



Koskisen

Sustainability Report 2022

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Sustainability

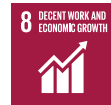
■ Sustainability at Koskisen

- Financial sustainability
- A healthy environment
- Fair partnerships
- Meaningful work

SUSTAINABILITY AT KOSKISEN

The entire wood value chain at the heart of sustainability

KOSKISEN'S SUSTAINABILITY WORK IS BASED ON THE UN SUSTAINABLE DEVELOPMENT GOALS:



Meaningful work



A healthy environment



Fair partnerships

The identified SDGs also strongly support the success of Koskisen's business. The company bases its sustainability work on these themes, which are most relevant for the strategy, business and stakeholders.

Koskisen's business is based on forests, which is why the overall sustainability of the environmental and climate impacts of its operations is at the core of the company's business and strategy. The entire value chain, from harvesting to final products, is designed around synergetic and sustainable material flows.

By focusing on sustainable forest management practices over the long term and thereby maintaining biodiversity, Koskisen aims to ensure the availability of high-quality certified Finnish wood also in the future.

Koskisen uses the valuable wood raw material it has acquired carefully, down to the last chip, with wood wisdom. The company produces high-quality durable wood products that sequester carbon for decades.

The value of wood as an ecological material is increasingly understood, which is why its popularity is growing in many different end uses. Wood-based construction materials, for example, have significantly lower carbon dioxide emissions per tonne of wood produced compared to non-renewable materials.

Koskisen promotes meaningful and important work, development opportunities, a good management culture and a safe working environment. Koskisen operates responsibly throughout the supply chain.





Sustainability

Sustainability at Koskisen

- Financial sustainability
- A healthy environment
- Fair partnerships
- Meaningful work

FINANCIAL SUSTAINABILITY

An economically significant builder of society

From the financial point of view, Koskisen has a significant impact on the economic well-being of its stakeholders and society, both directly and indirectly.

Koskisen is one of the largest industrial employers in the Päijät-Häme region with its production facilities in Järvelä. Koskisen is also a regionally significant employer in Hirvensalmi and Toporów, Poland. In addition to its own personnel, the company works closely with several companies that provide harvesting, transport and industrial services. In addition to more than 900 Koskisen employees, the company employs approximately 4,000 people indirectly. The company also offers nearly 100 summer jobs to young people every year.

The main raw material of Koskisen's production is wood. Koskisen's wood procurement area is located near the production plants in southern and central Finland. Koskisen mainly buys wood from private forest owners. In 2022, Koskisen acquired a total of approximately 1.5 million cubic metres of wood, of which approximately 80 per cent was purchased directly from private forest owners.

In addition to income taxes, Koskisen's tax footprint consists of other taxes and tax-like levies related to the company's operations. The Koskisen Group does not have any links to tax haven companies, nor does it have a separate tax strategy. In 2022, Koskisen was a significant payer of corporate taxes in Päijät-Häme.

Koskisen complies with local legislation in the payment, collection and reporting of taxes. Of the Group's employees, 90% live in Finland and pay their taxes in Finland.

Koskisen supports select non-profit organisations financially at its locations. The support is mainly targeted at sports activities supporting the well-being of children and young people, as well as educational institutions in the fields of wood products and forestry, for example in the form of support for thesis work or scholarships.

Koskisen paid a total of EUR

12

million in income taxes in 2022.





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CREATING FINANCIAL VALUE

Wood procurement from Finnish forest owners, MEUR

| | 2022 | 2021 | 2020 |
|--|------|------|------|
| | 71 | 81 | 68 |

Creating economic value, MEUR

| | 2022 | 2021 | 2020 |
|--------------------------------------|-------|-------|------|
| Revenue | 318 | 311 | 220 |
| Operating result | 67 | 62 | 11 |
| Return on capital employed (ROCE), % | 35.1% | 44.4% | |

For personnel, MEUR

| | 2022 | 2021 | 2020 |
|---------------------------------|------|------|------|
| Wages and salaries to personnel | 37 | 37 | 31 |

For society, MEUR

| | 2022 | 2021 | 2020 |
|-----------------------------|-----------|-----------|----------|
| Income tax | 12 | 9 | -0,4 |
| Pension costs | 7 | 6 | 5 |
| Other social security costs | 1,9 | 2 | 1 |
| Total | 21 | 17 | 6 |

Dividends to shareholders, MEUR

| | 2022 | 2021 | 2020 |
|--|-----------------|------|------|
| | 10 ¹ | 0 | 0 |

¹ The board's proposal for the 2023 Annual General Meeting.

Investments in business operations

| | 2022 | 2021 | 2020 |
|--------------|-------------|-------------|------------|
| Total | 28.0 | 10.8 | 9.7 |

Purchased materials and services

| | 2022 | 2021 | 2020 |
|--------------|------------|------------|------------|
| Total | 163 | 165 | 137 |



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A HEALTHY ENVIRONMENT

Significant development work for the climate

We continuously strive to reduce the burden of our operations on the soil, water systems and climate by developing products and production processes throughout the value chain and product life cycle.

Direct and indirect emissions from own operations (Scope 1 and 2)

Koskisen has calculated the direct and indirect emissions (Scope 1&2) from its own operations in accordance with the GHG protocol. Scope 1 includes direct greenhouse gas emissions from Koskisen's own operations: the largest sources of emissions are the oil reserve operation of the Tehdastie power plant and forklift trucks in raw material transfers. Scope 2 includes indirect greenhouse gas emissions from the production of purchased electricity. In 2022, Koskisen's total emissions were 20,022 (20,054) tCO₂e.

In 2022, the total emissions from Koskisen's own production were

20
ktCO₂e.



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Product group-specific carbon footprint and handprint

Koskisen has implemented product group-specific carbon footprint calculations for its sawmill, plywood and chipboard products.

In 2022, the combined carbon footprint of Koskisen's products was 123,953 (115,220) tonnes of carbon dioxide equivalent, of which sawmill products accounted for 34 per cent and plywood and chipboard products for 66 per cent. The main sources of emissions from Koskisen's wood products

are adhesives and coatings used in panel products. Other significant sources of emissions are transport, including logging and timber transport, and electricity used in production.

