



KOSKISEN

**Sustainability report
2021**

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KOSKISEN

Quality has a name. Koskisen.

Koskisen is a pioneer in the sawmill and panel industry.

Our production facilities in Kärkölä, southern Finland, include a sawmill, planing mill, plywood mill and the only chipboard mill in Finland. Our thin veneer plywood unit is located in Hirvensalmi, southeast Finland. We also have softwood sawing operations in Russia, and our Kore unit, which is part of the Panel Industry, is located in Poland.

We focus on the uncompromising quality of our services, products and operations. We place great importance on taking care of the environment, our employees and stakeholders.

We help ensure the sustainable use of Nordic forests; almost all of the wood we procure is used in-house.



Greetings from the CEO

2021 was an exceptional, but nevertheless, good year for the Koskisen Group. Demand for the company's products remained strong, prices developed favourably and production ran trouble-free. We were successful in managing the Covid-19 situation, our personnel behaved responsibly and with the exception of a few individual infections, we stayed healthy.

We decided to move forward with the biggest investment in the company's history – a new wood processing unit in Järvelä. The new unit will enable our Sawn Timber Industry to take a major leap in terms of productivity and production volumes, and raw material efficiency will also significantly improve. Upon its introduction in summer 2023, the new sawmilling line, together with the earlier investment in the planing line and renewed energy production, will make up one of the most competitive units in Finland that relies solely on bioenergy.

In its strategy, Koskisen is committed to promoting a low carbon economy. We continuously invest in developing our operations and new products. In product development, our focus is on material efficiency, recycling and fossil-free raw materials. Utilising our own side streams in energy production and our long-cycle wood products form the foundation for Finland's best carbon narrative, which is based on our strategy.

Measuring employee well-being and motivation is a matter of honour for us. I am happy to see that, based on the annual well-being at work survey, our personnel's estimates of their well-being at work and work satisfaction have remained at a good level. Our long-term work on safety has resulted in a steady improvement in our safety key performance indicators, although in 2021 we did not quite meet our goals. We will continue our work towards our goal of zero accidents.

The labour market in our industry experienced changes as collective bargaining started to take place locally. Koskisen's local bargaining rounds went well, and we came up with a local collective bargaining agreement within the targeted time frame. The increase in local bargaining will provide us with better tools to achieve our goal of being the best employer in the region.

Because of the exceptional times, our employees have had to go the extra mile and be constantly alert. As a company, we performed well under the highly abnormal circumstances of 2021. For that, I would like to extend a big thank you to all Koskisen employees. A thank you is also due to our customers and suppliers who have through their own efforts ensured the conditions for continuous and improving collaboration. Koskisen will continue to invest in building even deeper relationships and responsible operations as an industrial player, employer and partner.

Jukka Pahta
CEO





2021 highlights

Meaningful work



- Decision on a EUR 48 million investment – new wood processing unit
- 80 summer jobs
- Company-level collective agreement
- Launch of company bike
- Covid-19 safety at the mills – no infection chains
- 1,038 training days, 253 of which on occupational safety
- 3,620 safety observations

Fair partnerships



- Customer satisfaction NPS 51
- 1,898 private roundwood trade partners
- 432 subcontractors
- Pihlajalinna chosen as occupational health care services provider

A healthy environment



- The proportion of biofuel in heat production 97.7%
- Sawn Timber Industry's oil boilers replaced with biomass boilers
- Wastewater volume per m³ produced declined from 0.114 m³ in the previous year to 0.105 m³. Total volume of wastewater 62,925 m³
- Total energy consumption 695.2 kWh per m³ produced
- Heat consumption 567.7 kWh per m³ produced
- Electricity consumption 127.5 kWh per m³ produced



Koskisen today | Group structure

Established in Finland in 1909, Koskisen is a forerunner in the sawn timber and panel industry. Roughly 900 Koskisen employees make an annual turnover of close to EUR 311 million at the family-owned company.

We all operate under the same **Koskisen** brand.

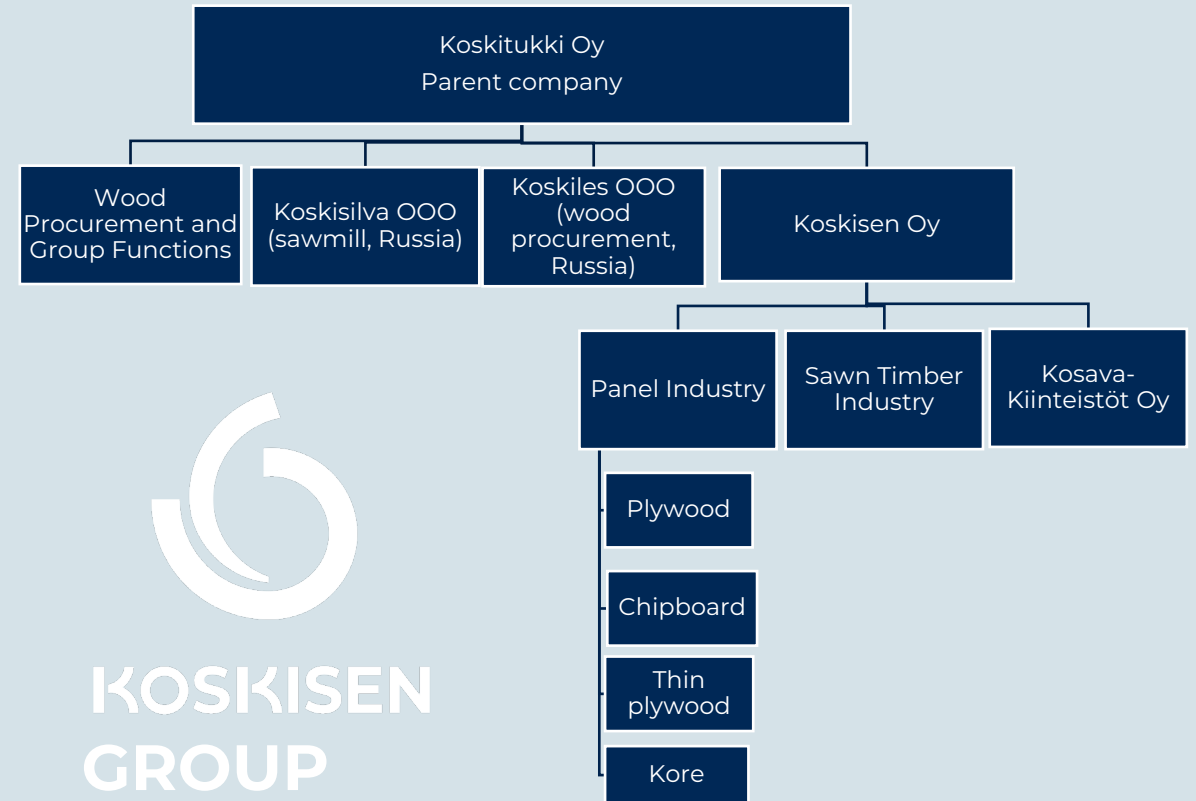
Koskitukki Oy is the parent company of the Group. Our administrative services and wood procurement are centralised at the parent company.

The businesses of Sawn Timber Industry and Panel Industry are centralised at Koskisen Oy. Koskisen's turnover accounts for over 80% of the entire Group's turnover.

Koskisolva and **Koskiles** are Koskitukki's Russian subsidiaries. Koskiles handles wood procurement logistics and is based in St. Petersburg.

Koskisolva engages in sawmilling and felling operations and is based in Vologda, Sheksna.

Kosava-kiinteistöt Oy is Koskisen's subsidiary that owns and manages real estate in Järvelä.





