SUSTAINABILITY REPORT

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 develope, 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
- Average 1,321 employees with considerable skills and customer commitment
- 12 manufacturing units
- New investments, SEK 68 m

FINANCIAL RESOURCES
- Capital employed of SEK 2,850 m

CLEAR SUSTAINABILITY FOCUS
- Efficient use of resources
- Development of materials and technology focusing on the environment
- Prefabrication units and products
- Green infrastructure 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 2023

Sales:
+3%
SEK 4,463 m

EBIT:
-32%
SEK 293 m

Equity/debt ratio:
49%

Net sales per employee:
3.4 SEK m

THE VALUE WE GENERATE

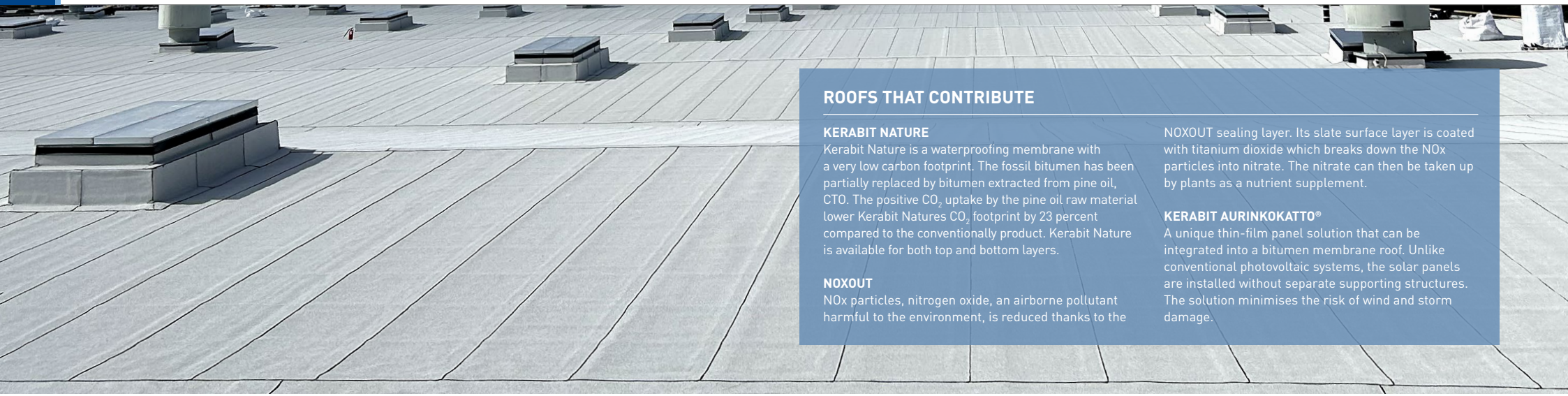
CUSTOMERS
- Sustainable products and services
- Investments in product development for sustainable and easier installation

EMPLOYEES AND MANUFACTURING RESOURCES
- Positive and inspiring working environment
- Continuous skills development
- Salaries, pensions and benefits, SEK 1,023 m

SHAREHOLDERS
- Proposed dividend: SEK 120 m, corresponding to SEK 5.00 per share
- Dividend yield: approximately 3 percent
- Sustainable and long-term profitability

SOCIETY
- More jobs, increase in number of employees: -40 to a total of 1,321 employees
- Income tax paid SEK 93 m
- Offering that contributes to sustainable buildings and infrastructure

SUPPLIERS
- Procurement SEK 3,001 m



ROOFS THAT CONTRIBUTE

KERABIT NATURE
Kerabit Nature is a waterproofing membrane with a very low carbon footprint. The fossil bitumen has been partially replaced by bitumen extracted from pine oil, CTO. The positive CO_2 uptake by the pine oil raw material lower Kerabit Natures CO_2 footprint by 23 percent compared to the conventionally product. Kerabit Nature is available for both top and bottom layers.

NOXOUT
NOx particles, nitrogen oxide, an airborne pollutant harmful to the environment, is reduced thanks to the NOXOUT sealing layer. Its slate surface layer is coated with titanium dioxide which breaks down the NOx 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, alternatives with lower climate impact and green infrastructure that contributes to increased biodiversity. The Group is well positioned to meet growing demand for green buildings and stricter legislation and will be able to benefit from EUs focus on energy efficient buildings, higher renovation rate of old buildings to become more energy efficient and power generation on buildings.

REPORTING AND EXTERNAL ACCOUNTING

Nordic Waterproofing's sustainability report includes the parent company Nordic Waterproofing Holding AB and all Nordic companies that are consolidated in the consolidated accounts, which are stated in note 13 in the annual report. The sustainability report is partly prepared in accordance with the provisions of the Annual Accounts Act, Chapters 6 and 7. In addition to this, the company reports on additional areas to give a more comprehensive picture of the group from a sustainability perspective. The management's sustainability committee is responsible for developing guidelines for data collection to ensure correct, transparent and reliable data for the operations. Nordic Waterproofing Holding AB's board has, in connection with the signing of the annual report, also approved the sustainability report. The auditor has read the sustainability report, see certificate on page 42.

STATUTORY SUSTAINABILITY REPORT, AS STATED IN THE ANNUAL ACCOUNTS ACT

GOVERNANCE

Sustainability is part of our strategy and the ESG goals are approved by the management team and the board. Sustainability is managed by each business unit with a clear reporting structure through a sustainability committee and progress is reported via our CSO to the management team and the board.

The Group's ESG goals include those impacts that we have identified as material to the Group in terms of importance to our stakeholders and our business, and the goals to limit global warming are in line with the Paris Agreement.

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.

BIOCHAR
Vegetation in urban environments often grows in harsh conditions. The addition of biochar to plant beds provides soil-improving properties that are particularly important for greenery in urban environments. Biochar contributes to climate improvements and has an obvious place in the urban environments of the future. In a transition to a climate-smart society with circular flows, biochar is an extra important product.

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 Goal/ Sub-goal	Nordic Waterproofings contribution
4 Quality education	
4.4 Increase the number of people with skills to secure financial security	Trainee programme
5 Gender equality	
5.5 Ensure women's full and effective participation and equal opportunities for leadership	Diversity policy
9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	
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
11 Make cities and human settlements inclusive, safe, resilient and sustainable	
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
12 Ensure sustainable consumption and production patterns	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
13 Combat climate change and its impacts	
13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters	Nordic Waterproofing's core business

IMPACTS, RISKS AND OPPORTUNITIES

MATERIALITY MATRIX

In 2023, a double materiality assessment was conducted and analyzed to create the right sustainability priorities for the coming years and for our annual strategy process. Analysis of impacts, risks and opportunities (IRO) faced by the Group was carried out in line with the forthcoming Corporate Sustainability Reporting Directive (CSRD). All business units have analyzed their IRO's in the value chain based on trend analysis and input from internal and external stakeholders. The material impacts for Nordic Waterproofing are found to be Climate Change, Own Workforce, and Governance with opportunities within Circular Economy and Biodiversity. The methodology and material impacts has been approved by the board together with our transition plan and will be our guideline for our sustainability work for the coming years.

STAKEHOLDERS

Stakeholders include end-users, customers, employees, specifiers, investors, local communities, legal, authorities, and suppliers.

ENVIRONMENTAL AMBITION AND PROGRESS

To achieve carbon net zero ambitions for 2050, Nordic Waterproofing Group has set milestones for 2025 and 2030 on our most important environmental impacts by

- Transitioning to carbon free energy
- Reducing energy consumption
- Engaging suppliers to lower climate impact from raw materials
- Developing product with lower climate impact
- Reducing material consumption and increasing reuse
- Reducing waste and turning production waste into a resource
- Enabling our customers to decarbonize their projects

Climate impact

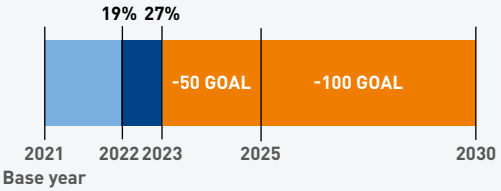
The Group's own climate impact is mainly from raw materials and transport. For the third year, Nordic Waterproofing is using the Greenhouse Gas Protocol (GHG) as the method for calculating climate impacting emissions. The calculations are made using a developed software for scientifically based accounting of carbon emissions for scope 1, 2 and 3 upstream based on all our operations in the Group, also considering the inflation rate. Scope 3 downstream is under investigation in the coming year for impacts under Processing of Sold products, End-of-Life treatment of sold products and Franchises. Currently our highest focus is getting the emission factors right from our suppliers. In 2023, the figures for 2021 and 2022 have been changed to include acquisitions in 2023 as well as 2022 data has changed due to better categorization and more exact emission factors.

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_2 impact and contribute to better energy performance. Expanded installation services in photovoltaic production contribute to fossil free electricity generation. Green infrastructure contributes to CO_2 and biodiversity sequestration.

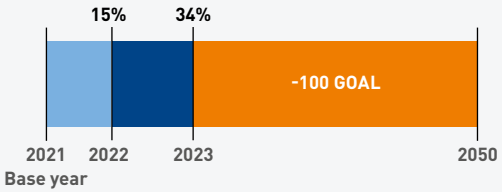
-9%

REDUCTION OF EMISSIONS IN SCOPE 1 & SCOPE 2 DURING 2023



-19%

REDUCTION OF EMISSIONS IN SCOPE 3 DURING 2023



SUSTAINABLE PRODUCTION AND LOGISTICS

Achieving carbon net zero in our operations and logistics by 2050 is the target for our production sites and distribution. The milestone for 2025 is lowering the CO_2-emissions for scope 1 and 2 by -50 percent and for scope 3 by -25 percent compared to our baseline in 2021. Our targets focus on transitioning to renewable energy sources and reducing energy and fuel consumption through better efficiency as well as reducing the environmental impacts from our raw materials used in production.

