

# FOCUS ON THE CUSTOMERS AND SUSTAINABILITY DRIVES OUR BUSINESS MODEL

With a combination of competent employees, innovative strength and robust financing, Nordic Waterproofing contributes to develop, manufacture and sell innovative and sustainable products and solutions.

## RESOURCES

### CUSTOMER RELATIONS

- Small and medium-sized roofing contractors/construction companies and industrial companies
- Builders' merchants (professionals/private individuals)

### EMPLOYEES AND MANUFACTURING RESOURCES

- About 1,365 employees with considerable skills and customer commitment
- 12 manufacturing units
- New investments, SEK 105 m

### FINANCIAL RESOURCES

- Capital employed of SEK 2,859 m

### CLEAR SUSTAINABILITY FOCUS

- Efficient use of resources
- Development of materials and technology focusing on the environment
- Prefabrication units and products
- Green Veg Tech products

## NORDIC WATERPROOFING'S STRATEGIC PRIORITIES AND CUSTOMIZED OFFERINGS

### STRATEGY

Nordic Waterproofing operates in close proximity to its customers, providing high-quality, innovative sealing products and services through local companies with strong brands

### SERVICES

- Customized offerings
- Complete product range and turnkey sealing solutions
- Logistics
- Training

### PRODUCTS AND PRODUCTION

- Procurement
- Product development
- Industrial symbiosis

### GOVERNANCE

- Clear corporate governance with centralized areas of responsibility (finance and product development), as well as clear decentralized areas of responsibility for business and customer relations
- Financial strength to be a leading supplier for a long period of time

## RESULTS IN 2022

Sales:  
**+19%**  
SEK 4,343 m

EBIT:  
**+9.9%**  
SEK 430 m

Equity/debt ratio:  
**47%**

Net sales per employee:  
**3.2 SEK m**

## THE VALUE WE GENERATE

### CUSTOMERS

- Sustainable products and services
- Investments in product development for sustainable and easier installation

### EMPLOYEES AND MANUFACTURING RESOURCES

- Positive and inspiring working environment
- Continuous skills development
- Salaries, pensions and benefits, SEK 1,001 m

### SHAREHOLDERS

- Proposed dividend: SEK 168 m, corresponding to SEK 7.00 per share
- Dividend yield: approximately 5%
- Sustainable and long-term profitability

### SOCIETY

- More jobs, increase in number of employees: +93 to a total of 1,365 employees
- Income tax paid SEK 121 m
- Offering that contributes to sustainable buildings and infrastructure

### SUPPLIERS

- Procurement SEK 2,811 m

4 GOD UTBILDNING  
FÖR ALLA



5 JÄMSTÄLLDHET



9 HÅLLBAR INDUSTRI,  
INNOVATIONER OCH  
INFRASTRUKTUR



11 HÅLLBARA STÄDER  
OCH SAMHÄLLEN



12 HÅLLBAR  
KONSUMTION OCH  
PRODUKTION



13 BEKÄMPA KLIMAT-  
FÖRÄNDRINGARNA





## ROOFS THAT CONTRIBUTE

### KERABIT NATURE

Kerabit Nature is a CO<sub>2</sub>-neutral waterproofing membrane whose fossil bitumen has been partially replaced by bitumen extracted from pine oil, CTO. The positive CO<sub>2</sub> uptake by the pine oil raw material makes Kerabit Nature CO<sub>2</sub> neutral (bitumen already has low 0.2 kg CO<sub>2</sub> equivalents/kg) Kerabit Nature is available for both top and bottom layers.

### LESSNOX

NO<sub>x</sub> particles, nitrogen oxide, an airborne pollutant is harmful to the environment, is reduced thanks to

the LESSNOX sealing layer. Its slate surface layer is coated with titanium dioxide which breaks down the NO<sub>x</sub> particles into nitrate. The nitrate can then be taken up by plants as a nutrient supplement.

### KERABIT AURINKOKATTO®

A unique thin-film panel solution that can be integrated into a bitumen membrane roof. Unlike conventional photovoltaic systems, the solar panels are installed without separate supporting structures. The solution minimises the risk of wind and storm damage.

# WE PROTECT AND CONSERVE OUR COMMON HABITATS

Nordic Waterproofing's business concept is based on sustainability. This means enabling customers to protect, preserve and contribute to the durability of buildings and infrastructure. The Group also contributes with environmental and climate-saving products for better energy performance, CO<sub>2</sub>-neutral alternatives and green infrastructure that contributes to increased biodiversity.

## REPORTING AND EXTERNAL ACCOUNTING

Nordic Waterproofing's Sustainability Report includes the parent company Nordic Waterproofing Holding AB and all Nordic companies consolidated in the Group accounts, which are listed in note 13 of the Annual Report. The Sustainability Report is partly prepared in accordance with the provisions of Chapters 6 and 7 of the Swedish Annual Accounts Act. In addition, the company reports on additional areas in order to provide a more comprehensive picture of the Group from a sustainability point of view. The Management's Sustainability Committee is responsible for developing

guidelines for data collection to ensure accurate, transparent and reliable data for the operations.

Nordic Waterproofing Holding AB's Board of Directors has, in connection with the signing of the Annual Report, also approved the Sustainability Report. The auditor has taken note of the sustainability report, see certification on page 36. In 2024, the goal is to quality assure the sustainability reporting to meet the EU CSRD reporting requirements as the sustainability data will be subject to the same level of scrutiny as our financial data.

## STATUTORY SUSTAINABILITY REPORT, AS STATED IN THE ANNUAL ACCOUNTS ACT

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3. Environment .....	page 32
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5. Respect for human rights .....	page 36
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## GOVERNANCE

The Board of Directors is ultimately responsible for the Group's sustainability work, including defining goals and continuously monitoring the Group's sustainability work. The operational sustainability organization is led by a Sustainability Committee consisting of five Sustainability Officers at country level; Sweden, Denmark, and Finland as well as for the subsidiaries Taasinge and SealEco and is headed by the Group's CSO (Chief Sustainability Officer) Susanne Højholt. The CSO reports to the CEO and is an adjunct member of the Executive Committee.

The actual sustainability work is mainly done at national level by the subsidiaries closest to the market with a proactive development for regional preferences. Each business unit manager also has operational responsibility for sustainability work.

## POLICIES

The following policies have been developed at Group level:

- code of conduct
  - whistleblower policy
- code of conduct for suppliers
- diversity policy
- information policy
- information security policy
- IT policy
- insider and logbook policy
- development policy - where aspects such as environment, health and safety are taken into account in the development of both products and processes. In addition, environmental, health and safety impacts are considered in the selection of chemical substances used in the Company's products and processes.

## ENVIRONMENTAL PERMITS AND CERTIFICATIONS

Nordic Waterproofing's production activities are subject to notification or permit requirements under the respective country's environmental and permitting regulations. The Group's production in Värnamo municipality has, together with Trelleborg Sealing Profiles Sweden AB, obtained a permit from the Environmental Assessment Delegation. For the operations in Höganäs, a voluntary permit under the Environmental Code has been obtained from the County Administrative Board for the production of bitumen-based waterproofing membranes. In Denmark, Nordic Waterproofing has obtained two environmental permits for its production operations in Vejen; one permit dates from 1989 and the other from 2006.

In Finland, an environmental permit has been obtained for the production activities in Lohja. The Finnish environmental permit is valid until further notice. Operations in Finland and Sweden are certified according to ISO 14001. In addition, the company is actively working to reduce waste and energy consumption by streamlining production at the production units, and increasing the recycling of materials and energy from production waste that cannot be reduced or avoided.