Koskisen today | Key figures 2021

Koskisen Group

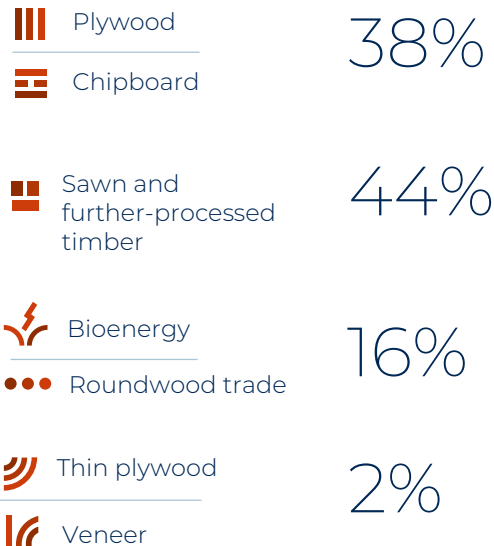
Turnover

311 M€

Exports

63 %

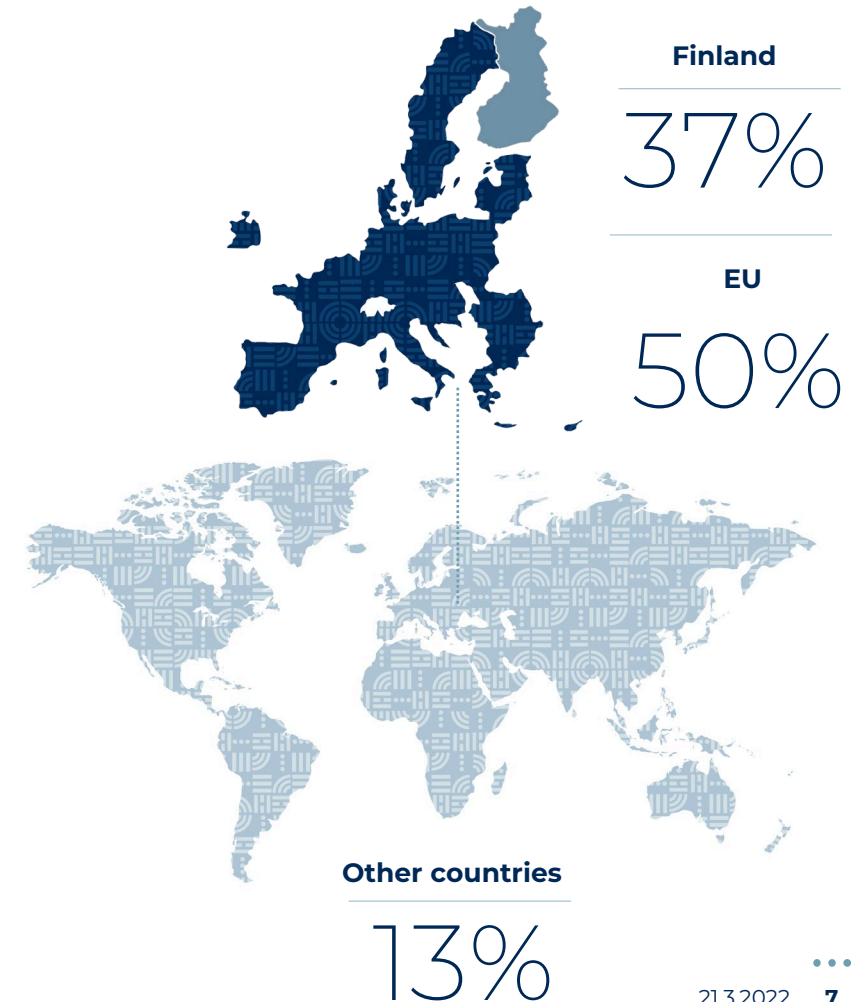
Proportion of turnover



68 Countries to which we supplied wood products



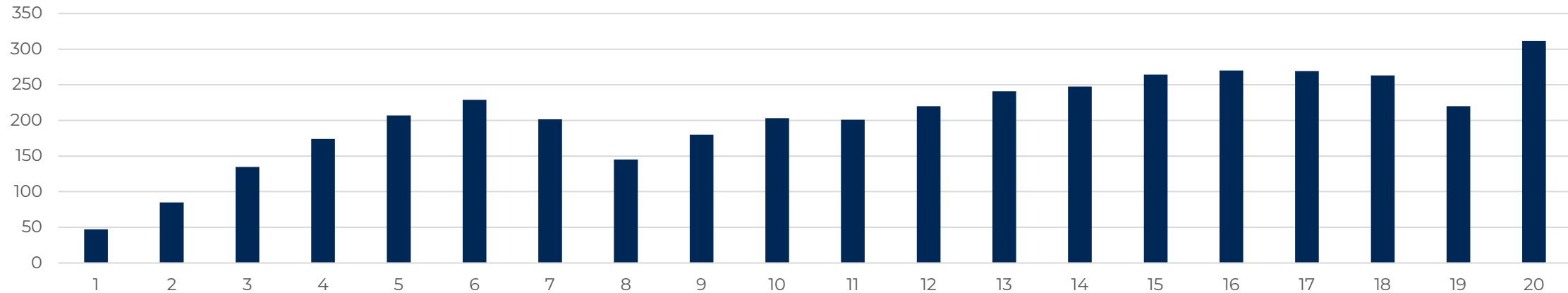
Five biggest delivery countries:
Japan
Germany
Poland
France
the Netherlands



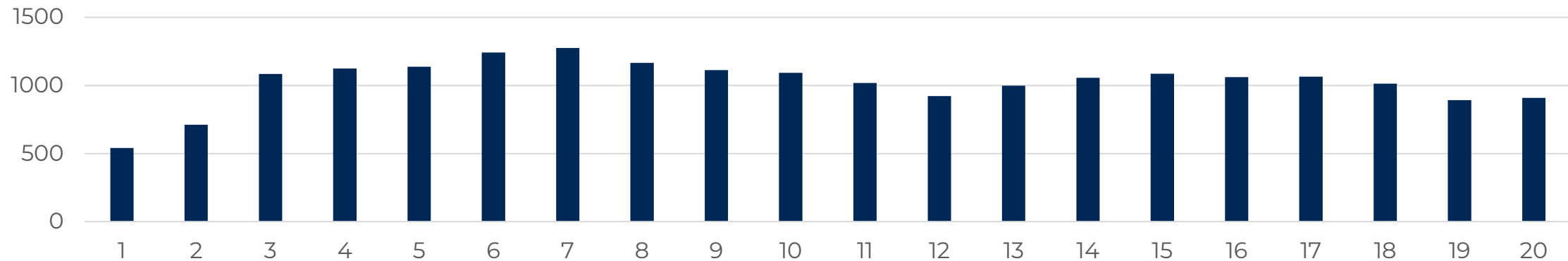


Koskisen today | Development of key figures

Turnover, M€



Change in personnel

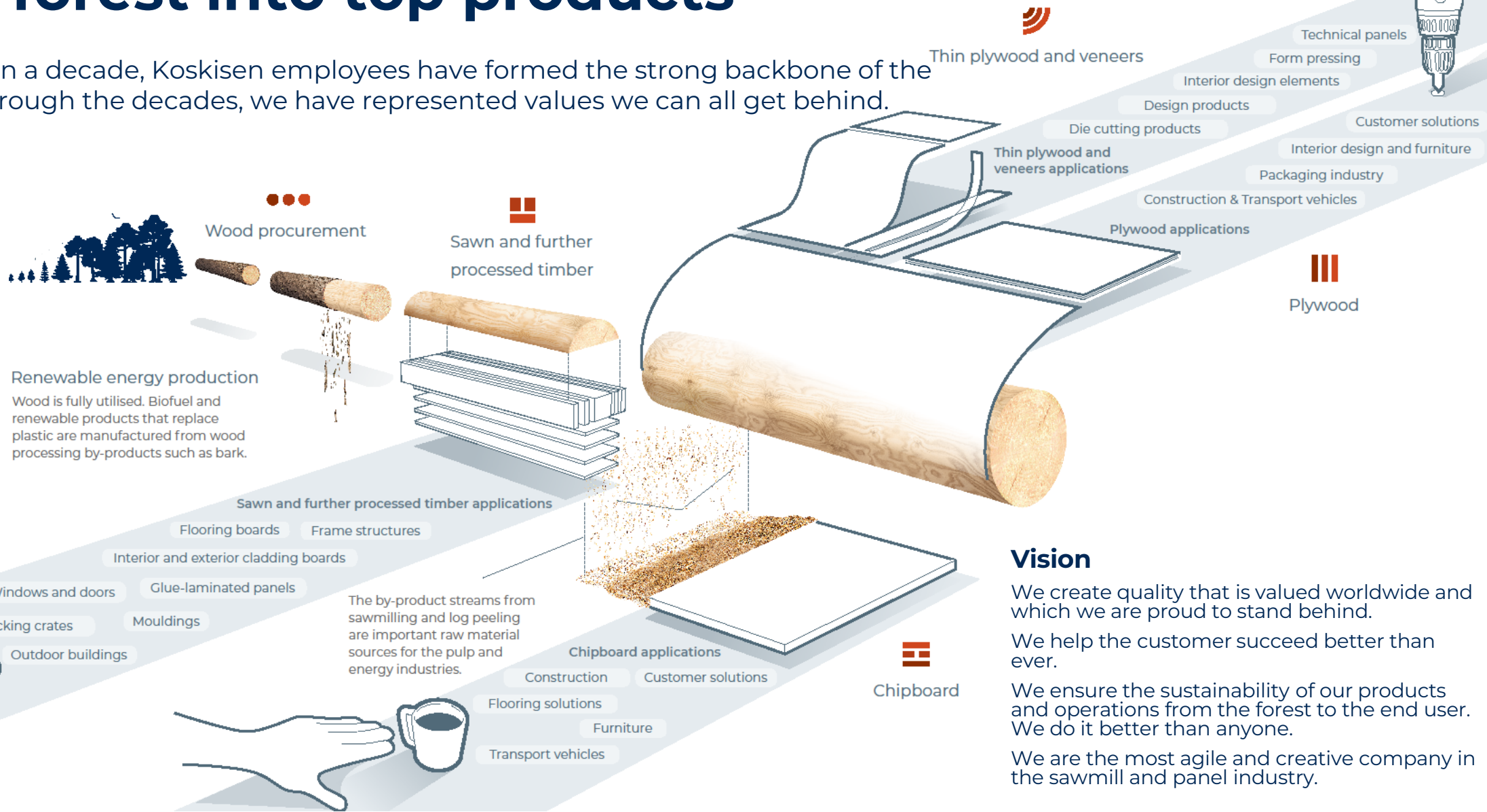




From forest into top products

For more than a decade, Koskisen employees have formed the strong backbone of the company. Through the decades, we have represented values we can all get behind.

