

Welcome to our
sustainability
report for 2023

**Our strategy, 'Complete Care'
puts sustainability at the heart
of how we do business.**



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Welcome from our CEO and our Head of Sustainability

It was about 20 years ago that significant numbers of companies began to integrate ESG into their strategies. Those that did were seen as pioneers or thought leaders; some saw them as dreamers, but within a few years 'the environment' had become an industry buzzword and ESG went from being a 'nice-to-have' to a 'must-have'.

Looking back, it seems that the growing awareness of climate change also shone a light on other issues such as inequality, diversity and fair trade. It felt like companies were finally starting to address the things they'd only talked about in the past. Perhaps this was a 'dawn of care' in the corporate world. Today, these issues are at the root of just about every decision, from consumer to business, from banking to politics.

I think that to take these issues seriously, our plans must be wide-reaching and substantial. There's certainly no point in only behaving responsibly in half of the business, or making nice-sounding statements that don't translate into action – sustainability should be a pervasive culture. Above all, I believe that taking a stance on ESG requires a company to open itself up and allow the public to look inside.

These thoughts are behind the approach we call 'Complete Care': our commitment to being ever more sustainable in the things we make, the way we make them, the people who do it and the communities around us. We believe that perfect indoor environments shouldn't cost the planet's climate and so, in this our sustainability report, I invite you to look inside and see how you think we're living up to our vision.

John Peter Leesi
Chief Executive Officer
Purmo Group

A message from Sam Hodlin, Head of Sustainability

I'm incredibly proud of what we've achieved in 2023 and would like to thank all our passionate and committed colleagues across the business for embracing sustainability and contributing to it day in day out. We've some amazing opportunities ahead in 2024 to continue our sustainability journey and deliver 'Complete Care.'

Above all, I believe that taking a stance on ESG requires a company to open itself up and allow the public to look inside.



Purmo Group at a glance

We are delighted to share our 2023 sustainability report for 1 January to 31 December 2023. We believe it demonstrates how we are creating sustainable value for our customers, our people, communities and stakeholders.

The report covers the key principles of materiality, context, completeness, balance and stakeholder inclusion. Our sustainability-reporting reference is the GRI (Global Reporting Initiative) Standards

We are Purmo Group

We are over 3,190 courageous, ambitious experts. We offer the very broadest range of products, systems and solutions for heating and cooling using energy from multiple sources; flexible control systems for best efficiency, and unrivalled experience in design, installation and performance.

Where we operate

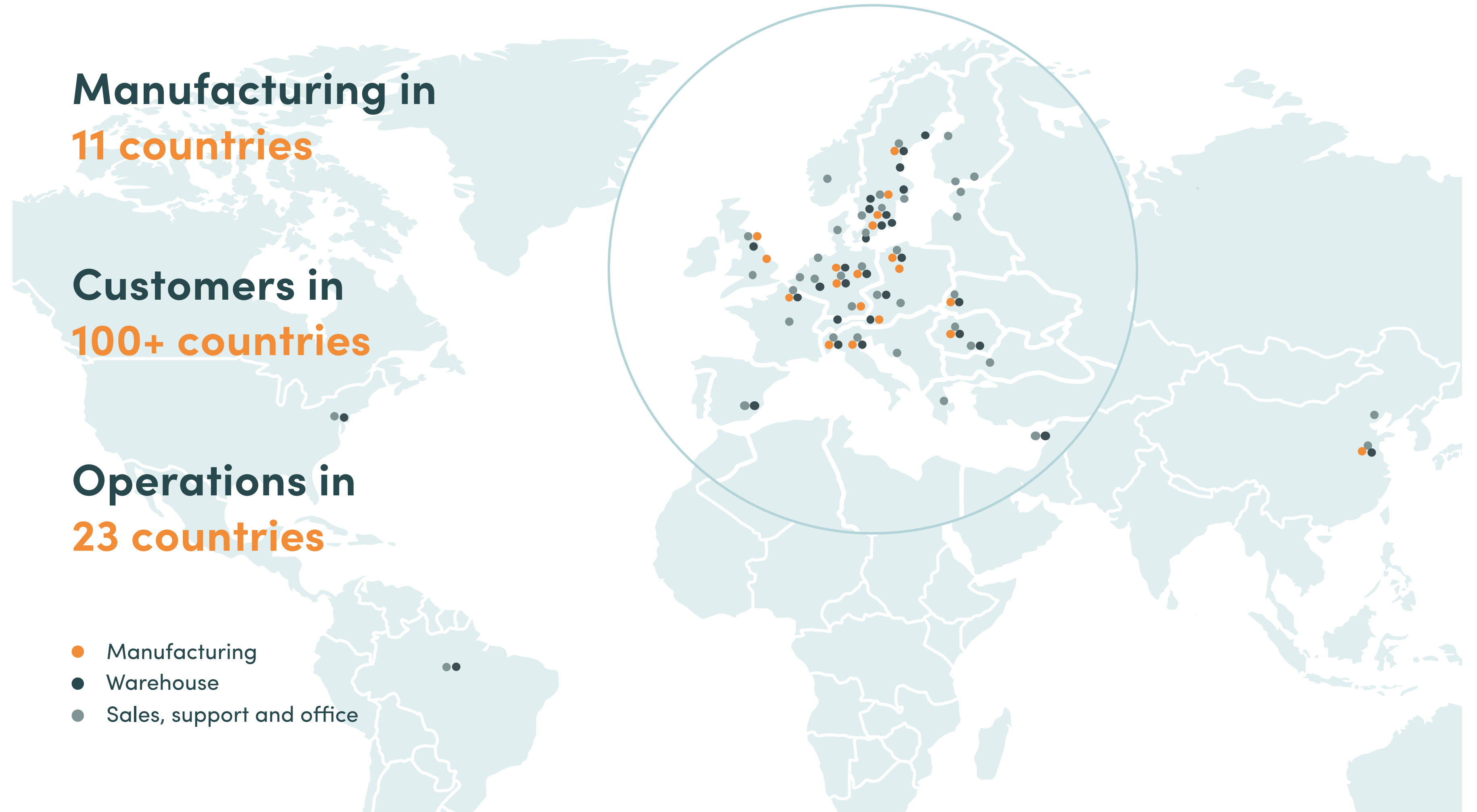
We operate across 23 countries, manufacturing, selling and distributing to customers in more than 100 countries around the world. Our headquarters is in Helsinki, Finland and Purmo Group Plc is listed on the Nasdaq Helsinki.

Manufacturing in
11 countries

Customers in
100+ countries

Operations in
23 countries

- Manufacturing
- Warehouse
- Sales, support and office



Purmo Group at a glance

What we do

To deliver our perfect indoor climates we specify and supply hydronic and electric radiators, embedded radiant-heating and cooling systems (under floors or in walls), air-based heating and cooling systems (including ventilation), dedicated hydronic and electronic controls, and piping distribution systems. You can find our solutions in residential buildings (both new-build and renovation), commercial buildings such as offices and hotels, industrial buildings like factories, and public spaces such as airports, schools and hospitals.

Our vision

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

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

Our mission and motto

We're on a mission to be the world's leader in sustainable indoor climate comfort solutions. We will achieve that by offering time-saving simplicity to installers and the best energy-saving indoor comfort to the end-user: *We're proud of what we do and we care. We're courageous and ambitious and we make changes that matter.*

Reporting period, scope and contact details

The information in this sustainability report has been prepared with reference to the GRI Standards. You can learn more about our Complete Care strategy and read the GRI content index online at www.purmogroup.com/en/sustainability or contact us at sustainability@purmogroup.com

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



Our Complete Care strategy

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

Complete Care is simple and clear: 4 focus areas summed-up by 10 commitments and measured by 24 KPIs.

We have four focus areas: Our Production, Our Solutions, Our People and Our Community.

Our Production

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

Our Solutions

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

Our People

We will increase the engagement of employees: supporting them with a human-capital management system, giving them competence training, measuring their satisfaction and implementing changes where necessary.