## EG TRADING IN FINLAND

EG trading in Finland was acquired in 2022 and offers green space installation solutions. Among other things, they have provided floating bird islands for the Old Town Bay nature reserve in Helsinki.

# SUSTAINABILITY TARGETS

Group-wide sustainability targets were agreed in 2021, which is the base year for further development. Comparability with previous years may therefore differ. Another factor complicating comparability between previous years is the inclusion of acquired companies.

**-19%** reduction in CO<sub>2</sub> emissions by 2022

## TARGET: COMPLETELY CO<sub>2</sub>-NEUTRAL BY 2050

Nordic Waterproofing has set interim targets for 2025, when CO<sub>2</sub> emissions will be reduced by 50 per cent within scope 1 and 2. For scope 3, the interim target is a 25 per cent reduction in 2025 and a 50 per cent reduction in 2030. By 2030 fully CO<sub>2</sub>-neutral in scope 1 & 2 and fully CO<sub>2</sub>-neutral in scope 1-3 by 2050. See note 2 for outcome total 2022 on page 41.

Emissions of greenhouse gases, tonnes CO <sub>2</sub> e	Estimated emissions			Interim targets and year		
	Base year 2021	2022	Change	2025	2030	2050
Scope 1	4,006	3,204	-20%	-50%	0	
Scope 2	1,692	1,465	-13%	-50%	0	
Scope 3 upstream	171,554	139,089	-19%	-25%	-50%	0
<b>Total greenhouse gas emissions</b>	<b>177,253</b>	<b>143,757</b>	<b>-19%</b>			

**56%** of waste recycled

## TARGET: ALL WASTE RECYCLED BY 2030

Nordic Waterproofing will recycle all self-generated waste to keep 100% of the products' CO<sub>2</sub> in the cycle. No waste will go to landfill by 2025.

Waste will be converted into a resource by finding recycling methods to keep CO<sub>2</sub> in the product (e.g. road surfacing and filling, sound absorbent).

Waste, tonnes	2021	2022	Change	Target 2030
Landfill	609	479	-21%	0
Incineration with energy	2,186	2,280	4%	0
Recycling	3,617	4,649	29%	
Recycling, share	56%	62%	-10%	100%
Hazardous waste	18	5	-74%	0
Miscellaneous	29	60		0
<b>Total</b>	<b>6,459</b>	<b>7,473</b>	<b>16%</b>	

**INCREASING SHARE** of products environmental declarations/EPD

## TARGET: 85% OF PRODUCTS ENVIRONMENTAL DECLARATIONS/EPD

Documented life cycle assessments are becoming increasingly important for customers. The number of products with EPD (Environmental Product Declaration) documentation or environmental certification schemes such as DGNB or BREEAM will increase continuously. The target is for environmental declarations/EPDs to cover 85% of the range.

EPD, % of products sold covered by EPD	2021	2022
Denmark - Phønix Tag Materialer	85	93
Sweden - Matak and Trebolit	59	70
VegTech	0	35
Finland	0	0
Taasinge Elementer	0	0
SealEco	0	90



## STRATEGIC PRIORITIES

The following areas are within the scope of the sustainability objectives:

- Reducing carbon dioxide emissions
- Reduce energy consumption
- Continued product development for lower climate impact and improved product properties
- Reduce material consumption/increase reuse
- Reduce waste
- Reducing accidents

## Planned materiality analysis

In 2023, an updated materiality analysis will be conducted and analysed to create the right sustainability priorities through the Sustainability Committee and in the annual strategy process. Analysis of risks, opportunities and challenges faced by the Group will be carried out in line with the forthcoming Corporate Sustainability Reporting Directive (CSRD). Our materiality analysis will be based on trend analysis and input from internal and external stakeholders.

Stakeholders include end-users, customers, employees, investors, local communities, public policy makers, partners, and suppliers.

## SIGNED THE UN GLOBAL COMPACT AND CONTRIBUTES TO SEVERAL OF THE UN'S SUSTAINABLE DEVELOPMENT GOALS

The Group signed the UN Global Compact in 2012. The UN goals in the 2030 Agenda are clear and provide a useful framework for addressing global challenges and have a major impact on society. At the same time, the goals are a driver for innovation and business opportunities in the field of sustainability. Private and public organisations have an important role to play. Businesses are expected to contribute with responsible business practices, with transparent reporting of their own targets and achievements, but above all and develop and offer products and services that contribute to sustainable development. Nordic Waterproofing supports and contributes to several of the UN Sustainable Development Goals. The Group has chosen to give particular priority to five of these goals. The business is considered to have the greatest potential to contribute to the following relevant sub-goals:

SDG Mål/delmål	Nordic Waterproofings bidrag
<b>4 Quality education</b>	
4.4 Increase the number of people with skills to secure financial security	Trainee programme
<b>5 Gender equality</b>	
5.5 Ensure women's full and effective participation and equal opportunities for leadership	Diversity policy
<b>9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</b>	
9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure	Nordic Waterproofing's core business
9.4 Upgrading all industry and infrastructure for increased sustainability	Transition to fossil-free production
<b>11 Make cities and human settlements inclusive, safe, resilient and sustainable</b>	
11.5 Mitigate the negative effects of natural disasters	Nordic Waterproofing's core business
11.6 Reducing the environmental impact of cities	Green infrastructure Noxout waterproofing Solar cell installation services Energy saving building products Wood-based building products
11.7 Create safe and inclusive green areas for all	Green infrastructure
<b>12 Ensure sustainable consumption and production patterns</b>	Product development and improved production
12.2 Achieve the sustainable management and efficient use of natural resources	Product development in recycling of residual wood products
12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle	Product development and improved production
12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse	Product development and improved production
<b>13 Combat climate change and its impacts</b>	
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	Nordic Waterproofing's core business

## ENVIRONMENT

### - IMPACT AND CONTRIBUTION

#### Climate impact

The Group's own climate impact is mainly in its production processes and transports. For the second year, Nordic Waterproofing is using the Greenhouse Gas Protocol (GHGP) as a method for calculating climate-

impacting emissions. The calculations are made using a developed software for scientifically based accounting of carbon emissions for scope 1, 2 and 3 upstream based on all our operations in the Group, also taking into account the inflation rate. Scope 3 downstream will be covered in the coming years. The current focus is on working with our suppliers to get the right data on

their emissions. In 2022, the figures for 2021 have been reviewed to ensure comparability.

#### Grants that reduce climate impact

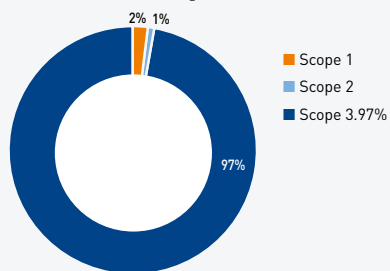
A large part of Nordic Waterproofing's products and services aim to protect and preserve the durability of buildings and infrastructure. The group also offers

products that have a lower CO<sub>2</sub> impact and contribute to better energy performance. Expanded installation services in photovoltaic production contribute to fossil-free electricity generation. Green infrastructure contributes to CO<sub>2</sub> and biodiversity sequestration.

### SCOPE 1

CO<sub>2</sub> emissions are reduced by 20% as the Finnish operations have also switched from natural gas to certified biogas and by 2023 all waterproofing production will be using biogas. The Danish and Swedish operations have replaced almost all company cars, trucks and forklifts with electrified ones and Finland is switching to zero emission cars.