Integrity
Courage
Creativity
Productivity

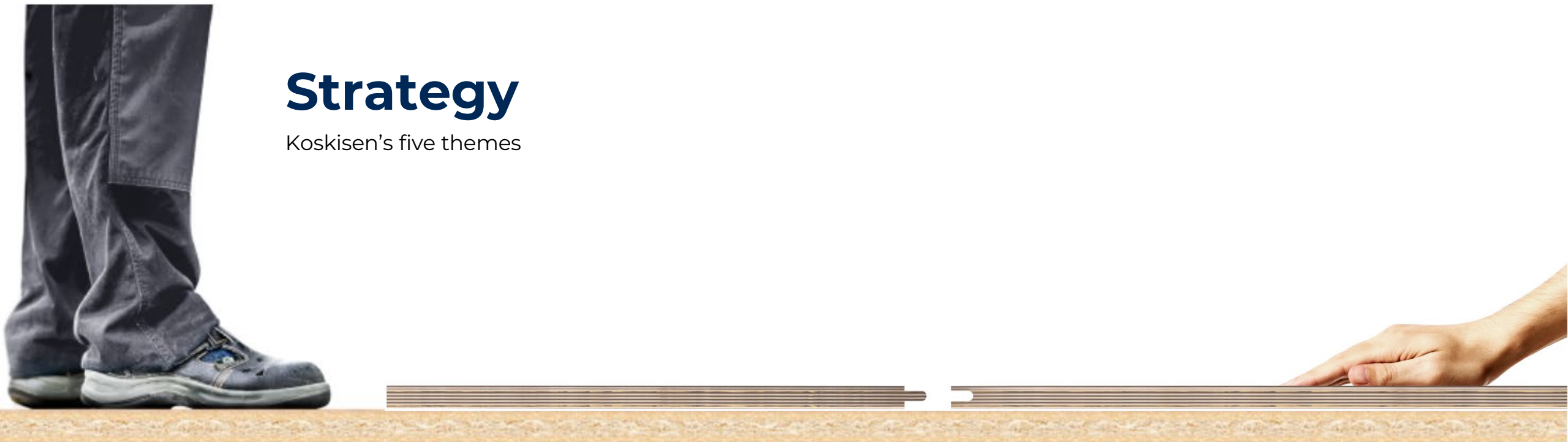




Strategic themes 2020–2025

Strategy

Koskisen's five themes



QUALITY HAS A NAME,

we are known for the quality of our products, people, operations and deliveries.

CREATIVE AND AGILE CHALLENGER,

we develop new solutions for our customers, our operations and raw material utilisation.

FINLAND'S BEST CARBON NARRATIVE,

durable wood products sequester carbon for decades
We make full use of the wood raw material.

WE ARE HERE FOR THE CUSTOMER,

we work for our customers and want to understand their processes.

PROUD OF OUR ROOTS,

our goal is to be the best employer in our industry and region.



We operate responsibly – Sustainability themes

Koskisen Group operates in accordance with the principles and practices of social responsibility based on the guidelines laid down in the ISO 26000 standard. Our objective is to abide by the principles of sustainable development in everything we do.

These three main themes are based on five UN Sustainable Development Goals >>



A HEALTHY ENVIRONMENT



Carbon footprint
Circular economy
Energy
Water
Emissions
Recycling

FAIR PARTNERSHIPS



Business ethics
Code of Conduct
Superior partnership
Long duration

MEANINGFUL WORK



Safety
Equality
Professional
and happy personnel
Good leadership



We operate responsibly

Materiality and our stakeholders

We strive to take into account the effects of our operations on our stakeholders. For us, listening our stakeholders and taking them into account in our decisions is an important part of sustainable business.

Our goal is to provide our stakeholders with added value in a sustainable way throughout our value chain by attending to environmental, social and economic aspects.

Our stakeholder dialogue is based on identifying the main stakeholders as regards our value chain, and their needs, not forgetting, however, the value of all the Group's stakeholders.





We create local well-being

Koskisen is among the largest employers in the Päijät-Häme region. We co-operate closely with several harvesting and transport companies as well as providers of industrial services. In addition to around 900 Koskisen employee, we employ indirectly approximately 4,000 people.

We have a long history of providing training to our employees, and we offer a summer job to almost 100 young people every year. In the mill locations, we encourage young people to exercise, and we support students in the field.

Our tax footprint illustrates the tax revenues to society generated by our operations. We want to promote transparency in sustainability by publishing our tax footprint. Our tax footprint comprises of income taxes and other taxes and tax-like payments related to the company's operations. The Koskisen Group does not have any connections to tax haven companies nor a separate tax strategy. The Group's financial management is in charge of tax matters.

We follow local legislation in tax payments, collection, accounting and reporting. Of the Group personnel, 90% reside and pay their taxes in Finland.



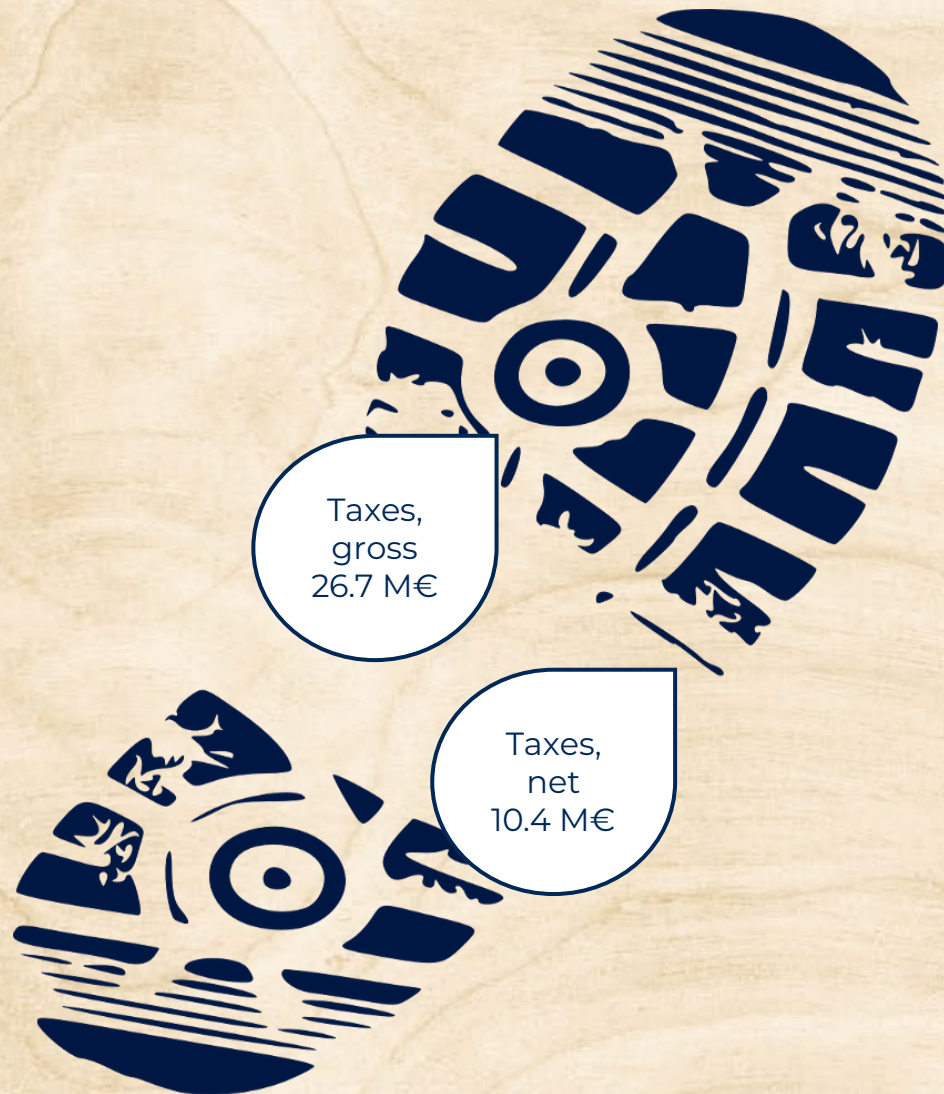
We procure 1.6 million cubic metres of wood from the private forest owners in the region.

This is equal to around 70 lorry loads per day.