ENERGY CONSUMPTION AND EFFICIENCY

Energy consumption decreased by -2 percent compared to the previous year. Net sales for the same period increased by 3 percent. The decrease in energy consumption relates mostly to our gas consumption and electricity consumption while the heating consumption in offices went up. In 2023 we installed a new and better insulated impregnation tank in Höganäs and installed LED in Höganäs and Fagerås, Sweden but in general, the outdoor temperature has a major impact on the energy consumption for heating up bitumen and cooling down roofing membranes before they are rolled up and packaged.

In 2024 we will see the effect of installing a heat exchanger in Lohja and new three-layer glass windows in Vejen and we will investigate if 4-days weeks in Taasinge and SealEco will lower our energy consumption.

Heat exchanger

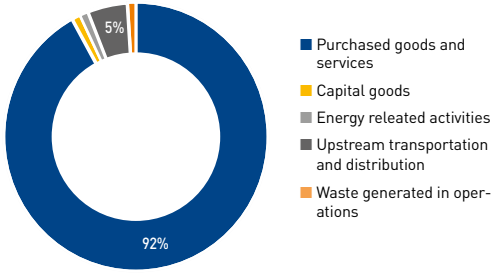
In 2023 we installed a heat exchanger which is expected to lower the energy consumption by -20 percent in the Lohja factory. The factories in Höganäs and Vejen will follow in coming years when power installation is accessible.

Three-layer glass

Exchanging windows to three-layer windows in our office facilities in Vejen late 2023, will improve both the heating consumption for 2024 and the indoor climat.

Scope 3, breakdown of CO_2 emissions	
Purchased goods and services	92%
Capital goods	1%
Energy releated activities	1%
Waste generated in operations	1%
Upstream transportation and distribution	5%

DISTRIBUTION OF CO_2 EMISSIONS



Energy consumption, kWh	2021 (base year)	2022	2023	Change
Energy Consumption Scope 1, kWh	27,865,452	25,409,606	24,370,255	-4%
Energy Consumption Scope 2, kWh	20,458,689	19,234,131	19,478,904	1%
Energy Consumption Scope 1 and 2, kWh - Renewable energy	31,734,107	39,729,707	35,396,799	-11%
Energy Consumption Scope 1 and 2, kWh - Non-renewable energy	16,590,034	4,914,030	8,452,360	72%

ENERGY TRANSITION

Switching from fossil to renewable energy is an important lever to fulfill the Group's scope 1 and 2 reduction ambition. Our key focus is to secure renewable electricity for all our sites and switch from natural gas to biogas. For all production sites it is possible to switch to electricity and become independent of gas.

Renewable electricity

As our main production sites are places in Scandinavia where renewable electricity is easily accessible, all sites in Denmark, Finland and Sweden had signed certificates for renewable electricity for 2023 either as wind or water generated electricity. In Finland we invested in a heat exchanger and turned from biogas to electrical production with renewable electricity. In some rented areas the landlords refuse to buy renewable electricity which we push to change, even this only account for a very little part of our total electricity consumption.

78 percent of the electricity was renewable electricity in the Group's energy mix in 2023 from 58 percent in 2021.

78%

RENEWABLE ELECTRICITY

Biogas

All our production sites for roofing membranes use biogas. This year, we short term converted from biogas back to natural gas in Sweden due to changed tax rules and thereby a huge increase in cost. The consequence is an increase in scope 1 for stationary combustion of 575 tCO_2e.

Biochar

In Vislanda, Sweden we produce biochar as carbon sink and subtract for our vegetation and use the process heat for heating offices and greenhouses. The biomass is waste from local wood production. In 2018, biochar was classified as negative emissions technology by the Intergovernmental Panel on Climate Change (IPCC).

Wooden waste and wood pellets

By Taasinge Elements in Denmark the two production sites use wood waste from own production to heat up the facilities optionally supplemented by wood pellets.

Solar power

Scalling up with solar power on sites are done in Finland in 2023 with 115 MWh at the factory in Lohja, the installation will be finalized in spring 2024. The installation of solar panels in Lohja also serves as an investigation and promoting area.

214 MWh of renewable electricity were produced in total in the Group in 2023 compared to 129 MWh in 2022. On top of that our rented facility in Laakdal, Belgium also generated solar power, without being able to get the exact number.

The Group supplies solar panels and fasteners for photovoltaic on bitumen membranes without penetration of the membranes. Kerabit Aurinkosähkö, consolidated in the Installation Service segment from 1 January 2023, sells and installs solar energy solutions as solar panels and charging stations. The company has installed more than 40,000 m^2 solar panels in 2023.

Transitioning to fossil free fuels or electricity in our own fleet

To scale up the transition to fossil free fuels in our own fleet we experiment with biodiesel and biogas vehicles and in Finland 12 percent of brought diesel were renewable in 2023. We extended our electric vehicle fleet in 2023 and in Nordic Waterproofing A/S all company cars and forklifts are now electrified. The electrification in the Group happens over time as the vehicles either need exchange or the leasing contract release. We have installed 78 charging stations at our locations up from 58 in 2022.

EMISSIONS IN THE VALUE CHAIN

In 2023, our scope 3 emissions decreased -15 percent and reached a total reduction of -29 percent compared to our baseline in 2021. Our biggest emissions in scope 3 are related to our purchased goods and services (92 percent) and transportation (5 percent).

SUPPLIER COLLABORATION

Supplier engagement

In Nordic Waterproofing Group 96 percent of our carbon footprint relates to scope 3 emissions and comes from outside our own operations. The majority of our total carbon footprint, 92 percent, relates to raw materials used in our products and 5 percent to the transportation of our products to mainly building sites and builder merchants.

As it takes time to develop new products the priority of reducing emissions in a short time will be achieved by working with our suppliers to reduce emissions. In the medium-term product development and investigation of new materials which can substitute, or exchange material will be needed to reduce significant emissions.

In 2023 we conducted a survey to engage with our biggest suppliers. The supplier engagement showed the progress of our suppliers' work with their carbon emissions. Two thirds are targeting SBTi or similar and the rest are in the process of measuring scope 1, 2 and 3. This gives us a fruitful insight of how the Groups targets can be achieved and where to start our engagement with the best progress in 2024.

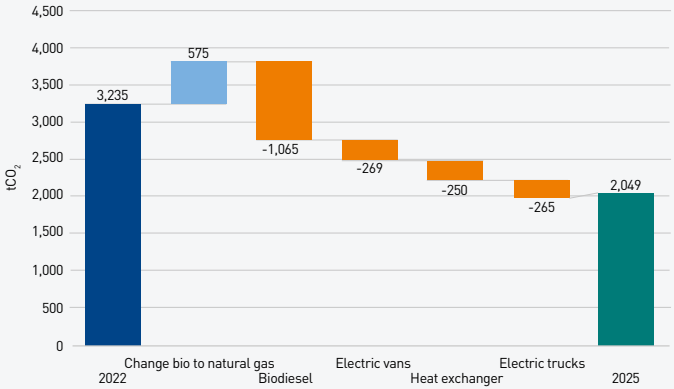
Nordic Waterproofing's main suppliers were also asked to provide product-specific environmental declarations (EPDs), LCA calculations and energy supply for their production. For the 50 suppliers with the biggest impact on our scope 3, very few of them have been prepared for that at this stage. This work will continue in 2024 to improve the data quality in our scope 3 emission calculations.

Obtaining and using supplier-specific data gives us a more accurate measure of our footprint and enables us to see the effect of our reduction activities. When replacing generic data with supplier-specific data in our scope 3 calculations we will see some variation in our CO_2-emissions. In 2023 our data consists of 51-93 percent activity data depending on business unit. In 2024 we will continue this work with our 50 biggest suppliers which account for more than 72 percent of our material emissions in Scope 3. At the same time, we work on achieving more accurate data on our invoices from our suppliers to improve the data quality.

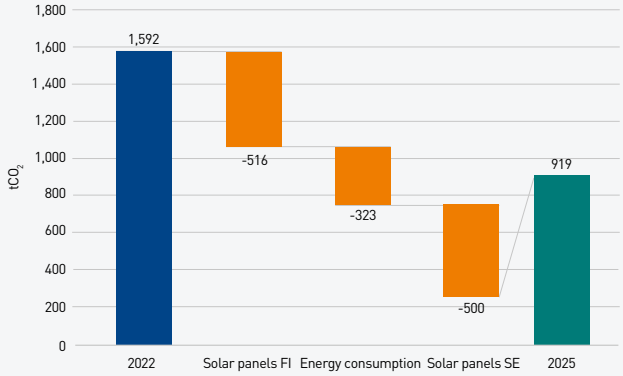
Piloting new technologies with fossil free fuels in transportation of products by external partners

To gather a better understanding of where we can scale up transitioning to fossil free fuels in our transportation of products together with external partners, we are exploring HVO trucks and in Denmark a HVO crane truck for shuttle transport of roofing felt is tested, while other distributors buy certificates.