Wood products manufactured by Koskisen sequestered 374,289 (394,573) tonnes of carbon dioxide equivalent, of which sawmill products accounted for 46 per cent and plywood and chipboard products for 54 per cent. Koskisen's carbon handprint was 2.9 times larger than its carbon footprint in 2022.

A large part of the wood products manufactured by Koskisen are used for long-lasting purposes, such as in the construction industry, which results in a carbon handprint. For wood products, carbon handprint means the storage of organic carbon in products away from the atmosphere. Production side streams, such as sawdust, are directed to furniture and building panels instead of incineration, and their carbon is also bound to a long cycle.

Koskisen monitors the carbon footprint of its products annually in accordance with ISO 14067:2018 Greenhouse gases — Carbon footprint of products — Requirements and guidelines for quantification ("ISO 14067") and ISO 14064 Greenhouse gases ("ISO 14064").

Key environmental aspects

Koskisen is obliged to maintain various environmental permits related to its production units. The company's environmental permits in the Finnish units are valid until further notice. No special environmental permits are required for the company's operations in Poland.

ENERGY

With regard to energy use, Koskisen's key objectives are related to improving energy efficiency and increasing the use of renewable energy. We are involved in the Energy Efficiency Agreement for Industries. The Energy Efficiency Agreement aims to reduce total energy consumption by 7.5 per cent by 2025 compared to the 2015 level.





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Koskisen uses electricity and thermal energy produced with biofuels at its production plants, as well as light fuel oil as backup power. Koskisen's total energy consumption in 2022 was 362,938 (377,509) MWh.

The thermal energy of the Järvelä production plants is produced at the main and reserve boiler plants owned by an external partner. The main boilers mainly use biofuels produced as a by-product of operations. Some of the heat energy produced is sold outside the plant area as district heat. At Hirvensalmi, thermal energy is produced at our own bioenergy plant.

In 2022, renewable fuels accounted for 85 per cent (85) of total energy consumption.

The combined production volumes of the production units also affect the efficiency of energy consumption. In 2022, energy consumption per cubic metre produced increased and was 0.60 MWh (0.53).

Every employee can contribute to reducing the use of energy: for example, the workstation-specific instructions tell employees to avoid idling machines and to turn off unnecessary equipment and lights. In 2022, the lighting of the Järvelä production plants was extensively updated: old luminaires were replaced with energy-efficient LED luminaires.

WOOD WISDOM

The new heart of Koskisen – Sawmill 2023

The premise of Koskisen's mechanical wood industry in Järvelä is high environmental efficiency married with the optimal utilisation of raw wood materials.

With the new sawmill investment, the sawmill operations are moved from the centre of Järvelä to a sawn timber post-processing and refinement facility. This increases production synergy and significantly reduces the emissions related to the internal logistics of sawing production.

The new production line enables a broader use of the log diameter classes. Koskisen is able to offer its customers new products, and the raw wood materials are utilised more thoroughly to produce final products that tie carbon for a long time. What's more, the investment is just one example of our strong belief in the future and the development of our operations. The investment is also important in terms of the continuity of our production, and in that way, increasing local well-being, both directly and indirectly.

The foundation stone of the new sawmill was laid in April 2022. In August, the sawmill

building received a roof to protect it from the elements. The event was marked with a topping-up ceremony. The project, worth approximately EUR 50 million overall, will be gradually put into operation starting from July 2023.





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WATER AND WASTEWATER

Koskisen production plants use potable water and lake water in their operations. In 2022, water consumption was 193,373 m³, of which 92.6 per cent was process or domestic water drawn from the company's own water intake or municipal network, and 7.4 per cent was lake water drawn to the process. In production processes, water is mainly used for cooling the process. The highest water

consumption is in the Panel industry business. Koskisen's production plants that use water are located in Finland, so water is not taken from areas suffering from water scarcity.

Wastewater is directed to the municipal wastewater treatment plant at both Järvelä and Hirvensalmi production plants. Koskisen's operations do not produce wastewater that is directly hazardous to

the environment. In 2022, a stormwater system pursuant to the environmental permit regulations was built in the Sawn Timber Industry plant area.

RAW MATERIALS

The main raw material of Koskisen's production is wood. Other key materials include various coatings, adhesives and binders.

We promote products made from renewable raw materials through systematic product development. The world's first fully wood-based Zero furniture panel was launched in 2022. In it, fossil binders have been replaced with a lignin-based binder made from the side streams of the Finnish forest industry.

WASTE

Approximately 74 (72) per cent of Koskisen's waste streams are non-hazardous waste that is recycled for utility or energy use. In 2022, Koskisen's total waste volume was 920 (762) tonnes. The main waste fractions were mixed waste, energy waste and scrap metal. The majority of the mixed waste and all energy waste is used as fuel in the production of thermal energy at external plants. Metal scrap is used as raw material for metal.

Hazardous waste accounts for approximately 26 (28) per cent of the Group's waste streams. Hazardous waste is mainly generated from flue gas scrubber sludge and adhesive waste. The waste generated by Koskisen's operations is handled by an external operator that is responsible for the proper disposal of the waste.





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Material efficiency

Koskisen uses wood as a raw material, with wood wisdom. Koskisen's entire value chain, from wood harvesting to final products, is designed around synergetic material flows and an agile operating model, which enables the efficient use of raw materials from different sources.

In Koskisen's integrated operating model, it acquires wood raw material, which is delivered to production plants for processing. At the production plants, it is used to the fullest extent possible. The wood raw material that cannot be used in Koskisen's own production is sold to other industries or for energy use.

In its own production, Koskisen processes logs into plywood and sawn timber products, pulpwood is delivered to paper and pulp manufacturers, and energy wood and logging residues are used in bioenergy production. Koskisen uses the side

streams of its production processes as fuel for heating production plants. Koskisen also uses wood chips and sawdust from woodworking in its chipboard production.

Koskisen products are recyclable, as are most of the packaging materials used by Koskisen. In addition, wood is still useful for energy production at the end of its life cycle.