Our Communities

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

SHOWING WE'RE PROUD, WE CARE, WE'RE COURAGEOUS, AMBITIOUS AND MAKE CHANGES THAT MATTER



2023 Sustainability highlights

- Submitted Science Based Targets to the SBTi for validation
- Completed double materiality assessment
- Continued to focus on energy efficiency
- Improved the sustainability of our packaging
- Baselined our Scope 3 GHG emissions
- Achieved over 7,000 volunteering hours
- Agreed to buy 20,000 tonnes of low carbon embodied steel

Read more about our sustainability achievements online at www.purmogroup.com/en/sustainability

Some 2023 sustainability milestones



Science-based targets (SBTs)

In early 2023 we announced our intention to align with the 'Business Ambition for 1.5°C' campaign which sets science-based emission-reduction targets. It's a response to the Science Based Targets initiative's (SBTi) call for companies to commit to achieving a 1.5°C limit on global warming as well as net-zero emissions by 2050.

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

In 2023 we carried out extensive analysis of our Scope 1, 2 and 3 emissions and held workshops to set and agree Science Based targets.*

We've established context. The targets are challenging but essential goals that we must strive towards. Only by measuring and reporting our impact on greenhouse-gas emissions can we define a credible and verifiable way forward.

Our targets have now been submitted to the SBTi for validation which we expect to happen in 2024. This is a significant step in 'Complete Care' and it keeps *care for the climate* at the heart of our business.

*For an explanation of scope 1, 2 and 3 emissions, go to page 47

2023 Sustainability highlights

Double materiality assessment

In 2023, we carried out a double materiality analysis to comply with new EU legislation, the Corporate Sustainability Reporting Directive (CSRD), and to identify the key material sustainability topics highlighted by stakeholders, employees, customers and suppliers.

Double materiality recognises that companies must manage and take responsibility for the actual and potential adverse impacts of their decisions on people, society and the environment.

We carried out the double materiality analysis by mapping our impacts (actual/ potential, positive/ negative, and short, medium or long-term) as well as our sustainability-related financial risks and opportunities (short, medium or long-term).

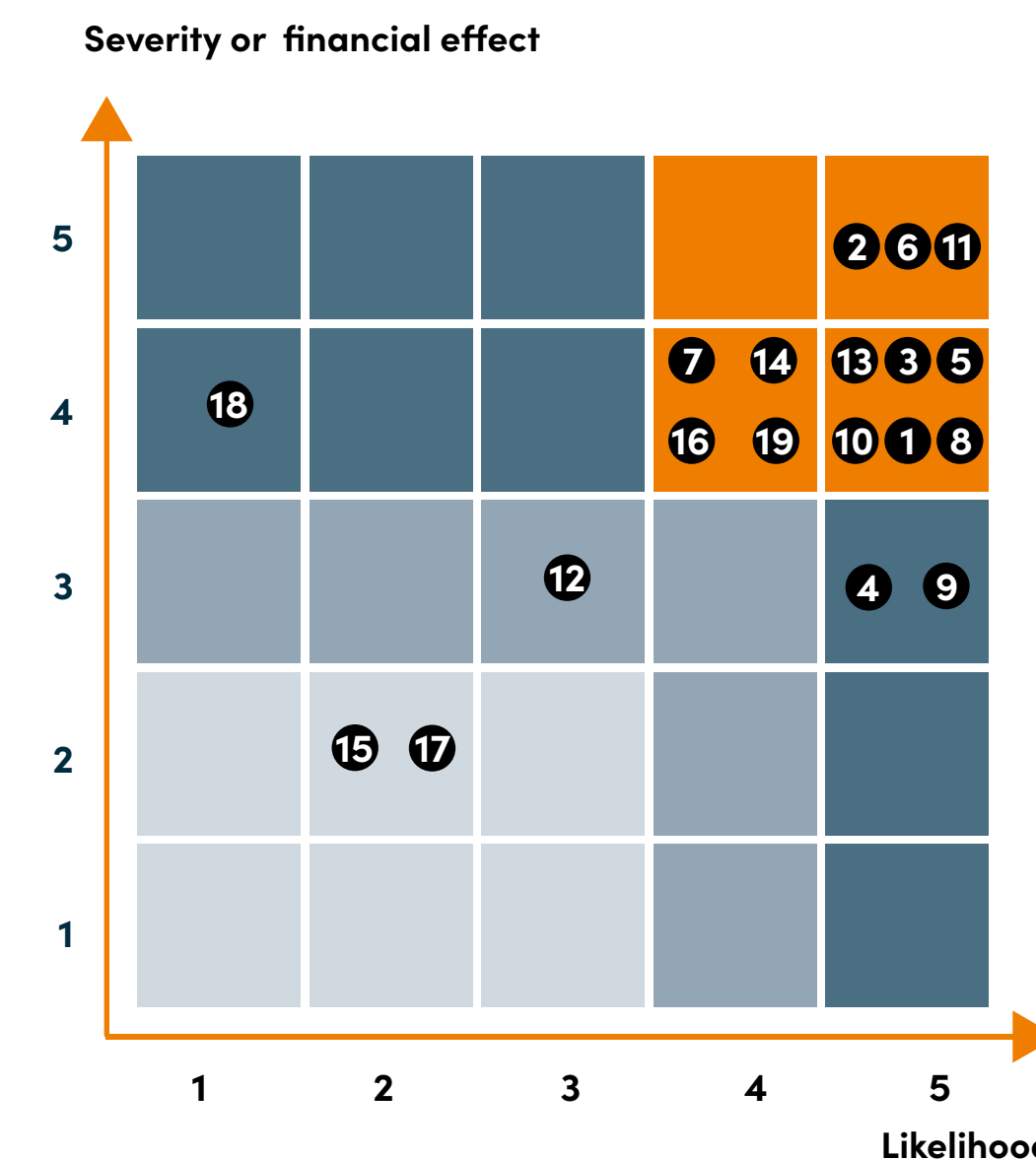
This led to a 'long' list of IROs (impacts, risks, and opportunities) and then a 'short' list of material topics that were assessed through desktop research and internal and external stakeholder interviews with customers, suppliers and employees.

The material sub-topics were grouped into five topics and validated by Purmo Group's management team.

Energy, water and emissions	Product development	Circular economy	Health and Safety	Responsible Sourcing
Energy consumption Water consumption GHG emissions	Energy efficient products Legislation related to energy efficiency Climate change driven market demand	Sustainable material choices Packaging materials	Employees' health and safety	Management of relationship with suppliers Value chain workers' health and safety Climate change crisis management Land degradation as a result of mining of raw materials

In 2024 we will carry out a gap assessment exercise as we move towards formal CSRD compliant reporting for the 2024 reporting year.

'Net' list and material sub-topics based on set threshold



Impact - Negative

- 2 GHG Emissions
- 3 Energy consumption
- 4 Substances of concern
- 5 Water consumption
- 6 Land degradation as a result of mining of raw materials
- 8 Packaging materials
- 9 Decent working conditions for migrant workers
- 10 Employees' health and safety
- 11 Value chain workers health and safety
- 13 Management of relationships with suppliers

Impact - Positive

- 1 Energy efficient products
- 7 Sustainable material choices
- 12 End-users' health and safety

Financial Risk

- 14 Climate change crisis
- 15 Waste management
- 17 Employees' health and safety
- 18 Corruption and bribery

Financial Opportunity

- 16 Climate change driven market demand
- 19 Legislation related to energy efficiency

Focus area 1: Caring about our production

SHOWING WE'RE PROUD, WE CARE, WE'RE COURAGEOUS, AMBITIOUS AND MAKE CHANGES THAT MATTER



ENABLED BY STRONG GOVERNANCE, SAFE WORKING PRACTICES AND ETHICAL BEHAVIOURS



Focus area 1

Caring about our production

Sourcing and manufacturing for a low-carbon, resource-efficient world

Our goal is promote clean HVAC solutions, yet we contribute to global emissions through the energy we use in our operations and the manufacturing of the materials we use (steel is particularly carbon intensive). Furthermore, we contribute to emissions through the energy that end-consumers use to power our solutions.

We have to drastically reduce emissions across the lifecycle of our products and use our influence to drive a climate smart and resilient indoor climate industry, with the help of customers, suppliers, employees and local communities. See appendix for details on how we calculate our Scope 1, 2 and 3 Greenhouse Gas emissions.