SCOPE 1 - Transition plan



SCOPE 2 - Transition plan



SCOPE 3, tCO_2E

Scope 3, tCO_2e	2021	2022	2023	2030	2050
Total	166,826	141,719	110,090	-50%	-100%
Purchased goods and services	150,262	118,290	101,439		
Capital goods	2,940	829	565		
Energy releated activities	1,789	1,498	1,482		
Upstream transportation and distribution	9,475	18,442	5,151		
Waste generated in operations	1,351	859	913		

RESPONSIBLE SOURCING

A transparent and well-managed supply chain is fundamental to responsible operation. We work closely with our suppliers to ensure all environmental, social and ethical requirements are met. Our suppliers, mainly from Europe, have a major impact on our sustainability performance, and we expect them to sign our code of conduct for suppliers as well as collaborate on more sustainable solutions.

During 2023, more than 550 Code of Conducts for Suppliers was signed by our suppliers.

The main inputs in Nordic Waterproofing's production are bitumen, polymers (SBS, rubber compounds and plastics), reinforcement, insulation, wood, and plants. Based on our risk assessment we have identified bitumen, polymers (SBS, SBR), reinforcement, carbon black and wood as the most challenging to sustainability. Less than 1 percent of our sourcing is products which are or could be in shortage or are from countries we would like to avoid, for those few products we work hard to find substitutes with the same properties, e.g. peat used for substrate is almost exchanged by wood fibers.

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 waterproofing products. Nordic Waterproofing has therefore switched to biogas at two production plants and electricity on the third production plants for bitumen-based products. Bitumen is mainly used for road asphalt and to a lesser extent for roofing and other applications.

... with a long life cycle ...

Today's bitumen-based waterproofing, blended with elastomers for increased flexibility, has a durability of more than 50 years, with building design and installation also having an impact. When the 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.

Polymers (SBS, rubber compounds and plastics)

Polymers are fossil-based and are used for the production and processing of bitumen membranes and 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. Polymers are also used to stabilize and increase the elastomer properties of the roofing membranes.

Reinforcement

To reduce the use of virgin polyester in the supporting reinforcement, the reinforcement is largely made of recycled polyester. In 2023, the amount of recycled polyester flakes used relates to 104,000 PET bottles.

Carbon black

Recycling is made more difficult as the raw rubber undergoes vulcanization 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_2 emissions.

Wood

All wood sourced for our wooden elements production is PFEC- or FSC-certificated wood. Our raw wood and plywood are 100 percent PFEC wood while Kerto beams contain 90 percent PFEC (Programme for the Endorsement of Forest).

Day care centre Bornholmsgade, Aalborg

PRODUCT DEVELOPMENT

92 percent of our CO_2 emissions come from raw materials used in our products therefore our focus is to identify improvements to the existing products to lower our carbon footprint. Our focus is split into searching for partly substitution of bitumen; for possible exchanges or improvement of our raw materials and to ensure our products are installed and used to obtain the durability they are capable of and thereby lower the CO_2 emission over the lifespan of the buildings.

Two methods to reduce CO_2 content in bitumen membranes

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_2 uptake by the pine oil raw material decreases the carbon footprint for production of Kerabit Nature. The newly released EPD's show a 23 percent lower carbon footprint than those of comparable basic products.

Lignin – A research project in Sweden together with RISE is aimed at partially replacing bitumen with the wood residue product lignin. The project started in summer 2022 and will run for 2.5 years.

Producing with tall oil and lignin require heavy investments in the chimney to reduce the odor of wood, this investment has been finalized in Finland in 2023, and in 2024 Sweden will install an active carbon filter which also improve the efficiency of the chimney. Denmark will follow in the coming years.

Projects for lower carbon footprint

Developments are underway for the installation of roofing felt without gas burners, which both reduces CO_2 emissions and reduces fire risk. In Sweden, the brands Mataki and Trebolit have developed Mataki Power and Trebolit E-Lit that can be welded with hot air. Kerabit in Finland has introduced grooves on the torching bitumen and on the edges of the top surface to reduce the quantity of LPG during installation of the membranes and in addition to give better adhesion and increase the installation speed.

SealEco offers Prelasti green, an EPDM sheet with a lower carbon footprint thanks to the reuse of material from recycled car tyres. 42 percent recycled material in the form of carbon black is used to increase the wear resistance of elastomers (rubber). This results in 20 percent lower CO_2 emissions in production while maintaining the same properties.

In 2024 Sweden will take part in another research project in Sweden together with RISE with the aim to develop and produce certified pipes and bitumen membranes with recycled plastic of high quality. The challenge is to investigate if plastic can substitute some high value raw materials without changing product quality or lowering the lifespan of the product.

Show how to build sustainable

To enable our customers to reduce their carbon footprint in their projects, we have and are still in progress supplying EPDs for all our main products. And at the same time, we encourage customers to install and use our products in the right way to gain the full value of our product portfolio with very long durability, many products with more than 50 years. To ensure this, all our businesses are providing technical instructions on how to build sustain to ensure the products and constructions last for decades.

Phønix Tag Materials our Danish brand offers PTM instructions that provide guidelines for planners, contractors and builders regarding material selection, correct planning and execution of roofs with roofing felt.

More than 300 advisors have attended Phønix Tag Materials' moisture seminars over the past three years.

BYGGPROCESSENS
FEM GRUNDSTENAR

The five cornerstones of the building process provide guidelines according to The Swedish Model and the Swedish regulations.

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.

EPD
- ENVIRONMENTAL PRODUCT DECLARATIONS

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 the standards ISO 14025 and EN15804 and product-specific rules or standards.

DIGITALISATION

Our business in Denmark has developed the app TAG-PAS giving more than 1,000 roofers easy access to advises and documents to sign for assurance, in a smart and simple way, and also include access to EPDs and sustainability data.

Nordic Waterproofing AB uses Moblrn for training in roofing knowledge for roofers.

BIODIVERSITY

The Group has no major impact on biodiversity in our own activities, but we contribute to avoiding biodiversity by supplying products to maintain green infrastructure on both roof and ground.

Green infrastructure

The cultivation of vegetation for green infrastructure is carried out in-house. Cultivation is carried out with the addition of chemical fertilizers and of self-produced biochar. Biochar acts as a carbon sink as well as retaining water, preventing the soil from becoming compact and increases microbiological activity.

Sedum for green roofs moves the land used for the building up to the roof, retention the rainwater, lower the roof temperature and enlarge the durability of the bituminous waterproofing membrane beneath the sedum mats or cassettes. Plants in ponds to store water and/or clean the water.

Nordic Waterproofing provides membranes and plants for all kinds of green infrastructure such as roofing membranes protecting the roof from roots or EPDM sheets for ponds used for water retention or for water cleaning with the supplement of plants from Veg Tech or EG Trading dedicated to water cleaning.

Our installed green roofs and ponds in 2023 can potentially absorb up to 18,000 m^3 of rainwater simultaneously.

Wood

All wood sourced for our wooden elements production is PFEC- or FSC-certificated wood. Responsible forestry is about more than just trees, it is a fundamental tool to tackle biodiversity loss and safeguard our planet for future generations.

VegTech Aquatic Plants and Stormwater Ponds (above)

Værkgrunden Northern Jutland (below)

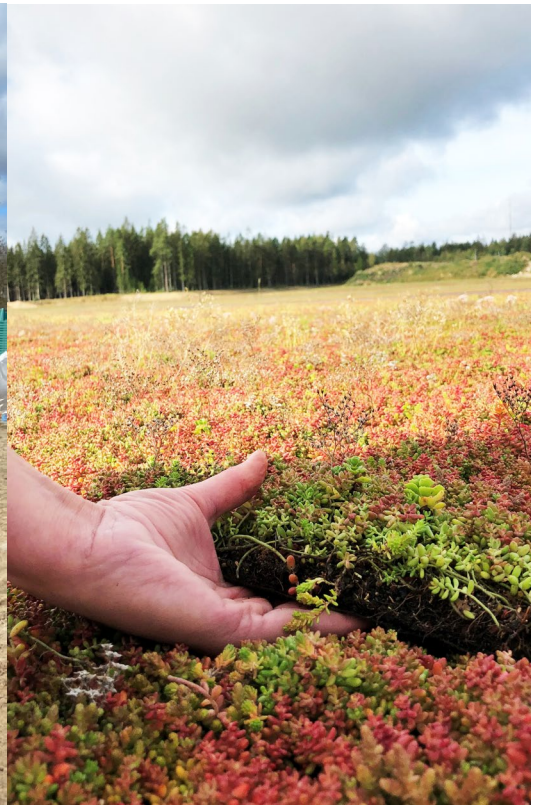
CIRCULARITY

Nordic Waterproofing has a very long history of manufacturing since 1889. We have always had a dedicated focus on optimization of resources in collaboration with our supply chain, product development, customers, and the building sector, and always with the focus on obtaining the good properties and very long durability of our products. Waste has been part of that focus as well and today most of our production waste of bituminous membranes are used in asphalt, our wooden elements are reusable and for the cultivation of sedum mats the cut off is used as new seeds for new sedum production. These focuses will continue but we are now mapping activities that are connected to circularity thinking and the transition to circular economy.

Developing our approach to circular economy

For many years we have been striving to increase the share of recycled materials and change to low carbon materials in our products and still obtaining properties as products produced of virgin materials. We have also tried solutions to use production waste in the production of new products. These activities and many more are now the basis for developing our approach to circularity.