Sustainable forest management

The main raw material used by Koskisen in its production is wood. In 2022, Koskisen acquired a total of approximately 1.5 million cubic metres of wood. Of this volume, 52 per cent was spruce, 19 per cent pine, 28 per cent birch and 1 per cent aspen. In 2022, Koskisen used approximately 0.9 million m³ (1.2) of wood at its own plants. The amount of certified roundwood was 81 (78) per cent.

The amount of certified
roundwood was

81%





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In 2022, the wood raw material procured by Koskisen came mainly from Finland at 98.6 (97.2) per cent. Of the raw material, 1.4 (2.8) per cent (birch) was imported from Russia. The import of wood from Russia ceased completely in March 2022, after which all wood used in production has been procured entirely from Finland.

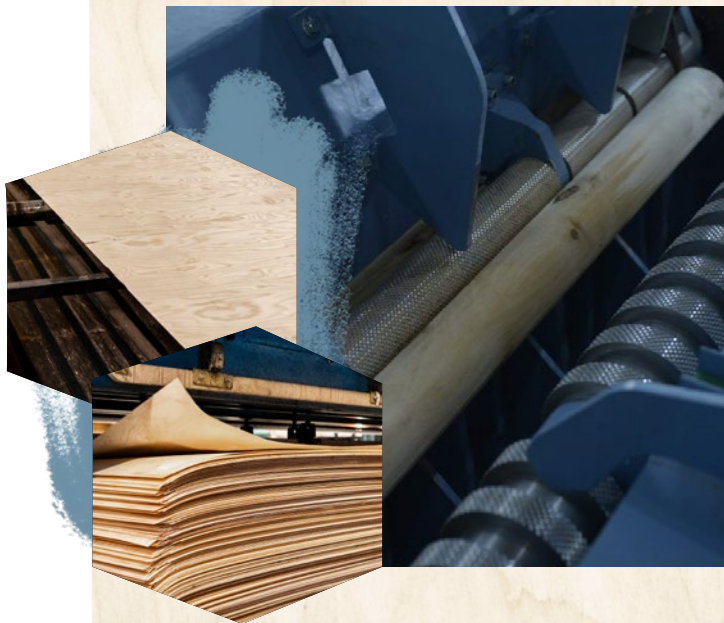
Koskisen always strives to source its wood in a fully certified manner primarily from thousands of Finnish private forest owners whose forests are

mainly located in southern and eastern Finland, and also encourages its suppliers to certify their wood.

Koskisen's wood procurement complies with the requirements set by the PEFC chain of custody certificate and the FSC chain of custody certificate. These certifications ensure that the wood is harvested from sustainably managed forests, where felling is carried out in accordance with legislation and certification requirements.

The most recent audit of the PEFC and FSC certificates granted to Koskisen was carried out in April 2022, and it was recommended that the validity of both certificates be extended.

Koskisen traces the origin of the timber it procures and uses a timber chain of custody system to ensure that all timber is sourced legally and ethically from reliable sources. The origin of the raw material is always checked in such a way that the forests of protected areas are kept secure and wood is not obtained from controversial sources.



WOOD WISDOM

A new lathe improves material efficiency in plywood production

In its operations, Koskisen systematically invests in solutions that make it possible to efficiently utilise raw wood materials, irrespective of the size class. Koskisen acquired a new spindleless lathe line for its plywood factory in Järvelä. In the future, the new acquisition will enable smaller diameter log classes to be used for the manufacture of plywood products that tie carbon for a long time.

The investments in new raw material efficiency bring new opportunities with regard to the availability of raw materials and help ease the increasingly short supply of raw materials, especially of birch. Fully automated, the new line is expected to be extremely cost- and energy-efficient. Thanks to its energy-efficiency, it also boasts a very small carbon footprint. The objective is to have the new line in production use in late 2023.



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BIODIVERSITY

Koskisen aims to ensure that biodiversity is taken into account throughout the life cycle of the forest. In its forest management practices, Koskisen's concrete actions include the best practices in the field, such as favouring mixed forests over monocultures, regeneration felling, leaving artificial stumps, protecting peatland borders and preserving game thickets, decaying wood and low-producing sites. In addition, Koskisen organises the planting of approximately one million seedlings per year, which forest owners pay for.

By focusing on maintaining biodiversity and sustainable forest management practices over the long term, Koskisen aims to ensure the availability of high-quality certified Finnish wood also in the future.

As a modern wood processing company, we have a responsibility to take care of nature and its biodiversity.

WOOD WISDOM

Koskisen's Wood Procurement department provides forest owners with a wide range of services

Koskisen provides forest owners with a wide range of quality wood sales and forest management services. The majority of the wood required by production facilities is procured from private forests via Koskisen's own procurement process. Our wood procurement is focused on the Häme, Uusimaa and Southern Savonia regions. At the moment, we only procure wood from Finland.

In its operations, Wood Procurement adheres to the PEFCTM and FSC® chain-of-custody (CoC) certifications as well as the ISO 14001 environmental standard. They ensure that the wood is harvested from sustainably managed forests where the logging takes place in accordance with the law and certification criteria. The origin of the raw materials is always established pursuant to Koskisen's procurement policy in such a way that protected forests are not violated and wood is not sourced from so-called controversial sources. When it comes to forest management measures, Koskisen takes into account the valuable environments referred to in the Nature Conservation Act and the Forest Act.

To support the well-being and growth of forests, we use thinning, which is primarily performed twice during the forest's cycle. Depending on the tree species and site,

thinning is carried out when the age of the forest stand is 20–55 years. Alongside the traditional thinning methods, we also research and test continuous-cover silviculture to maintain the cover of the forest at all times. All forest management measures are tailored to the site. Ultimately, the responsibility for the measures to implement resides with the forest owner. The different thinning methods are not mutually exclusive, and all of them have their place in sustainable forestry.