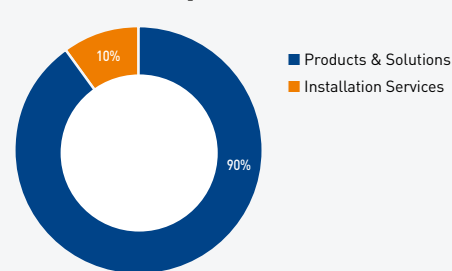
#### DISTRIBUTION OF CO<sub>2</sub>e EMISSIONS



### SCOPE 2

CO<sub>2</sub> emissions decreased by 13% as the Finnish operations and SealEco also switched to green electricity from wind and hydro power. Now 81% of all the Group's facilities use renewable electricity. Installation of solar panels started at the Finnish factory in 2022 which produced 11 MWh. The installation will be completed in 2023. A total of 129 MWh of renewable electricity was produced in the Group in 2022. 58 charging stations for cars have been installed at the factories and the main offices.

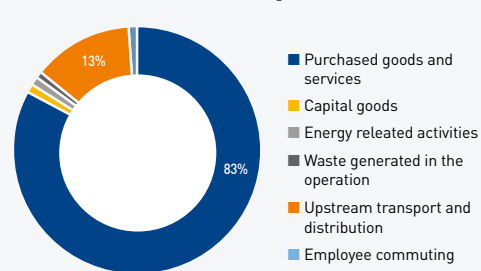
#### DISTRIBUTION OF CO<sub>2</sub>e EMISSIONS, BY BUSINESS AREA



#### Breakdown of CO<sub>2</sub> emissions

Purchased goods and services	83%
Capital goods	1%
Energy related activities	1%
Waste generated in operations	1%
Upstream transportation and distribution	13%
Business travels	0%
Employee commuting	1%

#### SCOPE 3, DISTRIBUTION OF CO<sub>2</sub> EMISSIONS



Only the upstream categories are reported for 2022; the downstream categories will be covered in 2023. The breakdown into scope 3 categories shows that the largest CO<sub>2</sub> emissions come from the raw materials. We are committed to improving and reducing this CO<sub>2</sub> emission through strong engagement with our suppliers and initiating collaboration on innovation, logistics optimisations and methods, energy use, carbon reduction plans and improving the quality of information we receive from our suppliers, such as EPDs, LCAs and similar calculations.

On upstream transport, we are in dialogue with our partners to improve freight volumes to and from construction sites and on switching fuels to biodiesel or electrification. As the price of biodiesel, for example, is challenging, we do not expect a major change in 2023.

See note 1 for explanation of scope 1-3, page 41. See note 2 for full disclosure of CO<sub>2</sub> emissions, page 41.

### Energy consumption

Energy consumption scope 1, year 2022, decreased by 6 percent compared to the previous year. Net sales for the same period increased by 18%. The decrease in energy consumption is due to the closure of a factory in Denmark by Taasinge Elementer A/S and the reduction of consumption at all factories through the renewal and insulation of pipes, mixers and tanks, which also contributes to a more stable production temperature. The outside temperature also has a major impact on the energy consumption for cooling the products before they are packaged.

81% of energy consumption was renewable electricity in the Group's energy mix in 2022, up from 59% in 2021. 129 MWh of renewable electricity were produced in total in the Group. Additional renewable electricity generation will be installed in the Group in 2023.

Reporting is done from production units and offices in all business units.

For energy consumption by source, see note 3, page 42.

Energy consumption, kWh	2021	2022	Change
Energy Consumption Scope 1, kWh	26,965,178	25,478,501	-6%
Energy Consumption Scope 2, kWh	20,117,725	19,006,049	-6%
Energy Consumption Scope 1 and 2, kWh			
- Renewable energy	22,599,794	28,025,267	+24%
Energy Consumption Scope 1 and 2, kWh			
- Non-renewable energy	24,483,110	16,459,284	-33%

### Green electricity and biogas

As each country's energy mix differs, national initiatives are being taken to introduce more renewable forms of energy. Overall, the share of renewable electricity increased from 59% to 81% by 2022.

Developments are underway for the installation of roofing felt without gas burners, which both reduces CO<sub>2</sub> emissions and reduces fire risk

#### -1 000 tonnes of CO<sub>2</sub>e in Finland

Finland switched to green electricity and biogas at its largest production plant in 2022, resulting in a CO<sub>2</sub> reduction of around 1,000 tonnes compared to 2021. Installation of solar panels (11 MWh) started at the Finnish plant in 2022 and will be completed in 2023. Planning is underway for solar installation at the rest of the Group's plant buildings.

### Energy and climate saving contribution to customers

A large part of Nordic Waterproofing's products and services also contribute to denser and/or more well-insulated buildings, which reduces the energy demand for indoor climate and/or lower climate impact.



Ressourcerækkerne in Copenhagen where the facade is clad with bricks from Carlsberg's old brewery. 1x1 metre squares are cut from the old building to be reused as brick modules by Taasinge elementer.

## INPUT MATERIALS

The main inputs in Nordic Waterproofing's production are bitumen, polymers (rubber compounds and plastics), environmentally certified wood and plants.

Nordic Waterproofing's main suppliers have been asked to provide product-specific environmental declarations (EPDs), LCA calculations and energy supply for their production, which very few of them have been prepared to do at this stage. This work will be expanded in 2023. The target for 2023 is to focus on the 50 suppliers that account for most of the scope 3 emissions. Cooperation will focus on improving sustainability management at their facilities and improving the data for EPDs.

### Bitumen - a residual product ...

Bitumen is a residual product from the industrial refining of crude oil into various fossil fuels. Bitumen therefore requires a lower energy consumption in its production. However, heat is required for processing into waterproofing products. Nordic Waterproofing has therefore switched to biogas at all three production plants for bitumen-based products. Bitumen is mainly

used for road asphalt and to a lesser extent for roofing and other applications (see diagram).

### ... with a long life cycle ...

Today's bitumen-based waterproofing, blended with elastomers for increased flexibility, has a durability of up to 50 years, with building design and installation also having an impact. When waterproofing is refurbished, a new layer is normally laid on top of the old one.

### ... and which do not harm man and nature

As bitumen is a hydrocarbon that is not intended for combustion but for use in building materials, no greenhouse gases are released. The remaining components of a bitumen-based waterproofing layer (fillers, polymers, slate, sand, etc.) are either inert (not prone to form chemical compounds) or have a low propensity for chemical reaction. This means that they pose minimal danger to humans or nature throughout its life cycle, provided it is not burnt.

Product development is focused on reducing the thickness of roofing felt (and thus the amount of bitumen) while maintaining functionality through better mixing recipes. To reduce the use of polyester in the supporting fabric, the fabric is largely made of recycled polyester from PET bottles. In 2022, 174,000 PET bottles were used.

### Two methods to reduce CO<sub>2</sub> content in bitumen

**Pine oil** – Nordic Waterproofing's Finnish brand Kerabit has developed Kerabit Nature. Its fossil bitumen has been partially replaced by bitumen extracted from pine oil, CTO. The positive CO<sub>2</sub> uptake by the pine oil raw material makes Kerabit Nature CO<sub>2</sub> neutral (bitumen already has low 0.2 kg CO<sub>2</sub> equivalents/kg) Kerabit Nature is available for both top and bottom layers.

**Lignin** – A research project in Sweden together with RISE is aimed at partially replacing bitumen with

the wood residue product lignin (see more about the project on page 35). The project started in summer 2022 and will run for 2.5 years.

### Polymers (rubber compounds and plastics)

Polymers are fossil-based and are used for the production and processing of rubber sheets. Like bitumen, the material has very good water and sealing properties with a long-term durability of up to 50 years and is very difficult to replace with other materials.