When we approach circularity, we mainly focus on recycling our own production waste and our waste from building sites and have less focus on waste from demolition in order to learn from the process and take the easiest part as a start. Many of our products are possible to recycle in our own products as wooden elements or in other products such as bitumen membranes in asphalt but recycling waste is challenging.



Recycling challenging

The challenge lies mainly with fossil-based materials such as bitumen-based products and EPDM sheets. Roofing felt is normally left on the roof during refurbishment when applying a new layer or put to landfill or incineration after demolition. Until now bitumen-based membranes have been reused in asphalt production while EPDM sheets has only been reused as a filling material as it is vulcanized and cannot be melted down. There is currently no established method to solve those challenges, but for both bitumen-based membranes and EPDM, solutions for recycling the products into either our own production or other products are under investigation. Trials have shown very positive results, being able to recycle and gain value from the production waste and cut off waste from the building sites into our main products.

Another challenge is the demolition waste. Roofing membranes of bitumen and EPDM have a very long durability, often more than 50 years and when refurbishing a roof by applying a new layer on top of the old membrane the roofing system becomes even older. Demolition waste of roofing materials is therefore often very old material and with an unknown origin which causes problems to apply into a new production.

For wooden elements the challenge is more in the designing phase and at the building site when demolishing, to have the right mindset to reuse the elements directly for new buildings, this is possible today but happens seldom. In 2024 Taasinge Elements start a collaboration with AAU, Aalborg University in Denmark, to design elements ready for disassembly.

PACKAGING

To use resources in the best possible way our ambition is to use less packaging material, reduce the use of virgin fossil-based plastic and improve the recyclability of our packaging material. The Group aligns with the Extended Producer Responsibility for 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 tons of plastic and waste are saved as most of the roof membrane rolls are taped together instead of being wrapped in plastic, however, they shall be stored under cover before installation which mostly include plastic hoods. Other measures include reducing the thickness, increasing the content of recycled material in our packaging but also increasing the recyclability of plastic packaging by avoiding paint and ink on the plastic.

For roofing felt in Denmark, the density of the stretch hoods is decreased as far as possible while at the same time securing a safe transportation by crane to the roof. In 2024 these improvements will continue by changing the wrapping machine from gas to electrification.

For wooden elements the plastic covering is collected at the building site and sent for recycling, for two-story buildings the covering is taken back and reused as a trial.

Our brand Veg Tech in Sweden uses 100 percent recycled plastic for the sedum cassettes.

In Sweden we save more than 40 tons CO_2 per year when deliver our roofing felt on Byggpallen – a Swedish recycling pallets system – compared to using a pallet only once.

WASTE

The Group focuses on reducing production waste, achieving full recycling of all residual materials and waste to reduce material consumption and retain CO_2 in a captured form. Another important focus is to avoid waste in landfills, as well as lower the amount of hazardous waste generated.

In 2023 we focused on defining our waste treatment and going from too general reporting to more exact data to be able to track our progress. In this process we also see that our work is affected by capacity or different legislation in the different countries we operate in. For example, waste can end on landfill due to lack of capacity by the producers.

To reduce the amount of waste SealEco has introduced laser for projecting on prefab which also optimizes the material use.

Waste, ton	2021	2022	2023	Change	Goal 2030	Goal 2050
Reuse and recycling	3,619	4,649	4,652	29%	**50%**	**100%**
Incineration with energy	2,195	2,284	3,053		**0%**	**0%**
Landfill	625	486	644		**0%**	**0%**
Hazardous waste	18	5	30		**0%**	**0%**
Uncategorized waste	29	60	0			
Total	**6,486**	**7,484**	**8,379**	**29%**		

Recycling of production waste
We reused or recycled 56 percent of our production waste in 2023 and we continue our research to minimize waste. In 2023 Denmark recycled close to 100 percent of production waste. For all our production waste, we collaborate with our suppliers of materials to take back production waste from our process to their own process again such as insulation or gypsum boards or we send the waste to other companies where the waste can be a resource as sand and slates for filling into roads or damaged pallets for refurbishment.

Production waste to new raw materials
Recycling trials are underway investigating how factory waste can be reused and add value in our own factories or in other industries to help us and our customers avoid waste. We encourage our customers to collect and return cuttings from construction sites to recycling centers that deliver the waste further on for recycling into new asphalt, for example. For roofing felt test with our production waste shows promising results as new raw material in our own production and SealEco reuse production scrap for new accessories.

No waste to landfill
The operation in Denmark and Sweden sent no waste to landfill in 2023, while Finland sent insulation, asbestos, and sand dust for landfill due to lack of other options.

Hazardous waste
Nordic Waterproofing generates very little hazardous waste (<0,4 percent) and that is mainly from our painting business.

WATER

Water consumption is generally low
The production of building materials such as roofing membranes, EPDM sheets and prefabricated elements has generally low water consumption. Water in closed systems is used to cool down roofing membranes at the end of the production line before they are rolled up. Growing vegetation for green infrastructure requires water for irrigation. For watering our green infrastructure products, we only use water from our own water wells or rainwater reservoirs after we in 2023 in Brånan installed a new reservoir for rainwater and a new well water.

Water consumption in 2023 for Products & Solutions was 116,535 m^3.

Water retention
During periods of heavy rainfall, drains are often unable to cope with the sheer amount of excess water and this can lead to flooding. Increasing built environments only add to this pressure. Providing a means of water retention or buffering leads that rainwater is collected and gradually dispersed in a controlled manner, thereby greatly reducing the risk of flood. In 2023 our systems lead to retention of around 18,000 m^3 water either as retention in green roof or by our buffering of rainwater in our installed ponds.

EU TAXONOMY

Activities eligible by the taxonomy and whether they are aligned

Nordic Waterproofing has identified four of our operations that we believe are eligible by the taxonomy regulation's goal to reduce climate change, which correspond to 40 percent of the group's turnover.

- 3.5 Manufacture of energy efficient equipment for buildings
- 7.3 Installation, maintenance and repair of energy efficient equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces adjacent to buildings) 7.6 Installation, maintenance and repair of renewable energy technologies

For all of these, we have been able to establish that the activities meet the technical criteria, "significantly contribute", to be compatible with the taxonomy regulation.

For each economic activity, an assessment of the criterion "does no significant harm" has also been made. It is our assessment that all activities will also fulfill this criterion, but a complete review and documentation of this has not yet been carried out, which is why the activities are for the time being classified as "not taxonomy compatible".

For accounting principles and background as well as reporting of share of turnover, share of capital expenditure and share of operating expenditure see note 5 and note 6 respectively to the sustainability report.

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 labor 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 taken external advice to assess compliance with minimum protection guarantees, which reviewed, among other things, the Company's policy document for human rights, reports of corruption, whistleblower cases, outcome of any tax audits and investigated any cases of violations by the parent company, its subsidiaries or senior executives. The external advisor found that there are no indications of violations, but some documentation is missing and some processes are not fully established.

Nordic Waterproofing considers it important to continuously improve the processes in these areas and believes that its processes are at a robust level and without violations to meet the adaptation to the minimum protection measures.

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

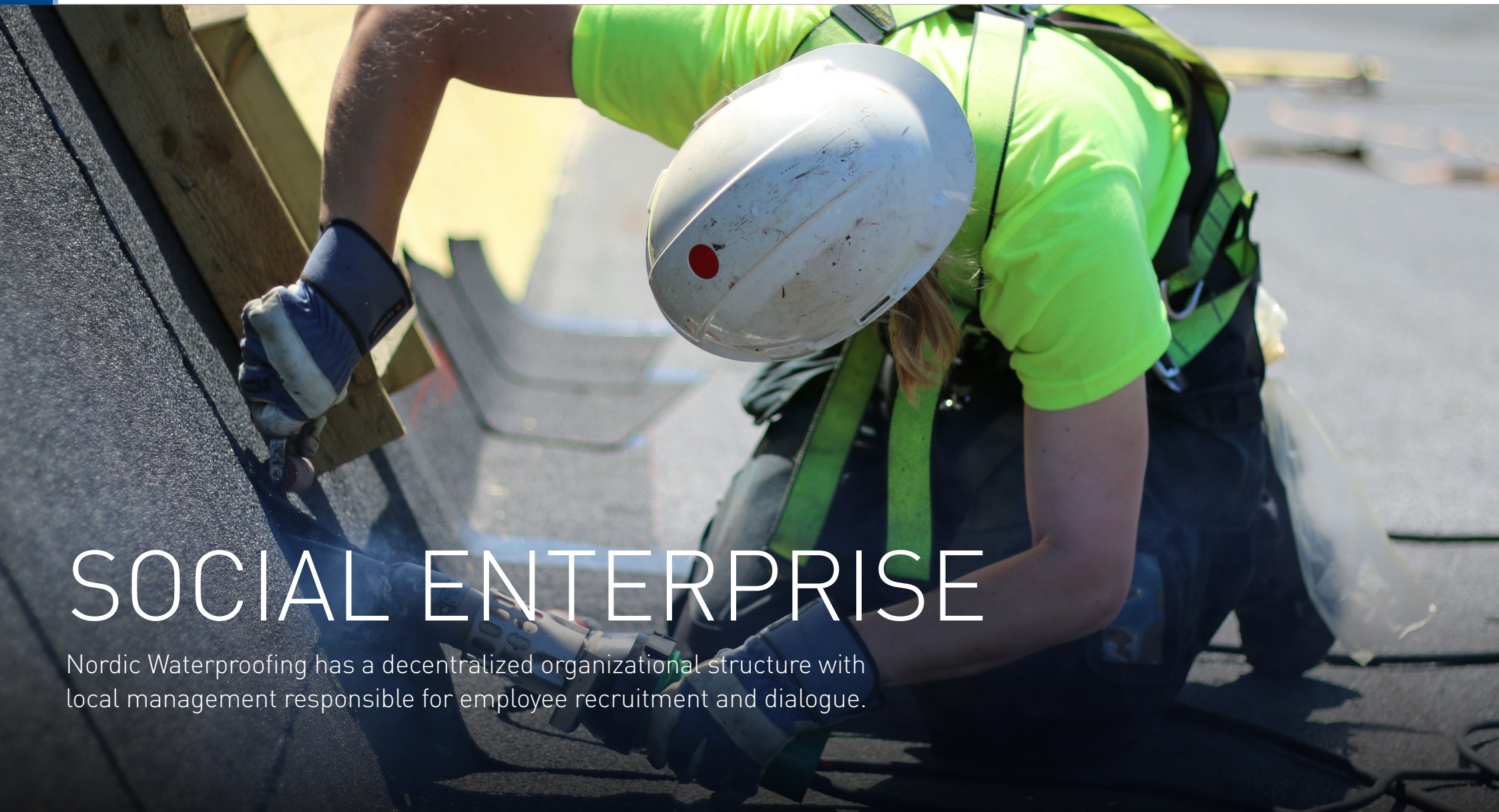
The Board of Directors is responsible for the Sustainability Report for the year 2023-01-01 - 2023-12-31 on pages 13, 29-45, 47-54, 65 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