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MATERIALS USED IN PRODUCTION

| Materials used | 2022 | 2021 | 2020 |
|----------------------------------|------------------|------------------|------------------|
| Wood procurement, m ³ | 1,453,347 | 1,790,791 | 1,510,292 |
| Adhesives, kg | 16,062,299 | 15,571,301 | 14,082,089 |
| Coatings, kg | 3,242,860 | 3,224,809 | 3,001,433 |
| Metals, kg | 58,412 | 86,859 | - |
| Plastics, kg | 174,535 | 606,393 | - |
| Paints, L | 81,921 | 204,799 | 130,985 |
| | | | |
| Packaging materials used, kg | 2022 | 2021 | 2020 |
| Paper fibres | 589,352 | 596,621 | 586,521 |
| Plastics | 237,250 | 308,130 | 244,440 |
| Metals (packaging foil) | 10,398 | 20,433 | 22,543 |
| Wood | 6,832,477 | 4,569,885 | 4,313,465 |
| Total | 7,669,477 | 5,495,069 | 5,166,969 |

MATERIAL EFFICIENCY, WOOD RAW MATERIAL

| Wood procurement, m ³ | 2022 | 2021 | 2020 |
|---|------------------|------------------|------------------|
| Total | 1,453,347 | 1,790,791 | 1,510,292 |
| | | | |
| Wood usage in production plants, m ³ | 2022 | 2021 | 2020 |
| Total | 873,330 | 1,005,395 | 866,381 |
| | | | |
| Efficiency of wood raw material, % | 2022 | 2021 | 2020 |
| Total | 0,37 | 0,35 | 0,36 |



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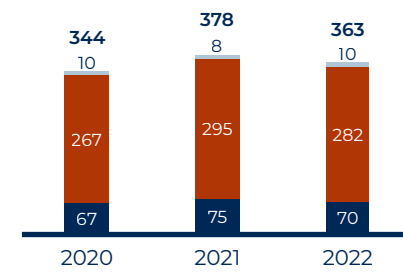
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TOTAL ENERGY USE

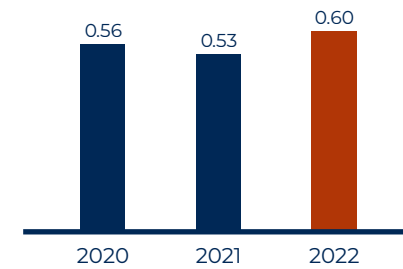
GWh



■ Electricity
■ Biofuel
■ Fuel oil

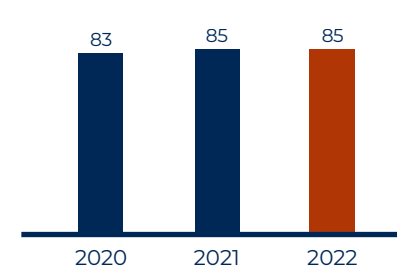
ENERGY CONSUMPTION

per produced m³, MWh



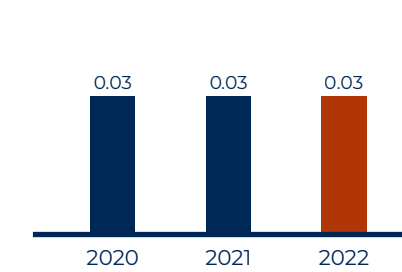
SHARE OF RENEWABLES

%



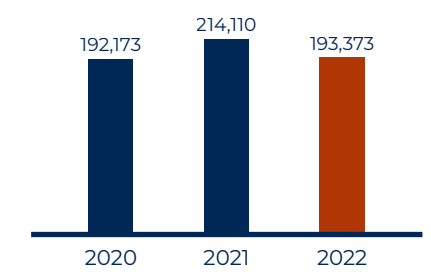
CO₂ EMISSION INTENSITY

CO₂eq, tonnes per m³ produced



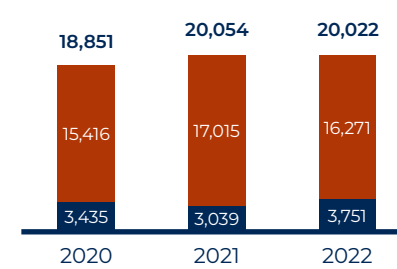
WATER CONSUMPTION

total, m³



CO₂ EMISSIONS, SCOPE 1 AND 2

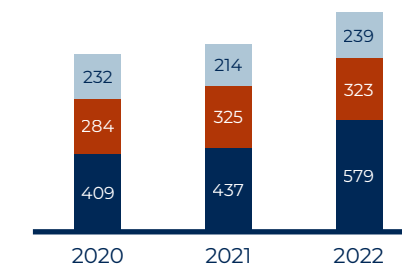
CO₂eq, t



■ Direct greenhouse gas emissions CO₂e, scope 1
■ Energy indirect greenhouse gas emissions

TOTAL WASTE VOLUME

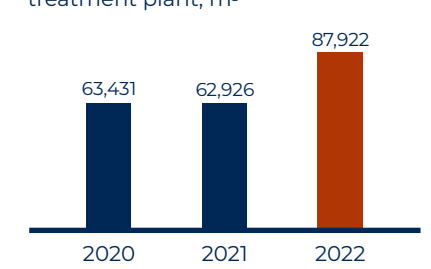
t



■ Recycling / recovery
■ Mixed waste, for incineration
■ Hazardous waste management

WASTEWATER

Municipal sewerage / wastewater treatment plant, m³





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FAIR PARTNERSHIPS

High-quality collaboration

Koskisen's goal is to be a long-term and fair partner to its stakeholders. The company adheres to the Code of Conduct in all of its business operations and also requires its partners to commit to it.

Customers

For Koskisen, quality means the entire customer experience, because the quality experienced by the customer depends on all the people who, in one way or another, are involved in the product's creation process or in the customer interface. Good quality does not only refer to the quality of the end product, but customer satisfaction is measured in relation to the functionality of the cooperation, product deliveries and the end product.

In 2022, the Group's customer satisfaction NPS improved from the previous year and was 64 (51). In 2022, customers praised their contact persons for the smooth business.





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Customer needs are determined together with the customer. Cooperation between Koskisen's different functions and processes and the development of processes ensure that the products and services delivered to the customer comply with the agreed quality level and that they are produced cost-effectively also in the future. The longevity of customer relationships is a matter of honour for Koskisen.