	2023	2022	Change %
Scope 1 and 2 GHG emissions, tCO ₂ e ^{1 4 5}	63,898	79,037	-19%
Scope 1 GHG emissions (GRI 305-1) tCO ₂ e ^{1 5}	15,648	19,954	-22%
Scope 2 GHG emissions (GRI 305-2) tCO ₂ e ^{1 5}	48,249	59,083	-18%
Scope 3 GHG emissions tCO ₂ e	n/a	1,022,691	n/a
Scope 3 GHG emissions from procured steel ²	211,445	279,578	-24%
Scope 1 and 2 carbon intensity ^{3 4 5}	86.0	87.4	-2%

1 Market based GHG emissions based on Purmo Group's procurement mix of electricity and gas in countries with manufacturing operations. Purmo Group has applied the principles of the Operational Control Approach. Scope 1 (GRI 305-1) and scope 2 (GRI 305-2) only include gas and electricity

2 2021 World Steel Association data of 1.89 tCO₂e embodied carbon produced for every tonne of crude steel cast.

3 tCO₂e/net sales in EUR million.

4 Comparison figures recalculated due to additional data received after the publication of previous sustainability report.

5 Scope 1 and 2 GHG emissions market based tCO₂e, gas and electricity only excluding other fuels /gases data which was not fully available at time of publication.

Production commitment 1 – We will align with a 1.5°C future

This year has been characterised by continued improved in plant energy efficiency. Key highlights include:

- Reducing our CO₂ emissions by 19%. This was driven partly through lower production volumes but also through energy efficiency measures in our plants
- In 2023, all of our manufacturing plants had clear sustainability action plans, were taking energy efficiency measures, and identifying heat recycling opportunities. We were also delighted to see two plants attain ISO 50001 certification: Ochtrup in Germany and Moson in Hungary
- Each of our manufacturing sites already manages its environmental impact through ISO 14001-certified environmental management systems.

We're now focused on identifying priority plants to achieve ISO 50001 certification beginning in 2024 as well as identifying and delivering further energy savings through other targeted investments.

Production commitment 1 case study: 25% energy saving in Meiningen

We delivered a 25% reduction in the energy required to produce radiators at our plant in Meiningen, Germany. The lower energy requirement per radiator followed a raft of production improvements at the plant, which used over 4.2 million kWh of combined electricity and gas for radiator production in 2020. The figures were derived from analysis of full-year figures between 2020 and 2022.

The achievement was the result of many projects spanning many processes. In Painting and Finishing, the plant improved its machinery insulation, optimised its oven-time, and installed equipment that operates at lower temperatures. Elsewhere in production, investments were made in more efficient laser-welding equipment with further investments planned for the future. Extensive work was also completed in detecting leakages of compressed air, which makes up about 20% of the plant's electrical-energy demand. This accounted for 3% of the savings alone.

The addition of the new laser-welding module alone saves the same energy every 5 days as an average German home uses in a year. Anything that reduces energy consumption is good news.

Focus area 1

Caring about our production

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

We are responsible for the design, production, packaging and sale of our products, and must take into consideration the full environmental impact of everything from sourcing to disposal. The materials that we use, such as metals and polymers have large environmental footprints, but whereas metals are likely to be collected and recycled by scrap collection companies, others like plastic packaging and polymer pipes are not.

2023 was characterised by a continued focus on reducing the carbon emissions of the raw materials we use and eliminating unrecyclable materials from our packaging.

We have created group-wide packaging focus on key actions to improve the recyclability and sustainability of our packaging. We will create Purmo Group wide packaging guidelines in 2024 along with a focus on eliminating the use of expanded polystyrene (EPS) in our packaging.

We have also committed to a reduction in water consumption across our operations by 2030 and monitor water use through a system called 'Resource Advisor', which will enable us to track our progress.

Production commitment 2 case study: Removing Expanded Polystyrene (EPS)

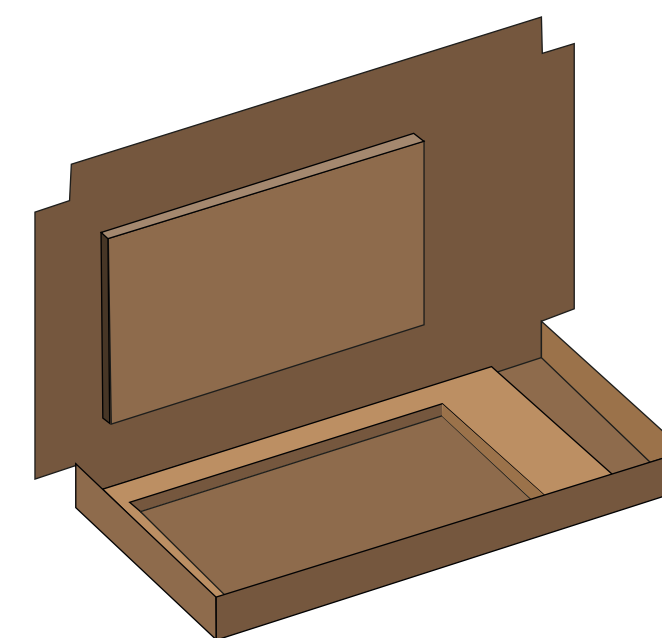
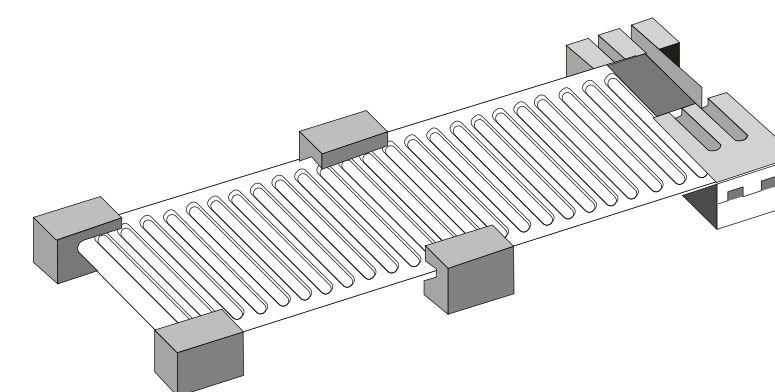
In our production facility in Gateshead in the UK we have removed EPS from our Kaba2 electric radiator production. Previously all electric radiators were packaged using EPS blocks which are very difficult to recycle.

The EPS replacement project introduced a cardboard-only solution which was robust enough to allow the product to be shipped to our various markets without any damage. There was a very tight budget which limited the materials and complexity of the packaging that we could explore.

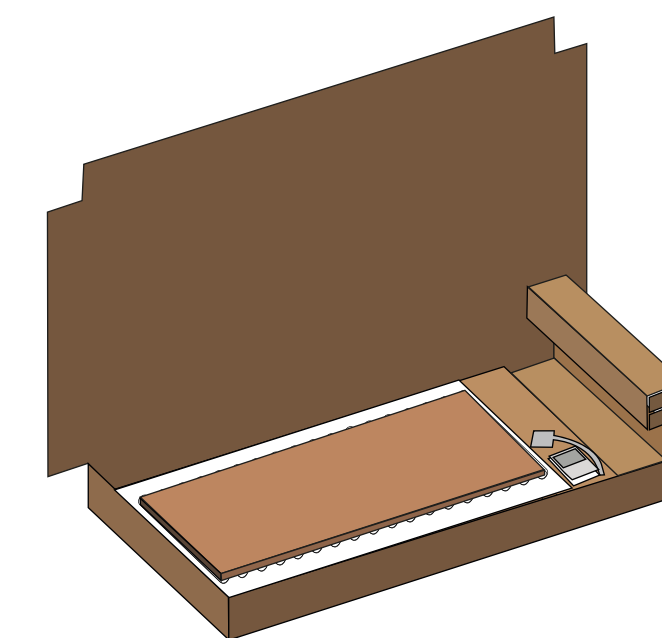
Our Procurement and Product Developments teams worked collaboratively with the operations team at Gateshead and our packaging materials suppliers to identify a cardboard only solution for the Kaba2. This solution had been introduced and been very well received so far.

With over 15,000 Kaba2 electric radiators produced annually this is a significant saving, removing the need to use a significant amount of EPS, equivalent to removing just over 1 million plastic bottles from the environment. With the weight of polystyrene on an typical Kaba2 radiator (500x700) being 0.567kg, this is expected to reduce our EPS usage by 8.5t per year and puts a fully recyclable packaging solution on the market. In 2024 we will identify how to roll out initiatives like this more widely across our operations.