Photo: Kimmo Koskela



Our tax footprint



TAX-LIKE PAYMENTS RELATED TO PERSONNEL

(Social security, unemployment insurance, employment pension, accident and group life insurance contributions)

9.8 M€

WITHHOLDING TAX

7.3 M€

DIRECT TAXES

9 M€

OTHER TAXES

(vehicle, electricity, heavy fuel oil, purchased heat, real estate and transfer taxes)

0.5 M€

VAT, NET

16.1 M€

GRANTS

(E.g. apprenticeship compensation, Business Finland innovation hub funding)

0.2 M€





Business ethics

We always operate within the requirements of the law and regulations that relate to our operations. We are a politically unaffiliated, Finnish, local family-owned business.

We do not condone corruption or bribery in any form. We pay the travel and accommodation expenses of our personnel on visits to customers, suppliers, seminars and training events. Reasonable hospitality and giving and receiving small gifts in the course of normal business is allowed.

No conflict of interest may exist between the Group's personnel and suppliers or other stakeholders based on family relations.

We require our employees to take good care of the company's assets and to handle and store confidential information in an appropriate manner.

Our fair way of operating is described in more detail in the Group's Code of Conduct. The Code of Conduct is available on our website.





Meaningful work

Every third Koskisen employee has completed
a professional degree in the field.

14 Years

Average length of our employment relationships

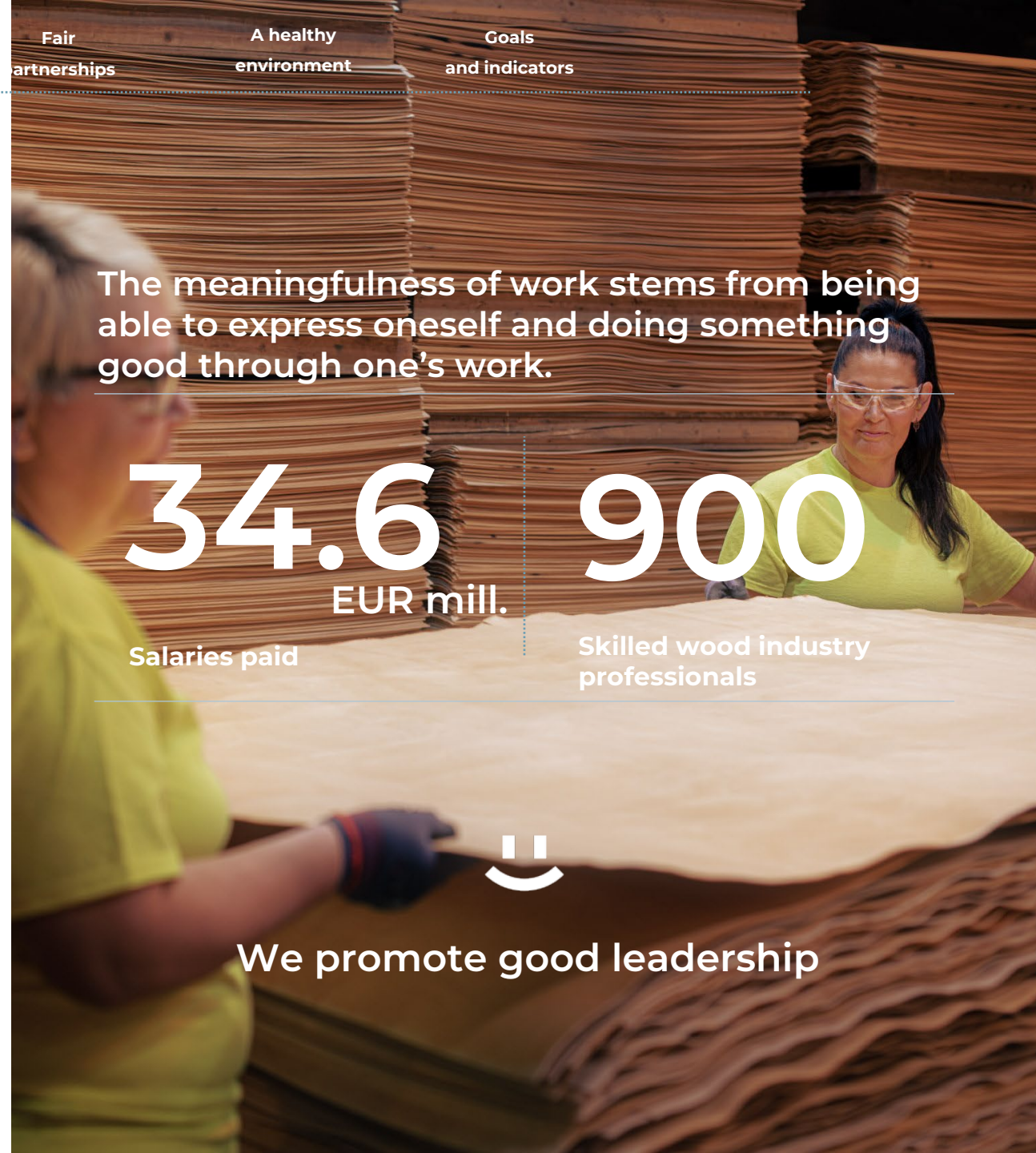
3.71

Our **work well-being index** (on a scale of
1–5). Industry peer group's average: 3.64.



Our priority is the well-being of our personnel
and its continuous development

At Koskisen, we do our best every day –
putting safety and quality first.



The meaningfulness of work stems from being
able to express oneself and doing something
good through one's work.

34.6
EUR mill.

Salaries paid

900

Skilled wood industry
professionals



We promote good leadership



Meaningful work – Safe and healthy workplace

Koskisen is only as strong as its personnel. It is important for us to provide our employees with a pleasant and safe workplace where each person can feel that their job is as meaningful as possible. The components of meaningful work are a safe work environment, excellent working conditions, fair treatment, continuous development of expertise and looking after employee well-being.

At year-end 2021, Koskisen had 909 employees (892 in 2020). The increase focussed especially on plywood production as we were able to increase our production volumes thanks to a favourable market outlook.

In Finland, Koskisen has 776 employees, most of whom commute to work from nearby communities or surrounding municipalities.

In Poland, Koskisen employees total 72, and in Russia 57. Furthermore, there are some 20 Koskisen employees working in sales in different countries around the world.

We want to create a safe, pleasant, healthy and sustainable work community. We focus especially on the ergonomics of heavy work stages, we require our employees to use protective equipment at production facilities, and we ensure safe movement in mill areas. We promote work ability through comprehensive occupational health care services, early support and support for mental and physical work ability.

We encourage our employees to develop occupational safety by rewarding them for providing good safety initiatives. In 2021, we submitted 108 safety initiatives, 54 of which were rewarded. Safety observations amounted to 3,620, of which 1,536 were positive. We also provide training for employees and jointly identify areas in need of development in the work environment.

We have a certified ISO 45001 system for managing occupational safety.





Meaningful work – Safe and healthy workplace

Our occupational safety and health activities meet the statutory requirements as a minimum. Efforts are made to identify and prevent risks related to human health and safety, to the products and their use and to the company's assets.

The company creates the conditions for a safe workplace. Every employee is responsible for his or her own safety and also looks after the safety of his or her colleagues and the company's assets. All employees and employee representative are guaranteed an opportunity to raise safety-related issues and to participate in the work of committees on occupational safety and health.

Safety is actively managed, and as a key safety indicator, we follow the accident rate (LTAI), for which we set annual, continuously tighter targets. Our goal is zero accidents.

As part of our safety improvement efforts, we use safety tools whose results are assessed for all functions on a monthly basis.

The tools extensively cover all the areas of our operations:

- Safety instructions
- Risk management
- Accident investigation
- Safety observation
- Management safety rounds
- Housekeeping
- Daily safety and communication
- Safety training
- Health and well-being at work
- Safety rewards
- ELMERI safety rounds



Meaningful work – Development and training

Professional and skilled personnel

Training through the Koskisen Academy ensures that the entire personnel have the right skills and motivation.

Our training is divided into the following main groups:

- Orientation and job guidance
- Vocational training and a qualification through apprenticeship training (initial vocational qualification, further vocational qualification and specialist vocational qualification)
- Training in tasks that require special qualifications (e.g. first aid, Occupational Safety Card, hot work card)
- Work community/organisational coaching;
 - group and teamwork skills
 - self-management
- Quality, environment and safety training
- Koskisen Academy – supervisor coaching

We are pioneers in apprenticeship training leading to a competence-based qualification. 34% of Koskisen employees in Finland have completed a vocational qualification while working through apprenticeship training. Our goal is for as many as possible to be professionals with a formal qualification in their own field under their belt.





Meaningful work – Equality and diversity

The core of what it means to work at Koskisen is evident on a daily basis in our non-discriminatory, equal, fair, encouraging and open work community.

Promoting equality and diversity is an important part of our corporate culture. Each of us an equal chance to develop ourselves and our work. We create opportunities for everyone to advance their careers regardless of gender or task.

We strive to balance work and leisure time so that employees' different life situations and needs are supported, utilising different working hour and work pattern arrangements.