Ensuring quality

Every year, Koskisen audits the effectiveness of its own processes as well as the most critical suppliers. Internal quality control is based on the requirements of international standards and norms as well as customer-specific requirements. Internal quality control is a separate part of Koskisen's organisation and is supervised by accredited third parties.

In addition to statutory labelling, we also add voluntary labels to our products, which describe the characteristics of the product and the time of manufacture. The CE marking identifies the company and the scope of quality control. The company has a certified ISO 9001 quality management standard, AN ISO 45001 occupational health and safety management standard and AN ISO 14001 environmental management standard. In addition, we follow the guidelines of the ISO 26000 responsibility standard.



WOOD WISDOM

SENSi optimises the use of space in transport equipment

Koskisen has launched weight-sensing and data-collecting plywood floor panels for lorries and trailers. The smart pressure sensors embedded in the SENSi panel can tell if pressure is applied to the panel and how much empty space there is in the trailer. The data is stored in the cloud service in a format which the design tools, freight forwarding platforms and telematics systems used in the logistics industry can utilise in real time.

SENSi lets you know, e.g. how much freight you are hauling, whether it is properly secured and how the freight is distributed. SENSi improves safety by preventing overloading, and the sensors can detect if a load that is not properly fixed in place

moves out of position. Pairing the freight data with GPS location data enables the real-time tracking of road deliveries. With SENSi, the transport capacity can be better utilised, both from a financial and sustainability point of view.

Transport capacity optimisation is also good for the environment. Fewer lorries on the roads translates into lower fuel consumption and emissions – while also cutting fuel costs. SENSi panels enable logistics companies to move towards smarter and more sustainable freighting.



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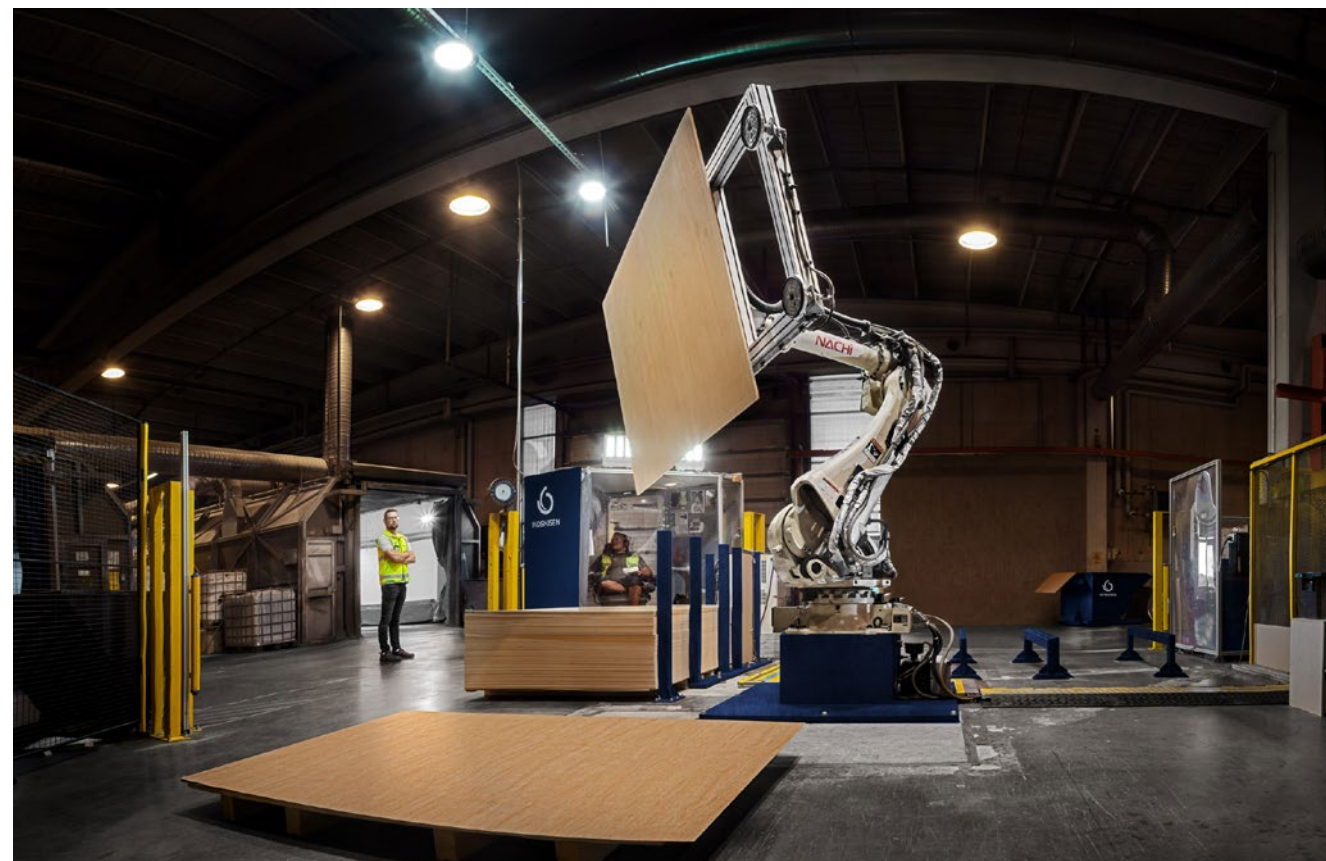
Suppliers and principles of responsible procurement

In its purchases, Koskisen favours products and services whose suppliers and subcontractors take care of their supply chain. Koskisen does not use materials sourced from conflict areas in its production.

Koskisen strives to follow the principles of fairness and impartiality. The aim of the company is long-term and open cooperation. When selecting a supplier, Koskisen does not only check strategic suitability, product range and product quality, but also environmental and corporate responsibility issues.

The suppliers must be familiar with Koskisen's occupational health and safety requirements and instructions and comply with them when operating at Koskisen sites. Koskisen requires its suppliers to commit to the company's ethical principles and to adhere to them and actively promote them. Koskisen's Code of Conduct is reviewed with all key suppliers and incorporated into supplier agreements.