**Carbon black** – Recycling is made more difficult as the raw rubber undergoes vulcanisation where crosslinks are formed between the polymers (raw rubber). These links cannot be broken. However, carbon black, a carbon-based additive, can be recycled from processed rubber, reducing CO<sub>2</sub> emissions. SealEco offers Prelasti green, an EPDM rubber with a lower carbon footprint thanks to the reuse of material from recycled car tyres. 42% recycled material in the form of carbon black is used to increase the wear resistance of elastomers (rubber). This results in 20% lower CO<sub>2</sub> emissions in production while maintaining the same properties.

### Increasing share of wood-based CO<sub>2</sub>-capturing products

Nordic Waterproofings produktportfölj har utökats med träbaserade byggvaror såsom prefabelement och bärande stommar. Träråvarorna är FSC- och PEFC-certifierade (Programme for the Endorsement of Forest).

### Vegetation contributes to biodiversity

The cultivation of vegetation for green infrastructure is carried out in-house. Cultivation is carried out with the addition of chemical fertilisers but also with the addition of self-produced biochar, which acts as a carbon sink.

### Water consumption generally low

The production of building materials such as roofing membranes, EPDM rubber sheets and prefabricated elements has generally low water consumption. Water in closed systems is used to cool roofing membranes at the end of the production line so that they can be rolled up.

Growing vegetation for green infrastructure requires water for irrigation. Water consumption in 2022 for Products & Solutions was 161,925 m<sup>3</sup> of which cultivations accounted for 9,577m<sup>3</sup>. Installation Services accounted for 1,729 m<sup>3</sup>.

### Packaging

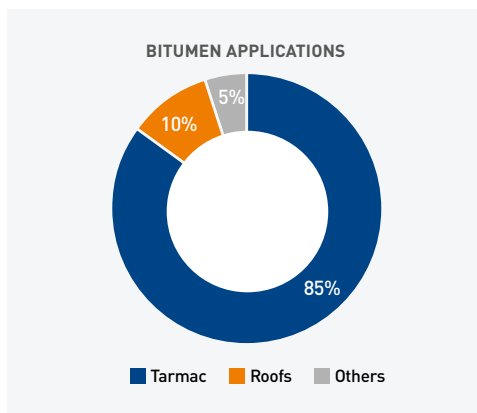
The majority of the Group's products are packaged in plastic film. Measures are being implemented to reduce plastic consumption. As an example, many tonnes of plastic and waste are saved as most of the roof membrane rolls are taped together instead of being wrapped in plastic. However, they should be stored under cover before installation. Other measures include reducing the thickness, but also by increasing the recyclability of plastic packaging by avoiding paint and ink on the plastic.

### LESS WASTE

The Group also focuses on achieving full recycling of all residual materials and waste to reduce material consumption and retain CO<sub>2</sub> in a captured form.

We recycled 62% of our production waste in 2022 and we continue our research to minimise waste. Recycling trials are underway to investigate how factory waste can be reused to add value in our own factories or in other industries to help us and our customers avoid waste to incineration or landfill. We encourage our customers to collect and return cuttings from construction sites to recycling centres that take the waste on for recycling into new asphalt, for example.

The operation in Denmark recycled 90% of the production waste and sent no waste to landfill.





### Recycling challenging

The challenge lies mainly with fossil-based materials such as bitumen-based products and EPDM rubber. Roofing felt is normally left on the roof during refurbishment with a new layer. EPDM rubber can only be reused as a filling material as it is vulcanised and cannot be melted down. There is currently no established method, different recycling methods are being developed and evaluated.

### EPD - FINISHED PRODUCTS ENVIRONMENTALLY DECLARED

EPD, Environmental Product Declaration, is an environmental product declaration for a building material

that describes its environmental impact throughout its life cycle. These inputs are used when a Life Cycle Assessment (LCA) is carried out for buildings.

When developing an EPD, a number of product-specific criteria are used as a basis for the life cycle assessment, LCA, of the product. These criteria provide detailed guidance on the scope, methodology, data requirements and so on for a selected product group, such as roofing felt or EPDM sheets. The product-specific rules are referred to as cPCRs, core product category rules, the requirements of which have been developed in consultation with industry associations. To ensure the quality of the EPD, it must be third-party audited and based on a life cycle analysis developed

according to a PCR. This type is transparent and verifiable because an EPD is carried out according to a set standard for a given sector and product category. This standard is described in ISO 14025 and EN15804.

### EU TAXONOMY

#### Activities covered by the taxonomy and whether they are compliant

Nordic Waterproofing has identified two activities that are deemed to be covered by the EU taxonomy, both of which fall under accounting item 3.5 "Manufacture of energy-efficient equipment for buildings".

The assessments of whether these activities are covered by the EU taxonomy and whether they are

compatible with it are based on the interpretations of the Taxonomy Regulation and the currently available guidance from the European Commission. For each economic activity, the criteria of "significantly contribute" and "do no significant harm" have been assessed to determine the assessment. Compliance was determined based on the objective of mitigating climate change.

The assessment of compliance with a minimum set of safeguards was made at Group level. Background and accounting policies for EU taxonomy, see note 4 page 42. For full disclosure of Share of turnover, Share of capital expenditure, Share of operating expenditure see note 5 page 43.



## LIGNIN FOR THE REPLACEMENT OF BITUMEN IN ROOFING FELT

Nordic Waterproofing is running a research project on lignin together with the independent Swedish government research institute RISE, funded by the innovation agency Vinnova.

Lignin is fossil-free, capturing carbon and has a low impact on the environment and climate. The project investigates which properties of the sulphate lignin can contribute the properties of a roofing felt product and how this should be optimised to maximise the level of substitution and scale up the tests to a realistic production scale. The aim is to

be able to replace up to 20% of bitumen with the under-utilised wood by-product lignin (forming cell walls in wood) produced during mechanical pulping. The development project started in July 2022 and will run for 2.5 years.

### Manufacture of energy-efficient equipment for buildings

Nordic Waterproofing supplies various materials to the construction industry and is one of the largest suppliers of waterproofing in Northern and Western Europe. It is our assessment that our operations manufacturing prefabricated wooden roof and wall elements are covered by the items of the taxonomy:

- 3.5 External wall systems with a U-value less than or equal to 0,5 W/m<sup>2</sup> K and 3.5 Ceiling systems with a U-value less than or equal to 0,3 W/m<sup>2</sup> K.
- Furthermore, it is our assessment that our activities providing urban green solutions are covered by the point:
- 3.5 Façade and roof elements with shading or solar control, including those that support vegetation growth.

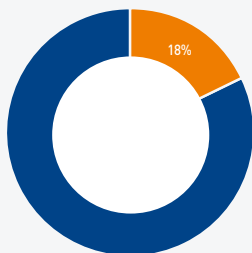
After analysing the technical review criteria of "significantly contribute" and "do no significant harm" as defined in the EU taxonomy for 3.5 "Manufacture of energy-efficient equipment for buildings", it was concluded that both these activities are compatible with the taxonomy.