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 22, 2023
Deloitte AB
Jeanette Roosberg
Authorised auditor



SOCIAL ENTERPRISE

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

The Group had an average of 1,321 (1,365) full-time employees in 2023. 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 an 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 are 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 laborers. To increase access to potential staff, Nordic Waterproofing supports educational programs 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. It is mandatory for all to read and confirm in writing the Group's Code of Conduct has been read. 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 many 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 labor, 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, Swedish, 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 because 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 of work-related injuries due to installations that are still the Group's most risky area. At the same time, serious accidents (bodily injuries, e.g. bone fractures) were also this year 0 (0).

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.

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, considering 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, everyone 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.

The share of women among our employees are 13 percent (13). Local management teams comprise a total of 80 individuals (78), of which 13 percent (14) are women. Nordic Waterproofing Holding AB's Board of Directors consists of three men and two women. Accordingly, the proportion of women on the Board of Directors is 40 percent, which meets the target of 40 percent women.

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 2023 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, labor law, environment and anti-corruption.

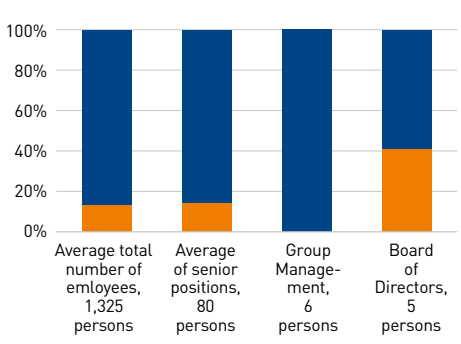
Training/Competence development

Using e-learning, the Danish and Finnish organisations have conducted training (this applies to all levels - from management to hourly employees).

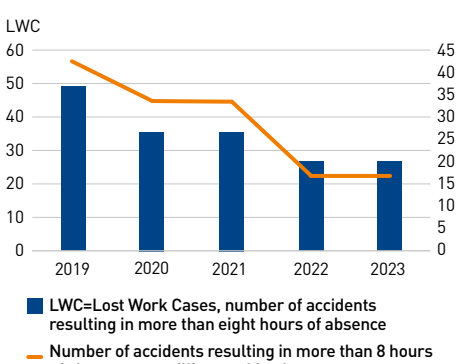
WHISTLEBLOWER

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 https://www.nordicwaterproofing.com/en/whistleblower/.

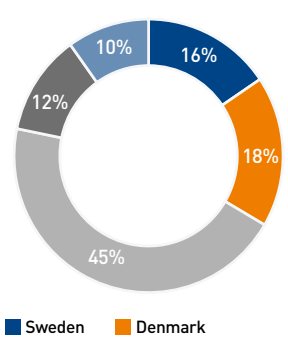
DISTRIBUTION OF GENDER



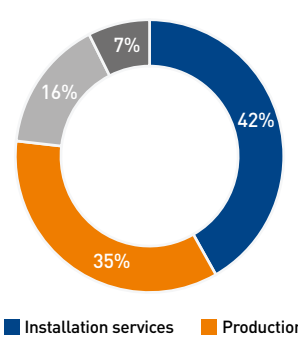
ACCIDENTS



EMPLOYEES BY COUNTRY



EMPLOYEES BY FUNCTION



KERABIT AURINKOSÄHKÖ PROVIDES ENERGY STORAGE AND EQUIPMENT FOR CHARGING OF CARS

With energy storage, you can store excess solar power electricity and use the stored energy during expensive electricity or consumption peaks. Energy storage facilities connected to solar power systems increase property's energy self-sufficiency and improve the profitability of the photovoltaic system. In addition, we can use the energy storage facility to build backup power to secure the operation of critical electrical equipment or processes during power outages.

We provide the right equipment and solutions for both company and housing company charging of electric cars and public charging services. Our special expertise is smart charging solutions integrated into the photovoltaic system.

NOTES SUSTAINABILITY REPORT

NOTE 1 PRINCIPALS AND ASSUMPTIONS

ACCOUNTING PRINCIPLES

SCOPE OF THE SUSTAINABILITY REPORTING

This sustainability report covers the relevant and significant environmental, social and governance issues for the financial year 1 January to 31 December 2023. It gives our stakeholders an overview of our performance in these areas, complementing our Annual Report, which primarily covers our financial and economic performance. For many years, we have been using NFCD as guidance for our sustainability work, while we ourselves analyze global megatrends, take part in industry initiatives, and access the activities of our competitors. This ensures we fully understand the key issues and keep up to date.

The report focuses on the topics that we consider most important to our business and society. It is based on a range of inputs from our stakeholders, including relevant topics from, but not restricted to, the double materiality assessment completed in 2023 and the UN's Sustainable Development Goals (SDGs).

For this 2023 report, the approach is the same as for 2022 with small implementation of the CSRD structure aiming for fully reporting and applying after CSRDs disclosures in 2024.

BOUNDARY SETTING

Entities included in this report's performance data include owned subsidiaries, which are defined as companies that the Nordic Waterproofing Group directly or indirectly owns, in which it controls more than 50 percent of the voting rights or have the operational control of.

Joint ventures and franchises over which Nordic Waterproofing does not have the opportunity to exercise management control are not covered. However, we work with our partners routinely to ensure ongoing focus on sustainability issues.

If an owned entity is acquired during the financial year, it will be included in that year and the data from 2021 will be included in the baseline. In the same way will closed or sold entities be excluded from the data that year and in the base year 2021.

Comments on boundary setting

Excluded from 2023 reporting scope: Nordic Waterproofing AS (NO) and Dan Nilsson Tak AB due to lack of data

Added to 2023 reporting scope: Annebergs Limträ

Merged companies: Gauris BV, Al-Katot Oy, VKP Holding Oy, VKP Kuusamo Oy, VKP Nurmes Oy, Hetag Tagmaterialer A/S

Renamed companies: Most of the Finnish companies has been renamed in 2023 to be under the Kerabit umbrella.

ENSURING DATA QUALITY

In gathering information about our sustainability performance, we applied the GHG and CSRD known principles of transparency, clarity, accuracy, reliability, timeliness and comparability.

TRANSPARENCY

We are committed to communicating honestly and openly about our performance, both when it has improved and when it has not. Our aim is to provide our stakeholders with sufficient information about our company for them to form their own judgements concerning Nordic Waterproofing's position and role in the societies in which we operate.

CLARITY

We strive to make our sustainability reporting accessible and easy to read for anyone, but we are always open to feedback about the way we communicate on our material issues.

ACCURACY AND RELIABILITY

Since 2016, we have collected climate data and since 2021 our dedicated sustainability reporting system has helped us collect data from local sites and consolidate this at Group level. Every year, we have improved the indicator definitions for our performance indicators to help our entities report accurately and reliably. However, it is a challenge to obtain a complete and fully aligned overview of all our data that, at the same time, considers local procedures for data gathering. For this reason, we are continuously working on improving data accuracy. Since 2021, we have been using an international provider of sustainability software solutions to systematize and collect our data. This gives us a higher degree of control over the data-gathering process, helps local companies compare data year on year, and enables instant consistency checks during the data-gathering phase. As well as the system, we use internal data management systems to collect information such as employee headcounts. An additional tool used to improve our sustainability data is the Nordic Waterproofing DATA collection manual which sets out details regarding processes and best practices.

TIMELESS

Internally, we report our sustainability data with varying degrees of frequency, depending on the nature of the data. Where necessary, we revise the reporting frequency in order to strike the right balance between obtaining the correct data and observing appropriate time intervals for reporting on them. Annual data gathering and external reporting are aligned with financial data collection, following the calendar year.

COMPARABILITY

In Note 1 and Note 1, we have published the definitions we use for the key indicators in the report, which are also the data points on which Deloitte provides assurance. We have included three- or five-year data in cases were a comparable three- or five-year data history is available.