Our goal is to pay the same compensation for equal work, regardless of the employee's gender and age. We carry out annual equality and salary reviews.

We do not tolerate any kind of harassment or discrimination. Our employment contracts' terms and working conditions are based on equality and fairness.



Half of our employment relationships have lasted for more than 10 years.

The average age of our employees is 43.

The proportion of women has remained stable year to year and there is little variation between the age groups. The share of women of the total work force is approximately one quarter.



Fair partnerships

We are a reliable and long-term partner, and we create added value for our stakeholders. Customer satisfaction is regularly surveyed using the NPS metric.

68

1,898

Countries to which we supplied products

Private roundwood sellers in 2021



Our business relies directly on forests. Consequently, taking care of nature and the environment is especially important for us.

We make full use of the wood raw material, and we aim for Finland's best carbon narrative in our industry. Durable, high-quality wood products sequester carbon for decades and help lower the carbon footprint of our customers, too.

Long-term customer
relationships are a matter of
honour for us

10_y

Average length of customer relationships

51

Customer satisfaction NPS 2021



Responsible operator



Fair partnerships

We wish to be a long-term and fair partner for our customers, forest owners and suppliers.

All of our operations are driven by our customers' needs. We listen closely to the needs and wishes of our customers. As a family business, we can make quick and flexible decisions.

We choose suppliers responsibly and in accordance with our sustainable principles.

We also operate in accordance with the principles and practices of social responsibility based on the guidelines laid down in the ISO 26000 standard. We pay special attention to the following sub-areas of the standard: working life practices, the environment and consumer issues. In addition we expect both ourselves and our partners to commit to our Ethical Code of Conduct,

which we adhere to in all of our business operations. Please give us feedback on how well we have followed our Code of Conduct through the Whistleblow channel available on our website.





Fair partnerships Customers, products and services

For us, quality encompasses
the entire customer
experience

All of our operations are driven by our customers' needs. Our customers' quality experience depends on the people that are, in one way or another, involved in the product manufacturing process or in the customer interface. Good quality goes beyond the quality of the finished product. We measure customer satisfaction with collaboration, product deliveries and end products using, for example, the NPS metric.

Customer needs are determined together with the customer. We collaborate across different functions and processes, and develop our processes to ensure that the products and services delivered to customers meet the agreed quality level and that they can be produced cost-effectively also in the future.

Quality encompasses all the functions required before the product reaches the end user – and even beyond that, when the product is in use and when it reaches the end of its useful life. Basically, from the forest to the world.



Fair partnerships

Customers, products and services

Engineered product safety

We annually audit the effectiveness of our own process and our most critical suppliers. Our internal quality control is based on the requirements of international standards and norms and the specific demands imposed by our customers. Our internal quality control is separate from our organisation and it is monitored by accredited third parties. If required, we also disclose the test results directly to customers.

In addition to the compulsory product labels, we include optional markings on the product's qualities and manufacturing date.

The CE mark shows the company's ID and the extent of quality control. Our operations are steered by the ISO 9001 quality management standard, ISO 45001 OHS standard and ISO 14001 environmental management standard. We also follow the ISO 26000 sustainability standard.





Fair partnerships – Forest owners

We have longstanding relationships with forest owners

We want to be a fair wood procurer that takes a long-term approach and with respect for the principles of sustainable forest management. Our own procurement personnel and partners network work closely with forest owners. Timber trade and forestry are important to forest owners and they need to proceed smoothly and securely.

We offer forest owners diverse forest management services for every stage of the forest. The services are tailored according to the needs and wishes of our customers. We offer significant trading partner benefits to forest owners that sell to us regularly.

Koskisen's wood procurement has as its customers tens of thousands of private forest owners, of which there are around 600,000 in Finland. Most of the forest owners are couples, pensioners and estates located in rural areas, but this trend is changing as the forests transfer to the younger generations. Our goal in wood procurement is to also anticipate the needs of future forest owners.





Fair partnerships – Suppliers and subcontractors

Procurement focuses on choices that support sustainable development

The basis for a successful and long-term partnership is fairness, mutual respect and listening. Our relationship towards suppliers and subcontractors is steered by procurement criteria and the Code of Conduct.

The goal of our procurement operations is to promote our company's finances and to develop the quality and efficiency of our procurement. Our procurement operations are proactive and systematic. We take financial, ethical, social and ecological development into account in our procurement. Procurement planning takes total and lifecycle costs into account and ensures economical and effective control of our products and services.

We only sell ethically manufactured products. We track the origin of the wood we use and our suppliers' responsibility. We use wood origin chain of custody systems to ensure that all wood material is acquired from a legally and ethically trustworthy source. We emphasise the importance of traceability to our suppliers and, when necessary, require traceability from their products. Our supplier contracts require the suppliers to ensure their accountability for sustainability.

In our procurement, we favour sustainable products and services. At the same time, we expect our suppliers and subcontractors to manage their own supply chains and all of the intermediate phases. We seek a reliable, respectful and honest relationship with our suppliers which benefits both parties.



Fair partnerships – Suppliers and subcontractors

Our Code of Conduct relays our expectations for supplier and subcontractor operations

We require all our suppliers and subcontractors to follow current legislation and to respect human rights and the basic rights of working life. This means that suppliers must comply with international human rights agreements as well as the International Labour Organization's general agreements, the UN's Convention on the Rights of the Child, the operating country's minimum wage and working hour legislation, and general environmental, health and safety requirements.

Our procurement agreements contain the following commitment: "The parties agree to take all possible measures to promote responsible and sustainable development in the performance of this contract. Practices will be developed in good co-operation and monitored regularly."

We expect all our suppliers to respect absolute confidentiality and intellectual property rights. We expect our suppliers to focus on continual improvement of their own products and services, to have a capacity for renewal and innovation, to streamline their own manufacturing processes and to increase their expertise.

Our suppliers may not offer staff any personal, economical benefit or excessive accolades (gifts). You can find our Code of Conduct on our website.



Fair partnerships – Customers, products and services

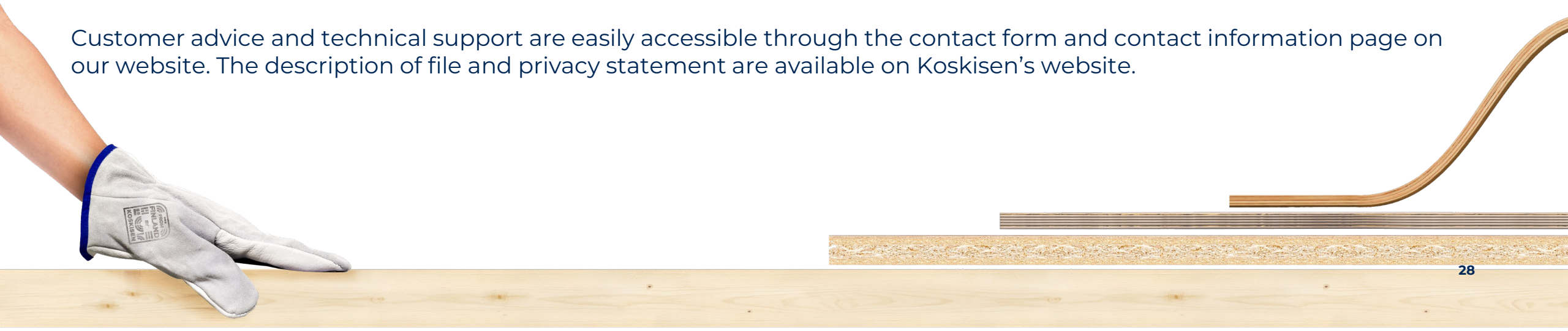
Advertising and marketing

We comply with good marketing practices in all marketing activities and product publications. We present appropriate and accurate information concerning our products and their production.

Already in the design phase, we make sure that our finished products are healthy and safe to use and that the principles of sustainable development are followed. Customer data is protected, and we do not surrender it to third parties.

In all our marketing activities, we take into account and monitor marketing communication in our industry, and any changes in the related legislation and official recommendations.

Customer advice and technical support are easily accessible through the contact form and contact information page on our website. The description of file and privacy statement are available on Koskisen's website.





Fair partnerships – Community relations and networks

Active member of society

Koskisen is a locally visible, Finnish employer in Järvelä and Hirvensalmi. We also have operations in Poland and Russia. The local communities in our mills' localities hold a key role, for instance, in finding and retaining good employees. We actively maintain our connections with the local communities.

Our goal is to bring about positive co-operation and to maintain it with our stakeholders. We have surveyed our most important stakeholders and influence channels. Our strategy and local needs guide our activity in the networks. Our support activities also take long-term strategic reviews into account.

We are an active provider of training in society. In our internal training, we make use of representatives from external networks when possible and as needed. Our advocacy activities are mostly performed through our active memberships.

We also work closely together with Kärkölä community officials to improve the attractiveness of the area. We implement projects in close co-operation with educational institutions and students.