Koskisen systematically collects information about its suppliers and tests the material selection and approval.



Koskisen requires its suppliers and subcontractors to comply with the legislation in force at the time and to respect human rights and the fundamental rights of working life. This means that suppliers must comply with international human rights conventions and conventions of the International Labour Organisation (ILO), the UN Convention on the Rights of the Child, the minimum wage and working time legislation of each country in which they operate, as well as general environmental, health and safety requirements. Koskisen will

evaluate and report on its human rights impacts in the next few years.

Koskisen encourages its suppliers to use management systems such as ISO 9001, ISO 14001 and ISO 45001, as well as the best available technology and practices to reduce environmental impacts, occupational accidents and health risks.

Responsibility in the supply chain also means that Koskisen systematically collects information about



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its suppliers and tests the materials before selecting and approving them. As part of the selection of materials, Koskisen also assesses product safety risks. The company carries out supplier audits in the production plants of its suppliers. Koskisen requires traceability at every level of the supply chain of the raw materials and products it procures.

Forest owners and other partners

Koskisen's wood trade partners are mainly domestic private forest owners whose forests are mainly located in southern and eastern Finland. We operate fairly, with a long-term perspective and with respect for the principles of sustainable forest management in wood procurement. Koskisen's own procurement personnel and partner network work closely with forest owners.

Koskisen also provides forest owners with diverse forest management services. The services are tailored according to the customers' needs and wishes. Forest owners who regularly sell timber to us are offered significant partnership benefits in the wood trade.

Koskisen has outsourced all harvesting and transport operations, including their organisation, to third parties. In 2022, Koskisen cooperated with about 45 harvesting and transport contractors, ranging in size from a few to a few dozen employees.

WOOD WISDOM

Koskisen Zero – The world's first fully wood-based furniture board

Koskisen is the first company in the world to produce a furniture panel made from 100% wood-based raw materials. The firstborn of the Zero family, the furniture panel is manufactured at Koskisen's chipboard factory in Järvelä.

The base material for Zero comes fully from the side streams of Koskisen's plywood factory and sawmill. In Zero, resin adhesives made from fossil raw materials have been replaced with the a fully bio-based lignin. In addition to being climate-friendly, the wood-based binder

is formaldehyde-free. This means that the raw materials of the Zero furniture panel are fully wood-based.

The Zero product family meets the increasing demand for bio-based solutions, both in Finland and on the export market. In the future, the novelty product enables, for example, furniture manufacturers to provide their customers with options that are both climate-friendlier, healthier and safer.





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Sponsorship and support activities

Koskisen wants to be involved in building non-profit partnerships and we have now intensified our support activities around three main themes:

- Development of the competence of future employees
- Support for industry research and related theses
- Supporting the well-being of children and young people

We support forestry and wood industry students in the form of scholarships. In addition, we support thesis work related to education in the field on a case-by-case basis. Since 2022, we have been collaborating with TAT Yrityskylä in Lahti to develop the future work skills of young people. We support the physical activity of children and young people in select projects in our operating areas.

In 2022, Koskisen personnel and Koskisen Oyj donated 120 stoves to the Buy a Stove for Ukraine collection organised by the charity Omri ry. By challenging each other, employees collected the money for 40 stoves. For each stove donated by the employees, Koskisen Oyj donated two stoves.



WOOD WISDOM

Young people are at the heart of Koskisen's promotional activities

Koskisen collaborates with TAT Yrityskylä in Lahti to develop the future work skills and know-how of young people. Koskisen's goal is to showcase the daily work that goes into wood processing as well as its importance for the Finnish economy. Yrityskylä offers young people an opportunity to see for themselves how Finnish sawn timber and plywood are made and how they find customers on the global market.

In Yrityskylä's game, 9th year students get to try their hand at managing Koskisen's panel business on the global market. Over the course of the

game, the teams manufacture and sell plywood to customers and manage the company over four quarters. The team that manages to build up its reputation most in addition to making a good result wins.

The game also teaches the young people teamwork and responsibility. By the same token, playing the game provides a comprehensive view of the way that businesses, citizens and society work together. From Koskisen's point of view, the operations of TAT Yrityskylä equal valuable collaboration with local actors and stakeholders.



Sustainability

Sustainability at Koskisen

Financial sustainability

A healthy environment

■ Fair partnerships

Meaningful work

Advertising and marketing

In all marketing and product releases, Koskisen follows good marketing practices. Matters related to the products and their production are presented as appropriate and truthful.

Our customers' data is protected and we do not relay it to third parties.

In all marketing, Koskisen takes note of and follows the marketing communications of the industry and the related changes in legislation and recommendations from the authorities.

Customer advice and technical support are easily available through the contact form and contact page on Koskisen's website. The description of the data file and the privacy statement can be found on Koskisen's website.

In all marketing and product releases, Koskisen follows good marketing practices.





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MEANINGFUL WORK

Employees' well-being first

For Koskisen as an employer, it is important that employees feel that their workplace is safe and that everyone's work feels meaningful. The aim is a pleasant, health-promoting and responsible work community.

Particular attention is paid to ergonomics during heavy work phases and the use of protective equipment. Work capacity is thoroughly supported through comprehensive occupational healthcare services, early intervention and support for mental and physical work capacity.

The overall development of the work community is guided by a work community group that is also a discussion forum between management and personnel. It convenes at least four times a year and reviews, in accordance with the annual plan, the company's equality plan, substance abuse programme, matters related to occupational healthcare and the work community's development plan. The work of



Koskisen's aim is a pleasant, health-promoting and responsible work community.



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■ Meaningful work

Koskisen's employees are involved in the development of occupational safety – nearly 5,000 safety observations in 2022.

the work community group has been systematically developed in cooperation with representatives of the personnel.

At the end of 2022, there were a total of 899 (931) Koskisen employees. There were 804 (776) Koskisen employees in Finland, and as a rule, they come to work from Järvelä and Hirvensalmi, the municipalities where the plants are located, or the surrounding municipalities. There were 76 (72) employees in Poland and 4 (57) in Russia. In addition, there are approximately 15 (20) Koskisen employees in sales positions in different countries around the world.