### Minimum safeguards

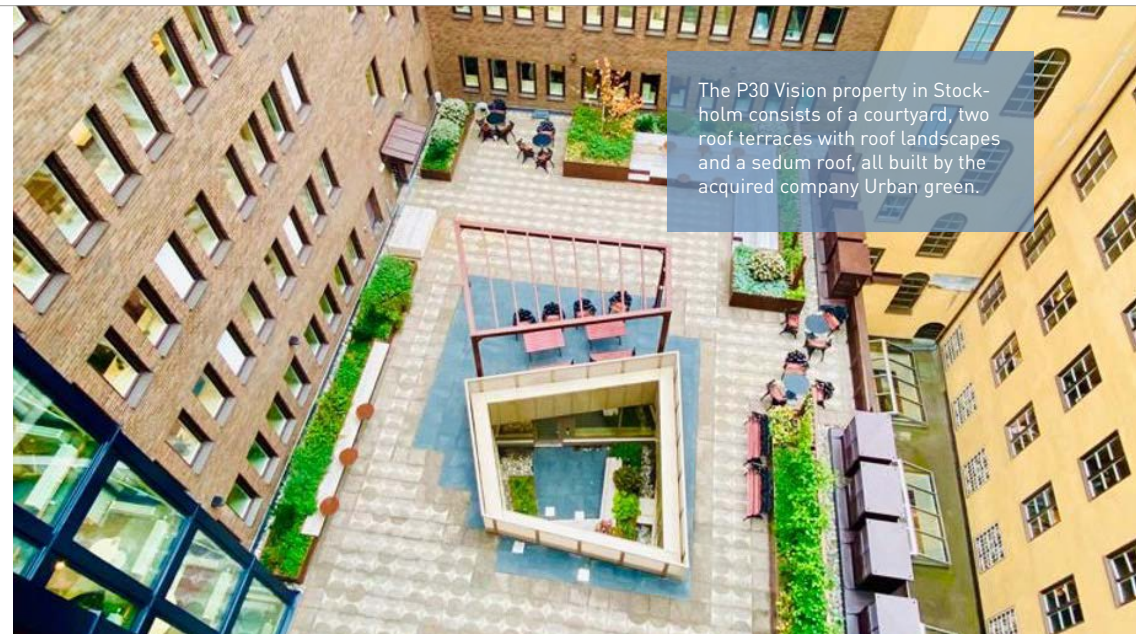
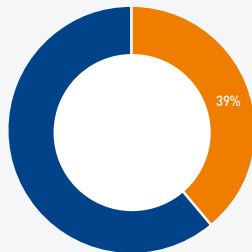
The Taxonomy Regulation states that in addition to "significantly contribute-" and "do no significant harm" criteria, an economic activity can be considered environmentally sustainable only if it is carried out in accordance with a minimum set of safeguards. These prevent activities from being classified as sustainable if, for example, they violate human or labour rights, or are carried out using corrupt or anti-competitive business practices. Compliance can be assessed from two angles according to the published guidance from the Platform on Sustainable Finance: one is whether there are adequate processes and controls in place in the areas of human rights, corruption, taxation and fair competition and there are no violations or abuses.

Nordic Waterproofing has assessed compliance with minimum safeguards by reviewing the Group's human rights policy documents, corruption reports, whistleblower cases, the outcome of any tax audits and investigated any instances of non-compliance by the parent company, its subsidiaries or senior executives. The Company considers continuous improvement of its processes in these areas to be important and believes that its processes are at a robust level and free of breaches to meet the alignment with the Minimum Safeguards Principles.

THE SHARE OF TURNOVER OF ACTIVITIES COVERED BY THE TAXONOMY



THE SHARE OF CAPITAL EXPENDITURE OF ACTIVITIES COVERED BY THE TAXONOMY



The P30 Vision property in Stockholm consists of a courtyard, two roof terraces with roof landscapes and a sedum roof, all built by the acquired company Urban green.

## THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of Nordic Waterproofing Holding AB (publ), reg.nr 556839-3168

### MISSION AND RESPONSIBILITIES

The Board of Directors is responsible for the Sustainability Report for the year 2022-01-01 - 2022-12-31 on pages 14, 28-39, 41-45, 56 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

### THE FOCUS AND SCOPE OF THE AUDIT

Our audit was conducted in accordance with FAR recommendation RevR 12 Auditor's opinion on the statutory sustainability report. This means that our audit of

the Sustainability Report has a different focus and a significantly smaller scope compared to the focus and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that our audit provides a reasonable basis for our opinion.

### OUTLOOK

A sustainability report has been prepared.  
Malmö, March 30, 2023  
Deloitte AB  
Jeanette Roosberg  
Authorised auditor

A close-up, profile view of a construction worker wearing a white hard hat and a high-visibility yellow-green safety vest. He is looking towards the right, and his right arm is extended, holding a power tool. The background shows a clear blue sky and a blurred view of another worker in similar attire. The overall scene is bright and sunny, suggesting an outdoor construction site.

# SOCIAL ENTERPRISE

Nordic Waterproofing has a decentralized organizational structure with local management responsible for employee recruitment and dialogue.

The Group had an average of 1,365 (1,272) full-time employees in 2022. During the summer season, the workforce in the Installation Services operating segment increases by more than 100 people.

#### COMPETENCE PROVISION IS MADE LOCALLY

Human resource issues are decentralized with a employee policy formulated nationally in adaptation to the country's legislation. The operations are mostly located in smaller communities where the company is an important employer. Employees who are recruited locally are normally more motivated, which leads to lower staff turnover. An important part of the Human resource strategy as a decentralized group is to attract the right expertise locally. The recruitment activities with traditional recruitment is complemented with apprenticeships and new arenas where the right skills are considered to be found.

Roofing contractors experience continued personnel shortages and difficulties recruiting new skilled labourers. To increase access to potential staff, Nordic Waterproofing supports educational programmes in roof installation and offers trainee positions for future professionals, increasing its attractiveness in the market.

#### INTRODUCTION PROGRAM AND EMPLOYEE SURVEYS

Various introductory programs take place to create a smooth start for new employees. Similarly, different forms of employee surveys to reconcile job satisfaction and motivation.

#### SKILLS DEVELOPMENT AND MOTIVATION

Ongoing skills development focusing, for example, on productivity and broader production skills, increases the organization's flexibility. The Group's philosophy is that skills development is primarily achieved through continuous learning in day-to-day work. This is complemented by training initiatives for a large number of employees, as well as for external roofers/contractors seeking

further training in the industry. To monitor employee satisfaction and commitment, performance reviews are conducted alongside regular employee surveys.

#### Terms and conditions of employment

Employment and wage agreements are made both individually and through collective agreements. Nordic Waterproofing respects the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, which includes human rights at work and the prevention of forced labour, as well as the right to organise and the right to collective bargaining.