Our training co-operation partners:

Jyväskylä Educational Consortium Gradia

LAB University of Applied Sciences

Aalto University and LUT University

Salpaus Further Education





Fair partnerships – Community relations and networks

Networking helps us stay up to date with changes in our business environment

We are actively involved in several different non-profit organisations. By networking, we are able to develop our learning and to innovate and interact with other operators.

We are members of the following networks:

Perheyritysten Liitto (PL, Finnish Family Business Association)
Sahateollisuus ry (Finnish Sawmills Association)
European Organisation of the Sawmill Industry
European Panel Federation (EPF)
European Federation of the Plywood Industry (FEIC)
Puuinfo
Puumiesten liitto Puumiehet Ry (Timber Union)
Suomen Yrittäjät (Federation of Finnish Enterprises)



FEIC
EUROPEAN FEDERATION OF THE PLYWOOD
INDUSTRY





Fair partnerships – Community relations and networks

Sponsorship and support activities

Our support activities focus on young people

The underlying idea behind our support activities is to promote activities or communities that contribute to the continuity of our company, and well-being and competence development of our employees.

We want to be involved in building partnerships at the earliest stage possible, and now we have chosen three main themes around which our support activities will focus:

- Development of future employees' competence
- Supporting future employees' well-being
- Supporting research in our industry and related final theses

Under the theme 'Future employees', we support Kärkölä's lower secondary school and, in the form of student grants, students in the fields of forestry and wood processing. We also support final projects and theses on a case-by-case basis.

Under the theme 'Happy and healthy youth', we support selected young people's sports activities.





We live off the forest

75% of Finland's surface area is covered in forests, and the country's forest resources are constantly growing. According to a study by Natural Resources Institute Finland (Luke), the volume of forest stands has grown by approx. 70% over the past 50 years. Altogether, our forests have 2.5 billion cubic metres of wood. Each year, 150 million seedlings are planted in our forests.

108^{mill. m³}

Annual forest growth

69^{mill. m³}

Annual harvesting volume in Finland



60% of Finland's forests are privately owned. We procure approximately 80% of the roundwood from private forests.

The forest industry directly employs approximately 42,000 people in Finland and 46,000 people abroad. The forest industry also indirectly employs thousands of people within, for example, the furniture industry and logistics.



KOSKISEN

Koskisen's share

1.5^{mill. m³} 1,000,000

Koskisen's annual harvesting volume

Number of trees planted through Koskisen

50–97% of the forest industry's production is exported. The forest industry accounts for around 18% of Finland's export of goods. The value of forest industry exports is approx. €10 billion, of which Koskisen's share is approx. €196 million.

Sources: Forestcluster, the Ministry for Agriculture and Forestry



A healthy environment

Careful utilisation of raw material is in the interest of both our mills and the wood sellers.

78%

Share of certified wood of the procured wood

98%

Share of biofuel in heat production



Of the procured wood, Koskisen processes approx. 60% into wood products. The rest is sold as bioenergy and raw material to the chemical forest industry.

Sustainable forest management practices guarantee the availability of wood in the future.

Environment-focused operations

Wastewater volume per m³ produced declined from 0.114 m³ in 2020 to 0.105 m³.

We have replaced the Sawn Timber Industry's oil boilers with biomass boilers.



Responsible operator



A healthy environment

Environmental friendliness is the foundation of our operations

The basic philosophy of our environmental policy is to continuously improve our environmental performance. We aim to continuously reduce the load caused by our operations on the soil, water and air. The development of our products and production processes aims at minimising harmful environmental impacts over the entire lifecycle of the products. In all operations the minimum requirement is to fulfil the obligations laid down in Finnish environmental legislation.

We are proud to be able to work in the realm of Finland's green gold. Environmental aspects feature prominently in our product development and our choice of suppliers. We minimise the environmental load of our production by utilising biofuels in our heat production and by paying special attention to waste sorting, water consumption, emissions and overall energy consumption.

One of our goals is to be in the forefront of adopting new international environmental standards and following the principles of sustainable development. We constantly revise our operations both to ensure their sustainability and, consequently, the sustained growth of our forest everywhere.

You can access Koskisen's environmental report on the company's website.





A healthy environment – Our carbon footprint

By measuring the carbon footprint, a company can see the volume of greenhouse gas emissions resulting from a product or activity. While the carbon footprint is a good indicator of the impact of a company's greenhouse gas emissions, it does not capture the entire environmental impact. Wood is a renewable material that stores carbon.

Of our products, we have verified RTS (Building Information Foundation) EPDs for plywood and chipboard, prepared in 2019. Together with other companies, we were involved in a project to complete RTS EPDs for sawn timber and planed sawn timber with the Finnish Sawmills Association and Natural Resources Institute Finland (Luke).

The main source of fossil carbon footprint at Koskisen is materials. In the calculation, the emissions from wood raw material are zero, but the resins and coating of our board products increase our carbon footprint. The second largest source of emissions is transport, including the harvesting and transport of the wood raw material. Emissions from transport are further increased by international freight, which is not included in the EPDs. The third largest source of emissions is electricity used in production.



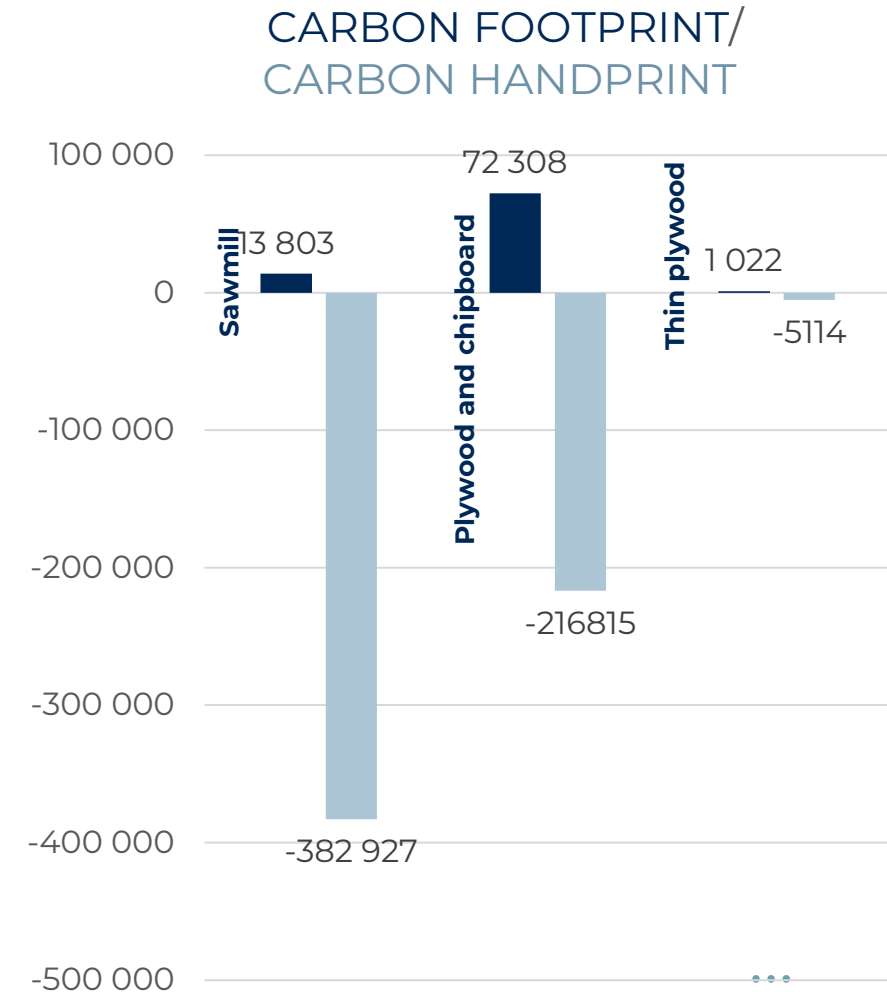


A healthy environment – Carbon handprint

Our wood products are largely destined for long-term applications, for instance in the construction industry, which results in carbon handprint. Carbon handprint is the beneficial impact of a product or service on reducing carbon dioxide emissions. In terms of wood products, this means the sequestration of organic carbon in the products, out of the atmosphere.

Business unit	Carbon footprint	Carbon handprint
Sawmill	13,803	-382,927
Plywood and chipboard	72,308	-216,815
Thin plywood	1,022	-5,114

The Group's carbon footprint for 2021 will be calculated and verified in accordance with the standard ISO 14067 in early 2022. The results will be updated on our website upon their completion. In future, we will monitor and verify our carbon footprint on an annual basis.





A healthy environment – material efficiency

Investing in the environment

There are two guiding principles underlying the Koskisen energy policy: promoting energy efficiency and increasing the use of renewable energy. One of the ways in which we promote our energy efficiency is participating in the Confederation of Finnish Industries' Energy Efficiency Agreement.