TARGETS

We communicate through actions and targets:

- One-year short-term actions towards ZERO
- 2025 targets
- 2030 targets
- 2050 targets

These have been developed by each of the business units in cooperation with Group CSO and may be adjusted following significant changes in the business, such as major acquisitions and divestments. As far as possible, we include such changes by applying scenario planning to our target-setting process.

CARBON FOOTPRINT VALUE CHAIN METHODOLOGY

Our value chain carbon footprint includes Scope 1, 2 and 3 emissions as set out in the Greenhouse Gas (GHG) Protocol. Our targets, aligned with the Paris Agreement, are to cut our carbon footprint by 25 percent by 2025 and by 50 percent by 2030 (from our 2021 baseline). To assess progress, we measure our carbon footprint every year. In 2022, we completed an analysis of our 2021 footprint, to set our 2021 baseline.

MODELLING AND USING STANDARDS

To calculate a value chain carbon footprint requires extensive data on emissions at every stage of the value chain. While we have a good understanding of our own operational emissions (Scope 1 and 2), visibility of Scope 3 emissions is often more limited. Calculating footprints requires a combination of measurement and modelling, which includes an inherent level of uncertainty. We limit this uncertainty by following and supporting the development of industry-leading standards – and we encourage others to adopt these standards to support consistency and credibility in reporting across the industry. The standard we follow is:

- GHG Protocol (including the Corporate Value Chain (Scope 3) Accounting and Reporting Standard Supplement)

DATA QUALITY

We use the most robust data available to model our carbon emissions. In 2023, this included primary data from suppliers accounting for more than 80 percentof our total spend – most related to raw materials, which accounts for the largest portion of our value chain emissions. Collecting raw data directly from suppliers helps to ensure the quality and comparability of data sets.

SCOPE 1&2 EMISSIONS

We firstly focus our efforts, and our carbon footprint targets on the Scope 1 and 2, emissions where we have the greatest influence. The scope 1 emissions results from combustion of energy across our operations, i.e. natural gas, biogas, gas oil, LPG, fuel for company cars and biomass. The scope 2 results from electricity and district heating across all our operations and reported as market-based methods for 2021 and 2022 and for market-based and location-based for 2023.

SCOPE 3 EMISSIONS

For scope 3 emissions in the value chain this accounts for more than 96 percent of the total emissions related to our business. In 2022 and 2023 the Group has improved accuracy and completeness of its scope 3. In 2023 we have focused on our biggest suppliers to move from spend-based data to supplier-specific activity-data as well as we are working on moving from using industry standard data to supplier-specific CO_2-emisions factors in our calculations.

Our carbon footprint includes emissions from each stage of the value chain except from downstream which are under investigation for Process of sold products, End of life of sold products and Franchises.
Sourcing includes all upstream emissions (such as raw materials and seed production) and transportation.

Transportation and distribution include inbound transport of raw materials and outbound transport of finished products – based on distances travelled, mode of transport (road, rail, sea) and temperature.

Purchased goods and services (product-related emissions from e.g. raw materials)

The category that accounts for the greatest climate impact from Nordic Waterproofing's operations. Includes the purchase of services and products as well as raw materials for manufacturing. The calculations were made by applying a so-called "spend-based method" as prescribed by the GHG Protocol when more accurate data is not available. Emissions were calculated by mapping each supplier falling into this scope 3 category to an environmentally extended input-output analysis, EEIO (specifically, Exiobase). For some raw materials the "average data method" as prescribed by the GHG Protocol was applied based on estimates emissions for materials by collecting data on the mass (e.g., kilograms) or other relevant units of goods purchased and multiplying by the relevant secondary (e.g., industry average) emission factors.

Capital goods emissions

Equipment and capital goods account for an extremely marginal part of purchases and thus the climate impact. The calculations were made by applying a so-called "spend-based method" as prescribed by the GHG Protocol when more accurate data is not available. Emissions were calculated by mapping each supplier falling into this scope 3 category to an environmentally extended input-output analysis, EEIO (specifically, Exiobase).

Fuel and energy-related activities (not included in scope 1 and 2)

To calculate the climate impact from transport and energy consumption from a life cycle perspective, this category should be included to present an overall picture of the company's climate impact. The calculations were made by applying a so-called "average data method" as prescribed by the GHG Protocol, based on the used volumes per fuel type and the kWhs for electricity per use country, emissions were calculated using the respective 2023 emissions factors published by the Department for Environment, Food and Rural Affairs (DEFRA).

Upstream transportation and distribution emissions

Upstream transport emissions were calculated by the so-called "distance-based method" as prescribed by the GHG Protocol which involves determining the mass, distance, and mode of each shipment. The converted values in tonne.km were used to calculate emissions using emissions factors published by the Department for Environment, Food and Rural Affairs (DEFRA). The remaining of this category was calculated using the "Spend method" as prescribed by the GHG Protocol when more accurate data is not available. Emissions were calculated by mapping each supplier falling into this scope 3 category to an environmentally extended input-output analysis, EEIO (specifically, Exiobase).

Waste generated emissions

The climate impact from waste produced in operations was calculated using the waste-type-specific method as described in the GHG Protocol. Data was collected on the total mass of waste generated in operations and the proportion of waste being treated by different methods (Landfill, Open loop recycling, Closed loop recycling, Recycling, Incineration). Emission factors (DEFRA) based on the waste disposal types were applied. The remaining of this category was calculated using the "Spend method" as prescribed by the GHG Protocol when more accurate data is not available. Emissions were calculated by mapping each supplier falling into this scope 3 category to an environmentally extended input-output analysis, EEIO (specifically, Exiobase).

Business travel emissions
The majority of business travel emissions were calculated with the "spend-based method" as prescribed by the GHG Protocol, which involves determining the distance and mode of transport and then applying the appropriate emission factor (DEFRA). The remaining emissions associated with (e.g. hotel stays, car rental) were calculated using the "expenditure-based approach" prescribed by the GHG Protocol when more precise data are not available. Emissions were calculated by mapping each supplier falling into this scope 3 category to an environmentally extended input-output analysis, EEIO (specifically, Exiobase).

Employee commuting emissions
Estimated to be low relevance.

Upstream leased assets
N/A

Downstream transportation and distribution emissions
Some downstream transport falls with some retailers, less than 10 percent of the products. To be determined if the emissions resulting from this category are relevant (more than 5 percent of total scope 3 emissions)

Processing of sold product emissions
The emissions from using sold products are a result of torching during the waterproofing membrane installation. The processing of sold products can be estimated with EPDs provided by suppliers that include processing on building site emissions. To be determined if the emissions resulting from this category are relevant (more than 5 percent of the total scope 3 emissions)

Use of sold products emissions
N/A

End of life treatment of sold product emissions
The end of life of some materials can be estimated with EPDs provided by suppliers that include end of life emissions. To be determined if the emissions resulting from this category are relevant (more than 5 percent of the total scope 3 emissions)

Franchises
Emissions resulting from franchises are being calculated to estimate the significance of this category.

Investments
N/A

NOTE 2 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 3 GREENHOUSE GAS EMISSIONS, TONNES OF CO_2e

	Estimated emissions			
	Base year 2021	2022	2023	Change
Scope 1	**4,097**	**3,235**	**3,182**	**-2%**
of which Products & Solutions	2,536	1,586	1,813	14%
of which Installation Services	1,561	1,650	1,365	-17%
Scope 2, Gross Output	**1,839**	**1,592**	**1,126**	**-29%**
Gross on-site greenhouse gas emissions - Products & Solutions	1,579	1,370	845	-38%
Gross on-site greenhouse gas emissions - Installation Services	259	222	281	27%
Significant Scope 3 greenhouse gas emissions*	**166,826**	**141,719**	**110,090**	**-22%**
Total gross indirect emissions - Products & Solutions	157,248	125,754	96,254	-23%
Total gross indirect emissions - Installation Services	14,306	13,335	13,836	4%
Purchased goods and services - Products & Solutions	143,526	104,734	88,805	-15%
Purchased goods and services - Installation Services	12,301	11,019	12,634	15%
Capital Goods - Products & Solutions	2,913	721	180	-75%
Capital goods - Installation Services	27	108	385	256%
Fuel and energy related activities - Products & Solutions	1,335	1,139	1,175	3%
Fuel and energy related activities - Installation Services	414	333	306	-8%
Waste generated in operations - Products & Solutions	165	720	877	22%
Waste generated in operations - Installation Services	556	127	35	-72%
Upstream transport and distribution - Products & Solutions	8,714	17,854	4,877	-73%
Upstream transport and distribution - Installation Services	536	536	274	-49%
Business travel - Products & Solutions	132	310	339	9%
Business travel - Installation Services	339	385	202	-48%
Employee commuting - Products & Solutions	27	277	0	-100%
Employee commuting - Installation Services	90	828	0	-100%
Total greenhouse gas emissions	**172,760**	**146,545**	**114,397**	**-22%**
Total greenhouse gas emissions (market-based) - Products & Solutions	**160,837**	**128,551**	**98,916**	**-23%**
Total greenhouse gas emissions (market-based) - Installation Services	**16,416**	**15,207**	**15,482**	**2%**

*Scope 3 includes only upstream activities and business travel and commuting is under development so not all entities are included. Scope 3 downstream activities are under development and consist of Processing of sold products, End of life treatment of sold product emissions and Franchaises.