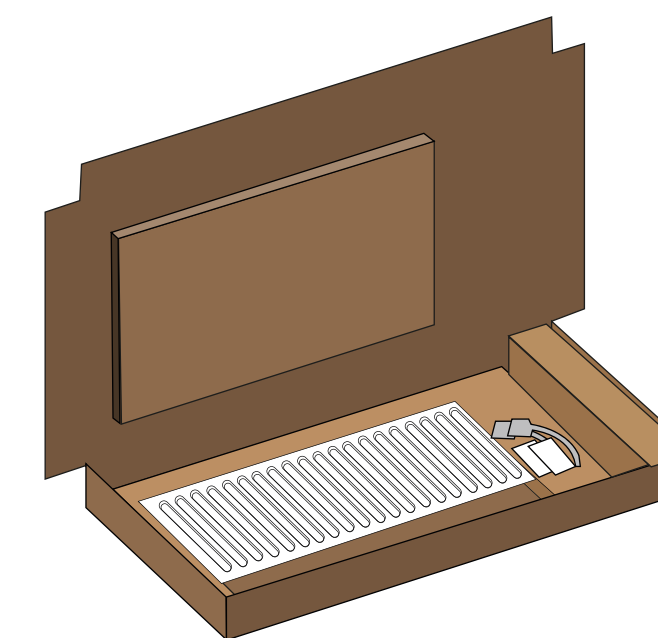
Default solution for electric radiators with polystyrene blocks



Designed cardboard carton



Ease of installation



Product in situ

Focus area 1

Caring about our production

Production commitment 3 – Sourcing our key materials responsibly

Our products are designed and built to last for 20 to 30 years, and some of our materials such as steel, can be infinitely recyclable. Yet we also realise the importance of sourcing these responsibly and minimising the negative impacts on people and the environment. In 2023, we continued to extend the use of 'slim steel', a steel alloy that uses less steel without sacrificing product quality or heat output.

We aim to source all our key materials responsibly, including steel, brass, plastic and packaging materials, and we aim to be able to trace them back to source by 2030.

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

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

Production commitment 3 case study: Cooperation with H2 Green Steel

In 2023 we entered into a binding agreement with H2 Green Steel, for the purchase of 140,000 tonnes of green steel during 2026–2033. The deliveries will support us in our advancements in sustainability. This is an excellent collaboration with H2 Green Steel and another milestone in our journey towards carbon neutrality. Steel represents approximately 50% of all our raw material purchases.

H2 Green Steel's integrated, digitalised, and circular plant is located in Boden, northern Sweden and will start production at the end of 2025. The plant is integrated with the world's largest electrolysis plant. It produces steel using green hydrogen produced with renewable electricity. It enables the reduction of CO2 emissions by up to 95% compared to traditional coal-powered steel production.

With this agreement, we will be pioneers in our industry, securing the supply of green steel and starting the production of green steel products. Among these, our heat pump radiator range is an important product group to our core markets, where the energy renovation trend is strong. Our customers demand new and more energy-efficient heating and cooling systems and Purmo Group is well positioned to fulfil this growing demand.



Focus area 2: Caring about our solutions



ENABLED BY STRONG GOVERNANCE, SAFE WORKING PRACTICES AND ETHICAL BEHAVIOURS



Focus area 2

Caring about our solutions

Our solutions, systems and products help to create more sustainable homes. However, we know we must do more to see that installed climate systems represent genuine reductions in environmental impact and genuine savings in energy and operating costs. We aim to:

- Increasingly focus on end-to-end solutions to optimise energy efficiency with the help of sustainable heating/ cooling sources, alignment with buildings and insulation systems, and smart controls and appliances
- Collaborate with suppliers to promote transparency and reduce emissions across the value chain, by, for example, sourcing green steel
- Communicate more with customers and end-consumers to maximise energy efficiency in the development of buildings and daily use of the installed systems.

Solutions commitment 4- Helping customers save energy and make sustainable choices

This year has been characterised by responding to customer demand for more Environmental Product Declarations and fostering increased awareness of the sustainable nature of our solutions among our key customer segments.

Sustainability Net promoter Score

To better understand if we are achieving our goal of providing the right information at the right time, we need feedback from our customers. We are accustomed to measuring Net Promoter Score (NPS), which is a recognised metric for understanding customer perception. In 2022 we introduced a sustainability Net Promoter Score and we carried out another survey in 2023.

The Sustainability NPS helps us to understand how customers perceive us in relation to our sustainability commitments.

We ran the survey across all nine territories that in which we operate. In 2022 we achieved a score of +8. In 2023 this improved to +21, which demonstrates significant progress.

The feedback from the survey will allow us to tailor our communications to individual markets, ensuring that all our customers are informed about the efficient, circular and integrated solutions available to them and the lifetime environmental impact of our products.

Indicator	2023	2022	Change %
Customer Net Promoter Score cNPS ¹	46	33	39%
Customer Sustainability Net Promoter Score sNPS ²	21	8	163%

¹ Question asked: 'How likely is it that you would recommend <Purmo brand> to a friend or colleague?'

² Question asked: 'How likely is it that you would recommend <Purmo brand> to a friend or colleague as a leader in sustainable indoor climate comfort?'



Focus area 2

Caring about our solutions

In 2023 we welcomed Paula Bear to Purmo Group as a visual device for use both inside and outside the company to illustrate actions that we take in line with our sustainability strategy.

Paula will appear on improved packaging, improved products and on any initiative that acts in line with our 4 areas of Complete Care: our behaviours towards production, solutions, people and communities. Every time you see Paula, it will be because we've made a change that matters.

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

Paula is more than a logo – she is a statement of conscience. She holds her ball protectively, looking at all of us with enquiring eyes in the hope that, one day, humans could be trusted with the planet again. With Purmo Group's vision that perfect indoor climates should not cost the planet's climate, we hope to earn that trust.

She only appears when our actions raise the question: "Why did you do that?" And when the answer is clear and simple: **Because We Care.**



These are illustrations demonstrating how Paula Bear will be used in the future

Focus area 2

Caring about our solutions

Solutions commitment 4 case study: Environmental Product Declarations

We recognise the responsibility we have to help homeowners save energy. We want to help them make informed choices about the efficiency and green credentials of the options they have. An EPD, also known as a Product Environmental Profile, covers all phases of the product lifecycle providing objective, third-party verified data about the product's environmental performance.

In 2022 we completed our first Environmental Product Declaration (EPD) and in 2023 we have focused on adopting software to industrialise the Life Cycle Analysis of products and the creation of Environmental Product Declarations (EPDs) In 2024 we expect to broaden our EPD certification to products from our plants in Octrup Germany, manufacturing Underfloor heating pie and Rybnik in Poland, manufacturing steel radiators.

Solutions commitment 5 - Applying circular design principles to all products.

2023 has been a year of assessing how best to integrate circularity principles into our refreshed operating model and capitalise on the evolution of our strategy towards selling complete solutions to our customers.

In 2022 we completed a review of circularity in our new product development process and in our packaging to identify clear road-maps.

We now aim to incorporate circular design principles in all new products by 2025 and source 100% of our packaging from recycled, recyclable or biodegradable sources by 2030. In 2024 we will focus on moving forward with the development of circular design guidelines.

This will include:

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

Solutions commitment 5 case study: Stretch wrap

Our colleagues in Birtley (UK) reduced the thickness of the stretch wrap that goes around pallets from 23 to 17 microns. This new type of product is called "Fusion".

The advantages are many. The stretch is much stronger meaning they don't have to put on as many layers. The factory wraps 78,000 pallets each year, so reducing the amount of plastic significantly improves the impact on the environment. In more concrete terms, this initiative from just one of our plants is the equivalent of removing 409,500 plastic bottles from the environment every year.



Focus area 3: Caring about our people

SHOWING WE'RE PROUD, WE CARE, WE'RE COURAGEOUS, AMBITIOUS AND MAKE CHANGES THAT MATTER



ENABLED BY STRONG GOVERNANCE, SAFE WORKING PRACTICES AND ETHICAL BEHAVIOURS



Focus area 3

Caring about our people

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

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

A healthy business is diverse and inclusive. This year we have continued to focus on increasing the number of women in senior management positions, bridging and eliminating pay gaps between men and women and creating a discrimination-free culture.