A healthy and safe workplace

Koskisen aims to identify risks related to the health and safety of people, products and their use, as well as the company's property in advance, and to avoid them.

Safety is actively managed, and the key indicator is the LTAI accident frequency, for which annual targets are set. The goal is zero accidents. In 2022, there were 45 (40) lost-time accidents. The accident frequency is one of the indicators related to remuneration for the entire personnel.

Employees are encouraged to participate in the development of safety by rewarding good safety initiatives. In 2022, Koskisen received 109 (106) security initiatives. A total of 4,926 (4,128) safety observations were made. In addition, training related to occupational safety was organised and employees were encouraged to actively identify areas of improvement in the working environment.

Various tools and indicators are used as part of safety development work and occupational safety management, and the results are assessed monthly for all functions.

The tools used by Koskisen extensively cover all areas of operations:

- Safety instructions
- Risk management
- Accident investigation
- Safety observation
- Management safety tour
- Tidiness and order
- Safety communications
- Safety training
- Occupational health and well-being
- Safety rewards
- ELMERI tour





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Work ability management is steered and developed at Koskisen by a steering group that meets four times a year. In addition to Koskisen's representatives, the steering group includes occupational health services, employment pension companies and an accident insurance company. The objective of work ability management is to promote well-being at work, strengthen the power of attracting and retaining employees, support personnel in reaching retirement in the best

condition of their lives, extend the TyEL contribution category and increase productivity.

The primary purpose of occupational healthcare is to maintain and develop the working capacity of the personnel. Employees have access to more extensive occupational healthcare than required by law, also covering medical care and examinations agreed upon with a referral from an occupational health physician. Koskisen also offers low-threshold

mental health services to promote physical well-being.

In 2022, a pilot project for senior Koskisen employees was carried out. The aim of the pilot project was to support the coping of employees over 50 years of age, to ensure the continuation of their careers and to increase overall well-being during and after their careers.

Training and development

The continuous training carried out in the Koskisen Academy ensures that all employees are professional and motivated.

The trainings are divided into the following main groups:

- Orientation and induction
- Vocational education and apprenticeship qualification (basic qualification, vocational qualification and specialised vocational qualification)
- Training for tasks requiring special qualifications (e.g. first aid, occupational safety card, hot work card)
- Work community and organisational mentoring
 - group and teamwork skills
 - self-management
- Quality, environment and safety training
- Koskisen Academy supervisor training

Koskisen is a forerunner in on-the-job apprenticeship training leading to a competence-based qualification. About one-third of Koskisen's personnel in Finland have completed a vocational





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qualification alongside their work through an apprenticeship. The aim is for as many people as possible to be professionals in their field.

In 2022, a decision was made to build a new e-learning environment, the Koskisen Koulu. In addition to various trainings, the new online training environment will include a comprehensive induction package for new employees. The Koskisen Koulu e-learning environment will be deployed during 2023.

Equality and diversity

Koskisen's goal is an equal, non-discriminatory, fair, encouraging and open work community. Promoting equality and diversity is an integral part of Koskisen's corporate culture: everyone has equal opportunities to develop themselves and their work.

At Koskisen, the aim is to organise work and leisure time so that it supports people's different situations in life and with the use of various working hours and work models.

The starting point is that equal pay is paid for the same work of equal value, regardless of the employee's gender and age.

Koskisen has zero tolerance for bullying and all forms of discrimination. The terms and conditions of employment contracts and working conditions are based on equality and fairness.

WOOD WISDOM

Koskisen Koulu – We develop top professionals!

Over the decades, developing the skills of our employees has become an integral part of Koskisen's operations. In 2022, with the new sawmill investment, Koskisen launched a new degree-based training programme in co-operation with the Jyväskylä Educational Consortium Gradia.

The goal of the two-year programme is to expand and deepen the skill set of employees, as well as promote cross-learning between production and maintenance – that is, to create a solid foundation for the deployment and utilisation of new sawmill technology. What is new about

the training is that the sawing process and maintenance professionals get to study together, simultaneously learning from each other. Theoretical instruction and on-the-job learning also include machine and equipment supplier sections.

Of Koskisen's employees, 14 production professionals as well as eight mechanical and electrical maintenance professionals seized the opportunity to add to their know-how. Once the training is complete, they will have a professional degree or specialised vocational certificate in either forest industry or maintenance.





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Well-being at work

The well-being of the personnel at work is measured and monitored with an annual work community survey. The overall result of the occupational well-being survey conducted in 2022 improved from the previous year, being 3.85 (3.71). It was the best result in measurement history.

The strengths highlighted in the work community survey are that managers are perceived to be easily approachable at Koskisen and they trust the personnel. The employees are also well aware of the expectations of their own work and feel that they are able to meet the requirements of the job, which provides the prerequisites for success.

The respondents considered the development of the functioning of the work community to be a target for development. Based on the results of the survey, difficult issues should be discussed better, the effects of changes on work should be discussed more together and employees should be heard better.

The results of the work community survey are reviewed in team-specific briefings. The briefings choose a team-specific development target and draw up a concrete development plan for it.

Koskisen's eNPS, or Employee Net Promoter Score, was 12 (-2), while the manufacturing industry average, according to Elo Mutual Pension Insurance Company, is 4. eNPS is an internationally comparable recommendation index that measures employee engagement and satisfaction with the employer.