The thermal energy required by our Järvelä mills is generated by the main and reserve boilers owned by a partner. Biofuels recovered as by-products of our operations are the primary fuel of our main boilers. The reserve boilers use fuel oil. Some of the produced heat is sold externally as district heating.

Our goal is to continuously improve energy efficiency.

The production volumes across all production units have an impact on the efficiency of our energy usage. One of the ways we have reduced energy consumption is to instruct our employees not to idle their machines and to turn off any equipment and lights when not in use.

Koskisen **Environmental report** (in Finnish) contains information on the distribution of energy consumption, water consumption, wastewater volumes, emissions and other environmental impacts.

Our targets	2021 results
Total energy consumption down 7.5% by 2025 compared to 2015 (goal related to the Energy Efficiency Agreement)	Compared to the 2015 level, our total energy consumption has grown by 21.6 per cent
Reduction in wastewater volume: Wastewater volume max. 0.155 m ³ /produced m ³ and max. 78,400 m ³ /year	Wastewater volume 0.105 m ³ /produced m ³ and total wastewater volume 62,925 m ³
Share of biofuel in heat production at least 98%	The proportion of biofuel in heat production 97.7%



A healthy environment

Main environmental aspects

In the Järvelä mill area, the main environmental aspects during normal operation relate to the airborne emissions from Koskisen's own boiler plant (Konus reserve boiler) and Körting chip dryer of the chipboard mill, airborne emissions from production processes, cooling water and wastewater, and the airborne emissions from the boiler plants owned by Lahti Energia's subsidiary (Koskipower Oy), operating in the plant areas. In order to minimise the above-mentioned load factors, the plants' operation is monitored in part continuously and in part through scheduled measurements, which help guarantee correct settings and trouble-free operation of the equipment.

During operational disturbances at Järvelä, the main environmental aspects are made up of possible oil and resin spills in different accident situations for which there are guidelines in place.

In addition to these environmental impacts, the company's production activities generate noise. Measurements and assessments related to this have been performed during several years.

Wastewaters from the soaking basins of Koskisen's operations in Hirvensalmi constitute the most significant environmental impact of Thin Plywood Industry. Since 2011, these wastewaters have been fed to Hirvensalmi's municipal wastewater treatment plant.

In 2022, storm water drainage in accordance with the environmental permit requirements will be built in Koskisen's Mäntsäläntie mill area.





A healthy environment – Sustainable forest management

Koskisen's Wood Procurement

Wood is the main raw material used by Koskisen. In 2021, the volume of procured wood was 1.6 million cubic metres. Of this volume, 52% was spruce, 20% pine, 27% birch and 1% aspen in 2021.

In 2021, the volume of wood used at our own plants was approximately 1 million m³. The share of certified roundwood was 78%.

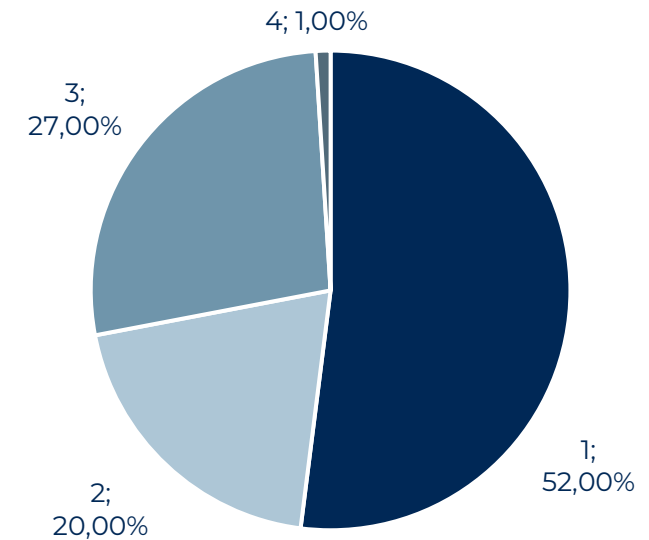
Koskisen's Wood Procurement is in charge of the mills' raw material supply and also delivers wood to other operators in southern Finland. Most of our wood comes from Finnish private forests, mainly in southern and eastern Finland (Häme, Uusimaa and Etelä-Savo). A small portion is imported, mostly from Russia. Imported wood is used as Plywood Industry's raw material because the availability of Finnish birch in Koskisen's wood procurement area does not always cover Plywood Industry's material needs.

In addition to the production units' operations, Koskisen's wood CoC systems and the ISO 14001 environmental standard ensure the level of control of the origin of wood in all of the countries in which the Group procures wood.

Koskisen's Wood Procurement is also responsible for the Group's forests and manages forests for several private forest owners.

Our wood procurement subcontractors have also committed to following the operational system requirements.

**Wood species purchased in
2021**





A healthy environment – Sustainable, long-term forest management

Sustainable forest management ensures that there is enough wood raw material for future generations. We always know the origin of the wood and ensure that our forest management practices enable the forest to regenerate and protect natural diversity.

Koskisen Wood Procurement complies with the requirements of the PEFC™ CoC and FSC® CoC chain of custody certificates. These ensure that the wood is harvested from sustainably managed forests where felling is carried out in accordance with the law and certification criteria. The origin of the raw material is inspected based on our procurement policy to ensure forests in protected areas are safeguarded and that wood is not procured from controversial sources.

Our forest management measures always take into account the valuable habitats described in the Nature Conservation Act and Forest Act. Our business relies directly on forests. Consequently, taking care of nature and the environment is especially important for us.





A healthy environment – Sustainable forest management

Wood is a renewable and biodegradable raw material

Careful utilisation of raw material is a benefit to both our mills and the wood sellers.

We use the whole tree. We turn logs into plywood, sawn timber products and other products. We deliver pulp wood to paper and pulp manufacturers. We utilise logging residues as biofuel whenever possible. We use side streams from our production processes as fuel in heating plants. Our products are recyclable, as are most of the packaging materials we use.

We utilise woodchip and sawdust from our woodworking operations in our chipboard production. In addition to wood, we use various adhesives and coatings in our chipboard and plywood production. Our sawmills and planing mills use Finnish spruce and pine logs as raw materials.

We promote the use of products made from a sustainable raw material. Our R&D activities identify new applications for our products and new solutions that attend to environmental needs. Zero Panels, for example, is a fully natural, wood-based product family with no formaldehyde!



ZERO

P A N E L S

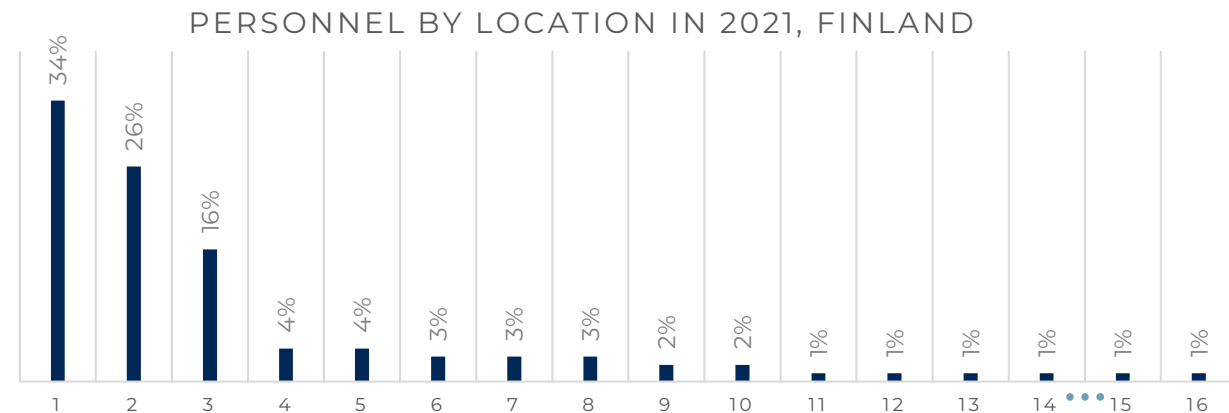
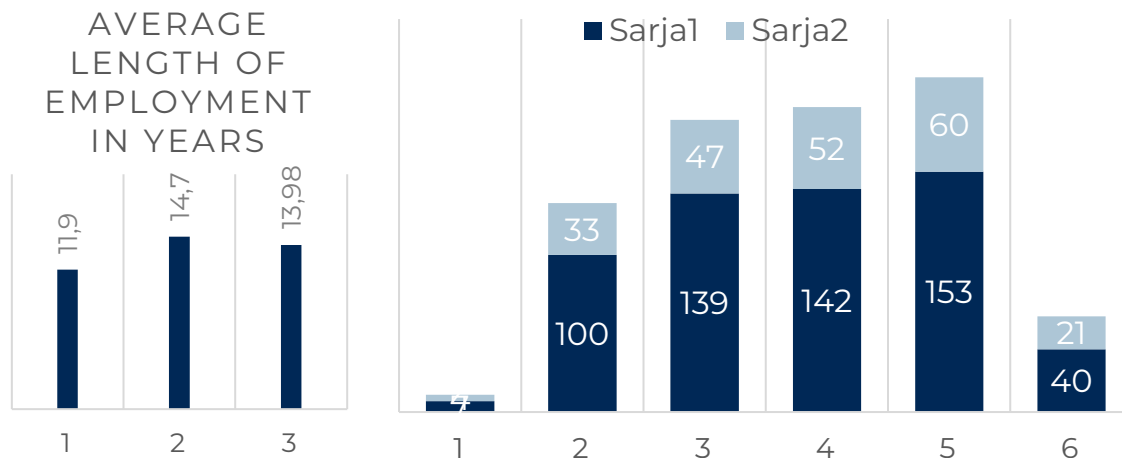
Goals and indicators