We have significantly reduced occurrences of bullying and harassment since they were first identified as a priority in our 2021 employee survey. Actions have included developing checklist for team meetings, which ensure that the topics of bullying and harassment are discussed in every meeting. We also encouraged our management community to be more open and approachable with their team.

In the final quarter of 2023 we began experimenting with Artificial Intelligence as a tool to deep dive into areas of the business where cases of bullying and harassment levels are unfortunately still too high.

Indicator	2023	2022	Change %
Lost Time Injury Frequency Rate (LTIFR) ^{1 3}	6.3	4.9	29%
Number of safety observations ³	1,032	1,218	-15%
Number of accidents ³	33	28	18%
Employee Net Promoter Score (eNPS) ²	-8	-8	0%
Percentage of women in senior management positions	26%	27%	1%
Code of Conduct training completion	99%	n/a	n/a
Anti-corruption policy training completion	92%	98%	-6%

1 Lost Time Injury Frequency Rate (LTIFR) is the number of lost time injuries occurring in a workplace per 1 million hours worked.

2 Question asked: 'How likely is it that you would recommend Purmo Group as an employer to a friend or an acquaintance?'

3 Comparison figures recalculated due to additional data received after the publication of previous sustainability reports.

People Commitment 6 case study: Gender Equality Certification in Italy

In January 2022, the Italian government created a new gender equality certification program, designed to encourage employers to integrate gender equality into the way they do business more fully, and to be publicly recognised for creating a more equitable workplace. We believe that companies that apply gender equality are more productive, innovative, efficient, and better positioned in the market.

In December 2023, our team in Italy obtained their certification by demonstrating that gender equality is respected and both male and female employees have the same opportunities in terms of salaries, careers, work-life balance, parenting and care.

This achievement demonstrates how we offer a workplace where everyone feels listened to, equal, appreciated and valued.



Focus area 3

Caring about our people

People Commitment 7. Ensuring our employees are satisfied at work

In 2023 we continued to run our Pulse Survey as part of PGbHappy, our employee engagement initiative. This focused on opportunities or concerns raised by our employees.



A significant achievement has been increasing employee participation from 74% in 2022 to 80% in 2023. This demonstrates engagement and the increase was particularly evident amongst our manufacturing plant employees where we took innovative and creative approaches to build participation and engagement with the survey process. This year we received over 2,900 proactive comments from employees as part of the process.

We have implemented a clear and transparent action planning process across the business and made good use of our survey software tools to deep dive into the results. The survey tool has enabled managers to take ownership of their results and demonstrate commitment to taking action.

People Commitment 7 case study: Increasing survey participation

A specific challenge for the Group was to continue to increase participation in the survey process, ensuring that the results reflected the views of the majority of our business.

We encouraged our local HR teams to identify and share techniques they were using to increase response rates. These actions included; survey days where there was increased communications activity and time made available for employees to make their views count, charity donations matched to increased participation, encouragement from local management teams, and introducing a competitive element across manufacturing operations in real time.

These approaches made a real difference in increasing overall response rate from 74% in 2022 to 80% in 2023.



Focus area 3

Caring about our people

People Commitment 8. Inspire a future-fit workforce

In 2023 we continued to improve the numbers of employees attending upskilling and reskilling programmes. We have created a sustainability ideas channel that can be accessed from desktop PC's or mobile phones to generate new ideas and harness the ideas and insights of employees all across our business.

We have continued to roll out our apprenticeship programme with 34 apprentices across the business.

Our learning & development platform launched in 2022 has continued to be expanded and we are making very effective use of the analytical features of the software to track completion and pass rates of mandatory course, targeting specific employee groups and focusing on areas of the business where course completion rates can be improved. This has helped to accelerate the deployment of mandatory training including our Code of Conduct, Bribery and Anti-Corruption and Sustainability Competence Building.

People Commitment 8 case study: The Purmo Group Academy

In 2023 we were incredibly proud to have completed a pilot expert-training programme in HVAC solutions run in collaboration with Fachhochschule Burgenland GmbH, a university of applied science in Austria, who provided academic expertise in its design and delivery.

The Global Purmo Academy is a visionary approach to educating our people in the whole spectrum of hard and soft skills related to solutions selling and technology. To do it we will need to partner with universities like Burgenland – we plan more such partnerships in the future.

The Academy opened in Austria, in October 2023 with training beginning in early 2024.



Focus area 3

Caring about our people

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

In 2023 we saw a increase in our Lost Time Incident Frequency Rate (LTIFR) and decrease in our safety observation rates. We're focusing very closely on actions to drive to an improved safety culture in 2024. Despite the poor LTIFR result in 2023 we have maintained a 100% target of investigating accidents and have introduced 100-day reviews following every incident to ensure learnings from every accident are well understood and improvements made across the Group.

A clear improvement included a fully refreshed Health and Safety strategy focusing on 3 core objectives. This followed over 60 internal stakeholder interviews to ensure that we identified the right focus areas to improve the safety culture at Purmo Group. Our three strategic focus areas are:

- Creating one Safety & Wellbeing team, sharing, learning and collaborating with each other and sharing best practice
- Transforming Health & Wellbeing reporting. Using reporting to add value and drive to culture of zero accidents – zero harm
- Clear communications across the Safety network and the whole of Purmo Group.

We've identified over 40 actions of which 25 have been delivered in the second half of 2023 and will be a priority focus area for 2024. This focus has been helped by the implementation in 2022 of new Health and Safety organisational structure, where every manufacturing plant has a Health and Safety senior sponsor and manager who are the 'eyes & ears' of our focus.

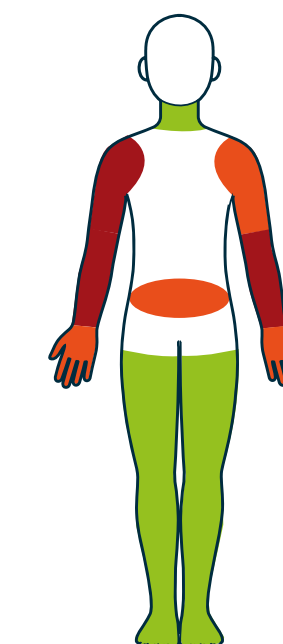
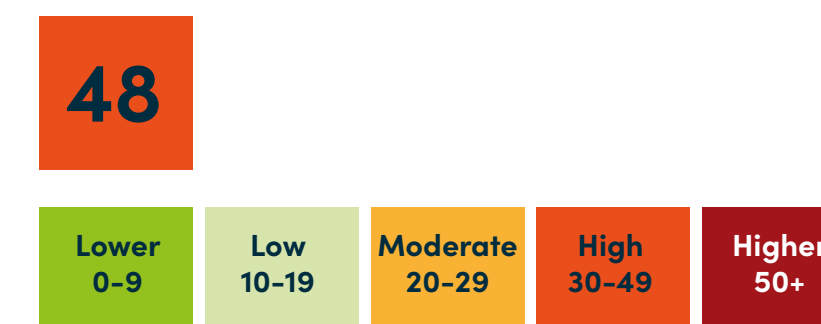
We are also deploying Health and Safety ergonomics software which can analyse employees movements to help make improvements in lifting, moving and operating machinery in a visual and engaging way.

People Commitment 9 case study: Creating a safer Purmo Group

At Purmo Group we recognise the risk of musculoskeletal disorders (MSd). These can adversely affect employee health, increase the risk of absenteeism, lead to decreased efficiency, and cause loss of productivity when carrying out repetitive tasks using incorrect body posture. To help mitigate this we carried out a successful trial of some ergonomics software at our manufacturing plant in Gateshead. The positive results of this trial enabled us to begin full deployment of the software at all our manufacturing sites. We expect to complete this roll out in 2024.

The software works by analysing the motion of a production worker following specific training. This motion-capture technology allows us to conduct risk assessments from a tablet or laptop and identify specific risk causes and relevant controls with the precision and accuracy of an experienced ergonomist. We have seen significant benefits and the tool has demonstrated its value to employees who see their bespoke results and recommendations immediately.