Overall satisfaction in the personnel survey

3.85

Satisfaction survey response rate

76%

Employee satisfaction survey eNPS

12





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Fair partnerships

■ Meaningful work

NUMBER OF EMPLOYEES

| Number of employees | 2022 | 2021 | 2020 |
|--------------------------------------|------|------|------|
| Total, on 31 December | 899 | 931 | 865 |
| Until further notice, on 31 December | 873 | 900 | 847 |
| Fixed term, on 31 December | 26 | 31 | 18 |
| Full-time, on 31 December | 841 | 876 | 814 |
| Part time, during 2022 | 56 | 57 | 46 |

| Employees | 2022 | 2021 | 2020 |
|-------------------|------------|------------|------------|
| Female | 159 | | |
| Male | 453 | | |
| Finland | 612 | 606 | 553 |
| Foreign countries | 53 | 94 | 93 |
| Total | 665 | 700 | 646 |

| Salaried employees | 2022 | 2021 | 2020 |
|--------------------|------------|------------|------------|
| Female | 69 | | |
| Male | 123 | | |
| Finland | 192 | 178 | 168 |
| Foreign countries | 42 | 53 | 51 |
| Total | 234 | 231 | 219 |

| Average number of employees by business | 2022 | 2021 | 2020 |
|---|------------|------------|------------|
| Sawn timber industry | 207 | 231 | 212 |
| Panel industry | 657 | 620 | 622 |
| Group | 61 | 58 | 58 |
| Total | 925 | 909 | 892 |

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

| | 2022 | 2021 | 2020 |
|------------------------------------|-------|-------|-------|
| New hires | 86 | 119 | 25 |
| Entry turnover, % | 10.6% | 14.7% | 3.1% |
| Employment relationship terminated | 79 | 78 | 77 |
| Exit turnover, % | 9.8% | 10.2% | 10.3% |

DIVERSITY AND INCLUSION

| Share, % | 2022 | 2021 | 2020 |
|-----------------------|------|------|------|
| Board of Directors | | | |
| Female | 50% | 40% | 40% |
| Male | 50% | 60% | 60% |
| Group Management Team | | | |
| Female | 29% | 14% | 14% |
| Male | 71% | 86% | 86% |
| All employees | | | |
| Female | 28% | 27% | 26% |
| Male | 72% | 73% | 74% |

| Age distribution on 31 December, % | 30–40 | 40–50 | 50–60 | 60– |
|------------------------------------|-------|-------|-------|-----|
| Board of Directors | 17% | | 50% | 33% |
| Group Management Team | | 43% | 57% | |

| Ratio of basic pay of women to men, % | 2022 | 2021 | 2020 |
|---|------|-----------------------|------|
| Employees | - | 98% | - |
| Salaried employees and management staff | - | 96% ¹ | - |
| Senior management | | has not been examined | |

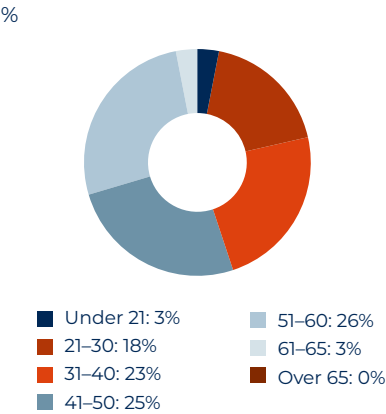
¹ The salary survey was last conducted in 2021.



Sustainability

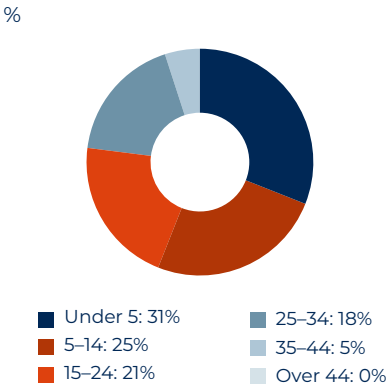
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AGE DISTRIBUTION ON 31 DECEMBER 2022*



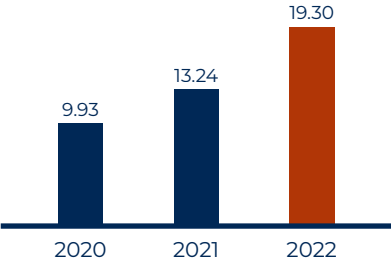
* Includes the operations in Finland.

YEARS OF SERVICE, 31 DECEMBER 2022*



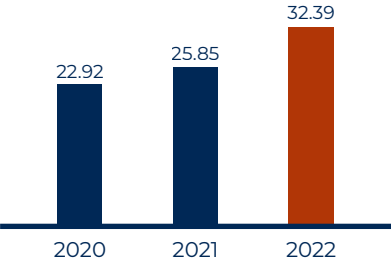
* Includes the operations in Finland.

OCCUPATIONAL ACCIDENT FREQUENCY LTAI



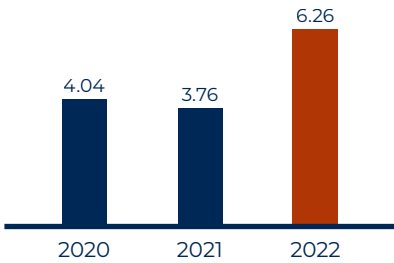
An absence of one day or longer due to an accident.

OCCUPATIONAL ACCIDENT FREQUENCY TRI

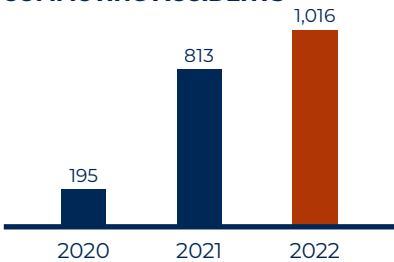


No absence due to an accident.

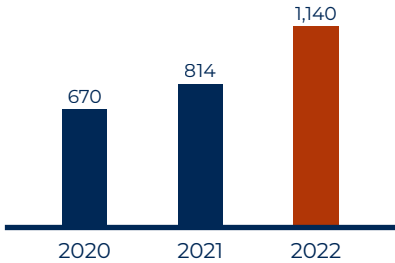
AVERAGE SICK LEAVE RATE %



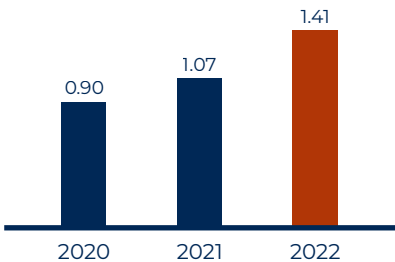
DAYS OF ABSENCE DUE TO OCCUPATIONAL AND COMMUTING ACCIDENTS



TRAINING DAYS



TRAINING DAYS, ON AVERAGE PER EMPLOYEE





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