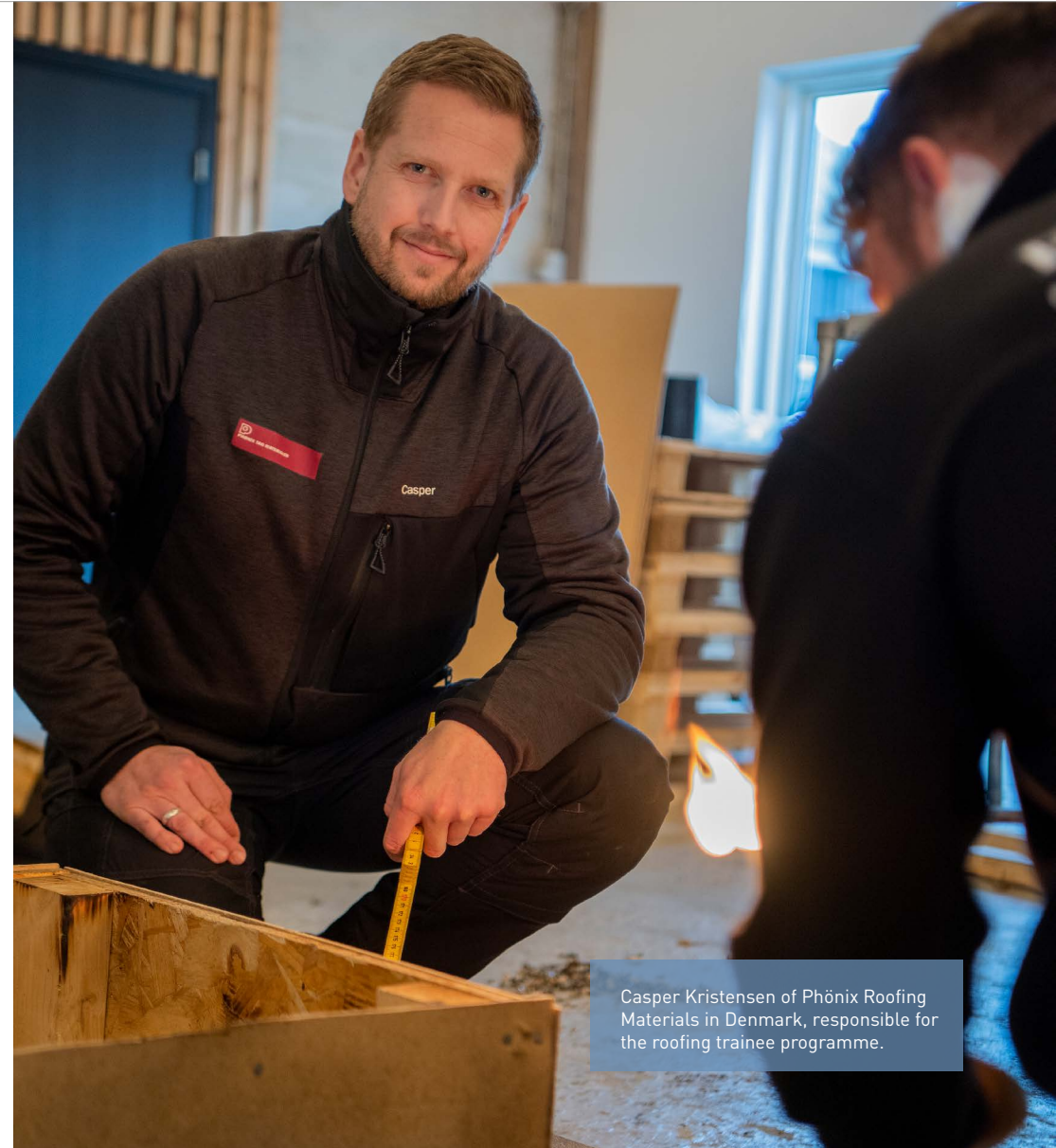
#### OCCUPATIONAL HEALTH AND SAFETY

Employee safety is always the highest priority, and all subsidiaries have a work environment policy. Nordic Waterproofing's operations include production units, warehouses, and offices. The Finnish, Norwegian and Danish (via franchise) operations also include roofing services.

The efforts in preventing and reducing the incidents and accidents take place through analysis of the underlying causes. Each workplace has its specific risks why each subsidiary is responsible for managing health and safety work in a systematic way. This includes collecting information about and evaluating site-specific risks and reporting accidents to the Group.

Finland accounts for the largest number due to installations that are still the Group's most risky area. At the same time, serious accidents (bodily injuries, eg bone fractures) decreased to 0 (3).

Newly acquired companies are integrated into the Group's systematic work, but also through education raise the awareness and knowledge of the new employees who have entered our operations when the pace of production and installation increases. All manufacturing companies within the Group use external occupational health care services to support their employees, including rehabilitation.



Casper Kristensen of Phönix Roofing Materials in Denmark, responsible for the roofing trainee programme.

Newly acquired companies are integrated into our systematic efforts. Efforts are continued in increasing the awareness and knowledge among all employees who are contributing to our operations. All of the companies within the Group that have production sites have contracted external Occupational Health Care services to support their employees, including rehabilitation.

**DIVERSITY POLICY AND EQUAL TREATMENT**

Historically, the roofing industry has been a male-dominated industry regardless of personnel category. Nordic Waterproofing has a diversity policy and works to achieve its target to have a balanced mix of ethnicity, age and gender, taking into account the type of activity being conducted. Improved diversity and inclusion have the potential to further drive Nordic Waterproofing’s development and results, both at team level and individually.

The companies within the Group work continuously to attract, develop and retain talented young people regardless of gender or other characteristics. Independent of gender or other aspects of diversity, each individual is offered equal opportunities in terms of career paths. The operations as a whole also work towards a more balanced mix in terms of ethnicity and gender. To reach the target to increase the awareness of its operations and being a good employer, Group companies leveraging several online platforms and channels to build relationships with new stakeholders.

Today, local management teams comprise a total of 61 individuals (68), of which 23 percent (23) are women. Nordic Waterproofing Holding AB’s Board of Directors consists of four men and two women. Accordingly, the proportion of women on the Board of Directors is 33 percent, which doesn’t meet the target of 40 percent women. It is taken into account in the Nomination Committee’s future recruitments to the company’s board.

**THE CODE OF CONDUCT IS THE BASIS FOR ALL ACTIVITIES**

Nordic Waterproofing aims to maintain a working environment characterized by responsibility and empowerment, ethics and morality, openness and teamwork. Combined with a focus on customers and their needs, these values enable the Group to meet its targets and strategic priorities. An important part of a safe working environment is to ensure that no one is exposed to discrimination or sexual harassment. Nordic Waterproofing’s workplaces should be characterized by respect for diversity and different qualities, knowledge and skills, regardless of gender, religion, ethnic background, age, race or sexual orientation.

The Group’s Code of Conduct, which includes the areas of human rights, environment, work environment and business ethics, including anti corruption, is the basis for all activities within the Group and applies to all employees and the Group’s Board of Directors without exception. The Code of Conduct

was reconfirmed in 2021 and the training materials are available in all nine languages used within the Group.

**Code of Conduct for suppliers**

Nordic Waterproofing has also adopted a Supplier Code of Conduct for suppliers that is based on the UN Global Compact’s ten principles on human rights, labour law, environment and anti-corruption.

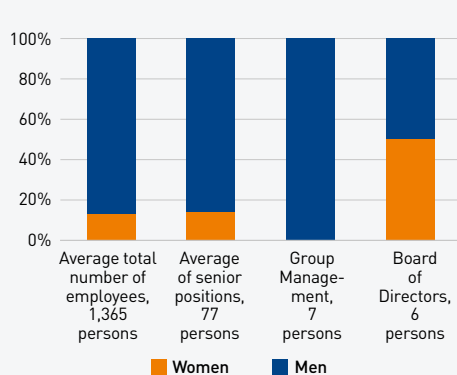
**Training/Competence development**

Using e-learning, the Danish factory, among others, has conducted more than 850 hours of training (this applies to all levels - from management to hourly employees).

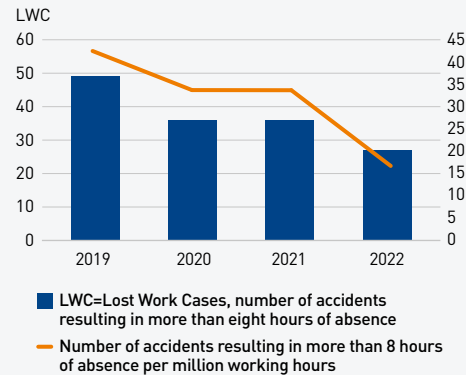
**WHISTLEBLOWER**

A whistleblower policy and function is established where notifications are received by an external party. This can be reached both by phone and email, information on how notification can be made can be found on the Group’s website.