Advanced Tool Priority Score



	Hands/Wrists		Elbows		Shoulders		Neck	Back	Legs
	Left	Right	Left	Right	Left	Right			
Force	4	4	4	4	4	4	0	4	4
Posture	1	1	3	3	3	3	3	2	1
Duration	0	0	2	1	0	0	0	0	0
Frequency	1	1	0	0	0	0	0	0	0
Score	6	6	9	8	6	7	3	6	5
Risk Rating	High	High	Higher	Higher	High	Higher	Mod	High	High

Focus area 4: Caring about our communities

SHOWING WE'RE PROUD, WE CARE, WE'RE COURAGEOUS, AMBITIOUS AND MAKE CHANGES THAT MATTER



ENABLED BY STRONG GOVERNANCE, SAFE WORKING PRACTICES AND ETHICAL BEHAVIOURS



Focus area 4

Caring about our communities

The climate and energy crisis were a double impact in 2023 and pushed many people into energy poverty, meaning that they can no longer afford indoor thermal comfort. In Europe alone, over 50 million people are already unable to heat or cool their homes effectively, with even higher numbers in regions which are developing economically. We have a unique opportunity to support communities in building resilience to climate change.

This year we continued to increase the number of volunteering hours from employees. We've found it to be a great way to engage our teams, build collaboration, and most importantly support the local communities where our manufacturing operations are based.

Communities, commitment 10 case study. Supporting International Day of Charity

International Day of Charity was established to encourage people around the world to help others through volunteering activities. In a group-wide initiative, our plants collected food items to give to people-in-need across all our locations.

When employees came into work we asked them to just bring one food item and drop it off in special donation boxes in reception areas. It was a great success and we were proud to make an important contribution to helping those in need.

Indicator	2023	2022	Change %
Number of volunteering hours ¹	7,213	6,680	8%

¹ Comparison figures recalculated due to additional data received after the publication of previous sustainability reports.



EU Taxonomy alignment and Green Finance Framework



EU taxonomy alignment and Green Finance Framework

The EU taxonomy for sustainable activities is a classification system established to clarify which economic activities are environmentally sustainable, preventing greenwashing and helping investors make informed sustainable investment decisions. The classification system covers six environmental objectives:

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

In 2022 our reporting targeted the first two environmental objectives and in June 2023 the European Commission published an Environmental Delegated Act, covering the four remaining ones.

We carried out an eligibility assessment for the activities listed under Environmental Delegated Act and identified Circular Economy activity as being relevant and eligible for the company. However, further work is required in 2024 to obtain as accurate data as possible on products (and activities) within Circular Economy objective for Purmo Group.

During 2023 EU Taxonomy assessment, we also reviewed the amendments to the Climate and Disclosure Delegated Acts with no major adjustments to our prior reporting. An update on the DNSH (Do No Significant Harm) analysis as well as MS (Minimum Safeguards) analysis were also performed as part of our 2023 EU taxonomy evaluation.

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

The proportion of the EU taxonomy aligned turnover is lower than that of the eligible products, due to the fact that our radiator and underfloor-heating product categories, which initially identified as eligible, do not fulfil the substantial contribution criteria, as no required energy labelling is currently available for these products.

For our detailed EU taxonomy results take a look at our 2023 Annual report here: www.investors.purmogroup.com/ir-material/

Green Finance Framework

In February 2023 we established a Green Finance Framework to integrate our sustainability ambitions into our funding. Issuing a EUR 60 million green hybrid bond under the green finance framework in February 2023 supports our sustainability journey and mission to be the global leader in indoor climate comfort solutions.

The Green Finance Framework is designed to support financing or refinancing Eligible Assets and Expenditures, in part or in full, that enable energy efficiency improvements, such as equipment for heating and cooling systems, and components enabling smart controlling and monitoring of heating and cooling systems. More information here: www.investors.purmogroup.com/greenfinance/

Indicator	2023	2022
EU taxonomy Revenue eligibility / alignment, %	81% / 4%	84% / 5%
EU taxonomy Capex eligibility / alignment, %	65% / 1%	81% / 3%
EU taxonomy Opex eligibility / alignment, %	88% / 3%	93% / 2%

Governance, materiality, anti-corruption

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

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



Governance, materiality, anti-corruption

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

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

Our commitment

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

Governance structure

Our sustainability work is governed by a model that clearly sets out responsibilities for the Board of Directors, Management Team, Head of Sustainability, Safety and Wellbeing, and the Extended Leadership Team. The Management Team reviews and approves sustainability performance quarterly, and monitors progress bi-monthly. The Board of directors assisted by its Audit Committee monitors and assesses the sustainability program, regulative compliance and ESG risks, signing off key policies.

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

ESG Steering Group

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

ESG risk management

Our risk-management approach forms a robust and harmonised group-led process, with ESG risks assessed under their own category. The process maps enterprise-level risks annually, guided by our Enterprise Risk Management policy covering all business units.

The process is monitored by the Management Team and reviewed by the Board of Directors to ensure the long-term resilience of the group. The Board

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

ESG communications and transparency

We are already ensuring that sustainability data is verifiable and audited, and we include ESG in our annual report. Being publicly listed increases our requirement to be transparent and meet the relevant frameworks and regulations. Accessibility of information to investors or analysts scores us more highly in ESG ratings and rankings.

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

Cultivating an ethical culture

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

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

Key actions for ensuring data privacy and security

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

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

Governance, materiality, anti-corruption

Human rights

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

Human Rights Due Diligence assessment

In 2023 we carried out a Human Right Impact Assessment as the first steps in our Human Rights Due Diligence assessment. This included.

- Specifying the constituent elements of the HRDD process have been specified
- Modelling HRDD as a continuous improvement process
- Identifying key functions and persons for integrating corporate human rights responsibility in the company and engaging them in the project.

The results of our Human Rights Impact Assessment identified the need to prioritise actions on sourcing and HR, and then extend the focus on other relevant areas.

This work shall be continued to map all relevant existing processes and practices with assessments on how they can be developed to integrate human rights aspects.

United Nations Global Compact

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

Anti-corruption, competition compliance and financial crime risk

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

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

Tax Transparency

By paying and collecting direct and indirect taxes, companies contribute in the societies where they operate. We are proud to have a transparent tax policy, which is reviewed and approved by the Audit Committee and Board of Director and fully complies with applicable domestic as well as international and EU tax regulations, standards and guidance concerning both the letter and spirit of the law.

Governance, materiality, anti-corruption

UN Sustainable Development Goals

UN SDGs are 17 sustainability goals with 169 targets that all UN Member States have agreed to work towards achieving by the year 2030. For businesses it is as a universal framework for businesses to communicate performance, set targets and actions, engage with various stakeholders, including investors and gain access to new market opportunities. The framework fosters collaboration to solve the world's most challenging tasks in sustainability. UN Sustainable Development Goals are used as our key external sustainability framework to align our activities on the most impactful areas.

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

 SDG 8. Decent work and economic growth

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

 SDG 12. Ensure sustainable consumption and production patterns

 SDG 13. Climate action

UN Global Compact

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

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

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



Restatements

Our 2023 and 2022 Scope 1 & 2 emissions data has been restated to include actual rather than estimated CO2/equivalent data that were not previously available.

Due diligence

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

All reports are treated as confidential, and concerns can be raised anonymously via our intranet and corporate website.

Open dialogue and transparency

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

External assurance

An independent third party, KPMG, has provided limited assurance on scope 1 and scope 2 GHG emissions (GRI 305-1 and GRI 305-2) as stated in the assurance report. The assurance report can be found on the Purmo Group webpage: www.purmogroup.com/en/sustainability.

Our memberships

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

United Kingdom

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

Sweden

VVS Fabrikanternas Råd www.vvsfabrikanterna.se/

Finland

Talteka www.talteka.fi/

France

Uniclimate www.uniclimate.fr/
Cochebat cochebat.org/
French Building Association
buildeurope.net/our-members/
FNAS www.fnas.fr

Poland

Port PC portpc.pl/
Spiug spiug.pl/

Italy

Anima Assoclima www.assoclima.it/
Uniplast www.uniplast.info/it
Confindustria www.confindustriaaltheadriatico.it/
Qrad www.q-rad.it/

Germany

BDH www.bdh-industrie.de

Hungary

MÉGSZ <https://www.megsz.hu/megsz/>
ÉVOSZ (indirect supporters of) evosz.hu/en/

Austria

VIZ www.viz.at/
SHL Future Forum www.meineheizung.at
OASE Bad oasebad.at/



Looking ahead

We hope you have enjoyed reading our sustainability report for 2023. You can read more online at: www.purmogroup.com/en/sustainability.