**Base year and previous year are update with acquired entities according to the boundary setting in Note 1.

NOTE 4 ENERGY CONSUMPTION

Energy consumption and energy mix	2021	2022	2023
Fuel consumption from coal and coal products (MWh)	0	0	9
Fuel consumption from crude oil and petroleum products (MWh)	3,003	239	931
Fuel consumption from natural gas (MWh)	4,994	829	3,227
Fuel consumption from other non-revewable sources (MWh)	0	0	0
Comsumption from nuclear products (MWh)	0	0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources (MWh)	**8,593**	**3,846**	**4,285**
Total non-renewable energy consumption (MWh)	**16,590**	**4,914**	**8,452**
Share of non-renewable sources in total energy consumption (%)	34%	11%	19%
Fuel consumption for renewable sources (including biomass, biogas, non-fossil fuel waste, reneable nitrogen etc.) (MWh)	19,868	24,306	19,990
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	11,866	15,387	15,194
The consumption of self-generated non-fuel renewable energy (MWh)	**0**	**37**	**214**
Total renewable energy consumption (MWh)	**22,695**	**28,125**	**35,398**
Share of renewable sources in total energy consumption (%)	**66%**	**89%**	**81%**
Total energy consumption (MWh)	**48,324**	**44,644**	**43,850**

*Base year and previous year are update with acquired entities according to the boundary setting in Note 1.

NOTE 5 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, and for 2023 which is published in 2024, 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 was on activities that contribute to climate change objectives, 1) climate change mitigation and 2) adaptation to climate change, as defined in the EU Climate Change Target Delegated Regulation. For the third reporting year, the environmental goals are added 3) Sustainable use and protection of water and marine resources, 4) Transition to a circular economy, including prevention of waste and increased use of secondary raw materials, 5) Prevention and limitation of pollution and 6) Protection of biological diversity and healthy ecosystems and restoration of damaged ecosystems.

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 only within 1) mitigation of climate change have activities been identified as eligable. The areas identified are:

- 3.5 Manufacture of energy efficient equipment for buildings, for our businesses that manufacture prefabricated roof and wall elements in wood as well as urban green solutions.
- 7.3 Installation, maintenance and repair of energy-efficient equipment, for our operations that carry out installations of waterproofing and insulation
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking lots adjacent to buildings), for parts of the business within Kerabit Aurinkosähkö.
- 7.6 Installation, maintenance and repair of renewable energy technologies, for parts of the business within Kerabit Aurinkosähkö.

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. 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 2023 in accordance with IFRS 15, 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 2023, 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.

NOTE 6 FULL DISCLOSURE SHARE OF TURNOVER, SHARE OF CAPITAL EXPENDITURE, SHARE OF OPERATING EXPENDITURE

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES 2023

SEK Million				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')								
Economic Activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year N	Category (enabling activity)	Category (transitional activity)
		SEK	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%	E	T
A. TAXONOMY-ELIGABLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0%	Y	N	N	N	N	N	Y	N	N	Y	Y	Y		100%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) A.1		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**N**	**N**	**Y**	**Y**	**Y**		**100%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	N	N	Y	Y	Y		100%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**								**%**		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	703	16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	987	22%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	110	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,800**	**40%**	**40%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**1,800**	**40%**	**40%**	**0%**	**0%**	**0%**	**0%**	**0%**								**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		2,663	60%																
Total		**4,463**	**100%**																

Proportion of turnover/Total turnover		
	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCA	0%	40%
CCM	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES 2023

SEK Million

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code(s)	Absolute CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Category (enabling activity)	Category (transitional activity)
		SEK	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%	E	T
A. TAXONOMY-ELIGABLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0%	Y	N	N	N	N	N	Y	N	N	Y	Y	Y		100%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) A.1		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**N**	**N**	**Y**	**Y**	**Y**		**100%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	N	N	Y	Y	Y		100%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**								**%**		
Manufacture of energy efficiency equipment for buildings	CCM 6.5	8	8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	5	5%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**14**	**14%**	**14%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**14**	**14%**	**14%**	**0%**	**0%**	**0%**	**0%**	**0%**								**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)		90	86%																
Total		**104**	**100%**																

Proportion of CapEx/Total CapEx		
	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCA	0%	14%
CCM	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES 2023

SEK Million

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities	Code(s)	Absolute CapEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, 2022	Category (enabling activity)	Category (transitional activity)
		SEK	%	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y;N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%	E	T
A. TAXONOMY-ELIGABLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	0	0%	Y	N	N	N	N	N	Y	N	N	Y	Y	Y		100%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) A.1		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**N**	**N**	**Y**	**Y**	**Y**		**100%**		
Of which enabling		0	0%	0%	0%	0%	0%	0%	0%	Y	N	N	Y	Y	Y		100%	E	
Of which transitional		0	0%	0%													0%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**								**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		46	100%																
Totalt		**46**	**100%**																

Proportion of OpEx/Total OpEx		
	Taxonomy-aligned per objective, %	Taxonomy-eligible per objective, %
CCA	0%	0%
CCM	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

ACTIVITIES LINKED TO NUCLEAR POWER AND FOSSIL GAS

Line	Nuclear energy-related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas-related activities	
4.	"The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels."	No
5.	"The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels."	No
6.	"The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels."	No

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

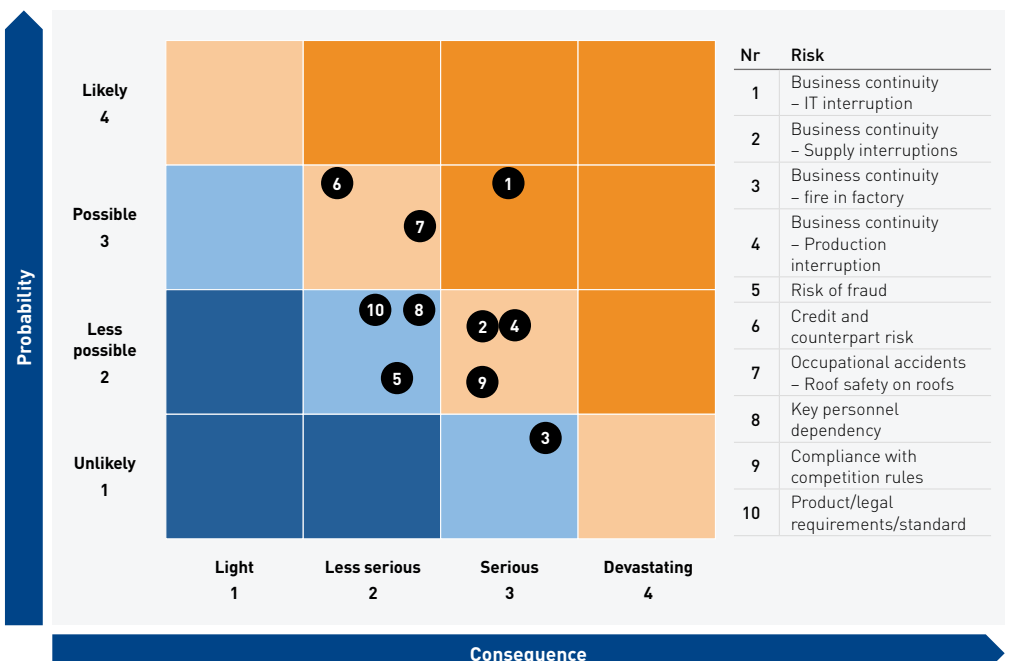
The capacity to identify, evaluate, manage and monitor risks is an important part of the management and control of Nordic Waterproofing's business operations. The purpose is for the Group's targets to be achieved through well-considered risk taking within defined limits. Risks and opportunities are regularly 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 2023 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 financial 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 66-68.

IDENTIFY AND EVALUATE RISKS



Nr	Risk
1	Business continuity – IT interruption
2	Business continuity – Supply interruptions
3	Business continuity – fire in factory
4	Business continuity – Production interruption
5	Risk of fraud
6	Credit and counterpart risk
7	Occupational accidents – Roof safety on roofs
8	Key personnel dependency
9	Compliance with competition rules
10	Product/legal requirements/standard

