ensure 100% of lost time incidents are investigated and available in AIRSWEB our H&S reporting tool	<b>On track</b>
	<b>22. Anti-corruption training</b>  100% of eligible employees completing anti-corruption & bribery training		38. 100% of eligible employees complete online training session on mandatory compliance training annually	<b>On track</b>

## Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2022 Progress
<b>4. Our Communities</b> Resilient Communities	<b>10. Community engagement &amp; education</b> Support the most vulnerable people to have access to adequate shelter and indoor climate	<b>23. Enable climate resilience for all</b> Devote 25,000 (8hr per employee per year) hours of employees time to support our local communities in providing heating and cooling solutions by 2025	39. Programmes in place at 100% of Purmo Group locations by 2025 supporting local communities	<b>On track</b>
		<b>24. Stakeholder collaboration</b> By 2025 develop plans in all markets to collaborate with local governments and relevant organisations	40. Develop strategic approach on how Purmo Group interacts with local government / local associations on key ESG related issues	<b>Project to begin in 2023</b>

# Our Sustainability KPIs

## Sustainability KPIs

Indicator	Strategic focus area	Unit of measure	FY 2022	FY 2021	% Change 22 vs 21
Scope 1 & 2 GHG emissions (market based) tCO <sub>2</sub> e excluding Scope 1 fuels data 1	<b>Production</b>	tCO <sub>2</sub> e	79,035.0	86,776.0	-8.9
Scope 1 & 2 GHG emissions carbon intensity (Scope 1 & 2 GHG emissions in tCO <sub>2</sub> e / total net sales in MEUR)		%	87.4	102.9	-15.0
Net sales (MEUR)		MEUR	904.1	843.6	7.2
Steel procured (tonnes)		Tonnes	147,925	201,675	-26.7
Carbon emissions from procured steel (tCO <sub>2</sub> e) 2021 World Steel Association data of 1.89 t/CO <sub>2</sub> )		tCO <sub>2</sub> e	279,578.3	381,165.8	-26.7
EU taxonomy : revenue: % eligible /aligned		%	84 / 5	86 / -	n/a
EU taxonomy: % Capex % eligible /aligned		%	81 / 3	69 / -	n/a
E EU taxonomy: % Opex % eligible /aligned		%	93 / 2	93 / -	n/a
Customer Net Promoter Score	<b>Solutions</b>	Number	33	n/a	n/a
Customer Sustainability NPS		Number	8	n/a	n/a
Number of safety observations	<b>People</b>	Number	1,218	1,013	20
Lost Time Injury Frequency Rate (LTIFR)		Number	4.9	5.2	-6
Number of Lost Time Incidents		Number	28	32	-13
Employee Net Promoter Score (eNPS)		Number	-8	-9	-11
% of women in senior management positions		%	27	24	12.5
Anti-corruption policy training coverage		%	98	99	n/a
Total number of employees		Number	3,498	n/a	n/a

## Sustainability KPIs

Indicator	Strategic focus area	Unit of measure	FY 2022	FY 2021	% Change 22 vs 21
Full-time contract	<b>People</b>	Number	3,271	n/a	n/a
Part-time contract		Number	178	n/a	n/a
Temporary contract		Number	49	n/a	n/a
Employees joining in 2022		Number	397	n/a	n/a
Employees leaving in 2022		Number	610	n/a	n/a
Length of service > 10 years		Number	1927	n/a	n/a
Employee age < 21 years		Number	35	n/a	n/a
Employee age 21-30 years		Number	378	n/a	n/a
Employee age 31-40 years		Number	831	n/a	n/a
Employee age 41-50 years		Number	977	n/a	n/a
Employee age 51-60 years		Number	927	n/a	n/a
Employee age > 61 years		Number	192	n/a	n/a
Age unrecorded		Number	0	n/a	n/a
Gender diversity (Male) out of total employees number		Number	2,724	n/a	n/a
Gender diversity (Female) out of total employees number		Number	667	n/a	n/a
Gender diversity (Not identified) out of total employees		Number	1	n/a	n/a
Board of Directors % female	<b>Community</b>	%	29	n/a	n/a
Volunteering hours		Hours	6,680	n/a	n/a
Volunteering - monetary donations		EUR	6,520	n/a	n/a

Thank you for reading  
the 2022 Purmo Group  
Sustainability Report.

We look forward to  
sharing our progress  
with you next year.