In 2023 we built upon the strong foundations built in 2022. Our 4 focus areas and 10 commitments remain. In 2024 we will take the opportunity to reassess and update our KPI's to ensure clear alignment with our business strategy and the drive to a net zero future and that we have detailed action plans to help us achieve our vision that indoor climates should not cost the planet's climate.

We have clear focus areas and ambitions for 2024:

1. To fully align our business operations with a 1.5°C future improving energy efficiency and moving to source more energy from renewable sources.
2. To increase the sales of smart, sustainable solutions, and helping end consumers use our products to maintain a comfortable indoor climate whilst saving energy and money.
3. To increase the engagement of employees who are our greatest asset in delivering on our plans, and our new sustainability metrics and commitments will enable us to better support their, and our, success.
4. To continue to increase our volunteering commitment through local community activities, giving help to those who need it most.

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



Our ESG progress

Every year we track our progress against our 4 focus areas, 10 commitments, 24 targets and 40 actions. We've made good progress in 2023.

You can read more about our targets and actions on the following pages.



Our commitments, targets and actions

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

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress
1. Our Production Sourcing and making for a low carbon, resource efficient world	1. Emissions and energy: We will align with a 1.5° future and target carbon neutrality	1. Scope 1, 2 and 3 emissions Scope 1, 2 & 3 carbon neutral operations by 2050	5. Only source clean energy (electricity) by 2030	On track
			6. Generate onsite energy through solar PV by 2030.	Project to begin in 2024
			7. All company cars and onsite vehicles self-charging petrol hybrid or electric only by end 2025.	On track
			8. Collaborate with key suppliers and establish agreements to purchase steel with 30% less embodied carbon by 2030	On track
			9. All plants / offices / warehouses have electric car charging points by end 2025	On track

Our commitments, targets and actions

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

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress
2. Our Solutions Smart, sustainable and healthy solutions for comfort, delivered	4. Climate smart choices We will help our customers to save energy and make sustainable choices and be recognised as the No 1 choice for energy efficient solutions	6. Number 1 choice Improve sustainability. Net Promoter Score by 20% by 2025	15. Carry out customer survey annually	On track
		7. Product Environmental Profiles By 2025 all new products to have published Product Environmental Profiles	16. Develop first EPD on Thermopanel v4 in 2022	On track
		8. Climate smart systems Increase year on year sales of our smart, sustainable products	17. Increase the % of product/solutions seen as 'aligned' to EU taxonomy criteria	On track
	5. Circularity & end of life All products have circular design principles applied and invest into new solutions where circularity is not immediately possible	9. Product end of life All new products will have circular design principles applied by 2025	18. Apply circular design principles to all new products to facilitate disassembly and recyclability of pure material streams in local relevant recycling centres	On track

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress
2. Our Solutions Smart, sustainable and healthy solutions for comfort, delivered	5. Circularity & end of life All products have circular design principles applied and invest into new solutions where circularity is not immediately possible	10. Circularity training All white-collar employees (750) awareness trained in circularity principles by end 2023	19. Training programme developed for key Purmo group employees end 2022. Training in 2023. Key customers identified and trained	On track
		11. Partnerships Invest 100,000 over next 5 years in thought leadership and academic partnerships	20. Identify three thought leadership or academic partnerships across the whole Group by end 2022 to explore more sustainable and innovative systems and solutions	On track
		12. Donation service By 2025 implement service to enable wholesale customer to return damaged radiators for rework	21. Pilot radiator rework scheme by end 2024	On track

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress
3. Our People Future-fit workforce	6. Diversity, equality and inclusion Create a diverse and inclusive culture within Purmo Group	13. Diverse company Increase the proportion of women groups in senior management positions (L2+)	22. Report annually on gender distribution across company Board, Management and employee levels	On track
		14. Pay equality Bridge and eliminate pay gaps and ensure pay equity by 2030	23. Identify & Monitor where pay gaps exist and develop plans to address	On track
		15. Partnering By end 2024 partner with relevant organisation(s) with mission to support STEM education in young people/ women/under-represented groups	24. Identify potential organisations by end 2023 with agreements and approach agreed	On track
		16. Inclusive culture Implement a zero-discrimination culture by 2023	25. Review our global policies, practices and benefits to ensure they eliminate any bias and discrimination by 2023	On track
			26. Every manager with direct reports (300) trained on discrimination and bias misconduct by 2024	On track
			27. All office-based employees complete mandatory customer excellence training	On track

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress
3. Our People Future-fit workforce	7. Engagement at work Ensure our employees are satisfied at work	17. Employee engagement and wellbeing Develop and provide YoY improvement in eNPS and engagement metrics through to 2025 using 2020 as a baseline	28. Carry out regular engagement survey, analyse results and action plan accordingly	On track
			29. Create wellbeing groups for all countries we have manufacturing plants (11) by end 2024	On track
			30. Create channels for employees to contribute ideas (on sustainability, customers, products)	On track
			31. Employee discount schemes in place	On track
	8. Employee training, upskilling and career opportunities Inspire a future-fit workforce to tackle the skills gap and build pipeline of future workers	18. Future skills for commercial roles 100% of commercial sales team (300) trained in sustainable and energy efficient solutions by 2025	32. Define relevant upskilling and reskilling programmes on what the future of work looks like for key HVAC commercial roles by end 2023. Implement training by end 2025	On track
			19. Future skills for all employees 100% of our workforce to participate in relevant upskilling and reskilling programmes by 2030	On track

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress		
3. Our People Future-fit workforce	8. Employee training, upskilling and career opportunities Inspire a future-fit workforce to tackle the skills gap and build pipeline of future workers	20. Future talent pipeline Offer 50 apprenticeships & internships across the Group by 2024	34. Establish internship & apprenticeship processes by end 2024 for all markets internships across the Group with opportunities for permanent hires	On track		
			9. Health & Safety Ensuring Purmo Group is a safe place to work	21. Zero harm Target 0 accidents across our business	35. Demonstrate a constant yearly reduction in our Lost Time Injury Frequency Rate from a baseline of 6.1 in 2020 for blue collar and 4.0 for PG overall	On track
					36. Ensure 100% of safety observations submitted made year on year are acknowledged and improvements implemented	On track
					37. Ensure 100% of lost time incidents are investigated and available in our H&S reporting tool	On track
22. Anti-corruption training 100% of eligible employees completing anti-corruption & bribery training	38. 100% of eligible employees complete online training session on mandatory compliance training annually	On track				

Our commitments, targets and actions

4 Focus Areas	10 Commitments	24 Targets	40 Actions	2023 Progress
4. Our Communities Resilient Communities	10. Community engagement & education Support the most vulnerable people to have access to adequate shelter and indoor climate	23. Enable climate resilience for all Devote 25,000 (8hr per employee per year) hours of employees time to support our local communities in providing heating and cooling solutions	39. Programmes in place at 100% of Purmo Group locations by 2025 supporting local communities	On track
		24. Stakeholder collaboration By 2025 develop plans in all markets to collaborate with local governments and relevant organisations	40. Develop strategic approach on how Purmo Group interacts with local government/local associations on key ESG related issues	Project to begin in 2024