MAJOR RISKS AT NORDIC WATERPROOFING

RISK		DESCRIPTION	DEVELOPMENT DURING 2023
Market	**Development of the construction market**	The waterproofing market is a relatively small niche within the construction market and generally follows the fluctuations in the construction industry. Demand for Nordic Waterproofing's products and services may fall because of lower construction activity.	Demand from the construction industry was weaker in 2023, in particular did we see a decline in new build for residential houses on our home markets while new build of comercial buildings remained relatively stable. We estimate that Nordic Waterproofing's distribution of sales is approximately 50 percent for renovation and 50 percent for new construction over a business cycle, which gives us a good balance to cope throughout the business cycle.
	Competition	By developing their products, improving their production methods or offering their products at lower prices, Nordic Waterproofing's competitors could cause customers to prefer their products. Synthetic materials, such as PVC and TPO, which account for a small proportion of the Group's turnover, may increase in popularity at the expense of bitumen and EPDM-products.	Nordic Waterproofing is constantly monitoring the development in its market. The overall demand for bitumen and other materials supplied via Nordic Waterproofing's local representatives, is relatively stable on the Group's Nordic markets. During 2023 we saw a weaker demand for EPDM-products, however it is our estimate that at the end of 2023 the decrease has flattened out and the demand stabilized.
Operational	**Unforeseen problems in connection with acquisitions**	Unforeseen business-related problems associated with the acquired companies or the integration processes may take longer or be costlier than anticipated, and expected synergies could fail to, or only partially, materialize. Thus, the value of assets relating to the acquisitions – goodwill – may not be realized and may need to be written down.	The Group has stated plans to grow through acquisitions and has implemented a number in recent years. The acquisition processes are led by a group experienced executives contributing to a structured integration process including the Group's Code of Conduct as an important part. During 2022 six acquisitions and in 2023 one acquisition have been made which has decreased this risk compared to previous years.
	Seasonality	Irregular seasonal variations, e.g. an earlier winter season, may affect building activities.	The Group maintains an agile organization to meet the challenges posed by the Nordic winter and summer weather conditions.
	Disruption in production	The Group's manufacturing and installation operations could suffer stoppages or disruptions in the form of, for example, fire, engine breakdowns, failures in IT systems, disputes with labour organizations, weather conditions or natural disasters.	The manufacturing units are maintained routinely and, once a year, production is stopped for systematic servicing. In addition, Nordic Waterproofing has spare capacities in its production units, allowing for a shorter accidental stop.
	Environmental permits	The production facilities in Denmark, Finland and Sweden are subject to mandatory reporting obligations and require permits. The operations affect the external environment primary through noise and emissions.	The Group has all necessary permits for its operations and is monitoring any changes in the environmental regulations and permit regulations in each relevant country.
	IT system and process failure	The Group's IT systems can be disrupted by software failures, computer viruses, hacking, sabotage and physical damage, for example.	A central organization is continually monitoring the system's status and carrying out monthly updates to protect the Group's IT systems. During the year, protection against unauthorised intrusion has been further expanded and tests carried out to determine any weaknesses. No major disruptions were reported during 2023.
	Supplier relationships	Access to alternative suppliers from whom bitumen and rubber components can be purchased is considered crucial in the event that partnerships with the Group's primary suppliers were to come to an end. The supply agreement for rubber products contains minimum volume commitments for the Group, reducing the option to purchase rubber compounds from alternative suppliers and adapt to lower demand.	The Group has integrated the risk minimization and dependencies in the purchasing process. Potential suppliers are evaluated and a more flexible dual sourcing is used where possible. During 2023 have we not had any shortage of raw materials and no major impact on the Group's manufacturing and service level to our customers has been noted.
	Access to input material	There is a risk that the Group's suppliers will not be able to provide inputs as a consequence of, for example, operational disruptions, increased demand or lack of their input materials.	During 2023 the Group has not had any negative affects on the operations from shortage of materials.
	Political risks	The Group may have suppliers who procure their raw materials from areas that may be affected by political turbulence or, for example, through an executive order from the US Treasury Department's Office of Foreign Assets Control (OFAC) may no longer continue to purchase their raw materials from its supplier.	During 2022 and 2023, sanctions from EU have been imposed on Russia and Belarus but these have not had any material negative consequences on the Group's operations.
	Effects of the Russian war on Ukraine	Russia has initiated a war against Ukraine. Nordic Waterproofing has not had its own operations in Russia, Belarus or Ukraine and sales to these markets were very limited. The conflict could possibly affect our operations through difficulties in accessing input materials.	The conflict escalated into a war in 2022. The sanctions imposed during 2022 and 2023 against Russia and Belarus affect the Group's access to input material only to a limited extent. The Group has managed this risk by terminating all purchasing relationships that are directly or indirectly dependent on goods or services from Russia or Belarus.

MAJOR RISKS AT NORDIC WATERPROOFING

RISK		DESCRIPTION	DEVELOPMENT DURING 2023
Legal	**Competition law**	Competition authorities have the power to take legal action and may require a party to cease applying terms and conditions or prices in agreements that are found to be anti-competitive.	In 2023, none of the Group's business units were subject to an investigation by competition authorities.
	Disputes with stakeholders	Nordic Waterproofing conducts business with many different stakeholders and has several competitors in each business. There is a risk that disagreements cannot be resolved but will be settled by rulings in court or by arbitrators.	Nordic Waterproofing A/S and other suppliers of waterproofing products were the subject of an investigation by the Danish Competition and Consumer Authority (KFST), which in 2020 was terminated without further action from the authorities. Some competitors have chosen to pursue this in a civil case and have claimed compensation for the damage they consider to have suffered. The rulings from the courts during 2023 have been in favor of Noedic Waterproofing.
	Changes to regulations	Changes in stimuli to encourage the construction of new-buildings, e.g. legislation, regulations and rules affecting town planning, zoning plans and land development, as well as building permit/planning permission regulations, may change in the future. Furthermore, changes may occur in the regulations for contributions, such as the ROT deductions in Sweden and household allowances in Finland.	Nordic Waterproofing's products are well established in all relevant markets and the Group is exposed to a limited extent to changes in the subsidies in different countries.
	Intellectual property rights	The Group has developed products that lack patent protection that may be more important to the Group and its competitive position on the market than what has previously been considered to be commercially reasonable. There is also a risk that the Group will be unable to defend trademarks and patents granted.	The Group has assigned an external party and established routines to register and maintain its patents, trade marks and other intellectual property.
	Compliance risks	With circa 1,400 employees in ten countries there is an inherent risk that any Nordic Waterproofing employee is involved in unethical behavior in terms of bribery, corruption, fraud or other illegal or unethical behaviour. The same goes for the Group's suppliers.	The Group has for several years established an internal Code of Conduct, a Code of Conduct for Suppliers and a Whistleblowing Policy. Its compliance is monitored annually in the annual performance review.
Financial	**Currency risks**	The Group is exposed to currency risk in the form of transactions and currency conversions. Transaction exposure arises in connection with acquisitions and sales of goods and services in currencies other than the local currency of the relevant subsidiary. The translation exposure constitutes the risk represented by the translation difference in the form of the change in equity.	The Group has significant cash flows in foreign currencies (DKK, EUR and NOK) that arise in the ordinary course of the Group's business. Inflows and outflows of those foreign currencies are naturally well balanced and any net transaction exposure is therefore considered insignificant.
	Credit risks	Credit risks may occur in relationships with customers failing to perform their obligations.	In each country, Nordic Waterproofing has a large number of customers, most with low utstanding credit. The Group maintains a close relationship with its customers and any delays are monitored and rectified as soon as possible. Due to the uncertain macroeconomic situation during 2023, there was a particular focus on monitoring outstanding credits. No major credit loss was reported in 2023.
	Commodity price risk	Commodity price risk is the risk that changes in the price of raw materials will unexpected impact the Group's income statement, balance sheet or cash flow. Nordic Waterproofing is primarily exposed to the risk of price changes of four types of raw materials: bitumen, SBS, polyester and EPDM. There is a risk that the Group will not be able to compensate for an increased cost of inputs by introducing a higher price towards the customer, or that such compensation can only be achieved after a period of negative impact on the Group's earnings and position.	The Group is exposed to commodity price volatility and may decide to hedge the price levels for a certain period of time and/or respond by raising the price of its products. In 2023, spot prices for bitumen were volatile as a result of the movements in the market price for oil. Raw material costs have been rather stable for most raw materials during 2023. Most of our businesses have proved to be able to compensate themselves by making price increases, sometimes with a certain delay, which can lead to short-term lower margins.
	Financing risks	Financing risk means that the Group cannot finance its operations, for example by the Group's lenders terminate the credit agreement, suppliers no longer willing to deliver on credit or that there is no available capital from external investors.	The Group has a long-term financing agreement valid until June 2025. The Group works actively with its relationships with major investors and the stock market in general to have established contacts if an external capital raising need to be made.
	Interest rate risk	Interest rate risk is the risk that a change in market interest rates will have a negative impact on the Group's income statement or balance sheet. The Group's bank loans carry variable interest rates fixed for three to twelve months plus a margin.	During 2023 has the interest cost for the Group increased, however, the Group's covenants in the financing agreement have been at a stable level with large scope to the respective limit value.

MAJOR RISKS AT NORDIC WATERPROOFING

RISK		DESCRIPTION	DEVELOPMENT DURING 2023
Sustainability	**Environmental risks**	The Group is exposed to environmental and production risks, such as major fires with both production stoppages and environmental impact as a consequence.	With regard to fires in proprietary production, this is followed up for each individual business unit in an annual assessment with preventive action programmes and testing of emergency contingencies. The follow-up is reported to Group Management. The Group has not been subjected to any incidents that have led to a negative environmental impact.
	Occupational safety and health risks	Group operations, especially the installation businesses which involve roof laying, are subjected to risks of accidents, with very severe injuries or even deadly outcomes as a consequence.	The Group continuously trains personnel with the aim of minimizing risks and accidents. Best practice comparisons are made between the different countries' organizations. During 2023, a particular focus has been on reducing accidents in the workplace that lead to absences and the work environment risks of working from home and not in the same way as before regularly meeting colleagues.
	Human rights	The Group has both common supply chains, and supply chains specific for our business units. We evaluate our suppliers but there is a risk that there are breaches of labour and human rights lower in the value chain.	The Group continuously evaluates the possible effects the Group's operations may cause. A Supplier Specific Code of Conduct is established which clarifies that the Group only accepts suppliers who respect human rights, including no discrimination.

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 2023 the Group had Net sales of SEK 4,463 m and 1,318 employees in 10 countries.

NORDIC WATERPROOFING

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Production: Stakeholder communication in collaboration with Carlund & Co.