Meaningful work
Fair partnerships
A healthy environment



Meaningful work

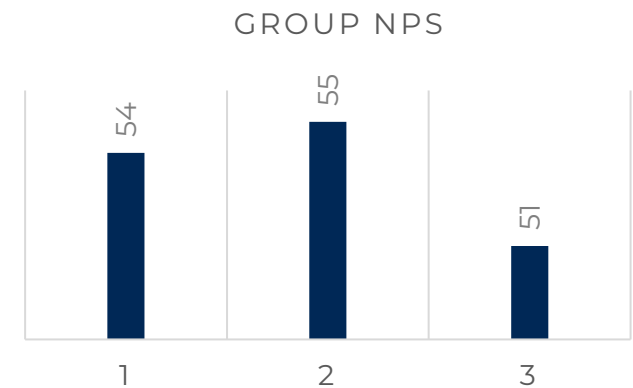
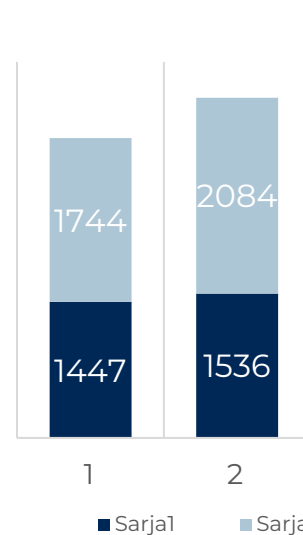
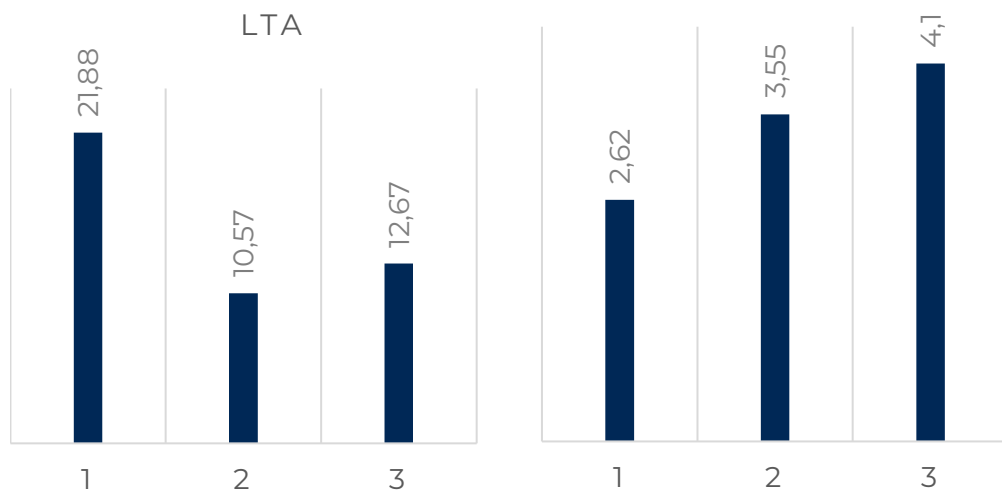
	Goals	Phase	2021	2020	2019
Meaningful work	Overall index of the employee satisfaction survey 3.75	0.04 below target	3.71	3.69	3.69
	Employee satisfaction survey's response rate 80%	17 pp below target	63%	72%	66%
	Employee satisfaction survey's eNPS	Measurement started in 2021	-2	-	-
	Absences due to illness, attendance rate 97%	0.94 pp below target	96.06 %	95.94 %	95.6 %
	Gender distribution men (M)/women (W)	-	73% M/27% W	74% M/26% W	72% M/28% W
	Age distribution	-	43 y M/44 y W	44 y M/46 y N	-
	Average length of employment relationships	-	13.98	14.7	11.9
	Apprenticeship qualifications among personnel	-	34%	approx. 30%	approx. 30%





Meaningful work

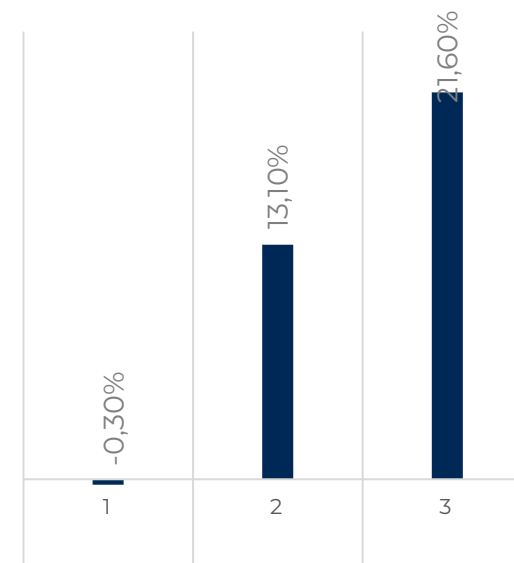
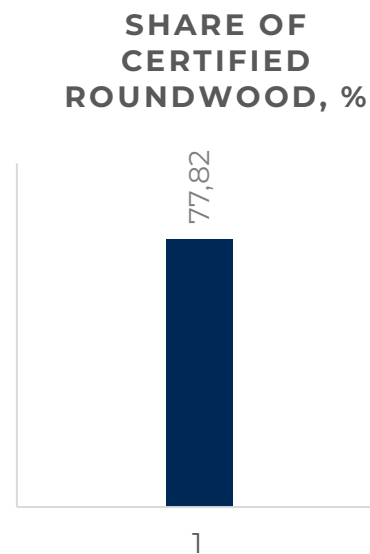
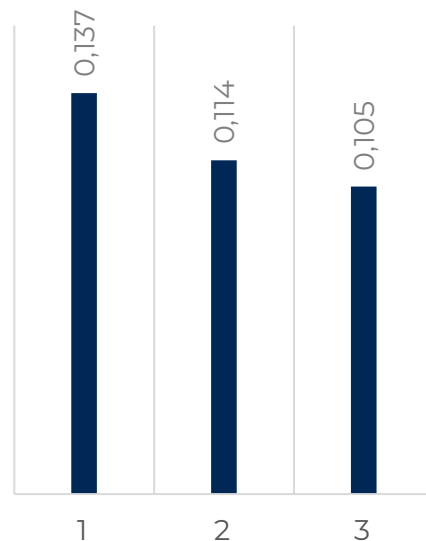
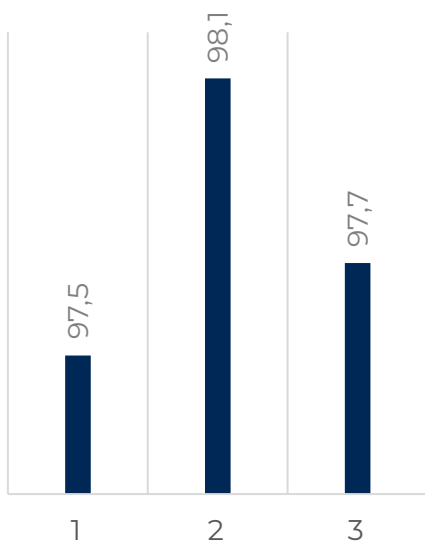
	Goals	Phase	2021	2020	2019
Meaningful work	Accident frequency (LTA ¹) max. 10/1 million working hours.	2.67 above target	12.67	10.57	21.88
	4 safety observations/person annually	Target exceeded	4.1	3.55	2.62
	Safety observations, positive/negative	–	1,536/2,084	1,447/1,744	–
	Group Net Promoter Score (NPS) 60%	9 pp below target	51	–	55





A healthy environment

	Goals	Phase	2021	2020	2019
A healthy environment	Biofuels to account for over 98% of heat production	0.3 pp below target	97.7%	96.7%	97.5%
	Reduction in wastewater volume: Wastewater volume max. 0.155 m ³ /produced m ³ and max. 78,400 m ³ /year	Target exceeded	0.105 m ³ /m ³ produced	0.114 m ³ /m ³ produced	0.137 m ³ /m ³ produced
	Share of certified roundwood 85%	7.18 pp below target	77.82%	–	–
	Total energy consumption reduced 7.5% by 2025 compared to 2015 (goal related to the Energy Efficiency Agreement)	Energy consumption increased by +21.6%	+21.6%	+13.1%	–0.3%



**Further information and updated figures:
koskisen.fi/responsibility**