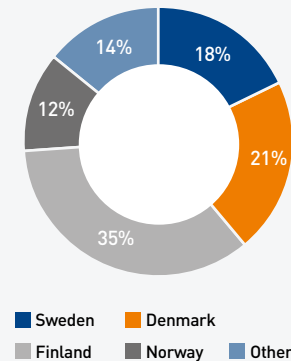
**DISTRIBUTION OF GENDER**



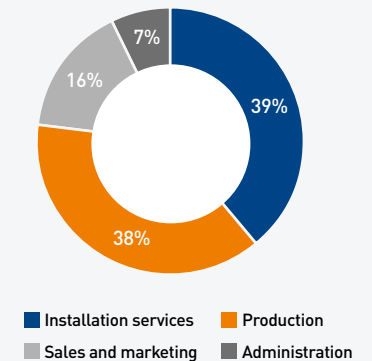
**ACCIDENTS**



**EMPLOYEES BY COUNTRY**



**EMPLOYEES BY FUNCTION**



# NOTES SUSTAINABILITY REPORT

## NOTE 1 DECLARATION SCOPE 1-3

**Scope 1** - direct greenhouse gas emissions, i.e. those that the activity has directly control. This includes, for example, greenhouse gas emissions from own vehicles and machinery.

**Scope 2** - indirect emissions, from the production of electricity, district heating and district cooling.

**Scope 3** - indirect greenhouse gas emissions, in addition to purchased energy, that occur outside the boundaries of the activity.

Scope 3 greenhouse gas emissions are usually divided into upstream and downstream depending on whether they occur before or after the company's own activities in the chain. Upstream can be, for example, material consumption, transport and distribution to customers, employee commuting, business travel, production of equipment and downstream there is e.g. processing, use and finishing of products sold.

## NOTE 2 GREENHOUSE GAS EMISSIONS, TONNES OF CO<sub>2</sub>e

	Estimated emissions		
	Base year 2021	2022	Change
<b>Scope 1</b>	<b>4,006</b>	<b>3,204</b>	<b>-20%</b>
of which Products & Solutions	2,159	1,554	-28%
of which Installation Services	1,848	1,650	-11%
<b>Scope 2, Gross Output</b>	<b>1,692</b>	<b>1,465</b>	<b>-13%</b>
Gross on-site greenhouse gas emissions - Products & Solutions	1,430	1,243	-13%
Gross on-site greenhouse gas emissions - Installation Services	262	222	-16%
<b>Significant Scope 3 greenhouse gas emissions*</b>	<b>171,554</b>	<b>139,089</b>	<b>-19%</b>
Total gross indirect emissions - Products & Solutions	157,248	125,754	-20%
Total gross indirect emissions - Installation Services	14,306	13,335	-7%
Purchased goods and services - Products & Solutions	143,526	104,734	-27%
Purchased goods and services - Installation Services	12,301	11,019	-10%
Capital Goods - Products & Solutions	2,913	721	-75%
Capital goods - Installation Services	27	108	308%
Fuel and energy related activities - Products & Solutions	1,335	1,139	-15%
Fuel and energy related activities - Installation Services	414	333	-20%
Waste generated in operations - Products & Solutions	165	720	337%
Waste generated in operations - Installation Services	556	127	-77%
Upstream transport and distribution - Products & Solutions	8,714	17,854	105%
Upstream transport and distribution - Installation Services	536	536	0%
Business travel - Products & Solutions	132	310	136%
Business travel - Installation Services	339	385	13%
Employee commuting - Products & Solutions	27	277	922%
Employee commuting - Installation Services	90	828	816%
<b>Total greenhouse gas emissions</b>	<b>177,253</b>	<b>143,757</b>	<b>-19%</b>
<b>Total greenhouse gas emissions (market-based) - Products &amp; Solutions</b>	<b>160,837</b>	<b>128,551</b>	<b>-20%</b>
<b>Total greenhouse gas emissions (market-based) - Installation Services</b>	<b>16,416</b>	<b>15,206</b>	<b>-7%</b>

\*Scope 3 includes only upstream activities and business travel and commuting is under development so not all entities are included.

**NOTE 3 ENERGY CONSUMPTION**

Energy consumption and energy mix	2021	2022
Fuel consumption from coal and coal products (MWh)	-	-
Fuel consumption from crude oil and petroleum products (MWh)	6,659	7,242
Fuel consumption from natural gas (MWh)	4,994	829
Fuel consumption from other non-renewable sources (MWh)	4,460	4,622
Consumption from nuclear products (MWh)	-	-
<b>Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources (MWh)</b>	<b>8,248</b>	<b>3,611</b>
<b>Total non-renewable energy consumption (MWh)</b>	<b>24,361</b>	<b>16,304</b>
Share of non-renewable sources in total energy consumption (%)	52%	37%
Fuel consumption for renewable sources (including biomass, biogas, non-fossil fuel waste, renewable nitrogen etc.) (MWh)	10,826	12,693
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	11,869	15,395
<b>The consumption of self-generated non-fuel renewable energy (MWh)</b>	<b>-</b>	<b>37</b>
<b>Total renewable energy consumption (MWh)</b>	<b>22,695</b>	<b>28,125</b>
<b>Share of renewable sources in total energy consumption (%)</b>	<b>48%</b>	<b>63%</b>
<b>Total energy consumption (MWh)</b>	<b>47,056</b>	<b>44,429</b>

**NOTE 4 BACKGROUND AND ACCOUNTING PRINCIPLES OF THE EU TAXONOMY****BACKGROUND**

In order to achieve the EU's 2030 climate and energy targets and to meet the objectives of the European Union's Green Deal, a classification system for sustainable economic activities called the EU Taxonomy came into force in 2020. In the 2021 annual report, published in 2022, large companies were required to report the share of their activities covered by the taxonomy. This refers to economic activities that are part of the company's operations and are defined in the taxonomy regulation. In the 2022 Annual Report, published in 2023, companies are also required to report the proportion of its activities that are consistent with the taxonomy, i.e. are sustainable based on defined scientific review criteria set out in the Taxonomy Regulation for the activity. The criteria for "significant contribution" aim to establish that the economic activity either has a significant positive environmental impact or significantly reduces negative impacts on the environment. The criteria for 'does not cause significant damage' aim to establish that the economic activity does not prevent the other environmental objectives from being achieved, i.e. does not have a significant negative impact on them. Taxonomy-appropriate activities must also be carried out in accordance with the minimum level of safeguards, i.e. sustainable activities must respect basic human rights and follow good business practices.

For the first two reporting years of the EU taxonomy, the focus is on activities that contribute to climate change objectives, mitigation and adaptation, as defined in the EU Climate Change Target Delegated Regulation. The taxonomy regulation is a work in progress and does not yet cover all sustainable activities in the market. Nordic Waterproofing's activities are not the focus of the current legislation and therefore only have a few relevant economic activities to report on. All of the Group's activities have been assessed and are considered to fall under the section 3.5 Manufacture of energy efficient equipment for buildings. For our activities manufacturing prefabricated wooden roof and wall elements and urban green solutions, there are established thresholds. The Group's bitumen and EPDM waterproofing activities are parts of larger structures where there are established thresholds for the complete structures but not for the parts we supply, so these cannot be considered to fall within the

definitions of the taxonomy at this stage and hence the reported taxonomy eligible indicators are low.

The EU taxonomy is expected to be extended with four additional environmental targets in 2023 with the next delegated regulation, but the changes are not expected to have a significant impact on Nordic Waterproofing's taxonomy key figures. Nordic Waterproofing supports the objectives of the EU taxonomy and welcomes the continued work to develop the regulation.