Our Sustainability KPIs

See how we compared to 2022 at-a-glance



Sustainability KPIs

Indicator	Strategic focus area	Unit of measure	2023	2022	% Change 23 vs 22
Scope 1 & 2 GHG emissions (market based) tCO ₂ e from gas and electricity ¹⁹	Production	tCO ₂ e	63,898	79,035	-19
Scope 1 & 2 GHG emissions carbon intensity ³ (Scope 1 & 2 GHG emissions in tCO ₂ e / total net sales in MEUR) ⁴		%	86.0	87.4	-2
Scope 1 location based gas GHG emissions		tCO ₂ e	15,648	19,954	-22
Scope 2 location based electricity GHG emissions (GRI 305-2)		tCO ₂ e	35,457	43,714	-19
Net sales (MEUR)		MEUR	743.2	904.1	-19
Steel procured (tonnes)		Tonnes	117,806	147,925	-25.6
Scope 3 CHG emissions from procured steel tCO ₂ e ²		tCO ₂ e	279,578.3	381,165.8	-26.7
EU taxonomy : revenue: % eligible /aligned		%	81 / 4	84 / 5	-3 / +1
EU taxonomy: % Capex % eligible /aligned		%	66 / 1	81 / 3	-15 / -2
EU taxonomy: % Opex % eligible /aligned		%	91 / 3	93 / 2	-2 / +1
Electricity consumption		KW/h	96,065,690	121,655,375	-21
Gas consumption		KW/h	85,539,798	109,298,803	-22
% Renewable 'Green' electric power as a % of total electrical power purchased		KW/h	11,517,889	10,399,503	11
% electrical energy sourced from renewable sources		%	10.90	8.53	28
Water consumption		m ³	157,795	221,139	-29
Waste incinerated		Kg	485,146	330,964	47
Waste landfilled		Kg	182,175	819,228	-78
Waste recycled		Kg	6,745,622	8,817,714	-23
Sum of Total CO ₂ e Gas Emissions (Secondary) (tCO ₂ e) Scope 1 & 2		tCO ₂ e	14,097	17,577	-20

Sustainability KPIs

Indicator	Strategic focus area	Unit of measure	2023	2022	% Change 23 vs 22
Acetylene	Production	tCO ₂ e	11	20	-41
Biogas		tCO ₂ e	0 ->	0 ->	-
Biomass - Wood Pallets		tCO ₂ e	4	5	-28
CO ₂		tCO ₂ e	5,304	6,212	-15
Diesel		tCO ₂ e	301	553	-46
Fuel Oil		tCO ₂ e	21	106	-81
HCFC-22		tCO ₂ e	0 ->	887	-100
HFC-404A - Manufacturing		tCO ₂ e	32	51	-38
HFC-410A - Manufacturing		tCO ₂ e	12	188	-94
HFC-125		tCO ₂ e	0 ->	120	-100
HFC-134A		tCO ₂ e	0 ->	206	-100
HFC-32		tCO ₂ e	0 ->	24	-100
HFC-407A		tCO ₂ e	29	2	1,269
HFC-407C		tCO ₂ e	320	398	-20
Liquefied Petroleum Gas (LPG)		tCO ₂ e	5,806	671	765
Nitrogen Oxides (NOx)		tCO ₂ e	1,115	1,148	-3
Petrol - Mobile		tCO ₂ e	100	64	57
Propane		tCO ₂ e	101	120	-16
Sulfur Hexafluoride (SF6)		tCO ₂ e	801	6,652	-88
District Heating		tCO ₂ e	142	131	8

Sustainability KPIs

Indicator	Strategic focus area	Unit of measure	2023	2022	% Change 23 vs 22
Customer Net Promoter Score ⁵	Solutions	Number	46	33	39
Customer Sustainability NPS ⁶		Number	21	8	163
Number of safety observations	People	Number	1,032	1,032	-15
Lost Time Injury Frequency Rate (LTIFR) ⁷		Number	6.3	4.9	29
Number of Lost Time Incidents		Number	33	28	18
Employee Net Promoter Score (eNPS) ⁸		Number	-8	-8	0
% of women in senior management positions		%	26	27	-
Anti-corruption policy training coverage		%	92	94	-
Total number of employees at year-end		Number	3,193	3,372	-179
Full-time contract		Number	3,108	3,271	-5
Part-time contract		Number	175	178	-2
Temporary contract		Number	62	49	27
Employees joining in 2023		Number	302	397	-24
Employees leaving in 2023		Number	515	610	-16
Length of service > 10 years		Number	1,671	1,927	-13
Employee age < 21 years		Number	42	35	20
Employee age 21-30 years		Number	393	378	4
Employee age 31-40 years		Number	778	831	-6
Employee age 41-50 years	Number	954	977	-2	
Employee age 51-60 years	Number	928	927	-2	
Employee age > 61 years	Number	189	192	-2	

Sustainability KPIs

Indicator	Strategic focus area	Unit of measure	2023	2022	% Change 23 vs 22
Age unrecorded	People	Number	0	0	0
Gender diversity (Male) out of total employees number		Number	2,624	2,724	-4
Gender diversity (Female) out of total employees number		Number	659	667	-1
Gender diversity (Not identified) out of total employees		Number	1	1	0
Board of Directors % female		%	29	29	-
Volunteering hours	Community	Hours	7,213	6,680	8
Voluntering - monetary donations		EUR	55,744	22,458	147

Footnotes to KPIs

- 1 Market based GHG emissions based on Purmo Group's procurement mix of electricity and gas in countries with manufacturing operations. See further information in Appendix on page 47. Purmo Group has applied the principles of the Operational Control Approach. Scope 1 (GRI 305-1) and scope 2 (GRI 305-2) only include gas and electricity
- 2 2021 World Steel Association data of 1.89 tCO₂e embodied carbon produced for every tonne of crude steel cast.
- 3 tCO₂e/net sales in EUR million.
- 4 Comparison figures recalculated due to additional data received after the publication of previous sustainability report.
- 5 Question asked: 'How likely is it that you would recommend Purmo brand to a friend or colleague?'
- 6 Question asked: 'How likely is it that you would recommend Purmo brand to a friend or colleague as a leader in sustainable indoor climate comfort?'
- 7 Lost Time Injury Frequency Rate (LTIFR) is the number of lost time injuries occurring in a workplace per 1 million hours worked.
- 8 Question asked: 'How likely is it that you would recommend Purmo Group as an employer to a friend or an acquaintance?'
- 9 Comparison figures recalculated due to additional data received after the publication of previous sustainability reports.

Appendix

Calculating our Green House Gas emissions

- Our 2023 GHG emissions data is compared to our 2022 emissions. In addition in 2023 we baselined our Scope 3 GHG emissions, essential for us to set verifiable and meaningful science based targets.
- We follow the guidelines in the Greenhouse Gas Protocol (GHG Protocol) developed by the World Business Council for Sustainable Development (WBCSD) in collaboration with the World Resources Institute (WRI).
- In calculating our emissions we have followed best practice by WRI/WBSCSD GHG Reporting Protocol, based on the most recently available factors.
- To allow comparisons of the impacts and the reductions associated with the different GHGs, all emissions are converted to CO₂ equivalent (CO₂e), which is the reference gas. Those values are updated frequently by the IPCC. In this document, the values published on IPPC – AR5, which corresponds to the 2021 reporting period.

Emission Factors

- In accordance with the dual reporting requirement of the GHG Protocol, Purmo Group's inventory applies emission factors from 2 relevant emission databases: Location-Based (LB) and Market-Based (MB) inventories. Emission factors between LB and MB differ only in Scope 2 – Electricity. The LB method reflects the average emissions intensity of grids on which energy consumption occurs, using mostly grid-average emission factors.
- The MB method reflects specifically the carbon intensity of the electricity procured by Purmo Group. In the MB inventory, when the end-user is sourcing electricity from non-renewable origin, the emissions are calculated by subtracting the reliably tracked renewable consumption (e.g. Guarantees of Origin) from the generation mix of the relative geography. This is defined as the residual mix. The residual mix prevents double counting in energy sourcing disclosure and Scope 2 emissions data. Purmo Group uses the residual mix emission factors for Scope 2 – Market-Based emissions defined by each relative geography where Purmo Group operates.

Scope 1 and 2 emissions

- Our Scope 1 and 2 GHG emissions include all our manufacturing plants where we have operational control. It does not include local sales offices in the markets where we operate or sell or products. We will look to include these in future disclosures.
- We have not included Gases (CH₄, N₂O, HFCs, PFCs, SF₆, NF₃) in either of our Scope 1 and Scope 2 calculations for 2023 or 2022. Our intention is to include these in our reporting for 2024. We do not emit any Biogenic CO₂ emissions, so these are not included in any Scope 1 calculations.

Scope 3 emissions

- We have included our Scope 3 emissions for 2022. Data for 2023 was not available at the time of publication of the 2023 sustainability report and will be included in our 2024 reporting.
- Over 92.2% of our Scope 3 emissions for 2022 come under Scope 3 categories 3.1 Purchased goods and services and 3.11 Use of sold products (Source data analysis for Science Based Target submission).

Thank you for reading
the 2023 Purmo Group
Sustainability Report

We look forward to
sharing further progress
with you next year