**ACCOUNTING PRINCIPLES FOR THE EU TAXONOMY**

The key performance indicators reported in the EU taxonomy are presented in separate tables for turnover, capital expenditure and operating expenditure as defined in the Regulation. Total turnover is the Nordic Waterproofing Group's total revenue in 2022 in accordance with IFRS15, which is consistent with the definition of EU taxonomy turnover. The external sales related to the economic activities are similarly reported under activities covered by the taxonomy, either under taxonomy related or not taxonomy related. The total capital expenditure is the Group's total capital expenditure in 2022, which is reported in the line of additions, excluding goodwill additions, in Note 17 and 18 (Intangible assets, property, plant and equipment and rights of use). The proportion of capital expenditure covered by the taxonomy, either taxonomy related or not taxonomy related, is capital expenditure related to the assets or processes associated with the respective economic activity. Total operating expenditure includes all direct costs not recorded as assets that relate to research and development, building renovation, short-term leases, maintenance and repair or any other direct expenditure related to the day-to-day servicing of tangible fixed assets. The proportion of operating expenditure covered by the taxonomy, whether taxonomy-related or not, is operating expenditure related to the assets or processes associated with the respective economic activity.

The taxonomy requires enterprises to comment on how double counting has been avoided in the taxonomy-supported economic activities. Nordic Waterproofing has done this based on our cost structures and ensured that the cost elements are separate for each activity, facilitated by the limited amount of transactions made between different activities.









# RISKS AND RISK MANAGEMENT

All business operations are associated with risks. Risks that are managed well can lead to opportunities and value being generated, while risks that are not managed properly can cause damage and losses.

Demand for Nordic Waterproofing's products and solutions varies by market. The Group focuses on maintaining an exposure to market segments that generally offer a favorable balance between parts of the construction industry that dominate in the earlier and later stages of the economic cycle, as well as towards private individuals and industrial players between which demand is well balanced. Seasonal effects occur and are particularly apparent in the Installation Services operating segment. Read more about seasonal effects on page 18.

## RISKS OF CONFIDENCE

As a leading player in the Nordic waterproofing market, the expectations of Nordic Waterproofing are rigorous. There is a risk for the Group that the behavior of individual employees or business decisions could erase the trust that has been built up over a long time. It is essential to prevent and minimize the risk of such events and behaviors adversely affecting confidence and trust in the Group and its brands. For this reason, the Group conducts continuous training in the Code of Conduct and product safety. The Code of Conduct of the Group can be found on <https://www.nordicwaterproofing.com/en/code-of-conduct/>.

## CRISIS MANAGEMENT

Nordic Waterproofing's crisis management is decentralized, meaning that events should be resolved locally, as close as possible to the origin of the incident. The crisis organization now in place at the Group level shall ensure that those involved within Nordic Waterproofing have the knowledge and skills required to manage various incidents. If major incidents occur that could affect the Group as a whole, the Group's crisis organization, including the Board of Directors, is to be informed and should assess how the event should be managed.

## RESPONSIBILITY AND REVIEW

The capacity to identify, evaluate, manage and monitor risks is an important part of the management and control of Nordic Waterproofing's business operations. The purpose is for the Group's targets to be achieved through well-considered risk taking within defined limits. Risks and opportunities are regularly reviewed and reported to the Executive Board and the Board of Directors for appropriate responses and actions.

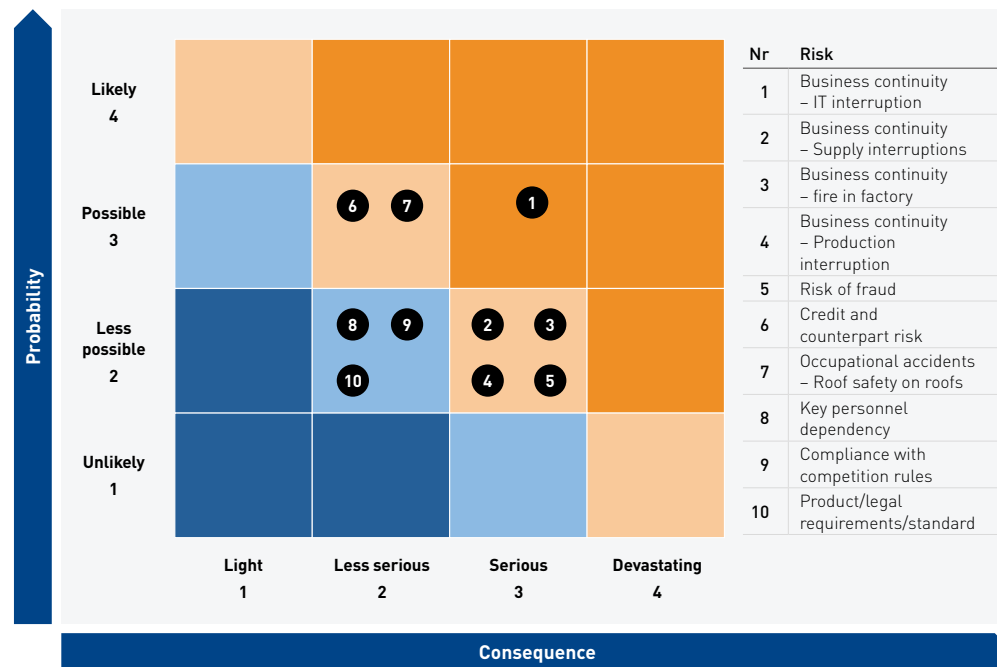
Responsibility for risk work lies with the managers of each of Nordic Waterproofing's different business units. Responsibility refers both to ongoing efforts with operational and other relevant risks, to advance and develop work in the area of risk. A bottom-up risk assessment is conducted annually in each business unit. A risk matrix with the ten greatest risks – their probability, consequences and measures for reducing or preventing those risks – is then consolidated from each business unit up to the Group level, forming the basis for a list of the Group's shared risks.

The yearly evaluation in 2022 had the following outcome:

Financial risk management is administrated by the Group CFO who is responsible for the Group's external banking relationships, liquidity management, net financial items, interest-bearing liabilities and assets, and for Groupwide payment systems and netting of currency positions. The centralization of finan-

cial management entails considerable economies of scale and lower financing costs, while ensuring strict management of the Group's financial risks and improved internal control. Read more about Nordic Waterproofing's significant risks and risk management on pages 57-59 and in note 33.

## IDENTIFY AND EVALUATE RISKS



Nordic Waterproofing is one of the leading providers in the waterproofing market in northern Europe. The Company provides high-quality products and solutions for waterproofing in Sweden, Finland, Denmark, Norway, Belgium, the Netherlands, Poland, the United Kingdom, Germany and Latvia. Nordic Waterproofing also provides installation services through wholly-owned subsidiaries In Finland, through a part-owned company in Norway and through part-owned franchise companies in Denmark. The Company markets its products and solutions under several brands, all with an extensive heritage, most of which are among the most established and well-recognized brands in waterproofing in their respective markets, such as Mataki, Trebolit, Phønix Tag Materialer, Kerabit, Byggpartner, SealEco, Distri Pond, SPT-Painting, Taasinge Elementer, RVT, EG-Trading, Playgreen, Vesikattopalvelu, Gordon Low, Annebergs Limtrae, Urban Green and Veg Tech. Nordic Waterproofing is listed in the Mid Cap segment on Nasdaq Stockholm with the stock ticker NWG. In 2022 the Group had Net sales of SEK 4,343 m and 1,365 employees in 10 countries.

# NORDIC WATERPROOFING

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